



SF 2319 – Regulatory Policy Reform (LSB5835SV)
Analyst: Christin Mechler (515.250.0458) christin.mechler@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2319](#) relates to the total number of rules included in the Iowa Administrative Code (IAC), providing that on or after January 1, 2019, the total number of rules shall not exceed the total number of rules existing as of July 1, 2018. On or after January 1, 2022, the total number of rules included in the IAC shall not exceed 66.66% of the total number of rules that were included in the IAC as of July 1, 2018.

[Senate File 2319](#) also requires the Department of Management (DOM), in consultation with the Administrative Rules Coordinator, the Administrative Code Editor, and The Administrative Rules Review Committee (ARRC), to establish and implement a process across all State agencies to facilitate any rulemaking necessary to ensure ongoing compliance with the limitations on the number of rules in the IAC. The DOM is authorized to direct an agency to carry out such rulemaking, and to ensure that the compliance with the department directive is not solely accomplished by combining existing rules or redesignating rules as subrules or subunits of the IAC. The DOM is also required to submit a report detailing the total number of rules included in the IAC to the Governor and the General Assembly by January 5 annually.

[Senate File 2319](#) becomes effective immediately upon enactment.

Background

The rulemaking process is set out in Iowa Code chapter [17A](#), and applies to all Executive Branch agencies. The IAC contains all administrative rules adopted by State agencies and entities. When legislation is enacted, the IAC often needs to be updated to include administrative rules adopted to effectively implement or administer the new or amended existing law. As a part of the rulemaking process, individual State agencies present their proposed rulemakings to the bicameral and bipartisan Administrative Rules Review Committee (ARRC), which meets on a monthly basis to approve the validity and necessity of any proposed rulemaking. Currently, no single, specific agency is tasked with implementing the rulemaking process across State government, and the ARRC acts as the primary regulatory mechanism in rulemaking administration.

Assumptions

- There are currently over 100 rulemaking entities subject to the rulemaking process and requirements under Iowa Code chapter [17A](#).
- As of January 31, 2018, the IAC contains approximately 900 chapters and 26,000 active rulemakings.¹ In order to comply with the requirements of the Bill, active rulemakings would need to be decreased by 8,667 rulemakings.

¹ As defined by [SF 2319](#), active rulemakings do not include those designated in the IAC as “reserved” or “rescinded.”

- Given the large scope of the project, it is likely that the DOM will have to hire additional positions to implement the requirements of [SF 2319](#). Additionally, as administrative rulemaking primarily aids in implementing and interpreting law and prescribing policy, procedure, or practice requirements of an Executive Branch agency, it is assumed that individuals hired to assist in implementing the proposed rulemaking process will need to have a sufficient legal background, such as a licensed attorney.
- Due to widespread subject matter of rulemakings across State government, it is also likely that a range of attorney expertise will be required to accommodate any potential implications and effects on existing state and federal law. The job classifications of Attorney I, Attorney II, and Attorney III will likely be sufficient in accommodating the broad spectrum of rulemaking subjects.
- The significant reduction in rulemakings as required by [SF 2319](#) is initially expected to result in an increased amount of filing and clerical work. It is likely that the DOM will need to hire an additional Administrative Assistant to assist with these duties.
- Starting annual salary calculations are based on the [Interactive Class and Pay Plan](#) as established and administered by the Department of Administrative Services. Annual benefit payments are based on the assumed calculation of 30.0% of annual base pay. Starting salary and benefit calculations for Attorney I, II, III, and Administrative Assistant I positions are listed below.

Position	Total Annual Salary
Attorney I	\$ 68,000
Attorney II	\$ 81,000
Attorney III	\$ 109,000
Admin. Assistant	\$ 46,000

- General training and hiring costs related to position advertisement, computers, and other technological investments are assumed to range from \$5,000 to \$10,000, depending on the number of individuals hired.
- It is assumed that rescinding or repealing existing rulemakings tied to federal grant matches or funding could lead to a negative impact on individual State agency budgets. As it is unknown how many rulemakings may be subject to such consequences, it is not possible to estimate a potential fiscal impact.
- Additionally, reducing the amount of rulemakings and related regulations may have a cost-saving effect on State agencies. As it is unclear how many rulemakings may be impacted by the requirements of [SF 2319](#), it is not possible to quantify any cost-savings at this time.

Fiscal Impact

The DOM acknowledges that there will be a cost to implementing the requirements of [SF 2319](#), but is unable to provide a cost estimate.

Based on the assumptions above, the Legislative Services Agency (LSA) estimates that [SF 2319](#) may increase DOM expenditures from approximately \$132,000 to \$301,000 annually. Utilizing the annual starting salary and benefit calculations listed above, these ranges are calculated using three distinct hiring scenarios. Ultimately, the Department will have to make the business decision as to what combination of legal expertise is required to implement the

requirements of [SF 2319](#), but given the information available, the following are reasonable estimates of potential costs the DOM may incur.

Hiring Scenario 1:	
Position	Total
Attorney II	\$ 81,000
Admin. Assistant	\$ 46,000
Training/Hiring Costs	\$5,000
Total	<u>\$ 132,000</u>

Hiring Scenario 2:	
Position	Total
Attorney I	\$ 68,000
Attorney III	\$ 109,000
Admin. Assistant	\$ 46,000
Training/Hiring Costs	\$10,000
Total	<u>\$ 233,000</u>

Hiring Scenario 3:	
Position	Total
Attorney I	\$ 68,000
Attorney I	\$ 68,000
Attorney III	\$ 109,000
Admin. Assistant	\$ 46,000
Training/Hiring Costs	\$10,000
Total	<u>\$ 301,000</u>

Sources

Legislative Services Agency analysis
 Department of Administrative Services
 Department of Management

 /s/ Holly M. Lyons

February 21, 2018

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.
