

Supplemental

MAR 9 1989

HOUSE FILE 550
BY COMMITTEE ON
ECONOMIC DEVELOPMENT

Place On Calendar

(SUCCESSOR TO HSB 179)

Passed House Date 3-22-89 (P. 96) Passed Senate, Date 4-10-89 (P. 1226)
Vote: Ayes 95 Nays 0 Vote: Ayes 49 Nays 0
Approved May 24, 1989

A BILL FOR

1 An Act relating to providing assistance to retrain workers in
2 existing businesses and providing for an evaluation of
3 retraining programs.

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

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HF 550

HOUSE FILE 550

H-3507

- 1 Amend House File 550 as follows:
- 2 1. Page 4, line 27, by striking the word "Design"
- 3 and inserting the following: "Collect, design, and
- 4 evaluate".
- 5 2. Page 5, line 9, by striking the word
- 6 "agencies" and inserting the following: "entities".
- 7 3. Page 9, line 29, by striking the words
- 8 "upgrading in" and inserting the following: "increase
- 9 in the quality of".
- 10 4. Page 10, lines 24 and 25, by striking the
- 11 words ", but not limited to,".

H-3507 FILED MARCH 21, 1989 *By GRONINGA of Cerro-Gordo*
Adopted 3-22-89 (P. 925)

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1 Section 1. NEW SECTION. 15.291 DEFINITIONS.

2 As used in this part, unless the context otherwise
3 requires:

4 1. "Agreement" means a written contract between the
5 department and a participating business which provides for the
6 retraining of participating workers in a retraining program
7 approved by the department.

8 2. "Applicant" means a business or group of businesses
9 submitting an application for approval by the department.

10 3. "Area school" means a vocational school or a community
11 college established under chapter 280A.

12 4. "Business" means a commercial enterprise engaged in
13 interstate or intrastate commerce for the purpose of
14 manufacturing, processing, or assembling products, conducting
15 research and development, or providing services in interstate
16 or intrastate commerce, but excludes retail, health, or
17 professional services. "Business" does not include a
18 commercial enterprise which closes or substantially reduces
19 its operation in one area of this state and relocates
20 substantially the same operation in another area of this
21 state, but does include a commercial enterprise expanding its
22 operations in another area of this state provided that
23 existing operations of a similar nature are not closed or
24 substantially reduced.

25 5. "Business production site" means a facility in which a
26 business operates the means to manufacture, process, or
27 assemble products or conduct research, or a center which
28 provides services in intrastate or interstate commerce,
29 excluding retail, health, or professional services.

30 6. "Department" means the Iowa department of economic
31 development.

32 7. "Fund" means the Iowa employment retraining fund
33 established under section 15.298.

34 8. "Job quality" means the value of an employment position
35 to a business based on consideration of factors, including but

1 not limited to the following:

2 a. The dollar value of annual wages and benefits that a
3 worker beginning in the position earns.

4 b. Whether the employment position is a permanent full-
5 time, permanent part-time, temporary full-time, or temporary
6 part-time position. If the position is other than permanent
7 full-time, consideration of the value of the position shall
8 include the number of hours demanded from the position each
9 year.

10 c. The number of times in the last three years that the
11 position has been occupied.

12 d. The number and type of similar employment positions in
13 the area in which the business would reasonably employ
14 workers.

15 9. "Participating business" means one or more existing
16 businesses which are parties to an agreement as provided in
17 section 15.296.

18 10. "Participating worker" means a person who prior to
19 being accepted into a retraining program is an employee of the
20 participating business and who the department determines is
21 substantially at risk of becoming displaced within the
22 following ten years, due to the retooling of the business.

23 11. "Person" means a natural person.

24 12. "Retooling" means upgrading, modernizing, or expanding
25 a business to increase the production or efficiency of
26 business operations, including replacing equipment,
27 introducing new manufacturing processes, or changing
28 managerial procedures.

29 13. "Retraining" means the process designed to instruct
30 participating workers in skills related to the retooled
31 operation of the participating business and includes any of
32 the following skills:

33 a. Basic academic skills, including fundamental skills of
34 reading, computation of numbers, and written and verbal
35 communication required to successfully function in the

1 workplace.

2 b. Job specific skills, including skills required to
3 perform tasks of a specific employment position or cluster of
4 employment positions.

5 14. "Retraining agency" means an area school, or other
6 public educational facility, private entity, or organization
7 which provides retraining to workers.

8 15. "Retraining program" means a program for retraining
9 participating workers, including a program established
10 pursuant to section 15.297.

11 Sec. 2. NEW SECTION. 15.292 LEGISLATIVE FINDINGS.

12 The general assembly finds and declares the following:

13 1. The rapid retooling of Iowa businesses, including the
14 dramatic introduction of new, highly technical manufacturing
15 processes into Iowa industry, has contributed to increasing
16 unemployment in the state by reducing the demand for unskilled
17 and underskilled labor and making traditionally marketable job
18 skills obsolete.

19 2. Corresponding to the increase in the number of workers
20 displaced by the retooling of businesses, there is an
21 increasing demand by those businesses for workers to be
22 trained to perform new technical functions.

23 3. The mismatch between available labor and the needs of
24 businesses harms the economic revitalization of the state by
25 retarding the production and efficiency of retooling
26 businesses, draining employer-taxed contributions to the
27 unemployment compensation fund, diverting state public
28 assistance resources to support displaced workers, and
29 stifling a sense of self-worth and economic independence of
30 affected persons.

31 4. The state finds it advantageous to establish an
32 employment retraining fund administered to remedy structural
33 imbalances in the job market and to assist employers and
34 employees by fostering business expansion and job creation,
35 minimizing unemployment costs to businesses, diversifying the

1 state's economic base, supplying businesses with an available
2 pool of workers trained to perform demand skills, providing
3 Iowans permanent jobs, increasing the flexibility in the
4 skills of workers, minimizing public assistance payments to
5 displaced workers, and encouraging in affected persons a sense
6 of self-worth and economic independence.

7 5. Expenditures from the Iowa employment retraining fund
8 used to support retraining programs shall supplement financial
9 assistance available through other state and federal programs.
10 In addition, assistance under employment retraining programs
11 shall not be used to replace, parallel, supplant, compete
12 with, or duplicate assistance provided under other training
13 programs sponsored by an employer, the state, or the federal
14 government.

15 Sec. 3. NEW SECTION. 15.293 DUTIES AND POWERS OF THE
16 IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT.

17 The department shall:

18 1. Approve, deny, or defer applications for retraining
19 assistance and enter into retraining agreements, as provided
20 in this chapter.

21 2. Refer a business seeking assistance to the area school
22 serving the merged area in which the business proposes to
23 retrain workers.

24 3. Establish minimum standards for considering
25 applications, based on the contents of the application and
26 selection criteria as provided in section 15.295.

3007-27 4. Design model retraining programs to assist businesses
28 in retraining workers, and award forgivable loans, loans,
29 grants, or a combination of loans and grants under these
30 programs to participating businesses. To ensure the
31 accountability of the business, before providing a grant, the
32 department shall consider the feasibility of providing a
33 forgivable loan.

34 5. Provide for the collection of loans, including interest
35 on the loans, from participating businesses. The department

1 shall provide for the deposit of loan repayments into the
2 fund.

3 6. Administer the fund and supervise all accounting and
4 auditing procedures related to the fund in accordance with
5 generally accepted accounting principles.

6 7. Monitor retraining programs, including the supervision
7 of the accounting and auditing of retraining program funds, to
8 assist participating businesses.

3507-9 8. Cooperate with other state and federal agencies
10 involved in worker training programs, including the department
11 of employment services and the department of education.

12 9. Assess the extended impact of this chapter, in
13 conjunction with the department of employment services,
14 department of human services, and department of education,
15 upon economic development in the state, including effects of
16 retraining programs upon the unemployment rate, public
17 assistance payments, business closings, business expansions,
18 and the migration of workers out of and into the state.

19 10. Report to the governor and legislative council before
20 the beginning of each session of the general assembly the
21 following items:

22 a. The status of programs administered under this chapter.

23 b. The extended impact of this chapter upon economic
24 development in the state, as required in subsection 9.

25 11. Adopt administrative rules pursuant to chapter 17A to
26 implement and administer this chapter.

27 Sec. 4. NEW SECTION. 15.294 RETRAINING APPLICATION.

28 1. A business may apply for retraining assistance under
29 this chapter by completing an application under the
30 supervision of the area school serving the merged area in
31 which the business proposes to retrain workers. The area
32 school shall provide the applicant with all assistance
33 necessary in completing the application. The area school
34 shall submit the completed application on behalf of the
35 business. The application shall be on forms provided by the

1 department. Applications shall be submitted pursuant to rules
2 adopted by the department.

3 2. The application shall contain business information
4 regarding the business. Information which the business
5 believes contains trade secrets, would give an advantage to
6 competitors, or meets other conditions for confidential
7 treatment as provided in section 22.7, shall be kept
8 confidential. Business information shall be described by
9 rules adopted by the department and shall relate to state or
10 federal programs under which the business has applied for
11 training assistance, the impact of implementing the
12 applicant's retraining proposal on competing businesses in the
13 state, the employees of the business and their employment
14 positions, the financial condition of the business, the
15 retooling operations in place or planned to be in place, the
16 local union or affiliate representing the employees of the
17 business, the type of goods or services to be produced by
18 retooling, and any other information determined to be relevant
19 by the department.

20 3. The application shall contain a retraining proposal.
21 The contents of the proposal shall be described by rules
22 adopted by the department and shall relate to the
23 participating business and applicable business production
24 site, the retraining agency to service the business, the
25 participating workers, the jobs resulting from retraining, the
26 program under which the business is applying for retraining
27 assistance, the cost of retraining, the coordination of the
28 training program with other state or federal training programs
29 in which the business is involved, the system to monitor the
30 retraining program, and any other item required to be included
31 by the department.

32 4. The application may contain or the department may
33 require an evaluation of the retraining proposal by the area
34 school serving the merged area in which the retrained workers
35 are to be employed. An evaluation shall contain pertinent

1 information about the business, including the following:

2 a. The results of an investigation of operations in the
3 business.

4 b. An assessment of the viability of the business.

5 c. An assessment of the process for selecting the
6 retraining entity.

7 d. An evaluation of the value of the retraining agency.

8 e. Recommendations of the value of the retraining
9 proposal.

10 f. A ratio comparing the total amount planned to be
11 invested by the business in the actual costs of retraining to
12 the amount of dollars being requested for retraining.

13 g. Other information about the business relating to the
14 selection criteria described in section 15.295.

15 Sec. 5. NEW SECTION. 15.295 APPROVAL OF APPLICATIONS.

16 1. The department, in reviewing an application, shall
17 consider the contents of the application, including the
18 business information and the retraining proposal.

19 2. The department shall approve, deny, or defer
20 applications and award financial assistance based on selection
21 criteria. The department shall score and rank the criteria
22 according to the relative importance of the criteria. The
23 importance assigned to each criterion shall be determined by
24 the department. Approval, denial, or deferral of an
25 application shall be based on, but not limited to, the
26 following selection criteria:

27 a. The total amount of dollars which have been invested in
28 the business for the previous three years to increase
29 productivity or efficiency, including capital improvements in
30 retooling.

31 b. The total amount of dollars planned to be invested in
32 the business for the following three years to increase
33 productivity or efficiency, including capital improvements in
34 retooling.

35 c. A ratio comparing the total amount of dollars invested

1 or to be invested pursuant to paragraphs "a" and "b" plus the
2 amount of profit in dollars made by the business in the
3 previous three years, to the amount of dollars proposed to
4 assist the business in retraining.

5 d. A ratio comparing the total amount planned to be
6 invested by the business in the actual costs of retraining to
7 the amount of dollars being requested for retraining. This
8 ratio shall indicate that the business's investment amount is
9 at least equal to the amount requested. If not the
10 application shall be denied.

11 e. The quality of jobs resulting from the retraining
12 proposal.

13 f. The need of the proposed business for retraining
14 assistance.

15 g. The number of businesses, contained in the training
16 proposal, applying for combined assistance.

17 h. The endorsement of the labor union or affiliate which
18 represents workers proposed to participate in retraining.

19 i. The degree to which the product made by the business'
20 retooling operation is new, creates new market opportunities,
21 or diversifies the state's economy.

22 j. The degree to which the business' retooling operation
23 introduces new manufacturing processes into state industry.

24 k. The past performance of the proposed retraining agency
25 in training persons, by considering the placement and
26 retention of former trainees and employer satisfaction with
27 former trainees.

28 l. The result of a cost-benefit analysis which measures
29 the value of the proposed retraining based upon job-related
30 calculations, including but not limited to, the number of
31 participating workers in the proposal, the cost of retraining
32 each worker, the dollar value of wages and benefits to be
33 earned by each retrained worker, and the market demand for the
34 proposed retraining.

35 m. The procedure to evaluate the proposed retraining

1 program and collect data required to make the evaluation,
2 based on a procedure which monitors the retraining program,
3 including accounting and auditing systems adequate to ensure
4 the accuracy and reliability of expenditures recorded by the
5 business and related to the proposed retraining.

6 n. The feasibility of implementing the retraining
7 proposal.

8 3. Each applicant shall be notified in writing, within the
9 time period set by rules adopted by the department, of the
10 department's final disposition of the application.

11 Sec. 6. NEW SECTION. 15.296 RETRAINING AGREEMENTS.

12 The department shall execute agreements based on
13 applications submitted to the department. Agreements shall be
14 executed on forms provided by the department. Parties to an
15 agreement shall include the department and the participating
16 businesses named in the application's proposal, and may
17 include any other entity approved by the department and named
18 in the application, including a retraining agency or a labor
19 union or affiliate representing participating workers.

20 Sec. 7. NEW SECTION. 15.297 RETRAINING PROGRAMS.

21 1. The department shall establish retraining programs to
22 provide retraining assistance to businesses. The assistance
23 shall include financial assistance composed of grants, loans,
24 forgivable loans, or a combination of grants and loans.
25 However, financial assistance shall not include a grant or
26 forgivable loan unless the result of retooling creates, at the
27 business production site subject to the retooling, a net
28 increase in the number of employment positions, a net

3507-29 upgrading in the employment positions held by participating
30 workers, or a net increase in the wages paid to participating
31 workers. The financial assistance awarded to a participating
32 business must be based on the actual cost of retraining
33 participating workers under the retraining program.

34 2. The department shall not provide more than fifty
35 thousand dollars of financial assistance for a retraining

1 proposal.

2 Sec. 8. NEW SECTION. 15.298 RETRAINING FUND.

3 An Iowa employment retraining fund is created in the office
4 of the treasurer of state to be administered by the
5 department. The fund is a revolving fund consisting of funds
6 appropriated to it, interest earned on appropriated funds, and
7 moneys collected from the repayment of loans, including the
8 interest from loans or from other sources. The moneys in the
9 fund are appropriated to the department for the purpose of
10 retraining workers in a retooled business.

3507-11 The department shall set aside at the beginning of each
12 fiscal year for that fiscal year the moneys in the fund for
13 each merged area to be used to provide the financial
14 assistance for retraining proposals of businesses located in
15 the merged area whose applications have been approved by the
16 department. The financial assistance shall be provided by the
17 department from the amount set aside for that merged area. If
18 any portion of the moneys set aside for a merged area have not
19 been used or committed by March 1 of the fiscal year, that
20 portion is available for use by the department to provide
21 financial assistance to businesses located in other merged
22 areas. The department shall adopt by rule a formula for this
23 set aside based upon the population and per capita income of
24 the merged area. The formula should be similar to, but not
25 limited to, the formula for the allocation of funds to merged
26 areas for purchase of equipment from the jobs now capitals
27 account of the lottery fund set out in 281 Iowa administrative
28 code, rule 21.36 in effect on March 1, 1989.

29 Sec. 9. The legislative fiscal bureau shall provide to the
30 legislative council at the first meeting of the council after
31 July 1, 1991, an evaluation of all retraining programs
32 administered under this chapter. The council shall refer the
33 report to the appropriate standing committees in the house of
34 representatives and the senate for further study.

35 In performing the evaluation, the legislative fiscal bureau

1 shall have access to all records maintained by the department
2 and area schools relating to the administration of retraining
3 programs under this chapter. However, the legislative fiscal
4 bureau shall keep confidential information regarding
5 businesses as provided in section 22.7. The evaluation shall
6 be based on the goals of this chapter. In measuring the
7 success of the programs in meeting these goals, the
8 legislative fiscal bureau shall consider, but is not limited
9 to, the following:

- 10 1. The number of loans, forgivable loans, or grants
11 provided.
- 12 2. The number of loans defaulted.
- 13 3. The average size of the business receiving retraining
14 assistance.
- 15 4. The effect of the programs upon wages of participating
16 workers and nonparticipating workers.
- 17 5. The effect of retraining programs on the state's
18 economy.

19 EXPLANATION

20 This bill relates to assisting businesses in the state in
21 the retraining of certain workers.

22 Section 1 provides definitions.

23 Section 2 sets out legislative findings regarding the need
24 for a labor force able to meet the demand for retooling Iowa
25 businesses.

26 Section 3 sets out the duties and powers of the Iowa
27 department of economic development in assisting businesses and
28 workers in retraining.

29 Section 4 provides for the contents of an application for
30 retraining assistance by businesses, including required
31 business information, and a retraining proposal.

32 Section 5 establishes criteria to be used in approving
33 applications.

34 Section 6 requires the department and affected parties to
35 execute a retraining agreement.

1 Section 7 provides for the establishment of retraining
2 programs and sets aside moneys in the fund for use in certain
3 areas.

4 Section 8 provides for the establishment of a retraining
5 fund.

6 Section 9 provides for an evaluation by the legislative
7 fiscal bureau of all retraining programs administered under
8 the bill.

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HSB 179

ECONOMIC DEVELOPMENT

HOUSE FILE 553

BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

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

A BILL FOR

1 An Act relating to providing assistance to retrain workers in
2 existing businesses and providing for an evaluation of
3 retraining programs.

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

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1 Section 1. NEW SECTION. 15.291 DEFINITIONS.

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3 requires:

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5 department and a participating business which provides for the
6 retraining of participating workers in a retraining program
7 approved by the department.

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11 college established under chapter 280A.

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13 interstate or intrastate commerce for the purpose of
14 manufacturing, processing, or assembling products, conducting
15 research and development, or providing services in interstate
16 or intrastate commerce, but excludes retail, health, or
17 professional services. "Business" does not include a
18 commercial enterprise which closes or substantially reduces
19 its operation in one area of this state and relocates
20 substantially the same operation in another area of this
21 state, but does include a commercial enterprise expanding its
22 operations in another area of this state provided that
23 existing operations of a similar nature are not closed or
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26 business operates the means to manufacture, process, or
27 assemble products or conduct research, or a center which
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30 6. "Department" means the Iowa department of economic
31 development.

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33 established under section 15.298.

34 8. "Job quality" means the value of an employment position
35 to a business based on consideration of factors, including but

1 not limited to the following:

2 a. The dollar value of annual wages and benefits that a
3 worker beginning in the position earns.

4 b. Whether the employment position is a permanent full-
5 time, permanent part-time, temporary full-time, or temporary
6 part-time position. If the position is other than permanent
7 full-time, consideration of the value of the position shall
8 include the number of hours demanded from the position each
9 year.

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11 position has been occupied.

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13 the area in which the business would reasonably employ
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14 dramatic introduction of new, highly technical manufacturing
15 processes into Iowa industry, has contributed to increasing
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17 and underskilled labor and making traditionally marketable job
18 skills obsolete.

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8 of employment services and the department of education.

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24 training program with other state or federal training programs
25 in which the business is involved, the system to monitor the
26 retraining program, and any other item required to be included
27 by the department.

28 4. The application may contain or the department may
29 require an evaluation of the retraining proposal by the area
30 school serving the merged area in which the retrained workers
31 are to be employed. An evaluation shall contain pertinent
32 information about the business, including the following:

33 a. The results of an investigation of operations in the
34 business.

35 b. An assessment of the viability of the business.

1 c. An assessment of the process for selecting the
2 retraining entity.

3 d. An evaluation of the value of the retraining agency.

4 e. Recommendations of the value of the retraining
5 proposal.

6 f. Other information about the business relating to the
7 selection criteria described in section 15.295.

8 Sec. 5. NEW SECTION. 15.295 APPROVAL OF APPLICATIONS.

9 1. The department, in reviewing an application, shall
10 consider the contents of the application, including the
11 business information and the retraining proposal.

12 2. The department shall approve, deny, or defer
13 applications and award financial assistance based on selection
14 criteria. The department shall score and rank the criteria
15 according to the relative importance of the criteria. The
16 importance assigned to each criterion shall be determined by
17 the department. Approval, denial, or deferral of an
18 application shall be based on, but not limited to, the
19 following selection criteria:

20 a. The total amount of dollars which have been invested in
21 the business for the previous three years to increase
22 productivity or efficiency, including capital improvements in
23 retooling.

24 b. The total amount of dollars planned to be invested in
25 the business for the following three years to increase
26 productivity or efficiency, including capital improvements in
27 retooling.

28 c. A ratio comparing the total amount of dollars invested
29 or to be invested pursuant to paragraphs "a" and "b" plus the
30 amount of profit in dollars made by the business in the
31 previous three years, to the amount of dollars proposed to
32 assist the business in retraining.

33 d. The quality of jobs resulting from the retraining
34 proposal.

35 e. The need of the proposed business for retraining

1 assistance.

2 f. The number of businesses, contained in the training
3 proposal, applying for combined assistance.

4 g. The endorsement of the labor union or affiliate which
5 represents workers proposed to participate in retraining.

6 h. The degree to which the product made by the business'
7 retooling operation is new, creates new market opportunities,
8 or diversifies the state's economy.

9 i. The degree to which the business' retooling operation
10 introduces new manufacturing processes into state industry.

11 j. The past performance of the proposed retraining agency
12 in training persons, by considering the placement and
13 retention of former trainees and employer satisfaction with
14 former trainees.

15 k. The result of a cost-benefit analysis which measures
16 the value of the proposed retraining based upon job-related
17 calculations, including but not limited to, the number of
18 participating workers in the proposal, the cost of retraining
19 each worker, the dollar value of wages and benefits to be
20 earned by each retrained worker, and the market demand for the
21 proposed retraining.

22 l. The procedure to evaluate the proposed retraining
23 program and collect data required to make the evaluation,
24 based on a procedure which monitors the retraining program,
25 including accounting and auditing systems adequate to ensure
26 the accuracy and reliability of expenditures recorded by the
27 business and related to the proposed retraining.

28 m. The feasibility of implementing the retraining
29 proposal.

30 3. Each applicant shall be notified in writing, within the
31 time period set by rules adopted by the department, of the
32 department's final disposition of the application.

33 Sec. 6. NEW SECTION. 15.296 RETRAINING AGREEMENTS.

34 The department shall execute agreements based on
35 applications submitted to the department. Agreements shall be

1 executed on forms provided by the department. Parties to an
2 agreement shall include the department and the participating
3 businesses named in the application's proposal, and may
4 include any other entity approved by the department and named
5 in the application, including a retraining agency or a labor
6 union or affiliate representing participating workers.

7 Sec. 7. NEW SECTION. 15.297 RETRAINING PROGRAMS.

8 1. The department shall establish retraining programs to
9 provide retraining assistance to businesses. The assistance
10 shall include financial assistance composed of grants, loans,
11 forgivable loans, or a combination of grants and loans.
12 However, financial assistance shall not include a grant or
13 forgivable loan unless the result of retooling creates, at the
14 business production site subject to the retooling, a net
15 increase in the number of employment positions, a net
16 upgrading in the employment positions held by participating
17 workers, or a net increase in the wages paid to participating
18 workers. The financial assistance awarded to a participating
19 business must be based on the actual cost of retraining
20 participating workers under the retraining program.

21 2. The department shall adopt rules to place a maximum on
22 the amount of financial assistance available through
23 retraining programs in one year to a business. These rules
24 shall be developed in coordination with the department of
25 education and the department of employment services.

26 Sec. 8. NEW SECTION. 15.298 RETRAINING FUND.

27 An Iowa employment retraining fund is created in the office
28 of the treasurer of state to be administered by the
29 department. The fund is a revolving fund consisting of funds
30 appropriated to it, interest earned on appropriated funds, and
31 moneys collected from the repayment of loans, including the
32 interest from loans or from other sources. The moneys in the
33 fund are appropriated to the department for the purpose of
34 retraining workers in a retooled business.

35 Sec. 9. The legislative fiscal bureau shall provide to the

1 legislative council at the first meeting of the council after
2 July 1, 1991, an evaluation of all retraining programs
3 administered under this chapter. The council shall refer the
4 report to the appropriate standing committees in the house of
5 representatives and the senate for further study.

6 In performing the evaluation, the legislative fiscal bureau
7 shall have access to all records maintained by the department
8 and area schools relating to the administration of retraining
9 programs under this chapter. However, the legislative fiscal
10 bureau shall keep confidential information regarding
11 businesses as provided in section 22.7. The evaluation shall
12 be based on the goals of this chapter. In measuring the
13 success of the programs in meeting these goals, the
14 legislative fiscal bureau shall consider, but is not limited
15 to, the following:

- 16 1. The number of loans, forgivable loans, or grants
17 provided.
- 18 2. The number of loans defaulted.
- 19 3. The average size of the business receiving retraining
20 assistance.
- 21 4. The effect of the programs upon wages of participating
22 workers and nonparticipating workers.
- 23 5. The effect of retraining programs on the state's
24 economy.

25 EXPLANATION

26 This bill relates to assisting businesses in the state in
27 the retraining of certain workers.

28 Section 1 provides definitions.

29 Section 2 sets out legislative findings regarding the need
30 for a labor force able to meet the demand for retooling Iowa
31 businesses.

32 Section 3 sets out the duties and powers of the Iowa
33 department of economic development in assisting businesses and
34 workers in retraining.

35 Section 4 provides for the contents of an application for

1 retraining assistance by businesses, including required
2 business information, and a retraining proposal.

3 Section 5 establishes criteria to be used in approving
4 applications.

5 Section 6 requires the department and affected parties to
6 execute a retraining agreement.

7 Section 7 provides for the establishment of retraining
8 programs.

9 Section 8 provides for the establishment of a retraining
10 fund.

11 Section 9 provides for an evaluation by the legislative
12 fiscal bureau of all retraining programs administered under
13 the bill.

14 BACKGROUND STATEMENT

15 SUBMITTED BY THE AGENCY

16 The state of Iowa has a strong commitment to job training
17 programs. The Iowa Industrial New Jobs Training Act (Ch.
18 280B) and the Iowa Small Business New Jobs Training Act (Ch.
19 280C) have been supported as highly successful in training
20 Iowa workers for newly created jobs.

21 Today's economy is affected by rapidly changing technology,
22 foreign competition, and the need to diversify. A state-
23 funded job retraining program will assist Iowa firms to remain
24 competitive and retain jobs in Iowa. It will provide greater
25 job security to workers by helping keep their skills up to
26 date.

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SEN. SP. WILLIAMS & CO. FILE
DO PASS 3-30-89 (p. 1091)

HOUSE FILE 550
BY COMMITTEE ON
ECONOMIC DEVELOPMENT

(SUCCESSOR TO HSB 179)

(As Amended and Passed by the House March 22, 1989)

Passed House, Date 3-22-89 (p. 726) Passed Senate, Date 4-10-89 (p. 1386)
Vote: Ayes 95 Nays 0 Vote: Ayes 9 Nays 0
Approved May 24, 1989

MOTION TO RECONSIDER
4-10-89 (p. 1304) W. THORNTON
4-11-89 (p. 135)

A BILL FOR

1 An Act relating to providing assistance to retrain workers in
2 existing businesses and providing for an evaluation of
3 retraining programs.

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

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House Amendments _____
Deleted Language *

1 Section 1. NEW SECTION. 15.291 DEFINITIONS.

2 As used in this part, unless the context otherwise
3 requires:

4 1. "Agreement" means a written contract between the
5 department and a participating business which provides for the
6 retraining of participating workers in a retraining program
7 approved by the department.

8 2. "Applicant" means a business or group of businesses
9 submitting an application for approval by the department.

10 3. "Area school" means a vocational school or a community
11 college established under chapter 280A.

12 4. "Business" means a commercial enterprise engaged in
13 interstate or intrastate commerce for the purpose of
14 manufacturing, processing, or assembling products, conducting
15 research and development, or providing services in interstate
16 or intrastate commerce, but excludes retail, health, or
17 professional services. "Business" does not include a
18 commercial enterprise which closes or substantially reduces
19 its operation in one area of this state and relocates
20 substantially the same operation in another area of this
21 state, but does include a commercial enterprise expanding its
22 operations in another area of this state provided that
23 existing operations of a similar nature are not closed or
24 substantially reduced.

25 5. "Business production site" means a facility in which a
26 business operates the means to manufacture, process, or
27 assemble products or conduct research, or a center which
28 provides services in intrastate or interstate commerce,
29 excluding retail, health, or professional services.

30 6. "Department" means the Iowa department of economic
31 development.

32 7. "Fund" means the Iowa employment retraining fund
33 established under section 15.298.

34 8. "Job quality" means the value of an employment position
35 to a business based on consideration of factors, including but

1 not limited to the following:

2 a. The dollar value of annual wages and benefits that a
3 worker beginning in the position earns.

4 b. Whether the employment position is a permanent full-
5 time, permanent part-time, temporary full-time, or temporary
6 part-time position. If the position is other than permanent
7 full-time, consideration of the value of the position shall
8 include the number of hours demanded from the position each
9 year.

10 c. The number of times in the last three years that the
11 position has been occupied.

12 d. The number and type of similar employment positions in
13 the area in which the business would reasonably employ
14 workers.

15 9. "Participating business" means one or more existing
16 businesses which are parties to an agreement as provided in
17 section 15.296.

18 10. "Participating worker" means a person who prior to
19 being accepted into a retraining program is an employee of the
20 participating business and who the department determines is
21 substantially at risk of becoming displaced within the
22 following ten years, due to the retooling of the business.

23 11. "Person" means a natural person.

24 12. "Retooling" means upgrading, modernizing, or expanding
25 a business to increase the production or efficiency of
26 business operations, including replacing equipment,
27 introducing new manufacturing processes, or changing
28 managerial procedures.

29 13. "Retraining" means the process designed to instruct
30 participating workers in skills related to the retooled
31 operation of the participating business and includes any of
32 the following skills:

33 a. Basic academic skills, including fundamental skills of
34 reading, computation of numbers, and written and verbal
35 communication required to successfully function in the

1 workplace.

2 b. Job specific skills, including skills required to
3 perform tasks of a specific employment position or cluster of
4 employment positions.

5 14. "Retraining agency" means an area school, or other
6 public educational facility, private entity, or organization
7 which provides retraining to workers.

8 15. "Retraining program" means a program for retraining
9 participating workers, including a program established
10 pursuant to section 15.297.

11 Sec. 2. NEW SECTION. 15.292 LEGISLATIVE FINDINGS.

12 The general assembly finds and declares the following:

13 1. The rapid retooling of Iowa businesses, including the
14 dramatic introduction of new, highly technical manufacturing
15 processes into Iowa industry, has contributed to increasing
16 unemployment in the state by reducing the demand for unskilled
17 and underskilled labor and making traditionally marketable job
18 skills obsolete.

19 2. Corresponding to the increase in the number of workers
20 displaced by the retooling of businesses, there is an
21 increasing demand by those businesses for workers to be
22 trained to perform new technical functions.

23 3. The mismatch between available labor and the needs of
24 businesses harms the economic revitalization of the state by
25 retarding the production and efficiency of retooling
26 businesses, draining employer-taxed contributions to the
27 unemployment compensation fund, diverting state public
28 assistance resources to support displaced workers, and
29 stifling a sense of self-worth and economic independence of
30 affected persons.

31 4. The state finds it advantageous to establish an
32 employment retraining fund administered to remedy structural
33 imbalances in the job market and to assist employers and
34 employees by fostering business expansion and job creation,
35 minimizing unemployment costs to businesses, diversifying the

1 state's economic base, supplying businesses with an available
2 pool of workers trained to perform demand skills, providing
3 Iowans permanent jobs, increasing the flexibility in the
4 skills of workers, minimizing public assistance payments to
5 displaced workers, and encouraging in affected persons a sense
6 of self-worth and economic independence.

7 5. Expenditures from the Iowa employment retraining fund
8 used to support retraining programs shall supplement financial
9 assistance available through other state and federal programs.
10 In addition, assistance under employment retraining programs
11 shall not be used to replace, parallel, supplant, compete
12 with, or duplicate assistance provided under other training
13 programs sponsored by an employer, the state, or the federal
14 government.

15 Sec. 3. NEW SECTION. 15.293 DUTIES AND POWERS OF THE
16 IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT.

17 The department shall:

18 1. Approve, deny, or defer applications for retraining
19 assistance and enter into retraining agreements, as provided
20 in this chapter.

21 2. Refer a business seeking assistance to the area school
22 serving the merged area in which the business proposes to
23 retrain workers.

24 3. Establish minimum standards for considering
25 applications, based on the contents of the application and
26 selection criteria as provided in section 15.295.

27 4. Collect, design, and evaluate model retraining programs
28 to assist businesses in retraining workers, and award
29 forgivable loans, loans, grants, or a combination of loans and
30 grants under these programs to participating businesses. To
31 ensure the accountability of the business, before providing a
32 grant, the department shall consider the feasibility of
33 providing a forgivable loan.

34 5. Provide for the collection of loans, including interest
35 on the loans, from participating businesses. The department

1 shall provide for the deposit of loan repayments into the
2 fund.

3 6. Administer the fund and supervise all accounting and
4 auditing procedures related to the fund in accordance with
5 generally accepted accounting principles.

6 7. Monitor retraining programs, including the supervision
7 of the accounting and auditing of retraining program funds, to
8 assist participating businesses.

9 8. Cooperate with other state and federal entities
10 involved in worker training programs, including the department
11 of employment services and the department of education.

12 9. Assess the extended impact of this chapter, in
13 conjunction with the department of employment services,
14 department of human services, and department of education,
15 upon economic development in the state, including effects of
16 retraining programs upon the unemployment rate, public
17 assistance payments, business closings, business expansions,
18 and the migration of workers out of and into the state.

19 10. Report to the governor and legislative council before
20 the beginning of each session of the general assembly the
21 following items:

22 a. The status of programs administered under this chapter.

23 b. The extended impact of this chapter upon economic
24 development in the state, as required in subsection 9.

25 11. Adopt administrative rules pursuant to chapter 17A to
26 implement and administer this chapter.

27 Sec. 4. NEW SECTION. 15.294 RETRAINING APPLICATION.

28 1. A business may apply for retraining assistance under
29 this chapter by completing an application under the
30 supervision of the area school serving the merged area in
31 which the business proposes to retrain workers. The area
32 school shall provide the applicant with all assistance
33 necessary in completing the application. The area school
34 shall submit the completed application on behalf of the
35 business. The application shall be on forms provided by the

1 department. Applications shall be submitted pursuant to rules
2 adopted by the department.

3 2. The application shall contain business information
4 regarding the business. Information which the business
5 believes contains trade secrets, would give an advantage to
6 competitors, or meets other conditions for confidential
7 treatment as provided in section 22.7, shall be kept
8 confidential. Business information shall be described by
9 rules adopted by the department and shall relate to state or
10 federal programs under which the business has applied for
11 training assistance, the impact of implementing the
12 applicant's retraining proposal on competing businesses in the
13 state, the employees of the business and their employment
14 positions, the financial condition of the business, the
15 retooling operations in place or planned to be in place, the
16 local union or affiliate representing the employees of the
17 business, the type of goods or services to be produced by
18 retooling, and any other information determined to be relevant
19 by the department.

20 3. The application shall contain a retraining proposal.
21 The contents of the proposal shall be described by rules
22 adopted by the department and shall relate to the
23 participating business and applicable business production
24 site, the retraining agency to service the business, the
25 participating workers, the jobs resulting from retraining, the
26 program under which the business is applying for retraining
27 assistance, the cost of retraining, the coordination of the
28 training program with other state or federal training programs
29 in which the business is involved, the system to monitor the
30 retraining program, and any other item required to be included
31 by the department.

32 4. The application may contain or the department may
33 require an evaluation of the retraining proposal by the area
34 school serving the merged area in which the retrained workers
35 are to be employed. An evaluation shall contain pertinent

1 information about the business, including the following:

2 a. The results of an investigation of operations in the
3 business.

4 b. An assessment of the viability of the business.

5 c. An assessment of the process for selecting the
6 retraining entity.

7 d. An evaluation of the value of the retraining agency.

8 e. Recommendations of the value of the retraining
9 proposal.

10 f. A ratio comparing the total amount planned to be
11 invested by the business in the actual costs of retraining to
12 the amount of dollars being requested for retraining.

13 g. Other information about the business relating to the
14 selection criteria described in section 15.295.

15 Sec. 5. NEW SECTION. 15.295 APPROVAL OF APPLICATIONS.

16 1. The department, in reviewing an application, shall
17 consider the contents of the application, including the
18 business information and the retraining proposal.

19 2. The department shall approve, deny, or defer
20 applications and award financial assistance based on selection
21 criteria. The department shall score and rank the criteria
22 according to the relative importance of the criteria. The
23 importance assigned to each criterion shall be determined by
24 the department. Approval, denial, or deferral of an
25 application shall be based on, but not limited to, the
26 following selection criteria:

27 a. The total amount of dollars which have been invested in
28 the business for the previous three years to increase
29 productivity or efficiency, including capital improvements in
30 retooling.

31 b. The total amount of dollars planned to be invested in
32 the business for the following three years to increase
33 productivity or efficiency, including capital improvements in
34 retooling.

35 c. A ratio comparing the total amount of dollars invested

1 or to be invested pursuant to paragraphs "a" and "b" plus the
2 amount of profit in dollars made by the business in the
3 previous three years, to the amount of dollars proposed to
4 assist the business in retraining.

5 d. A ratio comparing the total amount planned to be
6 invested by the business in the actual costs of retraining to
7 the amount of dollars being requested for retraining. This
8 ratio shall indicate that the business's investment amount is
9 at least equal to the amount requested. If not the
10 application shall be denied.

11 e. The quality of jobs resulting from the retraining
12 proposal.

13 f. The need of the proposed business for retraining
14 assistance.

15 g. The number of businesses, contained in the training
16 proposal, applying for combined assistance.

17 h. The endorsement of the labor union or affiliate which
18 represents workers proposed to participate in retraining.

19 i. The degree to which the product made by the business'
20 retooling operation is new, creates new market opportunities,
21 or diversifies the state's economy.

22 j. The degree to which the business' retooling operation
23 introduces new manufacturing processes into state industry.

24 k. The past performance of the proposed retraining agency
25 in training persons, by considering the placement and
26 retention of former trainees and employer satisfaction with
27 former trainees.

28 l. The result of a cost-benefit analysis which measures
29 the value of the proposed retraining based upon job-related
30 calculations, including but not limited to, the number of
31 participating workers in the proposal, the cost of retraining
32 each worker, the dollar value of wages and benefits to be
33 earned by each retrained worker, and the market demand for the
34 proposed retraining.

35 m. The procedure to evaluate the proposed retraining

1 program and collect data required to make the evaluation,
2 based on a procedure which monitors the retraining program,
3 including accounting and auditing systems adequate to ensure
4 the accuracy and reliability of expenditures recorded by the
5 business and related to the proposed retraining.

6 n. The feasibility of implementing the retraining
7 proposal.

8 3. Each applicant shall be notified in writing, within the
9 time period set by rules adopted by the department, of the
10 department's final disposition of the application.

11 Sec. 6. NEW SECTION. 15.296 RETRAINING AGREEMENTS.

12 The department shall execute agreements based on
13 applications submitted to the department. Agreements shall be
14 executed on forms provided by the department. Parties to an
15 agreement shall include the department and the participating
16 businesses named in the application's proposal, and may
17 include any other entity approved by the department and named
18 in the application, including a retraining agency or a labor
19 union or affiliate representing participating workers.

20 Sec. 7. NEW SECTION. 15.297 RETRAINING PROGRAMS.

21 1. The department shall establish retraining programs to
22 provide retraining assistance to businesses. The assistance
23 shall include financial assistance composed of grants, loans,
24 forgivable loans, or a combination of grants and loans.
25 However, financial assistance shall not include a grant or
26 forgivable loan unless the result of retooling creates, at the
27 business production site subject to the retooling, a net
28 increase in the number of employment positions, a net increase
29 in the quality of the employment positions held by
30 participating workers, or a net increase in the wages paid to
31 participating workers. The financial assistance awarded to a
32 participating business must be based on the actual cost of
33 retraining participating workers under the retraining program.

34 2. The department shall not provide more than fifty
35 thousand dollars of financial assistance for a retraining

1 proposal.

2 Sec. 8. NEW SECTION. 15.298 RETRAINING FUND.

3 An Iowa employment retraining fund is created in the office
4 of the treasurer of state to be administered by the
5 department. The fund is a revolving fund consisting of funds
6 appropriated to it, interest earned on appropriated funds, and
7 moneys collected from the repayment of loans, including the
8 interest from loans or from other sources. The moneys in the
9 fund are appropriated to the department for the purpose of
10 retraining workers in a retooled business.

11 The department shall set aside at the beginning of each
12 fiscal year for that fiscal year the moneys in the fund for
13 each merged area to be used to provide the financial
14 assistance for retraining proposals of businesses located in
15 the merged area whose applications have been approved by the
16 department. The financial assistance shall be provided by the
17 department from the amount set aside for that merged area. If
18 any portion of the moneys set aside for a merged area have not
19 been used or committed by March 1 of the fiscal year, that
20 portion is available for use by the department to provide
21 financial assistance to businesses located in other merged
22 areas. The department shall adopt by rule a formula for this
23 set aside based upon the population and per capita income of
*24 the merged area. The formula should be similar to the formula
25 for the allocation of funds to merged areas for purchase of
26 equipment from the jobs now capitals account of the lottery
27 fund set out in 281 Iowa administrative code, rule 21.36 in
28 effect on March 1, 1989.

29 Sec. 9. The legislative fiscal bureau shall provide to the
30 legislative council at the first meeting of the council after
31 July 1, 1991, an evaluation of all retraining programs
32 administered under this chapter. The council shall refer the
33 report to the appropriate standing committees in the house of
34 representatives and the senate for further study.

35 In performing the evaluation, the legislative fiscal bureau

1 shall have access to all records maintained by the department
2 and area schools relating to the administration of retraining
3 programs under this chapter. However, the legislative fiscal
4 bureau shall keep confidential information regarding
5 businesses as provided in section 22.7. The evaluation shall
6 be based on the goals of this chapter. In measuring the
7 success of the programs in meeting these goals, the
8 legislative fiscal bureau shall consider, but is not limited
9 to, the following:

- 10 1. The number of loans, forgivable loans, or grants
11 provided.
- 12 2. The number of loans defaulted.
- 13 3. The average size of the business receiving retraining
14 assistance.
- 15 4. The effect of the programs upon wages of participating
16 workers and nonparticipating workers.
- 17 5. The effect of retraining programs on the state's
18 economy.

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HOUSE FILE 550

AN ACT

RELATING TO PROVIDING ASSISTANCE TO RETRAIN WORKERS IN
EXISTING BUSINESSES AND PROVIDING FOR AN EVALUATION
OF RETRAINING PROGRAMS.

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

Section 1. NEW SECTION. 15.291 DEFINITIONS.

As used in this part, unless the context otherwise
requires:

1. "Agreement" means a written contract between the department and a participating business which provides for the retraining of participating workers in a retraining program approved by the department.
2. "Applicant" means a business or group of businesses submitting an application for approval by the department.
3. "Area school" means a vocational school or a community college established under chapter 280A.
4. "Business" means a commercial enterprise engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate or intrastate commerce, but excludes retail, health, or professional services. "Business" does not include a commercial enterprise which closes or substantially reduces its operation in one area of this state and relocates substantially the same operation in another area of this state, but does include a commercial enterprise expanding its operations in another area of this state provided that existing operations of a similar nature are not closed or substantially reduced.
5. "Business production site" means a facility in which a business operates the means to manufacture, process, or assemble products or conduct research, or a center which provides services in intrastate or interstate commerce,

excluding retail, health, or professional services.

6. "Department" means the Iowa department of economic development.

7. "Fund" means the Iowa employment retraining fund established under section 15.298.

8. "Job quality" means the value of an employment position to a business based on consideration of factors, including but not limited to the following:

a. The dollar value of annual wages and benefits that a worker beginning in the position earns.

b. Whether the employment position is a permanent full-time, permanent part-time, temporary full-time, or temporary part-time position. If the position is other than permanent full-time, consideration of the value of the position shall include the number of hours demanded from the position each year.

c. The number of times in the last three years that the position has been occupied.

d. The number and type of similar employment positions in the area in which the business would reasonably employ workers.

9. "Participating business" means one or more existing businesses which are parties to an agreement as provided in section 15.296.

10. "Participating worker" means a person who prior to being accepted into a retraining program is an employee of the participating business and who the department determines is substantially at risk of becoming displaced within the following ten years, due to the retooling of the business.

11. "Person" means a natural person.

12. "Retooling" means upgrading, modernizing, or expanding a business to increase the production or efficiency of business operations, including replacing equipment, introducing new manufacturing processes, or changing managerial procedures.

13. "Retraining" means the process designed to instruct participating workers in skills related to the retooled

operation of the participating business and includes any of the following skills:

a. Basic academic skills, including fundamental skills of reading, computation of numbers, and written and verbal communication required to successfully function in the workplace.

b. Job specific skills, including skills required to perform tasks of a specific employment position or cluster of employment positions.

14. "Retraining agency" means an area school, or other public educational facility, private entity, or organization which provides retraining to workers.

15. "Retraining program" means a program for retraining participating workers, including a program established pursuant to section 15.297.

Sec. 2. NEW SECTION. 15.292 LEGISLATIVE FINDINGS.

The general assembly finds and declares the following:

1. The rapid retooling of Iowa businesses, including the dramatic introduction of new, highly technical manufacturing processes into Iowa industry, has contributed to increasing unemployment in the state by reducing the demand for unskilled and underskilled labor and making traditionally marketable job skills obsolete.

2. Corresponding to the increase in the number of workers displaced by the retooling of businesses, there is an increasing demand by those businesses for workers to be trained to perform new technical functions.

3. The mismatch between available labor and the needs of businesses harms the economic revitalization of the state by retarding the production and efficiency of retooling businesses, draining employer-taxed contributions to the unemployment compensation fund, diverting state public assistance resources to support displaced workers, and stifling a sense of self-worth and economic independence of affected persons.

4. The state finds it advantageous to establish an employment retraining fund administered to remedy structural

imbalances in the job market and to assist employers and employees by fostering business expansion and job creation, minimizing unemployment costs to businesses, diversifying the state's economic base, supplying businesses with an available pool of workers trained to perform demand skills, providing Iowans permanent jobs, increasing the flexibility in the skills of workers, minimizing public assistance payments to displaced workers, and encouraging in affected persons a sense of self-worth and economic independence.

5. Expenditures from the Iowa employment retraining fund used to support retraining programs shall supplement financial assistance available through other state and federal programs. In addition, assistance under employment retraining programs shall not be used to replace, parallel, supplant, compete with, or duplicate assistance provided under other training programs sponsored by an employer, the state, or the federal government.

Sec. 3. NEW SECTION. 15.293 DUTIES AND POWERS OF THE IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT.

The department shall:

1. Approve, deny, or defer applications for retraining assistance and enter into retraining agreements, as provided in this chapter.

2. Refer a business seeking assistance to the area school serving the merged area in which the business proposes to retrain workers.

3. Establish minimum standards for considering applications, based on the contents of the application and selection criteria as provided in section 15.295.

4. Collect, design, and evaluate model retraining programs to assist businesses in retraining workers, and award forgivable loans, loans, grants, or a combination of loans and grants under these programs to participating businesses. To ensure the accountability of the business, before providing a grant, the department shall consider the feasibility of providing a forgivable loan.

5. Provide for the collection of loans, including interest on the loans, from participating businesses. The department shall provide for the deposit of loan repayments into the fund.

6. Administer the fund and supervise all accounting and auditing procedures related to the fund in accordance with generally accepted accounting principles.

7. Monitor retraining programs, including the supervision of the accounting and auditing of retraining program funds, to assist participating businesses.

8. Cooperate with other state and federal entities involved in worker training programs, including the department of employment services and the department of education.

9. Assess the extended impact of this chapter, in conjunction with the department of employment services, department of human services, and department of education, upon economic development in the state, including effects of retraining programs upon the unemployment rate, public assistance payments, business closings, business expansions, and the migration of workers out of and into the state.

10. Report to the governor and legislative council before the beginning of each session of the general assembly the following items:

- a. The status of programs administered under this chapter.
- b. The extended impact of this chapter upon economic development in the state, as required in subsection 9.

11. Adopt administrative rules pursuant to chapter 17A to implement and administer this chapter.

Sec. 4. NEW SECTION. 15.294 RETRAINING APPLICATION.

1. A business may apply for retraining assistance under this chapter by completing an application under the supervision of the area school serving the merged area in which the business proposes to retrain workers. The area school shall provide the applicant with all assistance necessary in completing the application. The area school shall submit the completed application on behalf of the business. The application shall be on forms provided by the

department. Applications shall be submitted pursuant to rules adopted by the department.

2. The application shall contain business information regarding the business. Information which the business believes contains trade secrets, would give an advantage to competitors, or meets other conditions for confidential treatment as provided in section 22.7, shall be kept confidential. Business information shall be described by rules adopted by the department and shall relate to state or federal programs under which the business has applied for training assistance, the impact of implementing the applicant's retraining proposal on competing businesses in the state, the employees of the business and their employment positions, the financial condition of the business, the retooling operations in place or planned to be in place, the local union or affiliate representing the employees of the business, the type of goods or services to be produced by retooling, and any other information determined to be relevant by the department.

3. The application shall contain a retraining proposal. The contents of the proposal shall be described by rules adopted by the department and shall relate to the participating business and applicable business production site, the retraining agency to service the business, the participating workers, the jobs resulting from retraining, the program under which the business is applying for retraining assistance, the cost of retraining, the coordination of the training program with other state or federal training programs in which the business is involved, the system to monitor the retraining program, and any other item required to be included by the department.

4. The application may contain or the department may require an evaluation of the retraining proposal by the area school serving the merged area in which the retrained workers are to be employed. An evaluation shall contain pertinent information about the business, including the following:

- a. The results of an investigation of operations in the business.
- b. An assessment of the viability of the business.
- c. An assessment of the process for selecting the retraining entity.
- d. An evaluation of the value of the retraining agency.
- e. Recommendations of the value of the retraining proposal.
- f. A ratio comparing the total amount planned to be invested by the business in the actual costs of retraining to the amount of dollars being requested for retraining.
- g. Other information about the business relating to the selection criteria described in section 15.295.

Sec. 5. NEW SECTION. 15.295 APPROVAL OF APPLICATIONS.

1. The department, in reviewing an application, shall consider the contents of the application, including the business information and the retraining proposal.
2. The department shall approve, deny, or defer applications and award financial assistance based on selection criteria. The department shall score and rank the criteria according to the relative importance of the criteria. The importance assigned to each criterion shall be determined by the department. Approval, denial, or deferral of an application shall be based on, but not limited to, the following selection criteria:
 - a. The total amount of dollars which have been invested in the business for the previous three years to increase productivity or efficiency, including capital improvements in retooling.
 - b. The total amount of dollars planned to be invested in the business for the following three years to increase productivity or efficiency, including capital improvements in retooling.
 - c. A ratio comparing the total amount of dollars invested or to be invested pursuant to paragraphs "a" and "b" plus the amount of profit in dollars made by the business in the previous three years, to the amount of dollars proposed to assist the business in retraining.

- d. A ratio comparing the total amount planned to be invested by the business in the actual costs of retraining to the amount of dollars being requested for retraining. This ratio shall indicate that the business's investment amount is at least equal to the amount requested. If not the application shall be denied.
- e. The quality of jobs resulting from the retraining proposal.
- f. The need of the proposed business for retraining assistance.
- g. The number of businesses, contained in the training proposal, applying for combined assistance.
- h. The endorsement of the labor union or affiliate which represents workers proposed to participate in retraining.
 1. The degree to which the product made by the business' retooling operation is new, creates new market opportunities, or diversifies the state's economy.
 2. The degree to which the business' retooling operation introduces new manufacturing processes into state industry.
- k. The past performance of the proposed retraining agency in training persons, by considering the placement and retention of former trainees and employer satisfaction with former trainees.
 1. The result of a cost-benefit analysis which measures the value of the proposed retraining based upon job-related calculations, including but not limited to, the number of participating workers in the proposal, the cost of retraining each worker, the dollar value of wages and benefits to be earned by each retrained worker, and the market demand for the proposed retraining.
 - m. The procedure to evaluate the proposed retraining program and collect data required to make the evaluation, based on a procedure which monitors the retraining program, including accounting and auditing systems adequate to ensure the accuracy and reliability of expenditures recorded by the business and related to the proposed retraining.

n. The feasibility of implementing the retraining proposal.

3. Each applicant shall be notified in writing, within the time period set by rules adopted by the department, of the department's final disposition of the application.

Sec. 6. NEW SECTION. 15.296 RETRAINING AGREEMENTS.

The department shall execute agreements based on applications submitted to the department. Agreements shall be executed on forms provided by the department. Parties to an agreement shall include the department and the participating businesses named in the application's proposal, and may include any other entity approved by the department and named in the application, including a retraining agency or a labor union or affiliate representing participating workers.

Sec. 7. NEW SECTION. 15.297 RETRAINING PROGRAMS.

1. The department shall establish retraining programs to provide retraining assistance to businesses. The assistance shall include financial assistance composed of grants, loans, forgivable loans, or a combination of grants and loans. However, financial assistance shall not include a grant or forgivable loan unless the result of retooling creates, at the business production site subject to the retooling, a net increase in the number of employment positions, a net increase in the quality of the employment positions held by participating workers, or a net increase in the wages paid to participating workers. The financial assistance awarded to a participating business must be based on the actual cost of retraining participating workers under the retraining program.

2. The department shall not provide more than fifty thousand dollars of financial assistance for a retraining proposal.

Sec. 8. NEW SECTION. 15.298 RETRAINING FUND.

An Iowa employment retraining fund is created in the office of the treasurer of state to be administered by the department. The fund is a revolving fund consisting of funds appropriated to it, interest earned on appropriated funds, and moneys collected from the repayment of loans, including the

interest from loans or from other sources. The moneys in the fund are appropriated to the department for the purpose of retraining workers in a retooled business.

The department shall set aside at the beginning of each fiscal year for that fiscal year the moneys in the fund for each merged area to be used to provide the financial assistance for retraining proposals of businesses located in the merged area whose applications have been approved by the department. The financial assistance shall be provided by the department from the amount set aside for that merged area. If any portion of the moneys set aside for a merged area have not been used or committed by March 1 of the fiscal year, that portion is available for use by the department to provide financial assistance to businesses located in other merged areas. The department shall adopt by rule a formula for this set aside based upon the population and per capita income of the merged area. The formula should be similar to the formula for the allocation of funds to merged areas for purchase of equipment from the jobs now capitals account of the lottery fund set out in 281 Iowa administrative code, rule 21.36 in effect on March 1, 1989.

Sec. 9. The legislative fiscal bureau shall provide to the legislative council at the first meeting of the council after July 1, 1991, an evaluation of all retraining programs administered under this chapter. The council shall refer the report to the appropriate standing committees in the house of representatives and the senate for further study.

In performing the evaluation, the legislative fiscal bureau shall have access to all records maintained by the department and area schools relating to the administration of retraining programs under this chapter. However, the legislative fiscal bureau shall keep confidential information regarding businesses as provided in section 22.7. The evaluation shall be based on the goals of this chapter. In measuring the success of the programs in meeting these goals, the legislative fiscal bureau shall consider, but is not limited to, the following:

1. The number of loans, forgivable loans, or grants provided.
2. The number of loans defaulted.
3. The average size of the business receiving retraining assistance.
4. The effect of the programs upon wages of participating workers and nonparticipating workers.
5. The effect of retraining programs on the state's economy.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 550, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved July 24, 1989

TERRY E. BRANSTAD
Governor