



## Fiscal Services Division

### ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

September 8, 2020

Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at <https://www.legis.iowa.gov/publications/fiscal/adminRulesFiscalImpact>.

With each rule summary, the rulemaking type is indicated in parentheses following the ARC number. The acronyms have the following meanings: Notice of Intended Action (**NOIA**), Amended Notice of Intended Action (**ANOIA**), Notice of Termination (**NOT**), Adopted and Filed Emergency (**AFE**), Filed Emergency After Notice (**FEAN**), and Adopted and Filed (**AF**).

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#### Department of Human Services

##### **ARC 5131C (NOIA)**

**Rule Summary** Makes various changes to implement the federal Family First Prevention Services Act. The Family First Prevention Services Act reforms the federal child welfare financing streams, including Title IV-E and Title IV-B of the Social Security Act, which provide services to families who are at risk of entering the child welfare system.

**State or Federal Law Implemented:** Iowa Code chapter 234.

**Fiscal Impact** **Agency Response:** The fiscal impact cannot be determined. There will be a cost associated with the implementation of the Family First Prevention Services Act. Costs include Department of Human Services (DHS) and provider implementation activities, accreditation and licensing of providers, and increased costs for services above what the Department is currently paying. The cost of these items is uncertain given that implementation is still in process and the new services have not yet started. The Family First Prevention Services Act provides for 50.0% federal IV-E match for eligible services, but federal guidance has not been given on which services meet the criteria. As a result, the amount of the federal match and resulting State cost is also not known. In addition, access to high-quality prevention services should ultimately reduce the need for foster care services, but the timing and degree of those services is not yet known.

**LSA Response:** The LSA concurs.

##### **ARC 5142C (AF)**

**Rule Summary** Defines “personal degradation of a dependent adult” as a category of adult abuse and changes criteria for outcome determinations for dependent adult abuse evaluations conducted by the Department of Human Services (DHS) to include reports of personal degradation.

**State or Federal Law Implemented:** Iowa Code chapter 235B.

**Fiscal Impact** **Agency Response:** These changes are estimated to cost the General Fund \$123,000 in FY 2020 and \$225,000 in FY 2021 and subsequent fiscal years. The changes will result in DHS computer system updates, and the new category of abuse will increase

case counts, resulting in the need for additional DHS staff. Additional funding for DHS Field Operations was provided in HF 766 (FY 2020 Health and Human Services Appropriations Act).

**LSA Response:** The LSA concurs.

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### Real Estate Appraiser Examining Board

#### **ARC 5126C (NOIA)**

**Rule Summary** Implements changes based on a full review of the Real Estate Appraiser Examining Board's rules. These changes include a reduction in license renewal fees.

**State or Federal Law Implemented:** Iowa Code chapter 543D.

**Fiscal Impact** **Agency Response:** There is a fiscal impact to the Real Estate Appraiser Examining Board within the Division of Banking. There are approximately 1,138 certified appraisers in Iowa who currently pay \$390 to renew their license every two years. Reducing certified appraisal license renewal fees to \$280 instead of the current \$390 fee will reduce funds to the Board and Iowa Division of Banking by \$125,180 every two years. In addition, there are 82 associate appraisers who will pay reduced license renewal fees, resulting in \$12,300 of lost revenue every two years. There are some additional fee changes being implemented; however, they will not have a significant fiscal impact. The average amount in fees collected by the Board for the past two years is approximately \$276,000.

**LSA Response:** The LSA concurs.

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### Economic Development Authority

#### **ARC 5139C (AF)**

**Rule Summary** Implements a portion of the Workforce Housing Tax Incentive Program (WHTIP) provisions of 2019 Iowa Acts, chapter 159 (HF 772, Broadband and Workforce Housing Incentives Act). The rules associated with the portions of HF 772 that apply to housing in disaster areas were adopted and filed as emergency rules in October 2019. The current proposed rulemakings:

- Limit projects eligible under the WHTIP to properties located outside of a 100-year floodplain.
- Change the project application process to require competitive scoring of projects and remove references to a wait list for pending applications.
- Limit the amount of tax incentives a project may receive to the amount specified in the project application and the subsequent agreement with the Economic Development Authority (EDA).
- Remove a reference to the \$20.0 million annual maximum amount of tax credits allocated to the program.
- Add language describing the tax credit implications for projects that have final costs that exceed the per dwelling unit average cost allowed under law.

**State or Federal Law Implemented:** Iowa Code chapter 15, part 17, and 2019 Iowa Acts, chapter 159.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs in part. Among the WHTIP changes, HF 772 increased the fiscal year total tax incentives that may be awarded through the WHTIP

by \$5.0 million (from \$20.0 million to \$25.0 million) beginning with FY 2020. The Act also provided an additional one-time allocation of \$10.0 million in tax incentives for projects located in major disaster areas. The Fiscal Note for HF 772 projected that these changes (including disaster housing rule changes previously adopted) would reduce net General Fund revenue by the following amounts:

- FY 2020 = \$2.2 million
- FY 2021 = \$4.9 million
- FY 2022 = \$8.2 million
- FY 2023 = \$7.2 million
- FY 2024 = \$5.0 million
- FY 2025 and after = \$4.8 million

The WHTIP changes enacted in HF 772 were effective upon enactment (May 20, 2019) and generally apply to projects submitted on or after July 1, 2019. Section 30 of HF 772 granted the EDA the authority to adopt WHTIP rules on an emergency basis. Only the rules associated with the disaster housing program and the change to the definition of “small city” were part of the October emergency rulemaking.

As specified in section 20 of HF 772, “All completed applications shall be reviewed and scored on a competitive basis by the authority pursuant to rules adopted by the authority.” The proposed rules provide little detail as to how projects are scored under the WHTIP. The entirety of the scoring language from the proposed rules reads, “All completed applications shall be reviewed and scored on a competitive basis by the authority pursuant to these rules. Review criteria include but are not limited to project need, project readiness, financial capacity, and project impact.”

Item 1 of the proposed rules restricts applications under the WHTIP to projects not located within a 100-year floodplain. This restriction was not added in HF 772 and is not a requirement that is specified within the WHTIP.

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## Department of Education

### ARC 5146C (NOIA)

**Rule Summary** Rescinds and replaces existing student seclusion and restraint rules. Provides definitions and guidance for when physical restraint or seclusion is reasonable and necessary, and establishes parental notification requirements. Requires an employee to receive training prior to using any form of physical restraint or seclusion. Details required documentation and reporting of any physical restraint or seclusion occurrence, including reporting to the Iowa Department of Education. Establishes seclusion room requirements including size and that the room is compliant with State and local codes and standards. Allows a maximum five-year period for use of current seclusion rooms that are compliant with all other rules except room size.

**State or Federal Law Implemented:** Iowa Code sections 256B.3 and 280.21.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs in part. While the rulemaking itself does not have a fiscal impact, there could be construction costs to school districts for modifying existing seclusion rooms to be compliant with new room requirements. An estimate cannot be determined at this time because reporting is not currently in place for how many school buildings have seclusion rooms that would require modification.

## Administrative Rules — Fiscal Impact Summaries

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### ARC 5148C (NOIA)

**Rule Summary** Updates the standards and program requirements for all traditional educator preparation programs to be approved by the State Board of Education and provides alignment with the Board of Educational Examiners rules for licensure. Eliminates the requirement for a student to take a preprofessional skills assessment prior to admission to a teacher practitioner preparation program.

**State or Federal Law Implemented:** 2020 Iowa Acts, Senate File 2360 (Classroom Environment and Therapeutic Classrooms Act), and House File 2359 (Teacher Testing Report, Praxis Act).

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs in part. The Department of Education has estimated that cost savings to teacher practitioner candidates are estimated to be between \$250,000 and \$275,000 per year.

### ARC 5151C (NOIA)

**Rule Summary** Adds a prohibition on including room clears in an individualized education program (IEP) and a procedure for classroom teachers to call for an IEP team meeting after a room clear is used.

**State or Federal Law Implemented:** 2020 Iowa Acts, Senate File 2360 (Classroom Environment and Therapeutic Classrooms Act).

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs in part. Although the rulemaking itself does not have a fiscal impact, the legislation associated with it does. Senate File 2360 included an appropriation of \$2.6 million from the General Fund in FY 2022, allocated as follows:

- \$500,000 for the Department of Education (DE) to develop, establish, and distribute standards, guidelines, and expectations relating to behavior in the classroom, restraint of a student, professional development relating to educating individuals in the least restrictive environment, and research-based intervention strategies.
- \$1.6 million to the DE for the Therapeutic Classroom Incentive Fund.
- \$500,000 to the DE for reimbursement funding to school districts for the transportation of students to therapeutic classrooms.

For more information, see the **Notes on Bills and Amendments (NOBA)** for SF 2360.

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## College Student Aid Commission

### ARC 5123C (NOIA)

**Rule Summary** Implements the new Rural Veterinarian Loan Repayment Program enacted in 2020 Iowa Acts, Senate File 2398 (Rural Veterinarian Loan Repayment Program Act).

**State or Federal Law Implemented:** Iowa Code chapter 261.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs in part. Although the rulemaking itself does not have a fiscal impact, although the creation of the Program in SF 2398 did. House File 2643 (FY 2020 Omnibus Appropriations Act) appropriated \$300,000 from the General Fund for purposes of the new Program, which will fund a total of five awards in FY 2021.

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