

*Reprinted*

FILED MAR 27 1990

SENATE FILE 2420  
BY COMMITTEE ON APPROPRIATIONS  
(SUCCESSOR TO SSB 2304)

Passed Senate, Date 3/30/90 (p. 1408) Passed House, Date 4/7/90 (p. 2232)  
Vote: Ayes 44 Nays 2 Vote: Ayes 57 Nays 38  
Approved May 7, 1990

A BILL FOR

1 An Act relating to the transfer of appropriations within and  
2 between state departments, institutions, and agencies.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
SENATE FILE 2420

S-5769

1 Amend Senate File 2420 as follows:  
2 1. Page 1, by striking line 29 and inserting the  
3 following: "exceed two percent of that line item, or  
4 one hundred thousand".

By JOE J. WELSH  
JOHN W. JENSEN

S-5769 FILED MARCH 29, 1990  
*(Adopted 3/30 (p. 1408))*

SENATE FILE 2420

S-5803

1 Amend Senate File 2420 as follows:  
2 1. Page 1, line 30, by inserting after the word  
3 "less." the following: "However, this proviso on  
4 intradepartmental transfers does not apply to line  
5 item appropriations to the department of human  
6 services for medical assistance, aid to families with  
7 dependent children, foster care, and state  
8 supplementary assistance, if the proposed transfer is  
9 first reported to the legislative fiscal committee,  
10 the fiscal committee meets subsequent to the receipt  
11 of the report, and the fiscal committee has an  
12 opportunity to comment on the proposed transfer."

By JOE J. WELSH  
RICHARD J. VARN

S-5803 FILED MARCH 30, 1990  
ADOPTED (p. 1408)

1 Section 1. LEGISLATIVE FINDINGS AND LEGALIZATION.

2 It is the finding of the general assembly that the validity  
3 of certain transfers of funds, made within and between state  
4 departments, institutions, and agencies pursuant to section  
5 8.39 of the Code, has been questioned due to the fact that  
6 many of the transfers of funds made for a fiscal year were not  
7 made during that fiscal year but rather were made in the  
8 following fiscal year, contrary to the provisions of section  
9 8.39. It is the intent of the general assembly to resolve any  
10 doubt as to the validity of such transfers and therefore the  
11 general assembly declares that the actions of the governor and  
12 the affected state departments, institutions, and agencies in  
13 making such transfers in the following fiscal year rather than  
14 during the fiscal year for which the appropriations were made,  
15 are hereby legalized, validated, and confirmed.

16 Sec. 2. Section 8.39, subsection 1, Code 1989, is amended  
17 to read as follows:

18 1. Except as otherwise provided by law, an appropriation  
19 or any part of it shall not be used for any other purpose than  
20 that for which it was made. However, with the prior written  
21 consent and approval of the governor and the director of the  
22 department of management, the governing board or head of any  
23 state department, institution, or agency may, at any time  
24 during the fiscal year, make a whole or partial  
25 intradepartmental transfer of its unexpended appropriations  
26 for purposes within the scope of such department, institution,  
27 or agency, provided that the amount of all transfers during  
28 the fiscal year from a single appropriation line item does not  
29 exceed one percent of that line item, or fifty thousand  
30 dollars, whichever is less.

31 Sec. 3. Section 8.39, subsection 2, Code 1989, is amended  
32 by striking the subsection.

33 Sec. 4. Section 8.39, subsection 3, Code 1989, is amended  
34 to read as follows:

35 3 2. Prior to any transfer of funds pursuant to subsection

1 or-2-of-this-section or a transfer of an allocation from a  
2 subunit of a department which statutorily has independent  
3 budgeting authority, the director shall notify the  
4 chairpersons of the standing committees on budget of the  
5 senate and the house of representatives and the chairpersons  
6 of subcommittees of such committees of the proposed transfer.  
7 The notice from the director shall include information  
8 concerning the amount of the proposed transfer, the  
9 departments department, institutions institution, or agencies  
10 agency affected by the proposed transfer and the reasons for  
11 the proposed transfer. Chairpersons notified shall be given  
12 at least two weeks to review and comment on the proposed  
13 transfer before the transfer of funds is made.

14 EXPLANATION

15 This bill legalizes, validates, and confirms certain  
16 interdepartmental and intradepartmental transfers of funds  
17 which were made after the end of the fiscal year for which the  
18 appropriations were made, rather than during that fiscal year,  
19 contrary to the provisions of Code section 8.39, as found and  
20 declared by the general assembly in the bill.

21 The bill also restricts intradepartmental transfers of  
22 funds to transfers during the fiscal year which do not exceed  
23 one percent of the single appropriation line item from which  
24 the funds are transferred, or \$50,000, whichever is less.

25 The bill abolishes the authority to make interdepartmental  
26 transfers of funds.

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29 exceed two percent of that line item, or one hundred thousand  
30 dollars, whichever is less. However, this proviso on  
31 intradepartmental transfers does not apply to line item  
32 appropriations to the department of human services for medical  
33 assistance, aid to families with dependent children, foster  
34 care, and state supplementary assistance, if the proposed  
35 transfer is first reported to the legislative fiscal

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Varn, Chair  
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Lind

SSB 2304  
Appropriations

SENATE FILE 2420  
BY (PROPOSED COMMITTEE ON  
APPROPRIATIONS BILL  
BY CHAIRPERSON WELSH)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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# OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD  
GOVERNOR

May 7, 1990

The Honorable Elaine Baxter  
Secretary of State  
State Capitol Building  
L O C A L

Dear Madam Secretary:

Senate File 2420, a act relating to the transfer of appropriations within and between state departments, institutions, and agencies, is hereby disapproved and transmitted to you in accordance with Article III, Section 16, of the Constitution of the State of Iowa.

This legislation would impose restrictions on the Governor's power to deal with deficiencies in appropriations during the interim between Iowa legislative sessions. It does so by eliminating the Governor's ability to transfer funds between departments, inter-departmental transfers, and limiting the authority to make intra-departmental transfers to only \$100,000 or two percent of the appropriation, whichever is less. From this latter restriction is exempted the following Human Services appropriations: ADC, Medical Assistance, Foster Care, and State Supplementary Aid.

Other states have other mechanisms to deal with deficiencies that are not available to Iowa state government. For example, many states have legislatures that meet in session year round or nearly so. In those states, unanticipated deficiencies can be corrected by legislative action. In lieu of a broad transfer authority vested in the executive branch, most states provide for a state general contingency fund to correct inefficiencies in appropriations without further legislative action. Information from the National Association of State Budget Officers indicates that 38 states currently give the chief executive either a limited or an unlimited contingency fund to allocate to programs to deal with unforeseen emergencies or deficits. Iowa does not.

The Honorable Elaine Baxter

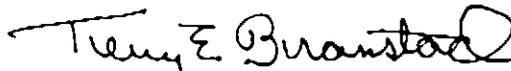
May 7, 1990

Page 2

If this law were to go into effect, significant disruptions in state government would most certainly occur when the appropriations finalized by the legislature in April appear in May or June to be inadequate to meet the requirements of a specific appropriation. Absent the authority to transfer funds to appropriations that are under-appropriated, obligations would go unpaid. The reliability of state government to meet its obligations and the state's commitment to get its fiscal house in order would be seriously impaired by such a move.

For the above reasons, I hereby respectfully disapprove Senate File 2420.

Sincerely,

  
Terry E. Branstad  
Governor

TEB/ps

cc: Secretary of the Senate  
Chief Clerk of the House

VETOED

SENATE FILE 2420

AN ACT

RELATING TO THE TRANSFER OF APPROPRIATIONS WITHIN AND BETWEEN  
STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. LEGISLATIVE FINDINGS AND LEGALIZATION.

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at least two weeks to review and comment on the proposed transfer before the transfer of funds is made.

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JO ANN ZIMMERMAN  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2420, Seventy-third General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

*Victor*  
Approved 5/7, 1990

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TERRY E. BRANSTAD  
Governor