

Regulatory Analysis Template

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Agency Name Bureau of Iowa College Aid Rule #

Iowa Code Section Authorizing Rule 256.178 and 256.228

State or Federal Law(s) Implemented by the Rule 256.228

Public Hearing

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

Date/Time: 4/8/2025 4 p.m.

Location: Room B50, Grimes State Office Building, Des Moines, Iowa

Any interested person may submit written comments concerning this regulatory analysis. Written comments in response to this regulatory analysis must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Contact Name

David Ford, Executive Director, Bureau of Iowa College Aid

Address

400 E 14th Street, Des Moines, IA 50319

Email and/or phone number

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Purpose and summary of proposed rule:

Commission plans to rescind and adopt a new Chapter 15, pursuant to Executive Order 10 (January 10, 2023). New Chapter 15 is proposed to ensure the Commission meets the requirements set forth in law by adopting rules for the administration of the Future Ready Iowa Skilled Workforce Last-Dollar Scholarship Program. The proposed rulemaking establishes the eligibility criteria and awarding of funds for the scholarship; describes the process, procedures and duties of the Commission, applicants, and institutions; illustrates the priority criteria for awarding scholarships; and provides the process used to align high-demand jobs to programs of study offered at participating institutions.

Analysis of Impact of Proposed Rule

1. Persons affected by the proposed rule
 - Classes of persons that will bear the costs of the proposed rule:

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In general, the proposed rulemaking does not impose requirements that would add administrative burden beyond the provisions already established in law. The rulemaking defines the processes that will be utilized to ensure eligible applicants receive scholarships, articulates the awarding of funds and general provisions of eligibility to align with other state-funded scholarships and grants, and demonstrates the alignment between high-demand jobs and eligible programs of study. The rulemaking stipulates that the Commission will periodically review compliance of the eligible institutions participating in the scholarship (paragraph 15.4(4)“g”). This requirement is not specifically established in law. The Commission currently performs compliance reviews based on a risk assessment of all colleges/universities participating in all state-funded scholarship and grant programs. Typically, the Commission reviews the three to five colleges/universities that score highest on the risk assessment. This rulemaking does not increase the number of eligible institutions that will be selected for a compliance review. Thus, there would be no significant additional enforcement cost tied to this provision. However, the Commission and eligible institutions bear the costs involved with compliance reviews.

- Classes of persons that will benefit from the proposed rule:

Iowa residents, eligible institutions, and the Commission will benefit from the rulemaking since it clarifies the processes by which Iowans will apply for and qualify for the scholarship, while also illustrating the duties of the eligible institutions, the Commission, and applicants in the administration of the scholarship.

Impact of the proposed rule, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred

- Quantitative description of impact:

Other than compliance reviews, the rulemaking does not impose measurable costs beyond those imposed by law. Compliance reviews are performed at the institution level, covering all state-funded financial aid programs for which an institution disburses funds. Since the review itself covers multiple programs, the Commission cannot assign a direct cost to a specific program. Staff spend an estimated cumulative total of 40 hours on a compliance review for an institution, a fraction of which could be assigned to a specific program. Data obtained from institutions suggests that institutional staff spend under ten hours collecting the required documents, transmitting them to the Commission, answering questions, responding to findings, and developing corrective action plans, a fraction of which could be assigned to an individual program.

- Qualitative description of impact:

Performing compliance reviews is a core tenant of any program administered by the State of Iowa. Compliance reviews add accountability for all partners participating in a program, ensure proper communication and understanding of any requirement under the program, and can generally enhance the integrity of the program. While some costs are imposed by such a requirement, the qualitative impact is positive because compliance reviews ensure the funds are being disbursed to the target audience in a manner that is consistent across all participating institutions.

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The proposed rulemaking leverages existing official public data aligning high-demand jobs to eligible programs of study, ensuring that an administratively burdensome process to recreate a crosswalk that aligns high-demand jobs to programs of study is not necessary.

The proposed rulemaking requires an applicant institution to apply on or before October 1 prior to the academic year in which the institution plans to participate in the program. This application deadline will provide the Commission adequate time to update systems and train institutional staff who will be involved in the administration of the program and will provide adequate time for students who may attend the applicant institution to apply for funding.

2. Costs to the state

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

The Commission estimates that it takes approximately 40 hours to perform a compliance review. Given the average hourly wage of individuals involved in this process, the review would cost approximately \$1,600 annually. Since a compliance review covers multiple programs, only a fraction of this cost could be assigned to a specific program.

- Anticipated effect on state revenues:

The proposed rulemaking is not anticipated to have any effect on state revenues beyond that of the legislation it is intended to implement.

3. Comparison of the costs and benefits of the proposed rule to the costs and benefits of inaction

The benefit of the proposed rulemaking is to publicly illustrate the process that will be used to consistently administer and disburse the grants, articulate criteria and general provisions of eligibility, and ensure the future integrity of the grant through periodic compliance reviews. The cost of inaction would be confusion and inconsistency in the process and criteria to be used in the application and awarding of funds under the grant, as well as errors and irregularities in the award process that would remain unchecked without periodic compliance reviews.

4. Determination if less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule

The rulemaking proposes an efficient administrative method of collecting applications and disbursing funding, reducing any administrative burden that otherwise might be introduced.

5. Alternative methods considered by the agency

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

No other methods were seriously considered by the Commission, since the method proposed is the most cost-efficient and seamless for all entities involved.

- Reasons why they were rejected in favor of the proposed rule:

The alternative methods were rejected because they would lead to additional burden on students, eligible institutions, and the Commission.

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Small Business Impact

If the rule 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 rule on small business:

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

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

The proposed rulemaking is not expected to impact small businesses.

Text of Proposed Rule:

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Item 1. Rescind 283-Chapter 15 and adopt the following **new** chapter in lieu thereof:

CHAPTER 15

FUTURE READY IOWA SKILLED WORKFORCE LAST-DOLLAR SCHOLARSHIP PROGRAM

283—15.1(256) Basis for aid. Assistance available under the future ready Iowa skilled workforce last-dollar scholarship program is for Iowa residents enrolled in approved programs aligned with high-demand jobs.

283—15.2(256) Definitions. As used in this chapter:

“Approved program” means an eligible program of study approved through the process described in rule 283—15.6(256).

“Continuous enrollment” means an eligible student is enrolled at least part-time in successive fall and spring semesters, or the equivalent, after receiving the award. Enrollment in the summer semester is not required to meet this condition.

“Credential” is defined in Iowa Code section 256.228(1)“d”.

“Eligible institution” meets the criteria in Iowa Code section 256.228(1) “e” and the provisions of 283—15.7(256).

“Financial metric” means the same as defined in 283—10.2(256).

“Full-time” means the same as defined in 283—10.2(256).

“Iowa resident” means the same as defined in 283—10.2(256).

“Part-time” means enrollment in at least 6 but less than 12 hours per semester or the equivalent. An eligible student may enroll in fewer than 6 semester hours, or the equivalent, in the semester that the credential will be completed if part-time enrollment is not necessary to complete the program of study.

“Satisfactory academic progress” means the same as defined in 283—10.2(256).

“Semester” means the fall, spring, or summer term of enrollment at an eligible institution, if the eligible institution is on a semester system, or the equivalent, if the institution is on a system other than a semester system.

283—15.3(256) Eligible applicant. An eligible applicant is an Iowa resident enrolled at least part-time in an approved program at an eligible institution and meets the program eligibility criteria and the following provisions:

1. Annually completes the applications the commission deems necessary on or before the date established by the commission and attends orientation, registers for classes with an academic advisor, and participates in career advising sessions.

2. Has an eligible financial metric in the first year the scholarship is received, meets satisfactory academic progress standards, and does not meet a condition in 283—subrule 10.3(1).

3. Maintains continuous enrollment.

4. Meets one of the following two conditions:

- (a) Is under age 20 as of July 1 prior to the year of enrollment, and enrolls at least part-time following graduation from an Iowa high school, completion of private instruction under Iowa Code chapter 299A, or

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receipt of a high school equivalency diploma under Iowa Code chapter 259A.

(b) Following receipt of a high school diploma or high school equivalency diploma, enrolls at least part-time in an approved program at an eligible institution after attaining the age of 20 as of July 1 prior to the year of enrollment. To receive an award under this condition, the eligible applicant cannot have received an award under 283—subparagraph 15.3(4) “a”.

283—15.4(256) Awarding of funds.

15.4(1) *Selection criteria:* All eligible applicants will be considered for an award.

15.4(2) *Extent of award and maximum award.* Eligible applicants may receive no more than the equivalent of eight part-time awards. The maximum award will be calculated as follows:

a. Awards for eligible students attending Iowa community colleges shall not exceed the remaining tuition and mandatory institutionwide fees after applying federal and state nonrepayable aid.

b. Awards for eligible students attending an accredited private institution, as defined in Iowa Code section 256.183, shall not exceed the average tuition and mandatory institutionwide fees at Iowa community colleges after applying federal and state nonrepayable aid. The average resident tuition and mandatory institutionwide fees will be used under this provision.

c. However, awards for eligible students enrolled on a full-time basis shall be at least \$250 per semester or the equivalent amount if the eligible institution operates on a system other than the semester system. Awards for eligible students enrolled on a part-time basis will be prorated by dividing the number of hours for which the student is enrolled by the required number of hours for full-time enrollment, and multiplying the quotient by the maximum award.

d. Tuition and institutionwide mandatory fees associated only with coursework required for the student’s Title IV-eligible program of study can be used to determine the award amount.

15.4(3) *Priority for awards.*

a. In the event that funds available are insufficient to provide maximum awards to all eligible applicants through the entire state fiscal year, awards will first be authorized to eligible applicants enrolled in the fall and spring semester or the equivalent, and then to eligible applicants enrolled in the summer semester or the equivalent.

b. In the event that funds available are insufficient to provide the maximum award to all eligible applicants in a semester, the Commission may prorate awards to students in that semester.

15.4(4) *Awarding process.*

a. The commission will provide notice of the eligibility criteria and maximum award to participating eligible institutions annually to authorize awarding.

b. The commission will designate eligible applicants for awards, and provide eligible institutions with rosters of designated eligible applicants.

c. Eligible institutions will notify recipients of the awards, clearly indicating the award amount and the state program from which funding is being provided and stating that the award is contingent on the availability of state funds.

d. Eligible institutions will apply awards directly to student accounts.

e. Eligible institutions will provide information about eligible applicants to the commission in a format specified by the commission. Eligible institutions will make necessary changes to awards due to a change in

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enrollment, program of study, and financial situation, and promptly report those changes to the commission.

f. Eligible institutions are responsible for completing necessary verification and for coordinating other aid to ensure compliance with student eligibility requirements and allowable award amounts. Eligible institutions will report changes in student eligibility to the commission.

g. The commission will periodically investigate and review compliance of eligible institutions participating in this program with the criteria established in Iowa Code section 256.228 and this rule.

283—15.5(256) Exceptions. If an eligible applicant discontinues enrollment at the eligible institution due to military deployment, a temporary medical incapacity, in relation to a declaration of a national or state emergency, or other exceptional circumstances approved by the commission, the eligible applicant may apply for a waiver. If the waiver is approved, the eligible applicant is not required to maintain continuous enrollment during the period covered by the waiver.

283—15.6(256) Determination of programs of study aligned with high-demand jobs.

15.6(1) *Statewide high-demand jobs.* The commission will utilize the department of workforce development's most recent list of statewide high-demand jobs pursuant to Iowa Code section 84A.1B(14), and align those jobs to eligible programs of study.

15.6(2) *Regional high-demand jobs.* The commission will request submissions of regional high-demand jobs that align with eligible programs of study from each Iowa community college. Each Iowa community college may request up to five regional high-demand jobs to be considered for approval for students at that Iowa community college.

15.6(3) *Eligible programs of study.* The eligible institution will offer a career and technical education program of study that results in a credential that is aligned with employment in a high-demand job. The eligible program of study will meet similar criteria established for career and technical education programs approved under 281—Chapter 21. The classification of instructional program code and the standard occupation code will be used to align eligible programs of study to high-demand jobs.

15.6(4) *Approved program.* Before an eligible program of study is considered an approved program of study, the department of workforce development and the commission, in consultation with the Iowa department of education, will jointly certify that the program of study and credential are aligned with a high-demand job pursuant to 84A.1B(14).

15.6(5) *Grandfather clause.* If the state workforce development board or a community college district removes a high-demand job an eligible applicant who received an award in a program of study aligned with that high-demand job will continue to receive the award as long as the eligible applicant continues to meet all other eligibility criteria.

283—15.7(256) Institution eligibility requirements.

15.7(1) *Application process.* An institution requesting to participate in the program may apply to the commission using the commission's designated application. An applicant institution will provide the commission with documentation establishing their eligibility as an eligible institution that offers eligible programs of study. Applicant institutions will submit the application and documentation establishing their eligibility on or before October 1 of the year prior to the beginning of the academic year for which they are applying for participation.

15.7(2) A list of all eligible programs of study, as well as the necessary courses and the suggested course sequence, will be available in a prominent location on the eligible institution's website.