

Accelerated Career Education (ACE) Program

CODE AUTHORITY: Chapter 260G, Code of Iowa

The purpose of the Accelerated Career Education (ACE) Program is to assist Iowa's community colleges to either establish or expand programs that train individuals in the highly-skilled occupations most needed by Iowa businesses.

Community College Agreements with Businesses

To be eligible for the ACE Program, a business must be engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products; construction; conducting research and development; or providing services.

A participating business enters into an agreement with a community college to sponsor a specified number of seats in a specific training program. The business must agree to give hiring preference to students completing the program and to pay a hiring wage that is at least 200.0% of the federal poverty guideline for a family of two. If the business sponsors four or more seats, the business must agree to offer a job to at least 25.0% of those students, assuming they successfully complete the program.

Students enrolling in the program must agree to interview for open jobs with the sponsoring business.

Contributions from Businesses

The business pays the college an amount equal to 10.0% of the hiring wage and can then claim that amount in withholding tax credits when paying withholding taxes. The business must also match 20.0% of the college's costs for the program, pro-rated by the percentage of seats sponsored by the business. This may be in cash or an in-kind contribution.

Statute capped the annual amount of withholding tax credits at \$3.0 million in FY 2001 through FY 2003, \$4.0 million in FY 2004, and \$6.0 million thereafter. The Department of Economic Development allocates to each of the 15 community colleges a portion of the total credits available each year. The colleges "spend" those credits by entering into agreements with businesses that may not exceed five years in length but may be renewed.

Other Funding

In addition to withholding tax credits and matching contributions from sponsoring businesses, ACE programs can be funded through student payments (tuition, fees, special charges) and by moneys deposited in a college's Workforce Training and Economic Development Fund, established in Section 260C.18A, Code of Iowa. Section 260G.6, Code of Iowa, provides the administrative structure for appropriations to support ACE capital costs. The Department of Economic Development is authorized to allocate the funds among the colleges.

Funding History

Withholding Tax Credits – In FY 2001, FY 2002, and FY 2003, the amount of withholding tax credits available was capped at \$3.0 million. In FY 2004, the amount was capped at \$4.0 million. Since FY 2005, the amount has been capped at \$6.0 million annually. Actual withholding tax credits were awarded as follows:

- FY 2003 - \$2.9 million
- FY 2004 - \$3.9 million
- FY 2005 - \$5.8 million
- FY 2006 - \$3.9 million