



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

March 31, 2021

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 5505C (NOIA)

Rule Summary Lowers the qualifying age for subsidized guardianship payments from 14 to 10 years of age and extends guardianship subsidies until 21 years of age for a child who is diagnosed with an intellectual, mental, or medical disability or who has not graduated from high school. Also eliminates the minimum age requirement for younger children to qualify for subsidized guardianship payments when those children reside in the same home as older siblings who meet eligibility requirements. Also outlines circumstances in which the Department may suspend subsidized guardianship payments.

State or Federal Law Implemented: 45 CFR 1356.21, 42 U.S.C. 672, 42 U.S.C. 673.

Fiscal Impact **Agency Response:** It is anticipated that the fiscal impact realized by the State by lowering the age requirement from 14 to 10 years of age for the guardianship program will be offset by the additional federal funding provided through Title IV-E as well as the transfer of children from the foster care system to guardianships.

There will also be a fiscal impact caused by extending the eligibility to receive the subsidized guardianship payment until the child completes high school or reaches the age of 21. State dollars in the amount of approximately \$151,000 will be used to cover the cost to serve 24 children per month based on current averages. However, as these costs would have been realized by the State's adoption or foster care programs, the net fiscal impact of these costs on the State will be minimal.

LSA Response: The LSA concurs.

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Department of Revenue

ARC 5503C (ANOIA)

Rule Summary Implements a new income tax exemption created in HF 2641, division XII (2020 Omnibus Tax and Miscellaneous Change Act), for federal, State, and local broadband grants if the grant is used to install broadband infrastructure in targeted service areas.

State or Federal Law Implemented: Iowa Code sections 422.7, 422.35, and 422.61.

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Fiscal Impact **Agency Response:** No fiscal impact beyond that of the legislation the rules are intended to implement.

LSA Response: The LSA concurs. The Fiscal Note for HF 2641 projected that the broadband infrastructure grant income tax exemption would reduce General Fund revenue by the following amounts:

- FY 2020 = \$0.9 million
- FY 2021 = \$2.3 million
- FY 2022 and after = \$1.5 million

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Iowa Public Employees' Retirement System

ARC 5489C (AF)

Rule Summary Revises existing rules by implementing the following changes:

- Conforms rules with other rules and statutes or rescinds rules that are outdated, redundant, or inconsistent, or no longer in effect to meet the requirements of the statutory five-year review of rules for Chapters 16 to 20.
- Implements contribution rates for employers, regular, and special service members beginning July 1, 2021, to reflect FY 2022 rates.
- Clarifies and defines “citizen coach” for employers. Also, clarifies and updates employers’ electronic reporting requirements for terminated employees under Chapter 4, “Employers.”
- Requires that vendors with access to personally identifiable information (PII) sign an Iowa Public Employees’ Retirement System’s (IPERS) data-sharing agreement under Chapter 5, “Employees.”
- Updates language in Chapter 11, “Application for, Modification of, and Termination of Benefits,” to streamline the retirement application process by eliminating redundant practices. Also, removes outdated language regarding birth and death records to better reflect modern practices.
- Increases the benefit reduction percentage to collect overpayments more quickly and efficiently for bona fide retirement violations under Chapter 12, “Calculation of Monthly Retirement Benefits.”
- Amends disability benefits language to bring Chapter 13, “Disability for Regular and Special Services Members,” into compliance with the Iowa Code.
- Disallows funeral homes to be beneficiaries under Chapter 14, “Death Benefits and Beneficiaries.”
- Updates language in Chapter 17, “Public Records and Fair Information Practices,” to reflect current practice regarding open records requests, estimates of search fees, and advance payments when necessary; and to provide for user names to be added as a category of confidential record, ensuring they may be withheld from public inspection. Also, revises language to acknowledge and reflect changes in file storage technology.
- Strikes and replaces language in Chapter 19, “Declaratory Orders,” to be consistent with actual practice regarding document receipt dates.
- Aligns the “required beginning date” for retirement benefits specified under IRS regulations with the provisions of the federal SECURE Act.

State or Federal Law Implemented: Iowa Code chapter 97B.

Fiscal Impact **Agency Response:** Contribution rate changes for all three classes of IPERS employees (Regular members, Sheriffs and Deputy Sheriffs, and Protection Occupation members) are reflected below:

- **Regular Members.** There is no change in the contribution rates from FY 2021 to

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FY 2022. The contribution rate remains at 15.73% (9.44% employer/6.29% employee).

- Sheriffs and Deputy Sheriffs.** The contribution rates are decreasing by 0.50% from 18.52% in FY 2021 to 18.02% for FY 2022. For Sheriffs and Deputy Sheriffs, contribution amounts are split 50/50 between employers and employees. The impact to covered employers and employees is an estimated savings of \$668,000 (\$334,000 employer and \$334,000 employee) annually.

Estimated IPERS Contributions for Sheriffs and Deputy Sheriffs										
Employer Type	Projected Wages	FY 2021			FY 2022			Member Difference	Employer Difference	Total Difference
		Member Contribution	Employer Contribution	Combined Rate	Member Contribution	Employer Contribution	Combined Rate			
		9.26%	9.26%	18.52%	9.01%	9.01%	18.02%			
County	\$133,698,887	\$12,380,517	\$12,380,517	\$24,761,034	\$12,046,270	\$12,046,270	\$24,092,539	(\$334,247)	(\$334,247)	(\$668,494)

- Protection Occupation.** The contribution rates are decreasing by 0.50% from 16.02% in FY 2021 to 15.52% for FY 2022. For Protection Occupation members, contribution amounts are split 60/40 between employers and employees. The impact to covered employers and employees is an estimated savings of \$2.1 million (\$1.2 million employer and \$833,000 employee) annually.

Estimated IPERS Contributions for Protection Occupation										
Employer Type	Projected Wages	FY 2021			FY 2022			Member Difference	Employer Difference	Total Difference
		Member Contribution	Employer Contribution	Combined Rate	Member Contribution	Employer Contribution	Combined Rate			
		6.41%	9.61%	16.02%	6.21%	9.31%	15.52%			
State	\$186,939,473	\$11,982,820	\$17,964,883	\$29,947,704	\$11,608,941	\$17,404,065	\$29,013,006	(\$373,879)	(\$560,818)	(\$934,697)
County	\$124,903,879	\$8,006,339	\$12,003,263	\$20,009,601	\$7,756,531	\$11,628,551	\$19,385,082	(\$249,808)	(\$374,712)	(\$624,519)
City	\$102,004,835	\$6,538,510	\$9,802,665	\$16,341,175	\$6,334,500	\$8,496,650	\$15,831,150	(\$204,010)	(\$306,015)	(\$510,024)
Other	\$2,488,078	\$160,127	\$240,065	\$400,192	\$155,131	\$232,571	\$387,702	(\$4,996)	(\$7,494)	(\$12,490)
	\$416,346,264	\$26,687,796	\$40,010,876	\$66,698,671	\$25,855,103	\$38,761,837	\$64,616,940	(\$832,693)	(\$1,249,039)	(\$2,081,731)

LSA Response: The LSA concurs.

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