

# SERVICE BULLETIN

**TO:** T&T Clients  
**FROM:** Josh Kendall  
**RE:** Iowa UI Taxes Will Increase Significantly for Most Employers  
**DATE:** October 1, 2009

Iowa Workforce Development has announced that the UI taxable wage base will increase from \$23,700 to \$24,500 for 2010. Also, tax rate Table 4 will be in effect. This rate table contains significantly higher tax rates than the rate table currently in effect (Table 6).

Below are examples of the combined impact of these two changes:

Current Tax Rate (Table 6)	Corresponding Tax Rate on Table 4	Tax Due Per Full-Time Worker (2009)	Tax Due Per Full-Time Worker (2010)	Percent Increase from 2009 to 2010
0.10%	0.20%	\$23.70	\$49.00	107%
0.50%	0.80%	\$118.50	\$196.00	65%
1.10%	1.80%	\$260.70	\$441.00	69%
2.30%	4.00%	\$545.10	\$980.00	80%
4.20%	7.30%	\$995.40	\$1,788.50	80%
7.50%	9.00%	\$1,777.50	\$2,205.00	24%

As you can see, tax rates will be markedly higher in general. A 0.00% tax rate will continue to be assigned to employers in the two lowest rate brackets, but all other experience-rated employers will be adversely impacted by the one-two punch of the higher wage base and the higher rate table. Ironically, employers in the highest rate bracket (who, it could be argued, are using the UI system the most) will have the smallest percentage increase (24%) in taxes.

Following is a news release from Iowa Workforce Development on this topic. If there are any questions please contact us.



**For Release:** 10:00 a.m.  
**Date:** September 18, 2009

**Contact:** Kerry Koonce  
**Telephone:** (515) 281-9646

## Iowa Unemployment Rate Reaches 6.8 Percent

DES MOINES, IOWA – Iowa's seasonally adjusted unemployment rate climbed to 6.8 percent in August, a level not experienced since July 1986, when the state's jobless rate was also 6.8 percent. The August unemployment rate compared with 6.5 percent for July, and 4.2 percent for August 2008. The U.S. unemployment rate rose to 9.7 percent in August from 9.4 percent in July, and 6.2 percent one year ago.

"Iowa's payroll losses moderated substantially in August, a sign that the most severe part of the decline is behind us," said Elisabeth Buck, director of Iowa Workforce Development. "However, the state's unemployment rate is likely to remain high into 2010, despite an optimistic forecast of improving economic conditions in the second half of this year."

Iowa's pool of unemployed workers grew to 114,000 in August from 108,300 in July. The current estimate is 43,900 higher than the year ago count of 70,100.

The total number of working Iowans edged up slightly to 1,572,600 in August from 1,569,500 in July. However, the August total was 33,800 lower than the year ago level of 1,606,400.

## Seasonally Adjusted Nonfarm Employment

Iowa's total nonfarm employment fell to 1,475,800 in August, 200 less than last month, as service sector losses narrowly outpaced goods-producing gains this month. Nonfarm employment has lost 49,400 jobs over the year with the goods-producing sectors accounting for three-quarters of the loss. While August marked the seventh consecutive month of employment declines for the state, the pace of job cuts moderated during the month.

Workers in Iowa's factories returned to their jobs in August following temporary layoffs that typically occur during July. This accounted for much of the 2,600 gain in durable goods manufacturing. Manufacturing as a whole added 3,200 in August. Trade and transportation gained 1,100 as the result of hiring that occurred in wholesale trade and transportation. Professional and business services and other services posted the largest decreases in August, down -1,300 and -1,100, respectively. Construction shed another 900 jobs despite signs that building starts and home sales have been improving in recent months.

Compared to last year, education and health care services has advanced the most, up 1,900, followed by trade and transportation, up 800. Manufacturing posted the largest over-the-year loss, down 28,000. Other major losses were reflected in professional and business services, down 10,700; and construction, down 9,300.

**MEDIA ALERT:** An audio cut of comments about Iowa's labor market situation is available by calling (515) 281-6057. Local data for August will be available on the Web on Tuesday, September 22, 2009. Both statewide and local information for September will be released on Wednesday, October 21, 2009.