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State Policy Update

With another tight budget, a contentious 2015 session, and an election looming for most of the legislators, the 2016 legislative session is predicted to be a difficult one. Education funding, Medicaid managed care, and property taxes are among the big issues this year. Both parties have named continuing to build a skilled workforce as a priority this session. The target adjournment date is April 19th, when the per-diem expense payments will end.

2016 Legislators

The 2016 session of the 86th Iowa General Assembly began on Monday, January 12th. Despite two special elections in November and December, the balance of power remains the same as last year, with a Democratic majority in the Senate and a Republican majority in the House of Representatives. Democrats continue to have a narrow majority in the Senate with 26 seats to the Republicans' 24. Republicans increased their majority in the House by one seat, with a total of 57 seats to Democrats' 43.

The two new legislators are Representative Charles Holz, a Republican from LeMars in House District 5 (Plymouth and Woodbury counties), and Representative Tom Moore, a Republican from Griswold in House District 21 (Pottwattamie and Cass counties). These districts were previously represented by Chuck Soderberg (R) and Jack Drake (R), respectively.

Most importantly, House leadership has changed. Representative Linda Upmeyer (R - Clear Lake) replaced Representative Kraig Paulsen (R - Hiawatha) as Speaker of the House. For a full list of Senate and House leadership, [click here](#).

To find bios, contact information, and photos of all legislators, go to the [Legislators page](#) on the Iowa Legislature website. Select either "Senators" or "Representatives" on the left-side menu to see a complete list of all members, including links to their information page and district map. You can also filter the list by party and chamber, and sort by name, district, and county. For an updated list of legislators listed by their workforce regions, click [here](#).

Governor's Proposals

On Tuesday, January 12, 2016, Governor Branstad proposed several workforce-related initiatives during his [2016 Condition of the State](#) address and in his [budget recommendations](#).

Governor Branstad is asking the legislature to extend the [Secure and Advanced Education \(SAVE\)](#) fund for 20 years. This program currently supports school infrastructure needs and school district property tax relief and is set to expire on December 31, 2029. The Governor proposes including this fund as a long-term funding

source for statewide water quality efforts as well, and extending the expiration date of the fund to December 31, 2049. The Governor's office estimates, that if extended, \$20.7 billion would be made available to local schools for infrastructure. Schools would receive the first \$10 million in annual growth in addition to what they are already receiving, and the remaining growth would provide \$4.7 billion to fund water quality.

Governor Branstad also highlighted [Future Ready Iowa](#), an initiative to build Iowa's skilled worker talent pipeline. This initiative was created in 2014 through a National Governors Association grant to develop strategies "to improve the educational and training attainment of its citizens and the alignment of those degrees and credentials with employer demand." It is not a new program, but it uses a collaborative approach to highlight best practices, develop partnerships, and ensures funds are focused on the most effective strategies. The Governor's office reported on the four objectives of Future Ready Iowa:

- » Identify and meet employer needs by focusing on sector strategies, career pathways and support high-skill, high-demand jobs.
- » Communicate career pathways to students, parents, teachers, counselors, workers and community leaders.
- » Improve college and career readiness and focusing on STEM education.
- » Minimize education-related debt.

As part of the efforts to prioritize growth-sector strategies like bio-renewables, Governor Branstad reports that Iowa is creating a [State Energy Plan](#). Lieutenant Governor Kim Reynolds will work with the Iowa Partnership for Economic Progress and will chair this effort.

Additionally, the Governor proposes several changes in appropriations for the biennial budget.

Economic Development Authority:

- » New appropriation of \$250,000 for support of the Home Base Iowa marketing and promotion initiative.
- » General decrease of \$1.0 million from the State Worker and Job Creation Fund (SWJCF) for the High Quality Jobs Program.
- » \$1.0 million from the SWJCF for the Science, Technology, Engineering, and Mathematics (STEM) Internship Scholarship Program.
- » Overall level funding.

Iowa Workforce Development

- » Decrease of \$275,000 for Labor Services Division to be reallocated to a separate line item for State Accounting System reimbursements.
- » Decrease of \$100,000 for Field Office operating support.

College Student Aid Commission:

- » Increase of \$176,000 for FY17 to increase the number of potential awards.
- » \$1 million increase in FY17 for the Iowa Tuition Grant (non-profit) Program.

Department of Education

- » Elimination of funding for the Iowa Learning Online (ILO) Initiative for FY17. This program received \$1.5 million in FY16 appropriations.
- » Increase of \$3.1 million for community colleges in FY17, providing a general increase in operating support.
- » General Fund appropriation of \$3.099 billion for state aid to schools in FY17, estimating a state percent growth rate of 2.45%. The Governor does not make a recommendation for FY18 state aid amount.

Budget Links

[Summary of Governor's Budget Recommendations](#)

[Summary of Budget and Department Requests](#)

Administrative Rules Update

Items from last year's Education Appropriations bill, House File 658, have been adopted and filed through various actions from the Administrative Rules Review Committee. This includes:

- » **PACE and Gap Tuition Assistance Program.** Modified the criteria to determine financial need by decreasing the family income requirement from 12 to 6 months, included the addition of two provisions which prioritize the provision of assistance individuals earning between 150 percent and 250 percent of the federal poverty level, and bars individuals eligible from receiving assistance under the Gap Tuition Assistance Program if they are eligible for assistance under WIA and WIOA, unless all budgeted funds under these Acts have been fully expended. [ARC 2309C](#).
- » **Categorical Funding.** Expanded the permissive uses of the administrative funds from preschool foundation aid received by a school district and provides for these additional allowable uses, allows for greater flexibility and aligns allowable uses of funds for at-risk programs, alternative programs and alternative schools, and programs for potential or returning dropouts, and incorporates use of these funds. [ARC 2310C](#).
- » **All Iowa Opportunity Scholarship Program.** Clarified the reporting requirements for eligible colleges and universities, refining the ranking of applicants for receipt of awards under the program, defined maximum award eligibility under the program, and provided an option for eligibility for awards over a one- or two-year period. [ARC 2206C](#).

Federal Policy Update

Signed into law on July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) is dramatically changing how state and local entities provide employment and business services. Several significant changes have been ushered in by this new law, including:

- » Greater business engagement - can be seen in the changing local Workforce Development Board structure and the emphasis on sector partnerships and career pathways.
- » Seamless partnerships - WIOA expects full integration of services within the system, building efficiencies, and consistent data collection using common metrics across service providers and agencies.
- » Emphasis on credentialing and skills attainment, rather than just attainment of a job.
- » Expanded role of Regional Workforce Development Boards - local boards have a greater role in decision-making and the structure expands to include a larger business voice.

For more on WIOA, please check out this [one-pager](#) from the Association of Iowa Workforce Partners.

Current implementation of the law is happening at both the state and local levels. Most critically, the state's Unified Plan must be submitted to the federal Department of Labor by March 3, 2016. Once the second draft is available for comment, please check the [Iowa Workforce Development website](#). The Department of Labor expects state plans to be approved by June 20, 2016. At the local level, regions are also developing local plans with core partners at the table. SPPG will continue to monitor implementation of the Workforce Innovation and Opportunity Act at both the state and local levels.

Important Dates

January 11 First Day of Session

February 11 AIWP Legislative Breakfast

7:00-9:00 a.m.
Legislative Dining Room

February 19 First Funnel

Final date for House bills to be reported out of House committees, and Senate bills out of Senate committees, to stay alive.

March 11 Second Funnel

Final date for Senate bills to be reported out of House committees, and House bills out of Senate committees, to stay alive.

April 19 Target Adjournment Date

100th calendar day of the session and the date per-diem expenses will end.

Legislation

Senate Study Bill 3001

Relates to the administration of programs by the Economic Development Authority (EDA) by modifying the high quality jobs program and creating renewable chemical production tax credit program. For the high quality jobs program, this would lower the maximum aggregate tax credit cap from \$170 million per fiscal year to \$105 million. This provision would be in effect for five fiscal years, beginning on July 1, 2016 and ending on June 30, 2021. Proposed Economic Development Authority bill.

Committee Assignments

[Click here](#) to view members of workforce-related committees and their corresponding workforce development region.

This update is a bi-weekly publication intended to share information and resources regarding legislative activities, events, and bills related to workforce issues in Iowa. If you have questions or need more information, please contact Natalie Koerber at nkoerber@sppg.com or 515-237-0338.
