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## BUDGET UNIT BRIEF – FY 2019

Fiscal Services Division

September 24, 2018



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Job Training – Workforce Development Fund (WDF)

### Purpose and History

The Workforce Development Fund Account receives funding from the New Jobs Credit (Iowa Code section 422.16A) per the withholding mechanism established 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 withholding paid by a business for jobs created under the Program is 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. However, in 1996 the General Assembly began placing a cap on the Program. The cap has been set as follows:

- A cap of \$10.0 million in 1996 in SF 2351 (Economic Development Programs Act).
- A cap of \$8.0 million in 2000 in SF 2428 (Economic Development Appropriations Act).
- A cap at \$4.0 million in 2001 in HF 718 (Economic Development Appropriations Act).
- A cap of \$6.0 million beginning with 2014 in HF 2460 (Economic Development Appropriations Act).
- A cap for one year at \$5,750,000 for 2015 in HF 2460 (Economic Development Appropriations Act).

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 funds 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.

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### More Information

HF 573: [www.legis.iowa.gov/docs/publications/iactc/76.1/CH0184.pdf](http://www.legis.iowa.gov/docs/publications/iactc/76.1/CH0184.pdf)  
Iowa Economic Development Authority: [www.iowaeconomicdevelopment.com](http://www.iowaeconomicdevelopment.com)  
SF 2351: [www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf](http://www.legis.iowa.gov/docs/publications/iactc/76.2/CH1180.pdf)  
SF 2428: [www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf](http://www.legis.iowa.gov/docs/publications/iactc/78.2/CH1230.pdf)  
HF 718: [www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf](http://www.legis.iowa.gov/docs/publications/iactc/79.1/CH0188.pdf)  
HF 2460: [www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf](http://www.legis.iowa.gov/docs/publications/iactc/85.2/CH1132.pdf)  
LSA Staff Contact: Ron Robinson (515.281.6256) [ron.robinson@legis.iowa.gov](mailto:ron.robinson@legis.iowa.gov)

The moneys in the Workforce Development Fund are allocated as follows:

- \$3.0 million for the Iowa Job Training Program established in Iowa Code section 260F.6.
- \$1.0 million for the High Technology Apprenticeship Program established in Iowa Code section 260F.6B.

During the 2014 Legislative Session, the General Assembly enacted HF 2460 (Economic Development Appropriations Act) section 39, requiring all moneys in the Workforce Development Fund and any moneys accruing to the Fund, 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).

Iowa Code section 260F.6 establishes a Job Training Fund under the purview of the IEDA in the WDF for the community colleges. 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 the Fund, and interest earned from moneys in the Job Training Fund.

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 with 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 \$100,000 for any business site, or \$200,000 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 \$200,000. 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 chapters [15](#), [15A](#), [15B](#), [260C](#), [260E](#), and [260F](#)  
Iowa Code sections [422.16A](#) and [260C.44](#)  
Iowa Administrative Code [261—8](#)

### **Budget Unit Number**

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