



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

January 7, 2022

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 6115C (NOIA)

Rule Summary Implements the Mental Health and Disability Services (MHDS) Division of SF 619 (FY 2022 Taxation and Other Provisions Act). The rules make the following changes:

- Describes the requirements and process for regions to certify ending balances with the Department.
- Implements the criteria and reporting instructions for eligible financial encumbrances. Revisions are made to the previous Regional Incentive Fund rules to include linkages to performance-based contract criteria.
- Adopts requirements and goals for performance-based contracts between the department and the MHDS regions.

State or Federal Law Implemented: Iowa Code section 9C.3.

Fiscal Impact **Agency Response:** Payments from the mental health and disability services Regional Services Fund will be based on the per capita funding levels authorized in SF 619. SF 619 also appropriated \$3.0 million to the regional incentive fund for SFY 22. Future Incentive Fund revenues cannot be estimated at this time due to the uncertainty of future county fund balances and the amounts that counties will be required to send back to the Fund.

LSA Response: The LSA concurs. Senate File 619 appropriated \$50.0 million in FY 2022 for the new MHDS Regional Services Fund for a \$15.86 per capita distribution to the regions and \$3.0 million for an MHDS Incentive Fund. In FY 2023, the \$50.0 million appropriation will increase by \$70.2 million, for total funding of \$120.2 million (\$38.00 per capita) for the MHDS regions.

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Iowa Public Employees' Retirement System

ARC 6117C (NOIA)

Rule Summary Conforms 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 21 to 33; implements contribution rates for all classes of members; clarifies that all Regents institutions are covered by subrule 5.2(40), as universities also have optional coverage; allows IPERS to initiate investigations of suspected fraud in disability claims under Iowa Code section 97B.50A, even in the absence of a written complaint; aligns subrule 13.2(14) with SF 342 (Public Safety Omnibus Act, 2021), enacted in the Eighty-ninth General Assembly and subsequently signed by the Governor; reinstates 495 IAC 14.17, inadvertently deleted in a prior rules package; provides a process for successor alternate payees to disclaim their benefit; and clarifies signature requirements for mandatory Qualified Domestic Relations Orders.

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

Fiscal Impact **Agency Response:** IPERS' enabling legislation requires that employer and employee contribution rates for each member class be updated every fiscal year. For FY 2023, there were no changes in the employer and employee contribution rates for Regular membership and the Protection Occupation group. The Regular membership contribution for both FY 2022 and FY 2023 is 15.73%, and for the Protection Occupation group, the FY 2022 and FY 2023 contribution rate is 15.52%.

For FY 2023, the contribution rate for the Sheriffs and Deputies group is decreasing from 18.02% in FY 2022 to 17.52% in FY 2023. The total decrease is estimated to be approximately \$680,000 or \$340,000 for both the members' and the employers' groups.

LSA Response: The LSA concurs.

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Economic Development Authority

ARC 6087C (FEAN)

Rule Summary Develops a system for authorization of Hoover Presidential Library tax credits based on donations to the Hoover Residential Library Foundation for its library and museum renovation project fund. The tax credit created by 2021 Iowa Acts, HF 588 (Hoover Presidential Library Tax Credit Act) is allowed against specific taxes for tax years beginning on or after January 1, 2021, and before January 1, 2024. The aggregate amount of tax credits authorized is \$5.0 million.

State or Federal Law Implemented: 2021 Iowa Acts, HF 588 (Hoover Presidential Library Tax Credit Act).

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

LSA Response: The LSA concurs in part. The legislation implemented by this rulemaking is estimated to decrease General Fund revenue by \$2.2 million in FY 2022 and \$1.6 million in FY 2023.

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Department of Education

ARC 6079C (AF)

Rule Summary Creates two levels of supplementary weighting for students who are limited-English proficient.

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State or Federal Law Implemented: 2021 Iowa Acts, House File 605 (English Learners Funding Act).

Fiscal Impact **Agency Response:** This rulemaking has a fiscal impact to the State, according to the analysis completed by the Legislative Services Agency. The estimated fiscal impact is between \$84,000 and \$97,000.

LSA Response: The LSA concurs. The legislation implemented by this rulemaking is estimated to increase State aid and property tax as indicated by Fiscal Year in the chart below.

Fiscal Year	Previous Law		HF 605		Differences		Total
	State Aid	Prop. Tax	State Aid	Prop. Tax	State Aid	Prop. Tax	
FY 2022	\$29,560,000	\$3,520,000	\$29,560,000	\$3,520,000	\$ 0	\$ 0	\$ 0
FY 2023	32,293,000	3,846,000	32,366,000	3,854,000	73,000	9,000	82,000
FY 2024	33,907,000	4,038,000	33,984,000	4,047,000	77,000	9,000	86,000
FY 2025	35,603,000	4,240,000	35,683,000	4,249,000	81,000	10,000	91,000
FY 2026	37,383,000	4,452,000	37,468,000	4,462,000	85,000	10,000	95,000

Totals may not add due to rounding.

For more information, see the **Fiscal Note** for HF 605.

Rule Summary **ARC 6080C (AF)**
Revises supplementary weightings for operational sharing, adds the teacher leadership supplement as an eligible source for the flexibility account, and establishes a flexible student and school support program.

State or Federal Law Implemented: 2021 Iowa Acts, HF 847 (Education Programs, Tax Credits, and Information Act), and 2021 Iowa Acts, HF 868 (Education Appropriations Act).

Fiscal Impact **Agency Response:** The rulemaking has a fiscal impact to the State. According to the Fiscal Note accompanying HF 847, the reductions in weightings starting in FY 2023 will decrease State aid from the General Fund by approximately \$2.5 million and decrease statewide property taxes by \$300,000. There is no fiscal impact for the flexible student and school support program.

LSA Response: The LSA concurs. Beginning in FY 2023 and ending in FY 2025, State school aid from the General Fund will decrease by an estimated \$2.5 million each year, and property taxes will also decrease by an estimated \$300,000 each year. For more information, see the **Fiscal Note** for HF 847.

Rule Summary **ARC 6078C (AF)**
Creates two pathways for the establishment of charter schools in the State.

State or Federal Law Implemented: 2021 Iowa Acts, HF 813 (Charter School Programs Act), 2021 Iowa Acts, HF 847 (Education Programs, Tax Credits, and Information Act).

Fiscal Impact **Agency Response:** This rulemaking has an unknown fiscal impact to the State, according to the **Fiscal Note** for HF 813.

LSA Response: The LSA concurs.

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Department of Administrative Services

ARC 6089C (AF)

Rule Summary Implements 2021 Iowa Acts, House File 861 (Justice System Appropriations Act), which provides for continuing health insurance coverage by the governing body of the State for the surviving spouse and children of eligible employees of the Department of Corrections (DOC). The governing body of the State is not required to pay for the cost of the health insurance but may pay the full cost or a portion of the cost of the health insurance.

State or Federal Law Implemented: Iowa Code section 8A.402(1) and 2021 Iowa Acts, HF 861 (Justice System Appropriations Act).

Fiscal Impact **Agency Response:** The fiscal impact cannot be determined since it is impossible to predict how many eligible employees would fall into this category in the future and what varying health care coverage details would be involved.

LSA Response: The LSA concurs in part. 2021 Iowa Acts, House File 861, established the DOC Survivor Benefits Fund. Each fiscal year, Lottery revenues in the amount of \$100,000 are to be transferred to the Fund prior to deposit of the Lottery revenues in the General Fund. The DOC must distribute the moneys in the Fund in the form of grants to nonprofit organizations that provide resources to assist surviving families of eligible employees of the DOC killed in the line of duty in paying costs associated with accident or health care coverage.

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