



Fiscal Services Division

ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

November 10, 2015

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 <http://www.legis.iowa.gov/law/administrativeRules/arrc/fiscalImpact>

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Medicine Board

ARC 2203C

Rule Summary Declares that a person's permanent license to practice medicine and surgery, osteopathic medicine and surgery, or administrative medicine license shall be deemed relinquished if the person fails to apply for renewal or reinstatement within five years after its expiration.

Agency Stated Authority: 2015 Iowa Acts, chapter 41 (SF 276 - Administration of Medical Licenses by the Board of Medicine Act).

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

LSA Response: The LSA concurs.

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Department of Administrative Services

ARC 2199C

Rule Summary Amends certain rules related to the management of Terrace Hill to reflect and clarify Terrace Hill Commission practices.

Agency Stated Authority: Iowa Code section 8A.326.

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

LSA Response: The LSA concurs.

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Child Advocacy Board

ARC 2223C

Rule Summary Revises the Foster Care Review process for membership appointment procedures and term length for members of local boards. Also makes technical corrections.

Agency Stated Authority: Iowa Code section 237.18.

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

LSA Response: The LSA concurs.

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College Student Aid Commission

ARC 2206C

Rule Summary Clarifies the reporting requirements for eligible colleges and universities under the All Iowa Scholarship Program, refines the ranking of applicants for receipt of awards, defines maximum award eligibility, and provides an option for eligibility for awards over a one- or two-year period.

Agency Stated Authority: Iowa Code section 261.62.

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

LSA Response: The LSA concurs. The cost to the State is limited by the amount of the annual General Fund appropriation. The Program received appropriations of \$2.2 million in FY 2015 and \$2.7 million in FY 2016.

ARC 2205C

Rule Summary Provides a uniform policy for determining eligibility of applicants to receive funding under programs administered by the College Student Aid Commission by defining "Iowa resident."

Agency Stated Authority: Iowa Code section 261.3.

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

LSA Response: The LSA concurs.

ARC 2207C

Rule Summary Changes the maximum benefit an individual may receive under the National Guard Educational Assistance Program from eight semesters of study to a maximum of 120 credit hours of study.

Agency Stated Authority: Iowa Code section 261.86.

Fiscal Impact **Agency Response:** Fiscal impact less than \$100,000 annually or \$500,000 over five years.

LSA Response: The LSA concurs. The Program received an annual General Fund appropriation of \$5.1 million in FY 2014, FY 2015, and FY 2016. The level of applications can vary greatly from year to year, depending upon deployment levels and other factors. If the appropriation is insufficient to fully fund all qualified applicants, the Adjutant General determines the distribution. Statute requires that

individual awards not be less than 50.0% of the resident tuition rate at the State universities or 50.0% of the tuition rate at the institution attended by the National Guard member, whichever is lower. In practice, the General Assembly in previous years has approved supplemental appropriations, when needed, to fully fund all qualified applicants.

ARC 2217C

Rule Summary Rescinds the administrative rule regarding the Iowa Grant Program that was discontinued at the end of FY 2015 pursuant to HF 658 (FY 2016 Education Appropriations Act).

Agency Stated Authority: Iowa Code section 261.3.

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

LSA Response: The LSA concurs.

ARC 2209C

Rule Summary Changes the priority order of selection criteria for awarding funding under the Teach Iowa Scholar Program. Reduces Iowa resident status from the second priority to the fifth, out of six criteria.

Agency Stated Authority: Iowa Code section 261.62.

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

LSA Response: The LSA concurs. Total program awards are limited to the amount of the annual State General Fund appropriation. The Program received an appropriation of \$1.3 million in FY 2015. As of August 2015, only 91 teachers have received awards, totaling \$364,000. An additional 14 teachers could receive awards upon verification of eligibility. Unspent FY 2015 funding does not revert and will remain available for expenditure in FY 2016. As a result, the FY 2016 appropriation was reduced to \$400,000.

ARC 2208C

Rule Summary Increases the maximum number of annual awards for the Governor Terry E. Branstad Iowa State Fair Scholarship from four to 10. Increases the limit on the amount awarded to an individual recipient from \$1,000 to \$5,000. Increases the limit on the scholarship awarded annually to the Iowa State Fair Queen from \$2,000 to \$5,000.

Agency Stated Authority: Iowa Code section 261.62.

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

LSA Response: The LSA concurs. Funding for the scholarships came from Governor Branstad's unspent inaugural funds. No additional deposits to the fund are anticipated.

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Department of Inspections and Appeals

ARC 2221C

Rule Summary Implements changes to Iowa Code chapter 73 resulting from the implementation of SF 499 (Economic Development Appropriations Act) in the 2015 Iowa Acts. The

legislation adds “service-disabled veterans” to the categories of persons that may seek targeted small business program certification.

Agency Stated Authority: Iowa Code section 10A.104(8).

Fiscal Impact

Agency Response: No fiscal impact to the State. Regulated entities may experience minimal fiscal impact resulting from initial application fees. However, at this time, it is unknown how many service-disabled veterans may participate in the program.

LSA Response: The LSA concurs.

Rule Summary

Amends current rules as a result of a five-year review of the Department’s chapters. The amendments incorporate suggestions from the State Fire Marshal’s Office, clarify provisions dealing with individual restraints, clarify requirements for dementia-specific programs and add that medications must be administered as prescribed. Updates also include adding requirements for policies and procedures to address head injuries, certain sexual relationships, and amending the rule dealing with involuntary transfer from assisted living programs. Other technical changes are also made to the current rules.

ARC 2200C

Agency Stated Authority: Iowa Code sections 231C.3(1) and 231D.2(2).

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Insurance Division

Rule Summary

Amends current rules to reflect with the requirements of Section 21 of HF 632 (Insurance Division Omnibus Act). These amendments require long-term insurance claims to be subject to prompt payment requirements and timelines.

ARC 2201C

Agency Stated Authority: Iowa Code section 507B.12.

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

Rule Summary

Changes the filing deadline for State crop-hail insurance rate filings from March 15 to January 31 of each year. This will allow for better coordination with the filing deadlines of federal crop-hail insurance.

ARC 2227C

Agency Stated Authority: Iowa Code section 515F.15.

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

ARC 2228C

Rule Summary Adopts a new chapter requiring the utilization of a single prior authorization form to streamline the authorization process, increase transparency, and improve access to information related to prior authorizations for prescription drugs. The new chapter will require health carriers, benefit planners, and pharmacy benefit managers to develop such a form, subject to approval by the Insurance Division.

Agency Stated Authority: Iowa Code section 505.26.

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

LSA Response: The LSA concurs.

ARC 2181C

Rule Summary Implements rules that align with the procedural requirements and required content of the Corporate Governance Annual Disclosure adopted by the passage of HF 455 (Insurance Corporate Governance Annual Disclosure Act). The rules outline the requirements for an insurer or insurance group to complete annual corporate governance disclosures for submission to the Insurance Commission.

Agency Stated Authority: Iowa Code section 505.8.

Fiscal Impact **Agency Response:** There is no fiscal impact to the State. Rules allowing insurance groups to use existing documentation to file the annual report are in place to minimize unnecessary duplication expenses and potential costs that could arise from submitting necessary documentation.

LSA Response: The LSA concurs.

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Iowa Finance Authority

ARC 2225C

Rule Summary Updates by reference Qualified Allocation Plans (QAPs) for the Low Income Housing Tax Credit (LIHTC) Programs for Allocation Plan Year 2016 and makes conforming and corrective changes. Changes have been made to the rules published under Notice of Intended Action for Rules 12.1(16) and 12.2(16), and reflect the change in the date to October 7, 2015, from July 1, 2015, for incorporating changes to the QAP. In addition, changes to the QAP included corrections of typographical errors and the adjustment of points in the scoring process.

Agency Stated Authority: Iowa Code sections 17A.3(1)(b), 16.35, and 16.5(1)(r).

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

LSA Response: The LSA concurs.

ARC 2226C

Rule Summary Updates and clarifies the rules relating to the Iowa Agricultural Development Division's programs. Some of the changes include:

- Permitting farming contracts for a term of 24 months and not the current 12 months.
- Providing the Iowa Agricultural Development Division (IADD) with greater flexibility as it relates to loan terms under the Loan Participation Program (LPP).

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- Providing the Authority with greater flexibility related to the amount of tax credit awards.

Agency Stated Authority: Iowa Code sections 17A.3(1)(b), 16.52, and 16.5(1)(r).

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

LSA Response: The LSA concurs.

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Pharmacy Board

ARC 2194C

Rule Summary Combines the requirements for compounding drug products that are currently in Iowa Administrative Code Chapters 13 and 20 into a single chapter. Adopts a national minimum practice standard for compounding. Incorporates new federal regulations as established in the Drug Quality and Security Act of 2013.

Agency Stated Authority: Iowa Code sections 124.302, 124.303, 124.306, 124.308, 124.501, 126.9, 126.10, 126.18, 155A.2, 155A.13, 155A.28, 155A.33, and 155A.35.

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

LSA Response: The LSA concurs.

ARC 2196C

Rule Summary Requires pharmacies to maintain a reference manual or item that contains all the pertinent Iowa laws, rules, and regulations that impact pharmacy practice.

Agency Stated Authority: Iowa Code section 155A.31.

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

LSA Response: The LSA concurs.

ARC 2197C

Rule Summary Permits, as authorized by federal law, the administration of any influenza or pneumococcal vaccine to a hospital or long-term care facility patient pursuant to physician-approved hospital or facility policy after the patient has been assessed for contraindications. Current rules limit this authority to the administration of influenza and pneumococcal polysaccharide vaccines only.

Agency Stated Authority: Iowa Code sections 155A.13, 155A.15, 155A.23, and 155A.35.

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

LSA Response: The LSA concurs.

ARC 2195C

Rule Summary Rescinds a rule that classifies certain substances as imitation controlled substances. Those substances have been identified and classified by legislative action as controlled substances subject to Iowa Code chapter 124.

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Agency Stated Authority: Iowa Code section 124A.2.

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

LSA Response: The LSA concurs.

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Professional Licensure Division

ARC 2202C

Rule Summary Adds exhibiting unprofessional conduct or behavior as grounds for imposing Board discipline for the Board of Chiropractic Physicians. Also makes a technical correction.

Agency Stated Authority: Iowa Code chapters 147, 151, and 272C.

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

LSA Response: The LSA concurs.

ARC 2224C

Rule Summary Amends the licenses offered by the Board of Respiratory Care and Polysomnography to add two new licensure types (Polysomnography Practitioner and Polysomnography Technologists) to the licenses issued by the Board and makes conforming changes.

Agency Stated Authority: 2015 Iowa Acts chapter, 70 (HF 203 - Licensing of Respiratory Care, Polysomnography Practitioners, and Polysomnographic Technologists Act).

Fiscal Impact **Agency Response:** One-time costs of \$36,000 for Bureau of Professional Licensure license tracking system reprogramming.

LSA Response: The LSA concurs. The Department of Public Health (DPH) received an appropriation of \$36,000 from the Rebuild Iowa Infrastructure Fund in HF 650 (Infrastructure Appropriations Act) Section 3(5)(b) to purchase software relating to the licensure and regulation of this Board. The Governor vetoed the infrastructure appropriation of \$36,000. The DPH reports it is still exploring funding opportunities.

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Public Employment Relations Board

ARC 2191C

Rule Summary Provides for the non-substantive reorganization of existing rules, the addition of information required for filing a petition for resolution of a negotiability dispute, elimination of the requirement that, when requested, an arbitrator file the petition for negotiability dispute raised at arbitration while retaining the requirement that the objecting party file the petition, and the elimination of the requirement that public employers submit paper copies of collective bargaining agreements with the Public Employment Relations Board (PERB) and provides the option of submitting copies electronically.

Agency Stated Authority: Iowa Code section 20.6(5).

Fiscal Impact **Agency Response:** No fiscal impact to the State. The majority of the amendments are non-substantive changes to clarify existing rules. Of the minor substantive changes, there are no fiscal changes associated with the amendments.

LSA Response: The LSA concurs.

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Utilities Division

ARC 2180C

Rule Summary Revises and updates current rules as necessary due to passage of SF 2195 (Telecommunications Modernization Act). Amends various sections of Iowa Code chapters 476 and 477 to outline the changes in the processes regarding transfer of services territories and customers and dispute resolution of intrastate access service. The changes will align the Board's rules with statutory changes brought about by the enactment of SF 2195.

Minor changes were made to the noticed rules in response to public comments received, including modifications to definitions, clarifications to the rules governing intrastate access tariffs, and clarifications to the discontinuation of service rules.

Agency Stated Authority: Iowa Code sections 17A.4 and 476.2.

Fiscal Impact **Agency Response:** No fiscal impact. The Board believes that this rule change will require fewer resources for compliance.

LSA Response: The LSA concurs.

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Racing and Gaming Commission

ARC 2198C

Rule Summary Amends Chapter 7 to implement SF 2362 (Greyhound Racing Act) with regard to the Iowa Greyhound Pari-Mutuel Racing Fund. The amendments update the funding distribution to the Iowa Greyhound Pari-Mutuel Racing Fund.

The passage of SF 2362 in FY 2015 allowed for casinos (licensees) that operate pari-mutuel dog racing in Dubuque and Pottawattamie Counties to phase out dog racing as a form of gambling but continue to operate other types of games of chance. The Act provided for live racing to cease on October 31, 2013 for licensees in Dubuque County, and on December 31, 2015, for licensees in Pottawattamie County.

The Act also allowed the Iowa Greyhound Association (IGA) to apply for a license to conduct pari-mutuel wagering on live dog races and simulcast horse and dog races. The Commission reviewed all applications submitted by October 31, 2014, by December 31, 2014. The IGA authorized all approved applicants to enter into a lease arrangement with the licensee in Dubuque to operate live racing and conduct pari-mutuel wagering and simulcasting at the Dubuque facility.

As a result of comments made at the public hearing, the Commission approved the publication of several changes to the previously noticed rule. The changes include updating application requirements for industry participants, lowering the cap for a hardship determination, and updating the percentages of fund distribution with and without regard to purse winnings.

Agency Stated Authority: Iowa Code sections 99D.7 and 99F.4.

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: Though the adoption of the rules themselves are not estimated to have a fiscal impact, the implementation of SF 2362 is estimated to reduce state revenue to the Rebuild Iowa Infrastructure Fund by \$27,500 in FY 2015, \$168,000 in FY 2016, and \$322,000 in FY 2017 and subsequent years.

SF 2362			
Estimated Reduction in State Revenue			
<u>Racetrack</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Pottawattamie			
Pari-Mutuel Tax	\$ 0	\$ -122,000	\$ -244,000
Daily License Fee	0	\$ -31,000	\$ -63,000
SubTotal	0	-153,000	-307,000
Dubuque			
Pari-Mutuel Tax	-27,500	-15,000	-15,000
SubTotal	-27,500	-15,000	-15,000
Total	<u>\$ -27,500</u>	<u>\$ -168,000</u>	<u>\$ -322,000</u>

Senate File 2362 is also estimated to reduce pari-mutuel tax revenue by the amounts shown below for Dubuque and Pottawattamie counties and the respective cities where the racetracks are located.

SF 2362			
Estimated Reduction in Local Revenue			
<u>Counties</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Pottawattamie	\$ 0	\$ -82,000	\$ -164,000
Dubuque	-9,200	-5,000	-5,000
Total	<u>\$ -9,200</u>	<u>\$ -87,000</u>	<u>\$ -169,000</u>

For further information, see the Fiscal Note associated with this topic.

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Environmental Protection Commission

ARC 2222C

Rule Summary

Changes air quality rules to implement SF 488 (FY 2016 Air Quality Fee Fund Act). Changes include:

- Consolidating the air quality fee rules into one chapter.

- Establishing fees in the Air Quality Bureau in the Department of Natural Resources (DNR) and directing where the fees are deposited.
- Specifying what type of expenditures can be paid for with each type of fee.
- Directing the DNR to meet annually with stakeholder groups to review the revenue and expense for each Fund to determine the next year's budget.
- Increasing the Title V emission fee from \$56 per ton to \$70 per ton.
- Clarifying the practice of excluding greenhouse gases from annual Title V emission fees.

The funds affected include:

Air Contaminant Source Fund:

- Emission Fees Account (or Title V emission fee) – the calculated estimate of total revenues for this Account cannot exceed \$8,250,000 during any State fiscal year.
- Operating Permit Application Account – the calculated estimate of total revenues for this Account cannot exceed \$1,250,000 during any State fiscal year.

Air Quality Fund:

- Major Source Account – the calculated estimate of total revenues for this Account cannot exceed \$1,500,000 during any State fiscal year.
- Minor Source Account – the calculated estimate of total revenues for this Account cannot exceed \$250,000 during any State fiscal year.
- Asbestos Account – the calculated estimate of total revenues for this Account cannot exceed \$450,000 during any State fiscal year.

Background: The DNR operates the federal Title V Air Operating Permit Program, established under the Clean Air Act, as amended in 1990, and administered by the federal Environmental Protection Agency (EPA). The EPA has delegated authority to the DNR to issue federal Title V Operating Permits and to collect annual emissions fees. The emissions fees have funded approximately 75.0% of the Air Quality Bureau activities. However, with increased federal regulations and pollution controls, the chargeable tons of emissions have declined from 242,000 in FY 2007 to 140,000 for FY 2015, which in turn has decreased the revenues from emissions fees collected.

In 2014, HF 2473 (FY 2015 Standings Appropriations Act) appropriated \$1.4 million from the Hazardous Waste Account in the Groundwater Protection Fund to the Air Quality Bureau for funding shortfalls. In addition, the Act directed the DNR to convene a stakeholder group to study funding for air quality programs and to make recommendations for future funding. The group met and their recommendations were included in their final report. In 2015, SF 488 gave the Environmental Protection Commission the authority to establish application fees for construction permits and operating permits for air pollution emitting equipment and fees for asbestos notifications. Senate File 488 implements many of the stakeholder group's recommendations.

Agency Stated Authority: Iowa Code sections 455B.133, 455B.133B, and 455B.133C.

Fiscal Impact

Agency Response: Revenues projected to be collected from construction permit application fees, Title V operating permit application and emissions fees, and the asbestos notification fee fund the projected costs of these activities within the limitations established in SF 488. This will result in a zero fiscal impact to the Air Quality Bureau because the new fees will produce revenues that will cover permitting expenditures no longer being paid for with revenues from the emissions fee.

LSA Response: The LSA concurs that the new fees will cover expenditures. Also, the annual review by the stakeholder groups will allow stakeholders to make

recommendations if a fee amount needs to be adjusted. The following table projects the revenue and expenditures for the next four years and includes the Title V emission fee increase. This information was published in the Fiscal Note for SF 488.

Air Quality Proposed Budget				
Revenue				
Major Source Revenue	FY 2016	FY 2017	FY 2018	FY 2019
Title V Application & Permit Review	\$ 7,970,200	\$ 7,552,600	\$ 7,745,500	\$ 7,938,500
Balance Carryforward and Interest	715,000	12,100	10,600	12,900
Emission Fees Application & Permit Review	424,560	1,201,600	1,222,200	1,243,100
Major Source Application & Permit Review	526,550	1,073,100	1,093,500	1,114,300
Prevent. Sig. Deterioration App. & Permit Rev.	169,550	345,500	352,100	358,800
Major Source Revenue	\$ 9,805,860	\$ 10,184,900	\$ 10,423,900	\$ 10,667,600
Minor Source Revenue				
Minor Source Fees	\$ 113,640	\$ 231,600	\$ 236,000	\$ 240,500
Federal Grant Section 105	1,250,000	1,250,000	1,250,000	1,250,000
Federal Grant Section 103	472,600	472,600	472,600	472,600
Environment First Fund Appropriation	425,000	425,000	425,000	425,000
General Fund Appropriation	704,300	704,300	704,300	704,300
Asbestos Fees	250,000	390,000	397,400	405,000
Total Minor Source Revenue	\$ 3,215,540	\$ 3,473,500	\$ 3,485,300	\$ 3,497,400
Total Revenue	\$ 13,021,400	\$ 13,658,400	\$ 13,909,200	\$ 14,165,000
Dollar Change		\$ 637,000	\$ 250,800	\$ 255,800
% Change		4.89%	1.84%	1.84%
Expense				
Major Source Expense	FY 2016	FY 2017	FY 2018	FY 2019
Operating Permit Expense	\$ 5,040,800	\$ 5,256,600	\$ 5,354,400	\$ 5,453,800
Constriction Permit Expense	1,802,600	1,836,900	1,871,700	1,907,300
Preventive Sig. Deterioration Expense	1,185,800	1,208,300	1,231,200	1,254,600
Total Major Source Expense	\$ 8,029,200	\$ 8,301,800	\$ 8,457,300	\$ 8,615,700
Minor Source, Asbestos, & Core Activities Expense				
Minor Source	\$ 983,900	\$ 1,002,600	\$ 1,021,600	\$ 1,041,000
Asbestos	111,800	390,000	397,400	405,000
Core Activities	3,896,500	3,964,000	4,032,900	4,103,300
Total Minor Source, Asbestos & Core	\$ 4,992,200	\$ 5,356,600	\$ 5,451,900	\$ 5,549,300
Total Expenditures	\$ 13,021,400	\$ 13,658,400	\$ 13,909,200	\$ 14,165,000
Dollar Change		\$ 637,000	\$ 250,800	\$ 255,800
% Change		4.89%	1.84%	1.84%

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Department of Education

ARC 2183C

Rule Summary Establishes rules to school districts and accredited nonpublic schools that voluntarily choose to stock an epinephrine injector supply for students.

Agency Stated Authority: 2015 Iowa Acts chapter 68 SF 462 (Maintenance and Administration of Epinephrine in Schools and Certain Other Facilities Act).

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

LSA Response: The LSA concurs.

ARC 2182C

Rule Summary Revises the Gap Tuition Assistance Program, pursuant to HF 658 (FY 2016 Education Appropriations Act), by modifying criteria to determine financial need.

Agency Stated Authority: Iowa Code section 256.7(5).

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

LSA Response: The LSA concurs.

ARC 2186C

Rule Summary Adopts program criteria and guidelines for the intensive summer literacy programs required by Iowa Code section 279.68.

Agency Stated Authority: Iowa Code Section 256.7(5).

Fiscal Impact **Agency Response:** The Department projects 9,250 students statewide for the first year of the programs, the summer of 2017. Costs include professional development, preparation time, teacher and paraprofessional salaries, transportation, instructional materials, and overhead costs. Assuming 616 teachers and 1,234 paraprofessionals employed, the total estimated cost is \$6.6 million. Assuming 1,850 teachers and no paraprofessionals employed, the total estimated cost is \$9.9 million.

LSA Response: There is no fiscal impact to the State; there is a fiscal impact to local school districts.

ARC 2184C

Rule Summary Permits up to 5.0% of the allocation for the Statewide Voluntary Preschool Program to be used for outreach activities and rent for facilities not owned by the school district. Allows community-based providers to use up to 10.0% of their allocation for administrative and operational costs. These costs include outreach activities, rent for facilities not owned by the school district, and transportation for children participating in the preschool program. The changes correspond to HF 658 (FY 2016 Education Appropriations Act).

The updates allow for greater flexibility and align allowable uses of funds for at-risk programs, alternative schools, and programs for potential or returning dropout prevention. The changes also incorporate dropout and dropout prevention provisions in HF 445 (Payment for Education Services for Children Act).

The changes permit school districts to use revenue from the district management levy to pay the costs of mediation and arbitration, including but not limited to legal fees associated with mediation or arbitration, but not including the results of the mediation or arbitration. The change corresponds to HF 515 (School District Management Levy Fund for Legal Costs Act).

The changes also expand the authorized use of Physical Plant and Equipment Levy (PEEL) revenues to include expenses incurred in the repair of transportation equipment if the cost of the repair exceeds \$2,500. The change corresponds to HF 646 (Physical Plant and Equipment Levy Uses Act).

Agency Stated Authority: Iowa Code section 256.7(5).

Fiscal Impact **Agency Response:** There is no fiscal impact to the State of Iowa.

LSA Response: The LSA concurs there is no fiscal impact to the State but this change may increase local property taxes. The Fiscal Note for HF 515 (School District Management Levy Fund for Legal Costs Act) explains the potential impact on property taxes. The Fiscal Note for HF 646 (Physical Plant and Equipment Levy Uses Act) provides the maximum fiscal impact if districts increase their PPEL rates to the maximum level.

Rule Summary

Adopts the assessments developed by the Smarter Balanced Assessment Consortium (SBAC). Requires the Department of Education to select a vendor to administer SBAC assessments through a request for proposal process (RFP). The Iowa Assessment Task Force recommended the SBAC, and must review the SBAC administration and make a recommendation by June 30, 2020.

ARC 2185C

Agency Stated Authority: Iowa Code Section 256.7(21).

Fiscal Impact

Agency Response: The cost for SBAC is broken into two parts:

- SBAC membership fee - currently \$9.55 per student
- Cost for implementation and administration - estimated between \$15.45 and \$18.45 per student (based on three SBAC states' costs and the Iowa Assessment Task Force estimate).

The total estimated cost for SBAC is between \$25 and \$28 per student. The Department projects 332,017 students in grades 3-11, the grades required to be assessed, in Iowa public schools during the 2016-2017 school year, the first year of the proposed SBAC assessments in Iowa. Therefore, during the 2016-2017 school year, the total estimated cost for SBAC is between \$8.3 million and \$9.3 million. The actual cost will be identified through an RFP.

Currently, Iowa uses the Iowa Assessments in grades 3-8, 10, and 11 as its statewide assessment. School districts pay an estimated \$5.50 per student. The Department pays \$2.25 per student to cover additional costs, such as bar coding and additional reporting. Additionally, the Department provides between \$4 and \$6 per student to districts each year. In total, the current estimated cost per pupil is \$7.75 per student. Based on an estimated 292,489 students and a cost of \$7.75 per student, the total statewide estimated cost for Iowa Assessments is \$2.3 million.

As a result of the estimates above, the fiscal impact to Iowa of adopting these rules may range from \$6.0 million to \$7.0 million. These estimates were created by subtracting current costs from projected costs at the high and low end of the estimate range.

Additionally, two other cost factors should be noted:

- The current assessment only offers a summative assessment (one-time test). Districts must also purchase other tests to meet state and federal accountability requirements. The SBAC includes multiple types of assessments (summative, interim, formative) that schools can use to meet their assessment purposes. Therefore, with the adoption of the SBAC, districts will no longer need to purchase all these additional assessments but may decide to purchase some. Estimating the savings is difficult because the Department does not collect fiscal data on district-purchased assessments. However, for the most common of these additional assessments, the NWEA MAP assessment, the Iowa Assessment Task Force estimates a total savings of \$2.0 million.

- The SBAC, unlike the Iowa Assessments, does not measure achievement in science. The Iowa Assessment Task Force is currently meeting to determine a recommendation for a future science assessment. A separate science assessment will have an additional cost beyond the cost for the SBAC.

LSA Response: The LSA concurs. There is no fiscal impact to the State, but there is a fiscal impact to school districts:

<u>Assessment</u>	<u>Est. Cost Per Pupil</u>	<u>Total Cost</u>
SBAC	\$25 - \$28	\$8.3 - \$9.3 million
Iowa Assessments	\$7.75	\$2.3 million
Total Impact*		\$6.0 - \$7.0 million

* Does not include cost of purchasing a science assessment and savings from assessments school districts currently purchase besides the Iowa Assessments.

SBAC

The exact cost of the SBAC will not be known until a vendor is selected via an RFP process to administer the assessments. The length of a contract with a vendor has not been determined, but the contract may be done on a year-by-year basis. Consequently, this estimate is for FY 2017 only.

The SBAC membership fee is affected by the number of states in the consortium. The more states in the consortium, everything else being equal, the lower the membership fee. The fewer states in the consortium, everything else being equal, the higher the membership fee.

Science Assessment

In August of 2015, the State Board of Education adopted new science standards. The Iowa Assessment Task Force is currently in the process of recommending a new science assessment. Without a new assessment selected, the LSA cannot make an estimate.

Technology

The Department published a report on technology readiness in February 2015. According to a survey of school districts, 99.0% of buildings in the state have the “minimum” technology capacity to administer assessments, such as the SBAC, online.

Costs to upgrade technology for the few buildings that do not meet the minimum technology capacity and any other costs are unknown.

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Engineering and Land Surveying Examining Board

ARC 2219C

Rule Summary

Amends current rules to update Iowa’s Fundamentals of Engineering exam application process as a result of a change in the availability of testing dates.

Examination dates are now available year-round as opposed to only certain windows of time.

Agency Stated Authority: Iowa Code section 542B.6.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Homeland Security and Emergency Department of Management

ARC 2187C

Rule Summary The rule reflects the change in agency status from a division to a department.

Agency Stated Authority: Iowa Code section 29C.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

ARC 2188C

Rule Summary The rule reflects the change in agency status from a division to a department and updates the physical address of the department.

Agency Stated Authority: Iowa Code section 29C.

Fiscal Impact Agency Response: No fiscal impact

LSA Response: The LSA concurs.

ARC 2189C

Rule Summary The rule reflects the change in agency status from a division to a department and updates the physical address of the department.

Agency Stated Authority: Iowa Code section 29C.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

ARC 2190C

Rule Summary The rule reflects the change in agency status from a division to a department and updates the physical address of the department.

Agency Stated Authority: Iowa Code section 29C.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

ARC 2216C

Rule Summary The rule reflects the change in agency status from a division to a department and updates the physical address of the department.

	Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2215C</u></p> The rule reflects the change in agency status from a division to a department and updates the physical address of the department. Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2214C</u></p> The rule reflects the change in agency status from a division to a department. Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2213C</u></p> The rule reflects the change in agency status from a division to a department. Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2212C</u></p> The rule reflects the change in agency status from a division to a department and updates the physical address of the department. Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2211C</u></p> The rule reflects the change in agency status from a division to a department. Agency Stated Authority: Iowa Code section <u>29C</u> .
Fiscal Impact	Agency Response: No fiscal impact. LSA Response: The LSA concurs.
Rule Summary	<p style="text-align: right;"><u>ARC 2210C</u></p> The rule reflects the change in agency status from a division to a department.

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Agency Stated Authority: Iowa Code section 29C.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

Rule Summary Amends and expands the definition of government entity and also adds the Iowa Department of Revenue as an ex officio non-voting member on the Flood Mitigation Board. **ARC 2220C**

Agency Stated Authority: 2015 Iowa Acts HF 616 and HF 655.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Nursing Board

Rule Summary Creates a new Chapter to provide an Iowa Nurse Assistance Program Committee to support the evaluation and monitoring of licensees that are impaired as a result of alcohol or drug dependency, addiction, or by any mental or physical disorder or disability, while protecting the health, safety, and welfare of the public. **ARC 2204C**

Agency Stated Authority: Iowa Code section 272C.3(1)"k", 272C.6(4), and 28E.4.

Fiscal Impact Agency Response: Fiscal impact of less than \$100,000 for the cost of one new full-time employee (FTE).

LSA Response: Since increased expenditures will be covered by licensing fees paid to the Board of Nursing, no fiscal impact to the General Fund is expected. The Board is seeking to add an Executive Officer 2 to the staff to manage the program but is still waiting for approval. Total cost to the Board for salary and benefits for this position ranges from approximately \$74,000 to \$105,000, one-time costs for a new employee are estimated at \$10,000, and annual board support estimated around \$5,000. Exact costs in FY 2016 will depend on when the position is filled, but annual ongoing costs will be in the \$80,000 to \$110,000 range.

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Soil Conservation and Water Quality Division

Rule Summary Changes the name to the Division of Soil Conservation and Water Quality and amends the limitation on management practices for individual soil and water conservation districts as stated in HF 634 (FY 2016 Department of Agriculture and Land Stewardship Department Act). **ARC 2192C**

Agency Stated Authority: House File 634 (FY 2016 Department of Agriculture and Land Stewardship Department Act).

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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