

Small Business 4/1/91 B. Ross 4/4 (p. 1068)

MAR 18 1991

House Calendar

HOUSE FILE 498
BY COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT AND TRADE

(SUCCESSOR TO HSB 177)

Passed House, Date 3/21/91 (p. 892) Passed Senate, Date 4/11/91 (p. 1301)
Vote: Ayes 98 Nays 0 Vote: Ayes 48 Nays 0
Approved April 30, 1991 (p. 1939)

A BILL FOR

1 An Act relating to updating criteria under the Iowa retraining
2 program and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 498

1 Section 1. Section 15.291, subsection 8, paragraph d, Code
2 1991, is amended by striking the paragraph.

3 Sec. 2. Section 15.295, subsection 2, Code 1991, is
4 amended to read as follows:

5 2. The department shall approve, deny, or defer
6 applications and award financial assistance based on selection
7 criteria. The department shall score and rank the criteria
8 according to the relative importance of the criteria. The
9 importance assigned to each criterion shall be determined by
10 the department. Approval, denial, or deferral of an
11 application shall be based on, but not limited to, the
12 following selection criteria:

13 a. ~~The total amount of dollars which have been invested in~~
14 ~~the business for the previous three years to increase~~
15 ~~productivity or efficiency, including capital improvements in~~
16 retooling past, current, and future financial commitment of
17 the business to increase productivity or efficiency, including
18 capital investments in retooling, and the general financial
19 viability of the business as demonstrated by the business's
20 financial information.

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

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

30 d. A ratio comparing the total amount planned to be
31 invested by the business in the actual costs of retraining to
32 the amount of dollars being requested for retraining. This
33 ratio shall indicate that the business's investment amount is
34 at least equal to the amount requested. If not the
35 application shall be denied.

- 1 e c. The quality of jobs resulting from the retraining
- 2 proposal.
- 3 f d. The need of the proposed business for retraining
- 4 assistance.
- 5 g e. The number of businesses, contained in the training
- 6 proposal, applying for combined assistance.
- 7 h f. The endorsement of the labor union or affiliate which
- 8 represents workers proposed to participate in retraining.
- 9 i g. The degree to which the product-made-by-the
- 10 business's-retooling-operation-is-new,-creates-new-market
- 11 opportunities,-or-diversifies-the-state's-economy products or
- 12 processes of the business's retooling operation is new,
- 13 creates new or expanded marketing opportunities, diversifies
- 14 the state's economy, introduces new manufacturing processes
- 15 into state industry, or improves existing manufacturing
- 16 processes.
- 17 j--The-degree-to-which-the-business's-retooling-operation
- 18 introduces-new-manufacturing-processes-into-state-industry.
- 19 k--The-past-performance-of-the-proposed-retraining-agency
- 20 in-training-persons,-by-considering-the-placement-and
- 21 retention-of-former-trainees-and-employer-satisfaction-with
- 22 former-trainees.
- 23 l h. The result-of-a-cost-benefit-analysis-which-measures
- 24 the-value-of-the-proposed-retraining-based-upon-job-related
- 25 calculations,-including-but-not-limited-to,-the-number-of
- 26 participating-workers-in-the-proposal,-the cost of retraining
- 27 each worker,-the-dollar-value-of-wages-and-benefits-to-be
- 28 earned-by-each-retrained-worker,-and-the-market-demand-for-the
- 29 proposed-retraining.
- 30 m i. The procedure to evaluate the proposed retraining
- 31 program and collect data required to make the evaluation,
- 32 based on a procedure which monitors the retraining program,
- 33 including accounting and auditing systems adequate to ensure
- 34 the accuracy and reliability of expenditures recorded by the
- 35 business and related to the proposed retraining.

1 e j. ~~The feasibility of implementing the retraining~~
2 ~~proposal~~ relevance of the retraining proposal to the retooling
3 project.

4 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 This bill provides that selection criteria for which
8 reliable data are not available are no longer a consideration
9 in reviewing applications to the Iowa retraining program and
10 that the selection criteria for financial assistance under the
11 retraining program will contain financial information
12 regarding the viability of the business and its financial
13 commitment to improving its operations.

14 This bill takes effect upon enactment.

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SMALL BUSINESS, ECONOMIC DEVELOPMENT, AND TRADE

HSB 177

Dickinson
Bennett
Hartford

SENATE/HOUSE FILE

498

BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

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

A BILL FOR

1 An Act relating to updating criteria under the Iowa retraining
2 program and providing an effective date.

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

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1 Section 1. Section 15.291, subsection 8, paragraph d, Code
2 1991, is amended by striking the paragraph.

3 Sec. 2. Section 15.295, subsection 2, Code 1991, is
4 amended to read as follows:

5 2. The department shall approve, deny, or defer
6 applications and award financial assistance based on selection
7 criteria. The department shall score and rank the criteria
8 according to the relative importance of the criteria. The
9 importance assigned to each criterion shall be determined by
10 the department. Approval, denial, or deferral of an
11 application shall be based on, but not limited to, the
12 following selection criteria:

13 a. ~~The total amount of dollars which have been invested in~~
14 ~~the business for the previous three years to increase~~
15 ~~productivity or efficiency, including capital improvements in~~
16 ~~retooling~~ financial commitment of the business to increase
17 productivity or efficiency, including capital investments in
18 retooling, and the general financial viability of the business
19 as demonstrated by the business's financial information.

20 b. ~~The total amount of dollars planned to be invested in~~
21 ~~the business for the following three years to increase~~
22 ~~productivity or efficiency, including capital improvements in~~
23 ~~retooling.~~

24 c. ~~A ratio comparing the total amount of dollars invested~~
25 ~~or to be invested pursuant to paragraphs "a" and "b" plus the~~
26 ~~amount of profit in dollars made by the business in the~~
27 ~~previous three years, to the amount of dollars proposed to~~
28 ~~assist the business in retraining.~~

29 d b. A ratio comparing the total amount planned to be
30 invested by the business in the actual costs of retraining to
31 the amount of dollars being requested for retraining. This
32 ratio shall indicate that the business's investment amount is
33 at least equal to the amount requested. If not the
34 application shall be denied.

35 e c. The quality of jobs resulting from the retraining

1 proposal.

2 f d. The need of the proposed business for retraining
3 assistance.

4 g e. The number of businesses, contained in the training
5 proposal, applying for combined assistance.

6 h f. The endorsement of the labor union or affiliate which
7 represents workers proposed to participate in retraining.

8 i g. The degree to which the product-made-by-the
9 business's-retooling-operation-is-new,creates-new-market
10 opportunities,or-diversifies-the-state's-economy products or
11 processes of the business's retooling operation is new,
12 creates new or expanded marketing opportunities, diversifies
13 the state's economy, introduces new manufacturing processes
14 into state industry, or improves existing manufacturing
15 processes.

16 j ---The-degree-to-which-the-business's-retooling-operation
17 introduces-new-manufacturing-processes-into-state-industry-

18 k ---The-past-performance-of-the-proposed-retraining-agency
19 in-training-persons,by-considering-the-placement-and
20 reception-of-former-trainees-and-employer-satisfaction-with
21 former-trainees-

22 l h. The result-of-a-cost-benefit-analysis-which-measures
23 the-value-of-the-proposed-retraining-based-upon-job-related
24 calculations,-including-but-not-limited-to,-the-number-of
25 participating-workers-in-the-proposal,-the cost of retraining
26 each worker,-the-dollar-value-of-wages-and-benefits-to-be
27 earned-by-each-retrained-worker,-and-the-market-demand-for-the
28 proposed-retraining.

29 m i. The procedure to evaluate the proposed retraining
30 program and collect data required to make the evaluation,
31 based on a procedure which monitors the retraining program,
32 including accounting and auditing systems adequate to ensure
33 the accuracy and reliability of expenditures recorded by the
34 business and related to the proposed retraining.

35 n j. The feasibility-of-implementing-the-retraining

1 ~~proposal~~ relevance of the retraining proposal to the retooling
2 project.

3 Sec. 3. Section 15.297, subsection 1, Code 1991, is
4 amended to read as follows:

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

19 Sec. 4. Section 15.298, unnumbered paragraph 1, Code 1991,
20 is amended to read as follows:

21 An Iowa employment retraining fund is created in the office
22 of the treasurer of state to be administered by the
23 department. The fund is a revolving fund consisting of funds
24 appropriated to it, interest earned on appropriated funds, and
25 moneys collected from the repayment of loans, including the
26 interest from loans or from other sources, and funds
27 transferred to the fund from the small business industrial new
28 jobs training revolving fund established in section 280C.6,
29 subsection 1, paragraph "b". The moneys in the fund are
30 appropriated to the department for the purpose of retraining
31 workers in a retooled business.

32 Sec. 5. Section 280C.6, subsection 1, Code 1991, is
33 amended by adding the following new paragraph:

34 NEW PARAGRAPH. c. For the fiscal years beginning July 1,
35 1990, and July 1, 1991, if unobligated funds remain in the

1 revolving account on or after March 1 of the fiscal year from
2 the appropriation for the fiscal year, the department may
3 request that the treasurer of state transfer up to two hundred
4 fifty thousand dollars to the Iowa employment retraining fund
5 established in section 15.298. The transferred funds shall be
6 available for businesses that meet the small business size
7 criteria utilized under this chapter.

8 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
9 immediate importance takes effect upon enactment.

10

EXPLANATION

11 This bill provides that selection criteria for which
12 reliable data are not available are no longer a consideration
13 in reviewing applications to the Iowa retraining program and
14 that the selection criteria for financial assistance under the
15 retraining program will contain financial information
16 regarding the viability of the business and its financial
17 commitment to improving its operations. Also, the bill makes
18 grants available only to consortia of businesses. Further,
19 the bill provides that the Iowa employment retraining fund
20 will include up to \$250,000 in unobligated funds from the job
21 training fund revolving account for fiscal years beginning
22 July 1, 1990, and July 1, 1991.

23 This bill takes effect upon enactment.

24

BACKGROUND STATEMENT

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SUBMITTED BY THE AGENCY

26 Sections 1, 2, and 3 -- The Iowa retraining program is
27 working well and has achieved broad acceptance by users. The
28 changes suggested are to streamline the review process,
29 provide for the request of information which is considered
30 important in making informed funding decisions, and eliminate
31 a bias inherent in the criteria toward larger companies.

32 Sections 4 and 5 -- Trends indicate that work force and
33 workplace needs will require worker skills to be upgraded more
34 frequently during the coming years to keep pace with the
35 introduction of new technology and processes in the workplace.

1 The department requests the flexibility to adjust the
2 availability of funding for these programs in the event the
3 demand for these programs shifts toward more need for worker
4 retraining.

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HOUSE FILE 498

AN ACT

RELATING TO UPDATING CRITERIA UNDER THE IOWA RETRAINING PROGRAM AND PROVIDING AN SEPTUENVE DATES.

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

Section 1. Section 15.231, subsection 8, paragraph c, Code 1991, is amended by striking the paragraph.

Sec. 2. Section 15.235, subsection 2, Code 1991, is amended to read as follows:

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 past, current, and future financial commitment of the business to increase productivity or efficiency, including capital investments in retooling, and the general financial viability of the business as demonstrated by the business's financial information.

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 profits in dollars made by the business in the previous three years to the amount of dollars proposed to assist the business in retooling.

d. A ratio comparing the total amount planned to be invested by the business in the actual costs of retooling to the amount of dollars being requested for retooling. 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 retooling proposal.

f. The need of the proposed business for retooling 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 retooling.

i. The degree to which the product made by the business's retooling operation is new, creates new market opportunities or diversifies the state's economy through processes of the business's retooling operation is new, creates new or expanded marketing opportunities, diversifies the state's economy, introduces new manufacturing processes into state industry, or improves existing manufacturing processes.

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

k. The past performance of the proposed retooling agency in training persons, by considering the placement and retention of former trainees and employer satisfaction with former trainees.

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

HF 498

* i. 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.

* j. ~~The feasibility of implementing the retraining~~
proposal relevance of the retraining proposal to the retooling project.

Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

ROBERT C. ARNOULD
Speaker of the House

JOE J. WELSH
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 498, Seventy-fourth General Assembly.

JOSEPH O'HEARN
Chief Clerk of the House

Approved April 30, 1991

TERRY E. BRANSTAD
Governor