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Unemployment Insurance Rates for Iowa Employers to Remain at Lowest-Possible Level in 2024

For the second consecutive year, Iowa's payroll tax rates will be the lowest allowed by state law.

DES MOINES, IOWA – Governor Kim Reynolds today announced that the schedule of unemployment insurance rates used to tax Iowa employers will remain at the lowest possible level allowed by law. This marks the second consecutive year at the current rates, and only the second time Iowa's rates have been at this level during the past 25 years.

"Today's announcement will be welcome news to any Iowa business that may be fearing the impact of the uncertainty in the economy on a national level," said Governor Reynolds. "We have done everything possible to insulate Iowa employers from ongoing inflation and other rising costs and our efforts have ensured that the tax burden for employers in Iowa will be the lowest possible rate for the second time in the last 25 years."

"Under the leadership of Governor Reynolds, Iowa's wise investments and prudent stewardship of the Unemployment Insurance Trust Fund have allowed us to provide stability to Iowa's employers," said Beth Townsend, Executive Director, Iowa Workforce Development. "Additionally, the positive impact of returning Iowans to work in the shortest time possible through the efforts of the Reemployment Case Management program have helped to keep the UI Trust Fund healthy and well-funded."

Iowa law requires Iowa Workforce Development to establish a table each year to determine the impact of unemployment tax rates on eligible employers. The trigger for deciding which unemployment insurance rate table to implement is derived from a formula based primarily on the balance in the Unemployment Insurance Trust Fund, unemployment benefit history, and covered wage growth.

The latest calculations based on this formula mean contribution rates in calendar 2024 again will be drawn from **Table 8**. Last year, the switch to Table 8 from Table 7 saved employers an estimated \$72.20 per employee (based on employee wages totaling \$36,100 or more with employers paying the median tax rate and remaining in the same tax rank).

Iowa was able to make the switch to Table 8 in 2023 due to decisions by Gov. Reynolds that helped keep the Unemployment Insurance Trust Fund in a strong position following record benefit payouts during the pandemic. In 2021, Gov. Reynolds invested \$237 million in ARP funds into the trust fund. In 2020, Reynolds previously had directed that \$490 million of Cares Act coronavirus relief funds be used to backstop the trust fund during record unemployment.