**Regulatory Analysis**

Notice of Intended Action to be published: 871—Chapter 68
"Accelerated Career Education (ACE) Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 84A, 17A, and 260G
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 260G

*Public Hearing*

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 1, 2025
10 a.m.

Microsoft Teams
Meeting ID: 246 930 694 517 5
Passcode: Mw9iX7yT
Dial in by phone: +1 469.998.6043
Find a local number
Phone conference ID: 257 197 044#

*Public Comment*

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by Iowa Workforce Development no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Des Moines, Iowa 50319
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*Purpose and Summary*

The 260G (ACE) program provides businesses with a skilled workforce. Through 260G funding, community colleges offer programming to train individuals in needed occupations in Iowa.

*Analysis of Impact*

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Community colleges apply for and manage the 260G program. They may have administrative costs related to the management of this program.

- **Classes of persons that will benefit from the proposed rulemaking:**

Community college students will continue to benefit from the 260G program.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

The 260G program provides direct funds for employee training. Funds are allocated directly to local business efforts at educating and advancing the local workforce.

- **Qualitative description of impact:**

260G programming funds allow community colleges to collaborate with businesses. Through this collaboration, employees are offered skilled training that advances both their needs and the businesses' needs. The 260G program has a track record of joint efforts that improve communities across the State of Iowa.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

One person employed at Iowa Workforce Development administers the 260G program, in addition to other programs. This takes about 25 percent of the person's time.

- **Anticipated effect on State revenues:**

No change is anticipated.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The proposed rulemaking has little impact regarding costs and benefits.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

*Small Business Impact*

**If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:**

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

**If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?**

By removing "shall" requirements in the 260G administrative rules, businesses and community colleges will have more flexibility in working with Iowa Workforce Development. While no substantive changes are proposed, the overall review of this chapter allows for a holistic review of 260G programming.

*Text of Proposed Rulemaking*

ITEM 1. Rescind 871—Chapter 68 and adopt the following **new** chapter in lieu thereof:

CHAPTER 68
ACCELERATED CAREER EDUCATION (ACE) PROGRAM

**871—68.1(260G) Purpose.** The accelerated career education (ACE) program is designed to provide businesses with an enhanced skilled workforce in Iowa. The program assists Iowa's community colleges in establishing or expanding programs that train individuals in the occupations most needed by Iowa businesses.

**871—68.2(260G) Definitions.**

*"260G data system"* means the data system established by the department to record and submit data, upload documentation, and track programs and agreements.

*"Accelerated career education program"* or *"ACE program"* means the program established pursuant to Iowa Code chapter 260G and administered by the department.

*"Allotment"* means the distribution of program job credits among the community colleges in accordance with Iowa Code section 260C.18C.

*"Community college board"* means the governing board of a merged area as defined in Iowa Code section 260C.11.

*"Department"* means Iowa workforce development created in Iowa Code section 84A.1.

*"Program"* means a program of instruction designed by a community college that has been designated by a community college board and approved by the department as meeting the requirements of Iowa Code section 260G.4.

*"Program agreement"* means an agreement between an employer and a community college as described in Iowa Code section 260G.3.

*"Program job credit"* means a credit that an employer may claim against all withholding taxes due in an amount up to 10 percent of the gross program job wage of a program job position as authorized in an agreement between a community college and an employer.

*"Program services"* means services that include all of the following provided they are pursuant to a program agreement: program needs assessment and development, job task analysis, curriculum development and revision, instruction, instructional materials and supplies, computer software and upgrades, instructional support, administrative and student services, related school to career training programs, skill or career interest assessment services and testing and contracted services.

**871—68.3(260G) Program eligibility and designation.**

**68.3(1)** In order to receive an allotment of program job credits, a community college must designate an eligible program. All programs must demonstrate increased capacity to enroll additional students. To be eligible, a program must be either:

*a.* A credit career or technical education program resulting in the conferring of a certificate, diploma, associate of science degree, or associate of applied science degree; or

*b.* A credit-equivalent career or technical education program consisting of not less than 540 contact hours of classroom and laboratory instruction and resulting in the conferring of a certificate or other recognized, competency-based credential.

**68.3(2)** A community college board will designate and approve an eligible program by resolution. The community college board of directors will ensure compliance with Iowa Code chapter 260G.

**68.3(3)** The department will review and approve all program designations and maintain a record of all approved programs.

**871—68.4(260G) Funding allocation.**

**68.4(1)** *Base allocation.* The department will allocate the total amount of program job credits authorized and available to each community college for each fiscal year based on the formula established in Iowa Code section 260C.18C. For purposes of such allocation, the applicable ratios will be applied to commitments made by community colleges at the beginning of each fiscal year.

**68.4(2)** *Allotment of uncommitted funds.* Each community college will commit its allotment of program job credits as of April 1 of each fiscal year. Program job credits are considered committed if

there is an executed program agreement or if there is a statement of intent that a program agreement will be executed by May 1 of the current fiscal year. Uncommitted funds will be reallocated on a first-come, first-served basis to other community colleges with executed program agreements that have not received all of the program job credits required. Funds that remain uncommitted as of June 30 will be reallocated based on the formula established in Iowa Code section 260C.18C for use during the following fiscal year.

**68.4(3)** *Department role.* The department will calculate and report to each community college its allotment. The department may deny the allocation of program job credits to any program that fails to comply with Iowa Code chapter 260G. The department will maintain records of the proposed program job credits under each agreement for each fiscal year.

**68.4(4)** *Submission of program agreements.* A community college will submit program agreements via the 260G data system to access its allotment of program job credits.

**68.4(5)** *Total amount of program job credits in any one fiscal year.* The total amount of program job credits from all employers that will be allocated for all programs in any one fiscal year will not exceed the amount specified in Iowa Code section 260G.4B(1).

**871—68.5(260G) Program job credits.**

**68.5(1)** *Eligibility.* To be eligible to receive program job credits, an employer will demonstrate it has met the following requirements:

*a.* The program agreement must provide for pledged program positions paying at least 200 percent of the federal poverty level for a family of two as calculated at the time of approval of the agreement or any renewal. If the wage designated is to become effective after a training or probationary period, the employer must document that there is a plan in place regarding time frames for transition to the permanent full-time wage, and the employer must provide documentation that these time frames are reasonable and that the employer has previously adhered to the time frames.

*b.* The program agreement must establish a 20 percent employer cash or in-kind match for program costs.

**68.5(2)** *Determination of job credit amounts.*

*a.* Program job credits will be based upon the program job positions identified in the program agreement. No costs incurred prior to the effective date of a program agreement may be reimbursed or eligible for program job credits.

*b.* Eligibility for program job credits will be based on certification of program job positions and program job wages by the employer at the time established in the agreement.

*c.* An amount up to 10 percent of the gross program job wages as certified by the employer in the agreement will be credited from the total payment made by an employer pursuant to Iowa Code section 422.16.

*d.* The employer will remit the amount of the credit quarterly, in the same manner as withholding payments are reported to the department of revenue, to the community college to be allocated to and, when collected, paid into a special fund of the community college to pay, in part, the program costs.

*e.* When the program costs have been paid, the employer credits are to cease. Any moneys received after the program costs have been paid will be remitted to the treasurer of state to be deposited in the general fund of the state.

**68.5(3)** *Certification to department of revenue.*

*a.* The employer will certify to the department of revenue that the program job credits are in accordance with the program agreement and will provide other information the department may require.

*b.* The department will certify to the department of revenue on behalf of the community colleges that the amount of the program job credits is in accordance with each program agreement and will provide other information the department of revenue may require.

**871—68.6(260G) Program agreements and administration.**

**68.6(1)** Program agreements will be developed by an employer and a community college. The development of the program agreements may be facilitated by an entity representing a group of employers. If a bargaining unit is in place with the employer pledging the jobs, a representative of the bargaining unit may take part in the development of the program agreement. All participating parties must sign the program agreement. The program agreement must include employer certification of contributions that are made toward the program costs.

**68.6(2)** A program agreement will include, at a minimum, the following terms:

*a.* Match provided by the employer;

*b.* Tuition, student fees, or special charges fixed by the community college board;

*c.* Guarantee of employer payments;

*d.* Type and amount of funding sources that will be used to pay for program costs;

*e.* Description of program services and implementation schedule;

*f.* The term of the agreement, not to exceed five years;

*g.* The employer's agreement to interview graduates for full-time positions and provide hiring preference;

*h.* For employers with more than four sponsored participants, certification that a job offer will be made to at least 25 percent of those participants who complete the program;

*i.* An agreement by the employer to provide a wage level of no less than 200 percent of the federal poverty guideline for a family of two;

*j.* A provision that the employer does not have to fulfill the job offer requirement if the employer experiences an economic downturn;

*k.* A provision that the participants will agree to interview with the employer following completion of the program; and

*l.* Default procedures.

**68.6(3)** Program agreements will be submitted to the department via the 260G data system. Program agreements will document the findings of the community college that all program and employer eligibility requirements have been met. The department will review agreements for issues of quality. The department will maintain a record of all approved agreements.

**68.6(4)** Term, amendments, and renewals.

*a. Term.* The term of a program agreement will not exceed five years from the effective date of the agreement. Once a program agreement is approved, the department will obligate job credits, contingent upon the availability of funding, for each year of the term of the agreement.

*b. Amendments.* A program agreement can be amended only with the consent of both parties and approval by the department. A program agreement can be amended to extend the term of the agreement a maximum of two years.

*c. Renewals.* A program agreement may be renewed upon completion of its approved term. The community college must demonstrate the program meets the eligibility requirements in Iowa Code section 260G.4, including increased program capacity, as of the date of approval of renewal by the department. A renewed agreement, including exhibits, will be entered and uploaded into the 260G data system. In order to renew an agreement, the following budgeted items and employer commitments will be updated:

(1) Sponsored positions;
(2) Program costs;
(3) Changes in tuition;
(4) Other fees;
(5) Changes in salaries and expenses;
(6) Federal poverty thresholds;
(7) Income;
(8) Employer match amounts;
(9) Any other items identified by the department.

**68.6(5)** The 260G data system will automatically assign a 12-digit agreement number once the agreement data is entered and approved. The agreement number will remain the same if an approved agreement is extended or otherwise amended. Program agreements that are renewed pursuant to paragraph 68.6(4)*"c"* will be assigned a new 12-digit number.

**68.6(6)** The department will provide information about the ACE program in accordance with its annual reporting requirements.

**68.6(7)** Each community college will establish a monitoring system that includes, at a minimum, a review of employers' compliance with the Iowa Code, these rules, and the program agreement. Monitoring will be conducted at least annually by community colleges with active program agreements. Each community college will document its monitoring efforts and promptly notify the department of any changes.

**68.6(8)** Coordination with other state agencies.

*a. Department of revenue.* When a program agreement is approved for funding, the community college will notify the authority through the 260G data system, and the department will notify the department of revenue on behalf of the community college within 30 days of the date of its approval. Information to be provided to the department of revenue includes but is not limited to program agreement number, employer name, employer address, start and expiration dates, federal employer identification number, Iowa withholding permit number, wages, sponsored positions, and approved amount of program job credits. If, at any time after a program agreement is approved, changes are made that would affect the above reporting requirements, the department of revenue and the department will be notified within 30 days.

*b. Department of education.* Community colleges and the department will provide program data to the department of education as required.

**68.6(9)** Program costs for new and renewal program agreements will be calculated or recalculated based on the required program services for a specific number of participants. Program agreement updates reflecting this recalculation must be submitted to the department to review compliance.

These rules are intended to implement Iowa Code chapter 260G.