The Iowa
New Jobs
Training Program
Prepare to Compete in the 21st Century
You already know that to compete in today’s global economy your business needs fully trained employees. But did you know that if your company is new or planning to expand employment in the state of Iowa, you can receive financial help for training new employees?

The state of Iowa provides economic incentives to your business through the Iowa New Jobs Training Program, Iowa Code Chapter 260E. The net result is that your new employees will show higher productivity, improved morale and reduced turnover—and your company will be better prepared to compete in the 21st century.

An Employee Training Program Designed for New or Expanding Business
The Iowa New Jobs Training Program (260E) was developed to assist businesses that are creating new positions or new jobs. If the company is expanding operations, or relocating to a new facility in the state, the 260E program can provide funding to meet a wide variety of training and employee development needs. The available assistance ranges from highly specialized educational programs to basic skill training for new positions.

Helping Improve Iowa’s Skilled, Productive Workforce
Iowa’s workforce training programs have evolved from a business expansion incentive tool into a comprehensive, targeted human resource instrument available to qualified Iowa businesses.

These industry-driven workforce development programs and services add to Iowa’s economic well-being by increasing the skills of an already productive Iowa workforce. With their unmatched work ethic, Iowans are acquiring skills that will increase their earning potential and improve the competitiveness of Iowa businesses.
The Iowa New Jobs Training Program has enabled us to provide full-time positions earlier in the various growth stages of our business than we would have been able to do without the program. It has also allowed us to provide our employees with training necessary for them to grow into new positions within our company. As a smaller employer, this program has helped us offer our employees opportunities that are usually only available at larger companies. Judy Lubben, controller, vice president of administration, Raining Rose, Inc.

Training Fund Creation
Kirkwood Community College issues training certificates (bonds) to fund the program costs. These training certificates are repaid by diverting 1.5 percent of the increased payroll withholding tax revenues resulting from the creation of the new jobs. The funds available through the program are dependent upon training and development needs and projected tax revenue available to repay the certificates. Therefore, it is important to contact Kirkwood Community College prior to commencing the hiring process.

Companies that are creating new jobs and are engaged in manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development are eligible to participate in the program. Businesses engaged in the provision of services that have customers outside of Iowa may also be eligible.

Supplemental Funding Opportunities
A supplemental withholding credit of an additional 1.5 percent, designed to promote the creation of high-quality jobs within Iowa, provides extended funding for companies participating in the 260E program. The amount of supplemental withholding credit is dependent upon the individual jobs that meet current wage requirements. Eligibility for the supplemental credit is based on a one-time determination of the starting wage by the community college.
Iowa New Jobs Training Program Funding Process
1. The company plans to add new positions/jobs. The Agreement of Intent (AOI) is signed to determine start date of hiring. The AOI is valid for 150 days. Complete the 260E preliminary application. Base employment is determined.

2. A Preliminary Agreement is created to enter into the 260E program. The projected number of new jobs generates an estimated training fund using either 1.5 percent or 3 percent of the employee’s gross wage for 10 years.

3. The company hires and trains new employees. Training plan is created and documented.

4. The company has created a minimum of five new jobs to enter into a Final Agreement with Kirkwood Community College. The final training fund is established.

5. Bonds are sold to finance the training fund. Qualified training expenses for new positions are reimbursed. The company repays the bond obligation by sending 1.5 percent or 3 percent of new employee withholding to Kirkwood with remaining withholding (3 percent or 4.5 percent) going to the state, ten year payback.
The Iowa New Jobs Training Program provides a variety of valuable services, including:

- Basic adult education
- Job-related instruction
- Skill assessment
- Training equipment, materials and supplies
- Training services of a community college or another educational institution
- Testing and evaluation of employees
- Customized or general instruction at a training facility selected by the employer
- Reimbursement of training travel costs for employees
- College tuition, books and fees
- Training services of an approved private trainer

Another benefit of the 260E program is the Iowa New Jobs Tax Credit. The tax credit is available to a company that has entered into a 260E program agreement and plans to increase its employment in Iowa by at least 10 percent. This one-time credit per qualified employee is available during the term of the approved final agreement.
How Other Businesses are Benefiting from the New Jobs Training Program Solution

• One eastern Iowa employer sent 10 new project managers to sales training, which took place outside the state of Iowa. The employer was reimbursed more than $35,000 for the registration fees, travel and lodging expenses.

• A European company opened a new plant in eastern Iowa. The company contracted with Kirkwood Training & Outreach Services to initiate the hiring process, write job descriptions and screen applicants. The new employees were sent to Europe for training prior to opening the new plant in Iowa. Many of their travel and lodging expenses as well as contracted costs for the hiring process were reimbursed under the program.

How Kirkwood Helps Design Your Training Program

Kirkwood Training & Outreach Services (KTOS) will work with your business to assess training needs, create employee development and training plans, and construct customized training programs to ensure your unique business goals are met. KTOS offers specialized curricula, flexible class schedules, and Web- and computer-based training. Our staff members help form business partnerships, coalitions and consortia that address workforce needs and create cost-effective programs shared by businesses. The employee training and education programs cover the following key skill areas:

Corporate Consulting
• Organizational Assessments and Change Management
• Strategic Planning and Execution
• Meeting Facilitation

Computers and Information Technology Training
• Microsoft Office Suite Training
• Web Page Development
• Operating Systems

Essential Skills Training
• Leadership
• Communication Skills

Continuous Improvement/Lean

Health and Safety Training
• CPR and Adult First Aid
• Fire Extinguisher
• Lock Out/Tag Out
• Confined Space

Industrial/Technical Training
• Welding
• Blueprint Reading
• Hydraulics

Skills Assessments
• National Career Readiness Certificate
• Job Profiling
• Personality Assessments

Kirwood has provided us with a distinct advantage through their educational and training program stewardship. The speed of change in today's work environment commands continuous commitment to coursework to stay informed. Kirkwood has increased our access to the necessary training and materials required to keep us competitive in the marketplace.

Brett Steffen, controller, Great America Leasing Corporation
Example of Large 260E Training Project Budget

This first example of an Iowa New Jobs Training project assumes 37 new jobs at an average annual salary of $35,672, with all new jobs qualifying for a 3 percent withholding credit.

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<tr>
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The “Training Fund” is the amount of funds available for training reimbursement. The “Reserve Account” represents a portion of the proceeds from the sale of the certificates that is set aside and used to make the first series of debt service payments. The “Issuance Cost” covers the payment of legal fees, financial advisory fees and registrar fees associated with the issuance of the certificates. The college receives 18 percent to administer the program over the 10 years; the State of Iowa receives 1 percent. An individual project is impacted by the prevailing interest rates at the time of the final agreement.

Example of Small 260E Training Project Budget

This second example of an Iowa New Jobs Training project assumes nine new jobs at an average annual salary of $29,485, with two new jobs qualifying for a 3 percent withholding credit and seven new jobs qualifying for a 1.5 percent withholding credit.

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<th>Description</th>
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For help in estimating the size of your project, we will ask you to provide a one- to three-year hiring projection plan.

As a startup company, there is a lot of cost in training new associates in our new methods and processes. The 260E training program was a great way for us to offset those costs and get us to the point of having fully operational associates ready to compete in our market.

Dave Thalacker, vice president, Cedar Crest Manufacturing, Inc.
About Kirkwood
Kirkwood Community College’s main campus is a 680-acre site located in Cedar Rapids near the intersection of Interstate 380 and U.S. Highway 30. The college has additional locations in Belle Plaine, Iowa City, Marion, Monticello, Tipton, Vinton, Washington and Williamsburg.

Kirkwood Community College:
• Registers more than 40,000 students per year in workforce training programs.

• Works with more than 300 employers per year and trains nearly 4,000 workers on an annual basis.

• Registers more than 25,000 students per year for college credit courses.

• Offers 130-plus career and college transfer programs – the most in Iowa.

• Offers 5,000 non-credit courses from workforce training to personal interest.

• Features The Hotel at Kirkwood Center, one of an elite handful of teaching hotels nationwide.

• Is a board member of the prestigious League for Innovation in the Community College, a consortium of 19 of the nation’s finest two-year colleges.

• Is accredited by the North Central Association of Colleges and Schools.

• Is fully accredited and certified by the Learning Resources Network, one of the first community colleges in the nation to earn that distinction.

Why do community colleges administer the program?
Because each of Iowa’s community colleges serves a multi-county region, the community college system encompasses the entire state and can efficiently serve the workforce needs of the state by administrating the Iowa New Jobs Training Program. Community colleges offer a wide range of flexible educational programs, from customized training for particular businesses, to vocational and technical certification programs that help students meet employers’ needs.
How does my company determine the base employment for the preliminary agreement? Base employment is your company’s highest level of employment in the state of Iowa during the six months prior to the date of the preliminary agreement. If you have both part-time and full-time employees, list them separately (for example, “250: 240 full-time and 10 part-time”). Temporary or seasonal employees are not eligible for this program.

How is the size of the training fund in the preliminary agreement or final agreement determined? It is based upon the estimated amount of new jobs credits (NJC) the employer will earn and submit to the college over 10 years. The NJC is 1.5 percent of the gross wages of the new employee or 3 percent if the employee’s hourly rate exceeds the regional/county average. The NJC is deducted from the employer’s state withholding obligation to the state of Iowa, so it does not represent any additional taxes.

Will the project budget for the final agreement be the same as that of the preliminary agreement? Probably not. Prior to the final agreement, you will have an opportunity to restate the salaries and number of new positions you anticipate creating. The size of the final will be based on this updated information.

We have a facility in another state that also will be adding jobs. May these positions be included in the Iowa New Jobs Training Program? No. This is a state of Iowa incentive program to increase employment in Iowa.

Is there a program for training existing employees? Yes. The Iowa Jobs Training Program (260F) is funded through the general assembly rather than the sale of certificates. The purpose of the program is to foster the growth and competitiveness of Iowa’s workforce and industry by ensuring that employees have the skills and expertise to compete with any workforce outside the state of Iowa.

The 260F has many of the same business eligibility requirements of the Iowa New Jobs Training Program (260E). The program funds are available on a first-come, first-serve basis and are awarded through an application process. For more information about the 260F program, call 319-398-5623.

What if we don’t create as many jobs as we projected? There are no direct penalties for failing to create or maintain the jobs you projected. However, your bond issue will be based on estimated new state income tax withholding revenues you are projecting to create. If you do not create as many jobs as projected, there may not be enough withholding tax revenues to make the bond payments. If this occurs, your company is responsible for covering the shortfall. For instance, if a bond payment of $5,000 was due, and your withholding tax revenues equaled $4,000, you would be liable for the $1,000.
Our company is privately owned. The owners are reluctant to release the financial statements. Are there any alternatives? Yes. Kirkwood can help make other arrangements for you to meet this obligation.

Who should sign the preliminary agreement or final agreement on behalf of the employer? The preliminary agreement may be signed by the local designee. The final agreement must be signed in accordance with the company bylaws.

We intend to start hiring before the preliminary agreement is considered by the Kirkwood Community College Board of Trustees. Is there anything we can do to include these new positions? Kirkwood is authorized to enter into an Agreement of Intent with an employer, which provides for 150 days to bring the preliminary agreement before the Kirkwood Community College Board of Trustees for consideration. When the preliminary agreement is approved, the effective date will be the date of the Agreement of Intent.

When are the training funds available? Once a company signs the final agreement the college will sell bonds each spring for companies ready to move to a bond sale. Approximately 30 to 40 days after bonds are sold companies can seek reimbursement of those funds.

What are our responsibilities under the program? Once the community college has issued the bonds for your training purposes, your first responsibility is to begin executing your training program. As you execute your training program and incur the expenses associated with it, you are responsible for submitting requests for reimbursement. Your requests for reimbursement should correspond with your training plan. Any supporting documentation, such as invoices, should accompany your request. You are also responsible for submitting a portion of your withholding tax payment on the new jobs to the college. The college will provide you with a form with which to accomplish this. The college will use this money to make the bond payments. If you outsource your payroll function to another company, you can arrange for that company to send the college your payments.

What do we do if we want to change our training program after we begin? The content of your training program and the allocation of the training fund can be modified to meet changes in your training needs as long as the modifications are legitimate training activities and expenses. The size of the training budget and the administrative costs of the program cannot be modified. If you need to modify your training plan, please contact Kirkwood Community College to develop the modification. Once developed, the college will substitute the modified plan for the original plan. The college will then use the modified plan to validate your requests for reimbursement.

Are all employees eligible for reimbursable training? If your business is not primarily engaged in retail, health, or professional services, employees employed in new positions within the state of Iowa may still be eligible, provided their positions represent an incremental increase above the base employment. In situations where company eligibility is in question, Kirkwood will work with the Economic Development Authority for clarification on eligibility. Temporary or seasonal employees are not eligible.

Employees that live outside the state of Iowa as their permanent residence but work for an Iowa based company will not qualify as a new job. The intent of the program is to create jobs in Iowa and to grow the Iowa economy.

What is involved in developing our training program plan? How long does it take? A 260E program manager will schedule an appointment with a KTOS program director to assist with completion of the training plan which needs to include any training done since each new position was created as well as any training expected to be completed over the next three years. On average, the development of the training plan will take two to four hours over two to three meetings. Once the initial training plan has been developed and submitted, the KTOS program director will meet with you on a quarterly basis to discuss the status of the training plan and make any modifications to the plan.
The Iowa City Area Development Group partners with Kirkwood when working with area employers on workforce needs. One of the most unique programs that the state of Iowa created and the community colleges administer is the Iowa New Jobs Training Program (260E). This job training program provides financial resources to support our current employers who are expanding with their training needs. It has been an excellent tool when working with new business prospects and supports our region’s investment in human capital.

Joe Raso, president, Iowa City Area Development Group

Clear Need for Training

The Skills 2014 report builds on the region’s continued efforts to identify and develop strong workforce tools to support business success. In addition, the Skills 2014 report reflects the successes of the recommendations outlined in the Skills 2010 report and builds on the 2006 and 2000 Skills reports. The regional Corridor Alliance economic development organizations sponsored the Skills 2014 survey. The Corridor Alliance is made up of representatives from the region’s economic development organizations and Kirkwood Community College.

The Skills 2014 report results continue to reflect a need for training within the existing workforce. Jobs in the region require a post secondary education beyond high school and education and credentials remain a high priority among regional employers. Second, employers remain concerned about the missing basic, soft and occupational skills among job applicants although improvement has been accomplished since the Skills 2010 study. The highest area of concern from employers is the occupational skills of job applicants. Employers are positive about the willingness of their employees to make educational investments in continuing education, credential attainment and skills training.