RA 26-258

WORKFORCE DEVELOPMENT DEPARTMENT[871]

Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 70
"Career Training Physical Expansion Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 17A and 84J as enacted by 2026 Iowa Acts, Senate File 2168

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 17A and chapter 84J as enacted by 2026 Iowa Acts, Senate File 2168

Public Hearing

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

September 8, 2026 10 a.m.	Microsoft Teams meeting Meeting ID: 284 533 348 638 91 Passcode: 2RB3UK7m Dial in by phone: +1 469.998.6043 Phone conference ID: 315 044 839

Public Comment

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

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Iowa Workforce Development
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Des Moines, Iowa 50319
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Purpose and Summary

The purpose of this proposed rulemaking is to establish rules to administer the Career Training and Physical Expansion Program Fund created in Iowa Code section 84J.3 as enacted by 2026 Iowa Acts, Senate File 2168.

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 are none because funding for this program is provided via previously appropriated funds that have been repurposed.

- **Qualitative description of impact:**

There are none.

3. **Costs to the State:**

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

The Department is asking for 2.0 percent of available funds for administration of the grant. The total SFY 2027 appropriation is $3.5 million; administration funds of 2.0 percent equals $70,000.

- **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 rulemaking does not have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** 871—Chapter 70:

CHAPTER 70
CAREER TRAINING PHYSICAL EXPANSION PROGRAM

871—70.1(84J) Purpose. The purpose of the career training physical expansion program is to provide financial assistance for construction of new facilities and procurement of equipment that will expand the capacity of community colleges and unionized and nonunionized private sector apprenticeship programs to provide education and training for workers in high-demand fields in this state.

871—70.2(84J) Definitions.

"Applicant" means an Iowa community college or unionized or nonunionized private sector apprenticeship program applying for assistance under the program.

"Apprenticeship" means a structured training program that combines supervised paid on-the-job training with classroom instruction.

"Community college" means the same as defined in Iowa Code section 260C.2.

"Construction of new facilities" means the process of assembling, erecting, or modifying a physical structure for the purpose of expanding capacity to provide education and training for workers in high-demand fields in this state. Major maintenance of an existing facility does not qualify.

"Department" means the department of workforce development.

"Department's website" means the information and related content found at www.workforce.iowa.gov and may include integrated content at affiliate sites.

"Eligible entity" means a community college or unionized or nonunionized private sector apprenticeship program meeting the requirements of rule 871—70.3(84J).

"Equipment" means specialized hardware, software, or other tangible, nonexpendable property that has a per unit acquisition cost of $5,000 or more and an anticipated useful life of more than one year and is intended to increase training capacity.

"Expand capacity" means to increase the maximum number of slots available in a training or education program for workers in high-demand fields in this state.

"Fund" means the career training and physical expansion program fund created in Iowa Code section 84J.3 as enacted by 2026 Iowa Acts, Senate File 2168.

"High-demand field" means the same as the definitions of "high-demand occupation," "high-skill occupation," and "high-wage occupation" created in Iowa Code section 256.125 as amended by 2026 Iowa Acts, House File 2610.

"Internet-based education or training" means the same as the definition of "delivered primarily over the internet" in rule 281—15.1(256).

"Nonduplicative training" means that a project funded via this program will avoid recreating current training programs but will modernize the structure and delivery of a training program, education program, or both that will directly result in an increase in the number of workers in high-demand fields in this state.

"Private sector apprenticeship program" means a paid apprenticeship program offered by, or in partnership with, a private company in Iowa.

"Procurement" means the same as defined in rule 11—117.2(8A).

"Program" means the career training physical expansion program established in this chapter.

871—70.3(84J) Program eligibility. To be eligible for financial assistance under the program, an applicant must propose the construction of a new training facility, construction to expand an existing training facility in accordance with the definition of "construction of new facilities" in rule 871—70.2(84J), or the procurement of equipment that will expand the capacity to educate and train workers in high-demand fields in Iowa.

70.3(1) *Employer demand.* Applicants must provide evidence of employer demand for the skills and abilities to be taught via the training and education or apprenticeship program for which an applicant applies.

70.3(2) *Expand capacity.* The project must directly result in an increase in the number of workers in high-demand fields in this state.

70.3(3) *Internet-based education or training.* Projects to increase internet-based education or training are ineligible for financial assistance under this program.

70.3(4) *Priority given for nonduplicative training.* Priority will be given to projects that meet the definition of "nonduplicative training" in rule 871—70.2(84J).

871—70.4(84J) Application submission and review process.

70.4(1) The department will develop a standardized application process and make information on applying available on the department's website. To apply for assistance under the program, an applicant shall submit an application to the department in the manner prescribed by the department. The department will identify specific types of investments for which it intends to provide financial assistance on the application form or forms.

70.4(2) Applications will be accepted and processed by department staff on a continuing basis, or the department may establish application periods as announced on the department's website. If received on a continuing basis, applications will be reviewed in the order received by the department.

70.4(3) The department may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

70.4(4) The department will determine the financial assistance award if it determines that financial assistance should be awarded. The department has final decision-making authority on requests for financial assistance for the program. The department will take final action on all applications for financial assistance except those rejected pursuant to subrule 70.4(3). The department may approve an award, decline to award, or choose to reopen the application window.

70.4(5) An applicant may submit one application per funding cycle for the duration of the program.

70.4(6) Applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the award, or of a denial of an award of financial assistance.

871—70.5(84J) Application scoring criteria. When applications for financial assistance under the program are reviewed by department staff, the following criteria will be considered and the application scored as described.

70.5(1) The extent to which the applicant's investment demonstrates employer demand in this state for the training and education to be provided.

70.5(2) The extent to which the investment expands the physical capacity of the community college or apprenticeship program.

70.5(3) The extent to which the investment increases the number of workers in high-demand fields in this state. Priority points will be awarded for greater increased capacity.

70.5(4) The extent to which the applicant demonstrates regional need for increased capacity of trained individuals in the high-demand jobs.

70.5(5) Whether and the extent to which the applicant has previously received financial assistance from the program.

70.5(6) For awards under subsequent funding rounds, whether and the extent to which the applicant demonstrates increased training and education completions under previous projects.

70.5(7) The sufficiency of the proposed investment's financing structure, the feasibility of the sources of funds, and the appropriateness of the proposed uses of the funds.

871—70.6(84J) Contract administration.

70.6(1) The department will prepare a contract for each award approved by the department. The contract will reflect the terms of the award and may include other terms and conditions reasonably necessary for implementation of the program pursuant to this chapter.

70.6(2) Any substantive change to a proposed investment shall require an amendment to the contract. Amendments shall be requested in writing. No amendment shall be valid until approved by the department.

871—70.7(84J) Disbursement of funds.

70.7(1) The department will disburse funds for an investment only after a complete application has been received, an award has been approved by the department, a contract has been executed between the applicant and the department, and all applicable conditions for disbursement have been met, including the submission of documentation pertaining to the eligible expenditures. Disbursement of funds under the contract will be on a reimbursement basis for expenses incurred by the applicant after the date of application and as provided under the contract. Expenditures for labor performed by an applicant's employees are not eligible for reimbursement.

70.7(2) Administrative cost. The department will retain 2.0 percent of each appropriation for administration of this program.

871—70.8(84J) Reporting. An applicant receiving assistance under the program shall submit any information reasonably requested by the department in sufficient detail to permit the department to prepare any reports required by the department, the general assembly, or the governor's office.

These rules are intended to implement Iowa Code chapter 17A and chapter 84J as enacted by 2026 Iowa Acts, Senate File 2168.