

Regulatory Analysis

871 Chapter 21

UNEMPLOYMENT INSURANCE SERVICES DIVISION

Purpose and Summary

Chapter 21 governs the organization of bureaus within the Unemployment Insurance Services Division of the Department as provided in Iowa Code chapter 96.

Analysis of Impact

1. Persons affected by the proposed rulemaking:
 - Classes of persons that will bear the costs of the proposed rulemaking:
Not applicable.
 - Classes of persons that will benefit from the proposed rulemaking:
The general public will benefit.
2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:
 - Quantitative description of impact:
There is no quantitative impact. This proposed rulemaking simply outlines the organizational structure of the Unemployment Insurance Services Division.
 - Qualitative description of impact:
The general public will understand the organizational structure of the Unemployment Insurance Services Division within the Department.
3. Costs to the State:
 - Implementation and enforcement costs borne by the agency or any other agency:
There are no implementation or enforcement costs since this proposed chapter simply outlines the organizational structure within the agency.
 - Anticipated effect on state revenues:
There is no impact on state revenues.
4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:
Not applicable.
5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:
Not applicable.
6. Alternative methods considered by the agency:
 - Description of any alternative methods that were seriously considered by the agency:
Not applicable.
 - Reasons why alternative methods were rejected in favor of the proposed rulemaking:
Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking’s compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

By removing outdated rules from Chapter 21, this proposed rulemaking reduces confusion related to and time spent by small businesses on trying to understand the organizational structure of the Unemployment Insurance Services Division within the Department.

Text of Proposed Rulemaking

CHAPTER 21

UNEMPLOYMENT INSURANCE SERVICES DIVISION

871—21.1(96) Unemployment insurance services division. The primary responsibility of the unemployment insurance services division is to administer the provisions of the Iowa employment security law and related federal programs in accordance with pertinent laws, regulations, and policies. The division administers the payment of job insurance benefits to eligible individuals, determines which employers are subject to the state and federal laws enacted in this area, supervises the collection of taxes from these employers, and oversees a program to control the quality of benefit payment and revenue collection. These functions are performed by the following bureaus:

21.1(1) Benefits bureau. The benefits bureau determines the eligibility of individuals claiming unemployment insurance. It processes unemployment compensation in accordance with Iowa Code sections 96.1A(32), 96.7(2)“d,” and 96.40 and is responsible for payments of other special federal unemployment insurance benefits as agreed to by the United States Department of Labor and the state of Iowa. The benefits bureau is responsible for:

- Screening all employer protests,
- Investigating all labor dispute protests and issuing appropriate decisions,
- Performing fact-finding interviews with claimants and employers to resolve issues such as the determination of claimant eligibility and employer liability for benefit charges,
- Responding to communications involving technical matters related to unemployment insurance,
- Correcting records due to reversal or modification of a decision on appeal,
- Processing initial interstate claims; processing combined wage claims; and issuing duplicate benefit payments for lost, stolen, outdated, or returned payments,
- Retaining and organizing records, producing records as required by law, and collecting fees for such production, and
- Maintaining the voluntary income tax withholding program in accordance with Iowa Code section 96.3(10) and reporting tax withholding and taxable benefits to the relevant federal and state authorities.

21.1(2) Tax bureau. The tax bureau is responsible for contacting Iowa and out-of-state employers that do business in Iowa to establish taxpayers’ liability under the law. This includes:

- Maintaining and controlling all records of unemployment insurance taxes paid in the state

and assigning rates each year to each employer,

b. Collecting and depositing all money received for contribution reports, delinquent contribution reports, benefit reimbursements, interest, and penalties with the state treasurer's office,

c. Initiating routine legal actions such as the filing of liens, garnishments, and bankruptcies,

d. Conducting investigations on Federal Unemployment Tax Act (FUTA) discrepancy problems, contractor registration issues, business closings, and claimant requests for omitted wage credits, and

e. Determining employer/employee and independent contractor relationship issues.

21.1(3) Integrity bureau. The integrity bureau consists of the following three distinct work units:

a. Investigations and recovery unit. The investigations and recovery unit was established to prevent, detect, investigate, and penalize unemployment insurance benefit fraud. The unit verifies whether aliens are entitled to unemployment insurance and investigates and disqualifies those who are not eligible, conducts the fictitious employer detection program to discover employers set up for the purpose of fraudulent activities, and investigates and determines whether an unemployment insurance warrant has been forged and whether it should be reissued.

b. Benefits collections unit. The benefits collections unit is responsible for benefit overpayment recovery, including the collection of benefit overpayments and penalties; initiating routine legal actions similar to those of the tax bureau; and utilizing state and federal programs to access claimants' Iowa and federal income tax refunds, Iowa lottery prizes, and Iowa vendor payments.

c. Quality control unit. The quality control unit works to support the development and execution of corrective action plans for the improvement of the unemployment insurance program. The unit is responsible for the collection and analysis of data pertaining to the accuracy of unemployment insurance benefit payments and denial determinations, validation of the unemployment insurance data reports, identification and analysis of risk factors that could threaten the unemployment insurance program, and maintenance of the data-processing capabilities to store and transmit various agency-required reports to the federal government.

This rule is intended to implement Iowa Code chapter 96.