

H-4/25/95 Ways & Means (P-1860)  
S-4/28/95 Amend/Do Pass  
W/S 3617

APR 25 1995

HOUSE FILE 573  
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HSB 320)

Passed House, <sup>(P.1990)</sup> Date 4-27-95

Passed Senate, <sup>(P.1500)</sup> Date 4/28/95

Vote: Ayes 91 Nays 6

Vote: Ayes 49 Nays 0

Approved May 19, 1995  
*Passed 4-28-95*  
*vote 93-2*

A BILL FOR

1 An Act relating to economic development by establishing a  
2 workforce development fund, providing for the transfer of  
3 certain employer withholding amounts to the workforce  
4 development fund, and establishing a loan loss reserve  
5 program.

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

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HF 573

1 Section 1. NEW SECTION. 15.341 WORKFORCE DEVELOPMENT  
2 FUND PROGRAM.

3 This part shall be known as the "Workforce Development  
4 Fund" program.

5 Sec. 2. NEW SECTION. 15.342 PURPOSE.

6 The purpose of this part shall be to provide a mechanism  
7 for funding workforce development programs listed in section  
8 15.343, subsection 2, in order to more efficiently meet the  
9 needs identified within those individual programs.

10 Sec. 3. NEW SECTION. 15.343 WORKFORCE DEVELOPMENT FUND.

11 1. A workforce development fund is created as a revolving  
12 fund in the state treasury under the control of the department  
13 consisting of any moneys appropriated by the general assembly  
14 for that purpose and any other moneys available to and  
15 obtained or accepted by the department from the federal  
16 government or private sources for placement in the fund. The  
17 fund shall also include all of the following:

18 a. Notwithstanding section 8.33, all unencumbered and  
19 unobligated funds from 1994 Iowa Acts, chapter 1201, section  
20 1, subsection 6, except paragraph "d", section 3, subsections  
21 1 and 3, and section 10, remaining on July 1, 1995, and all  
22 unencumbered and unobligated funds in the Iowa conservation  
23 corps escrow account established in section 15.229 and the job  
24 training fund established in section 260F.6.

25 b. The loan loss reserve account created in sections  
26 15.345 and 15.346.

27 c. Repayment moneys pursuant to section 422.16A.

28 Notwithstanding section 8.33, moneys in the workforce  
29 development fund at the end of each fiscal year shall not  
30 revert to any other fund but shall remain in the workforce  
31 development fund for expenditure for subsequent fiscal years.

32 2. The assets of the fund shall be used by the department  
33 for the following programs and purposes:

34 a. The Iowa conservation corps created in sections 15.224  
35 through 15.230.

- 1 b. Apprenticeship programs under section 260C.44.
- 2 c. The job training programs created in chapter 260F.
- 3 d. The loan loss reserve program.
- 4 e. For the workforce investment program under section
- 5 15.348.

6 3. The director shall submit annually at a regular or  
7 special meeting preceding the beginning of the fiscal year,  
8 for approval by the economic development board, the proposed  
9 allocation of funds from the workforce development fund to be  
10 made for that fiscal year for the programs and purposes  
11 contained in subsection 2. The director shall also submit a  
12 copy of the proposed allocation to the chairpersons of the  
13 joint economic development appropriations subcommittee of the  
14 general assembly. Subject to approval under section 8.39 for  
15 transfer of allocations between programs contained in  
16 subsection 2, the plan may provide for increased or decreased  
17 allocations if the demand for a program indicates that the  
18 need is greater or lesser than the allocation for that  
19 program. The director shall report on a quarterly basis to  
20 the board on the status of the funds and may present proposed  
21 revisions for approval by the board in January and April of  
22 each year. The director shall also provide quarterly reports  
23 to the legislative fiscal bureau on the status of the funds.  
24 Unobligated and unencumbered moneys remaining in the workforce  
25 development fund or any of its accounts on June 30 of each  
26 year shall be considered part of the fund for purposes of the  
27 next year's allocation.

28 Sec. 4. NEW SECTION. 15.345 LOAN LOSS RESERVE ACCOUNT  
29 ESTABLISHED.

30 A loan loss reserve account is created within the workforce  
31 development fund to be used by the department to encourage  
32 small and medium sized businesses to invest in training for  
33 their existing employees.

34 Sec. 5. NEW SECTION. 15.346 PURPOSE -- AUTHORIZED LOANS.

35 1. Funds in the loan loss reserve account shall be used to

1 guarantee the payment of the principal, interest, and other  
2 amounts outstanding under each loan for which a guarantee was  
3 given under this section if the loan is made by an approved  
4 financial institution to an employer that is or will be  
5 located wholly or partially within the state. The account  
6 funds shall be used to pay the principal, interest, and other  
7 amounts outstanding if the loan delinquency extends for the  
8 number of days specified in the applicable guarantee agreement  
9 between the department and any third party with which the  
10 department may enter into a contract pursuant to this section,  
11 or if any other loan default remains uncured.

12 2. Loans for which a guarantee is given under this section  
13 may be used for any of the following educational or job  
14 training purposes:

15 a. Training program administration and development  
16 expenses.

17 b. Training course material development, acquisition, and  
18 installation costs.

19 c. All wages, salaries, benefits, and other expenses of  
20 trainer-employees, and the wages, salaries, benefits, travel,  
21 and lodging expenses of other employees while receiving or  
22 performing training.

23 d. Tuition, fees, and expenses relating to seminars,  
24 conferences, and other outside training events.

25 e. Third-party training provider salaries, fees, or  
26 contract amounts.

27 f. Tuition and fees paid to postsecondary institutions or  
28 trade or technical schools.

29 g. Books, videos, and other training materials.

30 h. Training-related equipment rental or acquisition.

31 i. Training-related facilities' rental, remodeling, or  
32 renovation.

33 j. The cost of registered apprenticeship programs and  
34 other education-related or job training expenses.

35 3. The department may enter into contracts with employers,

1 financial or other entities, and other state agencies or  
2 instrumentalities as it determines are appropriate to carry  
3 out the purpose of the account. The department shall  
4 coordinate this program with the Iowa college student aid  
5 commission and the Iowa finance authority.

6 Sec. 6. NEW SECTION. 15.347 WORKFORCE INVESTMENT PROGRAM  
7 ESTABLISHED.

8 A workforce investment program is established to enable  
9 more Iowans to enter or reenter the workforce.

10 Sec. 7. NEW SECTION. 15.348 PURPOSE.

11 1. The workforce investment program shall provide training  
12 and support services to population groups that have  
13 historically faced barriers to employment and which have been  
14 difficult to serve in traditional training programs due to  
15 such factors as eligibility guidelines, gaps in services  
16 available, or other constraints.

17 2. Program funds shall be used to contract with local  
18 entities through a competitive procurement process that  
19 emphasizes strong collaboration between existing local  
20 programs and organizations.

21 3. Priority shall be given to training programs that will  
22 target displaced homemakers and welfare recipients in order to  
23 enable them to achieve self-sufficiency.

24 4. The department shall administer the workforce  
25 investment program and shall adopt rules governing its  
26 operation and eligibility guidelines for participation.

27 Sec. 8. Section 260F.6, subsection 1, Code 1995, is  
28 amended to read as follows:

29 1. There is established for the community colleges a  
30 ~~community-college~~ job training fund in the department of  
31 economic development in the workforce development fund. The  
32 ~~community-college~~ job training fund consists of moneys  
33 ~~appropriated for the fiscal year beginning July 1, 1987, and~~  
34 ~~for succeeding fiscal years~~ for the purposes of this chapter  
35 plus the interest and principal from repayment of advances

1 made to businesses for program costs, moneys-transferred-from  
2 the-Iowa-employment-retraining-fund-to-the-community-college  
3 job-training-fund-on-July-17-1992, plus the repayments,  
4 including interest, of loans made from that retraining fund,  
5 and interest earned from moneys in the community-college job  
6 training fund.

7 Sec. 9. NEW SECTION. 422.16A JOB TRAINING WITHHOLDING --  
8 CERTIFICATION AND TRANSFER.

9 Upon payment in full of a certificate of participation or  
10 other obligation issued to fund a job training program under  
11 chapter 260E, the community college providing the job training  
12 program shall notify the department of economic development of  
13 the amount paid by the employer or business to the community  
14 college to retire the certificate during the previous twelve  
15 months. The department of economic development shall notify  
16 the department of revenue and finance of that amount. The  
17 department shall credit to the workforce development fund  
18 established in section 15.343 twenty-five percent of that  
19 amount each quarter for a period of ten years. If the amount  
20 of withholding from the business or employer is insufficient,  
21 the department shall prorate the quarterly amount credited to  
22 the workforce development fund.

23 Sec. 10. There is allocated from the workforce development  
24 fund for the fiscal year beginning July 1, 1995, and ending  
25 June 30, 1996, to the job training fund established under  
26 section 260F.6, \$657,422, or so much thereof as is necessary,  
27 to be used for the purposes of the fund and to the loan loss  
28 reserve account established in section 15.345, \$219,000, or so  
29 much thereof as may be necessary, to be used for the purposes  
30 of the account.

31 Sec. 11. The legislative council is requested to establish  
32 a 17 member task force to study the job training needs of the  
33 state with emphasis on the needs of targeted technology  
34 industries. The review should include, but is not limited to,  
35 studying the funding of retraining programs through consortia

1 and supplier networks and entering into multiple retraining  
2 agreements to the same business. Membership of the task force  
3 consists of three senators to be appointed by the majority and  
4 minority leaders of the senate, three representatives to be  
5 appointed by the speaker and minority leader of the house of  
6 representatives, and 11 members appointed by the governor from  
7 each of the following targeted technology industries:  
8 advanced manufacturing; advanced materials; biomedicine and  
9 health sciences; biotechnology; computer and information  
10 sciences; electronics and related fields; engineering theory  
11 and application; energy and natural resources; environmental  
12 sciences; telecommunications; transportation and aerospace;  
13 and those established industries that may be using less than  
14 state-of-the-art technology. The task force shall make a  
15 report of its findings and any recommendations to the governor  
16 and general assembly by January 1, 1996.

17 Sec. 12. REPEALS. Sections 15.341 through 15.348 and  
18 422.16A are repealed June 30, 1997. Section 260F.6,  
19 subsection 1, is amended by striking the subsection on June  
20 30, 1997, and the Iowa Code editor shall return the language  
21 of section 260F.6, subsection 1, to the language of the 1995  
22 Code of Iowa.

23

#### EXPLANATION

24 This bill establishes a workforce development fund as a  
25 revolving fund under the control of the department of economic  
26 development to be used for the Iowa conservation corps,  
27 apprenticeship programs, job training programs, the loan loss  
28 reserve program, and the workforce investment program. The  
29 fund will consist of moneys appropriated to it, and moneys for  
30 employer or business withholding which formerly had been used  
31 to repay job training program certificates or other  
32 obligations.

33 The bill creates a loan loss reserve account to encourage  
34 private businesses to invest in employee training. Funds in  
35 the account will be used to guarantee the amounts outstanding

1 under loans made by financial institutions for the purpose of  
2 employee training.

3 In addition, the bill provides that withholding amounts  
4 from employers or businesses which had been used to repay job  
5 training program expenses under chapter 260E shall be  
6 transferred by the department of revenue and finance to the  
7 workforce development fund for a period of 10 years.

8 The bill also creates the workforce investment program to  
9 provide workforce training and support to segments of the  
10 population which have historically faced barriers to  
11 employment and which have not been served by existing  
12 programs.

13 The bill also provides that in fiscal year 1995-1996,  
14 \$657,422 from the workforce development fund shall be  
15 allocated to the job training fund under chapter 260F (Iowa  
16 small business new jobs training Act) and \$219,000 shall be  
17 allocated to the loan loss reserve account.

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HOUSE FILE 573  
FISCAL NOTE

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A fiscal note for House File 573 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 573 establishes a Workforce Development Fund as a revolving fund under the control of the Department of Economic Development to be used for the Iowa Conservation Corps, apprenticeship programs, job training programs, the Loan Loss Reserve Program, and the Workforce Investment Program. The fund will consist of moneys appropriated to it, and moneys for employer or business withholding which formerly had been used to repay job training program certificates or other obligations.

The bill creates a Loan Loss Reserve Account to encourage private business to invest in employee training. Funds in the account will be used to guarantee the amounts outstanding under loans made by financial institutions for the purpose of employee training.

In addition, the bill provides that withholding amounts from employers or businesses which had been used to repay job training program expenses under Chapter 260E, Code of Iowa, shall be transferred by the Department of Revenue and Finance to the Workforce Development Fund for a period of ten years.

The bill also creates the Workforce Investment Program to provide workforce training and support to segments of the population which have historically faced barriers to employment and which have not been served by existing programs.

ASSUMPTIONS

1. The withholding receipts that will be transferred to the Workforce Development Fund would otherwise be deposited into the General Fund.
2. The programs and funds in this bill will be repealed at the end of FY 1997, unless the General Assembly takes action to maintain them.
3. The Department of Economic Development is required to notify the Joint Economic Development Appropriations Committee of the annual proposed allocations of receipts to the Workforce Development Fund.
4. Allocations from the Workforce Development Fund are subject to the notification requirements of Section 8.39, Code of Iowa.
5. The Legislative Council is requested to establish a taskforce to study the job training needs of the State with emphasis on the needs of targeted technology industries and require a report from the taskforce by January 1, 1996.

-2-

**FISCAL EFFECT**

The estimated receipts from the withholding taxes that will be transferred to the Workforce Development Fund in FY 1996, is \$900,000. Of this amount, \$657,422 will be allocated for the Job Training Program under Chapter 260F, Code of Iowa, (the Iowa Small Business New Jobs Training Act), and \$219,000 shall be allocated to the Loan Loss Reserve Account.

In FY 1997, the estimated level of receipts that will be transferred to the Workforce Development Fund is \$1.8 million.

The total loss in receipts to the General Fund for the two years will be \$2.7 million.

(LSB 1596hv, DPW)

FILED APRIL 25, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 573

S-3617

1 Amend House File 573, as passed by the House, as  
 2 follows:  
 3 1. Page 1, line 27, by inserting after the figure  
 4 "422.16A" the following: ", up to a maximum of two  
 5 million dollars each year".  
 6 2. Page 5, line 22, by inserting after the word  
 7 "fund." the following: "The maximum amount from all  
 8 employers which shall be transferred to the workforce  
 9 development fund in any year is two million dollars."

By COMMITTEE ON WAYS AND MEANS  
 WILLIAM D. PALMER, Chairperson

S-3617 FILED APRIL 28, 1995

ADOPTED (P.1498)

HOUSE FILE 573

S-3619

1 Amend House File 573, as passed by the House, as  
 2 follows:  
 3 1. Page 5, line 24, by striking the figure "1995"  
 4 and inserting the following: "1996".  
 5 2. Page 5, line 25, by striking the figure "1996"  
 6 and inserting the following: "1997".  
 7 3. Page 6, by inserting after line 16 the  
 8 following:

9 "Sec. 101. APPROPRIATION. There is appropriated  
 10 from the general fund of the state to the job training  
 11 fund established under section 260F.6 for the fiscal  
 12 year beginning July 1, 1995, and ending June 30, 1996,  
 13 the following amount, or so much thereof as is  
 14 necessary, to be used for the purpose designated:

15 For the purposes of the fund:  
 16 ..... \$ 362,000"

17 4. Page 6, by inserting after line 22 the  
 18 following:  
 19 "Sec. \_\_\_\_ . EFFECTIVE DATES. This Act, except  
 20 sections 11 and 101, takes effect July 1, 1996.  
 21 Sections 11 and 101 take effect July 1, 1995."

22 5. Title page, line 4, by striking the word  
 23 "and".  
 24 6. Title page, line 5, by inserting after the  
 25 word "program" the following: ", and providing  
 26 effective dates".

By DERRYL McLAREN

S-3619 FILED APRIL 28, 1995

LOST

(P.1500)

## HOUSE FILE 573

S-3620

- 1 Amend House File 573, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 2, by inserting after line 5 the  
4 following:  
5 " . The school-to-work program created in  
6 section 256.17, if enacted by 1995 Iowa Acts, House  
7 File 565."  
8 2. By relettering as necessary.

By MARY NEUHAUSER  
MIKE CONNOLLY

S-3620 FILED APRIL 28, 1995  
WITHDRAWN

## SENATE AMENDMENT TO HOUSE FILE 573

H-4158

- 1 Amend House File 573, as passed by the House, as  
2 follows:  
3 1. Page 1, line 27, by inserting after the figure  
4 "422.16A" the following: ", up to a maximum of two  
5 million dollars each year".  
6 2. Page 5, line 22, by inserting after the word  
7 "fund." the following: "The maximum amount from all  
8 employers which shall be transferred to the workforce  
9 development fund in any year is two million dollars."

RECEIVED FROM THE SENATE

H-4158 FILED APRIL 28, 1995

*House Concurred*  
*4-28-95 (P.2107)*

Halvorson, Chair

*Linkla  
Greig  
Myers  
Bernau*

HSB 320

Succeeded WAYS AND MEANS  
SF/HF 5

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to economic development by establishing a  
2 workforce development fund, providing for the transfer of  
3 certain employer withholding amounts to the workforce  
4 development fund, establishing a loan loss reserve program,  
5 and providing an employee development grant.

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

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~~10/1/92~~  
7H/72

1 Section 1. NEW SECTION. 15.341 WORKFORCE DEVELOPMENT  
2 FUND PROGRAM.

3 This part shall be known as the "Workforce Development  
4 Fund" program.

5 Sec. 2. NEW SECTION. 15.342 PURPOSE.

6 The purpose of this part shall be to provide a mechanism  
7 for funding workforce development programs listed in section  
8 15.343, subsection 2, in order to more efficiently meet the  
9 needs identified within those individual programs.

10 Sec. 3. NEW SECTION. 15.343 WORKFORCE DEVELOPMENT FUND.

11 1. A workforce development fund is created as a revolving  
12 fund in the state treasury under the control of the department  
13 consisting of any moneys appropriated by the general assembly  
14 for that purpose and any other moneys available to and  
15 obtained or accepted by the department from the federal  
16 government or private sources for placement in the fund. The  
17 fund shall also include all of the following:

18 a. Notwithstanding section 8.33, all unencumbered and  
19 unobligated funds from 1994 Iowa Acts, chapter 1201, section  
20 1, subsection 6, except paragraph "d", section 3, subsections  
21 1 and 3, and section 10, remaining on July 1, 1995, and all  
22 unencumbered and unobligated funds in the Iowa conservation  
23 corps escrow account established in section 15.229 and the job  
24 training fund established in section 260F.6.

25 b. The loan loss reserve account created in sections  
26 15.345 and 15.346.

27 c. Repayment moneys pursuant to section 422.16A.

28 Notwithstanding section 8.33, moneys in the workforce  
29 development fund at the end of each fiscal year shall not  
30 revert to any other fund but shall remain in the workforce  
31 development fund for expenditure for subsequent fiscal years.

32 2. The assets of the fund shall be used by the department  
33 for the following programs and purposes:

34 a. The Iowa conservation corps created in sections 15.224  
35 through 15.230.

- 1 b. Apprenticeship programs under section 260C.44.
- 2 c. The job training programs created in chapter 260F.
- 3 d. The loan loss reserve program.
- 4 e. For employee development grants under section 15.349.
- 5 f. For the workforce investment program under section
- 6 15.348.

7 3. The director shall submit annually at a regular or  
8 special meeting preceding the beginning of the fiscal year,  
9 for approval by the economic development board, the proposed  
10 allocation of funds from the workforce development fund to be  
11 made for that fiscal year for the programs and purposes  
12 contained in subsection 2. The plans may provide for  
13 increased or decreased allocations if the demand for a program  
14 indicates that the need is greater or lesser than the  
15 allocation for that program. The director shall report on a  
16 monthly basis to the board on the status of the funds and may  
17 present proposed revisions for approval by the board in  
18 January and April of each year. Unobligated and unencumbered  
19 moneys remaining in the workforce development fund or any of  
20 its accounts on June 30 of each year shall be considered part  
21 of the fund for purposes of the next year's allocation.

22 Sec. 4. NEW SECTION. 15.345 LOAN LOSS RESERVE ACCOUNT  
23 ESTABLISHED.

24 A loan loss reserve account is created within the workforce  
25 development fund to be used by the department to encourage  
26 private businesses to invest in training for their existing  
27 employees.

28 Sec. 5. NEW SECTION. 15.346 PURPOSE -- AUTHORIZED LOANS.

29 1. Funds in the loan loss reserve account shall be used to  
30 guarantee the payment of the principal, interest, and other  
31 amounts outstanding under each loan for which a guarantee was  
32 given under this section if the loan is made by an approved  
33 financial institution to an employer that is or will be  
34 located wholly or partially within the state. The account  
35 funds shall be used to pay the principal, interest, and other

1 amounts outstanding if the loan delinquency extends for the  
2 number of days specified in the applicable guarantee agreement  
3 between the department and any third party with which the  
4 department may enter into a contract pursuant to this section,  
5 or if any other loan default remains uncured.

6 2. Loans for which a guarantee is given under this section  
7 may be used for any of the following educational or job  
8 training purposes:

9 a. Training program administration and development  
10 expenses.

11 b. Training course material development, acquisition, and  
12 installation costs.

13 c. All wages, salaries, benefits, and other expenses of  
14 trainer-employees, and the wages, salaries, benefits, travel,  
15 and lodging expenses of other employees while receiving or  
16 performing training.

17 d. Tuition, fees, and expenses relating to seminars,  
18 conferences, and other outside training events.

19 e. Third-party training provider salaries, fees, or  
20 contract amounts.

21 f. Tuition and fees paid to postsecondary institutions or  
22 trade or technical schools.

23 g. Books, videos, and other training materials.

24 h. Training-related equipment rental or acquisition.

25 i. Training-related facilities' rental, remodeling, or  
26 renovation.

27 j. The cost of registered apprenticeship programs and  
28 other education-related or job training expenses.

29 3. The department may enter into contracts with employers,  
30 financial or other entities, and other state agencies or  
31 instrumentalities as it determines are appropriate to carry  
32 out the purpose of the account. The department shall  
33 coordinate this program with the Iowa college aid student  
34 commission and the Iowa finance authority.

35 Sec. 6. NEW SECTION. 15.347 WORKFORCE INVESTMENT PROGRAM

1 ESTABLISHED.

2 A workforce investment program is established to enable  
3 more Iowans to enter or reenter the workforce.

4 Sec. 7. NEW SECTION. 15.348 PURPOSE.

5 1. The workforce investment program shall provide training  
6 and support services to population groups that have  
7 historically faced barriers to employment and which have been  
8 difficult to serve in traditional training programs due to  
9 such factors as eligibility guidelines, gaps in services  
10 available, or other constraints.

11 2. Program funds shall be used to contract with local  
12 entities through a competitive procurement process that  
13 emphasizes strong collaboration between existing local  
14 programs and organizations.

15 3. Priority shall be given to training programs that will  
16 target displaced homemakers and welfare recipients in order to  
17 enable them to achieve self-sufficiency.

18 4. The department shall administer the workforce  
19 investment program and shall adopt rules governing its  
20 operation and eligibility guidelines for participation.

21 Sec. 8. NEW SECTION. 15.349 EMPLOYEE DEVELOPMENT GRANTS.

22 1. A business which provides worker retraining shall be  
23 eligible for an employee development grant of up to two  
24 hundred fifty dollars per employee retrained.

25 2. An employer shall apply to the department for an  
26 employee development grant. The department shall determine  
27 whether the employer is eligible for a grant and in what  
28 amount.

29 3. The department shall administer and market the program  
30 in coordination with the community colleges.

31 4. The department shall develop eligibility criteria based  
32 upon such factors as the following:

33 a. Whether the employer is in a targeted industry.

34 b. The long-term value to the employee and employer of the  
35 retraining.

1 c. Wages and benefits paid and provided to the employee.

2 d. The following employers are not eligible to receive the  
3 employee development grant: agricultural services, mining,  
4 wholesale and retail trade, and health and professional  
5 services industries.

6 e. A business receiving funds from a jobs training  
7 agreement under chapter 260E or 260F shall be eligible for an  
8 employee development grant except for those employees not  
9 covered under a chapter 260E or 260F training agreement.

10 f. The employer must have paid taxes in Iowa for the  
11 previous year at least equal in amount to the amount of the  
12 grant. However, an employer shall receive a grant only once  
13 per each employee within a five-year period.

14 5. The board shall certify annually the amount of a grant  
15 available to an employer.

16 6. The department shall monitor employers receiving grants  
17 to ensure the amount available to the grant program is not  
18 exceeded in total and on a per employer basis.

19 Sec. 9. Section 260F.6, subsection 1, Code 1995, is  
20 amended to read as follows:

21 1. There is established for the community colleges a  
22 ~~community-college~~ job training fund in the department of  
23 economic development in the workforce development fund. The  
24 ~~community-college~~ job training fund consists of moneys  
25 ~~appropriated for-the-fiscal-year-beginning-July-17-1987-and~~  
26 ~~for-succeeding-fiscal-years~~ for the purposes of this chapter  
27 plus the interest and principal from repayment of advances  
28 made to businesses for program costs, ~~moneys-transferred-from~~  
29 ~~the-Iowa-employment-retraining-fund-to-the-community-college~~  
30 ~~job-training-fund-on-July-17-1992~~, plus the repayments,  
31 including interest, of loans made from that retraining fund,  
32 and interest earned from moneys in the ~~community-college~~ job  
33 training fund.

34 Sec. 10. NEW SECTION. 422.16A JOB TRAINING WITHHOLDING  
35 -- CERTIFICATION AND TRANSFER.

1 Upon payment in full of a certificate of participation or  
2 other obligation issued to fund a job training program under  
3 chapter 260E, the community college providing the job training  
4 program shall notify the department of economic development of  
5 the amount paid by the employer or business to the community  
6 college to retire the certificate during the previous twelve  
7 months. The department of economic development shall notify  
8 the department of revenue and finance of that amount. The  
9 department shall credit to the workforce development fund  
10 established in section 15.343 twenty-five percent of that  
11 amount each quarter for a period of ten years. If the amount  
12 of withholding from the business or employer is insufficient,  
13 the department shall prorate the quarterly amount credited to  
14 the workforce development fund.

15 For the fiscal year beginning July 1, 1995, seventy-five  
16 percent of the amount designated for the workforce development  
17 fund under this section shall be allocated for retraining  
18 activities under chapter 260F. For succeeding years, the  
19 proportion of funds designated for the workforce development  
20 fund under this section and allocated for retraining  
21 activities under chapter 260F shall be fifty percent, or three  
22 million dollars, whichever is less.

23

#### EXPLANATION

24 This bill establishes a workforce development fund as a  
25 revolving fund under the control of the department of economic  
26 development to be used for the Iowa conservation corps,  
27 apprenticeship programs, job training programs, and the loan  
28 loss reserve program. The fund will consist of moneys  
29 appropriated to it, funds authorized for the employee  
30 development grant, and moneys for employer or business  
31 withholding which formerly had been used to repay job training  
32 program certificates or other obligations.

33 The bill creates a loan loss reserve account to encourage  
34 private businesses to invest in employee training. Funds in  
35 the account will be used to guarantee the amounts outstanding

1 under loans made by financial institutions for the purpose of  
2 employee training.

3 In addition, the bill provides that withholding amounts  
4 from employers or businesses which had been used to repay job  
5 training program expenses under chapter 260E shall be  
6 transferred by the department of revenue and finance to the  
7 workforce development fund for a period of 10 years.

8 The bill also creates the workforce investment program to  
9 provide workforce training and support to segments of the  
10 population which have historically faced barriers to  
11 employment and which have not been served by existing  
12 programs.

13 Furthermore, the bill provides for the payment of employee  
14 development grants of up to \$250 per worker retrained through  
15 the workforce development fund. Criteria for determining the  
16 eligibility of a business for a grant include whether the  
17 business is a targeted industry or not, the long-term value of  
18 the training, and the wages and benefits paid by the business.

19 The bill also provides that in fiscal year 1995-1996, 75  
20 percent of the moneys allocated to the workforce development  
21 fund shall be used for the purposes of chapter 260F (Iowa  
22 small business new jobs training Act). For fiscal year 1996-  
23 1997 and succeeding fiscal years, 50 percent or \$3,000,000,  
24 whichever is lower, will be used for the purposes of chapter  
25 260F.

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HOUSE FILE 573

AN ACT

RELATING TO ECONOMIC DEVELOPMENT BY ESTABLISHING A WORKFORCE DEVELOPMENT FUND, PROVIDING FOR THE TRANSFER OF CERTAIN EMPLOYER WITHHOLDING AMOUNTS TO THE WORKFORCE DEVELOPMENT FUND, AND ESTABLISHING A LOAN LOSS RESERVE PROGRAM.

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

Section 1. NEW SECTION. 15.341 WORKFORCE DEVELOPMENT FUND PROGRAM.

This part shall be known as the "Workforce Development Fund" program.

Sec. 2. NEW SECTION. 15.342 PURPOSE.

The purpose of this part shall be to provide a mechanism for funding workforce development programs listed in section 15.343, subsection 2, in order to more efficiently meet the needs identified within those individual programs.

Sec. 3. NEW SECTION. 15.343 WORKFORCE DEVELOPMENT FUND.

1. A workforce development fund is created as a revolving fund in the state treasury under the control of the department consisting of any moneys appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The fund shall also include all of the following:

a. Notwithstanding section 8.33, all unencumbered and unobligated funds from 1994 Iowa Acts, chapter 1201, section 1, subsection 6, except paragraph "d", section 3, subsections 1 and 3, and section 10, remaining on July 1, 1995, and all

unencumbered and unobligated funds in the Iowa conservation corps escrow account established in section 15.229 and the job training fund established in section 260F.6.

b. The loan loss reserve account created in sections 15.345 and 15.346.

c. Repayment moneys pursuant to section 422.16A, up to a maximum of two million dollars each year.

Notwithstanding section 8.33, moneys in the workforce development fund at the end of each fiscal year shall not revert to any other fund but shall remain in the workforce development fund for expenditure for subsequent fiscal years.

2. The assets of the fund shall be used by the department for the following programs and purposes:

a. The Iowa conservation corps created in sections 15.224 through 15.230.

b. Apprenticeship programs under section 260C.44.

c. The job training programs created in chapter 260F.

d. The loan loss reserve program.

e. For the workforce investment program under section 15.348.

3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the workforce development fund to be made for that fiscal year for the programs and purposes contained in subsection 2. The director shall also submit a copy of the proposed allocation to the chairpersons of the joint economic development appropriations subcommittee of the general assembly. Subject to approval under section 8.39 for transfer of allocations between programs contained in subsection 2, the plan may provide for increased or decreased allocations if the demand for a program indicates that the need is greater or lesser than the allocation for that program. The director shall report on a quarterly basis to the board on the status of the funds and may present proposed

revisions for approval by the board in January and April of each year. The director shall also provide quarterly reports to the legislative fiscal bureau on the status of the funds. Unobligated and unencumbered moneys remaining in the workforce development fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 4. NEW SECTION. 15.345 LOAN LOSS RESERVE ACCOUNT ESTABLISHED.

A loan loss reserve account is created within the workforce development fund to be used by the department to encourage small and medium sized businesses to invest in training for their existing employees.

Sec. 5. NEW SECTION. 15.346 PURPOSE -- AUTHORIZED LOANS.

1. Funds in the loan loss reserve account shall be used to guarantee the payment of the principal, interest, and other amounts outstanding under each loan for which a guarantee was given under this section if the loan is made by an approved financial institution to an employer that is or will be located wholly or partially within the state. The account funds shall be used to pay the principal, interest, and other amounts outstanding if the loan delinquency extends for the number of days specified in the applicable guarantee agreement between the department and any third party with which the department may enter into a contract pursuant to this section, or if any other loan default remains uncured.

2. Loans for which a guarantee is given under this section may be used for any of the following educational or job training purposes:

- a. Training program administration and development expenses.
- b. Training course material development, acquisition, and installation costs.
- c. All wages, salaries, benefits, and other expenses of trainer-employees, and the wages, salaries, benefits, travel,

and lodging expenses of other employees while receiving or performing training.

d. Tuition, fees, and expenses relating to seminars, conferences, and other outside training events.

e. Third-party training provider salaries, fees, or contract amounts.

f. Tuition and fees paid to postsecondary institutions or trade or technical schools.

g. Books, videos, and other training materials.

h. Training-related equipment rental or acquisition.

i. Training-related facilities' rental, remodeling, or renovation.

j. The cost of registered apprenticeship programs and other education-related or job training expenses.

3. The department may enter into contracts with employers, financial or other entities, and other state agencies or instrumentalities as it determines are appropriate to carry out the purpose of the account. The department shall coordinate this program with the Iowa college student aid commission and the Iowa finance authority.

Sec. 6. NEW SECTION. 15.347 WORKFORCE INVESTMENT PROGRAM ESTABLISHED.

A workforce investment program is established to enable more Iowans to enter or reenter the workforce.

Sec. 7. NEW SECTION. 15.348 PURPOSE.

1. The workforce investment program shall provide training and support services to population groups that have historically faced barriers to employment and which have been difficult to serve in traditional training programs due to such factors as eligibility guidelines, gaps in services available, or other constraints.

2. Program funds shall be used to contract with local entities through a competitive procurement process that emphasizes strong collaboration between existing local programs and organizations.

3. Priority shall be given to training programs that will target displaced homemakers and welfare recipients in order to enable them to achieve self-sufficiency.

4. The department shall administer the workforce investment program and shall adopt rules governing its operation and eligibility guidelines for participation.

Sec. 8. Section 260F.6, subsection 1, Code 1995, is amended to read as follows:

1. There is established for the community colleges a ~~community-college~~ job training fund in the department of economic development in the workforce development fund. The ~~community-college~~ job training fund consists of moneys ~~appropriated for the fiscal year beginning July 1, 1987, and for succeeding fiscal years~~ for the purposes of this chapter plus the interest and principal from repayment of advances made to businesses for program costs, ~~moneys transferred from the Iowa employment retraining fund to the community-college job training fund on July 1, 1992,~~ plus the repayments, including interest, of loans made from that retraining fund, and interest earned from moneys in the ~~community-college~~ job training fund.

Sec. 9. NEW SECTION. 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND TRANSFER.

Upon payment in full of a certificate of participation or other obligation issued to fund a job training program under chapter 260E, the community college providing the job training program shall notify the department of economic development of the amount paid by the employer or business to the community college to retire the certificate during the previous twelve months. The department of economic development shall notify the department of revenue and finance of that amount. The department shall credit to the workforce development fund established in section 15.343 twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient,

the department shall prorate the quarterly amount credited to the workforce development fund. The maximum amount from all employers which shall be transferred to the workforce development fund in any year is two million dollars.

Sec. 10. There is allocated from the workforce development fund for the fiscal year beginning July 1, 1995, and ending June 30, 1996, to the job training fund established under section 260F.6, \$657,422, or so much thereof as is necessary, to be used for the purposes of the fund and to the loan loss reserve account established in section 15.345, \$219,000, or so much thereof as may be necessary, to be used for the purposes of the account.

Sec. 11. The legislative council is requested to establish a 17 member task force to study the job training needs of the state with emphasis on the needs of targeted technology industries. The review should include, but is not limited to, studying the funding of retraining programs through consortia and supplier networks and entering into multiple retraining agreements to the same business. Membership of the task force consists of three senators to be appointed by the majority and minority leaders of the senate, three representatives to be appointed by the speaker and minority leader of the house of representatives, and 11 members appointed by the governor from each of the following targeted technology industries: advanced manufacturing; advanced materials; biomedicine and health sciences; biotechnology; computer and information sciences; electronics and related fields; engineering theory and application; energy and natural resources; environmental sciences; telecommunications; transportation and aerospace; and those established industries that may be using less than state-of-the-art technology. The task force shall make a report of its findings and any recommendations to the governor and general assembly by January 1, 1996.

Sec. 12. REPEALS. Sections 15.341 through 15.348 and 422.16A are repealed June 30, 1997. Section 260F.6,

subsection 1, is amended by striking the subsection on June 30, 1997, and the Iowa Code editor shall return the language of section 260F.6, subsection 1, to the language of the 1995 Code of Iowa.

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RON J. CORBETT  
Speaker of the House

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LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 573, Seventy-sixth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved May 19, 1995

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TERRY E. BRANSTAD  
Governor