Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 283—Chapter 24
"Rural Iowa Primary Care Loan Repayment Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256.178 and 256.221
State or federal law(s) implemented by the rulemaking: Iowa Code section 256.221

Public Hearing

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

September 10, 2024 11 a.m.	ICN 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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Bureau of Iowa College Aid
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Des Moines, Iowa 50319
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Purpose and Summary

The Commission plans to rescind and adopt a new Chapter 24 pursuant to Executive Order 10. New Chapter 24 is proposed to ensure the Commission meets the requirements set forth in law by adopting rules for the administration of the Rural Iowa Primary Care Loan Repayment Program. The proposed rulemaking establishes the eligibility criteria and awarding of funds for the program; describes the process of awarding funds and tracking obligations; and illustrates the role of the Commission, applicants, and employers in the awarding process. The rulemaking also provides definitions for use under the program.

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 awards and articulates the awarding of funds and general provisions of eligibility. Employers will need to verify completion of employment obligations under the program before a loan repayment award is paid.

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

Eligible applicants, service commitment areas, and the Commission will benefit from the rulemaking since it clarifies the processes by which Iowans will apply for and qualify for the loan repayment award.

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:

The rulemaking does not impose measurable costs beyond those imposed by law.

- Qualitative description of impact:

Employers are required to verify completion of the employment obligation. While 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 in other programs and does not anticipate the administrative burden of the requirement to result in measurable cost. Ensuring the timely payment of the loan repayment award 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 agency would incur minimal costs to implement and enforce the rule.

- 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 award loan repayment funds and to articulate criteria and general provisions of eligibility.

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. In addition, the program could not be administered without employer verification of completed obligations of the eligible applicants.

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 applicants, 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 have an impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 283—Chapter 24 and adopt the following **new** chapter in lieu thereof:

CHAPTER 24
RURAL IOWA PRIMARY CARE LOAN REPAYMENT PROGRAM

283—24.1(256) Definitions.

"Eligible applicant" means an individual who meets the criteria of Iowa Code sections 256.221(2) and 256.221(3), agrees to sign a program agreement, and agrees to complete the obligation. The eligible applicant will complete an application on or before the date established by the commission and does not meet a condition in 283—subrule 10.3(1).

1. The program agreement specifies the obligation and other details pertaining to the program.
2. The obligation may be postponed or satisfied pursuant to Iowa Code section 256.221(11). Progression toward completion of the obligation is verified annually.

"Eligible loan" means the same as defined in Iowa Code section 256.221(13). Only the outstanding portion of a federal consolidation loan that was used to repay an eligible loan qualifies as an eligible loan. An eligible applicant who signs a program agreement and then refinances an eligible loan by obtaining a private education loan may continue to receive loan repayment awards.

"Eligible university" means the same as defined in Iowa Code section 256.221(13).

"Part-time practice" means at least an average of 28 hours per week serving clients in a service commitment area.

"Service commitment area" means the same as defined in Iowa Code section 256.221(13). Each eligible applicant participating in the program will contract with the service commitment area to ensure the service commitment area provides the nonrefundable contribution. Payment of the nonrefundable contribution to the trust fund can be made by but is not limited to the following organizations: community agencies, medical groups, municipalities, community foundations, local government entities, or other community entities. Locations and distances between cities will be consistently measured and verified by calculating the shortest travel distance on paved roads.

283—24.2(256) Awarding of funds.

24.2(1) *Selection criteria.* The commission will annually determine and communicate the number of recommendations that can be funded at each eligible university. Each eligible university will recommend the corresponding number of eligible applicants to the commission, prioritizing eligible applicants who were Iowa residents upon enrolling at the eligible university. If an eligible university cannot fill all of its recommendations, another eligible university will be allowed to fill those recommendations. If the eligible universities cannot fill all of the recommendations available, the commission may enter into additional agreements under the surplus funds provisions in rule 283—24.3(256).

24.2(2) *Extent of award and maximum award.* Eligible applicants may receive up to $200,000 upon completion of the obligation pursuant to Iowa Code section 256.221(5). The loan repayment award will not exceed the outstanding balance of the eligible applicant's eligible loans.

24.2(3) *Awarding process.*

a. The commission will provide notice of the eligibility criteria and the number of recommendations to be filled to the eligible universities.

b. The eligible universities will send recommended eligible applicants to the commission.

c. The commission will work with eligible applicants to sign program agreements.

d. The eligible applicant will notify the commission of the service commitment area in which the eligible applicant will be employed prior to employment, and the commission will verify the eligibility of the service commitment area.

e. The commission will track eligible applicants selected to receive awards through completion of their obligation.

f. The commission will pay the loan repayment award directly to the holder of the eligible applicant's eligible loan only after verifying with the employer that a portion of the obligation has been completed and the nonrefundable contribution has been deposited in the trust fund.

283—24.3(256) Surplus funds. In the event that fewer than the total number of recommendations in subrule 24.2(1) are filled by students at the eligible universities, the commission may enter into additional agreements.

24.3(1) *Surplus funds eligible applicant.* A surplus funds eligible applicant will meet the following criteria:

a. Graduate with a doctor of medicine or osteopathy degree from an eligible university and complete a residency program.

b. Receive a permanent license to practice medicine and surgery or osteopathic medicine and surgery in the state of Iowa and engage in full-time or part-time practice of medicine and surgery or osteopathic medicine and surgery in a specialty defined in Iowa Code section 256.221(3)*"d"* for a period of five consecutive years in a service commitment area. The applicant will notify the commission of the applicant's service commitment area prior to beginning practice in the service commitment area.

c. Agree to sign a program agreement and agree to complete the obligation.

d. Complete applications on or before the date established by the commission and not meet a condition in 283—subrule 10.3(1).

24.3(2) *Priority for awards.* In the event that the total amount of surplus funds is insufficient to award all eligible applicants, awards will be prioritized as follows:

a. Surplus funds eligible applicants employed in a state other than Iowa and individuals in their final year of residency or fellowship, by date of application.

b. All other surplus funds eligible applicants by date of application.

24.3(3) *Awarding process.*

a. The commission will provide notice of the availability of surplus funds, the eligibility criteria, and the application process to the eligible universities.

b. The eligible universities will notify alumni of the availability of surplus funds.

c. The commission will work with surplus funds eligible applicants to sign program agreements.

d. The surplus funds eligible applicant will notify the commission of the service commitment area in which the eligible applicant will be employed prior to employment, and the commission will verify the eligibility of the service commitment area.

e. The commission will track surplus funds eligible applicants selected to receive awards through completion of their obligation.

f. The commission will pay the loan repayment award specified in subrule 24.2(2) directly to the holder of the eligible applicant's eligible loan only after employer verification that a portion of the obligation has been completed and the nonrefundable contribution has been deposited in the trust fund.

283—24.4(256) Failure to fulfill obligation. An eligible applicant who fails to fulfill the obligation pursuant to Iowa Code section 256.221(11) will forfeit all future loan repayment awards under the

program and will be subject to repayment of any loan repayment awards paid under this chapter toward the eligible applicant's eligible loans as specified in the program agreement.

283—24.5(256) Waivers. An eligible applicant will request a waiver in writing from the commission to change employment to a different service commitment area, to work part-time in accordance with Iowa Code section 256.221(10), and to postpone employment in accordance with Iowa Code section 256.221(11).

These rules are intended to implement Iowa Code chapter 256.