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[SF 2353](#) – Employment Services, Workforce Development Department (LSB5281SV)  
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Fiscal Note Version – New

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**Description**

[Senate File 2353](#) relates to the membership and duties of the State and local workforce development boards and related responsibilities of the Iowa Department of Workforce Development (IWD). Changes made by the Bill primarily relate to requirements of the federal Workforce Innovation and Opportunity Act (WIOA), Pub. L. No. [113-128](#).

The Bill provides a listing of responsibilities of the IWD, including responsibilities for the development and oversight of industry and sector partnerships, administration of the State list of eligible providers and programs under the WIOA, review of local workforce development plans, and the provision of oversight, guidance, and technical assistance to local workforce development areas.

The Bill takes effect upon enactment.

**Background**

When Iowa agrees to accept federal funds under the federal WIOA, it agrees to comply with the requirements of the Act. This includes the governance and administrative provisions under the WIOA Title I that this legislation addresses. Iowa must comply with the entirety of the WIOA in exchange for accepting the WIOA funds. Noncompliance with the WIOA jeopardizes the federal WIOA funding of approximately \$13.1 million annually under the WIOA Title I, based on the federal program year 2017 allotment that Iowa received. If the U.S. departments of labor and education elect to address noncompliance with the WIOA during the review process of the required State plan, approximately \$50.0 million in WIOA core program allotments could be implicated, as was the case with the State Workforce Development Board membership structure.

The General Assembly annually appropriates \$5.0 million from the [Skilled Worker and Job Creation Fund](#) for the [Pathways for Academic Career and Employment \(PACE\) Program](#). Community colleges receive \$4.8 million of the total PACE allocation, and may use PACE funds to support the development of sector partnerships and related projects authorized under Iowa Code section [260H.7B](#). In fiscal year 2017, the community colleges expended a combined total of \$15,000 on such costs. The remaining \$200,000 of the \$5.0 million PACE appropriation is allocated to the Department of Education to support and coordinate the activities authorized under Iowa Code section [260H.7B](#). A small fraction of the \$200,000 is used for statewide sector partnership coordinating activities that the Bill transfers to the IWD. Most of the funds are used in support of education and training activities associated with sector partnerships, including career pathway development and PACE-permissible community college activities. This work supports community college and Department activities under numerous sections of State and federal law and will continue to be supported while the IWD develops the statewide industry and sector partnership required by the Bill.

## **Assumptions**

- The IWD is the State administrative agency that has administered the list of eligible providers and programs under the federal Workforce Investment Act of 1998 (WIA), Pub. L. No. [105-220](#), performed oversight of and provided technical assistance to local workforce development boards under the WIA, and reviewed and approved or rejected local workforce development plans under the WIA. The IWD currently has these functions built into its administrative structure and the legislation will not create a fiscal impact with respect to those functions of the agency.
- The local workforce development board provisions will not have an expenditure fiscal impact on State or federal funds for the IWD because oversight and technical assistance for local boards is a function that the IWD performed under the WIA and continues to perform under the WIOA.
- The IWD will require additional staffing to perform statewide industry and sector partnership development for meeting the needs of employers, workers, and job seekers, related to in-demand industry sectors and occupations for the State and local boards. The work will be completed by multiple employees.
- Existing career pathways will be utilized, sector boards/partnerships will continue as is, and intermediaries will be maintained and not charged with additional duties.
- The allocation of PACE Program funding to community colleges to support work with local sector partnerships and career pathway development and the allocation to the Department of Education under the Program remains unchanged.
- The Bill will be effective April 1, 2018.

## **Fiscal Impact**

[Senate File 2353](#) makes it less likely that Iowa will have any future findings or other federal action that could jeopardize Iowa's receipt of federal funding under the federal WIOA, as detailed under Background above.

[Senate File 2353](#) will result in little or no fiscal impact for the Department of Education and the community colleges.

The IWD will utilize Federal WIOA Title I State set-aside funds to provide \$12,500 in salary and benefits for a 0.1 full-time equivalent (FTE) position performing statewide industry and sector partnership development in FY 2018 and \$50,000 and 0.5 FTE position in each subsequent fiscal year.

## **Sources**

Iowa Department of Workforce Development  
Iowa Department of Education

/s/ Holly M. Lyons

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February 27, 2018

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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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