

I am unable to approve Sections 14 and 15 in their entirety. These sections would appropriate and allocate Iowa Finance Authority resources to support housing programs operated by the Department of Economic Development. I agree that these housing programs should be funded. However, the direct appropriation of Iowa Finance Authority assets poses a significant financial risk. Moody's Rating Service has indicated that such actions will lead to a bond rating downgrade. A lower bond rating will increase borrowing costs resulting in increased costs for first time home buyers. It is more appropriate for the Authority to leverage their assets to address Iowa's housing needs as recommended by the housing task force.

For the above reasons, I hereby respectfully approve House File 718 with the exceptions noted above.

Sincerely,
THOMAS J. VILSACK, Governor

CHAPTER 189
APPROPRIATIONS — STATE GOVERNMENT
TECHNOLOGY AND OPERATIONS
H.F. 719

AN ACT relating to state government technology and operations, by making and relating to appropriations to the Iowa communications network for the support of certain Part III users, making appropriations to various entities for other technology-related purposes, providing for the procurement of information technology, and providing an effective date.

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

Section 1. **TREASURER OF STATE.** There is appropriated from the general fund of the state to the treasurer of state for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For debt service:

..... \$ 11,405,000¹

Funds appropriated in this section shall be deposited in a separate fund established in the office of the treasurer of state to be used solely for debt service for the Iowa communications network. The Iowa telecommunications and technology commission shall certify to the treasurer of state when a debt service payment is due, and upon receipt of the certification, the treasurer shall make the payment. The commission shall pay any additional amount due from funds deposited in the Iowa communications network fund.

Sec. 2. **IOWA COMMUNICATIONS NETWORK OPERATIONS.**

1. There is appropriated from the general fund of the state to the Iowa telecommunications and technology commission for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purposes designated in this subsection:

For operations of the network consistent with chapter 8D and for the following full-time equivalent positions:

..... \$ 2,234,330
..... FTEs 105.00

¹ See chapter 176, §21 – 23 herein

2. Notwithstanding section 8.33 or 8.39, moneys appropriated in this section which remain unobligated or unexpended at the close of the fiscal year shall not revert but shall remain available for the purposes designated in the succeeding fiscal year, and shall not be transferred to any other program.

3. It is the intent of the general assembly that the Iowa telecommunications and technology commission annually review the hourly rates established, as provided in section 8D.3, subsection 3, paragraph "i", consistent with this paragraph. Such rates shall be established in a manner to minimize any subsidy provided through state general fund appropriations.

Sec. 3. PUBLIC BROADCASTING. There is appropriated from the general fund of the state to the public broadcasting division of the department of education for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purposes designated in subsections 1 and 2 and for the following full-time equivalent positions:

.....	\$	2,026,808
.....	FTEs	8.00

1. Of the amount appropriated in this section, \$427,656 shall be expended by the public broadcasting division of the department of education to provide support for functions related to the network, including but not limited to the following functions: development of distance learning applications; development of a central information source on the internet relating to educational uses of the network; second-line technical support for network sites; testing and initializing sites onto the network; and coordinating the work of the education telecommunications council.

2. Of the amount appropriated in this section, \$1,599,152 shall be allocated by the public broadcasting division of the department of education to the regional telecommunications councils established in section 8D.5. The regional telecommunications councils shall use the funds to provide technical assistance for network classrooms, planning and troubleshooting for local area networks, scheduling of video sites, and other related support activities.

Sec. 4. INFORMATION TECHNOLOGY DEPARTMENT. There is appropriated from the general fund of the state to the information technology department for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the purpose of providing information technology services to state agencies and for the following full-time equivalent positions:

.....	\$	3,233,862
.....	FTEs	158.91

*1. *The information technology department shall not increase any fees or charges to other state agencies for services provided to such state agencies by the department, unless such increase in fees or charges is first reported to the department of management. The department of management shall submit a report notifying the legislative fiscal bureau regarding any fee increase as the increase occurs.**

2. The information technology department is authorized to enter into agreements with other departments, agencies, boards, and commissions for the provision of information technology services. During the development of such agreements, the agreeing parties shall identify any and all direct cost savings to be realized in the provision of these services. Once these savings from the agreement are identified, the information technology department shall notify the department of management of the savings so identified. The department of management shall then cause the amount of savings realized from the agreement to be transferred to the pooled technology account for allocation for the technology programs identified for funding pursuant to section 5 of this Act. The department of management shall annually report the amount transferred by each department to the legislative fiscal bureau.

* Item veto; see message at end of the Act

Sec. 5. POOLED TECHNOLOGY ACCOUNT.

1. Notwithstanding section 8.57, subsection 5, paragraph "c", there is appropriated from the rebuild Iowa infrastructure fund to the pooled technology account established in the office of the treasurer of state under the control of the information technology department, for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the support of various technology programs:

..... \$ 13,000,000

Moneys appropriated pursuant to this section are allocated in descending priority order for use during the fiscal year beginning July 1, 2001, and ending June 30, 2002, as follows:

a. The first \$3,000,000 shall be allocated to the department of education for transfer to the community college vocational-technical technology improvement program authorized in chapter 260A.

b. The next \$1,500,000 shall be allocated to the university of northern Iowa for developing a twenty-first century learning initiative. The university of northern Iowa shall consult with the information technology department and the department of education in continuing this initiative.

c. The next \$1,500,000 shall be allocated to the department of education for purposes of making technology available to students of accredited nonpublic schools in accordance with section 14 of this Act.

d. The next \$2,727,000 shall be allocated to the Iowa telecommunications and technology commission for maintenance and lease costs associated with Part III connections.

**e. The next \$312,000 shall be allocated to the information technology department. Of this amount, \$252,000 shall be utilized for lease-purchase costs related to the justice data warehouse technology project, and \$60,000 shall be transferred to the division of criminal and juvenile justice planning of the department of human rights for 1.00 FTE to provide support for the justice data warehouse technology project.*

*f. The next \$1,000,000 shall be allocated to the information technology department for implementation of an enterprise data warehouse.**

g. The next \$500,000 shall be allocated to the secretary of state's office to replace the secretary of state's voter registration system.

**h. The next \$1,000,000 shall be allocated to the Iowa department of workforce development for automation of the unemployment system.*

*i. The next \$250,000 shall be allocated to the department of agriculture and land stewardship for the e-commerce electronic licensing project.**

j. The remaining amount in the pooled technology account shall be allocated to implement the recommendations of the information technology council. **However, none of these funds may be utilized for asynchronous transfer mode technology conversion, the enterprise resource planning project, or digital broadcast conversion, or for lease-purchase payments in connection therewith. Amounts allocated pursuant to this paragraph shall include any reversions in excess of those necessary to fund the justice data warehouse project.**

2. A department or agency receiving an appropriation under subsection 1 shall consult with the information technology department regarding any technology purchase, lease, or contract, prior to making a purchase or entering into a lease or contract. This subsection shall not apply to a technology purchase, lease, or contract made or entered into by or on behalf of a community college*, the university of northern Iowa in developing a twenty-first century learning initiative*, or an accredited nonpublic school pursuant to subsection 1, paragraphs "a" through "c".

3. The department of management, in cooperation with the information technology department, shall develop a standard budget request form for technology or business reengineering projects. A department requesting funding for projects which will cost more than \$100,000 shall use the request form. The form shall require consistent reporting criteria including, but not limited to, project description, project goals, project performance measures, return on investment, cost, time frame, funding sources, and customer base.

* Item veto; see message at end of the Act

4. Notwithstanding the distribution formula contained in section 8.62 for an operational appropriation which remains unexpended or unencumbered for the fiscal year beginning July 1, 2000, 75 percent of the unexpended or unencumbered moneys subject to section 8.62 are appropriated to the pooled technology account. The remaining 25 percent of such moneys shall remain with the entity to which the operational appropriation was made. Notwithstanding section 8.33, for an appropriation other than an operational appropriation as provided in section 8.62 which remains unencumbered for the fiscal year beginning July 1, 2000, 100 percent of the unexpended or unencumbered moneys are appropriated to the pooled technology account. Of the funds appropriated to the pooled technology account pursuant to this subsection which remain after the deposit to the general fund of the state specified in unnumbered paragraph 2, \$312,000 shall be allocated to the information technology department for lease-purchase costs related to the justice data warehouse technology project.

Notwithstanding this subsection, the first \$10,000,000 subject to reversion and appropriation to the pooled technology account under this subsection shall be deposited in the general fund to be used for balancing the state's budget for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

Sec. 6. FUNDING FOR IOWACCESS.

1. Notwithstanding section 321A.3, subsection 1, for the fiscal year beginning July 1, 2001, and ending June 30, 2002, the first \$1,000,000 collected and transferred by the department of transportation to the treasurer of state with respect to the fees for transactions involving the furnishing of a certified abstract of a vehicle operating record under section 321A.3, subsection 1, shall be transferred to the lowAccess revolving fund created in section 14B.206 and administered by the information technology department for the purposes of developing, implementing, maintaining, and expanding electronic access to government records in accordance with the requirements set forth in chapter 14B.

2. It is the intent of the general assembly that all fees collected with respect to transactions involving lowAccess shall be deposited in the lowAccess revolving fund created in section 14B.206 and shall be used only for the support of lowAccess projects.

Sec. 7. Section 14B.105, subsection 2, paragraph f, Code 2001, is amended to read as follows:

f. Review the recommendations of the lowAccess advisory council regarding rates to be charged for access to and for value-added services performed through lowAccess, ~~and make recommendations to the general assembly regarding such rates. A rate shall not be approved or charged unless approved by act of the general assembly.~~ The information technology council shall report the establishment of a new rate or change in the level of an existing rate to the department of management, and the department of management shall notify the legislative fiscal bureau regarding the rate establishment or change.

Sec. 8. Section 14B.203, Code 2001, is amended by adding the following new subsection: NEW SUBSECTION. 5. Notwithstanding any other provision of this section, the department may establish for the fiscal years beginning July 1, 2001, and ending June 30, 2005, a pilot project for fee collection. Fees shall be collected based on the ability to access court information from remote locations. **All revenue derived from a pilot project implemented pursuant to this subsection shall be deposited into the pooled technology account.**

**Sec. 9. Section 260A.1, subsection 1, Code 2001, is amended by striking the subsection and inserting in lieu thereof the following:*

*1. Appropriations from the pooled technology account may be used for the purposes authorized in the community college vocational-technical technology improvement program.**

Sec. 10. Section 260A.2, Code 2001, is amended to read as follows:

260A.2 COMMUNITY COLLEGE VOCATIONAL-TECHNICAL TECHNOLOGY IMPROVEMENT PLANS.

Prior to receiving moneys under this chapter, the board of directors of a community col-

lege shall adopt a technology plan that supports community college vocational-technical technology improvement efforts, authorizes a needs assessment of business and industry in the district, and includes an evaluation component, and shall provide to the department of education adequate assurance that funds received under this chapter will be used in accordance with the technology plan. The plan shall be developed by licensed professional staff of the community college, including both faculty members and school administrators, the private sector, trade and professional organizations, and other interested parties, and shall, at a minimum, focus on the attainment of the vocational-technical skills and achievement goals of the student. The plan shall consider the community college's interconnectivity with the Iowa communications network, and shall demonstrate how, ~~over a four-year period~~, the board will utilize technology to improve vocational-technical student achievement. The technology plan shall be kept on file at the community college. Progress made under the plan shall be reported annually to the department of education in a manner prescribed by the department of education.

Sec. 11. Section 304.13A, subsections 1 and 2,² Code 2001, are amended to read as follows:

1. An agency ~~required to compile and maintain a report, which produces or makes available for public inspection written reports or newsletters~~ on and after July 1, 2001, shall maintain such report ~~or newsletter~~ in an electronic form, giving consideration to the standards for electronic records recommended by the information technology department. Such agency, by itself, or with the assistance of the information technology department, shall also make the report ~~or newsletter~~ accessible to the public through the internet as provided in subsection 2 and through other electronic means.

2. A copy of all ~~required~~ agency reports ~~or newsletters maintained pursuant to subsection 1~~ shall be located at an internet site maintained by the information technology department in consultation with the state librarian, and all ~~required~~ such reports ~~or newsletters~~ shall be placed on electronic media. The state librarian shall provide for the distribution of such copies to a public library in this state requesting such copy.

Sec. 12. 2000 Iowa Acts, chapter 1226, section 5, subsection 2, is amended by adding the following new paragraph:

NEW PARAGRAPH. dd. The next \$1,400,000 shall be allocated to the treasurer of state for debt service for the Iowa communications network for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

Sec. 13. 2000 Iowa Acts, chapter 1226, section 5, subsection 2, paragraph e, unnumbered paragraph 1, is amended to read as follows:

The next ~~\$21,000,000~~ \$19,600,000 shall be allocated to the division of information technology services of the department of general services³ only for the projects designated in this paragraph as follows:

Sec. 14. TECHNOLOGY SERVICES FOR ACCREDITED NONPUBLIC SCHOOL STUDENTS.

1. Technology adopted and purchased by a school district shall, to the extent funds are appropriated by the general assembly, be made available to students of accredited nonpublic schools located within the boundaries of the school district upon the written request of the authorities in charge of the accredited nonpublic school on behalf of the school's students as provided in this section.

2. Funds appropriated for purposes of this section shall be allocated to school districts for the purchase of technology for accredited nonpublic schools as provided in this section, subject to the restrictions of section 256D.8, subsection 1. The department of education shall ascertain a maximum annual amount the school district shall be required to use for the purchase of technology for participating accredited nonpublic schools. The amount shall

² Section 304.13A, "subsection 1 and subsection 2, unnumbered paragraph 1," probably intended

³ "Information technology department" probably intended; see 2000 Iowa Acts, chapter 1226, §28

be in the proportion that the basic enrollment of a participating accredited nonpublic school bears to the sum of the basic enrollments of all participating accredited nonpublic schools in the state for the budget year. A participating accredited nonpublic school shall certify its actual enrollment to the department of education by October 1, 2001. By October 15, 2001, the department of education shall notify the board of directors of each school district of the maximum amount of its allocation that shall be made available for purchasing nonsectarian, nonreligious technology for each of the participating accredited nonpublic schools located within the school district in accordance with this section. For purposes of this section only, an accredited nonpublic school's enrollment count shall include only students who are residents of Iowa.

3. The costs of providing technology to participating accredited nonpublic schools as provided in this section shall not be included in the computation of district cost under chapter 257, but shall be shown in the budget as an expense from miscellaneous income. Technology expenditures made in accordance with this section shall be kept on file in the school district.

Sec. 15. POOLED TECHNOLOGY FUNDING — PRIOR ALLOCATIONS.

1. Notwithstanding section 8.33, moneys allocated in 2000 Iowa Acts, chapter 1226, section 5, subsection 2, paragraphs "a" through "c", and paragraph "dd", as enacted by this Act, which remain unobligated or unexpended at the close of the fiscal year shall not revert but shall remain available for expenditure for the purpose for which allocated for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

2. Notwithstanding section 8.33, the remaining balance of the moneys allocated to the information technology department in 2000 Iowa Acts, chapter 1226, section 5, subsection 2, paragraph "e", which remain unobligated or unexpended at the close of the fiscal year shall not revert but shall remain available for expenditure by the information technology department for technology purposes for the fiscal year beginning July 1, 2001, and ending June 30, 2002.

Sec. 16. DISTANCE LEARNING — STUDY. The legislative council is requested to establish an interim study committee relating to distance learning and related Iowa communications network educational issues. The objective of the study shall be to evaluate the viability of establishing the state of Iowa as a distance learning center. The study shall identify distance learning technology opportunities between interested agencies and entities involved in or potentially involved in distance learning activities, including but not limited to K-12 schools, area education agencies, institutions of higher learning, the public broadcasting division of the department of education, the department of education, the Iowa communications network, the information technology department, and military and private sector institutions or agencies. The committee is directed to submit its findings, with any recommendations, in a report to the general assembly not later than January 15, 2002.

Sec. 17. Section 260A.4, Code 2001, is repealed.

Sec. 18. EFFECTIVE DATES. Section 5, subsection 4; and sections 12, 13, and 15 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved May 30, 2001, with exceptions noted.

THOMAS J. VILSACK, *Governor*

Dear Mr. Secretary:

I hereby transmit House File 719, an Act relating to state government technology and operations, by making and relating to appropriations to the Iowa Communications Network for the support of certain Part III users, making appropriations to various entities for other technology-related purposes, providing for the procurement of information technology, and providing an effective date.

House File 719 is a bill I approve reluctantly. My budget recommended significant investments in technology to enhance the efficiency and productivity of state government and provide faster, more responsive services to Iowa citizens. While I am pleased that the Legislature recognized the importance of a designated funding source for technology, I am disappointed that the amount the Legislature appropriated for technology is inadequate for providing Iowans with 21st century government. The Legislature chose to appropriate 26% fewer general fund dollars than I recommended for Information Technology Department and Iowa Communications Network operations. Where I recommended \$28,127,000 from the Infrastructure fund for technology projects and improvements, the Legislature appropriated only \$13,000,000.

Communications and information technology are essential for state government to provide fast, accurate, and responsive services to Iowa's citizens at a lower cost to the taxpayer. State government technology is like the wiring and the plumbing in our homes: we take it for granted until something goes wrong, yet it touches the lives of every Iowan in real and important ways. Every time a human service worker pulls up electronic records for a child abuse investigation, every time a law-enforcement officer or health care provider performs a background check, every time an Iowan applies for Medicaid, or receives child support, child care assistance, or other payments processed by the department of human services, every time a taxpayer's tax filing and refund are processed accurately and promptly, every time a viewer tunes in to an Iowa public television broadcast, Iowans are affected by the appropriations in this bill.

Through the appropriate use of lease-purchase financing, my budget would have completed needed upgrades to the Iowa Communications Network and Iowa Public Television broadcasting facilities, and would have installed the first components of an Enterprise Resource Planning system. My budget provided \$10 million for other technology projects to save taxpayer dollars and improve services for Iowa citizens.

I am disappointed that the Legislature provided no money for an enterprise resource planning system, which promises to save the taxpayers of Iowa over \$10 million a year through increased efficiency and productivity, better information, and lowered costs for purchasing. As a result of the Legislature's unwillingness to finance technology, their budget only provides enough dollars to upgrade transmission facilities at the three largest public television stations in the state, and only a third of the money to complete an upgrade of the Iowa Communications Network. This could potentially leave Iowans in outlying parts of the state without public television programs, if any of the other five public television stations lose their licenses because they cannot broadcast a digital signal by the FCC's October 2002 deadline. Spare parts are no longer manufactured for the older parts of the communications network, so failures could result in long interruptions of data and phone service to local offices that provide direct services to Iowa citizens, and interruption of video courses taken by students at K-12 schools and community colleges. We will spend money on repair of eight-year-old components that could have been spent on replacing them.

As passed by the Legislature, this bill would leave only \$1.2 million in the pooled technology fund to cover a number of important ongoing projects and projects with federal mandates. This entire amount is not enough to convert electronic Medicaid records to comply with the 1996 federal Health Insurance Portability and Accountability Act (HIPAA) by October of 2002, and the State of Iowa could face penalties up to \$1.5 billion if we do not comply.

I am disappointed to see the bad budget practices in this bill. The bill allocates \$1,400,000 in one-time funding to pay for ongoing costs of ICN debt service.

House File 719 is, therefore, approved on this date, with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 4, subsection 1, in its entirety. This item requires the Information Technology Department to notify the Department of Management prior to any fee increases. I have received assurances that the two departments will work cooperatively to examine any proposed fee or rate increases, without the necessity of this legislative mandate.

I am unable to approve the items designated as Section 5, subsection 1, paragraphs e, f, h, and i in their entirety. My budget recommendation was to pool funds for technology projects in order to get the most for our technology dollar. These items appropriate specific dollar amounts for four pooled technology projects: Enterprise Data-warehouse, Justice Data-warehouse, Department of Agriculture and Land Stewardship electronic licensing, and Workforce Development unemployment system. The projects named in these four items will be eligible for dollars from the larger pool that results from this item veto. The Information Technology Department can accomplish more with the same dollars by combining these with similar projects in other departments, and this frees up dollars for other projects such as HIPAA.

I am unable to approve the designated portion of Section 5, subsection 1, paragraph j. This item would prohibit the Information Technology Department from spending any pooled technology dollars on Asynchronous Transfer Mode network conversion for the Iowa Communications Network, an Enterprise Resource Planning system, or digital broadcasting facilities for Iowa Public Television. This item veto provides the Information Technology Department with flexibility to pursue important projects which were recommended by the Information Technology Council, and which will provide important savings and benefits to Iowans.

I am unable to approve the designated portion of Section 5, subsection 2. This item exempts UNI from consulting with the Information Technology Department to make sure that purchases and contracts for 21st century learning infrastructure are compatible with other state agencies. The 21st century learning infrastructure project will develop a digital library of electronic curriculum that will be available to educators and libraries across the state. For this reason, it is appropriate to ensure that the technology we use will be compatible across state and local organizations, including the State and Regional Libraries.

I am unable to approve the designated portion of Section 8. This item would deposit into the pooled technology fund any fees that the Judicial branch collects for online information transactions. The proper place for fees collected from IowAccess Internet sites is the IowAccess fund.

I am unable to approve the item designated as Section 9, in its entirety. This item does not affect the level of funding for community college technology; it would establish in the Code that pooled technology funds may be used for the community college vocational-technical technology improvement program in future years. While I support improvement of community college technology and recommended funding it at a higher level, pooled technology is not the source of money I recommended for this program.

For the above reasons, I hereby respectfully approve House File 719 with the exceptions noted above.

Sincerely,
THOMAS J. VILSACK, *Governor*