

Kim Reynolds, Governor
Adam Gregg, Lt. Governor
Beth Townsend, Director



MEMORANDUM

TO: KIM REYNOLDS, GOVERNOR OF THE STATE OF IOWA

FROM: BETH TOWNSEND, DIRECTOR

SUBJECT: RECOMMENDATION REGARDING CONTINUED PARTICIPATION IN FEDERAL UNEMPLOYMENT PROGRAMS

DATE: MAY 10, 2021

I. Background

Iowa is experiencing a significant workforce shortage as we continue our recovery from the pandemic. Employers across the state, across all industries, report substantial difficulty in finding sufficient workforce and negative consequences to their ability to recover and grow their business.

According to the Bureau of Labor Statistics, in March 2021, Iowa had 60,900 unemployed persons. Today, we show over 66,000 job openings on the IowaWORKS website. Retail and healthcare have the most current postings. The unemployment rate in March 2021 was 3.7%, down from a high of 10.2% in April 2020. Claims, continued and initial, continue to trend down.

Terminating the federal unemployment programs will not affect individuals eligible for regular state unemployment insurance claim benefits.

II. Federal Programs

In agreements executed in March and December of 2020, Iowa elected to participate in several unemployment-related programs created by the Coronavirus Aid, Relief, and Economic Security Act (CARES) and Continued Assistance to Unemployed Workers Act (CAA) of 2020. All programs were extended by the American Rescue Plan (ARP) passed in March 2021. Iowa's agreements with the United States Department of Labor allow either party to terminate participation in the programs with thirty days' written notice to the other party.

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A. Pandemic Unemployment Assistance (PUA) – CARES Act Section 2102, ARP Section 9011

- i. Unemployment benefits available to self-employed, underemployed, independent contractors, and Iowans who have been unable to work as a direct result of COVID-19, including individuals diagnosed with COVID-19 or medically instructed to quarantine.
- ii. Program is currently available through the week ending September 4, 2021.
- iii. For claim week ending May 1, 2021, 14,570 claimants received PUA benefits for a weekly total of \$4,911,010. Since February 2, 2020, 8,379 claimants have received over 52 weeks of PUA payments.
- iv. If Iowa terminates participation in this program, IWD would cease to pay PUA benefits and accept no new applications for the program as of June 12, 2021.

B. Pandemic Emergency Unemployment Compensation (PEUC) – CARES Section 2107, ARP Section 9016

- i. Provides claimants with an extra 51 weeks of additional benefits beyond the state provided 26 weeks.
- ii. Program is currently available through the week ending September 4, 2021.
- iii. For claim week ending May 1, 2021, 18,703 claimants received PEUC benefits for a weekly total of \$8,200,021. Some of these claimants may be eligible to move to regular unemployment benefits if this program ends. Since the start of the program, approximately 14,450 claimants have received over 25 weeks of PEUC (beyond the initial 26 weeks of benefits Iowa provides).
- iv. If Iowa terminates participation in this program, IWD would cease to pay PEUC benefits and accept no new applications for the program as of June 12, 2021.

C. Federal Pandemic Unemployment Compensation (FPUC) – CARES Section 2104, ARP Section 9013

- i. Provides \$300 additional weekly benefit to all types of unemployment insurance payments including federal and regular unemployment benefits.
- ii. The program is currently available through the week ending September 4, 2021.
- iii. For claim week ending May 1, 2021, 49,912 claimants received FPUC benefits for a weekly total of \$19,712,700.
- iv. If Iowa terminates participation in this program, IWD would cease to pay FPUC benefits as of June 12, 2021.

D. Mixed Earners Unemployment Compensation (MEUC) - CAA Section 261, APR Section 9013

- i. Provides \$100 weekly additional benefit for eligible participants who were self-employed and meet a specific pre-pandemic income threshold.
- ii. Iowa has not yet implemented this program.

III. Additional Considerations and Information

The average weekly benefit amount for each unemployment insurance benefit program (not including FPUC benefit) is:

UI Program	Average Weekly Benefit Amount
State UI	\$390.65
PEUC	\$335.78
PUA	\$244.28

Work searches are required to receive regular unemployment benefits and PEUC, but PUA recipients are not required to search for work.

Iowa began waiving all COVID-19 related charges for employers at the beginning of the pandemic in March 2020. If Iowa terminates participation in any of the federal programs, employers should be charged for all claims, including COVID-related unemployment claims.

All relevant agreements referenced above require written 30-day notice to terminate participation. Because our claims week ends on Saturday, we would want to end participation on the Saturday after the expiration of 30-days from the date notice is provided to the U.S. Department of Labor of our decision to end participation. For instance, if the notice is provided May 10, 2021, the earliest date Iowa could terminate the programs would be June 12, 2021.

Pursuant to the agreements, Iowa cannot make alterations to any individual program in terms of eligibility requirements or amounts of benefits paid. However, Iowa can elect to participate in some federal programs and not others.

IV. Recommendation

For the reasons stated herein, I recommend termination of participation in the following programs effective June 12, 2021:

- i. Pandemic Unemployment Assistance (PUA)
- ii. Pandemic Emergency Unemployment Compensation (PEUC)
- iii. Federal Pandemic Unemployment Compensation (FPUC)
- iv. Mixed Earners Unemployment Compensation (MEUC)

Additionally, I recommend reinstating employer charging for all state unemployment claims regardless of whether COVID-19 related.

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Governor Kim Reynolds
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With the widespread distribution and availability of the vaccine, as well as the safety measures Iowa's employers continue to take to protect their employees and customers, I believe the above requested actions are necessary to continue our economic recovery from the pandemic. Iowa is open for business and we must take all necessary actions to assist with that recovery by returning Iowans to the workforce as quickly as possible.

A handwritten signature in cursive script that reads "Beth Townsend". The signature is written in black ink and is positioned above the printed name and title.

Beth Townsend
Director