

**CHAPTER 179**  
**ACCELERATED CAREER EDUCATION PROGRAM**  
*S.F. 465*

**AN ACT** authorizing the establishment of an accelerated career education program, providing a tax credit from withholding, relating to the transfer of job training withholding to the workforce development fund account, and providing an effective date.

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

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

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

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

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

1. "Accelerated career education program" means the\* a program established pursuant to section 260G.3.
2. "Agreement" means a program agreement referred to in section 260G.3 between an employer and a community college.
3. "Board of directors" means the board of directors of a community college.
4. "Community college" means a community college established under chapter 260C or a consortium of two or more community colleges.
5. "Employee" means a person employed in a program job.
6. "Employer" means a business or consortium of businesses engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, construction, conducting research and development, or providing services in interstate or intrastate commerce, but excludes retail services.
7. "Highly skilled job" means a job with a broadly based, high performance skill profile including advanced computation and communication skills, technology skills, and workplace behavior skills, and for which an applied technical education is required.
8. "Participant" means an individual who is enrolled in an accelerated career education program at a community college.
9. "Participant position" means the individual student enrollment position available in an accelerated career education program.
10. "Program capital costs" includes, but is not limited to, costs related to any or all of the following:
  - a. Classroom and laboratory renovation.
  - b. New classroom and laboratory construction.
  - c. Site acquisition or preparation.
  - d. Instructional equipment and technology.
11. "Program costs" means all necessary and incidental costs of providing program services.
12. "Program job" means a highly skilled job available from an employer pursuant to a program agreement.
- \*\*13. "Program job credit" means the credit as provided in section 260G.5.\*\*
14. "Program job position" means a job position which is planned or available for an employee by the employer pursuant to a program agreement.
15. "Program services" includes, but is not limited to, all of the following provided they are pursuant to a program agreement:
  - a. Program needs assessment and development.
  - b. Job task analysis.
  - c. Curriculum development and revision.

\* According to enrolled Act

\*\* Item veto; see message at end of the Act

- d. Instruction.
- e. Instructional materials and supplies.
- f. Computer software and upgrades.
- g. Instructional support.
- h. Administrative and student services.
- i. Related school to career training programs.
- j. Skill or career interest assessment services and testing.
- k. Contracted services.

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

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

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

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

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

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

d. Guarantee by the employer of payments to be received under paragraph\*s "a" and\* "b".

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

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

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

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

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

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

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

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

11. An agreement shall provide for employer default procedures.

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\* Item veto; see message at end of the Act

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The total amount of program job credits from all employers which shall be allocated for all accelerated career education programs in the state in any one fiscal year shall not exceed the sum of five million dollars in the fiscal year beginning July 1, 1999, ten million dollars in the fiscal year beginning July 1, 2000, and ten million dollars in the fiscal year beginning July 1, 2001, and every fiscal year thereafter. Any increase in program job credits above the ten-million-dollar limitation per fiscal year shall be developed, based on recommendations in a study which shall be conducted by the department of economic development of the needs and performance of approved programs in the fiscal years beginning July 1, 1999, and July 1, 2000. The study's findings and recommendations shall be submitted to the general assembly by the department by December 31, 2001. The study shall include but not be limited to an examination of the quality of the programs, the number of program participant placements,

\* Item veto; see message at end of the Act

the wages and benefits in program jobs, the level of employer contributions, the size of participating employers, and employer locations. A community college shall file a copy of each agreement with the department of economic development. The department shall maintain an annual record of the proposed program job credits under each agreement for each fiscal year. Upon receiving a copy of an agreement, the department shall allocate any available amount of program job credits to the community college according to the agreement sufficient for the fiscal year and for the term of the agreement. When the total available program job credits are allocated for a fiscal year, the department shall notify all community colleges that the maximum amount has been allocated and that further program job credits will not be available for the remainder of the fiscal year. Once program job credits have been allocated to a community college, the full allocation shall be received by the community college throughout the fiscal year and for the term of the agreement even if the statewide program job credit maximum amount is subsequently allocated and used.

2. For the fiscal years beginning July 1, 1999, and July 1, 2000, the department of economic development shall allocate one hundred thirty-five thousand dollars of the first two million twenty-five thousand dollars of program job credits authorized and available for that fiscal year to each community college. This allocation shall be used by each community college to provide funding for approved programs. For the fiscal year beginning July 1, 2001, and for every fiscal year thereafter, the department of economic development shall divide equally among the community colleges thirty percent of the program job credits available for that fiscal year for allocation to each community college to be used to provide funding for approved programs. If any portion of the allocation to a community college under this subsection has not been committed by April 1 of the fiscal year for which the allocation is made, the uncommitted portion is available for use by other community colleges. Once a community college has committed its allocation for any fiscal year under this subsection, the community college may receive additional program job credit allocations from those program job credits authorized and still available for that fiscal year.\*

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

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

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

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

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

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

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

15.342A WORKFORCE DEVELOPMENT FUND ACCOUNT.

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

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\* Item veto; see message at end of the Act

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

**422.16A JOB TRAINING WITHHOLDING — CERTIFICATION AND TRANSFER.**

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

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

Approved May 24, 1999, with exceptions noted.

THOMAS J. VILSACK, Governor

Dear Mr. Secretary:

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

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

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

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

I am concerned that the present new program will become another separate and distinct workforce component rather than a complementary part of an integrated approach to improving and growing Iowa's workforce. Given that this new effort comes with a significant price tag — \$56 million over the next five years — I believe it makes sense to pursue all opportunities for incorporating this effort into existing workforce development services. I am confident that we can work together in the future to do so.

\* Item veto; see message at end of the Act

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

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

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

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

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

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

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

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

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

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

Sincerely,  
THOMAS J. VILSACK, Governor