

Boggess, Chair
Cormack
Hatch

HSB 209

ECONOMIC DEVELOPMENT

HOUSE FILE _____ (HF) 1696
BY (PROPOSED COMMITTEE ON
ECONOMIC DEVELOPMENT BILL BY
CHAIRPERSON CORMACK)

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

A BILL FOR

1 An Act relating to the employment security administrative
2 contributions surcharge, and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 96.7, subsection 12, paragraphs a and
2 d, Code 2001, are amended to read as follows:

3 a. An employer other than a governmental entity or a
4 nonprofit organization, subject to this chapter, shall pay an
5 administrative contribution surcharge ~~equal-in-amount-to-one-~~
6 ~~tenth-of-one-percent-of-federal-taxable-wages, as-defined-in~~
7 section-96-19, subsection-37, paragraph-"b" payable in the
8 following calendar years equal to the following amount per
9 employee based on the highest number of employees employed at
10 any one time in the prior calendar year:

11 (1) For calendar year 2002, six dollars per employee.

12 (2) For calendar year 2003, five dollars per employee.

13 (3) For calendar year 2004, four dollars per employee.

14 If an employer employed no employees in the prior calendar
15 year, the department shall make an estimate of the employer's
16 highest number of employees employed in the current calendar
17 year using one or two dates during the calendar year chosen by
18 the department. The department shall ~~recompute-the-amount-as~~
19 a-percentage-of-taxable-wages, as-defined-in-section-96-19,
20 subsection-37, and shall add the percentage surcharge to the
21 employer's contribution rate determined under this section for
22 the appropriate calendar year. The department shall adopt
23 rules prescribing the manner in which the surcharge will be
24 collected. Interest shall accrue on all unpaid surcharges
25 under this subsection at the same rate as on regular
26 contributions and shall be collectible in the same manner.

27 d. This subsection is repealed July 1, ~~2001~~ 2004, and the
28 repeal is applicable to contribution rates for calendar year
29 ~~2002~~ 2005 and subsequent calendar years.

30 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES REVIEW.
31 The department of workforce development shall conduct a review
32 of the number of visits made to each rural and satellite
33 departmental office in population centers of less than twenty
34 thousand as described in section 96.7, subsection 12,
35 paragraph "c". The review shall consider the feasibility of

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1 consolidating some of the rural and satellite departmental
2 offices and of encouraging joint service provision by rural
3 and satellite departmental offices to better serve the public.
4 The department shall submit a report of its review to the
5 governor and the general assembly on or before December 21,
6 2001.

7 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
8 immediate importance, takes effect upon enactment.

9 EXPLANATION

10 This bill amends Code section 96.7, subsection 12, by
11 providing for the repeal of the employment security
12 administrative contribution surcharge and its fund on July 1,
13 2004, instead of July 1, 2001. The bill also transforms the
14 surcharge for calendar years 2002 through 2004 from one based
15 on a percentage of taxable wages to one based on a per
16 employee charge based on the highest number of employees
17 employed at one time in the prior calendar year. This Code
18 section change is made effective upon the bill's enactment in
19 order to take effect before the scheduled repeal of Code
20 section 96.7, subsection 12, on July 1, 2001.

21 The bill also requires the department of workforce
22 development to review the operation of the rural and satellite
23 offices and to report to the governor and the general assembly
24 by December 1, 2001.

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REPRINTED

HOUSE FILE 696
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

MAR 23 2001

Place On Calendar

(SUCCESSOR TO HSB 209)

(COMPANION TO LSB 3382SV BY
COMMITTEE ON BUSINESS AND LABOR
RELATIONS)

(P. 1211)
Passed House, Date 4-17-01
Vote: Ayes 62 Nays 37
Approved June 26, 2001

Special Session
Passed Senate, Date 6/19/01
Vote: Ayes 41 Nays 9

Special Session
Passed 6/19/01
Vote 90-6

A BILL FOR

1 An Act relating to the employment security administrative
2 contribution surcharge, and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HOUSE FILE 696

H-1466

1 Amend House File 696 as follows:
2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. Section 96.7, subsection 12,
5 paragraph d, Code 2001, is amended to read as follows:
6 d. This subsection is repealed July 1, ~~2001~~ 2004,
7 and the repeal is applicable to contribution rates for
8 calendar year ~~2002~~ 2005 and subsequent calendar years.
9 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
10 immediate importance, takes effect upon enactment."

By T. TAYLOR of Linn

H-1466 FILED APRIL 10, 2001

Lost 4-17-01 (P 1206)

HF 696

1 Section 1. Section 96.7, subsection 12, paragraphs a, c,
2 and d, Code 2001, are amended to read as follows:

3 a. An employer other than a governmental entity or a
4 nonprofit organization, subject to this chapter, shall pay an
5 administrative contribution surcharge ~~equal-in-amount-to-one-~~
6 ~~tenth-of-one-percent-of-federal-taxable-wages,-as-defined-in~~
7 ~~section-96:19,-subsection-37,-paragraph-"b"~~ that is
8 established by the department, by rule, as a percentage of
9 taxable wages, in an amount necessary to achieve an
10 administrative contribution surcharge fund balance in the
11 following amount:

12 (1) For calendar year 2002, a fund balance no greater than
13 six million dollars.

14 (2) For calendar year 2003, a fund balance no greater than
15 five million dollars.

16 Any accrued administrative contribution surcharges in the
17 administrative contribution surcharge fund that remain unspent
18 at the end of calendar year 2002 shall be deducted from the
19 amount to be collected in calendar year 2003 before the
20 department establishes the administrative contribution
21 surcharge necessary to achieve the maximum administrative
22 contribution surcharge fund balance for calendar year 2003.
23 The department shall reduce the administrative contribution
24 surcharge established for any calendar year proportionate to
25 any federal government reform that provides an increased
26 allocation of moneys under the federal Unemployment Tax Act to
27 the state. The department shall ~~recompute-the-amount-as-a~~
28 ~~percentage-of-taxable-wages,-as-defined-in-section-96:19,~~
29 ~~subsection-37,-and-shall~~ add the percentage surcharge to the
30 employer's contribution rate determined under this section for
31 the appropriate calendar year. The department shall adopt
32 rules prescribing the manner in which the surcharge will be
33 collected. Interest shall accrue on all unpaid surcharges
34 under this subsection at the same rate as on regular
35 contributions and shall be collectible in the same manner.

1 Interest accrued and collected under this paragraph and
2 interest earned and credited to the fund under paragraph "b"
3 shall be used by the department only for the purposes set
4 forth in paragraph "c".

5 c. Moneys in the fund shall be used by the department only
6 upon appropriation by the general assembly and only for
7 personnel and nonpersonnel costs of rural and satellite
8 departmental offices in population centers of less than twenty
9 thousand or for the department-approved training fund funded
10 in section 8, subsection 2, of 1988 Iowa Acts, chapter 1274.
11 To the extent possible, the department shall colocate the
12 rural and satellite departmental offices funded by the
13 surcharge provided for in this subsection, at available
14 community college facilities throughout the state. Moneys in
15 the fund shall not be used for purposes other than those
16 identified in this paragraph or identified in the
17 appropriation of the moneys in the fund by the general
18 assembly. Prohibited uses of the moneys in the fund include
19 but are not limited to occupational safety and health
20 consultations, services which are currently provided or
21 projected to be provided by other state agencies, and any
22 miscellaneous purposes.

23 d. This subsection is repealed July 1, ~~2001~~ 2003, and the
24 repeal is applicable to contribution rates for calendar year
25 ~~2002~~ 2004 and subsequent calendar years.

26 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES REVIEW.
27 The department of workforce development shall conduct an
28 annual review of the number of individuals served at each site
29 and the services rendered, the number of businesses served at
30 each site and the services rendered, the categories of service
31 provided at each site, the number of employment applications
32 completed and submitted at each site, the number of placements
33 made at each site, and the average wages and benefits of
34 individuals placed.

35 The department, in the review, shall consider the

1 feasibility of consolidating some of the rural and satellite
2 departmental offices to better serve the public.

3 The department shall develop a customer satisfaction survey
4 that gathers information from employers and individuals who
5 have utilized services at the satellite offices. The survey
6 shall include questions concerning the type of services
7 rendered, the quality of services rendered, and the quality of
8 referrals given. The results of the survey shall be included
9 in the department's review.

10 The department shall prepare a report of its review
11 findings. The report shall contain information gathered in
12 the review as well as information concerning the success of
13 colocation efforts at community colleges throughout the state,
14 the services provided to employers with fifty or fewer
15 employees, the rent or lease costs associated with each site
16 and the building square footage at each site, and efforts to
17 pursue other funding sources or contracts with private sector
18 vendors.

19 The department shall submit a report of its annual review
20 to the governor and general assembly by December 21, 2001, and
21 by December 21, 2002.

22 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
23 immediate importance, takes effect upon enactment.

24 EXPLANATION

25 This bill amends Code section 96.7, subsection 12, by
26 providing for the repeal of the employment security
27 administrative contribution surcharge and its fund on July 1,
28 2003, instead of July 1, 2001. The bill also transforms the
29 surcharge for calendar years 2002 and 2003 from one based on a
30 set percentage of taxable wages to one based on a percentage
31 of taxable wages but capped for all employer surcharges at \$6
32 million in 2002 and \$5 million in 2003. This Code section
33 change is made effective upon the bill's enactment in order to
34 take effect before the scheduled repeal of Code section 96.7,
35 subsection 12, on July 1, 2001.

1 The bill also requires the department of workforce
2 development to colocate rural and satellite offices at
3 community colleges to the extent possible. The bill requires
4 the department to use administrative contribution surcharge
5 fund moneys and interest only for specified purposes
6 identified in the Code or identified in the appropriation of
7 the moneys from the fund. The bill also specifies prohibited
8 uses of surcharge funds including but not limited to
9 occupational safety and health consultations, services which
10 are currently provided or projected to be provided by other
11 state agencies, and any miscellaneous purposes.

12 The department is also directed to conduct an annual review
13 of the rural and satellite offices including the number of
14 individuals served at each site and the services rendered, the
15 number of businesses served at each site, the number of
16 employment applications completed and submitted at each site,
17 and the average wages and benefits of individuals placed. The
18 department is also directed to consider consolidating some of
19 the rural and satellite offices and to develop a customer
20 satisfaction survey that gathers information from employers
21 and individuals who utilize services at satellite offices.

22 The department is directed to prepare and submit a report
23 of its review findings for each year that the surcharge is in
24 effect to the governor and general assembly by December 21,
25 2001, and by December 21, 2002.

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HOUSE FILE 696

H-1515

1 Amend the amendment H-1494, to House File 696, as
2 follows:
3 1. Page 1, by inserting after line 11 the
4 following:
5 "____. Page 2, line 14, by inserting after the
6 word "state." the following: "If colocation at
7 community colleges if not feasible, the department
8 shall attempt, to the extent possible, to colocate
9 offices in the facilities of other government
10 entities."
11 2. By renumbering as necessary.

By BOGGESS of Page

H-1515 FILED APRIL 16, 2001

Adopted
4-17-01 (p. 1211)

HOUSE FILE 696

H-1519

1 Amend the amendment, H-1493, to House File 696 as
2 follows:
3 1. Page 1, line 49, by striking the figure "2004"
4 and inserting the following: "2003".
5 2. Page 2, line 1, by striking the figure "2005"
6 and inserting the following: "2004".

By DOTZLER of Black Hawk

H-1519 FILED APRIL 16, 2001

Adopted
4-17-01
(p. 1209)

HOUSE FILE 696

H-1493

1 Amend House File 696 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 96.7, subsection 12,
5 paragraphs a, c, and d, Code 2001, are amended to read
6 as follows:

7 a. An employer other than a governmental entity or
8 a nonprofit organization, subject to this chapter,
9 shall pay an administrative contribution surcharge
10 equal in amount to one-tenth of one percent of federal
11 taxable wages, as defined in section 96.19, subsection
12 37, paragraph "b". The department shall reduce the
13 administrative contribution surcharge established for
14 any calendar year proportionate to any federal
15 government funding that provides an increased
16 allocation of moneys for workforce development
17 offices, under the federal employment services
18 financing reform legislation. The department shall
19 recompute the amount as a percentage of taxable wages,
20 as defined in section 96.19, subsection 37, and shall
21 add the percentage surcharge to the employer's
22 contribution rate determined under this section. The
23 percentage surcharge shall be capped at a maximum of
24 seven dollars per employee. The department shall
25 adopt rules prescribing the manner in which the
26 surcharge will be collected. Interest shall accrue on
27 all unpaid surcharges under this subsection at the
28 same rate as on regular contributions and shall be
29 collectible in the same manner. Interest accrued and
30 collected under this paragraph and interest earned and
31 credited to the fund under paragraph "b" shall be used
32 by the department only for the purposes set forth in
33 paragraph "c".

34 c. Moneys in the fund shall be used by the
35 department only upon appropriation by the general
36 assembly and only for personnel and nonpersonnel costs
37 of rural and satellite departmental offices ~~in~~
38 ~~population centers of less than twenty thousand or for~~
39 ~~the department approved training fund funded in~~
40 ~~section 8, subsection 2, of 1988 Iowa Acts, chapter~~
41 ~~1274.~~ To the extent possible, the department shall
42 colocate the rural and satellite departmental offices
43 funded by the surcharge provided for in this
44 subsection at available community college facilities
45 throughout the state. Moneys in the fund shall not be
46 used for purposes other than those identified in this
47 paragraph or identified in the appropriation of the
48 moneys in the fund by the general assembly.

49 d. This subsection is repealed July 1, 2001 2004,
50 and the repeal is applicable to contribution rates for

H-1493

H-1493

Page 2

1 calendar year ~~2002~~ 2005 and subsequent calendar years.
 2 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES
 3 REVIEW. The department of workforce development shall
 4 establish performance measures for each workforce
 5 development office site based on the job seeker
 6 entered employment rate, the job seeker employment
 7 retention rate, the job seeker average wage at
 8 placement, the job seeker customer satisfaction
 9 rating, the number of employers served, and the
 10 employer customer satisfaction rating, and shall
 11 conduct an annual review of the performance measures.

12 The department, in the annual departmental offices
 13 review, shall consider the feasibility of
 14 consolidating some of the rural and satellite
 15 departmental offices to better serve the public.

16 The department shall prepare a report of its annual
 17 departmental offices review findings. The report
 18 shall contain information gathered in the review as
 19 well as information concerning the success of
 20 colocation efforts at community colleges throughout
 21 the state, the services provided to employers with
 22 fifty or fewer employees, the rent or lease costs
 23 associated with each office site and the building
 24 square footage at each office site, and efforts to
 25 pursue other funding sources.

26 The department shall submit a report of its annual
 27 departmental offices review to the governor and
 28 general assembly by December 21, 2001, by December 21,
 29 2002, and by December 21, 2003.

30 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
 31 immediate importance, takes effect upon enactment."

By DOTZLER of Black Hawk

H-1493 FILED APRIL 11, 2001*lost 4/17/01 (p. 1209)***HOUSE FILE 696****H-1494**

1 Amend House File 696 as follows:

- 2 1. Page 1, line 13, by inserting after the word
 3 "million" the following: "two hundred fifty
 4 thousand".
 5 2. Page 1, line 15, by striking the words "five
 6 million" and inserting the following: "six million,
 7 two hundred fifty thousand".
 8 3. Page 1, by striking lines 21 through 26, and
 9 inserting the following: "surcharge."
 10 4. Page 1, line 27, by striking the words "the
 11 state."

By BOGGESS of Page

H-1494 FILED APRIL 12, 2001*adopted 4-17-01 (p. 1211)*

**HOUSE FILE 696
FISCAL NOTE**

A fiscal note for **House File 696** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 696 extends the repeal of the employment security administrative contribution surcharge to July 1, 2003, instead of July 1, 2001. The Bill changes the surcharge for calendar years 2002 and 2003. Currently the surcharge is one-tenth of one percent of federal taxable wages, capped at \$7.16 per employee. This formula has yielded approximately \$7.5 million per year, which is used to support 56 rural and satellite offices of the Iowa Workforce Development (IWD) and provide for labor surveys and other labor force related services. Under this proposal, the formula would still be established as a percentage of taxable wages, but would be capped at a maximum collected of \$6.0 million for calendar year 2002 and \$5.0 million for calendar year 2003.

In addition to the funding change, the Bill requires IWD to collocate rural and satellite offices at community college facilities, and requires the surcharge fund be used only for specified purposes as provided in the Code of Iowa or appropriated by the General Assembly. In addition, the Department is directed to conduct an annual review of the rural and satellite offices and consider consolidation of offices while developing a customer satisfaction survey to gather information from employers and individuals who utilize the offices. Review findings are to be submitted by December 21, 2001, and December 21, 2002, to the Governor and the General Assembly.

ASSUMPTIONS

1. For the first six months of FY 2002, surcharge payments made by businesses would continue as currently provided for until the end of calendar year 2001. Decreased payments made under the new formula would be submitted during the first six months of calendar year 2002.
2. For the first six months of FY 2003, surcharge payments would be made pursuant to the formula established at the \$6.0 million cap for calendar year 2002. Payments made during the last six months of FY 2003 would be made pursuant to the formula established at the \$5.0 million cap for calendar year 2003.
3. Currently, \$6.9 million is budgeted for direct expenses of the 56 rural and satellite offices. Of this amount, \$4.5 million is used for salaries.

FISCAL IMPACT

House File 696 would decrease the amount of the surcharge collected during FY 2002 by approximately \$750,000, and the amount collected during FY 2003 would decrease approximately \$2.5 million. This would decrease the amount available to the rural and satellite offices funded through IWD.

PAGE 2 , FISCAL NOTE, HOUSE FILE 696

-2-

(dollars in thousands)

	Fiscal Year 2002			Fiscal Year 2003		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
REVENUE						
Other	\$ 7.5	\$ 6.8	\$ (0.7)	\$ 7.5	\$ 5.5	\$ (2.0)
Total	\$ 7.5	\$ 6.8	\$ (0.7)	\$ 7.5	\$ 5.5	\$ (2.0)
EXPENDITURES						
Salaries (FTE's)	\$ 4.5	\$ 4.1	\$ (0.4)	\$ 4.5	\$ 3.3	\$ (1.2)
Other	(83.2)	(75.4)	(7.8)	(83.2)	(61.0)	(22.2)
Total	\$ 7.5	\$ 6.8	\$ (0.7)	\$ 7.5	\$ 5.5	\$ (2.0)
NET EFFECT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SOURCEIowa Workforce Development
Department of Management

(LSB 3183hv, AAW)

FILED APRIL 2, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 696
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 209)

(COMPANION TO LSB 3382SV BY
COMMITTEE ON BUSINESS AND LABOR
RELATIONS)

(As Amended and Passed by the House April 17, 2001)

Passed House, ^{Special Session} Date 6/19/01 Passed Senate, ^{Special Session} Date 6/19/01
Vote: Ayes 90 Nays 6 Vote: Ayes 41 Nays 9
Approved June 26, 2001

A BILL FOR

1 An Act relating to the employment security administrative
2 contribution surcharge, and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____
Deleted Language *

1 Section 1. Section 96.7, subsection 12, paragraphs a, c,
2 and d, Code 2001, are amended to read as follows:

3 a. An employer other than a governmental entity or a
4 nonprofit organization, subject to this chapter, shall pay an
5 administrative contribution surcharge ~~equal in amount to one-~~
6 ~~tenth of one percent of federal taxable wages, as defined in~~
7 ~~section 96.19, subsection 37, paragraph "b"~~ that is
8 established by the department, by rule, as a percentage of
9 taxable wages, in an amount necessary to achieve an
10 administrative contribution surcharge fund balance in the
11 following amount:

12 (1) For calendar year 2002, a fund balance no greater than
13 six million, two hundred fifty thousand dollars.

14 (2) For calendar year 2003, a fund balance no greater than
15 six million, two hundred fifty thousand dollars.

16 Any accrued administrative contribution surcharges in the
17 administrative contribution surcharge fund that remain unspent
18 at the end of calendar year 2002 shall be deducted from the
19 amount to be collected in calendar year 2003 before the
20 department establishes the administrative contribution

* 21 surcharge. The department shall ~~recompute the amount as a~~
22 ~~percentage of taxable wages, as defined in section 96.19,~~
23 ~~subsection 37, and shall~~ add the percentage surcharge to the
24 employer's contribution rate determined under this section for
25 the appropriate calendar year. The department shall adopt
26 rules prescribing the manner in which the surcharge will be
27 collected. Interest shall accrue on all unpaid surcharges
28 under this subsection at the same rate as on regular
29 contributions and shall be collectible in the same manner.
30 Interest accrued and collected under this paragraph and
31 interest earned and credited to the fund under paragraph "b"
32 shall be used by the department only for the purposes set
33 forth in paragraph "c".

34 c. Moneys in the fund shall be used by the department only
35 upon appropriation by the general assembly and only for

1 personnel and nonpersonnel costs of rural and satellite
2 departmental offices in population centers of less than twenty
3 thousand or for the department-approved training fund funded
4 in section 8, subsection 2, of 1988 Iowa Acts, chapter 1274.
5 To the extent possible, the department shall colocate the
6 rural and satellite departmental offices funded by the
7 surcharge provided for in this subsection, at available
8 community college facilities throughout the state. If
9 colocation at community colleges if not feasible, the
10 department shall attempt, to the extent possible, to colocate
11 offices in the facilities of other government entities.
12 Moneys in the fund shall not be used for purposes other than
13 those identified in this paragraph or identified in the
14 appropriation of the moneys in the fund by the general
15 assembly. Prohibited uses of the moneys in the fund include
16 but are not limited to occupational safety and health
17 consultations, services which are currently provided or
18 projected to be provided by other state agencies, and any
19 miscellaneous purposes.

20 d. This subsection is repealed July 1, ~~2001~~ 2003, and the
21 repeal is applicable to contribution rates for calendar year
22 ~~2002~~ 2004 and subsequent calendar years.

23 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES REVIEW.
24 The department of workforce development shall conduct an
25 annual review of the number of individuals served at each site
26 and the services rendered, the number of businesses served at
27 each site and the services rendered, the categories of service
28 provided at each site, the number of employment applications
29 completed and submitted at each site, the number of placements
30 made at each site, and the average wages and benefits of
31 individuals placed.

32 The department, in the review, shall consider the
33 feasibility of consolidating some of the rural and satellite
34 departmental offices to better serve the public.

35 The department shall develop a customer satisfaction survey

1 that gathers information from employers and individuals who
2 have utilized services at the satellite offices. The survey
3 shall include questions concerning the type of services
4 rendered, the quality of services rendered, and the quality of
5 referrals given. The results of the survey shall be included
6 in the department's review.

7 The department shall prepare a report of its review
8 findings. The report shall contain information gathered in
9 the review as well as information concerning the success of
10 colocation efforts at community colleges throughout the state,
11 the services provided to employers with fifty or fewer
12 employees, the rent or lease costs associated with each site
13 and the building square footage at each site, and efforts to
14 pursue other funding sources or contracts with private sector
15 vendors.

16 The department shall submit a report of its annual review
17 to the governor and general assembly by December 21, 2001, and
18 by December 21, 2002.

19 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
20 immediate importance, takes effect upon enactment.

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HOUSE FILE 696

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S-3383

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1 Amend House File 696, as amended, passed, and
2 reprinted by the House, as follows:

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3 1. Page 2, line 9, by striking the word "if" and
4 inserting the following: "is".

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By MARY LOU FREEMAN

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S-3383 FILED APRIL 18, 2001

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0/0 6-19-01

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Special Session

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HOUSE FILE 696

S-3410

1 Amend House File 696, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 96.7, subsection 12,
6 paragraphs a, c, and d, Code 2001, are amended to read
7 as follows:

8 a. An employer other than a governmental entity or
9 a nonprofit organization, subject to this chapter,
10 shall pay an administrative contribution surcharge
11 equal in amount to one-tenth of one percent of federal
12 taxable wages, as defined in section 96.19, subsection
13 37, paragraph "b". The department shall reduce the
14 administrative contribution surcharge established for
15 any calendar year proportionate to any federal
16 government funding that provides an increased
17 allocation of moneys for workforce development
18 offices, under the federal employment services
19 financing reform legislation. The department shall
20 recompute the amount as a percentage of taxable wages,
21 as defined in section 96.19, subsection 37, and shall
22 add the percentage surcharge to the employer's
23 contribution rate determined under this section. The
24 percentage surcharge shall be capped at a maximum of
25 seven dollars per employee. The department shall
26 adopt rules prescribing the manner in which the
27 surcharge will be collected. Interest shall accrue on
28 all unpaid surcharges under this subsection at the
29 same rate as on regular contributions and shall be
30 collectible in the same manner. Interest accrued and
31 collected under this paragraph and interest earned and
32 credited to the fund under paragraph "b" shall be used
33 by the department only for the purposes set forth in
34 paragraph "c".

35 c. Moneys in the fund shall be used by the
36 department only upon appropriation by the general
37 assembly and only for personnel and nonpersonnel costs
38 of rural and satellite departmental offices ~~in~~
39 ~~population centers of less than twenty thousand or for~~
40 ~~the department approved training fund funded in~~
41 ~~section 8, subsection 2, of 1988 Iowa Acts, chapter~~
42 ~~1274.~~ To the extent possible, the department shall
43 colocate the rural and satellite departmental offices
44 funded by the surcharge provided for in this
45 subsection at available community college facilities
46 throughout the state. Moneys in the fund shall not be
47 used for purposes other than those identified in this
48 paragraph or identified in the appropriation of the
49 moneys in the fund by the general assembly.

50 d. This subsection is repealed July 1, ~~2001~~ 2004,

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Page 2

1 and the repeal is applicable to contribution rates for
2 calendar year ~~2002~~ 2005 and subsequent calendar years.

3 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES
4 REVIEW. The department of workforce development shall
5 establish performance measures for each workforce
6 development office site based on the job seeker
7 entered employment rate, the job seeker employment
8 retention rate, the job seeker average wage at
9 placement, the job seeker customer satisfaction
10 rating, the number of employers served, and the
11 employer customer satisfaction rating, and shall
12 conduct an annual review of the performance measures.

13 The department, in the annual departmental offices
14 review, shall consider the feasibility of
15 consolidating some of the rural and satellite
16 departmental offices to better serve the public.

17 The department shall prepare a report of its annual
18 departmental offices review findings. The report
19 shall contain information gathered in the review as
20 well as information concerning the success of
21 colocation efforts at community colleges throughout
22 the state, the services provided to employers with
23 fifty or fewer employees, the rent or lease costs
24 associated with each office site and the building
25 square footage at each office site, and efforts to
26 pursue other funding sources.

27 The department shall submit a report of its annual
28 departmental offices review to the governor and
29 general assembly by December 21, 2001, by December 21,
30 2002, and by December 21, 2003.

31 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
32 immediate importance, takes effect upon enactment."

By JOHN P. KIBBIE

S-3410 FILED APRIL 19, 2001

Withdrawn
6/19/01

Special Session

HOUSE FILE 696

S-3698

1 Amend House File 696, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. Section 96.7, subsection 12,
6 paragraphs a, c, and d, Code 2001, are amended to read
7 as follows:
8 a. An employer other than a governmental entity or
9 a nonprofit organization, subject to this chapter,
10 shall pay an administrative contribution surcharge
11 equal in amount to one-tenth of one percent of federal
12 taxable wages, as defined in section 96.19, subsection
13 37, paragraph "b", subject to the surcharge formula to
14 be developed by the department under this paragraph.
15 The department shall develop a surcharge formula that
16 provides a target revenue level of no greater than six
17 million five hundred twenty-five thousand dollars
18 annually. The department shall reduce the
19 administrative contribution surcharge established for
20 any calendar year proportionate to any federal
21 government funding that provides an increased
22 allocation of moneys for workforce development
23 offices, under the federal employment services
24 financing reform legislation. Any administrative
25 contribution surcharge revenue that is collected in
26 2002 in excess of six million five hundred twenty-five
27 thousand dollars shall be deducted from the amount to
28 be collected in calendar year 2003 before the
29 department establishes the administrative contribution
30 surcharge. The department shall recompute the amount
31 as a percentage of taxable wages, as defined in
32 section 96.19, subsection 37, and shall add the
33 percentage surcharge to the employer's contribution
34 rate determined under this section. The percentage
35 surcharge shall be capped at a maximum of seven
36 dollars per employee. The department shall adopt
37 rules prescribing the manner in which the surcharge
38 will be collected. Interest shall accrue on all
39 unpaid surcharges under this subsection at the same
40 rate as on regular contributions and shall be
41 collectible in the same manner. Interest accrued and
42 collected under this paragraph and interest earned and
43 credited to the fund under paragraph "b" shall be used
44 by the department only for the purposes set forth in
45 paragraph "c".
46 c. Moneys in the fund shall be used by the
47 department only upon appropriation by the general
48 assembly and only for personnel and nonpersonnel costs
49 of rural and satellite departmental offices in
50 population centers of less than twenty thousand ~~or for~~

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Page 2

1 ~~the department approved training fund funded in~~
2 ~~section 8, subsection 2, of 1988 Iowa Acts, chapter~~
3 ~~4274. To the extent possible, the department shall~~
4 ~~colocate the rural and satellite departmental offices~~
5 ~~funded by the surcharge provided for in this~~
6 ~~subsection at available community college facilities~~
7 ~~throughout the state. If colocation at community~~
8 ~~college facilities is not feasible, the department~~
9 ~~shall attempt, to the extent possible, to colocate~~
10 ~~offices in the facilities of other government~~
11 ~~entities. Moneys in the fund shall not be used for~~
12 ~~purposes other than those identified in this paragraph~~
13 ~~or identified in the appropriation of the moneys in~~
14 ~~the fund by the general assembly.~~

15 d. This subsection is repealed July 1, ~~2001~~ 2003,
16 and the repeal is applicable to contribution rates for
17 calendar year ~~2002~~ 2004 and subsequent calendar years.

18 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES
19 REVIEW. The department of workforce development shall
20 establish performance measures for each workforce
21 development office site based on the job seeker
22 entered employment rate, the job seeker employment
23 retention rate, the job seeker average wage at
24 placement, the job seeker customer satisfaction
25 rating, the number of employers served, and the
26 employer customer satisfaction rating, and shall
27 conduct an annual review of the performance measures.

28 The department, in the annual departmental offices
29 review, shall consider the feasibility of
30 consolidating some of the rural and satellite
31 departmental offices to better serve the public. In
32 addition, the department shall conduct a comprehensive
33 analysis of the efficiency and effectiveness of the
34 department's field office system, including the
35 geographic distribution of the offices.

36 The department shall prepare a report of its annual
37 departmental offices review findings that sets forth
38 specific review findings for each office site. The
39 report shall contain information gathered in the
40 review as well as information concerning the success
41 of colocation efforts at community colleges throughout
42 the state, the services provided to employers with
43 fifty or fewer employees, the rent or lease costs
44 associated with each office site and the building
45 square footage at each office site, and efforts to
46 pursue other funding sources.

47 The department shall submit a report of its annual
48 departmental offices review to the governor and
49 general assembly by December 21, 2001, by December 21,
50 2002, and by December 21, 2003.

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Page 3

1 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
2 immediate importance, takes effect upon enactment."

By JERRY BEHN

S-3698 FILED MAY 8, 2001

Adopted

6/19/01

Special Session

**HOUSE FILE 696
FISCAL NOTE**

A fiscal note for **House File 696 as amended and passed by the House** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 696 as amended and passed by the House extends the repeal of the employment security administrative contribution surcharge to July 1, 2003, instead of July 1, 2001. The Bill changes the surcharge for calendar years 2002 and 2003. Currently the surcharge is one-tenth of one percent of federal taxable wages, capped at \$7.16 per employee. This formula has yielded approximately \$7.5 million per year, which is used to support 56 rural and satellite offices of the Iowa Workforce Development (IWD) and provides for labor surveys and other labor force related services. Under this proposal, the formula would still be established as a percentage of taxable wages, but would be capped at a maximum collected of \$6.25 million for calendar years 2002 and 2003.

In addition to the funding change, the Bill requires IWD to collocate rural and satellite offices at community college facilities or other governmental offices, requires the surcharge fund be used only for specified purposes as provided in the Code of Iowa or appropriated by the General Assembly. In addition, the Department is directed to conduct an annual review of the rural and satellite offices and consider consolidation of offices while developing a customer satisfaction survey to gather information from employers and individuals who utilize the offices. Review findings are to be submitted by December 21, 2001, and December 21, 2002, to the Governor and the General Assembly.

ASSUMPTIONS

1. For the first six months of FY 2002, surcharge payments made by businesses would continue as currently provided for until the end of calendar year 2001. Decreased payments made under the new formula would be submitted during the first six months of calendar year 2002.
2. For FY 2003, surcharge payments would be made pursuant to the formula established at the \$6.25 million cap for calendar year 2002 and calendar year 2003.
3. Currently, \$6.9 million is budgeted for direct expenses of the 56 rural and satellite offices. Of this amount, \$4.5 million is used for salaries.
4. Salary costs would increase by 3.0% in FY 2002.

FISCAL IMPACT

House File 696 as amended and passed by the House would decrease the amount of the surcharge collected during FY 2002 by approximately \$600,000, and the amount collected during FY 2003 would decrease approximately \$1.2 million.

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This would decrease the amount available to the rural and satellite offices funded through IWD.

(dollars in thousands)

	Fiscal Year 2002			Fiscal Year 2003		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
REVENUE						
Other	\$ 7.5	\$ 6.9	\$ (0.6)	\$ 7.5	\$ 6.3	\$ (1.2)
Total	\$ 7.5	\$ 6.9	\$ (0.6)	\$ 7.5	\$ 6.3	\$ (1.2)
EXPENDITURES						
Salaries (FTE's)	\$ 4.5 (83.2)	\$ 4.3 (75.4)	\$ (0.2) (7.8)	\$ 4.5 (83.2)	\$ 3.9 (68.4)	\$ (0.6) (14.8)
Other	3.0	2.6	(0.4)	3.0	2.4	(0.6)
Total	\$ 7.5	\$ 6.9	\$ (0.6)	\$ 7.5	\$ 6.3	\$ (1.2)
NET EFFECT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SOURCES

Iowa Workforce Development
Department of Management

(LSB 3183HV.2, AAW)

FILED APRIL 20, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 696

S-3710

1 Amend the amendment, S-3698, to House File 696, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, line 25, by inserting after the word
5 "in" the following: "calendar year".

6 2. Page 2, by inserting after line 14 the
7 following:

8 "(1) Moneys in the fund may be used to provide any
9 of the following services to businesses:

10 (a) Use of a business representative to build one-
11 on-one relationships with businesses. A business
12 representative may provide any of the following:

13 (i) Workforce consulting in the form of customized
14 strategies to attract, retain, and upgrade the skills
15 of an employer's workforce.

16 (ii) General and customized recruitment.

17 (iii) Workplace skill testing and analysis in the
18 form of skill level, aptitude, and ability assessment.

19 (iv) Employer specific job descriptions, employee
20 handbooks, applications, and other relevant personnel
21 forms.

22 (b) Labor market surveys and analyses which may
23 include the compilation and dissemination of
24 occupational and wage information.

25 (c) Contact information and referral services
26 related to any of the following issues:

27 (i) Workers' compensation.

28 (ii) Wage and worker rights.

29 (iii) Registration.

30 (iv) The federal Occupational Safety and Health
31 Act of 1970 and occupational safety and health
32 standards.

33 (v) Boiler and elevator regulations.

34 (vi) Contractor registration.

35 (vii) Immigration services.

36 (viii) Unemployment contributions.

37 (d) A statewide computer networking process for
38 employers and individuals regarding available
39 positions and qualified applicants.

40 (e) Crosstraining services for workforce
41 development staff.

42 (2) Moneys in the fund may be used to provide any
43 of the following services to individuals:

44 (a) Outreach, intake, and orientation services
45 related to any of the following:

46 (i) Job search and interviewing assistance.

47 (ii) Initial assessment of skill levels,
48 aptitudes, abilities, and support service needs.

49 (iii) Proficiency testing.

50 (iv) Resume development and preparation.

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1 (v) Referral to training and customized skill
2 upgrading.

3 (vi) Career counseling including assessment and
4 analysis.

5 (b) Contact information and referral for
6 supportive services including but not limited to
7 transportation, housing, and child care.

8 (c) Labor market surveys and analyses.

9 (d) Job development and placement services.

10 (e) Resource centers that provide individuals with
11 computer access for electronic job search, resume
12 development, career exploration, and keyboard and
13 software training. A resource center may also be
14 equipped with employment, training, and career
15 information including but not limited to employment
16 opportunities available with local employers.

17 (f) Information and assistance with filing for
18 unemployment compensation benefits.

19 (3) Moneys in the fund shall not be used for any
20 of the following purposes:

21 (a) Services that are not included in
22 subparagraphs (1) and (2).

23 (b) Unemployment tax system renovation and
24 computer upgrades.

25 (c) Specific consultation services relating to the
26 federal Occupational Safety and Health Act of 1970 and
27 occupational safety and health standards.

28 (d) Services which are currently provided by other
29 state agencies.

30 (e) Workforce development regional advisory board
31 member expenses.

32 (f) Supportive services including but not limited
33 to transportation, housing, and child care."

34 3. Page 2, by inserting after line 50 the
35 following:

36 'Sec. ____ . PILOT PROJECTS -- FEE-BASED SERVICES.

37 The department of workforce development shall
38 establish pilot projects for the purpose of evaluating
39 the feasibility of charging and collecting fees for
40 certain customized or enhanced employer services. In
41 every annual departmental office review, the
42 department shall include the results of the pilot
43 projects, including the number and type of fee-based
44 services provided, the amount of revenue generated,
45 and the cost basis for the establishment of the fees."

46 4. By renumbering as necessary.

By STEWART IVERSON, Jr.

S-3710 FILED JUNE 19, 2001

ADOPTED

*Special
Session*

HOUSE FILE 696

S-3715

1 Amend the amendment, S-3698, to House File 696, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 1, by striking lines 8 and 9, and
5 inserting the following:
6 "a. An employer ~~other than a governmental entity~~
7 ~~or a nonprofit organization, subject to this~~
8 ~~chapter,~~".
9 2. Page 1, line 34, by inserting after the word
10 "section" the following: "or require payment by a
11 reimbursable governmental entity or nonprofit
12 organization".
13 3. Page 1, line 41, by inserting after the word
14 "manner" the following: "or as otherwise provided in
15 this chapter".

By STEVE KING
KITTY REHBERG
NEAL SCHUERER

S-3715 FILED JUNE 19, 2001
LOST

6/19/01

Special Session

SENATE AMENDMENT TO
HOUSE FILE 696

H 2052 JUN 19 5

1 Amend House File 696, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 96.7, subsection 12,
6 paragraphs a, c, and d, Code 2001, are amended to read
7 as follows:

8 a. An employer other than a governmental entity or
9 a nonprofit organization, subject to this chapter,
10 shall pay an administrative contribution surcharge
11 equal in amount to one-tenth of one percent of federal
12 taxable wages, as defined in section 96.19, subsection
13 37, paragraph "b", subject to the surcharge formula to
14 be developed by the department under this paragraph.
15 The department shall develop a surcharge formula that
16 provides a target revenue level of no greater than six
17 million five hundred twenty-five thousand dollars
18 annually. The department shall reduce the
19 administrative contribution surcharge established for
20 any calendar year proportionate to any federal
21 government funding that provides an increased
22 allocation of moneys for workforce development
23 offices, under the federal employment services
24 financing reform legislation. Any administrative
25 contribution surcharge revenue that is collected in
26 calendar year 2002 in excess of six million five
27 hundred twenty-five thousand dollars shall be deducted
28 from the amount to be collected in calendar year 2003
29 before the department establishes the administrative
30 contribution surcharge. The department shall
31 recompute the amount as a percentage of taxable wages,
32 as defined in section 96.19, subsection 37, and shall
33 add the percentage surcharge to the employer's
34 contribution rate determined under this section. The
35 percentage surcharge shall be capped at a maximum of
36 seven dollars per employee. The department shall
37 adopt rules prescribing the manner in which the
38 surcharge will be collected. Interest shall accrue on
39 all unpaid surcharges under this subsection at the
40 same rate as on regular contributions and shall be
41 collectible in the same manner. Interest accrued and
42 collected under this paragraph and interest earned and
43 credited to the fund under paragraph "b" shall be used
44 by the department only for the purposes set forth in
45 paragraph "c".

46 c. Moneys in the fund shall be used by the
47 department only upon appropriation by the general
48 assembly and only for personnel and nonpersonnel costs
49 of rural and satellite departmental offices in
50 population centers of less than twenty thousand or-for

1 the department approved training fund funded in
2 section 87, subsection 2, of 1988 Iowa Acts, chapter
3 1274. To the extent possible, the department shall
4 colocate the rural and satellite departmental offices
5 funded by the surcharge provided for in this
6 subsection at available community college facilities
7 throughout the state. If colocation at community
8 college facilities is not feasible, the department
9 shall attempt, to the extent possible, to colocate
10 offices in the facilities of other government
11 entities. Moneys in the fund shall not be used for
12 purposes other than those identified in this paragraph
13 or identified in the appropriation of the moneys in
14 the fund by the general assembly.

15 (1) Moneys in the fund may be used to provide any
16 of the following services to businesses:

17 (a) Use of a business representative to build one-
18 on-one relationships with businesses. A business
19 representative may provide any of the following:

20 (i) Workforce consulting in the form of customized
21 strategies to attract, retain, and upgrade the skills
22 of an employer's workforce.

23 (ii) General and customized recruitment.

24 (iii) Workplace skill testing and analysis in the
25 form of skill level, aptitude, and ability assessment.

26 (iv) Employer specific job descriptions, employee
27 handbooks, applications, and other relevant personnel
28 forms.

29 (b) Labor market surveys and analyses which may
30 include the compilation and dissemination of
31 occupational and wage information.

32 (c) Contact information and referral services
33 related to any of the following issues:

34 (i) Workers' compensation.

35 (ii) Wage and worker rights.

36 (iii) Registration.

37 (iv) The federal Occupational Safety and Health
38 Act of 1970 and occupational safety and health
39 standards.

40 (v) Boiler and elevator regulations.

41 (vi) Contractor registration.

42 (vii) Immigration services.

43 (viii) Unemployment contributions.

44 (d) A statewide computer networking process for
45 employers and individuals regarding available
46 positions and qualified applicants.

47 (e) Crosstraining services for workforce
48 development staff.

49 (2) Moneys in the fund may be used to provide any
50 of the following services to individuals:

1 (a) Outreach, intake, and orientation services
2 related to any of the following:
3 (i) Job search and interviewing assistance.
4 (ii) Initial assessment of skill levels,
5 aptitudes, abilities, and support service needs.
6 (iii) Proficiency testing.
7 (iv) Resume development and preparation.
8 (v) Referral to training and customized skill
9 upgrading.
10 (vi) Career counseling including assessment and
11 analysis.
12 (b) Contact information and referral for
13 supportive services including but not limited to
14 transportation, housing, and child care.
15 (c) Labor market surveys and analyses.
16 (d) Job development and placement services.
17 (e) Resource centers that provide individuals with
18 computer access for electronic job search, resume
19 development, career exploration, and keyboard and
20 software training. A resource center may also be
21 equipped with employment, training, and career
22 information including but not limited to employment
23 opportunities available with local employers.
24 (f) Information and assistance with filing for
25 unemployment compensation benefits.
26 (3) Moneys in the fund shall not be used for any
27 of the following purposes:
28 (a) Services that are not included in
29 subparagraphs (1) and (2).
30 (b) Unemployment tax system renovation and
31 computer upgrades.
32 (c) Specific consultation services relating to the
33 federal Occupational Safety and Health Act of 1970 and
34 occupational safety and health standards.
35 (d) Services which are currently provided by other
36 state agencies.
37 (e) Workforce development regional advisory board
38 member expenses.
39 (f) Supportive services including but not limited
40 to transportation, housing, and child care.
41 d. This subsection is repealed July 1, 2001 2003,
42 and the repeal is applicable to contribution rates for
43 calendar year 2002 2004 and subsequent calendar years.
44 Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES
45 REVIEW. The department of workforce development shall
46 establish performance measures for each workforce
47 development office site based on the job seeker
48 entered employment rate, the job seeker employment
49 retention rate, the job seeker average wage at
50 placement, the job seeker customer satisfaction

1 rating, the number of employers served, and the
2 employer customer satisfaction rating, and shall
3 conduct an annual review of the performance measures.
4 The department, in the annual departmental offices
5 review, shall consider the feasibility of
6 consolidating some of the rural and satellite
7 departmental offices to better serve the public. In
8 addition, the department shall conduct a comprehensive
9 analysis of the efficiency and effectiveness of the
10 department's field office system, including the
11 geographic distribution of the offices.
12 The department shall prepare a report of its annual
13 departmental offices review findings that sets forth
14 specific review findings for each office site. The
15 report shall contain information gathered in the
16 review as well as information concerning the success
17 of colocation efforts at community colleges throughout
18 the state, the services provided to employers with
19 fifty or fewer employees, the rent or lease costs
20 associated with each office site and the building
21 square footage at each office site, and efforts to
22 pursue other funding sources.
23 The department shall submit a report of its annual
24 departmental offices review to the governor and
25 general assembly by December 21, 2001, by December 21,
26 2002, and by December 21, 2003.
27 Sec. ____ . PILOT PROJECTS -- FEE-BASED SERVICES.
28 The department of workforce development shall
29 establish pilot projects for the purpose of evaluating
30 the feasibility of charging and collecting fees for
31 certain customized or enhanced employer services. In
32 every annual departmental office review, the
33 department shall include the results of the pilot
34 projects, including the number and type of fee-based
35 services provided, the amount of revenue generated,
36 and the cost basis for the establishment of the fees.
37 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
38 immediate importance, takes effect upon enactment."
39
40 H. 2052 Concurred
41 6/19/01
42 Special Session
43
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HOUSE FILE 696

AN ACT

RELATING TO THE EMPLOYMENT SECURITY ADMINISTRATIVE CONTRIBUTION SURCHARGE, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 96.7, subsection 12, paragraphs a, c, and d, Code 2001, are amended to read as follows:

a. An employer other than a governmental entity or a nonprofit organization, subject to this chapter, shall pay an administrative contribution surcharge equal in amount to one-tenth of one percent of federal taxable wages, as defined in section 96.19, subsection 37, paragraph "b", subject to the surcharge formula to be developed by the department under this paragraph. The department shall develop a surcharge formula that provides a target revenue level of no greater than six million five hundred twenty-five thousand dollars annually. The department shall reduce the administrative contribution surcharge established for any calendar year proportionate to any federal government funding that provides an increased allocation of moneys for workforce development offices, under the federal employment services financing reform legislation. Any administrative contribution surcharge revenue that is collected in calendar year 2002 in excess of six million five hundred twenty-five thousand dollars shall be deducted from the amount to be collected in calendar year 2003 before the department establishes the administrative contribution surcharge. The department shall recompute the amount as a percentage of taxable wages, as defined in section 96.19, subsection 37, and shall add the percentage surcharge to the employer's contribution rate determined under this section. The percentage surcharge shall be capped at a maximum of seven dollars per employee. The department shall adopt rules

prescribing the manner in which the surcharge will be collected. Interest shall accrue on all unpaid surcharges under this subsection at the same rate as on regular contributions and shall be collectible in the same manner. Interest accrued and collected under this paragraph and interest earned and credited to the fund under paragraph "b" shall be used by the department only for the purposes set forth in paragraph "c".

c. Moneys in the fund shall be used by the department only upon appropriation by the general assembly and only for personnel and nonpersonnel costs of rural and satellite departmental offices in population centers of less than twenty thousand ~~or for the department-approved training fund funded in section 87-subsection 27-of-1988-Iowa-Acts7-chapter-1274.~~ To the extent possible, the department shall colocate the rural and satellite departmental offices funded by the surcharge provided for in this subsection at available community college facilities throughout the state. If colocation at community college facilities is not feasible, the department shall attempt, to the extent possible, to colocate offices in the facilities of other government entities. Moneys in the fund shall not be used for purposes other than those identified in this paragraph or identified in the appropriation of the moneys in the fund by the general assembly.

(1) Moneys in the fund may be used to provide any of the following services to businesses:

(a) Use of a business representative to build one-on-one relationships with businesses. A business representative may provide any of the following:

(i) Workforce consulting in the form of customized strategies to attract, retain, and upgrade the skills of an employer's workforce.

(ii) General and customized recruitment.

(iii) Workplace skill testing and analysis in the form of skill level, aptitude, and ability assessment.

(iv) Employer specific job descriptions, employee handbooks, applications, and other relevant personnel forms.

(b) Labor market surveys and analyses which may include the compilation and dissemination of occupational and wage information.

(c) Contact information and referral services related to any of the following issues:

(i) Workers' compensation.

(ii) Wage and worker rights.

(iii) Registration.

(iv) The federal Occupational Safety and Health Act of 1970 and occupational safety and health standards.

(v) Boiler and elevator regulations.

(vi) Contractor registration.

(vii) Immigration services.

(viii) Unemployment contributions.

(d) A statewide computer networking process for employers and individuals regarding available positions and qualified applicants.

(e) Crosstraining services for workforce development staff.

(2) Moneys in the fund may be used to provide any of the following services to individuals:

(a) Outreach, intake, and orientation services related to any of the following:

(i) Job search and interviewing assistance.

(ii) Initial assessment of skill levels, aptitudes, abilities, and support service needs.

(iii) Proficiency testing.

(iv) Resume development and preparation.

(v) Referral to training and customized skill upgrading.

(vi) Career counseling including assessment and analysis.

(b) Contact information and referral for supportive services including but not limited to transportation, housing, and child care.

(c) Labor market surveys and analyses.

(d) Job development and placement services.

(e) Resource centers that provide individuals with computer access for electronic job search, resume development, career exploration, and keyboard and software training. A resource center may also be equipped with employment, training, and career information including but not limited to employment opportunities available with local employers.

(f) Information and assistance with filing for unemployment compensation benefits.

(3) Moneys in the fund shall not be used for any of the following purposes:

(a) Services that are not included in subparagraphs (1) and (2).

(b) Unemployment tax system renovation and computer upgrades.

(c) Specific consultation services relating to the federal Occupational Safety and Health Act of 1970 and occupational safety and health standards.

(d) Services which are currently provided by other state agencies.

(e) Workforce development regional advisory board member expenses.

(f) Supportive services including but not limited to transportation, housing, and child care.

d. This subsection is repealed July 1, 2001 2003, and the repeal is applicable to contribution rates for calendar year 2002 2004 and subsequent calendar years.

Sec. 2. RURAL AND SATELLITE DEPARTMENTAL OFFICES REVIEW. The department of workforce development shall establish performance measures for each workforce development office site based on the job seeker entered employment rate, the job

seeker employment retention rate, the job seeker average wage at placement, the job seeker customer satisfaction rating, the number of employers served, and the employer customer satisfaction rating, and shall conduct an annual review of the performance measures.

The department, in the annual departmental offices review, shall consider the feasibility of consolidating some of the rural and satellite departmental offices to better serve the public. In addition, the department shall conduct a comprehensive analysis of the efficiency and effectiveness of the department's field office system, including the geographic distribution of the offices.

The department shall prepare a report of its annual departmental offices review findings that sets forth specific review findings for each office site. The report shall contain information gathered in the review as well as information concerning the success of colocation efforts at community colleges throughout the state, the services provided to employers with fifty or fewer employees, the rent or lease costs associated with each office site and the building square footage at each office site, and efforts to pursue other funding sources.

The department shall submit a report of its annual departmental offices review to the governor and general assembly by December 21, 2001, by December 21, 2002, and by December 21, 2003.

Sec. 3. PILOT PROJECTS -- FEE-BASED SERVICES. The department of workforce development shall establish pilot projects for the purpose of evaluating the feasibility of charging and collecting fees for certain customized or enhanced employer services. In every annual departmental office review, the department shall include the results of the pilot projects, including the number and type of fee-based services provided, the amount of revenue generated, and the cost basis for the establishment of the fees.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 696, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved  26, 2001

THOMAS J. VILSACK
Governor