Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 75
"STEM 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 11 a.m.	Microsoft Teams Meeting ID: 293 767 963 717 4 Passcode: pf69Y26P Dial in by phone: +1 469.998.6043 Find a local number Phone conference ID: 749 128 679#

Public Comment

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

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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 STEM 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 STEM Internship Program, but these are the same administrative costs that existed before 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 or 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 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 Chapter 75, this proposed rulemaking simplifies the rule review.

Text of Proposed Rulemaking

ITEM 1. Rescind 871—Chapter 75 and adopt the following **new** chapter in lieu thereof:

CHAPTER 75
STEM INTERNSHIP PROGRAM

871—75.1(15,85GA,ch1132,86GA,SF510) Authority. The authority for adopting rules establishing a STEM internship program is provided in Iowa Code sections 15.411(5) and 15.106A.

871—75.2(15,85GA,ch1132,86GA,SF510) Purpose. The purpose of the STEM internship program is to assist in placing Iowa students studying in the fields of science, technology, engineering, and mathematics into internships that lead to permanent positions with Iowa employers.

871—75.3(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.

"Designated internship period" means the summer or semester internship during which a student is employed in an internship.

"Director" means the director of Iowa workforce development.

"Employer" means any enterprise located in this state that is operated for profit and under a single management.

"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 STEM internship program established in this chapter.

"STEM field" means a major course of study within the fields of science, technology, engineering, or mathematics or a related field. For purposes of this chapter, "STEM field" includes all majors and academic or degree programs listed on the ACT-defined STEM majors and occupations by area list. The ACT-defined STEM majors and occupations by area list may be found at www.act.org. If a student has declared a major or is enrolled in an academic or degree program not listed on the ACT-defined STEM majors and occupations by area list, the student may still be found eligible for participation in the program if, in the department's sole discretion, the student's major is substantially similar to a major that is listed on the ACT-defined STEM majors and occupations by area list.

"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 now attends an institution of higher learning outside the state of Iowa.

871—75.4(15,85GA,ch1132,86GA,SF510) Program funding and disbursement.

75.4(1) The maximum amount that may be awarded to an employer for any one internship is $5,000. The maximum amount that may be awarded to any one employer in any one fiscal year is $50,000.

75.4(2) Funds are to be used for reimbursement of wages paid during the designated internship period. An employer will pay students hired as interns an hourly wage that is at least twice the minimum wage.

75.4(3) The department will award funds to an employer only after approval of a completed application and execution of a contract between the employer and the department. The department will have sole discretion in determining whether an application is fully complete.

75.4(4) An Iowa employer may qualify for financial assistance under the program on a matching basis for a portion of the wages paid to an intern during the designated internship period. 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 employer is matched by one dollar from the department.

871—75.5(15,85GA,ch1132,86GA,SF510) Eligible employers. Eligible employers may apply to the department for assistance under the program. The program is available to employers that meet all of the following criteria:

75.5(1) The employer is an Iowa-based business and has a significant portion of its employees located within the state of Iowa.

75.5(2) The employer employs students who have either declared a major in a STEM field or who are enrolled in a STEM-related academic or degree program at a community college. The students are employed as interns at a location in Iowa.

75.5(3) The employer offers the internship to students of Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or to students who graduated from high school in Iowa but attend an institution of higher learning outside the state of Iowa.

75.5(4) The employer offers either summer or semester-based internships. The summer internships have a minimum duration of 8 weeks (a minimum of 240 hours per internship), and the semester internships have a minimum duration of 14 weeks (a minimum of 140 hours per internship).

871—75.6(15,85GA,ch1132,86GA,SF510) Ineligible employers. The following employers are not eligible for the program:

75.6(1) An employer that is a business engaged in retail sales.

75.6(2) An employer 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.

75.6(3) An employer that has applied or will apply during the same state fiscal year to the innovative businesses internship program under 871—Chapter 69 is ineligible to receive funding under the STEM internship program.

871—75.7(15,85GA,ch1132,86GA,SF510) Eligible students. To be eligible, a person meets the requirements of a "student" as defined in rule 871—75.3(15) and is a person who is within one to two years of graduation, has declared a major in a STEM field or is enrolled in a STEM-related academic or degree program at a community college, and is hired for an internship at an Iowa employer during a designated internship period.

871—75.8(15,85GA,ch1132,86GA,SF510) Ineligible students. Students who are more than two years from graduation are ineligible. Students who have not declared a major in a STEM field or are not enrolled in a STEM-related academic or degree program at a community college are ineligible. Students who are immediate family members of management employees or board members of the applicant employer are ineligible. Students who do not otherwise meet the eligibility requirements described in rule 871—75.7(15,85GA,ch1132,86GA,SF510) are ineligible.

871—75.9(15,85GA,ch1132,86GA,SF510) Application submittal and review process.

75.9(1) The department will develop a standardized application and make the application available to eligible employers. To apply for assistance under the program, an employer will submit an application to the department. Required forms and instructions are available by contacting the department or from the department's Internet site at www.workforce.iowa.gov.

75.9(2) Applications will be reviewed and scored by the staff of the department. 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—75.10(15,85GA,ch1132,86GA,SF510) Application content and other requirements.

75.10(1) An employer seeking assistance under the program will submit a complete application to the department.

75.10(2) If an award is made, the employer will secure an intern or interns within the time period stated in the contract between the department and the employer.

75.10(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 student will perform at the internship site and how the duties correlate to a substantive experience in an area closely related to the student's STEM field. The

application will also include information regarding the student's work space (e.g., access to telephone, computer, and other necessary items).

c. The name of the employer's representative who will train and supervise the student.

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

75.10(4) In accepting applications from employers, the department may require additional information reasonably related to the program.

871—75.11(15,85GA,ch1132,86GA,SF510) Award process. Applications will be reviewed in the order received by the department. The department will attempt to award as many eligible internships as funding allows. However, the department may deny applications for incompleteness or because of insufficient funds. The department will score applications according to the criteria specified in rule 871—75.12(15,85GA,ch1132,86GA,SF510). 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—75.12(15,85GA,ch1132,86GA,SF510) Application scoring criteria. When applications for financial assistance under the program are reviewed, the following criteria will be considered and scored as described below:

75.12(1) The extent to which the student is involved in a substantive experience closely related to the student's STEM field of study. 30 points.

75.12(2) The quality and sufficiency of the explanation of the employer's anticipated workforce needs and of the student's potential for prospective employment with the employer or another Iowa employer following graduation. 30 points.

75.12(3) The extent to which the internship duties require independent judgment, creativity, and intelligence to complete and contribute to the employer's goals or processes. 10 points.

75.12(4) The extent to which the internship will have a positive impact on the student's skills, knowledge and abilities. 10 points.

75.12(5) The extent to which the internship pays more than twice the minimum wage. 10 points.

75.12(6) Whether applications will be accepted by the employer from more than one private college, university or community college. 5 points.

75.12(7) Whether the application establishes that all relevant internship considerations, including necessary funding, have been addressed by the employer in advance. 5 points.

871—75.13(15,85GA,ch1132,86GA,SF510) Contract and reporting.

75.13(1) *Notice of award.* Successful applicants will be notified in writing of an award of assistance, including any conditions and terms of the approval.

75.13(2) *Contract required.* An employer receiving an award under the program will execute a standard contract prepared by the department. The contract may include but is not limited to a description of the internship to be completed, the conditions for disbursement, required reporting, the applicable events of default, the repayment requirements imposed in the event of default, and any other specific provisions that may be established from time to time on a case-by-case basis.

75.13(3) *Reporting.* An employer receiving assistance under the program will submit any information reasonably 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.

75.13(4) *Contract amendments and terminations.* Contract amendments or termination may be approved by the director without board approval.

These rules are intended to implement 2014 Iowa Acts, chapter 1132, section 12, and Iowa Code section 15.411(5).