

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 725/Senate File 559	House Committee:	PASSED on 5/1/23 (20-5)
Committee:	Appropriations	House Floor:	
Floor Manager:	Rep. Graber	Senate Floor:	PASSED on 5/2/23 (48-0)
Date:	May 3, 2023	Governor:	
Staff:	Kristi Kious (2-5290)		

FY 2024 ECONOMIC DEVELOPMENT APPROPRIATIONS

- Appropriates a total of \$41.8 million from the General Fund and 628.09 full-time equivalent (FTE) positions for FY 2024.
- This budget also appropriates a total of \$34.4. million from other funds for FY 2024.

General Fund

FY 2023	FY 2024 Agreement	Difference
\$45,300,151	\$41,799,448	-\$3,500,703

Other Funds

FY 2023	FY 2024 Agreement	Difference
\$28,066,084	\$34,366,084	\$6,300,000

Division I—Fiscal Year 2024 Appropriations

Section 1 – Goals and Accountability—Economic Development

This section sets forth the goals for the Economic Development Authority and provides that they shall be to expand and stimulate the state economy, increase the wealth of Iowans, and increase the population of the state.

Section 2 – Economic Development Authority

This section contains non-reversion language; any unused funds will remain with the department and not revert back to the general fund.

Economic Development Appropriation—General Fund

FY 2023	FY 2024 Agreement	Difference
\$13,318,553	\$12,807,359	-\$511,194

This appropriation is authorized for a number of purposes within IEDA. The IEDA’s primary responsibilities are in the areas of finance, marketing, local government and service coordination, exporting, tourism, job training and entrepreneurial assistance, and small business.

Financial Assistance Restrictions

Places the following restrictions on funds for the Economic Development appropriation:

- Requires businesses to be subject to contract provisions that require job positions to be filled by individuals who are citizens of the U.S., reside in the U.S., or are authorized to work in the U.S. pursuant to federal law.
- Requires businesses to adhere to contract provisions and provide periodic assurances of compliance.
- Requires businesses to employ only individuals legally authorized to work in Iowa.
- Permits the recapture of all or a portion of any financial assistance provided to a business that is found to knowingly employ individuals not legally authorized to work in Iowa.

Uses of Appropriations

Permits the IEDA to use the funds appropriated in the Economic Development appropriation as follows:

- For a program designed to recruit former Iowa residents and former students at Iowa colleges and universities to meet the needs of local employers.
- For a program to assist early-stage industry companies established by female entrepreneurs.
- For a program to assist advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology.

This section also prohibits the IEDA from using any appropriated funds to provide financial assistance to any project that involves the installation of geothermal systems for melting snow and ice from streets or sidewalks.

World Food Prize—General Fund

FY 2023	FY 2024 Agreement	Difference
\$375,000	\$500,000	\$125,000

The funds are used for administration and support of the World Food Prize and for the Borlaug/Ruan Scholar Program. None of the moneys received from governmental sources are used to fund the World Food Prize award given to the recipient of the World Food Prize. Governmental funds are also not used to pay for food or beverages at any of the social functions held as part of any World Food Prize event. No State funds are used for capital projects.

Councils of Governments—Assistance—General Fund

FY 2023	FY 2024 Agreement	Difference
\$250,000	\$250,000	\$0

The moneys appropriated by the General Assembly is used to leverage federal and local dollars for various programs. The State dollars are typically, although not exclusively, utilized as matching dollars for the federal Economic Development Support for Planning Organizations Program administered by the U.S. Economic Development Administration. Additionally, for some of the services provided to State agencies, COGs receive administrative fees for the work done.

Butchery Innovation and Revitalization Program—General Fund

FY 2023	FY 2024 Agreement	Difference
\$633,325	\$633,325	\$0

Butchery Innovation and Revitalization Program—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$366,675	\$366,675	\$0

The Program awards financial assistance to eligible meat processing businesses, licensed custom lockers, and mobile slaughter units. Businesses must be located in the State, not have been the subject of regulatory enforcement within the last five years, employ individuals legally authorized to work in the State, currently not be in bankruptcy, and employ fewer than 50 individuals.

Tourism Office—General Fund

FY 2023	FY 2024 Agreement	Difference
\$1,100,000	\$1,100,000	\$0

The Community Advertising and Strategic Plan appropriation to the Iowa Economic Development Authority (IEDA) is used for advertising, promoting, placement, and implementation of the IEDA's strategic plan for tourism and travel. The Community Advertising and Strategic Plan is coordinated with the Tourism Marketing Program, which is currently funded through wagering tax receipts specified in Iowa Code section 99F.11(4)(d)(2).

Empower Rural Iowa—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$700,000	\$700,000	\$0

The Empower Rural Iowa Act created incentives for the ERI initiative within the Iowa Economic Development Authority (IEDA) to support Iowa's rural economies. The Center for Rural Revitalization, housed within the IEDA, is responsible for the day-to-day operations of the ERI program.

Community Cultural Grants—General Fund

FY 2023	FY 2024 Agreement	Difference
\$172,090	\$172,090	\$0

**moved from Cultural Affairs to IEDA*

The General Fund appropriation to the Community Cultural Grant Program represents approximately 24.9% of the total Program funding. The Community Cultural Grant Program also receives a standing appropriation of \$520,000 in Iowa Code section 99F.11 from wagering tax revenue that is deposited in the General Fund. This appropriation has been reduced by the General Assembly in the Standings Act each year since FY 2009.

Iowa Arts Council—General Fund

FY 2023	FY 2024 Agreement	Difference
\$1,371,188	\$1,400,000	\$28,812

**moved from Cultural Affairs to IEDA*

The mission of the Council is to enrich the quality of life and learning in Iowa communities by encouraging excellence in the arts through leadership, networking, grants, and technical assistance.

Iowa Great Places—General Fund

FY 2023	FY 2024 Agreement	Difference
\$150,000	\$149,710	-\$290

**moved from Cultural Affairs to IEDA*

The General Fund appropriation in the Economic Development Appropriations Act funds the administration costs associated with the Program.

Cultural Trust Grants—General Fund

FY 2023	FY 2024 Agreement	Difference
\$150,000	\$150,000	\$0

**moved from Cultural Affairs to IEDA*

The Cultural Trust Grants are administered by the Iowa Arts Council and used for a statewide educational program to promote long-term financial stability and sustainability of nonprofit cultural organizations.

Section 3 – Limitations on Standing Appropriations

Community Cultural Grants Under 99F.11—General Fund

FY 2023	FY 2024 Agreement	Difference
\$448,403	\$448,403	\$0

**moved from Cultural Affairs to IEDA*

These grants are made to cities and nonprofit, tax-exempt community organizations for the development of community programs that provide local jobs for Iowa residents and promote Iowa's historic, ethnic, and cultural heritages.

Regional Tourism—General Fund

FY 2023	FY 2024 Agreement	Difference
\$1,443,700	\$1,443,700	\$0

The appropriation goes to the Iowa Economic Development Authority (IEDA) and is used to pay for the spring advertising campaign that the Travel Iowa Office conducts. Funds are also used for other advertising not associated with the spring campaign and for providing out-of-state marketing grants to groups in Iowa to promote their venues or events.

Section 4 – Financial Assistance Reporting—Economic Development Authority

This section requires IEDA to submit an annual report to the Generally Assembly by November 1 that details all types of assistance they awarded during the prior fiscal year and to whom they were awarded. The report shall identify the county where the project associated with each award is located.

Section 5 – Insurance Economic Development

This section provides that \$100,000 shall be transferred to the IEDA for insurance economic development and international insurance economic development.

Sections 6 – Iowa Finance Authority (IFA)

Rent Subsidy—General Fund

FY 2023	FY 2024 Agreement	Difference
\$658,000	\$873,000	\$215,000

The Home and Community-Based Services Rent Subsidy Program provides rent assistance to individuals on one of the Medicaid Home and Community-Based Services (HCBS) Waivers. Individuals that are on an HCBS Waiver have their health care and other support services paid for by the Medicaid Program; however, due to federal law, the Medicaid Program cannot pay for housing unless it is in an institutional setting. The Rent Subsidy Program provides a monthly rent assistance payment to these individuals to help them live successfully in their own homes or communities until they become eligible for any other local, State, or federal rent assistance. By providing a rent subsidy and allowing these individuals to live in their homes or communities, the State is able to save money by avoiding higher cost institutional-based care and allow individuals to remain in a less restrictive setting.

Housing Renewal Pilot Program—General Fund

FY 2023	FY 2024 Agreement	Difference
\$500,000	\$500,000	\$0

The Housing Renewal Pilot Program was created in 2022 as a new State General Fund appropriation for FY 2023. The Program will provide grants for the purposes of acquisition, rehabilitation, and resale of ownership units and the acquisition and demolition of blighted structures and redevelopment. The program requires 25.0% of General Fund moneys to be allocated to rural communities in the 88 least populated counties in the State. The program requirements also allow a nonprofit Iowa affiliate to partner with local governments or nonprofit entities and further defines grant parameters, including a maximum of \$100,000 per housing unit, a maximum of 36 months to use grant funding, and income requirements for homebuyers of housing funded through the Program. The Iowa Finance Authority (IFA) is also permitted to use 5.0% of the moneys appropriated for administration of the Program.

Section 7 – Iowa Finance Authority Audit

This section provides that the auditor of the state is to review the audit of IFA performed by an auditor hired by IFA.

Section 8 – Public Employment Relations Board (PERB)

PERB—General Fund

FY 2023	FY 2024 Agreement	Difference
\$1,492,452	\$1,290,230	-\$202,222

This section makes an appropriation to the states “PERB” for salaries, support, maintenance and other miscellaneous purposes. Of this appropriation, PERB must use \$15,000 to go towards maintaining an internet site that allows access to a collective bargaining database.

Section 9 – Iowa Workforce Development (IWD)

The following appropriations all go to IWD. This section also contains non-reversion language.

Operations—Field Offices—General Fund

FY 2023	FY 2024 Agreement	Difference
\$6,675,650	\$6,801,205	\$125,555

The appropriation for field offices for the IWD is \$6,675,650. This line item includes \$125,555 for the labor services division. The Iowa Department of Workforce Development (IWD) currently operates 15 regional one-stop centers and four satellite field offices. The purpose of workforce development centers is to provide a one-stop career center within each region of the State to deliver an integrated network of information resources and workforce development services to job seekers, businesses, employees, students, schools and colleges, and the public at large.

Offender Reentry Program—General Fund

FY 2023	FY 2024 Agreement	Difference
\$387,158	\$387,158	\$0

The Offender Reentry Program began in FY 2009 and is a partnership initiative between Iowa Workforce Development (IWD) and the Department of Corrections. Currently, the IWD places workforce advisors onsite at the Mitchellville, Newton, and Rockwell City prisons. This staff works with soon-to-be-released offenders with the goal of having them placed in a job before they leave prison.

Integrated Information for Iowa System (I/3 System)—General Fund

FY 2023	FY 2024 Agreement	Difference
\$228,822	\$228,822	\$0

This appropriation is used to reimburse the Department of Administrative Services (DAS) for the expenses of operating the Integrated Information for Iowa (I/3) System related to its use by Iowa Workforce Development (IWD).

Summer Youth Intern Pilot—General Fund

FY 2023	FY 2024 Agreement	Difference
\$250,000	\$250,000	\$0

This is a General Fund appropriation to the Iowa Department of Workforce Development (IWD) for a Summer Youth Intern Pilot Program intended to help young people at risk of not graduating from high school explore and prepare for high-demand careers through summer work experience, including the development of soft skills.

Vocational Rehabilitation Services Division—General Fund

FY 2023	FY 2024 Agreement	Difference
\$6,116,328	\$6,106,732	\$9,620

**moved from DE to IWD*

This line item is used for the general operations of the Division. It matches federal funds and for every one dollar in state funding the Division matches \$3.69 in federal funds and is subject to a maintenance of effort (MOE) requirement that requires the state to spend an amount equal to or greater than the second previous year. Iowa Vocational Rehabilitation Services (IVRS) assists individuals with disabilities achieve employment and live independently.

Independent Living—General Fund

FY 2023	FY 2024 Agreement	Difference
\$84,823	\$84,804	\$19

**moved from DE to IWD*

This line item maximizes the leadership, empowerment, independence, and productivity of individuals with disabilities and to integrate the individuals into society. Independent living programs provide financial assistance to expand and improve independent living services and to develop and support statewide networks of independent living. Each \$1 in state appropriations or in-kind resources for independent living can match \$9 in federal funds (10/90 ratio).

Entrepreneurs with Disabilities—General Fund

FY 2023	FY 2024 Agreement	Difference
\$138,506	\$138,506	\$0

**moved from DE to IWD*

This line item is a collaboration with the Department for the Blind to administer the Iowa self-employment (ISE) program, also known as the entrepreneurs with disabilities (EWD) program. The purpose of the program is to provide business development funds in the form of technical assistance (up to \$10,000) and financial assistance (up to \$10,000) to qualified Iowans with disabilities that start, expand, or acquire a business within the State of Iowa.

Independent Living Center—General Fund

FY 2023	FY 2024 Agreement	Difference
\$86,457	\$86,457	\$0

**moved from DE to IWD*

This line item is used to promote independence for persons with disabilities as equal members of society and provides help to develop the skills necessary for acquiring, maintaining, and increasing their independence. Services provided by the Centers may include but not be limited to peer support, skills training, advocacy, and referrals to other agencies that may be able to meet individuals' needs. There are seven Centers in Iowa serving individuals as nonprofit organizations located in Waterloo, Des Moines, Iowa City, Quad Cities, Council Bluffs, Oskaloosa, and Sioux City. The General Fund appropriation does not match any federal funding.

Adult Education and Literacy Programs—General Fund

FY 2023	FY 2024 Agreement	Difference
\$500,000	\$500,000	\$0

**moved from DE to IWD*

This money is distributed as grants to community colleges for the purpose of adult basic education programs for students requiring instruction in English as a second language.

Future Ready Iowa Registered Apprenticeship Development Program—General Fund

FY 2023	FY 2024 Agreement	Difference
\$760,000	\$760,000	\$0

The Future Ready Iowa Registered Apprenticeship Program, funded through a General Fund appropriation to the Iowa Economic Development Authority (IEDA), is designed to encourage small to midsize businesses to start or grow registered apprenticeship programs in high-demand occupations that provide paid training to help link employers and employees. Registered apprenticeships combine on-the-job learning with related classroom instruction, providing the apprentice with a nationally recognized credential and employers with a skilled worker at the end of the program. A qualified apprenticeship program must be registered with the U.S. Department of Labor and have fewer than 20 registered apprentices.

Section 10 – General Fund—Employee Misclassification Program

Misclassification Program—General Fund

FY 2023	FY 2024 Agreement	Difference
\$379,631	\$379,631	\$0

The section appropriates money to IWD for enhancing efforts in investigating employers that misclassify workers as general contractors vs. employees.

Section 11 – Special Employment Security Contingency Fund

Field Offices—Special Employment Security Contingency Fund

FY 2023	FY 2024 Agreement	Difference
\$2,416,084	\$2,416,084	\$0

This section appropriates money to IWD for the Special Employment Security Contingency Fund field offices. The bill appropriates any remaining additional penalty interest revenue collected by the department back to the fund.

Section 12 – Unemployment Compensation Reserve Fund

Field Offices—Unemployment Compensation Reserve Fund

FY 2023	FY 2024 Agreement	Difference
\$2,200,000	\$2,200,000	\$0

The bill directs money from the Unemployment Compensation Reserve Fund interest be appropriated to IWD for the operation of field offices.

Section 13 – Virtual Access Workforce Development Offices

This section provides that IWD shall require a unique identification login for all users of workforce development centers operated through electronic means.

Section 14 – Unemployment Compensation Program

This section appropriates federal funds to the IWD for administration of the unemployment compensation program from the unemployment compensation fund without specifying an amount.

Section 15 – Iowa Skilled Worker and Job Creation Fund

This fund is made up of gaming revenues, and does not include general fund dollars.

IEDA High Quality Jobs Program—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$11,700,000	\$11,700,000	\$0

The bill appropriates \$11.7 million to the IEDA to operate the High Quality Jobs Program. The department is required to testify before the joint economic development appropriations subcommittee about the money's expenditure as a condition of receiving the funds. The IEDA may use up to \$1 million for providing infrastructure grants to main street communities under the Main Street Iowa Program. Additionally, IEDA can use not more than \$300,000 for the purposes of supporting statewide worker education and quality pre-apprenticeship programs.

Regents Innovation Fund—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$3,000,000	\$3,000,000	\$0

The State Board of Regents is appropriated \$3.0 million for capacity-building infrastructure related to technology commercialization, marketing and business development efforts. These efforts are aimed at encouraging entrepreneurship, business growth and infrastructure projects and programs needed to assist in implementing the Commercialization of Research for Iowa Act. The regents are required to provide a one-to-one match of additional moneys for activities funded under this paragraph. The institutions receive the money under the following allocation: 35 percent to ISU, 35 percent to U of I and 30 percent to UNI.

ISU Economic Development—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$2,424,302	\$2,424,302	\$0

Iowa State University receives an appropriation for its small business development centers, the science technology research park and the institute for physical research and technology. The FTEs are capped at 50.95. ISU must allocate at least \$735,728 to fund its small business development centers. The funds must be directed to expenditures for research toward projects that will provide economic stimulus for Iowa and provide an emphasis to provide services to Iowa-based companies.

University of Iowa Economic Development—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$209,279	\$209,279	\$0

The University of Iowa Research Park receives an appropriation under the bill. The funds must be directed to expenditures for research toward projects that will provide economic stimulus for Iowa and provide an emphasis to provide services to Iowa-based companies.

University of Iowa Entrepreneurship & Economic Growth Initiative—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$2,000,000	\$2,000,000	\$0

The appropriation is to implement the entrepreneurship and economic growth initiative.

University of Northern Iowa Economic Development—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$1,066,419	\$1,466,419	\$400,000

UNI is appropriated \$1,066,419 for the metal casting institute, the MyEntreNet application and the institute of decision making. At least \$617,638 of the appropriation must be allocated to supporting entrepreneurs through the university's regional business center and economic gardening program. The funds must be directed to expenditures for research toward projects that will provide economic stimulus for Iowa and provide an emphasis to provide services to Iowa-based companies.

Department of Workforce Development—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$100,000	\$100,000	\$0

IWD has appropriated \$100,000 to develop a long-term sustained program to train unemployed and underemployed central Iowans with the skills needed to advance to higher-paying jobs with full benefits.

Future Ready Iowa Coordinator—Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$150,000	\$150,000	\$0

This is a Skilled Worker and Job Creation Fund (SWJCF) appropriation to the Iowa Department of Workforce Development (IWD) for the cost of staffing to coordinate Future Ready Iowa efforts.

Adult Education and Literacy Programs— Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$5,500,000	\$5,500,000	\$0

**moved from DE to IWD*

This program builds skills for success by providing adults with the opportunity to acquire and improve functional skills necessary to enhance the quality of their lives as workers, family members, and citizens. Educational services are available at little or no cost to adult learners and are designed to meet the educational needs of each individual.

Work-Based Learning Intermediary Network— Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
\$1,500,000	\$1,500,000	\$0

**moved from DE to IWD*

The Iowa Intermediary Network provides work-based learning experiences that are essential for students to plan for participation in high school internships or apprenticeships, course decisions during high school, postsecondary education/training, or decisions for full-time employment after graduation. The 15 regional intermediary networks serve as one-stop contact points, providing work-based learning opportunities to K-12 students within community college regions.

STEM Scholarships— Skilled Worker Job Creation Fund

FY 2023	FY 2024 Agreement	Difference
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\$633,325	\$633,325	\$1,500,000
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**moved from IEDA to IWD*

The purpose of the Iowa Economic Development Authority (IEDA) Science, Technology, Engineering, and Mathematics (STEM) budget unit is to provide students studying in STEM fields with internships that lead to a permanent position with Iowa employers, as provided in Iowa Code section 15.411(3)(c). The employer may receive an amount of one dollar for every dollar paid by the employer to the intern, not to exceed \$5,000 per internship.

Section 16 – General Fund—Certain Regents Institutions

Iowa State University of Science and Technology—General Fund

FY 2023	FY 2024 Agreement	Difference
\$2,623,481	\$2,963,995	\$340,514

The Iowa State University (ISU) — Biosciences Innovation Ecosystem is used in cooperation with the Iowa Economic Development Authority (IEDA) to support a biosciences innovation ecosystem intended to strengthen Iowa's position in biobased chemicals, digital agriculture, vaccines, and medical devices.

State University of Iowa—General Fund

FY 2023	FY 2024 Agreement	Difference
\$874,494	\$1,000,000	\$125,506

The University of Iowa (UI) — Biosciences Innovation Ecosystem is used in cooperation with the Iowa Economic Development Authority (IEDA) to support a biosciences innovation ecosystem intended to strengthen Iowa's position in biobased chemicals, digital agriculture, vaccines, and medical devices.

University of Northern Iowa—General Fund

FY 2023	FY 2024 Agreement	Difference
\$394,321	\$394,321	\$0

The University of Northern Iowa (UNI) — Additive Manufacturing budget unit funding is appropriated from the General Fund to the UNI. The funding is used for expansion of the UNI Metal Casting Center's additive manufacturing capabilities related to investment castings technology and industry support.

Division II—Future Ready Iowa Volunteer Mentoring Program

Section 17 – Future ready Iowa—volunteer mentoring program

This section amends last year's appropriations bill to allow the 1.5 FT positions to be used in FY 2024 as well as the funds that will be carried forward. Basically, it allows IEDA to use 1.15 FTE positions in FY 2024, but they are funded through the carryforward from FY 2023 due to the amended language in the 2022 Iowa Acts under Division II.

Division III—Pathways for Academic Career and Employment Program—Rules

Section 18 – Rules (260H.8)

This section requires IWD rather than DE to adopt rules in consultation with entities designated for the Pathways program.

Division IV—Apprenticeship Training Program—Definitions

Section 19 – Definitions (15B.2)

This section strikes the definition of *targeted industries*.

Division V—New Jobs Training Agreements

Section 20 – New jobs training agreements

This section authorizes a community college that entered into a new jobs training agreement that was effective in April 2021 to enter into a new agreement with the same employer with an effective date of September 2023.

Amendment Analysis

H-1350 by Graber (Conforming Amendment)

This amendment will conform HF 725 to SF 559. The bills were almost identical with a few technical exceptions. Additionally, this amendment will be adding some language for the Housing Renewal Pilot Program.