



Fiscal Note

Fiscal Services Division



[SF 2168](#) – Reemployment Case Management and Unemployment Insurance Processing (LSB5501SV.1)

Staff Contact: Evan Johnson (515.281.6301) evan.johnson@legis.iowa.gov

Fiscal Note Version – As amended and passed by the Senate

Description

[Senate File 2168](#) relates to programs and procedures of Iowa Workforce Development (IWD). The Bill has five divisions.

Division I — Reemployment Case Management (RCM) System

Description

Division I of the Bill codifies the RCM Program and requires an individual to participate in the RCM Program in order to receive unemployment insurance benefits. The RCM Program provides individualized reemployment services to unemployment insurance claimants who are no longer attached to work. The Division requires IWD to adopt administrative rules regarding participation in the RCM Program.

Background

The RCM Program was created in January 2022 and has been operated using federal COVID-19 funds that must be expended by December 31, 2026. In FY 2025, approximately 19.0 full-time equivalent (FTE) positions were used to operate the RCM Program.

Assumptions

- Federal funds will be used to operate the RCM Program through December 31, 2026. State funding will not be used for the RCM Program during the first half of FY 2027.
- A funding source for operations beyond December 31, 2026, is not identified in the Bill.
- Use of the unemployment insurance system and the RCM Program will not change during the projection period.
- The RCM Program created in the Bill will be significantly similar to the RCM Program currently operated by IWD.
- It is assumed that 19.0 FTE positions will continue to operate the RCM Program beyond FY 2025.

Fiscal Impact

Division I of the Bill is estimated to increase expenses to IWD by approximately \$1.0 million in FY 2027 and by \$2.0 million in each subsequent fiscal year.

Division II — Unemployment Benefits — Means of Communication

Description

Division II of the Bill provides that IWD must issue unemployment insurance documentation to employers and unemployment insurance claimants through email and an online portal. The Division requires the director of IWD to establish administrative rules for the delivery of documentation through an alternative method.

Background

Under current law, certain documentation provided to employers and unemployment insurance claimants must be issued through paper mail. Unemployment insurance printing and mailing costs are paid through the federal Unemployment Insurance Base Grant.

Assumptions

- Changes related to paper and electronic documentation are consistent with U.S. Department of Labor regulations.
- Printing and mailing costs are paid through the federal Unemployment Insurance Base Grant.
- Use of the unemployment insurance system will not change during the projection period.

Fiscal Impact

Division II of the Bill is estimated to decrease printing and mailing costs to IWD for federally funded unemployment insurance administration by approximately \$960,000 each year.

Division III — Summer Youth Intern Program — Repeal

Description

Division III of the Bill repeals the Summer Youth Intern Pilot Program. The Division takes effect June 30, 2026.

Background

The Future Ready Iowa Summer Youth Intern Pilot Program helps young people who are at risk of not graduating from high school, who are from low-income households, who are from communities underrepresented in the Iowa workforce, or who otherwise face barriers to success in the labor market to explore and prepare for high-demand careers through summer work experience. The Program began with the enactment of 2018 Iowa Acts, chapter [1169](#) (FY 2019 Economic Development Appropriations Act), and 2018 Iowa Acts, chapter [1067](#) (Future Ready Iowa Act). The Program has received a General Fund appropriation of \$250,000 since FY 2019 in the annual Economic Development Appropriations Act.

Fiscal Impact

Division III of the Bill repeals the Future Ready Iowa Summer Youth Intern Pilot Program which has received an annual General Fund appropriation of \$250,000 since FY 2019.

Division IV — Membership of Workforce Development Board

Description

Division IV of the Bill modifies the membership of the Workforce Development Board by adding four members, including the State director of adult education, two additional business representatives, and one additional workforce representative.

Background

Under current law, membership of the Workforce Development Board includes the following:

- The Governor.
- One State Senator appointed by the President of the Senate after consultation with the Majority Leader of the Senate.
- One State Representative appointed by the Speaker of the House of Representatives after consultation with the Majority Leader of the House of Representatives.
- The director of IWD or the director's designee.

- The director of the Department for the Blind or the director’s designee.
- The administrator of Iowa Vocational Rehabilitation Services or the administrator’s designee.
- Ten members who represent businesses, at least one of whom must represent small businesses.
- Four members who represent workforce, at least two of whom must represent labor organizations and at least one of whom must represent a joint labor-management apprenticeship program.
- One city chief elected official.
- One county chief elected official.
- The director of the Department of Education or the director’s designee, who is an ex officio member.

Duties of the Workforce Development Board are outlined in Iowa Code section [84A.1B](#). These include the following:

- Implementing federal rules and regulations.
- Creating and maintaining lists of high-demand, high-wage jobs and academic majors.
- Making recommendations regarding workforce development services, programs, and activities.

Assumptions

New members of the Workforce Development Board will perform the same activities as current members.

Fiscal Impact

Division IV of the Bill is estimated to have minimal fiscal impact.

Division V — Unemployment Compensation Reserve Fund — Transfer to Unemployment Trust Fund

Description

Division V of the Bill amends 2024 Iowa Acts, chapter [1162](#) (Work-Based Learning Act), by transferring any remaining unencumbered or unobligated moneys in the [Unemployment Compensation Reserve Fund \(Reserve Fund\)](#) to the [Unemployment Compensation Trust Fund \(Trust Fund\)](#) on July 1, 2026. Interest earned on moneys in the Reserve Fund will be transferred to the [Special Employment Security Contingency Fund](#) on July 1, 2026.

Background

The balance of the Reserve Fund is \$166.4 million as of March 6, 2026. 2024 Iowa Acts, chapter 1162, originally transferred moneys in the Reserve Fund to the following destinations:

- \$30.0 million to the Workforce Opportunity Fund.
- Any interest earned to the Special Employment Security Contingency Fund.
- Any remaining unencumbered or unobligated moneys to the Trust Fund.

Assumptions

- The balance of the Reserve Fund will not change between March 6, 2026, and July 1, 2026.
- The Reserve Fund balance is unencumbered or unobligated.
- The total interest earned that will be transferred includes interest earned in prior fiscal years.

