

Reprinted

MAR 7 1991

HOUSE FILE 423
BY COMMITTEE ON EDUCATION

Place On Calendar

(SUCCESSOR TO HSB 34)

Passed House, Date 3/25/91 (p. 798) Passed Senate, Date 4/16/91 (p. 1277)

Vote: Ayes 97 Nays 0 Vote: Ayes 48 Nays 0

Approved May 17, 1991

A BILL FOR

1 An Act relating to student financial aid programs administered by
2 the college student aid commission.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 423

1 Section 1. Section 261.9, subsection 5, unnumbered
2 paragraph 1, and paragraphs a, b, and d, Code 1991, are
3 amended to read as follows:

4 "Accredited private institution" means an institution of
5 higher learning located in Iowa which is operated privately
6 and not controlled or administered by any state agency or any
7 subdivision of the state, except for county hospitals as
8 provided in paragraph "d c" of this subsection, and which
9 meets at least one of the following criteria:

10 a. Which is accredited by the North Central Association of
11 Colleges and Secondary Schools accrediting agency based on
12 their requirements ~~as of April 17, 1969,~~ or

13 b. Which has been certified by the North Central
14 Association of Colleges and Secondary Schools accrediting
15 agency ~~based on their requirements as of April 17, 1969, (1) as~~
16 ~~a candidate for accreditation by such~~ that agency or ~~(2) as a~~
17 ~~school giving satisfactory assurance that it has the potential~~
18 ~~for accreditation and is making progress which, if continued,~~
19 ~~will result in its achieving accreditation by such agency~~
20 ~~within a reasonable time,~~ or

21 d. Which was eligible to participate in the tuition grant
22 program during the school year beginning July 1, 1986 under
23 ~~paragraph "e", and will continue to be eligible during the~~
24 ~~school year beginning July 17, 1987,~~ and which is making
25 satisfactory progress to achieve accreditation from the North
26 Central Association of Colleges and Secondary Schools
27 accrediting agency, ~~and the institution meets the thirteen~~
28 ~~general institutional requirements of the North Central~~
29 ~~Association of Colleges and Secondary Schools accrediting~~
30 ~~agency by July 17, 1988 and meets the requirements for~~
31 ~~candidacy status of the North Central Association of Colleges~~
32 ~~and Secondary Schools accrediting agency by July 17, 1989,~~ and
33 which attains full accreditation under a time period
34 established by the North Central Association.

35 Sec. 2. Section 261.19A, unnumbered paragraph 1, Code

1 1991, is amended to read as follows:

2 There is established a forgivable loan program, to be
3 administered by the college student aid commission for
4 students enrolled at the university of osteopathic medicine
5 and health sciences. A student from the university of
6 osteopathic medicine is eligible for loan forgiveness if the
7 student is a resident of the state of Iowa and if the student:

8 Sec. 3. Section 261.25, subsection 5, unnumbered paragraph
9 2, Code 1991, is amended by striking the paragraph.

10 Sec. 4. Section 261.38, subsection 2, Code 1991, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

13 2. There is appropriated from the loan reserve account of
14 the commission for each fiscal year, for operating costs of
15 the guaranteed student loan program, an amount not to exceed
16 revenues credited to the reserve account for that fiscal year
17 and determined by the federal department of education to be
18 available for administrative expenditure. The commission
19 shall annually report to the governor and the general assembly
20 actual and estimated revenues and expenditures for each fiscal
21 year.

22 Sec. 5. Section 261.38, Code 1991, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 6. The commission may expend funds in the
25 reserve account to enter into agreements which increase access
26 for students to a loan program for guaranteed loans which are
27 not subsidized by the federal government.

28 Sec. 6. Section 261.81, Code 1991, is amended to read as
29 follows:

30 261.81 WORK-STUDY PROGRAM.

31 The Iowa college work-study program is established to
32 stimulate and promote the part-time employment of students
33 attending Iowa postsecondary educational institutions, and the
34 part-time or full-time summer employment of students
35 registered for classes at Iowa postsecondary institutions

1 during the succeeding school year, who are in need of
2 employment earnings in order to pursue postsecondary
3 education. The program shall be administered by the
4 commission. The commission shall adopt rules under chapter
5 17A to carry out the program. The employment under the
6 program shall be employment by the postsecondary education
7 institution itself or work in a public agency or private
8 nonprofit organization under a contract between the
9 institution or the commission and the agency or organization.
10 An eligible postsecondary institution that is allocated twenty
11 fifty thousand dollars or more for the work-study program by
12 the commission shall allocate at least ten percent of the
13 funds received for public interest student employment in a
14 public agency or private nonprofit organization that is
15 ~~accredited, approved, licensed, registered, certified, or~~
16 ~~operated by the department of human services, the department~~
17 ~~of natural resources, the department of agriculture and land~~
18 ~~stewardship, or the department of corrections,~~ for off-campus
19 employment under the federal college work-study program or is
20 part of the Iowa heritage corps established in section
21 261.81A. The work shall not result in the displacement of
22 employed workers or impair or affect existing contracts for
23 services. Moneys used by an institution for the work-study
24 program shall supplement and not supplant jobs and existing
25 financial aid programs provided for students through the
26 institution.

27 Sec. 7. Section 261.88, subsection 3, Code 1991, is
28 amended to read as follows:

29 3. Program volunteers shall receive monthly stipends
30 equivalent to ~~seven-hundred-dollars-per-month~~ full-time
31 employment at a rate which is at least equal to the minimum
32 wage stated in section 91D.1, subsection 1, paragraph "a", for
33 each month of work completed under the program. ~~The state~~
34 ~~shall contribute five-hundred-dollars-per-month and the~~
35 ~~employer shall either contribute two-hundred-dollars-per-month~~

1 ~~to-the-volunteer's-stipend-or-provide-the-volunteer-with-room~~
2 ~~and-board.~~ The employer shall also contribute one hundred
3 dollars per month to the education trust fund created pursuant
4 to section 261.90. The volunteer may elect to defer receipt
5 of the employer's stipend contribution and receive a single
6 lump sum stipend amount upon completion of the period of
7 service under the program.

8 Sec. 8. Section 261.88, subsection 6, Code 1991, is
9 amended to read as follows:

10 6. The public or nonprofit entity to which an individual
11 is assigned shall supervise and direct that individual in the
12 same manner as other employees and shall pay for all necessary
13 work materials, supplies, and transportation costs. ~~The-state~~
14 ~~shall-provide-general-liability-and-workers'-compensation~~
15 ~~coverage-for-the-volunteers, under chapter 25A, as-if-the~~
16 ~~volunteers-were-state-employees.~~ The volunteers are exempt
17 from chapter 96, under section 96.19, subsection 6, paragraph
18 "a", subparagraph (6), subdivision (e), and are exempt from
19 chapters 19A, 97A 97B, and 400.

3276 >

20 Sec. 9. Sections 261.40, 261.71, 261.72, and 261.73, Code
21 1991, are repealed.

22 EXPLANATION

23 This bill updates requirements placed on accredited private
24 institutions in the tuition grant program. The osteopath
25 forgivable loan program eligibility requirements are changed
26 to include an Iowa residency requirement. The \$500,000
27 cumulative total expenditure gap for students receiving
28 tuition grants is eliminated. The loan reserve account
29 provision relating to operating costs appropriations is
30 amended to provide for the appropriation of moneys in an
31 amount up to the amount determined available for
32 administrative expenditures by the federal department of
33 education. The commission is given the authority to expend
34 funds from the loan reserve account to increase student access
35 to a nonsubsidized loan program. The work-study program is

1 changed to increase the threshold amount at which funds for
2 public service employment are required to be set aside; the
3 definition of public agency or private nonprofit employment is
4 changed to coincide with the federal work-study program
5 requirement. The work for college program is changed to
6 require that the mandatory stipend comply with minimum wage
7 requirements. State coverage of general liability and
8 workers' compensation has been eliminated. Several
9 provisions, which create programs that have not been funded by
10 the general assembly for several years, have been repealed.

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HOUSE FILE 423

H-3173

1 Amend House File 423 as follows:

- 2 1. Page 2, line 19, by striking the words "and
3 the general assembly" and inserting the following: "
4 and to any member of the general assembly who submits
5 a request for information,".

By SIEGRIST of Pottawattamie
CORBETT of Linn

H-3173 FILED MARCH 12, 1991

*Adopted 3/20 (p 754) Motion to reconsider (p 759)
Reconsidered, amended (3286) & Adopted 3/25 (p 796)*

HOUSE FILE 423

H-3276

1 Amend House File 423 as follows:

- 2 1. Page 4, by inserting after line 19, the
3 following:

4 "Sec. ____ . RESIDENCY RULES. The state board of
5 regents and the college student aid commission shall,
6 in consultation with one another, adopt rules relating
7 to the criteria for establishment of Iowa residency
8 which permit any person, who was an Iowa resident, who
9 left the state, and who returns to the state and is
10 enrolled in an institution of higher education to
11 reestablish residency in a manner which does not
X12 require the person to drop out of school. Rules
13 adopted may require, but are not limited to, a
14 provision that the person be considered a nonresident
15 and pay out-of-state tuition during a period of time
16 in which residency is being reestablished and that the
17 person have other ties to Iowa beyond mere presence in
18 the state."

- 19 2. By renumbering as necessary.

By MAULSBY of Calhoun

H-3276 FILED MARCH 19, 1991

*Adopted 3/20 Motion to reconsider (p 759)
Reconsidered & ruled not germane 3/25 (p 798)*

HOUSE FILE 423

H-3286

1 Amend the amendment, H-3173, to House File 423, as
2 follows:

- 3 1. Page 1, line 3, by inserting after the word
4 "following: ", "the following: "the chief clerk of
5 the house of representatives, the secretary of the
6 senate, the majority and minority leaders of both
7 houses of the general assembly,".

By SIEGRIST of Pottawattamie

H-3286 FILED MARCH 20, 1991

Adopted 3/25 (p 797)

HOUSE FILE 423

H-3291

1 Amend the amendment H-3276, to House File 423 as
2 follows:

3 1. Page 1, line 12, by striking the word "Rules".

4 2. Page 1, by striking lines 13 through 15, and
5 inserting the following: "However, the person shall
6 continue to pay out-of-state tuition during the period
7 of time required in current rules".

8 3. Page 1, line 16, by striking the words "and
9 that" and inserting the following: ". The rules may
10 require that".

By MAULSBY of Calhoun

H-3291 FILED MARCH 21, 1991

Adopted 3/25 (p. 798)

Sen. Ed 3/27 Amend (3363) & En Pass 4/9 (p. 1156)

HOUSE FILE 423
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 34)

(As Amended and Passed by the House March 25, 1991)

RePassed House, <sup>Amended
H-3774</sup> Date 4/30/91 (p. 1930) Passed Senate, Date 4/16/91 (p. 1277)
Vote: Ayes 94 Nays 0 Vote: Ayes 48 Nays 0

Approved May 17, 1991

Motion to reconsider (p. 1287)
" w/d 4/22

A BILL FOR

1 An Act relating to student financial aid programs administered by
2 the college student aid commission.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

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2 paragraph 1, and paragraphs a, b, and d, Code 1991, are
3 amended to read as follows:

4 "Accredited private institution" means an institution of
5 higher learning located in Iowa which is operated privately
6 and not controlled or administered by any state agency or any
7 subdivision of the state, except for county hospitals as
8 provided in paragraph "d c" of this subsection, and which
9 meets at least one of the following criteria:

10 a. Which is accredited by the North Central Association of
11 Colleges and Secondary Schools accrediting agency based on
12 their requirements ~~as of April 17, 1969~~, or

13 b. Which has been certified by the North Central
14 Association of Colleges and Secondary Schools accrediting
15 agency ~~based on their requirements as of April 17, 1969, (1) as~~
16 a candidate for accreditation by such that agency ~~or (2) as a~~
17 ~~school giving satisfactory assurance that it has the potential~~
18 ~~for accreditation and is making progress which, if continued,~~
19 ~~will result in its achieving accreditation by such agency~~
20 ~~within a reasonable time~~, or

21 d. Which was eligible to participate in the tuition grant
22 program during the school year beginning July 1, 1986 under
23 paragraph "c", ~~and will continue to be eligible during the~~
24 ~~school year beginning July 1, 1987~~, and which is making
25 satisfactory progress to achieve accreditation from the North
26 Central Association of Colleges and Secondary Schools
27 accrediting agency, ~~and the institution meets the thirteen~~
28 ~~general institutional requirements of the North Central~~
29 ~~Association of Colleges and Secondary Schools accrediting~~
30 ~~agency by July 1, 1988 and meets the requirements for~~
31 ~~candidacy status of the North Central Association of Colleges~~
32 ~~and Secondary Schools accrediting agency by July 1, 1989~~; and
33 which attains full accreditation under a time period
34 established by the North Central Association.

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1 1991, is amended to read as follows:

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3 administered by the college student aid commission for
4 students enrolled at the university of osteopathic medicine
5 and health sciences. A student from the university of
6 osteopathic medicine is eligible for loan forgiveness if the
7 student is a resident of the state of Iowa and if the student:

8 Sec. 3. Section 261.25, subsection 5, unnumbered paragraph
9 2, Code 1991, is amended by striking the paragraph.

334310 Sec. 4. Section 261.38, subsection 2, Code 1991, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

13 2. There is appropriated from the loan reserve account of
14 the commission for each fiscal year, for operating costs of
15 the guaranteed student loan program, an amount not to exceed
16 revenues credited to the reserve account for that fiscal year
17 and determined by the federal department of education to be
18 available for administrative expenditure. The commission
19 shall annually report to the governor, the chief clerk of the
20 house of representatives, the secretary of the senate, the
21 majority and minority leaders of both houses of the general
22 assembly, and to any member of the general assembly who
23 submits a request for information, actual and estimated
24 revenues and expenditures for each fiscal year.

25 Sec. 5. Section 261.38, Code 1991, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 6. The commission may expend funds in the
28 reserve account to enter into agreements which increase access
29 for students to a loan program for guaranteed loans which are
30 not subsidized by the federal government.

31 Sec. 6. Section 261.81, Code 1991, is amended to read as
32 follows:

33 261.81 WORK-STUDY PROGRAM.

34 The Iowa college work-study program is established to
35 stimulate and promote the part-time employment of students

1 attending Iowa postsecondary educational institutions, and the
2 part-time or full-time summer employment of students
3 registered for classes at Iowa postsecondary institutions
4 during the succeeding school year, who are in need of
5 employment earnings in order to pursue postsecondary
6 education. The program shall be administered by the
7 commission. The commission shall adopt rules under chapter
8 17A to carry out the program. The employment under the
9 program shall be employment by the postsecondary education
10 institution itself or work in a public agency or private
11 nonprofit organization under a contract between the
12 institution or the commission and the agency or organization.
13 An eligible postsecondary institution that is allocated twenty
14 fifty thousand dollars or more for the work-study program by
15 the commission shall allocate at least ten percent of the
16 funds received for public interest student employment in a
17 public agency or private nonprofit organization that is
18 ~~accredited, approved, licensed, registered, certified, or~~
19 ~~operated by the department of human services, the department~~
20 ~~of natural resources, the department of agriculture and land~~
21 ~~stewardship, or the department of corrections,~~ for off-campus
22 employment under the federal college work-study program or is
23 part of the Iowa heritage corps established in section
24 261.81A. The work shall not result in the displacement of
25 employed workers or impair or affect existing contracts for
26 services. Moneys used by an institution for the work-study
27 program shall supplement and not supplant jobs and existing
28 financial aid programs provided for students through the
29 institution.

30 Sec. 7. Section 261.88, subsection 3, Code 1991, is
31 amended to read as follows:

32 3. Program volunteers shall receive monthly stipends
33 equivalent to ~~seven-hundred-dollars-per-month~~ full-time
34 employment at a rate which is at least equal to the minimum
35 wage stated in section 91D.1, subsection 1, paragraph "a", for

1 each month of work completed under the program. ~~The state~~
2 ~~shall contribute five hundred dollars per month and the~~
3 ~~employer shall either contribute two hundred dollars per month~~
4 ~~to the volunteer's stipend or provide the volunteer with room~~
5 ~~and board.~~ The employer shall also contribute one hundred
6 dollars per month to the education trust fund created pursuant
7 to section 261.90. The volunteer may elect to defer receipt
8 of the employer's stipend contribution and receive a single
9 lump sum stipend amount upon completion of the period of
10 service under the program.

11 Sec. 8. Section 261.88, subsection 6, Code 1991, is
12 amended to read as follows:

13 6. The public or nonprofit entity to which an individual
14 is assigned shall supervise and direct that individual in the
15 same manner as other employees and shall pay for all necessary
16 work materials, supplies, and transportation costs. ~~The state~~
17 ~~shall provide general liability and workers' compensation~~
18 ~~coverage for the volunteers, under chapter 25A, as if the~~
19 ~~volunteers were state employees.~~ The volunteers are exempt
20 from chapter 96, under section 96.19, subsection 6, paragraph
21 "a", subparagraph (6), subdivision (e), and are exempt from
22 chapters 19A, 97A 97B, and 400.

23 Sec. 9. Sections 261.40, 261.71, 261.72, and 261.73, Code
24 1991, are repealed.

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HOUSE FILE 423

S-3363

1 Amend House File 423, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, by striking lines 10 through 24, and
4 inserting the following:

5 "Sec. ____ . Section 261.38, Code 1991, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5A. The commission may exceed the
8 full-time equivalent positions authorized and may
9 expend moneys in the loan reserve account in excess of
10 the amounts appropriated to the commission under
11 subsection 2, if additional positions or funding are
12 needed to meet federal regulatory requirements or
13 mandates or if previous contract costs or loan
14 guarantee volume estimates are exceeded, in order to
15 maintain loan guarantee operations. At least two
16 weeks prior to a full-time equivalent position
17 authorization adjustment or to a transfer of
18 additional moneys from the reserve account, the
19 commission shall notify the chairpersons and ranking
20 members of the standing appropriations committees of
21 the general assembly and the co-chairpersons and
22 ranking members of the education appropriations
23 subcommittee of the proposed adjustment or transfer.
24 The notice shall include specific information
25 concerning the amount of, and reason for, the
26 adjustment or transfer. The chairpersons and ranking
27 members shall have at least two weeks' time to review
28 and comment on the proposed adjustment or transfer
29 before the adjustment or transfer is made."

30 2. By renumbering as necessary.

By COMMITTEE ON EDUCATION
MIKE CONNOLLY, Chairperson

S-3363 FILED APRIL 9, 1991

Adopted 4/16/91 (p. 1276)

SENATE AMENDMENT TO HOUSE FILE 423

H-3774

1 Amend House File 423, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, by striking lines 10 through 24, and
4 inserting the following:

5 "Sec. ____ . Section 261.38, Code 1991, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5A. The commission may exceed the
8 full-time equivalent positions authorized and may
9 expend moneys in the loan reserve account in excess of
10 the amounts appropriated to the commission under
11 subsection 2, if additional positions or funding are
12 needed to meet federal regulatory requirements or
13 mandates or if previous contract costs or loan
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15 maintain loan guarantee operations. At least two
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25 concerning the amount of, and reason for, the
26 adjustment or transfer. The chairpersons and ranking
27 members shall have at least two weeks' time to review
28 and comment on the proposed adjustment or transfer
29 before the adjustment or transfer is made."

30 2. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-3774 FILED APRIL 23, 1991

House concurred 4/30/91 (y 1930)

HSB 34

EDUCATION

SENATE/HOUSE FILE 423
BY (PROPOSED COLLEGE STUDENT
AID COMMISSION BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to student financial aid programs administered by
2 the college student aid commission.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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6 and not controlled or administered by any state agency or any
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8 provided in paragraph "d c" of this subsection, and which
9 meets at least one of the following criteria:

10 a. Which is accredited by the North Central Association of
11 Colleges and Secondary Schools accrediting agency based on
12 their requirements ~~as of April 17, 1969~~, or

13 b. Which has been certified by the North Central
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18 ~~for accreditation and is making progress which, if continued,~~
19 ~~will result in its achieving accreditation by such agency~~
20 ~~within a reasonable time~~, or

21 d. Which was eligible to participate in the tuition grant
22 program during the school year beginning July 1, 1986 under
23 ~~paragraph "c", and will continue to be eligible during the~~
24 ~~school year beginning July 17, 1987~~, and which is making
25 satisfactory progress to achieve accreditation from the North
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35 Sec. 2. Section 261.19A, unnumbered paragraph 1, Code

1 1991, is amended to read as follows:

2 There is established a forgivable loan program, to be
3 administered by the college student aid commission for
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5 and health sciences. A student from the university of
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17 and determined by the federal department of education to be
18 available for administrative expenditure. The commission
19 shall annually report actual and estimated revenues and
20 expenditures for each fiscal year.

21 Sec. 5. Section 261.38, Code 1991, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 6. The commission may expend funds in the
24 reserve account to enter into agreements which increase access
25 for students to a nonsubsidized loan program.

26 Sec. 6. Section 261.50, subsection 3, Code 1991, is
27 amended to read as follows:

28 3. Agrees to practice in an eligible community of fewer
29 than five thousand population for a minimum period of four
30 consecutive years or is practicing in a federally approved
31 community health center or health manpower shortage area.

32 Sec. 7. Section 261.81, Code 1991, is amended to read as
33 follows:

34 261.81 WORK-STUDY PROGRAM.

35 The Iowa college work-study program is established to

S.F. _____ H.F. _____

1 stimulate and promote the part-time employment of students
2 attending Iowa postsecondary educational institutions, and the
3 part-time or full-time summer employment of students
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5 during the succeeding school year, who are in need of
6 employment earnings in order to pursue postsecondary
7 education. The program shall be administered by the
8 commission. The commission shall adopt rules under chapter
9 17A to carry out the program. The employment under the
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13 institution or the commission and the agency or organization.
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15 fifty thousand dollars or more for the work-study program by
16 the commission shall allocate at least ten percent of the
17 funds received for public interest student employment in a
18 public agency or private nonprofit organization that is
19 ~~accredited, approved, licensed, registered, certified, or~~
20 ~~operated by the department of human services, the department~~
21 ~~of natural resources, the department of agriculture and land~~
22 ~~stewardship, or the department of corrections,~~ for off-campus
23 employment under the federal college work-study program or is
24 part of the Iowa heritage corps established in section
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26 employed workers or impair or affect existing contracts for
27 services. Moneys used by an institution for the work-study
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32 amended by striking the subsection.

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35 6. The public or nonprofit entity to which an individual

1 is assigned shall supervise and direct that individual in the
2 same manner as other employees and shall pay for all necessary
3 work materials, supplies, and transportation costs. ~~The state~~
4 ~~shall provide general liability and workers' compensation~~
5 ~~coverage for the volunteers, under chapter 25A, as if the~~
6 ~~volunteers were state employees.~~ The volunteers are exempt
7 from chapter 96, under section 96.19, subsection 6, paragraph
8 "a", subparagraph (6), subdivision (e), and are exempt from
9 chapters 19A, 97A 97B, and 400.

10 Sec. 10. Sections 261.40, 261.71, 261.72, and 261.73, Code
11 1991, are repealed.

12

EXPLANATION

13 This bill updates requirements placed on accredited private
14 institutions in the tuition grant program. The osteopath
15 forgivable loan program eligibility requirements are changed
16 to include an Iowa residency requirement. The \$500,000
17 cumulative total expenditure gap for students receiving
18 tuition grants is eliminated. The loan reserve account
19 provision relating to operating costs appropriations is
20 amended to provide for the appropriation of moneys in an
21 amount up to the amount determined available for
22 administrative expenditures by the federal department of
23 education. The commission is given the authority to expend
24 funds from the loan reserve account to increase student access
25 to a nonsubsidized loan program. Physicians who practice in
26 federally approved community health centers or health manpower
27 shortage areas, and otherwise qualify under the program, are
28 now eligible for receipt of funds under the physician loan
29 repayment program. The work-study program is changed to
30 increase the threshold amount at which funds for public
31 service employment are required to be set aside; the
32 definition of public agency or private nonprofit employment is
33 changed to coincide with the federal work-study program
34 requirement. The work for college program is changed to
35 eliminate mandatory stipend and employer contribution levels

1 as well as state coverage of general liability and workers'
2 compensation. Several provisions, which create programs that
3 have not been funded by the general assembly for several
4 years, have been repealed.

5 BACKGROUND STATEMENT

6 SUBMITTED BY THE AGENCY

7 A. Institutional Eligibility for Tuition Grant Program.

8 Section 261.9(5) includes several references regarding
9 eligibility of institutions for the tuition grant program.
10 Staff recommends deleting references to "April 1, 1969"
11 regarding accrediting requirements of the north central
12 association of colleges and secondary schools as that date is
13 now obsolete. Staff further recommends deleting references to
14 achieving NCA candidacy status by July 1, 1989, as that date
15 is also now obsolete. However, the requirement that an
16 educational institution achieve candidacy status for program
17 participation is retained.

18 B. Osteopath Forgivable Loan Program.

19 Staff recommends that a clause be inserted in the osteopath
20 forgivable loan program limiting the program to Iowa resident
21 students. Existing session law makes this requirement;
22 however, session law expires after the end of the applicable
23 fiscal year. This change would make the requirement of Iowa
24 residency a permanent part of the program.

25 C. Part-time Tuition Grant.

26 Section 261.25, subsection 5, contains intent language
27 inserted in 1977 that limits expenditures for students
28 receiving tuition grants to a cumulative total of \$500,000.
29 Appropriations for the tuition grant program have more than
30 doubled since that time and the minimum number of credit hours
31 required for qualification for a tuition grant has decreased
32 from six to three credit hours. With the current emphasis on
33 adult continuing education and nontraditional students, it
34 seems reasonable to eliminate the \$500,000 cap.

35 D. Guaranteed Loan Program Administrative Appropriation.

1 The commission operates the guaranteed loan program under
2 the regulatory requirements of the federal department of
3 education and sections 261.35 through 261.42 of the Iowa Code.
4 Funding for the program is provided from the loan reserve
5 account. No state general fund moneys are involved. The
6 department of education (DE) annually promulgates regulations
7 that define the procedures which govern administration of the
8 program. The DE requires adherence to regulations at the time
9 those regulations are legally adopted. Failure of the
10 commission to enforce those regulations places in jeopardy the
11 commission's status as a guarantor and places the reserve fund
12 at risk through imposition of federal administrative fines and
13 withholding of administrative cost allowance.

14 The existing state budgetary process often results in
15 delayed implementation of regulatory requirements. The
16 federal department of education regulates the type and amount
17 of funds which may be utilized for administration of the
18 program in 34 CFR 682.410(a)(4). Because of the federal
19 funding authorization, federal auditors consider
20 implementation delays resulting from the state budget approval
21 process to be unreasonable.

22 The commission's annual requests for supplemental spending
23 authority underscore the need for providing administrative
24 flexibility in meeting DE requirements. In the past year the
25 commission has been cited by DE auditors for failure to pay
26 claims within 90 days of receipt, failure to remit the federal
27 share of default collections within 60 days, and failure to
28 adequately complete and document collections exercising
29 diligence. Each of these regulatory compliance issues is
30 addressed in the guaranteed loan program's FY 91 supplemental
31 request.

32 The largest portion of administrative expenditures goes to
33 pay for costs of actually providing guarantees on new loans
34 and servicing the loans throughout the repayment period. The
35 commission contracts with a national guarantee servicing

1 organization for these services at a flat rate per dollar of
2 loans outstanding. When loan volume exceeds estimates, as it
3 has in each of the past three years, the commission is faced
4 with the prospect of exceeding its budget or being unable to
5 guarantee loans for Iowa students. There is currently no
6 alternative for increasing the appropriation level other than
7 with a supplemental budget request. The authority for an
8 appropriation transfer provided in Iowa Code section 8.39 does
9 not apply to nongeneral fund organizations. The proposed
10 amendment to section 261.38(2) would ensure that a technical
11 shortfall in administrative funding would not jeopardize the
12 ability of Iowa students to receive loans to finance their
13 college education.

14 The commission proposes to continue reporting estimated and
15 actual administrative expenditures as part of the annual
16 budgeting process, thereby allowing the governor and general
17 assembly to monitor administration of the program and to
18 require program changes when deemed necessary.

19 E. Authorization for Nonsubsidized Loan Program.

20 The college student aid commission and Iowa student loan
21 liquidity corporation desire to explore alternatives that
22 would provide guaranteed student loans to students from middle
23 income families. These students often have unmet financial
24 need but do not qualify for loans under the strict federal
25 income guidelines. The proposed program would require the
26 ICSAC to provide a bond reserve fund which would back tax
27 exempt bonds issued by ISLLC. The proposed legislation would
28 provide authorization to use assets of the reserve fund to
29 back those notes.

30 F. Physician Loan Payment Program.

31 Staff is preparing the physician loan payment program for
32 implementation. As part of the preparation a grant request
33 was submitted to the federal public health service (PHS) to
34 provide matching federal funds for the program. The grant
35 request was tailored to address the PHS requirement that loan

1 payments for physicians practicing in federally approved
2 community health centers (CHCs) and health manpower shortage
3 areas (HMSAs) be given priority. Existing state legislation
4 provides priority to physicians practicing in cities with a
5 population of less than 5,000. While most of Iowa's HMSAs are
6 in cities with small populations, the state's three CHCs,
7 Broadlawns Hospital in Des Moines, People's Community Health
8 Clinic in Waterloo, and the Community Health Care facility in
9 Davenport are located in cities with populations exceeding
10 5,000.

11 Some legislators have expressed interest in making certain
12 the state program is drafted in such a way as to maximize the
13 potential for attracting matching federal funds. The proposed
14 legislation would simply add physicians practicing in
15 community health centers and health manpower shortage areas to
16 the list of priority recipients.

17 G. College Work-Study Program.

18 The higher education task force recommended expansion of
19 the college work-study program to increase the opportunities
20 available for students. The proposed statutory change will
21 make it easier to place students into meaningful public
22 service employment and simplify campus administration by
23 making the employment opportunities available under the
24 federal program also available under the state program. The
25 proposed change would allow all existing organizations to
26 remain eligible and would add to the list all remaining state
27 agencies as well as additional nonprofit public service
28 agencies. The proposed expansion will broaden the range of
29 opportunities for students, perhaps encouraging them to
30 consider careers in public service.

31 H. Work for College.

32 Staff has been hampered in implementation efforts for the
33 work for college program by excessively strict language in the
34 Code regarding the amount of stipend to be paid to program
35 participants and the contractual relationship between employer

1 and employee. The original language was drafted by staff to
2 provide consistency between employment situations, but now
3 appears unworkable in practice. The requested change in the
4 statute would delete the mandatory \$500 stipend and mandatory
5 contributions by the employer to participants in the college
6 trust fund. In addition, the requirement that the state
7 provide general liability and workers' compensation coverage
8 would be deleted.

9 Problems with the restrictive legislation include minimum
10 wage requirements, the duplication of liability insurance by
11 the state and employer, and the payment of disparate wages for
12 individuals doing the same or similar work. Staff recommends
13 that each contract between the state and an eligible employer
14 and volunteer be negotiated to provide for the special
15 circumstances of each volunteer's assignment.

16 Staff is continuing to actively pursue joint opportunities
17 with the federal ACTION office through the volunteers in
18 service to America (VISTA) program. The proposed statutory
19 revisions will allow the ICSAC and ACTION to create an
20 effective and efficient program.

21 I. Sections deleted.

22 A number of sections in chapter 261 are obsolete by virtue
23 of the termination of program funding. Many of these programs
24 have been unfunded for several years and the supporting
25 statutory language should be repealed. The sections
26 recommended for repeal are:

27 1. 261.40 - Repayment of state appropriations.

28 Requires the commission to repay to the treasurer of state
29 all funds appropriated to the commission for the Iowa
30 guaranteed student loan program for the fiscal years 1979,
31 1980, and 1981. This requirement has been met.

32 2. 261.71 - Forgivable loan program.

33 Establishes a forgivable student loan program. This
34 program was never funded.

35 3. 261.72 - Forgivable loan administration.

1 Provides for administration of the forgivable loan program
2 established in section 261.71. This program was never funded.

3 4. 261.73 - Interest and principal payment.

4 Provides for repayment of the forgivable loans authorized
5 under section 261.71. This program was never funded.

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HOUSE FILE 423

AN ACT
RELATING TO STUDENT FINANCIAL AID PROGRAMS ADMINISTERED
BY THE COLLEGE STUDENT AID COMMISSION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 261.9, subsection 5, unnumbered paragraph 1, and paragraphs a, b, and d, Code 1991, are amended to read as follows:

"Accredited private institution" means an institution of higher learning located in Iowa which is operated privately and not controlled or administered by any state agency or any subdivision of the state, except for county hospitals as provided in paragraph "d c" of this subsection, and which meets at least one of the following criteria:

a. Which is accredited by the North Central Association of Colleges and Secondary Schools accrediting agency based on their requirements as of April 17, 1969, or

b. Which has been certified by the North Central Association of Colleges and Secondary Schools accrediting agency based on their requirements as of April 17, 1969, ~~{}~~ as a candidate for accreditation by such that agency or ~~{}~~ as a school giving satisfactory assurance that it has the potential for accreditation and is making progress which, if continued, will result in its achieving accreditation by such agency within a reasonable time, or

d. Which was eligible to participate in the tuition grant program during the school year beginning July 1, 1986 under paragraph "c" and will continue to be eligible during the school year beginning July 1, 1987, and which is making satisfactory progress to achieve accreditation from the North Central Association of Colleges and Secondary Schools

accrediting agency, and the institution meets the thirteen general institutional requirements of the North Central Association of Colleges and Secondary Schools accrediting agency by July 17, 1988 and meets the requirements for candidacy status of the North Central Association of Colleges and Secondary Schools accrediting agency by July 17, 1989; and which attains full accreditation under a time period established by the North Central Association.

Sec. 2. Section 261.19A, unnumbered paragraph 1, Code 1991, is amended to read as follows:

There is established a forgivable loan program, to be administered by the college student aid commission for students enrolled at the university of osteopathic medicine and health sciences. A student from the university of osteopathic medicine is eligible for loan forgiveness if the student is a resident of the state of Iowa and if the student:

Sec. 3. Section 261.25, subsection 5, unnumbered paragraph 2, Code 1991, is amended by striking the paragraph.

Sec. 4. Section 261.38, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 5A. The commission may exceed the full-time equivalent positions authorized and may expend moneys in the loan reserve account in excess of the amounts appropriated to the commission under subsection 2, if additional positions or funding are needed to meet federal regulatory requirements or mandates or if previous contract costs or loan guarantee volume estimates are exceeded, in order to maintain loan guarantee operations. At least two weeks prior to a full-time equivalent position authorization adjustment or to a transfer of additional moneys from the reserve account, the commission shall notify the chairpersons and ranking members of the standing appropriations committees of the general assembly and the co-chairpersons and ranking members of the education appropriations subcommittee of the proposed adjustment or transfer. The notice shall include specific information

concerning the amount of, and reason for, the adjustment or transfer. The chairpersons and ranking members shall have at least two weeks' time to review and comment on the proposed adjustment or transfer before the adjustment or transfer is made.

Sec. 5. Section 261.38, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. The commission may expend funds in the reserve account to enter into agreements which increase access for students to a loan program for guaranteed loans which are not subsidized by the federal government.

Sec. 6. Section 261.81, Code 1991, is amended to read as follows:

261.81 WORK-STUDY PROGRAM.

The Iowa college work-study program is established to stimulate and promote the part-time employment of students attending Iowa postsecondary educational institutions, and the part-time or full-time summer employment of students registered for classes at Iowa postsecondary institutions during the succeeding school year, who are in need of employment earnings in order to pursue postsecondary education. The program shall be administered by the commission. The commission shall adopt rules under chapter 17A to carry out the program. The employment under the program shall be employment by the postsecondary education institution itself or work in a public agency or private nonprofit organization under a contract between the institution or the commission and the agency or organization. An eligible postsecondary institution that is allocated twenty fifty thousand dollars or more for the work-study program by the commission shall allocate at least ten percent of the funds received for public interest student employment in a public agency or private nonprofit organization that is accredited, approved, licensed, registered, certified, or operated by the department of human services, the department

~~of natural resources, the department of agriculture and land stewardship, or the department of corrections, for off-campus employment under the federal college work-study program~~ or is part of the Iowa heritage corps established in section 261.81A. The work shall not result in the displacement of employed workers or impair or affect existing contracts for services. Moneys used by an institution for the work-study program shall supplement and not supplant jobs and existing financial aid programs provided for students through the institution.

Sec. 7. Section 261.88, subsection 3, Code 1991, is amended to read as follows:

3. Program volunteers shall receive monthly stipends equivalent to seven hundred dollars per month full-time employment at a rate which is at least equal to the minimum wage stated in section 91D.1, subsection 1, paragraph "a", for each month of work completed under the program. ~~The state shall contribute five hundred dollars per month and the employer shall either contribute two hundred dollars per month to the volunteer's stipend or provide the volunteer with room and board.~~ The employer shall also contribute one hundred dollars per month to the education trust fund created pursuant to section 261.90. The volunteer may elect to defer receipt of the employer's stipend contribution and receive a single lump sum stipend amount upon completion of the period of service under the program.

Sec. 8. Section 261.88, subsection 6, Code 1991, is amended to read as follows:

6. The public or nonprofit entity to which an individual is assigned shall supervise and direct that individual in the same manner as other employees and shall pay for all necessary work materials, supplies, and transportation costs. ~~The state shall provide general liability and workers' compensation coverage for the volunteers under chapter 25A, or if the volunteers were state employees.~~ The volunteers are exempt

from chapter 96, under section 96.19, subsection 6, paragraph "a", subparagraph (6), subdivision (e), and are exempt from chapters 19A, 97A 97B, and 400.

Sec. 9. Sections 261.40, 261.71, 261.72, and 261.73, Code 1991, are repealed.

ROBERT C. ARNOULD
Speaker of the House

JOE J. WELSH
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 423, Seventy-fourth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 17, 1991

TERRY E. BRANSTAD
Governor

HF 423