

ECONOMIC DEVELOPMENT AUTHORITY[261]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code section 15.106A, 2014 Iowa Acts, chapter 1132, section 12, and 2015 Iowa Acts, Senate File 510, division XI, the Economic Development Authority hereby amends Chapter 104, “Innovative Businesses Internship Program,” and adopts new Chapter 110, “STEM Internship Program,” Iowa Administrative Code.

The Legislature, in 2014 Iowa Acts, chapter 1132, directed the Authority to establish a STEM internship component as part of the previously established innovative businesses internship program. The Legislature, in 2015 Iowa Acts, Senate File 510, amended both the STEM internship component and the innovative businesses component. The rules adopted under Chapter 110 establish the program to provide STEM internship assistance to Iowa employers and describe the manner in which the Authority intends to implement and administer the program. The amendments to Chapter 104 make changes to the innovative businesses internship program in conformance with the legislative amendments.

In compliance with Iowa Code section 17A.4(3), the Authority finds that notice and public participation are impracticable and contrary to public interest because of the benefit conferred to the public by allowing students to begin participating in internships under the program immediately. In addition, 2015 Iowa Acts, Senate File 510, division XI, which was effective upon enactment and signed by the Governor on July 2, 2015, permits the Authority to adopt emergency rules for this purpose.

The Authority further finds, pursuant to Iowa Code sections 17A.5(2)“b”(1) and (2) as amended by 2015 Iowa Acts, House File 536, section 27, that the normal effective date of these amendments should be waived and the amendments should be made effective upon filing as they confer a benefit upon students participating in internship programs.

The Economic Development Authority Board adopted this rule making on July 17, 2015, at the Board’s monthly meeting.

These amendments are also published herein under Notice of Intended Action as **ARC 2098C** to allow for public comment.

After analysis and review of this rule making, no negative impact on jobs has been found, and the Authority finds that providing financial assistance for STEM internships will have a positive effect on job creation and economic growth.

These amendments are intended to implement 2014 Iowa Acts, chapter 1132, section 12, and Iowa Code section 15.411 as amended by 2015 Iowa Acts, Senate File 510, division XI.

These amendments became effective July 20, 2015.

The following amendments are adopted.

ITEM 1. Amend subrule 104.4(4) as follows:

104.4(4) A business may receive financial assistance ~~in an amount of one dollar for every two dollars paid by the business to the intern~~ on a matching basis for a portion of the wages paid to an intern. If providing financial assistance, the authority shall provide the assistance on a reimbursement basis such that for every two dollars of wages earned by the student, one dollar paid by the business is matched by one dollar for the authority.

ITEM 2. Amend subrule 104.9(2) as follows:

104.9(2) The application will be reviewed and scored by authority staff, ~~the committee and the board. The committee will make a recommendation to the board regarding an application~~ director of the authority will make final funding decisions after considering the recommendations of staff. The board director has final decision-making authority on requests for financial assistance for this program. The board director may approve, defer or deny an application.

ITEM 3. Amend rule 261—104.11(15) as follows:

261—104.11(15) Selection process. Applications will be reviewed in the order received by the authority. The ~~board~~ director may approve, defer or deny each application for financial assistance, based on the availability of funds. The authority ~~and the committee~~ will score applications according to the criteria specified in rule 261—104.12(15). To be considered for funding, an application must receive a minimum score of 65 out of a possible 100 points and meet all other eligibility criteria specified in these rules.

ITEM 4. Adopt the following new 261—Chapter 110:

CHAPTER 110
STEM INTERNSHIP PROGRAM

261—110.1(15,85GA,ch1132,86GA,SF510) Authority. The authority for adopting rules establishing a STEM internship program is provided in Iowa Code section 15.411(3) as amended by 2015 Iowa Acts, Senate File 510, division XI, and in Iowa Code section 15.106A.

261—110.2(15,85GA,ch1132,86GA,SF510) Purpose. The purpose of the STEM internship program is to assist in placing Iowa students studying in the fields of science, technology, engineering, and mathematics into internships that lead to permanent positions with Iowa employers.

261—110.3(15,85GA,ch1132,86GA,SF510) Definitions.

“*Authority*” means the economic development authority created in Iowa Code section 15.105.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

“*Business*” means any enterprise located in this state which is operated for profit and under a single management.

“*Committee*” means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

“*Community college*” means a community college established under Iowa Code chapter 260C.

“*Designated internship period*” means the summer or semester internship during which a student is employed in an internship.

“*Director*” means the director of the economic development authority.

“*Internship*” means temporary employment of a student that focuses on providing the student with work experience in the student’s field of study.

“*Program*” means the STEM internship program established in this chapter.

“*STEM field*” means a major course of study within the fields of science, technology, engineering, or mathematics or a related field. For purposes of this chapter, STEM field includes all majors and academic or degree programs listed on the ACT-defined STEM majors and occupations by area list. The ACT-defined STEM majors and occupations by area list may be found at <http://www.act.org>. If a student has declared a major or enrolled in an academic or degree program not listed on the ACT-defined STEM majors and occupations by area list, the student may still be found eligible for participation in the program if, in the authority’s sole discretion, the student’s major is substantially similar to a major that is listed on the ACT-defined STEM majors and occupations by area list.

“*Student*” means a student of one of the Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or a student who graduated from high school in Iowa but now attends an institution of higher learning outside the state of Iowa.

261—110.4(15,85GA,ch1132,86GA,SF510) Program funding and disbursement.

110.4(1) The maximum amount awarded to an employer for any one internship shall not exceed \$5,000. The maximum amount that may be awarded to any one employer in any one fiscal year shall not exceed \$100,000.

110.4(2) Funds shall only be used for reimbursement of wages paid during the designated internship period. An employer must pay students hired as interns an hourly wage that is at least twice the minimum

wage. An employer may apply for program funding for an internship beginning prior to July 1, 2014, but the authority will only reimburse the employer for wages paid on or after July 1, 2014.

110.4(3) The authority will disburse funds to an employer only after approval of a completed application and execution of a contract between the employer and the authority. The authority shall have sole discretion in determining whether an application is fully complete.

110.4(4) An Iowa employer may qualify for financial assistance under the program on a matching basis for a portion of the wages paid to an intern during the designated internship period. If providing financial assistance, the authority shall provide the assistance on a reimbursement basis such that for every two dollars of wages earned by the student, one dollar paid by the employer is matched by one dollar from the authority. Funds will be disbursed on a reimbursement basis.

261—110.5(15,85GA,ch1132,86GA,SF510) Eligible employers. Eligible employers may apply to the authority for assistance under the program. The program is available to employers that meet all of the following criteria:

110.5(1) The employer must be an Iowa-based business and have a significant portion of its employees located within the state of Iowa.

110.5(2) The employer must be employing students who have either declared a major in a STEM field or enrolled in a STEM-related academic or degree program at a community college. The students must be employed as interns at a location in Iowa.

110.5(3) The employer must offer the internship to students of Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or to students who graduated from high school in Iowa but attend an institution of higher learning outside the state of Iowa.

110.5(4) The employer must offer either summer or semester-based internships. The summer internships must have a minimum duration of 8 weeks (averaging no less than 30 hours per week), and the employer's semester internships must have a minimum duration of 14 weeks (averaging no less than 10 hours per week).

261—110.6(15,85GA,ch1132,86GA,SF510) Ineligible employers. The following employers are not eligible for the program:

110.6(1) An employer that is a business engaged in retail sales is ineligible.

110.6(2) An employer which closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operations to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

110.6(3) An employer that has applied or will apply during the same state fiscal year to the innovative businesses internship under 261—Chapter 104 is ineligible to receive funding under the STEM internship program.

261—110.7(15,85GA,ch1132,86GA,SF510) Eligible students. To be eligible, a person shall meet the requirements of a student as defined in rule 261—110.3(15,85GA,ch1132,86GA,SF510), must be within one to two years of graduation, shall have declared a major in a STEM field or enrolled in a STEM-related academic or degree program at a community college, and shall be selected for an internship at an Iowa employer during a designated internship period.

261—110.8(15,85GA,ch1132,86GA,SF510) Ineligible students. Students who are more than two years from graduation are ineligible. Students who have not declared a major, have not declared a major in a STEM field, or are not enrolled in a STEM-related academic or degree program at a community college are ineligible. Students who are immediate family members of management employees or board members of the applicant employer are ineligible. Students who do not otherwise meet the eligibility requirements described in rule 261—110.7(15,85GA,ch1132,86GA,SF510) are ineligible.

261—110.9(15,85GA,ch1132,86GA,SF510) Application submittal and review process.

110.9(1) The authority shall develop a standardized application and make the application available to eligible employers. To apply for assistance under the program, an employer shall submit an application to the authority. Required forms and instructions are available by contacting the authority or from the authority's Internet site at www.iowaeconomicdevelopment.com.

110.9(2) Applications will be reviewed and scored by the staff of the authority. The director of the authority will make final funding decisions after considering the recommendations of staff. The director has final decision-making authority on requests for financial assistance for this program. The director may approve, defer or deny an application.

261—110.10(15,85GA,ch1132,86GA,SF510) Application content and other requirements.

110.10(1) An employer seeking assistance under the program must complete an application for internship assistance and submit it to the authority.

110.10(2) If an award is made, the employer shall secure an intern within the time period stated in the contract between the authority and the employer.

110.10(3) The application shall include, but not be limited to, all of the following:

a. The dates and location of the internship.

b. A statement of duties the student will be performing at the internship site. The student shall be involved in a substantive experience in an area closely related to the student's STEM field. The application shall also include information regarding the student's work space (i.e., access to telephone, computer, and other necessary items).

c. The name of the employer's representative who will train and supervise the student.

d. A statement of the anticipated workforce needs at the internship site. The statement shall include an explanation of the current workforce shortage and identify the student's potential for prospective employment with the employer following graduation.

110.10(4) In accepting applications from employers, the authority may require additional information reasonably related to the program.

261—110.11(15,85GA,ch1132,86GA,SF510) Award process. Applications will be reviewed in the order received by the authority. The authority will attempt to award as many eligible internships as funding allows. However, the authority may deny applications for incompleteness or because of insufficient funds. The authority will score applications according to the criteria specified in rule 261—110.12(15,85GA,ch1132,86GA,SF510). To be considered for funding, an application must receive a minimum score of 65 out of a possible 100 points and meet all other eligibility criteria specified in these rules.

261—110.12(15,85GA,ch1132,86GA,SF510) Application scoring criteria. When applications for financial assistance under the program are reviewed, the following criteria will be considered and scored as described below:

110.12(1) The extent to which the student is involved in a substantive experience closely related to the student's STEM field of study. 30 points.

110.12(2) The quality and sufficiency of the explanation of the employer's anticipated workforce needs and of the student's potential for prospective employment with the employer or another Iowa employer following graduation. 30 points.

110.12(3) The extent to which the internship duties require independent judgment, creativity, and intelligence to complete and contribute to the employer's goals or processes. 10 points.

110.12(4) The extent to which the internship will have a positive impact on the student's skills, knowledge and abilities. 10 points.

110.12(5) The extent to which the internship pays more than twice the minimum wage. 10 points.

110.12(6) Whether applications will be accepted by the employer from more than one private college, university or community college. 5 points.

110.12(7) Whether the application establishes that all relevant internship considerations, including necessary funding, have been addressed by the employer in advance. 5 points.

261—110.13(15,85GA,ch1132,86GA,SF510) Contract and reporting.

110.13(1) *Notice of award.* Successful applicants will be notified in writing of an award of assistance, including any conditions and terms of the approval.

110.13(2) *Contract required.* An employer receiving an award under the program shall execute a standard contract prepared by the authority. The contract may include, but is not limited to, a description of the internship to be completed, the conditions for disbursement, any required reports, the applicable events of default, the repayment requirements imposed in the event of default, and any other specific provisions that may be established from time to time on a case-by-case basis.

110.13(3) *Reporting.* An employer receiving assistance under the program shall submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the board, the general assembly or the governor's office.

110.13(4) *Contract amendments and terminations.* Contract amendments or termination may be approved by the director without board approval.

These rules are intended to implement 2014 Iowa Acts, chapter 1132, section 12, and Iowa Code section 15.411(3) as amended by 2015 Iowa Acts, Senate File 510, division XI.

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