

# Budget Unit Brief

## FY 2017



## Job Training Workforce Development Fund (WDF)

### Purpose and History

The Workforce Development Fund was created during the 1995 Legislative Session with the enactment of [HF 573](#) (Workforce Development Fund Act) and Iowa Code section [15.341](#). The purpose of the Workforce Development Fund is to provide revenue for programs that address the workforce development needs of Iowa. The Fund is administered by the [Iowa Economic Development Authority](#) (IEDA), and training services are provided by the 15 community colleges. The General Assembly appropriates from the Workforce Development Fund Account, established in Iowa Code section [15.342A](#), to the Workforce Development Fund, established in Iowa Code section [15.343](#).

Moneys appropriated to the Workforce Development Fund are to be used for the following programs and purposes:

- Projects under Iowa Code chapter [260F](#).
- Apprenticeship programs under Iowa Code section [260C.44](#).
- Administrative costs of the Workforce Development Program.

The money in the Workforce Development Fund is allocated as follows:

- \$3.0 million for the Iowa Job Training Program in Iowa Code section [260F.6](#).
- \$1.0 million for the High Technology Apprenticeship Program in Iowa Code section [260F.6B](#).

The Workforce Development Fund Account receives funding from the New Jobs Credit (Iowa Code section [422.16A](#)) per the withholding mechanism in Iowa Code section [260E.5](#) including a job training project funded under Iowa Code section [15A.8](#). After a business's training obligation has been paid off, an amount equal to 25.0% of the total amount of withholdings paid by a business for jobs created under the Program are diverted to the Workforce Development Fund Account for a period of 10 years. Initially, the Program had no cap on the amount of funds diverted. The General Assembly set a cap of \$10.0 million in 1996 ([SF 2351](#) — Economic Development Programs Act), lowered the cap to \$8.0 million in 2000 ([SF 2428](#) — Economic Development Appropriations Act), set the cap at \$4.0 million in 2001 ([HF 718](#) — Economic Development Appropriations Act), and set the cap to a maximum of \$6.0 million beginning with 2014 ([HF 2460](#) — Economic Development Appropriations Act), while setting the cap for one year at \$5,750,000 for 2015 ([HF 2460](#) — Economic Development Appropriations Act). The funding is established in Iowa Code section [15.342A](#).

During the 2014 Legislative Session, the General Assembly enacted ([HF 2460](#)- Economic Development Appropriations Act) section 39, requiring the transfer of all moneys in the Workforce Development Fund and any moneys accruing to the Fund to be transferred, in equal parts, to support the Apprenticeship Training Program Fund (Iowa Code section [15B.3](#)) and the Job Training Fund (Iowa Code section [260F.6](#)). While the Governor vetoed the repeal of the Fund, the transfer of the moneys eliminates the utilization of the Fund for anything other than the two above programs. The Job Training Fund now receives a transfer instead of an appropriation from the WDF.

Iowa Code section [260F.6](#) establishes for the community colleges a Job Training Fund with the IEDA in the WDF. The Job Training Fund consists of moneys appropriated for the purposes of Iowa Code chapter [260F](#), plus the interest and principal from repayment of advances made to businesses for program costs, plus the repayments, including interest, of loans made from that retraining fund, and interest earned from moneys in the Job Training Fund.

### More Information

Iowa Economic Development Authority Employee Training Programs:  
<http://www.iowaeconomicdevelopment.com/WorkforceTraining/employeetraining>

Iowa General Assembly: <http://www.legis.iowa.gov>

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## **Job Training Workforce Development Fund (WDF)**

The Job Training Fund is used to provide funds for the payment of the costs of a training program by a business. A community college may provide the business an advance of the moneys to be used to pay for the program costs as provided in the agreement entered into by the parties. To receive the funds for this advance from the Job Training Fund, the community college must submit an application to the IEDA. The amount of the advance must not exceed \$50,000 for any business site, or \$100,000 within a three-fiscal-year period for any business site. If the project involves a consortium of businesses, the maximum award per project must not exceed \$100,000. Participation in a consortium does not affect a business site's eligibility for individual project assistance. Prior to approval, a business must agree to match Program amounts in accordance with criteria established by the IEDA. Moneys in the Job Training Fund may be used by a community college to conduct entrepreneur development and support activities.

### **Funding**

The resources to operate the Job Training Program are provided from the Job Training Fund.

### **Related Statutes and Administrative Rules**

Iowa Code chapter [15](#), Part 15

[261](#) Iowa Administrative Code chapter [8](#)

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