SF 2251 – Out-of-State Companies, Workforce Advertising Prohibition (LSB5783SV)
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Fiscal Note Version – New

Description
Senate File 2251 disallows companies that have no physical presence in Iowa to advertise on an Internet site maintained by any State agency or through any means funded by an appropriation to a State agency.

Background
The Iowa Department of Workforce Development (IWD) operates 15 IowaWorks one-stop field offices and 4 satellite field offices, including a website with job postings across the State. 2021 Iowa Acts, HF 871 (Economic Development Appropriations Act), appropriated $6.7 million from the General Fund for field offices detailed in Iowa Code section 84B.2, while $2.2 million was appropriated from the Unemployment Insurance (UI) Reserve Fund and $2.4 million was appropriated from the Penalty and Interest (P&I) Fund for field offices, both detailed in Iowa Code section 96.9. Federal resources for field offices include funding from the Wagner-Peyser Act, PROMISE JOBS, Unemployment Insurance (UI) allocations, and other federal resources when available.

Assumptions
- Inflation is estimated at 2.5% annually for salary and benefit increases.
- The IWD states it will need a Workforce Program Coordinator (1.0 full-time equivalent (FTE) position in FY 2023 and beyond) and a Labor Market Research Economist 2 (0.5 FTE position in FY 2023 and 0.4 FTE position in FY 2024 and beyond) to administer the changes in the Bill. Both positions are estimated to be filled on October 1, 2022.
- The IWD states it will need to pay for system upgrades and integration to enact the Bill. The capital costs are estimated at $175,000 in FY 2023.
- Maintenance for the new system beginning in FY 2024 is estimated to cost $10,000 annually. It is assumed any additional internal information technology support will be absorbed within the IWD.
- Resources used to pay for the costs of the Bill are expected to be a mix of State and federal revenues, including the annual General Fund appropriation for field offices.

Fiscal Impact
The Bill is projected to increase State and federal expenditures for field offices by $258,000 in FY 2023 and $116,000 in FY 2024 and each year thereafter. See Table 1 below:
Table 1 — Estimated Fiscal Impacts of SF 2251

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Category</th>
<th>FY 2023</th>
<th>FY 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Market Research Economist 2</td>
<td>0.5 FTE (FY 2023); 0.4 FTE (FY 2024 and beyond)</td>
<td>$25,000</td>
<td>$26,000</td>
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<tr>
<td>Workforce Program Coordinator</td>
<td>1.0 FTE</td>
<td>$58,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>Vendor Capital Costs</td>
<td>System/Technology</td>
<td>$175,000</td>
<td>$0</td>
</tr>
<tr>
<td>Vendor Maintenance Costs</td>
<td>System/Technology</td>
<td>$0</td>
<td>$10,000</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td></td>
<td>$258,000</td>
<td>$116,000</td>
</tr>
</tbody>
</table>

Sources
Iowa Department of Workforce Development
Legislative Services Agency

/s/ Holly M. Lyons
February 23, 2022

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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