



Fiscal Note

Fiscal Services Division



[SF 2168](#) – Reemployment Case Management and Unemployment Insurance Processing (LSB5501SV.2)

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Fiscal Note Version – As amended by House amendment [S-5187](#)

Description

[Senate File 2168](#) as amended by House amendment [S-5187](#) relates to workforce programs. The Bill as amended has 11 divisions.

The following divisions of the Bill as amended have minimal fiscal impacts:

- Division I — Iowa Registered Apprenticeship Act
- Division II — Iowa Plumber, Mechanical Professional, and Contractor Licensing Act — Apprenticeships
- Division V — Apprenticeship Training in School Districts
- Division VI — High-Demand and High-Need Jobs and Scholarship Eligibility
- Division VII — Career and Technical Secondary Authorizations
- Division IX — Summer Youth Intern Pilot Program — Repeal
- Division X — Membership of Workforce Development Board

The following divisions of the Bill as amended have a fiscal impact and are described in further detail below:

- Division III — Iowa Apprenticeship Act
- Division IV — Career Training Physical Expansion Program
- Division VIII — Reemployment Case Management (RCM) System
- Division XI — Unemployment Compensation Reserve Fund — Transfer to Unemployment Trust Fund

Division III — Iowa Apprenticeship Act

Description

Division III of the Bill as amended adds intermediary sponsors as an entity eligible to provide apprenticeship training under Iowa Code chapter [84E](#). An apprenticeship sponsor whose apprentices receive contact hours from a lead apprenticeship sponsor is not eligible for financial assistance.

The Division increases a standing appropriation from the Workforce Development Fund (WDF) Account to the Apprenticeship Training Program Fund from \$3.0 million to \$4.5 million beginning in FY 2027. The Division also increases the maximum transfer of [260E](#) withholding payments to the WDF Account from \$7.8 million to \$9.3 million.

Background

Under the 260E Program, a participating business partners with a community college, which sells bonds to finance the cost of training for new employee positions. The business diverts 1.5% of gross payroll from the State withholding taxes generated by the new positions to the community college to retire the bonds.

After the training obligation of a business under the 260E Program has been paid off, an amount equal to the withholding payments is credited to the WDF Account for 10 years, up to a maximum of \$7.8 million annually. Moneys in the WDF Account are appropriated to Iowa Workforce Development (IWD) to be used for apprenticeship training and job training.

Assumptions

Participation in the 260E Program will not change during the projection period.

Fiscal Impact

Division III of the Bill as amended increases the annual standing appropriation from the Workforce Development Fund (WDF) Account to the Apprenticeship Training Program Fund from \$3.0 million to \$4.5 million. The Division also increases the maximum transfer from the 260E withholding payments to the WDF Account from \$7.8 million to \$9.3 million.

Division IV — Career Training Physical Expansion Program

Description

Division IV of the Bill as amended establishes the Career Training Physical Expansion Program and Fund under IWD. The Program provides financial assistance for the construction of new facilities and the procurement of equipment that will expand the capacity of community colleges and private sector apprenticeship programs to educate and train workers in high-demand fields.

The Division creates a new standing appropriation of \$9.5 million from the General Fund to the Career Training Physical Expansion Fund. Moneys in the Career Training Physical Expansion Fund at the close of the fiscal year remain in the Fund and do not revert. Interest or earnings on moneys in the Fund are credited to the Fund.

The Division requires IWD to adopt administrative rules to administer the Program.

Fiscal Impact

Division IV creates a new standing appropriation of \$9.5 million from the General Fund to the Career Training Physical Expansion Fund beginning in FY 2027.

Division VIII — Reemployment Case Management System

Description

Division VIII of the Bill as amended 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 as amended.

- Use of the unemployment insurance system and the RCM Program will not change during the projection period.
- The RCM Program created in the Bill as amended will be significantly similar to the RCM Program currently operated by IWD.
- It is assumed that 19.0 FTE positions will continue to be used to operate the RCM Program beyond FY 2025.

Fiscal Impact

Division VIII of the Bill as amended 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 XI — Unemployment Compensation Reserve Fund — Transfer to Unemployment Trust Fund

Description

Division XI of the Bill as amended 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.

Fiscal Impact

Division XI of the Bill as amended is estimated to transfer \$149.9 million to the Trust Fund and \$16.5 million to the Special Employment Security Contingency Fund from the Reserve Fund on July 1, 2026.

Sources

Iowa Workforce Development
 State Accounting System
 Legislative Services Agency analysis

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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.
