

Fiscal Note

Fiscal Services Division



HF 421 – Accredited Private Institutions, Tuition Grants (LSB1769HV.1)
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Fiscal Note Version – Final Action

Description

House File 421 relates to the Iowa Tuition Grants (ITG) program administered by the College Student Aid Commission.

Division I is effective upon enactment and retroactive to December 1, 2022, the date Waldorf University converted to a nonprofit institution.

Division II removes Iowa Code language related to the for-profit ITG that is no longer relevant since Waldorf University's conversion to nonprofit status.

Background

Iowa Tuition Grants are awarded to Iowa residents enrolled at eligible private colleges and universities in Iowa. Priority is given to applicants demonstrating the greatest need, as reported on the Free Application for Federal Student Aid (FAFSA). Grants are separated by nonprofit and for-profit status and are available for up to four years of full-time undergraduate study. Part-time students may be eligible for adjusted amounts. The amount of the grant is based on the student's financial need remaining after other sources of financial aid are considered. The maximum grant amount is \$6,000 per year.

Waldorf University transitioned from a for-profit institution to a nonprofit institution in December 2022. In this process, approximately 112 Iowa resident students of the university lost eligibility to receive the previously allocated awards under the for-profit ITG. The university is currently filing a nonprofit application for the 2023-2024 academic year. If all nonprofit eligibility criteria are met, the College Student Aid Commission may waive the October 1, 2022, application deadline to ensure aid is available for the fall 2023 semester and beyond. The Bill ensures that students who are Iowa residents currently attending Waldorf University will not become ineligible for the for-profit ITG for FY 2023 due to the conversion of the institution from a for-profit to a nonprofit institution.

The College Student Aid Commission is currently unable to distribute previously allocated awards to students at Waldorf University for the 2023 spring semester, which runs from January 11, 2023, through May 2, 2023. After the semester, affected students will lose eligibility for those awards and funds will revert to the Scholarship and Tuition Grant Reserve Fund. The Scholarship and Tuition Grant Reserve Fund is able to carry forward 2.0% of the total FY 2022 allocated funds totaling \$44,000 from the combined for-profit ITG and the Vocational-Technical Tuition Grant.

Waldorf University was successful in its request to waive the October 1, 2022, application deadline for the nonprofit ITG for the fall 2023 semester under Iowa Administrative Code [283 – 12.2\(2\)](#). No additional legislative action is required to maintain students' eligibility for the fall semester under this waiver.

Assumptions

- Approximately 112 students' for-profit ITG awards cannot be distributed due to Waldorf University's change to a nonprofit institution. The awards will be distributed with the enactment of the Bill.
- The average award impacted by this change in status is \$1,517 per student.

Fiscal Impact

House File 421 would allow the distribution of previously appropriated funding for for-profit ITGs from the General Fund totaling \$170,000. If the Bill is not enacted, between \$124,000 and \$170,000 would revert to the General Fund at the end of FY 2023. The remaining balance would carry forward to FY 2024.

Source

College Student Aid Commission

/s/ Jennifer Acton

May 12, 2023

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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