

MAR 3 2004
WAYS AND MEANS

Withdrawn
4/5/04

HOUSE FILE 2417
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO HSB 595)

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

A BILL FOR

1 An Act relating to the duties of the college student aid
2 commission and the approval and registration of postsecondary
3 schools by the commission, the department of education, and
4 the secretary of state, and the establishment and collection
5 of fees and chargeable expenses by the state board of
6 education and the secretary of state.

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

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HF 2417

1 Section 1. Section 256.7, subsection 3, Code Supplement
2 2003, is amended to read as follows:

3 3. Prescribe standards and procedures for the approval of
4 practitioner preparation programs and professional development
5 programs, offered in this state by practitioner preparation
6 institutions located within or outside this state and by area
7 education agencies, in this state. Procedures provided for
8 approval of programs shall include procedures for enforcement
9 of the prescribed standards and shall not include a procedure
10 for the waiving of any of the standards prescribed. The board
11 may establish by rule and collect from practitioner
12 preparation institutions located outside this state an amount
13 equivalent to the department's necessary travel and actual
14 expenses incurred while engaged in the program approval
15 process for the institution located outside this state.
16 Amounts collected under this subsection shall be deposited in
17 the general fund of the state.

18 Sec. 2. Section 261.2, Code 2003, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 7. Establish reasonable registration
21 standards for the approval, pursuant to section 261B.3A, of
22 postsecondary schools that are required to register with the
23 secretary of state in order to operate in this state.

24 Sec. 3. Section 261B.3, subsection 1, Code 2003, is
25 amended to read as follows:

26 1. A school that maintains or conducts one or more courses
27 of instruction, including courses of instruction by
28 correspondence, offered in this state or which has a presence
29 in this state and offers courses in other states or foreign
30 countries shall register ~~annually~~ with the secretary.
31 Registrations shall be renewed every four years or upon any
32 substantive change in program offerings, location, or
33 accreditation. Registration shall be made on application
34 forms approved and supplied by the secretary and at the time
35 and in the manner prescribed by the secretary. Upon receipt

1 of a complete and accurate registration application, the
2 secretary shall issue an acknowledgment of document filed and
3 send it to the school.

4 Sec. 4. Section 261B.8, Code 2003, is amended to read as
5 follows:

6 261B.8 REGISTRATION FEES.

7 1. The secretary shall set by rule and collect an a
8 nonrefundable initial registration fee ~~of one-thousand-dollars~~
9 and ~~an-annual~~ a renewal of registration fee ~~of five-hundred~~
10 ~~dollars~~ from each registered school.

11 2. Fees shall be set by rule not more than once each year
12 and shall be based upon the costs of administering this
13 chapter.

14 3. Fees collected under this section shall be deposited in
15 the general fund of the state.

16 EXPLANATION

17 This bill relates to the approval and registration of
18 postsecondary schools by the department of education, the
19 college student aid commission, and the secretary of state.

20 The bill authorizes the state board of education to
21 approve, and to collect an amount equivalent to the
22 department's necessary travel and actual expenses incurred
23 while engaged in the approval of, out-of-state practitioner
24 preparation programs.

25 The bill directs the college student aid commission to
26 establish standards for the approval of postsecondary schools
27 that are required to register with the secretary.

28 The bill strikes language that requires postsecondary
29 schools to annually register with the secretary of state, and
30 instead requires the schools to register once every four
31 years, or upon any substantive change in program offerings,
32 location, or accreditation.

33 The bill directs the secretary of state to establish
34 registration and renewal fees for postsecondary schools
35 required to register with the secretary. Currently, the Code

1 sets the fee for initial registration at \$1,000, with annual
2 renewals at \$500.

3 Moneys collected by the department for expenses and by the
4 secretary in the form of fees must be deposited in the general
5 fund of the state.

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Upmeyer - CHAIR
Doiecheck
Foegel

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HSB 595
EDUCATION

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
EDUCATION/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 the duties of the college student aid
2 commission and the approval and registration of postsecondary
3 schools by the commission, the department of education, and
4 the secretary of state, the imposition of penalties and
5 collection of fees by those state agencies and offices, and
6 the authorization of the commission to garnishee loan
7 defaulters' wages.

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

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1 Section 1. Section 256.7, subsection 3, Code Supplement
2 2003, is amended to read as follows:

3 3. Prescribe standards and procedures for the approval of
4 practitioner preparation programs and professional development
5 programs, offered in this state by practitioner preparation
6 institutions located within or outside this state and by area
7 education agencies--in-this-state. Procedures provided for
8 approval of programs shall include procedures for enforcement
9 of the prescribed standards and shall not include a procedure
10 for the waiving of any of the standards prescribed. The board
11 may establish by rule and collect from practitioner
12 preparation institutions located outside this state a
13 reasonable fee based on the department's costs for
14 administration of the program approval process. Fees
15 collected under this subsection shall be deposited in the
16 general fund of the state.

17 Sec. 2. Section 261.2, Code 2003, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 7. Establish reasonable registration
20 standards for the approval, pursuant to section 261B.3A, of
21 postsecondary schools that are required to register with the
22 secretary of state in order to operate in this state.

23 Sec. 3. Section 261.37, subsection 7, Code Supplement
24 2003, is amended to read as follows:

25 7. To establish an effective system for the collection of
26 delinquent loans, including the adoption of an agreement with
27 the department of administrative services to set off against a
28 defaulter's income tax refund or rebate the amount that is due
29 because of a default on a guaranteed or parental loan made
30 under this division. The commission shall adopt rules under
31 chapter 17A necessary to assist the department of
32 administrative services in the implementation of the student
33 loan setoff program as established under section 8A.504. The
34 commission shall apply administrative wage garnishment
35 procedures authorized under the federal Higher Education Act

1 of 1965, as amended and codified in 20 U.S.C. § 1071 et seq.,
2 for all delinquent loans, including loans authorized under
3 section 261.38, when a defaulter fails to voluntarily enter
4 into a reasonable payment agreement.

5 Sec. 4. Section 261B.3, subsection 1, Code 2003, is
6 amended to read as follows:

7 1. A school that maintains or conducts one or more courses
8 of instruction, including courses of instruction by
9 correspondence, offered in this state or which has a presence
10 in this state and offers courses in other states or foreign
11 countries shall register ~~annually~~ with the secretary.

12 Registrations shall be renewed every four years or upon any
13 substantive change in program offerings, location, or
14 accreditation. Registration shall be made on application
15 forms approved and supplied by the secretary and at the time
16 and in the manner prescribed by the secretary. Upon receipt
17 of a complete and accurate registration application, the
18 secretary shall issue an acknowledgment of document filed and
19 send it to the school.

20 Sec. 5. Section 261B.8, Code 2003, is amended to read as
21 follows:

22 261B.8 REGISTRATION FEES.

23 1. The secretary shall set by rule and collect an a
24 nonrefundable initial registration fee of-one-thousand-dollars
25 and an-annual a renewal of registration fee of-five-hundred
26 dollars from each registered school.

27 2. Fees shall be set by rule not more than once each year
28 and shall be based upon the costs of administering this
29 chapter.

30 3. Fees collected under this section shall be deposited in
31 the general fund of the state. Civil penalties ordered
32 pursuant to section 261B.12 shall be paid to the treasurer of
33 state to be deposited in the general fund of the state.

34 Sec. 6. Section 261B.12, Code 2003, is amended to read as
35 follows:

1 261B.12 ENFORCEMENT.

2 1. When the secretary or the secretary's designee believes
3 a school is in violation of this chapter, the secretary shall
4 order the school to show cause why the secretary should not
5 issue a cease and desist order to the school.

6 2. After the school's response to the show cause order has
7 been reviewed by the secretary, the secretary may issue a
8 cease and desist order to the school if the secretary believes
9 the school continues to be in violation of this chapter. If
10 the school does not cease and desist, the secretary may seek
11 judicial enforcement of the cease and desist order in any
12 district court.

13 3. A school determined to be in violation of this chapter
14 is subject to a civil penalty to be assessed by the secretary
15 commensurate with the seriousness of the violation and the
16 amount of fees due.

17 4. A school that demonstrates a pattern of violations of
18 this chapter may be ordered to pay punitive damages.

19 5. The secretary shall adopt by rule a schedule of civil
20 penalties and punitive damages to be assessed for minor and
21 serious violations of this chapter.

22 EXPLANATION

23 This bill relates to the approval and registration of
24 postsecondary schools by the department of education, the
25 college student aid commission, and the secretary of state.

26 The bill authorizes the state board of education to
27 approve, and to establish fees for the approval of, out-of-
28 state practitioner preparation programs.

29 The bill directs the college student aid commission to
30 establish standards for the approval of postsecondary schools
31 that are required to register with the secretary, and expands
32 the commission's authority to collect delinquent loans by
33 permitting the commission to garnishee the wages of a person
34 who defaults on a loan.

35 The bill strikes language that requires postsecondary

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1 schools to annually register with the secretary of state, and
2 instead requires the schools to register once every four
3 years, or upon any substantive change in program offerings,
4 location, or accreditation.

5 The bill directs the secretary of state to establish
6 registration and renewal fees for postsecondary schools
7 required to register with the secretary. Currently, the Code
8 sets the fee for initial registration at \$1,000, with annual
9 renewals at \$500.

10 The bill establishes a civil penalty to be assessed by the
11 secretary of state and permits the ordering of punitive
12 damages for postsecondary schools that fail to register or pay
13 registration fees to the secretary as required under Code
14 chapter 261B. The bill directs the secretary to adopt by rule
15 a schedule of civil penalties and punitive damages for minor
16 and serious violations of the Code chapter. Moneys collected
17 by the secretary in the form of fees or civil penalties must
18 be deposited in the general fund of the state.

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January 12, 2004

Members of the General Assembly:

The Iowa College Student Aid Commission believes Chapter 261B of the Code of Iowa should be amended to clarify provisions governing the registration of out-of-state colleges and universities doing business in Iowa. Commissioners also are seeking authorization to expand administrative wage garnishment activities.

Registration of out-of-state colleges and universities.

Out-of-state colleges and universities operating in Iowa are required to register with the Secretary of State and be approved by the Iowa College Student Aid Commission. Four institutions have registered, and an additional four have applied for registration. Two institutions are known to be operating in Iowa without seeking registration. Secretary of State and Commission staffs work closely to identify institutions that need to register, and to ensure that institutions meet the requirements of Chapter 261B. The proposed changes will encourage out-of-state institutions to seek registration, and will support the two agencies' efforts to administer registration activities. The changes will not materially impact the General Fund. A summary of the registration provisions follows.

- Provide for registration fees for out-of-state colleges and universities to be set by administrative rule.
- Provide authority to promulgate administrative rules.
- Provide penalties for colleges and universities failing to register, with the penalties to be established by administrative rule.

Members of the General Assembly
Page 2
January 12, 2004

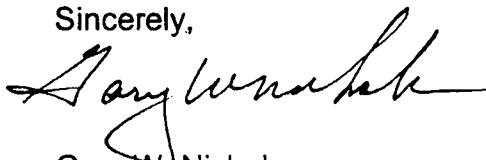
- Provide authority for the Iowa Department of Education to approve practitioner preparation and professional development programs offered by out-of-state colleges and universities, and allow the Department of Education to charge a reasonable fee for the approval process.

Alignment of Administrative Wage Garnishment

The Iowa Attorney General's Office is successfully administering federally authorized administrative wage garnishments for the Commission. Federal authorization to garnish up to 10 percent of an individual's compensation is used to pursue borrowers who refuse to voluntarily enter into repayment agreements. Wage garnishment authority currently is limited to federal loans and cannot be used to collect alternative loans authorized under section 261.38 of the Iowa Code. The Commission is proposing a provision that grants the Commission similar authority for state loans.

Thank you for considering the proposed legislation. If you have questions, please contact me at 242-3340.

Sincerely,



Gary W. Nichols
Executive Director

GWN:mjp
Enclosure