Modernizing Iowa's 260E Program

Community College Recommendations for the HF 2799 Interim Study Committee

The evidence suggests that 260E continues to serve an important role in Iowa's economic development and workforce system. At the same time, Iowa's economy, workforce challenges, and talent needs have changed significantly since the program was created. The opportunity before the committee is to build on the program's strengths while ensuring it remains aligned with Iowa's future workforce and economic needs.

Preserve: Keep 260E focused on business expansion and new jobs.

Maintain: Regional responsiveness through local decision-making.

Modernize: Improve access, administrative consistency, transferable learning, and alignment with 260F.

Measure: Establish common outcomes, longitudinal data, and regular independent review.

Bottom line: Keep the economic-development engine intact but build a modern workforce outcomes framework around it. Preserve the program's clear purpose, connect it intentionally to complementary programs, and give policymakers better evidence about results.

1. Clarify and consistently implement last session's statutory changes

Provide clear statewide guidance on the changes enacted last legislative session, including that colleges remain responsible for program agreements and determining whether positions qualify as new jobs, while Iowa Workforce Development provides review and feedback rather than project approval. Clarify related requirements, definitions, allowable costs, and calculations so the changes are applied consistently without adding new approval layers and bureaucracy.

2. Consider targeted access for strategic workforce sectors

Review whether limited eligibility changes are warranted for high-demand sectors currently excluded or underserved, for example, healthcare and transportation. A focused pilot would allow Iowa to test expansion without changing the program's purpose wholesale.

3. Prioritize transferable skills and recognized credentials

Encourage training that creates value for both employers and employees. Give preference, where appropriate, to industry-recognized credentials, documented competencies, college credit, and transferable technical, leadership, technology, safety, and project-management skills. Continue allowing on-the-job/proprietary training.

4. Improve access for small and rural employers

Explore simplified projects, regional or cluster-based training, shared training models, and technical assistance for employers that lack the administrative capacity of larger companies. Monitor participation by employer size and region.

5. Simplify administration while preserving local flexibility

Set consistent statewide expectations for reporting, documentation, reimbursement, compliance, and outcomes, and improve data exchange among colleges, employers, payroll providers, and state agencies. Preserve local authority and do not add state approval, review, or bureaucratic steps absent evidence that current practices are failing.

6. Build a coordinated workforce continuum with 260F

Use 260E for new-job creation and 260F for broader incumbent-worker development and upskilling. Allow limited 260E support for existing employees when directly necessary to implement an expansion, such as operating new equipment, supervising new hires, or launching a new product line. Because 260E funds 260F (and apprenticeships), the programs should be considered together when policy or funding changes are made. Evaluate greater investment in 260F and clarify which program best fits each employer need.

7. Make pay-as-you-go an employer option

Authorize a pay-as-you-go process so employers can choose it instead of bonding when it better fits their project. While allowed for years, this was recently deemed illegal so code change may be required. Use consistent information, forms, and timelines statewide without adding another layer of approval or review.

8. Shift from activity reporting to outcomes reporting

Continue tracking contracts, jobs, spending, and compliance, but use existing administrative and wage-record data to measure training completion, credentials, wage progression, retention, advancement, employer satisfaction, and skill portability. Measure outcomes without new project approvals, duplicative employer reporting, or review requirements for which there is no evidence of need.

9. Create a statewide longitudinal outcomes dashboard

Match participant records with unemployment-insurance wage data and other reliable sources, with appropriate privacy protections. Report wages before and after training, continued Iowa employment, retention with the sponsoring employer, industry mobility, and credential attainment. The 2011 pilot demonstrates that this type of analysis is possible.

10. Establish a regular independent program review

Conduct a statewide review every five years using existing program and wage-record data. Examine economic impact, participant outcomes, employer participation, regional access, return on investment, administrative effectiveness, and emerging needs. Keep the review focused on statewide improvement—not added project-level approvals or compliance processes unsupported by evidence.