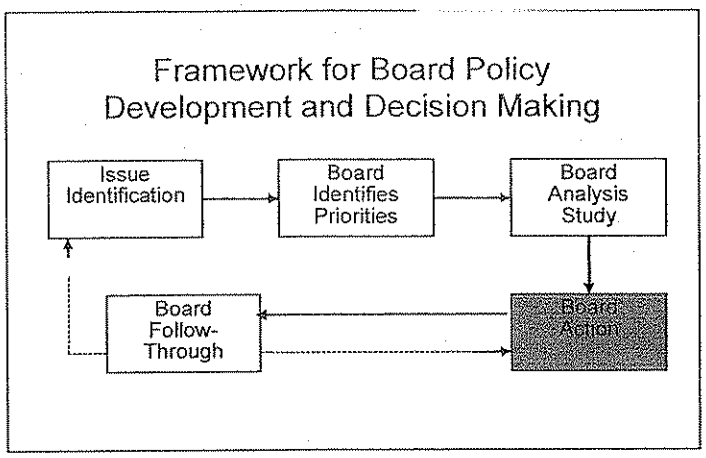
Iowa State Board of Education

Executive Summary

September 18, 2014



Agenda Item: Rules: 281 IAC Chapter 27 - Workforce Training and Economic Development Funds (Adopt)

Iowa Goal: Individuals will pursue postsecondary education in order to drive economic success.

State Board Role/ Authority: Iowa Code section 256.7(5) gives the State Board of Education the statutory authority to adopt rules under Chapter 17A.

Presenter: None (consent agenda)

Attachments: 1

Recommendation: It is recommended that the State Board adopt a new Chapter 27.

Background: In fiscal year 2014, the responsibility for administration and oversight of the workforce training and economic development funds was transferred from the Iowa Economic Development Authority to the Department of Education. These new rules were created to provide guidance and clarity on the requirements of the workforce training and economic development funds.

A public hearing on this rule was held on July 29, 2014. No one attended the public hearing. No written comments on this rule were received.

EDUCATION DEPARTMENT [281]

Adopt and File

Pursuant to the authority of Iowa Code Section 256.7(5), the State Board of Education hereby proposes to create Chapter 27, "Workforce Training and Economic Development Funds," Iowa Administrative Code.

This chapter establishes a workforce training and economic development program to provide revenue for each community college to address the workforce development needs of the state with the primary focus of providing training and retraining of Iowa workers to develop the employee skills needed in targeted areas or to address a workforce development need of a targeted area.

An agencywide waiver provision is provided in 281 – Chapter 4.

Notice of Intended Action was published in the July 9, 2014, Iowa Administrative Bulletin as **ARC 1529C**. Public comments were allowed until 4:30 p.m. on July 29, 2014. A public hearing was held on that date. No one attended the public hearing. No written comments regarding this amendment were received. This amendment is identical to that published under Notice.

After analysis and review of this rule making, no impact on jobs has been found.

This new chapter is intended to implement Iowa Code Section 260C.18A, as amended by 2013 Iowa Acts, House File 604, sections 37 through 39.

This amendment will become effective on November 19, 2014.

The following new chapter of Iowa Administrative Code is proposed.

ITEM 1. Create Chapter **281 – 27 (260C)**, "Workforce Training and Economic Development Funds," as follows:

281--27.1 (260C) Purpose. The purpose of the workforce training and economic development funds is to provide revenue for each community college to address the workforce development needs of the state with the primary focus of providing training and retraining of Iowa workers to develop the skills of employees employed in targeted areas or to address a workforce development need of a targeted areas. Moneys are appropriated for each community college from the Iowa skilled worker and job creation fund to the workforce training and economic development funds.

281—27.2 (260C) Definitions.

"Community college" or *"college"* means a community college established under Iowa Code chapter 260C.

"Department" means the Iowa department of education.

"Fund" or *"funds"* means the workforce training and economic development funds created by Iowa Code section 260C.18A and allocated to each community college.

"Project" means a training or educational activity funded by a workforce training and economic development fund.

"State board" or *"board"* means the Iowa state board of education.

"Targeted areas" means the areas of advanced manufacturing; information technology and insurance; alternative and renewable energy including the alternative and renewable energy sectors listed in Iowa Code section 476.42, subsection 1, paragraph *"a"*; and life sciences, which include the areas of biotechnology, health care technology, and nursing care technology.

281—27.3 (260C) Funds allocation. The department shall allocate moneys, appropriated by the general assembly or other moneys accepted by the department, for the workforce training and economic development fund established for each community college by utilizing the most current distribution formula that is used for the allocation of state general aid to the community colleges available on July 1 of the fiscal year for which funds are being allocated. Each community college shall establish a workforce training and economic development fund account within its college accounting system into which the department shall make deposits of the allocated moneys. The deposits shall be made quarterly or on a more frequent basis. Moneys that are not used and that remain in a community college's fund at the end of a fiscal year shall remain available to that college for expenditure in subsequent fiscal years.

281—27.4 (260C) Community college workforce and economic development fund plans and progress reports. For the fiscal year beginning July 1, 2013, and each fiscal year thereafter, each community college, to receive its allocation for the forthcoming fiscal year, shall prepare and submit to the department for state board consideration the following items for the fiscal year:

27.4(1) *Workforce training and economic development fund plan.* Each college shall adopt a workforce training and economic development fund plan for the upcoming year that outlines the community college's proposed use of moneys appropriated to its workforce training and economic development fund. Plans shall be based on fiscal years and must be submitted to the department, in a manner prescribed by the department, by September 30 for the current fiscal year allocation. Plans shall describe how the college proposes to allocate funds to support individual allowable uses pursuant to 281—27.5 and the planned amount to be used to support targeted areas.

27.4(2) *Progress reports.* Each college that receives an allocation of moneys pursuant to 281—27.4 shall prepare an annual progress report on the plan's implementation. The report shall be submitted to the department by September 30 of each year in a manner and form as prescribed by department. The report shall provide information regarding projects supported by the college's fund including, but not limited to, the number of participants enrolled in each program, the number of completers of each program, the dollars spent on each allowable use pursuant to 281—27.5, the dollars spent in targeted areas, and other data necessary to report state program performance metrics.

281--27.5 (260C) Use of funds. Moneys deposited into each community college fund may be expended for the following permissive uses, provided that 70 percent of the moneys be used on projects in targeted areas and projects are operated in compliance with state and federal law:

27.5(1) Projects in which an agreement between a community college and an employer located within the community college's merged area meets all of the requirements of the accelerated career education program pursuant to Iowa Code chapter 260G and 261—Chapter 20 and are approved by the Iowa Economic Development Authority, when applicable.

27.5(2) Projects in which an agreement between a community college and a business meets all the requirements of the Iowa Jobs Training Act under Iowa Code chapter 260F and 261—Chapter 7.

27.5(3) For the development and implementation of career academies meeting all of the requirements of rule 281—47.1(260C).

27.5(4) Programs and courses that provide vocational and technical training and programs for in-service training and retraining under Iowa Code section 260C.1, subsections 2 and 3. As it pertains to Iowa Code section 260C.1, subsection 2, vocational and technical

training shall mean new or expanded career and technical education coursework that has department approval and results in the conferring of a diploma, degree, or certificate. The enhancement of academic core courses within career and technical programs is also eligible. As it pertains to Iowa Code section 260C.1, subsection 3, eligible activities shall be short-term noncredit training and retraining projects.

27.5(5) Development and implementation of the pathways for career and employment program meeting all of the requirements of Iowa Code chapter 260H and 281—Chapter 25.

27.5(6) Development and implementation of the GAP tuition assistance program meeting all of the requirements of Iowa Code 260I and 281—Chapter 25.

27.5(7) Programs for entrepreneurship education, small business assistance, and business incubators.

27.5(8) Development and implementation of the national career readiness certificate and the skills certification system endorsed by the national association of manufacturers.

281—27.6 (260C) Prior approval. Any individual project using over $1 million of moneys from a workforce training and economic development fund shall require prior approval from the state board of education.

281—27.9 (260C) Annual plan and progress report approval.

27.9(1) The state board of education shall review and consider approval of reports and plans submitted pursuant to 281—27.4.

27.9(2) The state board of education may reject a plan or progress report for the following reasons, including but not limited to:

a. Incomplete information or data;

b. Seventy percent of fund expenditures not utilized for projects in the areas of advanced manufacturing; information technology and insurance; alternative and renewable energy including the alternative and renewable energy sectors listed in Iowa Code section 476.42, subsection 1, paragraph *"a"*; and life sciences which include the areas of biotechnology, health care technology, and nursing care technology;

c. Project not operated in compliance with state or federal law;

281—27.10 (260C) Options upon default or noncompliance.

27.10(1) Should the state board not accept a college's annual progress report, the college shall be subject to the following actions as prescribed by the board based upon the severity of the noncompliance or default, including but not limited to:

a. Withholding of a portion of new fiscal year moneys based upon amounts awarded deemed to be ineligible;

b. Tighter oversight and control of the college's fund by the department;

c. Loss of funds for one year;

d. Other action deemed appropriate by the board.

ITEM 2. This rule is intended to implement Iowa Code Section 260C.18A.