

MAR 2 2006
WAYS AND MEANS

HOUSE FILE 2608
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HF 2377)

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

A BILL FOR

1 An Act creating a regents accelerated career education program
2 and providing job program tax credits.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2608

1 Section 1. NEW SECTION. 260H.1 TITLE.

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

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

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

7 1. "Agreement" means a program agreement referred to in
8 section 260H.3 between an employer and a university.

9 2. "Board" means the state board of regents created in
10 chapter 262.

11 3. "Employee" means a person employed in a program job.

12 4. "Employer" means a business or consortium of businesses
13 engaged in interstate or intrastate commerce for the purpose
14 of manufacturing, processing, or assembling products,
15 construction, conducting research and development, or
16 providing services in interstate or intrastate commerce, but
17 excludes retail services.

18 5. "High technology job" means a job in the area of
19 advanced manufacturing, biotechnology, internet technology,
20 engineering, health care, or life sciences.

21 6. "Participant" means an individual who is enrolled in a
22 regents accelerated career education program at a university.

23 7. "Participant position" means the individual student
24 enrollment position available in a regents accelerated career
25 education program.

26 8. "Program capital costs" includes but is not limited to
27 costs related to any or all of the following:

28 a. Classroom and laboratory renovation.

29 b. New classroom and laboratory construction.

30 c. Site acquisition or preparation.

31 d. Instructional equipment and technology.

32 9. "Program costs" means all necessary and incidental
33 costs of providing program services.

34 10. "Program job" means a high technology job available
35 from an employer pursuant to a program agreement.

1 11. "Program job credit" means the credit as provided in
2 section 260H.5.

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

6 13. "Program services" includes but is not limited to all
7 of the following provided they are pursuant to a program
8 agreement:

- 9 a. Program needs assessment and development.
- 10 b. Job task analysis.
- 11 c. Curriculum development and revision.
- 12 d. Instruction.
- 13 e. Instructional materials and supplies.
- 14 f. Computer software and upgrades.
- 15 g. Instructional support.
- 16 h. Administrative and student services.
- 17 i. Related school-to-career training programs.
- 18 j. Skill or career interest assessment services and
19 testing.
- 20 k. Contracted services.

21 14. "Regents accelerated career education program" means a
22 program established pursuant to section 260H.3.

23 15. "University" means an institution of higher learning
24 under the control of the state board of regents.

25 Sec. 3. NEW SECTION. 260H.3 PROGRAM AGREEMENTS.

26 1. A university may enter into an agreement with an
27 employer to establish a regents accelerated career education
28 program. The program shall be developed by an employer, a
29 university, and any employee of an employer who represents a
30 program job. If a bargaining agreement is in place, a
31 representative of the employee bargaining unit shall also take
32 part in the development of the program.

33 2. An agreement may include reasonable and necessary
34 provisions to implement the regents accelerated career
35 education program. If an agreement that utilizes program job

1 credits is entered into, the university and the employer shall
2 notify the department of revenue as soon as possible. The
3 university shall also file a copy of the agreement with the
4 department of economic development as required in section
5 260H.6. The agreement shall provide for program costs,
6 including deferred costs, which may be paid from any of the
7 following sources:

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

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

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

16 d. A guarantee by the employer of payments to be received
17 under paragraphs "a" and "b".

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

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

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

26 6. As part of an agreement, the employer shall agree to
27 interview graduating participants, who are not full-time
28 employees, for full-time positions with the employer and to
29 provide future hiring preferences to graduates of the regents
30 accelerated career education program provided for in the
31 agreement.

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

1 successfully complete the program. A sponsored participant
2 who is a full-time employee shall be considered to have been
3 offered a job for purposes of determining the twenty-five
4 percent requirement.

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

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

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

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

25 Sec. 4. NEW SECTION. 260H.4 PROGRAM ELIGIBILITY AND
26 DESIGNATION.

27 1. Any graduate level program at a university related to
28 the area of advanced manufacturing, biotechnology, internet
29 technology, engineering, health care, or life sciences is
30 eligible for designation and approval as a regents accelerated
31 career education program by the board.

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

35 Sec. 5. NEW SECTION. 260H.5 PROGRAM JOB CREDITS FROM

1 WITHHOLDING.

2 An agreement entered into under section 260H.3 may include
3 a provision for program job credits based on program jobs
4 identified in the agreement. If a program provides that part
5 of the program costs are to be met by receipt of program job
6 credits, the method to be used shall be as follows:

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

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

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

32 4. A university shall certify to the department of revenue
33 that the amount of the program job credit is in accordance
34 with an agreement and shall provide other information the
35 department may require.

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

4 Sec. 6. NEW SECTION. 260H.6 MAXIMUM STATEWIDE PROGRAM
5 JOB CREDIT.

6 1. The total amount of program job credits from all
7 employers which shall be allocated for all regents accelerated
8 career education programs in the state in any one fiscal year
9 shall not exceed the sum of one million dollars each fiscal
10 year for the fiscal period beginning July 1, 2006, and ending
11 June 30, 2016. A university shall file a copy of each
12 agreement with the department of economic development. The
13 department shall maintain an annual record of the proposed
14 program job credits under each agreement for each fiscal year.
15 Upon receiving a copy of an agreement, the department shall
16 allocate any available amount of program job credits to the
17 university according to the agreement sufficient for the
18 fiscal year and for the term of the agreement. When the total
19 available program job credits are allocated for a fiscal year,
20 the department shall notify all universities that the maximum
21 amount has been allocated and that further program job credits
22 will not be available for the remainder of the fiscal year.
23 Once program job credits have been allocated to a university,
24 the full allocation shall be received by the university
25 throughout the fiscal year and for the term of the agreement
26 even if the statewide program job credit maximum amount is
27 subsequently allocated and used.

28 2. For the fiscal period beginning July 1, 2006, and
29 ending June 30, 2016, the department of economic development
30 shall divide equally among the universities thirty percent of
31 the program job credits available each fiscal year for
32 allocation to each university to be used to provide funding
33 for approved programs. If any portion of the allocation to a
34 university under this subsection has not been committed by
35 April 1 of the fiscal year for which the allocation is made,

1 the uncommitted portion is available for use by other
2 universities. Once a university has committed its allocation
3 for any fiscal year under this subsection, the university may
4 receive additional program job credit allocations from those
5 program job credits authorized and still available for that
6 fiscal year.

7 Sec. 7. NEW SECTION. 260H.7 FACILITATOR.

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

15 Sec. 8. NEW SECTION. 260H.8 CUSTOMER TRACKING SYSTEM.

16 All participants in a regents accelerated career education
17 program shall be included in the customer tracking system
18 implemented by the department of workforce development
19 pursuant to section 84A.5 following program completion.

20 Sec. 9. NEW SECTION. 260H.9 PROGRAM CAPITAL FUNDS
21 ALLOCATION.

22 If moneys are appropriated by the general assembly to
23 support program capital costs, the moneys shall be allocated
24 according to rules adopted by the department of economic
25 development pursuant to chapter 17A. In order to receive such
26 moneys, a program agreement approved by the board must be in
27 place, program capital cost requests shall be approved by the
28 Iowa economic development board created in section 15.103,
29 program capital cost requests shall be approved or denied not
30 later than sixty days following receipt of the request by the
31 department of economic development, and employer contributions
32 toward program capital costs shall be certified and agreed to
33 in the agreement.

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EXPLANATION

35 This bill creates a regents accelerated career education

1 program and provides job program tax credits.

2 The bill provides that a university, defined as an
3 institution of higher learning under the control of the state
4 board of regents, may enter into an agreement with an employer
5 to establish a regents accelerated career education program.
6 The bill provides that a program shall be developed by an
7 employer, a university, and any employee of an employer who
8 represents a program job. The bill requires certain filing
9 and notice requirements when an agreement is entered into. A
10 program job is a high technology job available from an
11 employer pursuant to a program agreement. A high technology
12 job is a job in the area of advanced manufacturing,
13 biotechnology, internet technology, engineering, health care,
14 or life sciences.

15 The bill requires an agreement to provide for program
16 costs, including deferred costs, which may be paid from
17 program job credits the employer receives based on the number
18 of program job positions agreed to by the employer to be
19 available under the agreement, cash or in-kind contributions
20 by the employer toward the program cost, tuition, student
21 fees, or special charges fixed by the board to defray program
22 costs, or a guarantee by the employer of payments to be
23 received. The bill requires an agreement to include a
24 provision which specifies the type and amount of funding
25 sources which shall be used to pay for program costs and a
26 provision that describes program services and schedules for
27 implementation. The bill limits the term of an agreement to a
28 term not exceeding five years from the date of the agreement.
29 An agreement may be renewed. The bill provides that the
30 employer shall agree to interview graduating participants for
31 full-time positions with the employer and to provide future
32 hiring preferences to graduates of the regents accelerated
33 career education program provided for in the agreement. The
34 bill provides that if an employer has more than four sponsored
35 participants in the program, the employer shall agree to offer

1 a program job position of full-time employment to at least 25
2 percent of those participants who successfully complete the
3 program. The bill provides that an agreement shall provide
4 for a wage level of no less than 200 percent of the federal
5 poverty level for a family of two. The bill provides that an
6 agreement shall allow an employer to decline to satisfy
7 certain provisions in an agreement if the employer experiences
8 an economic downturn. The bill provides that participants
9 shall agree to interview with the employer following
10 completion of the regents accelerated career education
11 program.

12 The bill provides that an agreement may include a provision
13 for program job credits based on program jobs identified in
14 the agreement. The bill provides that eligibility for program
15 job credits shall be based on certification of program job
16 positions and program job wages by the employer at the time
17 established in the agreement. An amount up to 10 percent of
18 the gross program job wage as certified by the employer in the
19 agreement shall be credited from the total payment made by an
20 employer as withholding from income tax. The bill provides
21 that an employer shall receive a credit against all
22 withholding taxes due by the employer regardless of whether
23 the withholding from the employer of current program job wages
24 is less than 10 percent. The employer shall remit the amount
25 of the credit quarterly to the university to be allocated to a
26 special fund of the university to pay, in part, the program
27 costs. The bill provides that when the program costs have
28 been paid, the employer credits shall cease and any moneys
29 received after the program costs have been paid shall be
30 remitted to the treasurer of state to be deposited in the
31 general fund of the state.

32 The bill provides that the total amount of program job
33 credits from all employers which shall be allocated for all
34 regents accelerated career education programs in the state in
35 any one fiscal year shall not exceed the sum of \$1 million

1 each fiscal year for the fiscal period beginning July 1, 2006,
2 and ending June 30, 2016. The bill provides that for the
3 fiscal period beginning July 1, 2006, and ending June 30,
4 2016, the department of economic development shall divide
5 equally among the universities 30 percent of the program job
6 credits available each fiscal year for allocation to each
7 university to be used to provide funding for approved
8 programs. If any portion of the allocation to a university
9 has not been committed by April 1 of the fiscal year for which
10 the allocation is made, the uncommitted portion is available
11 for use by other universities. The bill provides that once a
12 university has committed its allocation for any fiscal year,
13 the university may receive additional program job credit
14 allocations from those program job credits authorized and
15 still available for that fiscal year.

16 The bill requires the department of economic development to
17 administer the statewide allocations of program job credits to
18 regents accelerated career education programs.

19 The bill requires all participants in a regents accelerated
20 career education program to be included in the customer
21 tracking system implemented by the department of workforce
22 development following program completion.

23 The bill provides that if moneys are appropriated by the
24 general assembly to support program capital costs, the moneys
25 shall be allocated according to rules adopted by the
26 department of economic development.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2608 - Graduate Education Job Training Fund (LSB 6205 HV)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2608 creates a University Technology Career Education Program and provides Program job tax credits.

A university under the control of the State Board of Regents, or a private college or university, may enter into an Agreement with an employer to establish a program. A program job is a high technology job available from an employer pursuant to a program. A high technology job is a job in the area of advanced manufacturing, biotechnology, information technology, engineering, health care, or life sciences.

The Bill provides that an employer will receive a credit against all withholding taxes due by the employer regardless of whether the withholding from the employer of current Program job wages is less than 10.0%. The employer will remit the amount of the credit quarterly to the university to be allocated to a special fund of the university to pay, in part, the Program costs. The Bill provides that when the Program costs have been paid, the employer credits will cease and any moneys received after the Program costs have been paid will be remitted to the Treasurer of State to be deposited in the General Fund.

The Bill provides that the total amount of Program job credits to be allocated for the Program in any one fiscal year is not to exceed \$1.2 million for FY 2007 through FY 2016.

The Department of Economic Development (DED) will divide equally among the Regents universities 80.0% of the Program job credits available each fiscal year, and 20.0% of the credits will be allocated to private colleges and universities in this State. If any portion of the allocation to a university has not been committed by April 1 of the fiscal year, the uncommitted portion is available for use by other universities.

The Bill requires all participants in a program to be included in the customer tracking system implemented by the Department of Workforce Development following Program completion.

Assumptions

1. The maximum University Technology Career Education Program tax credit of \$1.2 million will be allocated and utilized each fiscal year 2007 through 2016.
2. The Program will become operational by January 2007.
3. The number of Program jobs that will be impacted is unknown.
4. The DED and the three State Universities will each utilize a half-time person to administer the Program, for a total of 2.0 new FTE positions.
5. The Customer Tracking System will require minimal expenditures.
6. The Agreement will provide for funding of Program costs from any of the following:
 - a. Program Job Credits provided the employer.
 - b. Cash or in-kind contributions by the employer.
 - c. Tuition, student fees, or special charges.

Fiscal Impact

House File 2608 will reduce General Fund revenue by an estimated \$600,000 in FY 2007, \$1.8 million in FY 2008, and \$1.2 million annually beginning with FY 2009 and the following seven years, for a total reduction in revenue of \$12.0 million.

The annual \$107,000 cost for 2.0 FTE positions and related expenses will be provided in the Agreements.

Sources

Iowa Department of Economic Development
Iowa Department of Workforce Development

/s/ Holly M. Lyons

March 8, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
