



# Fiscal Note

## Fiscal Services Division



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[HF 2676](#) – Medical Licensing and Prescribing (LSB5336HV)

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Fiscal Note Version – As amended and passed by the House

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### Description

[House File 2676](#) relates to health-related matters, including health-related professions, nutrition, and medication, and includes applicability provisions. Division I requires the Board of Medicine to adopt administrative rules to implement the provisions of the Division.

The Bill is comprised of nine divisions, five of which have or may have a fiscal impact and four of which do not.

The following divisions of the Bill have no fiscal impact:

- Division I — Continuing Education Requirements — Nutrition and Metabolic Health
- Division II — Medical School Graduation Requirement — Nutrition
- Division III — Supplemental Nutrition Assistance Program — Summer Electronic Benefits Transfer for Children Program
- Division IV — Ivermectin — Over-the-Counter Availability

The following divisions of the Bill have or may have a fiscal impact and are described in further detail below:

- Division V — School Foods and Beverages
- Division VI — Educational Standards
- Division VII — Student Instructional Technology Standards
- Division VIII — Psychology Interjurisdictional Compact
- Division IX — Educational Requirements

### Division V — School Foods and Beverages

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#### Description

Division V of the Bill requires school districts, charter schools, and innovation zone schools to not serve food and beverages with identified ingredients as part of a school district's breakfast or lunch program, unless they are received as part of a direct delivery from the Foods in Schools program of the United States Department of Agriculture (USDA). The Bill prohibits an employee or contracted vendor of a school from providing food or beverages during the school day that contain identified ingredients and places limits on a school's ability to sell food and beverages that contain identified ingredients.

This Division is applicable to school years beginning on or after July 1, 2027 (FY 2028).

#### Background

The USDA reimburses schools for each meal they serve, with higher reimbursements for reduced-price and free meals. Participating schools must offer free or reduced-price meals to eligible students, and meals must meet USDA nutrition standards. Decisions about specific food and beverages to serve and food preparation standards are made by local school food authorities. Meal reimbursement rates are adjusted annually, and additional funding is available

for nutrition standards compliance, severe need schools, and State reimbursement. Meal reimbursement rates for the 2024-2025 school year are as follows:

- \$2.37, Breakfast — Free
- \$2.07, Breakfast — Reduced-Price
- \$0.39, Breakfast — Paid
- \$4.43, Lunch — Free
- \$4.03, Lunch — Reduced-Price
- \$0.42, Lunch — Paid

Total meal reimbursements in Iowa for the 2023-2024 school year were approximately \$40.3 million for breakfast and \$145.0 million for lunch. The Department of Education (DE) also receives an estimated \$23.0 million in federal funds that is used to purchase a portion of the food used by schools for school meals. The DE is required to spend the moneys on specific food items procured by the USDA. State-specific ingredient restrictions would not be considered under the federal procurement process. If specific food items identified by the USDA contain the prohibited ingredients, the school would be responsible for identifying and purchasing food items that do not include the prohibited ingredients.

The United States Department of Health and Human Services and the United States Food and Drug Administration recently announced measures to phase out several of the listed ingredients in this Division.

### **Assumptions**

- School food service programs in Iowa are primarily federally funded under the Food and Nutrition Service of the USDA.
- The DE currently receives a General Fund appropriation for [School Food Service](#) in the amount of \$2.2 million annually to meet the federal funds maintenance of effort requirement.
- School meal menus are specific to each school district and may contain the Bill's prohibited ingredients.
- Schools maintain a food and nutrition fund supported with meal fees and federal funds. The total amount of federal funds received for school nutrition for FY 2025 is approximately \$245.1 million.
- For reduced-price meals, the meal fee charged by schools is typically the difference between the free reimbursement rate and the reduced-price reimbursement rate. For breakfast, this rate difference is \$0.30, and for lunch, the rate difference is \$0.40. Meals being provided for free are subject to the USDA reimbursement received, and additional funding is not provided through an additional charge by the school.
- An increase in the cost of school meals may be reflected in increased school meal fees for students not receiving free or reduced-price meals, or increased costs may be absorbed by the school district.

### **Fiscal Impact**

While there is no anticipated fiscal impact for the State, school districts may have increased meal item costs to meet the requirements of the Bill beginning July 1, 2027 (FY 2028). Because school districts are independent of each other, including school menus, food and beverage items, and supply resources, any increased costs would be specific to each individual school district and cannot be determined at this time.

## Division VI — Educational Standards

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### Description

Division VI of the Bill requires classroom instruction related to nutrition, as detailed in this Division of the Bill, for kindergarten through grade 12 and for career and technical education courses related to agriculture, food, and natural resources in grades 9 through 12 and related to food production. This includes the importance, role, and nutritional benefits of animal-based protein, dairy, fruits, and vegetables.

This Division also directs the DE to apply for a waiver and exemption from the federally required school meal pattern as established by the USDA. If the waiver is granted, the DE must adopt and implement State guidelines for school meals in consultation with the Iowa Department of Agriculture and Land Stewardship (IDALS) and other stakeholders. If the waiver is granted, the DE is also required to submit an annual report, with information as detailed in this Division of the Bill, to the General Assembly, and conduct an evaluation within five years after the effective date of the waiver.

This Division includes an immediate effective date for the provisions directing the DE to apply for a waiver and requires the DE to apply for the waiver within 90 days of the Bill's enactment date. This Division also includes an applicability date for school years beginning on or after July 1, 2027, for the sections of this Division requiring instruction related to nutrition for kindergarten through grade 12 and for career and technical education courses related to agriculture, food, and natural resources in grades 9 through 12.

### Background

The USDA [Healthy Hunger-Free Kids Act of 2010](#) authorized federal funding and established policy for [USDA child nutrition programs](#). The [Food and Nutrition Service](#) of the USDA administers federal school food programs. State education agencies administer the programs at the state level, and local school food authorities operate the programs in schools. For the 2023-2024 school year, the DE reported serving 19.6 million school breakfast meals and 57.6 million school lunch meals to Iowa students.

School food service programs in Iowa are primarily federally funded under the [Food and Nutrition Service](#) of the USDA. Schools charge a meal fee to offset the difference between USDA meal reimbursement rates and the cost of meals being provided. Local school food authorities received federal reimbursement of \$145.0 million through the National School Lunch Program and \$40.3 million through the School Breakfast Program. These reimbursements are made for meals that follow the required federal meal patterns.

The DE also receives an estimated \$23.0 million in federal funds per fiscal year to purchase a portion of the food used by schools for school meals. The DE is required to spend the moneys on specific food items procured by the USDA. On average, USDA foods make up between 15.0% and 20.0% of the products served as part of a school lunch. Schools are required to competitively bid to purchase food items in accordance with federal procurement guidelines. The bidding and selection process is completed in the spring for the following school year.

### Assumptions

- Adopting meal patterns that differ from the pattern established by the USDA may reduce federal reimbursement from the National School Lunch Program.

- School meal menus are specific to each school district and may meet State-required meal patterns with different meal items.
- For reduced-price meals, the meal fee charged by schools is typically the difference between the free reimbursement rate and the reduced-price reimbursement rate. For breakfast, this rate difference is \$0.30, and for lunch, the rate difference is \$0.40. Meals being provided for free are subject to the USDA reimbursement received, and additional funding is not provided through an additional charge by the school.
- An increase in the cost of school meals may be reflected in school meal fees for students not receiving free or reduced-price meals, or increased costs may be absorbed by the school district.
- The DE will need an additional 3.0 full-time equivalent (FTE) positions for education program consultants estimated to cost \$455,000 annually to meet the administration and oversight requirements in this Division.
- The DE estimates an additional one-time cost of \$146,000 for contract costs that will be necessary for the implementation of this Division.

### **Fiscal Impact**

Division VI of the Bill is expected to increase costs to the State by approximately \$601,000 and 3.0 FTE positions in year one and by \$455,000 each year thereafter. In addition, there may be a reduction to federal reimbursement to school districts for the school lunch and breakfast programs as currently established federal meal patterns are required to receive federal meal reimbursement.

## **Division VII — Student Instructional Technology Standards**

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### **Description**

Division VII requires a 60-minute restriction on digital instruction per school day for students enrolled in kindergarten through grade 5 and allows parents to opt out of digital instruction participation. This Division also requires the board of directors of each school district to write, adopt, and post a technology policy applicable to students enrolled in kindergarten through grade 5, publishing a list on the district’s website of the one-to-one digital device programs in use.

### **Background**

In 2024, the DE published the [Iowa Comprehensive State Literacy Plan](#) (CSLP) for years 2024-2032, which outlines the approach and standards for improving literacy and proficiency for students from birth through grade 12. The CSLP focuses on reading, writing, and language development, utilizing technology to meet standards for various age ranges. Utilizing technology in writing instruction is a standard outlined in the plan for elementary through high school.

The DE has selected EPS Learning, a literacy framework provider, to provide an online literacy program called EPS Reading Assistant to Iowa schools at no cost, with up to 200,000 licenses. Utilized in this program are AI-driven reading tutors, such as reading assistant Amira, which provide individualized literacy instruction for students who need targeted intervention.

### **Assumptions**

- The DE provides training for tutoring and individualized learning programs.
- The DE partners with EPS Learning to provide up to 200,000 licenses to provide digital resources for literacy.

- Nondigital materials will be needed to replace digital materials that would otherwise be used for education instruction.

### **Fiscal Impact**

Division VII of the Bill will have administrative costs to the State that cannot be determined at this time. Costs associated with the development of non-computer-based tutoring and learning programs cannot be determined at this time. Procurement of nondigital materials, such as textbooks, that would otherwise be online may incur costs, but those costs cannot be determined at this time.

## **Division VIII — Psychology Interjurisdictional Compact**

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### **Description**

Division VIII of the Bill joins an interstate compact to allow psychologists from other states to practice telepsychology with patients living in Iowa and to practice face-to-face psychology on a temporary basis in Iowa and to allow Iowa psychologists to practice telepsychology with patients in other states.

### **Background**

Currently, if a psychologist from another state wants to practice telepsychology with patients living in Iowa, the psychologist needs to be licensed in Iowa. Additionally, if an Iowa psychologist wants to practice telepsychology with patients in other states, the Iowa psychologist needs to be licensed in each state in which the psychologist practices.

The Psychology Interjurisdictional Compact (the Compact or PSYPACT) does not apply when a psychologist is licensed in both the home and receiving states.

The Compact became operational in 2019 and currently has 41 participating states plus the District of Columbia and the Northern Mariana Islands. In addition to Iowa, legislation to enact the Compact has been introduced in Alaska, Hawaii, Massachusetts, and New York.

### **Assumptions**

- Implementation of the Compact occurs after the Administrative Licensing and Inspection Governance Network (ALIGN) project is completed.
- The Department of Management's (DOM's) Division of Information Technology (DoIT) will integrate the Department of Inspections, Appeals, and Licensing's (DIAL's) Administrative Licensing and Inspection Governance Network (ALIGN) system with the systems used by the Compact (PSYPACT and Coordinated Licensure Information System). The work will be completed by the DOM DoIT's project director and project manager at a \$140-per-hour rate and \$110-per-hour rate, respectively.
- Both of the Compact Commission's systems reside on Amazon Web Services, which provides cloud computing platforms and application programming interfaces (APIs).

### **Fiscal Impact**

Division VIII of the Bill is anticipated to increase information technology (IT) costs to the DOM DoIT by between \$148,000 and \$216,000. The one-time IT costs related to the implementation of the Compact are shown in **Figure 1** below.

**Figure 1 — Estimated Psychology Interjurisdictional Compact-Related IT Costs**

<b>Component</b>	<b>Hours (Low-End)</b>	<b>Hours (High-End)</b>	<b>Rate</b>	<b>Cost (Low-End)</b>	<b>Cost (High-End)</b>
User Experience Design and Content	80	120	\$ 140	\$ 11,000	\$ 17,000
Portal Development	200	300	140	28,000	42,000
Temporary Authorization to Practice Tracker Feature	160	240	140	22,000	34,000
API Integration	220	320	140	31,000	45,000
Security and Identity Access Management Setup	130	190	140	18,000	27,000
Quality Assurance and User Acceptance Testing	80	120	140	11,000	17,000
Project Management	240	320	110	26,000	35,000
<b>Total</b>	<b>1,110</b>	<b>1,610</b>		<b>\$ 148,000</b>	<b>\$ 216,000</b>

NOTE: Numbers may not sum due to rounding

## **Division IX — Educational Requirements**

### **Description**

Division IX of the Bill requires students to complete at least 30 minutes of physical education per school day or 120 minutes per week, if they are physically able, and participate in a cocurricular or extracurricular activity. Physical education instruction must include an emphasis on leisure time activities and an assessment of physical fitness using the Presidential Fitness Test.

This Division also allows for parents to provide a written request for excusal from physical education and for students to be excused from the requirements through a work-based learning program or a school-sponsored activity.

This Division requires students to participate in at least one cocurricular or extracurricular activity as a condition of graduation and enter into a cocurricular or extracurricular activity contract.

The DE must develop and distribute to school districts, charter schools, and innovation schools a model cocurricular or extracurricular activity contract that would satisfy requirements outlined in the Division, into which parents, students, and principals must enter. The State Board of Education is directed to adopt administrative rules to administer this division.

This Division requires school districts to pay costs required by the Bill from State Foundation School Aid per Iowa Code section [25B.2](#) (state mandates).

### **Background**

The Every Student Succeeds Act (ESSA) includes physical education and health education as part of a well-rounded education that should be offered to all students. Although physical education includes knowledge and skills in other areas, it is regarded as a separate academic subject with separate regulations, requirements, and standards.

Iowa's recommended physical education and health education standards were approved and adopted by the Iowa State Board of Education in March of 2019. At that time, Iowa adopted the

Society of Health and Physical Educators America National Standards and Grade-Level Outcomes as the recommended Iowa physical education anchor standards and grade-level standards. Five anchor standards were created to cover a wide range of knowledge, skills, and behaviors for healthy living, varying between the elementary, middle, and high school grade levels.

Iowa Code section [256.11](#) outlines the standards for physical education in Iowa schools, including the minimum amount of time students must engage in physical activity. Physically able students in kindergarten through grade five are required to engage in physical activity for a minimum of 30 minutes per school day, which may be met with recess. Physically able students in grades 6 through 12 are required to engage in physical activity for a minimum of 120 minutes per week in which there are at least five days of school. When the requirement is to be met in full or in part by a pupil using one or more non-school activities, the school or school district must enter into a written agreement with the student, which must be signed by at least one parent or guardian of the student.

The [Iowa Teacher Shortage Report](#) showed that there were two unfilled physical education teacher positions for the 2026-2027 school year.

### **Assumptions**

- There will be no additional administrative cost to the DE to implement the requirements of this Division.
- On average, districts have 1.0 FTE physical education teacher per elementary school building. There are 607 total elementary school buildings across 324 school districts.
- To meet the requirements of this division, schools will need at least double the current physical education staff in elementary schools.
- Physical education standards and curriculum for all grade levels are already available and in use.
- Additional facilities may be required for physical education, as gyms and existing facilities may reach capacity.

### **Fiscal Impact**

Division IX of the Bill is expected to have no fiscal impact to the State. Schools may need to purchase additional materials and equipment for cocurricular or extracurricular activities outlined in this Division for expanded student participation requirements. Schools may also need to provide additional transportation for such activities. That cost cannot be determined.

Schools will also need additional staff for the expanded physical education requirements, as well as the extracurricular and cocurricular activity oversight. That cost cannot be determined. Additional facilities may be needed but that cost cannot be determined at this time.

### **Fiscal Impact Summary**

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The fiscal impacts of **Division V** and **Division VII** cannot be determined.

**Division VI** of HF 2676 is estimated to require 3.0 additional FTE positions and is expected to increase expenditures by \$601,000 in FY 2027 and by \$455,000 in FY 2028 and after.

**Division VIII** is estimated to increase expenditures between \$148,000 and \$216,000 in FY 2027.

