

Miscellaneous Acts – Fiscal Notes

[HF 633](#) – School Shared Operational Functions Act (LSB1572HZ.4)

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Fiscal Note Version – Final Action

Description

[House File 633](#) lifts the five-year limit on operational sharing for school districts, extends the additional weighting program until FY 2024, and allows school districts to enter into sharing agreements for the purpose of sharing a social worker and generating operational sharing weightings in the school aid formula at a level of 3.0 weights.

Background

The operational sharing provision in the school aid formula was originally enacted in FY 2007 and implemented beginning in FY 2008. It was continued and expanded during the 2013 and 2014 Legislative Sessions and currently includes the following positions:

- Superintendent management functions, at a weighting factor of 8.0 pupils per position.
- Business management, human resources, transportation, and operation and maintenance functions, at a weighting factor of 5.0 pupils per function.
- Curriculum director and guidance counselor functions, at a weighting factor of 3.0 pupils per function.

School districts may accrue up to 21.0 additional weights in total through this provision. Because school districts have now completed their Operational Sharing plans for FY 2019, a complete count of the number of districts that will not be eligible in FY 2020 is available. Previously, this number had been estimated. Under current law, in FY 2020, 139 of the 232 districts that are currently sharing will be ineligible to participate in operational sharing because they will have reached the maximum number of years allowed by the program.

Assumptions

- Districts have already submitted their FY 2019 sharing agreements for review by the Department of Education. The first year districts will be able to enter into agreements under the new social worker provision will be FY 2020.
- There are an estimated 234 districts sharing various positions in the districts' FY 2019 budget. Of these, 86 districts have already reached the maximum weighting of 21.0, and an additional nine districts are sharing above the 18.0 level and will not be able to generate the full 3.0 weighting.
- State Cost Per Pupil has been set for FY 2019 at \$6,736 per student; the Property Tax Replacement Payment is set at \$92 per student. These costs per pupil will remain at this level in FY 2020 unless action is taken by the General Assembly. Changes in these totals will affect the total cost of the operational sharing provision.
- Operational sharing across districts will increase by 5.0% in FY 2020 under the extension provision and the inclusion of social workers as an allowable shared operational function.

- School districts that are currently sharing operational functions will continue to do so in future fiscal years.

Fiscal Impact

Table 1 shows both the current impact of operational sharing for FY 2019 and the estimated changes for FY 2020. The FY 2019 operational sharing has already been submitted by school districts and verified by the Department of Education. **Table 2** shows the changes from estimated current law and estimated FY 2019 under the provisions of [HF 633](#).

Table 1
Current Law Estimates

<i>Current Law</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>Estimated FY 2020</i>
Operational Weighting	2,269	2,794	3,232	3,472	1,412
Percent Change	37.5%	23.1%	15.7%	7.4%	-59.3%
State Cost Per Student	\$ 6,591	\$ 6,664	\$ 6,736	\$ 6,736	
State Aid Cost	\$ 16,319,754	\$ 19,114,048	\$ 20,783,392	\$ 8,452,232	
Property Tax	\$ 2,095,500	\$ 2,424,000	\$ 2,604,000	\$ 1,059,000	

Table 2
HF 633 Estimates

<i>Operational Sharing Under HF 633</i>						Estimated FY 2020
	FY 2016	FY 2017	FY 2018	FY 2019		
Operational Weighting	2,269	2,794	3,232	3,472		3,646
Percent Change from Previous Year	37.5%	23.1%	15.7%	7.4%		5.0%
State Cost Per Student	\$ 6,591	\$ 6,664	\$ 6,736	\$ 6,736		
State Aid Cost	\$ 16,319,754	\$ 19,114,048	\$ 20,783,392	\$ 21,822,562		
<i>Change Compared to Previous Year</i>		2,794,294	1,669,344	1,039,170		
<i>Change Compared to Current Law</i>				13,370,330		
Property Tax	\$ 2,095,500	\$ 2,424,000	\$ 2,604,000	\$ 2,734,200		
<i>Change Compared to Previous Year</i>		328,500	180,000	130,200		
<i>Change Compared to Current Law</i>				1,675,200		

Effective Date

The Act is effective June 1, 2018.

Enactment Date

The Act was approved by the General Assembly on May 5, 2018, and signed by the Governor on June 1, 2018.

Sources

Department of Education
Department of Management
LSA analysis and calculations

HF 2199 – Skimming Devices, Criminal Penalties Act (LSB5352HV.1)

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Fiscal Note Version – Final Action

Description

[House File 2199](#) relates to the illegal use of a scanning device or encoding machine. The Act modifies several definitions and offenses under Iowa Code section [715A.10](#), creates a new offense under the same Code section, and expands the definition of criminal mischief in the third degree.

Background

Under [HF 2199](#), a person commits a Class D felony if the person directly or indirectly uses a scanning device or encoding machine to access, read, obtain, memorize, or store information encoded on a payment card without the permission of the authorized user, the issuer of the authorized user's payment card, or a merchant. Under current law, a person must also have the intent to defraud the authorized user, the issuer of the authorized user's payment card, or a merchant. A Class D felony is punishable by confinement for no more than five years and a fine of at least \$750 but not more than \$7,500.

The Act creates a new criminal offense providing that a person shall not possess a scanning device with the intent to obtain information encoded on a payment card, or the knowledge that a person other than the user, issuer, or merchant intends to use the scanning device to obtain information encoded on a payment card without permission from the user, the issuer, or a merchant. A person who violates this provision commits an aggravated misdemeanor. An aggravated misdemeanor is punishable by confinement of no more than two years and a fine of at least \$625 but not more than \$6,250.

The Act expands criminal mischief in the third degree under Iowa Code section [716.5](#) to include when a person intentionally damages, defaces, alters, or destroys property upon real or personal property that has the ability to process a payment card as defined in Iowa Code section [715A.10](#) in the Act. Criminal mischief in the third degree is an aggravated misdemeanor.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay, revocation rates, plea bargaining, and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Act to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.

Impacts

Correctional Impact

The correctional impact of [HF 2199](#) is estimated to be minimal. Under the Act, the penalty for the illegal direct or indirect use of a scanning device or encoding machine is a Class D felony, and possession or knowledge of the intent to use these devices or machines is an aggravated misdemeanor. The penalty for criminal mischief in the third degree is an aggravated misdemeanor. **Table 1** below shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for all convictions of Class D felonies and aggravated misdemeanors involving non-persons crimes. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Table 1 – Sentencing Estimates and LOS

Conviction Offense Class	Percent to Prison	FY 17 Avg Length of Stay in Prison (months)	FY 17 Prison Marginal Cost/Day	Avg Length of Stay on Parole (months)	FY 17 Marginal Cost/Day Parole	Percent to Probation	Avg Length of Stay Probation (months)	FY 17 Avg Cost/Day on Probation	Percent to CBC	FY 17 Marginal Cost/Day CBC	Percent to County Jail	Marginal Cost/Day Jail
Class D Felony (Non-Persons)	74.0%	11.3	\$17.52	13.4	\$4.93	64.0%	31.6	\$4.93	11.0%	\$10.56	26.0%	\$50.00
Aggravated Misd (Non-Persons)	31.0%	6.4	\$17.52	5.7	\$4.93	53.0%	19.5	\$4.93	3.0%	\$10.56	65.0%	\$50.00

Minority Impact

The minority impact of [HF 2199](#) is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Fiscal Impact

The fiscal impact of [HF 2199](#) is expected to be minimal. **Table 2** contains estimates for the average State cost per offense class type.

Table 2 – Average State Cost per Offense Class Type

Offense Class	Total Minimum Cost	Total Maximum Cost
Aggravated Misdemeanor	\$3,300	\$6,600
Class D Felony	\$7,900	\$12,100

Enactment Date

This Act was approved by the General Assembly on March 1, 2018, and signed by the Governor on March 15, 2018.

Effective Date

This Act takes effect July 1, 2018.

Sources

Department of Human Rights, Division of Criminal and Juvenile Justice Planning
Department of Corrections

HF 2230 – School Foundation Program Funding Act (LSB6154HV.2)

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Fiscal Note Version – Final Action

Description

House File 2230 relates to the State School Foundation Program by establishing the State percent of growth and the categorical State percent of growth for the budget year beginning July 1, 2018 (FY 2019) and modifying provisions to school district property tax replacement payments.

House File 2230 has three provisions with a fiscal impact:

- 1.0% State percent of growth rate to be applied to the State cost per pupil for FY 2019.
- 1.0% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2019.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2019. The Act requires the additional levy portion of the FY 2019 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2019. Without the enactment of this provision, the increase in the FY 2019 State cost per pupil due to the State percent of growth will include a per pupil property tax increase equivalent to one-eighth (12.5%) of the total per pupil increase.

Background

State Cost Per Pupil. The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property tax. In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation (or spending authority). There are five FY 2018 State cost per pupil funding levels that will be increased by a 1.0% State percent of growth for FY 2019. **Table 1** provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and **Table 2** provides State cost per pupil amounts for FY 2019 based on a 1.0% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Table 1

FY 2019 State Cost Per Pupil Calculations					
	FY 2018 State Cost Per Pupil	FY 2019 State Percent of Growth	Supplemental State Aid	FY 2019 State Cost Per Pupil	
Regular Program	\$ 6,664	1.0%	\$ 67	\$ 6,731	
Special Education Program	6,664	1.0%	67	6,731	
AEA Special Education Services	292.60	1.0%	2.93	295.53	
AEA Media Services	54.55	1.0%	0.55	55.10	
AEA Education Services	60.20	1.0%	0.60	60.80	

In addition to the State percent of growth and supplemental State aid for FY 2019, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

State Categorical Supplements. The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2019 State cost per pupil funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) (district only) will be increased by a 1.0% State percent of growth for FY 2019. **Table 2** provides the per pupil growth amounts and State cost per pupil amounts for FY 2019 based on [HF 2230](#).

Table 2

FY 2019 State Categorical Cost Per Pupil Calculations					
	FY 2018 State Cost Per Pupil	FY 2019 State Percent of Growth	Supplemental State Aid	FY 2019 State Cost Per Pupil	
Teacher Salary - Districts	\$ 574.27	1.0%	\$ 5.74	\$ 580.01	
Professional Development - Districts	65.04	1.0%	0.65	65.69	
Early Intervention	70.82	1.0%	0.71	71.53	
Teacher Leadership and Compensation	323.27	1.0%	3.23	326.50	
Teacher Salary - AEAs	30.05	1.0%	0.30	30.35	
Professional Development - AEAs	3.51	1.0%	0.04	3.55	

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year's level of funding (net of the previous year's budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

Table 3

FY 2019 Property Tax Replacement Payment Calculation					
			Increase Due To Supplemental State Aid Rate		FY 2019
	FY 2018				
Regular Program	\$ 6,664	\$ 67	\$	6,731	
87.5% Foundation Level	833	8		841	
PRTP Amount	83	8		91	
Fixed Additional Levy Portion	750			750	

Property Tax Replacement Payment (PRTP). The enactment of [HF 215](#) (2013 Education Reform Act) included the creation of the property tax replacement payment (PRTP) provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the State cost per pupil at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in property tax relief in FY 2014 and up to \$83 per pupil in FY 2018. The continual growth is a result of this provision requiring that the per pupil property tax relief of previous fiscal years carry forward in future fiscal years. Enactment of [HF 2230](#) maintains a freeze of the additional levy portion of the State cost per pupil at \$750 in FY 2019. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2019. **Table 4** provides detail regarding the State cost per pupil funding levels as provided by a 1.0% growth rate for FY 2019 in HF 2230.

Table 4

FY 2019 State Cost Per Pupil Calculations (Statewide Totals in Millions)						
	FY 2018 State Cost	State Percent of Growth	Budget Adjustment	FY 2019 State Cost		
Teacher Salary - Districts	\$ 279.39	1.0%	\$ 1.30	\$ 282.94		
Professional Development - Districts	31.66	1.0%	0.14	32.01		
Early Intervention	34.47	1.0%	0.16	34.90		
Teacher Leadership and Compensation	157.41	1.0%	0.70	159.47		
Teacher Salary - AEAs	15.75	1.0%	0.67	15.97		
Professional Development - AEAs	1.85	1.0%	0.07	1.87		

Assumptions

- Estimates are based on October 2017 certified enrollments and supplementary weightings for FY 2019 that were approved by the School Budget Review Committee (SBRC) in December 2017.
- A statewide taxable valuation growth rate of 4.45% for FY 2019 was previously agreed upon by the Legislative Services Agency (LSA), the Department of Management, and the Department of Education. Based on this assumption, the statewide total for the uniform levy is estimated to account for \$37.6 million of the school foundation property tax change in FY 2019 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not impacted by the establishment of the State percent of growth rate. **Table 5** shows a 4.36% increase in the uniform levy due to changes in the uniform levy rates for school districts undergoing the process of reorganization.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2018 taxable valuation amount.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in **Table 5** includes only the provisions in this Act.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund, which is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2019 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision.
- Beginning in FY 2019, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2018 will be restored.

Fiscal Impact

Table 5 provides the estimated fiscal impact of the three provisions of [HF 2230](#): State Supplemental Aid, State categorical rate, and PTRP implementation. This includes:

- Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
- \$51.5 million in PTRP funding, an increase of \$4.8 million compared to FY 2018 and an increase of \$9 per student.
- \$527.2 million for the State categorical supplements for school districts and AEAs, an increase of \$6.7 million (1.3%). This includes:
 - \$298.9 million for the teacher salary supplement.
 - \$33.9 million for the professional development supplement.
 - \$34.9 million for the early intervention supplement.
 - \$159.5 million for the teacher leadership supplement.
- \$82.2 million for preschool formula funding, an increase of \$4.0 million compared to FY 2018. The preschool formula funding is included in the State aid amount, but is not included in the combined district cost total.
- \$26.1 million in budget adjustment funding, an increase of \$2.5 million compared to FY 2018. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.0% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- An estimated \$64,000 in minimum aid funding. The minimum aid funding provision requires that districts receive at least \$300 in State aid funding per student. The provision lowers the affected districts' additional levy portion.
- The total property tax funds generated through the school aid formula are estimated to be \$1.521 billion, an increase of \$46.5 million over FY 2018.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3.227 billion, an increase of \$47.0 million (1.5%) compared to FY 2018.

Any legislative action affecting FY 2019 school aid provisions will have an impact on school aid amounts. Any variations in the assumptions noted may result in significant changes in the FY 2019 estimates provided in the following table. [Senate File 455](#) (School Equity Act), which was approved by the General Assembly on February 26, 2018, and signed by the Governor on March 8, 2018, adjusted the State Cost Per Pupil by \$5 to \$6,736. **Table 5** reflects the estimates for HF 2230 as enacted, before the changes of SF 455, and HF 2502.

Additionally, [HF 2502](#) (FY 2019 Standing Appropriations Act), which was approved by the General Assembly on May 5, 2019, reduces state funding to the AEAs by \$15,000,000.

Table 5
Legislative Services Agency: FY 2019 School Aid Estimates (Statewide Totals in Millions)

State Supplemental Aid Rate		State Cost Per Pupil	\$6,731
	1.00%	Total Increase	\$67
Program Funding:			
Regular Program District Cost	\$ 3,244.09	\$ 3,284.10	\$ 40.01 1.23%
Regular Program Budget Adjustment	23.64	26.14	2.50 10.55%
Supplementary Weighting (District)	93.30	98.98	5.68 6.09%
Special Education Instruction (District)	430.28	440.70	10.41 2.42%
Teacher Salary Supplement (District)	279.39	282.94	3.55 1.27%
Professional Development Supplement (District)	31.66	32.06	0.40 1.26%
Early Intervention Supplement (District)	34.47	34.90	0.43 1.25%
Teacher Leadership Supplement (District)	157.41	159.47	2.06 1.31%
AEA Special Ed Support District Cost	159.62	162.47	2.85 1.79%
AEA Special Ed Support Adjustment	1.52	1.76	0.24 15.96%
AEA Media Services	28.33	28.68	0.35 1.22%
AEA Ed Services	31.31	31.69	0.38 1.21%
AEA Teacher Salary Supplement	15.75	15.97	0.22 1.43%
AEA Professional Development Supplement	1.85	1.87	0.03 1.59%
Dropout and Dropout Prevention	120.08	120.08	0.00 0.00%
Combined District Cost	\$ 4,630.89	\$ 4,714.97	\$ 84.08 1.82%
Statewide Voluntary Preschool Program	\$ 78.15	\$ 82.20	4.04 5.18%
State Aid:			
Regular Program	\$ 1,940.90	\$ 1,942.01	1.11 0.06%
Supplementary Weighting	81.29	86.24	4.95 6.09%
Special Education Weighting	375.14	384.26	9.12 2.43%
Property Tax Adjustment Aid (1992)	8.46	8.08	-0.38 -0.81%
Property Tax Replacement Payment (PTRP)	46.76	51.52	4.76 10.17%
Adjusted Additional Property Tax - General Fund	24.00	24.00	0.00 0.00%
Statewide Voluntary Preschool Program	78.15	82.20	4.04 5.18%
Minimum State Aid	0.00	0.06	0.06 100.00%
State Aid from General Fund	\$ 3,179.63	\$ 3,226.59	\$ 46.96 1.48%
Excess from SAVE Fund	9.70	9.50	-0.20 -2.07%
Total State Aid (Includes Non-General Fund)	\$ 3,189.33	\$ 3,236.29	\$ 46.96 1.47%
Local Property Tax:			
Uniform Levy Amount	\$ 862.06	\$ 899.68	\$ 37.63 4.36%
Additional Levy	612.69	621.52	8.83 1.44%
Total Levy to Fund Combined District Cost	\$ 1,474.74	\$ 1,521.20	\$ 46.45 3.15%
Comm/Ind - Uniform Levy Replacement	26.29	22.40	-3.89 -14.79%
Comm/Ind - Additional Levy Replacement	19.50	17.27	-2.23 -11.42%
Miscellaneous Information:			
Budget Enrollment	485,147.30	486,264.30	1,117.00 0.23%
Number of Districts with Budget Adjustment	179	183	4 2.23%
Percent of Districts with Budget Adjustment	54%	55%	
Property Tax Relief Payment per student	\$ 83.00	\$ 91.00	\$ 8.00 9.64%
AEA Funding	\$ 217.20	\$ 235.61	\$ 18.40 8.47%

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid, but not included in the State Aid section because they are represented in the Program Funding section listed above.

The provision for Minimum State aid requires that the State provide at least \$300 per student.

Enactment Date

The Act was approved by the General Assembly on February 26, 2018, and signed by the Governor on March 7, 2018.

Effective Date

The Act took effect March 7, 2018.

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections File

Iowa Department of Management, School Aid File

Iowa Department of Revenue

LSA Analysis and Calculations

[HF 2235](#) – Statewide School Student Assessments Act (LSB5731HV.2)
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Fiscal Note Version – Final Action

Description

[House File 2235](#) requires the Department of Education to adopt administrative rules setting the statewide assessment for students as the assessment created by the Iowa Testing Program and administered by the Iowa Testing Program's designee. The Iowa Testing Program is housed in the University of Iowa's College of Education and commonly known as the Iowa Assessment. The Act sets out the requirements for the statewide assessment, including:

- Grade and content areas assessed.
- Alignment to the [Iowa Core Academic Standards](#).
- Peer review by a third-party evaluator to ensure alignment.
- Availability of both online and paper/pencil versions of the assessment.
- Providing measures of student growth and proficiency.
- Meeting summative assessment requirements of the federal [Every Student Succeeds Act](#) (ESSA).

Background

[Senate File 240](#) (FY 2017 Statewide Assessment Act) required the Department of Education to create a request for proposal (RFP) through which a new statewide assessment would be selected. [Senate File 240](#) laid out the following considerations that were allowed to be taken into account in the RFP:

- Feasibility of implementation by school districts.
- Cost to the State and school districts.
- Alignment with the Iowa Core academic standards.
- Compliance with federal law (ESSA).

The RFP process was completed in the fall of 2017; based on the results of the RFP, the Department selected the American Institutes for Research's College and Career Readiness Solution assessment. At that time, NCS Pearson, Inc. and the University of Iowa, which authored one of the competing proposals, launched an appeal through an Administrative Law Judge. Final briefs in the appeal process were submitted in early January 2018.

Currently, students in Iowa are administered an older version of the Iowa Assessment.

Assumptions

Assumptions include:

- The Iowa Testing Program will partner with Pearson and will offer the assessment at the cost estimated in the RFP process. The Act does not require the Iowa Testing Program to partner with Pearson for the purpose of offering the assessment.
- Students in grades three through eleven will take assessments in reading and math.
- Students in grades five, eight, and ten will take an assessment in science.
- An estimated 360,971 assessments will be taken each year. Over five years, this will generate an estimated 1,804,855 assessments.
- The current cost of the Iowa Assessment is \$4.50 per student.
- The cost of the Assessment will be evenly distributed over the five years of the contract. There may be variance in the per-year cost to complete start-up work in year one.

Fiscal Impact

According to documentation from the RFP process, the Iowa Assessment will cost an estimated \$21.7 million for five years of assessment. This is an estimated \$4.4 million per year. **Table 1** below provides more information.

If no appropriation is made at the State level, school districts will be required to purchase the assessment.

Table 1: Estimated Per-Year Costs

	Assessments Per Year	RFP Bid Cost (Five Year Total)	Estimated Cost (Per Year)	Estimated Cost Per Student, Per Year
Current Iowa Assessment*	360,971	\$ 8,121,847.50	\$ 1,624,369.50	\$ 4.50
AIR College and Career Readiness Assessment Proposal	360,971	31,004,151.06	6,200,830.21	17.18
NCS Pearson, Iowa Assessment Proposal	360,971	21,749,839.00	4,349,967.80	12.05

*The current Iowa Assessment was not submitted for the bid process and is only included for purposes of comparison to current practice.

Effective Date

The Act took effect March 28, 2018.

Enactment Date

The Act was approved by the General Assembly on March 21, 2018, and signed by the Governor on March 28, 2018.

Sources

University of Iowa, Iowa Assessments

Department of Education

LSA analysis and calculations

HF 2254 – 911 Emergency Telephone Systems Act (LSB5243HV.1)

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Fiscal Note Version – Final Action

Description

[House File 2254](#) relates to 911 emergency telephone communication systems and the 911 Surcharge Fund and makes changes to Iowa Code chapter [34A](#).

Background

Currently, the 911 Surcharge Fund is distributed in the following order:

- \$250,000 to the Homeland Security and Emergency Management Department (HSEMD) for administration of the 911 Surcharge Fund.
- 60.0% to the individual Public Safety Answering Points (PSAPs), based on a formula. This formula allocates 65.0% in proportion to the square miles of the PSAP service area to the total square miles in the State, and 35.0% in proportion to the wireless 911 calls received at the PSAP to the total calls received statewide.
- 10.0% of the surcharge revenue to wireless carriers to recover costs.
- Reimbursement of communications service providers for eligible transport costs.
- Wireline carriers and third-party 911 automatic location information costs.
- 12.5% (\$3.5 million) for a reserve in case of a catastrophic event.
- Remaining funds are expended in grants to PSAPs, and up to \$100,000 is allocated for development of public awareness and educational programs.

Enacted during the 2017 Legislative Session, [SF 500](#) (E911 Consolidation Act) required the HSEMD to determine the potential cost savings of combining the wireline 911 network with the Next Generation wireless 911 network. This Act will:

- Make no changes to how the current 911 wireline surcharge is collected or distributed.
- Make no changes to how the 911 wireless surcharge fund formula is distributed to the PSAPs.
- Remove the cap on the amount of funds available for local PSAP consolidation grants.
- Eliminate the wireline network and create a shared service environment that the HSEMD would operate and maintain. PSAPs could voluntarily opt in to utilize this shared service, which would create equipment and operational cost savings at the local level.

Assumptions

- Revenues will continue to be generated as they have in past years.
- Wireline revenue will still be allocated to the local PSAPs according to current law.

- There will be \$10.6 million in one-time costs in FY 2019 to merge the networks, purchase call processing equipment, and connect PSAPs. The HSEMD will pay for those costs from the 911 Surcharge Fund. If fewer than 113 PSAPs choose to utilize the shared service, these costs will be less, and this difference will go into the operating surplus fund.
- Starting in FY 2020, there will be \$3.0 million in recurring costs to operate the shared networks, which will be paid from the 911 Surcharge Fund.
- All remaining operating surplus funds will be passed through to local 911 service boards.

Fiscal Impact

There is no impact to the General Fund as all revenues are from the 911 Surcharge Fund. Statewide, local PSAPs could save approximately \$6.6 million a year in phone services and call processing equipment if all PSAPs were to participate. **Table 1** shows a projection provided by the HSEMD of the revenue, expenses, and surplus for FY 2018 through FY 2020 under [HF 2254](#).

Table 1

	FY 2018	FY 2019	FY 2020
Revenue			
Surcharge Revenue	\$29,500,000	\$29,500,000	\$29,500,000
Operating Surplus Carried Forward	14,140,713	12,551,837	0
Unused Catastrophic Reserve	3,496,124	3,540,000	3,540,000
Total Revenue	\$47,136,837	\$45,591,837	\$33,040,000
Expenses			
HSEMD Administration	\$250,000	\$250,000	\$250,000
60.0% Formula PSAP Payments	17,600,000	17,600,000	17,600,000
GIS Grants	1,695,000	1,130,000	1,130,000
Network Expenses and Obligations	4,500,000	15,100,000	7,500,000
Grants/Surplus Pass-Through	6,900,000	0	0
911 Council, Education and Training	100,000	100,000	100,000
Total Expenses	\$31,045,000	\$34,180,000	\$26,580,000
Surplus			
Projected Operating Surplus Balance	\$16,091,837	\$11,411,837	\$6,460,000
Grants/Surplus Pass-Through*	0	7,871,837	\$2,920,000
Catastrophic Reserve	3,540,000	3,540,000	3,540,000
Surplus Available	\$12,551,837	\$0	\$0

*Due to changes established in [HF 2254](#), the operating surplus balance would be eliminated through grants and pass through to local PSAPs.

Enactment Date

This Act was approved by the General Assembly on March 27, 2018, and signed by the Governor on April 4, 2018.

Effective Date

This Act took effect on April 4, 2018, with the exception of section 8 which takes effect July 1, 2018.

Source

Homeland Security and Emergency Management Department

HF 2255 – Contraband in Prison Act (LSB5699HV.1)

Analyst: Laura Book (515.205.9275) laura.book@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2255](#) relates to the possession of contraband in or on the grounds of a community-based correctional (CBC) facility, and provides penalties. The Act adds CBC facilities to the facilities and institutions where a person may commit the criminal offense of possessing contraband.

Background

Under current law, contraband is defined to include controlled substances, intoxicating beverages, weapons, explosives, knives or other cutting devices, and items that may be used to facilitate an escape. A person commits a Class C felony if the contraband is a weapon, a Class D felony if the contraband is a controlled substance or intoxicating beverage, and an aggravated misdemeanor if the contraband is an item that may be used to facilitate an escape. A person also commits an aggravated misdemeanor for failing to report a known violation or attempted violation involving contraband to an official or officer at a CBC facility.

The Act, in part, is in response to the Iowa Supreme Court decision in [*State of Iowa v. Halverson*](#), which held that a person illegally possessing a controlled substance at a CBC does not commit the criminal offense of possessing contraband because a CBC facility is not an institution under the control of the Department of Corrections (DOC).

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay; revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Act to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- The minimum cost for each offense shown in **Table 2** includes judicial and probation costs to the State. The maximum cost per offense includes costs to the Judicial Branch, the Indigent Defense Fund, and the DOC.

Impacts

Correctional Impact

In FY 2017, there were 77 convictions of possession of contraband under Iowa Code section [719.7](#). The Act is estimated to result in an additional 72 convictions annually. **Table 1** shows the estimated increase in prison, jail, CBC facility, and probation/parole admissions. The prison population is also expected to increase by approximately 149 inmates annually by year two of implementation.

Table 1 – HF 2255, Increase in Orders

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Prison Admissions	27	54	54	54	54
Jail Admissions	9	18	18	18	18
CBC Admissions	3	7	7	7	7
Probation/Parole	23	47	47	47	47

Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Minority Impact

In FY 2017, approximately 16.0% of individuals convicted of Iowa Code section [719.7](#) offenses were African American. In the second year of enactment, it is estimated there would be 24 more admissions to prison, three more admissions to jail, and 15 more admissions to probation of African Americans. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Fiscal Impact

[House File 2255](#) is estimated to have a fiscal impact of \$407,800 in FY 2019 and \$794,550 in FY 2020. This estimated impact to the State General Fund includes operating costs incurred by the Judicial Branch, the Indigent Defense Fund, and the DOC, as shown in **Table 2**. This Act is expected to result in the following:

- An estimated one additional Class C felony conviction in both FY 2019 and FY 2020.
- An estimated 36 additional Class D felony convictions in FY 2019 and 71 additional Class D felony convictions in FY 2020. Of these convictions, 75.0% would be sentenced to prison.

Table 2 – HF 2255, Estimated Costs for Additional Convictions

Offense	Cost Range	Net Additional Convictions		Cost Increase Estimate	
		FY 2019	FY 2020	FY 2019	FY 2020
Class C Felony	\$9,000 - \$17,200	1	1	\$ 10,000	\$ 10,000
Class D Felony	\$7,900 - \$12,100	36	71	397,800	784,550
Aggravated Misd.	\$3,300 - \$6,600	0	0	0	0
Total		37	72	\$ 407,800	\$ 794,550

Enactment Date

This Act was approved by the General Assembly on March 13, 2018, and signed by the Governor on March 21, 2018.

Effective Date

This Act is effective on July 1, 2018.

Sources

Department of Human Rights, Criminal and Juvenile Justice Planning Division

Department of Corrections

Judicial Branch – Office of the State Court Administrator

Officer of the State Public Defender

HF 2258 – Flood Project Fund Act (LSB5463HV.1)

Analyst: Kent Ohms (515.971.7053) kenneth.ohms@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2258](#) expands the use of funds in an approved governmental entity's flood project fund to reimburse other governmental funds advanced internally to pay for approved projects.

Background

The [Flood Mitigation Program](#) provides a funding source to finance flood mitigation projects undertaken by approved local governments. The primary funding source is a diversion of State sales tax revenue from the State General Fund to the Flood Mitigation Fund for approved local governments. Local governments are permitted to issue bonds that are then repaid with the sales tax revenue made available under the Program.

Assumptions

- The change in the use of funds will not impact the transfers from the General Fund nor the timing of distribution of funds from the Program.
- A city is permitted to prepay issued bonds related to the Program using other available revenue. The Program funds would then be used to reimburse that source of funds.

Fiscal Impact

No impact to the General Fund is expected.

The Act may have a positive fiscal impact for local governments. The City of Des Moines has the ability to use funds to prepay bonds or issue other bonds for additional projects, which could save the city approximately \$8.9 million in interest payments. Other cities may have similar options available in the future.

Enactment Date

The Act was approved by the General Assembly on April 11, 2018, and signed by the Governor on April 17, 2018.

Effective Date

The Act is effective July 1, 2018, but applies to the expenditure of funds from a flood project fund for projects approved by the Flood Mitigation Board before, on, or after April 17, 2018.

Sources

Department of Revenue
City of Des Moines

HF 2321 – Unemployment Compensation, Workforce Development Department Act (LSB5282HV.1)

Analyst: Ron Robinson (515.281.6256) ron.robinson@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2321](#) requires that an applicant for employment with the Iowa Department of Workforce Development (IWD) and employees of the IWD that have access to federal tax information will be subject to a national criminal history check through the Federal Bureau of Investigation at the discretion of the IWD, and that the IWD will pay the actual cost of criminal history checks.

The Act provides that a reduction in unemployment benefits due to pension payments received will only occur if the claimant's base period employer has made 100.0% of the contributions to the pension plan. The Act further provides that vacation pay paid out to an employee will only be considered wages for purposes of unemployment benefits for a maximum of five workdays.

The Act also amends the definition of "employer" for purposes of unemployment benefits by removing the exclusion from the definition of "employer" of those who did not pay at least \$1,500 in wages for service in employment or who did not have at least one individual in employment for some portion of a day in each of 20 different calendar weeks in the current or preceding calendar year.

Assumptions

- The IWD will perform criminal history checks on a total of 15 employees and applicants the first year (FY 2019) and a total of five employees and applicants each subsequent year, beginning with FY 2020.
- The average cost for each check will be \$100.
- The total one-time cost of supplies to start the criminal history checks will be \$250.

Fiscal Impact

Criminal history checks are expected to result in FY 2019 expenditures totaling an estimated \$1,750 (\$250 for supplies and \$1,500 for criminal history checks). Expenditures are expected to total \$500 each subsequent year for criminal history checks paid from the Unemployment Insurance Federal Base Grant in the Integrity Bureau.

The changes related to pension and vacation pay deductibility will permit the IWD to reallocate an estimated 2.9 Workforce Advisor full-time equivalent (FTE) positions and \$150,000 in salary expenses paid from the Unemployment Insurance Federal Base Grant in the Benefits Bureau.

The amendment to the definition of "employer" for purposes of unemployment benefits is expected to have no significant impact on operational costs or the Unemployment Insurance Trust Fund payments.

Effective Date

The amendment to the definition of “employer” for purposes of unemployment benefits is effective January 1, 2019, and the remaining portion of the Act is effective July 1, 2018.

Enactment Date

This Act was approved by the General Assembly on March 28, 2018, and signed by the Governor on April 4, 2018.

Source

Iowa Department of Workforce Development

HF 2338 – Operating While Intoxicated Reform Act (LSB6129HV.1)

Analyst: Michael Guanci (515.729.7755) michael.guanci@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2338](#) strikes certain ineligibility periods for the issuance of a temporary restricted license (TRL) under Iowa Code chapter [321J](#), and requires the installation of an approved ignition interlock device on any motor vehicle owned or operated by the holder of a TRL. This Act expands the issuance of TRLs with an approved ignition interlock device for individuals charged with having committed an operating while intoxicated (OWI) offense while having a blood alcohol content (BAC) between .08 and .10.

The Act further strikes the provisions limiting the use of a TRL, allowing the holder of a TRL to operate a motor vehicle with an ignition interlock system in any manner allowed for a person issued a valid class C license.

This Act does not strike the ineligibility periods for a person convicted under Iowa Code section [707.6A](#) (homicide or serious injury by vehicle) or amend provisions prohibiting a TRL holder from operating a commercial motor vehicle or school bus. The Act also does not amend TRL provisions under Iowa Code section [321.215](#) for violations solely under Iowa Code chapter [321](#).

This Act applies to persons applying for a TRL on or after July 1, 2018. Persons issued a TRL prior to July 1, 2018, may apply for a new TRL, which would be subject to the conditions of this Act.

Background

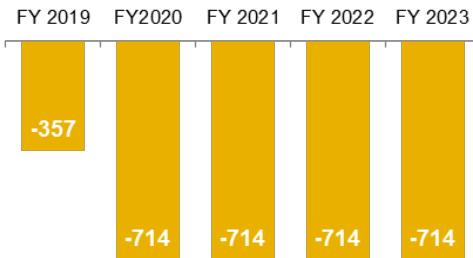
In FY 2017, the Department of Transportation (DOT) issued 15,686 OWI revocations. A driver's license may be revoked for an OWI offense when the DOT receives implied consent paperwork from a police officer demonstrating a BAC test higher than .08, or if the driver refuses to submit to a BAC test. Upon conviction in court, the DOT may revoke a license if the driver is not already under revocation for the offense. Under current law, sanctioned drivers who have met the eligibility requirements for a TRL may only be allowed to drive from home to specified places, such as work or school, and back home again at specified times. Drivers who had a BAC test of .10 or higher are also required to install an approved ignition interlock device on all vehicles owned or operated by the sanctioned driver. In FY 2017, 580 OWI revocations did not require an ignition interlock device. Under Iowa Code chapter [321J](#), sanctioned drivers are further subject to minimum ineligibility periods before the DOT may issue a TRL. In FY 2017, the DOT issued 4,444 TRLs for OWI offenses.

Individuals found to be driving while barred may be found guilty of a serious misdemeanor under Iowa Code section [321J.21](#). Violations under this section shall include a fine of \$1,000 and may also be punishable by confinement of no more than one year.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends of OWIs; prisoner length of stay (LOS); revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Act to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day. Additionally, reliable LOS data for county jails is not available.
- Revocations requiring an approved ignition interlock device for a TRL will increase.
- The DOT may experience an increase in applications for TRLs.
- Convictions for driving while barred under Iowa Code section [321J.21](#) are estimated to decrease, as shown by **Chart 1**.

Chart 1 — Estimated Reduction in Convictions for Driving While Barred Under HF 2338

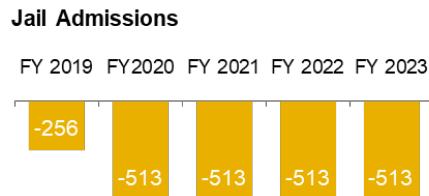
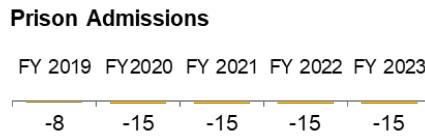


Impacts

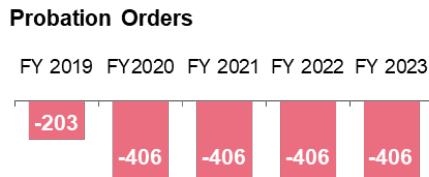
Correctional Impact

[House File 2338](#) is estimated to reduce prison orders and jail orders, and the Act is expected to reduce probation orders and Community-Based Corrections (CBC) orders for residential admissions. See **Chart 2** for more information regarding correctional impacts.

Chart 2 — Estimated Correctional Impacts Under HF 2338



Community-Based Corrections



This Act is estimated to reduce the prison population by 10 persons annually.

Table 1 below shows estimates for sentencing to State prison, parole, probation, or CBC residential facilities; LOS under those supervisions; and supervision marginal costs per day for convictions of simple and serious misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used For Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Table 1 — Sentencing Estimates

Conviction Offense Class	Percent Sentenced to State Prison	FY 2017 Avg Length of Stay in Prison (in months)	FY 2017 Prison Marginal Cost per Day	Avg Length of Stay on Parole (in months)	FY 2017 Marginal Cost per Day Parole	Percent Sentenced to Probation	Avg Length of Stay on Probation (in months)	FY 2017 Avg Cost per Day on Probation	Percent sentenced to CBC Residential Facility	FY 2017 Marginal Cost CBC per Day	Percent Sentenced to County Jail	Avg Length of Stay in County Jail (in days)	Marginal Cost per Day
Serious Misdemeanor	2.0%	7.3	\$17.52	N/A	\$4.59	57.0%	13.8	\$4.93	1.0%	\$10.56	72.0%	N/A	\$50.00

Minority Impact

[House File 2338](#) is expected to have a positive minority impact. In FY 2017, approximately 13.8% of individuals convicted of driving while barred were African American. The U.S. Census estimate as of July 1, 2017, states that the Iowa population was 3.7% African American. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Fiscal Impact

[House File 2338](#) is estimated to have a fiscal impact on the General Fund by reducing operating costs associated with the Department of Corrections, the Judicial Branch, and the Indigent Defense Fund. **Table 2** below shows the estimated reduction in correctional and judicial-related costs.

Table 2 — Estimated Fiscal Impact of HF 2338

Offense	Cost Range	Decrease in Convictions		Decrease in Correctional Costs	
		FY 2019	FY 2020	FY 2019	FY 2020
Serious Misdemeanor	\$250 - \$4,900	-357	-714	(\$919,275)	(\$1,838,550)

Any reduction in convictions under Iowa Code section [321J.21](#) may result in a reduction of fines collected.

This Act will have no fiscal impact to the DOT. Any efficiencies in the TRL application process or increases in the number of TRLs will be funded through existing appropriations to the Motor Vehicle Division of the DOT. The Motor Vehicle Division is funded by the Road Use Tax Fund and the Primary Road Fund.

Enactment Date

This Act was approved by the General Assembly on April 4, 2018, and signed by the Governor on April 11, 2018.

Effective Date

This Act is effective July 1, 2018.

Sources

Iowa Department of Transportation
Department of Human Rights, Division of Criminal and Juvenile Justice Planning
Office of the State Court Administrator
Office of the State Public Defender
Iowa Department of Corrections

HF 2349 – Excluded Gamblers, Racing and Gaming Commission Regulation Act (LSB5817HV.1)

Analyst: Christin Mechler (515.250.0458) christin.mechler@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2349](#) relates to the process involved when an individual requests to be voluntarily excluded from the wagering area and gaming floor of a gambling facility. The Act requires the Iowa Racing and Gaming Commission (IRGC) to establish a process to allow an individual to be voluntarily excluded, to disseminate information concerning such persons to all Iowa-licensed gambling facilities, and to provide such licensees electronic access to the names and Social Security numbers of voluntarily excluded persons through a secured, interactive Internet site, which the Commission is required to develop by January 1, 2019. [House File 2349](#) also requires all information stored on the Internet site to be kept confidential pursuant to Iowa Code chapter [22](#), unless ordered by a court or another person duly authorized to release such information.

Background

In requesting to be voluntarily excluded from the wagering area and gaming floor of a gambling facility, an individual has the choice to be initially excluded for five years, followed by subsequent five-year exclusions, or ultimately, a lifetime exclusion. A lifetime exclusion may not be rescinded. Under current law, all 19 licensed gaming entities in the State, with the cooperation and assistance of the Iowa Gaming Association, maintain a database of individuals who have opted to voluntarily exclude themselves from the wagering area and gaming floor of a gambling facility.

Assumptions

The IRGC will need to determine whether existing technology is able to accommodate the establishment and maintenance of a new secure Internet site to house the confidential information of individuals who voluntarily exclude themselves from the gaming and wagering areas of a gambling facility. The fiscal impact estimate below assumes that the Commission will not be able to utilize existing technology and will need to invest funds in constructing and maintaining a new online database.

Fiscal Impact

[House File 2349](#) is estimated to have the following fiscal impact, as displayed in **Table 1** below:

Table 1
Fiscal Impact to the IRGC, FY 2019-FY 2020

	FY 2019	FY 2020
FTE Position(s)	1.0	1.0
Total	1.0	1.0
Salaries	\$ 120,000	\$ 125,000
Support	\$ 5,000	\$ -
Website Construction/Maintenance	\$ 100,000	\$ 10,000
Total	\$ 225,000	\$ 135,000

The IRGC will need to hire 1.0 additional full-time equivalent (FTE) position to assist in constructing, establishing, and maintaining the data warehouse that will house the confidential information of individuals who choose to voluntarily exclude themselves from all of Iowa's 19 gambling facilities. Support costs in FY 2019 refer to one-time costs associated with hiring and training a new employee. Initial website construction expenses are estimated to cost a maximum of \$100,000 in FY 2019, with maintenance costs estimated to total around \$10,000 for FY 2020 and subsequent years. Funding for these costs will come from the Gaming Regulatory Revolving Fund, established pursuant to Iowa Code section [99F.20](#).

Enactment Date

The Act was approved by the General Assembly on April 2, 2018, and signed by the Governor on April 10, 2018.

Effective Date

The Act takes effect July 1, 2018.

Source

Iowa Racing and Gaming Commission

[HF 2372](#) – Redistricting of County Supervisor Districts Act (LSB6161HV.1)

Analyst: Robin Madison (515.281.5270) robin.madison@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2372](#) makes changes to statute regarding county supervisor representation plans and redistricting procedures.

The Act specifies that the representation plan selected by a county board of supervisors can only be changed by a special election as provided in Iowa Code section [331.207](#). The Act also prohibits counties with a population of 60,000 or more that elect supervisors using representation plan three from changing to another representation plan unless the new plan is adopted by a two-thirds vote in a special election.

The Act requires that the Legislative Services Agency (LSA) create representation plans for counties that use plan three for election of supervisors.

Background

Iowa Code section [331.206](#) provides three different representation plans for election of county supervisors. Only plan three creates supervisor districts that are then subject to redistricting every 10 years following the federal decennial census.

Assumptions

Only two of the 10 counties that have populations exceeding 60,000 currently use plan three. In addition, there are 36 counties with populations below 60,000 that currently use plan three.

It is assumed that 46 counties will use plan three following the 2020 census, and the LSA will be required to create a redistricting plan for each county.

The LSA will shift staff assignments and responsibilities to manage the additional time-limited workload with existing staff.

Fiscal Impact

[House File 2372](#) is expected to have no significant fiscal impact to the State.

Enactment Date

The Act was approved by the General Assembly on April 23, 2018, and signed by the Governor on May 16, 2018.

Effective Date

The Act is effective May 16, 2018.

Sources

Iowa State Association of Counties
Legislative Services Agency

HF 2377 – Opioid Regulation Act (LSB6028HV.2)

Analyst: Kent Ohms (515.971.7053) kenneth.ohms@legis.iowa.gov

Fiscal Note Version – Final Action

Description – All Divisions

[House File 2377](#) makes a variety of changes to the practice of pharmacy. Of the seven divisions in the Act, three will have a fiscal impact; two may have a fiscal impact, but the extent of the fiscal impact is indeterminable; and two are expected to have little or no fiscal impact.

- Fiscal impact: Divisions I, III, and IV
- Possible but indeterminable fiscal impact: Divisions II and VII
- No or little fiscal impact: Divisions V and VI

Background – All Divisions

Iowa Code section [147.80](#) requires licensing boards to establish fees to sustain the cost of operations and services, and to annually adjust the fee schedule to cover projected expenses.

Assumptions – All Divisions

- The Board of Pharmacy (Board) will comply with Iowa Code section [147.80](#).
- All costs associated with the Act will likely be eligible for expenditure from the Drug Information Program Fund; otherwise, the Board will use its operating budget to cover costs.

DIVISION I: Regulation of the Prescription Monitoring Program

Description

Updates the [Prescription Monitoring Program](#) (PMP) in the following ways:

- Adds opioid antagonists to the list of drugs reportable to the Program and requires first responders, excluding emergency medical care providers, to report administration of opioid antagonists. Establishes a transfer of information from the Department of Public Health to the Board on administration of opioid antagonists by emergency medical care providers.
- Requires all prescribing practitioners to register for the Program.
- Requires pharmacies or prescribing practitioners that dispense a controlled substance to report to the Program the dispensing of the controlled substance within one business day.
- Removes the four-year retention limit of Program information.
- Authorizes the Board to establish a surcharge of up to 25.0% on the Controlled Substances Act (CSA) registration fee under Iowa Code section [124.302](#). Revenues are required to be deposited in the Drug Information Program Fund.

Background

The PMP provides authorized prescribers and pharmacists with information regarding their patients' use of controlled substances. That information is used as a tool in determining appropriate prescribing to and treatment of patients without fear of contributing to a patient's abuse of or dependence on addictive drugs or diversion of those drugs to illicit use. Iowa-licensed pharmacies, including both in-state and nonresident pharmacies, are required to report to the Iowa PMP all Schedule II, III, and IV controlled substances dispensed by the pharmacy to ambulatory patients.

Assumptions

- The Board will need to develop a separate module of reporting in the PMP for first responders to submit information about opioid antagonist administration.
- There are approximately 16,800 Controlled Substances Act registrants in Iowa.
- Controlled Substances Act registration is currently done biennially. However, Division V of the Act strikes this requirement. Therefore, the Board would establish the frequency of registration. Under the new requirement, registration could take place annually, coincide with a practitioner's license registration, or coincide with federal Drug Enforcement Administration registration (most registrations last three years). This estimate assumes a frequency coinciding with practitioner licensing.
- A 25.0% surcharge on registration would equal \$22.50.

Fiscal Impact

The surcharge for registration will result in increased revenue for the Drug Information Program Fund by an estimated \$189,000 annually. Adding a module for first responders to report opioid antagonist dispensing will require one-time expenditures estimated at \$75,000.

DIVISION II: Electronic Prescriptions

Description

Requires all prescriptions to be electronically transmitted to a pharmacy effective January 1, 2020, and includes provisions for exemptions and administrative penalties.

Assumptions

Hospitals and prescribers will become compliant with the electronic prescribing requirement by the deadline or seek an exemption to receive more time before becoming compliant.

Fiscal Impact

Any administrative penalties associated with electronic prescribing will be deposited into the Drug Information Program Fund and are estimated to be minimal.

DIVISION III: Prescriber Activity Reports

Description

Beginning February 1, 2019, requires the Board to annually issue a prescribing practitioner activity report of PMP activity to each practitioner registered with the Program. The Division also requires the Board to include information on general patient risk factors and educational updates in the PMP.

Assumptions

- The Division will require an initial setup cost for the report issuance and for annual licensing of the NarxCare controlled substances data platform for disseminating educational updates and information on general patient risk factors.
- To provide the information and educational material required, the Board will purchase the AWARxE Prescription Drug Safety Program data platform.

Fiscal Impact

NarxCare will require an estimated annual licensing fee of \$186,000. The AWARxE platform setup is estimated to cost \$10,000 initially with no annual maintenance costs.

DIVISION IV: Substance Abuse Prevention

Description

Requires the Board to establish criteria for the identification of patients who are potentially misusing or abusing prescription opioids, and authorizes the Board to proactively notify the pharmacist and prescribing practitioner involved in the patient's care of the Board's concern. The Division also requires licensing boards that have prescribing practitioners to establish penalties for those who prescribe in dosage amounts exceeding what would be prescribed by a reasonably prudent prescribing practitioner. The boards of Medicine, Dentistry, Physician Assistants, Podiatry, and Nursing are required to adopt rules requiring licensees to receive continuing education credits regarding the U.S. Centers for Disease Control and Prevention guidelines for prescribing opioids. The Act also rescinds current Board of Medicine administrative rules on training for chronic pain management for permanent or special license renewal.

Assumptions

The Board will need to hire 0.5 full-time equivalent (FTE) position Pharmacist and will need to purchase new general office equipment to implement and administer the Iowa PMP.

Fiscal Impact

The increased expenditure for salaries and benefits is estimated at \$64,000 annually beginning in FY 2019. The cost of office equipment is estimated at \$3,000 in FY 2019 and less than \$1,000 thereafter.

DIVISION V: Registration

Description

Modifies Iowa Code chapter [124](#) (Controlled Substances Act) in the following ways:

- Removes “biennial” from the CSA registration requirements, which will permit registration frequency to be established by the Board. See assumptions in Division I for more details on available options.
- Expands the disciplinary action available for the Board to take against CSA registrants beyond suspension, revocation, or restriction.

Assumptions

- Similarly to Division I, the CSA registration will be aligned with the professional licensure renewal cycle.
- Less severe disciplinary action available to the Board would include sanctions such as civil penalties, probationary conditions, etc.

Fiscal Impact

No or little fiscal impact.

DIVISION VI: Controlled Substances — Precursor Substances

Description

The Act classifies 12 substances as Schedule I controlled substances under Iowa Code section [124.204\(9\)](#). Penalties for possession of these substances will range from a serious misdemeanor (first offense of unlawful possession) to a Class B or Class C felony (for manufacturing and delivery).

The Act adds one substance as a Schedule II controlled substance under Iowa Code section [124.206](#). Penalties for possession of this substance will range from a serious misdemeanor (for first offense of unlawful possession) to a Class C felony (for manufacturing and delivery).

The Act also adds one substance as a precursor substance for purposes of reporting requirements in Iowa Code section [124B.2](#). The penalty for possession of this substance will be a Class C felony (for manufacturing and delivery).

Assumption

This change conforms Iowa Code to current federal law.

Fiscal Impact

No or little fiscal impact.

Correctional Impact

This Division is estimated to result in minimal correctional impact. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Minority Impact

The minority impact of this Division is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

DIVISION VII: Good Samaritan Immunity

Description

Creates a Good Samaritan protection ensuring that a person seeking treatment for a drug-related overdose, or a person seeking medical treatment for a person experiencing a drug-related overdose, cannot be arrested or prosecuted for certain controlled substances-related violations on the basis of information collected or derived from the person's actions in seeking medical assistance.

Assumptions

The Department of Human Rights, Criminal and Juvenile Justice Planning Division is unable to estimate how many charges or convictions were the result of overdoses.

Fiscal Impact

Possible but indeterminable fiscal impact.

Correctional Impact

This Division is estimated to result in minimal correctional impact. Refer to the LSA memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Minority Impact

The minority impact of this Division is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

ALL DIVISIONS

Fiscal Impact – All Divisions

No impact to the General Fund is expected. Since the Board operates using fees for professional licensure and regulation, the Board will need to evaluate the overall fee schedule and budget to ensure that revenues align with expenses, and will need to adjust both of those categories as necessary. Total estimated revenues and expenditures are outlined in the following table.

Correctional Impact – All Divisions

The Act is estimated to result in minimal correctional impact. Refer to the LSA memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Minority Impact – All Divisions

The minority impact of the Act is unknown. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Estimated Impact of HF 2377

	FY 2019	FY 2020	FY 2021
Division I			
PMP Reporting for First Responders	\$ -75,000	\$ 0	\$ 0
PMP Surcharge	189,000	189,000	189,000
Subtotal Division I	<u>\$ 114,000</u>	<u>\$ 189,000</u>	<u>\$ 189,000</u>
Division III			
Prescriber Activity Report (AWARxE)	\$ -10,000	\$ 0	\$ 0
NarxCare	-186,000	-186,000	-186,000
Subtotal Division III	<u>\$ -196,000</u>	<u>\$ -186,000</u>	<u>\$ -186,000</u>
Division IV			
Proactive Notification (0.5 FTE position)	\$ -67,000	\$ -64,000	\$ -64,000
Grand Total	<u>\$ -149,000</u>	<u>\$ -61,000</u>	<u>\$ -61,000</u>

Enactment Date

The Act was passed by the General Assembly on May 2, 2018, and was signed by the Governor on May 14, 2018.

Effective Date

Division VI of the Act amending the Controlled Substance Act took effect May 14, 2018. The remainder of the Act is effective July 1, 2018.

Sources

Board of Pharmacy

Department of Human Rights, Criminal and Juvenile Justice Planning Division

Department of Public Health

HF 2440 – Water Quality Program Technical Corrections Act (LSB6167HV.1)

Analyst: Debra Kozel (515.281.6767) deb.kozel@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2440](#) makes changes to [SF 512](#) (Water Quality Act), which was approved by the General Assembly on January 23, 2018, and signed by the Governor on January 31, 2018.

The Act makes the following changes:

- Eliminates the requirement that a drainage or levee district must install edge-of-field infrastructure.
- Gives priority for funding from the Wastewater and Drinking Water Treatment Financial Assistance Program to communities with drinking water facilities that have a water source listed on the [federal impaired waters listing](#).
- Defines the term “specified industry” and adds it to the list of eligible entities that can apply for funding from the Water Quality Financing Program.
- Adds rural improvement zones to the list of eligible entities that can participate as a member of a Watershed Management Authority.
- Gives priority for funding from the Water Quality Infrastructure Program to surface water projects that supply drinking water to communities and that are listed on the federal impaired waters listing.
- Creates a 2018 interim study committee that will review issues faced by small cities to comply with federal and State clean water standards. The committee will submit its findings and recommendations during the 2019 Legislative Session.
- Extends the time period for the use of the moneys for the Nutrient Reduction Strategy Measurement Pilot Project funding through FY 2020. Specifies that the funds may be used for the Nutrient Reduction Strategy Measurement Pilot Project or may be used for education and outreach programs by the Department of Agriculture and Land Stewardship (DALS) in cooperation with Iowa State University (ISU).
- Requires the Division of Soil Conservation and Water Quality in the DALS to submit an annual report that details expenditures for the following programs: the Wastewater and Drinking Water Treatment Financial Assistance Program, the Water Quality Financing Program, the Urban Infrastructure Program, and the Water Quality Agriculture Infrastructure Program. The first report must be submitted by October 1, 2019, to the Governor and the General Assembly. Annual reports for each of the programs are required by October 1 of each year.
- The provision of the Act authorizing the use of moneys appropriated from the Groundwater Protection Fund takes effect upon enactment.

Background

[Senate File 512](#) (Water Quality Act) created the Water Quality Infrastructure Fund and the Water Quality Financial Assistance Fund. The Water Quality Infrastructure Fund is funded by the Water Service Excise Tax for FY 2019 to FY 2020. Beginning in FY 2021, the Water Quality Infrastructure Fund is credited \$15.0 million per year from wagering tax receipts that are currently paying off Vision Iowa bonds. The Division of Soil Conservation and Water Quality in the DALS administers the Water Quality Infrastructure Fund.

The Water Quality Financial Assistance Fund is in the State Treasury and is funded by the Water Service Excise Tax from FY 2019 through FY 2030. The moneys are distributed as follows:

- 40.0% to the Iowa Finance Authority (IFA) for the Wastewater and Drinking Water Treatment Financial Assistance Program.
- 45.0% to the IFA for the Water Quality Financing Program, which funds projects to improve the quality of surface water and groundwater.
- 15.0% to the Division of Soil Conservation and Water Quality of the DALS for the Water Quality Urban Infrastructure Program.

[Senate File 494](#) (FY 2015 Agriculture and Natural Resources Appropriations Act) transferred \$1.2 million from the Agriculture Management Account of the Groundwater Protection Fund to the College of Agriculture and Life Sciences (CALS) at ISU for a three-year Nutrient Reduction Strategy Measurement Pilot Project to develop protocols for measuring the annual progress of the Iowa Nutrient Reduction Strategy. The CALS contracted with the Iowa Nutrient Research and Education Council (INREC) to conduct a pilot project, and the agreement between ISU and the INREC was signed April 19, 2016.

Fiscal Impact

The Act has no fiscal impact to the State. As of May 1, 2018, there was \$504,000 remaining from the \$1.2 million transfer for the Nutrient Reduction Strategy Measurement Pilot Project. The moneys can be used for the Nutrient Reduction Strategy Measurement Pilot Project, or the DALS can use the moneys for education and outreach programs in cooperation with ISU.

Enactment Date

The Act was approved by the General Assembly on May 4, 2018, and signed by the Governor on May 16, 2018.

Effective Dates

The Act takes effect July 1, 2018, except for the section of the Act authorizing the use of moneys appropriated from the Groundwater Protection Fund which took effect May 16, 2018.

Sources

Board of Regents
Department of Agriculture and Land Stewardship
Iowa Finance Authority

[HF 2441](#) – School District Program Funding Flexibility Act (LSB6139HV.2)

Analyst: Josie Gerriets (515.238.2833) josie.gerriets@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2441](#) makes several changes regarding the use of funds by school districts. Several sections of the Act are effective upon enactment. Other sections are applicable to either the FY 2018 or FY 2019 school year.

Changes include:

- Allowing Early Intervention categorical funds (\$34.9 million in estimated FY 2019, generated through the school aid formula) to be used for any school general fund purpose.
- Specifying that at-risk and dropout prevention programming will be approved by resolution of a district's school board, and that modified supplemental aid (MSA) amounts will be submitted to and reviewed by the School Budget Review Committee (SBRC). The SBRC shall grant requests for MSA that meet the school district's approved plans. Plans are to be submitted annually by November 1.
- Specifying that At-Risk and Dropout Prevention MSA may be used to pay for staff including but not limited to administrative staff, psychologists, social workers, and school safety personnel.
- Allowing At-Risk and Dropout Prevention MSA to be used for any purpose that directly benefits students in the adopted program.
- Removing limitations on the length of time allowed for the term of school district property leases.
- Creating additional allowable uses for unspent balances in school districts' Child Care Enterprise funds.
- Clarifying allowed uses of Home School Assistance Program funds.

Background

Early Intervention

Iowa Code chapter [256D](#) (Early Intervention Block Grant) is scheduled to sunset on July 1, 2018 (FY 2019). The funding for the Program is generated as specified under Iowa Code section [257.10\(11\)](#) (Early Intervention Supplement), which will continue and is not impacted by the repeal of Iowa Code chapter [256D](#). This Act removes the requirement that the funding generated under Iowa Code section [257.10\(11\)](#) be used pursuant to Iowa Code chapter [256D](#). If this requirement is not removed, beginning in FY 2019, school districts will no longer be able to expend the funding generated under Iowa Code section [257.10\(11\)](#) due to the repeal of Iowa Code chapter [256D](#). Department of Education administrative rules regarding the funds will remain in the Iowa Administrative Code, although they will no longer have any legal effect. Once the statute authorizing these rules is repealed, the Department will need to rescind the rules through the normal rulemaking process.

Goals of the Early Intervention Supplement/Block Grant are:

- To provide resources for K-3 classrooms to reduce class sizes in basic skills instruction to the State goal of one teacher per 17 students in that grade range.

- To achieve a higher level of student success in basic skills, especially reading skills.
- To increase communication and accountability regarding student performance.

Funding currently may be expended for the following:

- Additional licensed instructional staff.
- Additional support for students, such as before and after school programs, tutoring, and intensive summer programs.
- Acquisition and administration of diagnostic reading assessments.
- Implementation of research-based instructional intervention programs for students needing additional support.
- Implementation of all-day, every-day kindergarten programs.
- Providing classroom teachers with professional development and intensive training programs in best practices to improve reading instruction, including but not limited to training programs related to instruction to increase students' phonemic awareness, reading abilities, and comprehension skills.

At-Risk and Dropout Prevention Programming

Funding for At-Risk and Dropout Prevention programming is generated in two ways: through the school aid formula with a supplementary weighting model and through the generated MSA amount. The supplementary weighting for at-risk students provides additional funding to school districts for providing programs that serve at-risk students and alternative school students through the school aid formula. The calculation for supplementary weighting is outlined in Iowa Code section [257.11\(4\)](#) and is based on the school district's total enrollment and the number of students in grades one through six who are eligible for free or reduced-price lunch. School districts may also request At-Risk and Dropout Prevention MSA, which is generated by property taxes. The maximum allowable request varies by district, and is between 2.5% and 5.0% of the district's regular program cost as required by Iowa Code section [257.41\(3\)](#). Program funding must consist of up to 75.0% of the MSA and at least 25.0% from the district cost generated through the school aid formula.

Child Care Fund

The Child Care Fund is a school district enterprise fund created under Iowa Code chapter [298A](#), which must be established by any district receiving money for the purpose of offering a child care program. There are some districts that have remaining balance from the fees collected from parents and families for the purpose of offering child care. This provision allows a district to transfer the additional balance, after completing a public hearing, to the district's general fund.

As of FY 2017, 71 school districts had established Child Care Funds. Twenty-nine of the funds have reported positive balances, totaling an estimated \$3.4 million statewide.

Fiscal Impact

There is no expected fiscal impact to the State for any of the Act's provisions.

School districts will be allowed to expend funding generated by the Early Intervention Categorical Supplement for any school general fund purpose in FY 2019 and future years.

School districts may generate a different amount of MSA for At-Risk and Dropout Prevention programming based on changes, but the impact on property taxes cannot be determined at this time.

School districts will be able to transfer unused Child Care Funds to the districts' general funds.

Enactment Date

This Act was approved by the General Assembly on April 3, 2018, and signed by the Governor on April 11, 2018.

Effective Date

Sections 1, 2, 12, 13, 14, and 15 took effect April 11, 2018 and are applicable to the 2018-2019 school year. All other sections are effective July 1, 2018, and are applicable to the 2019-2020 school year.

Sources

Department of Education

Department of Management

LSA analysis and calculations

HF 2442 – Concussion Injuries, School Policies Act (LSB5331HV.1)

Analyst: Robin Madison (515.281.5270) robin.madison@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[**House File 2442**](#) sets new requirements for school districts and high school athletic officials in addressing concussion and brain injury in students participating in extracurricular interscholastic activities. The Act requires that:

- The Department of Public Health (DPH), the Iowa High School Athletic Association (IHSAA), and the Iowa Girls High School Athletic Union (IGHSAU) work together to distribute Centers for Disease Control and Prevention guidelines and other information to educate coaches, students, and parents about concussion and brain injury. Beginning in FY 2019, school districts and nonpublic schools are required to provide the parent or guardian of each student in grades 7 through 12 with an information sheet prepared by the three entities. The parent or guardian must sign and return a copy to the school prior to the student's participation in any extracurricular interscholastic activity.
- If a student's coach, contest official, or licensed health care provider or an emergency medical care provider observes signs, symptoms, or behaviors consistent with a concussion or brain injury in an extracurricular interscholastic activity, the student must be immediately removed from participation. The student cannot return to participation in any activity, contest, or practice governed by the high school athletic organizations until a licensed health care provider trained in evaluation and management of concussions and brain injuries has given the student written clearance.
- The DPH, the IHSAA, and the IGHSAU work together to develop a protocol, based on peer-reviewed scientific evidence, for a student's return to participation in extracurricular interscholastic activities after showing signs, symptoms, or behaviors consistent with a concussion or brain injury. Officials of public and accredited nonpublic schools that have students who participate in extracurricular interscholastic activities in grades 7 through 12 must adopt the protocol by July 1, 2019.
- Each school district and accredited nonpublic school with students participating in an extracurricular interscholastic activity in grades 7 to 12 to develop a return-to-learn plan for each student removed from participation and diagnosed with a concussion or brain injury. The plan must be developed in cooperation with the student, the parent or guardian, and the student's licensed health care provider, and must be based on guidance from the Brain Injury Association of America.
- Public and accredited nonpublic schools that have students who participate in extracurricular interscholastic activities in grades 7 through 12 to provide those students with any protective gear required for any activity by law, by the rules of such contests, or by the IHSAA or IGHSAU guidelines.

The Act specifies that school districts and accredited nonpublic schools that fully implement the required protocols and provide an emergency medical care provider or a licensed health care provider at a contest identified by the American Academy of Pediatrics as a contact or limited contact activity will not be liable for any claim for injuries or damages based on the actions of the care provider as long as the provider acted reasonably and in good faith, in the best interest of the student athlete, and without undue influence of the school district or accredited nonpublic school or the school coaching staff. The Act further specifies that the school district or accredited nonpublic school will not be liable for claims for injuries or damages if the care provider was scheduled to be present in accordance with a prearranged agreement but was not able to be present due to documentable, unforeseen circumstances, and the school district or accredited nonpublic school otherwise followed the protocol.

The Act specifies that the licensed health care provider, if providing care without compensation, will not be liable for any claim for injuries or damages as long as the provider acted reasonably and in good faith, in the best interest of the student athlete, and without undue influence of the school district or nonpublic school or the school coaching staff. The Act defines "licensed health care provider" to include a physician, physician assistant, chiropractor, advanced registered nurse practitioner, nurse, physical therapist, or licensed athletic trainer. "Emergency medical care provider" is defined in Iowa Code section [147A.1](#).

The Act specifies that any person required to complete training required by the Act must complete initial training by July 1, 2019.

The Act may include a State mandate as defined in Iowa Code section [25B.3](#).

Background

School districts are prohibited from charging student fees for any purpose not specifically authorized in statute, and statute does not authorize charging student fees for the protective gear required by the Act. The Department of Education guidance in this regard identifies such gear as "essential to instruction" and notes that it must be purchased from the student activity fund. Iowa Code section [298A.8](#) allows school districts to transfer General Fund dollars to the student activity fund for the purpose of purchasing protective and safety equipment required for any extracurricular interscholastic athletic contest or competition sponsored or administered by the athletic associations or other organizations qualifying under Iowa Code section [280.13](#).

Assumptions

The DPH has developed protocols, training materials, and courses that are required by the Board of Educational Examiners and are already in use. Expenses associated with collaboration between the DPH and the athletic associations will be minimal. Expenses of school districts and accredited nonpublic schools related to distributing information to students and their parents or guardians will be minimal.

It is likely that school districts are already providing the protective gear required by the Act. Any increase in expenses associated with this requirement is expected to be minimal.

The Act does not mandate the presence of an emergency health care provider or a licensed health care provider at extracurricular interscholastic activities, but expressly limits liability related to the actions of such a provider if a district chooses to have one present. The limitations on liability for the provider may assist districts in finding health care providers willing to fill this role.

Fiscal Impact

[House File 2442](#) is estimated to have minimal fiscal impact to the State. The Act's fiscal impact to local school districts cannot be estimated, but is likely to be minimal.

Enactment Date

This Act was approved by the General Assembly on April 12, 2018, and signed by the Governor on April 26, 2018.

Effective Date

This Act takes effect July 1, 2018.

Sources

Department of Education

Department of Public Health

Urban Education Network of Iowa and Rural School Advocates of Iowa

School Administrators of Iowa

[HF 2446](#) – Utilities Board, Statutory Changes Act (LSB5362SV.1)

Analyst: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2446](#) makes the following changes:

- Appoints a Chief Operating Officer, instead of an Executive Secretary, to manage the operations of the Iowa Utilities Board (IUB).
- Allows a person owning any bonds, stock, or property in a railroad company to hold office in the IUB.
- Removes exemption from rate regulation for certain mutual telephone companies and does not allow these companies to elect to have their rates regulated by the IUB.
- Removes language allowing the IUB to consider certain expenses associated with the sale of classified directory advertising by a telephone utility when determining rates for the telephone utility. Also removes language allowing the IUB to classify long distance telephone companies as competitive long distance telephone companies.
- Gives the IUB the authority to allocate and charge fees that are attributable to its duties to a person subject to inspection by the IUB.
- Removes the requirement for a public utility to demonstrate the reasonableness of an electric generating facility or lease through a competitive bidding process for the purpose of the IUB's use of findings to specify certain ratemaking principles.
- Exempts Internet protocol-enabled service or voice over Internet protocol (VOIP) service from entry, rate, terms, and conditions regulation by any department, agency, board, or other political subdivision of the State. This provision does not affect, modify, limit, or expand the following:
 - The authority of the Attorney General.
 - The application or enforcement of any law that is intended to be applied generally to the conduct of business in the State.
 - Any authority of the IUB over wholesale telecommunications services, rates, agreements, interconnection, providers, or tariffs.
 - Any authority of the IUB to address the resolution of a dispute regarding intercarrier compensation.
 - Any authority of the IUB to assess VOIP service for specified surcharges, assessments, or costs.
 - Any authority of the IUB to regulate Internet protocol-enabled service or VOIP pursuant to Iowa Code section [476.91](#).
- Requires telecommunications service providers offering communications service telephone numbers to retail customers to register annually with the IUB. In the event that providers fail to comply, a civil penalty will be assessed. This change gives the IUB the authority to charge a fee set by IUB rule.
- Authorizes the IUB to charge all telecommunications carrier types a uniform monthly rate of \$0.03 per line.
- Repeals the established intrastate pipeline inspection fee of \$0.50 for each mile of natural gas pipeline and directs the IUB to charge pipeline companies with annual inspection fees directly attributable to the costs of conducting inspections.
- Removes the requirement that a landowner pay the attorney fees and costs of damages resulting from the construction of natural gas or hazardous liquid pipelines if a compensation commission's assessment of damages does not exceed 110.0% of the pipeline company's final offer prior to the assessment.

- Repeals Iowa Code sections pertaining to telephone toll connections ([476.11](#)), limitations on use of automatic dialing-announcing device equipment ([476.57](#)), definitions relating to local exchange competition ([476.96](#)), and local exchange competition ([476.101](#)).

Background

Dual Party Relay Service

The Dual Party Relay Service (DPRS) Fund is used for the Iowa telecommunications relay service and the Equipment Distribution Program. All telecommunications carriers are required to contribute to the Fund. Under current law, the DPRS assessment program charges wireless telecommunications carriers \$0.03 per line per month. All other carrier types, including wireline and alternative operator service providers, are charged varying amounts.

Intrastate Pipeline Inspection Fee

Under [199 IAC 10](#), the IUB's jurisdiction includes the inspection of intrastate natural gas pipelines on behalf of the federal Department of Transportation's Pipeline and Hazardous Materials Safety Administration. The IUB has the authority to charge pipeline companies an annual inspection fee directly attributable to the costs of conducting the annual inspections.

The Act also prohibits a local exchange telecommunications carrier from imposing restrictions on the resale of local exchange services, functions, or capabilities. The IUB is given the authority to prohibit residential service from being resold as a different class of service.

Assumptions

- The current intrastate pipeline inspection fee of \$0.50 for each mile of natural gas pipeline will be waived or reduced by an amount that is undetermined at this time.
- The IUB will charge wireless carriers and wire-line local exchange carriers that provide telecommunications in the State a uniform monthly rate of \$0.03 for each line.

Fiscal Impact

The fiscal impact of [HF 2446](#) to the Commerce Revolving Fund is a reduction of approximately \$65,000 due to the repeal of the intrastate pipeline inspection fee.

The fiscal impact of assessing all telecommunications carriers a uniform monthly rate of \$0.03 for each line is estimated to yield an increase of \$200,000 in contributions from telecommunications carriers to the DPRS Fund. Fee revenue will be used to cover program expenses.

Enactment Date

This Act was approved by the General Assembly on April 17, 2018, and signed by the Governor on May 17, 2018.

Effective Date

This Act is effective as of July 1, 2018.

Sources

Iowa Utilities Board

Integrated Information for Iowa data

HF 2456 – Mental Health, Complex Service Needs Workgroup Report Act (LSB6024HV.1)

Analyst: Jess Benson (515.689.0598) jess.benson@legis.iowa.gov

Fiscal Note Version – Final Action

Description

House File 2456 implements numerous changes relating to behavioral health, mental health, disability services, and substance abuse, including:

- Amending Iowa Code chapters [125](#) and [229](#), related to involuntary commitment, to require that if the report of a court-designated licensed physician or mental health professional indicates the subject of an application for involuntary commitment or treatment does not have a substance-related disorder or is not seriously mentally impaired, the court is required to terminate the proceeding and dismiss the application on its own motion and without notice. The respondent is also required to be released from detention prior to the commitment hearing.
- Amending Iowa Code chapter [135G](#), related to subacute health care facilities, to remove the conditions for issuing a license for a facility and the current 75-bed cap, and requiring the Department of Inspections and Appeals (DIA) to issue a license if the facility and staff are adequate to provide the care and services required of a subacute care facility.
- Amending Iowa Code chapter [228](#) to allow mental health professionals to share mental health information with law enforcement professionals.
- Amending Iowa Code chapter [229](#) to allow hearings to be held by video conference at the discretion of the court.
- Amending Iowa Code chapter [229](#) to allow for secure third-party transportation services contracted by a Mental Health and Disability Services (MHDS) region.
- Amending Iowa Code section [331.397](#) to require the following service domains to the extent that federal matching funds are available under the Iowa Health and Wellness Plan (IHAWP):
 - Access centers that are located in crisis residential and subacute residential settings with 16 beds or fewer that provide immediate, short-term assessments for persons with serious mental illness or substance use disorders who do not need inpatient psychiatric hospital treatment, but who do need significant amounts of supports and services not available in the persons' homes or communities.
 - Assertive community treatment services.
 - Comprehensive facility and community-based crisis services, including mobile response, 23-hour crisis observation and holding, crisis stabilization community-based services, crisis stabilization residential services, and subacute services provided in facility and community-based settings.
 - Intensive residential service homes for persons with severe and persistent mental illness in scattered-site community-based residential settings that provide intensive services and that operate 24 hours a day.
- Specifying that if a county switches regions, the county's historic budget-capped amount is used to calculate the new regional levy, similar to the process of calculating the regional levies when the regions were created.

- Directing the Department of Human Services (DHS) to adopt rules related to the new core services no later than October 1, 2018, and providing guidance and timelines for implementing those core services.
- Directing the DHS, in cooperation with the Department of Public Health (DPH) and other affected or interested stakeholders, to review the commitment processes under Iowa Code chapters [125](#) and [229](#) and to report recommendations for improvements in the processes to the Governor and the General Assembly by December 31, 2018.
- Directing the DHS, the DPH, and other affected or interested stakeholders to review the role of tertiary care psychiatric hospitals in the array of mental health services and to report recommendations for providing tertiary psychiatric services to the Governor and the General Assembly by November 30, 2018.

Background

[Senate File 504](#) (FY 2018 Mental Health Property Tax Levy Act) directed the DHS to convene a stakeholder workgroup to make recommendations relating to the delivery of, access to, and coordination and continuity of mental health, disability, and substance use disorder services and supports for individuals, in particular individuals with complex mental health, disability, and substance use disorder needs. In addition, the Act required the regional administrators for the MHDS regions to convene a stakeholder workgroup to create collaborative policies and processes relating to the delivery of, access to, and continuity of services for individuals with complex mental health, disability, and substance use disorder needs. The provisions in [HF 2456](#) relating to subacute beds and the expansion of core services were recommendations from the final report. Information from both workgroups and the final report are available here: dhs.iowa.gov/mhds/community-integration.

Assumptions

Overall Assumptions

- The services listed in the Act are currently reimbursable by Medicaid and are services that counties may provide. Defining the services as core services will increase development and utilization of these services. The fiscal impact estimated in this ***Fiscal Note*** assumes that the services will be defined as core services.
- The regular Medicaid Federal Medical Assistance Percentage (FMAP) rate is 40.07% State and 59.93% federal. It is assumed that because of the complex service needs of the individuals requiring the services listed below, individuals will be on Medicaid instead of the IHAWP. If there are individuals covered by the IHAWP who receive the services below, the enhanced match rate of 93.50% federal and 6.50% State will apply.
- MHDS regions are responsible for the startup costs of the services listed below and for the costs not reimbursed by Medicaid.
- MHDS regions had an ending fund balance of \$140.6 million in FY 2017 and, based on budgeted expenditures, are projected to have an ending fund balance of \$104.5 million at the end of FY 2018.
- Although the regions as a whole have large fund balances, the funds are not evenly distributed among all regions. In addition, long-term funding may need to be addressed in regions with levy caps below the statewide maximum of \$47.28 per capita. **Attachment 1** shows a detailed analysis of county revenues, expenditures, and estimated fund balances provided by the DHS.

- The DIA will complete six subacute surveys annually (30 hours each) and 12 subacute investigations annually (30 hours each). Surveyor average salary and benefits is \$58 per hour with a 2.0% salary increase in the surveyor's second year. Vehicle expenses are \$16,000 for the first year. Other support expenses such as travel, supplies, and equipment are estimated to be \$7,225 per year.

Access Centers

- The average daily rate for a bed at an access center will be \$392.04, using a crisis and subacute service blend.
- There will be 12 beds in June 2019, and that total will increase to 48 beds by the end of FY 2020.
- Medicaid will cover an 80.0% occupancy rate. The remaining costs will be funded by the regions.

Assertive Community Treatment (ACT)

- There will be four new ACT teams operational in FY 2019 and 10 teams operational by the end of FY 2020.
- Average new Medicaid recipients are estimated at 52 in FY 2019 and 409 in FY 2020.
- The estimated monthly Medicaid rate for ACT is \$1,109.56. This rate is anticipated to be offset by Medicaid savings of \$312.92, resulting in a net rate of \$796.64 due to moving individuals to a lower level of care.

New Crisis Services

- The Medicaid cost of crisis services will be offset by reduced utilization of other high-cost Medicaid services.
- There will be an estimated need for \$1.8 million for non-Medicaid crisis-related services to fill in the remaining gaps in regions that do not have the services. These expenditures will be funded by the regions.

Subacute Services

- The average daily rate of a subacute bed will be \$400.
- There will be five beds in October 2018, increasing to 10 beds by the end of FY 2019 and 25 beds by the end of FY 2020.
- Medicaid will cover an 80.0% occupancy rate. The remaining costs will be funded by the regions.

Intensive Residential Home Services

- Services will begin January 2019.
- There will be 30 individuals served by the end of FY 2019, and 90 by the end of FY 2020.
- The estimated Medicaid daily rate is \$340, which is \$216.60 more than the average rate for these services. The fiscal impact is based on the difference between these two rates.

Fiscal Impact

The increased utilization of services due to [HF 2456](#) is estimated to increase General Fund expenditures by \$876,000 in FY 2019 and \$6.0 million in FY 2020. The startup and ongoing expenditures are estimated to cost the MHDS regions \$4.3 million in FY 2019 and \$10.0 million in FY 2020. A detailed breakdown of the estimated cost of each service is listed in **Table 1** below.

Table 1 — Estimated Fiscal Impact of HF 2456

	FY 2019			FY 2020		
	Total Federal, State, & Region	General Fund	Region Share	Total Federal, State, & Region	General Fund	Region Share
Access Centers						
Net Medicaid	\$ 112,908	\$ 45,242	\$ 0	\$ 3,089,902	\$ 1,238,124	\$ 0
Net Non-Medicaid	28,227	0	28,227	1,018,776	0	1,018,776
Total	\$ 141,134	\$ 45,242	\$ 28,227	\$ 4,108,678	\$ 1,238,124	\$ 1,018,776
Assertive Community Treatment						
Net Medicaid	\$ 494,315	\$ 198,072	\$ 0	\$ 3,907,120	\$ 1,565,583	\$ 0
Net Non-Medicaid	2,195,145	0	2,195,145	5,841,930	0	5,841,930
Total	\$ 2,689,460	\$ 198,072	\$ 2,195,145	\$ 9,749,050	\$ 1,565,583	\$ 5,841,930
New Crisis Services						
Net Medicaid	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Non-Medicaid	1,800,000	0	1,800,000	1,800,000	0	1,800,000
Total	\$ 1,800,000	\$ 0	\$ 1,800,000	\$ 1,800,000	\$ 0	\$ 1,800,000
Subacute Services						
Net Medicaid	\$ 676,800	\$ 271,194	\$ 0	\$ 2,340,800	\$ 937,959	\$ 0
Net Non-Medicaid	222,075	0	222,075	768,075	0	768,075
Total	\$ 898,875	\$ 271,194	\$ 222,075	\$ 3,108,875	\$ 937,959	\$ 768,075
Intensive Residential Home Services						
Net Medicaid	\$ 766,064	\$ 306,962	\$ 0	\$ 5,510,835	\$ 2,208,192	\$ 0
Net Non-Medicaid	79,375	0	79,375	571,000	0	571,000
Total	\$ 845,439	\$ 306,962	\$ 79,375	\$ 6,081,835	\$ 2,208,192	\$ 571,000
All Recommendations						
Net Medicaid	\$ 2,050,087	\$ 821,470	\$ 0	\$ 14,848,658	\$ 5,949,857	\$ 0
Net Non-Medicaid	4,324,822	0	4,324,822	9,999,781	0	9,999,781
DIA Inspection Costs	54,545	54,545	0	39,069	39,069	0
Total	\$ 6,429,454	\$ 876,015	\$ 4,324,822	\$ 24,887,507	\$ 5,988,926	\$ 9,999,781
Note: Totals may not sum due to rounding.						

Enactment Date

This Act was approved by the General Assembly on March 21, 2018, and signed by the Governor on March 29, 2018.

Effective Date

This Act takes effect July 1, 2018.

Sources

Department of Human Services

Department of Inspections and Appeals

HF 2467 – School Student Lunches, Food Shaming Act (LSB5528HV.2)

Analyst: Josie Gerriets (515.238.2833) josie.gerriets@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[House File 2467](#) has two sections regarding student lunch debt in Iowa schools:

- Section 1 allows school districts to seek setoff for certain lunch debt pursuant to Iowa Code section [8A.504](#).
- Section 2 requires school districts to provide information twice annually to all parents and guardians regarding the application process for Free and Reduced Meals, and additionally if a student owes lunch debt for five or more meals. This Section also encourages school districts to provide a reimbursable meal to any student requesting it; makes provisions prohibiting publicly identifying students with lunch debt; allows districts to create an unpaid student meals account into which they may deposit moneys received from outside sources for paying student meal debt; and requires the Department of Education to work with school districts on creating a model of best practices.

Background

There are an estimated 433 School Food Authorities (SFAs) in the State, made up of the 333 school districts and 100 nonpublic schools. Currently, school districts are not required to offer meals to students with negative meal account balances; school boards are required to maintain policies regarding the handling of students with meal debt. Public schools in Iowa served an estimated 17,000,000 breakfasts and 62,300,000 lunches in FY 2017. In that year, if all students had eaten school lunch every day of the 180-day school year, there would have been 87,000,000 lunches served.

In order to be compliant with the U.S. Department of Agriculture (USDA)'s requirements for the National School Lunch Program (Free and Reduced Lunch Program), SFAs provide information annually to all parents and guardians regarding Free and Reduced Lunch. Some school districts may already notify families multiple times of the program application process, and many districts complete targeted follow-up with families that have lapsed applications.

Assumptions

Section 1

- Districts will be unable to retrieve funds under the described setoff procedure in Section 1 because they do not have access to parents' Social Security numbers. It is assumed districts will not use additional staff time if they are not able to use the setoff procedure.

Section 2

- School Food Authorities already notify families of the Free and Reduced Lunch Program at least once in order to meet USDA requirements; a second notification may incur additional cost if districts are not already notifying a second time.

- Increased staff time will be needed to sort and identify the students with more than five unpaid meals and to subsequently contact these families each week of the school year.
- It is assumed that both the second notification and notification after five or more unpaid meals will be completed by a clerical staff member, at an estimated cost of \$12 per hour.
- School Food Authorities that participate in the USDA's Free and Reduced Lunch Program are required to offer meals at cost. It is estimated that reduced-price breakfasts cost \$0.30 per meal to districts; reduced-price lunches cost \$0.40 per meal. This is the total that would not be reimbursed if the meal remained unpaid.
- It is estimated that full-price breakfasts cost \$1.50 per meal; full-price lunches cost \$2.75 per meal. These costs will vary by school district.

Fiscal Impact

The estimated increase in cost in staffing across all SFAs is \$245,600, or an estimated average of \$570 per SFA. This includes an estimated \$58,500 for the second notification regarding the Free and Reduced Lunch Program: 217 hours of staff time to produce and send the notification and the cost of sending the notification. The total also includes \$187,100 for the account monitoring and notification for students with more than five unpaid meals; this total assumes that account monitoring and notification take 15,588 hours, or an hour per week per SFA, for 36 weeks. It is possible that some of the SFAs will be able to complete the extra work with staff already available; however, this will be dependent on the SFAs' staffing levels.

It cannot be determined how much additional school meal funds districts may receive through the various meal debt collection options in the Act.

The offering of a reimbursable meal to students with meal debt is not mandatory, and it is not possible to determine at this time how many SFAs may choose to participate in such a model.

Enactment Date

This Act was approved by the General Assembly on April 9, 2018, and signed by the Governor on April 17, 2018.

Effective Date

The Act is effective July 1, 2018.

Sources

Department of Education
LSA analysis and calculations

[SF 359](#) – Prohibiting and Requiring Certain Actions Relating to a Fetus Act (LSB1547SV.2)

Analyst: Kent Ohms (515.971.7053) kenneth.ohms@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 359](#) prohibits the following:

- Knowingly acquiring, providing, receiving, otherwise transferring, or using a fetal body part in Iowa, with listed exemptions. Violators are guilty of a Class C felony.
- An abortion following the detection of a fetal heartbeat.

Assumptions

- The University of Iowa Obstetrics and Gynecology Department is accredited by the Accreditation Council for Graduate Medical Education (ACGME).
- The ACGME requires that programs provide training or access to training in the provision of abortion services, and that this training be part of the planned curriculum.
- The history of ACGME enforcement of this requirement in light of the Coats Amendment is ambiguous.
- Crimes committed by licensed medical professionals are rare, and it is expected most licensed medical professionals will comply with law.

Fiscal Impact

A complete fiscal impact cannot be determined. Faced with restrictions provided in [SF 359](#), the University of Iowa Obstetrics and Gynecology Department may have to make arrangements for the resident training to occur at another institution, may possibly lose accreditation, or may face other sanctions.

Correctional Impact

The Act is estimated to result in minimal correctional impact. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Enactment Date

The Act was passed by the General Assembly on May 1, 2018, and was signed by the Governor on May 4, 2018.

Effective Date

The Act is effective July 1, 2018.

Sources

Board of Regents

Department of Human Rights, Criminal and Juvenile Justice Planning Division

Journal of the American Medical Association

American College of Obstetricians and Gynecologists

[SF 475](#) – Education Omnibus Act (LSB1489SV.5)

Analyst: Josie Gerriets (515.238.2833) (josie.gerriets@legis.iowa.gov)

Fiscal Note Version – Final Action

Description

[Senate File 475](#) makes a variety of changes to the Iowa Code regarding education. Of the seven divisions of the Amendment, two will have a fiscal impact; two may have a fiscal impact, but the extent of fiscal impact is indeterminable; and three are expected to have little or no fiscal impact.

- Fiscal impact: Divisions II, VII
- Possible, but indeterminable fiscal impact: Divisions I, IV
- Little or no fiscal impact: Divisions III, V, VI

Divisions I and IV

Background

Divisions I and IV both pertain to various provisions regarding open enrollment in online academies. Division I rescinds the limitations on the number of students statewide open-enrolled in and receiving their education through a primarily online method. Currently, only CAM Community School District and Clayton Ridge Community School District are able to have this kind of open enrollment. It also requires that the State Board of Education adopt rules for school districts using online curriculum regarding online course content, and that the Board ensure that the content is aligned to Iowa Core standards.

Division IV creates a provision that the resident district of an open-enrolled student may retain up to \$400 per year, calculated as \$200 per cocurricular or extracurricular activity at a maximum of two activities per year, for the purpose of a student's participation in these activities. The resident district may allow the student to participate in more activities at the discretion of the district, and may charge the student the same fees as charged to other resident pupils. This provision will affect districts that have students who are open-enrolled for the purpose of receiving online education, who are included in this section.

Assumptions

It is unknown how many districts may choose to offer open enrollment online, or at what cost, as districts will be able to contract with both private and public institutions. It is also not possible to determine how many additional students may choose to participate in online open enrollment.

The number of students open-enrolling and who may choose to return to their resident districts for the purpose of cocurricular or extracurricular activities cannot be estimated.

Fiscal Impact

It is not possible to determine the fiscal impact to schools of Division I or IV. There is not expected to be a fiscal impact to the State for Division IV.

There will be a cost to the State under Division I if more students who are currently under independent private instruction (home schooling) choose to open-enroll in an online school, but the number of students who may choose to do so cannot be determined at this time. On count day in the fall of 2017, there were 904 students open-enrolled into online academies through CAM Community School District and Clayton Ridge Community School District. An analysis of the current enrollment trends for first grade through twelfth grade enrollment at the two active online academies shows that an estimated 9.6% of students enrolled in the academies in FY 2018 had not been enrolled in a public school the previous academic year.

Division II

Background

Division II of [SF 475](#) relates to concurrent enrollment in community college classes and creates an exception to the “supplement not supplant” requirements under Iowa Code section [257.11](#) for one or more career and technical education (CTE) classes falling under a single technical educational area. For example, under Division II, if a school district offers both a series of agriculture classes and a series of nursing classes, only one will be eligible for supplementary weighting. Under current law, a school district may contract with a local community college to offer CTE, math, liberal arts, and science courses, which generates supplementary weighting in the school aid formula aimed at covering part of the cost of those classes. CTE classes offered under these agreements are not eligible for supplementary weighting if they are supplanting other courses required under Iowa Code section [256.11](#). Under this Division, if the class is supplanting an “offer and teach” required class, it will be eligible for supplementary weighting, generating funds for schools within the school aid formula, if the class has more than five students enrolled and if the school district has fewer than 600 students enrolled and meets all other requirements.

Assumptions

- School districts currently offering CTE classes will, when available and appropriate, supplant an “offer and teach” required class with a CTE class to generate supplementary weighting. Using the most recent available data, there are 41 courses across 26 school districts that could be eligible.
- For FY 2020, there may be classes which under current estimates have four or five students enrolled that will have increased enrollment to meet the threshold of six enrollees. For estimation purposes, between 8 and 14 five-student classes and 5 and 10 four-student classes reaching the threshold are included on the table below.
- Of school districts that do not currently have a CTE agreement, there are 24 that are close enough (within a 30-minute drive) to a community college center to possibly start an in-person CTE class by FY 2020. For FY 2020, 10 to 14 new classes are included in the estimation for **Table 1** below.
- School districts that do not currently have CTE concurrent enrollment classes will most likely be unable to start new school district campus CTE classes before FY 2021. This is due to the implementation time needed to have the materials, curriculum, and staff in place to meet the requirements of those agreements.
- In FY 2021, up to 49 more school districts could be eligible compared to the previous year. For estimation purposes, between one-quarter and one-third will begin CTE concurrent enrollment classes.

Calculations

- School districts will not be able to participate until FY 2020, as their enrollment information for FY 2019 has already been certified by the Department of Education.
- State cost per pupil (SCPP) is set at \$6,736 per student, and district cost per pupil is used when applicable and available. Any change in the State cost per pupil will affect the estimated cost.
- Property tax replacement payment (PTRP) is set at \$92 per student.
- Weighting is applied as appropriate to the type of class, at a rate of either 0.70 or 0.46. The average enrollment of eligible CTE classes is six. Weighting is prorated to reflect the portion of the school day required by the class via full-time equivalent (FTE) weighting. The average FTE of eligible classes is 0.054 and ranges from 0.012 to 0.10. Supplemental weighting is generated by multiplying weighting by enrollment by FTE.
- Using 0.70 weighting and all other averages, an average class generates 0.2268 weights, at a cost of \$1,353 in State aid. Total generated funding is \$1,527.

Fiscal Impact

There is no fiscal impact for Division II in FY 2019 because school districts have already submitted their concurrent enrollment counts for their FY 2019 budgets. In FY 2020, the new CTE exception may generate up to \$205,461 for schools that already have CTE agreements through supplementary weighting in the school aid formula. This amount includes State aid (\$182,584) and property taxes. This is the maximum possible amount that may be generated for those school districts based on current data, and the total amount generated may be lower if all school districts do not participate. The table below reflects 90.0% of classes utilizing the supplanting option as the minimum for FY 2020. Fiscal Year 2021 includes an additional one-quarter to one-third of school districts creating new CTE concurrent enrollment agreements.

Table 1 – Estimated State Aid Change

	FY 2019	FY 2020				FY 2021			
		Low Estimate		High Estimate		Low Estimate		High Estimate	
		State Aid	Property Tax						
Classes as Reported, Most Recent Data	\$ 0	\$ 117,895	\$ 14,951	\$ 130,995	\$ 16,413	\$ 148,745	\$ 18,863	\$ 182,584	\$ 22,876
Include Five Student Classes*	N/A	10,730	1,344	19,007	2,381	N/A	N/A	N/A	N/A
Include Four Student Classes**	N/A	6,706	851	13,576	1,701	N/A	N/A	N/A	N/A
New Classes	N/A	13,413	1,681	19,007	2,381	16,431	2,084	21,689	2,717
Estimated Total		\$ 148,745	\$ 18,637	\$ 182,584	\$ 22,876	\$ 165,176	\$ 20,695	\$ 204,273	\$ 25,594

*Adds some schools adding an additional student into a class with five enrollees to meet the threshold.

**Adds some schools adding two additional students into a class with four enrollees to meet the threshold.

New Classes are classes with school districts not currently offering CTE classes:

- Est. FY 2020 10-14 classes
- Est. FY 2021 18-24 classes

Totals may not sum due to rounding.

Divisions III, V, and VI

Background

In 2007 and 2008, the General Assembly enacted requirements that parents have their children's dental (2007) and vision (2008) health screened before their children begin attending school. These requirements were updated in 2013. Division III of the Act creates a working group to review the best practices for implementing necessary student health screening while reducing administrative requirements on school districts.

Assumptions

The working group will be made up of members deemed appropriate by the Department of Public Health as well as at least one representative from the Department of Education, the Department of Public Health, the Area Education Agencies, and the Iowa Academy of Family Physicians.

Fiscal Impact

The Department of Education and the Department of Public Health report that due to budgetary restrictions, they do not plan to offer mileage reimbursement or lunches for the working group's meetings. As a result, there is not expected to be a fiscal impact for Division III.

The costs of Division V, which creates a biliteracy seal for high school graduates showing proficiency in a second language, may be offset by a nominal fee that the Department of Education is permitted to charge for the production of the seal.

Division VI requires that any guidance issued by the Department of Education, the State Board of Education, or the Director of Education be consistent with the underlying statute or rule, and that the guidance itself is not legally binding unless required or reasonably implied by the statute, administrative rule, or other legal authority. There is no expected fiscal impact.

Division VII

Background

Division VII amends Iowa Code section [256.11](#) to include that all school districts in the State offer at least one-half unit of personal financial literacy. All students must complete the financial literacy course as a condition of graduation from an Iowa high school. The course must cover the following: savings, purchasing, wealth building, investment, compound and simple interest, real estate, mutual funds, annuities, college planning, long and short-term investment, credit and debit, consumer awareness, financial responsibility, and insurance, among other requirements.

This Division goes into effect July 1, 2019, for the FY 2020 school year.

Assumptions

- There are an estimated 36,566 students who will be seniors in FY 2020.
- There will be 40 students per section. This will result in an estimated 914 sections of financial literacy that will need to be provided in the first year of implementation.

- If a school district needs fewer than two sections of the class, the class will be taught or proctored by staff already employed by the district.
- Half of all other classes will be taught by staff already employed by the district. Based on this calculation, statewide, there will need to be added to school rosters an estimated 226 sections of classes that will be taught by new staff, generating between 28.25 and 37.68 required full-time equivalent (FTE) positions.
- Teacher salary is based on each district's average teacher salary.

Fiscal Impact

Based on school district salary data, between 28.25 and 37.68 FTE positions would cost school districts an estimated \$1.6 million to \$2.2 million. Total estimated impact will vary significantly by district and will be paid for from the school aid formula funding. It is possible that school districts will reduce staffing in other areas to offset the possible increase in staffing for the financial literacy class, but this offset cannot be determined at this time.

This Division was amended by [SF 2415](#) (FY 2019 Education Appropriations Act). The amendment allows the specified coursework to be covered in otherwise required social studies, math, or career and technical education courses and for the course to be counted as one half credit of social studies. This is expected to decrease the fiscal impact of this Division of the Act. For more information, see the [NOBA annotations](#).

Fiscal Impact – All Divisions

Table 2 outlines the fiscal impact of [SF 475](#) as amended by [S-5182](#). For FY 2019, the fiscal impact of the Act cannot be determined. In FY 2020, the beginning of eligibility of CTE classes for supplementary weights results in an estimated net increase in General Fund expenditures via school State aid of between \$116,477 and \$180,388. There will also be an expected fiscal impact to school districts as districts ramp up the financial literacy class requirement.

Table 2 – Estimated Fiscal Impact of All Divisions, General Fund

Division	Provision	Fiscal Impact — FY 2019	Fiscal Impact — FY 2020
I	Online Education, Open Enrollment	Fiscal impact cannot be determined	Fiscal impact cannot be determined
II	Concurrent Enrollment, CTE Exception	No expected fiscal impact	Increase, estimated \$ 118,000 - \$ 183,000
III	Student Health Working Group	No expected fiscal impact	Not applicable
IV	Open Enrollment, Extracurricular Activity Fee	Fiscal impact cannot be determined	Fiscal impact cannot be determined
V	Department of Education — Biliteracy Seal	No expected fiscal impact	No expected fiscal impact
VI	Limitation on Department of Education Guidance	No expected fiscal impact	No expected fiscal impact
VII	Financial Literacy Course for Graduation Requirement	No expected fiscal impact	School district expenditures, estimated \$ 1,600,000 - \$ 2,200,000
Total Estimated Impact			\$ 1,718,000 - \$ 2,383,000

Enactment Date

This Act was approved by the General Assembly on April 2, 2018 and signed by the Governor on April 17, 2018.

Effective Date

Divisions I, II, III, IV, and V are effective July 1, 2018; Division VI took effect April 17, 2018; and Division VII is effective July 1, 2019.

Sources

Department of Education

Department of Public Health

LSA analysis and calculations

SF 481 – Immigration Laws Enforcement Act (LSB1765SV.3)

Analyst: Alice Fulk Wisner (515.281.6764) (alice.wisner@legis.iowa.gov)

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Fiscal Note Version – Final Action

Description

[Senate File 481](#) establishes a new Iowa Code chapter 825 relating to the enforcement of immigration laws. The Act defines immigration law as a law of Iowa or the federal government relating to aliens, immigrants, or immigration, including the federal Immigration and Nationality Act.

The Act does the following:

- Requires an Iowa law enforcement agency having custody of a person subject to an immigration detainer request to fully comply with any instruction and legal document provided by a federal agency.
- Requires actions by the court in relation to a defendant who is the subject of an immigration detainer request at the time of sentencing.
- Prohibits a local entity from taking any action discouraging the enforcement of immigration laws, including adopting or enforcing a policy.
- Requires each State or local law enforcement agency to have policies in writing related to enforcement of federal immigration laws by January 1, 2019.
- Prohibits discrimination while enforcing immigration laws except to the extent permitted by the Constitution of the United States or the Constitution of the State of Iowa.
- States that information, including national origin, of a victim or witness to a crime will not be requested or collected if it is not pertinent to the investigation of the alleged public offense.

The Act also specifies a process for any person to file a complaint with the Iowa Attorney General (AG) or a county attorney alleging that a local entity is in violation of new Iowa Code chapter 825. After an investigation, if the complaint has been determined to be valid, the local entity (along with any entity under that jurisdiction) would be denied State funds for the subsequent fiscal year and indefinitely until eligibility to receive State funds has been reinstated. However, this denial would not apply to any State funds meant for the purchase of wearable body protective gear used for law enforcement. The Department of Management is charged with adopting rules to implement this Act uniformly across State agencies to which State funds are distributed. The local entity would need to petition the district court for a declaratory judgment that it is back in full compliance with the new Iowa Code chapter 825 in order to restore eligibility to receive State funds.

The AG is also directed to maintain a searchable database listing each local entity that has been denied State funds after a final judicial determination, and that database will be posted on the AG's Internet site.

Background

An immigration detainer is a document that U.S. Immigration and Customs Enforcement (ICE) may use to request that a local law enforcement agency hold an undocumented immigrant for up to 48 hours so that ICE may take custody. This hold takes place after that immigrant would otherwise have been released from local custody. In 2014 and 2016, federal judges ruled that local law enforcement agencies are under no legal obligation to honor ICE detainers unless the detainees are also accompanied by a probable cause warrant. This Act defines an immigration detainer request as a federal government request to a local entity to maintain temporary custody of an alien, and specifies that an immigration detainer request includes both verbal and written requests. According to the [Pew Research Center](#), there were an estimated 40,000 undocumented immigrants of all ages living in Iowa in 2014.

Assumptions

- The marginal cost for county jails of each additional prisoner is estimated to be \$50.00/day.
- The cost to the AG to maintain the searchable database and handle complaints would be \$12,000 to \$24,000 annually.
- The denial of State funding based upon a valid finding of a violation of new Iowa Code chapter 825 would potentially impact a wide range of State funding, including: Road Use Tax Fund allocations, grants, and reimbursements; State property tax replacements; tuition replacement; flood mitigation projects; community college funding; grants made by the Iowa Economic Development Authority; and many other areas.

Fiscal Impact

At this time it is not possible to estimate the total fiscal impact of [SF 481](#).

It is possible that under Section 4 of the Act, local education agencies (LEAs, or school districts) and Area Education Agencies (AEAs) could fall under the definition of “local entity.” School districts are included as a “governing entity” in Iowa Code section [8D.9\(1\)](#) and [8G.3\(3\)\(a\)](#). School districts are considered “local taxing authorities” in Iowa Code sections [437A.3\(15\)](#) and [437B.2\(6\)](#). School districts are also included as a “governing body” in Iowa Code section [670.1\(1\)](#).

If it is determined through administrative rules or a court case that LEAs and AEAs meet the qualifications of a “local entity” with a governing board, and if an LEA or AEA does not comply with the requirements under Section 4 of the Act, the LEA or AEA may be denied State supplemental aid and categorical State aid. Within the structure of the school aid formula under Iowa Code chapter [257](#), it is possible school districts would be able to levy property taxes to supplant a portion of the withheld State supplemental aid, but not categorical State aid, using property taxes. Districts could replace a portion of the withheld State aid through the Management Levy, which is unlimited but can only be used for limited purposes, and the Cash Reserve Levy, which is limited to 20.0% of the district’s general fund but can be used for any general fund purpose.

Enactment Date

This Act was approved by the General Assembly on April 4, 2018, and signed by the Governor on April 10, 2018.

Effective Date

This Act is effective on July 1, 2018.

Sources

Department of Justice, Attorney General's Office

Pew Research Center

Iowa Association of Counties

Iowa League of Cities

Iowa State Sheriffs' and Deputies' Association

Miranda-Olivares v. Clackamas County, No. 3:12-cv-02317-ST (D. Or. April 11, 2014)

Jiminez Moreno et al. v. Napolitano et al., No. 11C5452 (N.D. IL. Sept. 30, 2016)

Legislative Services Agency analysis

Department of Management

SF 2059 – Property Tax Assessment, Electronic Delivery of Notices Act (LSB5439SV.1)

Analyst: Robin Madison (Phone: 515.281.5270) robin.madison@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 2059](#) authorizes county assessors to deliver assessments, notices, and other information by electronic means if the recipient has requested electronic delivery. The Act applies to assessments, notices, or other information on or after July 1, 2018.

Background

Currently, county assessors are spending approximately \$0.55 per assessment notice sent by regular mail. Under the Act, assessors in counties that choose to offer electronic delivery would begin advertising the availability of electronic delivery with the next round of assessment notices sent by regular mail.

Assumptions

The following assumptions are made for purposes of this estimate:

- Electronic delivery of an assessment notice would reduce the cost to the county to \$0.15, a reduction of \$0.40.
- Electronic delivery would begin in some counties with the 2019 assessment notices.
- Approximately 5.0% of property owners would request electronic delivery in the first two years it becomes available. The number of owners requesting electronic delivery would increase by 5.0% annually in subsequent years.
- The startup costs for a county to offer electronic delivery would not exceed \$500.
- The Johnson County assessor currently mails approximately 30,000 assessment notices in odd-numbered years and 5,000 in even-numbered years.
- Based on the number of parcels in Polk County (176,721), it is estimated that 152,000 assessment notices would be mailed in odd-numbered years and 25,000 in even-numbered years.

Fiscal Impact

The number of counties that would choose to offer electronic delivery is unknown. The number of property owners who would request electronic delivery, where available, is unknown.

Applying the assumptions to Johnson County, the number of assessment notices sent by regular mail would be reduced by 1,500 in

FY 2019, producing a savings of \$600. The first-year savings would be offset by initial startup costs not exceeding \$500. In FY 2020, mailings would be reduced by 250, producing a savings of \$100.

Applying the assumptions to Polk County, the number of assessment notices sent by regular mail would be reduced by 7,600 in FY 2019, producing a savings of \$3,040 that would be offset by initial startup costs not exceeding \$500. In FY 2020, mailings would be reduced by 1,250, producing a savings of \$500.

In both examples, savings in FY 2021 and subsequent years would be expected to increase as more property owners request electronic delivery.

Enactment Date

This Act was approved by the General Assembly on March 5, 2018, and signed by the Governor on March 15, 2018.

Effective Date

This Act is effective on July 1, 2018.

Sources

Iowa State Association of Counties

Tom VanBuer, Johnson County Assessor

Department of Revenue

SF 2099 – Probate, Small Estates Act (LSB5191SV.3)

Analyst: Laura Book (515.205.9275) (laura.book@legis.iowa.gov)

Fiscal Note Version – Final Action

Description

[Senate File 2099](#) relates to probate and the administration of small estates. The Act raises the maximum value of a small estate as defined under Iowa Code section [635.1](#) from \$100,000 to \$200,000. This Act adds a definition of “probate assets” to Iowa Code section [633.3](#). The term “probate assets” is defined as a decedent’s property subject to administration by a personal representative. The Act also makes various procedural changes to probate administration under Iowa Code chapter [635](#).

Background

Under Iowa Code section [633.31\(2\)\(I\)](#), the clerk of court must charge and collect a fee of \$15 for services performed in the administration of a small estate of \$100,000 or less. If the estate is valued above \$100,000, the clerk collects the fees as prescribed in Iowa Code section [633.31\(2\)\(K\)](#). Iowa Code section [633.31\(2\)\(K\)](#) provides a sliding fee scale for services performed in connection with the settlement of an estate. The probate fees collected by clerks of court are deposited in the State General Fund pursuant to Iowa Code section [602.8108](#). The current total fee for costs associated with the settlement of an estate valued at \$200,000 is \$380, and \$280 for estates valued at \$150,000.

Currently, the term “probate assets” is not defined in Iowa Code chapter [633](#). According to several recent district court decisions, the following types of assets have been found to pass outside the administration of a decedent’s estate (and would not be considered property subject to administration by a personal representative):

- Annuities payable to named beneficiaries (Estate of Klinge, Hancock County).
- Individual Retirement Accounts payable to named beneficiaries (Estate of Hill, Cerro Gordo County).
- Joint tenancy property (Estate of Daleske, Hardin County).
- Schedule G inter vivos trust assets.
- Real estate and property transferred prior to the death of the decedent listed in Schedule G (Estate of Mouw, Sioux County).

Recently, the Iowa Supreme Court decision in [Nance v. Iowa Department of Revenue](#)¹ recognized nonprobate assets as interests in property that pass outside of the decedent’s probate estate to a designated beneficiary upon the decedent’s death.

Assumptions

- In FY 2017, there were 1,342 small estate cases filed. It is assumed there will be the same number of estates valued between \$100,000 and \$200,000, and the same number of small estates valued at \$100,000 or less, in future fiscal years.

¹ 908 N.W.2d 261, 268 (Iowa 2018)

- The number of small estate filings will eventually double if the small estate cap is raised to \$200,000.
- The estimated average value of estates between \$100,000 and \$200,000 is \$150,000.
- The total number of small estate filings and filings for estates valued between \$100,000 and \$200,000 will remain the same in FY 2020 and FY 2021.
- It is estimated to take at least two years for probate cases opened or converted from administration after July 1, 2020, to be closed and for fees to be paid, and for the full fiscal impact to be known.

Fiscal Impact

[Senate File 2099](#) is estimated to reduce fee revenues to the State General Fund within a year of implementation. The following chart shows an estimate of the fiscal impact beginning in FY 2020 and FY 2021:

Table 1

Estimated Annual Impact on Fee Revenue						
Fee Revenue	FY 2020			FY 2021		
	Current Law	Proposed Law SF 2099	Difference	Current Law	Proposed Law SF 2099	Difference
	\$395,890	\$218,075	-\$177,815	\$395,890	\$40,260	-\$355,630

*For small estates and estates valued at \$100,000 - \$200,000.

It is important to note that the new definition of “probate assets” may have an even greater impact than estimated in **Table 1**. The impact of this definition will depend on several factors. The Judicial Branch has indicated that [SF 2099](#) will not have an additional impact on fees collected from Iowa Code section [633.31\(2\)\(k\)](#) as long as:

- There is no additional movement among district courts to remove certain probate assets from the calculation of probate fees,
- The [Nance](#) decision does not have any influence on which assets are currently included in the calculation of probate assets, or
- The new definition of “probate assets” under [SF 2099](#) does not have an impact on what is included in the calculation of probate assets.

The Judicial Branch has indicated that if any of the factors listed above do occur, there could be a substantial reduction in General Fund revenue, possibly \$3.0 million to \$10.0 million, in the next few years due to the new definition of “probate assets.” If none of the factors occur, then the original fiscal impact estimated in **Table 1** would apply instead.

Enactment Date

This Act was approved by the General Assembly on May 4, 2018, and signed by the Governor on May 16, 2018.

Effective Date

The effective date for the provisions amending Iowa Code sections [633.3](#), [635.2](#), [635.7](#), and [635.8](#) is July 1, 2018, and this will apply to estates of decedents dying on or after July 1, 2018, and other estates opened previously and for which administration has not been completed as of July 1, 2018. The provision amending Iowa Code section [635.1](#) will take effect July 1, 2020, and will apply to estates of decedents dying on or after July 1, 2020.

Source

Iowa Judicial Branch

SF 2113 – Suicide Prevention Training Act (LSB5143SV.2)

Analyst: Robin Madison (515.281.5270) robin.madison@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[**Senate File 2113**](#) requires the following:

- The State Board of Education must adopt rules requiring school districts to adopt protocols for suicide prevention and postvention and for the identification of adverse childhood experiences to mitigate toxic stress response. The protocols must be based on nationally recognized best practices.
- By July 1, 2019, local school boards must require at least one hour annually of evidence-based training in suicide prevention and postvention, based on nationally recognized best practices, for school personnel who have regular contact with students and who hold a license, certificate, authorization, or statement of recognition from the Board of Educational Examiners.
- By July 1, 2019, local school boards must require annual, evidence-based, evidence-supported training, based on nationally recognized best practices, in the identification of adverse childhood experiences and strategies to mitigate toxic stress response. The training must be provided to school personnel who have regular contact with students and who hold a license, certificate, authorization, or statement of recognition from the Board of Educational Examiners.

Background

A number of organizations offer evidence-based training in suicide prevention and postvention and in trauma-informed care, either online or in-person, free of charge to school districts. The organizations include the [National Alliance on Mental Illness \(NAMI\)](#) and the [American Foundation for Suicide Prevention \(AFSP\)](#), as well as Iowa-based organizations such as UnityPoint Health, [Orchard Place](#), [Please Pass the Love](#), and [Central Iowa ACEs 360](#). The majority of these offerings are one or two hours in length.

Assumptions

Each school district would determine when and how to offer the training required in the Act and would have the option to include it in existing in-service or professional development time that occurs during the contract day but when students are not in attendance. While this may supplant some other training or activity, it would be without additional cost to the school district.

Some districts may choose to provide the training at a time when substitute teachers or teacher pay for noncontract time would be necessary, but it is not required by the Act.

Fiscal Impact

[Senate File 2113](#) has no fiscal impact to the State. The impact to local districts cannot be estimated but would be determined by the individual districts, based on decisions regarding the use of school time or noncontract time to provide the training.

Enactment Date

This Act was approved by the General Assembly on March 21, 2018, and signed by the Governor on March 29, 2018.

Effective Date

This Act is effective on July 1, 2018.

Sources

Department of Education
Iowa Association of School Boards
PleasePasstheLove.org

SF 2114 – Education Laws, Code Corrections, and Clarifications Act (LSB5185SV.1)

Analyst: Robin Madison (515.281.5270) (robin.madison@legis.iowa.gov)

Fiscal Note Version – Final Action

Description

[Senate File 2114](#) makes a variety of changes to statute to reflect current practice, delete redundancies and inaccuracies, and resolve inconsistencies.

Section 2 of the Act strikes Iowa Code section [256.7\(21\)\(c\)](#), which requires school districts and accredited nonpublic schools to demonstrate the use of multiple assessment measures in determining student achievement levels. Federal education law no longer requires the use of multiple assessments.

Background

Iowa school districts are currently meeting the requirement by administering a second assessment in addition to the Iowa Assessment. The most common one used is the Measures of Academic Progress (MAP) assessment, used by 57.0% of Iowa districts at a cost of \$14 per student. The other 43.0% use one of over 200 other assessments that are generally less expensive to administer.

Assumptions

While a second assessment is no longer required under [SF 2114](#), it is unlikely all districts would cease administering a second assessment with its enactment. The Department of Education believes that many districts would continue with the second assessment because it is an educationally sound practice.

Calculations assume a cost per student of \$10 per test for the second assessment for a total of \$320,000 students in grades 3 through 11. The \$10 cost per test estimate is an approximate average of the \$14 cost per student for the MAP assessment for 57% of the districts and a lesser cost for the other 43.0% of the districts.

Fiscal Impact

While the Act has no significant fiscal impact on State revenue or expenditures, there is potential for cost reductions for local school districts. If all school districts ceased administering a second assessment as a result of [SF 2114](#), the estimated statewide savings to local school districts would be \$3.2 million. However, this outcome is unlikely. It is not possible, at this time, to estimate how many districts would cease administering a second assessment.

Enactment Date

This Act was approved by the General Assembly on March 20, 2018, and signed by the Governor on April 2, 2018.

Effective Date

This Act is effective July 1, 2018.

Source

Department of Education

[SF 2163](#) – Snow Plow Lights, White and Blue, Permanency Act (LSB5325SV.1)

Analyst: Michael Guanci (515.729.7755) michael.guanci@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 2163](#) repeals language in Iowa Code section [321.423](#) that sunsets the provisions on the pilot program permitting the Department of Transportation (DOT) to install rear-facing blue and white lights on snow removal equipment.

Background

Under 2015 Iowa Acts, ch. [81](#) (Snow and Ice Treatment and Removal — Lighting Devices and Reflectors Act), the General Assembly authorized the DOT to install rear-facing blue and white lights in addition to the existing amber lights on some snow removal equipment in order to examine if the updated lights would reduce collision accidents. The DOT installed the lights on 170 vehicles in Highway District 1, which is located in central Iowa.

Prior to installation of the new lighting design, crash rates for snow removal equipment averaged one for every 2,801 hours of operation in 2014-2015 winter months. During the pilot program, crash rates were reduced to one crash for every 8,813 hours of operation during the 2016-2017 winter months.

Under current law, the pilot program will be repealed on July 1, 2019.

Assumptions

[Senate File 2163](#) will allow the DOT to continue installing rear-facing blue and white lights on the remaining 670 snow removal vehicles at a cost of \$500 per vehicle.

Fiscal Impact

Installation of the lights on the remaining snow removal equipment is expected to cost the Highway Division of the DOT \$335,000 in FY 2019. The DOT will fund the installation through existing appropriations to the Division. The Highway Division is funded by appropriations from the Primary Road Fund.

Enactment Date

This Act was approved by the General Assembly on February 26, 2018, and signed by the Governor on March 7, 2018.

Effective Date

This Act is effective July 1, 2018.

Source

Iowa Department of Transportation

[**SF 2165**](#) – Victim Compensation Act (LSB5650SV.1)
Analyst: Laura Book (515.205.9275) (laura.book@legis.iowa.gov)
Fiscal Note Version – Final Action

Description

[**Senate File 2165**](#) concerns compensation payable under the Crime Victim Compensation Program. The Act expands the qualifying circumstances for economic loss and amends the compensation limitations under Iowa Code section [**915.86**](#).

[**Senate File 2165**](#) also allows a victim, secondary victim, or survivor of a deceased victim to be awarded additional compensation of up to \$5,000 per person under one of the following circumstances:

- The expenses were not eligible for compensation at the time the initial application for benefits was made.
- The qualifying person demonstrates that a denial of additional compensation would constitute an undue hardship, and the eligibility requirements and compensation limits at the time of application prevent compensation.
- The qualifying person incurs additional expenses from a “new event” that would otherwise be compensable, but for the compensation limits.

Background

The Victim Compensation Fund is administered by the Crime Victim Assistance Division of the Office of the Attorney General. Receipts to the Fund include criminal fines and penalties, victim restitution, a percentage of wages earned by inmates employed in the private sector, and federal funds. The year-end balance in the Fund carries forward to the next fiscal year. For further information, refer to the Legislative Services Agency **Budget Unit Brief Victim Compensation Fund**.

In FY 2017, the Fund had a total of \$10.6 million in receipts and carried forward a balance of approximately \$694,000 to FY 2018.

Assumptions

- The average payout per claimant and for primary and secondary applicants will remain at less than \$2,000 each.
- Claims for funeral expenses and for essential clothing and bedding replacement will continue to be the most common categories to reach the compensation limitation. It is also assumed that the funeral and clothing expenses will remain at \$7,500 and \$200, respectively.

Fiscal Impact

[**Senate File 2165**](#) has no fiscal impact on the State General Fund. The Act is estimated to increase Victim Compensation Fund expenditures by \$200,000 annually. Over the past six years, applicants have reached the compensation limitation on benefit categories a total of 1,452 times. It is uncertain how many claims for additional compensation will occur, but the cost is unlikely to have a substantial impact on the Victim Compensation Fund.

Enactment Date

This Act was approved by the General Assembly on March 26, 2018, and signed by the Governor on April 11, 2018.

Effective Date

The Act takes effect July 1, 2018.

Source

Iowa Department of Justice – Crime Victim Assistance Division

SF 2227 – County Resolution Publishing Act (LSB5969SV.1)

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Fiscal Note Version – Final Action

Description

[Senate File 2227](#) requires county auditors to publish either a summary or the full text of resolutions adopted by the county boards of supervisors. The Act requires that the complete text of any questions or propositions submitted to the voters be published with the required notice of a general or special election.

Background

Current law requires that the full text of resolutions must be published immediately after the adjournment of the meeting. The county auditor is required to furnish a copy of the proceedings for publication within one week of adjournment of the board of supervisors. The Act specifies that if a summary is published, the full text must be made available for viewing, and the location and hours for viewing the full text must be published with the summary. The Act also specifies that if a summary is published and if the county maintains a website, the auditor must publish the full text on the county website.

Assumptions

The following table shows the calculation of the current estimated statewide cost for publication of county resolutions and the estimated cost under [SF 2227](#).

Estimated Impact of Senate File 2227						
	Average Resolutions per County Annually	Average Lines per Resolution	Cost per Line (Iowa Code section 618.11)	Cost per Resolution	Annual Cost per County	Annual Statewide Cost
Expenditures under Current Law	77	145	\$ 0.40	\$ 58	\$ 4,465	\$ 442,043
Expenditures after SF 2227	77	20	0.40	8	616	60,984
Fiscal Impact	0	-125	\$ 0.00	\$ -50	\$ -3,849	\$ -381,059

Fiscal Impact

[Senate File 2227](#) is estimated to reduce statewide county expenditures for the publication of resolutions by \$381,000.

Enactment Date

This Act was approved by the General Assembly on April 24, 2018, and signed by the Governor on May 4, 2018.

Effective Date

This Act takes effect July 1, 2018.

Source

Iowa State Association of Counties

SF 2230 – Kidnapping of Minor Act (LSB5455SV.1)

Analyst: Laura Book (515.205.9275) laura.book@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 2230](#) relates to kidnapping in the second degree. The criminal offense of kidnapping is defined in Iowa Code section [710.1](#).

Under the Act, a person commits kidnapping in the second degree when the victim is under the age of 18. The Act specifies that a kidnapping by a parent or legal guardian whose sole purpose is to assume custody of a victim under the age of 18 is not kidnapping in the second degree.

Background

Under current law, kidnapping in the second degree occurs either when a person kidnaps another person and holds that person for ransom, or when the kidnapper is armed with a dangerous weapon. [Senate File 2230](#) would expand the definition of kidnapping in the second degree to include the kidnapping of a victim under the age of 18.

A person who commits kidnapping in the second degree commits a Class B forcible felony. A Class B felony is punishable by confinement for no more than 25 years. A person who commits kidnapping in the second degree accumulates reduced earned time under Iowa Code section [903A.2](#) and must serve a minimum sentence of at least 70.0% of the sentence prior to being eligible for parole. A person who commits kidnapping in the second degree under the Act must also register as a tier III sex offender under Iowa Code chapter [692A](#) if a determination is made that the offense was sexually motivated.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay (LOS); revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A lag effect of six months is assumed from the effective date of this Act to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- The minimum cost per Class B felony includes judicial and probation costs to the State. The maximum cost per Class B felony includes costs to the Judicial Branch, the Indigent Defense Fund, and the Department of Corrections (DOC).
- From FY 2002 to FY 2012, 8.8% of offenders convicted of kidnapping in the third degree had offenses involving the kidnapping of a child under the age of 18. It is assumed that 8.8% of kidnapping third degree convictions in FY 2017 would become kidnapping in the second degree convictions under the Act.

Correctional Impact

The Act is estimated to result in one additional inmate in the prison population five years following implementation. Ten years after implementation, it is estimated this Act would increase the prison population by six inmates annually. **Table 1** below shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; LOS under supervision; and supervision marginal costs per day for convictions of Class B felonies against persons. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Table 1 – Estimates for Sentencing

Conviction Offense Class	Percent Sentenced to State Prison	FY 17 Avg Length of Stay in Prison (months)	FY 17 Prison Marginal Cost per Day	FY 17 Avg Length of Stay on Parole (months)	FY 17 Marginal Cost per Day Parole	Percent Sentenced to Probation	Avg Length of Stay on Probation (months)	FY 17 Avg Cost per Day on Probation	Percent sentenced to CBC Residential Facility	FY 17 Marginal Cost CBC per Day	Percent Sentenced to County Jail	Marginal Cost per Day
Class B Felony (Persons)	93.0%	90.2	\$17.52	33.3	\$4.93	9.0%	34.9	\$4.93	4.0%	\$10.56	44.0%	\$50.00

Minority Impact

Ten years after implementation, this Act is estimated to increase the prison population by six inmates annually, one of which would be African American. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Fiscal Impact

[Senate File 2230](#) is estimated to have a minimal fiscal impact. This estimated impact to the State General Fund includes operating costs incurred by the Judicial Branch, the Indigent Defense Fund, and the DOC. The minimum cost to the State per Class B felony is \$12,500 and the maximum is \$29,600.

Enactment Date

This Act was approved by the General Assembly on April 4, 2018, and signed by the Governor on April 16, 2018.

Effective Date

This Act takes effect on July 1, 2018.

Sources

Department of Human Rights – Criminal and Juvenile Justice Planning Division
Department of Corrections

SF 2235 – Criminal Acts Against Critical Infrastructure Act (LSB5229SV.1)

Analyst: Alice Fulk Wisner (515.281.6764) alice.wisner@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 2235](#) relates to criminal acts on or against critical infrastructure and provides penalties.

Background

Current law specifies criminal charges and penalties for terrorism, arson, burglary, and criminal mischief, but does not specifically address those crimes when committed against critical infrastructure.

This Act creates the crime of critical infrastructure sabotage as a Class B felony. A Class B felony is punishable by confinement of no more than 25 years. This Act also subjects a person convicted of committing critical infrastructure sabotage to a fine of not less than \$85,000 and no more than \$100,000. **Table 1** shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; length of stay (LOS) under those supervisions; and supervision marginal costs per day for offenders convicted of Class B felonies against property.

Table 1
Sentencing Estimates

	Percent to Prison	Avg LOS Prison (months)	FY 17 Marginal Cost/Day Prison	Avg LOS Parole (months)	Percent to Probation	Avg LOS Probation (months)	FY 17 Avg Cost/Day Parole & Probation	Percent to CBC	FY 17 Marginal Cost/Day CBC	Percent to County Jail	Avg LOS County Jail (days)	Marginal Cost/Day Jail
B Felony (Non-Persons)	86.0%	26.9	\$17.52	30.9	30.0%	42	\$4.93	4.0%	\$10.56	49.0%	N/A	\$50.00

Assumptions

Since this is a new crime, data for previous incidents is not available and it is not possible to determine how many additional convictions may be expected as a result of this legislation.

Impacts

Minority Impact

This Act creates a new crime for which there is no historical data. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 29, 2018, for information related to minorities in the criminal justice system.

Correctional Impact

The correctional impact cannot be estimated because this Act creates a new crime. There is no data to provide a correctional impact projection. Refer to the LSA memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 8, 2018, for information related to the correctional system.

Fiscal Impact

The fiscal impact cannot be estimated because this Act creates a new crime and the number of convictions cannot be estimated. The State's cost for one conviction under the Act would range from \$12,500 to \$29,600.

Enactment Date

This Act was approved by the General Assembly on April 3, 2018, and signed by the Governor on April 17, 2018.

Effective Date

This Act takes effect July 1, 2018.

Sources

Department of Human Rights, Criminal and Juvenile Justice Planning Division

Department of Corrections

Office of the State Court Administrator

Office of the State Public Defender

Homeland Security and Emergency Management Department

SF 2311 – Energy Utilities Act (LSB5362SV.2)

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Fiscal Note Version – Final Action

Description

[Senate File 2311](#) modifies various provisions relating to public utilities. Specifically related to the Iowa Utilities Board (IUB), the Act requires the Board to do the following:

- Review energy efficiency plan modification requests within 90 days after filing.
- Approve schedules showing the automatic adjustment of rates and charges for public utility services.
- Adopt rules regarding the reporting of transmission expenses and transmission-related activity.
- Apply the total resource cost test, among other tests, to determine the cost-effectiveness of an energy efficiency plan.
- Approve, reject, or modify energy efficiency plans and demand response plans by March 31, 2019.
- Conduct contested case proceedings for review of demand response plans. This provision took effect on May 4, 2018.
- Adopt rules for a preapproval process for cost recovery for natural gas extensions.

The Act also directs the Economic Development Authority to collaborate with the Department of Transportation and members of the Iowa utility industry to conduct a study of electric vehicle infrastructure support for commercial and noncommercial vehicles, and to make recommendations based on the costs and benefits associated with electric vehicle infrastructure support options to the General Assembly. The Economic Development Authority is directed to submit a report to the General Assembly by June 30, 2019.

Background

The Act exempts electric cooperative corporations and electric public utilities having fewer than 10,000 customers from regulated rates. The Act also prohibits the IUB from requiring gas and electric public utilities to adopt energy efficiency plans that result in projected annual costs in excess of 2.0% of the utility's annual rate revenue.

Fiscal Impact

The fiscal impact to the Commerce Revolving Fund is estimated to be \$150,000. To perform the duties associated with the Act and to comply with a shorter timeframe for existing duties under current law, the IUB would need to hire additional technical staff. The Board would hire 2.0 new full-time equivalent (FTE) employees at the Senior Utility Analyst and Utility Analyst 2 position classifications.

The fiscal estimate includes the following costs:

- The salary for a Senior Utility Analyst 2 (pay grade of 33) is \$62,000.
- The salary for a Utility Analyst 2 (pay grade of 29) is \$52,000.
- Benefits for these employees are estimated to cost approximately \$17,000 to \$18,000 per employee annually.

The IUB is permitted to increase utilities assessments to fund the 2.0 new FTE positions after receiving approval from the Department of Administrative Services for two additional employees.

Enactment Date

This Act was approved by the General Assembly on April 30, 2018, and signed by the Governor on May 4, 2018.

Effective Date

The Act requires rate-regulated electric and gas utilities to file five-year energy efficiency plans with the Board. Additionally, beginning January 1, 2019, electric and gas utilities are required to present energy efficiency and demand response in customer billings as a separate cost or expense. Gas and electric utilities are also required to pass on any benefits of the utilities' reduced federal corporate income taxes as provided in the federal Tax Cuts and Jobs Act of 2017 to customers. This provision took effect on May 4, 2018.

The rest of the Act is effective as of July 1, 2018.

Source

Iowa Utilities Board

SF 2349 – Association Health Plans Act (LSB5672SV.1)

Analyst: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Fiscal Note Version – Final Action

[Senate File 2349](#) allows Employer Association Health Plans, a type of Multiple Employer Welfare Arrangement (MEWA), to be established by bona fide associations of employers.

The Act also provides that health benefit plans sponsored by a nonprofit agricultural organization domiciled in the State will not be classified as health insurance, and will not be subject to regulation by the Commissioner of the Iowa Insurance Division if requirements outlined within the Act are met. The health benefit plans are to be provided through a self-funded arrangement and administered by a domestic third-party administrator that holds a certificate of registration issued by the Commissioner.

Background

In 2017, approximately 153,000 Iowans purchased health insurance directly, instead of through an employer. Of these individuals, 105,000 purchased insurance through Affordable Care Act (ACA) off-exchange plans, grandfathered policies, or transitional policies. The remaining 48,000 individuals purchased insurance through online health exchanges. Approximately 26,000 individuals left the ACA individual health insurance market between 2017 and 2018 due to an inability to afford ACA-compliant health insurance premiums. These individuals were not eligible for federal subsidies. The Iowa Insurance Division projects that approximately 20,000 individuals will leave the ACA individual health market in 2018 for these reasons.

Fully Insured and Self-Funded Multiple Employer Welfare Arrangements

A fully insured MEWA is required to pay the Iowa insurance premium tax for the participant group; however, a self-funded MEWA is exempt from paying the Iowa insurance premium tax.

Currently in Iowa, there are three MEWAs: Petroleum Marketers and Convenience Stores of Iowa (PMCI) Trust, Iowa Bankers Benefit Plan, and the Cooperative Welfare Benefits Plan. These MEWAs are self-funded and are therefore exempt from Iowa's insurance premium tax.

Fiscal Impact of Employer Association Health Plans

The fiscal impact as a result of the establishment of Employer Association Health Plans by bona fide associations of employers cannot be determined at this time.

It is uncertain whether the proposed health plans would be self-funded or fully insured. Additionally, the composition of these plans, in terms of the number of uninsured participants and previously insured participants, is unknown. If Employer Association Health Plans are established as self-funded and attract participants from plans with premiums that are currently subject to the Iowa insurance premium tax,

the fiscal impact could be significant. However, if the health plans are established as fully insured, or are comprised of mostly uninsured individuals, the fiscal impact could be minimal.

Assumptions for Health Benefit Plans Sponsored by an Agricultural Organization

An analysis conducted by the Iowa Department of Revenue assumes there are two groups of individuals who may elect to purchase coverage under the proposed health benefit plans. One group is comprised of the 20,000 individuals whom the Iowa Insurance Division anticipates will leave the ACA individual health insurance market in 2018 due to an inability to afford ACA-compliant health insurance premiums and ineligibility for federal subsidies, as they would otherwise be uninsured. The second group includes 4,000 insured individuals who would find more favorable premium levels within the proposed health benefit plans, causing these individuals to migrate toward these health benefit plans and away from their current insurance plans. This analysis assumes the following:

- The health benefit plans currently under consideration are sponsored by Iowa Farm Bureau, to be administered by Wellmark Blue Cross and Blue Shield.
- Health benefit plan coverage will begin July 2018. The Bill applies retroactively to tax years beginning on or after January 1, 2018.
- The average annual cost of the health benefit plans would be \$5,000 for each participating household.
- The 4,000 insured individuals are currently paying an average annual premium of \$17,000 for each household.
- Participating taxpayers who choose to itemize deductions will be able to file a federal Schedule F (Profit or Loss from Farming) and take the health insurance premium deduction on their Iowa individual income tax returns.
- The average marginal tax rate will be 4.9% for all Iowans filing a federal Schedule F and taking the Iowa health insurance premium deduction for tax year 2018.
- Approximately 11.9% of taxpayers choosing to itemize deductions for the 2018 tax year will not take the health insurance premium deduction on their Iowa individual income tax returns, and instead will deduct unreimbursed medical and dental expenses on the Iowa Schedule A (to the extent these expenses exceed 10.0% of the taxpayers' federal Adjusted Gross Income). When extrapolated to the 20,000 uninsured individuals electing to purchase one of the proposed health benefit plans, this percentage represents approximately 2,380 individuals within the uninsured group. The amount these previously uninsured individuals will claim as deductions is expected to decrease by \$11,000 due to health benefit plan coverage.

Fiscal Impact

Taxpayers participating in one of the proposed health benefit plans may choose to file a federal Schedule F once covered under a health benefit plan, thus reducing their collective Iowa individual income tax liability by an estimated \$4.9 million at the marginal tax rate of 4.9%. However, this fiscal impact is reduced by the forecasted decrease in claimed medical expenses by the aforementioned 2,380 individuals electing to claim medical expenses, as the decreased claim amount is expected to increase their collective Iowa individual tax liability by \$1.2 million for tax year 2018. Because coverage is assumed to start July 2018, the partial-year application of this impact for FY 2019 is \$1.8 million, and the full-year impact for FY 2020 is \$3.7 million.

The 4,000 individuals with existing insurance who elect to purchase coverage under one of the proposed health benefit plans will leave insurance companies that are required to pay the Iowa insurance premium tax on their premiums. Insurance companies no longer collecting the tax revenue for these premiums will cause an estimated \$700,000 decrease in tax revenue in FY 2020 that would have otherwise been deposited into the General Fund in FY 2020. However, these individuals will claim a lower health insurance premium deduction due to the lower premium amount under one of the proposed health benefit plans, which would increase their collective Iowa individual income tax liability by \$2.4 million. These two factors create a positive net General Fund fiscal impact of \$1.7 million in FY 2020.

The total net fiscal impact to the General Fund in FY 2019 is a reduction of approximately \$1.8 million and in FY 2020 is a reduction of approximately \$2.0 million.

Table 1
SF 2349
Estimated Fiscal Impact to General Fund

Health Benefit Plan Participants	FY 2019	FY 2020
20,000 Uninsured	\$ (1,821,068)	\$ (3,744,117)
4,000 Insured	0	1,744,836
Total	\$ (1,821,068)	\$ (1,999,281)

Enactment Date

This Act was approved by the General Assembly on March 27, 2018, and signed by the Governor on April 2, 2018.

Effective Date

This Act is effective as of July 1, 2018.

Sources

Iowa Department of Revenue Individual Income Tax Micro Model
Iowa Insurance Division
Wellmark

SF 2366 – Veterans Affairs Commission and Trust Fund Expenditures Act (LSB5263SV.1)

Analyst: Kent Ohms (515.971.7053) kenneth.ohms@legis.iowa.gov

Fiscal Note Version – Final Action

Description

[Senate File 2366](#) makes the following changes in the Department of Veterans Affairs:

- Increases the membership of the Commission of Veterans Affairs by two members for a total of 11. The additional representatives will be:
 - A member of the Paralyzed Veterans of America.
 - A member of the Iowa Association of County Commissioners and Veterans Service Officers.
- Permits nonrepayment of expenditures from the Iowa Veterans Trust Fund for cemetery grant development services provided by the Department of Administrative Services.
- Increases the spendable amount of revenue from the Iowa Lottery Authority transfer to \$500,000.
- Adds the following two new assistance categories to be paid from the Veterans Trust Fund benefits:
 - Rental housing assistance for veterans who meet the federal definition of homeless. Awards can cover application fees needed for obtaining rental housing.
 - Up to \$1,000 in one-time assistance for expenditures associated with preventing homelessness. Possible services covered could include paying fees for new copies of birth certificates, Social Security cards, rental security deposits, and other incidentals. The finalized version of covered services will be further defined by the Department of Veterans Affairs in the Iowa Administrative Code.

Background

The [Veterans Trust Fund](#) was created in 2003 to assist veterans who meet certain income and asset guidelines. The Fund has received revenue from a variety of sources over the years, and the goal outlined in Iowa Code section [35A.13\(6\)](#) is for the Fund to reach a principal balance of \$50.0 million. Currently, the Iowa Lottery Authority transfers \$2.5 million of gaming profits annually to the Fund, of which \$300,000 is made available to be spent on benefits for veterans or their families. Interest earned on the Fund is also available for awards.

Assumptions

- The Iowa Lottery will have sufficient profits to transfer \$2.5 million each year.
- The current balance in the Veterans Trust Fund is \$28.6 million.
- The Veterans Trust Fund balance currently grows at a rate of \$2.2 million annually.
- Some Commission of Veterans Affairs members decline reimbursement for expenses.

Fiscal Impact

No impact to the General Fund is expected.

Veterans Trust Fund

Increasing the spendable portion of the Lottery transfer by \$200,000 will permit more assistance awards to be granted from the Veterans Trust Fund. Under current law, the Fund is estimated to reach \$50.0 million by FY 2028. Under [Senate File 2366](#), that goal is estimated to be achieved by FY 2029, one year later. During that time frame, an additional \$2.2 million is estimated to potentially be available to be awarded.

Increased award categories are expected to have minimal fiscal impact and be limited to available funding.

Services from the Department of Administrative Services are estimated to be minimal.

Veterans License Plate Fee Fund

Additional costs for new Commission members are estimated to be minimal.

Enactment Date

The Act was approved by the General Assembly on March 19, 2018, and signed by the Governor on April 2, 2018.

Effective Date

This Act takes effect July 1, 2018.

Sources

Department of Veterans Affairs

Iowa Lottery Authority