Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 69
"Innovative Businesses Internship Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.411
State or federal law(s) implemented by the rulemaking: Iowa Code section 15.411

Public Hearing

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

July 1, 2025
10:30 a.m.

Microsoft Teams
Meeting ID: 269 840 362 023 2
Passcode: UT7eL3AU
Dial in by phone: +1 469.998.6043
Find a local number
Phone conference ID: 440 242 943#

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Iowa Workforce Development (IWD) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Dane Hopwood
Iowa Workforce Development
1000 East Grand Avenue
Des Moines, Iowa 50319
Phone: 515.672.4200
Email: dane.hopwood@iwd.iowa.gov

Purpose and Summary

The purpose of these proposed rules is to clarify the requirements of utilizing the funding of and administering Iowa's Innovative Businesses Internship Program.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Iowa employers will bear the costs.

- **Classes of persons that will benefit from the proposed rulemaking:**

Iowa employers and students will benefit.

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:**

Iowa employers may have an administrative cost in applying for and overseeing their Innovative Businesses Internship Program, but these are the same administrative costs that existed as previous to this update.

- **Qualitative description of impact:**

There is no qualitative impact because the proposed rules are substantially the same as the current rules.

3. **Costs to the State:**

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

There are no implementation and enforcement costs other than the time IWD has spent completing the Red Tape Review.

- **Anticipated effect on State revenues:**

There is no anticipated effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The proposed rulemaking makes no changes in costs and benefits. The same administrative costs will exist as previous to this proposed update.

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

No less costly or intrusive methods exist.

6. **Alternative methods considered by the agency:**

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

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

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?

By updating the rules in this chapter, this proposed rulemaking simplifies the rule review.

Text of Proposed Rulemaking

ITEM 1. Rescind 871—Chapter 69 and adopt the following **new** chapter in lieu thereof:

CHAPTER 69
INNOVATIVE BUSINESSES INTERNSHIP PROGRAM

871—69.1(15) Authority. The authority for adopting rules establishing an innovative businesses internship program is provided in Iowa Code section 15.411(4).

871—69.2(15) Purpose. The purpose of the innovative businesses internship program is to link Iowa students to internship opportunities with innovative small- and medium-sized firms and to help such students convert their internships into employment opportunities.

871—69.3(15) Definitions.

"Board" means the members of the department appointed by the governor and in whom the powers of the department are vested pursuant to Iowa Code section 84A.1.

"Committee" means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

"Community college" means a community college established under Iowa Code chapter 260C.

"Department" means Iowa workforce development created in Iowa Code section 84A.1.

"Director" means the director of Iowa workforce development.

"Innovative business" means the same as defined in Iowa Code section 15E.52(1)*"c."*

"Internship" means temporary employment of a student that focuses on providing the student with work experience in the student's field of study.

"Program" means the innovative businesses internship program established in this chapter.

"Prospective employee" means a student who is anticipated to be hired upon graduation.

"Student" means a student of one of the Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or a student who graduated from high school in Iowa but attends an institution of higher learning outside the state of Iowa.

871—69.4(15) Program funding.

69.4(1) The maximum award amount that may be awarded for any single internship is $3,100 or $9,300 to any one employer.

69.4(2) Funds are to be used for reimbursement of wages during the designated internship period. Employers will pay students hired as interns an hourly wage that is at least twice the minimum wage.

69.4(3) The department will award funds to a business based upon department approval of a completed application and the execution of a contract between the business and the department.

69.4(4) A business may receive financial assistance on a matching basis for a portion of the wages paid to an intern. If providing financial assistance, the department will provide the assistance on a reimbursement basis such that for every two dollars of wages earned by the student, one dollar paid by the business is matched by one dollar from the department.

871—69.5(15) Eligible business. Eligible businesses may apply to the department for assistance under the program. The program is available to Iowa businesses that meet all of the following criteria:

69.5(1) The business is an Iowa-based business with fewer than 500 employees, with a significant portion employed within the state of Iowa.

69.5(2) The business is engaged in an innovative business.

69.5(3) The business offers the internship to students.

69.5(4) The business's summer internships have a minimum duration of 8 weeks (a minimum of 240 hours per internship), and the business's semester internships have a minimum duration of 14 weeks (a minimum of 140 hours per internship).

871—69.6(15) Ineligible business. The following businesses are not eligible for this program:

69.6(1) A business that is engaged in retail sales or that provides health services.

69.6(2) A business that closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operations to another area of the state is ineligible for 36 consecutive months at any of its Iowa sites from the date the new establishment opens.

871—69.7(15) Eligible students. Students who are within one to two years of graduation and enrolled at one of Iowa's community colleges, private colleges, or institutions of higher learning under the control of the state board of regents are eligible. A student as defined in this chapter is eligible for an internship under this rule. The department will encourage youth who reside in economically distressed areas, youth adjudicated to have committed a delinquent act, and youth transitioning out of foster care to participate in the program.

871—69.8(15) Ineligible students. Students who are more than two years from graduation are ineligible. Students who are immediate family members of management employees or board members of the applicant business are ineligible. Students who do not otherwise meet the eligibility requirements described in rule 871—69.7(15) are not eligible.

871—69.9(15) Application submittal and review process.

69.9(1) The department will develop a standardized application and make the application available to eligible businesses. To apply for assistance under the program, a business will submit an application to the department. Required forms and instructions are available by contacting the department or from the department's website at www.workforce.iowa.gov.

69.9(2) Applications will be reviewed and scored by department staff. The director of the department will make final funding decisions after considering the recommendations of staff. The director has final decision-making authority on requests for financial assistance for this program. The director may approve, defer or deny an application.

871—69.10(15) Application content and other requirements.

69.10(1) A business seeking assistance under the program will submit a complete application to the department. Successful applicants will enter into a contract with the department prior to posting or advertising the internship.

69.10(2) If an award is made, the business will secure an intern or interns within the time period stated in the contract between the department and the business.

69.10(3) The application will include but not be limited to all of the following:

a. The dates and location of the internship.

b. A statement of duties the intern will perform at the business site and how the duties correlate to a substantive experience in one or more of the following areas: research and development; engineering; process management and production; product experimentation and analysis; product development; market research; business planning; and administration. The application will also include information regarding the intern's work space (e.g., access to telephone, computer, and other necessary items).

c. The name of the business's representative who will train and supervise the intern.

d. A statement of the anticipated workforce needs at the business and the student's potential for prospective employment with the business following graduation.

69.10(4) The department reserves the right to require additional information from the business.

871—69.11(15) Selection process. Applications will be reviewed in the order received by the department. The director may approve, defer or deny each application for financial assistance based on the availability of funds. The department will score applications according to the criteria specified in rule 871—69.12(15). Applications that receive a minimum score of 65 out of a possible 100 points and meet all other eligibility criteria specified in these rules will be considered for funding.

871—69.12(15) Application scoring criteria. When applications for financial assistance under the program are reviewed, the following criteria will be considered and scored as described below:

69.12(1) The extent to which the student is involved in a substantive experience in one or more of the following areas: research and development; engineering; process management and production;

product experimentation and analysis; product development; market research; business planning; and administration. 25 points.

69.12(2) The quality and sufficiency of the explanation of the business's anticipated workforce needs and of the student's potential for prospective employment with the business following graduation. 20 points.

69.12(3) The extent to which the internship duties require independent judgment, creativity, and intelligence to complete and contribute to the business's goals or processes. 10 points.

69.12(4) The extent to which the internship will have a positive impact on the intern's skills, knowledge and abilities. 15 points.

69.12(5) The extent to which the internship pays more than twice the minimum wage. 10 points.

69.12(6) The business's contribution to the internship program is above the minimum program match requirement. 10 points.

69.12(7) Whether applications will be accepted by the employer from more than one private college, university or community college. 5 points.

69.12(8) Whether the application establishes that all considerations, including funding required to begin the internship, have been addressed. 5 points.

871—69.13(15) Contract and reporting.

69.13(1) *Notice of award.* Successful applicants will be notified in writing of an award of assistance, including any conditions and terms of the approval.

69.13(2) *Contract required.* The department will execute a standard contract, which includes but is not limited to a description of the internship to be completed, conditions to disbursement, required reports, the applicable events of default, the repayment requirements imposed in the event of default, and other specific repayment provisions that may be established from time to time on a case-by-case basis.

69.13(3) *Reporting.* A business that has been awarded assistance under the program will submit any information requested by the department in sufficient detail to permit the department to prepare any reports required by the department, the board, the general assembly or the governor's office.

69.13(4) *Contract amendments.* The board does not need to approve a contract amendment. The director may approve contract amendments consistent with 2011 Iowa Acts, House File 590, section 9.

These rules are intended to implement Iowa Code section 15.411(4).