NEWS RELEASE For Statewide Distribution

IOWA | Iowa Workforce Development

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Contact: Jesse Dougherty (515) 725-5487
communications@iwd.iowa.gov

Iowa Announces Fifth Consecutive Year of Lowest Possible UI Tax Rates for Employers

Strong health of Unemployment Insurance Trust Fund credited for continued low rates.

DES MOINES, IOWA – Following the annual review of Iowa's Unemployment Insurance (UI) Trust Fund, Governor Kim Reynolds is announcing that the rates used to tax Iowa employers will be at the lowest-possible level for the fifth straight year.

The calculation is based on the continued strong health of the state's UI Trust Fund, which resulted in the triggering of Tax Table D for 2027. Under Iowa law, unemployment taxes automatically shift from one table of rates to another if the system shows signs of a decreased level of funding available to pay unemployment benefits. As of August 15, 2026, the trust fund had a balance of $2,112,248,939, measuring more than twice the level required to trigger a higher rate table. This balance makes the trust fund the healthiest – and therefore, the best equipped to meet the needs of Iowa's unemployment benefits system – that it's been since the low unemployment years of the late 1990s.

Last year, **Governor Reynolds signed legislation** that revamped and simplified Iowa's unemployment insurance taxes, cutting the maximum tax rate for employers to the lowest allowed by federal law (5.4 percent) and cutting the taxable wage base (the portion of wages that are taxed according to that rate) in half. The trigger for determining which UI rate table will be implemented is based on a formula in state law that uses the balance in the UI Trust Fund and growth in covered wages to anticipate the future cost of unemployment insurance benefits.

"Through conservative management of the unemployment trust fund and implementation of the Reemployment Case Management Program, we have been able to reduce unemployment taxes for employers, on average, by 50 percent while achieving an Unemployment Trust Fund balance of over $2 billion," said Governor Reynolds. "Iowa has reduced unemployment taxes, ensuring employers have more funds to reinvest in their businesses and employees, without reducing benefits. We have created a one-of-a-kind program for early intervention for the unemployed that is focused on helping Iowans find their next jobs quickly. This combination has produced a trust fund that is as healthy and as strong as it has been in almost 30 years."

"Today's announcement is great news for all Iowans – it reaffirms that Iowa's trust fund is stronger than ever and able to cover benefits for Iowans who experience unemployment," said Beth Townsend, Executive Director of Iowa Workforce Development. "Under Governor Reynolds' leadership, Iowa has demonstrated that you can reduce taxes while protecting benefits, and she has created a national blueprint for how to successfully manage the unemployment program."

To learn more about Iowa's UI trust fund and system, visit IWD's website: **Unemployment Insurance Statistics**

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