

Budget Unit Brief

FY 2017



Consumer Education Fund

Purpose

The [Attorney General](#) is charged with the enforcement of Iowa Code section [714.16](#), the Consumer Fraud Act. The Consumer Education Fund is created in Iowa Code section [714.16C](#) under the control of the Attorney General. The Fund is used for consumer education and investigation and prosecution of consumer fraud, and its use is restricted by law.

Funding

Receipts to the Fund include amounts received from state or federal consumer fraud judgments or settlements, civil penalties, costs, or attorney fees, and amounts specifically directed to the Fund by judgments or settlements, and amounts that are designated by the judgments or settlements for use by the Attorney General for consumer litigation or education purposes. The year-end balance carries forward to the next fiscal year. Interest earnings remain in the Fund.

Receipts vary significantly from year to year, ranging from a low of \$1.5 million in FY 2011 to a high of \$9.2 million in FY 2013. The average balance carried forward for the period FY 2010 through FY 2014 was approximately \$5.5 million annually. Expenditures averaged \$1.6 million annually over that same reporting period. The majority of expenditures consist of reimbursements to the Office of the Attorney General.

FY 2013 Receipts and Expenditures

The FY 2013 receipts were approximately \$9.2 million and included several settlements of significant amounts, including:

- Johnson & Johnson - \$3.3 million to settle complaints of off-label sales of the prescription drug Risperdal.
- Mortgage Servicing Settlement Fund transfer of \$1.4 million.
- Lending Processing Services - \$483,000 to settle complaints of robo-signing of foreclosure documents.
- Toyota Motor Sales - \$581,000 to settle complaints related to the unintended acceleration case.
- Glaxo-Smith-Kline - \$790,000 to settle complaints of off-label marketing of several prescription drugs.
- Quinn Street - \$2.5 million to settle a multistate action against this for-profit school web promoter. The \$2.5 million was directed to Iowa; the Office of the Attorney General transferred \$2.3 million to other states involved in the case and retained \$225,000.

Click on the following link for information regarding this case: <https://www.iowaattorneygeneral.gov/newsroom/iowa-settles-investigation-of-for-profit-schools-web-promoter/>.

Appropriations

Iowa Code section [714.16C\(2\)](#) makes two standing limited appropriations from the Fund to the Office of the Attorney General:

- \$1.1 million for public education related to consumer fraud as well as enforcement of Iowa and federal consumer fraud laws.
- \$75,000 for investigation, prosecution, and consumer education related to consumer and criminal fraud committed against older Iowans.

These statutory amounts have been adjusted as follows:

- For FY 2009 through FY 2013, the standing limited appropriations were increased to \$1.9 million and \$125,000, respectively. This permitted the Office of the Attorney General to spend up to \$2.0 million annually from the Fund for this period.
- For FY 2014, the General Assembly set the funding cap at \$2.0 million annually on a permanent basis. However, the Governor vetoed this change. The Office used other internal funds, such as the Elderly Victims Fraud Fund, the Consumer Credit Code Fund, and the Mortgage Servicing Settlement Fund to offset the \$800,000 reduction in spending authority in FY 2014.
- During the 2016 session, spending authority was set at \$2.0 million annually through FY 2018.

Related Statutes and Administrative Rules

Iowa Code chapter [13](#) and Iowa Code sections [714.16](#) and [714.16C](#)
[61](#) Iowa Administrative Code

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More Information

Office of the Attorney General: <https://www.iowaattorneygeneral.gov/>

Iowa General Assembly: <https://www.legis.iowa.gov/>

LSA Staff Contact: Laura Book (515-725-0509) laura.book@legis.iowa.gov