

SENATE FILE 128
BY SZYMONIAK

(COMPANION TO LSB 2043HH
BY PLASIER)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating an Iowa invests program and providing related
2 provisions including applicability provisions, and effective
3 dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

IOWA INVESTS -- IOWA COMMISSION ON HUMAN INVESTMENT

Section 1. FINDINGS. The general assembly finds the following circumstances exist in the state of Iowa in 1993:

1. Increasing numbers of Iowans are losing economic ground.
2. Income levels are more related to education levels than ever before.
3. The relationship between education and income levels is strongly affected by the businesses which are created, expanded, and retained in the state.
4. Human investment and economic development strategies are now the same.
5. Public and private budgets are tight, so existing resources must be shifted to higher value investments.
6. Existing welfare programs do not work.
7. Effectively addressing poverty in the current environment means a state must take a more comprehensive, value-added approach which supports individual responsibility, family stability, and transitions to work.

Sec. 2. NEW SECTION. 216E.1 PURPOSE.

The purpose of the policies adopted in this chapter is to design a human investment system, entitled "Iowa Invests," to empower individuals and families to escape or avoid poverty and provide all Iowans with the opportunity to participate in and contribute to the community. Implementation of the policies is intended to have the following effects:

1. Empowering individuals to permanently escape or avoid poverty.
2. Supporting and enhancing the development of families.
3. Leveraging private, public, and personal resources for human investment.
4. Extending the time line for addressing poverty.
5. Holding high expectations for and building upon the capacity of individuals, families, and governments.

1 6. Creating economic opportunities by linking economic
2 development with human services.

3 7. Providing a measurement of the return on the benefits
4 the policy provides to the citizens of Iowa.

5 Sec. 3. NEW SECTION. 216E.2 IOWA HUMAN INVESTMENT
6 COMMISSION.

7 An Iowa human investment commission is established to
8 define a human service agenda for the state and to propose
9 benchmarks for the strategic goals of the state identified by
10 the commission. The governor shall be the chairperson of the
11 commission and the commission shall consist of other members
12 appointed by the governor, subject to confirmation by the
13 senate. The appointments shall be made in a manner so that
14 all of the state's congressional districts are represented
15 along with the ethnic, cultural, social, and economic
16 diversity of the state. The commission shall do all of the
17 following:

18 1. Develop an overall long-term human investment strategy
19 for the state including broad policy goals and benchmarks
20 which are goal statements reflecting specific results or
21 achievements in public policy at a particular time in the
22 future. The strategy shall be developed through a process
23 involving input from and consensus-building with a broad
24 cross-section of the state's population. Public hearings
25 shall be held by the commission in developing the strategy and
26 benchmarks. The human investment strategy and benchmarks
27 shall be submitted to the governor and the general assembly
28 for a determination as to how the strategy and benchmarks will
29 be set and achieved.

30 2. Develop an Iowa human investment budget and accounting
31 model which provides a financial weighting of human
32 investments. The budget and accounting model shall provide a
33 means to reflect public and private investments in the skills
34 and employability of Iowans. It is anticipated that the
35 accounting system will indicate that human investments will

1 generate returns in excess of the investments. The commission
2 shall implement the model on a pilot project basis and report
3 annually concerning the model and the pilot project to the
4 governor, general assembly, and the public.

5 3. Study the potential for the commission to receive and
6 invest state agency moneys according to the highest return on
7 human investment. The commission shall recommend to the
8 governor and the general assembly a method for fully
9 implementing the human investment budget and accounting model
10 developed pursuant to subsection 2. The model shall provide
11 an incentive for state agencies to invest through the
12 commission.

13 4. Develop and apply return on human investment accounting
14 standards. The commission shall monitor state human
15 investments according to the standards it applies and
16 regularly report to the governor, general assembly, and public
17 concerning actual returns on human investment.

18 5. Advocate for regulatory and legislative initiatives for
19 decategorization of funding and deregulation to improve human
20 investment.

21 6. Educate the public, community agencies, and the general
22 assembly concerning human investment principles and practices.

23 7. Conduct customer satisfaction surveys of the users of
24 public services and utilize the information from the surveys
25 in establishing returns on human investments and determining
26 the effectiveness of the public programs.

27 8. Perform duties or delegate the performance of duties
28 specified in law involving individual development accounts.

29 DIVISION II

30 WELFARE REFORM

31 Sec. 4. WELFARE REFORM INITIATIVE. A welfare reform
32 initiative is established involving the federal-state aid to
33 dependent children program administered under chapter 239 and
34 the federal-state job opportunities and basic skills (JOBS)
35 program implemented under chapter 249C. The purpose of the

1 initiative is to replace welfare provisions which encourage
2 dependency with incentives for employment and self-
3 sufficiency. The initiative includes specific provisions for
4 work-and-earn incentives and for involving participants in
5 self-sufficiency plans. These provisions are expected to
6 support individuals in making a transition from welfare to
7 employment, to encourage savings, and to strengthen family
8 stability.

9 The department of human services shall submit a waiver
10 request or requests to the United States department of health
11 and human services as necessary for federal authorization to
12 implement the policy changes in the aid to dependent children,
13 child care, and JOBS programs provided in this section. For
14 the purposes of this section, the term "recipient" has the
15 meaning provided in section 239.1 and the term "individual"
16 means a recipient, applicant, or other person whose income
17 must be considered by the department. The welfare reform
18 initiative shall include all of the following provisions:

19 1. Implementation of the following initiatives to
20 encourage a recipient of aid to dependent children to make a
21 transition to employment:

22 a. If an individual's earned income is considered by the
23 department, the individual shall be allowed a work expense
24 deduction equal to 20 percent of the earned income. The work
25 expense deduction is intended to include all work-related
26 expenses other than child day care. These expenses shall
27 include but are not limited to all of the following: taxes,
28 transportation, meals, uniforms, and other work-related
29 expenses. However, the work expense deduction shall not be
30 allowed for an individual who is subject to a penalty in
31 accordance with administrative rules for failure to comply
32 with program requirements.

33 b. If an individual's earned income is considered by the
34 department, the individual shall be allowed a work-and-earn
35 incentive. The incentive shall be equal to 50 percent of the

1 amount of earned income remaining after all other deductions
2 are applied. The department shall disregard the incentive
3 amount when considering the earned income available to the
4 individual. The incentive shall not have a time limit. The
5 incentive shall replace the current time-limited incentive
6 which provides for disregarding \$30 plus one-third of the
7 earned income. The work-and-earn incentive shall not be
8 withdrawn as a penalty for failure to comply with program
9 requirements.

10 c. A family with a stepparent shall be allowed a child day
11 care deduction for any children of the stepparent or the
12 parent subject to the limits provided in applicable
13 administrative rules.

14 d. If an individual begins employment but was unemployed
15 at least 12 months before beginning employment and timely
16 reports the earnings from the employment, the earnings shall
17 be subject to an income disregard. This income disregard
18 shall apply in determining the individual's eligibility and
19 grant levels under the aid to dependent children program
20 during the individual's first four months of employment. To
21 be eligible for the income disregard, the employment must
22 commence following the date of the individual's application
23 for aid to dependent children. The department shall adopt
24 rules defining the term "unemployed" for the purposes of this
25 paragraph. The income disregard shall not be withdrawn as a
26 penalty for failure to comply with program requirements.

27 e. If an individual has timely reported an absence of
28 income to the department, consideration of the individual's
29 income shall cease beginning in the first month the income is
30 absent. However, this provision shall not apply to an
31 individual who has quit employment without good cause as
32 defined in administrative rules.

33 f. Interest income shall be disregarded.

34 g. A determination of eligibility for the aid to dependent
35 children unemployed parent program shall not include

1 consideration of either parent's work history or which parent
2 earned more during the 24 months prior to application for
3 assistance under the program. The determination of
4 eligibility shall not include consideration of either parent's
5 number of hours of employment except to establish the date
6 assistance would begin in accordance with administrative
7 rules. However, both parents must participate in a self-
8 sufficiency agreement required by this section and in work and
9 training activities unless good cause not to participate is
10 established in accordance with administrative rules. The
11 department shall continue to deny eligibility for the
12 unemployed parent program under provisions of section 239.2,
13 subsection 3, paragraph "b" involving labor disputes or if
14 either parent refuses to apply for or draw unemployment
15 benefits.

16 h. The department shall disregard as income any moneys an
17 individual deposits in an individual development account es-
18 tablished pursuant to this Act.

19 2. Implementation of the following initiatives to
20 encourage a recipient of aid to dependent children to
21 accumulate assets and savings:

22 a. Revision in the current limitation involving
23 consideration of the quantity and value of motor vehicles. In
24 implementing this revision, the department shall disregard the
25 first \$3,000 in equity value of a motor vehicle. This
26 disregard shall be implemented for each adult and working
27 teenager in a family. The amount of a motor vehicle's equity
28 in excess of \$3,000 shall apply to the resource limitation
29 established in paragraph "b".

30 b. The resource limitation for a family applying for aid
31 to dependent children shall be \$2,000. The resource
32 limitation for a recipient family shall be \$5,000.

33 c. The department shall disregard a self-employed indi-
34 vidual's tools of the trade or capital assets in considering
35 the individual's resources.

1 d. The department shall disregard any interest income and
2 the balance of an individual development account established
3 pursuant to this Act in considering an individual's resources.

4 3. The department shall establish a policy regarding the
5 implementation of self-sufficiency agreements which limits the
6 period of eligibility for aid to dependent children based upon
7 the requirements of an individual family's plan for self-
8 sufficiency. The policy shall require an individual family's
9 plan to be specified in a self-sufficiency agreement between
10 the family and the department. The department shall adopt
11 rules to administer the policy. The components of the policy
12 shall include but are not limited to all of the following:

13 a. PARTICIPATION. An individual shall be subject to a
14 self-sufficiency agreement if the individual is a parent
15 living in a home with a child for whom aid to dependent
16 children is applied for or is provided. An individual must
17 enter into a self-sufficiency agreement with the department
18 unless any of the following conditions exists:

19 (1) The individual is a parent of a child who is less than
20 six months of age. If both parents are in the child's home,
21 this exception shall apply to only one parent. The department
22 may require an individual who is a teenage parent with a child
23 who is less than six months of age to participate in high
24 school completion activities.

25 (2) The individual is working 30 hours or more per week.

26 (3) The individual is completely unable to participate in
27 any option due to a disability.

28 b. AGREEMENT OPTIONS. A self-sufficiency agreement shall
29 require an individual to participate in one or more of the
30 following options. The department shall adopt rules for each
31 option defining requirements and establishing assistance
32 provisions for child care and transportation. The options
33 shall include but are not limited to all of the following:

34 (1) Full-time or part-time employment.

35 (2) Active job search.

1 (3) Participation in the JOBS program.

2 (4) Participation in other education or training
3 programming.

4 (5) Participation in a family development and self-
5 sufficiency grant program under section 217.12.

6 (6) Work experience placement.

7 (7) Volunteer community service.

8 c. PENALTIES. If an individual fails to comply with the
9 provisions of the individual's self-sufficiency agreement
10 during the period of the agreement, JOBS program penalties
11 shall be applied.

12 d. COMPLETION OF AGREEMENT. Upon the completion of the
13 terms of the agreement, aid to dependent children assistance
14 to a recipient covered by the agreement shall cease or be
15 reduced in accordance with administrative rules. The
16 department shall adopt rules to implement this paragraph and
17 to determine when a family is eligible to reenter the aid to
18 dependent children program.

19 e. CONTRACTS. The department of human services may
20 contract with the department of employment services,
21 department of economic development, or any other entity to
22 provide services relating to a self-sufficiency agreement.

23 4. Implementation of the following provisions involving
24 child day care assistance available to individuals who no
25 longer receive aid to dependent children due to employment:

26 a. Extension of the eligibility period for transitional
27 child care under section 239.21 from 12 months to 24 months.

28 b. The department shall automatically determine an in-
29 dividual's eligibility for other child day care assistance if
30 the individual is not eligible for transitional child care or
31 eligibility for transitional child care is exhausted.

32 Sec. 5. CONTINGENCY PROVISION. The waiver request or
33 requests submitted by the department of human services
34 pursuant to section 4 of this Act to the United States
35 department of health and human services shall be to apply the

1 provisions of section 4 statewide. If federal waiver approval
2 of a provision of section 4 of this Act is granted, the
3 department of human services shall implement the provision in
4 accordance with the federal approval. If a provision of this
5 Act is in conflict with a provision of chapter 239 or 249C,
6 notwithstanding that provision in chapter 239 or 249C, the
7 provision of this Act shall be implemented and the department
8 shall propose an amendment to chapter 239 or 249C to resolve
9 the conflict.

10 Sec. 6. EMERGENCY RULES. The department of human services
11 may adopt administrative rules under section 17A.4, subsection
12 2, and section 17A.5, subsection 2, paragraph "b", to
13 implement the provisions of this Act and the rules shall be
14 effective immediately upon filing unless a later date is
15 specified in the rules. Any rules adopted in accordance with
16 this section shall also be published as a notice of intended
17 action as provided in section 17A.4.

18 Sec. 7. APPLICABILITY. If federal approval is granted,
19 approved provisions of section 4, subsections 1, 2, and 4, of
20 this Act shall be implemented beginning July 1, 1993, and
21 approved provisions of section 4, subsection 3 of this Act
22 shall be implemented January 1, 1994, subject to the
23 availability of funding.

24 Sec. 8. EFFECTIVE DATE. Sections 4 through 6 of this Act,
25 being deemed of immediate importance, take effect upon
26 enactment.

27 DIVISION III

28 WORKFORCE DEVELOPMENT

29 Sec. 9. IOWA INVESTS WORKFORCE DEVELOPMENT -- PURPOSE AND
30 FINDINGS. The general assembly finds that workforce
31 development is crucial in addressing poverty and that wages
32 are increasingly tied to education as the nation competes in a
33 global economy. The initiatives of this Act are provided in
34 order to improve the state's efforts in workforce development.
35 The general assembly finds that all of the following are

1 critical to support the creation of a workforce development
2 system which is strongly customer-oriented:

3 1. The state's educational and training system should be
4 flexible and streamlined, encouraging innovation and avoiding
5 penalizing those institutions and individuals who take risks
6 by implementing new initiatives. During a time of rapid
7 transition, it is important to encourage innovation rather
8 than focusing on failures. Good ideas need to be encouraged
9 and problems viewed as lessons learned rather than failures.

10 2. There are two customers in a workforce development
11 system: those individuals seeking to acquire or upgrade their
12 skills for employment, and businesses in need of a skilled
13 workforce. Emphasis on customer orientation is part of the
14 refocusing of training programs that is already occurring in
15 the state. The workforce development system should continue
16 becoming more customer-driven, giving individuals choices by
17 providing available and adequate information to make those
18 choices. The system must respond to individual and business
19 demand.

20 3. The focus for education funding and development should
21 be based upon outcomes. Existing rules and regulations should
22 be reviewed and streamlined. Bureaucratic and fragmented sys-
23 tems should be changed in order to support the flexible
24 delivery of services. Institutions should be held accountable
25 for the outcomes they produce in the program.

26 4. Educational policy recommendations from the state
27 should reflect awareness of action at the community level.
28 Local efforts should also be coordinated with one another.

29 5. The concept of lifelong learning must be infused into
30 education and training so that the categories of vocational
31 and academic education are synthesized and integrated. All
32 individuals graduating from schools must have the ability to
33 continue learning. Businesses want employees with the
34 capacity to learn. The principle of lifelong learning
35 emphasizes how one learns as well as what one learns.

1 6. Better ties must be created between the workplace and
2 schools. This is most important for the new manufacturing
3 jobs being created in Iowa. Career education should be
4 developed so that secondary and postsecondary training is
5 better integrated into the world of work.

6 7. Recognizing that many of the higher-paying jobs in our
7 economy are nontraditional for women, workforce development
8 programs should include strategies which help women acquire
9 the education, training, and support necessary to enter and
10 succeed at higher-paying nontraditional jobs in areas such as
11 skilled manufacturing, construction, technical, mechanical and
12 repair fields, and computers and science. By remaining
13 outside of nontraditional jobs, women lose higher wages and
14 the state's economy loses the value of their higher-wage,
15 higher-skill labor.

16 Sec. 10. WORKFORCE DEVELOPMENT CENTERS. The departments
17 and agencies of state government which are involved with state
18 and federal employment and training programs shall establish
19 guidelines for colocating the programs in centers providing
20 services at the local level. The centers shall be known as
21 workforce development centers. The agencies shall also
22 jointly establish an integrated management information system
23 for linking the programs within a local center to the same
24 programs within other local centers. The guidelines shall
25 provide for local design and operation within the guidelines.
26 The core services available at a center shall include but are
27 not limited to all of the following:

28 1. INFORMATION. Provision of information shall include
29 labor exchange and labor market information as well as career
30 guidance and occupational information. Training institutions
31 may provide consumer-related information on their programs,
32 graduation rates, wage scales for graduates, and training pro-
33 gram prerequisites. Information from local employers, unions,
34 training programs, and educators shall be collected in order
35 to identify occupations. Industry and occupation demand

1 information should be published as frequently as possible and
2 be made available through centers.

3 2. ASSESSMENT. Individuals shall receive basic assessment
4 regarding their own skills, interests, and related
5 opportunities for employment and training. Assessments are
6 intended to provide individuals with realistic information in
7 order to guide them into training or employment situations.
8 The basic assessment may be provided by the center or by
9 existing service providers such as community colleges or by a
10 combination of the two.

11 3. TRAINING ACCOUNTS. Individuals who meet the
12 eligibility criteria based on income shall be provided
13 training dollars through a credit line or cash deposited in an
14 account for the individual. Withdrawals from the account
15 shall only be allowed as payments to an approved institution
16 or training program. An account or credit line may be used
17 for both basic skill development and vocational or technical
18 training. Accounts shall be targeted by providing incentives
19 for participation in the higher wage, industry-targeted
20 occupations. There shall be no training assistance or limited
21 training assistance in those training areas a center has
22 determined are oversupplied or are for general life
23 improvement.

24 4. REFERRAL TO TRAINING PROGRAMS OR JOBS. Centers shall
25 provide individuals with referrals to other community
26 resources, training programs, and employment opportunities.
27 If an individual meets eligibility criteria based upon the
28 assessment performed by the center, the individual shall be
29 referred to specific programs.

30 5. JOB DEVELOPMENT AND JOB PLACEMENT. A center shall be
31 responsible for job development activities and job placement
32 services. A center shall seek to create a strong tie to the
33 local job market by working with both business and union
34 representatives.

35 Sec. 11. SCHOOL-TO-WORK TRANSITION PROGRAMS.

1 1. School-to-work transition programs developed by the
2 department of education and school districts shall be designed
3 to attain the following objectives:

4 a. Motivate youths to stay in school and become productive
5 citizens.

6 b. Set high standards by promoting higher academic per-
7 formance levels.

8 c. Connect work and learning so that the classroom is
9 linked to worksite learning and experience.

10 d. Ready students for work in order to improve their
11 prospects for immediate employment after leaving school on
12 paths that provide significant opportunity to continued
13 education and career development.

14 e. Engage employers and workers by promoting their
15 participation in the education of youth in order to ensure the
16 development of a skilled, flexible, entry-level workforce.

17 2. School-to-work transition programs developed by the
18 department of education and school districts shall seek to
19 ensure that students and their parents understand the value of
20 nontraditional employment and shall provide support to
21 students who choose nontraditional employment training. The
22 programs may include but are not limited to all of the
23 following provisions:

24 a. **ACADEMIC INSTRUCTION.** A program shall meet the
25 national "America 2000" standards for basic subject areas and
26 provide generic workplace competencies, including the ability
27 to manage resources, work productively with others, acquire
28 and use information, understand and master systems, and work
29 with technologies.

30 b. **WORK-BASED LEARNING.** A program shall be offered at a
31 school or on the job, taught to national standards, if
32 available, and include a planned program of instruction and
33 tasks to be mastered. Work-based learning shall include a
34 part-time paid position that reinforces the requisite job
35 skills and generic workplace competencies and includes

1 guidance from a worksite mentor.

2 c. SCHOOL-TO-WORK TRANSITION PROGRAM AGREEMENT. The
3 program shall include a school-to-work transition program
4 agreement which requires commitment of all partners, students,
5 parents, employers, and schools to successfully implement the
6 program. In addition, the agreement shall identify
7 credentials available to the student, including academic and
8 industrial or occupational wage scale, and hours of work.

9 d. FORMAL ADVISORY CLAUSE. The program shall ensure
10 students are provided career and occupational counseling,
11 postsecondary and specialization options, and information on
12 individual assessment.

13 e. POSTSECONDARY CONNECTIONS. A school-to-work transition
14 program may be integrated with technical preparation programs
15 or provided with other formal postsecondary connections to
16 prepare youth for technical careers while providing students
17 with academic credit for work experience and structured job
18 training.

19 DIVISION IV

20 INDIVIDUAL DEVELOPMENT ACCOUNTS

21 Sec. 12. INDIVIDUAL DEVELOPMENT ACCOUNTS. A financial
22 instrument known as an individual development account is
23 established. An individual development account shall have all
24 of the following characteristics:

25 1. The account is kept in the name of an individual
26 person.

27 2. Deposits made to an individual development account may
28 be made in any of the following manners and are subject to the
29 indicated conditions:

30 a. Deposits made by the individual.

31 b. Deposits made by the state of a refundable income tax
32 credit due the individual because of the individual's deposits
33 in the individual's account.

34 c. Deposits of individual development account moneys which
35 are transferred from another individual account holder.

1 d. A contribution made on behalf of the individual by
2 another person. This type of deposit may include but is not
3 limited to moneys to match the individual's deposits. A
4 contribution made by another person shall be held in trust for
5 the individual and shall only be used to earn income in the
6 account or to be withdrawn by the individual for a purpose
7 provided in subsection 6.

8 3. The account earns income.

9 4. State tax on income earned by an account is deferred.

10 5. An individual may withdraw, for any reason, up to ten
11 percent of the amount the individual has deposited pursuant to
12 subsection 2, paragraph "a", in the individual's account or
13 the income earned by the individual's deposits pursuant to
14 subsection 2, paragraph "a", in the account in a year,
15 whichever is less, without penalty.

16 6. In addition, an individual may withdraw without penalty
17 more than ten percent of the amount the individual has
18 deposited in the individual's account pursuant to subsection
19 2, paragraph "a", other moneys in the account, or
20 contributions held in trust in the account if the moneys are
21 used for any of the following purposes:

- 22 a. Educational costs at an accredited institution of
23 higher education.
- 24 b. Training costs for an accredited or licensed training
25 program.
- 26 c. Purchase of a primary residence.
- 27 d. Capitalization of a small business start-up.

28 7. Any amount withdrawn from an individual development
29 account is subject to taxation.

30 8. A withdrawal in any one year of more than ten percent
31 of the amount the individual has deposited in the individual's
32 account which is not for a purpose listed in subsection 6 is
33 subject to a penalty equal to fifteen percent of the amount
34 withdrawn. In addition, if such a withdrawal is made, the
35 contributions made by another person held in trust in the

1 individual's account shall be removed from the individual's
2 account and redeposited as directed by the contributor. At
3 the time a person contributes moneys to an account on behalf
4 of an individual the person shall indicate the person's
5 directions for disposition of moneys which are removed.

6 9. Penalty amounts collected pursuant to subsection 8,
7 shall be deposited in the state human investment reserve pool
8 under the authority of the Iowa human investment commission
9 created in section 216E.2.

10 10. An individual account holder who is an adult may
11 transfer all or part of the assets the individual has
12 deposited in the account to any other individual's account.
13 However, an individual account holder who is a child is
14 prohibited from transferring account assets to any other
15 individual. Moneys contributed by another person on behalf of
16 an individual account holder pursuant to subsection 2,
17 paragraph "d" are not subject to transfer unless authorized by
18 the contributor. Amounts transferred in accordance with this
19 subsection are not subject to a penalty.

20 11. If approved by the federal government, moneys in an
21 individual's account and any earnings on the moneys shall not
22 be considered by the department of human services for
23 determining the eligibility of an individual under the Iowa
24 family self-sufficiency plan under chapter 239 or the work and
25 training program under chapter 249C.

26 12. During the five-year period beginning July 1, 1993,
27 and ending June 30, 1998, all individual development accounts
28 must be authorized by the Iowa human investment commission
29 created in section 216E.2 and the maximum number of individual
30 accounts in the state shall be ten thousand.

31 Sec. 13. INDIVIDUAL DEVELOPMENT ACCOUNTS -- TAX
32 PROVISIONS. Notwithstanding any other law to the contrary,
33 all of the following tax provisions shall apply to an
34 individual development account:

35 1. Payment by the state of a refundable state tax credit

1 on amounts of up to \$2,000 per year that the individual
2 deposits in the individual's account. Payment shall be made
3 directly to an individual's individual development account.
4 The tax credit shall be the indicated percentage of the amount
5 deposited:

6 a. For an individual with a taxable income which is equal
7 to or less than 150 percent of the federal poverty level, 20
8 percent.

9 b. For an individual with a taxable income which is
10 greater than 150 percent but less than 200 percent of the
11 federal poverty level, between 10 and 20 percent in accordance
12 with a sliding scale which declines as income increases. The
13 sliding scale shall be established by rule by the Iowa human
14 investment commission created in section 216E.2.

15 c. For an individual with a taxable income which is 200
16 percent or greater of the federal poverty level, 10 percent.

17 For the purposes of this subsection, "federal poverty
18 level" means the first poverty income guidelines published in
19 the tax year by the United States department of health and
20 human services.

21 2. State tax on income earned by an individual development
22 account which remains in the account is deferred.

23 3. A contribution made to an account by a person other
24 than the account holder shall be considered a deduction from
25 income for state taxation purposes.

26 4. Amounts transferred between individual development
27 accounts are not subject to state tax.

28 5. The department of revenue and finance shall work with
29 the United States secretary of the treasury and the state's
30 congressional delegation as necessary to secure an exemption
31 from federal taxation for individual development accounts and
32 the earnings on those accounts. The department shall report
33 annually to the governor and the general assembly concerning
34 the status of federal approval.

35 Sec. 14. INDIVIDUAL DEVELOPMENT ACCOUNT -- IOWA HUMAN

1 INVESTMENT COMMISSION RESPONSIBILITIES. The Iowa human
2 investment commission created in section 216E.2 shall perform
3 all of the following duties or may delegate the performance of
4 the duties to a suitable entity in administering the
5 individual development accounts created in this Act:

6 1. Authorize the establishment of not more than ten
7 thousand individual development accounts in accordance with
8 the provisions of this Act.

9 2. Issue a request for proposals for organizations to be
10 involved with the operation of individual development accounts
11 on behalf of a specific target population. The commission
12 shall determine the review criteria used to select
13 organizations. The initial review criteria used to evaluate
14 organizations' proposed projects shall include but are not
15 limited to all of the following:

16 a. Provision of a safe and secure investment mechanism for
17 the individual development accounts utilizing a financial
18 institution approved by the commission.

19 b. The proposed project has a strong relationship to goals
20 established by other initiatives deemed a priority by the
21 commission.

22 c. The proposed project links the making of contributions
23 to an individual's development account with other services or
24 outcomes identified by the organization in the proposal. The
25 proposed project includes mechanisms for the organization to
26 monitor and enforce the identified outcomes and services.

27 d. The organization is capable of performing the project
28 as proposed. Minimum capabilities shall include an ability to
29 provide financial counseling, familiarity and ability to work
30 with the proposed target population, and a strong record of
31 successful management.

32 e. The organization proposes to provide a significant
33 amount of matching funds for individual accounts.

34 f. The proposal includes a monitoring and evaluation plan
35 for certifying the proposed project's outcomes.

1 3. Utilizing guidelines established in law for this
2 purpose, the commission shall contract for an independent
3 evaluation of the implementation of the individual development
4 accounts. The evaluation shall consider the following:
5 implementation and process used for the implementation,
6 program impact, and financial effectiveness.

7 DIVISION V

8 ECONOMIC DEVELOPMENT MATCH PROGRAM

9 Sec. 15. Section 15.313, subsection 2, Code 1993, is
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. h. The modernization and technology change
12 program created in sections 15.321 through 15.324.

13 Sec. 16. Section 15.313, subsection 3, Code 1993, is
14 amended to read as follows:

15 3. The director shall submit annually at a regular or
16 special meeting preceding the beginning of the fiscal year,
17 for approval by the economic development board, the proposed
18 allocation of funds from the strategic investment fund to be
19 made for that fiscal year to the community economic betterment
20 program, the value-added agricultural products and processes
21 financial assistance program, the business development finance
22 corporation, the self-employment loan program, and the
23 targeted small business financial assistance program and for
24 comprehensive management assistance, and the modernization and
25 technology change program. If funds are available under a
26 federal microloan demonstration program, the director may
27 recommend an allocation for that purpose. The plans may
28 provide for increased or decreased allocations if the demand
29 in a program indicates that the need exceeds the allocation
30 for that program. The director shall report on a monthly
31 basis to the board on the status of the funds and may present
32 proposed revisions for approval by the board in January and
33 April of each year. Unobligated and unencumbered moneys
34 remaining in the strategic investment fund or any of its
35 accounts on June 30 of each year shall be considered part of

1 the fund for purposes of the next year's allocation.

2 Sec. 17. NEW SECTION. 15.321 MODERNIZATION AND
3 TECHNOLOGY CHANGE PROGRAM.

4 This part shall be known as the "Modernization and
5 Technology Change" program.

6 Sec. 18. NEW SECTION. 15.322 PURPOSE.

7 The purpose of this program is to encourage and assist
8 existing Iowa businesses in their efforts to become more
9 competitive through the utilization of new machinery or
10 equipment, or adoption of new production processes or
11 technology, which are different in kind or quality from those
12 previously used by the business.

13 Sec. 19. NEW SECTION. 15.323 PROGRAM.

14 1. For the purpose of this program, "modernization" means
15 the utilization of different kinds of machinery, equipment, or
16 production processes from those previously used by the
17 business, and which could be expected to result in a more
18 competitive business, as measured by the factors in section
19 15.324, subsection 2.

20 2. The department shall establish a program to achieve the
21 purposes of this part by providing financial assistance to
22 businesses which are undertaking projects which meet the
23 requirements of the program. For the purpose of this program,
24 an eligible business is an Iowa business with fewer than one
25 hundred full-time equivalent employees.

26 3. Businesses shall apply directly to the department for
27 assistance. The request for assistance shall include at least
28 the following information:

29 a. A summary of the business and its existing operations
30 and products.

31 b. A description of the proposed project, including:

32 (1) A description of the assistance the project would
33 provide to the business to make the business more competitive,
34 and supporting materials including but not limited to an
35 evaluation by a resource facility affiliated with the

1 heartland technology network of the Wallace technology
2 transfer foundation.

3 (2) The anticipated benefits which would result from the
4 project for the business, its employees, the local community
5 or region, and the state.

6 (3) A proposed budget for the project, including all costs
7 associated with the project and the proposed sources of funds.

8 c. Evidence that the business conducted an analysis of the
9 proposed project in comparison with existing production
10 components and processes.

11 d. Documentation that the project is not likely to proceed
12 without the assistance requested from this program.

13 4. The total amount of assistance to any one business
14 through this program shall not exceed one hundred thousand
15 dollars. Project awards shall be in the form of loans with an
16 interest rate not to exceed the prime rate and a term not to
17 exceed ten years. However, the program may also provide that
18 interest rates on loans are lower for those businesses which
19 fully comply with the goals and objectives of the program.
20 The department may include other requirements as prerequisites
21 for the receipt of assistance including a demonstration of
22 need for assistance, the percentage of total project costs
23 which shall be paid for with program assistance, and other
24 relevant requirements.

25 5. An amount not to exceed two percent of the
26 appropriation for this program may be reserved by the
27 department for awards or other promotional activities related
28 to the recognition of businesses which are in the process of
29 or have successfully completed modernization projects.
30 Recognition awards made from the two percent set-aside may be
31 in any form determined by the department and may have
32 different selection criteria and other requirements than
33 project awards.

34 6. The department shall adopt rules for the administration
35 of the program including procedures to evaluate each project

1 at some reasonable time interval after completion of the
2 project and to determine whether the overall purposes of the
3 program were in fact met.

4 Sec. 20. NEW SECTION. 15.324 DEPARTMENT REVIEW AND
5 SELECTION.

6 1. The director shall make the final determination
7 regarding project awards.

8 2. The factors to be included in the evaluation of
9 requests shall include but are not limited to the following:

10 a. Whether the proposed project meets the definition of
11 modernization. Projects which will not meet that definition
12 shall be denied.

13 b. The degree to which the business needs program
14 assistance in order to successfully complete the contemplated
15 project.

16 c. The impact the proposed project would have on the
17 competitiveness and long-term viability of the business,
18 including lower production costs, higher quality of product,
19 substantially shorter production time, and substantially
20 greater flexibility in producing a wide variety of different
21 product types or specifications within the current overall
22 product line.

23 d. The impact the proposed project would have on the
24 community or region and the state.

25 e. The impact the proposed project would have on the
26 business' existing employees, particularly in terms of
27 upgrading employee skill levels or increased wage levels, or
28 both.

29 Sec. 21. IOWA NETWORK INITIATIVES. The department of
30 economic development, Wallace technology transfer foundation,
31 or a private entity named by the general assembly shall
32 establish a statewide initiative to encourage businesses to
33 develop cooperative networks. The statewide initiative shall
34 include but is not limited to all of the following:

35 1. A campaign to educate businesses and the public on the

1 nature of the international challenge Iowa faces, and the ways
2 in which network activities have been used elsewhere to en-
3 hance competitiveness.

4 2. One of the following means of creating networks:

5 a. A challenge grant program offering 25 to 200 grants of
6 up to \$5,000 to any group of three or more firms wanting to
7 investigate a common solution to a common problem or
8 opportunity.

9 b. A grant program to seed or revitalize trade
10 associations seeking opportunities in their industries which
11 might lead to cooperative ventures among industries.

12 3. Providing training to individuals to act as brokers in
13 helping to organize such networks.

14 4. Establishing a matching grant program that is made
15 available to the networks in order to study or implement
16 specific collaborative ideas which may need advance seed
17 capital.

18 5. Conducting an annual survey of Iowa employer practices
19 designed to attract and encourage high performance work or-
20 ganizations.

21 6. Targeting grant resources to stimulate networking of
22 firms in or of relevance to poor communities.

23 DIVISION VI

24 IOWA FAMILY SELF-SUFFICIENCY PLAN

25 Sec. 22. Section 10A.202, subsection 1, paragraph a, Code
26 1993, is amended to read as follows:

27 a. Hearings and appeals relative to foster care
28 facilities, child day care facilities, administration of the
29 state medical assistance program, administration of the state
30 supplementary assistance program, administration of the food
31 stamps program, and administration of the ~~aid-to-dependent~~
32 ~~children-program~~ Iowa family self-sufficiency plan, and other
33 programs administered by the department of human services.
34 Decisions of the division in these areas are subject to review
35 by the department of human services.

1 Sec. 23. Section 10A.402, subsection 7, Code 1993, is
2 amended to read as follows:

3 7. Investigations relative to the administration of the
4 state supplemental assistance program, the state medical
5 assistance program, the food stamp program, the ~~aid-to~~
6 ~~dependent-children-program~~ Iowa family self-sufficiency plan,
7 and any other state or federal benefit assistance program.

8 Sec. 24. Section 217.8, Code 1993, is amended to read as
9 follows:

10 217.8 DIVISION OF CHILD AND FAMILY SERVICES.

11 The administrator of the division of child and family
12 services shall be qualified by training, experience, and
13 education in the field of welfare and social problems. The
14 administrator is charged with the administration of programs
15 involving neglected, dependent and delinquent children, child
16 welfare, ~~aid-to-dependent-children~~, Iowa family self-
17 sufficiency plan, and aid to disabled persons and shall
18 administer and be in control of other related programs
19 established for the general welfare of families, adults and
20 children as directed by the director.

21 Sec. 25. Section 217.11, subsection 8, Code 1993, is
22 amended to read as follows:

23 8. Two recipients or former recipients of the ~~aid-to~~
24 ~~dependent-children-program~~ Iowa family self-sufficiency plan,
25 selected by the other members of the committee.

26 Sec. 26. Section 217.12, subsection 1, subsection 3,
27 paragraph a, and subsection 8, Code 1993, are amended to read
28 as follows:

29 1. Identify the factors and conditions that place Iowa
30 families at risk of long-term dependency upon the ~~aid-to~~
31 ~~dependent-children-program~~ Iowa family self-sufficiency plan.
32 The council shall seek to use relevant research findings and
33 national and Iowa specific data on the ~~aid-to-dependent~~
34 ~~children-program~~ Iowa family self-sufficiency plan.

35 a. Designation of families to be served that meet some

1 criteria of being at risk of long-term welfare dependency, and
2 agreement to serve clients that are referred by the department
3 of human services from the aid-to-dependent-children-program
4 Iowa family self-sufficiency plan which meet the criteria.
5 The criteria may include, but are not limited to, factors such
6 as educational level, work history, family structure, age of
7 the youngest child in the family, previous length of stay on
8 the aid-to-dependent-children-program Iowa family self-
9 sufficiency plan, and participation in the aid-to-dependent
10 children-program Iowa family self-sufficiency plan or the
11 foster care program while the head of a household was a child.
12 Grant proposals shall also establish the number of families to
13 be served under the demonstration program.

14 8. Evaluate and make recommendations regarding the costs
15 and benefits of the expansion of the services provided under
16 the special needs program of the aid-to-dependent-children
17 program Iowa family self-sufficiency plan to include tuition
18 for parenting skills programs, family support and counseling
19 services, child development services, and transportation and
20 child care expenses associated with the programs and services.

21 Sec. 27. Section 222.78, Code 1993, is amended to read as
22 follows:

23 222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.
24 The father and mother of any person admitted or committed
25 to a hospital-school or to a special unit, as either an
26 inpatient or an outpatient, and any person, firm, or
27 corporation bound by contract hereafter made for support of
28 such the person shall be and remain liable for the support of
29 such the person. Such The person and those legally bound for
30 the support of the person shall be liable to the county for
31 all sums advanced by the county to the state under the
32 provisions of sections 222.60 and 222.77. The liability of
33 any person, other than the patient, who is legally bound for
34 the support of any patient under eighteen years of age in a
35 hospital-school or a special unit shall in no instance exceed

1 the average minimum cost of the care of a normally
2 intelligent, nonhandicapped minor of the same age and sex as
3 ~~such~~ the minor patient. The administrator shall establish the
4 scale for this purpose but the scale shall not exceed the
5 standards for personal allowances established by the state
6 division under the ~~aid-to-dependent-children-program~~ Iowa
7 family self-sufficiency plan. Provided further that the
8 father or mother of ~~such~~ the person shall not be liable for
9 the support of ~~such~~ the person after ~~such~~ the person attains
10 the age of eighteen years and that the father or mother shall
11 incur liability only during any period when the father or
12 mother either individually or jointly receive a net income
13 from whatever source, commensurate with that upon which they
14 would be liable to make an income tax payment to this state.
15 Nothing in this section shall be construed to prevent a
16 relative or other person from voluntarily paying the full
17 actual cost as established by the administrator for caring for
18 ~~such-mentally-retarded~~ the person with mental retardation.

19 Sec. 28. Section 234.6, unnumbered paragraph 1, Code 1993,
20 is amended to read as follows:

21 The administrator shall be vested with the authority to
22 administer ~~aid-to-dependent-children~~ the Iowa family self-
23 sufficiency plan, state supplementary assistance, food
24 programs, child welfare, and emergency relief, family and
25 adult service programs, and any other form of public welfare
26 assistance and institutions that ~~may-hereafter-be~~ are placed
27 under the administrator's administration. The administrator
28 shall perform ~~such~~ duties, formulate and ~~make-such~~ adopt rules
29 as may be necessary; shall outline ~~such~~ policies, dictate ~~such~~
30 procedure, and delegate such powers as may be necessary for
31 competent and efficient administration. Subject to
32 restrictions that may be imposed by the director of human
33 services and the council on human services, the administrator
34 ~~shall-have-power-to~~ may abolish, alter, consolidate, or
35 establish subdivisions and may abolish or change offices

1 ~~previously~~ created ~~in-connection-therewith~~. The administrator
2 may employ necessary personnel and fix their compensation; may
3 allocate or reallocate functions and duties among any
4 subdivisions now existing or hereafter later established; and
5 may ~~promulgate~~ adopt rules relating to the employment of
6 personnel and the allocation of their functions and duties
7 among the various subdivisions as competent and efficient
8 administration may require.

9 Sec. 29. Section 239.1, subsections 1 and 5, Code 1993,
10 are amended to read as follows:

11 1. "Administrator" means the administrator of the division
12 of the department of human services to which the director of
13 human services assigns responsibility for the ~~aid-to-dependent~~
14 ~~children-program~~ Iowa family self-sufficiency plan.

15 5. "Division" means the division of the department of
16 human services to which the director of human services assigns
17 responsibility for the ~~aid-to-dependent-children-program~~ Iowa
18 family self-sufficiency plan.

19 Sec. 30. NEW SECTION. 239.1A IOWA FAMILY SELF-
20 SUFFICIENCY PLAN.

21 Effective July 1, 1993, assistance provided under this
22 chapter shall no longer be referred to as aid to dependent
23 children but shall be referred to as assistance under the Iowa
24 family self-sufficiency plan.

25 Sec. 31. Section 239.2, Code 1993, is amended to read as
26 follows:

27 239.2 ~~ELIGIBILITY FOR AID-TO-DEPENDENT-CHILDREN~~
28 ASSISTANCE.

29 Assistance shall be granted under this chapter to a
30 dependent child who:

31 1. Is living in a suitable family home maintained by a
32 specified relative.

33 2. Is living in this state other than for a temporary
34 purpose, with a specified relative who is living in this state
35 voluntarily with the intent of making the relative's home in

1 this state and not for a temporary purpose.

2 3. Is not, with respect to assistance applied for by
3 reason of partial or total unemployment of a parent, the child
4 of a parent who is subject to any of the following
5 circumstances:

6 a. Has been unemployed for less than thirty days prior to
7 receipt of assistance under this chapter.

8 b. Is partially or totally unemployed due to a work
9 stoppage which exists because of a labor dispute at the
10 factory, establishment, or other premises at which the parent
11 is or was last employed.

12 c. At any time during the thirty-day period prior to
13 receipt of assistance under this chapter or at any time
14 thereafter while assistance is payable under this chapter, has
15 not been available for employment, has not actively sought
16 employment, or has without good cause refused any bona fide
17 offer of employment or training for employment. The following
18 reasons for refusing employment or training are not good
19 cause: ~~Unsuitable~~ unsuitable or unpleasant work or training,
20 if the parent is able to perform the work or training without
21 unusual danger to the parent's health; or the amount of wages
22 or compensation, unless the wages for employment are below the
23 federal minimum wage.

24 d. Has not registered for work with the state employment
25 service established pursuant to section 96.12, or thereafter
26 has failed to report at an employment office in accordance
27 with regulations prescribed pursuant to section 96.4,
28 subsection 1.

29 The division may prescribe requirements in addition to or
30 in lieu of the ~~foregoing~~ requirements of this section, for
31 eligibility for assistance under this chapter to children
32 whose parents are partially or totally unemployed, which are
33 necessary to secure financial participation of the federal
34 government in payment of ~~such~~ the assistance.

35 Sec. 32. Section 239.12, Code 1993, is amended to read as

1 follows:

2 239.12 ~~AID-TO-DEPENDENT-CHILDREN~~ IOWA FAMILY SELF-
3 SUFFICIENCY PLAN ACCOUNT.

4 There is established in the state treasury an account to be
5 known as the "~~Aid-to-Dependent-Children-Account~~" Iowa family
6 self-sufficiency plan account to which shall be credited all
7 funds appropriated by the state for the payment of assistance,
8 and all other moneys received at any time for ~~such~~ these
9 purposes. Moneys assigned to the department under section
10 239.3 and received by the child support recovery unit pursuant
11 to section 252B.5 and 42 U.S.C. ~~sec.~~ § 664 shall be credited
12 to the account in the fiscal year in which the moneys are
13 received. All assistance shall be paid from the account.

14 Sec. 33. Section 239.17, Code 1993, is amended to read as
15 follows:

16 239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

17 A person who obtains, or attempts to obtain, or aids or
18 abets any person to obtain, by means of a willfully false
19 statement or representation, or by impersonation or any
20 fraudulent device, assistance to which the recipient is not
21 entitled, is personally liable for the amount of assistance
22 thus obtained. The amount of the assistance may be recovered
23 from the offender or the offender's estate in an action
24 brought or by claim filed in the name of the state and the
25 recovered funds shall be deposited in the ~~aid-to-dependent~~
26 ~~children~~ Iowa family self-sufficiency plan account. The
27 action or claim filed in the name of the state shall not be
28 considered an election of remedies to the exclusion of other
29 remedies.

30 Sec. 34. Section 239.19, Code 1993, is amended to read as
31 follows:

32 239.19 TRANSFER OF AID FUNDS TO OTHER WORK AND TRAINING
33 PROGRAMS.

34 The department of human services may transfer ~~aid-to~~
35 ~~dependent-children~~ Iowa family self-sufficiency plan funds in

1 its control to any other department or agency of the state for
2 the purpose of providing funds to carry out the job
3 opportunities and basic skills training program created by the
4 federal Family Support Act of 1988, Title II, Pub. L. No. 100-
5 485, as codified in 42 U.S.C. § 602 et seq. and administered
6 under chapter 249C and this chapter.

7 Sec. 35. Section 239.20, Code 1993, is amended to read as
8 follows:

9 239.20 COUNTY ATTORNEY TO ENFORCE.

10 Violations of law relating to the aid-to-dependent-children
11 program Iowa family self-sufficiency plan shall be prosecuted
12 by county attorneys. Area prosecutors of the office of the
13 attorney general shall provide prosecution assistance.

14 Sec. 36. Section 249.13, Code 1993, is amended to read as
15 follows:

16 249.13 COUNTY ATTORNEY TO ENFORCE.

17 It is the intent of the general assembly that violations of
18 law relating to aid-to-dependent-children the Iowa family
19 self-sufficiency plan, medical assistance, and supplemental
20 assistance shall be prosecuted by county attorneys. Area
21 prosecutors of the office of the attorney general shall
22 provide such assistance in prosecution as may be required. It
23 is the intent of the general assembly that the first priority
24 for investigation and prosecution for which funds are provided
25 ~~by this Act~~ shall be for fraudulent claims or practices by
26 health care vendors and providers.

27 Sec. 37. Section 249A.3, subsection 1, paragraph e,
28 subparagraphs (1) and (2), and paragraphs f and m; subsection
29 2, paragraphs c, d, f, and h, unnumbered paragraph 1, Code
30 1993, are amended to read as follows:

31 (1) The woman would be eligible for a cash payment under
32 the ~~aid-to-dependent-children-program, or under an aid-to~~
33 ~~dependent-children, unemployed-parent-program,~~ Iowa family
34 self-sufficiency plan under chapter 239, if the child were
35 born and living with the woman in the month of payment.

1 (2) The woman meets the income and resource requirements
2 of the ~~aid-to-dependent-children-program~~ Iowa family self-
3 sufficiency plan under chapter 239, provided the unborn child
4 is considered a member of the household, and the woman's
5 family is treated as though deprivation exists.

6 f. Is a child who is less than seven years of age and who
7 meets the income and resource requirements of the ~~aid-to~~
8 ~~dependent-children-program~~ Iowa family self-sufficiency plan
9 under chapter 239.

10 m. Is an individual or family who is ineligible for ~~aid-to~~
11 ~~dependent-children~~ the Iowa family self-sufficiency plan under
12 chapter 239 because of requirements that do not apply under
13 Title XIX of the federal Social Security Act.

14 c. Individuals who are receiving care in an institution
15 for mental diseases, and who are under twenty-one years of age
16 and whose income and resources are such that they are eligible
17 for ~~aid-to-dependent-children~~ the Iowa family self-sufficiency
18 plan under chapter 239, or who are sixty-five years of age or
19 older and who meet the conditions for eligibility in paragraph
20 "a" of this subsection.

21 d. Individuals and families whose incomes and resources
22 are such that they are eligible for federal supplementary
23 security income or ~~aid-to-dependent-children~~ the Iowa family
24 self-sufficiency plan, but who are not actually receiving such
25 public assistance.

26 f. Individuals under twenty-one years of age who qualify
27 on a financial basis for, but who are otherwise ineligible to
28 receive ~~aid-to-dependent-children~~ assistance under the Iowa
29 family self-sufficiency plan.

30 Individuals who have attained the age of twenty-one but
31 have not yet attained the age of sixty-five who qualify on a
32 financial basis for, but who are otherwise ineligible to
33 receive, federal supplementary security income or ~~aid-to~~
34 ~~dependent-children~~ assistance under the Iowa family self-
35 sufficiency plan.

1 who appoints its other members subject to confirmation by the
2 senate. The commission is to perform various duties which
3 include strategic planning activities and developing public
4 policy goals known as benchmarks. In addition, the commission
5 is to develop financial analysis modeling and accounting
6 standards in establishing a means to quantify human investment
7 and the return on human investment. The commission is
8 responsible for either performing or delegating the
9 performance of various duties involving individual development
10 accounts which are established later in the bill.

11 Division II establishes a welfare reform initiative and
12 requires the department of human services to perform related
13 activities to implement the initiative.

14 Section 4 establishes the welfare reform initiative which
15 involves the federal-state aid to dependent children program
16 (this program is renamed to the Iowa family self-sufficiency
17 plan later in the bill) established under chapter 239,
18 federal-state and state child day care programs, and the
19 federal-state job opportunities and basic skills (JOBS)
20 program implemented under chapter 249C. The department is
21 required to submit a waiver request or requests to the federal
22 government to implement the initiative.

23 Section 4 includes the following provisions to encourage a
24 recipient of aid to dependent children to make a transition to
25 employment: a work expense deduction from earned income; a
26 work-and-earn incentive in which the department would
27 disregard 50 percent of adjusted earnings when considering
28 income; application of existing child day care deductions to
29 families with a stepparent; subject to certain conditions, the
30 first four months of a recipient's earned income would be
31 disregarded; a change in current policy of considering income
32 as a retrospective average so that consideration would begin
33 in the first month a person is without income; interest income
34 would be disregarded; deposits made to an individual
35 development account would be disregarded as income; and

1 various provisions in the unemployed parent program involving
2 consideration of parent work history would be changed.
3 Subject to federal approval, these provisions would apply
4 beginning July 1, 1993.

5 Section 4 includes the following provisions to encourage a
6 recipient to accumulate assets and savings: changing the
7 current limitation on motor vehicle value of not more than
8 \$1,500 to one of disregarding the first \$3,000 of motor
9 vehicle value for adults and working teenagers, changing the
10 resources limitation to \$2,000 for an applicant family and to
11 \$5,000 for a recipient family, disregarding a self-employed
12 individual's tools of the trade, disregarding interest income,
13 and disregarding as resources assets held in an individual
14 development account. Subject to federal approval, these
15 provisions would apply beginning July 1, 1993.

16 Section 4 requires aid to dependent children program
17 participants who are parents to enter into self-sufficiency
18 agreements with the department. There are certain exceptions
19 if the participant has a child less than six months of age, is
20 working at least 30 hours per week, or has a disability. The
21 participant must agree to participate in various work and
22 training activity options. Failure to comply results in
23 application of various penalties which currently exist under
24 the JOBS program. When the period of the agreement is ended,
25 the participant would no longer receive aid to dependent
26 children assistance or the assistance would be reduced. The
27 department is authorized to enter into contracts with various
28 state agencies or any other entity to provide services
29 relating to a self-sufficiency agreement. Subject to federal
30 approval and the availability of state funding, these
31 provisions would apply beginning January 1, 1994. Section 4
32 also affects child day care assistance provisions for
33 individuals who become ineligible for aid to dependent
34 children due to employment. The current 12 months of
35 transitional child care would be extended to 24 months. In

1 addition, the department is directed to automatically
2 determine an individual's eligibility for other child day care
3 assistance.

4 Section 5 provides that the department is to apply to the
5 federal government to approve application of the welfare
6 reform initiative statewide, and the department is to
7 implement the provisions in accordance with the federal
8 approval. If implementation of a provision approved by the
9 federal government would conflict with chapter 239 or 249C,
10 the provision shall be implemented and the department is
11 directed to propose an amendment to chapter 239 or 249C to
12 resolve the conflict.

13 Section 6 authorizes the department of human services to
14 adopt rules using emergency procedures in order to implement
15 the welfare reform provisions of the bill.

16 Section 7 provides applicability dates for the welfare
17 reform provisions.

18 Section 8 provides an immediate effective date in order to
19 require the department to apply to the federal government for
20 the waivers needed for the welfare reform provisions.

21 Division III relates to workforce development under the
22 Iowa invests initiative. Purpose and findings are stated.
23 Various state agencies are directed to work together in
24 establishing guidelines for colocating state and federal
25 employment and training programs in centers providing services
26 at the local level. Core services are identified as
27 information, assessment, training accounts for individuals,
28 referral to training programs or jobs, and job development and
29 job placement.

30 Division III also provides various objectives for the
31 department of education and school districts to use in
32 designing school-to-work transition programs. This section
33 also suggests components of nontraditional employment
34 training, including academic instruction standards, work-based
35 training, a school-to-work transition program agreement,

1 formal advisory clause, and postsecondary connections.

2 Division IV creates a new financial instrument known as an
3 individual development account. The accounts are a tax
4 benefited means for an individual to accumulate assets and
5 earning on the assets. An individual's contributions to their
6 account, up to \$2,000, are eligible for a tax credit of 10 to
7 20 percent based on income status. Earnings in an account are
8 tax deferred. Withdrawals of more than 10 percent of an
9 individual's annual deposits are subject to penalty unless the
10 withdrawal is for education and training, home purchase, or
11 small business capitalization. Adults may transfer account
12 assets to another individual's account without tax or penalty.
13 For the five-year period beginning July 1, 1993, and ending
14 June 30, 1998, the number of accounts permitted is limited to
15 10,000.

16 In Division IV the Iowa human investment commission is
17 directed to issue a request for proposals for organizations to
18 assist with the operation of the accounts on behalf of target
19 populations. Review criteria are specified and include safety
20 of investment mechanism, ability to link individual deposits
21 with other services, performance requirements, matching
22 funding for accounts, and evaluation planning. Accounts
23 cannot be established unless the commission approves.

24 Division V creates the modernization and technology change
25 program under the Iowa department of economic development
26 which is intended to improve the competitiveness of Iowa
27 businesses through new machinery, technology, and production
28 processes. Businesses are to apply directly to the department
29 for assistance using specified criteria and selection
30 standards are provided. In addition, the department, the
31 Wallace technology transfer foundation, or a private entity
32 named by the general assembly are to establish a statewide
33 initiative to encourage businesses to develop cooperative
34 networks. Various components of the statewide initiative are
35 specified.

1 Division VI changes the name of the aid to dependent
2 children program to the Iowa family self-sufficiency plan
3 where it appears in statute.

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