

# Senate Study Bill 3209

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CO=CHAIRPERSONS BRUNKHORST  
AND HATCH)

Passed Senate, Date \_\_\_\_\_ Passed House, 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:  
4 TLSB 6205SC 81  
5 tm/gg/14

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1 1 Section 1. NEW SECTION. 260H.1 TITLE.  
1 2 This chapter shall be known and may be cited as the  
1 3 "Regents Accelerated Career Education Program Act".  
1 4 Sec. 2. NEW SECTION. 260H.2 DEFINITIONS.  
1 5 As used in this chapter, unless the context otherwise  
1 6 requires:  
1 7 1. "Agreement" means a program agreement referred to in  
1 8 section 260H.3 between an employer and a university.  
1 9 2. "Board" means the state board of regents created in  
1 10 chapter 262.  
1 11 3. "Employee" means a person employed in a program job.  
1 12 4. "Employer" means a business or consortium of businesses  
1 13 engaged in interstate or intrastate commerce for the purpose  
1 14 of manufacturing, processing, or assembling products,  
1 15 construction, conducting research and development, or  
1 16 providing services in interstate or intrastate commerce, but  
1 17 excludes retail services.  
1 18 5. "High technology job" means a job in the area of  
1 19 advanced manufacturing, biotechnology, or life sciences.  
1 20 6. "Participant" means an individual who is enrolled in a  
1 21 regents accelerated career education program at a university.  
1 22 7. "Participant position" means the individual student  
1 23 enrollment position available in a regents accelerated career  
1 24 education program.  
1 25 8. "Program capital costs" includes but is not limited to  
1 26 costs related to any or all of the following:  
1 27 a. Classroom and laboratory renovation.  
1 28 b. New classroom and laboratory construction.  
1 29 c. Site acquisition or preparation.  
1 30 d. Instructional equipment and technology.  
1 31 9. "Program costs" means all necessary and incidental  
1 32 costs of providing program services.  
1 33 10. "Program job" means a high technology job available  
1 34 from an employer pursuant to a program agreement.  
1 35 11. "Program job credit" means the credit as provided in  
2 1 section 260H.5.  
2 2 12. "Program job position" means a job position which is  
2 3 planned or available for an employee by the employer pursuant  
2 4 to a program agreement.  
2 5 13. "Program services" includes but is not limited to all  
2 6 of the following provided they are pursuant to a program  
2 7 agreement:  
2 8 a. Program needs assessment and development.  
2 9 b. Job task analysis.  
2 10 c. Curriculum development and revision.  
2 11 d. Instruction.  
2 12 e. Instructional materials and supplies.  
2 13 f. Computer software and upgrades.  
2 14 g. Instructional support.  
2 15 h. Administrative and student services.

2 16 i. Related school-to-career training programs.  
2 17 j. Skill or career interest assessment services and  
2 18 testing.  
2 19 k. Contracted services.

2 20 14. "Regents accelerated career education program" means a  
2 21 program established pursuant to section 260H.3.  
2 22 15. "University" means an institution of higher learning  
2 23 under the control of the state board of regents.

2 24 Sec. 3. NEW SECTION. 260H.3 PROGRAM AGREEMENTS.  
2 25 1. A university may enter into an agreement with an  
2 26 employer to establish a regents accelerated career education  
2 27 program. The program shall be developed by an employer, a  
2 28 university, and any employee of an employer who represents a  
2 29 program job. If a bargaining agreement is in place, a  
2 30 representative of the employee bargaining unit shall also take  
2 31 part in the development of the program.  
2 32 2. An agreement may include reasonable and necessary  
2 33 provisions to implement the regents accelerated career  
2 34 education program. If an agreement that utilizes program job  
2 35 credits is entered into, the university and the employer shall  
3 1 notify the department of revenue as soon as possible. The  
3 2 university shall also file a copy of the agreement with the  
3 3 department of economic development as required in section  
3 4 260H.6. The agreement shall provide for program costs,  
3 5 including deferred costs, which may be paid from any of the  
3 6 following sources:  
3 7 a. Program job credits which the employer receives based  
3 8 on the number of program job positions agreed to by the  
3 9 employer to be available under the agreement.  
3 10 b. Cash or in-kind contributions by the employer toward  
3 11 the program cost. At a minimum, the employer contribution  
3 12 shall be twenty percent of the program costs.  
3 13 c. Tuition, student fees, or special charges fixed by the  
3 14 board to defray program costs.  
3 15 d. A guarantee by the employer of payments to be received  
3 16 under paragraphs "a" and "b".  
3 17 3. An agreement shall include a provision which specifies  
3 18 the type and amount of funding sources which shall be used to  
3 19 pay for program costs.  
3 20 4. An agreement shall describe program services and  
3 21 schedules for implementation.  
3 22 5. The term of an agreement shall not exceed five years  
3 23 from the date of the agreement. However, the agreement may be  
3 24 renewed.  
3 25 6. As part of an agreement, the employer shall agree to  
3 26 interview graduating participants, who are not full-time  
3 27 employees, for full-time positions with the employer and to  
3 28 provide future hiring preferences to graduates of the regents  
3 29 accelerated career education program provided for in the  
3 30 agreement.  
3 31 7. As part of an agreement, if an employer has more than  
3 32 four sponsored participants in the program, the employer shall  
3 33 agree to offer a program job position of full-time employment  
3 34 to at least twenty-five percent of those participants who  
3 35 successfully complete the program. A sponsored participant  
4 1 who is a full-time employee shall be considered to have been  
4 2 offered a job for purposes of determining the twenty-five  
4 3 percent requirement.  
4 4 8. An agreement shall provide for a wage level of no less  
4 5 than two hundred percent of the federal poverty level for a  
4 6 family of two as defined by the most recently revised poverty  
4 7 income guidelines as published by the United States department  
4 8 of health and human services at the time the agreement is  
4 9 entered into. The wage level shall be recertified for each  
4 10 year provided in the agreement on the anniversary of the  
4 11 effective date of the agreement.  
4 12 9. An agreement shall allow an employer to decline to  
4 13 satisfy any provisions in the agreement relating to  
4 14 subsections 6 and 7 if an employer experiences an economic  
4 15 downturn. For purposes of this subsection, "economic  
4 16 downturn" may include a layoff of existing employees, reduced  
4 17 employment levels, increased inventories, or reduced sales, if  
4 18 specified in the agreement.  
4 19 10. Participants shall agree to interview with the  
4 20 employer following completion of the regents accelerated  
4 21 career education program.  
4 22 11. An agreement shall provide for employer default  
4 23 procedures.

4 24 Sec. 4. NEW SECTION. 260H.4 PROGRAM ELIGIBILITY AND  
4 25 DESIGNATION.  
4 26 1. Any graduate level program at a university related to

4 27 the area of advanced manufacturing, biotechnology, or life  
4 28 sciences is eligible for designation and approval as a regents  
4 29 accelerated career education program by the board.

4 30 2. Program costs shall be calculated or recalculated on an  
4 31 annual basis based on the required program services and for a  
4 32 specific number of participant positions.

4 33 Sec. 5. NEW SECTION. 260H.5 PROGRAM JOB CREDITS FROM  
4 34 WITHHOLDING.

4 35 An agreement entered into under section 260H.3 may include  
5 1 a provision for program job credits based on program jobs  
5 2 identified in the agreement. If a program provides that part  
5 3 of the program costs are to be met by receipt of program job  
5 4 credits, the method to be used shall be as follows:

5 5 1. Program job credits shall be based upon the program job  
5 6 positions identified and agreed to in the agreement.

5 7 2. Eligibility for program job credits shall be based on  
5 8 certification of program job positions and program job wages  
5 9 by the employer at the time established in the agreement. An  
5 10 amount up to ten percent of the gross program job wage as  
5 11 certified by the employer in the agreement shall be credited  
5 12 from the total payment made by an employer pursuant to section  
5 13 422.16. The employer shall receive a credit against all  
5 14 withholding taxes due by the employer regardless of whether or  
5 15 not the withholding from the employer of current program job  
5 16 wages is less than ten percent. The employer shall remit the  
5 17 amount of the credit quarterly, in the same manner as  
5 18 withholding payments are reported to the department of  
5 19 revenue, to the university to be allocated to and, when  
5 20 collected, paid into a special fund of the university to pay,  
5 21 in part, the program costs. When the program costs have been  
5 22 paid, the employer credits shall cease and any moneys received  
5 23 after the program costs have been paid shall be remitted to  
5 24 the treasurer of state to be deposited in the general fund of  
5 25 the state.

5 26 3. The employer shall certify to the department of revenue  
5 27 that the program job credit is in accordance with the  
5 28 agreement and shall provide other information the department  
5 29 may require.

5 30 4. A university shall certify to the department of revenue  
5 31 that the amount of the program job credit is in accordance  
5 32 with an agreement and shall provide other information the  
5 33 department may require.

5 34 5. Employees from an employer participating in an  
5 35 agreement shall receive full credit for the amount withheld as  
6 1 provided in section 422.16.

6 2 Sec. 6. NEW SECTION. 260H.6 MAXIMUM STATEWIDE PROGRAM  
6 3 JOB CREDIT.

6 4 1. The total amount of program job credits from all  
6 5 employers which shall be allocated for all regents accelerated  
6 6 career education programs in the state in any one fiscal year  
6 7 shall not exceed the sum of one million dollars each fiscal  
6 8 year for the fiscal period beginning July 1, 2006, and ending  
6 9 June 30, 2016. A university shall file a copy of each  
6 10 agreement with the department of economic development. The  
6 11 department shall maintain an annual record of the proposed  
6 12 program job credits under each agreement for each fiscal year.  
6 13 Upon receiving a copy of an agreement, the department shall  
6 14 allocate any available amount of program job credits to the  
6 15 university according to the agreement sufficient for the  
6 16 fiscal year and for the term of the agreement. When the total  
6 17 available program job credits are allocated for a fiscal year,  
6 18 the department shall notify all universities that the maximum  
6 19 amount has been allocated and that further program job credits  
6 20 will not be available for the remainder of the fiscal year.  
6 21 Once program job credits have been allocated to a university,  
6 22 the full allocation shall be received by the university  
6 23 throughout the fiscal year and for the term of the agreement  
6 24 even if the statewide program job credit maximum amount is  
6 25 subsequently allocated and used.

6 26 2. For the fiscal period beginning July 1, 2006, and  
6 27 ending June 30, 2016, the department of economic development  
6 28 shall divide equally among the universities thirty percent of  
6 29 the program job credits available each fiscal year for  
6 30 allocation to each university to be used to provide funding  
6 31 for approved programs. If any portion of the allocation to a  
6 32 university under this subsection has not been committed by  
6 33 April 1 of the fiscal year for which the allocation is made,  
6 34 the uncommitted portion is available for use by other  
6 35 universities. Once a university has committed its allocation  
7 1 for any fiscal year under this subsection, the university may  
7 2 receive additional program job credit allocations from those

7 3 program job credits authorized and still available for that  
7 4 fiscal year.

7 5 Sec. 7. NEW SECTION. 260H.7 FACILITATOR.

7 6 The department of economic development shall administer the  
7 7 statewide allocations of program job credits to regents  
7 8 accelerated career education programs. The department shall  
7 9 collect data related to the programs and prepare an annual  
7 10 report regarding the activities of the programs during the  
7 11 previous fiscal year. The report shall be submitted to the  
7 12 governor and the general assembly by December 31 of each year.

7 13 Sec. 8. NEW SECTION. 260H.8 CUSTOMER TRACKING SYSTEM.

7 14 All participants in a regents accelerated career education  
7 15 program shall be included in the customer tracking system  
7 16 implemented by the department of workforce development  
7 17 pursuant to section 84A.5 following program completion.

7 18 Sec. 9. NEW SECTION. 260H.9 PROGRAM CAPITAL FUNDS  
7 19 ALLOCATION.

7 20 If moneys are appropriated by the general assembly to  
7 21 support program capital costs, the moneys shall be allocated  
7 22 according to rules adopted by the department of economic  
7 23 development pursuant to chapter 17A. In order to receive such  
7 24 moneys, a program agreement approved by the board must be in  
7 25 place, program capital cost requests shall be approved by the  
7 26 Iowa economic development board created in section 15.103,  
7 27 program capital cost requests shall be approved or denied not  
7 28 later than sixty days following receipt of the request by the  
7 29 department of economic development, and employer contributions  
7 30 toward program capital costs shall be certified and agreed to  
7 31 in the agreement.

#### 7 32 EXPLANATION

7 33 This bill creates a regents accelerated career education  
7 34 program and provides job program tax credits.

7 35 The bill provides that a university, defined as an  
8 1 institution of higher learning under the control of the state  
8 2 board of regents, may enter into an agreement with an employer  
8 3 to establish a regents accelerated career education program.  
8 4 The bill provides that a program shall be developed by an  
8 5 employer, a university, and any employee of an employer who  
8 6 represents a program job. The bill requires certain filing  
8 7 and notice requirements when an agreement is entered into. A  
8 8 program job is a high technology job available from an  
8 9 employer pursuant to a program agreement. A high technology  
8 10 job is a job in the area of advanced manufacturing,  
8 11 biotechnology, or life sciences.

8 12 The bill requires an agreement to provide for program  
8 13 costs, including deferred costs, which may be paid from  
8 14 program job credits the employer receives based on the number  
8 15 of program job positions agreed to by the employer to be  
8 16 available under the agreement, cash or in-kind contributions  
8 17 by the employer toward the program cost, tuition, student  
8 18 fees, or special charges fixed by the board to defray program  
8 19 costs, or a guarantee by the employer of payments to be  
8 20 received. The bill requires an agreement to include a  
8 21 provision which specifies the type and amount of funding  
8 22 sources which shall be used to pay for program costs and a  
8 23 provision that describes program services and schedules for  
8 24 implementation. The bill limits the term of an agreement to a  
8 25 term not exceeding five years from the date of the agreement.  
8 26 An agreement may be renewed. The bill provides that the  
8 27 employer shall agree to interview graduating participants for  
8 28 full-time positions with the employer and to provide future  
8 29 hiring preferences to graduates of the regents accelerated  
8 30 career education program provided for in the agreement. The  
8 31 bill provides that if an employer has more than four sponsored  
8 32 participants in the program, the employer shall agree to offer  
8 33 a program job position of full-time employment to at least 25  
8 34 percent of those participants who successfully complete the  
8 35 program. The bill provides that an agreement shall provide  
9 1 for a wage level of no less than 200 percent of the federal  
9 2 poverty level for a family of two. The bill provides that an  
9 3 agreement shall allow an employer to decline to satisfy  
9 4 certain provisions in an agreement if the employer experiences  
9 5 an economic downturn. The bill provides that participants  
9 6 shall agree to interview with the employer following  
9 7 completion of the regents accelerated career education  
9 8 program.

9 9 The bill provides that an agreement may include a provision  
9 10 for program job credits based on program jobs identified in  
9 11 the agreement. The bill provides that eligibility for program  
9 12 job credits shall be based on certification of program job  
9 13 positions and program job wages by the employer at the time

9 14 established in the agreement. An amount up to 10 percent of  
9 15 the gross program job wage as certified by the employer in the  
9 16 agreement shall be credited from the total payment made by an  
9 17 employer as withholding from income tax. The bill provides  
9 18 that an employer shall receive a credit against all  
9 19 withholding taxes due by the employer regardless of whether  
9 20 the withholding from the employer of current program job wages  
9 21 is less than 10 percent. The employer shall remit the amount  
9 22 of the credit quarterly to the university to be allocated to a  
9 23 special fund of the university to pay, in part, the program  
9 24 costs. The bill provides that when the program costs have  
9 25 been paid, the employer credits shall cease and any moneys  
9 26 received after the program costs have been paid shall be  
9 27 remitted to the treasurer of state to be deposited in the  
9 28 general fund of the state.

9 29 The bill provides that the total amount of program job  
9 30 credits from all employers which shall be allocated for all  
9 31 regents accelerated career education programs in the state in  
9 32 any one fiscal year shall not exceed the sum of \$1 million  
9 33 each fiscal year for the fiscal period beginning July 1, 2006,  
9 34 and ending June 30, 2016. The bill provides that for the  
9 35 fiscal period beginning July 1, 2006, and ending June 30,  
10 1 2016, the department of economic development shall divide  
10 2 equally among the universities 30 percent of the program job  
10 3 credits available each fiscal year for allocation to each  
10 4 university to be used to provide funding for approved  
10 5 programs. If any portion of the allocation to a university  
10 6 has not been committed by April 1 of the fiscal year for which  
10 7 the allocation is made, the uncommitted portion is available  
10 8 for use by other universities. The bill provides that once a  
10 9 university has committed its allocation for any fiscal year,  
10 10 the university may receive additional program job credit  
10 11 allocations from those program job credits authorized and  
10 12 still available for that fiscal year.

10 13 The bill requires the department of economic development to  
10 14 administer the statewide allocations of program job credits to  
10 15 regents accelerated career education programs.

10 16 The bill requires all participants in a regents accelerated  
10 17 career education program to be included in the customer  
10 18 tracking system implemented by the department of workforce  
10 19 development following program completion.

10 20 The bill provides that if moneys are appropriated by the  
10 21 general assembly to support program capital costs, the moneys  
10 22 shall be allocated according to rules adopted by the  
10 23 department of economic development.

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