Regulatory Analysis

Notice of Intended Action to be published: 283—Chapter 21
"Approval of Postsecondary Schools"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 256.178, 256.177(7), 256.177(12), 261B.3, 261B.5, 261B.8 and 261G.5

State or federal law(s) implemented by the rulemaking: Iowa Code sections 256.177(7), 256.177(12), 261B.3, 261B.5, 261B.8 and 261G.5 and 34 CFR 600.9

Public Hearing

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

October 7, 2025 4 p.m.	Room B50 Grimes State Office Building Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which 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:

David Ford
Bureau Chief, Bureau of Iowa College Aid
400 East 14th Street
Des Moines, Iowa 50319
Email: david.ford@iowa.gov

Purpose and Summary

The Commission proposes to rescind and adopt a new Chapter 21 pursuant to Executive Order 10. New Chapter 21 is proposed to establish standards, procedures, and oversight mechanisms by which the Commission reviews, approves, monitors, renews, or revokes the registration of postsecondary institutions seeking to operate in Iowa or participate in interstate reciprocity agreements.

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 a measurable administrative burden beyond the provisions already established in law. Postsecondary schools that are closing, closing an Iowa site, or closing a program may incur additional compliance costs if the closure negatively impacts students. These costs are not measurable because these events are rare.

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

Iowa students pursuing postsecondary education programs at postsecondary schools will benefit from the chapter because it provides postsecondary school requirements and consumer protections to help ensure integrity and accountability across the postsecondary landscape in Iowa. The chapter also benefits postsecondary schools by providing the requirements for those seeking State authorization in Iowa.

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:**

The rulemaking illustrates provisions to the public about State authorization in Iowa.

3. **Costs to the State:**

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

The costs to the Commission are related to reviews and corresponding action on State authorization applications, compliance monitoring and enforcement, providing technical assistance, and, on occasion, corrective action, all of which have a statutory basis.

- **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 enforce consumer protections for Iowa students and help ensure postsecondary school integrity and accountability for Iowa students.

The cost of inaction would be confusion about the process the Commission utilizes to review State authorization applications.

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 providing the identified information to the public and ensuring that Iowa students benefit from consumer protections.

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 a cost-efficient and seamless way to provide the information and enforce consumer protection requirements.

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

Alternative methods were rejected because the method used is a streamlined approach to illustrating the necessary information.

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 impact small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 283—Chapter 21 and adopt the following **new** chapter in lieu thereof:

CHAPTER 21
APPROVAL OF POSTSECONDARY SCHOOLS

283—21.1(261B,261G,714) Postsecondary registration, exception to registration, and participation in the commission-approved reciprocity agreement. The college student aid commission authorizes postsecondary schools to operate in Iowa and offer postsecondary programs to Iowans pursuant to Iowa Code chapters 261B and 261G and 34 CFR 600.9 as of July 1, 2025.

283—21.2(261B,261G) Definitions. As used in this chapter:

"Interstate reciprocity agreement" means the agreement the commission has entered into in order to participate in interstate reciprocity under Iowa Code chapter 261G.

"Postsecondary school" means an entity that meets any of the following provisions:

1. Meets the conditions in Iowa Code section 261B.2(5)*"a"* and *"c."*
2. Provides a postsecondary course of instruction leading to a credential.

"Postsecondary school closure" means a precipitous or abrupt closure of a postsecondary school, Iowa site, or program during a semester, school period, or term of enrollment that leaves students without an option to complete the courses or program they started and with no ability to receive credit.

"Presence" means the same as defined in Iowa Code section 261B.2 and described in Iowa Code section 261B.3(1).

"State authorization" means the process by which a postsecondary school must seek the commission's approval to operate in Iowa or offer a postsecondary course of instruction to Iowans through registration under Iowa Code chapter 261B or an exception to registration under Iowa Code section 261B.11. Postsecondary schools that are approved by the commission to operate in Iowa or offer a postsecondary course of instruction to Iowans shall receive an official written approval notification issued by the commission. This notification shall identify the institution by name as an educational institution.

283—21.3(261B,261G) State authorization types and requirements.

21.3(1) *Registration.*

a. Qualifying postsecondary schools. A degree-granting postsecondary school whose operation is primarily outside of the state but that has a presence in Iowa, or an Iowa-originating postsecondary school that does not qualify for an exception under Iowa Code section 261B.11 and that is accredited by an accrediting agency recognized and approved by the United States Department of Education or its successor agency, will register with the commission. A postsecondary school that qualifies for an exception from registration may voluntarily submit an application under subrule 21.3(1). In addition, qualifying postsecondary schools that meet the following conditions must register to offer postsecondary education programs to Iowans:

(1) Provide distance education programs to Iowans in which the student participates in a structured field experience at a location in Iowa that is a required component of the distance education program.

(2) Compensate a party to recruit Iowans, the recruiter maintains an Iowa address, and the recruitment activities are not solely occasional or short-term events, such as college fairs or conferences.

b. Requirements. Qualifying postsecondary schools must submit information required in Iowa Code sections 256.177(7) and 261B.4 and other information requested by the commission. The commission may require a qualifying postsecondary school to submit a new application if there is a

change in ownership or governance or an amendment to an existing application. In addition, a qualifying postsecondary school must:

(1) Certify to the commission that the qualifying postsecondary school's approval to operate in a state has not been revoked by the state, the qualifying postsecondary school has not been sanctioned by a state within a year prior to the date of its application, and the qualifying postsecondary school is not under investigation or bound by the terms of a judgment issued by a state's attorney general or other enforcement authority. The postsecondary school will immediately notify the commission of any pending or final sanction by an accrediting agency, state entity, state attorney general, or other enforcement authority.

(2) Certify that it is not subject to a limitation, suspension, or termination order issued by the United States Department of Education or its successor agency. The applicant postsecondary school shall provide the commission with a copy of the postsecondary school's current program participation agreement with the United States Department of Education or its successor agency.

(3) Employ at least one full-time Iowa faculty member or one program or student services coordinator at the Iowa location who is devoted to Iowa students if the postsecondary school operates a location or administrative office at a fixed location in Iowa.

(4) Provide the commission with institutional policies adopted by the postsecondary school that comply with the requirements of Iowa Code section 256.183(1)*"e"* through *"h"* and *"k."*

1. For a program in which a student's academic progress is measured only in clock hours, the postsecondary school shall provide a full refund of tuition and mandatory fees to a student who withdraws and who requests that benefit under Iowa Code section 256.183(1)*"g"* for the payment period in which the student withdrew. The payment period is determined under rules promulgated by the United States Department of Education for the disbursement of federal Stafford loan funds.

2. The employee policy for reporting suspected incidents of child physical or sexual abuse required by Iowa Code section 256.183(1)*"h"* shall apply to individuals the postsecondary school compensates to conduct activities on the postsecondary school's behalf at an Iowa location.

(5) For a covered institution under Iowa Code chapter 261F, adopt a code of conduct that complies with Iowa Code section 261F.2.

(6) For a covered institution under Iowa Code chapter 261F that offers a preferred lender list, the list meets the requirements of Iowa Code section 261F.6.

(7) Provide documentation demonstrating that a program that prepares a student for an occupation that requires professional licensure in Iowa and that the postsecondary school proposes to offer under its registration:

1. Has been approved by the appropriate state of Iowa licensing agency and accrediting agency, if such approval is required, or,

2. Meets curriculum standards of the appropriate state of Iowa licensing agency such that the state of Iowa licensing agency does not require the student to complete additional coursework or practicum hours that the postsecondary school did not offer in its professional licensure preparation program.

(8) Have procedures for the preservation of student academic transcripts for a minimum period of 50 years from the point of withdrawal from or completion of the credential and publish contact information to be used by students and graduates who seek to obtain transcript information.

(9) Provide a complaint process for students to file a complaint about the postsecondary school. The postsecondary school must prominently provide on its website the link to the commission's web page for student complaints. The student must complete the postsecondary school's internal complaint or grievance process and receive a decision before filing a complaint with the commission.

(10) Comply with provisions of Iowa Code sections 714.18, 714.19, 714.23, 714.24, and 714.25, if applicable.

(11) Commit to meeting the provisions of rule 283—21.5(261B,261G) and to providing a teach-out plan or providing alternatives for students to complete their programs at other postsecondary schools and ensuring students have continued access to their transcripts if the postsecondary school

closes, discontinues a program, or closes an Iowa site before students have completed their program of study.

c. Limitations and denials.

(1) A postsecondary school must meet, to the satisfaction of the commission, all requirements identified in paragraph 21.3(1)*"b."*

(2) Pursuant to Iowa Code section 256.177(7), a nonpublic postsecondary school that is required to register under subrule 21.3(1) must demonstrate that its most recent, official federal financial composite score, as calculated using the method prescribed by the United States Department of Education, is at least 1.0. A postsecondary school that does not participate in the postsecondary student financial aid programs authorized by the United States Department of Education demonstrates that its financial responsibility composite score is official by providing written confirmation of its composite score from its independent auditor. For postsecondary institutions owned and controlled by another entity, the relevant composite score will be the composite score of the parent entity, as identified by the United States Department of Education. A postsecondary school that fails to demonstrate a federal financial composite score of at least 1.0 for two successive years may be subject to restrictions on new Iowa enrollments, may be required to provide a teach-out plan pursuant to subparagraph 21.3(1)*"b"*(11), or may be required to secure a letter of credit in an amount equal to 10 percent of the tuition charged to Iowa residents during the most recently completed fiscal year.

(3) The commission may take action that includes but is not limited to limiting a postsecondary school's program offerings or enrollment or denying or revoking the postsecondary school's registration as a result of any of the following:

1. An adverse notice, warning, or other sanction issued by the postsecondary school's accrediting agency.
2. An adverse action or sanction issued by the United States Department of Education.
3. A publicly announced lawsuit filed by a state agency, a state attorney general's office, or another enforcement authority.
4. A judgment issued by a state attorney general's office or another enforcement authority.
5. Repeated complaints about a postsecondary school received from the postsecondary school's students by the commission, by another state, or by a state attorney general's office.
6. Failure to pay fees due to the commission in accordance with rule 283—21.4(261B,261G).
7. Failure to provide responses to any of the requirements in paragraph 21.3(1)*"b"* or provide evidence substantiating the postsecondary school's compliance with those requirements.
8. Other actions deemed by the commission as significant evidence that the postsecondary school should not be allowed to operate under this chapter.

d. Exceptions. Notwithstanding paragraph 21.3(1)*"a,"* a nonaccredited postsecondary school may qualify for provisional registration if the postsecondary school is authorized under subrule 21.3(2), the postsecondary school is actively seeking accreditation to offer degrees, and the accreditor requires state authorization approval before accreditation approval.

21.3(2) *Exception from registration.*

a. Qualifying postsecondary schools. A postsecondary school that meets an exception in Iowa Code section 261B.11, meets the requirements of paragraph 21.3(2)*"b,"* and has a physical location in the state of Iowa must apply for an exception from registration.

b. Requirements. A qualifying postsecondary school must submit information requested by the commission. In addition, a qualifying postsecondary school must meet the following conditions:

(1) If the postsecondary school offers a course of instruction leading to a degree, with the exception of a postsecondary school that qualifies for an exception under Iowa Code section 261B.11(1)*"h,"* the postsecondary school is accredited by an accrediting agency recognized by the United States Department of Education or its successor agency and will notify the commission of any negative changes to its accrediting status.

(2) The postsecondary school adopts institutional policies that comply with the requirements of subparagraph 21.3(1)*"b"*(4).

(3) The postsecondary school has procedures for the preservation of student academic transcripts for a minimum period of 50 years from the point of withdrawal from or completion of the credential and publishes contact information to be used by students and graduates who seek to obtain transcript information.

(4) A covered institution under Iowa Code chapter 261F adopts a code of conduct that complies with Iowa Code section 261F.2.

(5) If a covered institution under Iowa Code chapter 261F offers a preferred lender list, the list meets the requirements of Iowa Code section 261F.6.

(6) The postsecondary school provides a complaint process for students to file a complaint pursuant to subparagraph 21.3(1)*"b"*(9).

(7) The postsecondary school complies with provisions of Iowa Code sections 714.18, 714.19, 714.23, 714.24, and 714.25, if applicable.

c. Limitations and denials. The commission may take action that includes but is not limited to restricting a postsecondary school's program offerings or enrollment or denying or revoking the postsecondary school's authorization for failure to demonstrate to the commission that the postsecondary school qualifies for the exception and meets consumer protection standards established by the commission.

21.3(3) *Commission-approved interstate reciprocity agreement.*

a. Qualifying postsecondary schools. A participating resident institution pursuant to Iowa Code section 261G.2 that is accredited by an accrediting agency recognized and approved by the United States Department of Education or its successor agency may qualify to apply to the commission to participate in a commission-approved interstate reciprocity agreement.

b. Requirements. A qualifying postsecondary school must be approved under subrule 21.3(1) or subrule 21.3(2), be in compliance with Iowa Code chapters 261B and 261G, and meet the conditions of the interstate reciprocity agreement. In addition, a postsecondary school will prominently disclose on its website the postsecondary school's participation in the commission-approved interstate reciprocity agreement and provide a process for students to file a complaint pursuant to subparagraph 21.3(1)*"b"*(9).

c. Limitations and denials. A participating nonresident institution pursuant to Iowa Code section 261G.2 is not a postsecondary school that is eligible to apply to the commission to participate in a commission-approved interstate reciprocity agreement under Iowa Code chapter 261G.

283—21.4(261B,261G) Authorization fees.

21.4(1) A postsecondary school that applies for initial registration as required under subrule 21.3(1) shall remit an initial registration application fee payable to the commission in the amount of $5,000. This fee is nonrefundable regardless of the commission's decision with respect to the postsecondary school's eligibility for registration in Iowa. A postsecondary school that fails to pay the initial registration application fee shall be denied initial registration consideration.

21.4(2) A postsecondary school that is approved under subrule 21.3(1) or 21.3(3) shall remit an annual fee payable to the commission in the amount due on October 15 of each year. If a postsecondary school's authorization terminates during a year, the postsecondary school shall pay the annual fee to the commission if the postsecondary school's approval is valid as of October 15 of that year or on the date the payment is received. The annual fee is nonrefundable and will be assessed based on a postsecondary school's full-time equivalent (FTE) enrollment as follows:

a. Under 2,500 FTE – $2,000.

b. 2,500 to 9,999 FTE – $4,000.

c. 10,000 FTE or more – $6,000.

21.4(3) A postsecondary school that registers and pays fees under subrule 21.3(1) is not required to pay fees under subrule 21.3(3) if participating in the interstate reciprocity agreement.

283—21.5(261B,261G) Postsecondary school, Iowa site, or program closure.

21.5(1) A postsecondary school that is approved under subrule 21.3(1) or 21.3(2), or a degree-granting postsecondary school approved pursuant to Iowa Code section 714.18, must notify the commission in writing before the postsecondary school takes action to close the postsecondary school, close an Iowa site, or discontinue a program that is offered to Iowans.

21.5(2) If requested by the commission, the postsecondary school shall provide the following information to the commission:

a. The full name, residential address, telephone number, email address, program name, and anticipated graduation date of affected Iowa resident students or, as applicable, affected students at the postsecondary school's Iowa campus(es). The postsecondary school shall organize this list in alphabetical order by student last name.

b. Documentation of the postsecondary school's proposed notice to students.

c. The postsecondary school's specific plan to provide alternatives for affected students to complete the programs offered under the postsecondary school's state authorization, and any external approvals of the plan if applicable.

d. The postsecondary school's plan for storage and retrieval of student transcript information pursuant to subparagraphs 21.3(1)*"b"*(8) and 21.3(2)*"b"*(3).

e. Specific information about how the postsecondary school will provide transitional support to affected students.

f. Contact information for the specific entity and individual who will accept responsibility for all of the following:

(1) Ensuring that unearned federal student aid is returned to the United States Department of Education on a timely basis.

(2) Finalizing student account records and providing copies of the students' final account statements to the students and, upon request, to the commission.

(3) Collecting outstanding bills a student owes to the postsecondary school for tuition and other educational expenses.

(4) Collecting on private education loans or other institutional loans made to students by the postsecondary school and, if applicable, the postsecondary school's private preferred lender(s).

(5) Responding to inquiries from students, parents, and the commission.

21.5(3) An authorized postsecondary school that has a continuous corporate surety bond in effect pursuant to Iowa Code section 714.18 will maintain the bond until the last currently enrolled Iowa student graduates or withdraws.

21.5(4) If the commission takes action to discontinue a postsecondary school's program, close a postsecondary school's Iowa site, or terminate a postsecondary school's operation in Iowa pursuant to subparagraph 21.3(1)*"c"*(3), the postsecondary school shall provide to the commission the information in subrule 21.5(2) and shall be subject to the requirements of subrule 21.5(3).

283—21.6(261B,261G) Postsecondary school closures. In the event of a postsecondary school closure, the commission may use unobligated funds from the postsecondary registration fund, pursuant to Iowa Code section 261B.8, to assist impacted eligible students.

21.6(1) *Eligible students.* The provisions of this rule apply to Iowa resident students who were enrolled in a postsecondary educational program that leads to a recognized educational credential or were on an approved leave of absence at the time of a postsecondary school closure.

21.6(2) *Assistance to impacted eligible students.* The commission may provide the following forms of assistance to eligible students impacted by a postsecondary school closure:

a. Procure, evaluate, and store records needed to establish the validity of claims against a postsecondary school for failure to faithfully perform all contracts and agreements.

b. Pay institutional charges on behalf of Iowans who enrolled at the school.

c. Support an arrangement in which the postsecondary school provides its current students with the opportunity to complete the students' courses of study after the postsecondary school closes,

including any activities designed to facilitate the transition of such students to another postsecondary educational institution.

d. Pay private educational loan debt incurred by Iowans for attendance at the postsecondary school during the enrollment term that the college closes.

e. Reimburse Iowans who enrolled at the postsecondary school for other financial loss, as determined by the commission.

21.6(3) *Claims process.* An eligible student making a claim for reimbursement under paragraph 21.16(2)*"b," "d,"* or *"e"* must contact the commission within six months of the postsecondary school closure for a claim form and provide the following supporting information and documentation:

a. Proof of enrollment at the time of postsecondary school closing.

b. Proof of attendance at the time of postsecondary school closing.

c. Proof of Iowa residency at the time of postsecondary school closing.

d. Proof of payment of private educational loan debt, tuition, fees, or other financial loss as determined by the commission.

e. Any other documentation to support a student's claim of enrollment, attendance, or payment.

21.6(4) *Approval process.* The commission will review a claim and the supporting information and documentation submitted by each eligible student seeking reimbursement under this rule. The commission may delay approval of claims for a period not to exceed one year from the date of the postsecondary school closure to ensure all claims related to a postsecondary school closure are received.

21.6(5) *Awarding of approved claims.*

a. All claims for reimbursement shall be submitted and approved within one year of the date of the postsecondary school closure.

b. Claims for reimbursement will first be made against the postsecondary school's surety bond.

c. If the postsecondary school's surety bond is insufficient to provide reimbursement to all approved claims, the postsecondary registration fund, pursuant to Iowa Code section 261B.8, may be used to reimburse any remaining approved claims.

In no case will the total approved claims related to a single postsecondary school closure exceed one-half of the unobligated balance in the postsecondary registration fund pursuant to Iowa Code section 261B.8. If the postsecondary registration fund is insufficient to cover the full amount of all approved claims, the commission shall develop a method of allocating the funds to eligible students.

21.6(6) *Appeal process.* The procedures set forth in 283—Chapter 4 will be followed in the event of an appeal to a decision by the commission.

These rules are intended to implement Iowa Code chapters 256, 261B, and 261G.