



SF 514 – State Government Alignment (LSB2111SV.1)

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Fiscal Note Version – As amended and passed by the Senate

[Senate File 514](#) relates to the organization, structure, and functions of State government. Division IV (Department of Justice), Division VI (Economic Development Authority Partner State Program), and Division XIII (Department for the Blind) take effect upon enactment. Division XVIII (Salaries of Appointed State Officers) takes effect June 23, 2023.

Note: The following information was provided to the LSA by State agencies as of March 14, 2023.

Division I — Department of Health and Human Services

Description and Background

Division I relates to the merging of the Department of Human Services (DHS), the Department of Public Health (DPH), the Department on Aging (DOA), the Department of Human Rights (DHR), Early Childhood Iowa (ECI), and the Iowa Commission on Volunteer Service (ICVS) into the consolidated Department of Health and Human Services (HHS). Division I makes the following changes:

- Eliminates the positions of the Director of the DPH, DOA, and DHR.
- Eliminates references to the subunit structure and the heads of the subunits of the HHS and the other agencies incorporated into the HHS within the Department and makes the Director of the HHS responsible for these agencies and their divisions, including:
 - Center for Rural Health and Primary Care.
 - Center for Congenital and Inherited Disorders.
 - Oral Health and Delivery Systems Bureau and the State Public Health Dental Director.
 - Division of Tobacco Use Prevention and Control and its Administrator.
 - Division for Records and Statistics.
 - Bureau of Professional Licensure.
 - Division of Acute Disease Prevention and Emergency Response.
 - Division of Mental Health and Disability Services (MHDS) and its administrator.
 - Administrator of State Mental Health Institutes (MHIs) and State Resource Centers (SRCs).
 - Division related to income and service programs and its Administrator.
 - Administrator of the Child Support Recovery Unit (CSRU).
 - Division of Adult, Children, and Family Services and its Administrator.
 - Division of Community Advocacy and Services.
 - Division of Community Action Agencies and its Administrator.
 - Division of Criminal and Juvenile Justice Planning and its Administrator.

- Eliminates certain representation from the HHS on all boards, commissions, committees, and other entities incorporated into the HHS.
- Changes current Iowa Code references from food stamps to refer to the Supplemental Nutrition Assistance Program (SNAP).
- Designates a record check evaluation system to refer to the process used by the HHS to perform child and dependent adult abuse record checks and to evaluate criminal history and abuse records.
- Eliminates the State Board of Health and incorporates its functions into the Council on Health and Human Services. Expands the Council by two members, with at least one of them being a physician.
- Moves the Child Abuse Prevention Program Advisory Committee from Iowa Code chapter [217](#) to Iowa Code chapter [235A](#).
- Eliminates the University of Iowa as the home of the State Hygienic Laboratory.
- Moves the following duties to the HHS:
 - Iowa Child Death Review Team from the Office of the State Medical Examiner.
 - Iowa Domestic Abuse Death Review Team from an independent agency, and changes its membership.
 - Responsibility for regulation of consumable hemp from the Department of Inspections and Appeals (DIA).
 - Child Advocacy Board from the DIA.
- Repeals numerous Iowa Code provisions, including Iowa Code section [222.6](#), relating to districts for resource centers.
- Strikes the July 1, 2023, repeal date established by 2022 Iowa Acts, chapter [1098](#) (Juvenile Justice and Child and Family Welfare Act) regarding the formula for aid paid by the State, rules adopted by the Director of the HHS, standards for annual approval of the homes, and the establishment and purpose of the Juvenile Detention Home Fund. The striking of the repeal date allows these sections to continue indefinitely as currently enacted.
- Allows the HHS to employ or retain attorneys to provide legal counsel, in adherence with Iowa Code section [13.7](#).

2022 Iowa Acts, [House File 2578](#) (FY 2023 Health and Human Services Appropriations Act), created the HHS and a transition process to move the DPH and its divisions and employees into the former DHS to form the HHS. The process was effective July 1, 2022, and is to be finalized by the end of FY 2023 and completed by July 1, 2023 (FY 2024).

Assumptions and Fiscal Impact

According to the HHS, Division I will eliminate 110.0 currently unfilled full-time equivalent (FTE) positions (out of 5,609.7 total FTE positions) due to the alignment across the DHS, DPH, DOA, and DHR. This will reduce overall department expenditures by approximately \$6.4 million annually beginning in FY 2024, including \$4.4 million annually from federal funds and \$2.0 million annually from the State General Fund.

Division I eliminates annual fees paid by the DPH to the Auditor of State beginning in FY 2024. In FY 2022, the DPH paid the Auditor of State approximately \$96,000; however, auditing costs to the HHS are likely to increase by a similar amount with the elimination of the DPH. Overall, auditing services for all entities aligning into the HHS under Division I are likely to remain similar to existing services, keeping costs relatively stable.

Overall, Division I reduces the number of annual and quarterly reports mandated to be filed by the HHS with the Legislature, including elimination of the DPH and DHR annual reports, which is likely to reduce workloads for existing employees.

Division I eliminates the State Board of Health, which is expected to reduce expenditures and Department workload by a minimal amount beginning in FY 2024. Board costs in FY 2022 totaled \$1,700.

Division I allows the HHS to employ or retain attorneys to provide legal counsel, which may lead to new annual costs. However, these costs cannot be estimated at this time, as the HHS has made no decision on employing attorneys. The HHS would utilize savings resulting from Division I to fund any attorneys, if necessary.

Sources

Legislative Services Agency
Department of Health and Human Services

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Division II — Department of Administrative Services

Description and Background

Division II transfers the Library Services duties and responsibilities of the Department of Education (DE) to the DAS. The State Librarian is transferred to the DAS and will be appointed by the Director of the DAS. The State Commission of Libraries currently appoints the State Librarian. This Commission is also transferred to the DAS. The State Archivist and duties related to State records and archives are transferred to the DAS. The Director of the Department of Cultural Affairs (DCA) is removed as a member of the State Records Commission.

Division II transfers most of the duties of the Historical Division of the DCA and the Administrator of the Historical Division to the DAS and the Director of the DAS. The Historic Preservation Officer, as well as related duties concerning historic properties and historic preservation activities, are not transferred to the DAS. Division II establishes the Director of the DAS as the ex officio member of the Iowa Historical Records Advisory Board, instead of the Administrator of the Historical Division of the DCA. Division II transfers the Iowa Heritage Fund and the Historical Resource Development Program to the DAS. Division II requires the DAS to undertake responsibilities under Iowa Code chapter [305B](#), concerning museum property, which are currently undertaken by the DCA. Finally, Division II assigns control of the Battle Flag Restoration Fund to the DAS from the DCA.

Assumptions and Fiscal Impact

The DAS has stated that Division II has no fiscal impact to the State.

Sources

Department of Administrative Services
Legislative Services Agency

Staff Contacts

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Division III — Department of Inspections, Appeals, and Licensing

Description and Background

Division III makes the following changes:

- Renames the Department of Inspections and Appeals (DIA) to the Department of Inspections, Appeals, and Licensing (DIAL).
- Modifies the organizational structure of the DIAL to include duties related to licensing and laws related to employment safety, labor standards, and workers' compensation.
- Eliminates the Investigations and Health Facilities Division of the DIAL and adds a Labor Services and Workers' Compensation Division.
- Transfers the duties of the Labor Services Division, the Labor Commissioner, the Workers' Compensation Division, and the current Commissioner of the Iowa Department of Workforce Development to the DIAL and the Director of the DIAL. Division III provides that the Labor Commissioner and the Workers' Compensation Commissioner will serve at the pleasure of the Governor.
- Transfers the licensing and regulation duties of certain fire control-related and building code-related activities from the Department of Public Safety (DPS) and the State Fire Marshal to the DIAL and the Director of the DIAL.
- Establishes that the Director of the DIAL will also be the State Building Code Commissioner and transfers the applicable responsibilities from the Commissioner of Public Safety.
- Transfers the licensing and regulation duties of certain health-related professions from the Department of Public Health (DPH) to the DIAL.
- Eliminates the Professional Licensing and Regulation Bureau from the Department of Commerce. The duties of the Bureau and other responsibilities under the Department of Commerce will transfer to the DIAL.
- Transfers allocation of certain School Infrastructure Fund moneys to the DIAL's authority. Currently, under Iowa Code section [12.83](#), up to \$50,000 of moneys deposited each fiscal year in the School Infrastructure Fund is allocated to the DPS for the use of the State Fire Marshal. The State Fire Marshal uses these funds for the purpose of retaining an architect or architectural firm to evaluate structures for which School Infrastructure Program grant applications are made, to consult with school district representatives, to review construction drawings and blueprints, and to perform related duties to ensure the best possible use of moneys received by a school district under the School Infrastructure Program. The State Fire Marshal is required to provide for the review of plans, drawings, and blueprints in a timely manner. The Bill shifts these responsibilities to the DIAL.
- Transfers the responsibilities and associated funds of the DPS and State Fire Marshal under Iowa Code chapters [103](#) and [105](#) regarding electricians, electrical contractors, plumbers, mechanical professionals, and contractors to the DIAL and the Director of the DIAL.
- Transfers the duty to appointing and supervising a full-time Executive Director for the Board of Medicine, the Board of Nursing, the Dental Board, and the Board of Pharmacy from the DPH to the DIAL and the Director of the DIAL.
- Transfers responsibilities, associated funds, and duties concerning professional engineers and land surveyors, real estate brokers and salespersons, real estate appraisals and appraisers, real estate appraisal management companies, licensed architects, landscape architects, and registered interior designers from the Department of Commerce to the DIAL and the Director of the DIAL.
- Moves the Iowa State Civil Rights Commission under the DIAL so that it is no longer a stand-alone agency.
- Establishes that administrative law judges examining unemployment security, the Iowa State Civil Rights Commission, the Department of Education, special education, and the Board of Educational Examiners are to be employed by the Division of Administrative Hearings of the DIAL.

Assumptions and Fiscal Impact

According to the DIAL, Division III will eliminate 20.0 full-time equivalent (FTE) positions due to the alignment across the DIAL. This change will reduce the DIAL's overall expenditures by approximately \$1.4 million from other funds which include federal funds and professional licensing fees and \$162,000 from the State General Fund. The overall reduction in Department expenditures is approximately \$1.6 million.

Source

Department of Inspections and Appeals

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Division IV — Department of Justice

Description and Background

Division IV makes changes regarding the provision of legal services to State governmental entities by the Attorney General, as follows:

- Removes provisions allowing the Attorney General to appoint assistant attorneys general to perform and supervise the legal work of the Department of Revenue (IDR) and the Division of Child and Family Services of the Department of Human Services (DHS).
- Removes a requirement for the Department of Public Safety (DPS) to employ an assistant Attorney General.
- Removes a provision related to an assistant attorney general serving as general counsel for the Department of Transportation (DOT) and directs the Attorney General to provide legal services for the DOT.
- Allows the Attorney General to charge State governmental entities for the cost of performing legal services and to require State governmental entities to provide office space for an assistant attorney general or other staff providing legal services exclusively for that entity.
- Changes the circumstances under which an entity of the State may employ private legal counsel.

Division IV changes certain provisions for the appointment and removal of the Consumer Advocate by the Attorney General, removes the requirement that the Consumer Advocate be an attorney, and transfers employment responsibility for the Consumer Advocate Division from the Consumer Advocate to the Attorney General.

Division IV removes a provision making certain employees of the Consumer Advocate Division of the Department of Justice subject to the merit system. Division IV also exempts all employees of the Department of Justice from collective bargaining. Under current law, nonsupervisory employees of the Consumer Advocate Division who are employed primarily for the purpose of performing technical analysis of nonlegal issues are not exempt.

Division IV provides that the Attorney General may prosecute a criminal proceeding on behalf of the State even if a county attorney does not request the Attorney General to act as a county attorney. Division IV also grants the Attorney General exclusive jurisdiction to prosecute election-related crimes. Under current law, county attorneys can also prosecute election-related crimes.

Division IV modifies reporting requirements related to money settlement awards and court money awards that were awarded to the State.

Division IV changes the title of the First Assistant Attorney General to Chief Deputy Attorney General. Division IV also eliminates the position of Special Assistant Attorney General for Claims and transfers the duties of the position to the Attorney General.

Division IV takes effect upon enactment.

Assumptions and Fiscal Impact

The Department of Justice reports that Division IV will have no fiscal impact.

Source

Department of Justice

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Division V — Economic Development Authority

Description and Background

Division V eliminates the Department of Cultural Affairs (DCA) and transfers responsibilities of the DCA to the Iowa Economic Development Authority (IEDA). The IEDA is responsible for ensuring that the economic development policies of the State are effectively and efficiently carried out. Division V expands these responsibilities by including the management of the State's interests in the arts, history, and other cultural matters.

Below is a list of programs, funds, and responsibilities that Division V transfers from the DCA to the IEDA:

- The Iowa Cultural Trust and the Iowa Cultural Trust Fund.
- Administration of a \$520,000 standing appropriation that is split equally between operational support grants and the Community Cultural Grants Program established under Iowa Code section [303.3](#).
- Fee-based art programs.
- Statewide art programs.
- The Film Office.
- Surveys of existing art and cultural programs and activities.
- Cultural Grant Programs.
- Regional conferences and a statewide caucus on arts and cultural enhancement.
- The [Cultural and Entertainment District Certification Program](#).
- The Iowa Great Places Program and the Iowa Great Places Program Fund.
- The Culture, History, and Arts Team Program.
- Historical Preservation Districts.
- The Iowa Arts Council.
- The Historic Property Rehabilitation Tax Exemption under Iowa Code section [427.16](#).
- The powers previously held by the Arts Division Administrator under Iowa Code section [303.88](#).
- Archeological site surveys relating to rural electric cooperatives and municipal utilities with historic properties.

Division V eliminates the DCA Director position as well as the Administrative Division of the DCA. The Director of the IEDA will also be the Director of the Iowa Finance Authority (IFA) and will serve at the pleasure of the Governor, subject to confirmation by the Senate.

Division V requires the State Historic Preservation Officer to conduct historical preservation activities pursuant to federal and State requirements. Proposals for areas of historical significance are submitted to the State Historic Preservation Officer rather than the Historical Division.

Assumptions and Fiscal Impact

The IEDA estimates that Division V would result in the elimination of 7.0 funded vacant FTE positions and would decrease costs to the IEDA by approximately \$496,000. Of this amount, \$300,000 is from the General Fund and the remaining \$196,000 is from other funding sources.

Source

Iowa Economic Development Authority

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Division VI — Economic Development Authority Partner State Program

Description and Background

Division VI formalizes the establishment of the Partner State Program administered by the Iowa Economic Development Authority (IEDA). The purpose of the Program is to establish and maintain relationships between the State and foreign countries and political subdivisions to facilitate mutually beneficial activities.

Division VI also creates the Partner State Program Fund, which consists of moneys appropriated to the Fund or other moneys obtained by the IEDA for placement in the Fund. Moneys remaining in the Fund at the close of a fiscal year do not revert to the General Fund. The Partner State Program, currently [Iowa Sister States](#), is funded through donations and allocations from the IEDA Economic Development appropriation. The mission of Iowa Sister States is to build sustainable international partnerships that connect Iowans to the world community. Current Sister States include the following:

- Cherkasy Oblast, Ukraine
- Hebei Province, China
- Kosovo
- Taiwan
- Veneto Region, Italy
- Yamanashi Prefecture, Japan
- Yucatán, Mexico

Division VI is effective upon enactment and applies to the above listed agreements entered into before the effective date of Division VI.

Assumptions and Fiscal Impact

Division VI is estimated to have no fiscal impact to the State.

Source

Iowa Economic Development Authority

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Division VII — Public Employment Relations Board

Description and Background

Division VII makes the following changes:

- Modifies the method of compensation for Public Employment Relations Board (PERB) board members from a salary to a per diem payment and from full-time employment to part-time employment.
- Removes from the PERB's responsibility the preparation of legal briefs and presentation of oral arguments in court for cases affecting the PERB.
- Removes the requirement that PERB board members be selected with consideration of their knowledge, ability, and experience in labor management relations.
- Creates the PERB Executive Director position, which is appointed by the Governor and confirmed by the Senate. The Executive Director's salary is set by the Governor within the applicable salary range established by the General Assembly.
- Requires the PERB to meet at least quarterly and at the call of the chairperson.
- Allows the PERB to delegate its powers and duties to the Executive Director or other PERB employees.
- Provides that judicial review of agency action by the PERB is not subject to administrative rules.
- Removes language specifying that appeals for bargaining unit determination orders are subject to administrative rule.
- Provides that, in a petition for judicial review of a PERB decision in a contested case, the opposing party is named the respondent instead of the PERB.

The PERB is composed of three board member positions, one of which is currently vacant. The board members are placed in salary range 4 (\$63,690 to \$97,460). No more than two board members may be of the same political affiliation, and no board member may engage in political activity while holding office. The PERB's mission is to promote harmonious and cooperative relationships between government and its employees without disruption of public services, via the expert and timely services of a neutral agency.

Assumptions and Fiscal Impact

- Per diem applies to days when the PERB is meeting and not to preparation for hearings.
- The Executive Director position is in salary range 5 (\$73,250 to \$112,070).
- Per diem will be paid to three board members.

According to the PERB, Division VII is estimated to decrease total costs by \$120,000. This is the result of an increase in costs of \$157,000 for an Executive Director as well as a cost reduction of \$277,000 from moving PERB board members from full-time to part-time employment.

Source

Public Employment Relations Board

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Division VIII — Department of Homeland Security and Emergency Management

Background and Description

Division VIII requires the Department of Homeland Security and Emergency Management (HSEMD) to administer the Disaster Aid Individual Assistance Grant Fund and the Disaster Case Management Grant Fund. The name of the Disaster Case Management Grant Fund is changed to the Disaster Case Advocacy Grant Fund. Division VIII also provides that the Director of the HSEMD will be subject to confirmation by the Senate and is to serve at the pleasure of the Governor.

Under current law, the Department of Human Services administers the Disaster Aid Individual Assistance Grant Fund and the Disaster Case Management Grant Fund. The grant funds are used to establish the Disaster Case Management Program and the Iowa Disaster Aid Individual Assistance Grant Program.

Assumptions and Fiscal Impact

Due to increased workload, the HSEMD will require an additional FTE position to administer the Disaster Case Management Program and the Iowa Disaster Aid Individual Assistance Grant Program as they move from the Department of Human Services to the HSEMD. The HSEMD estimates this transfer will cost \$150,000 per year and require 1.0 additional FTE position. The HSEMD is funded through the General Fund.

Source

Department of Homeland Security and Emergency Management

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Division IX — Department of Veterans Affairs

Description and Background

Division IX makes definitional changes wherein “Director” and “Executive Director” become “Commandant” and certain duties assigned to the Commandant of the Commission of Veterans Affairs are now assigned to the Department of Veterans Affairs. The Division consolidates the powers and duties of the Executive Director of the Department of Veterans Affairs with the powers and duties of the Commandant of the Iowa Veterans Home into the Commandant of the Department of Veterans Affairs. The Division further consolidates and redistributes responsibilities of the newly established Commandant of Veterans Affairs with the Commission of Veterans Affairs. This consolidation of powers and responsibilities eliminates 3.0 currently vacant, funded FTE positions.

Assumptions and Fiscal Impact

Division IX eliminates 3.0 currently vacant, funded FTE positions and would decrease General Fund costs by approximately \$193,000.

Source

Legislative Services Agency

Staff Contact

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Division X — Office of Drug Control Policy

Description and Background

Division X transfers the Governor's Office of Drug Control Policy to the Department of Public Safety (DPS). Under Division X, administrative support services are required to be provided to the Governor's Office of Drug Control Policy by the DPS; the Director of the Governor's Office of Drug Control Policy will be appointed by the Commissioner of the DPS; and the salary of the Director of the Governor's Office of Drug Control Policy is no longer fixed by the Governor.

Currently, the Governor's Office of Drug Control Policy is an independent office. The Director of the Governor's Office of Drug Control Policy is appointed by the Governor, is confirmed by the Senate, and serves at the pleasure of the Governor. Additionally, the salary of the Director of the Governor's Office of Drug Control Policy is currently set by the Governor.

Assumptions and Fiscal Impact

Division X is estimated to have no fiscal impact to the State.

Source

Governor's Office of Drug Control Policy

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Division XI — Department of Workforce Development

Description and Background

Division XI moves the following programs, along with associated funds and standing appropriations, to the Iowa Department of Workforce Development (IWD):

- The Statewide Work-Based Learning Intermediary Network Program from the Department of Education.
- The Industrial New Jobs Training ([260E](#)) Program from the Iowa Economic Development Authority (IEDA).
- The Iowa Jobs Training ([260F](#)) Program from the IEDA.
- The Workforce Development Fund Program from the IEDA.
- The Accelerated Career Education ([260G](#)) Program from the IEDA.
- The Older American Community Service Employment Program from the Department on Aging.
- Vocational Rehabilitation Services from the Department of Education.
- The Apprenticeship Training Program from the IEDA.
- The Future Ready Iowa Registered Apprenticeship Development Program from the IEDA.
- The Future Ready Iowa Expanded Registered Apprenticeship Opportunities Program from the IEDA.
- Employment Agencies from the Labor Services Division of the IWD.
- Adult Education and Literacy Programs from the Department of Education.

Division XI also makes the following changes:

- Allows the IWD to use moneys for the Pathways for Academic Career and Employment Program to support a regional industry sector partnership.
- Removes language allowing funds in the Workforce Development Fund to be used for administration costs.

- Removes the Labor Services Division and the Division of Workers' Compensation from the IWD.
- Requires reports and records previously submitted to the Division of Labor Services under Iowa Code section [91.12](#) to be submitted to the IWD.

Assumptions and Fiscal Impact

According to the IWD, Division XI is estimated to decrease costs by approximately \$4.2 million per year and will eliminate 63.0 funded FTE positions and 4.0 unfunded FTE positions. The IWD has not identified whether these positions are filled or unfilled. The decreased costs are broken out as follows:

- \$2.9 million and 39.0 FTE positions from the IWD.
- \$1.2 million and 25.0 FTE positions from Vocational Rehabilitation Services.
- \$72,000 and 3.0 FTE positions from the 260E, 260F, and 260G Programs as well as the Science, Technology, Engineering, and Math (STEM) Internship Program.

Source

Iowa Workforce Development

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Division XII — Department of Revenue

Description and Background

Division XII transfers the Iowa Lottery Authority and the duties of the Alcoholic Beverages Division (ABD) of the Department of Commerce to the Department of Revenue (IDR). The Division also defines terms.

Currently, the Iowa Lottery Authority is an independent entity created in Iowa Code chapter [99G](#). Division XII transfers the authority for operating the Iowa Lottery to the IDR and the Director of the IDR and creates an Iowa Lottery Division of the IDR. The position of Chief Executive Officer (CEO) of the Iowa Lottery is replaced by a Lottery Administrator, who will report directly to the Director of the IDR and will serve at the pleasure of the Governor, subject to confirmation by the Senate.

Division XII modifies the duties of both the Lottery Administrator and the Lottery Board, including transferring the approval of the Lottery budget from the Lottery Board to the Director of the IDR. Duties of the Lottery Board regarding administration of the Lottery and the adoption of administrative rules are transferred to the IDR.

Under Division XII, compensation of the Lottery Administrator is set by the Governor. The power of the Lottery CEO and Board to determine the number and duties of FTE positions of the Lottery Authority is removed. Additionally, Division XII removes abilities of the Lottery Authority relating to acquiring real property, entering into contracts, purchasing meals for meeting attendees, and other powers generally exercised by private businesses.

Finally, Division XII requires the Iowa Lottery Division to use the services of the Department of Administrative Services during competitive bidding procurement contracts.

In addition to transferring the ABD to the IDR, Division XII transfers the Alcoholic Beverages Commission's duties, namely to advise, review, and affirm, reverse, or amend actions of the

ABD Administrator, to apply to the IDR and the IDR Director. Division XII eliminates the position and transfers the duties of the Administrator of the ABD to the Director of the IDR or the Director's designee.

Assumptions and Fiscal Impact

It is assumed that all existing FTE positions in the ABD and the Iowa Lottery Authority will be transferred to the IDR. The ABD, the Iowa Lottery Authority, and the IDR have stated that Division XII is expected to have no fiscal impact to the State of Iowa.

Sources

Alcoholic Beverages Division, Department of Commerce
Department of Revenue
Iowa Lottery Authority
Legislative Services Agency

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Division XIII — Department for the Blind

Description and Background

The Iowa Department for the Blind provides services to Iowans who are blind or visually impaired through the Department's three major service areas: Vocational Rehabilitation (VR), Independent Living, and the Library for the Blind and Print Disabled. The Department's Director is currently selected by the three members of the Commission for the Blind, who are appointed by the Governor.

Division XIII removes the appointment function of the Commission and grants the power to appoint the Director to the Governor, subject to confirmation by the Senate. The Director will serve at the pleasure of the Governor. Division XIII specifies that the Governor will appoint a Director of the Department for the Blind on or before July 1, 2023, to be effective July 1, 2023.

Division XIII takes effect upon enactment.

Assumptions and Fiscal Impact

Division XIII has no fiscal impact to the State of Iowa.

Source

Department for the Blind

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Division XIV — Department of Education

Description and Background

Division XIV transfers a number of agencies and responsibilities to the Department of Education (DE).

Division XIV transfers the Iowa School for the Deaf (ISD) from the control of the Board of Regents to the DE. The Bill also removes the Iowa Braille and Sight Saving School (IBSSS) and replaces it with Iowa Educational Services for the Blind and Visually Impaired (IESBVI). The IBSSS has not operated as a traditional school for several years and instead collaborates with the Department for the Blind, the DE, and Area Education Agencies (AEAs) to provide educational programs for blind and visually impaired Iowans. IESBVI would continue to administer these programs.

Division XIV moves the Science, Technology, Engineering, and Mathematics Collaborative Initiative (STEM Initiative), currently administered by the University of Northern Iowa (UNI), to a new division in the DE known as the Innovation Division – Science, Technology, Engineering, and Mathematics Collaborative. The STEM Initiative provides students working in STEM fields with internships that are intended to lead to a permanent position with Iowa employers. Division XIV creates the office of the Innovation Division Administrator, who oversees the activities of the Division.

Division XIV also creates a new Higher Education Division within the DE and creates the position of Higher Education Division Administrator. Division XIV tasks the Higher Education Division and the Administrator with overseeing:

- The Community Colleges and Post-Secondary Readiness Bureau, which Division XIV establishes. A Bureau Chief position, which is already funded in the DE, is established for the Community Colleges and Post-Secondary Readiness Bureau and is charged with overseeing the career and technical education (CTE) activities of the DE. CTE programming in Iowa is primarily funded under the federal [Carl D. Perkins Vocational and Technical Education Act](#). The CTE Administration State appropriation serves as a match to draw federal funds. The Perkins Grant includes an administrative allowance that, along with this appropriation, is used by the DE for staffing and other administrative costs.
- The College Student Aid Commission (CSAC), which Division XIV establishes as a bureau of the Higher Education Division rather than a standalone agency. The CSAC is responsible for overseeing State programs that provide scholarships, grants, and loan forgiveness to students pursuing higher education; help high school students prepare for higher education; and ensure that postsecondary institutions in Iowa that have students qualifying for State financial aid meet established standards.
- The Board of Educational Examiners (BOEE), which Division XIV establishes as a bureau of the Higher Education Division rather than a standalone agency. The BOEE establishes standards for educational practitioners and is charged with the overall responsibility of regulating the licensure standards for teachers, administrators, paraeducators, and coaches. The BOEE also investigates ethics complaints and monitors compliance of licensees with orders issued by the BOEE.
- The Community Colleges Bureau, which Division XIV changes from a division of the Department of Education to a bureau of the Higher Education Division. A Bureau Chief position, which is already funded in the Department, is established for the Community Colleges Bureau. Each community college is overseen by a publicly elected board of trustees. The DE's Division of Community Colleges currently accredits and provides statewide oversight of the colleges.

Assumptions and Fiscal Impact

- The appropriations for the CSAC, the STEM Initiative, the Division of Community Colleges, CTE Administration, the IBSSS, and the ISD will simply move from their current alignment to the new alignment.
- The current chief administrative positions for the CSAC, the Division of Community Colleges, the BOEE, and the ISD will be fully replaced by the new bureau chief offices created. The current chief administrative position of the CTE Bureau will be replaced by the chief administrative position of the Community Colleges and Post-Secondary Readiness Bureau. The salaries of these positions will remain unchanged.
- The current chief administrative position for the Division of Community Colleges and Workforce Preparation will assume the duties of the chief administrative position for the Division of Higher Education.

Division XIV has no fiscal impact to the State of Iowa.

Sources

Board of Regents
College Student Aid Commission
Department of Education
Department for the Blind

Staff Contacts

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Division XV — Commerce

Description and Background

Division XV renames the Department of Commerce to the Department of Insurance and Financial Services, which includes the Iowa Division of Banking (IDOB), the Iowa Division of Credit Unions (IDCU), and the Iowa Insurance Division (IID). The Alcoholic Beverages Division is transferred from the Department of Commerce to the Department of Revenue, as outlined in Division XII of the Bill.

In addition, XV makes the following changes:

- Provides that the Office of the Consumer Advocate is administratively supported by the Iowa Utilities Board.
- Renames the Department of Commerce Revolving Fund to the Commerce Revolving Fund.
- Establishes the Utilities Division of the Department of Commerce as a separate agency while establishing that it will continue to participate in the Commerce Revolving Fund.
- Makes the Insurance Commissioner the Director of the Department of Insurance and Financial Services.
- Establishes that the Superintendent of Banking and the Superintendent of Credit Unions will report to the Insurance Commissioner and will serve at the pleasure of the Governor.
- Establishes that the Governor will set the salary for the Insurance Commissioner, the Superintendent of Banking, and the Superintendent of Credit Unions. The salaries of each Superintendent will be within salary range 6, while the salary of the Commissioner will not be included in a salary range, as outlined in Division XVIII.

Assumptions and Fiscal Impact

Division XV is estimated to have no fiscal impact to the State of Iowa.

Sources

Department of Commerce
Legislative Services Agency

Staff Contacts

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Division XVI — Department of Corrections

Description and Background

Division XVI moves Community-Based Corrections (CBC) under the control of the Department of Corrections (DOC). Division XVI also makes the following changes:

- Transfers CBC programs under the direction of the DOC.
- Provides that the Director of the DOC appoints the director for each CBC district department.
- Establishes that all employees of the CBC district departments are employees of the DOC.
- Changes each CBC's board of directors from a policymaking board to an advisory-only board.
- Modifies the membership of the CBC district advisory boards.
- Transfers certain duties from the district advisory boards to the district directors.

CBC is an alternative to incarcerating individuals convicted of criminal offenses. This includes individuals on pretrial release, probation, or parole who reside in the community under the supervision of a CBC district department and participate in treatment programs. Approximately 80.0% of offenders in the State corrections system are supervised by the CBC district departments, while approximately 20.0% are incarcerated in the State prison system.

Under Iowa Code chapter [905](#), there are eight CBC district departments. Each is a separate agency under the direction of a board of directors and is administered by a director employed by the board. The CBC staff members are considered State employees only for the purposes of collective bargaining and tort liability, and they are considered employees of the district department for administrative purposes.

Currently, each CBC board sets policy and oversees program operations. The DOC Central Office has regulatory responsibilities for CBC programs, including statewide planning, budget oversight, establishment of program guidelines, and development of performance measures.

The CBC district departments are funded through the General Fund and local fees. The General Assembly appropriates funding to the DOC and allocates funds to each CBC district department. The local fees consist primarily of rent paid by clients in the residential facilities and supervision fees paid by clients.

Assumptions and Fiscal Impact

- The CBC district departments receive approximately 80.0% of funding through the General Fund and 20.0% through local fees. Under Division XVI, this local fee revenue will be received by the State rather than the CBC district departments, but the local fee revenue will be used for the same purpose.
- Division XVI does not change the funding mechanism for the CBC district departments.

- There will be no change in salaries for CBC employees who will become DOC employees under Division XVI. Additionally, Iowa Public Employees' Retirement System (IPERS) status will remain the same for these employees.

The DOC reports that Division XVI will have no fiscal impact related to personnel. The DOC reports that there may be annual operational cost reductions due to applying consistent supervision practices in the CBC district departments; however, this cannot currently be determined due to lack of data.

Source

Department of Corrections

Staff Contacts

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Division XVII — Board of Parole

Description and Background

Division XVII relates to the Board of Parole (BOP). It provides that all five members of the BOP are full-time, salaried members and removes the three alternate BOP member positions.

Under Iowa Code chapter [904A](#), the BOP consists of five regular members. The chairperson and vice chairperson are full-time, salaried members. The other three members are part-time and paid per diem. Additionally, there are three alternate members who substitute for Board members who are disqualified or become unavailable for any other reason for hearings.

Assumptions

- The three regular part-time members and the three alternate members of the Board receive a per diem of \$331.68 for each day worked.
- The salary range of the three regular part-time Board members who will become full-time is approximately \$64,000 to \$97,000.
- The Board will no longer pay a per diem for the three alternate Board members.
- Moving the three regular part-time Board members to full-time, salaried positions with benefits will increase BOP costs.

Fiscal Impact

The changes to the structure of the BOP are estimated to increase costs by approximately \$200,000 annually. This increase comprises a reduction in costs for removing the per diem for alternate Board members and an increase in costs by paying the three regular Board members a full-time salary and benefits instead of a per diem. The BOP is funded through the General Fund.

Sources

Board of Parole

Department of Corrections

Staff Contacts

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Division XVIII — Salaries of Appointed State Officers

Description and Background

Division XVIII relates to the salaries of appointed State officials. 2008 Iowa Acts, chapter [1191](#) (FY 2009 Standing Appropriations Act), established salary ranges two through seven for State officials. **Table 1** below includes the minimum and maximum salary amounts for each salary range, as established in [HF 2700](#) (FY 2009 Standing Appropriations Act).

Table 1 — Salary Ranges Set in 2008

<u>Salary Range</u>	<u>Minimum</u>	<u>Maximum</u>
2	\$ 48,160	\$ 73,700
3	55,380	84,750
4	63,690	97,460
5	73,250	112,070
6	84,240	128,890
7	100,840	154,300

Division XVIII eliminates salary ranges two and three. The State positions currently within ranges two and three no longer exist in their current form under the Bill. Division XVIII maintains ranges four through seven, and the salary amount of those ranges remain the same. However, not all State officials are placed in the same salary range as they were placed in HF 2700, and some state officials are no longer assigned a salary range.

The salary ranges remain in effect until the General Assembly modifies the salary ranges. A State official remains in the specified salary range until the General Assembly specifies otherwise.

Table 2 includes the changes to the salary range for current positions established under 2008 Iowa Acts, chapter 1191, compared to the salary ranges established in Division XVIII.

Table 2 — Changes to Salary Ranges Under Division XVIII

Current Position Title	Salary Range Under 2008 Iowa Acts, chapter 1191, as amended	Salary Range Under Division XVIII
Administrator of the Arts Division of the Department of Cultural Affairs	2	Not Included
Chairperson and two members of the Employment Appeal Board of the Department of Inspections and Appeals	3	4
Administrator of the Division of Criminal and Juvenile Justice Planning of the Department of Human Rights	3	Not Included
Administrator of the Division of Community Action Agencies of the Department of Human Rights	3	Not Included
Director of the Department of Human Rights	4	Not Included
Director of the Iowa State Civil Rights Commission	4	4
Director of the Department for the Blind	4	4
Executive Director of the Ethics and Campaign Disclosure Board	4	4
Members of the Public Employment Relations Board	4	Not Included
Board of Parole Chairperson, Vice Chairperson, and members	4	4
Executive Director of the Iowa Public Information Board	4	4
Director of the Department of Homeland Security and Emergency Management	5	Not Included
State Public Defender	5	5
Drug Policy Coordinator	5	Not Included
Labor Commissioner (Workforce Development)	5	5
Workers' Compensation Commissioner (Workforce Development)	5	5
Director of the Department of Cultural Affairs	5	Not Included
Director of the Iowa Department on Aging	5	Not Included
Director of the Iowa Law Enforcement Academy	5	5
Executive Director of the College Student Aid Commission	5	Not Included
Executive Director of the Department of Veterans Affairs	5	Not Included
Administrator of the Historical Division of the Department of Cultural Affairs	5	Not Included
Superintendent of Banking (Department of Commerce)	6	6
Superintendent of Credit Unions (Department of Commerce)	6	6
Administrator of the Alcoholic Beverages Division (Department of Commerce)	6	Not Included
Director of the Department of Inspections and Appeals	6	Not Included
Commandant of the Veterans Home	6	Not Included
Commissioner of the Department of Public Safety	6	Not Included
Commissioner of Insurance (Department of Commerce)	6	Not Included
Executive Director of the Iowa Finance Authority	6	Not Included
Director of the Department of Natural Resources	6	Not Included
Consumer Advocate	6	6
Chairperson and members of the Utilities Board (Department of Commerce)	6	6
Executive Director of Iowa PBS	7	7
Director of the Department of Corrections	7	Not Included
Director of the Department of Education	7	Not Included
Director of the Department of Human Services	7	Not Included
Director of the Economic Development Authority	7	Not Included
Executive Director of the Iowa Telecommunications and Technology Commission (ICN)	7	7
Executive Director of the State Board of Regents	7	7
Director of the Department of Transportation	7	Not Included
Director of the Department of Workforce Development	7	Not Included
Director of the Department of Revenue	7	Not Included
Director of the Department of Public Health	7	Not Included
State Court Administrator	7	7
Director of the Department of Management	7	Not Included
Director of the Department of Administrative Services	7	Not Included
Executive Director of the Public Employment Relations Board (<i>new under Bill</i>)	Not Included	5
Administrator of the Iowa Lottery Division of the Department of Revenue (<i>new under Bill</i>)	Not Included	7

Unless the Bill specifies otherwise, Division XVIII allows the Governor to establish the salary for the various appointed State officials.

Division XVIII takes effect June 23, 2023 (first pay period of FY 2024).

Assumptions and Fiscal Impact

For agencies with directors that are no longer included within a salary range, there may be a fiscal impact for the agency if the salary of the director is set above the current salary range maximum or below the current salary range minimum. There may also be a fiscal impact if there are changes to salaries for positions realigned under another agency that were previously set within a salary range. However, any potential fiscal impact as a result of these changes cannot be determined at this time.

Source

Legislative Services Agency

Staff Contact

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Division XIX — Boards and Commissions

Description and Background

Division XIX establishes a Boards and Commissions Review Committee to study the efficiency and effectiveness of each board, council, commission, committee, or other similar entity of the State that has been established by the Iowa Code. The Committee will include the following six voting members:

- One staff member of the Governor's Office who has been appointed by the Governor.
- The Administrative Rules Coordinator or a designee.
- The Director of the Department of Management (DOM) or a designee.
- The Director of the Department of Inspections and Appeals (DIA) or a designee.
- One assistant attorney general who has been recommended by the Attorney General and appointed by the Governor.
- One member of the public who has been appointed by the Governor.

The Committee will also include the following four nonvoting members:

- One State representative appointed by the Speaker of the House.
- One State representative appointed by the Minority Leader of the House.
- One State senator appointed by the Majority Leader of the Senate.
- One State senator appointed by the Minority Leader of the Senate.

Division XIX requires the Committee to submit a report to the Governor and General Assembly on its findings no later than September 30, 2023, and the Division is repealed January 1, 2024.

Assumptions and Fiscal Impact

Division XIX has no fiscal impact to the State of Iowa.

Source

Legislative Services Agency

Staff Contact

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Division XX — Miscellaneous Provisions

Description and Background

Division XX includes a provision relating to irreconcilable amendments as well as transition provisions. The Division provides that if an amendment in Division I of the Bill (Department of Health and Human Services) is irreconcilable to an amendment that is made in the remainder of the Bill, the amendment in the remainder of the Bill prevails. In addition, Division XX provides transition provisions for administrative rules, legal obligations, personnel, funds, litigation, boards and commissions, and signs and insignia.

Assumptions and Fiscal Impact

Division XX has no fiscal impact to the State of Iowa.

Source

Legislative Services Agency

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Appendix A

Table 3 shows a summary of fiscal impacts for each division.

Table 3 — Summary of Fiscal Impacts of SF 514

Division	Funded FTE Positions	Estimated Identified Net Impact			
		General Fund	Federal Funds	Other	Total
I - HHS					
FTE Reduction	-110.0	\$ -2,000,000	\$ -4,400,000	\$ 0	\$ -6,400,000
Elimination of State Board of Health	0.0	-1,700	0	0	-1,700
Estimated Total	-110.0	\$ -2,001,700	\$ -4,400,000	\$ 0	\$ -6,401,700
III - DIA					
FTE Reduction	-20.0	-162,000	0	-1,400,000	-1,562,000
V - IEDA/DCA					
FTE Reduction	-7.0	-300,000	0	-196,000	-496,000
VII - Public Employment Relations Board					
Executive Director	-2.0	-120,000	0	0	-120,000
VIII - Homeland Security					
FTE Increase	1.0	150,000	0	0	150,000
IX - Veteran's Affairs					
FTE Reduction	-3.0	-193,000	0	0	-193,000
XI - Workforce Development					
FTE Reduction	-67.0	-4,200,000	0	0	-4,200,000
XVII - Board of Parole					
Restructuring	3.0	200,000	0	0	200,000
Totals	-205.0	\$ -6,626,700	\$ -4,400,000	\$ -1,596,000	\$ -12,622,700

Note: Table 3 does not include any vacant, unfunded FTE positions as those positions do not affect the fiscal impact of the Bill.

/s/ Jennifer Acton

March 15, 2023

Doc ID 1370635

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.