

COLLEGE STUDENT AID COMMISSION[283]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 283—Chapter 11
“Iowa Tuition Grant Program—For-Profit Institutions”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256.178 and 256.191 as transferred by 2023 Iowa Acts, Senate File 514, section 2641

State or federal law(s) implemented by the rulemaking: Iowa Code section 256.191 as transferred by 2023 Iowa Acts, Senate File 514, section 2641

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:

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Purpose and Summary

The Commission proposes to rescind and adopt a new Chapter 11, pursuant to Executive Order 10. New Chapter 11 is proposed to ensure the Commission meets the requirements set forth in law by adopting rules for the administration of the for-profit Iowa Tuition Grant. The proposed rulemaking establishes the eligibility criteria and awarding of funds for the grant, and describes the processes, procedures, and duties of the Commission, applicants, and institutions. The rulemaking also includes cross-references to definitions for use under the grant. The rulemaking includes citations to Iowa Code sections 256.183 and 256.191, both of which were 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 grants and articulates the awarding of funds 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 (subrule 11.5(4)). 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 grant, while also illustrating the duties of the eligible institutions, the Commission, and applicants in the administration of the grant.

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.

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 to train institutional staff who will be involved in the administration of the program, and will provide time for students who may attend the applicant institution to apply for funding.

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 grants, articulate the awarding of funds 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.

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 11 and adopt the following **new** chapter in lieu thereof:

CHAPTER 11 IOWA TUITION GRANT PROGRAM—FOR-PROFIT INSTITUTIONS

283—11.1(256) Basis of aid. Assistance available under the for-profit Iowa tuition grant program is tuition-restricted and is also based on the financial metric and financial need of Iowa residents enrolled at for-profit eligible institutions.

283—11.2(256) Definitions.

“Eligible institution” is a for-profit private institution that meets the criteria in Iowa Code section 256.183(3) and rule 283—11.5(256).

“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).

“Located in Iowa” means a postsecondary for-profit institution that has made a substantial investment in a permanent Iowa campus and staff and that offers a full range of courses leading to the credentials offered by the institution as well as a full range of student services.

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

“Program of study” means a sequence of educational courses that prepares the student for licensure as a barber or a cosmetology arts and sciences program of study that prepares the student for licensure in the state of Iowa as provided in Iowa Code chapter 157.

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

283—11.3(256) Eligible applicant. An eligible applicant is an Iowa resident who is enrolled at least part-time in a program of study at an eligible institution; meets the program eligibility criteria; and meets the following provisions:

1. Completes the applications the commission deems necessary on or before the date established by the commission.
2. Establishes financial need, has an eligible financial metric, meets satisfactory academic progress standards, and does not meet a condition in 283—subrule 10.3(1).

283—11.4(256) Awarding of funds.

11.4(1) Selection criteria. All eligible applicants will be considered for an award.

11.4(2) Maximum award and extent of award. Eligible applicants may receive no more than the equivalent of four full-time awards.

- a. The maximum award for full-time students will not exceed the student's financial need and will be the lesser of:
 - (1) \$3,000 per semester, or the equivalent, during the fall, spring and summer semesters.

(2) The award established by the commission that allows all eligible applicants to receive an award.

b. When awarded in combination with other tuition-restricted funds, the total amount of tuition-restricted funding including an Iowa tuition grant cannot exceed the total tuition and mandatory fees charged to the recipient.

c. 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.

11.4(3) 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 to cover tuition and mandatory fees.

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.

283—11.5(256) Institution eligibility.

11.5(1) Application. An eligible institution that is located in Iowa may request participation in the Iowa tuition grant program using the commission's designated application. The institution will meet the eligibility criteria in Iowa Code section 256.183(3) at the time the application is submitted.

11.5(2) Deadline to apply. Eligible institutions seeking to participate in the Iowa tuition grant program will submit applications on or before October 1 of the year prior to the beginning of the academic year for which they are applying for participation.

11.5(3) Ongoing eligibility. An eligible institution that is participating in the Iowa tuition grant program will immediately notify the commission if its national accreditation is lost or if it will fail to meet the necessary institutional match. Failure to meet any provision in Iowa Code section 256.183(3), Iowa Code section 256.191, or this rule may result in the immediate cessation of the institution's participation in the Iowa tuition grant and in the institution's returning Iowa tuition grant funds to the commission.

11.5(4) Compliance audits. The commission will periodically investigate and review compliance of eligible institutions participating in this program with the criteria established in Iowa Code section 256.183(3), Iowa Code section 256.191, and this rule.

These rules are intended to implement Iowa Code chapter 256.