

June 30, 1996, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. To the division of community action agencies of the department of human rights for qualifying energy conservation programs for low-income persons, including but not limited to energy weatherization projects, which target the highest energy users, and including administrative costs, to be expended first from the available balances in the Warner/Imperial, the office of hearings and appeals second-stage settlement (OHA), Amoco, and Exxon funds and then the Stripper Well fund for a total appropriation not to exceed:

a. From the Warner/Imperial, the office of hearings and appeals second-stage settlement (OHA), Amoco, and Exxon funds:

1995-96 FY \$ 500,000

b. From the Stripper Well fund:

1995-96 FY\$ 500,000

2. To the department of natural resources for the following purposes:

a. For the state energy conservation program from the Exxon fund:

1995-96 FY\$ 160,000

b. For administration of petroleum overcharge programs from the Stripper Well fund, not to exceed the following amount:

1995-96 FY\$ 300,000

Notwithstanding section 8.33, the unencumbered or unobligated moneys remaining at the end of the fiscal year from the appropriations made in subsections 1 and 2 shall not revert but shall be available for expenditure during subsequent fiscal years until expended for the purposes for which originally appropriated.

Approved April 3, 1995

CHAPTER 204

APPROPRIATIONS - ECONOMIC DEVELOPMENT

H.F. 512

AN ACT appropriating funds to the department of economic development, the Iowa finance authority, the Wallace technology transfer foundation, division of insurance of the department of commerce, the Iowa seed capital corporation, the international development foundation, the public employment relations board, and the department of employment services, making related statutory changes, and providing an immediate effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. There is appropriated from the general fund of the state and other designated funds to the department of economic development for the fiscal year beginning July 1, 1995, and ending June 30, 1996, on the conditions that the director shall submit to the general assembly by December 1, 1995, a report regarding the potential for increased efficiency and cost savings from combining the workforce development division with the workforce development initiative and that the department shall not use any moneys appropriated under this Act for further expansion of industrial site locator programs until the industrial site locator program at the university of northern Iowa is completed and fully implemented and the department and the university have reported to the general assembly on plans for coordination and cooperation between the department and the university,

including access by the department to the database and technology of the university program, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, provided the director shall take all reasonable efforts to reduce the number of staff and level of funding committed to activities of the director's office and general administration, including the transfer of staff and funds to the operational divisions of the department, and the consolidation of functions and reduction in department staff, and for providing that a business receiving moneys from the department for the purpose of job creation shall make available ten percent of the new jobs created for promise jobs program participants who are qualified for the jobs:

.....	\$	916,000
.....	FTEs	22.00

The director shall coordinate efforts with the workforce coordinator to implement the intent of the general assembly regarding businesses receiving job creation moneys and shall report to the joint economic development appropriations subcommittee regarding the number of jobs to be created by each business, the number of qualified promise jobs participants applying with the business, and the number of promise jobs participants hired.

b. Primary research and computer center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	300,000
.....	FTEs	5.50

The department shall report to the general assembly by December 1, 1995, on the available options and potential cost savings regarding privatizing computer services for primary research.

c. Film office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	185,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	3,000,000
.....	FTEs	16.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, business incubators, for providing 1.00 FTE for the targeted small business compliance officer who shall continue to work jointly with the department of management, for eliminating the position of small business resource office manager, implementing the small business resource office reorganization plan by July 1, 1995, and for reporting to the joint economic development appropriations subcommittee and the legislative fiscal bureau on the reorganization, and for deaf interpreters funded through the economic development deaf interpreters revolving fund established in section 15.108, subsection 7, paragraph "j":

.....	\$	365,000
.....	FTEs	6.00

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	90,000
.....	FTEs	3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1996, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1996, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

.....	\$	5,600,000
.....	FTEs	10.00

e. Targeted small business incubator

Moneys appropriated for fiscal year 1994-1995 and not expended by June 30, 1995, shall not revert but shall be held by the department for funding, with local matching funds, the targeted small business incubator in Des Moines for the fiscal year beginning July 1, 1995, and ending June 30, 1996.

f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, for insurance economic development and international insurance economic development:

.....	\$	200,000
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3. COMMUNITY DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development boards:

.....	\$	615,000
.....	FTEs	7.50

From the funds appropriated in this paragraph, \$50,000 shall be allocated for the junior olympics.

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

.....	\$	410,000
.....	FTEs	3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

c. Rural development program

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, the rural enterprise fund, and for \$50,000 to be allocated competitively to ten to twenty communities for direct purchase of services or goods that meet local development needs or to enhance heritage and tourism efforts from state and private sources:

.....	\$	600,000
.....	FTEs	4.50

There is also appropriated from the rural community 2000 program revolving fund established in section 15.287 to the rural development program for the purposes of the program including the rural enterprise fund and collaborative skills development training:

.....	\$	226,000
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Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state or through transfers from the Iowa community development loan fund or from the rural community 2000 program revolving fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	390,000
.....	FTEs	18.76

e. Councils of governments

There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local governments to develop community development strategies for addressing long-term and short-term community needs:

.....	\$	178,000
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f. Housing development fund

For providing technical assistance to communities of all sizes and local financial institutions to help meet local housing needs:

.....	\$	100,000
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*g. Community voice mail pilot project

For a community voice mail pilot project at a homeless for emergency shelter or shelters, to be coordinated with the Iowa finance authority:

.....	\$	10,000*
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4. INTERNATIONAL DIVISION

a. International trade operations

For coordinating and eliminating duplication of effort with the department of agriculture and land stewardship, conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, for allocating \$33,500 and up to two full-time equivalent positions for the international development foundation which shall continue as a private entity, and for not more than the following full-time equivalent positions:

.....	\$	757,500
.....	FTEs	9.00

The international development foundation shall notify the department of management by October 1, 1995, regarding whether the foundation will receive federal funding during the state fiscal year beginning July 1, 1995, and ending June 30, 1996. If, for the federal fiscal year beginning October 1, 1995, and ending September 30, 1996, no new federal funding will be received by the foundation during the state fiscal year beginning July 1, 1995, and ending June 30, 1996, the balance of the funds allocated to the foundation in this paragraph shall revert to the general fund of the state. Notwithstanding section 8.33, if federal funding will be received by the foundation moneys allocated to the foundation that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for the purposes of the foundation during the succeeding fiscal year. It is the intent of the general assembly that funding for the foundation shall cease after fiscal year 1996-1997.

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	590,000
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c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a

*Item veto; see message at end of the Act

percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 275,000
 FTEs 0.25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

..... \$ 1,300

e. For transfer to the partner state program which the department may use to contract with private groups or organizations which are the most appropriate to administer this program and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this subsection of the funds transferred:

..... \$ 100,000

5. TOURISM DIVISION

a. Tourism operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

..... \$ 716,000

..... FTEs 17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials and for allocating \$300,000 to develop brochures and television advertising to highlight the heritage tourism program and the sesquicentennial:

..... \$ 2,687,000

The department shall not use the moneys appropriated in this lettered paragraph, except the \$300,000 allocated for heritage tourism and sesquicentennial advertising, unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers throughout the state and for planning for a welcome center at living history farms:

..... \$ 240,000

6. WORKFORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 940,000

..... FTEs 2.40

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

For not more than the following full-time equivalent positions, including salaries and support:

..... FTEs 1.31

There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to the community job training fund created in section 260F.6, subsection 1, \$225,000. It is the intent of the general assembly that up to \$101,894 of all funds appropriated to the program and some or all of the full-time equivalent positions may be used for the administration of the Iowa small business new jobs training Act.

c. Workforce investment program

For allocating \$425,000 for funding, to the extent possible, the currently existing high technology apprenticeship programs, under section 260C.44 at the community colleges, and for the purposes of the workforce investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 903,000
..... FTEs 0.90

The department shall develop new administrative rules for distribution of apprenticeship funding for fiscal years beginning July 1, 1996.

The department shall ensure that the workforce investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

The department and the community colleges shall jointly review the Iowa small business new jobs training Act, chapter 260F, including, but not limited to, studying the funding of retraining programs through consortia and supplier networks and entering into multiple retraining agreements to the same business. The report of the review shall be jointly submitted to the joint economic development appropriations subcommittee not later than January 10, 1996.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 100,000
..... FTEs 0.50

It is the intent of the general assembly that funding for labor management councils shall be privately financed after fiscal year 1996-1997. The department shall not use moneys appropriated in this lettered paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during nonworking hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

Sec. 2. Notwithstanding section 15E.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund all the moneys available during the fiscal year beginning July 1, 1995, and ending June 30, 1996, to the department of economic development for the rural development program to be used by the department for the purposes of the program.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic

development for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administration of chapter 260E, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

	\$	160,000
	FTEs	2.40
2. For the target alliance program:

	\$	30,000
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Sec. 4. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, for reporting by December 1, 1995, to the joint economic development appropriations subcommittee on a plan regarding restructuring the foundation, merging with the department of economic development in fiscal year 1996-1997, and for transferring, all equity holdings to the Iowa seed capital corporation, for administering the industrial technology access program, for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for transferring up to \$30,000 of the funds appropriated in this section to the Iowa quality coalition, on the condition that the coalition first expend all existing monies, for productivity enhancement projects, and for not more than the following full-time equivalent positions:

	\$	1,950,000
	FTEs	4.00

The Iowa quality coalition shall submit a proposal to the joint economic development appropriations subcommittee and the legislative fiscal bureau by December 1, 1995, regarding awarding funds for productivity enhancement projects through a request for proposal process.

Sec. 5. There is appropriated from the general fund of the state to the Iowa seed capital corporation fund established in section 15E.89, for not more than the following full-time equivalent positions, and for meeting the intent of the general assembly that the Iowa seed capital corporation may expend all funds remaining, on June 30, 1995, from the industrial technology access program for the purposes of the corporation:

	\$	483,000
	FTEs	5.00

Sec. 6. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding and maintaining in their current locations the existing small business development centers, for providing up to \$33,000, or so much thereof as is necessary, for salary increases of not more than three percent from all sources for nonuniversity employees provided that any amount not required for salary increases for nonuniversity employees shall revert to the general fund of the state, and for not more than the following full-time equivalent positions:

	\$	1,185,000
	FTEs	6.07

2. For funding the institute for physical research and technology, provided that \$318,358 shall be allocated to the institute for physical research and technology industrial incentive

program in accordance with the intent of the general assembly, and for not more than the following full-time equivalent positions:

.....	\$	4,000,000
.....	FTEs	61.17

It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the senate and house appropriations committees the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year.

Sec. 7. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park and for not more than the following full-time equivalent positions:

.....	\$	309,000
.....	FTEs	2.85

The board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the chairpersons of the joint appropriations subcommittee on economic development, the joint appropriations subcommittee on education, the majority leader, and minority leader of the senate, the majority and minority leaders of the house of representatives, the secretary of the senate, the chief clerk of the house of representatives, and the legislative fiscal bureau by December 1, 1995.

Sec. 8. Not later than July 1, 1995, the department of economic development, with consultation and input from the general assembly, and representatives from business, labor, and education shall study and present recommendations to the general assembly which shall include but not be limited to the privatization and decentralization of Iowa's economic development efforts, the identification of areas appropriate to statewide economic development efforts and areas appropriate for regional economic development efforts, benchmark budgeting for statewide and regional efforts, the deregulation of economic development activities, and collaboration between public and private entities.

Sec. 9. DEPARTMENT OF EMPLOYMENT SERVICES. There is appropriated from the general fund of the state*, provided that the department not implement a reorganization plan, without prior approval of the general assembly, by concurrent resolution,* to the department of employment services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amounts, or so much thereof as is necessary, for the purposes designated, *including that the department of employment services, the department of personnel, and the department of management shall ensure that all nonsupervisory full-time

*Item veto; see message at end of the Act

equivalent positions authorized and funded for the department of employment services in this section will be utilized during the fiscal year beginning July 1, 1995, and ending June 30, 1996, and during future fiscal years, and will not be held vacant, to ensure that the backlog of cases in that department will be reduced as rapidly as possible*:

1. DIVISION OF LABOR SERVICES

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions contingent upon the enactment of section 10 of this Act and the provision which requires moneys appropriated from the special employment security contingency fund to first be used to fully fund the appropriation of \$296,000 to the division of labor services in subsection 1 of section 11 of this Act prior to funding the appropriation in section 11 of this Act to the division of industrial services:

.....	\$	2,466,000
.....	FTEs	87.00

The division of labor services shall ensure all occupational safety and health personnel complete the department of employment services ambassador customer service classes. The division of labor shall ensure a customer satisfaction survey developed by the 1994 focus group is completed and a written report containing the results of the survey is submitted to the department of management and the legislative fiscal bureau not later than October 1, 1995.

It is the intent of the general assembly that the division of labor services shall conduct all inspection functions in the division as efficiently as possible. The division shall, to the extent possible, eliminate duplicate travel to the same location for separate inspections made at different times, and shall consolidate such inspections in the same trip whenever possible.

From the contractor registration fees, the division of labor services shall reimburse the department of inspections and appeals for all costs associated with hearings under chapter 91C, relating to contractor registration.

2. DIVISION OF INDUSTRIAL SERVICES

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,106,000
.....	FTEs	33.00

3. For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for a workforce development coordinator and council:

.....	\$	114,000
.....	FTEs	1.00

The workforce development coordinator shall formulate a five-year written implementation plan for the workforce development initiative and shall implement a common intake, assessment, and client tracking system by June 30, 1996, to determine the economic impact of the workforce development system. The coordinator shall annually provide a written report no later than December 1 of each year to the department of management and the legislative fiscal bureau indicating all of the following:

- a. The amounts of federal, state, and any other funds expended to implement the workforce initiative.
- b. The efficiencies achieved in terms of administrative costs and other expenditures of the departments involved.
- c. The location of each workforce center, staffing levels, and the number of clients served.
- d. Any other information deemed necessary by the coordinator related to the progress and success in implementing the initiative.
- e. By June 30, 1996, there shall be implemented a common intake, assessment, and client tracking system to determine the economic impact of the new workforce development

*Item veto; see message at end of the Act

system. The tracking system shall be able to track individuals who have received training or retraining to determine whether the training or retraining has resulted in increased wages for the individuals, shall contain information on individuals who have participated in or completed state subsidized training or retraining programs more than once at a particular community college or at different community colleges and whether the training or retraining was for the same business or different businesses, and shall provide information regarding the number of individuals who have received training or retraining who are unemployed.

4. For the workforce development initiative to be used to create model workforce development centers and provide an integrated management information system:

..... \$ 464,000

Sec. 10. ADMINISTRATIVE CONTRIBUTION SURCHARGE FUND. There is appropriated from the administrative contribution surcharge fund of the state to the department of employment services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, for the purposes designated:

DIVISION OF JOB SERVICE

Notwithstanding section 96.7, subsection 12, paragraph "c", for salaries, support, maintenance, conducting labor availability surveys, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 5,904,000
..... FTEs 149.72

*1. The department of employment services shall provide services throughout the fiscal year beginning July 1, 1995, and ending June 30, 1996, in all communities in which workforce centers are operating on July 1, 1993. However, this provision shall not prevent the consolidation of multiple offices within the same city or the colocation of workforce centers with another public agency.

2. The division of industrial services shall not reduce the number of scheduled hearings of contested cases or eliminate the venue of such hearings, as established by the division for the period beginning January 1, 1995, and ending January 20, 1996. The division shall also establish a substantially similar schedule for such hearings for the period beginning January 20, 1996, and ending June 30, 1996. The division shall report to the legislative fiscal bureau concerning any modification of the established schedule, or any changes which the division determines are necessary in establishing the schedule for the period beginning January 20, 1996, and ending June 30, 1996.*

3. The division shall continue charging a \$65 filing fee for workers' compensation cases. The filing fee shall be paid by the petitioner of a claim. However, the fee can be taxed as a cost and paid by the losing party, except in cases where it would impose an undue hardship or be unjust under the circumstances.

Sec. 11. EMPLOYMENT SECURITY CONTINGENCY FUND. There is appropriated from the special employment security contingency fund to the department of employment services for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amounts, or so much thereof as is necessary, for the purposes designated and subject to the requirement that the appropriation to the division of labor services under this section be fully funded from the special employment security contingency fund prior to any amounts being used to fund the appropriation made to the division of industrial services under this section:

1. DIVISION OF LABOR SERVICES

For salaries, support, maintenance, and miscellaneous purposes:

..... \$ 296,000

2. DIVISION OF INDUSTRIAL SERVICES

For salaries, support, maintenance, and miscellaneous purposes:

*Item veto; see message at end of the Act

..... \$ 175,000
 Any additional penalty and interest revenue may be used to accomplish the mission of the department.

Sec. 12. PUBLIC EMPLOYMENT RELATIONS BOARD. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:
 \$ 755,000
 FTEs 12.80

Sec. 13. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the housing improvement fund created in section 16.100 for purposes of the fund:
 \$ 510,000

Sec. 14. There is appropriated from the general fund of the state to the division of insurance of the department of commerce for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary, to be used for the purpose designated provided that Senate File 347* is enacted:

For an actuarial study to determine the cost of requiring health insurance policies for individuals to include mental health and substance abuse treatment as covered items:
 \$ 25,000

Sec. 15. Section 15.317, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Assistance approved by the board shall be utilized by the business within two years of the date of the approval of the assistance. Funds not utilized in accordance with this subsection shall revert to the control of the board. The business may reapply for assistance in that case.

Sec. 16. FEDERAL GRANTS. All federal grants to and the federal receipts of agencies appropriated funds under this Act, not otherwise appropriated, are appropriated for the purposes set forth in the federal grants or receipts unless otherwise provided by the general assembly.

Sec. 17. BUDGET UNIT DESIGNATIONS. The department of management shall, prior to January 15, 1996, conform all budget unit designations to the designations used in the Code.

Sec. 18. Notwithstanding any other provision, any unencumbered or unobligated balance on June 30, 1995, in the targeted small business financial assistance program account created in section 15.247, including moneys remaining in any reserve account within the program account for guaranteed loans that have been repaid, shall be transferred out of the program account, including the appropriate reserve accounts, and deposited to the credit of the Iowa strategic investment fund created in section 15.313 and shall be appropriated to the department of economic development for purposes of the Iowa strategic investment fund targeted small business financial assistance program.

Sec. 19. Chapter 38, Code 1995, is repealed.

*Chapter 73 herein

Sec. 20. EFFECTIVE DATE. The provisions relating to implementing the reorganization of the small business resource office in section 1, subsection 2, paragraph "b" of this Act, being deemed of immediate importance, take effect upon enactment.

Approved April 24, 1995, except the items which I hereby disapprove and which are designated as Section 1, subsection 3, paragraph g in its entirety; those portions of Section 9, unnumbered and unlettered paragraph 1, which are herein bracketed in ink and initialed by me; and Section 10, subsections 1 and 2 in their entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Speaker of the House this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Speaker:

I hereby transmit House File 512, an Act appropriating funds to the Department of Economic Development, the Iowa Finance Authority, the Wallace Technology Transfer Foundation, Division of Insurance of the Department of Commerce, the Iowa Seed Capital Corporation, the International Development Foundation, the Public Employment Relations Board, and the Department of Employment Services, making related statutory changes, and providing an immediate effective date.

House File 512 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 1, subsection 3, paragraph g, in its entirety. This item would appropriate \$10,000 to establish a community voice mail pilot program. While I support the proposed goals of the program, I am concerned that the concept has not been fully developed to take into consideration a whole host of security issues, including the potential for the system to be used for illegal or inappropriate uses. Further, the amount of funding the appropriation would provide falls far short of what would be minimally necessary to establish it even as a pilot program.

I am unable to approve the designated portions of Section 9, unnumbered and unlettered paragraph 1. These items would authorize the legislature to be involved in decisions relating to the staffing and organization of the Department of Employment Services (DES). Decisions concerning the personnel needs and structure of DES properly fall within the discretion of the director of the department. Legislative attempts to encroach into matters that are the prerogative of the executive branch can not be approved.

I am unable to approve the items designated as Section 10, subsections 1 and 2, in their entirety. These items relate to the operations of workforce development centers and the management of workers' compensation hearings. Like the items in the preceding paragraph, approval of these items would allow the legislative branch to interfere in decisions that are best made by the director of the Department of Employment Services. For that reason, they can not be approved.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 512 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor