

2.11.93 Referred to Business
(P.627) 3-15-93 Amend/Do Pass w/3130

FILED MAR 11 1993

(P.645) 3.16-93 Amend/Do Pass w/53148
3.17-93 Referred to Education from calendar
(P.711) 3-18-93 Amend/Do Pass w/53164
SENATE FILE U8

See link copy

BY COMMITTEE ON HUMAN RESOURCES
(P.739) 3-22-93 Referred from Calendar to W. & M.
3-22-93 Do Pass
(SUCCESSOR TO SF 128)
4-8-93 House - Do Pass

Passed Senate, Date (P.874) 3/29/93 Passed House, Date _____
Vote: Ayes 49 Nays 0 Vote: Ayes _____ Nays _____
Approved May 4, 1993

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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SF 268

DIVISION I

IOWA INVESTS -- IOWA COUNCIL 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. 8A.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. 8A.2 IOWA COUNCIL ON HUMAN
6 INVESTMENT.

7 An Iowa council on human investment 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 council. The governor shall be a member and chairperson
11 of the council and the council shall consist of eight other
12 members appointed by the governor, subject to confirmation by
13 the senate. The appointments shall be made in a manner so
14 that all of the state's congressional districts are
15 represented along with the ethnic, cultural, social, and
16 economic diversity of the state. Terms of office of members
17 other than the governor are three years. Council members
18 shall be reimbursed for actual and necessary expenses incurred
19 in performance of their duties. Members may also be eligible
20 to receive compensation as provided in section 7E.6. The
21 governor shall assign staffing services to the council which
22 may include the staff identified by the director of the
23 department of management. The council shall do all of the
24 following:

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

1 be set and achieved.

2 2. Develop an Iowa human investment budget and accounting
3 model which provides a financial weighting of human
4 investments. The budget and accounting model shall provide a
5 means to reflect public and private investments in the skills
6 and employability of Iowans. It is anticipated that the
7 accounting system will indicate that human investments will
8 generate returns in excess of the investments. The council
9 shall implement the model on a pilot project basis and report
10 annually concerning the model and the pilot project to the
11 governor, general assembly, and the public.

12 3. Study the potential for the state to appropriate moneys
13 according to the highest return on human investment. The
14 council shall recommend to the governor and the general
15 assembly a method for fully implementing the human investment
16 budget and accounting model developed pursuant to subsection
17 2. The model shall provide for incentives for state agencies
18 to utilize appropriations in a manner in order to achieve the
19 highest returns on human investments.

20 4. Develop and apply return on human investment accounting
21 standards. The council shall monitor state human investments
22 according to the standards it applies and regularly report to
23 the governor, general assembly, and public concerning actual
24 returns on human investment.

25 5. Advocate for regulatory and legislative initiatives for
26 decategorization of funding and deregulation to improve human
27 investment.

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

30 7. Conduct customer satisfaction surveys of the users of
31 public services and utilize the information from the surveys
32 in establishing returns on human investments and determining
33 the effectiveness of the public programs.

34 Sec. 4. INITIAL APPOINTMENTS.

35 The governor shall make the initial appointments as follows

1 to the Iowa council on human investment created in section
2 8A.2:

- 3 1. Three members to a one-year term.
- 4 2. Three members to a two-year term.
- 5 3. Two members to a three-year term.

6 DIVISION II
7 WELFARE REFORM

8 Sec. 5. WELFARE REFORM INITIATIVE. A welfare reform
9 initiative is established involving the federal-state aid to
10 dependent children program administered under chapter 239 and
11 the federal-state job opportunities and basic skills (JOBS)
12 program implemented under chapter 249C. The purpose of the
13 initiative is to replace welfare provisions which encourage
14 dependency with incentives for employment and self-
15 sufficiency. The initiative includes specific provisions for
16 work-and-earn incentives and for involving participants in
17 family development plans. These provisions are expected to
18 support individuals in making a transition from welfare to
19 employment, to encourage savings, and to strengthen family
20 stability.

21 The department of human services shall submit a waiver
22 request or requests to the United States department of health
23 and human services as necessary for federal authorization to
24 implement the policy changes in the aid to dependent children,
25 child care, and JOBS programs provided in this section. For
26 the purposes of this section, the term "recipient" has the
27 meaning provided in section 239.1 and the term "individual"
28 means a recipient, applicant, or other person whose income
29 must be considered by the department. The welfare reform
30 initiative shall include all of the following provisions:

- 31 1. Implementation of the following initiatives to
32 encourage a recipient of aid to dependent children to make a
33 transition to employment:
 - 34 a. If an individual's earned income is considered by the
35 department, the individual shall be allowed a work expense

1 deduction equal to 20 percent of the earned income. The work
2 expense deduction is intended to include all work-related
3 expenses other than child day care. These expenses shall
4 include but are not limited to all of the following: taxes,
5 transportation, meals, uniforms, and other work-related
6 expenses. However, the work expense deduction shall not be
7 allowed for an individual who is subject to a penalty in
8 accordance with administrative rules for failure to comply
9 with program requirements.

10 b. If an individual's earned income is considered by the
11 department, the individual shall be allowed a work-and-earn
12 incentive. The incentive shall be equal to 50 percent of the
13 amount of earned income remaining after all other deductions
14 are applied. The department shall disregard the incentive
15 amount when considering the earned income available to the
16 individual. The incentive shall not have a time limit. The
17 incentive shall replace the current time-limited incentive
18 which provides for disregarding \$30 plus one-third of the
19 earned income. The work-and-earn incentive shall not be
20 withdrawn as a penalty for failure to comply with program
21 requirements.

22 c. A family with a stepparent shall be allowed a child day
23 care deduction for any children of the stepparent or the
24 parent subject to the limits provided in applicable
25 administrative rules.

26 d. If an individual begins employment but was unemployed
27 at least 12 months before beginning employment and timely
28 reports the earnings from the employment, the earnings shall
29 be subject to an income disregard. This income disregard
30 shall apply in determining the individual's eligibility and
31 grant levels under the aid to dependent children program
32 during the individual's first four months of employment. To
33 be eligible for the income disregard, the employment must
34 commence following the date of the individual's application
35 for aid to dependent children. The department shall adopt

1 rules defining the term "unemployed" for the purposes of this
2 paragraph. The income disregard shall not be withdrawn as a
3 penalty for failure to comply with program requirements.

4 e. If an individual has timely reported an absence of
5 income to the department, consideration of the individual's
6 income shall cease beginning in the first month the income is
7 absent. However, this provision shall not apply to an
8 individual who has quit employment without good cause as
9 defined in administrative rules.

10 f. Interest income shall be disregarded.

11 g. A determination of eligibility for the aid to dependent
12 children unemployed parent program shall not include
13 consideration of either parent's work history or which parent
14 earned more during the 24 months prior to application for
15 assistance under the program. The determination of
16 eligibility shall not include consideration of either parent's
17 number of hours of employment except to establish the date
18 assistance would begin in accordance with administrative
19 rules. However, both parents must participate in a family
20 development agreement required by this section and in work and
21 training activities unless good cause not to participate is
22 established in accordance with administrative rules. The
23 department shall continue to deny eligibility for the
24 unemployed parent program under provisions of section 239.2,
25 subsection 3, paragraph "b" involving labor disputes or if
26 either parent refuses to apply for or draw unemployment
27 benefits.

28 h. The department shall disregard as income any moneys an
29 individual deposits in an individual development account es-
30 tablished pursuant to this Act.

31 2. Implementation of the following initiatives to
32 encourage a recipient of aid to dependent children to
33 accumulate assets and savings:

34 a. Revision in the current limitation involving
35 consideration of the quantity and value of motor vehicles. In

1 implementing this revision, the department shall disregard the
2 first \$3,000 in equity value of a motor vehicle. This
3 disregard shall be implemented for each adult and working
4 teenager in a family. The amount of a motor vehicle's equity
5 in excess of \$3,000 shall apply to the resource limitation
6 established in paragraph "b".

7 b. The resource limitation for a family applying for aid
8 to dependent children shall be \$2,000. The resource
9 limitation for a recipient family shall be \$5,000.

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

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

16 3. The department shall establish a policy regarding the
17 implementation of family development agreements which limits
18 the period of eligibility for aid to dependent children based
19 upon the requirements of an individual family's plan for self-
20 sufficiency. The policy shall require an individual family's
21 plan to be specified in a family development agreement between
22 the family and the department. The department shall adopt
23 rules to administer the policy. The components of the policy
24 shall include but are not limited to all of the following:

25 a. PARTICIPATION. An individual shall be subject to a
26 family development agreement if the individual is a parent
27 living in a home with a child for whom aid to dependent
28 children is applied for or is provided. An individual must
29 enter into a family development agreement with the department
30 unless any of the following conditions exists:

31 (1) The individual is a parent of a child who is less than
32 six months of age. If both parents are in the child's home,
33 this exception shall apply to only one parent. The department
34 may require an individual who is a teenage parent with a child
35 who is less than six months of age to participate in night

1 school completion activities.

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

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

5 b. AGREEMENT OPTIONS. A family development agreement
6 shall require an individual to participate in one or more of
7 the following options. The department shall adopt rules for
8 each option defining requirements and establishing assistance
9 provisions for child care and transportation. The options
10 shall include but are not limited to all of the following:

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

12 (2) Active job search.

13 (3) Participation in the JOBS program.

14 (4) Participation in other education or training
15 programming.

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

18 (6) Work experience placement.

19 (7) Volunteer community service.

20 c. PENALTIES. If an individual fails to comply with the
21 provisions of the individual's family development agreement
22 during the period of the agreement, JOBS program penalties
23 shall be applied.

24 d. COMPLETION OF AGREEMENT. Upon the completion of the
25 terms of the agreement, aid to dependent children assistance
26 to a recipient covered by the agreement shall cease or be
27 reduced in accordance with administrative rules. The
28 department shall adopt rules to implement this paragraph and
29 to determine when a family is eligible to reenter the aid to
30 dependent children program.

31 e. CONTRACTS. The department of human services may
32 contract with the department of employment services,
33 department of economic development, or any other entity to
34 provide services relating to a family development agreement.

35 4. Implementation of the following provisions involving

1 child day care assistance available to individuals who no
2 longer receive aid to dependent children due to employment:

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

5 b. The department shall automatically determine an in-
6 dividual's eligibility for other child day care assistance if
7 the individual is not eligible for transitional child care or
8 eligibility for transitional child care is exhausted.

9 Sec. 6. CONTINGENCY PROVISION. The waiver request or
10 requests submitted by the department of human services
11 pursuant to section 5 of this Act to the United States
12 department of health and human services shall be to apply the
13 provisions of section 5 statewide. If federal waiver approval
14 of a provision of section 5 of this Act is granted, the
15 department of human services shall implement the provision in
16 accordance with the federal approval. If a provision of this
17 Act is in conflict with a provision of chapter 239 or 249C,
18 notwithstanding that provision in chapter 239 or 249C, the
19 provision of this Act shall be implemented and the department
20 shall propose an amendment to chapter 239 or 249C to resolve
21 the conflict.

22 Sec. 7. EMERGENCY RULES. The department of human services
23 may adopt administrative rules under section 17A.4, subsection
24 2, and section 17A.5, subsection 2, paragraph "b", to
25 implement the provisions of this division of this Act and the
26 rules shall be effective immediately upon filing unless a
27 later date is specified in the rules. Any rules adopted in
28 accordance with this section shall also be published as a
29 notice of intended action as provided in section 17A.4.

30 Sec. 8. DEPARTMENT OF HUMAN INVESTMENT -- NAME CHANGE.
31 The Code editor shall change references in the Code to the
32 department of human services, director of human services, and
33 council on human services to the department of human
34 investment, director of human investment, and the department
35 of human investment board, respectively. It is the intent of

1 the general assembly that the name changes referred to by this
2 section shall be completed in 1994 to be included in the 1995
3 Code of Iowa.

4 Sec. 9. APPLICABILITY. If federal approval is granted,
5 approved provisions of section 5, subsections 1, 2, and 4, of
6 this Act shall be implemented beginning July 1, 1993, and
7 approved provisions of section 5, subsection 3 of this Act
8 shall be implemented January 1, 1994, subject to the
9 availability of funding.

10 Sec. 10. EFFECTIVE DATE. Sections 5 through 7 of this
11 Act, being deemed of immediate importance, take effect upon
12 enactment.

13 DIVISION III

14 MENTORING

15 Sec. 11. NEW SECTION. 239.22 MENTORING.

16 A statewide mentoring program is established to recruit,
17 screen, train, and match former recipients and other
18 volunteers with current recipients in a mentoring
19 relationship. The commission on the status of women of the
20 department of human rights shall implement the program in
21 collaboration with the departments of human services, economic
22 development, employment services, and education. The
23 availability of the program is subject to the funding
24 appropriated for the purposes of the program.

25 Sec. 12. APPLICABILITY. For the fiscal year beginning
26 July 1, 1993, and ending June 30, 1994, the mentoring program
27 created in section 11 of this Act shall not be implemented
28 statewide by the commission on the status of women but shall
29 be implemented as a pilot program in a county or counties
30 chosen by the commission.

31 DIVISION IV

32 WORKFORCE DEVELOPMENT

33 Sec. 13. IOWA INVESTS WORKFORCE DEVELOPMENT -- PURPOSE AND
34 FINDINGS. The general assembly finds that workforce
35 development is crucial in addressing poverty and that wages

1 are increasingly tied to education as the nation competes in a
2 global economy. The initiatives of this Act are provided in
3 order to improve the state's efforts in workforce development.
4 The general assembly finds that all of the following are
5 critical to support the creation of a workforce development
6 system which is strongly customer-oriented:

- 7 1. The state's educational and training system should be
8 flexible and streamlined, encouraging innovation and avoiding
9 penalizing those institutions and individuals who take risks
10 by implementing new initiatives. During a time of rapid
11 transition, it is important to encourage innovation rather
12 than focusing on failures. Good ideas need to be encouraged
13 and problems viewed as lessons learned rather than failures.
- 14 2. There are two customers in a workforce development
15 system: those individuals seeking to acquire or upgrade their
16 skills for employment, and businesses in need of a skilled
17 workforce. Emphasis on customer orientation is part of the
18 refocusing of training programs that is already occurring in
19 the state. The workforce development system should continue
20 becoming more customer-driven, giving individuals choices by
21 providing available and adequate information to make those
22 choices. The system must respond to individual and business
23 demand.
- 24 3. The focus for education funding and development should
25 be based upon outcomes. Existing rules and regulations should
26 be reviewed and streamlined. Bureaucratic and fragmented sys-
27 tems should be changed in order to support the flexible
28 delivery of services. Institutions should be held accountable
29 for the outcomes they produce in the program.
- 30 4. Educational policy recommendations from the state
31 should reflect awareness of action at the community level.
32 Local efforts should also be coordinated with one another.
- 33 5. The concept of lifelong learning must be infused into
34 education and training so that the categories of vocational
35 and academic education are synthesized and integrated. All

1 individuals graduating from schools must have the ability to
2 continue learning. Businesses want employees with the
3 capacity to learn. The principle of lifelong learning
4 emphasizes how one learns as well as what one learns.

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

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

20 Sec. 14. WORKFORCE DEVELOPMENT CENTERS. The departments
21 and agencies of state government which are involved with state
22 and federal employment and training programs shall establish
23 guidelines for collocating the programs in centers providing
24 services at the local level. The centers shall be known as
25 workforce development centers. The agencies shall also
26 jointly establish an integrated management information system
27 for linking the programs within a local center to the same
28 programs within other local centers. The guidelines shall
29 provide for local design and operation within the guidelines.
30 The core services available at a center shall include but are
31 not limited to all of the following:

32 1. INFORMATION. Provision of information shall include
33 labor exchange and labor market information as well as career
34 guidance and occupational information. Training institutions
35 may provide consumer-related information on their programs,

1 graduation rates, wage scales for graduates, and training pro-
2 gram prerequisites. Information from local employers, unions,
3 training programs, and educators shall be collected in order
4 to identify occupations. Industry and occupation demand
5 information should be published as frequently as possible and
6 be made available through centers.

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

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

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

34 5. JOB DEVELOPMENT AND JOB PLACEMENT. A center shall be
35 responsible for job development activities and job placement

1 services. A center shall seek to create a strong tie to the
2 local job market by working with both business and union
3 representatives.

4 Sec. 15. SCHOOL-TO-WORK TRANSITION PROGRAMS.

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

8 a. Motivate youths to stay in school and become productive
9 citizens.

10 b. Set high standards by promoting higher academic per-
11 formance levels.

12 c. Connect work and learning so that the classroom is
13 linked to worksite learning and experience.

14 d. Ready students for work in order to improve their
15 prospects for immediate employment after leaving school on
16 paths that provide significant opportunity to continued
17 education and career development.

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

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

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

34 b. WORK-BASED LEARNING. A program shall be offered at a
35 school or on the job, taught to national standards, if

1 available, and include a planned program of instruction and
2 tasks to be mastered. Work-based learning shall include a
3 part-time paid position that reinforces the requisite job
4 skills and generic workplace competencies and includes
5 guidance from a worksite mentor.

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

13 d. FORMAL ADVISORY CLAUSE. The program shall ensure
14 students are provided career and occupational counseling,
15 postsecondary and specialization options, and information on
16 individual assessment.

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

23 DIVISION V

24 INDIVIDUAL DEVELOPMENT ACCOUNTS

25 Sec. 16. INDIVIDUAL DEVELOPMENT ACCOUNTS. A financial
26 instrument known as an individual development account is
27 established. An individual development account shall have all
28 of the following characteristics:

- 29 1. The account is kept in the name of an individual
30 person.
- 31 2. Deposits made to an individual development account may
32 be made in any of the following manners and are subject to the
33 indicated conditions:
 - 34 a. Deposits made by the individual.
 - 35 b. Deposits made by the state of a refundable income tax

1 credit due the individual because of the individual's deposits
2 in the individual's account.

3 c. Deposits of individual development account moneys which
4 are transferred from another individual account holder.

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

12 3. The account earns income.

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

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

20 6. In addition, an individual may withdraw without penalty
21 more than ten percent of the amount the individual has
22 deposited in the individual's account pursuant to subsection
23 2, paragraph "a", other moneys in the account, or
24 contributions held in trust in the account if the moneys are
25 used for any of the following purposes:

26 a. Educational costs at an accredited institution of
27 higher education.

28 b. Training costs for an accredited or licensed training
29 program.

30 c. Purchase of a primary residence.

31 d. Capitalization of a small business start-up.

32 7. Any amount withdrawn from an individual development
33 account is subject to taxation.

34 8. A withdrawal in any one year of more than ten percent
35 of the amount the individual has deposited in the individual's

1 account which is not for a purpose listed in subsection 6 is
2 subject to a penalty equal to fifteen percent of the amount
3 withdrawn. In addition, if such a withdrawal is made, the
4 contributions made by another person held in trust in the
5 individual's account shall be removed from the individual's
6 account and redeposited as directed by the contributor. At
7 the time a person contributes moneys to an account on behalf
8 of an individual the person shall indicate the person's
9 directions for disposition of moneys which are removed.

10 9. Penalty amounts collected pursuant to subsection 8,
11 shall be deposited in the state human investment reserve pool
12 under the authority of an executive branch agency named by the
13 governor.

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

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

30 12. During the five-year period beginning July 1, 1993,
31 and ending June 30, 1998, all individual development accounts
32 must be authorized by the executive branch agency named by the
33 governor pursuant to subsection 9 and the maximum number of
34 individual accounts in the state shall be ten thousand.

35 Sec. 17. INDIVIDUAL DEVELOPMENT ACCOUNTS -- FAX

1 PROVISIONS. Notwithstanding any other law to the contrary,
2 all of the following tax provisions shall apply to an
3 individual development account:

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

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

13 b. For an individual with a taxable income which is
14 greater than 150 percent but less than 200 percent of the
15 federal poverty level, between 10 and 20 percent in accordance
16 with a sliding scale which declines as income increases. The
17 sliding scale shall be established by rule adopted by the
18 agency named by the governor pursuant to section 16,
19 subsection 9, of this Act.

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

22 For the purposes of this subsection, "federal poverty
23 level" means the first poverty income guidelines published in
24 the tax year by the United States department of health and
25 human services.

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

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

31 4. Amounts transferred between individual development
32 accounts are not subject to state tax.

33 5. The department of revenue and finance shall work with
34 the United States secretary of the treasury and the state's
35 congressional delegation as necessary to secure an exemption

1 from federal taxation for individual development accounts and
2 the earnings on those accounts. The department shall report
3 annually to the governor and the general assembly concerning
4 the status of federal approval.

5 Sec. 18. INDIVIDUAL DEVELOPMENT ACCOUNT -- AGENCY
6 RESPONSIBILITIES. The executive branch agency named by the
7 governor to have authority over the state human investment
8 reserve pool pursuant to section 16, subsection 9, of this
9 Act, shall perform all of the following duties or may delegate
10 the performance of the duties to a suitable entity in
11 administering the individual development accounts created in
12 this Act:

13 1. Authorize the establishment of not more than ten
14 thousand individual development accounts in accordance with
15 the provisions of this Act.

16 2. Issue a request for proposals for organizations to be
17 involved with the operation of individual development accounts
18 on behalf of a specific target population. The agency shall
19 determine the review criteria used to select organizations.
20 The initial review criteria used to evaluate organizations'
21 proposed projects shall include but are not limited to all of
22 the following:

23 a. Provision of a safe and secure investment mechanism for
24 the individual development accounts utilizing a financial
25 institution approved by the agency.

26 b. The proposed project has a strong relationship to goals
27 established by other initiatives deemed a priority by the
28 agency.

29 c. The proposed project links the making of contributions
30 to an individual's development account with other services or
31 outcomes identified by the organization in the proposal. The
32 proposed project includes mechanisms for the organization to
33 monitor and enforce the identified outcomes and services.

34 d. The organization is capable of performing the project
35 as proposed. Minimum capabilities shall include an ability to

1 provide financial counseling, familiarity and ability to work
2 with the proposed target population, and a strong record of
3 successful management.

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

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

8 3. Utilizing guidelines established in law for this
9 purpose, the agency shall contract for an independent
10 evaluation of the implementation of the individual development
11 accounts. The evaluation shall consider the following:
12 implementation and process used for the implementation,
13 program impact, and financial effectiveness.

14 DIVISION VI

15 ECONOMIC DEVELOPMENT MATCH PROGRAM

16 Sec. 19. Section 15.313, subsection 2, Code 1993, is
17 amended by adding the following new paragraph:

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

20 Sec. 20. Section 15.313, subsection 3, Code 1993, is
21 amended to read as follows:

22 3. The director shall submit annually at a regular or
23 special meeting preceding the beginning of the fiscal year,
24 for approval by the economic development board, the proposed
25 allocation of funds from the strategic investment fund to be
26 made for that fiscal year to the community economic betterment
27 program, the value-added agricultural products and processes
28 financial assistance program, the business development finance
29 corporation, the self-employment loan program, and the
30 targeted small business financial assistance program and for
31 comprehensive management assistance, and the modernization and
32 technology change program. If funds are available under a
33 federal microloan demonstration program, the director may
34 recommend an allocation for that purpose. The plans may
35 provide for increased or decreased allocations if the demand

1 in a program indicates that the need exceeds the allocation
2 for that program. The director shall report on a monthly
3 basis to the board on the status of the funds and may present
4 proposed revisions for approval by the board in January and
5 April of each year. Unobligated and unencumbered moneys
6 remaining in the strategic investment fund or any of its
7 accounts on June 30 of each year shall be considered part of
8 the fund for purposes of the next year's allocation.

9 Sec. 21. NEW SECTION. 15.321 MODERNIZATION AND
10 TECHNOLOGY CHANGE PROGRAM.

11 This part shall be known as the "Modernization and
12 Technology Change" program.

13 Sec. 22. NEW SECTION. 15.322 PURPOSE.

14 The purpose of this program is to encourage and assist
15 existing Iowa businesses in their efforts to become more
16 competitive through the utilization of new machinery or
17 equipment, or adoption of new production processes or
18 technology, which are different in kind or quality from those
19 previously used by the business.

20 Sec. 23. NEW SECTION. 15.323 PROGRAM.

21 1. For the purpose of this program, "modernization" means
22 the utilization of different kinds of machinery, equipment, or
23 production processes from those previously used by the
24 business, and which could be expected to result in a more
25 competitive business, as measured by the factors in section
26 15.324, subsection 2.

27 2. The department shall establish a program to achieve the
28 purposes of this part by providing financial assistance to
29 businesses which are undertaking projects which meet the
30 requirements of the program. For the purpose of this program,
31 an eligible business is an Iowa business with fewer than one
32 hundred full-time equivalent employees.

33 3. Businesses shall apply directly to the department for
34 assistance. The request for assistance shall include at least
35 the following information:

1 a. A summary of the business and its existing operations
2 and products.

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

4 (1) A description of the assistance the project would
5 provide to the business to make the business more competitive,
6 and supporting materials including but not limited to an
7 evaluation by a resource facility affiliated with the
8 heartland technology network of the Wallace technology
9 transfer foundation.

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

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

15 c. Evidence that the business conducted an analysis of the
16 proposed project in comparison with existing production
17 components and processes.

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

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

32 5. An amount not to exceed two percent of the
33 appropriation for this program may be reserved by the
34 department for awards or other promotional activities related
35 to the recognition of businesses which are in the process of

1 or have successfully completed modernization projects.
2 Recognition awards made from the two percent set-aside may be
3 in any form determined by the department and may have
4 different selection criteria and other requirements than
5 project awards.

6 6. The department shall adopt rules for the administration
7 of the program including procedures to evaluate each project
8 at some reasonable time interval after completion of the
9 project and to determine whether the overall purposes of the
10 program were in fact met.

11 Sec. 24. NEW SECTION. 15.324 DEPARTMENT REVIEW AND
12 SELECTION.

13 1. The director shall make the final determination
14 regarding project awards.

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

17 a. Whether the proposed project meets the definition of
18 modernization. Projects which will not meet that definition
19 shall be denied.

20 b. The degree to which the business needs program
21 assistance in order to successfully complete the contemplated
22 project.

23 c. The impact the proposed project would have on the
24 competitiveness and long-term viability of the business,
25 including lower production costs, higher quality of product,
26 substantially shorter production time, and substantially
27 greater flexibility in producing a wide variety of different
28 product types or specifications within the current overall
29 product line.

30 d. The impact the proposed project would have on the
31 community or region and the state.

32 e. The impact the proposed project would have on the
33 business' existing employees, particularly in terms of
34 upgrading employee skill levels or increased wage levels, or
35 both.

1 Sec. 25. IOWA NETWORK INITIATIVES. The department of
2 economic development, Wallace technology transfer foundation,
3 or a private entity named by the general assembly shall
4 establish a statewide initiative to encourage businesses to
5 develop cooperative networks. The statewide initiative shall
6 include but is not limited to all of the following:

7 1. A campaign to educate businesses and the public on the
8 nature of the international challenge Iowa faces, and the ways
9 in which network activities have been used elsewhere to en-
10 hance competitiveness.

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

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

16 b. A grant program to seed or revitalize trade
17 associations seeking opportunities in their industries which
18 might lead to cooperative ventures among industries.

19 3. Providing training to individuals to act as brokers in
20 helping to organize such networks.

21 4. Establishing a matching grant program that is made
22 available to the networks in order to study or implement
23 specific collaborative ideas which may need advance seed
24 capital.

25 5. Conducting an annual survey of Iowa employer practices
26 designed to attract and encourage high performance work or-
27 ganizations.

28 6. Targeting grant resources to stimulate networking of
29 firms in or of relevance to poor communities.

30 DIVISION VII

31 FAMILY DEVELOPMENT PLAN

32 Sec. 26. Section 10A.202, subsection 1, paragraph a, Code
33 1993, is amended to read as follows:

34 a. Hearings and appeals relative to foster care
35 facilities, child day care facilities, administration of the

1 state medical assistance program, administration of the state
2 supplementary assistance program, administration of the food
3 stamps program, and administration of the ~~aid-to-dependent~~
4 ~~children-program~~ family development plan, and other programs
5 administered by the department of human services. Decisions
6 of the division in these areas are subject to review by the
7 department of human services.

8 Sec. 27. Section 10A.402, subsection 7, Code 1993, is
9 amended to read as follows:

10 7. Investigations relative to the administration of the
11 state supplemental assistance program, the state medical
12 assistance program, the food stamp program, the ~~aid-to~~
13 ~~dependent-children-program~~ family development plan, and any
14 other state or federal benefit assistance program.

15 Sec. 28. Section 217.8, Code 1993, is amended to read as
16 follows:

17 217.8 DIVISION OF CHILD AND FAMILY SERVICES.

18 The administrator of the division of child and family
19 services shall be qualified by training, experience, and
20 education in the field of welfare and social problems. The
21 administrator is charged with the administration of programs
22 involving neglected, dependent and delinquent children, child
23 welfare, ~~aid-to-dependent-children~~, family development plan,
24 and aid to disabled persons and shall administer and be in
25 control of other related programs established for the general
26 welfare of families, adults and children as directed by the
27 director.

28 Sec. 29. Section 217.11, subsection 8, Code 1993, is
29 amended to read as follows:

30 8. Two recipients or former recipients of the ~~aid-to~~
31 ~~dependent-children-program~~ family development plan, selected
32 by the other members of the committee.

33 Sec. 30. Section 217.12, subsection 1, subsection 3,
34 paragraph a, and subsection 8, Code 1993, are amended to read
35 as follows:

1 1. Identify the factors and conditions that place Iowa
2 families at risk of long-term dependency upon the aid-to
3 dependent-children-program family development plan. The
4 council shall seek to use relevant research findings and
5 national and Iowa specific data on the aid-to-dependent
6 children-program family development plan.

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

21 8. Evaluate and make recommendations regarding the costs
22 and benefits of the expansion of the services provided under
23 the special needs program of the aid-to-dependent-children
24 program family development plan to include tuition for
25 parenting skills programs, family support and counseling
26 services, child development services, and transportation and
27 child care expenses associated with the programs and services.

28 Sec. 31. Section 222.78, Code 1993, is amended to read as
29 follows:

30 222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

31 The father and mother of any person admitted or committed
32 to a hospital-school or to a special unit, as either an
33 inpatient or an outpatient, and any person, firm, or
34 corporation bound by contract hereafter made for support of
35 when the person shall be and remain liable for the support of

1 ~~such~~ the person. ~~Such~~ The person and those legally bound for
2 the support of the person shall be liable to the county for
3 all sums advanced by the county to the state under the
4 provisions of sections 222.60 and 222.77. The liability of
5 any person, other than the patient, who is legally bound for
6 the support of any patient under eighteen years of age in a
7 hospital-school or a special unit shall in no instance exceed
8 the average minimum cost of the care of a normally
9 intelligent, nonhandicapped minor of the same age and sex as
10 ~~such~~ the minor patient. The administrator shall establish the
11 scale for this purpose but the scale shall not exceed the
12 standards for personal allowances established by the state
13 division under the ~~aid-to-dependent-children-program~~ family
14 development plan. Provided further that the father or mother
15 of ~~such~~ the person shall not be liable for the support of ~~such~~
16 the person after ~~such~~ the person attains the age of eighteen
17 years and that the father or mother shall incur liability only
18 during any period when the father or mother either
19 individually or jointly receive a net income from whatever
20 source, commensurate with that upon which they would be liable
21 to make an income tax payment to this state. Nothing in this
22 section shall be construed to prevent a relative or other
23 person from voluntarily paying the full actual cost as
24 established by the administrator for caring for ~~such-mentally~~
25 retarded the person with mental retardation.

26 Sec. 32. Section 234.6, unnumbered paragraph 1, Code 1993,
27 is amended to read as follows:

28 The administrator shall be vested with the authority to
29 administer ~~aid-to-dependent-children~~ the family development
30 plan, state supplementary assistance, food programs, child
31 welfare, and emergency relief, family and adult service
32 programs, and any other form of public welfare assistance and
33 institutions that ~~may-hereafter-be~~ are placed under the
34 administrator's administration. The administrator shall
35 perform ~~such~~ duties, formulate and ~~make-such~~ adopt rules as

1 may be necessary; shall outline such policies, dictate such
2 procedure, and delegate such powers as may be necessary for
3 competent and efficient administration. Subject to
4 restrictions that may be imposed by the director of human
5 services and the council on human services, the administrator
6 ~~shall have power to~~ may abolish, alter, consolidate, or
7 establish subdivisions and may abolish or change offices
8 ~~previously created in connection therewith.~~ The administrator
9 may employ necessary personnel and fix their compensation; may
10 allocate or reallocate functions and duties among any
11 subdivisions now existing or ~~hereafter~~ later established; and
12 may ~~promulgate~~ adopt rules relating to the employment of
13 personnel and the allocation of their functions and duties
14 among the various subdivisions as competent and efficient
15 administration may require.

16 Sec. 33. Section 239.1, subsections 1 and 5, Code 1993,
17 are amended to read as follows:

18 1. "Administrator" means the administrator of the division
19 of the department of human services to which the director of
20 human services assigns responsibility for the ~~aid-to-dependent~~
21 ~~children-program~~ family development plan.

22 5. "Division" means the division of the department of
23 human services to which the director of human services assigns
24 responsibility for the ~~aid-to-dependent-children-program~~
25 family development plan.

26 Sec. 34. NEW SECTION. 239.1A FAMILY DEVELOPMENT PLAN.

27 Effective July 1, 1993, assistance provided under this
28 chapter shall no longer be referred to as aid to dependent
29 children but shall be referred to as assistance under the
30 family development plan.

31 Sec. 35. Section 239.2, Code 1993, is amended to read as
32 follows:

33 239.2 ELIGIBILITY FOR AID-TO-DEPENDENT-CHILDREN
34 ASSISTANCE.

35 Assistance shall be granted under this chapter to a

1 dependent child who:

2 1. Is living in a suitable family home maintained by a
3 specified relative.

4 2. Is living in this state other than for a temporary
5 purpose, with a specified relative who is living in this state
6 voluntarily with the intent of making the relative's home in
7 this state and not for a temporary purpose.

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

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

14 b. Is partially or totally unemployed due to a work
15 stoppage which exists because of a labor dispute at the
16 factory, establishment, or other premises at which the parent
17 is or was last employed.

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

30 d. Has not registered for work with the state employment
31 service established pursuant to section 96.12, or thereafter
32 has failed to report at an employment office in accordance
33 with regulations prescribed pursuant to section 96.4,
34 subsection 1.

35 The division may prescribe requirements in addition to or

1 in lieu of the foregoing requirements of this section, for
2 eligibility for assistance under this chapter to children
3 whose parents are partially or totally unemployed, which are
4 necessary to secure financial participation of the federal
5 government in payment of such the assistance.

6 Sec. 36. Section 239.12, Code 1993, is amended to read as
7 follows:

8 239.12 ~~AID-TO-DEPENDENT-CHILDREN~~ FAMILY DEVELOPMENT PLAN
9 ACCOUNT.

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

20 Sec. 37. Section 239.17, Code 1993, is amended to read as
21 follows:

22 239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

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

35 Sec. 38. Section 239.19, Code 1993, is amended to read as

1 follows:

2 239.19 TRANSFER OF AID FUNDS TO OTHER WORK AND TRAINING
3 PROGRAMS.

4 The department of human services may transfer ~~aid-to~~
5 ~~dependent-children~~ family development plan funds in its
6 control to any other department or agency of the state for the
7 purpose of providing funds to carry out the job opportunities
8 and basic skills training program created by the federal
9 Family Support Act of 1988, Title II, Pub. L. No. 100-485, as
10 codified in 42 U.S.C. § 602 et seq. and administered under
11 chapter 249C and this chapter.

12 Sec. 39. Section 239.20, Code 1993, is amended to read as
13 follows:

14 239.20 COUNTY ATTORNEY TO ENFORCE.

15 Violations of law relating to the ~~aid-to-dependent-children~~
16 ~~program~~ family development plan shall be prosecuted by county
17 attorneys. Area prosecutors of the office of the attorney
18 general shall provide prosecution assistance.

19 Sec. 40. Section 249.13, Code 1993, is amended to read as
20 follows:

21 249.13 COUNTY ATTORNEY TO ENFORCE.

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

32 Sec. 41. Section 249A.3, subsection 1, paragraph e,
33 subparagraphs (1) and (2), and paragraphs f and m; subsection
34 2, paragraphs c, d, f, and h, unnumbered paragraph 1, Code
35 1993, are amended to read as follows:

1 (1) The woman would be eligible for a cash payment under
2 the ~~aid-to-dependent-children-program, or under an aid to~~
3 ~~dependent-children, unemployed-parent-program,~~ family
4 development plan under chapter 239, if the child were born and
5 living with the woman in the month of payment.

6 (2) The woman meets the income and resource requirements
7 of the ~~aid-to-dependent-children-program~~ family development
8 plan under chapter 239, provided the unborn child is
9 considered a member of the household, and the woman's family
10 is treated as though deprivation exists.

11 f. Is a child who is less than seven years of age and who
12 meets the income and resource requirements of the ~~aid-to~~
13 ~~dependent-children-program~~ family development plan under
14 chapter 239.

15 m. Is an individual or family who is ineligible for ~~aid to~~
16 ~~dependent-children~~ the family development plan under chapter
17 239 because of requirements that do not apply under Title XIX
18 of the federal Social Security Act.

19 c. Individuals who are receiving care in an institution
20 for mental diseases, and who are under twenty-one years of age
21 and whose income and resources are such that they are eligible
22 for ~~aid-to-dependent-children~~ the family development plan
23 under chapter 239, or who are sixty-five years of age or older
24 and who meet the conditions for eligibility in paragraph "a"
25 of this subsection.

26 d. Individuals and families whose incomes and resources
27 are such that they are eligible for federal supplementary
28 security income or ~~aid-to-dependent-children~~ the family
29 development plan, but who are not actually receiving such
30 public assistance.

31 f. Individuals under twenty-one years of age who qualify
32 on a financial basis for, but who are otherwise ineligible to
33 receive ~~aid-to-dependent-children~~ assistance under the family
34 development plan.

35 Individuals who have attained the age of twenty-one but

1 have not yet attained the age of sixty-five who qualify on a
2 financial basis for, but who are otherwise ineligible to
3 receive, federal supplementary security income or aid-to
4 dependent-children assistance under the family development
5 plan.

6 Sec. 42. Section 249A.14, Code 1993, is amended to read as
7 follows:

8 249A.14 COUNTY ATTORNEY TO ENFORCE.

9 It is the intent of the general assembly that violations of
10 law relating to aid-to-dependent-children the family
11 development plan, medical assistance, and supplemental
12 assistance shall be prosecuted by county attorneys. Area
13 prosecutors of the office of the attorney general shall
14 provide assistance in prosecution as required.

15 Sec. 43. Section 331.756, subsection 49, Code 1993, is
16 amended to read as follows:

17 49. Prosecute violations of law relating to aid-to
18 dependent-children the family development plan, medical
19 assistance, and supplemental assistance as provided in
20 sections 239.20, 249.13, and 249A.14.

21 Sec. 44. Section 421.17, subsection 21, paragraph a,
22 subparagraph (3), Code 1993, is amended to read as follows:

23 (3) Any debt which is owed to the state for public
24 assistance overpayments to recipients or to providers of
25 services to recipients which the investigations division of
26 the department of inspections and appeals is attempting to
27 collect on behalf of the state. For purposes of this
28 subsection, "public assistance" means aid-to-dependent
29 children assistance under the family development plan, medical
30 assistance, food stamps, foster care, and state supplementary
31 assistance.

32

EXPLANATION

33 This bill creates an Iowa invests program and provides
34 related provisions affecting taxes, appropriations, and
35 includes applicability provisions, and effective dates. The

1 bill is divided into divisions.

2 Division I describes the purpose of the Iowa invests
3 initiative and includes legislative findings describing the
4 need for the initiative. The Iowa human investment council is
5 established. The council's chairperson is the governor who
6 appoints its eight other members subject to confirmation by
7 the senate. The council is to perform various duties which
8 include strategic planning activities and developing public
9 policy goals known as benchmarks. In addition, the council is
10 to develop financial analysis modeling and accounting
11 standards in establishing a means to quantify human investment
12 and the return on human investment.

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

16 Section 5 establishes the welfare reform initiative which
17 involves the federal-state aid to dependent children program
18 (this program is renamed to the family development plan later
19 in the bill) established under chapter 239, federal-state and
20 state child day care programs, and the federal-state job
21 opportunities and basic skills (JOBS) program implemented
22 under chapter 249C. The department is required to submit a
23 waiver request or requests to the federal government to
24 implement the initiative.

25 Section 5 includes the following provisions to encourage a
26 recipient of aid to dependent children to make a transition to
27 employment: a work expense deduction from earned income; a
28 work-and-earn incentive in which the department would
29 disregard 50 percent of adjusted earnings when considering
30 income; application of existing child day care deductions to
31 families with a stepparent; subject to certain conditions, the
32 first four months of a recipient's earned income would be
33 disregarded; a change in current policy of considering income
34 as a retrospective average so that consideration would begin
35 in the first month a person is without income; interest income

1 would be disregarded; deposits made to an individual
2 development account would be disregarded as income; and
3 various provisions in the unemployed parent program involving
4 consideration of parent work history would be changed.
5 Subject to federal approval, these provisions would apply
6 beginning July 1, 1993.

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

18 Section 5 requires aid to dependent children program
19 participants who are parents to enter into family development
20 agreements with the department. There are certain exceptions
21 if the participant has a child less than six months of age, is
22 working at least 30 hours per week, or has a disability. The
23 participant must agree to participate in various work and
24 training activity options. Failure to comply results in
25 application of various penalties which currently exist under
26 the JOBS program. When the period of the agreement is ended,
27 the participant would no longer receive aid to dependent
28 children assistance or the assistance would be reduced. The
29 department is authorized to enter into contracts with various
30 state agencies or any other entity to provide services
31 relating to a family development agreement. Subject to
32 federal approval and the availability of state funding, these
33 provisions would apply beginning January 1, 1994. Section 4
34 also affects child day care assistance provisions for
35 individuals who become ineligible for aid to dependent

1 children due to employment. The current 12 months of
2 transitional child care would be extended to 24 months. In
3 addition, the department is directed to automatically
4 determine an individual's eligibility for other child day care
5 assistance.

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

15 Section 7 authorizes the department of human services to
16 adopt rules using emergency procedures in order to implement
17 the welfare reform provisions of the bill.

18 Section 8 directs the Code editor to change the Code
19 references to the department of human services, director of
20 human services, and council on human services, to the
21 department of human investment, director of human investment,
22 and department of human investment board, respectively. The
23 name changes are to be included in the 1995 Code.

24 Section 9 provides applicability dates for the welfare
25 reform provisions.

26 Section 10 provides an immediate effective date in order to
27 require the department to apply to the federal government for
28 the waivers needed for the welfare reform provisions.

29 Division IV establishes a statewide mentoring program in
30 which former recipients of aid to dependent children and other
31 volunteers enter into a mentoring relationship with current
32 recipients. The program is to be implemented by the
33 commission on the status of women with other state agencies.
34 For fiscal year 1993-1994, the program is to be implemented on
35 a pilot basis rather than statewide.

1 Division IV relates to workforce development under the Iowa
2 invests initiative. Purpose and findings are stated. Various
3 state agencies are directed to work together in establishing
4 guidelines for colocating state and federal employment and
5 training programs in centers providing services at the local
6 level. Core services are identified as information,
7 assessment, training accounts for individuals, referral to
8 training programs or jobs, and job development and job
9 placement.

10 Division IV also provides various objectives for the
11 department of education and school districts to use in
12 designing school-to-work transition programs. This section
13 also suggests components of nontraditional employment
14 training, including academic instruction standards, work-based
15 training, a school-to-work transition program agreement,
16 formal advisory clause, and postsecondary connections.

17 Division V creates a new financial instrument known as an
18 individual development account. The accounts are a tax
19 benefited means for an individual to accumulate assets and
20 earning on the assets. An individual's contributions to their
21 account, up to \$2,000, are eligible for a tax credit of 10 to
22 20 percent based on income status. Earnings in an account are
23 tax deferred. Withdrawals of more than 10 percent of an
24 individual's annual deposits are subject to penalty unless the
25 withdrawal is for education and training, home purchase, or
26 small business capitalization. Adults may transfer account
27 assets to another individual's account without tax or penalty.
28 For the five-year period beginning July 1, 1993, and ending
29 June 30, 1998, the number of accounts permitted is limited to
30 10,000.

31 In Division V an executive branch state agency to be
32 identified by the governor is directed to issue a request for
33 proposals for organizations to assist with the operation of
34 the accounts on behalf of target populations. Review criteria
35 are specified and include safety of investment mechanism,

1 ability to link individual deposits with other services,
2 performance requirements, matching funding for accounts, and
3 evaluation planning. Accounts cannot be established unless
4 the commission approves.

5 Division VI creates the modernization and technology change
6 program under the Iowa department of economic development
7 which is intended to improve the competitiveness of Iowa
8 businesses through new machinery, technology, and production
9 processes. Businesses are to apply directly to the department
10 for assistance using specified criteria and selection
11 standards are provided. In addition, the department, the
12 Wallace technology transfer foundation, or a private entity
13 named by the general assembly are to establish a statewide
14 initiative to encourage businesses to develop cooperative
15 networks. Various components of the statewide initiative are
16 specified.

17 Division VII changes the name of the aid to dependent
18 children program to the family development plan where it
19 appears in statute.

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SENATE FILE 268
FISCAL NOTE

A fiscal note for Senate File 268 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 268 creates an Iowa Invests Program and makes related statutory changes.

Division 1 of the Bill establishes a 9-member Iowa Human Investment Council charged with various duties including strategic planning and developing public policy benchmarks. The Council is also responsible for developing financial analysis modeling and accounting standards in order to establish a means to quantify human investment and the return on human investment.

Division 2 of the Bill establishes a Welfare Reform Initiative and requires the Department of Human Services (DHS) to submit waiver requests to the federal Department of Health and Human Services to implement the Initiative. The Initiative includes the following incentives to transition Aid to Dependent Children (AFDC) clients to employment:

- A. A Work and Earn Incentive which will disregard from the AFDC benefit calculation an amount equal to 50% of the earned income after all other deductions are applied. This Incentive will replace the current \$30 plus one-third disregard. An additional Work Expense Allowance is allowed equal to 20% of the earned income.
- B. A 4-month disregard of all earned income for AFDC recipients unemployed for at least 12 months.
- C. An exclusion of terminated earned income from the calculation of benefits in the first month the income is absent, if the recipient has not quit employment without good cause.
- D. A disregard of interest income.
- E. Exclusion of work history or which parent earned more in determining eligibility for the AFDC Unemployed Parent Program.
- F. A disregard of funds deposited in an Individual Development Account (IDA).
- G. A disregard of the first \$3,000 in equity value of a motor vehicle.
- H. Increasing the resource limit for a family applying for AFDC to \$2,000, and raising the resource limit for a recipient family to \$5,000.
- I. A disregard of the tools of the trade used by a self-employed person in calculating resources.
- J. A disregard of any interest income and the balance of an IDA in calculating resources.
- K. A requirement that most AFDC recipients enter into self-sufficiency agreements with the DHS. Certain exemptions from this requirement are specified. The participant must agree to participate in certain work and training options. These provisions apply beginning January 1, 1994.
- L. An expansion of eligibility for Transitional Child Care for people

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who leave AFDC from the current 12 months to 24 months.

Division 2 also requires the DHS to apply for federal approval of the Welfare Reform Initiative statewide. Statutory references to the DHS are changed to the Department of Human Investment, effective in the 1995 Code of Iowa.

Division 3 establishes a statewide mentoring program for AFDC recipients. The mentoring will be provided by former AFDC recipients and other volunteers and will be implemented by the Commission on the Status of Women with other State agencies. The Program will start in FY 1994 as a pilot project.

Division 4 directs various State departments to work together in establishing guidelines for colocating various workforce development programs at the local level. The Bill identifies core services and identifies objectives which school-to-work transition programs are to use.

Division 5 creates a new financial instrument known as an Individual Development Account (IDA), which provides a tax benefited means for an individual to accumulate assets and earnings on the assets. An individual's contributions are eligible for a tax credit which varies between 10% and 20% depending upon income. Earnings on the account are tax deferred. The number of accounts established between July 1, 1993 and June 30, 1998 is limited to 10,000. The Iowa Human Investment Commission is required to request proposals from organizations to operate the IDAs, and review criteria are specified.

Division 6 creates the Modernization and Technology Change Program under the Iowa Department of Economic Development (DED). Businesses apply directly to that Department for assistance with efforts to become more competitive through the utilization of new machinery or equipment, or adoption of new production processes or technology. The maximum amount of assistance to any 1 business is \$100,000, and the assistance is in the form of a loan. The DED is required to develop a statewide project to encourage businesses to develop cooperative networks.

Division 7 changes the name of the Aid to Dependent Children Program to the Iowa Family Development Plan in statutory references.

BACKGROUND:

Senate File 268 makes major changes in the rules and policies of the AFDC Program. These changes offer AFDC recipients significant incentives to become gainfully employed and eventually reach economic self-sufficiency. Assessing the impact of these changes is problematic; it is difficult to accurately project the change in the number of AFDC recipients who report earned income. The DHS estimates a substantial increase as a result of the Work and Earn incentives. Approximately 18% of the 36,300 AFDC cases currently report earned income. Historically, approximately 23% of the recipients reported such income. It is unknown whether this is indicative of a trend or whether the number will return to the historical level.

The estimates contained in this fiscal note and the appropriations in House File 518 (the Human Services Appropriations Bill) assume implementation of the changes in AFDC policies and benefit calculations effective July 1, 1993. The DHS will need to secure federal approval to make these changes. It is unknown

whether federal waivers can be obtained quickly to meet this timeframe.

The Self-Sufficiency Agreements require a substantial change in the relationship between the DHS and its clients. Currently, the Income Maintenance staff is primarily responsible for eligibility determination and related paperwork. The DHS plans to contract for 135.0 FTE positions to work with clients on Self-Sufficiency Agreements; these contracted employees will compliment an equal number of State employees who are currently working with the Promise Jobs Program.

Neither the Governor's recommendation nor House File 518 contain the substantial additional funding for child care which the State Human Investment Project (SHIP) Council identified as necessary to allow large numbers of AFDC recipients to become employed. The Transitional Child Care Program assures child care for AFDC recipients who earn enough to leave AFDC, but does not assure services for recipients with part-time or low-wage jobs who continue to receive a smaller AFDC benefit. This group does benefit from the Child Care Deduction. It is unknown whether the unavailability of additional child care resources will significantly affect the number of recipients with earned income.

ASSUMPTIONS:

1. Assumes a baseline AFDC caseload of 37,029 in FY 1994 and 37,112 in FY 1995. This is based upon no major changes in economic conditions.
2. Assumes an additional 1,188 cases in each year due to less restrictive eligibility requirements. This is offset by 538 additional cancelled cases in FY 1994 and 2,367 additional cancelled cases in FY 1995 due to reporting of earned income. Total projected caseload in FY 1994 is 37,679 (a 1.8% increase) and 35,933 in FY 1995 (a 3.2% decrease).
3. Assumes an estimated 41% of AFDC cases will have earned income in FY 1994, and 65% will have earned income in FY 1995.

FISCAL IMPACT:

The following table shows the estimated impact by initiative of Senate File 268:

<u>INITIATIVE</u>	<u>(Dollars in Thousands)</u>			
	<u>Fiscal Year 1994</u>		<u>Fiscal Year 1995</u>	
	<u>Total Impact</u>	<u>State Impact</u>	<u>Total Impact</u>	<u>State Impact</u>
Work and Earn	\$ -7,330	\$ -835	\$ -18,856	\$ -3,534
Exempt Interest	11	6	11	6
Motor Vehicles	269	101	209	81
Work Transition	198	332	-649	110
Asset Limit	367	201	165	138
AFDC-UP Rules	-1,275	-310	-2,811	-755
Terminated Income	41	254	-917	8
Self-Suff. Agreements	-6,016	80	-14,296	-184
General Admin.	205	122	161	96
Tools of the Trade	827	427	832	426
Extended Trans. CC	692	266	1,038	405
Exempt IDAs	0	0	0	0

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Exempt IDA Deposits	47	37	129	68
DHS Total	\$ -11,964	\$ 681	\$ -34,984	\$ -3,135
Workforce Devel (DED)	0	273	0	526
School-to-Work (DE)	575	0	575	0
Council on Human Invest.	0	123	0	118
IDA Administrative Cost	0	75	0	75
Mentoring Program (DHR)	0	5	0	35
GRAND TOTAL	\$ -11,389	\$ 1,157	\$ -34,409	\$ -2,381

In summary, Senate File 268 will increase State expenditures by approximately \$1,157,000 in FY 1994 and will reduce State expenditures by approximately \$2,381,000 in FY 1995.

Sources: Department of Human Services
 Department of Economic Development
 Department of Education

(LSB 2043sv, JMN)

FILED MARCH 29, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 268

S-3130

1 Amend Senate File 268 as follows:

2 1. By striking page 12, line 20 through page 14,
3 line 3, and inserting the following:

4 "Sec. ____ . NEW SECTION. 84B.1 WORKFORCE
5 DEVELOPMENT CENTERS.

6 The departments of employment services and economic
7 development, in consultation with the departments of
8 education, elder affairs, human services, and human
9 rights shall establish guidelines for colocating state
10 and federal employment and training programs in
11 centers providing services at the local level. The
12 centers shall be known as workforce development
13 centers. The departments shall also jointly establish
14 an integrated management information system for
15 linking the programs within a local center to the same
16 programs within other local centers and to the state.
17 The guidelines shall provide for local design and
18 operation within the guidelines. The core services
19 available at a center shall include but are not
20 limited to all of the following:

21 1. INFORMATION. Provision of information shall
22 include labor exchange and labor market information as
23 well as career guidance and occupational information.
24 Training and education institutions which receive
25 state or federal funding shall provide to the centers
26 consumer-related information on their programs,
27 graduation rates, wage scales for graduates, and
28 training program prerequisites. Information from
29 local employers, unions, training programs, and
30 educators shall be collected in order to identify
31 demand industries and occupations. Industry and
32 occupation demand information should be published as
33 frequently as possible and be made available through
34 centers.

35 2. ASSESSMENT. Individuals shall receive basic
36 assessment regarding their own skills, interests, and
37 related opportunities for employment and training.
38 Assessments are intended to provide individuals with
39 realistic information in order to guide them into
40 training or employment situations. The basic
41 assessment may be provided by the center or by
42 existing service providers such as community colleges
43 or by a combination of the two.

44 3. TRAINING ACCOUNTS. Training accounts may be
45 established for both basic skill development and
46 vocational or technical training. There shall be no
47 training assistance or limited training assistance in
48 those training areas a center has determined are
49 oversupplied or are for general life improvement.

50 4. REFERRAL TO TRAINING PROGRAMS OR JOBS. Based

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1 upon individual assessments, a center shall provide
2 individuals with referrals to other community
3 resources, training programs, and employment
4 opportunities.

5 5. JOB DEVELOPMENT AND JOB PLACEMENT. A center
6 shall be responsible for job development activities
7 and job placement services. A center shall seek to
8 create a strong tie to the local job market by working
9 with both business and union representatives."

10 2. By renumbering as necessary.

By COMMITTEE ON BUSINESS AND LABOR
RELATIONS

DON GETTINGS, Chairperson

S-3130 FILED MARCH 15, 1993

Adopted
3/29/93
(P. 872)

SENATE FILE 268

S-3164

1 Amend Senate File 268 as follows:

2 1. By striking page 14, line 4 through page 15,
3 line 22, and inserting the following:

4 "Sec. NEW SECTION. 258.18 SCHOOL-TO-WORK
5 TRANSITION SYSTEM.

6 1. The departments of education, employment
7 services, and economic development shall develop a
8 statewide school-to-work transition system in
9 consultation with local school districts. The system
10 shall be designed to attain the following objectives:

11 a. Motivate youths to stay in school and become
12 productive citizens.

13 b. Set high standards by promoting higher academic
14 performance levels.

15 c. Connect work and learning so that the classroom
16 is linked to worksite learning and experience.

17 d. Ready students for work in order to improve
18 their prospects for immediate employment after leaving
19 school on paths that provide significant opportunity
20 to continued education and career development.

21 e. Engage employers and workers by promoting their
22 participation in the education of youth in order to
23 ensure the development of a skilled, flexible, entry-
24 level workforce.

25 2. A program under the system may include a
26 workstart program developed in accordance with section
27 258.17."

28 2. By renumbering as necessary.

By COMMITTEE ON EDUCATION
MIKE CONNOLLY, Chairperson

(P.873) *Adopted 3/29/93*

S-3164 FILED MARCH 18, 1993

SENATE FILE 268

S-3233

1 Amend Senate File 268 as follows:

2 1. Page 9, by inserting after line 8 the
3 following:

4 "5. If an individual received aid to dependent
5 children in another state within one year of applying
6 for assistance in this state the requirements of this
7 subsection shall apply. Using the family size for
8 which the individual's eligibility is determined, the
9 department shall compare the standard grant payment
10 amount the individual would be paid in the other state
11 with the standard grant payment amount the individual
12 would be paid in this state. For the period of one
13 year from the date of applying for assistance in this
14 state, the individual's grant shall be the lesser of
15 the two amounts."

16 2. By renumbering as necessary.

Adopted 3/29/93 (P.873) By SHELDON RITTMER

S-3233 FILED MARCH 24, 1993

SENATE FILE 268

S-3143

- 1 Amend Senate File 268 as follows:
2 1. Page 12, line 11, by striking the word "women"
3 and inserting the following: "certain groups".
4 2. Page 12, line 12, by striking the word "women"
5 and inserting the following: "those groups".
6 3. Page 12, line 17, by striking the word "women"
7 and inserting the following: "certain groups".
By MERLIN E. BARTZ

S-3143 FILED MARCH 16, 1993

adopted 3/29/93 (p. 873)

SENATE FILE 268

S-3148

- 1 Amend Senate File 268 as follows:
2 1. By striking page 20, line 15 through page 23,
3 line 35, and inserting the following:
4 "IOWA NETWORK INITIATIVE".
5 2. Page 24, lines 1 and 2, by striking the words
6 "department of economic development,".
7 3. Page 24, line 3, by striking the words "or a
8 private entity named by the general assembly" and
9 inserting the following: "in cooperation with the
10 department of economic development,".
11 4. Page 24, line 5, by striking the word "shall"
12 and inserting the following: "may".
13 5. Page 24, line 7, by striking the word
14 "campaign" and inserting the following: "plan".
15 6. Page 24, by striking lines 11 through 29 and
16 inserting the following:
17 "2. Training for individuals to act as brokers in
18 helping to organize networks.
19 3. Establishing programs for networks to study or
20 implement specific collaborative ideas.
21 4. Conducting surveys of Iowa employer practices
22 designed to attract and encourage high performance
23 work organizations."
24 7. By renumbering as necessary.

By COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT AND TOURISM
JIM RIORDAN, Chairperson

S-3148 FILED MARCH 16, 1993

*adopted
3/29/93
(p. 873)*

SENATE FILE 268

S-3239

1 Amend Senate File 268 as follows:

2 1. Page 10, by inserting after line 30 the
3 following:

4 "DIVISION

5 Sec. ____ . IOWA WORKS.

6 1. The department of human services, in
7 cooperation with the state human investment policy
8 council or similar policy development group, shall
9 analyze the welfare reform initiative known as "Iowa
10 Works", including but not limited to all of the
11 following components of the initiative:

12 a. The development of a guaranteed minimum income
13 plan for persons who agree to participate in work
14 training and employment, and who agree to transfer all
15 welfare benefits and income to the state.

16 b. The provision of investment accounts to
17 participating families, which become available when
18 families leave the program and which can only be used
19 for long-term investment purposes.

20 c. The decategorization of assistance programs
21 including but not limited to aid to dependent children
22 and food stamps.

23 d. The development of partnerships with local
24 communities to provide the nonfederal share of JOBS
25 funds.

26 e. The waiver of employers' unemployment taxes
27 associated with hiring workers who participate in the
28 initiative.

29 2. The components of the initiative described in
30 subsection 1 shall be analyzed for both policy and
31 fiscal implications and the analysis shall be
32 completed by March 1, 1994. In addition, the
33 department shall contact the United States department
34 of health and human services and other appropriate
35 federal agencies and departments to determine whether
36 the initiative or portions of the initiative may be
37 acceptable as a waiver to current federal regulations
38 and policy. The analysis and any correspondence
39 between the department and the federal government
40 shall be submitted to the chairpersons and ranking
41 members of the joint appropriations subcommittee on
42 human services and the standing committees on
43 appropriations of the senate and house of
44 representatives at the time the analysis is completed
45 or at the time the correspondence is sent or received.
46 If the department determines that any portion of the
47 initiative would be acceptable to the federal
48 government and implementation would not require any
49 additional state funding, the department may submit
50 the initiative or portions of the initiative as part

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1 of other waiver requests to the federal government.
2 3. The department, in cooperation with the state
3 human investment policy council or similar policy
4 development group, shall continue to evaluate grants
5 or waiver opportunities for other welfare reform
6 initiatives such as child support assurance. The
7 department may implement initiatives which are
8 beneficial to the public if implementation does not
9 require any additional state funding."
10 2. By renumbering as necessary.

By ELAINE SZYMONIAK

S-3239 FILED MARCH 24, 1993

Adopted
3/29/93
(P. 873)

SENATE FILE 268

S-3266

1 Amend Senate File 268 as follows:

2 1. By striking page 15, line 25, through page 20,
3 line 13, and inserting the following:

4 "Sec. 500. Section 422.7, Code 1993, is amended by
5 adding the following new subsections:

6 NEW SUBSECTION. 28. If the taxpayer is owner of
7 an individual development account certified under
8 chapter 541A at any time during the tax year the
9 following adjustments shall be made:

10 a. Subtract, to the extent included, all of the
11 following:

12 (1) Contributions made to the account by persons
13 and entities, other than the taxpayer, as authorized
14 in chapter 541A.

15 (2) The amount of any refundable state tax credit
16 deposited to the account under section 541A.3,
17 subsection 1.

18 (3) Earnings from the account to the extent not
19 withdrawn.

20 b. If the taxpayer is not fifty-nine and one-half
21 years old at the end of the tax year, add, to the
22 extent not included, all of the following:

23 (1) Earnings from the account which are withdrawn.

24 (2) Amounts withdrawn which are not authorized by
25 section 541A.2, subsection 4, and which are
26 attributable to contributions by persons and entities,
27 other than the taxpayer, as provided in section
28 541A.2, subsection 4.

29 (3) If the account is closed, amounts received by
30 the taxpayer which have not previously been taxed
31 under this division, except amounts that are
32 redeposited in another individual development account,
33 or the state human investment reserve pool as provided
34 in section 541A.2, subsection 7, and including the
35 total amount of any refundable state tax credit
36 received.

37 NEW SUBSECTION. 29. Subtract, not to exceed five
38 hundred dollars in the aggregate, contributions made
39 directly to individual development accounts which have
40 been certified to be eligible for deduction for state
41 income tax purposes under section 541A.4, subsection
42 2, paragraph "g", subparagraph (2). However, married
43 persons filing jointly may subtract up to one thousand
44 dollars in the aggregate.

45 Sec. 501. Section 450.4, Code 1993, is amended by
46 adding the following new subsection:

47 NEW SUBSECTION. 6. On property in an individual
48 development account in the name of the decedent that
49 passes to another individual development account or
50 the state human investment reserve pool created in

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1 section 541A.4. For purposes of this subsection,
2 "individual development account" means an account that
3 has been certified as an individual development
4 account pursuant to chapter 541A.

5 Sec. ____ . NEW SECTION. 541A.1 DEFINITIONS.

6 For the purposes of this chapter, unless the
7 context otherwise requires:

8 1. "Account holder" means an individual who is the
9 owner of an individual development account.

10 2. "Administrator" means the executive branch
11 agency selected by the governor to administer
12 individual development accounts.

13 3. "Charitable contributor" means a nonprofit
14 association described in section 501(c)(3) of the
15 Internal Revenue Code which makes a deposit to an
16 individual development account and which is exempt
17 from taxation under section 501(a) of the Internal
18 Revenue Code.

19 4. "Federal poverty level" means the first poverty
20 income guidelines published in the calendar year by
21 the United States department of health and human
22 services.

23 5. "Financial institution" means a financial
24 institution approved by the administrator as an
25 investment mechanism for individual development
26 accounts.

27 6. "Individual contributor" means an individual
28 who makes a deposit to an individual development
29 account and is not the account holder or a charitable
30 contributor.

31 7. "Individual development account" means a
32 financial instrument which is certified to have the
33 characteristics described in section 541A.2 by the
34 operating organization.

35 8. "Operating organization" means an agency
36 selected by the administrator for involvement in
37 operating individual development accounts directed to
38 a specific target population.

39 9. "Reserve pool" means the state human investment
40 reserve pool under the authority of the administrator
41 created in section 541A.4.

42 10. "Source of principal" means any of the sources
43 of a deposit to an individual development account
44 under section 541A.2, subsection 2.

45 Sec. ____ . NEW SECTION. 541A.2 INDIVIDUAL
46 DEVELOPMENT ACCOUNTS.

47 A financial instrument known as an individual
48 development account is established. An individual
49 development account shall have all of the following
50 characteristics:

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1 1. The account is kept in the name of an
2 individual account holder.

3 2. Deposits made to an individual development
4 account shall be made in any of the following manners
5 and are subject to the indicated conditions:

6 a. Deposits made by the account holder or a member
7 of the account holder's immediate family.

8 b. Deposits made by the state of a refundable
9 income tax credit due the account holder because of
10 the account holder's deposits in the account holder's
11 account.

12 c. Deposits of individual development account
13 moneys which are transferred from another individual
14 account holder.

15 d. A deposit made on behalf of the account holder
16 by an individual or a charitable contributor. This
17 type of deposit may include but is not limited to
18 moneys to match the account holder's deposits. A
19 deposit made under this paragraph shall be held in
20 trust for the account holder and shall only be used to
21 earn income in the account or to be withdrawn by the
22 account holder for a purpose provided in subsection 4.

23 3. The account earns income.

24 4. During a calendar year, an account holder may
25 withdraw without penalty from the account holder's
26 account the sum of the following:

27 a. With the approval of the operating
28 organization, amounts withdrawn for any of the
29 following approved purposes:

30 (1) Educational costs at an accredited institution
31 of higher education.

32 (2) Training costs for an accredited or licensed
33 training program.

34 (3) Purchase of a primary residence.

35 (4) Capitalization of a small business start-up.

36 Amounts withdrawn for purposes of this paragraph shall
37 be charged to the source of principal on a prorated
38 basis.

39 b. At the account holder's discretion any income
40 earned by the account.

41 c. At the account holder's discretion, if the
42 account holder is at least fifty-nine and one-half
43 years of age, any amount.

44 5. Any amount withdrawn during a calendar year
45 which is not authorized under subsection 4, is subject
46 to a penalty of fifteen percent. In addition, if at
47 any time the cumulative amount withdrawn by the
48 account holder over the life of the account that is
49 not authorized under subsection 4 exceeds fifty
50 percent of the amount of the adjusted account holder

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1 deposits, the contributions made by a charitable or
2 individual contributor held in trust in the account
3 holder's account shall be removed from the account and
4 redeposited in another individual development account
5 or the reserve pool as directed by the contributor.
6 The amount of the adjusted account holder deposits is
7 the amount remaining after subtracting from the
8 cumulative moneys deposited by the account holder all
9 amounts withdrawn pursuant to subsection 4, paragraph
10 "a". At the time a charitable or individual
11 contributor contributes moneys to an account the
12 contributor shall indicate the contributor's
13 directions for disposition of moneys which are
14 removed. If the designated choice of the contributor
15 does not exist the contributed moneys shall be
16 withdrawn and deposited in the reserve pool.

17 6. Penalty amounts collected pursuant to
18 subsection 5 shall be deposited in the reserve pool.

19 7. An adult account holder may transfer all or
20 part of the assets the adult account holder has
21 deposited in the account to any other account holder's
22 account. However, an account holder who is less than
23 eighteen years of age is prohibited from transferring
24 account assets to any other account holder. Moneys
25 contributed by a charitable or individual contributor
26 are not subject to transfer except as authorized by
27 the contributor. Amounts transferred in accordance
28 with this subsection are not subject to a penalty.

29 8. If approved by the federal government, moneys
30 in an individual development account and any earnings
31 on the moneys shall not be considered by the
32 department of human services for determining the
33 eligibility of an individual under the Iowa family
34 development plan under chapter 239 or the work and
35 training program under chapter 249C.

36 9. In the event of an account holder's death, the
37 account shall be transferred to a contingent
38 beneficiary. An account holder shall name contingent
39 beneficiaries at the time the account is established
40 and a named beneficiary may be changed at the
41 discretion of the account holder. If the named
42 beneficiary is deceased or otherwise cannot accept the
43 transfer, the moneys shall be transferred to the
44 reserve pool.

45 10. The total amount of sources of principal which
46 may be in an individual development account shall be
47 limited to one hundred thousand dollars.

48 Sec. ____ . NEW SECTION. 541A.3 INDIVIDUAL
49 DEVELOPMENT ACCOUNTS -- TAX PROVISIONS.

50 All of the following state income tax provisions

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1 shall apply to an individual development account:

2 1. Payment by the state of a refundable state tax
3 credit on amounts of up to two thousand dollars per
4 year that an account holder deposits in the account
5 holder's account. Payment shall be made directly to
6 the account. The tax credit shall be the indicated
7 percentage of the amount deposited:

8 a. For an account holder with a taxable income
9 which is equal to or less than one hundred fifty
10 percent of the federal poverty level, twenty percent.

11 b. For an account holder with a taxable income
12 which is greater than one hundred fifty percent but
13 less than two hundred percent of the federal poverty
14 level, between ten and twenty percent in accordance
15 with a sliding scale which declines as income
16 increases. The sliding scale shall be established by
17 rule adopted by the administrator.

18 2. State tax on income earned by an individual
19 development account which remains in the account is
20 not subject to tax until withdrawn.

21 3. Up to five hundred dollars of contributions
22 made to individual development accounts by an
23 individual contributor in any calendar year shall be
24 considered a deduction from income for state taxation
25 purposes. The total amount of deductible
26 contributions to an account in a calendar year shall
27 be limited to one thousand dollars. The operating
28 organization shall provide written certification of a
29 deductible contribution.

30 4. Amounts transferred between individual
31 development accounts are not subject to state tax.

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

40 Sec. ____ . NEW SECTION. 541A.4 INDIVIDUAL
41 DEVELOPMENT ACCOUNT -- PILOT PHASE.

42 A state human investment reserve pool is created in
43 the state treasury. The governor shall name an
44 executive branch agency as administrator to have
45 authority over the reserve pool. Interest on moneys
46 in the reserve pool shall remain in the reserve pool
47 and notwithstanding sections 8.33 and 8.39, moneys in
48 the reserve pool are not subject to reversion or
49 transfer. Moneys in the reserve pool shall be used
50 for administrative expenses of the administrator and

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1 to match deposits in individual development accounts.
2 The administrator shall perform all of the following
3 duties or may delegate the performance of the duties
4 to a suitable entity in administering the individual
5 development accounts:

6 1. For the five-year pilot phase period beginning
7 March 1, 1994, and ending February 28, 1999, the total
8 number of individual development accounts shall be
9 limited to ten thousand accounts. The administrator
10 shall ensure that the family income status of account
11 holders at the time an account is opened
12 proportionately reflects the distribution of the
13 income status of the state's population up to three
14 hundred percent of the federal poverty level.

15 2. Issue a request for proposals for operating
16 organizations to be involved with the operation of
17 individual development accounts on behalf of a
18 specific target population. The administrator shall
19 determine the review criteria used to select operating
20 organizations. The initial review criteria used to
21 evaluate organizations' proposed projects and
22 requirements associated with operating organizations
23 shall include but are not limited to all of the
24 following:

25 a. Provision of a safe and secure investment
26 mechanism for the individual development accounts
27 utilizing a financial institution approved by the
28 administrator.

29 b. The proposed project has a strong relationship
30 to goals established by other initiatives deemed a
31 priority by the administrator.

32 c. The proposed project links the making of an
33 account holder's contributions to an individual
34 development account with other services or outcomes
35 identified by the operating organization in the
36 proposal. The proposed project includes mechanisms
37 for the operating organization to monitor and enforce
38 the identified outcomes and services.

39 d. The operating organization is capable of
40 performing the project as proposed. Minimum
41 capabilities shall include an ability to provide
42 financial counseling, familiarity and ability to work
43 with the proposed target population, and a strong
44 record of successful management.

45 e. The operating organization proposes to provide
46 a significant amount of matching funds for individual
47 development accounts.

48 f. The proposal includes a monitoring and
49 evaluation plan for certifying the proposed project's
50 outcomes.

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1 g. The responsibilities of an operating
2 organization shall include but are not limited to all
3 of the following:

4 (1) Certifying that a financial instrument is an
5 individual development account based upon its having
6 the characteristics described in section 541A.2.

7 (2) Certifying the amount of contributions to an
8 individual development account by individual
9 contributors during a tax year which are eligible for
10 deduction for state individual income tax purposes.

11 (3) Certifying the income status and the amount of
12 contributions to an individual development account by
13 an account holder during a tax year.

14 (4) Calculating the adjusted contribution
15 principal amounts for the account holder, state, and
16 individual and charitable contributors as required for
17 purposes of section 541A.2, subsections 4 and 5.

18 3. Utilizing guidelines established in law for
19 this purpose, the administrator shall contract for an
20 independent evaluation of the implementation of the
21 individual development accounts. The evaluation shall
22 consider the following: implementation and process
23 used for the implementation, program impact, and
24 financial effectiveness.

25 Sec. ____ . EFFECTIVE DATE AND APPLICABILITY
26 PROVISIONS. Sections 500 and 501 of this Act are
27 effective January 1, 1994. Section 500 applies to tax
28 years beginning on or after January 1, 1994. Section
29 501 applies to decedents dying on or after January 1,
30 1994."

31 2. By renumbering as necessary.

By ELAINE SZYMONIAK

S-3266 FILED MARCH 29, 1993

ADOPTED

SENATE FILE 268

S-3267

1 Amend Senate File 268 as follows:

2 1. Page 4, line 25, by inserting after the word
3 "section." the following: "The department may submit
4 a waiver request or requests to the United States
5 department of agriculture to make changes in the
6 federal food stamp program to correspond with the
7 policy changes provided in this section."

8 2. Page 7, line 2, by inserting after the word
9 "vehicle." the following: "Beginning July 1, 1994,
10 and continuing in succeeding fiscal years, the motor
11 vehicle equity value disregarded by the department
12 shall be increased by the latest increase in the
13 consumer price index for used vehicles during the
14 previous state fiscal year."

15 3. Page 8, by inserting after line 34, the
16 following:

17 "f. INFORMATION DISCLOSURE. The department may
18 disclose confidential information described in section
19 217.30, subsection 1, to other state agencies or to
20 any other entity which is not subject to the
21 provisions of chapter 17A and is providing services to
22 recipients who are subject to a family development
23 agreement, if necessary in order for the recipients to
24 receive the services. The department shall adopt
25 rules establishing standards for disclosure of
26 confidential information if disclosure is necessary in
27 order for recipients to receive services."

28 4. Page 10, be inserting after line 12, the
29 following:

DIVISION

JOBS PROGRAM INFORMATION

30
31
32 Sec. ____ . Section 217.30, subsection 4, Code 1993,
33 is amended by adding the following new paragraph:

34 NEW PARAGRAPH. e. The department may disclose
35 information described in subsection 1, to other state
36 agencies or to any other person who is not subject to
37 the provisions of chapter 17A and is providing
38 services to recipients under chapter 239 who are
39 participating in the federal-state job opportunities
40 and basic skills program administered under chapter
41 249C, if necessary for the recipients to receive the
42 services."

43 5. By renumbering and relettering as necessary.

By ELAINE SZYMONIAK

S-3267 FILED MARCH 29, 1993

ADOPTED

SENATE FILE 268

S-3260

1 Amend the amendment, S-3164, to Senate File 268, as
2 follows:
3 1. Page 1, line 6, by striking the figure "1."
4 2. Page 1, line 9, by inserting after the word
5 "districts" the following: ", community colleges, and
6 labor, business, and industry interests. Initially
7 the development of the system shall focus upon youth
8 apprenticeship and as development continues shall
9 incorporate additional recommendations regarding
10 expansion of other school-to-work opportunities for
11 high school youths".
12 3. Page 1, line 11, by striking the word "a." and
13 inserting the following: "1."
14 4. Page 1, line 13, by striking the word "b." and
15 inserting the following: "2."
16 5. Page 1, line 15, by striking the word "c." and
17 inserting the following: "3."
18 6. Page 1, line 17, by striking the word "d." and
19 inserting the following: "4."
20 7. Page 1, line 21, by striking the word "e." and
21 inserting the following: "5."
22 8. Page 1, by striking lines 25 through 27 and
23 inserting the following:
24 "6. Provide a framework to position the state to
25 access federal resources for state youth
26 apprenticeship systems and local programs."

By ELAINE SZYMONIAK

S-3260 FILED MARCH 29, 1993

ADOPTED

3/30/93 House - Human Res.
4/12/93 Referred to ~~House~~ WMSB MUSE
(P. 1276) 4/14/93 Amend/By Pass w/H-3924
(P. 1401) 4/19/93 Amend to Human Res.
SENATE FILE **268**

BY COMMITTEE ON HUMAN RESOURCES
4/20/93 Do Pass w/H 4060

(SUCCESSOR TO SF 128)
(AS AMENDED AND PASSED BY THE SENATE MARCH 29, 1993)

~~_____~~ - New Language by the Senate
* - Language Stricken by the Senate

Passed Senate, Date 4/29/93 (P. 1461) Passed House, Date 4/20/93 (P. 1471)
Vote: Ayes 49 Nays 0 Vote: Ayes 98 Nays 1
Approved May 4, 1993

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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S.F. 268

DIVISION I

IOWA INVESTS -- IOWA COUNCIL 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. 8A.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. 8A.2 IOWA COUNCIL ON HUMAN
6 INVESTMENT.

7 An Iowa council on human investment 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 council. The governor shall be a member and chairperson
11 of the council and the council shall consist of eight other
12 members appointed by the governor, subject to confirmation by
13 the senate. The appointments shall be made in a manner so
14 that all of the state's congressional districts are
15 represented along with the ethnic, cultural, social, and
16 economic diversity of the state. Terms of office of members
17 other than the governor are three years. Council members
18 shall be reimbursed for actual and necessary expenses incurred
19 in performance of their duties. Members may also be eligible
20 to receive compensation as provided in section 7E.6. The
21 governor shall assign staffing services to the council which
22 may include the staff identified by the director of the
23 department of management. The council shall do all of the
24 following:

25 1. Develop an overall long-term human investment strategy
26 for the state including broad policy goals and benchmarks
27 which are goal statements reflecting specific results or
28 achievements in public policy at a particular time in the
29 future. The strategy shall be developed through a process
30 involving input from and concensus-building with a broad
31 cross-section of the state's population. Public hearings
32 shall be held by the council in developing the strategy and
33 benchmarks. The human investment strategy and benchmarks
34 shall be submitted to the governor and the general assembly
35 for a determination as to how the strategy and benchmarks will

1 be set and achieved.

2 2. Develop an Iowa human investment budget and accounting
3 model which provides a financial weighting of human
4 investments. The budget and accounting model shall provide a
5 means to reflect public and private investments in the skills
6 and employability of Iowans. It is anticipated that the
7 accounting system will indicate that human investments will
8 generate returns in excess of the investments. The council
9 shall implement the model on a pilot project basis and report
10 annually concerning the model and the pilot project to the
11 governor, general assembly, and the public.

12 3. Study the potential for the state to appropriate moneys
13 according to the highest return on human investment. The
14 council shall recommend to the governor and the general
15 assembly a method for fully implementing the human investment
16 budget and accounting model developed pursuant to subsection
17 2. The model shall provide for incentives for state agencies
18 to utilize appropriations in a manner in order to achieve the
19 highest returns on human investments.

20 4. Develop and apply return on human investment accounting
21 standards. The council shall monitor state human investments
22 according to the standards it applies and regularly report to
23 the governor, general assembly, and public concerning actual
24 returns on human investment.

25 5. Advocate for regulatory and legislative initiatives for
26 decategorization of funding and deregulation to improve human
27 investment.

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

30 7. Conduct customer satisfaction surveys of the users of
31 public services and utilize the information from the surveys
32 in establishing returns on human investments and determining
33 the effectiveness of the public programs.

34 Sec. 4. INITIAL APPOINTMENTS.

35 The governor shall make the initial appointments as follows

1 to the Iowa council on human investment created in section
2 8A.2:

- 3 1. Three members to a one-year term.
- 4 2. Three members to a two-year term.
- 5 3. Two members to a three-year term.

6 DIVISION II

7 WELFARE REFORM

8 Sec. 5. WELFARE REFORM INITIATIVE. A welfare reform
9 initiative is established involving the federal-state aid to
10 dependent children program administered under chapter 239 and
11 the federal-state job opportunities and basic skills (JOBS)
12 program implemented under chapter 249C. The purpose of the
13 initiative is to replace welfare provisions which encourage
14 dependency with incentives for employment and self-
15 sufficiency. The initiative includes specific provisions for
16 work-and-earn incentives and for involving participants in
17 family development plans. These provisions are expected to
18 support individuals in making a transition from welfare to
19 employment, to encourage savings, and to strengthen family
20 stability.

21 The department of human services shall submit a waiver
22 request or requests to the United States department of health
23 and human services as necessary for federal authorization to
24 implement the policy changes in the aid to dependent children,
25 child care, and JOBS programs provided in this section. The
26 department may submit a waiver request or requests to the
27 United States department of agriculture to make changes in the
28 federal food stamp program to correspond with the policy
29 changes provided in this section. For the purposes of this
30 section, the term "recipient" has the meaning provided in
31 section 239.1 and the term "individual" means a recipient,
32 applicant, or other person whose income must be considered by
33 the department. The welfare reform initiative shall include
34 all of the following provisions:

- 35 1. Implementation of the following initiatives to

1 encourage a recipient of aid to dependent children to make a
2 transition to employment:

3 a. If an individual's earned income is considered by the
4 department, the individual shall be allowed a work expense
5 deduction equal to 20 percent of the earned income. The work
6 expense deduction is intended to include all work-related
7 expenses other than child day care. These expenses shall
8 include but are not limited to all of the following: taxes,
9 transportation, meals, uniforms, and other work-related
10 expenses. However, the work expense deduction shall not be
11 allowed for an individual who is subject to a penalty in
12 accordance with administrative rules for failure to comply
13 with program requirements.

14 b. If an individual's earned income is considered by the
15 department, the individual shall be allowed a work-and-earn
16 incentive. The incentive shall be equal to 50 percent of the
17 amount of earned income remaining after all other deductions
18 are applied. The department shall disregard the incentive
19 amount when considering the earned income available to the
20 individual. The incentive shall not have a time limit. The
21 incentive shall replace the current time-limited incentive
22 which provides for disregarding \$30 plus one-third of the
23 earned income. The work-and-earn incentive shall not be
24 withdrawn as a penalty for failure to comply with program
25 requirements.

26 c. A family with a stepparent shall be allowed a child day
27 care deduction for any children of the stepparent or the
28 parent subject to the limits provided in applicable
29 administrative rules.

30 d. If an individual begins employment but was unemployed
31 at least 12 months before beginning employment and timely
32 reports the earnings from the employment, the earnings shall
33 be subject to an income disregard. This income disregard
34 shall apply in determining the individual's eligibility and
35 grant levels under the aid to dependent children program

1 during the individual's first four months of employment. To
2 be eligible for the income disregard, the employment must
3 commence following the date of the individual's application
4 for aid to dependent children. The department shall adopt
5 rules defining the term "unemployed" for the purposes of this
6 paragraph. The income disregard shall not be withdrawn as a
7 penalty for failure to comply with program requirements.

8 e. If an individual has timely reported an absence of
9 income to the department, consideration of the individual's
10 income shall cease beginning in the first month the income is
11 absent. However, this provision shall not apply to an
12 individual who has quit employment without good cause as
13 defined in administrative rules.

14 f. Interest income shall be disregarded.

15 g. A determination of eligibility for the aid to dependent
16 children unemployed parent program shall not include
17 consideration of either parent's work history or which parent
18 earned more during the 24 months prior to application for
19 assistance under the program. The determination of
20 eligibility shall not include consideration of either parent's
21 number of hours of employment except to establish the date
22 assistance would begin in accordance with administrative
- 23 rules. However, both parents must participate in a family
24 development agreement required by this section and in work and
25 training activities unless good cause not to participate is
26 established in accordance with administrative rules. The
27 department shall continue to deny eligibility for the
28 unemployed parent program under provisions of section 239.2,
29 subsection 3, paragraph "b" involving labor disputes or if
30 either parent refuses to apply for or draw unemployment
31 benefits.

32 h. The department shall disregard as income any moneys an
33 individual deposits in an individual development account es-
34 tablished pursuant to this Act.

35 2. Implementation of the following initiatives to

1 encourage a recipient of aid to dependent children to
2 accumulate assets and savings:

3 a. Revision in the current limitation involving
4 consideration of the quantity and value of motor vehicles. In
5 implementing this revision, the department shall disregard the
6 first \$3,000 in equity value of a motor vehicle. Beginning
7 July 1, 1994, and continuing in succeeding fiscal years, the
8 motor vehicle equity value disregarded by the department shall
9 be increased by the latest increase in the consumer price
10 index for used vehicles during the previous state fiscal year.
11 This disregard shall be implemented for each adult and working
12 teenager in a family. The amount of a motor vehicle's equity
13 in excess of \$3,000 shall apply to the resource limitation
14 established in paragraph "b".

15 b. The resource limitation for a family applying for aid
16 to dependent children shall be \$2,000. The resource
17 limitation for a recipient family shall be \$5,000.

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

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

24 3. The department shall establish a policy regarding the
25 implementation of family development agreements which limits
26 the period of eligibility for aid to dependent children based
27 upon the requirements of an individual family's plan for self-
28 sufficiency. The policy shall require an individual family's
29 plan to be specified in a family development agreement between
30 the family and the department. The department shall adopt
31 rules to administer the policy. The components of the policy
32 shall include but are not limited to all of the following:

33 a. PARTICIPATION. An individual shall be subject to a
34 family development agreement if the individual is a parent
35 living in a home with a child for whom aid to dependent

1 children is applied for or is provided. An individual must
2 enter into a family development agreement with the department
3 unless any of the following conditions exists:

4 (1) The individual is a parent of a child who is less than
5 six months of age. If both parents are in the child's home,
6 this exception shall apply to only one parent. The department
7 may require an individual who is a teenage parent with a child
8 who is less than six months of age to participate in high
9 school completion activities.

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

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

13 b. AGREEMENT OPTIONS. A family development agreement
14 shall require an individual to participate in one or more of
15 the following options. The department shall adopt rules for
16 each option defining requirements and establishing assistance
17 provisions for child care and transportation. The options
18 shall include but are not limited to all of the following:

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

20 (2) Active job search.

21 (3) Participation in the JOBS program.

22 (4) Participation in other education or training
23 programming.

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

26 (6) Work experience placement.

27 (7) Volunteer community service.

28 c. PENALTIES. If an individual fails to comply with the
29 provisions of the individual's family development agreement
30 during the period of the agreement, JOBS program penalties
31 shall be applied.

32 d. COMPLETION OF AGREEMENT. Upon the completion of the
33 terms of the agreement, aid to dependent children assistance
34 to a recipient covered by the agreement shall cease or be
35 reduced in accordance with administrative rules. The

1 department shall adopt rules to implement this paragraph and
2 to determine when a family is eligible to reenter the aid to
3 dependent children program.

4 e. CONTRACTS. The department of human services may
5 contract with the department of employment services,
6 department of economic development, or any other entity to
7 provide services relating to a family development agreement.

8 f. INFORMATION DISCLOSURE. The department may disclose
9 confidential information described in section 217.30,
10 subsection 1, to other state agencies or to any other entity
11 which is not subject to the provisions of chapter 17A and is
12 providing services to recipients who are subject to a family
13 development agreement, if necessary in order for the
14 recipients to receive the services. The department shall
15 adopt rules establishing standards for disclosure of
16 confidential information if disclosure is necessary in order
17 for recipients to receive services.

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

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

23 b. The department shall automatically determine an in-
24 dividual's eligibility for other child day care assistance if
25 the individual is not eligible for transitional child care or
26 eligibility for transitional child care is exhausted.

27 5. If an individual received aid to dependent children in
28 another state within one year of applying for assistance in
29 this state the requirements of this subsection shall apply.
30 Using the family size for which the individual's eligibility
31 is determined, the department shall compare the standard grant
32 payment amount the individual would be paid in the other state
33 with the standard grant payment amount the individual would be
34 paid in this state. For the period of one year from the date
35 of applying for assistance in this state, the individual's

1 grant shall be the lesser of the two amounts.

2 Sec. 6. CONTINGENCY PROVISION. The waiver request or
3 requests submitted by the department of human services
4 pursuant to section 5 of this Act to the United States
5 department of health and human services shall be to apply the
6 provisions of section 5 statewide. If federal waiver approval
7 of a provision of section 5 of this Act is granted, the
8 department of human services shall implement the provision in
9 accordance with the federal approval. If a provision of this
10 Act is in conflict with a provision of chapter 239 or 249C,
11 notwithstanding that provision in chapter 239 or 249C, the
12 provision of this Act shall be implemented and the department
13 shall propose an amendment to chapter 239 or 249C to resolve
14 the conflict.

15 Sec. 7. EMERGENCY RULES. The department of human services
16 may adopt administrative rules under section 17A.4, subsection
17 2, and section 17A.5, subsection 2, paragraph "b", to
18 implement the provisions of this division of this Act and the
19 rules shall be effective immediately upon filing unless a
20 later date is specified in the rules. Any rules adopted in
21 accordance with this section shall also be published as a
22 notice of intended action as provided in section 17A.4.

23 Sec. 8. DEPARTMENT OF HUMAN INVESTMENT -- NAME CHANGE.
24 The Code editor shall change references in the Code to the
25 department of human services, director of human services, and
26 council on human services to the department of human
27 investment, director of human investment, and the department
28 of human investment board, respectively. It is the intent of
29 the general assembly that the name changes referred to by this
30 section shall be completed in 1994 to be included in the 1995
31 Code of Iowa.

32 Sec. 9. APPLICABILITY. If federal approval is granted,
33 approved provisions of section 5, subsections 1, 2, and 4, of
34 this Act shall be implemented beginning July 1, 1993, and
35 approved provisions of section 5, subsection 3 of this Act

1 shall be implemented January 1, 1994, subject to the
2 availability of funding.

3 Sec. 10. EFFECTIVE DATE. Sections 5 through 7 of this
4 Act, being deemed of immediate importance, take effect upon
5 enactment.

6 DIVISION III
7 JOBS PROGRAM INFORMATION

8 Sec. 11. Section 217.30, subsection 4, Code 1993, is
9 amended by adding the following new paragraph:

10 NEW PARAGRAPH. e. The department may disclose information
11 described in subsection 1, to other state agencies or to any
12 other person who is not subject to the provisions of chapter
13 17A and is providing services to recipients under chapter 239
14 who are participating in the federal-state job opportunities
15 and basic skills program administered under chapter 249C, if
16 necessary for the recipients to receive the services.

17 DIVISION IV
18 MENTORING

19 Sec. 12. NEW SECTION. 239.22 MENTORING.

20 A statewide mentoring program is established to recruit,
21 screen, train, and match former recipients and other
22 volunteers with current recipients in a mentoring
23 relationship. The commission on the status of women of the
24 department of human rights shall implement the program in
25 collaboration with the departments of human services, economic
26 development, employment services, and education. The
27 availability of the program is subject to the funding
28 appropriated for the purposes of the program.

29 Sec. 13. APPLICABILITY. For the fiscal year beginning
30 July 1, 1993, and ending June 30, 1994, the mentoring program
31 created in section 12 of this Act shall not be implemented
32 statewide by the commission on the status of women but shall
33 be implemented as a pilot program in a county or counties
34 chosen by the commission.

35 DIVISION V

1 Sec. 14. IOWA WORKS.

2 1. The department of human services, in cooperation with
3 the state human investment policy council or similar policy
4 development group, shall analyze the welfare reform initiative
5 known as "Iowa Works", including but not limited to all of the
6 following components of the initiative:

7 a. The development of a guaranteed minimum income plan for
8 persons who agree to participate in work training and
9 employment, and who agree to transfer all welfare benefits and
10 income to the state.

11 b. The provision of investment accounts to participating
12 families, which become available when families leave the
13 program and which can only be used for long-term investment
14 purposes.

15 c. The decategorization of assistance programs including
16 but not limited to aid to dependent children and food stamps.

17 d. The development of partnerships with local communities
18 to provide the nonfederal share of JOBS funds.

19 e. The waiver of employers' unemployment taxes associated
20 with hiring workers who participate in the initiative.

21 2. The components of the initiative described in
22 subsection 1 shall be analyzed for both policy and fiscal
23 implications and the analysis shall be completed by March 1,
24 1994. In addition, the department shall contact the United
25 States department of health and human services and other
26 appropriate federal agencies and departments to determine
27 whether the initiative or portions of the initiative may be
28 acceptable as a waiver to current federal regulations and
29 policy. The analysis and any correspondence between the
30 department and the federal government shall be submitted to
31 the chairpersons and ranking members of the joint
32 appropriations subcommittee on human services and the standing
33 committees on appropriations of the senate and house of
34 representatives at the time the analysis is completed or at
35 the time the correspondence is sent or received. If the

1 department determines that any portion of the initiative would
2 be acceptable to the federal government and implementation
3 would not require any additional state funding, the department
4 may submit the initiative or portions of the initiative as
5 part of other waiver requests to the federal government.

6 3. The department, in cooperation with the state human
7 investment policy council or similar policy development group,
8 shall continue to evaluate grants or waiver opportunities for
9 other welfare reform initiatives such as child support
10 assurance. The department may implement initiatives which are
11 beneficial to the public if implementation does not require
12 any additional state funding.

13 DIVISION VI

14 WORKFORCE DEVELOPMENT

15 Sec. 15. IOWA INVESTS WORKFORCE DEVELOPMENT -- PURPOSE AND
16 FINDINGS. The general assembly finds that workforce
17 development is crucial in addressing poverty and that wages
18 are increasingly tied to education as the nation competes in a
19 global economy. The initiatives of this Act are provided in
20 order to improve the state's efforts in workforce development.
21 The general assembly finds that all of the following are
22 critical to support the creation of a workforce development
23 system which is strongly customer-oriented:

24 1. The state's educational and training system should be
25 flexible and streamlined, encouraging innovation and avoiding
26 penalizing those institutions and individuals who take risks
27 by implementing new initiatives. During a time of rapid
28 transition, it is important to encourage innovation rather
29 than focusing on failures. Good ideas need to be encouraged
30 and problems viewed as lessons learned rather than failures.

31 2. There are two customers in a workforce development
32 system: those individuals seeking to acquire or upgrade their
33 skills for employment, and businesses in need of a skilled
34 workforce. Emphasis on customer orientation is part of the
35 refocusing of training programs that is already occurring in

1 the state. The workforce development system should continue
2 becoming more customer-driven, giving individuals choices by
3 providing available and adequate information to make those
4 choices. The system must respond to individual and business
5 demand.

6 3. The focus for education funding and development should
7 be based upon outcomes. Existing rules and regulations should
8 be reviewed and streamlined. Bureaucratic and fragmented sys-
9 tems should be changed in order to support the flexible
10 delivery of services. Institutions should be held accountable
11 for the outcomes they produce in the program.

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

15 5. The concept of lifelong learning must be infused into
16 education and training so that the categories of vocational
17 and academic education are synthesized and integrated. All
18 individuals graduating from schools must have the ability to
19 continue learning. Businesses want employees with the
20 capacity to learn. The principle of lifelong learning
21 emphasizes how one learns as well as what one learns.

22 6. Better ties must be created between the workplace and
23 schools. This is most important for the new manufacturing
24 jobs being created in Iowa. Career education should be
25 developed so that secondary and postsecondary training is
26 better integrated into the world of work.

27 7. Recognizing that many of the higher-paying jobs in our
28 economy are nontraditional for certain groups, workforce
29 development programs should include strategies which help
30 those groups acquire the education, training, and support
31 necessary to enter and succeed at higher-paying nontraditional
32 jobs in areas such as skilled manufacturing, construction,
33 technical, mechanical and repair fields, and computers and
34 science. By remaining outside of nontraditional jobs, certain
35 groups lose higher wages and the state's economy loses the

1 value of their higher-wage, higher-skill labor.

2 Sec. 16. NEW SECTION. 84B.1 WORKFORCE DEVELOPMENT
3 CENTERS.

4 The departments of employment services and economic
5 development, in consultation with the departments of
6 education, elder affairs, human services, and human rights
7 shall establish guidelines for colocating state and federal
8 employment and training programs in centers providing services
9 at the local level. The centers shall be known as workforce
10 development centers. The departments shall also jointly
11 establish an integrated management information system for
12 linking the programs within a local center to the same
13 programs within other local centers and to the state. The
14 guidelines shall provide for local design and operation within
15 the guidelines. The core services available at a center shall
16 include but are not limited to all of the following:

17 1. INFORMATION. Provision of information shall include
18 labor exchange and labor market information as well as career
19 guidance and occupational information. Training and education
20 institutions which receive state or federal funding shall
21 provide to the centers consumer-related information on their
22 programs, graduation rates, wage scales for graduates, and
23 training program prerequisites. Information from local
24 employers, unions, training programs, and educators shall be
25 collected in order to identify demand industries and
26 occupations. Industry and occupation demand information
27 should be published as frequently as possible and be made
28 available through centers.

29 2. ASSESSMENT. Individuals shall receive basic assessment
30 regarding their own skills, interests, and related
31 opportunities for employment and training. Assessments are
32 intended to provide individuals with realistic information in
33 order to guide them into training or employment situations.
34 The basic assessment may be provided by the center or by
35 existing service providers such as community colleges or by a

1 combination of the two.

2 3. TRAINING ACCOUNTS. Training accounts may be
3 established for both basic skill development and vocational or
4 technical training. There shall be no training assistance or
5 limited training assistance in those training areas a center
6 has determined are oversupplied or are for general life
7 improvement.

8 4. REFERRAL TO TRAINING PROGRAMS OR JOBS. Based upon
9 individual assessments, a center shall provide individuals
10 with referrals to other community resources, training
11 programs, and employment opportunities.

12 5. JOB DEVELOPMENT AND JOB PLACEMENT. A center shall be
13 responsible for job development activities and job placement
14 services. A center shall seek to create a strong tie to the
15 local job market by working with both business and union
16 representatives.

17 Sec. 17. NEW SECTION. 258.18 SCHOOL-TO-WORK TRANSITION
18 SYSTEM.

19 The departments of education, employment services, and
20 economic development shall develop a statewide school-to-work,
21 transition system in consultation with local school districts,
22 community colleges, and labor, business, and industry
23 interests. Initially the development of the system shall
24 focus upon youth apprenticeship and as development continues
25 shall incorporate additional recommendations regarding
26 expansion of other school-to-work opportunities for high
27 school youths. The system shall be designed to attain the
28 following objectives:

29 1. Motivate youths to stay in school and become productive
30 citizens.

31 2. Set high standards by promoting higher academic
32 performance levels.

33 3. Connect work and learning so that the classroom is
34 linked to worksite learning and experience.

35 4. Ready students for work in order to improve their

1 prospects for immediate employment after leaving school on
2 paths that provide significant opportunity to continued
3 education and career development.

4 5. Engage employers and workers by promoting their
5 participation in the education of youth in order to ensure the
6 development of a skilled, flexible, entry-level workforce.

7 6. Provide a framework to position the state to access
8 federal resources for state youth apprenticeship systems and
9 local programs.

10 DIVISION VII

11 INDIVIDUAL DEVELOPMENT ACCOUNTS

12 Sec. 18. Section 422.7, Code 1993, is amended by adding
13 the following new subsections:

14 NEW SUBSECTION. 28. If the taxpayer is owner of an
15 individual development account certified under chapter 541A at
16 any time during the tax year the following adjustments shall
17 be made:

18 a. Subtract, to the extent included, all of the following:

19 (1) Contributions made to the account by persons and
20 entities, other than the taxpayer, as authorized in chapter
21 541A.

22 (2) The amount of any refundable state tax credit
23 deposited to the account under section 541A.3, subsection 1.

24 (3) Earnings from the account to the extent not withdrawn.

25 b. If the taxpayer is not fifty-nine and one-half years
26 old at the end of the tax year, add, to the extent not
27 included, all of the following:

28 (1) Earnings from the account which are withdrawn.

29 (2) Amounts withdrawn which are not authorized by section
30 541A.2, subsection 4, and which are attributable to
31 contributions by persons and entities, other than the
32 taxpayer, as provided in section 541A.2, subsection 4.

33 (3) If the account is closed, amounts received by the
34 taxpayer which have not previously been taxed under this
35 division, except amounts that are redeposited in another

1 individual development account, or the state human investment
2 reserve pool as provided in section 541A.2, subsection 7, and
3 including the total amount of any refundable state tax credit
4 received.

5 NEW SUBSECTION. 29. Subtract, not to exceed five hundred
6 dollars in the aggregate, contributions made directly to
7 individual development accounts which have been certified to
8 be eligible for deduction for state income tax purposes under
9 section 541A.4, subsection 2, paragraph "g", subparagraph (2).
10 However, married persons filing jointly may subtract up to one
11 thousand dollars in the aggregate.

12 Sec. 19. Section 450.4, Code 1993, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 6. On property in an individual
15 development account in the name of the decedent that passes to
16 another individual development account or the state human
17 investment reserve pool created in section 541A.4. For
18 purposes of this subsection, "individual development account"
19 means an account that has been certified as an individual
20 development account pursuant to chapter 541A.

21 Sec. 20. NEW SECTION. 541A.1 DEFINITIONS.

22 For the purposes of this chapter, unless the context
23 otherwise requires:

24 1. "Account holder" means an individual who is the owner
25 of an individual development account.

26 2. "Administrator" means the executive branch agency
27 selected by the governor to administer individual development
28 accounts.

29 3. "Charitable contributor" means a nonprofit association
30 described in section 501(c)(3) of the Internal Revenue Code
31 which makes a deposit to an individual development account and
32 which is exempt from taxation under section 501(a) of the
33 Internal Revenue Code.

34 4. "Federal poverty level" means the first poverty income
35 guidelines published in the calendar year by the United States

1 department of health and human services.

2 5. "Financial institution" means a financial institution
3 approved by the administrator as an investment mechanism for
4 individual development accounts.

5 6. "Individual contributor" means an individual who makes
6 a deposit to an individual development account and is not the
7 account holder or a charitable contributor.

8 7. "Individual development account" means a financial
9 instrument which is certified to have the characteristics
10 described in section 541A.2 by the operating organization.

11 8. "Operating organization" means an agency selected by
12 the administrator for involvement in operating individual
13 development accounts directed to a specific target population.

14 9. "Reserve pool" means the state human investment reserve
15 pool under the authority of the administrator created in
16 section 541A.4.

17 10. "Source of principal" means any of the sources of a
18 deposit to an individual development account under section
19 541A.2, subsection 2.

20 Sec. 21. NEW SECTION. 541A.2 INDIVIDUAL DEVELOPMENT
21 ACCOUNTS.

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

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

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

30 a. Deposits made by the account holder or a member of the
31 account holder's immediate family.

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

35 c. Deposits of individual development account moneys which

1 are transferred from another individual account holder.

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

9 3. The account earns income.

10 4. During a calendar year, an account holder may withdraw
11 without penalty from the account holder's account the sum of
12 the following:

13 a. With the approval of the operating organization,
14 amounts withdrawn for any of the following approved purposes:

15 (1) Educational costs at an accredited institution of
16 higher education.

17 (2) Training costs for an accredited or licensed training
18 program.

19 (3) Purchase of a primary residence.

20 (4) Capitalization of a small business start-up.

21 Amounts withdrawn for purposes of this paragraph shall be
22 charged to the source of principal on a prorated basis.

23 b. At the account holder's discretion any income earned by
24 the account.

25 c. At the account holder's discretion, if the account
26 holder is at least fifty-nine and one-half years of age, any
27 amount.

28 5. Any amount withdrawn during a calendar year which is
29 not authorized under subsection 4, is subject to a penalty of
30 fifteen percent. In addition, if at any time the cumulative
31 amount withdrawn by the account holder over the life of the
32 account that is not authorized under subsection 4 exceeds
33 fifty percent of the amount of the adjusted account holder
34 deposits, the contributions made by a charitable or individual
35 contributor held in trust in the account holder's account

1 shall be removed from the account and redeposited in another
2 individual development account or the reserve pool as directed
3 by the contributor. The amount of the adjusted account holder
4 deposits is the amount remaining after subtracting from the
5 cumulative moneys deposited by the account holder all amounts
6 withdrawn pursuant to subsection 4, paragraph "a". At the
7 time a charitable or individual contributor contributes moneys
8 to an account the contributor shall indicate the contributor's
9 directions for disposition of moneys which are removed. If
10 the designated choice of the contributor does not exist the
11 contributed moneys shall be withdrawn and deposited in the
12 reserve pool.

13 6. Penalty amounts collected pursuant to subsection 5
14 shall be deposited in the reserve pool.

15 7. An adult account holder may transfer all or part of the
16 assets the adult account holder has deposited in the account
17 to any other account holder's account. However, an account
18 holder who is less than eighteen years of age is prohibited
19 from transferring account assets to any other account holder.
20 Moneys contributed by a charitable or individual contributor
21 are not subject to transfer except as authorized by the
22 contributor. Amounts transferred in accordance with this
23 subsection are not subject to a penalty.

24 8. If approved by the federal government, moneys in an
25 individual development account and any earnings on the moneys
26 shall not be considered by the department of human services
27 for determining the eligibility of an individual under the
28 Iowa family development plan under chapter 239 or the work and
29 training program under chapter 249C.

30 9. In the event of an account holder's death, the account
31 shall be transferred to a contingent beneficiary. An account
32 holder shall name contingent beneficiaries at the time the
33 account is established and a named beneficiary may be changed
34 at the discretion of the account holder. If the named
35 beneficiary is deceased or otherwise cannot accept the

1 transfer, the moneys shall be transferred to the reserve pool.

2 10. The total amount of sources of principal which may be
3 in an individual development account shall be limited to one
4 hundred thousand dollars.

5 Sec. 22. NEW SECTION. 541A.3 INDIVIDUAL DEVELOPMENT
6 ACCOUNTS -- TAX PROVISIONS.

7 All of the following state income tax provisions shall
8 apply to an individual development account:

9 1. Payment by the state of a refundable state tax credit
10 on amounts of up to two thousand dollars per year that an
11 account holder deposits in the account holder's account.
12 Payment shall be made directly to the account. The tax credit
13 shall be the indicated percentage of the amount deposited:

14 a. For an account holder with a taxable income which is
15 equal to or less than one hundred fifty percent of the federal
16 poverty level, twenty percent.

17 b. For an account holder with a taxable income which is
18 greater than one hundred fifty percent but less than two
19 hundred percent of the federal poverty level, between ten and
20 twenty percent in accordance with a sliding scale which
21 declines as income increases. The sliding scale shall be
22 established by rule adopted by the administrator.

23 2. State tax on income earned by an individual development
24 account which remains in the account is not subject to tax
25 until withdrawn.

26 3. Up to five hundred dollars of contributions made to
27 individual development accounts by an individual contributor
28 in any calendar year shall be considered a deduction from
29 income for state taxation purposes. The total amount of
30 deductible contributions to an account in a calendar year
31 shall be limited to one thousand dollars. The operating
32 organization shall provide written certification of a
33 deductible contribution.

34 4. Amounts transferred between individual development
35 accounts are not subject to state tax.

1 5. The department of revenue and finance shall work with
2 the United States secretary of the treasury and the state's
3 congressional delegation as necessary to secure an exemption
4 from federal taxation for individual development accounts and
5 the earnings on those accounts. The department shall report
6 annually to the governor and the general assembly concerning
7 the status of federal approval.

8 Sec. 23. NEW SECTION. 541A.4 INDIVIDUAL DEVELOPMENT
9 ACCOUNT -- PILOT PHASE.

10 A state human investment reserve pool is created in the
11 state treasury. The governor shall name an executive branch
12 agency as administrator to have authority over the reserve
13 pool. Interest on moneys in the reserve pool shall remain in
14 the reserve pool and notwithstanding sections 8.33 and 8.39,
15 moneys in the reserve pool are not subject to reversion or
16 transfer. Moneys in the reserve pool shall be used for
17 administrative expenses of the administrator and to match
18 deposits in individual development accounts. The
19 administrator shall perform all of the following duties or may
20 delegate the performance of the duties to a suitable entity in
21 administering the individual development accounts:

22 1. For the five-year pilot phase period beginning March 1,
23 1994, and ending February 28, 1999, the total number of
24 individual development accounts shall be limited to ten
25 thousand accounts. The administrator shall ensure that the
26 family income status of account holders at the time an account
27 is opened proportionately reflects the distribution of the
28 income status of the state's population up to three hundred
29 percent of the federal poverty level.

30 2. Issue a request for proposals for operating
31 organizations to be involved with the operation of individual
32 development accounts on behalf of a specific target
33 population. The administrator shall determine the review
34 criteria used to select operating organizations. The initial
35 review criteria used to evaluate organizations' proposed

1 projects and requirements associated with operating
2 organizations shall include but are not limited to all of the
3 following:

4 a. Provision of a safe and secure investment mechanism for
5 the individual development accounts utilizing a financial
6 institution approved by the administrator.

7 b. The proposed project has a strong relationship to goals
8 established by other initiatives deemed a priority by the
9 administrator.

10 c. The proposed project links the making of an account
11 holder's contributions to an individual development account
12 with other services or outcomes identified by the operating
13 organization in the proposal. The proposed project includes
14 mechanisms for the operating organization to monitor and
15 enforce the identified outcomes and services.

16 d. The operating organization is capable of performing the
17 project as proposed. Minimum capabilities shall include an
18 ability to provide financial counseling, familiarity and
19 ability to work with the proposed target population, and a
20 strong record of successful management.

21 e. The operating organization proposes to provide a
22 significant amount of matching funds for individual
23 development accounts.

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

26 g. The responsibilities of an operating organization shall
27 include but are not limited to all of the following:

28 (1) Certifying that a financial instrument is an
29 individual development account based upon its having the
30 characteristics described in section 541A.2.

31 (2) Certifying the amount of contributions to an
32 individual development account by individual contributors
33 during a tax year which are eligible for deduction for state
34 individual income tax purposes.

35 (3) Certifying the income status and the amount of

1 contributions to an individual development account by an
2 account holder during a tax year.

3 (4) Calculating the adjusted contribution principal
4 amounts for the account holder, state, and individual and
5 charitable contributors as required for purposes of section
6 541A.2, subsections 4 and 5.

7 3. Utilizing guidelines established in law for this
8 purpose, the administrator shall contract for an independent
9 evaluation of the implementation of the individual development
10 accounts. The evaluation shall consider the following:
11 implementation and process used for the implementation,
12 program impact, and financial effectiveness.

13 Sec. 24. EFFECTIVE DATE AND APPLICABILITY PROVISIONS.
14 Sections 18 and 19 of this Act are effective January 1, 1994.
15 Section 18 applies to tax years beginning on or after January
16 1, 1994. Section 19 applies to decedents dying on or after
17 January 1, 1994.

18 DIVISION VIII

19 IOWA NETWORK INITIATIVE

*20 Sec. 25. IOWA NETWORK INITIATIVES. The Wallace technology
21 transfer foundation, in cooperation with the department of
22 economic development, shall establish a statewide initiative
23 to encourage businesses to develop cooperative networks. The
24 statewide initiative may include but is not limited to all of
25 the following:

26 1. A plan to educate businesses and the public on the
27 nature of the international challenge Iowa faces, and the ways
28 in which network activities have been used elsewhere to en-
29 hance competitiveness.

30 2. Training for individuals to act as brokers in helping
31 to organize networks.

32 3. Establishing programs for networks to study or
33 implement specific collaborative ideas.

34 4. Conducting surveys of Iowa employer practices designed
35 to attract and encourage high performance work organizations.

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DIVISION IX
FAMILY DEVELOPMENT PLAN

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

a. Hearings and appeals relative to foster care facilities, child day care facilities, administration of the state medical assistance program, administration of the state supplementary assistance program, administration of the food stamps program, and administration of the ~~aid-to-dependent children-program~~ family development plan, and other programs administered by the department of human services. Decisions of the division in these areas are subject to review by the department of human services.

Sec. 27. Section 10A.402, subsection 7, Code 1993, is amended to read as follows:

7. Investigations relative to the administration of the state supplemental assistance program, the state medical assistance program, the food stamp program, the ~~aid-to dependent-children-program~~ family development plan, and any other state or federal benefit assistance program.

Sec. 28. Section 217.8, Code 1993, is amended to read as follows:

217.8 DIVISION OF CHILD AND FAMILY SERVICES.

The administrator of the division of child and family services shall be qualified by training, experience, and education in the field of welfare and social problems. The administrator is charged with the administration of programs involving neglected, dependent and delinquent children, child welfare, ~~aid-to-dependent-children~~, family development plan, and aid to disabled persons and shall administer and be in control of other related programs established for the general welfare of families, adults and children as directed by the director.

Sec. 29. Section 217.11, subsection 8, Code 1993, is amended to read as follows:

1 8. Two recipients or former recipients of the aid-to
2 dependent-children-program family development plan, selected
3 by the other members of the committee.

4 Sec. 30. Section 217.12, subsection 1, subsection 3,
5 paragraph a, and subsection 8, Code 1993, are amended to read
6 as follows:

7 1. Identify the factors and conditions that place Iowa
8 families at risk of long-term dependency upon the aid-to
9 dependent-children-program family development plan. The
10 council shall seek to use relevant research findings and
11 national and Iowa specific data on the aid-to-dependent
12 children-program family development plan.

13 a. Designation of families to be served that meet some
14 criteria of being at risk of long-term welfare dependency, and
15 agreement to serve clients that are referred by the department
16 of human services from the aid-to-dependent-children-program
17 family development plan which meet the criteria. The criteria
18 may include, but are not limited to, factors such as
19 educational level, work history, family structure, age of the
20 youngest child in the family, previous length of stay on the
21 aid-to-dependent-children-program family development plan, and
22 participation in the aid-to-dependent-children-program family
23 development plan or the foster care program while the head of
24 a household was a child. Grant proposals shall also establish
25 the number of families to be served under the demonstration
26 program.

27 8. Evaluate and make recommendations regarding the costs
28 and benefits of the expansion of the services provided under
29 the special needs program of the aid-to-dependent-children
30 program family development plan to include tuition for
31 parenting skills programs, family support and counseling
32 services, child development services, and transportation and
33 child care expenses associated with the programs and services.

34 Sec. 31. Section 222.78, Code 1993, is amended to read as
35 follows:

1 222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

2 The father and mother of any person admitted or committed
3 to a hospital-school or to a special unit, as either an
4 inpatient or an outpatient, and any person, firm, or
5 corporation bound by contract hereafter made for support of
6 such the person shall be and remain liable for the support of
7 such the person. Such The person and those legally bound for
8 the support of the person shall be liable to the county for
9 all sums advanced by the county to the state under the
10 provisions of sections 222.60 and 222.77. The liability of
11 any person, other than the patient, who is legally bound for
12 the support of any patient under eighteen years of age in a
13 hospital-school or a special unit shall in no instance exceed
14 the average minimum cost of the care of a normally
15 intelligent, nonhandicapped minor of the same age and sex as
16 such the minor patient. The administrator shall establish the
17 scale for this purpose but the scale shall not exceed the
18 standards for personal allowances established by the state
19 division under the aid-to-dependent-children-program family
20 development plan. Provided further that the father or mother
21 of such the person shall not be liable for the support of such
22 the person after such the person attains the age of eighteen
23 years and that the father or mother shall incur liability only
24 during any period when the father or mother either
25 individually or jointly receive a net income from whatever
26 source, commensurate with that upon which they would be liable
27 to make an income tax payment to this state. Nothing in this
28 section shall be construed to prevent a relative or other
29 person from voluntarily paying the full actual cost as
30 established by the administrator for caring for such-mentally
31 retarded the person with mental retardation.

32 Sec. 32. Section 234.6, unnumbered paragraph 1, Code 1993,
33 is amended to read as follows:

34 The administrator shall be vested with the authority to
35 administer aid-to-dependent-children the family development

1 plan, state supplementary assistance, food programs, child
2 welfare, and emergency relief, family and adult service
3 programs, and any other form of public welfare assistance and
4 institutions that ~~may-hereafter-be~~ are placed under the
5 administrator's administration. The administrator shall
6 perform ~~such~~ duties, formulate and ~~make-such~~ adopt rules as
7 may be necessary; shall outline ~~such~~ policies, dictate ~~such~~
8 procedure, and delegate such powers as may be necessary for
9 competent and efficient administration. Subject to
10 restrictions that may be imposed by the director of human
11 services and the council on human services, the administrator
12 ~~shall-have-power-to~~ may abolish, alter, consolidate, or
13 establish subdivisions and may abolish or change offices
14 previously created ~~in-connection-therewith~~. The administrator
15 may employ necessary personnel and fix their compensation; may
16 allocate or reallocate functions and duties among any
17 subdivisions now existing or hereafter later established; and
18 may ~~promulgate~~ adopt rules relating to the employment of
19 personnel and the allocation of their functions and duties
20 among the various subdivisions as competent and efficient
21 administration may require.

22 Sec. 33. Section 239.1, subsections 1 and 5, Code 1993,
23 are amended to read as follows:

24 1. "Administrator" means the administrator of the division
25 of the department of human services to which the director of
26 human services assigns responsibility for the ~~aid-to-dependent~~
27 ~~children-program~~ family development plan.

28 5. "Division" means the division of the department of
29 human services to which the director of human services assigns
30 responsibility for the ~~aid-to-dependent-children-program~~
31 family development plan.

32 Sec. 34. NEW SECTION. 239.1A FAMILY DEVELOPMENT PLAN.

33 Effective July 1, 1993, assistance provided under this
34 chapter shall no longer be referred to as aid to dependent
35 children but shall be referred to as assistance under the

1 family development plan.

2 Sec. 35. Section 239.2, Code 1993, is amended to read as
3 follows:

4 239.2 ELIGIBILITY FOR AID-TO-DEPENDENT-CHILDREN
5 ASSISTANCE.

6 Assistance shall be granted under this chapter to a
7 dependent child who:

8 1. Is living in a suitable family home maintained by a
9 specified relative.

10 2. Is living in this state other than for a temporary
11 purpose, with a specified relative who is living in this state
12 voluntarily with the intent of making the relative's home in
13 this state and not for a temporary purpose.

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

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

20 b. Is partially or totally unemployed due to a work
21 stoppage which exists because of a labor dispute at the
22 factory, establishment, or other premises at which the parent
23 is or was last employed.

24 c. At any time during the thirty-day period prior to
25 receipt of assistance under this chapter or at any time
26 thereafter while assistance is payable under this chapter, has
27 not been available for employment, has not actively sought
28 employment, or has without good cause refused any bona fide
29 offer of employment or training for employment. The following
30 reasons for refusing employment or training are not good
31 cause: ~~Unsuitable~~ unsuitable or unpleasant work or training,
32 if the parent is able to perform the work or training without
33 unusual danger to the parent's health; or the amount of wages
34 or compensation, unless the wages for employment are below the
35 federal minimum wage.

1 d. Has not registered for work with the state employment
2 service established pursuant to section 96.12, or thereafter
3 has failed to report at an employment office in accordance
4 with regulations prescribed pursuant to section 96.4,
5 subsection 1.

6 The division may prescribe requirements in addition to or
7 in lieu of the foregoing requirements of this section, for
8 eligibility for assistance under this chapter to children
9 whose parents are partially or totally unemployed, which are
10 necessary to secure financial participation of the federal
11 government in payment of such the assistance.

12 Sec. 36. Section 239.12, Code 1993, is amended to read as
13 follows:

14 239.12 ~~AID-TO-DEPENDENT-CHILDREN~~ FAMILY DEVELOPMENT PLAN
15 ACCOUNT.

16 There is established in the state treasury an account to be
17 known as the "~~Aid-to-Dependent-Children-Account~~" family
18 development plan account to which shall be credited all funds
19 appropriated by the state for the payment of assistance, and
20 all other moneys received at any time for such these purposes.
21 Moneys assigned to the department under section 239.3 and
22 received by the child support recovery unit pursuant to
23 section 252B.5 and 42 U.S.C. sec. § 664 shall be credited to
24 the account in the fiscal year in which the moneys are
25 received. All assistance shall be paid from the account.

26 Sec. 37. Section 239.17, Code 1993, is amended to read as
27 follows:

28 239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

29 A person who obtains, or attempts to obtain, or aids or
30 abets any person to obtain, by means of a willfully false
31 statement or representation, or by impersonation or any
32 fraudulent device, assistance to which the recipient is not
33 entitled, is personally liable for the amount of assistance
34 thus obtained. The amount of the assistance may be recovered
35 from the offender or the offender's estate in an action

1 brought or by claim filed in the name of the state and the
2 recovered funds shall be deposited in the aid-to-dependent
3 children family development plan account. The action or claim
4 filed in the name of the state shall not be considered an
5 election of remedies to the exclusion of other remedies.

6 Sec. 38. Section 239.19, Code 1993, is amended to read as
7 follows:

8 239.19 TRANSFER OF AID FUNDS TO OTHER WORK AND TRAINING
9 PROGRAMS.

10 The department of human services may transfer aid-to
11 dependent-children family development plan funds in its
12 control to any other department or agency of the state for the
13 purpose of providing funds to carry out the job opportunities
14 and basic skills training program created by the federal
15 Family Support Act of 1988, Title II, Pub. L. No. 100-485, as
16 codified in 42 U.S.C. § 602 et seq. and administered under
17 chapter 249C and this chapter.

18 Sec. 39. Section 239.20, Code 1993, is amended to read as
19 follows:

20 239.20 COUNTY ATTORNEY TO ENFORCE.

21 Violations of law relating to the aid-to-dependent-children
22 program family development plan shall be prosecuted by county
23 attorneys. Area prosecutors of the office of the attorney
24 general shall provide prosecution assistance.

25 Sec. 40. Section 249.13, Code 1993, is amended to read as
26 follows:

27 249.13 COUNTY ATTORNEY TO ENFORCE.

28 It is the intent of the general assembly that violations of
29 law relating to aid-to-dependent-children the family
30 development plan, medical assistance, and supplemental
31 assistance shall be prosecuted by county attorneys. Area
32 prosecutors of the office of the attorney general shall
33 provide such assistance in prosecution as may be required. It
34 is the intent of the general assembly that the first priority
35 for investigation and prosecution for which funds are provided

1 by-this-Act shall be for fraudulent claims or practices by
2 health care vendors and providers.

3 Sec. 41. Section 249A.3, subsection 1, paragraph e,
4 subparagraphs (1) and (2), and paragraphs f and m; subsection
5 2, paragraphs c, d, f, and h, unnumbered paragraph 1, Code
6 1993, are amended to read as follows:

7 (1) The woman would be eligible for a cash payment under
8 the ~~aid-to-dependent-children-program, or under an aid-to~~
9 ~~dependent-children, unemployed-parent-program, family~~
10 development plan under chapter 239, if the child were born and
11 living with the woman in the month of payment.

12 (2) The woman meets the income and resource requirements
13 of the ~~aid-to-dependent-children-program~~ family development
14 plan under chapter 239, provided the unborn child is
15 considered a member of the household, and the woman's family
16 is treated as though deprivation exists.

17 f. Is a child who is less than seven years of age and who
18 meets the income and resource requirements of the ~~aid-to~~
19 ~~dependent-children-program~~ family development plan under
20 chapter 239.

21 m. Is an individual or family who is ineligible for ~~aid-to~~
22 ~~dependent-children~~ the family development plan under chapter
23 239 because of requirements that do not apply under Title XIX
24 of the federal Social Security Act.

25 c. Individuals who are receiving care in an institution
26 for mental diseases, and who are under twenty-one years of age
27 and whose income and resources are such that they are eligible
28 for ~~aid-to-dependent-children~~ the family development plan
29 under chapter 239, or who are sixty-five years of age or older
30 and who meet the conditions for eligibility in paragraph "a"
31 of this subsection.

32 d. Individuals and families whose incomes and resources
33 are such that they are eligible for federal supplementary
34 security income or ~~aid-to-dependent-children~~ the family
35 development plan, but who are not actually receiving such

1 public assistance.

2 f. Individuals under twenty-one years of age who qualify
3 on a financial basis for, but who are otherwise ineligible to
4 receive aid-to-dependent-children assistance under the family
5 development plan.

6 Individuals who have attained the age of twenty-one but
7 have not yet attained the age of sixty-five who qualify on a
8 financial basis for, but who are otherwise ineligible to
9 receive, federal supplementary security income or aid-to
10 dependent-children assistance under the family development
11 plan.

12 Sec. 42. Section 249A.14, Code 1993, is amended to read as
13 follows:

14 249A.14 COUNTY ATTORNEY TO ENFORCE.

15 It is the intent of the general assembly that violations of
16 law relating to aid-to-dependent-children the family
17 development plan, medical assistance, and supplemental
18 assistance shall be prosecuted by county attorneys. Area
19 prosecutors of the office of the attorney general shall
20 provide assistance in prosecution as required.

21 Sec. 43. Section 331.756, subsection 49, Code 1993, is
22 amended to read as follows:

23 49. Prosecute violations of law relating to aid-to
24 dependent-children the family development plan, medical
25 assistance, and supplemental assistance as provided in
26 sections 239.20, 249.13, and 249A.14.

27 Sec. 44. Section 421.17, subsection 21, paragraph a,
28 subparagraph (3), Code 1993, is amended to read as follows:

29 (3) Any debt which is owed to the state for public
30 assistance overpayments to recipients or to providers of
31 services to recipients which the investigations division of
32 the department of inspections and appeals is attempting to
33 collect on behalf of the state. For purposes of this
34 subsection, "public assistance" means aid-to-dependent
35 children assistance under the family development plan, medical

1 assistance, food stamps, foster care, and state supplementary
2 assistance.

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SENATE FILE 268

H-3924

1 Amend Senate File 268 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking page 17, line 12, through page 25,
4 line 17, and inserting the following:

5 "Sec. 18. Section 422.7, Code 1993, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 28. If the taxpayer is owner of
8 an individual development account certified under
9 chapter 541A at any time during the tax year the
10 following adjustments shall be made:

11 a. Subtract, to the extent included, all of the
12 following:

13 (1) Contributions made to the account by persons
14 and entities, other than the taxpayer, as authorized
15 in chapter 541A.

16 (2) The amount of any savings refund authorized
17 under section 541A.3, subsection 1.

18 (3) Earnings from the account to the extent not
19 withdrawn.

20 b. If the taxpayer is not fifty-nine and one-half
21 years old at the end of the tax year, add, to the
22 extent not included, all of the following:

23 (1) Earnings from the account which are withdrawn.

24 (2) Amounts withdrawn which are not authorized by
25 section 541A.2, subsection 4, and which are
26 attributable to contributions by persons and entities,
27 other than the taxpayer, as provided in section
28 541A.2, subsection 4.

29 (3) If the account is closed, amounts received by
30 the taxpayer which have not previously been taxed
31 under this division, except amounts that are
32 redeposited in another individual development account,
33 or the state human investment reserve pool as provided
34 in section 541A.2, subsection 7, and including the
35 total amount of any savings refund authorized under
36 section 541A.3.

37 Sec. 19. Section 450.4, Code 1993, is amended by
38 adding the following new subsection:

39 NEW SUBSECTION. 6. On property in an individual
40 development account in the name of the decedent that
41 passes to another individual development account, up
42 to ten thousand dollars, or the state human investment
43 reserve pool created in section 541A.4. For purposes
44 of this subsection, "individual development account"
45 means an account that has been certified as an
46 individual development account pursuant to chapter
47 541A.

48 Sec. 20. NEW SECTION. 541A.1 DEFINITIONS.

49 For the purposes of this chapter, unless the
50 context otherwise requires:

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1 1. "Account holder" means an individual who is the
2 owner of an individual development account.

3 2. "Administrator" means the executive branch
4 agency selected by the governor to administer
5 individual development accounts.

6 3. "Charitable contributor" means a nonprofit
7 association described in section 501(c)(3) of the
8 Internal Revenue Code which makes a deposit to an
9 individual development account and which is exempt
10 from taxation under section 501(a) of the Internal
11 Revenue Code.

12 4. "Federal poverty level" means the first poverty
13 income guidelines published in the calendar year by
14 the United States department of health and human
15 services.

16 5. "Financial institution" means a financial
17 institution approved by the administrator as an
18 investment mechanism for individual development
19 accounts.

20 6. "Individual contributor" means an individual
21 who makes a deposit to an individual development
22 account and is not the account holder or a charitable
23 contributor.

24 7. "Individual development account" means a
25 financial instrument which is certified to have the
26 characteristics described in section 541A.2 by the
27 operating organization.

28 8. "Operating organization" means an agency
29 selected by the administrator for involvement in
30 operating individual development accounts directed to
31 a specific target population.

32 9. "Reserve pool" means the state human investment
33 reserve pool under the authority of the administrator
34 created in section 541A.4.

35 10. "Source of principal" means any of the sources
36 of a deposit to an individual development account
37 under section 541A.2, subsection 2.

38 Sec. 21. NEW SECTION. 541A.2 INDIVIDUAL
39 DEVELOPMENT ACCOUNTS.

40 A financial instrument known as an individual
41 development account is established. An individual
42 development account shall have all of the following
43 characteristics:

44 1. The account is kept in the name of an
45 individual account holder.

46 2. Deposits made to an individual development
47 account shall be made in any of the following manners
48 and are subject to the indicated conditions:

49 a. Deposits made by the account holder.

50 b. Deposits of a savings refund authorized under

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1 section 541A.3, subsection 1 due the account holder
2 because of the account holder's deposits in the
3 account holder's account.

4 c. Deposits of individual development account
5 moneys which are transferred from another individual
6 account holder.

7 d. A deposit made on behalf of the account holder
8 by an individual or a charitable contributor. This
9 type of deposit may include but is not limited to
10 moneys to match the account holder's deposits. A
11 deposit made under this paragraph shall be held in
12 trust for the account holder and shall only be used to
13 earn income in the account or to be withdrawn by the
14 account holder for a purpose provided in subsection 4.

15 3. The account earns income.

16 4. During a calendar year, an account holder may
17 withdraw without penalty from the account holder's
18 account the sum of the following:

19 a. With the approval of the operating
20 organization, amounts withdrawn for any of the
21 following approved purposes:

22 (1) Educational costs at an accredited institution
23 of higher education.

24 (2) Training costs for an accredited or licensed
25 training program.

26 (3) Purchase of a primary residence.

(4) Capitalization of a small business start-up.
Amounts withdrawn for purposes of this paragraph shall

29 be charged to the source of principal on a prorated
30 basis. Moneys transferred from another individual
31 development account shall be considered to be a
32 deposit made by the account holder for purposes of
33 charges to the source of principal.

34 b. At the adult account holder's discretion any
35 income earned by the account. An account holder who
36 is more than nine but less than eighteen years of age
37 may withdraw any income earned by the account with the
38 approval of the account holder's parent or guardian
39 and of the operating organization. If the account
40 holder is less than ten years of age, any income
41 earned by the account may be withdrawn by the account
42 holder's parent or guardian with the approval of the
43 operating organization.

44 c. At the account holder's discretion, if the
45 account holder is at least fifty-nine and one-half
46 years of age, any amount.

47 5. Any amount of the adjusted account holder
48 deposits withdrawn during a calendar year which is not
49 authorized under subsection 4, is subject to a penalty
50 of fifteen percent. In addition, if at any time the

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1 cumulative amount withdrawn by the account holder over
2 the life of the account that is not authorized under
3 subsection 4 exceeds fifty percent of the amount of
4 the adjusted account holder deposits, the
5 contributions made by a charitable or individual
6 contributor held in trust in the account holder's
7 account shall be removed from the account and
8 redeposited in another individual development account
9 or the reserve pool as directed by the contributor and
10 deposits made by the state of a savings refund
11 authorized under section 541A.3, subsection 1 shall be
12 withdrawn and deposited in the reserve pool. The
13 amount of the adjusted account holder deposits is the
14 amount remaining after subtracting from the cumulative
15 moneys deposited by the account holder all amounts
16 withdrawn pursuant to subsection 4, paragraph "a". At
17 the time a charitable or individual contributor
18 contributes moneys to an account the contributor shall
19 indicate the contributor's directions for disposition
20 of moneys which are removed. If the designated choice
21 of the contributor does not exist the contributed
22 moneys shall be withdrawn and deposited in the reserve
23 pool.

24 6. Penalty amounts collected pursuant to
25 subsection 5 shall be deposited in the reserve pool.

26 7. An adult account holder may transfer all or
27 part of the assets the adult account holder has
28 deposited in the account to any other account holder's
29 account. However, an account holder who is less than
30 eighteen years of age is prohibited from transferring
31 account assets to any other account holder. Moneys
32 contributed by a charitable or individual contributor
33 are not subject to transfer except as authorized by
34 the contributor. Amounts transferred in accordance
35 with this subsection are not subject to a penalty.

36 8. If approved by the federal government, moneys
37 in an individual development account and any earnings
38 on the moneys shall not be considered by the
39 department of human services for determining the
40 eligibility of an individual under the Iowa family
41 development plan under chapter 239 or the work and
42 training program under chapter 249C.

43 9. In the event of an account holder's death, the
44 account may be transferred to the ownership of a
45 contingent beneficiary or to the individual
46 development account of another account holder. An
47 account holder shall name contingent beneficiaries or
48 transferees at the time the account is established and
49 a named beneficiary or transferee may be changed at
50 the discretion of the account holder. If the named

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1 beneficiary or transferee is deceased or otherwise
2 cannot accept the transfer, the moneys shall be
3 transferred to the reserve pool.

4 10. The total amount of sources of principal which
5 may be in an individual development account shall be
6 limited to fifty thousand dollars.

7 Sec. 22. NEW SECTION. 541A.3 INDIVIDUAL
8 DEVELOPMENT ACCOUNTS -- REFUND AND TAX PROVISIONS.

9 All of the following state tax provisions shall
10 apply to an individual development account:

11 1. Payment by the state of a savings refund on
12 amounts of up to two thousand dollars per calendar
13 year that an account holder deposits in the account
14 holder's account. Moneys transferred to an individual
15 development account from another account shall not be
16 considered an account holder deposit for purposes of
17 determining a savings refund. Payment shall be made
18 directly to the account in the most appropriate manner
19 as determined by the administrator. The state savings
20 refund shall be the indicated percentage of the amount
21 deposited:

22 a. For an account holder with a household income,
23 as defined in section 425.17, subsection 6, which is
24 less than one hundred fifty percent of the federal
25 poverty level, twenty percent.

26 b. For an account holder with a household income
27 which is one hundred fifty percent or more but less
28 than one hundred sixty percent of the federal poverty
29 level, eighteen percent.

30 c. For an account holder with a household income
31 which is one hundred sixty percent or more but less
32 than one hundred seventy percent of the federal
33 poverty level, sixteen percent.

34 d. For an account holder with a household income
35 which is one hundred seventy percent or more but less
36 than one hundred eighty percent of the federal poverty
37 level, fourteen percent.

38 e. For an account holder with a household income
39 which is one hundred eighty percent or more but less
40 than one hundred ninety percent of the federal poverty
41 level, twelve percent.

42 f. For an account holder with a household income
43 which is one hundred ninety percent or more but less
44 than two hundred percent of the federal poverty level,
45 ten percent.

46 g. For an account holder with a household income
47 which is two hundred percent or more of the federal
48 poverty level, zero percent.

49 2. Income earned by an individual development
50 account is not subject to tax until withdrawn.

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1 3. Amounts transferred between individual
2 development accounts are not subject to state tax.

3 4. The administrator shall work with the United
4 States secretary of the treasury and the state's
5 congressional delegation as necessary to secure an
6 exemption from federal taxation for individual
7 development accounts and the earnings on those
8 accounts. The administrator shall report annually to
9 the governor and the general assembly concerning the
10 status of federal approval.

11 5. The administrator shall coordinate the filing
12 of claims for savings refunds authorized under
13 subsection 1, between account holders, operating
14 organizations, and the department of revenue and
15 finance. Claims approved by the administrator may be
16 paid by the department of revenue and finance to each
17 account or for an aggregate amount for distribution to
18 the accounts in a particular financial institution,
19 depending on the efficiency for issuing the refunds.
20 Claims shall be initially filed with the administrator
21 on or before a date established by the administrator.

22 Sec. 23. NEW SECTION. 541A.4 INDIVIDUAL
23 DEVELOPMENT ACCOUNT -- PILOT PHASE.

24 A state human investment reserve pool is created in
25 the state treasury under the authority of the
26 administrator. The governor shall name an executive
27 branch agency as administrator to have authority over
28 the reserve pool. Interest on moneys in the reserve
29 pool shall remain in the reserve pool and
30 notwithstanding sections 8.33 and 8.39, moneys in the
31 reserve pool are not subject to reversion or transfer.
32 Moneys in the reserve pool shall be used for
33 administrative expenses of the administrator. The
34 administrator shall perform all of the following
35 duties or may delegate the performance of the duties
36 to a suitable entity in administering the individual
37 development accounts:

38 1. For the five-year pilot phase period beginning
39 March 1, 1994, and ending February 28, 1999, the total
40 number of individual development accounts shall be
41 limited to ten thousand accounts and to individuals
42 with a household income which does not exceed two
43 hundred percent of the federal poverty level. The
44 administrator shall ensure that the family income
45 status of account holders at the time an account is
46 opened proportionately reflects the distribution of
47 the household income status of the state's population
48 up to two hundred percent of the federal poverty
49 level.

50 2. Issue a request for proposals for operating

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1 organizations to be involved with the operation of
2 individual development accounts on behalf of a
3 specific target population. The administrator shall
4 determine the review criteria used to select operating
5 organizations. The initial review criteria used to
6 evaluate organizations' proposed projects and
7 requirements associated with operating organizations
8 shall include but are not limited to all of the
9 following:

10 a. Provision of a safe and secure investment
11 mechanism for the individual development accounts
12 utilizing a financial institution approved by the
13 administrator.

14 b. The proposed project has a strong relationship
15 to goals established by other initiatives deemed a
16 priority by the administrator.

17 c. The proposed project links the making of an
18 account holder's contributions to an individual
19 development account with other services or outcomes
20 identified by the operating organization in the
21 proposal. The proposed project includes mechanisms
22 for the operating organization to monitor and enforce
23 the identified outcomes and services.

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

30 e. The operating organization proposes to provide
31 a significant amount of matching funds for individual
32 development accounts.

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

36 g. The responsibilities of an operating
37 organization shall include but are not limited to all
38 of the following:

39 (1) Certifying that a financial instrument is an
40 individual development account based upon its having
41 the characteristics described in section 541A.2.

42 (2) Certifying the income status and the amount of
43 contributions to an individual development account by
44 an account holder during a tax year which are eligible
45 for a savings refund authorized under section 541A.3,
46 subsection 1.

47 (3) Calculating the adjusted contribution
48 principal amounts for the account holder, state, and
49 individual and charitable contributors as required for
50 purposes of section 541A.2, subsections 4 and 5.

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

8 Sec. 24. EFFECTIVE DATE AND APPLICABILITY
 9 PROVISIONS. Sections 18 and 19 of this Act are
 10 effective January 1, 1994. Section 18 applies to tax
 11 years beginning on or after January 1, 1994. Section
 12 19 applies to decedents dying on or after January 1,
 13 1994."

By COMMITTEE ON WAYS AND MEANS
 HANSON of Delaware, Chairperson

H-3924 FILED APRIL 14, 1993

Adopted 4/20/93 (P1461)

SENATE FILE 268

H-3971

1 Amend Senate File 268, as amended, passed, and
 2 reprinted by the Senate, as follows:

3 1. Page 26, by inserting after line 20 the
 4 following:

5 "Sec. ____ . Section 216.6, subsection 1, paragraph
 6 a, Code 1993, is amended to read as follows:

7 a. Person to refuse to hire, accept, register,
 8 classify, or refer for employment, to discharge any
 9 employee, or to otherwise discriminate in employment
 10 against any applicant for employment or any employee
 11 because of the age, race, creed, color, sex, national
 12 origin, religion, familial status, or disability of
 13 such applicant or employee, unless based upon the
 14 nature of the occupation. If a disabled person is
 15 qualified to perform a particular occupation, by
 16 reason of training or experience, the nature of that
 17 occupation shall not be the basis for exception to the
 18 unfair or discriminating practices prohibited by this
 19 subsection."

20 2. By renumbering as necessary.

By PETERSON of Carroll

H-3971 FILED APRIL 14, 1993

*Not of Harmon
 4/20/93
 (P. 1471)*

SENATE FILE 268

H-3972

- 1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:
- 3 1. Page 4, line 17, by striking the words "family
4 development plans" and inserting the following:
5 "family investment agreements".
- 6 2. Page 6, lines 23 and 24, by striking the words
7 "family development agreement" and inserting the
8 following: "family investment agreement".
- 9 3. Page 7, line 18, by striking the word
10 "disregard" and inserting the following: "disregard
11 not more than \$20,000 of".
- 12 4. Page 7, line 25, by striking the words "family
13 development agreements" and inserting the following:
14 "family investment agreements".
- 15 5. Page 7, line 29, by striking the words "family
16 development agreement" and inserting the following:
17 "family investment agreement".
- 18 6. Page 7, line 34, by striking the words "family
19 development agreement" and inserting the following:
20 "family investment agreement".
- 21 7. Page 8, line 2, by striking the words "family
22 development agreement" and inserting the following:
23 "family investment agreement".
- 24 8. Page 8, line 13, by striking the words "family
25 development agreement" and inserting the following:
26 "family investment agreement".
- 27 9. Page 8, line 29, by striking the words "family
28 development agreement" and inserting the following:
29 "family investment agreement".
- 30 10. Page 9, line 7, by striking the words "family
31 development agreement" and inserting the following:
32 "family investment agreement".
- 33 11. Page 9, lines 12 and 13, by striking the
34 words "family development agreement" and inserting the
35 following: "family investment agreement".
- 36 12. Page 10, by striking lines 23 through 31.
- 37 13. Page 10, line 33, by striking the word and
38 figure "and 4" and inserting the following: "4, and
39 5".
- 40 14. Page 21, line 28, by striking the words
41 "family development plan" and inserting the following:
42 "family investment program".
- 43 15. Page 26, line 2, by striking the words
44 "FAMILY DEVELOPMENT PLAN" and inserting the following:
45 "FAMILY INVESTMENT PROGRAM".
- 46 16. Page 26, line 10, by striking the words
47 "family development plan" and inserting the following:
48 "family investment program".
- 49 17. Page 26, line 19, by striking the words
50 "family development plan" and inserting the following:

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- 1 "family investment program".
- 2 18. Page 26, line 29, by striking the words
- 3 "family development plan" and inserting the following:
- 4 "family investment program".
- 5 19. Page 27, line 2, by striking the words
- 6 "family development plan" and inserting the following:
- 7 "family investment program".
- 8 20. Page 27, line 9, by striking the words
- 9 "family development plan" and inserting the following:
- 10 "family investment program".
- 11 21. Page 27, line 12, by striking the words
- 12 "family development plan" and inserting the following:
- 13 "family investment program".
- 14 22. Page 27, line 17, by striking the words
- 15 "family development plan" and inserting the following:
- 16 "family investment program".
- 17 23. Page 27, line 21, by striking the words
- 18 "family development plan" and inserting the following:
- 19 "family investment program".
- 20 24. Page 27, lines 22 and 23, by striking the
- 21 words "family development plan" and inserting the
- 22 following: "family investment program".
- 23 25. Page 27, line 30, by striking the words
- 24 "family development plan" and inserting the following:
- 25 "family investment program".
- 26 26. Page 28, lines 19 and 20, by striking the
- 27 words "family development plan" and inserting the
- 28 following: "family investment program".
- 29 27. Page 28, line 35, by striking the words
- 30 "family development" and inserting the following:
- 31 "family investment".
- 32 28. Page 29, line 1, by striking the word "plan"
- 33 and inserting the following: "program".
- 34 29. Page 29, line 27, by striking the words
- 35 "family development plan" and inserting the following:
- 36 "family investment program".
- 37 30. Page 29, line 31, by striking the words
- 38 "family development plan" and inserting the following:
- 39 "family investment program".
- 40 31. Page 29, line 32, by striking the words
- 41 "FAMILY DEVELOPMENT PLAN" and inserting the following:
- 42 "FAMILY INVESTMENT PROGRAM".
- 43 32. Page 30, line 1, by striking the words
- 44 "family development plan" and inserting the following:
- 45 "family investment program".
- 46 33. Page 31, line 14, by striking the words
- 47 "FAMILY DEVELOPMENT PLAN" and inserting the following:
- 48 "FAMILY INVESTMENT PROGRAM".
- 49 34. Page 31, lines 17 and 18, by striking the
- 50 words "family development plan" and inserting the

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Page 3

- 1 following: "family investment program".
- 2 35. Page 32, line 3, by striking the words
- 3 "family development plan" and inserting the following:
- 4 "family investment program".
- 5 36. Page 32, line 11, by striking the words
- 6 "family development plan" and inserting the following:
- 7 "family investment program".
- 8 37. Page 32, line 22, by striking the words
- 9 "family development plan" and inserting the following:
- 10 "family investment program".
- 11 38. Page 32, lines 29 and 30, by striking the
- 12 words "family development plan" and inserting the
- 13 following: "family investment program".
- 14 39. Page 33, lines 9 and 10, by striking the
- 15 words "family development plan" and inserting the
- 16 following: "family investment program".
- 17 40. Page 33, lines 13 and 14, by striking the
- 18 words "family development plan" and inserting the
- 19 following: "family investment program".
- 20 41. Page 33, line 19, by striking the words
- 21 "family development plan" and inserting the following:
- 22 "family investment program".
- 23 42. Page 33, line 22, by striking the words
- 24 "family development plan" and inserting the following:
- 25 "family investment program".
- 26 43. Page 33, line 28, by striking the words
- 27 "family development plan" and inserting the following:
- 28 "family investment program".
- 29 44. Page 33, lines 34 and 35, by striking the
- 30 words "family development plan" and inserting the
- 31 following: "family investment program".
- 32 45. Page 34, lines 4 and 5, by striking the words
- 33 "family development plan" and inserting the following:
- 34 "family investment program".
- 35 46. Page 34, lines 10 and 11, by striking the
- 36 words "family development plan" and inserting the
- 37 following: "family investment program".
- 38 47. Page 34, lines 16 and 17, by striking the
- 39 words "family development plan" and inserting the
- 40 following: "family investment program".
- 41 48. Page 34, line 24, by striking the words
- 42 "family development plan" and inserting the following:
- 43 "family investment program".
- 44 49. Page 34, line 35, by striking the words
- 45 "family development plan" and inserting the following:
- 46 "family investment program".
- 47 50. By renumbering as necessary.

By PLASIER of Sioux

H-3972 FILED APRIL 14, 1993

out of order
4/20/93
(p. 1449)

SENATE FILE 268

H-3979

1 Amend the amendment, H-3924, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 3, line 36, by striking the words "more
5 than nine" and inserting the following: "ten or
6 more".

7 2. Page 3, line 47, by striking the word "Any"
8 and inserting the following: "If an account holder is
9 less than eighteen years of age, moneys shall not be
10 withdrawn from the holder's account unless the
11 withdrawal is authorized under subsection 4. If an
12 account holder is eighteen or more years of age, any".

13 3. Page 4, lines 40 and 41, by striking the words
14 "Iowa family development plan" and inserting the
15 following: "family investment program".

16 4. Page 6, line 41, by striking the word
17 "accounts" and inserting the following: "accounts,
18 with not more than five thousand accounts in the first
19 calendar year of the period,".

By PLASIER OF SIOUX

H-3979 FILED APRIL 14, 1993

Adopted
4/20/93
(P. 1459)

SENATE FILE 268

H-4031

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 8, line 15, by inserting after the word
4 "options." the following: "An individual's level of
5 participation in one or more of the options shall be
6 equivalent to the level of commitment required for
7 full-time employment or shall be significant so as to
8 move toward that level."

9 2. Page 8, by striking line 27 and inserting the
10 following:

11 "(7) Unpaid community service. Community service
12 shall be authorized in any nonprofit association which
13 has been determined under section 501(c)(3) of the
14 Internal Revenue Code to be exempt from taxation or in
15 any government agency. Upon request, the department
16 shall provide a listing of potential community service
17 placements to an individual, however, an individual
18 shall locate the individual's own placement and
19 perform the number of hours required by the agreement.
20 The individual shall file a monthly report with the
21 department which is signed by the director of the
22 community service placement verifying the community
23 service hours performed by the individual during that
24 month. The department shall develop a form for this
25 purpose."

By GRUBBS of Scott
WEIDMAN of Cass
RENKEN of Grundy
EDDIE of Buena Vista
MILLAGE of Scott
LARSON of Linn
HURLEY of Fayette
MARTIN of Scott
RAFFERTY of Scott
HESTER of Pottawattamie
BLODGETT of Cerro Gordo
CHURCHILL of Polk
LUNDBY of Linn
McNEAL of Hardin
DAGGET of Union
GRIES of Crawford
HANSON of Delaware

GARMAN of Story
HANSON of Black Hawk
BRUNKHORST of Bremer
KLEMME of Plymouth
WELTER of Jones
HOUSER of Pottawattamie
MERTZ of Kossuth
MEYER of Sac
KISTLER of Jefferson
BRAUNS of Muscatine
HAHN of Muscatine
DRAKE of Pottawattamie
MILLER of Cherokee
GREIG of Emmet
RANTS of Woodbury
DINKLA of Guthrie

H-4031 FILED APRIL 16, 1993

out of order
4/20/93
(p. 1449)

SENATE FILE 268

H-4037

1 Amend Senate File 268, as amended, passed, and re-
 2 printed by the Senate, as follows:
 3 1. Page 10, by inserting after line 1 the
 4 following:
 5 "_____. Implementation of a school attendance
 6 provision. Under the provision, if the superintendent
 7 of a school district, authorities in charge of a
 8 nonpublic school, or school truancy officer refers a
 9 school attendance matter to the county attorney
 10 pursuant to section 299.5A, the department of human
 11 services shall also be notified. If the child
 12 involved in the matter has a parent who is
 13 participating in a family development agreement under
 14 this section and the county attorney's referral for
 15 mediation or prosecution does not assure the child's
 16 school attendance, the department may apply a sanction
 17 to the parent. The sanction shall be equivalent to a
 18 JOBS program sanction for a recipient who does not
 19 comply with JOBS program requirements."
 20 2. By renumbering as necessary.

By RAFFERTY of Scott	HURLEY of Fayette
BRAUNS of Muscatine	BODDICKER of Cedar
MEYER of Sac	GRUBBS of Scott
HESTER of Pottawattamie	WELTER of Jones
RANTS of Woodbury	MARTIN of Scott
DRAKE of Pottawattamie	BRUNKHORST of Bremer
HALVORSON of Clayton	GREIG of Emmet
MERTZ of Kossuth	GRIES of Crawford
CHURCHILL of Polk	LARSON of Linn
ERTL of Dubuque	GREINER of Washington
KLEMME of Plymouth	

H-4037 FILED APRIL 16, 1993

out of order
4/20/93
(P. 1468)

SENATE FILE 268

H-4042

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 12, line 16, by striking the word
4 "stamps." and inserting the following: "stamps and
5 development of a pilot project in which federal and
6 state public assistance funding streams are
7 decategorized and administered by a community which
8 has designed an alternative to the current system of
9 public assistance. The department shall develop and
10 issue a request for proposals for the pilot project.
11 The pilot project shall include the following
12 components:

13 (1) The pilot project shall decategorize federal
14 and state funding streams, including but not limited
15 to aid to dependent children, JOBS program, child care
16 assistance, and food stamps.

17 (2) The department shall identify in the request
18 for proposals program objectives consistent with the
19 goal of assisting low-income persons to achieve self-
20 sufficiency to the greatest extent possible.

21 (3) A community's proposal shall identify the
22 means to attain the goal and project objectives.

23 (4) The department and the community shall
24 negotiate a contract to implement the pilot project.

25 (5) In implementing the pilot project, the
26 community shall administer 90 percent of the funding
27 that would have been provided to recipients in the
28 community if the funding streams were not
29 decategorized."

30 2. Page 12, by inserting after line 18 the
31 following:

32 "____. Development of a pilot project directed to a
33 target population of low-income persons who are
34 difficult to employ, or have low job skills, a poor
35 attitude toward employment, no employment experience,
36 or multiple problems affecting their employability.
37 The department shall develop and issue a request for
38 proposals and enter into a contract with an agency to
39 operate the project. The pilot project shall include
40 the following components:

41 (1) The pilot project shall operate as an
42 employment agency directed to the needs of the target
43 population. The pilot project agency shall work with
44 existing counseling and job training programs to place
45 target population persons in temporary or entry level
46 jobs. The primary focus shall be upon private sector
47 employment placements.

48 (2) The pilot project agency shall be the employer
49 of the persons placed for purposes of wages and
50 benefits, including but not limited to workers'

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Page 2

1 compensation and unemployment insurance.
 2 (3) The job placement employer shall pay to the
 3 pilot project agency the customary wage for the work
 4 performed by the person placed plus a fee. In
 5 addition, all of the following shall apply to a job
 6 placement employer and to persons placed with the job
 7 placement employer by the pilot project agency:
 8 (a) Provision of training and work conditions to
 9 the person which is similar to that provided to the
 10 job placement employer's regular employees.
 11 (b) Performance of an evaluation which is
 12 regularly provided to the person and to the pilot
 13 project agency at least monthly.
 14 (c) The job placement employer may terminate the
 15 person's employment with the job placement employer at
 16 will.
 17 (d) The job placement employer may offer a
 18 permanent position of employment to the person.
 19 (e) If a person obtains a permanent position of
 20 employment with a job placement employer, the person
 21 shall no longer be employed by or served by the pilot
 22 project agency.
 23 (4) The state shall provide any public assistance
 24 to persons who are participating in the pilot project
 25 and who are eligible for such public assistance."
 26 3. Page 12, by striking lines 19 and 20.
 27 4. By renumbering and relettering as necessary.

By NEUEHAUSER of Johnson

H-4042 FILED APRIL 19, 1993

lost 4/20/93 (P. 1471)

SENATE FILE 268

H-4044

1 Amend the amendment, H-3924, to Senate File 268, as
 2 amended, passed, and reprinted by the Senate, as
 3 follows:
 4 1. Page 1, by striking lines 20 and 21 and
 5 inserting the following:
 6 "b. Add, to the".
 7 2. Page 1, line 25, by inserting after the figure
 8 "4," the following: "paragraphs "a" and "b".
 9 3. Page 1, line 34, by striking the figure "7"
 10 and inserting the following: "5".

By PLASIER of Sioux

H-4044 FILED APRIL 19, 1993

*Adopted
(P. 1457) 4/20/93*

SENATE FILE 268

H-4045

- 1 Amend Senate File 268, as amended, passed, and re-
- 2 printed by the Senate, as follows:
- 3 1. By striking page 9, line 27, through page 10,
- 4 line 1.
- 5 2. By renumbering as necessary.

By HAMMOND of Story
FALLON of Polk
DODERER of Johnson

H-4045 FILED APRIL 19, 1993

Lost 4-20-93 (P. 1463)

SENATE FILE 268

H-4046

- 1 Amend the amendment, H-3924, to Senate File 268, as
- 2 amended, passed, and reprinted by the Senate, as
- 3 follows:
- 4 1. Page 2, line 45, by inserting after the word
- 5 "holder." the following: "When an individual
- 6 development account is opened, the account holder must
- 7 be a recipient of the family investment program under
- 8 chapter 239."
- 9 2. Page 5, by striking line 6 and inserting the
- 10 following: "limited to the amount of the annualized
- 11 federal poverty level for the family size of the
- 12 account holder."
- 13 3. Page 5, by striking lines 13 and 14 and
- 14 inserting the following: "year that an account holder
- 15 who is a current recipient of the family investment
- 16 program under chapter 239 deposits in the account
- 17 holder's account. An account holder who is no longer
- 18 a recipient of the family investment program under
- 19 chapter 239 is not eligible for a savings refund."
- 20 4. Page 5, by striking lines 20 through 48 and
- 21 inserting the following: "refund shall be equal to
- 22 twenty percent of the amount deposited."
- 23 5. Page 6, by striking lines 42 through 49 and
- 24 inserting the following: "who are recipients of the
- 25 family investment program under chapter 239 at the
- 26 time the accounts are opened."
- 27 6. Page 7, line 42, by striking the word "income"
- 28 and inserting the following: "family investment
- 29 program".

By PETERSON of Carroll
SCHRADER of Marion
MERTZ of Kossuth

H-4046 FILED APRIL 19, 1993

WITHDRAWN

4/20/93

SENATE FILE 268

H-4047

1 Amend the amendment, H-3924, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 "_____. Page 6, by striking lines 38 and 39 and
5 inserting the following:

6 "1. Prior to any implementation of individual
7 development accounts, including the pilot phase
8 authorized by this subsection, the administrator shall
9 submit a report to the governor and the general
10 assembly providing a detailed description of the
11 operation of the accounts. The report shall be
12 submitted on or before December 15, 1994. For the
13 five-year pilot phase period beginning March 1, 1995,
14 and ending February 28, 2000, the total."
15 2. By renumbering as necessary.

By NEUHAUSER of Johnson

H-4047 FILED APRIL 19, 1993

Lost 4/20/93 (P.1460)

SENATE FILE 268

H-4038

1 Amend Senate File 268, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 2, line 10, by inserting after the word
4 "governor" the following: "or the governor's
5 designee".

By PLASIER of Sioux

H-4038 FILED APRIL 19, 1993

*out of order
4/20/93
(P.1449)*

SENATE FILE 268

H-4048

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 10, by inserting after line 1 the
4 following:

5 " _____. Implementation of a volunteer representative
6 payee pilot program for a two-year period beginning
7 July 1, 1993, and ending June 30, 1995, in an urban
8 county selected by the department. In implementing
9 the program, the department shall assign a volunteer
10 representative payee to provide advice and support to
11 the recipient parents residing in the pilot project
12 county who are less than 18 years of age, are first-
13 time recipients, and who would benefit from assistance
14 with financial and household management skills. The
15 program shall include the following components:

16 a. The department may arrange to cooperate with
17 other agencies, including but not limited to community
18 action agencies, in operating the program. The
19 department shall coordinate the selection of persons
20 to act as a representative payee and may encourage
21 persons affiliated with other agencies, local
22 businesses, financial institutions, or other
23 appropriate employers to identify employees as
24 potential volunteers. Volunteers may also include
25 departmental staff, workers under contract to the
26 department, or agencies working in cooperation with
27 the department such as community action programs.

28 b. The purpose of a representative payee is to
29 discuss and to assist recipient parents with financial
30 management, household management, health care
31 concerns, and nutrition needs. A representative payee
32 may be authorized by the department to perform any of
33 the following:

34 (1) Receive aid to dependent children payments and
35 other assistance on behalf of a recipient.

36 (2) Act as a cosigner for the recipient's accounts
37 in a financial institution.

38 (3) Other responsibilities outlined in a written
39 plan developed by the department or a designee of the
40 department in consultation with the recipient and the
41 representative payee.

42 c. The department shall conduct child abuse and
43 criminal records checks on persons who are being
44 considered for selection as or who serve as a
45 volunteer representative payee. For purposes of
46 conducting the records checks, a volunteer or
47 prospective volunteer shall be considered a person
48 employed by or being considered for employment by an
49 institution controlled by the department in accordance
50 with the provisions of section 218.13. However, a

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Page 2

1 person who has been convicted of a crime or has a
 2 record of founded child or adult abuse shall not be a
 3 representative payee. The department may establish.
 4 other minimum qualifications consistent with the
 5 responsibilities of a representative payee.

6 d. The department shall provide workers'
 7 compensation coverage for representative payees while
 8 performing their duties. Representative payees shall
 9 be considered employees of the state in the
 10 performance of their duties for purposes of tort
 11 liability under chapter 669.

12 e. The department shall submit a report to the
 13 general assembly on or before February 1, 1995,
 14 concerning the effectiveness of the pilot program and
 15 providing recommendations for future action."

16 2. By renumbering as necessary.

By SHOULTZ of Black Hawk

H-4048 FILED APRIL 19, 1993

lost 4/20/93 (p. 1466)

SENATE FILE 268

H-4049

1 Amend Senate File 268, as amended, passed, and
 2 reprinted by the Senate, as follows:

3 1. Page 10, by inserting after line 1 the
 4 following:

5 " . If an individual is less than eighteen years
 6 of age, is a parent, and is living with the
 7 individual's parent, in determining the individual's
 8 eligibility for assistance under chapter 239, the
 9 department shall consider the individual as a single
 10 household and shall not consider the resources and
 11 income of the individual's parent and the parent's
 12 household in the eligibility determination."

13 2. By renumbering as necessary.

By CONNORS of Polk

H-4049 FILED APRIL 19, 1993

lost 4/20/93 (p. 1466)

SENATE FILE 268

H-4050

1 Amend Senate File 268, as amended, passed, and re-
 2 printed by the Senate, as follows:

3 1. Page 8, by inserting after line 27 the fol-
 4 lowing:

5 "(8) If the individual participates in at least
 6 one other option, any other arrangement which would
 7 permit the individual to be a full-time parent,
 8 including but not limited to participation in a child
 9 support insurance program which would provide
 10 increased support from a child support obligor,
 11 parent, or other interested person."

12 2. By renumbering as necessary.

By HAVERLAND of Polk
 HAMMOND of Story

H-4050 FILED APRIL 19, 1993

adopted 4/20/93 (p. 1462)

SENATE FILE 268

H-4060

1 Amend Senate File 268, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 2, line 10, by inserting after the word
4 "governor" the following: "or the governor's
5 designee".

6 2. Page 4, line 17, by striking the words "family
7 development plans" and inserting the following:
8 "family investment agreements".

9 3. Page 6, lines 23 and 24, by striking the words
10 "family development agreement" and inserting the
11 following: "family investment agreement".

12 4. Page 7, line 18, by striking the word
13 "disregard" and inserting the following: "disregard
14 not more than \$20,000 of".

15 5. Page 7, line 25, by striking the words "family
16 development agreements" and inserting the following:
17 "family investment agreements".

18 6. Page 7, line 29, by striking the words "family
19 development agreement" and inserting the following:
20 "family investment agreement".

21 7. Page 7, line 34, by striking the words "family
22 development agreement" and inserting the following:
23 "family investment agreement".

24 8. Page 8, line 2, by striking the words "family
25 development agreement" and inserting the following:
26 "family investment agreement".

27 9. Page 8, line 13, by striking the words "family
28 development agreement" and inserting the following:
29 "family investment agreement".

30 10. Page 8, line 15, by inserting after the word
31 "options." the following: "An individual's level of
32 participation in one or more of the options shall be
33 equivalent to the level of commitment required for
34 full-time employment or shall be significant so as to
35 move toward that level."

36 11. Page 8, by striking line 27 and inserting the
37 following:

38 "(7) Unpaid community service. Community service
39 shall be authorized in any nonprofit association which
40 has been determined under section 501(c)(3) of the
41 Internal Revenue Code to be exempt from taxation or in
42 any government agency. Upon request, the department
43 shall provide a listing of potential community service
44 placements to an individual, however, an individual
45 shall locate the individual's own placement and
46 perform the number of hours required by the agreement.
47 The individual shall file a monthly report with the
48 department which is signed by the director of the
49 community service placement verifying the community
50 service hours performed by the individual during that

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- 1 month. The department shall develop a form for this purpose."
12. Page 8, line 29, by striking the words "family development agreement" and inserting the following: "family investment agreement".
13. Page 9, line 7, by striking the words "family development agreement" and inserting the following: "family investment agreement".
14. Page 9, lines 12 and 13, by striking the words "family development agreement" and inserting the following: "family investment agreement".
15. Page 10, line 1, by inserting after the word "amounts." the following: "The provisions of this subsection shall not apply to an individual who was previously a resident of this state before living in another state and receiving aid to dependent children or to an individual who has moved to this state to be near the individual's parent or sibling."
16. Page 10, by striking lines 23 through 31.
17. Page 10, line 33, by striking the word and figure "and 4" and inserting the following: "4, and 5".
18. Page 21, line 28, by striking the words "family development plan" and inserting the following: "family investment program".
19. Page 26, line 2, by striking the words "FAMILY DEVELOPMENT PLAN" and inserting the following: "FAMILY INVESTMENT PROGRAM".
20. Page 26, line 10, by striking the words "family development plan" and inserting the following: "family investment program".
21. Page 26, line 19, by striking the words "family development plan" and inserting the following: "family investment program".
22. Page 26, line 29, by striking the words "family development plan" and inserting the following: "family investment program".
23. Page 27, line 2, by striking the words "family development plan" and inserting the following: "family investment program".
24. Page 27, line 9, by striking the words "family development plan" and inserting the following: "family investment program".
25. Page 27, line 12, by striking the words "family development plan" and inserting the following: "family investment program".
26. Page 27, line 17, by striking the words "family development plan" and inserting the following: "family investment program".
27. Page 27, line 21, by striking the words

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Page 3

- 1 "family development plan" and inserting the following:
- 2 "family investment program".
- 3 28. Page 27, lines 22 and 23, by striking the
- 4 words "family development plan" and inserting the
- 5 following: "family investment program".
- 6 29. Page 27, line 30, by striking the words
- 7 "family development plan" and inserting the following:
- 8 "family investment program".
- 9 30. Page 28, lines 19 and 20, by striking the
- 10 words "family development plan" and inserting the
- 11 following: "family investment program".
- 12 31. Page 28, line 35, by striking the words
- 13 "family developoment" and inserting the following:
- 14 "family investment".
- 15 32. Page 29, line 1, by striking the word "plan"
- 16 and inserting the following: "program".
- 17 33. Page 29, line 27, by striking the words
- 18 "family development plan" and inserting the following:
- 19 "family investment program".
- 20 34. Page 29, line 31, by striking the words
- 21 "family developoment plan" and inserting the following:
- 22 "family investment program".
- 23 35. Page 29, line 32, by striking the words
- 24 "FAMILY DEVELOPMENT PLAN" and inserting the following:
- 25 "FAMILY INVESTMENT PROGRAM".
- 26 36. Page 30, line 1, by striking the words
- 27 "family development plan" and inserting the following:
- 28 "family investment program".
- 29 37. Page 31, line 14, by striking the words
- 30 "FAMILY DEVELOPMENT PLAN" and inserting the following:
- 31 "FAMILY INVESTMENT PROGRAM".
- 32 38. Page 31, lines 17 and 18, by striking the
- 33 words "family developoment plan" and inserting the
- 34 following: "family investment program".
- 35 39. Page 32, line 3, by striking the words
- 36 "family development plan" and inserting the following:
- 37 "family investment program".
- 38 40. Page 32, line 11, by striking the words
- 39 "family development plan" and inserting the following:
- 40 "family investment program".
- 41 41. Page 32, line 22, by striking the words
- 42 "family developoment plan" and inserting the following:
- 43 "family investment program".
- 44 42. Page 32, lines 29 and 30, by striking the
- 45 words "family development plan" and inserting the
- 46 following: "family investment program".
- 47 43. Page 33, lines 9 and 10, by striking the
- 48 words "family development plan" and inserting the
- 49 following: "family investment program".
- 50 44. Page 33, lines 13 and 14, by striking the

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Page 4

- 1 words "family development plan" and inserting the
2 following: "family investment program".
3 45. Page 33, line 19, by striking the words
4 "family development plan" and inserting the following:
5 "family investment program".
6 46. Page 33, line 22, by striking the words
7 "family development plan" and inserting the following:
8 "family investment program".
9 47. Page 33, line 28, by striking the words
10 "family development plan" and inserting the following:
11 "family investment program".
12 48. Page 33, lines 34 and 35, by striking the
13 words "family development plan" and inserting the
14 following: "family investment program".
15 49. Page 34, lines 4 and 5, by striking the words
16 "family development plan" and inserting the following:
17 "family investment program".
18 50. Page 34, lines 10 and 11, by striking the
19 words "family development plan" and inserting the
20 following: "family investment program".
21 51. Page 34, lines 16 and 17, by striking the
22 words "family development plan" and inserting the
23 following: "family investment program".
24 52. Page 34, line 24, by striking the words
25 "family development plan" and inserting the following:
26 "family investment program".
27 53. Page 34, line 35, by striking the words
28 "family development plan" and inserting the following:
29 "family investment program".
30 54. By renumbering, relettering, or redesignating
31 and correcting internal references as necessary.

By COMMITTEE ON HUMAN RESOURCES
PLASIER of Sioux, Chairperson

H-4060 FILED APRIL 20, 1993

ADOPTED PAGE 2 LINES 23, 24, 25 OUT OF ORDER

SENATE FILE 268

H-4062

1 Amend Senate File 268, as amended, passed, and re-
2 printed by the Senate, as follows:
3 1. Page 10, by inserting after line 1 the
4 following:
5 "____. Implementation of a school attendance
6 provision. Under the provision, the superintendent of
7 a school district, authorities in charge of a
8 nonpublic school, or a school truancy officer may
9 request and receive information from the department of
10 human services indicating whether a child who may be
11 truant as defined in section 299.8 has a parent who is
12 participating in a family investment agreement under
13 this section. If referral of the truancy matter to
14 the county attorney pursuant to section 299.5A does
15 not assure the child's attendance, the superintendent,
16 authorities, or school truancy officer may notify the
17 department of the truancy matter and the department
18 may apply a sanction to the parent. The sanction
19 shall be equivalent to a JOBS program sanction for a
20 recipient who does not comply with JOBS program
21 requirements."
22 2. By renumbering as necessary.

By RAFFERTY of Scott

H-4062 FILED APRIL 20, 1993

NOT GERMANE, MOTION TO SUSPEND RULES, LOST

SENATE FILE 268

H-4065

1 Amend the amendment, H-4050, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:
4 1. Page 1, line 7, by striking the word "full-
5 time" and inserting the following: "better".
6 2. Page 1, lines 8 and 9, by striking the words
7 "child support insurance program" and inserting the
8 following: "parenting education program or any other
9 plan".

By HAVERLAND of Polk

H-4065 FILED APRIL 20, 1993

OUT OF ORDER

SENATE FILE 268

H-4067

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 11, by inserting after line 2 the
4 following:

5 "Sec. ____ COST-EFFECTIVENESS REPORT. Beginning
6 with fiscal year 1993-1994 and continuing through
7 fiscal year 1998-1999, the department of human
8 services shall annually analyze and compare the state
9 costs of providing the aid to dependent children
10 program under chapter 239 and the JOBS program
11 implemented under chapter 249C as required by the
12 provisions of this Act with the costs of providing
13 those programs if the provisions of this Act were not
14 implemented. The department shall annually submit a
15 report of the cost comparison to the governor and the
16 general assembly on or before January 15, and the
17 report shall provide both actual and projected cost
18 differences for the fiscal year in progress and for
19 the previous fiscal year."

20 2. By renumbering and correcting internal
21 references as necessary.

By KREIMAN of Davis

H-4067 FILED APRIL 20, 1993

LOST

SENATE FILE 268

H-4068

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 3, by inserting after line 33 the
4 following:

5 "Sec. ____ NEW SECTION. 8A.3 REPEAL. The
6 provisions of this chapter are repealed effective July
7 1, 1997."

8 2. By striking page 9, line 31 through page 10,
9 line 1, and inserting the following: "is determined,
10 the department shall identify the standard grant
11 payment amount the individual would be paid in the
12 other state. For the period of one year from the date
13 of applying for assistance in this state, the
14 individual's grant shall be equal to the identified
15 amount."

16 3. By renumbering as necessary.

By NEUHAUSER of Johnson

H-4068 FILED APRIL 20, 1993

LOST

SENATE FILE 268

H-4078

1 Amend the amendment, H-4062, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

- 4 1. Page 1, line 6, by inserting after the word
5 "provision," the following: "if".
- 6 2. Page 1, line 8, by striking the word "may".
- 7 3. Page 1, by striking lines 9 through 14 and
8 inserting the following: "refers a truancy matter to
9 the county attorney pursuant to section 299.5A, the
10 department of human services shall also be notified.
11 If the child involved in the matter has a parent who
12 is participating in a family investment agreement
13 under this section and the county attorney's referral
14 for mediation or prosecution does".

By HAMMOND of Story

H-4078 FILED APRIL 20, 1993
LOST

SENATE FILE 268

H-4079

1 Amend the amendment, H-4060, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

- 4 1. Page 1, line 14, by striking the figure
5 "20,000" and inserting the following: "2,000".

By SCHRADER of Marion
McCOY of Polk

H-4079 FILED APRIL 20, 1993
LOST

SENATE FILE 268

H-4080

- 1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 3 through 20.
 - 4 2. By striking page 1, line 21 through page 2,
5 line 4.
 - 6 3. By striking page 13, line 15 through page 15,
7 line 1.
 - 8 4. By renumbering and correcting internal
9 references as necessary.

By HANSON of Delaware
HANSEN of Woodbury
HANSON of Black Hawk

H-4080 FILED APRIL 20, 1993
ADOPTED

SENATE FILE 268

H-4081

1 Amend the amendment, H-4060, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 14, by striking the figure
5 "20,000" and inserting the following: "5,000".

By HOLVECK of Polk
HAMMOND of Story

H-4081 FILED APRIL 20, 1993
OUT OF ORDER

SENATE FILE 268

H-4082

1 Amend the amendment, H-4050, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking lines 7 through 11, and
5 inserting the following: "strengthen the individual's
6 ability to be a better parent, including but not
7 limited to participation in a parenting education
8 program.""

By PLASIER of Sioux

H-4082 FILED APRIL 20, 1993
ADOPTED

SENATE FILE 268

H-4083

1 Amend the amendment, H-4060, to Senate File 268, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 14, by striking the figure
5 "20,000" and inserting the following: "10,000".

By MILLAGE of Scott

H-4083 FILED APRIL 20, 1993
ADOPTED

HOUSE AMENDMENT TO
SENATE FILE 268

S-3560

1 Amend Senate File 268, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, by striking lines 3 through 20.
4 2. By striking page 1, line 21 through page 2,
5 line 4.
6 3. Page 2, line 10, by inserting after the word
7 "governor" the following: "or the governor's
8 designee".
9 4. Page 4, line 17, by striking the words "family
10 development plans" and inserting the following:
11 "family investment agreements".
12 5. Page 6, lines 23 and 24, by striking the words
13 "family development agreement" and inserting the
14 following: "family investment agreement".
15 6. Page 7, line 18, by striking the word
16 "disregard" and inserting the following: "disregard
17 not more than \$10,000 of".
18 7. Page 7, line 25, by striking the words "family
19 development agreements" and inserting the following:
20 "family investment agreements".
21 8. Page 7, line 29, by striking the words "family
22 development agreement" and inserting the following:
23 "family investment agreement".
24 9. Page 7, line 34, by striking the words "family
25 development agreement" and inserting the following:
26 "family investment agreement".
27 10. Page 8, line 2, by striking the words "family
28 development agreement" and inserting the following:
29 "family investment agreement".
30 11. Page 8, line 13, by striking the words
31 "family development agreement" and inserting the
32 following: "family investment agreement".
33 12. Page 8, line 15, by inserting after the word
34 "options." the following: "An individual's level of
35 participation in one or more of the options shall be
36 equivalent to the level of commitment required for
37 full-time employment or shall be significant so as to
38 move toward that level."
39 13. Page 8, by striking line 27 and inserting the
40 following:
41 "(7) Unpaid community service. Community service
42 shall be authorized in any nonprofit association which
43 has been determined under section 501(c)(3) of the
44 Internal Revenue Code to be exempt from taxation or in
45 any government agency. Upon request, the department
46 shall provide a listing of potential community service
47 placements to an individual, however, an individual
48 shall locate the individual's own placement and
49 perform the number of hours required by the agreement.
50 The individual shall file a monthly report with the

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1 department which is signed by the director of the
2 community service placement verifying the community
3 service hours performed by the individual during that
4 month. The department shall develop a form for this
5 purpose."

6 14. Page 8, by inserting after line 27 the fol-
7 lowing:

8 "(8) If the individual participates in at least
9 one other option, any other arrangement which would
10 strengthen the individual's ability to be a better
11 parent, including but not limited to participation in
12 a parenting education program."

13 15. Page 8, line 29, by striking the words
14 "family development agreement" and inserting the
15 following: "family investment agreement".

16 16. Page 9, line 7, by striking the words "family
17 development agreement" and inserting the following:
18 "family investment agreement".

19 17. Page 9, lines 12 and 13, by striking the
20 words "family development agreement" and inserting the
21 following: "family investment agreement".

22 18. Page 10, line 1, by inserting after the word
23 "amounts." the following: "The provisions of this
24 subsection shall not apply to an individual who was
25 previously a resident of this state before living in
26 another state and receiving aid to dependent children
27 or to an individual who has moved to this state to be
28 near the individual's parent or sibling."

29 19. Page 10, by striking lines 23 through 31.

30 20. Page 10, line 33, by striking the word and
31 figure "and 4" and inserting the following: "4, and
32 5".

33 21. By striking page 13, line 15 through page 15,
34 line 1.

35 22. By striking page 17, line 12, through page
36 25, line 17, and inserting the following:

37 "Sec. 18. Section 422.7, Code 1993, is amended by
38 adding the following new subsection:

39 NEW SUBSECTION. 28. If the taxpayer is owner of
40 an individual development account certified under
41 chapter 541A at any time during the tax year the
42 following adjustments shall be made:

43 a. Subtract, to the extent included, all of the
44 following:

45 (1) Contributions made to the account by persons
46 and entities, other than the taxpayer, as authorized
47 in chapter 541A.

48 (2) The amount of any savings refund authorized
49 under section 541A.3, subsection 1.

50 (3) Earnings from the account to the extent not

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1 withdrawn.

2 b. Add, to the extent not included, all of the
3 following:

4 (1) Earnings from the account which are withdrawn.

5 (2) Amounts withdrawn which are not authorized by
6 section 541A.2, subsection 4, paragraphs "a" and "b"
7 and which are attributable to contributions by persons
8 and entities, other than the taxpayer, as provided in
9 section 541A.2, subsection 4.

10 (3) If the account is closed, amounts received by
11 the taxpayer which have not previously been taxed
12 under this division, except amounts that are
13 redeposited in another individual development account,
14 or the state human investment reserve pool as provided
15 in section 541A.2, subsection 5, and including the
16 total amount of any savings refund authorized under
17 section 541A.3.

18 Sec. 19. Section 450.4, Code 1993, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 6. On property in an individual
21 development account in the name of the decedent that
22 passes to another individual development account, up
23 to ten thousand dollars, or the state human investment
24 reserve pool created in section 541A.4. For purposes
25 of this subsection, "individual development account"
26 means an account that has been certified as an
27 individual development account pursuant to chapter
28 541A.

29 Sec. 20. NEW SECTION. 541A.1 DEFINITIONS.

30 For the purposes of this chapter, unless the
31 context otherwise requires:

32 1. "Account holder" means an individual who is the
33 owner of an individual development account.

34 2. "Administrator" means the executive branch
35 agency selected by the governor to administer
36 individual development accounts.

37 3. "Charitable contributor" means a nonprofit
38 association described in section 501(c)(3) of the
39 Internal Revenue Code which makes a deposit to an
40 individual development account and which is exempt
41 from taxation under section 501(a) of the Internal
42 Revenue Code.

43 4. "Federal poverty level" means the first poverty
44 income guidelines published in the calendar year by
45 the United States department of health and human
46 services.

47 5. "Financial institution" means a financial
48 institution approved by the administrator as an
49 investment mechanism for individual development
50 accounts.

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1 6. "Individual contributor" means an individual
2 who makes a deposit to an individual development
3 account and is not the account holder or a charitable
4 contributor.

5 7. "Individual development account" means a
6 financial instrument which is certified to have the
7 characteristics described in section 541A.2 by the
8 operating organization.

9 8. "Operating organization" means an agency
10 selected by the administrator for involvement in
11 operating individual development accounts directed to
12 a specific target population.

13 9. "Reserve pool" means the state human investment
14 reserve pool under the authority of the administrator
15 created in section 541A.4.

16 10. "Source of principal" means any of the sources
17 of a deposit to an individual development account
18 under section 541A.2, subsection 2.

19 Sec. 21. NEW SECTION. 541A.2 INDIVIDUAL
20 DEVELOPMENT ACCOUNTS.

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

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

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

30 a. Deposits made by the account holder.

31 b. Deposits of a savings refund authorized under
32 section 541A.3, subsection 1 due the account holder
33 because of the account holder's deposits in the
34 account holder's account.

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

38 d. A deposit made on behalf of the account holder
39 by an individual or a charitable contributor. This
40 type of deposit may include but is not limited to
41 moneys to match the account holder's deposits. A
42 deposit made under this paragraph shall be held in
43 trust for the account holder and shall only be used to
44 earn income in the account or to be withdrawn by the
45 account holder for a purpose provided in subsection 4.

46 3. The account earns income.

47 4. During a calendar year, an account holder may
48 withdraw without penalty from the account holder's
49 account the sum of the following:

50 a. With the approval of the operating

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1 organization, amounts withdrawn for any of the
2 following approved purposes:

3 (1) Educational costs at an accredited institution
4 of higher education.

5 (2) Training costs for an accredited or licensed
6 training program.

7 (3) Purchase of a primary residence.

8 (4) Capitalization of a small business start-up.

9 Amounts withdrawn for purposes of this paragraph shall
10 be charged to the source of principal on a prorated
11 basis. Moneys transferred from another individual
12 development account shall be considered to be a
13 deposit made by the account holder for purposes of
14 charges to the source of principal.

15 b. At the adult account holder's discretion any
16 income earned by the account. An account holder who
17 is ten or more but less than eighteen years of age may
18 withdraw any income earned by the account with the
19 approval of the account holder's parent or guardian
20 and of the operating organization. If the account
21 holder is less than ten years of age, any income
22 earned by the account may be withdrawn by the account
23 holder's parent or guardian with the approval of the
24 operating organization.

25 c. At the account holder's discretion, if the
26 account holder is at least fifty-nine and one-half
27 years of age, any amount.

28 5. If an account holder is less than eighteen
29 years of age, moneys shall not be withdrawn from the
30 holder's account unless the withdrawal is authorized
31 under subsection 4. If an account holder is eighteen
32 or more years of age, any amount of the adjusted
33 account holder deposits withdrawn during a calendar
34 year which is not authorized under subsection 4, is
35 subject to a penalty of fifteen percent. In addition,
36 if at any time the cumulative amount withdrawn by the
37 account holder over the life of the account that is
38 not authorized under subsection 4 exceeds fifty
39 percent of the amount of the adjusted account holder
40 deposits, the contributions made by a charitable or
41 individual contributor held in trust in the account
42 holder's account shall be removed from the account and
43 redeposited in another individual development account
44 or the reserve pool as directed by the contributor and
45 deposits made by the state of a savings refund
46 authorized under section 541A.3, subsection 1 shall be
47 withdrawn and deposited in the reserve pool. The
48 amount of the adjusted account holder deposits is the
49 amount remaining after subtracting from the cumulative
50 moneys deposited by the account holder all amounts

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1 withdrawn pursuant to subsection 4, paragraph "a". At
2 the time a charitable or individual contributor
3 contributes moneys to an account the contributor shall
4 indicate the contributor's directions for disposition
5 of moneys which are removed. If the designated choice
6 of the contributor does not exist the contributed
7 moneys shall be withdrawn and deposited in the reserve
8 pool.

9 6. Penalty amounts collected pursuant to
10 subsection 5 shall be deposited in the reserve pool.

11 7. An adult account holder may transfer all or
12 part of the assets the adult account holder has
13 deposited in the account to any other account holder's
14 account. However, an account holder who is less than
15 eighteen years of age is prohibited from transferring
16 account assets to any other account holder. Moneys
17 contributed by a charitable or individual contributor
18 are not subject to transfer except as authorized by
19 the contributor. Amounts transferred in accordance
20 with this subsection are not subject to a penalty.

21 8. If approved by the federal government, moneys
22 in an individual development account and any earnings
23 on the moneys shall not be considered by the
24 department of human services for determining the
25 eligibility of an individual under the family
26 investment program under chapter 239 or the work and
27 training program under chapter 249C.

28 9. In the event of an account holder's death, the
29 account may be transferred to the ownership of a
30 contingent beneficiary or to the individual
31 development account of another account holder. An
32 account holder shall name contingent beneficiaries or
33 transferees at the time the account is established and
34 a named beneficiary or transferee may be changed at
35 the discretion of the account holder. If the named
36 beneficiary or transferee is deceased or otherwise
37 cannot accept the transfer, the moneys shall be
38 transferred to the reserve pool.

39 10. The total amount of sources of principal which
40 may be in an individual development account shall be
41 limited to fifty thousand dollars.

42 Sec. 22. NEW SECTION. 541A.3 INDIVIDUAL
43 DEVELOPMENT ACCOUNTS -- REFUND AND TAX PROVISIONS.

44 All of the following state tax provisions shall
45 apply to an individual development account:

46 1. Payment by the state of a savings refund on
47 amounts of up to two thousand dollars per calendar
48 year that an account holder deposits in the account
49 holder's account. Moneys transferred to an individual
50 development account from another account shall not be

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1 considered an account holder deposit for purposes of
2 determining a savings refund. Payment shall be made
3 directly to the account in the most appropriate manner
4 as determined by the administrator. The state savings
5 refund shall be the indicated percentage of the amount
6 deposited:

7 a. For an account holder with a household income,
8 as defined in section 425.17, subsection 6, which is
9 less than one hundred fifty percent of the federal
10 poverty level, twenty percent.

11 b. For an account holder with a household income
12 which is one hundred fifty percent or more but less
13 than one hundred sixty percent of the federal poverty
14 level, eighteen percent.

15 c. For an account holder with a household income
16 which is one hundred sixty percent or more but less
17 than one hundred seventy percent of the federal
18 poverty level, sixteen percent.

19 d. For an account holder with a household income
20 which is one hundred seventy percent or more but less
21 than one hundred eighty percent of the federal poverty
22 level, fourteen percent.

23 e. For an account holder with a household income
24 which is one hundred eighty percent or more but less
25 than one hundred ninety percent of the federal poverty
26 level, twelve percent.

27 f. For an account holder with a household income
28 which is one hundred ninety percent or more but less
29 than two hundred percent of the federal poverty level,
30 ten percent.

31 g. For an account holder with a household income
32 which is two hundred percent or more of the federal
33 poverty level, zero percent.

34 2. Income earned by an individual development
35 account is not subject to tax until withdrawn.

36 3. Amounts transferred between individual
37 development accounts are not subject to state tax.

38 4. The administrator shall work with the United
39 States secretary of the treasury and the state's
40 congressional delegation as necessary to secure an
41 exemption from federal taxation for individual
42 development accounts and the earnings on those
43 accounts. The administrator shall report annually to
44 the governor and the general assembly concerning the
45 status of federal approval.

46 5. The administrator shall coordinate the filing
47 of claims for savings refunds authorized under
48 subsection 1, between account holders, operating
49 organizations, and the department of revenue and
50 finance. Claims approved by the administrator may be

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1 paid by the department of revenue and finance to each
2 account or for an aggregate amount for distribution to
3 the accounts in a particular financial institution,
4 depending on the efficiency for issuing the refunds.
5 Claims shall be initially filed with the administrator
6 on or before a date established by the administrator.

7 Sec. 23. NEW SECTION. 541A.4 INDIVIDUAL

8 DEVELOPMENT ACCOUNT -- PILOT PHASE.

9 A state human investment reserve pool is created in
10 the state treasury under the authority of the
11 administrator. The governor shall name an executive
12 branch agency as administrator to have authority over
13 the reserve pool. Interest on moneys in the reserve
14 pool shall remain in the reserve pool and
15 notwithstanding sections 8.33 and 8.39, moneys in the
16 reserve pool are not subject to reversion or transfer.
17 Moneys in the reserve pool shall be used for
18 administrative expenses of the administrator. The
19 administrator shall perform all of the following
20 duties or may delegate the performance of the duties
21 to a suitable entity in administering the individual
22 development accounts:

23 1. For the five-year pilot phase period beginning
24 March 1, 1994, and ending February 28, 1999, the total
25 number of individual development accounts shall be
26 limited to ten thousand accounts, with not more than
27 five thousand accounts in the first calendar year of
28 the period, and to individuals with a household income
29 which does not exceed two hundred percent of the
30 federal poverty level. The administrator shall ensure
31 that the family income status of account holders at
32 the time an account is opened proportionately reflects
33 the distribution of the household income status of the
34 state's population up to two hundred percent of the
35 federal poverty level.

36 2. Issue a request for proposals for operating
37 organizations to be involved with the operation of
38 individual development accounts on behalf of a
39 specific target population. The administrator shall
40 determine the review criteria used to select operating
41 organizations. The initial review criteria used to
42 evaluate organizations' proposed projects and
43 requirements associated with operating organizations
44 shall include but are not limited to all of the
45 following:

46 a. Provision of a safe and secure investment
47 mechanism for the individual development accounts
48 utilizing a financial institution approved by the
49 administrator.

50 b. The proposed project has a strong relationship

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1 to goals established by other initiatives deemed a
2 priority by the administrator.

3 c. The proposed project links the making of an
4 account holder's contributions to an individual
5 development account with other services or outcomes
6 identified by the operating organization in the
7 proposal. The proposed project includes mechanisms
8 for the operating organization to monitor and enforce
9 the identified outcomes and services.

10 d. The operating organization is capable of
11 performing the project as proposed. Minimum
12 capabilities shall include an ability to provide
13 financial counseling, familiarity and ability to work
14 with the proposed target population, and a strong
15 record of successful management.

16 e. The operating organization proposes to provide
17 a significant amount of matching funds for individual
18 development accounts.

19 f. The proposal includes a monitoring and
20 evaluation plan for certifying the proposed project's
21 outcomes.

22 g. The responsibilities of an operating
23 organization shall include but are not limited to all
24 of the following:

25 (1) Certifying that a financial instrument is an
26 individual development account based upon its having
27 the characteristics described in section 541A.2.

28 (2) Certifying the income status and the amount of
29 contributions to an individual development account by
30 an account holder during a tax year which are eligible
31 for a savings refund authorized under section 541A.3,
32 subsection 1.

33 (3) Calculating the adjusted contribution
34 principal amounts for the account holder, state, and
35 individual and charitable contributors as required for
36 purposes of section 541A.2, subsections 4 and 5.

37 3. Utilizing guidelines established in law for
38 this purpose, the administrator shall contract for an
39 independent evaluation of the implementation of the
40 individual development accounts. The evaluation shall
41 consider the following: implementation and process
42 used for the implementation, program impact, and
43 financial effectiveness.

44 Sec. 24. EFFECTIVE DATE AND APPLICABILITY
45 PROVISIONS. Sections 18 and 19 of this Act are
46 effective January 1, 1994. Section 18 applies to tax
47 years beginning on or after January 1, 1994. Section
48 19 applies to decedents dying on or after January 1,
49 1994."

50 23. Page 26, line 2, by striking the words

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- 1 "FAMILY DEVELOPMENT PLAN" and inserting the following:
2 "FAMILY INVESTMENT PROGRAM".
3 24. Page 26, line 10, by striking the words
4 "family development plan" and inserting the following:
5 "family investment program".
6 25. Page 26, line 19, by striking the words
7 "family development plan" and inserting the following:
8 "family investment program".
9 26. Page 26, line 29, by striking the words
10 "family development plan" and inserting the following:
11 "family investment program".
12 27. Page 27, line 2, by striking the words
13 "family development plan" and inserting the following:
14 "family investment program".
15 28. Page 27, line 9, by striking the words
16 "family development plan" and inserting the following:
17 "family investment program".
18 29. Page 27, line 12, by striking the words
19 "family development plan" and inserting the following:
20 "family investment program".
21 30. Page 27, line 17, by striking the words
22 "family development plan" and inserting the following:
23 "family investment program".
24 31. Page 27, line 21, by striking the words
25 "family development plan" and inserting the following:
26 "family investment program".
27 32. Page 27, lines 22 and 23, by striking the
28 words "family development plan" and inserting the
29 following: "family investment program".
30 33. Page 27, line 30, by striking the words
31 "family development plan" and inserting the following:
32 "family investment program".
33 34. Page 28, lines 19 and 20, by striking the
34 words "family development plan" and inserting the
35 following: "family investment program".
36 35. Page 28, line 35, by striking the words
37 "family development" and inserting the following:
38 "family investment".
39 36. Page 29, line 1, by striking the word "plan"
40 and inserting the following: "program".
41 37. Page 29, line 27, by striking the words
42 "family development plan" and inserting the following:
43 "family investment program".
44 38. Page 29, line 31, by striking the words
45 "family development plan" and inserting the following:
46 "family investment program".
47 39. Page 29, line 32, by striking the words
48 "FAMILY DEVELOPMENT PLAN" and inserting the following:
49 "FAMILY INVESTMENT PROGRAM".
50 40. Page 30, line 1, by striking the words

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- 1 "family development plan" and inserting the following:
- 2 "family investment program".
- 3 41. Page 31, line 14, by striking the words
- 4 "FAMILY DEVELOPMENT PLAN" and inserting the following:
- 5 "FAMILY INVESTMENT PROGRAM".
- 6 42. Page 31, lines 17 and 18, by striking the
- 7 words "family development plan" and inserting the
- 8 following: "family investment program".
- 9 43. Page 32, line 3, by striking the words
- 10 "family development plan" and inserting the following:
- 11 "family investment program".
- 12 44. Page 32, line 11, by striking the words
- 13 "family development plan" and inserting the following:
- 14 "family investment program".
- 15 45. Page 32, line 22, by striking the words
- 16 "family development plan" and inserting the following:
- 17 "family investment program".
- 18 46. Page 32, lines 29 and 30, by striking the
- 19 words "family development plan" and inserting the
- 20 following: "family investment program".
- 21 47. Page 33, lines 9 and 10, by striking the
- 22 words "family development plan" and inserting the
- 23 following: "family investment program".
- 24 48. Page 33, lines 13 and 14, by striking the
- 25 words "family development plan" and inserting the
- 26 following: "family investment program".
- 27 49. Page 33, line 19, by striking the words
- 28 "family development plan" and inserting the following:
- 29 "family investment program".
- 30 50. Page 33, line 22, by striking the words
- 31 "family development plan" and inserting the following:
- 32 "family investment program".
- 33 51. Page 33, line 28, by striking the words
- 34 "family development plan" and inserting the following:
- 35 "family investment program".
- 36 52. Page 33, lines 34 and 35, by striking the
- 37 words "family development plan" and inserting the
- 38 following: "family investment program".
- 39 53. Page 34, lines 4 and 5, by striking the words
- 40 "family development plan" and inserting the following:
- 41 "family investment program".
- 42 54. Page 34, lines 10 and 11, by striking the
- 43 words "family development plan" and inserting the
- 44 following: "family investment program".
- 45 55. Page 34, lines 16 and 17, by striking the
- 46 words "family development plan" and inserting the
- 47 following: "family investment program".
- 48 56. Page 34, line 24, by striking the words
- 49 "family development plan" and inserting the following:
- 50 "family investment program".

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-11-

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Page 12

- 1 57. Page 34, line 35, by striking the words
- 2 "family development plan" and inserting the following:
- 3 "family investment program".
- 4 58. By renumbering, relettering, or redesignating
- 5 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-3560 FILED APRIL 21, 1993

Senate Concurred 4/29/93 (p. 1461)

SENATE FILE 268

S-3675

- 1 Amend the House amendment, S-3560, to Senate File
- 2 268, as amended, passed, and reprinted by the Senate,
- 3 as follows:
- 4 1. Page 2, by inserting after line 34 the
- 5 following:
- 6 "_____. By striking page 15, line 34 through page
- 7 16, line 1 and inserting the following: "If basic
- 8 assessments are not provided by a community college,
- 9 the basic assessments may be provided by other service
- 10 providers or by a combination of service providers.""
- 11 2. By renumbering as necessary.

By JOHN P. KIBBIE

S-3675 FILED APRIL 28, 1993

WITHDRAWN

4.29.93

SENATE FILE 268

AN ACT

CREATING AN IOWA INVESTS PROGRAM AND PROVIDING RELATED PROVISIONS INCLUDING APPLICABILITY PROVISIONS, AND EFFECTIVE DATES.

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

DIVISION I

IOWA INVESTS -- IOWA COUNCIL ON HUMAN INVESTMENT

Section 1. NEW SECTION. 8A.2 IOWA COUNCIL ON HUMAN INVESTMENT.

An Iowa council on human investment is established to define a human service agenda for the state and to propose benchmarks for the strategic goals of the state identified by the council. The governor or the governor's designee shall be a member and chairperson of the council and the council shall consist of eight other members appointed by the governor, subject to confirmation by the senate. The appointments shall be made in a manner so that all of the state's congressional districts are represented along with the ethnic, cultural, social, and economic diversity of the state. Terms of office of members other than the governor are three years. Council members shall be reimbursed for actual and necessary expenses incurred in performance of their duties. Members may also be eligible to receive compensation as provided in section 7E.6. The governor shall assign staffing services to the council which may include the staff identified by the director of the department of management. The council shall do all of the following:

1. Develop an overall long-term human investment strategy for the state including broad policy goals and benchmarks which are goal statements reflecting specific results or

achievements in public policy at a particular time in the future. The strategy shall be developed through a process involving input from and consensus-building with a broad cross-section of the state's population. Public hearings shall be held by the council in developing the strategy and benchmarks. The human investment strategy and benchmarks shall be submitted to the governor and the general assembly for a determination as to how the strategy and benchmarks will be set and achieved.

2. Develop an Iowa human investment budget and accounting model which provides a financial weighting of human investments. The budget and accounting model shall provide a means to reflect public and private investments in the skills and employability of Iowans. It is anticipated that the accounting system will indicate that human investments will generate returns in excess of the investments. The council shall implement the model on a pilot project basis and report annually concerning the model and the pilot project to the governor, general assembly, and the public.

3. Study the potential for the state to appropriate moneys according to the highest return on human investment. The council shall recommend to the governor and the general assembly a method for fully implementing the human investment budget and accounting model developed pursuant to subsection 2. The model shall provide for incentives for state agencies to utilize appropriations in a manner in order to achieve the highest returns on human investments.

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

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

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

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

Sec. 2. INITIAL APPOINTMENTS. The governor shall make the initial appointments as follows to the Iowa council on human investment created in section 8A.2:

1. Three members to a one-year term.
2. Three members to a two-year term.
3. Two members to a three-year term.

DIVISION II
WELFARE REFORM

Sec. 3. WELFARE REFORM INITIATIVE. A welfare reform initiative is established involving the federal-state aid to dependent children program administered under chapter 239 and the federal-state job opportunities and basic skills (JOBS) program implemented under chapter 249C. The purpose of the initiative is to replace welfare provisions which encourage dependency with incentives for employment and self-sufficiency. The initiative includes specific provisions for work-and-earn incentives and for involving participants in family investment agreements. These provisions are expected to support individuals in making a transition from welfare to employment, to encourage savings, and to strengthen family stability.

The department of human services shall submit a waiver request or requests to the United States department of health and human services as necessary for federal authorization to implement the policy changes in the aid to dependent children, child care, and JOBS programs provided in this section. The department may submit a waiver request or requests to the United States department of agriculture to make changes in the federal food stamp program to correspond with the policy changes provided in this section. For the purposes of this section, the term "recipient" has the meaning provided in section 239.1 and the term "individual" means a recipient, applicant, or other person whose income must be considered by

the department. The welfare reform initiative shall include all of the following provisions:

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

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

b. If an individual's earned income is considered by the department, the individual shall be allowed a work-and-earn incentive. The incentive shall be equal to 50 percent of the amount of earned income remaining after all other deductions are applied. The department shall disregard the incentive amount when considering the earned income available to the individual. The incentive shall not have a time limit. The incentive shall replace the current time-limited incentive which provides for disregarding \$30 plus one-third of the earned income. The work-and-earn incentive shall not be withdrawn as a penalty for failure to comply with program requirements.

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

d. If an individual begins employment but was unemployed at least 12 months before beginning employment and timely reports the earnings from the employment, the earnings shall be subject to an income disregard. This income disregard shall apply in determining the individual's eligibility and

grant levels under the aid to dependent children program during the individual's first four months of employment. To be eligible for the income disregard, the employment must commence following the date of the individual's application for aid to dependent children. The department shall adopt rules defining the term "unemployed" for the purposes of this paragraph. The income disregard shall not be withdrawn as a penalty for failure to comply with program requirements.

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

f. Interest income shall be disregarded.

g. A determination of eligibility for the aid to dependent children unemployed parent program shall not include consideration of either parent's work history or which parent earned more during the 24 months prior to application for assistance under the program. The determination of eligibility shall not include consideration of either parent's number of hours of employment except to establish the date assistance would begin in accordance with administrative rules. However, both parents must participate in a family investment agreement required by this section and in work and training activities unless good cause not to participate is established in accordance with administrative rules. The department shall continue to deny eligibility for the unemployed parent program under provisions of section 239.2, subsection 3, paragraph "b" involving labor disputes or if either parent refuses to apply for or draw unemployment benefits.

h. The department shall disregard as income any moneys an individual deposits in an individual development account established pursuant to this Act.

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

a. Revision in the current limitation involving consideration of the quantity and value of motor vehicles. In implementing this revision, the department shall disregard the first \$3,000 in equity value of a motor vehicle. Beginning July 1, 1994, and continuing in succeeding fiscal years, the motor vehicle equity value disregarded by the department shall be increased by the latest increase in the consumer price index for used vehicles during the previous state fiscal year. This disregard shall be implemented for each adult and working teenager in a family. The amount of a motor vehicle's equity in excess of \$3,000 shall apply to the resource limitation established in paragraph "b".

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

c. The department shall disregard not more than \$10,000 of a self-employed individual's tools of the trade or capital assets in considering the individual's resources.

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

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

a. PARTICIPATION. An individual shall be subject to a family investment agreement if the individual is a parent living in a home with a child for whom aid to dependent children is applied for or is provided. An individual must enter into a family investment agreement with the department unless any of the following conditions exists:

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

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

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

b. AGREEMENT OPTIONS. A family investment agreement shall require an individual to participate in one or more of the following options. An individual's level of participation in one or more of the options shall be equivalent to the level of commitment required for full-time employment or shall be significant so as to move toward that level. The department shall adopt rules for each option defining requirements and establishing assistance provisions for child care and transportation. The options shall include but are not limited to all of the following:

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

(2) Active job search.

(3) Participation in the JOBS program.

(4) Participation in other education or training programming.

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

(6) Work experience placement.

(7) Unpaid community service. Community service shall be authorized in any nonprofit association which has been determined under section 501(c)(3) of the Internal Revenue Code to be exempt from taxation or in any government agency. Upon request, the department shall provide a listing of potential community service placements to an individual, however, an individual shall locate the individual's own placement and perform the number of hours required by the agreement. The individual shall file a monthly report with the department which is signed by the director of the

community service placement verifying the community service hours performed by the individual during that month. The department shall develop a form for this purpose.

(8) If the individual participates in at least one other option, any other arrangement which would strengthen the individual's ability to be a better parent, including but not limited to participation in a parenting education program.

c. PENALTIES. If an individual fails to comply with the provisions of the individual's family investment agreement during the period of the agreement, JOBS program penalties shall be applied.

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

e. CONTRACTS. The department of human services may contract with the department of employment services, department of economic development, or any other entity to provide services relating to a family investment agreement.

f. INFORMATION DISCLOSURE. The department may disclose confidential information described in section 217.30, subsection 1, to other state agencies or to any other entity which is not subject to the provisions of chapter 17A and is providing services to recipients who are subject to a family investment agreement, if necessary in order for the recipients to receive the services. The department shall adopt rules establishing standards for disclosure of confidential information if disclosure is necessary in order for recipients to receive services.

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

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

b. The department shall automatically determine an individual's eligibility for other child day care assistance if the individual is not eligible for transitional child care or eligibility for transitional child care is exhausted.

5. If an individual received aid to dependent children in another state within one year of applying for assistance in this state the requirements of this subsection shall apply. Using the family size for which the individual's eligibility is determined, the department shall compare the standard grant payment amount the individual would be paid in the other state with the standard grant payment amount the individual would be paid in this state. For the period of one year from the date of applying for assistance in this state, the individual's grant shall be the lesser of the two amounts. The provisions of this subsection shall not apply to an individual who was previously a resident of this state before living in another state and receiving aid to dependent children or to an individual who has moved to this state to be near the individual's parent or sibling.

Sec. 4. CONTINGENCY PROVISION. The waiver request or requests submitted by the department of human services pursuant to section 3 of this Act to the United States department of health and human services shall be to apply the provisions of section 3 statewide. If federal waiver approval of a provision of section 3 of this Act is granted, the department of human services shall implement the provision in accordance with the federal approval. If a provision of this Act is in conflict with a provision of chapter 239 or 249C, notwithstanding that provision in chapter 239 or 249C, the provision of this Act shall be implemented and the department shall propose an amendment to chapter 239 or 249C to resolve the conflict.

Sec. 5. EMERGENCY RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the rules shall be effective immediately upon filing unless a

later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 6. APPLICABILITY. If federal approval is granted, approved provisions of section 3, subsections 1, 2, 4, and 5, of this Act shall be implemented beginning July 1, 1993, and approved provisions of section 3, subsection 3 of this Act shall be implemented January 1, 1994, subject to the availability of funding.

Sec. 7. EFFECTIVE DATE. Sections 3 through 5 of this Act, being deemed of immediate importance, take effect upon enactment.

DIVISION III

JOBS PROGRAM INFORMATION

Sec. 8. Section 217.30, subsection 4, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. The department may disclose information described in subsection 1, to other state agencies or to any other person who is not subject to the provisions of chapter 17A and is providing services to recipients under chapter 239 who are participating in the federal-state job opportunities and basic skills program administered under chapter 249C, if necessary for the recipients to receive the services.

DIVISION IV

MENTORING

Sec. 9. NEW SECTION. 239.22 MENTORING.

A statewide mentoring program is established to recruit, screen, train, and match former recipients and other volunteers with current recipients in a mentoring relationship. The commission on the status of women of the department of human rights shall implement the program in collaboration with the departments of human services, economic development, employment services, and education. The availability of the program is subject to the funding appropriated for the purposes of the program.

Sec. 10. APPLICABILITY. For the fiscal year beginning July 1, 1993, and ending June 30, 1994, the mentoring program

created in section 9 of this Act shall not be implemented statewide by the commission on the status of women but shall be implemented as a pilot program in a county or counties chosen by the commission.

DIVISION V

Sec. 11. IOWA WORKS.

1. The department of human services, in cooperation with the state human investment policy council or similar policy development group, shall analyze the welfare reform initiative known as "Iowa Works", including but not limited to all of the following components of the initiative:

a. The development of a guaranteed minimum income plan for persons who agree to participate in work training and employment, and who agree to transfer all welfare benefits and income to the state.

b. The provision of investment accounts to participating families, which become available when families leave the program and which can only be used for long-term investment purposes.

c. The decategorization of assistance programs including but not limited to aid to dependent children and food stamps.

d. The development of partnerships with local communities to provide the nonfederal share of JOBS funds.

e. The waiver of employers' unemployment taxes associated with hiring workers who participate in the initiative.

2. The components of the initiative described in subsection 1 shall be analyzed for both policy and fiscal implications and the analysis shall be completed by March 1, 1994. In addition, the department shall contact the United States department of health and human services and other appropriate federal agencies and departments to determine whether the initiative or portions of the initiative may be acceptable as a waiver to current federal regulations and policy. The analysis and any correspondence between the department and the federal government shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the standing

committees on appropriations of the senate and house of representatives at the time the analysis is completed or at the time the correspondence is sent or received. If the department determines that any portion of the initiative would be acceptable to the federal government and implementation would not require any additional state funding, the department may submit the initiative or portions of the initiative as part of other waiver requests to the federal government.

3. The department, in cooperation with the state human investment policy council or similar policy development group, shall continue to evaluate grants or waiver opportunities for other welfare reform initiatives such as child support assurance. The department may implement initiatives which are beneficial to the public if implementation does not require any additional state funding.

DIVISION VI

WORKFORCE DEVELOPMENT

Sec. 12. NEW SECTION. 84B.1 WORKFORCE DEVELOPMENT CENTERS.

The departments of employment services and economic development, in consultation with the departments of education, elder affairs, human services, and human rights shall establish guidelines for colocating state and federal employment and training programs in centers providing services at the local level. The centers shall be known as workforce development centers. The departments shall also jointly establish an integrated management information system for linking the programs within a local center to the same programs within other local centers and to the state. The guidelines shall provide for local design and operation within the guidelines. The core services available at a center shall include but are not limited to all of the following:

1. INFORMATION. Provision of information shall include labor exchange and labor market information as well as career guidance and occupational information. Training and education institutions which receive state or federal funding shall provide to the centers consumer-related information on their

programs, graduation rates, wage scales for graduates, and training program prerequisites. Information from local employers, unions, training programs, and educators shall be collected in order to identify demand industries and occupations. Industry and occupation demand information should be published as frequently as possible and be made available through centers.

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

3. **TRAINING ACCOUNTS.** Training accounts may be established for both basic skill development and vocational or technical training. There shall be no training assistance or limited training assistance in those training areas a center has determined are oversupplied or are for general life improvement.

4. **REFERRAL TO TRAINING PROGRAMS OR JOBS.** Based upon individual assessments, a center shall provide individuals with referrals to other community resources, training programs, and employment opportunities.

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

Sec. 13. **NEW SECTION. 258.18 SCHOOL-TO-WORK TRANSITION SYSTEM.**

The departments of education, employment services, and economic development shall develop a statewide school-to-work transition system in consultation with local school districts, community colleges, and labor, business, and industry interests. Initially the development of the system shall

focus upon youth apprenticeship and as development continues shall incorporate additional recommendations regarding expansion of other school-to-work opportunities for high school youths. The system shall be designed to attain the following objectives:

1. Motivate youths to stay in school and become productive citizens.
2. Set high standards by promoting higher academic performance levels.
3. Connect work and learning so that the classroom is linked to worksite learning and experience.
4. Ready students for work in order to improve their prospects for immediate employment after leaving school on paths that provide significant opportunity to continued education and career development.
5. Engage employers and workers by promoting their participation in the education of youth in order to ensure the development of a skilled, flexible, entry-level workforce.
6. Provide a framework to position the state to access federal resources for state youth apprenticeship systems and local programs.

DIVISION VII

INDIVIDUAL DEVELOPMENT ACCOUNTS

Sec. 14. Section 422.7, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 28. If the taxpayer is owner of an individual development account certified under chapter 541A at any time during the tax year the following adjustments shall be made:

- a. Subtract, to the extent included, all of the following:
 - (1) Contributions made to the account by persons and entities, other than the taxpayer, as authorized in chapter 541A.
 - (2) The amount of any savings refund authorized under section 541A.3, subsection 1.
 - (3) Earnings from the account to the extent not withdrawn.
- b. Add, to the extent not included, all of the following:

(1) Earnings from the account which are withdrawn.
(2) Amounts withdrawn which are not authorized by section 541A.2, subsection 4, paragraphs "a" and "b" and which are attributable to contributions by persons and entities, other than the taxpayer, as provided in section 541A.2, subsection 4.

(3) If the account is closed, amounts received by the taxpayer which have not previously been taxed under this division, except amounts that are redeposited in another individual development account, or the state human investment reserve pool as provided in section 541A.2, subsection 5, and including the total amount of any savings refund authorized under section 541A.3.

Sec. 15. Section 450.4, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 6. On property in an individual development account in the name of the decedent that passes to another individual development account, up to ten thousand dollars, or the state human investment reserve pool created in section 541A.4. For purposes of this subsection, "individual development account" means an account that has been certified as an individual development account pursuant to chapter 541A.

Sec. 16. NEW SECTION. 541A.1 DEFINITIONS.

For the purposes of this chapter, unless the context otherwise requires:

1. "Account holder" means an individual who is the owner of an individual development account.
2. "Administrator" means the executive branch agency selected by the governor to administer individual development accounts.
3. "Charitable contributor" means a nonprofit association described in section 501(c)(3) of the Internal Revenue Code which makes a deposit to an individual development account and which is exempt from taxation under section 501(a) of the Internal Revenue Code.
4. "Federal poverty level" means the first poverty income guidelines published in the calendar year by the United States department of health and human services.

5. "Financial institution" means a financial institution approved by the administrator as an investment mechanism for individual development accounts.

6. "Individual contributor" means an individual who makes a deposit to an individual development account and is not the account holder or a charitable contributor.

7. "Individual development account" means a financial instrument which is certified to have the characteristics described in section 541A.2 by the operating organization.

8. "Operating organization" means an agency selected by the administrator for involvement in operating individual development accounts directed to a specific target population.

9. "Reserve pool" means the state human investment reserve pool under the authority of the administrator created in section 541A.4.

10. "Source of principal" means any of the sources of a deposit to an individual development account under section 541A.2, subsection 2.

Sec. 17. NEW SECTION. 541A.2 INDIVIDUAL DEVELOPMENT ACCOUNTS.

A financial instrument known as an individual development account is established. An individual development account shall have all of the following characteristics:

1. The account is kept in the name of an individual account holder.
2. Deposits made to an individual development account shall be made in any of the following manners and are subject to the indicated conditions:
 - a. Deposits made by the account holder.
 - b. Deposits of a savings refund authorized under section 541A.3, subsection 1 due the account holder because of the account holder's deposits in the account holder's account.
 - c. Deposits of individual development account moneys which are transferred from another individual account holder.
 - d. A deposit made on behalf of the account holder by an individual or a charitable contributor. This type of deposit may include but is not limited to moneys to match the account

holder's deposits. A deposit made under this paragraph shall be held in trust for the account holder and shall only be used to earn income in the account or to be withdrawn by the account holder for a purpose provided in subsection 4.

3. The account earns income.

4. During a calendar year, an account holder may withdraw without penalty from the account holder's account the sum of the following:

a. With the approval of the operating organization, amounts withdrawn for any of the following approved purposes:

- (1) Educational costs at an accredited institution of higher education.
- (2) Training costs for an accredited or licensed training program.
- (3) Purchase of a primary residence.
- (4) Capitalization of a small business start-up.

Amounts withdrawn for purposes of this paragraph shall be charged to the source of principal on a prorated basis. Moneys transferred from another individual development account shall be considered to be a deposit made by the account holder for purposes of charges to the source of principal.

b. At the adult account holder's discretion any income earned by the account. An account holder who is ten or more but less than eighteen years of age may withdraw any income earned by the account with the approval of the account holder's parent or guardian and of the operating organization. If the account holder is less than ten years of age, any income earned by the account may be withdrawn by the account holder's parent or guardian with the approval of the operating organization.

c. At the account holder's discretion, if the account holder is at least fifty-nine and one-half years of age, any amount.

5. If an account holder is less than eighteen years of age, moneys shall not be withdrawn from the holder's account unless the withdrawal is authorized under subsection 4. If an account holder is eighteen or more years of age, any amount of

the adjusted account holder deposits withdrawn during a calendar year which is not authorized under subsection 4, is subject to a penalty of fifteen percent. In addition, if at any time the cumulative amount withdrawn by the account holder over the life of the account that is not authorized under subsection 4 exceeds fifty percent of the amount of the adjusted account holder deposits, the contributions made by a charitable or individual contributor held in trust in the account holder's account shall be removed from the account and redeposited in another individual development account or the reserve pool as directed by the contributor and deposits made by the state of a savings refund authorized under section 541A.3, subsection 1 shall be withdrawn and deposited in the reserve pool. The amount of the adjusted account holder deposits is the amount remaining after subtracting from the cumulative moneys deposited by the account holder all amounts withdrawn pursuant to subsection 4, paragraph "a". At the time a charitable or individual contributor contributes moneys to an account the contributor shall indicate the contributor's directions for disposition of moneys which are removed. If the designated choice of the contributor does not exist the contributed moneys shall be withdrawn and deposited in the reserve pool.

6. Penalty amounts collected pursuant to subsection 5 shall be deposited in the reserve pool.

7. An adult account holder may transfer all or part of the assets the adult account holder has deposited in the account to any other account holder's account. However, an account holder who is less than eighteen years of age is prohibited from transferring account assets to any other account holder. Moneys contributed by a charitable or individual contributor are not subject to transfer except as authorized by the contributor. Amounts transferred in accordance with this subsection are not subject to a penalty.

8. If approved by the federal government, moneys in an individual development account and any earnings on the moneys shall not be considered by the department of human services

for determining the eligibility of an individual under the family investment program under chapter 239 or the work and training program under chapter 249C.

9. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder. If the named beneficiary or transferee is deceased or otherwise cannot accept the transfer, the moneys shall be transferred to the reserve pool.

10. The total amount of sources of principal which may be in an individual development account shall be limited to fifty thousand dollars.

Sec. 18. NEW SECTION. 541A.3 INDIVIDUAL DEVELOPMENT ACCOUNTS -- REFUND AND TAX PROVISIONS.

All of the following state tax provisions shall apply to an individual development account:

1. Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another account shall not be considered an account holder deposit for purposes of determining a savings refund. Payment shall be made directly to the account in the most appropriate manner as determined by the administrator. The state savings refund shall be the indicated percentage of the amount deposited:

a. For an account holder with a household income, as defined in section 425.17, subsection 6, which is less than one hundred fifty percent of the federal poverty level, twenty percent.

b. For an account holder with a household income which is one hundred fifty percent or more but less than one hundred sixty percent of the federal poverty level, eighteen percent.

c. For an account holder with a household income which is one hundred sixty percent or more but less than one hundred seventy percent of the federal poverty level, sixteen percent.

d. For an account holder with a household income which is one hundred seventy percent or more but less than one hundred eighty percent of the federal poverty level, fourteen percent.

e. For an account holder with a household income which is one hundred eighty percent or more but less than one hundred ninety percent of the federal poverty level, twelve percent.

f. For an account holder with a household income which is one hundred ninety percent or more but less than two hundred percent of the federal poverty level, ten percent.

g. For an account holder with a household income which is two hundred percent or more of the federal poverty level, zero percent.

2. Income earned by an individual development account is not subject to tax until withdrawn.

3. Amounts transferred between individual development accounts are not subject to state tax.

4. The administrator shall work with the United States secretary of the treasury and the state's congressional delegation as necessary to secure an exemption from federal taxation for individual development accounts and the earnings on those accounts. The administrator shall report annually to the governor and the general assembly concerning the status of federal approval.

5. The administrator shall coordinate the filing of claims for savings refunds authorized under subsection 1, between account holders, operating organizations, and the department of revenue and finance. Claims approved by the administrator may be paid by the department of revenue and finance to each account or for an aggregate amount for distribution to the accounts in a particular financial institution, depending on the efficiency for issuing the refunds. Claims shall be initially filed with the administrator on or before a date established by the administrator.

Sec. 19. NEW SECTION. 541A.4 INDIVIDUAL DEVELOPMENT ACCOUNT -- PILOT PHASE.

A state human investment reserve pool is created in the state treasury under the authority of the administrator. The governor shall name an executive branch agency as administrator to have authority over the reserve pool. Interest on moneys in the reserve pool shall remain in the reserve pool and notwithstanding sections 8.33 and 8.39, moneys in the reserve pool are not subject to reversion or transfer. Moneys in the reserve pool shall be used for administrative expenses of the administrator. The administrator shall perform all of the following duties or may delegate the performance of the duties to a suitable entity in administering the individual development accounts:

1. For the five-year pilot phase period beginning March 1, 1994, and ending February 28, 1999, the total number of individual development accounts shall be limited to ten thousand accounts, with not more than five thousand accounts in the first calendar year of the period, and to individuals with a household income which does not exceed two hundred percent of the federal poverty level. The administrator shall ensure that the family income status of account holders at the time an account is opened proportionately reflects the distribution of the household income status of the state's population up to two hundred percent of the federal poverty level.

2. Issue a request for proposals for operating organizations to be involved with the operation of individual development accounts on behalf of a specific target population. The administrator shall determine the review criteria used to select operating organizations. The initial review criteria used to evaluate organizations' proposed projects and requirements associated with operating organizations shall include but are not limited to all of the following:

a. Provision of a safe and secure investment mechanism for the individual development accounts utilizing a financial institution approved by the administrator.

b. The proposed project has a strong relationship to goals established by other initiatives deemed a priority by the administrator.

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

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

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

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

g. The responsibilities of an operating organization shall include but are not limited to all of the following:

(1) Certifying that a financial instrument is an individual development account based upon its having the characteristics described in section 541A.2.

(2) Certifying the income status and the amount of contributions to an individual development account by an account holder during a tax year which are eligible for a savings refund authorized under section 541A.3, subsection 1.

(3) Calculating the adjusted contribution principal amounts for the account holder, state, and individual and charitable contributors as required for purposes of section 541A.2, subsections 4 and 5.

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

Sec. 20. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. Sections 14 and 15 of this Act are effective January 1, 1994. Section 14 applies to tax years beginning on or after January 1, 1994. Section 15 applies to decedents dying on or after January 1, 1994.

DIVISION VIII
IOWA NETWORK INITIATIVE

Sec. 21. IOWA NETWORK INITIATIVES. The Wallace technology transfer foundation, in cooperation with the department of economic development, shall establish a statewide initiative to encourage businesses to develop cooperative networks. The statewide initiative may include but is not limited to all of the following:

1. A plan to educate businesses and the public on the nature of the international challenge Iowa faces, and the ways in which network activities have been used elsewhere to enhance competitiveness.
2. Training for individuals to act as brokers in helping to organize networks.
3. Establishing programs for networks to study or implement specific collaborative ideas.
4. Conducting surveys of Iowa employer practices designed to attract and encourage high performance work organizations.

DIVISION IX
FAMILY INVESTMENT PROGRAM

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

a. Hearings and appeals relative to foster care facilities, child day care facilities, administration of the state medical assistance program, administration of the state supplementary assistance program, administration of the food stamps program, and administration of the aid-to-dependent-children-program family investment program, and other programs administered by the department of human services. Decisions of the division in these areas are subject to review by the department of human services.

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

7. Investigations relative to the administration of the state supplemental assistance program, the state medical assistance program, the food stamp program, the aid-to-dependent-children-program family investment program, and any other state or federal benefit assistance program.

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

217.8 DIVISION OF CHILD AND FAMILY SERVICES.

The administrator of the division of child and family services shall be qualified by training, experience, and education in the field of welfare and social problems. The administrator is charged with the administration of programs involving neglected, dependent and delinquent children, child welfare, aid-to-dependent-children, family investment program, and aid to disabled persons and shall administer and be in control of other related programs established for the general welfare of families, adults and children as directed by the director.

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

8. Two recipients or former recipients of the aid-to-dependent-children-program family investment program, selected by the other members of the committee.

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

1. Identify the factors and conditions that place Iowa families at risk of long-term dependency upon the aid-to-dependent-children-program family investment program. The council shall seek to use relevant research findings and national and Iowa specific data on the aid-to-dependent-children-program family investment program.

a. Designation of families to be served that meet some criteria of being at risk of long-term welfare dependency, and agreement to serve clients that are referred by the department

of human services from the aid-to-dependent-children-program family investment program which meet the criteria. The criteria may include, but are not limited to, factors such as educational level, work history, family structure, age of the youngest child in the family, previous length of stay on the aid-to-dependent-children-program family investment program, and participation in the aid-to-dependent-children-program family investment program or the foster care program while the head of a household was a child. Grant proposals shall also establish the number of families to be served under the demonstration program.

8. Evaluate and make recommendations regarding the costs and benefits of the expansion of the services provided under the special needs program of the aid-to-dependent-children program family investment program to include tuition for parenting skills programs, family support and counseling services, child development services, and transportation and child care expenses associated with the programs and services.

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

222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

The father and mother of any person admitted or committed to a hospital-school or to a special unit, as either an inpatient or an outpatient, and any person, firm, or corporation bound by contract hereafter made for support of such the person shall be and remain liable for the support of such the person. Such The person and those legally bound for the support of the person shall be liable to the county for all sums advanced by the county to the state under the provisions of sections 222.60 and 222.77. The liability of any person, other than the patient, who is legally bound for the support of any patient under eighteen years of age in a hospital-school or a special unit shall in no instance exceed the average minimum cost of the care of a normally intelligent, nonhandicapped minor of the same age and sex as such the minor patient. The administrator shall establish the scale for this purpose but the scale shall not exceed the

standards for personal allowances established by the state division under the aid-to-dependent-children-program family investment program. Provided further that the father or mother of such the person shall not be liable for the support of such the person after such the person attains the age of eighteen years and that the father or mother shall incur liability only during any period when the father or mother either individually or jointly receive a net income from whatever source, commensurate with that upon which they would be liable to make an income tax payment to this state. Nothing in this section shall be construed to prevent a relative or other person from voluntarily paying the full actual cost as established by the administrator for caring for such mentally-retarded the person with mental retardation.

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

The administrator shall be vested with the authority to administer aid-to-dependent-children the family investment program, state supplementary assistance, food programs, child welfare, and emergency relief, family and adult service programs, and any other form of public welfare assistance and institutions that ~~may hereafter be~~ are placed under the administrator's administration. The administrator shall perform such duties, formulate and ~~make such~~ adopt rules as may be necessary; shall outline such policies, dictate such procedure, and delegate such powers as may be necessary for competent and efficient administration. Subject to restrictions that may be imposed by the director of human services and the council on human services, the administrator ~~shall have power to~~ may abolish, alter, consolidate, or establish subdivisions and may abolish or change offices previously created in connection therewith. The administrator may employ necessary personnel and fix their compensation; may allocate or reallocate functions and duties among any subdivisions now existing or ~~hereafter later~~ hereafter established; and may promulgate adopt rules relating to the employment of personnel and the allocation of their functions and duties

among the various subdivisions as competent and efficient administration may require.

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

1. "Administrator" means the administrator of the division of the department of human services to which the director of human services assigns responsibility for the aid-to-dependent children-program family investment program.

5. "Division" means the division of the department of human services to which the director of human services assigns responsibility for the aid-to-dependent-children-program family investment program.

Sec. 30. NEW SECTION. 239.1A FAMILY INVESTMENT PROGRAM.

Effective July 1, 1993, assistance provided under this chapter shall no longer be referred to as aid to dependent children but shall be referred to as assistance under the family investment program.

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

239.2 ELIGIBILITY FOR AID-TO-DEPENDENT-CHILDREN ASSISTANCE.

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

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

2. Is living in this state other than for a temporary purpose, with a specified relative who is living in this state voluntarily with the intent of making the relative's home in this state and not for a temporary purpose.

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

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

b. Is partially or totally unemployed due to a work stoppage which exists because of a labor dispute at the

factory, establishment, or other premises at which the parent is or was last employed.

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

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

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

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

239.12 AID-TO-DEPENDENT-CHILDREN FAMILY INVESTMENT PROGRAM ACCOUNT.

There is established in the state treasury an account to be known as the "Aid-to-Dependent-Children-Account" family investment program account to which shall be credited all funds appropriated by the state for the payment of assistance, and all other moneys received at any time for such these purposes. Moneys assigned to the department under section 239.3 and received by the child support recovery unit pursuant to section 252B.5 and 42 U.S.C. sec. § 664 shall be credited

to the account in the fiscal year in which the moneys are received. All assistance shall be paid from the account.

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

239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

A person who obtains, or attempts to obtain, or aids or abets any person to obtain, by means of a willfully false statement or representation, or by impersonation or any fraudulent device, assistance to which the recipient is not entitled, is personally liable for the amount of assistance thus obtained. The amount of the assistance may be recovered from the offender or the offender's estate in an action brought or by claim filed in the name of the state and the recovered funds shall be deposited in the aid-to-dependent-children family investment program account. The action or claim filed in the name of the state shall not be considered an election of remedies to the exclusion of other remedies.

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

239.19 TRANSFER OF A&B FUNDS TO OTHER WORK AND TRAINING PROGRAMS.

The department of human services may transfer aid-to-dependent-children family investment program funds in its control to any other department or agency of the state for the purpose of providing funds to carry out the job opportunities and basic skills training program created by the federal Family Support Act of 1988, Title II, Pub. L. No. 100-485, as codified in 42 U.S.C. § 602 et seq. and administered under chapter 249C and this chapter.

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

239.20 COUNTY ATTORNEY TO ENFORCE.

Violations of law relating to the aid-to-dependent-children program family investment program shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide prosecution assistance.

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

249.13 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to aid-to-dependent-children the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide such assistance in prosecution as may be required. It is the intent of the general assembly that the first priority for investigation and prosecution for which funds are provided by this Act shall be for fraudulent claims or practices by health care vendors and providers.

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

(1) The woman would be eligible for a cash payment under the aid-to-dependent-children-program-or-under-an-aid-to-dependent-children-unemployed-parent-program family investment program under chapter 239, if the child were born and living with the woman in the month of payment.

(2) The woman meets the income and resource requirements of the aid-to-dependent-children-program family investment program under chapter 239, provided the unborn child is considered a member of the household, and the woman's family is treated as though deprivation exists.

f. Is a child who is less than seven years of age and who meets the income and resource requirements of the aid-to-dependent-children-program family investment program under chapter 239.

m. Is an individual or family who is ineligible for aid-to-dependent-children the family investment program under chapter 239 because of requirements that do not apply under Title XIX of the federal Social Security Act.

c. Individuals who are receiving care in an institution for mental diseases, and who are under twenty-one years of age

and whose income and resources are such that they are eligible for aid-to-dependent-children the family investment program under chapter 239, or who are sixty-five years of age or older and who meet the conditions for eligibility in paragraph "a" of this subsection.

d. Individuals and families whose incomes and resources are such that they are eligible for federal supplementary security income or aid-to-dependent-children the family investment program, but who are not actually receiving such public assistance.

f. Individuals under twenty-one years of age who qualify on a financial basis for, but who are otherwise ineligible to receive aid-to-dependent-children assistance under the family investment program.

Individuals who have attained the age of twenty-one but have not yet attained the age of sixty-five who qualify on a financial basis for, but who are otherwise ineligible to receive, federal supplementary security income or aid-to-dependent-children assistance under the family investment program.

Sec. 38. Section 249A.14, Code 1993, is amended to read as follows:

249A.14 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to aid-to-dependent-children the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide assistance in prosecution as required.

Sec. 39. Section 331.756, subsection 49, Code 1993, is amended to read as follows:

49. Prosecute violations of law relating to aid-to-dependent-children the family investment program, medical assistance, and supplemental assistance as provided in sections 239.20, 249.13, and 249A.14.

Sec. 40. Section 421.17, subsection 21, paragraph a, subparagraph (3), Code 1993, is amended to read as follows:

(3) Any debt which is owed to the state for public assistance overpayments to recipients or to providers of services to recipients which the investigations division of the department of inspections and appeals is attempting to collect on behalf of the state. For purposes of this subsection, "public assistance" means aid-to-dependent-children assistance under the family investment program, medical assistance, food stamps, foster care, and state supplementary assistance.

LEONARD L. BOSWELL
President of the Senate

HAROLD VAN MAANEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 268, Seventy-fifth General Assembly.

JOHN F. DWYER
Secretary of the Senate
Approved *May 4*, 1993

TERRY E. BRANSTAD
Governor