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## BUDGET UNIT BRIEF – FY 2020

Fiscal Services Division

July 1, 2020



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Des Moines, Iowa 50319

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## Apprenticeship Training Program — Workforce Development Fund (WDF)

### Purpose and History

The Workforce Development Fund was created during the 1995 Legislative Session with the enactment of HF 573 (Workforce Development Fund Act) and Iowa Code section 15.341. The purpose of the Workforce Development Fund is to provide revenue for programs that address Iowa's workforce development needs. The Fund is administered by the Iowa Economic Development Authority (IEDA), and training services are provided by the 15 community colleges. The General Assembly appropriates funds from the Workforce Development Fund Account, established in Iowa Code section 15.342A, to the Workforce Development Fund, established in Iowa Code section 15.343.

Moneys appropriated to the Workforce Development Fund are to be used for the following programs and purposes:

- Projects under Iowa Code chapter 260F.
- Apprenticeship programs under Iowa Code section 260C.44.
- Administrative costs of the Workforce Development Program.

The moneys in the Workforce Development Fund are allocated as follows:

- \$3.0 million for the Iowa Job Training Program established in Iowa Code section 260F.6.
- \$1.0 million for the High Technology Apprenticeship Program established in Iowa Code section 260F.6B.

The Workforce Development Fund Account receives funding from the New Jobs Credit (Iowa Code section 422.16A) per the withholding mechanism established in Iowa Code section 260E.5, including a job training project funded under Iowa Code section 15A.8. After a business's training obligation has been paid off, an amount equal to 25.0% of the total amount of withholdings paid by a business for jobs created under the Program, are diverted to the Workforce Development Fund Account for a period of 10 years. Initially, the Program had no cap on the amount of funds diverted. The General Assembly set a cap of \$10.0 million in 1996 (SF 2351 — Economic Development Programs Act), lowered the cap to \$8.0 million in 2000 (SF 2428 — Economic Development Appropriations Act), set the cap at \$4.0 million in 2001 (HF 718 — Economic Development Appropriations Act), and set the cap to a maximum of \$6.0

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### More Information

HF 573: [www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF573](http://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=HF573)  
Iowa Economic Development Authority: [www.iowaeconomicdevelopment.com/](http://www.iowaeconomicdevelopment.com/)  
SF 2351: [www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf](http://www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf)  
SF 2428: [www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf](http://www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf)  
HF 718: [www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf](http://www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf)  
HF 2460: [www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf](http://www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf)  
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million beginning with 2014 (HF 2460 — Economic Development Appropriations Act), while setting the cap for one year at \$5.8 million for 2015 (HF 2460 — Economic Development Appropriations Act). The funding is established in Iowa Code section 15.342A.

During the 2014 Legislative Session, the General Assembly enacted HF 2460 (Economic Development Appropriations Act), section 39, requiring all moneys in the Workforce Development Fund and any moneys accruing to the Fund to be transferred, in equal parts, to support the Apprenticeship Training Program Fund (Iowa Code section 15B.3) and the Job Training Fund (Iowa Code section 260F.6). While the Governor vetoed the repeal of the Fund, the transfer of the moneys eliminates the utilization of the Fund for anything other than the two above programs. The Apprenticeship Training Program will receive a transfer of \$3.0 million from the WDF.

The Apprenticeship Training Program was established with the enactment of HF 2460 and Iowa Code chapter 15B. In Iowa Code section 15B.3, an Apprenticeship Training Program Fund was established in the State Treasury under the control of the IEDA, with the Fund consisting of moneys appropriated to the IEDA, any other moneys available to the IEDA for this purpose, and interest and earnings of the Fund. The IEDA is limited to no more than 2.0% (approximately \$60,000) of the total moneys deposited in the Fund to be used for administration. Moneys in the Fund do not revert at the close of a fiscal year.

A Financial Assistance for Apprenticeship Program within the IEDA was also created in HF 2460. Eligible apprenticeship sponsors or lead apprenticeship sponsors applying for the Program must be registered with the U.S. Department of Labor through Iowa, and the apprentices must be employed at an Iowa worksite. Financial assistance can only be used for the cost of conducting and maintaining an apprenticeship program. The IEDA is required to provide the assistance through grants, and the grants are allocated equally by formula in proportion to all applications received by the IEDA. The recipient of the financial assistance must provide detailed information to the IEDA about the recipient and the planned training to be financed. A signed contract is required between the parties regarding the financial assistance to be provided.

## Funding

The resources to operate the Apprenticeship Training Program are provided from the transfer from the WDF deposited in the Apprenticeship Training Program Fund.

## Related Statutes and Administrative Rules

Iowa Code section [422.16A](#)

Iowa Code chapters [15](#), [15A](#), [15B](#), [260C](#), [260E](#), and [260F](#)

Iowa Administrative Code [261—8](#)

## Budget Unit Number

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