



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

January 8, 2021

Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at <https://www.legis.iowa.gov/publications/fiscal/adminRulesFiscalImpact>.

With each rule summary, the rulemaking type is indicated in parentheses following the ARC number. The acronyms have the following meanings: Notice of Intended Action (**NOIA**), Amended Notice of Intended Action (**ANOIA**), Notice of Termination (**NOT**), Adopted and Filed Emergency (**AFE**), Filed Emergency After Notice (**FEAN**), and Adopted and Filed (**AF**).

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Department of Human Services

ARC 5361C (AF)

Rule Summary Implements House File 731 (Mandatory Reports, Department of Human Services Act), which makes various changes to mandatory child abuse and dependent adult abuse reporter training.

State or Federal Law Implemented: Iowa Code chapter 232.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs in part. While the rulemaking itself does not have a fiscal impact, the mandatory child abuse training now being provided for free by Department of Human Services (DHS) had previously been provided by Area Education Agencies (AEAs) through AEA Learning Online for a fee. The AEAs, by no longer providing the training, will lose an estimated \$300,000 in fee revenue.

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Iowa Public Employees' Retirement System

ARC 5359C (NOIA)

Rule Summary Revises existing rules by implementing the following changes:

- Conforms rules with other rules and statutes or rescinds rules that are outdated, redundant or inconsistent, or no longer in effect to meet the requirements of the statutory five-year review of rules for Chapters 16 to 20.
- Implements contribution rates for employers, regular, and special service members beginning July 1, 2021, to reflect FY 2022 rates.
- Clarifies and defines "citizen coach" for employers. Also, clarifies and updates employers' electronic reporting requirements for terminated employees under Chapter 4, "Employers."
- Requires that vendors with access to personally identifiable information (PII) sign an IPERS' data-sharing agreement under Chapter 5, "Employees."

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- Updates language in Chapter 11, “Application for, Modification of, and Termination of Benefits,” to streamline the retirement application process by eliminating redundant practices. Also, removes outdated language regarding birth and death records to better reflect modern practices.
- Increases the benefit reduction percentage to collect overpayments more quickly and efficiently for bona fide retirement violations under Chapter 12, “Calculation of Monthly Retirement Benefits.”
- Amends disability benefits language to bring Chapter 13, “Disability for Regular and Special Services Members,” into compliance with the Iowa Code.
- Disallows funeral homes to be beneficiaries under Chapter 14, “Death Benefits and Beneficiaries.”
- Updates language in Chapter 17, “Public Records and Fair Information Practices,” to reflect current practice regarding open records requests, estimates of search fees, and advance payments when necessary; to provide for user names to be added as a category of confidential record, ensuring they may be withheld from public inspection. Also, revises language to acknowledge and reflect changes in file storage technology.
- Strikes and replaces language in Chapter 19, “Declaratory Orders,” to be consistent with actual practice regarding document receipt dates.
- Aligns the “required beginning date” for retirement benefits specified under IRS regulations with the provisions of the SECURE Act.

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

Fiscal Impact

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

- **Regular Members.** There is no change in the contribution rates from FY 2021 to FY 2022. The contribution rate remains at 15.73% (9.44% employer/6.29% employee).
- **Sheriffs and Deputy Sheriffs.** The contribution rates are decreasing by 0.50% from 18.52% in FY 2021 to 18.02% for FY 2022. For Sheriffs and Deputy Sheriffs, contribution amounts are split 50/50 between employers and employees. The impact to covered employers and employees is an estimated savings of \$669,000 (\$334,000 employer and \$334,000 employee) annually.

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

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

Estimated IPERS Contributions for Protection Occupation										
Employer Type	Projected Wages	FY 2021			FY 2022			Member Difference	Employer Difference	Total Difference
		Member Contribution	Employer Contribution	Combined Rate	Member Contribution	Employer Contribution	Combined Rate			
		6.41%	9.61%	16.02%	6.21%	9.31%	15.52%			
State	\$186,939,473	\$11,982,820	\$17,964,883	\$29,947,704	\$11,608,941	\$17,404,065	\$29,013,006	(\$373,879)	(\$560,818)	(\$934,697)
County	\$124,903,879	\$8,006,339	\$12,003,263	\$20,009,601	\$7,756,531	\$11,628,551	\$19,385,082	(\$249,808)	(\$374,712)	(\$624,519)
City	\$102,004,835	\$6,538,510	\$9,802,665	\$16,341,175	\$6,334,500	\$9,406,650	\$15,831,150	(\$204,010)	(\$306,015)	(\$510,024)
Other	\$2,498,078	\$160,127	\$240,065	\$400,192	\$155,131	\$232,571	\$387,702	(\$4,996)	(\$7,494)	(\$12,490)
	\$416,346,264	\$26,687,796	\$40,010,876	\$66,698,671	\$25,855,103	\$38,761,837	\$64,616,940	(\$832,693)	(\$1,249,039)	(\$2,081,731)

LSA Response: The LSA concurs.

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Iowa Finance Authority

ARC 5343C (AF)

Rule Summary Adds the renovation of buildings to be used as emergency shelters for homeless families and individuals as a permissible use of funding under the Emergency Solutions Grant Program (ESG). Also specifies that the funding may be used for emergency shelters.

State or Federal Law Implemented: Iowa Code section 16.5.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs in part. While the amendments to the rules do not have a fiscal impact, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) includes funding for the ESG. Iowa's cost share is approximately \$20.9 million.

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Economic Development Authority

ARC 5319C (AF)

Rule Summary Updates the Reinvestment Districts Program by providing an additional \$100.0 million for awards made after July 1, 2020. Also updates the calculation for amounts deposited into each district's fund and increases the area that may be designated as a reinvestment district to 75 acres for awards granted after July 1, 2020. Additionally, the rulemaking also allows a joint entity formed by two or more cities or counties eligible for the program and allows the Economic Development Authority Board to extend the period for deposit and receipt of funds by up to five years under specified circumstances.

State or Federal Law Implemented: Iowa Code chapter 15J and 2020 Iowa Acts, HF 2641 (Department of Revenue, Omnibus Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs in part. Currently, administration of the Reinvestment Districts Program is undertaken by Iowa Economic Development Authority staff, with consideration for new Program applications by the Board. The \$100.0 million of new funding for reinvestment districts will require staff and Board time that cannot be estimated, but that will be absorbed under existing appropriations and full-time equivalent (FTE) positions.

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Department of Education

ARC 5325C (AF)

Rule Summary Establishes computer science instruction educational standards by adding computer science to the general accreditation standards. Requires school districts and accredited nonpublic schools to develop and implement a K-12 computer science plan by July 1, 2022.

State or Federal Law Implemented: 2020 Iowa Acts, House File 2629 (Future Ready Iowa Act).

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Fiscal Impact **Agency Response:** This rulemaking has a minimal fiscal impact to the State and an undetermined fiscal impact to school districts and accredited nonpublic schools. The extent to which school districts and accredited nonpublic schools will need to employ new teaching staff is unknown.

LSA Response: The LSA concurs. The rulemaking does not have a fiscal impact to the State and the fiscal impact to school districts and accredited nonpublic schools cannot be determined. It is unknown how many school districts will choose to use current staff, incorporate computer science into current instruction, or use an online course offering. School districts may have costs for additional staff, training and professional development of current staff, and curriculum. Some of the cost may be offset by the \$4.0 million Microsoft class-action lawsuit proceeds or by funds in the Computer Science Professional Development Incentive Fund.

Rule Summary **ARC 5329C (AF)**
Adds a prohibition on including room clears in an individualized education program (IEP) and a procedure for classroom teachers to call for an IEP team meeting after a room clear is used.

State or Federal Law Implemented: 2020 Iowa Acts, Senate File 2360 (Classroom Environment and Therapeutic Classrooms Act).

Fiscal Impact **Agency Response:** While Senate File 2360 contains several appropriations, the provision implemented by this rulemaking, and the rulemaking itself, has no fiscal impact to the State.

LSA Response: The LSA concurs in part. Although the rulemaking itself does not have a fiscal impact, the legislation associated with it does. Senate File 2360 included an appropriation of \$2.6 million from the General Fund in FY 2022 allocated as follows:

- \$500,000 for the Department of Education (DE) to develop, establish, and distribute standards, guidelines, and expectations relating to behavior in the classroom, restraint of a student, professional development relating to educating individuals in the least restrictive environment, and research-based intervention strategies.
- \$1.6 million to the DE for the Therapeutic Classroom Incentive Fund.
- \$500,000 to the DE for reimbursement funding to school districts for the transportation of students to therapeutic classrooms.

For more information, see the Notes on Bills and Amendments (NOBA) for SF 2360.

Rule Summary **ARC 5330C (AF)**
Updates the standards and program requirements for all traditional educator preparation programs to be approved by the State Board of Education and provides alignment with the Board of Educational Examiners rules for licensure. Eliminates the requirement for a student to take a preprofessional skills assessment prior to admission to a teacher practitioner preparation program.

State or Federal Law Implemented: 2020 Iowa Acts, Senate File 2360 (Classroom Environment and Therapeutic Classrooms Act), and House File 2359 (Teacher Testing Report, Praxis Act).

Fiscal Impact **Agency Response:** No fiscal impact. However, the Department of Education estimates that practitioner candidates are estimated to save at least \$250,000 per year by not having to take the preprofessional skills assessment.

LSA Response: The LSA concurs.

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ARC 5332C (AF)

Rule Summary Rescinds and replaces existing seclusion and restraint rules. Provides definitions and guidance for when physical restraint or seclusion is reasonable and necessary, and establishes parental notification requirements. Requires an employee to receive training prior to using any form of physical restraint or seclusion. Details required documentation and reporting of any physical restraint or seclusion occurrence, including reporting to the Iowa Department of Education. Establishes seclusion room requirements including size and that the room is compliant with State and local codes and standards and is deemed safe. Allows a maximum five-year period for use of current seclusion rooms that are compliant with all other rules except room size.

State or Federal Law Implemented: Iowa Code sections 256B.3 and 280.21.

Fiscal Impact **Agency Response:** No fiscal impact. However, there may be an undetermined cost for schools to construct or remodel seclusion rooms to comply with the new requirements.

LSA Response: The LSA concurs. While the rulemaking itself does not have a fiscal impact, there could be construction costs to school districts for modifying existing seclusion rooms to be compliant with new room requirements. An estimate cannot be determined at this time because reporting is not currently in place for how many school buildings have seclusion rooms that would require modification.

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