

Jenkins
Drake
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HSB 779
WAYS AND MEANS

Succeeded by

HOUSE FILE SF 02556
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

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

A BILL FOR

1 An Act relating to the accelerated career education program,
2 providing a tax credit from withholding, creating an
3 accelerated career education grant program and fund, relating
4 to the transfer of job training withholding to the workforce
5 development fund account, and providing an effective date.

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

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1 Section 1. Section 15.342A, Code Supplement 1999, is
2 amended to read as follows:

3 15.342A WORKFORCE DEVELOPMENT FUND ACCOUNT.

4 A workforce development fund account is established in the
5 office of the treasurer of state under the control of the
6 department. The account shall receive funds pursuant to
7 section 422.16A up to a maximum of ~~ten~~ nine million dollars
8 per year. The account shall also receive funds pursuant to
9 section 15.251 with no dollar limitation.

10 Sec. 2. Section 260G.2, Code Supplement 1999, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 12A. "Program job credit" means the
13 credit as provided in section 260G.4A.

14 Sec. 3. Section 260G.3, subsection 2, Code Supplement
15 1999, is amended to read as follows:

16 2. An agreement may include reasonable and necessary
17 provisions to implement the accelerated career education
18 program. If an agreement is entered into, the community
19 college and the employer shall notify the department of
20 revenue and finance as soon as possible. The community
21 college shall also file a copy of the agreement with the
22 department of economic development as required in section
23 260G.4B. The agreement shall provide for program costs,
24 including deferred costs, which may be paid from any of the
25 following sources:

26 a. Program job credits which the employer receives based
27 on the number of program job positions agreed to by the
28 employer to be available under the agreement.

29 a- b. Cash or in-kind contributions by the employer toward
30 the program cost. At a minimum, the employer contribution
31 shall be twenty percent of the program costs.

32 b- c. Tuition, student fees, or special charges fixed by
33 the board of directors to defray program costs.

34 e- d. Guarantee by the employer of payments to be received
35 under paragraph paragraphs "a" and "b".

1 Sec. 4. NEW SECTION. 260G.4A PROGRAM JOB CREDITS FROM
2 WITHHOLDING.

3 In order to develop and retain program jobs within the
4 state, an agreement entered into under section 260G.3 may
5 include a provision for program job credits based on program
6 jobs identified in the agreement. If a program provides that
7 part of the program costs are to be met by receipt of program
8 job credits, the method to be used shall be as follows:

9 1. Program job credits shall be based upon the program job
10 positions identified and agreed to in the agreement.

11 2. Eligibility for program job credits shall be based on
12 certification of program job positions and program job wages
13 by the employer at the time established in the agreement. An
14 amount up to ten percent of the gross program job wage as
15 certified by the employer in the agreement shall be credited
16 from the total payment made by an employer pursuant to section
17 422.16. The employer shall receive a credit against all
18 withholding taxes due by the employer regardless of whether or
19 not the withholding by the employer of current program job
20 wages is less than ten percent. The employer shall remit the
21 amount of the credit quarterly in the same manner as
22 withholding payments are reported to the department of revenue
23 and finance, to the community college to be allocated to and
24 when collected paid into a special fund of the community
25 college to pay, in part, the program costs. When the program
26 costs have been paid, the employer credits shall cease and any
27 moneys received after the program costs have been paid shall
28 be remitted to the treasurer of state to be deposited in the
29 general fund of the state.

30 3. The employer shall certify to the department of revenue
31 and finance that the program job credit is in accordance with
32 the agreement and shall provide other information the
33 department may require.

34 4. A community college shall certify to the department of
35 revenue and finance that the amount of the program job credit

1 is in accordance with an agreement and shall provide other
2 information the department may require.

3 5. Employees from an employer participating in an
4 agreement shall receive full credit for the amount withheld as
5 provided in section 422.16.

6 Sec. 5. NEW SECTION. 260G.4B MAXIMUM STATEWIDE PROGRAM
7 JOB CREDIT.

8 1. The total amount of program job credits from all
9 employers which shall be allocated for all accelerated career
10 education programs in the state in any one fiscal year shall
11 not exceed the sum of three million dollars in the fiscal year
12 beginning July 1, 2000, six million dollars in the fiscal year
13 beginning July 1, 2001, and six million dollars in the fiscal
14 year beginning July 1, 2002, and every fiscal year thereafter.
15 Any increase in program job credits above the six-million-
16 dollar limitation per fiscal year shall be developed, based on
17 recommendations in a study which shall be conducted by the
18 department of economic development of the needs and
19 performance of approved programs in the fiscal years beginning
20 July 1, 2000, and July 1, 2001. The study's findings and
21 recommendations shall be submitted to the general assembly by
22 the department by December 31, 2002. The study shall include
23 but not be limited to an examination of the quality of the
24 programs, the number of program participant placements, the
25 wages and benefits in program jobs, the level of employer
26 contributions, the size of participating employers, and
27 employer locations. A community college shall file a copy of
28 each agreement with the department of economic development.
29 The department shall maintain an annual record of the proposed
30 program job credits under each agreement for each fiscal year.
31 Upon receiving a copy of an agreement, the department shall
32 allocate any available amount of program job credits to the
33 community college according to the agreement sufficient for
34 the fiscal year and for the term of the agreement. When the
35 total available program job credits are allocated for a fiscal

1 year, the department shall notify all community colleges that
 2 the maximum amount has been allocated and that further program
 3 job credits will not be available for the remainder of the
 4 fiscal year. Once program job credits have been allocated to
 5 a community college, the full allocation shall be received by
 6 the community college throughout the fiscal year and for the
 7 term of the agreement even if the statewide program job credit
 8 maximum amount is subsequently allocated and used.

9 2. For the fiscal years beginning July 1, 2000, and July
 10 1, 2001, the department of economic development shall allocate
 11 eighty thousand dollars of the first one million two hundred
 12 thousand dollars of program job credits authorized and
 13 available for that fiscal year to each community college.
 14 This allocation shall be used by each community college to
 15 provide funding for approved programs. For the fiscal year
 16 beginning July 1, 2002, and for every fiscal year thereafter,
 17 the department of economic development shall divide equally
 18 among the community colleges thirty percent of the program job
 19 credits available for that fiscal year for allocation to each
 20 community college to be used to provide funding for approved
 21 programs. If any portion of the allocation to a community
 22 college under this subsection has not been committed by April
 23 1 of the fiscal year for which the allocation is made, the
 24 uncommitted portion is available for use by other community
 25 colleges. Once a community college has committed its
 26 allocation for any fiscal year under this subsection, the
 27 community college may receive additional program job credit
 28 allocations from those program job credits authorized and
 29 still available for that fiscal year.

30 Sec. 6. NEW SECTION. 260G.4C FACILITATOR.

31 The department of economic development shall administer the
 32 statewide allocations of program job credits to accelerated
 33 career education programs. The department shall collect data
 34 related to the programs and prepare an annual report regarding
 35 the activities of the programs during the previous fiscal

1 year. The report shall be submitted to the governor and the
2 general assembly by December 31 of each year.

3 Sec. 7. NEW SECTION. 260G.7 FUTURE PROGRAM
4 DISCONTINUANCE.

5 The general assembly shall act on or before March 1, 2006,
6 to discontinue the program job credits from withholding
7 provided for in section 260G.4A.

8 Sec. 8. NEW SECTION. 261.22 ACCELERATED CAREER EDUCATION
9 GRANTS.

10 1. An accelerated career education grant program is
11 established to be administered by the college student aid
12 commission. An individual is eligible for the grant program
13 if the individual is a resident of this state who is enrolled
14 at a community college as a participant in an accelerated
15 career education program in accordance with the provisions of
16 chapter 260G. The college student aid commission shall adopt
17 rules pursuant to chapter 17A for determining financial need
18 and to administer this section.

19 2. To be eligible to receive a grant under this section,
20 an applicant shall, in accordance with the rules of the
21 commission, do the following:

22 a. Complete and file an application for an accelerated
23 career education grant. The individual shall be responsible
24 for the prompt submission of any information required by the
25 commission.

26 b. File a new application and submit information as
27 required by the commission annually on the basis of which the
28 applicant's eligibility for the renewed grant will be
29 evaluated and determined.

30 3. If a student receives financial aid from any source
31 other than the program established under this section, the
32 full amount of such financial aid shall be considered part of
33 the student's financial resources available in determining the
34 amount of the student's financial need for the period of the
35 financial aid. Grant moneys received by a student in

1 accordance with this section shall be used to pay the
2 student's cost of attendance, which includes community college
3 tuition and fees, materials, textbooks and supplies,
4 transportation, room and board, dependent care during the time
5 the person is in class, and the purchase or rental of a
6 computer.

7 4. The amount of the grant shall not exceed a student's
8 annual financial need or two thousand dollars, whichever is
9 less. The commission may provide for proration of funds if
10 the available funds are insufficient to pay all approved
11 grants. Such proration shall take primary account of the
12 financial need of the applicant.

13 5. An accelerated career education grant fund is created
14 in the state treasury as a separate fund under the control of
15 the commission. Moneys in the fund shall be used for
16 accelerated career education grants. The fund shall consist
17 of any moneys appropriated by the general assembly and any
18 other moneys available to and obtained or accepted by the
19 commission from the federal government or private sources for
20 placement in the fund. Notwithstanding section 8.33, any
21 balance in the fund on June 30 of each fiscal year shall not
22 revert to the general fund of the state, but shall be
23 available for the purposes of this section in subsequent
24 fiscal years.

25 6. By December 15 of each year, the commission shall
26 submit a report to the general assembly, the department of
27 management, and the legislative fiscal bureau including, but
28 not limited to, all of the following data:

29 a. The total funding of the grant program for the previous
30 fiscal year itemized by type of funding including state,
31 federal, or other funding. The information shall also be
32 provided according to each community college.

33 b. The expenditures under the grant program and related
34 information of the grant program including, but not limited
35 to, all of the following:

1 (1) The number of participants in the accelerated career
2 education program receiving moneys under the grant program.

3 (2) The number of participants in the accelerated career
4 education program receiving moneys under the grant program who
5 remain in the state upon completion of a program agreement.

6 (3) The number of participants in the accelerated career
7 education program receiving moneys under the grant program who
8 successfully complete a program agreement and the number who
9 fail to successfully complete a program agreement.

10 c. Any other information requested by the general
11 assembly.

12 Sec. 9. Section 422.16A, Code 1999, is amended to read as
13 follows:

14 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
15 TRANSFER.

16 Upon the completion by a business of its repayment
17 obligation for a training project funded under chapter 260E,
18 including a job training project funded under section 15A.8 or
19 repaid in whole or in part by the supplemental new jobs credit
20 from withholding under section 15A.7 or section 15.331, the
21 sponsoring community college shall report to the department of
22 economic development the amount of withholding paid by the
23 business to the community college during the final twelve
24 months of withholding payments. The department of economic
25 development shall notify the department of revenue and finance
26 of that amount. The department shall credit to the workforce
27 development fund account established in section 15.342A
28 twenty-five percent of that amount each quarter for a period
29 of ten years. If the amount of withholding from the business
30 or employer is insufficient, the department shall prorate the
31 quarterly amount credited to the workforce development fund
32 account. The maximum amount from all employers which shall be
33 transferred to the workforce development fund account in any
34 year is ~~ten~~ nine million dollars.

35 Sec. 10. EFFECTIVE DATE. This Act, being deemed of

1 immediate importance, takes upon enactment.

2 EXPLANATION

3 This bill amends the accelerated career education program
4 which was enacted in 1999. The bill restores all of the
5 language that was item vetoed by the governor and adds an
6 accelerated career education grant program.

7 The bill provides that a possible funding source which
8 could be used to pay for program costs includes tax credits
9 from withholding.

10 The bill provides that the method for using the tax credit
11 from withholding, which is one option for paying for the
12 program costs. The bill provides that an amount up to 10
13 percent of the gross wages of the program jobs in an agreement
14 shall be credited from the total payment made by the employer.
15 The credit shall be against all withholding taxes due by the
16 employer. The bill provides that the employer and community
17 college must make certain certifications to the department of
18 revenue and finance regarding how the credits are in
19 accordance with the program agreement.

20 The bill provides that the total amount of tax credits from
21 withholding which shall be allocated for statewide accelerated
22 career education programs in any one fiscal year shall not
23 exceed \$3 million in fiscal year 2000-2001, \$6 million in
24 fiscal year 2001-2002, and \$6 million in fiscal year 2002-
25 2003, and every fiscal year thereafter. The bill requires
26 that any increase in the \$6 million maximum shall be developed
27 based on recommendations in a study which shall be conducted
28 by the department of economic development and submitted to the
29 general assembly by December 31, 2002. The bill provides that
30 the department of economic development shall maintain an
31 annual record of tax credits allocated and shall allocate any
32 available credits to community colleges in accordance with any
33 agreements. The bill provides that once the maximum statewide
34 amount has been allocated, the department shall notify all
35 community colleges in the state of this fact and that further

1 credits will not be allocated during the fiscal year.

2 The bill provides that for fiscal years 2000-2001 and 2001-
3 2002, the department of economic development shall allocate
4 \$80,000 of the first \$1,200,000 of program job credits
5 authorized and available to each community college in the
6 state for use to provide funding for approved programs. The
7 bill provides that for fiscal year 2002-2003, and every fiscal
8 year thereafter, the department shall divide equally among the
9 community colleges 30 percent of the program job credits
10 available for that fiscal year for allocation to each
11 community college to be used to provide funding for approved
12 programs. The bill provides that, by April 1 of the fiscal
13 year, any uncommitted portion is available for use by other
14 community colleges. The bill provides that once a community
15 college has committed its allocation for any fiscal year, the
16 community college may receive additional program job credit
17 allocations from those program job credits authorized and
18 still available for that fiscal year.

19 The bill provides that the department of economic
20 development shall administer the statewide allocations of
21 program job credits and shall collect data related to the
22 programs and prepare an annual report regarding the activities
23 of the programs for submission to the governor and the general
24 assembly.

25 The bill provides that the general assembly shall act on or
26 before March 1, 2006, to discontinue the program job credits
27 from withholding.

28 The bill establishes an accelerated career education grant
29 program to be administered by the college student aid
30 commission. The bill creates an accelerated career education
31 grant fund consisting of moneys appropriated by the general
32 assembly and any other moneys available to and obtained or
33 accepted by the commission. To be eligible for an accelerated
34 career education grant, an individual must be a resident of
35 Iowa and enrolled at a community college as a participant in

1 an accelerated career education program.

2 The bill provides that grant moneys received by a student
3 shall be used to pay the student's cost of attendance,
4 including community college tuition and fees, materials,
5 textbooks and supplies, transportation, room and board,
6 dependent care during the time the person is in class, and the
7 purchase or rental of a computer. The amount of the grant
8 shall not exceed a student's annual financial need or \$2,000,
9 whichever is less.

10 The bill provides that, by December 15 of each year, the
11 commission shall submit a report to the general assembly, the
12 department of management, and the legislative fiscal bureau
13 relating to the total funding of the grant program, the
14 expenditures under the program, and related information.

15 The bill reduces the maximum amount of job training
16 withholding that shall be transferred from all employers to
17 the workforce development fund account from \$10 million per
18 year to \$9 million per year.

19 The bill becomes effective upon enactment.

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Substituted for by SF 2439

4-11-00

(P. 1385)

APR 3 2000

WAYS & MEANS CALENDAR

HOUSE FILE 2556

BY COMMITTEE ON WAYS AND MEANS

WITHDRAWN

(SUCCESSOR TO HSB 779)

4-11-00
(P. 1386)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the accelerated career education program,
2 providing a tax credit from withholding, creating an
3 accelerated career education grant program and fund, relating
4 to the transfer of job training withholding to the workforce
5 development fund account, and providing an effective date.

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

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HF 2556

1 Section 1. Section 15.342A, Code Supplement 1999, is
2 amended to read as follows:

3 15.342A WORKFORCE DEVELOPMENT ~~FUND ACCOUNT~~.

4 A workforce development fund account is established in the
5 office of the treasurer of state under the control of the
6 department. The account shall receive funds pursuant to
7 section 422.16A up to a maximum of ~~ten~~ nine million dollars
8 per year. The account shall also receive funds pursuant to
9 section 15.251 with no dollar limitation.

10 Sec. 2. Section 260G.2, Code Supplement 1999, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 12A. "Program job credit" means the
13 credit as provided in section 260G.4A.

14 Sec. 3. Section 260G.3, subsection 2, Code Supplement
15 1999, is amended to read as follows:

16 2. An agreement may include reasonable and necessary
17 provisions to implement the accelerated career education
18 program. If an agreement is entered into, the community
19 college and the employer shall notify the department of
20 revenue and finance as soon as possible. The community
21 college shall also file a copy of the agreement with the
22 department of economic development as required in section
23 260G.4B. The agreement shall provide for program costs,
24 including deferred costs, which may be paid from any of the
25 following sources:

26 a. Program job credits which the employer receives based
27 on the number of program job positions agreed to by the
28 employer to be available under the agreement.

29 ~~a-~~ b. Cash or in-kind contributions by the employer toward
30 the program cost. At a minimum, the employer contribution
31 shall be twenty percent of the program costs.

32 ~~b-~~ c. Tuition, student fees, or special charges fixed by
33 the board of directors to defray program costs.

34 ~~c-~~ d. Guarantee by the employer of payments to be received
35 under paragraph paragraphs "a" and "b".

1 Sec. 4. NEW SECTION. 260G.4A PROGRAM JOB CREDITS FROM
2 WITHHOLDING.

3 In order to develop and retain program jobs within the
4 state, an agreement entered into under section 260G.3 may
5 include a provision for program job credits based on program
6 jobs identified in the agreement. If a program provides that
7 part of the program costs are to be met by receipt of program
8 job credits, the method to be used shall be as follows:

9 1. Program job credits shall be based upon the program job
10 positions identified and agreed to in the agreement.

11 2. Eligibility for program job credits shall be based on
12 certification of program job positions and program job wages
13 by the employer at the time established in the agreement. An
14 amount up to ten percent of the gross program job wage as
15 certified by the employer in the agreement shall be credited
16 from the total payment made by an employer pursuant to section
17 422.16. The employer shall receive a credit against all
18 withholding taxes due by the employer regardless of whether or
19 not the withholding by the employer of current program job
20 wages is less than ten percent. The employer shall remit the
21 amount of the credit quarterly in the same manner as
22 withholding payments are reported to the department of revenue
23 and finance, to the community college to be allocated to and
24 when collected paid into a special fund of the community
25 college to pay, in part, the program costs. When the program
26 costs have been paid, the employer credits shall cease and any
27 moneys received after the program costs have been paid shall
28 be remitted to the treasurer of state to be deposited in the
29 general fund of the state.

30 3. The employer shall certify to the department of revenue
31 and finance that the program job credit is in accordance with
32 the agreement and shall provide other information the
33 department may require.

34 4. A community college shall certify to the department of
35 revenue and finance that the amount of the program job credit

1 is in accordance with an agreement and shall provide other
2 information the department may require.

3 5. Employees from an employer participating in an
4 agreement shall receive full credit for the amount withheld as
5 provided in section 422.16.

6 Sec. 5. NEW SECTION. 260G.4B MAXIMUM STATEWIDE PROGRAM
7 JOB CREDIT.

8 1. The total amount of program job credits from all
9 employers which shall be allocated for all accelerated career
10 education programs in the state in any one fiscal year shall
11 not exceed the sum of three million dollars in the fiscal year
12 beginning July 1, 2000, six million dollars in the fiscal year
13 beginning July 1, 2001, and six million dollars in the fiscal
14 year beginning July 1, 2002, and every fiscal year thereafter.
15 Any increase in program job credits above the six-million-
16 dollar limitation per fiscal year shall be developed, based on
17 recommendations in a study which shall be conducted by the
18 department of economic development of the needs and
19 performance of approved programs in the fiscal years beginning
20 July 1, 2000, and July 1, 2001. The study's findings and
21 recommendations shall be submitted to the general assembly by
22 the department by December 31, 2002. The study shall include
23 but not be limited to an examination of the quality of the
24 programs, the number of program participant placements, the
25 wages and benefits in program jobs, the level of employer
26 contributions, the size of participating employers, and
27 employer locations. A community college shall file a copy of
28 each agreement with the department of economic development.
29 The department shall maintain an annual record of the proposed
30 program job credits under each agreement for each fiscal year.
31 Upon receiving a copy of an agreement, the department shall
32 allocate any available amount of program job credits to the
33 community college according to the agreement sufficient for
34 the fiscal year and for the term of the agreement. When the
35 total available program job credits are allocated for a fiscal

1 year, the department shall notify all community colleges that
2 the maximum amount has been allocated and that further program
3 job credits will not be available for the remainder of the
4 fiscal year. Once program job credits have been allocated to
5 a community college, the full allocation shall be received by
6 the community college throughout the fiscal year and for the
7 term of the agreement even if the statewide program job credit
8 maximum amount is subsequently allocated and used.

9 2. For the fiscal years beginning July 1, 2000, and July
10 1, 2001, the department of economic development shall allocate
11 eighty thousand dollars of the first one million two hundred
12 thousand dollars of program job credits authorized and
13 available for that fiscal year to each community college.
14 This allocation shall be used by each community college to
15 provide funding for approved programs. For the fiscal year
16 beginning July 1, 2002, and for every fiscal year thereafter,
17 the department of economic development shall divide equally
18 among the community colleges thirty percent of the program job
19 credits available for that fiscal year for allocation to each
20 community college to be used to provide funding for approved
21 programs. If any portion of the allocation to a community
22 college under this subsection has not been committed by April
23 1 of the fiscal year for which the allocation is made, the
24 uncommitted portion is available for use by other community
25 colleges. Once a community college has committed its
26 allocation for any fiscal year under this subsection, the
27 community college may receive additional program job credit
28 allocations from those program job credits authorized and
29 still available for that fiscal year.

30 Sec. 6. NEW SECTION. 260G.4C FACILITATOR.

31 The department of economic development shall administer the
32 statewide allocations of program job credits to accelerated
33 career education programs. The department shall collect data
34 related to the programs and prepare an annual report regarding
35 the activities of the programs during the previous fiscal

1 year. The report shall be submitted to the governor and the
2 general assembly by December 31 of each year.

3 Sec. 7. NEW SECTION. 260G.7 FUTURE PROGRAM
4 DISCONTINUANCE.

5 The general assembly shall act on or before March 1, 2006,
6 to discontinue the program job credits from withholding
7 provided for in section 260G.4A.

8 Sec. 8. NEW SECTION. 261.22 ACCELERATED CAREER EDUCATION
9 GRANTS.

10 1. An accelerated career education grant program is
11 established to be administered by the college student aid
12 commission. An individual is eligible for the grant program
13 if the individual is a resident of this state who is enrolled
14 at a community college as a participant in an accelerated
15 career education program in accordance with the provisions of
16 chapter 260G. The college student aid commission shall adopt
17 rules pursuant to chapter 17A for determining financial need
18 and to administer this section.

19 2. To be eligible to receive a grant under this section,
20 an applicant shall, in accordance with the rules of the
21 commission, do the following:

22 a. Complete and file an application for an accelerated
23 career education grant. The individual shall be responsible
24 for the prompt submission of any information required by the
25 commission.

26 b. File a new application and submit information as
27 required by the commission annually on the basis of which the
28 applicant's eligibility for the renewed grant will be
29 evaluated and determined.

30 3. If a student receives financial aid from any source
31 other than the program established under this section, the
32 full amount of such financial aid shall be considered part of
33 the student's financial resources available in determining the
34 amount of the student's financial need for the period of the
35 financial aid. Grant moneys received by a student in

1 accordance with this section shall be used to pay the
2 student's cost of attendance, which includes community college
3 tuition and fees, materials, textbooks and supplies,
4 transportation, room and board, dependent care during the time
5 the person is in class, and the purchase or rental of a
6 computer.

7 4. The amount of the grant shall not exceed a student's
8 annual financial need or two thousand dollars, whichever is
9 less. The commission may provide for proration of funds if
10 the available funds are insufficient to pay all approved
11 grants. Such proration shall take primary account of the
12 financial need of the applicant.

13 5. An accelerated career education grant fund is created
14 in the state treasury as a separate fund under the control of
15 the commission. Moneys in the fund shall be used for
16 accelerated career education grants. The fund shall consist
17 of any moneys appropriated by the general assembly and any
18 other moneys available to and obtained or accepted by the
19 commission from the federal government or private sources for
20 placement in the fund. Notwithstanding section 8.33, any
21 balance in the fund on June 30 of each fiscal year shall not
22 revert to the general fund of the state, but shall be
23 available for the purposes of this section in subsequent
24 fiscal years.

25 6. By December 15 of each year, the commission shall
26 submit a report to the general assembly, the department of
27 management, and the legislative fiscal bureau including, but
28 not limited to, all of the following data:

29 a. The total funding of the grant program for the previous
30 fiscal year itemized by type of funding including state,
31 federal, or other funding. The information shall also be
32 provided according to each community college.

33 b. The expenditures under the grant program and related
34 information of the grant program including, but not limited
35 to, all of the following:

1 (1) The number of participants in the accelerated career
2 education program receiving moneys under the grant program.

3 (2) The number of participants in the accelerated career
4 education program receiving moneys under the grant program who
5 remain in the state upon completion of a program agreement.

6 (3) The number of participants in the accelerated career
7 education program receiving moneys under the grant program who
8 successfully complete a program agreement and the number who
9 fail to successfully complete a program agreement.

10 c. Any other information requested by the general
11 assembly.

12 Sec. 9. Section 422.16A, Code 1999, is amended to read as
13 follows:

14 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
15 TRANSFER.

16 Upon the completion by a business of its repayment
17 obligation for a training project funded under chapter 260E,
18 including a job training project funded under section 15A.8 or
19 repaid in whole or in part by the supplemental new jobs credit
20 from withholding under section 15A.7 or section 15.331, the
21 sponsoring community college shall report to the department of
22 economic development the amount of withholding paid by the
23 business to the community college during the final twelve
24 months of withholding payments. The department of economic
25 development shall notify the department of revenue and finance
26 of that amount. The department shall credit to the workforce
27 development fund account established in section 15.342A
28 twenty-five percent of that amount each quarter for a period
29 of ten years. If the amount of withholding from the business
30 or employer is insufficient, the department shall prorate the
31 quarterly amount credited to the workforce development fund
32 account. The maximum amount from all employers which shall be
33 transferred to the workforce development fund account in any
34 year is ten nine million dollars.

35 Sec. 10. EFFECTIVE DATE. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

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EXPLANATION

3 This bill amends the accelerated career education program
4 which was enacted in 1999. The bill restores all of the
5 language that was item vetoed by the governor and adds an
6 accelerated career education grant program.

7 The bill provides that a possible funding source which
8 could be used to pay for program costs includes tax credits
9 from withholding.

10 The bill provides that the method for using the tax credit
11 from withholding, which is one option for paying for the
12 program costs. The bill provides that an amount up to 10
13 percent of the gross wages of the program jobs in an agreement
14 shall be credited from the total payment made by the employer.
15 The credit shall be against all withholding taxes due by the
16 employer. The bill provides that the employer and community
17 college must make certain certifications to the department of
18 revenue and finance regarding how the credits are in
19 accordance with the program agreement.

20 The bill provides that the total amount of tax credits from
21 withholding which shall be allocated for statewide accelerated
22 career education programs in any one fiscal year shall not
23 exceed \$3 million in fiscal year 2000-2001, \$6 million in
24 fiscal year 2001-2002, and \$6 million in fiscal year 2002-
25 2003, and every fiscal year thereafter. The bill requires
26 that any increase in the \$6 million maximum shall be developed
27 based on recommendations in a study which shall be conducted
28 by the department of economic development and submitted to the
29 general assembly by December 31, 2002. The bill provides that
30 the department of economic development shall maintain an
31 annual record of tax credits allocated and shall allocate any
32 available credits to community colleges in accordance with any
33 agreements. The bill provides that once the maximum statewide
34 amount has been allocated, the department shall notify all
35 community colleges in the state of this fact and that further

1 credits will not be allocated during the fiscal year.

2 The bill provides that for fiscal years 2000-2001 and 2001-
3 2002, the department of economic development shall allocate
4 \$80,000 of the first \$1,200,000 of program job credits
5 authorized and available to each community college in the
6 state for use to provide funding for approved programs. The
7 bill provides that for fiscal year 2002-2003, and every fiscal
8 year thereafter, the department shall divide equally among the
9 community colleges 30 percent of the program job credits
10 available for that fiscal year for allocation to each
11 community college to be used to provide funding for approved
12 programs. The bill provides that, by April 1 of the fiscal
13 year, any uncommitted portion is available for use by other
14 community colleges. The bill provides that once a community
15 college has committed its allocation for any fiscal year, the
16 community college may receive additional program job credit
17 allocations from those program job credits authorized and
18 still available for that fiscal year.

19 The bill provides that the department of economic
20 development shall administer the statewide allocations of
21 program job credits and shall collect data related to the
22 programs and prepare an annual report regarding the activities
23 of the programs for submission to the governor and the general
24 assembly.

25 The bill provides that the general assembly shall act on or
26 before March 1, 2006, to discontinue the program job credits
27 from withholding.

28 The bill establishes an accelerated career education grant
29 program to be administered by the college student aid
30 commission. The bill creates an accelerated career education
31 grant fund consisting of moneys appropriated by the general
32 assembly and any other moneys available to and obtained or
33 accepted by the commission. To be eligible for an accelerated
34 career education grant, an individual must be a resident of
35 Iowa and enrolled at a community college as a participant in

1 an accelerated career education program.

2 The bill provides that grant moneys received by a student
3 shall be used to pay the student's cost of attendance,
4 including community college tuition and fees, materials,
5 textbooks and supplies, transportation, room and board,
6 dependent care during the time the person is in class, and the
7 purchase or rental of a computer. The amount of the grant
8 shall not exceed a student's annual financial need or \$2,000,
9 whichever is less.

10 The bill provides that, by December 15 of each year, the
11 commission shall submit a report to the general assembly, the
12 department of management, and the legislative fiscal bureau
13 relating to the total funding of the grant program, the
14 expenditures under the program, and related information.

15 The bill reduces the maximum amount of job training
16 withholding that shall be transferred from all employers to
17 the workforce development fund account from \$10 million per
18 year to \$9 million per year.

19 The bill becomes effective upon enactment.

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H-8776

1 Amend House File 2556 as follows:

2 1. Page 5, line 18, by inserting after the word
3 "section" the following: "and shall develop and
4 implement a method for allocating moneys based upon
5 the need for skills and occupations for which an
6 applied technical education is required".
7 2. Page 6, by striking lines 9 through 12 and
8 inserting the following: "less. The grants shall be
9 awarded on an annual basis. Applicants who meet the
10 application deadline shall be ranked by the commission
11 in order of need. The commission shall award grants
12 to applicants in order of need beginning with
13 applicants with the greatest need, insofar as funds
14 permit. If a student receiving grant moneys
15 discontinues attendance before the end of any term,
16 the entire amount of any refund due that student, up
17 to the amount of any payments made under the grant,
18 shall be paid by the institution to the state for
19 deposit in the accelerated career education grant
20 fund."

By JENKINS of Black Hawk

H-8776 FILED APRIL 6, 2000

**HOUSE FILE 2556
FISCAL NOTE**

A fiscal note for House File 2556 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.

House File 2556 creates a job training income tax withholding credit mechanism to finance a portion of the training costs of students enrolled in the Accelerated Career Education (ACE) Program. The Program provides job-specific training to individuals through an agreement between a community college, an employer, and a potential employee. The Program costs would be paid by student tuition, employer contributions, and diversion from the State General Fund of withholding taxes paid by present employees of the employer. The diversion is equal to 10.0% of the annual wage paid to a person in the type of position for which a graduate would be qualified. The total amount of tax withholding to be diverted in a fiscal year is capped at \$3.0 million for FY 2001 and \$6.0 million for FY 2002 and beyond.

The Bill creates an Accelerated Career Education Grant Fund. Moneys in the Fund are to be used by the College Aid Commission to provide up to \$2,000 in tuition assistance for qualified students enrolled at a community college as a participant in the ACE Program. The Bill does not provide financing for the Fund.

The Bill reduces the \$10.0 million annual cap on withholding tax receipts to the Department of Economic Development's Workforce Development Fund to \$9.0 million. This change would increase annual General Fund withholding tax receipts by \$0.8 million in FY 2001 and \$1.0 million in FY 2002 and beyond.

FISCAL IMPACT

The estimated General Fund cost of House File 2556 over the five-year period beginning in FY 2001 would be \$22.2 million. The cost by fiscal year is projected to be:

<u>Year</u>	<u>General Fund Income Tax Withholding</u>
FY 2001	\$ -2.2 million
FY 2002	-5.0 million
FY 2003	-5.0 million
FY 2004	-5.0 million
FY 2005	-5.0 million
	<u>\$-22.2 million</u>

In addition to the above fiscal impact, Senate File 2428 (FY 2001 Economic Development Appropriations Bill) provides a FY 2001 General Fund appropriation of \$250,000 for the ACE Grant Fund.

SOURCE

Legislative Fiscal Bureau

(LSB 7215hv, JWR)

FILED APRIL 3, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR