

CHAPTER 96
THRIFT CERTIFICATES
S.F. 180

AN ACT relating to thrift certificates and their exemption from certain filing and registration requirements.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 536A.22, Code 1993, is amended to read as follows:
536A.22 THRIFT CERTIFICATES.

Licensed industrial loan companies may sell senior debt to the general public in the form of thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes or similar evidences of indebtedness. The total amount of such thrift certificates, installment thrift certificates, certificates of indebtedness, promissory notes or similar evidences of indebtedness outstanding and in the hands of the general public shall not at any time exceed ten times the total amount of capital, surplus, undivided profits and subordinated debt that gives priority to such securities of the issuing industrial loan company. The sale of such securities shall be is subject to the provisions of chapter 502 and rules adopted by the superintendent of banking pursuant to chapter 17A, and shall not be construed to be exempt by reason of the provisions of section 502.202, subsection 10, except that the sale of thrift certificates or installment thrift certificates which are redeemable by the holder either upon demand or within a period not in excess of one hundred eighty days five years are exempt from sections 502.201 and 502.602.

Approved May 4, 1993

CHAPTER 97

IOWA INVESTS PROGRAM — WELFARE REFORM AND RELATED MATTERS
S.F. 268

AN ACT creating an Iowa invests program and providing related provisions including applicability provisions, and effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I
IOWA INVESTS — IOWA COUNCIL ON HUMAN INVESTMENT

Section 1. NEW SECTION. 8A.2 IOWA COUNCIL ON HUMAN INVESTMENT.

An Iowa council on human investment is established to define a human service agenda for the state and to propose benchmarks for the strategic goals of the state identified by the council. The governor or the governor's designee shall be a member and chairperson of the council and the council shall consist of eight other members appointed by the governor, subject to confirmation by the senate. The appointments shall be made in a manner so that all of the state's congressional districts are represented along with the ethnic, cultural, social, and economic diversity of the state. Terms of office of members other than the governor are three years. Council members shall be reimbursed for actual and necessary expenses incurred in performance of their duties. Members may also be eligible to receive compensation as provided in section 7E.6. The governor shall assign staffing services to the council which may include the staff identified by the director of the department of management. The council shall do all of the following:

1. Develop an overall long-term human investment strategy for the state including broad policy goals and benchmarks which are goal statements reflecting specific results or achievements in public policy at a particular time in the future. The strategy shall be developed through a process involving input from and consensus-building with a broad cross-section of the state's population. Public hearings shall be held by the council in developing the strategy and benchmarks. The human investment strategy and benchmarks shall be submitted to the governor and the general assembly for a determination as to how the strategy and benchmarks will be set and achieved.

2. Develop an Iowa human investment budget and accounting model which provides a financial weighting of human investments. The budget and accounting model shall provide a means to reflect public and private investments in the skills and employability of Iowans. It is anticipated that the accounting system will indicate that human investments will generate returns in excess of the investments. The council shall implement the model on a pilot project basis and report annually concerning the model and the pilot project to the governor, general assembly, and the public.

3. Study the potential for the state to appropriate moneys according to the highest return on human investment. The council shall recommend to the governor and the general assembly a method for fully implementing the human investment budget and accounting model developed pursuant to subsection 2. The model shall provide for incentives for state agencies to utilize appropriations in a manner in order to achieve the highest returns on human investments.

4. Develop and apply return on human investment accounting standards. The council shall monitor state human investments according to the standards it applies and regularly report to the governor, general assembly, and public concerning actual returns on human investment.

5. Advocate for regulatory and legislative initiatives for decategorization of funding and deregulation to improve human investment.

6. Educate the public, community agencies, and the general assembly concerning human investment principles and practices.

7. Conduct customer satisfaction surveys of the users of public services and utilize the information from the surveys in establishing returns on human investments and determining the effectiveness of the public programs.

Sec. 2. INITIAL APPOINTMENTS. The governor shall make the initial appointments as follows to the Iowa council on human investment created in section 8A.2:

1. Three members to a one-year term.
2. Three members to a two-year term.
3. Two members to a three-year term.

DIVISION II WELFARE REFORM

Sec. 3. WELFARE REFORM INITIATIVE. A welfare reform initiative is established involving the federal-state aid to dependent children program administered under chapter 239 and the federal-state job opportunities and basic skills (JOBS) program implemented under chapter 249C. The purpose of the initiative is to replace welfare provisions which encourage dependency with incentives for employment and self-sufficiency. The initiative includes specific provisions for work-and-earn incentives and for involving participants in family investment agreements. These provisions are expected to support individuals in making a transition from welfare to employment, to encourage savings, and to strengthen family stability.

The department of human services shall submit a waiver request or requests to the United States department of health and human services as necessary for federal authorization to implement the policy changes in the aid to dependent children, child care, and JOBS programs provided in this section. The department may submit a waiver request or requests to the United States department of agriculture to make changes in the federal food stamp program to correspond with the policy changes provided in this section. For the purposes of this section, the term "recipient" has the meaning provided in section 239.1 and the term "individual" means

a recipient, applicant, or other person whose income must be considered by the department. The welfare reform initiative shall include all of the following provisions:

1. Implementation of the following initiatives to encourage a recipient of aid to dependent children to make a transition to employment:

a. If an individual's earned income is considered by the department, the individual shall be allowed a work expense deduction equal to 20 percent of the earned income. The work expense deduction is intended to include all work-related expenses other than child day care. These expenses shall include but are not limited to all of the following: taxes, transportation, meals, uniforms, and other work-related expenses. However, the work expense deduction shall not be allowed for an individual who is subject to a penalty in accordance with administrative rules for failure to comply with program requirements.

b. If an individual's earned income is considered by the department, the individual shall be allowed a work-and-earn incentive. The incentive shall be equal to 50 percent of the amount of earned income remaining after all other deductions are applied. The department shall disregard the incentive amount when considering the earned income available to the individual. The incentive shall not have a time limit. The incentive shall replace the current time-limited incentive which provides for disregarding \$30 plus one-third of the earned income. The work-and-earn incentive shall not be withdrawn as a penalty for failure to comply with program requirements.

c. A family with a stepparent shall be allowed a child day care deduction for any children of the stepparent or the parent subject to the limits provided in applicable administrative rules.

d. If an individual begins employment but was unemployed at least 12 months before beginning employment and timely reports the earnings from the employment, the earnings shall be subject to an income disregard. This income disregard shall apply in determining the individual's eligibility and grant levels under the aid to dependent children program during the individual's first four months of employment. To be eligible for the income disregard, the employment must commence following the date of the individual's application for aid to dependent children. The department shall adopt rules defining the term "unemployed" for the purposes of this paragraph. The income disregard shall not be withdrawn as a penalty for failure to comply with program requirements.

e. If an individual has timely reported an absence of income to the department, consideration of the individual's income shall cease beginning in the first month the income is absent. However, this provision shall not apply to an individual who has quit employment without good cause as defined in administrative rules.

f. Interest income shall be disregarded.

g. A determination of eligibility for the aid to dependent children unemployed parent program shall not include consideration of either parent's work history or which parent earned more during the 24 months prior to application for assistance under the program. The determination of eligibility shall not include consideration of either parent's number of hours of employment except to establish the date assistance would begin in accordance with administrative rules. However, both parents must participate in a family investment agreement required by this section and in work and training activities unless good cause not to participate is established in accordance with administrative rules. The department shall continue to deny eligibility for the unemployed parent program under provisions of section 239.2, subsection 3, paragraph "b" involving labor disputes or if either parent refuses to apply for or draw unemployment benefits.

h. The department shall disregard as income any moneys an individual deposits in an individual development account established pursuant to this Act.

2. Implementation of the following initiatives to encourage a recipient of aid to dependent children to accumulate assets and savings:

a. Revision in the current limitation involving consideration of the quantity and value of motor vehicles. In implementing this revision, the department shall disregard the first \$3,000 in equity value of a motor vehicle. Beginning July 1, 1994, and continuing in succeeding fiscal

years, the motor vehicle equity value disregarded by the department shall be increased by the latest increase in the consumer price index for used vehicles during the previous state fiscal year. This disregard shall be implemented for each adult and working teenager in a family. The amount of a motor vehicle's equity in excess of \$3,000 shall apply to the resource limitation established in paragraph "b".

b. The resource limitation for a family applying for aid to dependent children shall be \$2,000. The resource limitation for a recipient family shall be \$5,000.

c. The department shall disregard not more than \$10,000 of a self-employed individual's tools of the trade or capital assets in considering the individual's resources.

d. The department shall disregard any interest income and the balance of an individual development account established pursuant to this Act in considering an individual's resources.

3. The department shall establish a policy regarding the implementation of family investment agreements which limits the period of eligibility for aid to dependent children based upon the requirements of an individual family's plan for self-sufficiency. The policy shall require an individual family's plan to be specified in a family investment agreement between the family and the department. The department shall adopt rules to administer the policy. The components of the policy shall include but are not limited to all of the following:

a. PARTICIPATION. An individual shall be subject to a family investment agreement if the individual is a parent living in a home with a child for whom aid to dependent children is applied for or is provided. An individual must enter into a family investment agreement with the department unless any of the following conditions exists:

(1) The individual is a parent of a child who is less than six months of age. If both parents are in the child's home, this exception shall apply to only one parent. The department may require an individual who is a teenage parent with a child who is less than six months of age to participate in high school completion activities.

(2) The individual is working 30 hours or more per week.

(3) The individual is completely unable to participate in any option due to a disability.

b. AGREEMENT OPTIONS. A family investment agreement shall require an individual to participate in one or more of the following options. An individual's level of participation in one or more of the options shall be equivalent to the level of commitment required for full-time employment or shall be significant so as to move toward that level. The department shall adopt rules for each option defining requirements and establishing assistance provisions for child care and transportation. The options shall include but are not limited to all of the following:

(1) Full-time or part-time employment.

(2) Active job search.

(3) Participation in the JOBS program.

(4) Participation in other education or training programming.

(5) Participation in a family development and self-sufficiency grant program under section 217.12.

(6) Work experience placement.

(7) Unpaid community service. Community service shall be authorized in any nonprofit association which has been determined under section 501(c)(3) of the Internal Revenue Code to be exempt from taxation or in any government agency. Upon request, the department shall provide a listing of potential community service placements to an individual, however, an individual shall locate the individual's own placement and perform the number of hours required by the agreement. The individual shall file a monthly report with the department which is signed by the director of the community service placement verifying the community service hours performed by the individual during that month. The department shall develop a form for this purpose.

(8) If the individual participates in at least one other option, any other arrangement which would strengthen the individual's ability to be a better parent, including but not limited to participation in a parenting education program.

c. **PENALTIES.** If an individual fails to comply with the provisions of the individual's family investment agreement during the period of the agreement, JOBS program penalties shall be applied.

d. **COMPLETION OF AGREEMENT.** Upon the completion of the terms of the agreement, aid to dependent children assistance to a recipient covered by the agreement shall cease or be reduced in accordance with administrative rules. The department shall adopt rules to implement this paragraph and to determine when a family is eligible to reenter the aid to dependent children program.

e. **CONTRACTS.** The department of human services may contract with the department of employment services, department of economic development, or any other entity to provide services relating to a family investment agreement.

f. **INFORMATION DISCLOSURE.** The department may disclose confidential information described in section 217.30, subsection 1, to other state agencies or to any other entity which is not subject to the provisions of chapter 17A and is providing services to recipients who are subject to a family investment agreement, if necessary in order for the recipients to receive the services. The department shall adopt rules establishing standards for disclosure of confidential information if disclosure is necessary in order for recipients to receive services.

4. Implementation of the following provisions involving child day care assistance available to individuals who no longer receive aid to dependent children due to employment:

a. Extension of the eligibility period for transitional child care under section 239.21 from 12 months to 24 months.

b. The department shall automatically determine an individual's eligibility for other child day care assistance if the individual is not eligible for transitional child care or eligibility for transitional child care is exhausted.

5. If an individual received aid to dependent children in another state within one year of applying for assistance in this state the requirements of this subsection shall apply. Using the family size for which the individual's eligibility is determined, the department shall compare the standard grant payment amount the individual would be paid in the other state with the standard grant payment amount the individual would be paid in this state. For the period of one year from the date of applying for assistance in this state, the individual's grant shall be the lesser of the two amounts. The provisions of this subsection shall not apply to an individual who was previously a resident of this state before living in another state and receiving aid to dependent children or to an individual who has moved to this state to be near the individual's parent or sibling.

Sec. 4. **CONTINGENCY PROVISION.** The waiver request or requests submitted by the department of human services pursuant to section 3 of this Act to the United States department of health and human services shall be to apply the provisions of section 3 statewide. If federal waiver approval of a provision of section 3 of this Act is granted, the department of human services shall implement the provision in accordance with the federal approval. If a provision of this Act is in conflict with a provision of chapter 239 or 249C, notwithstanding that provision in chapter 239 or 249C, the provision of this Act shall be implemented and the department shall propose an amendment to chapter 239 or 249C to resolve the conflict.

Sec. 5. **EMERGENCY RULES.** The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 6. **APPLICABILITY.** If federal approval is granted, approved provisions of section 3, subsections 1, 2, 4, and 5, of this Act shall be implemented beginning July 1, 1993, and approved provisions of section 3, subsection 3 of this Act shall be implemented January 1, 1994, subject to the availability of funding.

Sec. 7. EFFECTIVE DATE. Sections 3 through 5 of this Act, being deemed of immediate importance, take effect upon enactment.

DIVISION III
JOBS PROGRAM INFORMATION

Sec. 8. Section 217.30, subsection 4, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. The department may disclose information described in subsection 1, to other state agencies or to any other person who is not subject to the provisions of chapter 17A and is providing services to recipients under chapter 239 who are participating in the federal-state job opportunities and basic skills program administered under chapter 249C, if necessary for the recipients to receive the services.

DIVISION IV
MENTORING

Sec. 9. NEW SECTION. 239.22 MENTORING.

A statewide mentoring program is established to recruit, screen, train, and match former recipients and other volunteers with current recipients in a mentoring relationship. The commission on the status of women of the department of human rights shall implement the program in collaboration with the departments of human services, economic development, employment services, and education. The availability of the program is subject to the funding appropriated for the purposes of the program.

Sec. 10. APPLICABILITY. For the fiscal year beginning July 1, 1993, and ending June 30, 1994, the mentoring program created in section 9 of this Act shall not be implemented statewide by the commission on the status of women but shall be implemented as a pilot program in a county or counties chosen by the commission.

DIVISION V

Sec. 11. IOWA WORKS.

1. The department of human services, in cooperation with the state human investment policy council or similar policy development group, shall analyze the welfare reform initiative known as "Iowa Works", including but not limited to all of the following components of the initiative:

a. The development of a guaranteed minimum income plan for persons who agree to participate in work training and employment, and who agree to transfer all welfare benefits and income to the state.

b. The provision of investment accounts to participating families, which become available when families leave the program and which can only be used for long-term investment purposes.

c. The decategorization of assistance programs including but not limited to aid to dependent children and food stamps.

d. The development of partnerships with local communities to provide the nonfederal share of JOBS funds.

e. The waiver of employers' unemployment taxes associated with hiring workers who participate in the initiative.

2. The components of the initiative described in subsection 1 shall be analyzed for both policy and fiscal implications and the analysis shall be completed by March 1, 1994. In addition, the department shall contact the United States department of health and human services and other appropriate federal agencies and departments to determine whether the initiative or portions of the initiative may be acceptable as a waiver to current federal regulations and policy. The analysis and any correspondence between the department and the federal government shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the standing committees on appropriations of the senate and

house of representatives at the time the analysis is completed or at the time the correspondence is sent or received. If the department determines that any portion of the initiative would be acceptable to the federal government and implementation would not require any additional state funding, the department may submit the initiative or portions of the initiative as part of other waiver requests to the federal government.

3. The department, in cooperation with the state human investment policy council or similar policy development group, shall continue to evaluate grants or waiver opportunities for other welfare reform initiatives such as child support assurance. The department may implement initiatives which are beneficial to the public if implementation does not require any additional state funding.

DIVISION VI WORKFORCE DEVELOPMENT

Sec. 12. NEW SECTION. 84B.1 WORKFORCE DEVELOPMENT CENTERS.

The departments of employment services and economic development, in consultation with the departments of education, elder affairs, human services, and human rights shall establish guidelines for colocating state and federal employment and training programs in centers providing services at the local level. The centers shall be known as workforce development centers. The departments shall also jointly establish an integrated management information system for linking the programs within a local center to the same programs within other local centers and to the state. The guidelines shall provide for local design and operation within the guidelines. The core services available at a center shall include but are not limited to all of the following:

1. **INFORMATION.** Provision of information shall include labor exchange and labor market information as well as career guidance and occupational information. Training and education institutions which receive state or federal funding shall provide to the centers consumer-related information on their programs, graduation rates, wage scales for graduates, and training program prerequisites. Information from local employers, unions, training programs, and educators shall be collected in order to identify demand industries and occupations. Industry and occupation demand information should be published as frequently as possible and be made available through centers.

2. **ASSESSMENT.** Individuals shall receive basic assessment regarding their own skills, interests, and related opportunities for employment and training. Assessments are intended to provide individuals with realistic information in order to guide them into training or employment situations. The basic assessment may be provided by the center or by existing service providers such as community colleges or by a combination of the two.

3. **TRAINING ACCOUNTS.** Training accounts may be established for both basic skill development and vocational or technical training. There shall be no training assistance or limited training assistance in those training areas a center has determined are oversupplied or are for general life improvement.

4. **REFERRAL TO TRAINING PROGRAMS OR JOBS.** Based upon individual assessments, a center shall provide individuals with referrals to other community resources, training programs, and employment opportunities.

5. **JOB DEVELOPMENT AND JOB PLACEMENT.** A center shall be responsible for job development activities and job placement services. A center shall seek to create a strong tie to the local job market by working with both business and union representatives.

Sec. 13. NEW SECTION. 258.18 SCHOOL-TO-WORK TRANSITION SYSTEM.

The departments of education, employment services, and economic development shall develop a statewide school-to-work transition system in consultation with local school districts, community colleges, and labor, business, and industry interests. Initially the development of the system shall focus upon youth apprenticeship and as development continues shall incorporate additional recommendations regarding expansion of other school-to-work opportunities for high school youths. The system shall be designed to attain the following objectives:

1. Motivate youths to stay in school and become productive citizens.
2. Set high standards by promoting higher academic performance levels.
3. Connect work and learning so that the classroom is linked to worksite learning and experience.
4. Ready students for work in order to improve their prospects for immediate employment after leaving school on paths that provide significant opportunity to continued education and career development.
5. Engage employers and workers by promoting their participation in the education of youth in order to ensure the development of a skilled, flexible, entry-level workforce.
6. Provide a framework to position the state to access federal resources for state youth apprenticeship systems and local programs.

**DIVISION VII
INDIVIDUAL DEVELOPMENT ACCOUNTS**

Sec. 14. Section 422.7, Code 1993, is amended by adding the following new subsection:
NEW SUBSECTION. 28. If the taxpayer is owner of an individual development account certified under chapter 541A at any time during the tax year the following adjustments shall be made:

- a. Subtract, to the extent included, all of the following:
 - (1) Contributions made to the account by persons and entities, other than the taxpayer, as authorized in chapter 541A.
 - (2) The amount of any savings refund authorized under section 541A.3, subsection 1.
 - (3) Earnings from the account to the extent not withdrawn.
- b. Add, to the extent not included, all of the following:
 - (1) Earnings from the account which are withdrawn.
 - (2) Amounts withdrawn which are not authorized by section 541A.2, subsection 4, paragraphs "a" and "b" and which are attributable to contributions by persons and entities, other than the taxpayer, as provided in section 541A.2, subsection 4.
 - (3) If the account is closed, amounts received by the taxpayer which have not previously been taxed under this division, except amounts that are redeposited in another individual development account, or the state human investment reserve pool as provided in section 541A.2, subsection 5, and including the total amount of any savings refund authorized under section 541A.3.

Sec. 15. Section 450.4, Code 1993, is amended by adding the following new subsection:
NEW SUBSECTION. 6. On property in an individual development account in the name of the decedent that passes to another individual development account, up to ten thousand dollars, or the state human investment reserve pool created in section 541A.4. For purposes of this subsection, "individual development account" means an account that has been certified as an individual development account pursuant to chapter 541A.

Sec. 16. **NEW SECTION.** 541A.1 DEFINITIONS.

For the purposes of this chapter, unless the context otherwise requires:

1. "Account holder" means an individual who is the owner of an individual development account.
2. "Administrator" means the executive branch agency selected by the governor to administer individual development accounts.
3. "Charitable contributor" means a nonprofit association described in section 501(c)(3) of the Internal Revenue Code which makes a deposit to an individual development account and which is exempt from taxation under section 501(a) of the Internal Revenue Code.
4. "Federal poverty level" means the first poverty income guidelines published in the calendar year by the United States department of health and human services.
5. "Financial institution" means a financial institution approved by the administrator as an investment mechanism for individual development accounts.

6. "Individual contributor" means an individual who makes a deposit to an individual development account and is not the account holder or a charitable contributor.

7. "Individual development account" means a financial instrument which is certified to have the characteristics described in section 541A.2 by the operating organization.

8. "Operating organization" means an agency selected by the administrator for involvement in operating individual development accounts directed to a specific target population.

9. "Reserve pool" means the state human investment reserve pool under the authority of the administrator created in section 541A.4.

10. "Source of principal" means any of the sources of a deposit to an individual development account under section 541A.2, subsection 2.

Sec. 17. NEW SECTION. 541A.2 INDIVIDUAL DEVELOPMENT ACCOUNTS.

A financial instrument known as an individual development account is established. An individual development account shall have all of the following characteristics:

1. The account is kept in the name of an individual account holder.

2. Deposits made to an individual development account shall be made in any of the following manners and are subject to the indicated conditions:

a. Deposits made by the account holder.

b. Deposits of a savings refund authorized under section 541A.3, subsection 1 due the account holder because of the account holder's deposits in the account holder's account.

c. Deposits of individual development account moneys which are transferred from another individual account holder.

d. A deposit made on behalf of the account holder by an individual or a charitable contributor. This type of deposit may include but is not limited to moneys to match the account holder's deposits. A deposit made under this paragraph shall be held in trust for the account holder and shall only be used to earn income in the account or to be withdrawn by the account holder for a purpose provided in subsection 4.

3. The account earns income.

4. During a calendar year, an account holder may withdraw without penalty from the account holder's account the sum of the following:

a. With the approval of the operating organization, amounts withdrawn for any of the following approved purposes:

(1) Educational costs at an accredited institution of higher education.

(2) Training costs for an accredited or licensed training program.

(3) Purchase of a primary residence.

(4) Capitalization of a small business start-up. Amounts withdrawn for purposes of this paragraph shall be charged to the source of principal on a prorated basis. Moneys transferred from another individual development account shall be considered to be a deposit made by the account holder for purposes of charges to the source of principal.

b. At the adult account holder's discretion any income earned by the account. An account holder who is ten or more but less than eighteen years of age may withdraw any income earned by the account with the approval of the account holder's parent or guardian and of the operating organization. If the account holder is less than ten years of age, any income earned by the account may be withdrawn by the account holder's parent or guardian with the approval of the operating organization.

c. At the account holder's discretion, if the account holder is at least fifty-nine and one-half years of age, any amount.

5. If an account holder is less than eighteen years of age, moneys shall not be withdrawn from the holder's account unless the withdrawal is authorized under subsection 4. If an account holder is eighteen or more years of age, any amount of the adjusted account holder deposits withdrawn during a calendar year which is not authorized under subsection 4, is subject to a penalty of fifteen percent. In addition, if at any time the cumulative amount withdrawn by the account holder over the life of the account that is not authorized under subsection 4 exceeds fifty percent of the amount of the adjusted account holder deposits, the contributions made

by a charitable or individual contributor held in trust in the account holder's account shall be removed from the account and redeposited in another individual development account or the reserve pool as directed by the contributor and deposits made by the state of a savings refund authorized under section 541A.3, subsection 1 shall be withdrawn and deposited in the reserve pool. The amount of the adjusted account holder deposits is the amount remaining after subtracting from the cumulative moneys deposited by the account holder all amounts withdrawn pursuant to subsection 4, paragraph "a". At the time a charitable or individual contributor contributes moneys to an account the contributor shall indicate the contributor's directions for disposition of moneys which are removed. If the designated choice of the contributor does not exist the contributed moneys shall be withdrawn and deposited in the reserve pool.

6. Penalty amounts collected pursuant to subsection 5 shall be deposited in the reserve pool.

7. An adult account holder may transfer all or part of the assets the adult account holder has deposited in the account to any other account holder's account. However, an account holder who is less than eighteen years of age is prohibited from transferring account assets to any other account holder. Moneys contributed by a charitable or individual contributor are not subject to transfer except as authorized by the contributor. Amounts transferred in accordance with this subsection are not subject to a penalty.

8. If approved by the federal government, moneys in an individual development account and any earnings on the moneys shall not be considered by the department of human services for determining the eligibility of an individual under the family investment program under chapter 239 or the work and training program under chapter 249C.

9. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder. If the named beneficiary or transferee is deceased or otherwise cannot accept the transfer, the moneys shall be transferred to the reserve pool.

10. The total amount of sources of principal which may be in an individual development account shall be limited to fifty thousand dollars.

Sec. 18. NEW SECTION. 541A.3 INDIVIDUAL DEVELOPMENT ACCOUNTS – REFUND AND TAX PROVISIONS.

All of the following state tax provisions shall apply to an individual development account:

1. Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another account shall not be considered an account holder deposit for purposes of determining a savings refund. Payment shall be made directly to the account in the most appropriate manner as determined by the administrator. The state savings refund shall be the indicated percentage of the amount deposited:

a. For an account holder with a household income, as defined in section 425.17, subsection 6, which is less than one hundred fifty percent of the federal poverty level, twenty percent.

b. For an account holder with a household income which is one hundred fifty percent or more but less than one hundred sixty percent of the federal poverty level, eighteen percent.

c. For an account holder with a household income which is one hundred sixty percent or more but less than one hundred seventy percent of the federal poverty level, sixteen percent.

d. For an account holder with a household income which is one hundred seventy percent or more but less than one hundred eighty percent of the federal poverty level, fourteen percent.

e. For an account holder with a household income which is one hundred eighty percent or more but less than one hundred ninety percent of the federal poverty level, twelve percent.

f. For an account holder with a household income which is one hundred ninety percent or more but less than two hundred percent of the federal poverty level, ten percent.

g. For an account holder with a household income which is two hundred percent or more of the federal poverty level, zero percent.

2. Income earned by an individual development account is not subject to tax until withdrawn.

3. Amounts transferred between individual development accounts are not subject to state tax.

4. The administrator shall work with the United States secretary of the treasury and the state's congressional delegation as necessary to secure an exemption from federal taxation for individual development accounts and the earnings on those accounts. The administrator shall report annually to the governor and the general assembly concerning the status of federal approval.

5. The administrator shall coordinate the filing of claims for savings refunds authorized under subsection 1, between account holders, operating organizations, and the department of revenue and finance. Claims approved by the administrator may be paid by the department of revenue and finance to each account or for an aggregate amount for distribution to the accounts in a particular financial institution, depending on the efficiency for issuing the refunds. Claims shall be initially filed with the administrator on or before a date established by the administrator.

Sec. 19. NEW SECTION. 541A.4 INDIVIDUAL DEVELOPMENT ACCOUNT – PILOT PHASE.

A state human investment reserve pool is created in the state treasury under the authority of the administrator. The governor shall name an executive branch agency as administrator to have authority over the reserve pool. Interest on moneys in the reserve pool shall remain in the reserve pool and notwithstanding sections 8.33 and 8.39, moneys in the reserve pool are not subject to reversion or transfer. Moneys in the reserve pool shall be used for administrative expenses of the administrator. The administrator shall perform all of the following duties or may delegate the performance of the duties to a suitable entity in administering the individual development accounts:

1. For the five-year pilot phase period beginning March 1, 1994, and ending February 28, 1999, the total number of individual development accounts shall be limited to ten thousand accounts, with not more than five thousand accounts in the first calendar year of the period, and to individuals with a household income which does not exceed two hundred percent of the federal poverty level. The administrator shall ensure that the family income status of account holders at the time an account is opened proportionately reflects the distribution of the household income status of the state's population up to two hundred percent of the federal poverty level.

2. Issue a request for proposals for operating organizations to be involved with the operation of individual development accounts on behalf of a specific target population. The administrator shall determine the review criteria used to select operating organizations. The initial review criteria used to evaluate organizations' proposed projects and requirements associated with operating organizations shall include but are not limited to all of the following:

a. Provision of a safe and secure investment mechanism for the individual development accounts utilizing a financial institution approved by the administrator.

b. The proposed project has a strong relationship to goals established by other initiatives deemed a priority by the administrator.

c. The proposed project links the making of an account holder's contributions to an individual development account with other services or outcomes identified by the operating organization in the proposal. The proposed project includes mechanisms for the operating organization to monitor and enforce the identified outcomes and services.

d. The operating organization is capable of performing the project as proposed. Minimum capabilities shall include an ability to provide financial counseling, familiarity and ability to work with the proposed target population, and a strong record of successful management.

e. The operating organization proposes to provide a significant amount of matching funds for individual development accounts.

f. The proposal includes a monitoring and evaluation plan for certifying the proposed project's outcomes.

g. The responsibilities of an operating organization shall include but are not limited to all of the following:

(1) Certifying that a financial instrument is an individual development account based upon its having the characteristics described in section 541A.2.

(2) Certifying the income status and the amount of contributions to an individual development account by an account holder during a tax year which are eligible for a savings refund authorized under section 541A.3, subsection 1.

(3) Calculating the adjusted contribution principal amounts for the account holder, state, and individual and charitable contributors as required for purposes of section 541A.2, subsections 4 and 5.

3. Utilizing guidelines established in law for this purpose, the administrator shall contract for an independent evaluation of the implementation of the individual development accounts. The evaluation shall consider the following: implementation and process used for the implementation, program impact, and financial effectiveness.

Sec. 20. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. Sections 14 and 15 of this Act are effective January 1, 1994. Section 14 applies to tax years beginning on or after January 1, 1994. Section 15 applies to decedents dying on or after January 1, 1994.

DIVISION VIII IOWA NETWORK INITIATIVE

Sec. 21. IOWA NETWORK INITIATIVES. The Wallace technology transfer foundation, in cooperation with the department of economic development, shall establish a statewide initiative to encourage businesses to develop cooperative networks. The statewide initiative may include but is not limited to all of the following:

1. A plan to educate businesses and the public on the nature of the international challenge Iowa faces, and the ways in which network activities have been used elsewhere to enhance competitiveness.

2. Training for individuals to act as brokers in helping to organize networks.

3. Establishing programs for networks to study or implement specific collaborative ideas.

4. Conducting surveys of Iowa employer practices designed to attract and encourage high performance work organizations.

DIVISION IX FAMILY INVESTMENT PROGRAM

Sec. 22. Section 10A.202, subsection 1, paragraph a, Code 1993, is amended to read as follows:

a. Hearings and appeals relative to foster care facilities, child day care facilities, administration of the state medical assistance program, administration of the state supplementary assistance program, administration of the food stamps program, and administration of the ~~aid to dependent children program~~ family investment program, and other programs administered by the department of human services. Decisions of the division in these areas are subject to review by the department of human services.

Sec. 23. Section 10A.402, subsection 7, Code 1993, is amended to read as follows:

7. Investigations relative to the administration of the state supplemental assistance program, the state medical assistance program, the food stamp program, the ~~aid to dependent children program~~ family investment program, and any other state or federal benefit assistance program.

Sec. 24. Section 217.8, Code 1993, is amended to read as follows:

217.8 DIVISION OF CHILD AND FAMILY SERVICES.

The administrator of the division of child and family services shall be qualified by training, experience, and education in the field of welfare and social problems. The administrator is charged with the administration of programs involving neglected, dependent and delinquent children, child welfare, ~~aid to dependent children~~, family investment program, and aid to disabled persons and shall administer and be in control of other related programs established for the general welfare of families, adults and children as directed by the director.

Sec. 25. Section 217.11, subsection 8, Code 1993, is amended to read as follows:

8. Two recipients or former recipients of the ~~aid to dependent children program~~ family investment program, selected by the other members of the committee.

Sec. 26. Section 217.12, subsection 1, subsection 3, paragraph a, and subsection 8, Code 1993, are amended to read as follows:

1. Identify the factors and conditions that place Iowa families at risk of long-term dependency upon the ~~aid to dependent children program~~ family investment program. The council shall seek to use relevant research findings and national and Iowa specific data on the ~~aid to dependent children program~~ family investment program.

a. Designation of families to be served that meet some criteria of being at risk of long-term welfare dependency, and agreement to serve clients that are referred by the department of human services from the ~~aid to dependent children program~~ family investment program which meet the criteria. The criteria may include, but are not limited to, factors such as educational level, work history, family structure, age of the youngest child in the family, previous length of stay on the ~~aid to dependent children program~~ family investment program, and participation in the ~~aid to dependent children program~~ family investment program or the foster care program while the head of a household was a child. Grant proposals shall also establish the number of families to be served under the demonstration program.

8. Evaluate and make recommendations regarding the costs and benefits of the expansion of the services provided under the special needs program of the ~~aid to dependent children program~~ family investment program to include tuition for parenting skills programs, family support and counseling services, child development services, and transportation and child care expenses associated with the programs and services.

Sec. 27. Section 222.78, Code 1993, is amended to read as follows:

222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

The father and mother of any person admitted or committed to a hospital-school or to a special unit, as either an inpatient or an outpatient, and any person, firm, or corporation bound by contract hereafter made for support of ~~such~~ the person shall be and remain liable for the support of ~~such~~ the person. ~~Such~~ The person and those legally bound for the support of the person shall be liable to the county for all sums advanced by the county to the state under the provisions of sections 222.60 and 222.77. The liability of any person, other than the patient, who is legally bound for the support of any patient under eighteen years of age in a hospital-school or a special unit shall in no instance exceed the average minimum cost of the care of a normally intelligent, nonhandicapped minor of the same age and sex as ~~such~~ the minor patient. The administrator shall establish the scale for this purpose but the scale shall not exceed the standards for personal allowances established by the state division under the ~~aid to dependent children program~~ family investment program. Provided further that the father or mother of ~~such~~ the person shall not be liable for the support of ~~such~~ the person after ~~such~~ the person attains the age of eighteen years and that the father or mother shall incur liability only during any period when the father or mother either individually or jointly receive a net income from whatever source, commensurate with that upon which they would be liable to make an income tax payment to this state. Nothing in this section shall be construed to prevent a relative or other person from voluntarily paying the full actual cost as established by the administrator for caring for ~~such mentally retarded~~ the person with mental retardation.

Sec. 28. Section 234.6, unnumbered paragraph 1, Code 1993, is amended to read as follows:

The administrator shall be vested with the authority to administer ~~aid to dependent children~~ the family investment program, state supplementary assistance, food programs, child welfare, and emergency relief, family and adult service programs, and any other form of public welfare assistance and institutions that ~~may hereafter be~~ are placed under the administrator's administration. The administrator shall perform ~~such~~ duties, formulate and ~~make~~ such adopt rules as may be necessary; shall outline ~~such~~ policies, dictate ~~such~~ procedure, and delegate such powers as may be necessary for competent and efficient administration. Subject to

restrictions that may be imposed by the director of human services and the council on human services, the administrator ~~shall have power to~~ may abolish, alter, consolidate, or establish subdivisions and may abolish or change offices previously created in connection therewith. The administrator may employ necessary personnel and fix their compensation; may allocate or reallocate functions and duties among any subdivisions now existing or ~~hereafter~~ later established; and may ~~promulgate~~ adopt rules relating to the employment of personnel and the allocation of their functions and duties among the various subdivisions as competent and efficient administration may require.

Sec. 29. Section 239.1, subsections 1 and 5, Code 1993, are amended to read as follows:

1. "Administrator" means the administrator of the division of the department of human services to which the director of human services assigns responsibility for the ~~aid to dependent children program~~ family investment program.

5. "Division" means the division of the department of human services to which the director of human services assigns responsibility for the ~~aid to dependent children program~~ family investment program.

Sec. 30. NEW SECTION. 239.1A FAMILY INVESTMENT PROGRAM.

Effective July 1, 1993, assistance provided under this chapter shall no longer be referred to as aid to dependent children but shall be referred to as assistance under the family investment program.

Sec. 31. Section 239.2, Code 1993, is amended to read as follows:

239.2 ELIGIBILITY FOR AID TO DEPENDENT CHILDREN ASSISTANCE.

Assistance shall be granted under this chapter to a dependent child who:

1. Is living in a suitable family home maintained by a specified relative.
2. Is living in this state other than for a temporary purpose, with a specified relative who is living in this state voluntarily with the intent of making the relative's home in this state and not for a temporary purpose.

3. Is not, with respect to assistance applied for by reason of partial or total unemployment of a parent, the child of a parent who is subject to any of the following circumstances:

a. Has been unemployed for less than thirty days prior to receipt of assistance under this chapter.

b. Is partially or totally unemployed due to a work stoppage which exists because of a labor dispute at the factory, establishment, or other premises at which the parent is or was last employed.

c. At any time during the thirty-day period prior to receipt of assistance under this chapter or at any time thereafter while assistance is payable under this chapter, has not been available for employment, has not actively sought employment, or has without good cause refused any bona fide offer of employment or training for employment. The following reasons for refusing employment or training are not good cause: Unsuitable ~~unsuitable~~ or unpleasant work or training, if the parent is able to perform the work or training without unusual danger to the parent's health; or the amount of wages or compensation, unless the wages for employment are below the federal minimum wage.

d. Has not registered for work with the state employment service established pursuant to section 96.12, or thereafter has failed to report at an employment office in accordance with regulations prescribed pursuant to section 96.4, subsection 1.

The division may prescribe requirements in addition to or in lieu of the ~~foregoing~~ requirements of this section, for eligibility for assistance under this chapter to children whose parents are partially or totally unemployed, which are necessary to secure financial participation of the federal government in payment of ~~such~~ the assistance.

Sec. 32. Section 239.12, Code 1993, is amended to read as follows:

239.12 AID TO DEPENDENT CHILDREN FAMILY INVESTMENT PROGRAM ACCOUNT.

There is established in the state treasury an account to be known as the "~~Aid to Dependent Children Account~~" family investment program account to which shall be credited all funds appropriated by the state for the payment of assistance, and all other moneys received at any time for ~~such~~ these purposes. Moneys assigned to the department under section 239.3 and received by the child support recovery unit pursuant to section 252B.5 and 42 U.S.C. ~~see~~ § 664 shall be credited to the account in the fiscal year in which the moneys are received. All assistance shall be paid from the account.

Sec. 33. Section 239.17, Code 1993, is amended to read as follows:

239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

A person who obtains, or attempts to obtain, or aids or abets any person to obtain, by means of a willfully false statement or representation, or by impersonation or any fraudulent device, assistance to which the recipient is not entitled, is personally liable for the amount of assistance thus obtained. The amount of the assistance may be recovered from the offender or the offender's estate in an action brought or by claim filed in the name of the state and the recovered funds shall be deposited in the ~~aid to dependent children~~ family investment program account. The action or claim filed in the name of the state shall not be considered an election of remedies to the exclusion of other remedies.

Sec. 34. Section 239.19, Code 1993, is amended to read as follows:

239.19 TRANSFER OF AID FUNDS TO OTHER WORK AND TRAINING PROGRAMS.

The department of human services may transfer ~~aid to dependent children~~ family investment program funds in its control to any other department or agency of the state for the purpose of providing funds to carry out the job opportunities and basic skills training program created by the federal Family Support Act of 1988, Title II, Pub. L. No. 100-485, as codified in 42 U.S.C. § 602 et seq. and administered under chapter 249C and this chapter.

Sec. 35. Section 239.20, Code 1993, is amended to read as follows:

239.20 COUNTY ATTORNEY TO ENFORCE.

Violations of law relating to the ~~aid to dependent children program~~ family investment program shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide prosecution assistance.

Sec. 36. Section 249.13, Code 1993, is amended to read as follows:

249.13 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to ~~aid to dependent children~~ the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide such assistance in prosecution as may be required. It is the intent of the general assembly that the first priority for investigation and prosecution for which funds are provided by ~~this Act~~ shall be for fraudulent claims or practices by health care vendors and providers.

Sec. 37. Section 249A.3, subsection 1, paragraph e, subparagraphs (1) and (2), and paragraphs f and m; subsection 2, paragraphs c, d, f, and h, unnumbered paragraph 1, Code 1993, are amended to read as follows:

(1) The woman would be eligible for a cash payment under the ~~aid to dependent children program, or under an aid to dependent children, unemployed parent program, family investment program~~ under chapter 239, if the child were born and living with the woman in the month of payment.

(2) The woman meets the income and resource requirements of the ~~aid to dependent children program~~ family investment program under chapter 239, provided the unborn child is considered a member of the household, and the woman's family is treated as though deprivation exists.

f. Is a child who is less than seven years of age and who meets the income and resource requirements of the ~~aid to dependent children program~~ family investment program under chapter 239.

m. Is an individual or family who is ineligible for ~~aid to dependent children~~ the family investment program under chapter 239 because of requirements that do not apply under Title XIX of the federal Social Security Act.

c. Individuals who are receiving care in an institution for mental diseases, and who are under twenty-one years of age and whose income and resources are such that they are eligible for ~~aid to dependent children~~ the family investment program under chapter 239, or who are sixty-five years of age or older and who meet the conditions for eligibility in paragraph "a" of this subsection.

d. Individuals and families whose incomes and resources are such that they are eligible for federal supplementary security income or ~~aid to dependent children~~ the family investment program, but who are not actually receiving such public assistance.

f. Individuals under twenty-one years of age who qualify on a financial basis for, but who are otherwise ineligible to receive ~~aid to dependent children~~ assistance under the family investment program.

Individuals who have attained the age of twenty-one but have not yet attained the age of sixty-five who qualify on a financial basis for, but who are otherwise ineligible to receive, federal supplementary security income or ~~aid to dependent children~~ assistance under the family investment program.

Sec. 38. Section 249A.14, Code 1993, is amended to read as follows:

249A.14 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to ~~aid to dependent children~~ the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide assistance in prosecution as required.

Sec. 39. Section 331.756, subsection 49, Code 1993, is amended to read as follows:

49. Prosecute violations of law relating to ~~aid to dependent children~~ the family investment program, medical assistance, and supplemental assistance as provided in sections 239.20, 249.13, and 249A.14.

Sec. 40. Section 421.17, subsection 21, paragraph a, subparagraph (3), Code 1993, is amended to read as follows:

(3) Any debt which is owed to the state for public assistance overpayments to recipients or to providers of services to recipients which the investigations division of the department of inspections and appeals is attempting to collect on behalf of the state. For purposes of this subsection, "public assistance" means ~~aid to dependent children~~ assistance under the family investment program, medical assistance, food stamps, foster care, and state supplementary assistance.

Approved May 4, 1993