



# Fiscal Note

## Fiscal Services Division



[SF 2168](#) – Reemployment Case Management and Unemployment Insurance Processing (LSB5501SV.4)

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

Fiscal Note Version – Final Action

### Description

[Senate File 2168](#) relates to workforce programs. The Bill has 11 divisions.

The following divisions of the Bill have minimal fiscal impacts:

- Division I — Iowa Registered Apprenticeship Act
- Division II — Iowa Plumber, Mechanical Professional, and Contractor Licensing Act — Apprenticeships
- Division IV — Career Training Physical Expansion Program
- Division V — Apprenticeship Training in School Districts
- Division VI — High-Demand 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 have a fiscal impact and are described in further detail below:

- Division III — Iowa Apprenticeship Act
- Division VIII — Reemployment Case Management Program
- Division XI — Unemployment Compensation Reserve Fund — Transfer to Unemployment Trust Fund

### Division III — Iowa Apprenticeship Act

#### Description

Division III of the Bill 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 increases the annual standing appropriation from the 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 VIII — Reemployment Case Management Program**

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### **Description**

Division VIII of the Bill codifies the Reemployment Case Management (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.
- The existing 19.0 FTE positions will continue to be used to operate the RCM Program beyond FY 2025.

### **Fiscal Impact**

Division VIII 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 XI — Unemployment Compensation Reserve Fund — Transfer to Unemployment Trust Fund**

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### **Description**

Division XI 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.

**Fiscal Impact**

Division XI of the Bill 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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/s/ Jennifer Acton

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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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