

Regulatory Analysis Template

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Agency Name Bureau of Iowa College Aid Rule # _____

Iowa Code Section Authorizing Rule 256.178 and 256.206

State or Federal Law(s) Implemented by the Rule 256.206 – 256.209

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

david.ford@iowa.gov

Purpose and summary of proposed rule:

Commission plans to rescind and adopt a new Chapter 18, pursuant to Executive Order 10 (January 10, 2023). New Chapter 18 is proposed to ensure the Commission meets the requirements set forth in law by adopting rules for the administration of the Iowa Work Study Program. The proposed rulemaking establishes the eligibility criteria and procedures for the awarding of funds, and describes the process, procedures and duties of the Commission; applicants; and 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:

In general, the proposed rulemaking does not impose requirements that would add administrative burden beyond the provisions already established in law. The rulemaking clarifies the processes that will be utilized to ensure eligible applicants are awarded funds and articulates the awarding of funds

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and general provisions of eligibility to align with other state-funded student financial aid programs. The rulemaking stipulates that the Commission will periodically review compliance of the eligible institutions participating in the program (paragraph 18.6(3)). 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 student financial aid 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 the rulemaking clarifies the processes by which Iowans will apply for and qualify for the program, the procedures institutions will use in awarding the funds, and illustrates the duties of the eligible institutions, the Commission, and applicants in the administration of the program.

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 less than ten hours collecting the required documents, transmitting them to the Commission, answering questions, responding to findings, and developing corrective action plans, of which time a fraction 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.

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.

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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 program funds, articulate the awarding of funds and general provisions of eligibility, and ensure the future integrity of the program 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 program, 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 burdens on students, eligible institutions, and the Commission.

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.

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- 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 18 and adopt the following **new** chapter in lieu thereof:

CHAPTER 18

IOWA WORK STUDY PROGRAM

283—18.1(256) Basis of aid. Assistance available under the Iowa work study program is based on the financial need of Iowa residents enrolled at eligible postsecondary education institutions.

283—18.2(256) Definitions.

“Eligible postsecondary education institution” means the same as defined in Iowa Code section 256.207 and subrule 18.6.

“Financial need” means the same as defined in 283—Chapter 10.

“Financial metric” means the same as defined in 283—Chapter 10.

“Full-time” means the same as defined in 283—Chapter 10.

“Iowa resident” means the same as defined in 283—Chapter 10.

“Part-time” means enrollment in at least 6 but less than 12 hours per semester or the equivalent.

“Program of study” means the same as defined in 283—Chapter 10.

“Satisfactory academic progress” means the same as defined in 283—Chapter 10.

283—18.3(256) Administrative procedures.

18.3(1) Alignment with federal work-study regulations. To facilitate efficient administration, the commission hereby adopts the federal work-study regulations found at 34 CFR 675, subpart A, as of July 1, 2024. Provisions of the federal regulations adopted include:

1. Selection of students for employment (§675.10),
2. Payments to students (§675.16),
3. Fiscal procedures and records (§675.19),
4. General employment conditions for institutional employment, including civil rights requirements, state worker compensation laws, and social security requirements (§675.20(c)-(d),
5. Institutional employment (§675.21),
6. Wage administration (§675.24).

18.3(2) No transfer of funds. An eligible postsecondary education institution must administer state-funded work-study funds for Iowa residents in the same manner as it administers its federal work-study program, except that state funds may not be transferred to other student aid programs or across state fiscal years.

18.3(3) Employment restrictions. The creation of work-study opportunities will not result in the displacement of employed workers or impair or affect existing contracts for services, and the funding used by an eligible postsecondary education institution will supplement and not supplant jobs and existing financial aid programs provided to students.

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283—18.4(256) Eligible applicant. An eligible applicant is an Iowa resident enrolled full-time or part-time in a program of study at an eligible postsecondary education institution and employed at an eligible postsecondary education institution and who meets the program eligibility criteria in Iowa Code Section 256.208 and the provisions in “1” and “2”.

1. Completes the Free Application for Federal Student Aid and any other application the eligible postsecondary education institution deems necessary on or before the date established by the eligible postsecondary education institution.

2. Establishes financial need, has an eligible financial metric, meets satisfactory academic progress standards, and does not meet a condition in IAC 283 10.3(1).

283—18.5(256) Awarding of funds.

18.5(1) Selection criteria. Eligible postsecondary education institutions will document the consistent processes by which they select eligible applicants to receive awards.

18.5(2) Maximum award. The maximum award for full-time students will not exceed the student’s financial need.

18.5(3) Awarding process.

a. The commission will provide notice of the eligibility criteria, distribute funding allocations, and request acceptance of the funding allocation from each eligible postsecondary education institution annually. Eligible postsecondary education institutions will accept or decline the funding allocation by the deadline established by the commission.

b. Funding allocations that are declined or unspent by the date the commission deems necessary will be reallocated to participating eligible postsecondary education institutions.

c. Eligible postsecondary education 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 postsecondary education institutions will distribute awards as eligible applicants complete their employment obligations.

e. Eligible postsecondary education institutions will provide information about the awards earned by eligible applicants to the commission in a format specified by the commission at the end of each semester, or the equivalent. If all allocated funds are not spent by an eligible postsecondary education institution by the end of the year, those unspent funds may be deducted from the eligible postsecondary education institution’s subsequent allocation.

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

283—18.6(256) Eligible postsecondary education institution eligibility.

18.6(1) Application. A non-participating eligible postsecondary education institution will request participation using the commission’s designated application. The institution will meet the eligibility criteria in Iowa Code Section 256.207 at the time the application is submitted.

18.6(2) Deadline to apply. Non-participating eligible postsecondary education institutions seeking to participate in the Iowa work study program will submit applications on or before October 1 of the year prior

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to the beginning of the academic year for which they are applying for participation.

18.6(3) Compliance audits. The commission will periodically investigate and review compliance of eligible postsecondary education institutions participating in this program with the criteria established in Iowa Code Section 256 and this rule. If the commission finds that an eligible postsecondary education institution fails to comply with the provisions of Iowa Code Section 256.206 through 256.209 or this rule, participation in the Iowa work study program may be suspended.