

Budget Unit Brief

FY 2017



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 the workforce development needs of Iowa. 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 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 money in the Workforce Development Fund is allocated as follows:

- \$3.0 million for the Iowa Job Training Program in Iowa Code section [260F.6](#).
- \$1.0 million for the High Technology Apprenticeship Program 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 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 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 the transfer of all money 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 money 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](#). An Apprenticeship Training Program Fund was established in Iowa Code section [15B.3](#) 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 interested and earnings of the Fund. The IEDA is limited to no more than 2.0% (approximately \$60,000) of the total money deposited in the Fund to be used for administration. Moneys in the Fund do not revert at the close of a fiscal year.

More Information

Iowa Economic Development Authority Employee Training Programs:
<http://www.iowaeconomicdevelopment.com/WorkforceTraining/employeetraining>

Iowa General Assembly: <http://www.legis.iowa.gov>

LSA Staff Contact: Ron Robinson (515-281-6256) ron.robinson@legis.iowa.gov

Apprenticeship Training Program - Workforce Development Fund (WDF)

A Financial Assistance for Apprenticeship Program within the IEDA is created. 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 will be 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 chapter [15](#), Part 15

[261](#) Iowa Administrative Code chapter [8](#)

Revised September 22, 2016