

Senate File 2124 - Introduced

SENATE FILE 2124

BY QUIRMBACH and BOETTGER

A BILL FOR

1 An Act relating to the duties and authority of the college
2 student aid commission relating to the registration of
3 certain postsecondary schools, to interstate reciprocity
4 agreements, and to registration fees collected by the
5 commission.

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

1 Section 1. Section 261.2, subsection 11, paragraph a, Code
2 2014, is amended to read as follows:

3 a. The institutions are not required to register under
4 chapter 261B or the institutions are participating resident
5 institutions as defined in section 261G.2 that volunteer to
6 register under section 261B.11B.

7 Sec. 2. Section 261.2, Code 2014, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 13. Enter into and administer,
10 or recognize, an interstate reciprocity agreement for
11 the provision of postsecondary distance education by a
12 postsecondary institution pursuant to chapter 261G. The
13 commission shall adopt rules establishing application
14 procedures and criteria for the authorization of postsecondary
15 institutions providing postsecondary distance education under
16 interstate reciprocity agreements pursuant to chapter 261G
17 and for the review and approval of interstate reciprocity
18 agreements the commission may enter into or recognize pursuant
19 to this subsection and chapter 261G. The commission may accept
20 an authorization granted by another state to a postsecondary
21 institution under an interstate reciprocity agreement to
22 deliver postsecondary distance education.

23 Sec. 3. Section 261B.8, subsection 3, Code 2014, is amended
24 to read as follows:

25 3. A postsecondary registration fund is created in the
26 state treasury under the control of the commission. Fees
27 collected under this section shall be deposited in the general
28 postsecondary registration fund of the state. Moneys in the
29 fund are appropriated to the commission and shall be used by
30 the commission to administer this chapter and chapter 261G.
31 Notwithstanding section 8.33, moneys in the fund shall not
32 revert to the general fund of the state at the end of a fiscal
33 year. Notwithstanding section 12C.7, interest or earnings on
34 moneys in the fund shall be credited to the fund.

35 Sec. 4. NEW SECTION. 261B.11B Voluntary registration.

1 A school or other postsecondary educational institution
2 that is exempt under section 261B.11 may voluntarily register
3 under chapter 261B in order to comply with chapter 261G or
4 for purposes of institutional eligibility under 34 C.F.R.
5 §600.9(a).

6 Sec. 5. NEW SECTION. **261G.1 Purpose.**

7 The purpose of this chapter is to authorize the college
8 student aid commission to enter into or recognize agreements
9 that will create interstate reciprocity in the regulation of
10 postsecondary distance education for the purpose of encouraging
11 cost savings for students and greater efficiencies and
12 effectiveness for institutions of higher education providing
13 distance education.

14 Sec. 6. NEW SECTION. **261G.2 Definitions.**

15 1. "*Commission*" means the college student aid commission
16 created pursuant to section 261.1.

17 2. "*Interstate reciprocity agreement*" means an interstate
18 reciprocity agreement entered into and administered, or
19 recognized, by the commission in accordance with section 261.2,
20 subsection 13.

21 3. "*Participating institution*" means an institution that
22 meets the definition of subsection 4 or 5.

23 4. "*Participating nonresident institution*" means a
24 postsecondary institution without a physical presence in
25 Iowa that is offering instructional programs or courses in
26 Iowa leading to a degree, is a member in good standing in an
27 interstate reciprocity agreement, and is registered with and
28 regulated by a state agency or authority that is a member in
29 good standing in an interstate reciprocity agreement.

30 5. "*Participating resident institution*" means a
31 postsecondary institution located in Iowa that is a member in
32 good standing in an interstate reciprocity agreement and is
33 offering instructional programs or courses in Iowa leading
34 to a degree, including but not limited to the following
35 institutions:

1 *a.* A community college as defined in section 260C.2.

2 *b.* An institution of higher learning governed by the state
3 board of regents.

4 *c.* An accredited private institution as defined in section
5 261.9.

6 *d.* A school or postsecondary educational institution that
7 voluntarily registers with the commission pursuant to section
8 261B.11B in order to comply with this chapter or for purposes
9 of institutional eligibility under 34 C.F.R. §600.9(a).

10 6. "*Physical presence*" means any of the following:

11 *a.* Establishing a physical location in Iowa for students to
12 receive synchronous or asynchronous instruction.

13 *b.* Requiring students to physically meet in a location in
14 Iowa for instructional purposes.

15 *c.* Establishing an administrative office in Iowa, for any of
16 the following purposes:

17 (1) Providing information to prospective students or the
18 general public about the institution, for enrolling students,
19 or for providing services to enrolled students.

20 (2) Providing office space to instructional or
21 noninstructional staff.

22 (3) Establishing an Iowa mailing address, street address,
23 or telephone number.

24 Sec. 7. NEW SECTION. 261G.3 **Execution of duties.**

25 The commission shall only enter into or recognize an
26 interstate reciprocity agreement if the agreement contains
27 sufficient consumer protection provisions and is otherwise in
28 the best interests of students enrolled in institutions of
29 higher education in this state.

30 Sec. 8. NEW SECTION. 261G.4 **Effect of agreement.**

31 1. Notwithstanding any other provision of law to the
32 contrary, a participating nonresident institution shall not be
33 required to register under chapter 261B or to comply with the
34 registration and disclosure requirements of chapter 261 or 261B
35 or sections 714.17, 714.18, 714.19, 714.20, 714.21, 714.21A,

1 714.23, 714.24, or 714.25 if the provisions of an interstate
2 reciprocity agreement prohibit such registration or compliance.

3 2. Notwithstanding any other provision of law to the
4 contrary, a participating resident institution shall be
5 required to register under chapter 261B or to comply with the
6 registration and disclosure requirements of chapter 261 or 261B
7 or sections 714.17, 714.18, 714.19, 714.20, 714.21, 714.21A,
8 714.23, 714.24, or 714.25 if the provisions of the interstate
9 reciprocity agreement require such registration or compliance.

10 3. A participating institution offering instructional
11 programs or courses under an interstate reciprocity agreement
12 entered into or recognized by the commission must notify the
13 commission of any change of status relating in any way to the
14 interstate reciprocity agreement.

15 4. This chapter shall not be construed to prevent the
16 commission or the state from requiring a school or other
17 postsecondary educational institution to register under chapter
18 261B or from taking enforcement action against a participating
19 institution in any of the following circumstances:

20 a. A participating nonresident institution leaves or
21 otherwise ceases to be a member in good standing in an
22 interstate reciprocity agreement.

23 b. The participating institution is physically or
24 administratively housed in a state that does not join or ceases
25 to be a member in good standing in an interstate reciprocity
26 agreement entered into or recognized by the commission.

27 c. The discovery of acts or omissions subject to the
28 enforcement action but which occurred prior to the commission's
29 entering into or recognizing an interstate reciprocity
30 agreement.

31 5. Students attending a participating nonresident
32 institution are ineligible for state student financial aid
33 programs established under chapter 261.

34 Sec. 9. NEW SECTION. 261G.5 Postsecondary registration
35 fees.

1 1. The commission shall set by rule and collect a
2 nonrefundable initial registration fee and a renewal of
3 registration fee from each participating institution that
4 voluntarily registers with the commission pursuant to section
5 261B.11B in order to comply with this chapter or for purposes
6 of institutional eligibility under 34 C.F.R. §600.9(a).

7 2. Fees shall be set by rule not more than once each
8 year and shall be based upon the costs of administering this
9 chapter.

10 3. Fees collected under this section shall be deposited in a
11 separate account in the postsecondary registration fund created
12 pursuant to section 261B.8, subsection 3, and shall be used for
13 purposes of administering this chapter.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill relates to the college student aid commission's
18 duties and authority to register postsecondary schools and to
19 enter into and administer, or recognize, interstate reciprocity
20 agreements. The bill also provides for the collection and
21 appropriation of fees collected when schools and postsecondary
22 institutions register with the commission.

23 The bill creates new Code chapter 261G, and establishes that
24 the purpose of the Code chapter is to authorize the commission
25 to enter into or recognize agreements that will create
26 interstate reciprocity in the regulation of postsecondary
27 distance education for the purpose of encouraging cost savings
28 for students and greater efficiencies and effectiveness for
29 institutions of higher education providing distance education.
30 The commission shall only enter into or recognize an interstate
31 reciprocity agreement if the agreement contains sufficient
32 consumer protection provisions and is otherwise in the best
33 interest of students enrolled in institutions of higher
34 education in this state.

35 The bill permits the provisions of an interstate reciprocity

1 agreement to override the registration provisions of Code
2 chapter 261B, the compliance requirements for registration and
3 disclosure under Code chapters 261 and 261B, and compliance
4 with Code sections 714.17 through 714.25, relating to unlawful
5 advertising and selling of educational courses, evidence of
6 financial responsibility, exemptions for certain educational
7 institutions, one lifetime contract per person limitation,
8 civil and criminal penalties, refund policies, and disclosure.

9 The bill provides that new Code chapter 261G shall not
10 prevent the commission or the state from requiring a school or
11 other postsecondary educational institution to register under
12 Code chapter 261B or from taking enforcement action against
13 a participating institution if a participating nonresident
14 institution leaves or otherwise ceases to be a member in
15 good standing in an interstate reciprocity agreement, the
16 postsecondary institution is physically or administratively
17 housed in a state that does not join or ceases to be a member
18 in good standing in an interstate reciprocity agreement, or
19 for acts or omissions subject to the enforcement action which
20 occurred prior to the commission entering into or recognizing
21 an interstate reciprocity agreement.

22 The bill provides that students attending a participating
23 nonresident institution are ineligible for state student
24 financial aid programs.

25 The bill amends Code section 261.2, which provides for
26 the commission's duties, to direct the commission to enter
27 into and administer, or recognize, an interstate reciprocity
28 agreement for the provision of postsecondary distance education
29 by a postsecondary institution under new Code chapter 261G.
30 The commission must adopt rules establishing application
31 procedures and criteria for the authorization of postsecondary
32 institutions providing postsecondary distance education under
33 interstate reciprocity agreements and for the review and
34 approval of such agreements. The commission may accept an
35 authorization granted by another state to deliver postsecondary

1 distance education under an interstate reciprocity agreement.
2 Currently, students receiving state-funded scholarships
3 and grants cannot use such scholarships and grants at schools
4 required to register under Code chapter 261B. The bill
5 provides that the limitation does not apply to a resident
6 postsecondary institution that is exempt from the registration
7 requirements of Code chapter 261B and is participating in an
8 interstate reciprocity agreement to provide postsecondary
9 distance education. However, the bill also provides that a
10 school or other postsecondary educational institution that is
11 exempt from registering under Code chapter 261B may voluntarily
12 register to comply with Code chapter 261G or for purposes of
13 institutional eligibility under the federal Higher Education
14 Act of 1965, as amended.

15 Under current law, registration fees collected under Code
16 chapter 261B are deposited in the general fund of the state.
17 The bill creates a postsecondary registration fund in the state
18 treasury under the control of the commission for fees collected
19 for postsecondary school registration required pursuant to Code
20 chapter 261B and for registration of schools and postsecondary
21 institutions that volunteer to register with the commission.
22 The fees are appropriated to the commission and must be
23 deposited into a separate account in the new fund and used for
24 the administration of the new Code chapter.