**Governor’s Apprenticeship Bill Summary**

This bill makes a number of program changes that better equip the Iowa Economic Development Authority (IEDA) to address Iowa’s skilled worker shortage.

***More Funding for Apprenticeship Training***

First, the bill changes the internal funding allocation of the Iowa Jobs Training program (code chapter 260F) by tripling the funding available for registered apprenticeship training programs. Apprenticeships are a proven way to provide workers with cutting edge job training while also handing them a regular paycheck. As such, they represent a great way to address Iowa’s skilled worker shortage. Currently, there is $4M available to fund the program on an annual basis. The bill increases this amount to $5M. Of the available funding, the program commits the entire $1M increase each year to assisting apprenticeship programs and rebalances the existing allocation between apprenticeships and business training for a total funding allocation of $3M to apprenticeship training.

***More Capacity Over Time for Business Training***

Second, the bill sets the funding available for non-apprenticeship training at $2M annually but restructures the assistance to gradually increase the total funding capacity by revolving some moneys back into the fund. Currently, the $3M of the program funds that go to non-apprenticeship applicants is provided in the form of grants with a 25% funding match by the businesses. The bill would change the structure of the assistance to make loans to businesses in order to cover the upfront training costs and, in some instances, would require repayment of 50% of that amount at 0% interest. All the repayments would be recycled back into the program to grow capacity over time.

***Drastically Reduced Fees and Streamlined Administration***

Third, the bill reduces the overhead costs of the program, improves efficiency, and help standardize program administration. Currently, both apprenticeship training and business training are jointly administered by both IEDA and all 15 of the community colleges. The community colleges charge up to 18.5% of the program funds to overhead. The bill moves administration of the program entirely within IEDA, resulting in a simpler program structure, fewer application and approval steps, and more standard administration through the state. The administrative overhead costs are reduced to 2% of program funds, allowing an overall savings of 16% of program funding to flow back into the training of both apprentices and businesses.

***Core Competencies Restored***

Finally, the bill restores both IEDA and community colleges to their core competencies. The training funds loaned to businesses are made 100% forgivable if the training is obtained at a community college, creating a great incentive business to use college curriculum and a great incentive for colleges to provide training that meets industry needs. It gives IEDA primary responsibility for managing the contract and compliance process necessary for proper accountability and oversight of taxpayer funds.