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## FISCAL UPDATE Article

Fiscal Services Division

June 1, 2021



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### END OF SESSION — HF 559 — APPRENTICESHIP TRAINING ACT

**Description.** [House File 559](#) (Apprenticeship Training Act) modifies the financial assistance provided by the [Iowa Economic Development Authority \(IEDA\)](#) to apprenticeship sponsors. Changes to apprenticeship programs include:

- Requires apprenticeship training programs to include a minimum of 100 contact hours per apprentice for each training year of the apprenticeship. Under current law, there is not a minimum contact hour requirement to be eligible for assistance.
- Alters the formula for determining the amount of funding provided to each applicant to include only eligible apprentices in total and for each apprenticeship sponsor, and not contact hours, in total and for each apprenticeship sponsor. Currently, the formula includes both the number of contact hours and number of apprenticeships in total and for each apprenticeship sponsor in determining the amount allocated to each apprenticeship sponsor.
- The Act applies to financial assistance provided by IEDA to apprenticeship sponsors who apply for financial assistance after July 1, 2021.

**Current Program Update.** The FY 2015 Economic Development Appropriations Act (2014 Iowa Acts, chapter [1132](#)), created the [Apprenticeship Training Program](#) authorized in Iowa Code chapter [15B](#) (Iowa Apprenticeship Act). The Act authorized a \$3.0 million standing appropriation from the Workforce Development Fund Account to the Program administered by the IEDA in coordination with the [U.S. Department of Labor \(DOL\)](#), [Office of Apprenticeship \(OA\)](#).

The Program aims to increase the number of registered apprentices in Iowa by providing training grants to registered apprenticeship programs in the State. There are more than 600 registered programs in the State with more than 8,000 registered apprentices. A registered apprentice learning underneath an apprenticeship sponsor is awarded on-the-job learning with related classroom instruction to increase the apprentice's skill level and wages. Apprentices earn a paycheck while learning on the job. Only registered apprenticeship programs that meet DOL/OA specific requirements and standards are eligible. A sponsor or lead sponsor (a trade organization, labor organization, employee organization, or other incorporated entity representing a group of registered apprenticeship sponsors) may apply for an IEDA grant. Funds awarded may only be used to help cover the cost of conducting and maintaining an apprenticeship training program.

**Fiscal Impact.** The Act reallocates how the existing appropriation is administered to include only apprenticeship sponsors of training programs that include a minimum of 100 contact hours per apprentice. The Act creates no fiscal impact on the IEDA.

**Enactment Date.** This Act was approved by the General Assembly on March 22, 2021, and signed by the Governor on April 12, 2021.

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