SENATE BILL No. 420

DIGEST OF SB 420 (Updated February 19, 2019 2:18 pm - DI 120)

Citations Affected: IC 20-47.

Synopsis: Workforce development. Provides for certification by the department of education and the department of workforce development of an Industry Credentialing Organization (ICO). Provides that an organization qualifies as an ICO if the organization: (1) is a 501(c)(3) tax exempt organization; (2) conducts activities to enhance career and technical education opportunities for students attending a school within the community and aligns those opportunities with local economic and labor needs within the community; (3) is governed by a board of directors that consists of members: (A) who are representatives of businesses from at least a majority of the economic growth regions of (Continued next page)

Effective: Upon passage.

Raatz, Kruse, Glick, Ruckelshaus, Rogers, Melton, Spartz, Zay, Niezgodski

January 14, 2019, read first time and referred to Committee on Education and Career Development.
January 24, 2019, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.
February 19, 2019, amended, reported favorably — Do Pass.
the department of workforce development; and (B) that conduct the same line of business or trade, or are in the same industry or profession, in Indiana; and (4) enters into an agreement with the department of education and the department of workforce development. Provides that contributions to an ICO may be used by the ICO for the following purposes: (1) To provide financial support in the form of grants to pay the qualifying educational expenses for students to attend an eligible training program that allows the student to concurrently earn high school or college credit. (2) To provide grants to schools to be used by the school to pay the transportation costs for students to attend an eligible training program that allows the student to concurrently earn high school or college credit. (3) To provide grants to schools to be used by the school to supplement funding for the school's: (A) career counseling of students; (B) work ethic certificate program; (C) apprenticeship programs that are established as a graduation pathway requirement; (D) work based learning courses delivered in an employment relationship that provides a worker with paid work experience and corresponding classroom instruction and that is established as a graduation pathway requirement; or (E) other course or program of an eligible training provider, if the course or program of the eligible training provider leads to the attainment of a specific employment related credential. (4) To provide money to the industry credentialing organization to establish and operate a career counseling program. Requires a school that receives grant money from an ICO to annually report to the department of education the use of the grant money by the school and metrics of student achievement and demographics. Requires an ICO to conduct an employment survey of students that participated in a course or program that received funding from the ICO for five consecutive years after the student graduates or leaves school.
SENATE BILL No. 420

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 20-47-6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 6. Industry Credentialing Organization; Certification; Administration of Contributions

Sec. 1. As used in this chapter, "contribution" means a contribution to an industry credentialing organization made for the purposes set forth in section 10 of this chapter.

Sec. 2. As used in this chapter, "eligible training program" means a training program that leads to the attainment of any of the following:

(1) An industry certification that appears on the state board's industry certification list that is approved by the department of workforce development.

(2) A postsecondary degree, certificate, or credential that:
(A) is from a training provider; and
(B) certifies occupational proficiency in a skilled trade.

(3) A certificate of completion of an apprenticeship program
(as defined in IC 20-43-8-0.3) that is established as a
graduation pathway requirement under IC 20-32-4-1.5.

Sec. 3. As used in this chapter, "qualifying educational
expenses" means:
(1) tuition and fees required to attend an eligible training
program; and
(2) fees, books, supplies, and equipment required for courses
of instruction in the eligible training program.

Sec. 4. As used in this chapter, "school" means a public school,
including a charter school, an accredited nonpublic school, or an
eligible school (as defined in IC 20-51-1-4.7).

Sec. 5. As used in this chapter, "student" refers to an individual
who:
(1) has legal settlement in Indiana;
(2) is at least five (5) years of age and less than twenty-two
(22) years of age on the date in the school year specified in
IC 20-33-2-7; and
(3) is currently enrolled in a school.

Sec. 6. As used in this chapter, "training provider" means any
of the following:
(1) A state educational institution (as defined in
IC 21-7-13-32).
(2) A postsecondary proprietary educational institution (as
defined in IC 22-4.1-21-9).
(3) A career and technical education provider established by
a governing body (as defined in IC 20-18-2-5) under IC 20-37.

Sec. 7. An organization qualifies for certification as an industry
credentialing organization if the organization:
(1) is exempt from federal income taxation under Section
501(c)(3) of the Internal Revenue Code;
(2) conducts activities for the purpose of enhancing career and
technical education opportunities for students attending a
school within the community and aligning those opportunities
with local economic and labor needs within the community;
(3) is governed by a board of directors that consists of
members:
(A) who are representatives of businesses from at least a
majority of the economic growth regions of the department
of workforce development as determined by the
department of workforce development; and

(B) who:

(i) conduct the same line of business or trade; or

(ii) are in the same industry or profession;

in Indiana;

(4) applies to the department and the department of workforce development on the form, by the date, and in the manner prescribed by the department and the department of workforce development;

(5) indicates the industry category in which the organization is requesting to be placed by the department of workforce development as described in section 20(1) of this chapter; and

(6) enters into an agreement with the department and the department of workforce development to comply with this article.

However, if an organization is unable to meet the requirements under subdivision (3)(A) and (3)(B), the department and the department of workforce development may waive those requirements under the terms of the agreement entered into under subdivision (6).

Sec. 8. (a) The department and the department of workforce development shall coordinate with each other for purposes of this chapter and shall certify an organization as an industry credentialing organization, if the organization meets the qualification requirements under section 7 of this chapter.

(b) The department of workforce development shall place each industry credentialing organization in an industry category as described in section 20(1) of this chapter.

Sec. 9. An agreement entered into under section 7(6) of this chapter by and among the department, the department of workforce development, and an industry credentialing organization must require the industry credentialing organization to do the following:

(1) Collaborate with and seek guidance on a periodic basis from:

(A) the department;

(B) the department of workforce development;

(C) schools;

(D) training providers; and

(E) other stakeholders;

in carrying out the activities of the industry credentialing organization under this chapter.
(2) Agree to deposit all contributions in a separate account of the industry credentialing organization.

(3) Agree to provide written substantiation to taxpayers for each contribution made to the industry credentialing organization, which must include certification that the contribution will be used by the industry credentialing organization only for purposes of this chapter.

(4) Beginning not later than the third year following the date the industry credentialing organization is certified under section 8 of this chapter, distribute annually not less than seventy-five percent (75%) of the total amount of contributions for one (1) or more purposes set forth in section 10 of this chapter.

(5) Use not more than ten percent (10%) of the total amount of contributions for administrative costs, including costs for:
   (A) financial audits for an industry credentialing organization; and
   (B) reimbursements for reasonable costs incurred by members of the board of directors of an industry credentialing organization in carrying out the activities of the industry credentialing organization under this chapter.

(6) Prohibit a taxpayer from directing a contribution to a particular student or a particular training provider.

(7) Allow a taxpayer to designate:
   (A) a specific purpose for which the taxpayer's contribution must be used; and
   (B) a specific school or school district for which the taxpayer's contribution must be used;

under section 10 of this chapter.

(8) Agree to provide a list of the names and addresses of the board members, officers, and employees with managerial authority of the industry credentialing organization.

(9) Conduct criminal background checks on all the industry credentialing organization board members, officers, and employees, and exclude from employment or governance any individual who might reasonably pose a risk to the appropriate use of contributed funds.

(10) Make the reports required by this chapter.

Sec. 10. Money received from contributions may be used by an industry credentialing organization for one (1) or more of the following purposes:

(1) To provide financial support in the form of grants to pay
the qualifying educational expenses for students to attend an
eligible training program that allows the student to
concurrently earn high school or college credit.

(2) To provide grants to schools to be used by the school to
pay the transportation costs for students to attend an eligible
training program that allows the student to concurrently earn
high school or college credit.

(3) To provide grants to schools to be used by the school to
supplement funding for the following curriculum or program
of instruction of the school:

   (A) the school's career counseling of students;
   (B) a work ethic certificate program established under
       IC 22-4.1-25;
   (C) an apprenticeship program (as defined in
       IC 20-43-8-0.3) that is established as a graduation pathway
       requirement under IC 20-32-4-1.5;
   (D) a work based learning course delivered in an
       employment relationship that:
       (i) provides a worker with paid work experience and
           corresponding classroom instruction as set forth in
           IC 20-43-8-0.7; and
       (ii) is established as a graduation pathway requirement
           under IC 20-32-4-1.5; or
   (E) any other course or program of an eligible training
       provider, if the course or program leads to the attainment
       of a specific employment related credential that documents
       the student's skills for employment success.

(4) To provide money to the industry credentialing
organization to establish and operate a career counseling
program for students.

Sec. 11. An industry credentialing organization may accept a
contribution of stock for purposes of this chapter. If an industry
credentialing organization accepts stock as a contribution for
purposes of this chapter, the industry credentialing organization
must sell the stock and deposit the proceeds of the sale in the
account described in section 9(2) of this chapter not later than ten
(10) days after the date of the contribution of the stock.

Sec. 12. (a) An industry credentialing organization may not
distribute grants from contributions under this chapter:

   (1) for use by a student who is also the recipient of a high
value workforce ready credit-bearing grant under IC 21-12-8
for attendance at a training provider in any course for which
the grant for attendance from the industry credentialing organization is provided;
(2) for use by a student to enroll in an eligible training program that the industry credentialing organization knows does not qualify under this chapter;
(3) for use to fund an eligible training program of a training provider as defined in section 6(3) of this chapter (career and technical education provider), if the grant money is used by the training provider to replace state funding for the eligible training program for which the grant is made; or
(4) to pay the qualifying educational expenses for students to attend an eligible training program in which the student is entitled to enroll without payment of tuition.

(b) An agreement entered into under section 7(6) of this chapter must prohibit an industry credentialing organization from limiting the availability of grants from contributions to students of only one school or attendance at only one eligible training provider.

Sec. 13. (a) An industry credentialing organization certified under this chapter must publicly report to the department by December 1 of each year the following information regarding the industry credentialing organization's grants awarded in the previous school year:

(1) The name and address of the industry credentialing organization.
(2) The total number and total dollar amount of contributions received during the previous school year.
(3) The:
   (A) total number and total dollar amount of all grants awarded during the previous school year;
   (B) total number and total dollar amount of grants awarded to pay the qualifying educational expenses for students to attend an eligible training program;
   (C) total number and total dollar amount of grants awarded to each school; and
   (D) total number and total dollar amount of other expenses.

The report must be certified under penalties of perjury by the executive director of the industry credentialing organization.

(b) An industry credentialing organization certified under this chapter shall contract with an independent certified public accountant for an annual financial audit of the industry credentialing organization. The industry credentialing organization
must provide a copy of the annual financial audit to the
department and must make the annual financial audit available to
a member of the public upon request.

Sec. 14. The department shall prescribe a standardized form for
industry credentialing organizations to report information
required under this chapter.

Sec. 15. The department may, in a proceeding under IC 4-21.5,
suspend or terminate the certification of an organization as an
industry credentialing organization if the department establishes
that the industry credentialing organization has intentionally and
substantially failed to comply with the requirements of this chapter
or an agreement entered into under this chapter.

Sec. 16. The department may conduct either a financial review
or an audit of an industry credentialing organization certified
under this chapter if the department of state revenue has evidence
of fraud.

Sec. 17. (a) A school that receives grant money from an industry
credentialing organization under this chapter shall report to the
department by December 1 of each year the use of the grant money
by the school during the previous school year and metrics of
student achievement and demographics, including:

    (1) the amount of grant money used for each course or
    program of instruction of the school;
    (2) the amount of grant money used for transportation costs
    for students to attend an eligible training program;
    (3) the amount of grant money used for any other purposes;
    and
    (4) metrics of student achievement and demographic
    information for those students during the previous school
    year that participated in a course or program of instruction
    of the school that was funded in whole or in part by grant
    money from an industry credentialing organization under this
    chapter.

(b) The department shall make the information reported by
each school under subsection (a) available to the public on the
department's Internet web site.

Sec. 18. The department shall prescribe a standard form to be
used by a school to report student achievement and demographic
information as required under section 17(a)(4) of this chapter. The
standard form must include at least the following information for
those students participating in a career and technical education
program or course described in section 17(a)(4) of this chapter:

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(1) The number of students who completed a program or course in the school that was funded in whole or in part by grant money from an industry credentialing organization under this chapter, including:
   (A) a compilation of:
      (i) the academic achievement of those students in the program or course; and
      (ii) the average grade point average of those students; and
   (B) a description of the employment related credential attained by those students as a result of completing the program or course, if any.
(2) The number of students who completed a course in an eligible training program that allowed the student to receive concurrent high school or college credit as a result of completing the course.
(3) The number of students who completed an eligible training program to attain an industry certification described in section 2(1) of this chapter.
(4) The number of students who enrolled in, but failed to complete, a program or course described in subdivisions (1) through (3).
(5) The number of students with low socioeconomic status.
(6) The number of students from racial minority groups.
(7) The number of students representing rural regions.
(8) The number of students representing urban regions.
(9) The number of students by gender.
(10) The number of students with disability status.
(11) The number of students who are designated as at risk students.

Sec. 19. (a) An industry credentialing organization shall conduct a survey of the students that participated in a course or program that received funding from the industry credentialing organization under this chapter.
   (b) The survey shall be conducted in the year after the year in which the student graduates or leaves school and the next four (4) consecutively succeeding years.
   (c) The survey must include the individual's employment status, including whether the individual is employed full-time or part-time, for each year the survey is conducted.
   (d) The industry credentialing organization shall submit each survey conducted under this section to the department and the
department of workforce development not later than December 1
of the year in which the survey is conducted.

Sec. 20. The department of workforce development shall
annually compile lists of the following:

(1) The industry categories, as determined by the department
of workforce development, in which an industry credentialing
organization may be placed under this chapter.

(2) The organizations that have been certified as industry
credentialing organizations under this chapter, disaggregated
by industry category.

Sec. 21. The department shall adopt rules under IC 4-22-2 to
implement this chapter.

SECTION 2. An emergency is declared for this act.
COMMITTEE REPORT

Madam President: The Senate Committee on Education and Career Development, to which was referred Senate Bill No. 420, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective dates in SECTIONS 1 through 2 with "[EFFECTIVE UPON PASSAGE]".

Page 2, delete lines 13 through 21, begin a new paragraph and insert:

"Sec. 7. (a) This chapter applies to taxable years beginning after December 31, 2018.
(b) A taxpayer that makes a contribution to an industry credentialing organization for use by the industry credentialing organization for career enhancement purposes is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the taxpayer makes the contribution.
(c) A taxpayer is not entitled to a credit under this chapter for a contribution to an industry credentialing organization that is used to provide a grant or other assistance to a child participating in the early education grant pilot program under IC 12-17.2-7.2.".

Page 3, delete lines 19 through 28, begin a new paragraph and insert:

"Sec. 13. The total amount of tax credits awarded under this chapter in a state fiscal year for each industry category, as determined by the department of workforce development under IC 20-47-6-20(a)(1), may not exceed the amount determined by the department of workforce development under IC 20-47-6-20(b) for that industry category. The total amount of tax credits awarded under this chapter in a state fiscal year may not exceed fourteen million dollars ($14,000,000).

Sec. 14. The department, on an Internet web site used by the department to provide information to the public, shall provide the following information:

(1) The application for the credit provided in this chapter.
(2) A timeline for receiving the credit provided in this chapter.
(3) The lists provided to the department by the department of workforce development under IC 20-47-6-20(d).
(4) The total amount of credits awarded under this chapter for each industry category described in section 13 of this chapter during the current state fiscal year.
(5) The total amount of credits awarded under this chapter
during the current state fiscal year.".
Page 4, line 17, delete "school." and insert "school (as defined in IC 20-51-1-4.7).".
Page 5, line 10, delete "form" and insert "form, by the date,".
Page 5, line 12, delete "and".
Page 5, between lines 12 and 13, begin a new line block indented and insert:

"(5) indicates the industry category in which the organization is requesting to be placed by the department of workforce development as described in section 20(a)(1) of this chapter; and".
Page 5, line 13, delete "(5)" and insert "(6)".
Page 5, line 20, delete "(5)." and insert "(6).".
Page 5, delete lines 21 through 25, begin a new paragraph and insert:

"Sec. 8. (a) The department and the department of workforce development shall coordinate with each other for purposes of this chapter and shall certify an organization as an industry credentialing organization, if the organization meets the qualification requirements under section 7 of this chapter.

(b) The department of workforce development shall place each industry credentialing organization in an industry category as described in section 20(a)(1) of this chapter."
Page 5, line 26, delete "section 7(5)" and insert "section 7(6)".
Page 6, line 12, delete "costs." and insert "costs, including costs for:

(A) financial audits for an industry credentialing organization; and
(B) reimbursements for reasonable costs incurred by members of the board of directors of an industry credentialing organization in carrying out the activities of the industry credentialing organization under this chapter.".
Page 8, line 5, delete "section 7(5)" and insert "section 7(6)".
Page 10, between lines 35 and 36, begin a new paragraph and insert:

"Sec. 20. (a) The department of workforce development shall annually compile lists of the following:

1) The industry categories, as determined by the department of workforce development, in which an industry credentialing organization may be placed under this chapter.

2) The organizations that have been certified as industry credentialing organizations under this chapter, disaggregated
by industry category.

(3) The total tax credit amount that may be awarded under IC 6-3.1-35 in a state fiscal year for each industry category, as determined under subsection (b).

(b) For each state fiscal year, the department shall determine the total tax credit amount that may be awarded under IC 6-3.1-35 for each industry category described in subsection (a)(1). The total tax credit amount that may be awarded for each industry category in a state fiscal year is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the economic output in Indiana, which shall include the average student wage in each industry that is paid for work based learning courses as described in IC 20-43-8-0.7, for the industry category, as determined by the department of workforce development.

STEP TWO: Divide the STEP ONE result by the total economic output of all industry categories in which at least one (1) industry credentialing organization has been placed under this chapter, as determined by the department of workforce development.

STEP THREE: Multiply the STEP TWO result by fourteen million dollars ($14,000,000).

(c) Each state fiscal year, the department of workforce development shall redetermine the total tax credit amount that may be awarded under IC 6-3.1-35 for each industry category in a state fiscal year as provided under subsection (b) based on changes in economic output, student wages as described in STEP ONE of subsection (b), and changes in the total number of industry credentialing organizations within each industry category.

(d) The department of workforce development shall:

1. provide the lists compiled under subsection (a) to the department and the department of state revenue; and
2. post the lists on the department of workforce development’s Internet web site.

(e) The department of workforce development may adopt rules
under IC 4-22-2 to implement this section."
  Page 10, line 36, delete "20." and insert "21."
  Page 10, after line 37, begin a new paragraph and insert:
"SECTION 3. An emergency is declared for this act."
and when so amended that said bill do pass and be reassigned to the
Senate Committee on Tax and Fiscal Policy.

(Reference is to SB 420 as introduced.)

RAATZ, Chairperson
Committee Vote: Yeas 9, Nays 1.

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy,
to which was referred Senate Bill No. 420, has had the same under
consideration and begs leave to report the same back to the Senate with
the recommendation that said bill be AMENDED as follows:
  Delete the title and insert the following:
  A BILL FOR AN ACT to amend the Indiana Code concerning
education.
  Page 1, delete lines 1 through 15.
  Delete pages 2 through 3.
  Page 5, line 27, delete "20(a)(1)" and insert "20(1)".
  Page 6, line 2, delete "20(a)(1)" and insert "20(1)".
  Page 11, line 19, delete "(a)".
  Page 11, delete lines 27 through 42.
  Page 12, delete lines 1 through 19.
  Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.

(Reference is to SB 420 as printed January 25, 2019.)

HOLDMAN, Chairperson
Committee Vote: Yeas 14, Nays 0.