

COLLEGE STUDENT AID COMMISSION[283]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 283—Chapter 8
“All Iowa Opportunity Scholarship Program”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256.178 and 256.212
State or federal law(s) implemented by the rulemaking: Iowa Code section 256.212

Public Hearing

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

January 31, 2024
4 p.m.

State Board Room
Grimes State Office Building
Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the College Student Aid Commission no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Julie Ntem, Interim Executive Director
Bureau of Iowa College Aid
400 East 14th Street
Des Moines, Iowa 50319
Email: julie.ntem@iowa.gov

Purpose and Summary

The Commission proposes to rescind and adopt a new Chapter 8, pursuant to Executive Order 10. The new Chapter 8 is proposed to ensure that the Commission meets the requirements set forth in law by adopting rules for the administration of the All Iowa Opportunity Scholarship. The proposed rulemaking establishes the eligibility criteria and awarding of funds for the scholarship; describes the processes, procedures, and duties of the Commission, applicants, and institutions; provides the priority criteria for awarding in the event that all eligible applicants cannot receive the award; and provides the conditions that must be met to suspend participation in the scholarship. The rulemaking also includes cross-references to definitions for use under the grant. The rulemaking includes two citations to Iowa Code section 256.227, which was transferred by 2023 Iowa Acts, Senate File 514, section 2641.

Analysis of Impact

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

In general, the proposed rulemaking does not impose requirements that would add an administrative burden beyond the provisions already established in law. The rulemaking defines the processes that will be utilized to ensure eligible applicants receive scholarships and articulates priority criteria and general provisions of eligibility to align with other state-funded scholarships and grants. The rulemaking stipulates that the Commission will periodically review compliance of the eligible institutions participating in the scholarship (paragraph 8.4(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 will 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 rulemaking:

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.

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:

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 tenet 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.

3. 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.

4. Comparison of the costs and benefits of the proposed rulemaking 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 scholarships, articulate priority criteria and general provisions of eligibility, and ensure the future integrity of the scholarship 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 scholarship, as well as errors and irregularities in the award process that would remain unchecked without periodic compliance reviews.

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

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

6. 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 alternative methods were rejected in favor of the proposed rulemaking:

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

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?

The proposed rulemaking is not expected to impact small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 283—Chapter 8 and adopt the following **new** chapter in lieu thereof:

CHAPTER 8
ALL IOWA OPPORTUNITY SCHOLARSHIP PROGRAM

283—8.1(256) Basis of aid. Assistance available under the all Iowa opportunity scholarship program is based on the financial metric and financial need of Iowa residents enrolled at eligible institutions.

283—8.2(256) Definitions. Additional terms not defined in this chapter are defined in Iowa Code section 256.212.

“Eligible foster care student” means the same as defined in Iowa Code section 256.212(1).

“Eligible surviving-child student” means the same as defined in Iowa Code section 256.212(1).

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

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

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

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

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

“Program of study” means the same as defined in rule 283—10.2(256).

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

283—8.3(256) Eligible applicant. An eligible applicant is an Iowa resident who enrolls at least part-time in a program of study at an eligible institution and who meets the program eligibility criteria and the following provisions:

1. Begins attendance in a program of study at an eligible institution within two academic years of graduation from an Iowa high school, completion of an Iowa home school program, or receipt of a high school equivalency diploma under Iowa Code chapter 259A, and continuously receives the scholarship during the fall and spring semester, or the equivalent; or is an eligible foster care student.

2. Completes the applications the commission deems necessary on or before the date established by the commission, establishes financial need, has a financial metric at or below the average undergraduate tuition and fee rate for regent university students in the academic year prior to the year for which awards are being made, meets satisfactory academic progress standards, and does not meet a condition in 283—subrule 10.3(1).

283—8.4(256) Awarding of funds.

8.4(1) Selection criteria. All eligible applicants will be considered for an award.

8.4(2) Maximum award and extent of award. Eligible applicants may receive no more than the equivalent of eight full-time awards.

a. The maximum award for full-time students will be the lesser of:

(1) The student's financial need, or

(2) One-half of the average tuition and mandatory fees for Iowa resident regent university students in the year prior to the academic year in which awards are being made.

b. The maximum award for a full-time student will not be affected by the ranking system used to prioritize grants. A part-time student will receive a prorated award, as defined by the commission, which is calculated 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.

8.4(3) *Priority for awards among eligible applicants.* Awards will be made in the order of the following priority categories. If all eligible applicants within a priority category cannot be funded, awards will be made to eligible applicants with the lowest financial metrics. If all eligible applicants with a given financial metric cannot be funded, those eligible applicants will be ranked according to the date the Free Application for Federal Student Aid was completed.

- a. All new and renewal eligible foster care students will receive first priority for funding.
- b. All new and renewal eligible surviving-child students will receive second priority for funding.
- c. All eligible renewal applicants not awarded in paragraphs 8.4(3) “a” and “b” will receive third priority for funding.
- d. If funding remains after all eligible foster care students, eligible surviving-child students, and renewal students have been awarded, fourth priority will be given to students who participated in federal TRIO programs, participated in alternative programs in high school, or graduated from alternative high schools.
- e. If funding remains after each of the previous priority categories has been awarded, fifth priority will be given to students who participated in federal GEAR UP programs.
- f. If funding is available, funding will be awarded to remaining eligible applicants.

8.4(4) *Awarding process.*

- a. The commission will verify the eligibility and priority category of eligible applicants.
- b. The commission will designate eligible applicants for awards and provide eligible institutions with rosters of designated eligible applicants.
- c. The commission will notify recipients and eligible institutions of the awards. Eligible institutions will notify the student of the award amount and the state program from which funding is being provided and will state that the award is contingent on the availability of state funds.
- d. Eligible institutions will apply awards directly to student accounts to cover items included in the cost of attendance, as defined in Title IV, Part B, of the federal Higher Education Act of 1965, as of July 1, 2023.
- 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 enrollment or 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 256.212 and this rule.

283—8.5(256) Exceptions.

8.5(1) Individuals who have military obligations may delay the initial period of enrollment for up to four academic years beyond graduation from an Iowa high school, completion of an Iowa home school program, or receipt of a high school equivalency diploma under Iowa Code chapter 259A and must begin postsecondary enrollment within two academic years of discharge. Exceptions for health or other personal reasons for delaying the initial period of enrollment will be reviewed by commission staff on a case-by-case basis.

8.5(2) If a scholarship recipient suspends enrollment at the eligible institution after receipt of the scholarship due to military deployment; due to a temporary medical incapacity; in relation to the declaration of a national or state emergency; due to service in AmeriCorps, Volunteers in Service to America, or the federal Peace Corps; due to a period of religious missionary work conducted by an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Service; or due to other exceptional circumstances approved by the commission, the recipient must apply for a waiver. If the waiver is approved, the recipient is not required to continuously receive the scholarship during the period covered by the waiver.

These rules are intended to implement Iowa Code section 256.212.