

4/5/99 Placed on Unfinished Business Calendar  
H- 4/8/99 Ways & Means  
FILED APR 1 1999  
H- 4/28/99 Amend/Do Pass WH 1855  
H- 4/28/99 Motion to R/c by Siegrist  
SENATE FILE 465  
BY COMMITTEE ON WAYS AND MEANS  
H- 4/29/99 Motion to R/c Withdrawn

(SUCCESSOR TO SF 411)  
(SUCCESSOR TO SF 135)

Passed Senate, Date 4/7/99 Passed House, Date 4/28/99  
Vote: Ayes 47 Nays 1 Vote: Ayes 82 Nays 16

(P. 995)

(P. 1853)

Re Passage 4/29/99  
49-1

Approved 5/24/99  
*[Signature]*

A BILL FOR

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

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

6

SENATE FILE 465

S-3303

1 Amend Senate File 465 as follows:

- DIV 2 1. Page 3, by inserting after line 25 the
- A 3 following:
- 4 "4A. An agreement shall provide that the community
- 5 college shall provide postsecondary credit to
- 6 participants."

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- DIV 7 2. Page 4, line 2, by striking the words "twenty-
- B 8 five" and inserting the following: "thirty-five".

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- DIV 9 3. Page 4, by inserting after line 23 the
- C 10 following:
- 11 "12. An agreement shall provide that an employee
- 12 of a corporate employer shall receive a stock option
- 13 plan as part of the employee compensation package."

By MIKE CONNOLLY

S-3303 FILED APRIL 7, 1999  
DIV A - LOST, DIV B - LOST, DIV C - LOST  
p994 (P. 995)

SF 465

1 Section 1. NEW SECTION. 260G.1 TITLE.

2 This chapter shall be known and may be cited as the  
3 "Accelerated Career Education Program Act".

4 Sec. 2. NEW SECTION. 260G.2 DEFINITIONS.

5 When used in this chapter, unless the context otherwise  
6 requires:

7 1. "Accelerated career education program" means the a  
8 program established pursuant to section 260G.3.

9 2. "Agreement" means a program agreement referred to in  
10 section 260G.3 between an employer and a community college.

11 3. "Board of directors" means the board of directors of a  
12 community college.

13 4. "Community college" means a community college  
14 established under chapter 260C or a consortium of two or more  
15 community colleges.

16 5. "Employee" means a person employed in a program job.

17 6. "Employer" means a business or consortium of businesses  
18 engaged in interstate or intrastate commerce for the purpose  
19 of manufacturing, processing, or assembling products,  
20 construction, conducting research and development, or  
21 providing services in interstate or intrastate commerce, but  
22 excludes retail services.

23 7. "Highly skilled job" means a job with a broadly based,  
24 high performance skill profile including advanced computation  
25 and communication skills, technology skills, and workplace  
26 behavior skills, and for which an applied technical education  
27 is required.

28 8. "Participant" means an individual who is enrolled in an  
29 accelerated career education program at a community college.

30 9. "Participant position" means the individual student  
31 enrollment position available in an accelerated career  
32 education program.

33 10. "Program capital costs" includes, but is not limited  
34 to, costs related to any or all of the following:

35 a. Classroom and laboratory renovation.

- 1 b. New classroom and laboratory construction.
- 2 c. Site acquisition or preparation.
- 3 d. Instructional equipment and technology.
- 4 11. "Program costs" means all necessary and incidental
- 5 costs of providing program services.
- 6 12. "Program job" means a highly skilled job available
- 7 from an employer pursuant to a program agreement.
- 8 13. "Program job credit" means the credit as provided in
- 9 section 260G.5.
- 10 14. "Program job position" means a job position which is
- 11 planned or available for an employee by the employer pursuant
- 12 to a program agreement.
- 13 15. "Program services" includes, but is not limited to,
- 14 all of the following provided they are pursuant to a program
- 15 agreement:
  - 16 a. Program needs assessment and development.
  - 17 b. Job task analysis.
  - 18 c. Curriculum development and revision.
  - 19 d. Instruction.
  - 20 e. Instructional materials and supplies.
  - 21 f. Computer software and upgrades.
  - 22 g. Instructional support.
  - 23 h. Administrative and student services.
  - 24 i. Related school to career training programs.
  - 25 j. Skill assessment services and testing.
  - 26 k. Contracted services.

27 Sec. 3. NEW SECTION. 260G.3 PROGRAM AGREEMENTS.

28 1. A community college may enter into an agreement with an

29 employer in the community college's merged area to establish

30 an accelerated career education program. The program shall be

31 developed by an employer, a community college, and any

32 employee of an employer who represents a program job. If a

33 bargaining agreement is in place, a representative of the

34 employee bargaining unit shall also take part in the

35 development of the program.

1 2. An agreement may include reasonable and necessary  
2 provisions to implement the accelerated career education  
3 program. If an agreement is entered into, the community  
4 college and the employer shall notify the department of  
5 revenue and finance as soon as possible. The community  
6 college shall also file a copy of the agreement with the  
7 department of economic development as required in section  
8 260G.6. The agreement shall provide for program costs,  
9 including deferred costs, which may be paid from any of the  
10 following sources:

11 a. Program job credits which the employer receives based  
12 on the number of program job positions agreed to by the  
13 employer to be available under an agreement.

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

17 c. Tuition, student fees, or special charges fixed by the  
18 board of directors to defray program costs.

19 d. Guarantee by the employer of payments to be received  
20 under paragraphs "a" and "b".

21 3. An agreement shall include a provision which specifies  
22 the type and amount of funding sources which shall be used to  
23 pay for program costs.

24 4. An agreement shall describe program services and  
25 schedules for implementation.

26 5. The term of an agreement shall not exceed five years  
27 from the date of the agreement. However, the agreement may be  
28 renewed.

29 6. As part of the agreement, the employer shall agree to  
30 interview graduating participants for full-time positions with  
31 the employer and to provide future hiring preferences to  
32 graduates of the accelerated career education program provided  
33 for in the agreement.

34 7. As part of an agreement, if an employer has more than  
35 four sponsored participants in the program, the employer shall

1 agree to offer a program job position of full-time employment  
2 to at least twenty-five percent of those participants who  
3 successfully complete the program.

4 8. An agreement shall provide for a wage level of no less  
5 than two hundred percent of the federal poverty level for a  
6 family of two as defined by the most recently revised poverty  
7 income guidelines as published by the United States department  
8 of health and human services at the time the agreement is  
9 entered into. The wage level shall be recertified for each  
10 year provided in the agreement on the anniversary of the  
11 effective date of the agreement.

12 9. An agreement shall allow an employer to decline to  
13 satisfy any provisions in the agreement relating to  
14 subsections 6 and 7 if an employer experiences an economic  
15 downturn. For purposes of this subsection, "economic  
16 downturn" may include a layoff of existing employees, reduced  
17 employment levels, increased inventories, or reduced sales, if  
18 specified in the agreement.

19 10. Participants shall agree to interview with the  
20 employer following completion of the accelerated career  
21 education program.

22 11. An agreement shall provide for employer default  
23 procedures.

24 Sec. 4. NEW SECTION. 260G.4 PROGRAM ELIGIBILITY AND  
25 DESIGNATION.

26 1. Any of the following community college programs are  
27 eligible for designation and approval as an accelerated career  
28 education program by the board of directors:

29 a. A credit career, vocational, or technical education  
30 program resulting in the conferring of a certificate, diploma,  
31 associate of science degree, or associate of applied science  
32 degree, which increases program capacity to enroll added  
33 participants.

34 b. A credit equivalent career, vocational, or technical  
35 educational program consisting of not less than five hundred

1 forty contact hours of classroom and laboratory instruction  
2 and resulting in the conferring of a certificate or other  
3 recognized, competency-based credential, which increases  
4 program capacity to enroll added participants.

5 2. Program costs shall be calculated or recalculated on an  
6 annual basis based on the required program services and for a  
7 specific number of participant positions.

8 Sec. 5. NEW SECTION. 260G.5 PROGRAM JOB CREDITS FROM  
9 WITHHOLDING.

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

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

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

1 general fund of the state.

2 3. The employer shall certify to the department of revenue  
3 and finance that the program job credit is in accordance with  
4 the agreement and shall provide other information the  
5 department may require.

6 4. A community college shall certify to the department of  
7 revenue and finance that the amount of the program job credit  
8 is in accordance with an agreement and shall provide other  
9 information the department may require.

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

13 Sec. 6. NEW SECTION. 260G.6 MAXIMUM STATEWIDE PROGRAM  
14 JOB CREDIT.

15 1. The total amount of program job credits from all  
16 employers which shall be allocated for all accelerated career  
17 education programs in the state in any one fiscal year shall  
18 not exceed the sum of eight million dollars in the fiscal year  
19 beginning July 1, 1999, sixteen million dollars in the fiscal  
20 year beginning July 1, 2000, and twenty million dollars in the  
21 fiscal year beginning July 1, 2001, and every fiscal year  
22 thereafter. Any increase in program job credits above the  
23 twenty-million-dollar limitation per fiscal year shall be  
24 developed, based on recommendations in a study which shall be  
25 conducted by the department of economic development of the  
26 needs and performance of approved programs in the fiscal years  
27 beginning July 1, 1999, and July 1, 2000. The study's  
28 findings and recommendations shall be submitted to the general  
29 assembly by the department by December 31, 2001. The study  
30 shall include but not be limited to an examination of the  
31 quality of the programs, the number of program participant  
32 placements, the wages and benefits in program jobs, the level  
33 of employer contributions, the size of participating  
34 employers, and employer locations. A community college shall  
35 file a copy of each agreement with the department of economic

1 development. The department shall maintain an annual record  
2 of the proposed program job credits under each agreement for  
3 each fiscal year. Upon receiving a copy of an agreement, the  
4 department shall allocate any available amount of program job  
5 credits to the community college according to the agreement  
6 sufficient for the fiscal year and for the term of the  
7 agreement. When the total available program job credits are  
8 allocated for a fiscal year, the department shall notify all  
9 community colleges that the maximum amount has been allocated  
10 and that further program job credits will not be available for  
11 the remainder of the fiscal year. Once program job credits  
12 have been allocated to a community college, the full  
13 allocation shall be received by the community college  
14 throughout the fiscal year and for the term of the agreement  
15 even if the statewide program job credit maximum amount is  
16 subsequently allocated and used.

17 2. For the fiscal years beginning July 1, 1999, and July  
18 1, 2000, the department of economic development shall allocate  
19 one hundred thirty-five thousand dollars of the first two  
20 million twenty-five thousand dollars of program job credits  
21 authorized and available for that fiscal year to each  
22 community college. This allocation shall be used by each  
23 community college to provide funding for approved programs.  
24 For the fiscal year beginning July 1, 2001, and for every  
25 fiscal year thereafter, the department of economic development  
26 shall divide equally among the community colleges thirty  
27 percent of the program job credits available for that fiscal  
28 year for allocation to each community college to be used to  
29 provide funding for approved programs. If any portion of the  
30 allocation to a community college under this subsection has  
31 not been committed by April 1 of the fiscal year for which the  
32 allocation is made, the uncommitted portion is available for  
33 use by other community colleges. Once a community college has  
34 committed its allocation for any fiscal year under this  
35 subsection, the community college may receive additional



1 program job credit allocations from those program job credits  
2 authorized and still available for that fiscal year.

3 Sec. 7. NEW SECTION. 260G.7 FACILITATOR.

4 The department of economic development shall administer the  
5 statewide allocations of program job credits to accelerated  
6 career education programs. The department shall collect data  
7 related to the programs and prepare an annual report regarding  
8 the activities of the programs during the previous fiscal  
9 year. The report shall be submitted to the governor and the  
10 general assembly by December 31 of each year.

11 Sec. 8. NEW SECTION. 260G.8 CUSTOMER TRACKING SYSTEM.

12 All participants in an accelerated career education program  
13 shall be included in the customer tracking system implemented  
14 by the department of workforce development pursuant to section  
15 84A.5 following program completion.

16 Sec. 9. NEW SECTION. 260G.9 PROGRAM CAPITAL FUNDS  
17 ALLOCATION.

18 If moneys are appropriated by the general assembly to  
19 support program capital costs, the moneys shall be allocated  
20 on a first-come, first-served basis. In order to receive such  
21 moneys a program agreement approved by the community college  
22 board of directors must be in place, program capital cost  
23 requests shall be approved by the Iowa economic development  
24 board created in section 15.103, program capital cost requests  
25 shall be approved or denied not later than sixty days  
26 following receipt of the request by the department, and  
27 employer contributions toward program capital costs shall be  
28 certified and agreed to in the agreement.

29 Sec. 10. Section 15.342A, Code 1999, is amended to read as  
30 follows:

31 15.342A WORKFORCE DEVELOPMENT FUND ACCOUNT.

32 A workforce development fund account is established in the  
33 office of the treasurer of state under the control of the  
34 department. The account shall receive funds pursuant to  
35 section 422.16A up to a maximum of ~~ten~~ nine million dollars

1 per year.

2 Sec. 11. Section 422.16A, Code 1999, is amended to read as  
3 follows:

4 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND  
5 TRANSFER.

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

25 EXPLANATION

26 This bill provides that a community college may enter into  
27 an agreement with certain employers in the community college's  
28 merged area to establish an accelerated career education  
29 program. The bill provides that the program shall be  
30 developed by an employer, a community college, and any  
31 employee of an employer who represents a program job, and if a  
32 bargaining agreement is in place, a representative of the  
33 employee bargaining unit.

34 The bill provides that certain types of community college  
35 programs are eligible for designation as an accelerated career

1 education program. The bill provides that, after entering the  
2 agreement, the department of revenue and finance and the  
3 department of economic development shall be notified of the  
4 agreement.

5 The bill provides that the agreement shall specify the type  
6 and amount of funding sources which will be used to pay for  
7 the program costs. The bill provides that possible funding  
8 sources include tax credits from withholding, cash or in-kind  
9 contributions by the employer, and tuition, fees, or special  
10 charges fixed by the community college.

11 The bill provides that as part of the agreement, the  
12 employer shall agree to interview graduating participants in  
13 the program and provide future hiring preferences. The bill  
14 provides that as part of an agreement, if an employer has more  
15 than four sponsored participants in the program, the employer  
16 shall agree to offer a program job position to at least 25  
17 percent of those participants who successfully complete the  
18 program. The bill provides that an agreement may allow for an  
19 employer to decline to satisfy job guarantee provisions of the  
20 bill if the employer experiences an economic downturn. The  
21 bill provides that an agreement shall provide for a wage level  
22 of no less than 200 percent of the federal poverty level for a  
23 family of two. The bill provides that participants in the  
24 program shall agree to interview with the employer. The bill  
25 provides that an agreement shall provide for employer default  
26 procedures.

27 The bill provides that the method for using the tax credit  
28 from withholding, which is one option for paying for the  
29 program costs. The bill provides that an amount up to 12  
30 percent of the gross wages of the program jobs in an agreement  
31 shall be credited from the total payment made by the employer.  
32 The credit shall be against all withholding taxes due by the  
33 employer. The bill provides that the employer and community  
34 college must make certain certifications to the department of  
35 revenue and finance regarding how the credits are in

1 accordance with the program agreement.

2 The bill provides that the total amount of tax credits from  
3 withholding which shall be allocated for statewide accelerated  
4 career education programs in any one fiscal year shall not  
5 exceed \$8 million in fiscal year 1999-2000, \$16 million in  
6 fiscal year 2000-2001, and \$20 million in fiscal year 2001-  
7 2002, and every fiscal year thereafter. The bill requires  
8 that any increase in the \$20 million maximum shall be  
9 developed based on recommendations in a study which shall be  
10 conducted by the department of economic development and  
11 submitted to the general assembly by December 31, 2001. The  
12 bill provides that the department of economic development  
13 shall maintain an annual record of tax credits allocated and  
14 shall allocate any available credits to community colleges in  
15 accordance with any agreements. The bill provides that once  
16 the maximum statewide amount has been allocated, the  
17 department shall notify all community colleges in the state of  
18 this fact and that further credits will not be allocated  
19 during the fiscal year.

20 The bill provides that for fiscal years 1999-2000 and 2000-  
21 2001, the department of economic development shall allocate  
22 \$135,000 of the first \$2,025,000 of program job credits  
23 authorized and available to each community college in the  
24 state for use to provide funding for approved programs. The  
25 bill provides that for fiscal year 2001-2002, and every fiscal  
26 year thereafter, the department shall divide equally among the  
27 community colleges 30 percent of the program job credits  
28 available for that fiscal year for allocation to each  
29 community college to be used to provide funding for approved  
30 programs. The bill provides that, by April 1 of the fiscal  
31 year, any uncommitted portion is available for use by other  
32 community colleges. The bill provides that once a community  
33 college has committed its allocation for any fiscal year, the  
34 community college may receive additional program job credit  
35 allocations from those program job credits authorized and

1 still available for that fiscal year.

2 The bill provides that the department of economic  
3 development shall collect data related to the programs and  
4 prepare an annual report regarding the activities of the  
5 programs for submission to the governor and the general  
6 assembly. The bill provides that participants in the programs  
7 shall be included in the customer tracking system implemented  
8 by the department of workforce development.

9 The bill provides a method of allocation of moneys  
10 appropriated by the general assembly for program capital  
11 costs. The bill provides that the funding shall be on a  
12 first-come, first-served basis, that a program agreement must  
13 be in place, that the program capital cost requests must be  
14 approved by the Iowa economic development board within 60 days  
15 of the receipt of the request, and that employer contributions  
16 toward program capital costs shall be certified and agreed to  
17 in the agreement.

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

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**SENATE FILE 465  
FISCAL NOTE**

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A fiscal note for Senate File 465 as amended by H-1855 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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Senate File 465 as amended by H-1855 creates an Accelerated Career Education (ACE) Program. The Program is an agreement between a community college, an employer, and a potential employee, that provides training to individuals. The Program costs would be paid by student tuition, employer contributions, and diversion from the State General Fund of withholding taxes paid by the present employees of the employer. The diversion is equal to 12.0% 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 \$5.0 million for FY 2000 and \$10.0 million for FY 2001 and beyond.

Any employer diverting withholding tax for four or more positions must agree to offer employment to at least 25.0% of the graduates that were sponsored by that employer. The employer would be released from the hiring requirement in the event of an economic down turn. The Department of Economic Development is required to produce an annual report covering Accelerated Career Education Program activities. To accommodate up to 2,940 additional students, the community colleges will require a capital investment in land, buildings, and equipment.

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 receipts to the General Fund by \$1.0 million, beginning in FY 2001, which is the first year the Workforce Development Fund is projected to exceed \$9.0 million in annual revenue.

**ASSUMPTIONS**

1. The per student per year cost would be \$6,500, excluding capital costs.
2. Of the \$6,500 annual cost, the student would pay \$1,800 (27.7%) in tuition, the employer would pay \$1,300 (20.0%), and the State would pay \$3,400 (52.3%) through the diversion of withholding tax from the General Fund.
3. The number of students in the Accelerated Career Education Program will be 1,470 in FY 2000 and 2,940 in FY 2001 and beyond.
4. The community college system would require appropriations from the State totaling \$15.0 million to pay for capital costs associated with the Program. This expenditure would be matched with \$3.8 million in private sector capital contributions.

**FISCAL IMPACT**

The fiscal impact of Senate File 465 as amended by H-1855 over the five-year

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period beginning in FY 2000 would be \$56.0 million. Of this amount, \$41.0 million would be decreased receipts to the General Fund and \$15.0 million would be appropriations for capital costs. The cost by fiscal year is projected to be:

<u>Year</u>	<u>General Fund Income Tax Withholding</u>
FY 2000	\$ -5.0 million
FY 2001	- 9.0 million
FY 2002	- 9.0 million
FY 2003	- 9.0 million
FY 2004	- 9.0 million

<u>Year</u>	<u>Legislative Appropriations For Capitals</u>
FY 2000	\$ 7.5 million
FY 2001	7.5 million
FY 2002	0.0 million
FY 2003	0.0 million
FY 2004	0.0 million

The General Fund fiscal impact in FY 2005 and subsequent fiscal years would be \$9.0 million.

The Bill does not provide funds for administrative costs of the Department of Economic Development.

SOURCES

Iowa Association of Community College Trustees  
Department of Economic Development

(LSB 1816sz.2, JWR)

FILED APRIL 28, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 465  
FISCAL NOTE**

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A fiscal note for Senate File 465 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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Senate File 465 creates an Accelerated Career Education (ACE) Program. The Program is an agreement between a community college, an employer, and a potential employee, that provides training to individuals. The Program costs would be paid by student tuition, employer contributions, and diversion from the State General Fund of withholding taxes paid by the present employees of the employer. The diversion is equal to 12.0% 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 \$8.0 million for FY 2000, \$16.0 million for FY 2001, and \$20.0 million for FY 2002 and beyond.

Any employer diverting withholding tax for four or more positions must agree to offer employment to at least 25.0% of the graduates that were sponsored by that employer. The employer would be released from the hiring requirement in the event of an economic down turn. The Department of Economic Development is required to produce an annual report covering Accelerated Career Education Program activities. To accommodate up to 5,880 additional students, the community colleges will require a capital investment in land, buildings, and equipment.

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 receipts to the General Fund by \$1.0 million.

**ASSUMPTIONS**

1. The per student per year cost would be \$6,500, excluding capital costs.
2. Of the \$6,500 annual cost, the student would pay \$1,800 (27.7%) in tuition, the employer would pay \$1,300 (20.0%), and the State would pay \$3,400 (52.3%) through the diversion of withholding tax from the General Fund.
3. The number of students in the Accelerated Career Education Program will be 2,350 in FY 2000, 4,700 in FY 2001, and 5,880 in FY 2002 and beyond.
4. The community college system would require appropriations from the State totaling \$80.1 million to pay for capital costs associated with the Program.

**FISCAL IMPACT**

The fiscal impact of Senate File 465 over the five-year period beginning in FY 2000 would be \$159.1 million. Of this amount, \$79.0 million would be decreased receipts to the General Fund and \$80.1 million would be appropriations for



capital costs. The cost by fiscal year is projected to be:

<u>Year</u>	<u>General Fund Income Tax Withholding</u>
FY 2000	\$ -7.0 million
FY 2001	-15.0 million
FY 2002	-19.0 million
FY 2003	-19.0 million
FY 2004	-19.0 million

<u>Year</u>	<u>Legislative Appropriations For Capitals</u>
FY 2000	\$26.7 million
FY 2001	26.7 million
FY 2002	26.7 million
FY 2003	0.0 million
FY 2004	0.0 million

The General Fund fiscal impact in FY 2005 and subsequent fiscal years would be \$20.0 million.

The Bill does not provide funds for administrative costs of the Department of Economic Development.

**SOURCES**

Iowa Association of Community College Trustees  
Department of Economic Development

(LSB 1816SZ, JWR)

FILED APRIL 7, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 465

H-1857

- 1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 8, line 4, by inserting after the word  
4 "development" the following: ", in cooperation with  
5 the state board for community colleges, the state  
6 board of regents, and the college student aid  
7 commission,".  
8 2. Page 8, line 6, by striking the word "shall"  
9 and inserting the following: "of economic  
10 development, the state board of regents, the college  
11 student aid commission, and the state board for  
12 community colleges shall jointly".  
13 3. By renumbering as necessary.

By MILLAGE of Scott

H-1857 FILED APRIL 28, 1999

WITHDRAWN

(P. 1848)

## SENATE FILE 465

H-1858

- 1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by striking line 17 and inserting the  
4 following:  
5 "6. "Employer" means any of the following:  
6 a. A state agency as defined in section 8.46,  
7 subsection 1.  
8 b. A public school district organized under  
9 chapter 274.  
10 c. A business or consortium of businesses".

By MILLAGE of Scott

H-1858 FILED APRIL 28, 1999

LOST

(P. 1845)

SENATE FILE 465

H-1855

- 1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 2, line 25, by inserting after the word  
4 "Skill" the following: "or career interest".  
5 2. Page 6, line 18, by striking the word "eight"  
6 and inserting the following: "five".  
7 3. Page 6, line 19, by striking the word  
8 "sixteen" and inserting the following: "ten".  
9 4. Page 6, line 20, by striking the word "twenty"  
10 and inserting the following: "ten".  
11 5. Page 9, by inserting after line 24 the  
12 following:  
13 "Sec. \_\_\_\_ . EFFECTIVE DATE. This Act, being deemed  
14 of immediate importance, takes effect upon enactment."  
15 6. Title page, line 3, by striking the word  
16 "and".  
17 7. Title page, line 4, by inserting after the  
18 word "account" the following: ", and providing an  
19 effective date".  
20 8. By renumbering, relettering, or redesignating  
21 and correcting internal references as necessary.

By COMMITTEE ON WAYS AND MEANS  
VAN FOSSEN of Scott, Chairperson

H-1855 FILED APRIL 28, 1999

ADOPTED

(P. 1841)

SENATE FILE 465

H-1856

- 1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 8, by striking lines 16 through 28.  
4 2. By renumbering as necessary.

By MILLAGE of Scott

H-1856 FILED APRIL 28, 1999

WITHDRAWN

(P. 1848)

## SENATE FILE 465

H-1859

1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by inserting after line 8 the  
4 following:  
5 "1A. "ACE fund" means the accelerated career  
6 education fund created in section 260G.6."  
7 2. Page 2, by striking lines 8 and 9.  
8 3. Page 3, by striking lines 11 through 13 and  
9 inserting the following:  
10 "a. Financial assistance from the ACE fund."  
11 4. Page 5, lines 8 and 9, by striking the words  
12 "PROGRAM JOB CREDITS FROM WITHHOLDING." and inserting  
13 the following: "ACE FUND FINANCIAL ASSISTANCE."  
14 5. Page 5, by striking lines 12 and 13 and  
15 inserting the following: "include a provision for  
16 requesting financial assistance from the ACE fund to  
17 pay for program costs. If a program provides that".  
18 6. Page 5, lines 14 and 15, by striking the words  
19 "program job credits" and inserting the following:  
20 "financial assistance from the ACE fund".  
21 7. By striking page 5, line 16, through page 6,  
22 line 12, and inserting the following:  
23 "1. The employer and community college shall file  
24 a joint application with the department of economic  
25 development for financial assistance under the ACE  
26 fund. The application shall provide information  
27 regarding the program and projected method of paying  
28 program costs and shall include any other information  
29 deemed necessary by the department.  
30 2. Financial assistance provided by the ACE fund  
31 may take the form of loans, forgivable loans, or  
32 grants.  
33 3. The department shall approve, deny, or defer  
34 each application."  
35 8. Page 6, lines 13 and 14, by striking the words  
36 "MAXIMUM STATEWIDE PROGRAM JOB CREDIT" and inserting  
37 the following: "ACE FUND".  
38 9. By striking page 6, line 15, through page 8,  
39 line 2, and inserting the following:  
40 "1. The accelerated career education or ACE fund  
41 is created as a revolving fund consisting of any money  
42 appropriated by the general assembly for that purpose  
43 and any other moneys available to and obtained or  
44 accepted by the department from the federal government  
45 or private sources for placement in the fund. The  
46 fund shall also include any repayments of loans or  
47 other awards made under this chapter. Notwithstanding  
48 section 8.33, moneys in the ACE fund at the end of  
49 each fiscal year shall not revert to any other fund  
50 but shall remain in the ACE fund for expenditure for

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Page 2

1 subsequent fiscal years.

2 2. For the fiscal year beginning July 1, 1999,  
3 there is appropriated to the department of economic  
4 development from the general fund of the state eight  
5 million dollars for the ACE fund. For the fiscal year  
6 beginning July 1, 2000, there is appropriated to the  
7 department of economic development from the general  
8 fund of the state sixteen million dollars for the ACE  
9 fund. For the fiscal year beginning July 1, 2001,  
10 there is appropriated to the department of economic  
11 development from the general fund of the state twenty  
12 million dollars for the ACE fund.

13 3. For the fiscal year beginning July 1, 1999, and  
14 July 1, 2000, the department of economic development  
15 shall reserve one hundred thirty-five thousand dollars  
16 of the first two million twenty-five thousand dollars  
17 of financial assistance available for that fiscal year  
18 for each community college. For the fiscal year  
19 beginning July 1, 2001, and for every fiscal year  
20 thereafter, the department of economic development  
21 shall reserve thirty percent of the financial  
22 assistance available for that fiscal year to be  
23 divided equally among all community colleges. If a  
24 community college fails to submit an application for  
25 financial assistance by April 1 of the fiscal year for  
26 which the reservation is made, that portion is  
27 available for use by other community colleges."

28 10. Page 8, line 5, by striking the words  
29 "allocations of program job credits" and inserting the  
30 following: "financial assistance under the ACE fund".

By MILLAGE of Scott

H-1859 FILED APRIL 28, 1999

LOST

(P. 1843)

## SENATE FILE 465

H-1863

1 Amend Senate File 465, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by inserting after line 8 the  
4 following:  
5 "1A. "Accredited private institution" means the  
6 same as defined in section 261.9."  
7 2. Page 1, line 10, by inserting after the word  
8 "college" the following: ", state board of regents  
9 institution, or accredited private institution".  
10 3. Page 1, line 29, by inserting after the word  
11 "college" the following: ", state board of regents  
12 institution, or accredited private institution".  
13 4. Page 2, line 30, by inserting after the word  
14 "program." the following: "An accredited private  
15 institution or state board of regents institution may  
16 enter into an agreement with any employer in the state  
17 to establish an accelerated career education program."  
18 5. Page 2, line 31, by inserting after the word  
19 "college" the following: ", state board of regents  
20 institution, or accredited private institution".  
21 6. Page 3, line 4, by inserting after the word  
22 "college" the following: ", state board of regents  
23 institution, or accredited private institution".  
24 7. Page 3, line 6, by inserting after the word  
25 "college" the following: ", state board of regents  
26 institution, or accredited private institution".  
27 8. Page 3, line 18, by inserting after the word  
28 "directors" the following: "of a community college,  
29 the state board of regents, or governing body of an  
30 accredited private institution".  
31 9. Page 4, line 26, by inserting after the word  
32 "college" the following: ", state board of regents  
33 institution, or accredited private institution".  
34 10. Page 4, line 28, by inserting after the word  
35 "directors" the following: "of a community college,  
36 the state board of regents, or governing body of an  
37 accredited private institution".  
38 11. Page 4, by striking line 29 and inserting the  
39 following:  
40 "a. An education".  
41 12. Page 4, by striking line 31 and inserting the  
42 following: "or".  
43 13. Page 4, by striking line 34 and inserting the  
44 following:  
45 "b. An".  
46 14. Page 5, line 30, by inserting after the word  
47 "college" the following: ", state board of regents  
48 institution, or accredited private institution".  
49 15. Page 5, line 32, by inserting after the word  
50 "college" the following: ", state board of regents

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Page 2

1 institution, or accredited private institution".  
2 16. Page 6, line 6, by inserting after the word  
3 "college" the following: ", state board of regents  
4 institution, or accredited private institution".  
5 17. Page 6, line 34, by inserting after the word  
6 "college" the following: ", state board of regents  
7 institution, or accredited private institution".  
8 18. Page 7, line 5, by inserting after the word  
9 "college" the following: ", state board of regents  
10 institution, or accredited private institution".  
11 19. Page 7, line 9, by inserting after the word  
12 "colleges" the following: ", state board of regents  
13 institutions, and accredited private institutions".  
14 20. Page 7, line 12, by inserting after the word  
15 "college" the following: ", state board of regents  
16 institution, or accredited private institution".  
17 21. Page 7, line 13, by inserting after the word  
18 "college" the following: ", state board of regents  
19 institution, or accredited private institution".  
20 22. By striking page 7, line 17, through page 8,  
21 line 2.  
22 23. Page 8, line 22, by inserting after the word  
23 "directors" the following: ", the state board of  
24 regents, or the governing body of an accredited  
25 private institution".

By MILLAGE of Scott

H-1863 FILED APRIL 28, 1999

LOST

(P.1845)

## SENATE FILE 465

H-1867

1 Amend Senate File 465, as passed by the Senate, as  
2 follows:

3 1. By striking page 8, line 29, through page 9,  
4 line 24, and inserting the following:

5 "Sec. \_\_\_\_\_. Section 7C.4A, subsection 2, Code 1999,  
6 is amended to read as follows:

7 2. Twelve percent of the state ceiling shall be  
8 allocated to bonds issued to carry out programs  
9 established under ~~chapters~~ chapter 260C~~7~~-260E~~7~~-and  
10 260P. However, at any time during the calendar year  
11 the director of the Iowa department of economic  
12 development may determine that a lesser amount need be  
13 allocated and on that date this lesser amount shall be  
14 the amount allocated for those programs and the excess  
15 shall be allocated under subsection 7.

16 Sec. \_\_\_\_\_. Section 15.108, subsection 6, Code 1999,  
17 is amended to read as follows:

18 6. Employee training and retraining. To develop  
19 employee training and retraining strategies in  
20 coordination with the department of education and the  
21 department of workforce development as tools for  
22 business development, business expansion, and enhanced  
23 competitiveness of Iowa industry, which will promote  
24 economic growth and the creation of new job

25 opportunities and to administer related programs. ~~To~~  
26 ~~carry-out-this-responsibility,-the-department-shall:~~

27 ~~a--Coordinate-and-perform-the-duties-specified~~  
28 ~~under-the-Iowa-industrial-new-jobs-training-Act-in~~  
29 ~~chapter-260E,-the-Iowa-jobs-training-Act-in-chapter~~  
30 ~~260P,-and-the-workforce-development-fund-in-section~~  
31 ~~15-341-~~

32 ~~b--In-performing-the-duties-set-out-in-paragraph~~  
33 ~~"a",-the-department-shall:~~

34 ~~(1)--Work-closely-with-representatives-of-business~~  
35 ~~and-industry,-labor-organizations,-the-council-on~~  
36 ~~human-investment,-the-department-of-education,-the~~  
37 ~~department-of-workforce-development,-and-educational~~  
38 ~~institutions-to-determine-the-employee-training-needs~~  
39 ~~of-Iowa-employers,-and-where-possible,-provide-for-the~~  
40 ~~development-of-industry-specific-training-programs-~~

41 ~~(2)--Promote-Iowa-employee-training-programs-to~~  
42 ~~potential-and-existing-Iowa-employers-and-to-employer~~  
43 ~~associations-~~

44 ~~(3)--Develop-annual-goals-and-objectives-which-will~~  
45 ~~identify-both-short-term-and-long-term-methods-to~~  
46 ~~improve-program-performance,-create-employment~~  
47 ~~opportunities-for-residents,-and-enhance-the-delivery~~  
48 ~~of-services-~~

49 ~~(4)--Stimulate-the-creation-of-innovative-employee~~  
50 ~~training-and-skills-development-activities,-including~~

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Page 2

1 ~~business-consortium-and-supplier-network-training~~  
2 ~~programs,-and-new-employee-development-training~~  
3 ~~models-~~  
4 ~~(5)--Coordinate-employee-training-activities-with~~  
5 ~~other-economic-development-finance-programs-to~~  
6 ~~stimulate-job-growth-~~  
7 ~~(6)--Review-workforce-development-initiatives-as~~  
8 ~~they-relate-to-the-state's-economic-development~~  
9 ~~agenda,-recommending-action-as-necessary-to-meet-the~~  
10 ~~needs-of-Iowa's-communities-and-businesses-~~  
11 ~~(7)--Incorporate-workforce-development-as-a~~  
12 ~~component-of-community-based-economic-development~~  
13 ~~activities-~~

14 Sec. \_\_\_\_\_. Section 15.251, subsection 2, Code 1999,  
15 is amended by striking the subsection.

16 Sec. \_\_\_\_\_. Section 15.333A, subsection 2, Code  
17 1999, is amended by striking the subsection.

18 Sec. \_\_\_\_\_. Section 15A.9, subsection 3, Code 1999,  
19 is amended by striking the subsection.

20 Sec. \_\_\_\_\_. Section 15E.196, subsection 1, Code  
21 1999, is amended by striking the subsection.

22 Sec. \_\_\_\_\_. Section 260C.58, unnumbered paragraph 1,  
23 Code 1999, is amended to read as follows:

24 To pay all or any part of the cost of carrying out  
25 any project at any institution the board is authorized  
26 to borrow money and to issue and sell negotiable bonds  
27 or notes and to refund and refinance bonds or notes  
28 issued for any project or for refunding purposes at a  
29 lower rate, the same rate, or a higher rate or rates  
30 of interest and from time to time as often as the  
31 board shall find it to be advisable and necessary so  
32 to do. Bonds or notes issued by the board for  
33 residence hall or dormitory purposes at any  
34 institution, including dining or other facilities and  
35 additions, or issued for refunding purposes, may  
36 ~~either-be-sold-in-the-manner-specified-for-the-selling~~  
37 ~~of-certificates-under-section-260E-6-and-the-proceeds~~  
38 ~~applied-to-the-payment-of-the-obligations-being~~  
39 ~~refunded,-or-the-refunding-bonds-or-notes~~ may be  
40 exchanged for and in payment and discharge of the  
41 obligations being refunded. A finding by the board in  
42 the resolution authorizing the issuance of the  
43 refunding bonds or notes, that the bonds or notes  
44 being refunded were issued for a purpose specified in  
45 this division and constitute binding obligations of  
46 the board, shall be conclusive and may be relied upon  
47 by any holder of any refunding bond or note issued  
48 under the provisions of this division. The refunding  
49 bonds or notes may be sold or exchanged in  
50 installments at different times or an entire issue or

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Page 3

1 series may be sold or exchanged at one time. Any  
 2 issue or series of refunding bonds or notes may be  
 3 exchanged in part or sold in parts in installments at  
 4 different times or at one time. The refunding bonds  
 5 or notes may be sold or exchanged at any time on,  
 6 before, or after the maturity of any of the  
 7 outstanding notes, bonds or other obligations to be  
 8 refinanced thereby and may be issued for the purpose  
 9 of refunding a like or greater principal amount of  
 10 bonds or notes, except that the principal amount of  
 11 the refunding bonds or notes may exceed the principal  
 12 amount of the bonds or notes to be refunded to the  
 13 extent necessary to pay any premium due on the call of  
 14 the bonds or notes to be refunded, to fund interest in  
 15 arrears or about to become due, or to allow for  
 16 sufficient funding of the escrow account on the bonds  
 17 to be refunded.

18 Sec. \_\_\_\_\_. Section 403.19, subsection 1, paragraph  
 19 c, Code 1999, is amended by striking the paragraph.

20 Sec. \_\_\_\_\_. Section 422.33, subsection 6, Code 1999,  
 21 is amended by striking the subsection.

22 Sec. \_\_\_\_\_. Section 427B.17, subsection 6, Code  
 23 1999, is amended by striking the subsection.

24 Sec. \_\_\_\_\_. Section 427B.19, subsection 5, Code  
 25 1999, is amended by striking the subsection.

26 Sec. \_\_\_\_\_. Section 554.9310, Code 1999, is amended  
 27 to read as follows:

28 554.9310 PRIORITY OF CERTAIN LIENS ARISING BY  
 29 OPERATION OF LAW.

30 When a person in the ordinary course of the  
 31 person's business furnishes services or materials with  
 32 respect to goods subject to a security interest, a  
 33 lien upon goods in the possession of such person given  
 34 by statute or rule of law for such materials or  
 35 services takes priority over a perfected security  
 36 interest unless the lien is statutory and the statute  
 37 expressly provides otherwise.

38 ~~A-perfected-security-interest-in-collateral-takes~~  
 39 ~~priority-over-any-lien-that-is-given-equal-precedence~~  
 40 ~~with-ordinary-taxes-under-chapter-260E-or-260F, or its~~  
 41 ~~successor-provisions, except for a lien under chapter~~  
 42 ~~260E-or-260F-upon-the-collateral-described-in-a~~  
 43 ~~financing-statement-or-a-job-training-agreement~~  
 44 ~~satisfying-the-requirements-for-a-financing-statement~~  
 45 ~~under-section-554-9402, subsection 1, which is~~  
 46 ~~perfected-by-filing-the-financing-statement-or-the-job~~  
 47 ~~training-agreement-with-the-secretary-of-state-prior~~  
 48 ~~to-the-perfection-of-a-conflicting-security-interest,~~  
 49 ~~and-a-subordinate-lien-under-chapter-260E-or-260F-may~~  
 50 ~~be-divested-or-discharged-by-judicial-sale, as~~

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Page 4

1 ~~provided-in-Part-5-of-this-Article-9-or-by-other~~  
 2 ~~available-legal-remedy-notwithstanding-any-provision~~  
 3 ~~to-the-contrary-contained-in-chapter-260E-or-260F,-or~~  
 4 ~~its-successor-provisions:~~ Nothing in this section  
 5 shall abrogate the collection of, or any lien for,  
 6 unpaid property taxes which have attached to real  
 7 estate pursuant to chapter 445, including taxes levied  
 8 against tangible property that is assessed and taxed  
 9 as real property pursuant to chapter 427A, or the  
 10 collection of, or any lien for, unpaid taxes for which  
 11 notice of lien has been properly recorded or filed  
 12 pursuant to section 422.26.

13 Sec. \_\_\_\_\_. Section 554.9402, subsection 1, Code  
 14 1999, is amended to read as follows:

15 1. A financing statement is sufficient if it gives  
 16 the names of the debtor and the secured party, is  
 17 signed by the debtor, gives an address of the secured  
 18 party from which information concerning the security  
 19 interest may be obtained, gives a mailing address of  
 20 the debtor and contains a statement indicating the  
 21 types, or describing the items, of collateral. A  
 22 financing statement may be filed before a security  
 23 agreement is made or a security interest otherwise  
 24 attaches. When the financing statement covers crops  
 25 growing or to be grown, the statement must also  
 26 contain a description of the real estate concerned.  
 27 When the financing statement covers timber to be cut  
 28 or covers minerals or the like (including oil and gas)  
 29 or accounts subject to section 554.9103, subsection 5,  
 30 or when the financing statement is filed as a fixture  
 31 filing (section 554.9313) and the collateral is goods  
 32 which are or are to become fixtures, the statement  
 33 must also comply with subsection 5. A copy of the  
 34 security agreement is sufficient as a financing  
 35 statement if it contains the above information and is  
 36 signed by the debtor. ~~A-copy-of-a-jobs-training~~  
 37 ~~agreement-entered-into-under-chapter-260E-or-260F~~  
 38 ~~between-an-employer-and-a-community-college-is~~  
 39 ~~sufficient-as-a-financing-statement-if-it-contains-the~~  
 40 ~~information-required-by-this-section-and-is-signed-by~~  
 41 ~~the-employer:~~ A carbon, photographic or other  
 42 reproduction of a security agreement or a financing  
 43 statement is sufficient as a financing statement if  
 44 the security agreement so provides or if the original  
 45 has been filed in this state. The secretary of state  
 46 must accept for filing a copy of a signature required  
 47 by this section. The secretary of state may adopt  
 48 rules for the electronic filing of a financing  
 49 statement.

50 Sec. \_\_\_\_\_. Section 558.1, Code 1999, is amended to

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Page 5

1 read as follows:

2 558.1 "INSTRUMENTS AFFECTING REAL ESTATE" DEFINED  
3 -- REVOCATION.

4 All instruments containing a power to convey, or in  
5 any manner relating to real estate, including  
6 certified copies of petitions in bankruptcy with or  
7 without the schedules appended, of decrees of  
8 adjudication in bankruptcy, and of orders approving  
9 trustees' bonds in bankruptcy, ~~and a jobs training~~  
10 ~~agreement entered into under chapter 260E or 260F~~  
11 ~~between an employer and community college which~~  
12 ~~contains a description of the real estate affected,~~  
13 shall be held to be instruments affecting the same;  
14 and no such instrument, when acknowledged or certified  
15 and recorded as in this chapter prescribed, can be  
16 revoked as to third parties by any act of the parties  
17 by whom it was executed, until the instrument  
18 containing such revocation is acknowledged and filed  
19 for record in the same office in which the instrument  
20 containing such power is recorded, except that uniform  
21 commercial code financing statements and financing  
22 statement changes need not be thus acknowledged.

23 Sec. \_\_\_\_ . Section 558.41, unnumbered paragraph 2,  
24 Code 1999, is amended to read as follows:

25 ~~An interest in real estate evidenced by an~~  
26 ~~instrument so filed shall have priority over any lien~~  
27 ~~that is given equal precedence with ordinary taxes~~  
28 ~~under chapter 260E or 260F, or its successor~~  
29 ~~provisions, except for a lien under chapter 260E or~~  
30 ~~260F upon the real estate described in an instrument~~  
31 ~~or job training agreement filed in the office of the~~  
32 ~~recorder of the county in which the real estate is~~  
33 ~~located prior to the filing of a conflicting~~  
34 ~~instrument affecting the real estate, and a~~  
35 ~~subordinate lien under chapter 260E or 260F may be~~  
36 ~~divested or discharged by judicial sale or by other~~  
37 ~~available legal remedy notwithstanding any provision~~  
38 ~~to the contrary contained in chapter 260E or 260F, or~~  
39 ~~its successor provisions.~~ Nothing in this section  
40 shall abrogate the collection of, or any lien for,  
41 unpaid property taxes which have attached to real  
42 estate pursuant to chapter 445, including taxes levied  
43 against tangible property that is assessed and taxed  
44 as real property pursuant to chapter 427A, or the  
45 collection of, or any lien for, unpaid taxes for which  
46 notice of lien has been properly recorded pursuant to  
47 section 422.26.

48 Sec. \_\_\_\_ . Sections 15.331, 15.341, 15.342,  
49 15.342A, 15.343, 15.344, 15A.7, 15A.8, 403.21,  
50 422.11A, and 422.16A, Code 1999, are repealed.

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Page 6

- 1 Sec. \_\_\_\_ . Chapters 260E and 260F, Code 1999, are
- 2 repealed."
- 3 2. By renumbering as necessary.

By MILLAGE of Scott

H-1867 FILED APRIL 28, 1999

WITHDRAWN

*(P.1848)*

## SENATE FILE 465

H-1869

- 1 Amend Senate File 465, as passed by the Senate, as
- 2 follows:
- 3 1. Page 6, line 23, by striking the words
- 4 "twenty-million-dollar" and inserting the following:
- 5 "ten-million-dollar".
- 6 2. Page 8, line 20, by striking the words "on a
- 7 first-come, first-served basis" and inserting the
- 8 following: "according to rules adopted by the
- 9 department pursuant to chapter 17A".

By JENKINS of Black Hawk

H-1869 FILED APRIL 28, 1999

ADOPTED

*(P.1848)*

## SENATE FILE 465

H-1874

- 1 Amend Senate File 465, as passed by the Senate, as
- 2 follows:
- 3 1. Page 4, line 2, by striking the words "twenty-
- 4 five" and inserting the following: "thirty-three".

By SHOULTZ of Black Hawk

H-1874 FILED APRIL 28, 1999

*Just  
4/28/99  
(P.1848)*

HOUSE AMENDMENT TO  
SENATE FILE 465

S-3559

- 1 Amend Senate File 465, as passed by the Senate, as  
2 follows:
- 3 1. Page 2, line 25, by inserting after the word  
4 "Skill" the following: "or career interest".
- 5 2. Page 6, line 18, by striking the word "eight"  
6 and inserting the following: "five".
- 7 3. Page 6, line 19, by striking the word  
8 "sixteen" and inserting the following: "ten".
- 9 4. Page 6, line 20, by striking the word "twenty"  
10 and inserting the following: "ten".
- 11 5. Page 6, line 23, by striking the words  
12 "twenty-million-dollar" and inserting the following:  
13 "ten-million-dollar".
- 14 6. Page 8, line 20, by striking the words "on a  
15 first-come, first-served basis" and inserting the  
16 following: "according to rules adopted by the  
17 department pursuant to chapter 17A".
- 18 7. Page 9, by inserting after line 24 the  
19 following:  
20 "Sec. \_\_\_\_ . EFFECTIVE DATE. This Act, being deemed  
21 of immediate importance, takes effect upon enactment."  
22 8. Title page, line 3, by striking the word  
23 "and".
- 24 9. Title page, line 4, by inserting after the  
25 word "account" the following: ", and providing an  
26 effective date".
- 27 10. By renumbering, relettering, or redesignating  
28 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-3559 FILED APRIL 29, 1999

CONCURRED

(p. 1423)



THOMAS J. VILSACK  
GOVERNOR

**OFFICE OF THE GOVERNOR**  
STATE CAPITOL  
DES MOINES, IOWA 50319  
515 281-5211  
FAX 515-281-6611

SALLY J. PEDERSON  
LT. GOVERNOR

May 24, 1999

The Honorable Chester Culver  
Secretary of State  
State Capitol Building  
LOCAL

Dear Mr. Secretary,

I hereby transmit Senate File 465, an Act authorizing the establishment of an accelerated career education program, providing a tax credit from withholding, relating to the transfer of job training withholding to the workforce development fund account, and providing an effective date.

This bill is a significant attempt to address issues of workforce development and worker training in our state. Those are important and laudable goals, and I support those efforts. Given the state's low unemployment rate, it is imperative that we fully develop the skills of our present workforce if we hope to increase state personal income and productivity.

At the same time, we should work to achieve these goals as much as possible within the framework of existing state efforts. At the start of the legislative session, when this accelerated career education (ACE) concept was proposed, I suggested that our ultimate goal should be to create a flexible system for workforce development and training that would build on present job training efforts.

For many years, our community colleges have been an important source for job project training through the 260E chapter of the Iowa Code. Given our state's current low unemployment and tight labor markets, the need for this particular effort is reduced. I believe that the state can best utilize what will always be limited tax dollars by seeking as much as possible to combine these sorts of resources and tailor them to the specific needs of the Iowa economy, businesses, and workforce.

I am concerned that the present new program will become another separate and distinct workforce component rather than a complementary part of an integrated approach to improving and growing Iowa's workforce. Given that this new effort comes with a



significant price tag -- \$56 million over the next five years -- I believe it makes sense to pursue all opportunities for incorporating this effort into existing workforce development services. I am confident that we can work together in the future to do so.

At the urging of the Legislature, we have already begun a process to review all state programs and suggest ways to improve efficiency and create cost savings. While we review past programs for opportunities to become more efficient, I think we should do a similar examination of new initiatives. I believe that ACE will benefit from that sort of scrutiny.

I will approve, in House File 772, \$15,000,000 in infrastructure funding to begin the process of implementing the ACE program. This will be a significant first step. It will provide the community colleges the resources they need to begin designing and equipping these programs. At the same time, it will provide the opportunity to further explore ways to incorporate this initiative into the whole of state workforce development efforts.

For these reasons, Senate File 465 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 2, subsection 13 in its entirety. This defines program job credits, which I have also item vetoed.

I am unable to approve designated portions of Section 3, subsection 2. This provides for reporting of program costs to be paid from program job credits. I have item vetoed the program job credits below.

I am unable to approve the item designated as Section 3, subsection 2(a) in its entirety. This provides for program costs to be paid from program job credits. I have item vetoed the program job credits below. There are other funding methods still available for the program within the bill.

I am unable to approve the items designated as Sections 5, 6, and 7 in their entirety. This allows costs of a training program to be covered by diversion from the state general fund of withholding taxes paid by the present employees of an employer involved in the ACE program equal to twelve percent of the annual wage paid to a person in the type of position for which a graduate from the program would be qualified. The program job credits allocated to the community colleges from withholding would total up to \$5,000,000 in fiscal year 2000, and \$10,000,000 in each succeeding fiscal year. The department of economic development would also allocate \$135,000 from the program job credits in fiscal years 2000 and 2001 to each community college. In subsequent fiscal years, thirty percent of the program job credits would be divided equally among the community colleges. While laudable in intent, these provisions should be better integrated with existing programs before being enacted.




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I find both the level of resources expended and the method for allocation in these sections troubling. I am concerned that the tax and budget decisions made by the Legislature are projected, under normal revenue and expenditure assumptions, to lead to general fund budget deficits in the fiscal year beginning July 1, 2000. When nearly sixty percent of the state budget goes to education, it is conceivable that budget deficits will lead to cuts to the very programs that this bill seeks to augment. Further, I am concerned that the allocation formula does not take into account the different needs or abilities of community colleges to access this program.

I am unable to approve the items designated as Sections 10 and 11 in their entirety. These would reduce the funds contained in a workforce development account from the present \$10,000,000 to \$9,000,000. The Legislature predicated this change on additional funds being available through the program job credits.

For the above reasons, I hereby respectfully approve Senate File 465 with the exceptions noted above.

Sincerely,



Thomas J. Vilsack  
Governor

TJV:jmc

cc: Secretary of the Senate  
Chief Clerk of the House

*Item Veto*

AN ACT

AUTHORIZING THE ESTABLISHMENT OF AN ACCELERATED CAREER EDUCATION PROGRAM, PROVIDING A TAX CREDIT FROM WITHHOLDING, RELATING TO THE TRANSFER OF JOB TRAINING WITHHOLDING TO THE WORKFORCE DEVELOPMENT FUND ACCOUNT, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 260G.1 TITLE.

This chapter shall be known and may be cited as the "Accelerated Career Education Program Act".

Sec. 2. NEW SECTION. 260G.2 DEFINITIONS.

When used in this chapter, unless the context otherwise requires:

1. "Accelerated career education program" means the a program established pursuant to section 260G.3.
2. "Agreement" means a program agreement referred to in section 260G.3 between an employer and a community college.
3. "Board of directors" means the board of directors of a community college.
4. "Community college" means a community college established under chapter 260C or a consortium of two or more community colleges.
5. "Employee" means a person employed in a program job.
6. "Employer" means a business or consortium of businesses engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, construction, conducting research and development, or providing services in interstate or intrastate commerce, but excludes retail services.
7. "Highly skilled job" means a job with a broadly based, high performance skill profile including advanced computation and communication skills, technology skills, and workplace

behavior skills, and for which an applied technical education is required.

8. "Participant" means an individual who is enrolled in an accelerated career education program at a community college.

9. "Participant position" means the individual student enrollment position available in an accelerated career education program.

10. "Program capital costs" includes, but is not limited to, costs related to any or all of the following:

- a. Classroom and laboratory renovation.
- b. New classroom and laboratory construction.
- c. Site acquisition or preparation.
- d. Instructional equipment and technology.

11. "Program costs" means all necessary and incidental costs of providing program services.

12. "Program job" means a highly skilled job available from an employer pursuant to a program agreement.

*Vetoed*

13. "Program job credit" means the credit as provided in section 260G.5.

14. "Program job position" means a job position which is planned or available for an employee by the employer pursuant to a program agreement.

15. "Program services" includes, but is not limited to, all of the following provided they are pursuant to a program agreement:

- a. Program needs assessment and development.
- b. Job task analysis.
- c. Curriculum development and revision.
- d. Instruction.
- e. Instructional materials and supplies.
- f. Computer software and upgrades.
- g. Instructional support.
- h. Administrative and student services.
- i. Related school to career training programs.

j. Skill or career interest assessment services and testing.

k. Contracted services.

Sec. 3. NEW SECTION. 260G.3 PROGRAM AGREEMENTS.

1. A community college may enter into an agreement with an employer in the community college's merged area to establish an accelerated career education program. The program shall be developed by an employer, a community college, and any employee of an employer who represents a program job. If a bargaining agreement is in place, a representative of the employee bargaining unit shall also take part in the development of the program.

2. An agreement may include reasonable and necessary provisions to implement the accelerated career education program. If an agreement is entered into, the community college and the employer shall notify the department of revenue and finance as soon as possible. The community college shall also file a copy of the agreement with the department of economic development as required in section 260G.6. The agreement shall provide for program costs, including deferred costs, which may be paid from any of the following sources:

*Vetoed*  
*Vetoed*

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

*Vetoed*

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

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

d. Guarantee by the employer of payments to be received under paragraphs "a" and "b".

*Vetoed*

3. An agreement shall include a provision which specifies the type and amount of funding sources which shall be used to pay for program costs.

4. An agreement shall describe program services and schedules for implementation.

5. The term of an agreement shall not exceed five years from the date of the agreement. However, the agreement may be renewed.

6. As part of the agreement, the employer shall agree to interview graduating participants for full-time positions with the employer and to provide future hiring preferences to graduates of the accelerated career education program provided for in the agreement.

7. As part of an agreement, if an employer has more than four sponsored participants in the program, the employer shall agree to offer a program job position of full-time employment to at least twenty-five percent of those participants who successfully complete the program.

8. An agreement shall provide for a wage level of no less than two hundred percent of the federal poverty level for a family of two as defined by the most recently revised poverty income guidelines as published by the United States department of health and human services at the time the agreement is entered into. The wage level shall be recertified for each year provided in the agreement on the anniversary of the effective date of the agreement.

9. An agreement shall allow an employer to decline to satisfy any provisions in the agreement relating to subsections 6 and 7 if an employer experiences an economic downturn. For purposes of this subsection, "economic downturn" may include a layoff of existing employees, reduced employment levels, increased inventories, or reduced sales, if specified in the agreement.

10. Participants shall agree to interview with the employer following completion of the accelerated career education program.

11. An agreement shall provide for employer default procedures.

Sec. 4. NEW SECTION. 260G.4 PROGRAM ELIGIBILITY AND DESIGNATION.

1. Any of the following community college programs are eligible for designation and approval as an accelerated career education program by the board of directors:

a. A credit career, vocational, or technical education program resulting in the conferring of a certificate, diploma, associate of science degree, or associate of applied science degree, which increases program capacity to enroll added participants.

b. A credit equivalent career, vocational, or technical educational program consisting of not less than five hundred forty contact hours of classroom and laboratory instruction and resulting in the conferring of a certificate or other recognized, competency-based credential, which increases program capacity to enroll added participants.

2. Program costs shall be calculated or recalculated on an annual basis based on the required program services and for a specific number of participant positions.

Sec. 5. NEW SECTION. 260G.5 PROGRAM JOB CREDITS FROM WITHHOLDING.

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

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

2. Eligibility for program job credits shall be based on certification of program job positions and program job wages by the employer at the time established in the agreement. An amount up to twelve percent of the gross program job wage as certified by the employer in the agreement shall be credited from the total payment made by an employer pursuant to section

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422.16. The employer shall receive a credit against all withholding taxes due by the employer regardless of whether or not the withholding by the employer of current program job wages is less than twelve percent. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue and finance, to the community college to be allocated to and when collected paid into a special fund of the community college to pay, in part, the program costs. When the program costs have been paid, the employer credits shall cease and any moneys received after the program costs have been paid shall be remitted to the treasurer of state to be deposited in the general fund of the state.

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

4. A community college shall certify to the department of revenue and finance that the amount of the program job credit is in accordance with an agreement and shall provide other information the department may require.

5. Employees from an employer participating in an agreement shall receive full credit for the amount withheld as provided in section 422.15.

Sec. 6. NEW SECTION. 260G.6 MAXIMUM STATEWIDE PROGRAM JOB CREDIT.

1. The total amount of program job credits from all employers which shall be allocated for all accelerated career education programs in the state in any one fiscal year shall not exceed the sum of five million dollars in the fiscal year beginning July 1, 1999, ten million dollars in the fiscal year beginning July 1, 2000, and ten million dollars in the fiscal year beginning July 1, 2001, and every fiscal year thereafter. Any increase in program job credits above the ten-million-dollar limitation per fiscal year shall be developed, based on

recommendations in a study which shall be conducted by the department of economic development of the needs and performance of approved programs in the fiscal years beginning July 1, 1999, and July 1, 2000. The study's findings and recommendations shall be submitted to the general assembly by the department by December 31, 2001. The study shall include but not be limited to an examination of the quality of the programs, the number of program participant placements, the wages and benefits in program jobs, the level of employer contributions, the size of participating employers, and employer locations. A community college shall file a copy of each agreement with the department of economic development. The department shall maintain an annual record of the proposed program job credits under each agreement for each fiscal year. Upon receiving a copy of an agreement, the department shall allocate any available amount of program job credits to the community college according to the agreement sufficient for the fiscal year and for the term of the agreement. When the total available program job credits are allocated for a fiscal year, the department shall notify all community colleges that the maximum amount has been allocated and that further program job credits will not be available for the remainder of the fiscal year. Once program job credits have been allocated to a community college, the full allocation shall be received by the community college throughout the fiscal year and for the term of the agreement even if the statewide program job credit maximum amount is subsequently allocated and used.

2. For the fiscal years beginning July 1, 1999, and July 1, 2000, the department of economic development shall allocate one hundred thirty-five thousand dollars of the first two million twenty-five thousand dollars of program job credits authorized and available for that fiscal year to each community college. This allocation shall be used by each community college to provide funding for approved programs. For the fiscal year beginning July 1, 2001, and for every

*John*

fiscal year thereafter, the department of economic development shall divide equally among the community colleges thirty percent of the program job credits available for that fiscal year for allocation to each community college to be used to provide funding for approved programs. If any portion of the allocation to a community college under this subsection has not been committed by April 1 of the fiscal year for which the allocation is made, the uncommitted portion is available for use by other community colleges. Once a community college has committed its allocation for any fiscal year under this subsection, the community college may receive additional program job credit allocations from those program job credits authorized and still available for that fiscal year.

Sec. 7. NEW SECTION. 260G.7 FACILITATOR.

The department of economic development shall administer the statewide allocations of program job credits to accelerated career education programs. The department shall collect data related to the programs and prepare an annual report regarding the activities of the programs during the previous fiscal year. The report shall be submitted to the governor and the general assembly by December 31 of each year.

Sec. 8. NEW SECTION. 260G.8 CUSTOMER TRACKING SYSTEM.

All participants in an accelerated career education program shall be included in the customer tracking system implemented by the department of workforce development pursuant to section 94A.5 following program completion.

Sec. 9. NEW SECTION. 260G.9 PROGRAM CAPITAL FUNDS ALLOCATION.

If moneys are appropriated by the general assembly to support program capital costs, the moneys shall be allocated according to rules adopted by the department pursuant to chapter 17A. In order to receive such moneys a program agreement approved by the community college board of directors must be in place, program capital cost requests shall be approved by the Iowa economic development board created in

section 15.103, program capital cost requests shall be approved or denied not later than sixty days following receipt of the request by the department, and employer contributions toward program capital costs shall be certified and agreed to in the agreement.

Sec. 10. Section 15.342A, Code 1999, is amended to read as follows:

15.342A WORKFORCE DEVELOPMENT FUND ACCOUNT.

A workforce development fund account is established in the office of the treasurer of state under the control of the department. The account shall receive funds pursuant to section 422.16A up to a maximum of ten nine million dollars per year.

Sec. 11. Section 422.16A, Code 1999, is amended to read as follows:

422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND TRANSFER.

Upon the completion by a business of its repayment obligation for a training project funded under chapter 260E, including a job training project funded under section 15A.8 or repaid, in whole or in part by the supplemental new jobs credit from withholding under section 15A.7 or section 15.331, the sponsoring community college shall report to the department of economic development the amount of withholding paid by the business to the community college during the final twelve months of withholding payments. 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 account established in section 15.342A 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 account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is ten nine million dollars.

*Reviewed*

Sec. 12. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

\_\_\_\_\_  
MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 465, Seventy-eighth General Assembly.

*Stem*  
*5/24*  
Approved \_\_\_\_\_, 1999

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MICHAEL E. MARSHALL  
Secretary of the Senate

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THOMAS J. VILSACK  
Governor