

COLLEGE STUDENT AID COMMISSION[283]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 283—Chapters 10 and 34
“Workforce Grant and Incentive Program”

Iowa Code section authorizing rulemaking: 256.230(7)“b” as enacted by 2023 Iowa Acts, Senate File 560, section 13
State or federal law(s) implemented by the rulemaking: 2023 Iowa Acts, Senate File 560, division VI

Public Hearing

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

August 2, 2023
4 p.m.

475 S.W. Fifth Street, Suite D
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 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

New Chapter 34 is proposed to ensure the Commission meets the requirements set forth in law by adopting rules for the administration of the new Workforce Grant and Incentive Program. The proposed rulemaking establishes the eligibility criteria and awarding of funds for the Workforce Grant and Incentive Program; describes the process, procedures and duties of the Commission, applicants, institutions, and employers; and provides the priority criteria for awarding in the event that all eligible workforce grant applicants cannot be funded. The rulemaking also establishes definitions for use under the program, many of which are being added to existing Chapter 10, “Uniform Policies.” As part of the review pursuant to Executive Order 10, the Commission intends to utilize Chapter 10 for definitions and policies that are consistently utilized across most state financial aid programs in order to streamline and reduce redundancies in administrative rules.

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 administrative burden beyond the provisions already established in law. The rulemaking defines the processes that will be utilized to ensure eligible applicants receive both workforce grants and workforce incentive payments and articulates priority criteria and general provisions of eligibility to align with other state-funded scholarships and grants. The Commission will use existing staff to administer the program.

The rulemaking stipulates that the Commission will periodically review compliance of the eligible institutions participating in the new program (paragraph 34.4(4)“f”). 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. The number of eligible institutions is not increasing due to this program; the new program is being offered in addition to the existing programs that would normally undergo a compliance review at an eligible institution. 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.

In addition, the rulemaking stipulates that employers will verify that an employee who applies for the workforce incentive payment has been employed on a full-time basis for 12 consecutive months in a high-demand job within the employer's organization. This requirement is not specifically established in law; an alternative data source that could effectively replace the employer's timely verification of employment has yet to be found. The Commission has implemented similar requirements for employers for other programs and does not anticipate the administrative burden of this requirement to result in measurable cost.

- 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 Workforce Grant and Incentive Program, while also illustrating the duties of the eligible institutions, the Commission, and applicants in the administration of the new program. Employers will benefit from the incentive for students to remain in Iowa and work in high-demand jobs following graduation.

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:

Compliance reviews: 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 the requirement ensures the funds are being disbursed to the target audience in a manner that is consistent across all participating institutions.

Employment verification: The verification that a workforce incentive payment applicant has been employed by the organization on a full-time basis for 12 consecutive months in a high-demand occupation is necessary for the effective administration of the program. Ensuring the timely payment of the workforce incentive payment is a critical part of the effective operation of the program, and this cannot be done without the assistance of employers.

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. The Commission will utilize existing staff to administer the program and compliance reviews.

- 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 administer and disburse Workforce Grant and Incentive Program awards/payments, articulate priority criteria and general provisions of eligibility, and ensure the future integrity of the program through periodic compliance reviews.

The cost of inaction would be confusion in the process and criteria to be used in the application and awarding of funds under the program, as well as the potential for errors and irregularities in the award process that would remain unchecked without periodic compliance reviews. In addition, the workforce incentive payment could not be administered without employer verification of the necessary data elements for employees who apply for the award.

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. The administrative method proposed for this program is the most cost-efficient method utilized by the Commission in the administration of state financial aid programs.

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 burden 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 rulemaking will not significantly impact small businesses. The Commission will require Iowa employers of all sizes to verify that a workforce grant recipient has been employed on a full-time basis for 12 consecutive months in a high-demand job within the employer's organization. The Commission chose this approach because there is not an alternative data source that could effectively replace the employer's verification of employment. Even so, the administrative burden of this verification is not expected to result in measurable costs to employers.

Text of Proposed Rulemaking

ITEM 1. Rescind rule 283—10.2(261) and adopt the following new rule in lieu thereof:

283—10.2(261) Definitions.

"Iowa resident" means a person who:

1. If attending an Iowa regent university, Iowa private college or university, or Iowa barber or cosmetology college, meets the criteria used by the state board of regents to determine residency for tuition purposes as described in rule 681—1.4(262) and, if the person qualifies for residency only as described in 681—paragraph 1.4(2)“b,” meets the following additional criteria:

- Is a veteran or qualifying military person domiciled in the state of Iowa who is not dependent upon a parent for financial support;
- Is a dependent veteran or qualifying military person whose parent is domiciled in the state of Iowa; or
- Is the spouse, domestic partner, or dependent child of a veteran or qualifying military person who is domiciled in the state of Iowa; or

2. If attending an Iowa community college, meets the criteria defined by the Iowa department of education to determine residency for community college tuition purposes as defined in 281—subrule 21.2(11) and, if the person qualifies for residency only as described in 281—subparagraph 21.2(11)“b”(5), meets the following additional criteria:

- Is a veteran of uniformed service or a national guard member domiciled in the state of Iowa who is not dependent upon a parent for financial support;

- Is a dependent veteran of uniformed service or a national guard member whose parent is domiciled in the state of Iowa; or
- Is the spouse, domestic partner, or dependent child of a veteran of uniformed service or a national guard member who is domiciled in the state of Iowa.

“*Financial metric*” is the means by which the commission ranks the relative financial need of an applicant for financial assistance. The calculated financial metric shall be evaluated annually on the basis of a confidential statement of family finances filed on a form designated by the commission. The commission has adopted the use of the Free Application for Federal Student Aid (FAFSA), a federal form developed by the U.S. Department of Education, which is used to determine the financial metric. Relative need will be ranked based on the applicant’s financial metric provided by the U.S. Department of Education. The FAFSA must be received by the processing agent by the date specified by the commission.

“*Financial need*” is the difference between the applicant’s cost of attendance, as defined in Title IV, Part B, of the federal Higher Education Act of 1965, as amended, and the applicant’s financial need and other available financial assistance at the eligible institution.

“*Full-time*” means enrollment in at least 12 semester credit hours, or the equivalent, that are part of a program of study. Credits that a student receives through “life experience credit” and “credit by examination” are not eligible for funding. Only coursework required for the student’s eligible program of study can be used to determine enrollment status for state award calculations.

“*Part-time*” means enrollment which includes 3 to 11 semester credit hours, or the equivalent, that are part of a program of study. Credits that a student receives through “life experience credit” and “credit by examination” are not eligible for funding. Only coursework required for the student’s eligible program of study can be used to determine enrollment status for state award calculations.

“*Program of study*” means a course of study that is eligible for federal student aid programs and leads to an undergraduate diploma, certificate, or degree.

“*Satisfactory academic progress*” is determined by the eligible institution, the standards of which meet the criteria for participation in federal student aid programs and are published on the eligible institution’s website.

ITEM 2. Adopt the following new rule 283—10.3(261):

283—10.3(261) Policies.

10.3(1) Restrictions. A student who is in default on a Stafford Loan, SLS Loan, or a Perkins/National Direct/National Defense Student Loan or who owes a repayment on any Title IV grant assistance or state award shall be ineligible for assistance under the program. The student regains eligibility under this rule by providing documentation to the institution that the student has regained eligibility under Title IV of the Higher Education Act of 1965, as amended.

10.3(2) Reserved.

ITEM 3. Adopt the following new 283—Chapter 34:

CHAPTER 34
WORKFORCE GRANT AND INCENTIVE PROGRAM

283—34.1(261) Basis of aid. Assistance available under the Iowa workforce grant and incentive program is based on the financial need of Iowa residents enrolled in eligible programs of study at universities under the Iowa board of regents.

283—34.2(261) Definitions.

“*Academic year*” is defined as the fall, spring and summer semesters, in that sequence, within a state fiscal year.

“*Eligible institution*” means the same as defined in Iowa Code section 256.230(1) as enacted by 2023 Iowa Acts, Senate File 560, section 13.

“*Eligible program*” means an undergraduate program of study defined in 283—Chapter 10 that meets the provisions of Iowa Code section 256.230(1) as enacted by 2023 Iowa Acts, Senate File 560, section 13.

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

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

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

“*High-demand job*” means the same as described in Iowa Code section 84A.1B(17) as enacted by 2023 Iowa Acts, Senate File 560, section 12.

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

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

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

283—34.3(261) Eligible workforce grant applicant. An eligible applicant is an Iowa resident who is enrolled full-time or part-time as an undergraduate student in an eligible program and who meets the eligibility criteria in Iowa Code section 256.230 as enacted by 2023 Iowa Acts, Senate File 560, section 13, and the following provisions:

1. Is within four full-time semesters or eight part-time semesters of completing the eligible program, and completes the application specified by the commission by 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—34.4(261) Awarding of workforce grant funds.

34.4(1) Selection criteria. All eligible applicants will be considered for an award.

34.4(2) Extent of award and maximum award. Eligible applicants may receive no more than four full-time or eight part-time semesters of awards, or the equivalent.

a. The maximum award for full-time students will not exceed the student’s financial need and will not exceed \$2,000 per full-time semester.

b. A part-time student will receive a prorated award, as established by the commission, based on the number of credit hours for which the student is enrolled.

c. Awards will be provided during the fall and spring semesters of enrollment. Awards during the summer semester of enrollment may be provided if funding allows.

34.4(3) Priority for awards. In the event that funds available are insufficient to provide an award to all eligible applicants, awards will be prioritized as follows:

a. Eligible applicants who received a workforce grant in the prior academic year.

b. Eligible applicants with the lowest financial metrics.

c. Eligible applicants who are closest to the completion of their eligible program.

34.4(4) 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 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.

c. The eligible institution 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 amended.

d. The eligible institution will provide information about eligible applicants to the commission in a format specified by the commission. The eligible institution will make necessary changes to awards due to a change in enrollment, program of study, and financial situation and promptly report those changes to the commission.

e. The eligible institution is responsible for completing necessary verification and for coordinating other aid to ensure compliance with student eligibility requirements and allowable award amounts. The eligible institution will report changes in student eligibility to the commission.

f. The commission will periodically investigate and review compliance of eligible institutions participating in this state program with the criteria established in Iowa Code section 256.230 as enacted by 2023 Iowa Acts, Senate File 560, section 13, and this rule.

283—34.5(261) Eligible incentive payment applicant. Individuals who received a workforce grant and completed the eligible program within the same academic year may apply for the incentive payment if they meet the criteria of Iowa Code section 256.230(6) as enacted by 2023 Iowa Acts, Senate File 560, section 13, and are employed in Iowa.

283—34.6(261) Awarding of incentive payments.

34.6(1) Selection criteria. All eligible incentive payment applicants will be considered for an award.

34.6(2) Extent of award and maximum award. Eligible incentive payment applicants may apply for no more than one incentive payment of up to \$2,000.

34.6(3) Awarding process.

a. The commission will provide notice of the availability of the incentive payment application to eligible incentive payment applicants following completion of the eligible program. Eligible incentive payment applicants will apply for the incentive and begin full-time employment in a high-demand job in Iowa within six months of completing the eligible program.

b. Following the application deadline, the commission will designate eligible applicants for awards and begin tracking their employment.

c. After the applicant has completed 12 consecutive months of full-time employment, commission staff will verify with the Iowa employer that the applicant was employed full-time in a job position that is aligned with a high-demand job.

d. Following verification with the employer, the commission will make payment to the eligible incentive payment applicant.

These rules are intended to implement 2023 Iowa Acts, Senate File 560.