Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 63
"Iowa Jobs Training Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 260F
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 260F

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 1, 2025
9:30 a.m.

Microsoft Teams
Meeting ID: 241 057 225 551 9
Passcode: 42WL9Xa2
Dial in by phone: +1 469.998.6043
Find a local number
Phone conference ID: 428 181 217#

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by Iowa Workforce Development no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

These proposed rules govern the development of training programs under the Iowa Jobs Training Act provided in Iowa Code chapter 260F.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Community colleges will bear the costs.

- **Classes of persons that will benefit from the proposed rulemaking:**

Local businesses 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:**

Community colleges may have an administrative cost in applying for and overseeing 260F program funds.

- **Qualitative description of impact:**

Local businesses train their employees with advanced skills so that both the employees and the local businesses may become more advanced and competitive.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Iowa Workforce Development employs one person to administer the 260F program. Approximately 45 percent of the person's time is devoted to 260F programs.

- **Anticipated effect on State revenues:**

Not applicable.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

This proposed rulemaking makes no changes in costs and benefits. The same administrative costs will exist as previous to this update.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

No less costly or intrusive methods exist.

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 63, this proposed rulemaking reduces confusion and time spent reviewing rules that no longer apply, thus reducing the burden on small businesses.

Text of Proposed Rulemaking

ITEM 1. Rescind 871—Chapter 63 and adopt the following **new** chapter in lieu thereof:

CHAPTER 63
IOWA JOBS TRAINING PROGRAM

871—63.1(260F) Authority. The authority for establishing rules governing the development of training projects under the Iowa jobs training Act is provided in Iowa Code chapter 260F.

871—63.2(260F) Purpose. The purpose of the Act is to foster the growth and competitiveness of Iowa's workforce and industry by ensuring that Iowa's workforce has the skills and expertise to compete with any workforce outside the state of Iowa.

871—63.3(260F) Definitions.

"Act" means Iowa Code chapter 260F.

"Certification" means the community college and business agree that the information contained in the application is accurate. The certification also gives the department permission to research the history of the business and perform other related activities necessary for the evaluation of the application.

"Community college consortium" means two or more businesses located in the same community college district that share a common training need.

"Department" or *"Iowa workforce development"* means the department of workforce development created in Iowa Code section 84A.1.

"Eligible business" or *"business"* means a business training employees that is engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, warehousing or wholesaling products, conducting research and development, or providing services in interstate commerce but excludes solely retail, health, or professional services and that meets the other criteria established by the department. A business engaged in the provision of services must have customers outside of Iowa to be eligible. The business site to receive training must be located in Iowa. "Eligible business" does not include a business whose training costs can be economically funded under Iowa Code chapter 260E, a business that closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state, or a business that is involved in a strike, lockout, or other labor dispute in Iowa. If a business closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state, then the business is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

"Employee" means a person currently employed by a business who is to be trained. An employee for whom training is planned must hold a current position intended by the employer to exist on an ongoing basis with no planned termination date. Training is available only to an employee who is hired by the business, who is currently employed by the business, and for whom the business pays withholding tax. However, "employee" does not include a person with executive responsibilities, a replacement worker who is hired as a result of a strike, lockout, or other labor dispute in Iowa, or an employee hired as a temporary worker. "Employee" does include a person with executive responsibilities if such person works in both an executive- and employee-based capacity for a small business with a total labor force of fewer than 50 persons.

"Program services" includes but is not limited to the following:

1. Training of employees;
2. Adult basic education and job-related instruction;
3. Career and technical skill-assessment services and testing;
4. Training facilities, equipment, materials, and supplies;
5. Administrative expenses for the jobs training program;
6. Subcontracted services with institutions governed by the state board of regents, private colleges or universities, or other federal, state, or local agencies;
7. Contracted or professional services;
8. Training-related travel and meals.

"Project" means a training arrangement that is the subject of an agreement entered into between a community college and an eligible business to provide program services.

871—63.4(260F) Program funding.

63.4(1) Program funds consist of any moneys allocated by the department for the purpose of this program, all repayments of loans or other awards or recaptures of awards, and earned interest, including interest earned on program funds held by the community colleges.

63.4(2) A community college 260F account is established in the department. The allocation of funds in this account to the community colleges will be determined using the distribution formula established in Iowa Code section 260C.18C.

63.4(3) Any unexpended or uncommitted funds remaining in the community college 260F account on May 1 of the fiscal year will revert to a general account to be available on a first-come, first-served basis, based on the date an application is received by the department.

871—63.5(260F) Funding for projects that include one business.

63.5(1) The maximum award that may be approved for each project at a business site is $50,000 in a fiscal year.

63.5(2) A business site may be approved for multiple projects, but the total of the awards for two or more projects will not exceed $100,000 within a three-year period. The three-year period will begin with the department approval date of the first project approved within the three-year period.

63.5(3) Awards will be made in the form of forgivable loans.

63.5(4) Financial assistance awarded to a project must be based on the actual cost of allowable services as identified in rule 261—7.9(260F).

63.5(5) Funds requested must be commensurate with training needs. Program funds shall not be used to cash flow a business.

63.5(6) Community colleges issue the proceeds of an award to a business on a reimbursement basis or directly pay for training expenses from the college-administered separate program account.

871—63.6(260F) Funding for projects that include multiple businesses.

63.6(1) A community college consortium of two or more businesses as defined in rule 261—7.3(260F) is eligible for a maximum award of $100,000 per training project.

63.6(2) and **63.6(3)** Reserved.

63.6(4) Participation in a community college consortium does not affect a business site's financial eligibility for individual project assistance.

871—63.7 and **63.8** Reserved.

871—63.9(260F) Use of program funds.

63.9(1) The following costs associated with the administration of any project are eligible for program funding:

a. Community college administrative costs associated with the development and operation of a project, not to exceed 15 percent of the project cost.

b. Legal fees.

63.9(2) The costs associated with the provision of program services for any project are eligible for program funding.

63.9(3) Reimbursement of employee wages while the employee is in training is not allowed.

63.9(4) Production equipment, when used for training, may be an allowable cost. The cost of equipment used in training but subsequently used in production will be prorated, as identified in rule 261—8.12(15), with the percentage of "used in production" cost paid by the business.

63.9(5) A community college may use funds awarded to a project to cover reasonable administrative costs and legal fees for that project.

63.9(6) A community college may not use funds from one project's program award to cover any costs incurred by another project.

871—63.10(260F) Use of 260F earned interest.

63.10(1) The community college is authorized to use interest earned on program funds to pay administrative costs incurred as a result of administering the program. Administrative costs include all costs incurred from the time the application process commences minus any costs covered by application fees paid by applicants.

63.10(2) Earned interest that has not been spent by the end of any state fiscal year will be refunded to the department within ten days of the end of the state fiscal year. The community college may designate and carry forward specified interest funds, as permitted by these rules, for identified payments that will occur during the next state fiscal year.

871—63.11 Reserved.

871—63.12(260F) Separate account. The community college will establish a separate program account to document all program transactions and from which repayments for loans will be made to the department.

871—63.13 to **63.17** Reserved.

871—63.18(260F) Agreement of intent.

63.18(1) An agreement of intent allows training to start on a specific date.

63.18(2) A community college and a business sponsor may but are not required to enter into a letter of intent.

63.18(3) A community college and a business that enter into an agreement of intent will use Agreement of Intent, Form 260F-2.

63.18(4) An agreement of intent will remain in effect for a maximum of one calendar year from the date of the letter. An agreement of intent for one project does not establish the commencement date for subsequent projects.

871—63.19(260F) Project commencement date. The earliest date on which program funds may be used to pay training expenses incurred by the project is the effective date of the agreement of intent or the date the application is received by the department, whichever is first.

871—63.20(260F) Application process.

63.20(1) An application for training assistance must be submitted to the department by a community college on behalf of a business. An application will not be accepted by the department if submitted directly by a business.

63.20(2) Community colleges use Application for Assistance, available in the 260F data system, to apply for 260F business assistance.

63.20(3) Required contents of the application will be described in the application package.

63.20(4) Applications must be submitted via the 260F data system to the department.

63.20(5) The department will score applications according to the criteria specified in rule 261—7.21(260F).

63.20(6) To be funded, an application must receive a minimum score of 65 out of a possible 100 points and meet all other eligibility criteria specified elsewhere in these rules.

63.20(7) The department may approve, reject, or defer an application.

63.20(8) The department reserves the right to require additional information from the business.

63.20(9) Application approval is contingent on the availability of funds. The department will reject or defer an application if funds are not available.

871—63.21(260F) Application scoring criteria.

63.21(1) The criteria used for scoring 260F business or consortium applications and the points for each criteria are as follows:

a. The business has a plan for future potential growth and product diversification. 10 points.

b. The majority of the business's employees are permanent full-time. 10 points.

c. Average wages for employees are at or above the laborshed wages for the business's location. 10 points.

d. The business provides a cash match of 25 percent or greater. 10 points.

e. The application explains why the business needs the training identified in the training plan. 10 points.

f. The application explains how the training will contribute to the continued existence of the business. 10 points.

g. The application identifies which skills the employees will acquire from the training and how the skills will increase the employees' marketability. 5 points.

h. The average cost of training per employee is comparable to the cost of training at Iowa community colleges or universities. 5 points.

i. The application documents that all considerations, including funding required to begin the training project, have been addressed. 5 points.

j. The employer provides health insurance and at least one other employee benefit. 5 points.

k. Employee skills, knowledge, and abilities will be improved as a result of this training. 10 points.

l. The business's competitive stance will be improved as a result of this training. 10 points.

To be funded, applications must receive a minimum score of 65 out of 100 points and meet all other applicable eligibility criteria.

63.21(2) The criteria used for scoring a college business consortium and the points for each criterion are as follows:

a. The training will have a positive impact on the skills, knowledge and abilities of trainees. 29 points.

b. The training will help improve the competitive stance of participating businesses or the industry for which training is being provided. 28 points.

c. The training will result in economic benefits for the state. 28 points.

d. The average of the average wage rates for the businesses participating in the project is above the state average wage rate, which will be computed using the current county average wage rates. 10 points.

e. The project cost of training per employee does not exceed comparable costs for training at a state of Iowa community college or university. 5 points.

To be funded, applications must receive a minimum score of 65 out of 100 points and meet all other applicable eligibility criteria.

871—63.22(260F) Training agreement.

63.22(1) A community college will enter into a training agreement with the business(es), lead business, or lead organization within 90 days of written notice of application approval from the department, using Training Agreement, Form 260F-4, for 260F business-driven projects.

63.22(2) A business will not modify any provision of the agreement without the written approval of the community college.

63.22(3) The community college, with the written consent of the business, has the authority to modify all provisions of the agreement except for 260F business, business network and consortium project modifications that result in a reduction of the number of employees to be trained or that significantly change the training program.

63.22(4) The community college and the business are authorized to change the ending date of training, training provider, or other minor modifications to the training program. All modifications must be uploaded to the 260F data system prior to the ending date of training. If the modification authorizes a change of the ending date of training, the modification must be uploaded to the 260F data system prior to the original ending date of training. For example, if a training agreement specifies an ending date of training of December 31, 2018, and a community college and business agree to extend the ending date of training to December 31, 2019, then the modification must be uploaded prior to December 31, 2018.

63.22(5) Modifications of 260F business and consortium projects that result in a reduction of the number of employees to be trained or change the training program content must be approved by the department, community college, and business.

63.22(6) The agreement will not be modified in any way that would result in a violation of Iowa Code chapter 260F.

871—63.23(260F) Special requirements for community college consortium projects.

63.23(1) The community college will submit the Consortium Application for Assistance, available on the 260F data system, to the department for project approval.

63.23(2) The community college will enter into a training agreement with the consortium within 90 days of written notice of application approval from the department, using Consortium Training Agreement, Form 260F-4A.

63.23(3) All default provisions specified in rule 261—7.30(260F) apply to consortium projects.

63.23(4) In the event of a default, a financial penalty may be assigned by the department to the consortium business or businesses identified by the community college as being responsible for the default.

63.23(5) Each business that participates in the consortium will complete a Final Performance Report, Form 260F-5, at the completion of training as a condition of the loan being forgiven.

871—63.24(260F) Events of default.

63.24(1) A business that fails to complete the training project within the agreed period of time as specified in the training agreement will be required to repay 20 percent of total project funds expended by the community college and the business.

63.24(2) A business that fails to train the agreed number of employees as specified in the training agreement will be required to repay a proportionate amount of total project funds expended by the community college and the business. The proportion will be based on the number of employees who have not been trained compared to the number of employees who have been trained.

63.24(3) If both events in subrules 63.24(1) and 63.24(2) occur, both penalties apply.

63.24(4) A business that fails to comply with any requirements contained in the training agreement will be sent written notice by the community college that specifies the issue(s) of noncompliance, and the business will be allowed 20 days from the date notice is sent to effect a cure. If noncompliance is of such a nature that a cure cannot be reasonably accomplished within 20 days, the community college has the discretion to extend the period of cure to a maximum of 60 days.

63.24(5) A business ceases or announces the cessation of operations at the project site prior to completion of the training program.

63.24(6) A business directly or indirectly makes any false or misleading representations or warranties in the program application or training agreement, reports, or any other documents that are provided to the community college or the department.

63.24(7) A business acts in any manner contrary to, or fails to act in accordance with, any provision of the training contract.

63.24(8) A business takes corporate action to effect any of the preceding conditions of default.

871—63.25(260F) Options and procedures on default.

63.25(1) The community college will notify the department whenever the community college determines that an event of default has occurred or is likely to occur.

63.25(2) The community college will document its efforts to reconcile the condition(s) responsible for the default and will provide the department with copies of all related correspondence and documents of the community college and the business.

63.25(3) The community college will notify the department when it has determined that an event of default cannot be cured.

63.25(4) When notice of failure to cure the default is received from the community college, the department will communicate with the business, in writing, in an attempt to resolve the default.

63.25(5) When the department's efforts to reconcile are successful, the department will notify the community college, in writing, to continue project operations. Continuation of project operations may be subject to new conditions imposed by the department as part of the reconciliation.

63.25(6) When the department's efforts to reconcile are unsuccessful and upon the department's request, the community college will assign the agreement to the department for appropriate proceedings at which time the department will institute collection procedures or notify the attorney general to initiate appropriate legal actions.

63.25(7) When a community college assigns an agreement to the department for a project declared to be in default, the community college will return all remaining 260F funds to the department within 45 days of assignment.

871—63.26(260F) Remedies upon default.

63.26(1) When a community college determines that a business is in default, and the default has not been cured within the time period stated in the contract, the community college is authorized to withhold training funds and payments to the business without notice to the business.

63.26(2) The attorney general may take whatever action at law or in equity as necessary and desirable to satisfy the default.

63.26(3) No demand of amount due, from the community college to the business written or otherwise, is required to establish the business's financial liability.

63.26(4) No remedy conferred upon or reserved to the community college, the department, or the attorney general by the Act, these rules, or the training agreement is intended to be exclusive of any other current or future remedies existing in law, in equity, or by statute.

63.26(5) Any delay or omission by the community college, the department, or the attorney general to exercise any right or power prescribed by the Act, these rules, or the training agreement does not relinquish or diminish the department to act and does not constitute a waiver of default status. Any such right or power may be exercised at any time required and as often as may be deemed expedient.

63.26(6) Unless required by these rules, neither the community college, department, nor attorney general is required to provide written or other notice to the business regarding any circumstance related to and including a declaration of an event of default.

63.26(7) In the event any requirement of the Act, these rules, or the training agreement, relating to a default, should be breached by either party and then waived by the other party, such waiver will be limited to the specific breach being waived and will have no bearing on any subsequent breach.

871—63.27(260F) Return of unused funds. The community college will return all unused funds to the department within 45 days of project completion or within 45 days after being notified by the department that a project is in default.

871—63.28(260F) Open records. Information submitted to the department is subject to Iowa Code chapter 22, the public records law. Applications for training funds submitted to the department are available for public examination. If a business provides information that the business believes contains trade secrets recognized and protected as such by law, or the release of which would give an advantage to competitors and serves no public purpose or which meets other provisions for confidential treatment as authorized in Iowa Code section 22.7, and establishes that such information is subject to confidential treatment under Iowa Code section 22.7 or as otherwise provided for by law, then such information shall be kept confidential. Rule 261—195.5(15,22) describes how a person may request a record to be treated as confidential and withheld from public examination. Businesses requesting confidential treatment of certain information submitted to the department will follow the procedures

described in rule 261—195.5(15,22). The department will process such requests as outlined in rule 261—195.5(15,22).

871—63.29(260F) Required forms. The community college is required to complete and upload the following forms, as applicable, within the 260F data system:

1. General Application for Assistance, Form 260F-1;
2. Consortium Application for Assistance, Form 260F-1A;
3. Agreement of Intent, Form 260F-2;
4. Request for Release of Funds, Form 260F-3;
5. Training Agreement, Form 260F-4;
6. Consortium Training Agreement, Form 260F-4A;
7. Performance Report, Form 260F-5;
8. Notice of Possible Default, Form 260F-6;
9. Declaration of Default, Form 260F-7;
10. College and Business Certification, 260F-8;
11. Environmental Quality Form, to include a Solid Waste Plan and Hazardous Waste Plan (if applicable), Form 260F-9.

These rules are intended to implement Iowa Code chapter 260F.