Regulatory Analysis

Notice of Intended Action to be published: 871—Chapter 78
"Employment Agency Licensing"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 84I and 17A
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 84I

Public Hearing

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

August 26, 2025
1:30 p.m.

Microsoft Teams
Meeting ID: 237 875 027 562 2
Passcode: bQ68vp9e
Dial in by phone: +1 469.998.6043
Find a local number
Phone conference ID: 753 603 984#

Public Comment

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

Brooke Axiotis
Iowa Workforce Development
1000 East Grand Avenue
Des Moines, Iowa 50319
Phone: 515.802.9245
Email: brooke.axiotis@iwd.iowa.gov

Purpose and Summary

The purpose of these proposed rules is to clarify the employment agency licensing process.

Analysis of Impact

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

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

There are no costs associated with this proposed rulemaking.

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

The general public and stakeholders 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:**

There is no quantitative impact.

- **Qualitative description of impact:**

The general public and stakeholders will receive streamlined information.

3. **Costs to the State:**

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

There are no implementation and enforcement costs.

- **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:**

Not applicable.

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

Not applicable.

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?

This proposed rulemaking does not have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 871—Chapter 78 and adopt the following **new** chapter in lieu thereof:

Title V
EMPLOYMENT AGENCY LICENSING

CHAPTER 78
EMPLOYMENT AGENCY LICENSING

871—78.1(84I) Definitions. In addition to the definitions found in Iowa Code chapter 84I, the following definition applies:

"Agency" means employment agency.

871—78.2(84I) Application and license.

78.2(1) *Application.* An application for a license must be made in writing to the director on the form provided by the director. The applicant shall also complete and submit the employee-paid fee schedule form provided by the director; $75 nonrefundable fee; and all contract forms to be signed by an employee. The application shall also be accompanied by a surety company bond in the sum of

$30,000, to be approved by the director and conditioned to pay any damages that may accrue to any person due to a wrongful act or violation of law on the part of the applicant in the conduct of business.

78.2(2) *Name.* No agency shall use any name, symbol or abbreviation deceptively similar to or reasonably likely to be confused with the name used by an existing agency, any governmental unit, or nonprofit organization.

78.2(3) *Change in officers.* A change in the name of any person required to be reported on the application under Iowa Code chapter 84I shall be forwarded to the director within ten days of the change.

78.2(4) *Change in address.* The agency shall notify the director of any change of address prior to the change.

78.2(5) *Multiple locations.* A separate license shall be required for each separate office location operated by an agency.

78.2(6) *Nontransferable.* A license is nontransferable.

871—78.3(84I) Nonemployment agency activity. The following activities do not require an employment agency license:

1. Appraisal of an employee's qualifications.
2. Development of career goals and marketing plans.
3. Preparation and printing of résumés.
4. Instruction on interview techniques and networking.
5. Counseling on negotiating pay and fringe benefits.
6. Assistance in obtaining employment when provided by schools, colleges, trade unions, and similar organizations for their students or members if any fees paid are for tuition, training, or dues and would be charged even if the student or member did not attempt to utilize the organization's employment search services.
7. Furnishing or procuring theatrical, stage, or platform attractions or amusement enterprises.
8. Any activity by a governmental unit.

871—78.4(84I) Complaints. Written complaints by an aggrieved party will be investigated. The director will notify the aggrieved party in writing of the outcome of the investigation. The director may take any appropriate action, including denial, revocation, reprimand, and suspension.

871—78.5(17A,84I,252J) Denials, revocations, reprimands and suspensions.

78.5(1) The director may deny, revoke, or suspend a license or issue a reprimand when the director finds that any of the following conditions exist:

a. The license applicant has violated any of the provisions of Iowa Code chapter 84I or the rules of this chapter; or

b. The child support recovery unit of the department of health and human services has issued a certificate of noncompliance to an employment agency; or

c. The license application or its required attachments are inaccurate, incomplete or otherwise insufficient.

78.5(2) Contested cases shall be governed by Iowa Code chapter 17A and 875—Chapter 1, Division V.

871—78.6(84I) Permissible fees charged by agency.

78.6(1) The total amount charged to any employee in any form by an agency shall not exceed 15 percent of the employee's gross earnings from that employer for which the agency procured the job in any pay period for a period of time not to exceed the first 12 months from the date of employment.

78.6(2) Fees due the agency are payable as earned; however, the employee may knowingly agree to pay the fee in advance, with the full understanding that the employee is not required to do so, and the agency guarantees to refund any amounts in excess of 15 percent of actual gross earnings, when ascertained.

78.6(3) No agency or any person connected therewith shall require any employee to execute any negotiable instrument, assignment of earnings, or note except for that amount of fee that is past due to the agency.

78.6(4) Each agency shall keep conspicuously posted at its place of business a copy of the agency's schedule of fees on file with the director. The schedules shall be printed in not less than 8-point type.

78.6(5) Each employee who has paid the fee in advance must be notified at the employee's last-known address by the agency at the time the employee makes the final payment on the fee that the employee may have a refund due if the employee has paid more than 15 percent of the gross earnings of the employee's first year of employment.

871—78.7 Reserved.

871—78.8(84I) Contracts and fee schedules.

78.8(1) *Schedules furnished.* Any schedule of fees to be charged by an agency to employees shall be furnished to all employees at the time of making an application with the agency.

78.8(2) *Required content of all contracts.*

a. Contracts and fee schedules shall not contain smaller than 8-point type.

b. Contracts and fee schedules shall contain no ambiguous, false or misleading information.

c. All contracts and fee schedules must clearly state that the agency is licensed by Iowa Workforce Development and that inquiries may be made via mail to Iowa Workforce Development, 1000 East Grand Avenue, Des Moines, Iowa 50319, or by telephone to 1.866.239.0843.

78.8(3) *Additional required content for employee-paid fee contracts.*

a. Each employee-paid fee contract shall contain a provision limiting to one year from the date of referral the period for which an agency may assess a placement fee for referral of that employee to that employer.

b. Where the agency provides the option for advance payment, the contract and employee-paid fee schedule must clearly state that the employee knowingly agrees to pay the fee in advance with the full understanding that the employee is not required to do so and that the agency guarantees to refund any amount in excess of 15 percent of the employee's gross earnings from that employer for which the agency procured the job for a period of time not to exceed the first 12 months from the date of employment, when ascertained.

c. All employee-paid fee contracts and fee schedules must state the fee in dollar amounts as well as percentages.

These rules are intended to implement Iowa Code chapter 84I.