



# The Iowa New Jobs Training Program



# Sharpen Your Competitive Edge

You already know that to stay competitive in today's rapidly changing global marketplace 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 qualifying businesses through the Iowa Industrial New Jobs Training Act, 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 sharpen its competitive edge.

## How the Iowa New Jobs Training Program Works



Community colleges administer this program, commonly called the Iowa New Jobs Training Program. Kirkwood Community College, which serves seven counties in eastern Iowa, finances your training program through the sale of new jobs training certificates. These certificates are issued by Kirkwood as federally tax-exempt and taxable certificates on behalf of your business, but the certificates are obligations of Kirkwood and not of your business. The proceeds from the sale of the certificates are held by Kirkwood and used to reimburse your company for the training expenses incurred on the new jobs created.

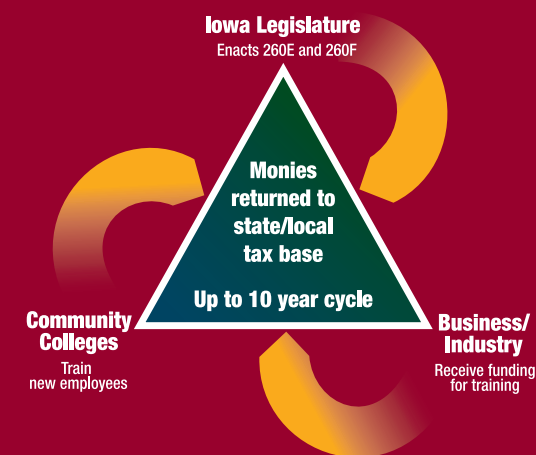
After your employees are trained, you repay the certificates by:

- 1) Diverting a portion of state withholding taxes on new employees' wages from the state in the form of a new jobs credit (NJC) to Kirkwood Community College; **and/or**
- 2) Providing local property tax receipts from new capital investments by your business—which are diverted through the creation of a tax increment financing (TIF) district. (Note: This is contingent upon your local municipality's consent and agreement.)

Since both of these funding sources involve monies that your business would pay in any event, they are not additional taxes.

## Full Cycle

The Iowa New Job Training Program represents unique, cooperative efforts between government, business and education. Companies receive the financing needed to train their employees, so that they can remain competitive in the marketplace. Funds generated by these programs are used to train Iowa workers and create added value to the quality of our state's workforce pool. After a maximum of 10 years, all funding sources are returned to the state and local government in the form of increased withholding taxes and property tax receipts.



## A History Lesson

The Iowa economy has historically been heavily based on agribusiness, but since the farm crisis of the 1970s, state leaders have been encouraging economic diversity by recruiting new companies and encouraging existing companies to expand. In 1983, state legislators adopted the Iowa Industrial New Jobs Training Act, which continues to provide economic incentives for new or expanding businesses and industries.

## Is Your Company Eligible?



- Yes, if your business or industry is engaged in interstate or intrastate commerce for the purpose of:
  - manufacturing, processing or assembling products;
  - conducting research and development; or
  - providing services in interstate commerce.
- No, if your business is in retail or health or offers professional services.
- No, if you close or reduce your operation in one area of the state and relocate substantially the same operation to another part of the state.
- Yes, if your business is expanding in another area but your existing business does not close or substantially reduce its existing operation.

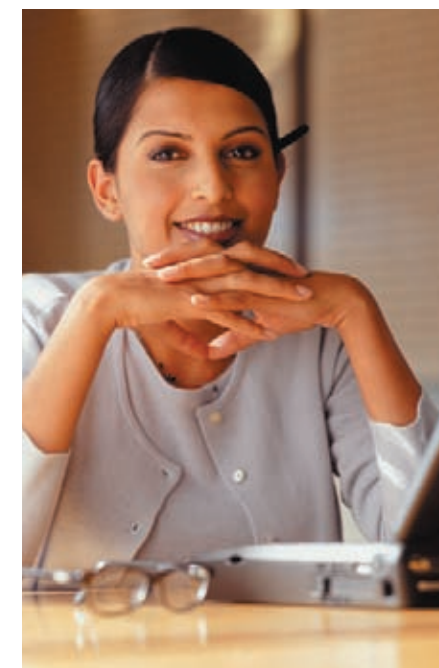
### How Other Businesses Are Benefiting from the Program

- One Eastern Iowa employer sent 10 new project managers to sales training which took place outside the State of Iowa. The employer was reimbursed over \$35,000 for the registration fees, travel and lodging expenses.
- Many employers provide tuition reimbursement as a benefit to their employees. One company has been reimbursed \$20,000 for several new employees pursuing their MBA degrees.
- A European company opened a new plant in eastern Iowa. The company contracted with Kirkwood Training 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 were reimbursed under the program.

## Types of Training Available

Kirkwood Community College staff will help you decide what kind of training will work best for your employees and your business and also fit in with the legislation, program rules and college policies. The training that you implement may ultimately be provided by Kirkwood, another educational institution or other third parties.

Some employers utilize on-the-job training, which is a reimbursable expense as long as it does not exceed more than 50% of the training fund. Usually this equates to 50% of the new employee's salary for about nine weeks.



Other customized training services may include:

- Basic adult education
- Job-related instruction, including moderately or highly specialized
- Training equipment, materials and supplies
- Testing and evaluation of employees
- Customized or general instruction at a training facility selected by your business
- Reimbursement of training travel costs for employees
- College tuition, books and fees
- Training services of a private trainer

## Clear Need for Training

The Cedar Rapids/Iowa City Technology Corridor Committee recently sponsored a study of area businesses and their projected needs for employment and skills. The Skills 2006 Technology Corridor Report revealed a common theme among local employers: employees need training in essential skills, such as team building, communication, customer service and problem solving; and technical skills, such as math, writing and computer applications.

# Example of a Budget for a Training Project

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

<i>Reserve Account</i>	<i>\$ 13,500.00</i>
<i>Issuance Cost</i>	<i>14,850.00</i>
<i>College Administrative Fees</i>	<i>40,500.00</i>
<i>State Administrative Fees</i>	<i>2,700.00</i>
<i>Training Fund</i>	<i>198,450.00</i>
<b>TOTAL</b>	<b>\$270,000.00</b>
<i>Certificate Issuance</i>	<i>\$270,000.00</i>

The amount of funds available for training reimbursement is identified as the "Training Fund." 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 15% to administer the program over the 10 years; the State of Iowa receives 1%. An individual project is impacted by the prevailing interest rates at the time of the final agreement.

For help in estimating the size of your project, we will ask you to provide a staffing plan.

# How to Initiate, Implement, and Be Reimbursed under a 260E Program

If you haven't already talked to a Kirkwood representative, call 319-398-5548 or email [contactce@kirkwood.edu](mailto:contactce@kirkwood.edu) for an appointment. With our help, you will then need to:

- Complete a 260E application and attach recent financial statements or a business plan for review.
- Execute and return three copies of a Preliminary New Jobs Training Agreement, which will be mailed to you by the college's attorney.
- Once the preliminary agreement is approved by the Kirkwood Board of Trustees, start hiring your new employees.

- Maintain records of the training cost of the new employees, usually in the form of copies of training invoices from third parties, rosters of new employees trained and training related travel reports.
- In the spring following the approval of your preliminary agreement, the college will contact you requesting final information for preparation of a final agreement. This would include the job title, hire date and annual salary of the new jobs created.
- Once the final agreement is approved and funded, begin submitting new jobs credits to the college.
- Submit documentation of your training expenses.
- Receive reimbursement of training expenses.

For more information about how to initiate, implement and be reimbursed under a 260E Program and to download a 260E application and Agreement of Intent form, visit [www.kirkwood.edu/ktos](http://www.kirkwood.edu/ktos).



"From a community standpoint, the New Jobs Training program is about the most fiscally responsible program that could have been created. It calls for a company to commit to a number of jobs created and wages paid and to maintain the rates of employment. It's easy for companies to put multiple contracts in place; they can have two, three, four or more separate contracts."

--Mark Seckman, President of Priority One, the Economic Development Division of the Cedar Rapids Chamber of Commerce

"The training supported by the state training funds was highly beneficial in helping Siemens Transportation in developing and maintaining its high technology workforce. This program gives Iowa employers a much needed competitive edge over the competition."

--Ron Menti, Engineering Director, Siemens Transportation Systems, Inc.



# How Would Kirkwood Help Design Your Training Program?



Staff from Kirkwood Training Services will work with your business to create customized training programs toward your company's success. We offer specialized curricula, flexible class schedules and web- and computer-based training. We help form business partnerships, coalitions and consortia that address workforce needs and create cost-effective programs shared by businesses. Our employee training and education programs cover the following key skill areas:

- Computer and Information Technology
- Technical Training
- Health and Safety Program
- Essential Skills Training
- Skills Assessments

These services may be provided at a college facility or your work place. In some cases, the Kirkwood Training and Outreach Services (KTOS) Center, located in Marion, may be used. The KTOS Center provides business counseling, training services and technologically enhanced training facilities to help companies achieve world-class performance.

Your business is **not required** by the Iowa New Jobs Training Program to use the training services offered by Kirkwood. However, the college can help your new employees gain high-quality skills that will benefit your business.

## About Kirkwood



Kirkwood Community College's main campus is a 620-acre site located in Cedar Rapids near the intersection of Interstate 380 and U.S. Highway 30. The college has additional locations in Iowa City, Marion, Monticello, Tipton, Vinton, Washington, Williamsburg and Belle Plaine.

Kirkwood Community College:

- Registers over 15,000 students per year for college credit courses
- Offers more than 100 career and college transfer programs
- Offers 5,000 non-credit courses from personal interest to workforce training

- Is ranked in the top 5% of two-year colleges in America, based on the number of two-year degrees awarded
- Is a member of the prestigious League for Innovation in the Community College, a consortium of 20 of the nation's finest two-year colleges
- Is accredited by the North Central Association of Colleges and Schools
- Was recognized in 2001 as "Community College of the Year" by the National Alliance of Business
- 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 address the workforce needs of the state by administering 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.



# Is There a Program for Training Existing Employees?

Yes. The Iowa Jobs Training Program, IJTP (260F), formerly known as the Iowa Jobs Retraining Program, 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 IJTP has many of the same business eligibility requirements of the Iowa New Jobs Training Program. The program funds are available on a first-come, first-served basis and are awarded through an application process.

Features of this program include:

- Your business can be reimbursed up to 50% on most training expenses.

- Your company works one-on-one with a representative of Kirkwood Community College who will answer questions and help you with your application.
- You complete an application provided by Kirkwood; the state determines your eligibility.
- Once approved, your company will be reimbursed up to \$20,000 per application and up to \$50,000 over a three-year period, per company location.
- Your business is required to provide a 50% cash match for all applications and a 10% administrative fee.
- Unlike the 260E program, on-the-job training is not covered by this 260F program.

For more information about the Iowa Jobs Training Program, call 319-398-5623 or email [contactce@kirkwood.edu](mailto:contactce@kirkwood.edu) for more information.

# Frequently Asked Questions

## **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 in the six months prior to the date of the preliminary agreement. If you have both part-time and full-time employees, state them separately (for example, "250—240 full-time & 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% of the gross wages of the new employee or 3% if the employee's hourly rate exceeds the regional/county average. The new jobs credit (NJC) is deducted from the employer's state withholding obligation to the State of Iowa, so it does not represent any additional taxes. If incremental property taxes are used to fund the agreement, they are also used in the calculation.

## **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.

## **What happens to the preliminary or final agreement if the company is sold?**

If it is a stock sale, either agreement will transfer to the new owner as a matter of law. If it is an asset sale, the agreement may be assigned to the new owners but will require approval by the Kirkwood Community College Board of Trustees.

## **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.

## **Is there a drawback for a company to enter into a preliminary agreement?**

According to Section 2.7 of the preliminary agreement, in the event a final agreement is never entered into, the employer is responsible for reimbursing the college the expense of preparing the preliminary agreement. For the standard preliminary, the cost is \$300. However, unless the college has incurred significant additional legal fees due to revisions to contract language, this fee is usually waived. The maximum amount is limited in Section 2.7 to \$1,000.

## **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 60 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?**

It usually takes approximately 12-18 months to move from a preliminary agreement to final agreement to funding. Since the college funds final agreements once a year, much depends on how quickly the employer actually adds a significant portion of the planned new jobs.

## **What if the Kirkwood Community College Board of Trustees does not approve the agreement?**

Either way, you will be notified by letter of the board's action. If the administration has some concern that the agreement will not be favorably received by the Board of Trustees, we will notify you in advance. We can not predict board action with 100% accuracy, though we are generally close.

## **Are all employees eligible for reimbursable training?**

If your business is not primarily engaged in retail, health or professional services, generally all employees employed in new positions within the State of Iowa are eligible, provided their positions represent an incremental increase above the base employment. Sometimes a company operates a retail outlet in addition to the primary activities allowed by the Iowa code for participation in this program; in this case, the new retail positions may not be eligible. Temporary and seasonal employees are not eligible.



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