Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 64
"Workforce Development Fund"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 84A, 17A and 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:

August 26, 2025
9 a.m.

Microsoft Teams
Meeting ID: 275 535 538 261 1
Passcode: zX7gi2Xm
Dial in by phone: +1 469.998.6043
Find a local number
Phone conference ID: 810 814 813#

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, 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:

Rebecca Stonawski
Iowa Workforce Development
1000 East Grand Avenue
Des Moines, Iowa 50319
Phone: 515.868.1939
Email: rebecca.stonawski@iwd.iowa.gov

Purpose and Summary

The purpose of these proposed rules is to clarify the allocation of moneys from the Workforce Development Fund under 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:**

The general public and stakeholders will bear the costs.

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

The general public and stakeholders 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.

- **Qualitative description of impact:**

There is no qualitative impact.

3. **Costs to the State:**

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

There are no implementation and enforcement costs.

- **Anticipated effect on State revenues:**

There is no anticipated effect 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?

This proposed rulemaking does not have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 871—Chapter 64 and adopt the following **new** chapter in lieu thereof:

CHAPTER 64
WORKFORCE DEVELOPMENT FUND

871—64.1(15,76GA,ch1180) Purpose. The purpose of the workforce development fund is to provide revenue for programs that address the workforce development needs of the state. Moneys are appropriated to the fund from the workforce development fund account and are to be used for projects under Iowa Code chapter 260F.

871—64.2(15,76GA,ch1180) Definitions.

"Agreement" means an informal agreement between the department and a grantee that authorizes expenditure of a workforce development fund award.

"Contract" means a formal agreement executed by the department and a grantee for purposes of operating a program under the workforce development fund.

"Department" or *"IWD"* means Iowa workforce development.

"Director" means the director of Iowa workforce development.

"Grantee" means any entity receiving a workforce development fund award from Iowa workforce development.

871—64.3(15,76GA,ch1180) Workforce development fund account. A workforce development fund account is established in the office of the treasurer of state under control of the department. Upon payment in full of a certificate of participation or other obligation issued to fund a job training program under Iowa Code chapter 260E, including a certificate of participation repaid in whole or in part by the supplemental new jobs credit from withholding under Iowa Code section 260J.1, the community college providing the job training program will notify the department of the amount paid by the employer or business to the community college to retire the certificate during the last 12 months of withholding collections. The department will notify the department of revenue of that amount. The department of revenue will then credit to the workforce development fund account, established in Iowa Code section 84G.3, 25 percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department will prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers that will be transferred to the workforce development fund account in any year is $7,750,000. The legislature will make an annual appropriation from the workforce development fund account to the workforce development fund.

871—64.4(15,76GA,ch1180) Workforce development fund allocation. The director will submit a copy of the proposed allocation of funds from the workforce development fund to be made for the next fiscal year for the programs and purposes intended to the chairpersons of the joint economic development appropriations subcommittee of the general assembly. Notwithstanding Iowa Code section 8.39, the plan may provide for increased or decreased allocations if the demand for a program indicates that the need is greater or lesser than the allocation for that program. Workforce development funds are received quarterly. The sequence in which the funds are allocated to the various programs under the workforce development fund will be determined by the department based upon the demand for the respective programs.

871—64.5(15,76GA,ch1180) Workforce development fund reporting. The director will provide annual reports to the legislative services agency on the status of the funds. Unobligated and unencumbered moneys remaining in the workforce development fund or any of its accounts on June 30 of each year will be considered part of the fund for purposes of the next year's allocation.

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