

**CHAPTER 234**

**APPROPRIATIONS AND DISTRIBUTION OF RESPONSIBILITIES  
BETWEEN VARIOUS PUBLIC AGENCIES AND PROGRAMS**

*H.F. 671*

**AN ACT** relating to the financing of public agencies and programs by making appropriations to agencies, boards, commissions, departments, and programs of state government for health and human rights, human services, the judicial branch, the department of justice, the department of corrections, the board of parole, the auditor of state, campaign finance, employment services, inspections and appeals, employment relations, and commerce, relating to human organ and tissue transplants, by providing for use of certain funds from a separate fund from civil penalties for certain violations, by providing for the repeal of the division of children, youth, and families in the department of human rights, by transferring the gaming division to the department of inspections and appeals, relating to the protection and advocacy designated in the state, by providing for budget reductions for certain agencies, and providing effective dates.

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

**DIVISION I  
HEALTH AND HUMAN RIGHTS**

Section 101. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used by the following agency for the purposes designated:

1987-1988  
Fiscal Year

**1. IOWA STATE CIVIL RIGHTS COMMISSION**

For salaries and support of not more than thirty-one full-time equivalent positions annually, maintenance, and miscellaneous purposes . . . . . \$ 818,661

*\*2. It is the intent of the general assembly that the Iowa state civil rights commission, in the operation of its law enforcement functions, shall conform its activities to the mission, goals, and objectives specified in subsection 3 and collect information pertaining to performance measures which are developed by the legislative fiscal bureau. The commission shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the health and human rights appropriations subcommittee on the performance measures. The commission shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.*

*3. The Iowa state civil rights commission exists to eliminate discrimination and establish equality and justice for all persons within the state through enforcement of the law by processing civil rights complaints in a timely manner to accomplish the following objectives:*

*a. To receive, investigate, and determine the merits of a complaint alleging unfair or discriminatory practices within a one hundred eighty day time period.*

*(1) After the filing of a verified complaint, the staff shall communicate with the person against whom the complaint is filed within twenty days.*

*(2) The staff shall screen a case within seventy days from the time the complainant and respondent have received the commission's questionnaire concerning the case.*

*(3) The staff shall investigate a case within ninety days after the completion of the screening process.*

*b. To determine whether a case should go to public hearing upon failure of conciliation after*

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*\*Item veto; see message at end of the Act*

thirty days following the initial conciliation meeting between the respondent and the commission staff. The determination shall be made by the director and one commissioner. The staff must try to conciliate a case within thirty days after the initial conciliation meeting.

c. To issue a notice of public hearing within thirty days after there is a determination that the case should proceed to public hearing. The commission shall issue the notice.

d. To schedule the public hearing on the calendar within ninety days from the issuance of a notice of public hearing.

e. To issue the proposed decision within sixty days from the date of receipt of the public hearing transcript.

f. To review the decision at a commission meeting within one hundred twenty days from the date of receipt of the recommended decision of the hearing officer.

4. The goals and objectives provided in subsection 3 shall serve as targets for the commission and each report shall include a summary of progress toward those goals and objectives. Failure of the commission to meet the performance goal shall not be grounds for legal action against the commission, nor shall it serve as a legislative definition of "prompt" as it is used in section 601A.15, subsection 3, nor shall it serve as a defense in any civil rights case.\*

Sec. 102. There is appropriated from the general fund of the state to the department of human rights for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. CENTRAL ADMINISTRATION DIVISION

a. For salaries and support of not more than four full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 140,324

\*b. For programs and assistance to encourage family self-sufficiency, as specified, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 600,000

(1) Of the funds appropriated in this paragraph fifty thousand (50,000) dollars shall be used for model service coordination grants for political subdivisions or community-based nonprofit organization except community action agencies.

The purpose of the service coordination grants is to develop demonstration projects in local communities to coordinate and focus services for low-income or high-risk families in order to bring the families out of poverty. The department shall create a task force to develop guidelines for the grant application process and review the grant applications. The task force shall recommend to the department specific grantees and the amounts and conditions of their grants. The department shall make final decisions regarding the grantees and grants.

The application shall include information as to:

(i) Targeted populations in the community, including families in need of multiple services or who have required services within the two years prior to the initiation of the proposed project.

(ii) Services to be coordinated, which shall include but are not limited to preschool programs, health programs, child care programs, parent education programs, and job training opportunities.

(iii) The mechanism which will demonstrate the outcome of the coordination of services, with specific criteria for evaluation.

(iv) Indications of the coordination level and services existing prior to the initiation of the

\*Item veto, see message at end of the Act

*proposed project, and an explanation of how the proposed project will improve the coordination of services and the status of the families.*

*A grant shall not exceed thirty thousand dollars. Projects shall be replicable in other Iowa communities.*

*(2) Of the funds appropriated in this paragraph four hundred eighty-five thousand (485,000) dollars shall be used for community action agencies to establish family development teams.*

*The department shall designate an appropriate number of family development teams within the community action agencies. Available funding for the family development teams is determined after each team submits a request for proposal, which shall include information relating to the program as specified by the department. The department shall require that the funds be used in such a manner as to maximize federal financial participation and may encourage use of funds as state match to apply for federal demonstration projects. Preference shall be given to projects where local governments participate in the financing of such service. The department shall make final decisions regarding the grants. The family development programs shall encourage family economic self-sufficiency and independence from public assistance programs. Each family development team shall have between two and ten individuals experienced in nurturing relationships within families, identifying barriers to self-sufficiency, collaborating with families to establish goals for independence from public assistance, facilitating use of resources, and serving as a source of family emotional support.*

*(3) Of the funds appropriated in this paragraph no more than fifty thousand (50,000) dollars shall be used for support staff, in addition to the full-time equivalents specified for the department, administration, and supervision of evaluation of the approved programs and grants under this paragraph as specified in subparagraph (5), in addition to other responsibilities within the department of human rights.*

*(4) Of the funds appropriated in this paragraph no more than fifteen thousand (15,000) dollars shall be used for a contract for evaluation services with Iowa State University of science and technology for review of approved programs and grants specified in subparagraphs (1) and (2). The evaluation under the contract shall measure effectiveness in reaching the goals specified for the programs and grants.*

*(5) Each approved program and grant shall submit to an evaluation conducted by the department, in coordination with the contractee specified in subparagraph (4). The evaluation shall include consideration of the extent to which families are kept together or brought back together, the extent to which families become self-sufficient and are no longer dependent upon public assistance programs, the extent to which coordination exists between approved programs and grants specified in subparagraphs (1) and (2) when feasible and between such approved programs and grants and community and local resources, and the extent to which such programs and grants have brought families out of poverty.*

*The coordinator of the department of human rights shall act as the legislative liaison for the department. The full-time equivalent position having legislative liaison responsibilities during the fiscal year beginning July 1, 1986 shall be eliminated and that full-time equivalent position shall be the fiscal officer of the department.\**

## 2. SPANISH-SPEAKING PEOPLE DIVISION

For salaries and support of not more than one and five-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor . . . . \$ 57,545

## 3. PERSONS WITH DISABILITIES DIVISION

For salaries and support of not more than three full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds

\*Item veto, see message at end of the Act

appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 126,095

4. STATUS OF WOMEN DIVISION

For salaries and support of not more than two and eight-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 106,006

5. CHILDREN, YOUTH, AND FAMILIES DIVISION

For salaries and support of not more than five and five-tenths equivalent positions annually, maintenance and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor, and for program administration of juvenile justice and victim assistance \$ 130,260

Of the funds appropriated in this subsection, no less than thirty-six thousand (36,000) dollars shall be spent for expenses relating to the administration of federal funds for juvenile assistance. It is the intent of the general assembly that the department of human rights employ sufficient staff to meet the federal funding match requirements established by the federal office for juvenile justice delinquency prevention. *\*The governor's advisory council on juvenile justice shall determine the staffing level necessary to carry out federal and state mandates for juvenile justice.\**

6. DEAF SERVICES DIVISION

For salaries and support of not more than eight full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 230,869

7. DIVISION FOR THE BLIND

For salaries and support of not more than one hundred four and fifty-nine one-hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 1,254,916

Sec. 103. There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988  
Fiscal Year

1. For salaries and support of not more than thirty and five-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 335,001

It is the intent of the general assembly that the department employ an alternative housing/long-term care coordinator as one of the full-time equivalent positions.

This appropriation amount shall be reduced by six thousand (6,000) dollars if the 1987 general assembly does not enact legislation requiring mandatory reporting of adult abuse.

2. For the administration of area agencies on aging \$ 114,248

\*Item veto, see message at end of the Act

*\*3. For salaries, support, and maintenance of the elder law education program*

	\$ 95,000*
4. For the retired Iowans community employment program	\$ 104,865
5. For the older Iowans legislature	\$ 12,953
6. For the retired seniors volunteer program	\$ 14,278

All of the funds appropriated under subsection 6 shall be divided equally among the programs in existence as of July 1, 1987, and shall not be used by the department for administrative purposes.

7. For the Alzheimer's disease support program	\$ 70,000
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All funds appropriated under subsection 7 shall be used for training and education programs for families serving as caregivers for Alzheimer's disease victims and shall not be used for administrative purposes.

8. For elderly services programs	\$ 1,077,195
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All funds appropriated under this subsection shall be received and disbursed by the director of elder affairs for the elderly services program, shall not be used for administrative purposes, and shall be used for citizens of Iowa over sixty-five years of age for chore, telephone reassurance, adult day care, and home repair services, including the winterizing of homes, and for the construction of entrance ramps which meet the requirements of section 104A.4 and make residences accessible to the physically handicapped. Funds appropriated under this subsection may be used to supplement federal funds under federal regulations. Funds appropriated under this subsection may be used for elderly services not specifically enumerated in this subsection only if approved by an area agency for provision of the service within the area.

Of the funds appropriated in this subsection, fifty thousand (50,000) dollars or so much thereof as is necessary, are allocated for a respite care program, administered by the department of elder affairs.

Area agencies on aging shall expend no less than the same amount expended on adult day care programs in the fiscal year beginning July 1, 1987 than during the fiscal year beginning July 1, 1986. At least one hundred twenty-five thousand (125,000) dollars of the funds appropriated in subsection 8 shall be expended on programs related to adult day care not funded by an area agency on aging during the fiscal year beginning July 1, 1986.

*\*Sec. 104. There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of seventy-five thousand (75,000) dollars, or so much thereof as is necessary, for the purchase and support of a mobile resource center for the elder law education program.\**

Sec. 105. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988 Fiscal Year
<b>1. CENTRAL ADMINISTRATION DIVISION</b>	
For salaries and support of not more than fifty-three full-time equivalent positions annually, maintenance, and miscellaneous purposes	\$ 820,082
<b>2. HEALTH PLANNING DIVISION</b>	
For salaries and support of not more than sixteen and five-tenths equivalent positions annually, maintenance, and miscellaneous purposes	\$ 1,340,695

The department shall allocate from the funds appropriated under this subsection eight hundred ninety-five thousand forty-one (895,041) dollars for the fiscal year beginning July 1, 1987, for the chronic renal disease program. The types

\*Item veto, see message at end of the Act

of assistance to eligible recipients under the program may include hospital and medical expenses, home dialysis supplies, insurance premiums, travel expenses, prescription and nonprescription drugs, and lodging expenses for persons in training. The program expenditures shall not exceed these allocations. If projected expenditures will exceed the allocations, the department shall establish by administrative rule a mechanism to reduce financial assistance under the renal disease program in order to keep expenditures within the allocations.

### 3. DISEASE PREVENTION DIVISION

For salaries and support of not more than fifty-seven and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,581,738

The department shall develop a written plan for the distribution of childhood vaccines. The plan shall identify the public agencies authorized to receive, administer, and dispense the vaccines and shall encourage the public agencies to set up a voluntary system to defray the costs of the vaccine program. A public agency shall not prohibit a person from receiving the vaccine because of inability to pay the fee.

### 4. PROFESSIONAL LICENSURE

For salaries and support of not more than eleven full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 465,160

### 5. STATE BOARD OF DENTAL EXAMINERS

For salaries and support of not more than two full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 115,848

### 6. STATE BOARD OF MEDICAL EXAMINERS

For salaries and support of not more than eighteen full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 834,648

### 7. STATE BOARD OF NURSING EXAMINERS

For salaries and support of not more than fifteen full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 535,958

### 8. STATE BOARD OF PHARMACY EXAMINERS

For salaries and support of not more than nine full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 372,995

Professional licensure pursuant to subsection 4 and the boards pursuant to subsections 5 through 8 shall prepare estimates of projected receipts to be generated by the licensing, certification, and examination fees of each board as well as a projection of the fairly apportioned administrative costs and rental expenses attributable to each board. Each board shall annually review and adjust its schedule of fees so that, as nearly as possible, projected receipts equal projected costs.

*\*It is the intent of the general assembly that for the fiscal year beginning July 1, 1988, and succeeding fiscal years, the state board of dental examiners, the state board of medical examiners, the state board of pharmacy examiners, the state board of nursing, and the professional licensure division of the Iowa department of public health be required to establish special accounts for each board and for the boards under the licensure division for the fees received by each board or division and for expenses of each board or division. The funds in the accounts shall not be expended until appropriated by the general assembly. The general assembly shall assess an administrative amount from each account for deposit into the general fund of the state. Notwithstanding sections 8.31 and 8.33, the funds in each of these accounts shall not revert to the general fund of the state nor be subject to a uniform reduction action taken by the governor.\**

### 9. SUBSTANCE ABUSE DIVISION

a. For salaries and support of not more than eleven full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 477,511

b. For program grants \$ 6,931,120

\*Item veto, see message at end of the Act

**10. HEALTH DATA COMMISSION**

For the health data clearinghouse \$ 250,000

As a condition of the funds appropriated in this subsection the health data commission shall compile data from each state that includes the professional education and training requirements, scope of practice and method of insurance reimbursement for each of the health care professions which are licensed in the state of Iowa. The health data commission shall consult with the legislative council for the purposes of this study and shall issue a summary of its findings by December 1, 1987.

**11. FAMILY AND COMMUNITY HEALTH DIVISION**

a. For salaries and support of not more than sixty-five full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 2,147,108

The department shall allocate from the funds appropriated under this paragraph at least six hundred twenty-two thousand nine hundred eight (622,908) dollars for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the birth defects and genetics counseling program and of these funds, thirty-nine thousand six hundred (39,600) dollars shall be allocated for a central birth defects registry program.

Of the funds appropriated under this paragraph fifty thousand (50,000) dollars shall be used for a lead abatement program.

Of the funds appropriated in this paragraph, the following amounts shall be allocated to the University of Iowa hospitals and clinics under the control of the state board of regents for the following programs under the Iowa specialized child health care services:

(1) Mobile and regional child health specialty clinics	\$ 308,411
(2) Muscular dystrophy and related genetic disease programs	\$ 125,322
(3) Statewide perinatal program	\$ 41,635

The birth defects and genetic counseling service shall apply a sliding fee scale to determine the amount a person receiving the services is required to pay for the services. These fees shall be considered repayment receipts and used for the program.

Of the funds allocated to the mobile and regional child health specialty clinics under subparagraph (1) of this paragraph, sixty-eight thousand five hundred thirty-six (68,536) dollars shall be used for a specialized medical home care program providing care planning and coordination of community support services for children who require technical medical care in the home.

The University of Iowa hospitals and clinics shall not receive indirect costs from the funds for each program.

The Iowa department of public health shall administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the Social Security Act.

b. Sudden infant death syndrome autopsies.

For reimbursing counties for expenses resulting from autopsies of suspected victims of sudden infant death syndrome required under section 331.802, subsection 3, paragraph "j" \$ 14,278

c. For grants to local boards of health for the public health nursing program \$ 2,147,659

Funds appropriated under this paragraph shall be used to maintain and expand the existing public health nursing program for elderly and low-income persons with the objective of preventing or reducing inappropriate institutionalization. The funds shall not be used for any other purpose. As used in this paragraph, "elderly person" means a person who is sixty years of age or older and "low-income person" means a person whose income and resources are below the guidelines established by the department.

One-fourth of the total amount to be allocated shall be divided so that an equal amount is available for use in each county in the state. Three-fourths of the total amount to be allocated shall be divided so that the share available for use in each county is proportionate to the number of elderly and low-income persons living in that county in relation to the total number of elderly and low-income persons living in the state.

In order to receive allocations under this paragraph, the local board of health having jurisdiction shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded public health nursing care to elderly and low-income persons in the jurisdiction. After approval of the proposal by the department, the department shall enter into a contract with the local board of health. The local board of health shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, or a suitable local governmental body to use the allocated funds to provide public health nursing care. Local boards of health shall make an effort to prevent duplication of services.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. If the unallocated pool is fifty thousand dollars or more it shall be reallocated to the counties in substantially the same manner as the original allocations. The reallocated funds are available for use in those counties during the period beginning January 1 and ending June 30 of each fiscal year. If the unallocated pool is less than fifty thousand dollars, the department may allocate it to counties with demonstrated special needs for public health nursing.

The department shall maintain rules governing the expenditure of funds appropriated by paragraph "d". The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the care.

The department shall annually evaluate the success of the public health nursing program. The evaluation shall include the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program increased the availability of public health nursing care to elderly and low-income persons, and the extent of public health nursing care provided to elderly and low-income persons. The department shall submit a report of each annual evaluation to the governor and the general assembly.

d. For grants to county boards of supervisors for the homemaker-home health  
aide program § 7,323,869

Funds appropriated under this paragraph shall be used to provide homemaker-home health aide services with emphasis on services to elderly and persons below the poverty level and children and adults in need of protective services with the objective of preventing or reducing inappropriate institutionalization. In addition, up to fifteen percent of the funds appropriated under this paragraph may be used to provide chore services. The funds shall not be used for any other purposes. As used in this paragraph:

(1) "Chore services" means services provided to individuals or families, who, due to absence, incapacity, or illness, are unable to perform certain home maintenance functions. The services include but are not limited to yard work such as mowing lawns, raking leaves, and shoveling walks; window and door maintenance such as hanging screen windows and doors, replacing window panes, and washing windows; and minor repairs to walls, floors, stairs, railings, and handles. It also includes heavy house cleaning which includes cleaning attics or basements to remove fire hazards, moving heavy furniture, extensive wall washing, floor care or painting, and trash removal.

(2) "Elderly person" means a person who is sixty years of age or older.

(3) "Homemaker-home health aide services" means services intended to enhance the capacity of household members to attain or maintain the independence of the household members and provided by trained and supervised workers to individuals or families, who, due to the absence, incapacity, or limitations of the usual homemaker, are experiencing stress or crisis. The services include but are not limited to essential shopping, housekeeping, meal preparation,



child care, respite care, money management and consumer education, family management, personal services, transportation and providing information, assistance, and household management.

(4) "Low-income person" means a person whose income and resources are below the guidelines established by the department.

(5) "Protective services" means those homemaker-home health aide services intended to stabilize a child's or an adult's residential environment and relationships with relatives, caretakers, and other persons or household members in order to alleviate a situation involving abuse or neglect or to otherwise protect the child or adult from a threat of abuse or neglect.

The amount appropriated under this paragraph shall be allocated for use in the counties of the state. Fifteen percent of the amount shall be divided so that an equal amount is available for use in each county in the state. The following percentages of the remaining amount shall be allocated to each county according to that county's proportion of residents with the following demographic characteristics: sixty percent according to the number of elderly persons living in the county; twenty percent according to the number of persons below the poverty level living in the county; and twenty percent according to the number of substantiated cases of child abuse in the county during the three most recent fiscal years for which data is available.

In order to receive allocations under this paragraph, the county board of supervisors, after consultation with the local boards of health, county board of social welfare, area agency on aging advisory council, local office of the department of human services, and other in-home health care provider agencies in the jurisdiction, shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services in the jurisdiction. The proposal may provide that a maximum of fifteen percent of the allocated funds will be used to provide chore services. The proposal shall include a statement assuring that children and adults in need of protective services are given priority for homemaker-home health aide services and that the appropriate local agencies have participated in the planning for the proposal. After approval of the proposal by the department, the department shall enter into a contract with the county board of supervisors or a governmental body designated by the county board of supervisors. The county board of supervisors or its designee shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, the department of human services, or a suitable local governmental body to use the allocated funds to provide homemaker-home health aide services and chore services providing that the subcontract requires any service provided away from the home to be documented in a report available for review by the department, and that each homemaker-home health aide subcontracting agency shall maintain the direct service workers' time assigned to direct client service at seventy percent or more of the workers' paid time and that no more than thirty-five percent of the total cost of the service be in the combined costs for service administration and agency administration. The subcontract shall require that each homemaker-home health aide subcontracting agency shall pay the employer's contribution of Social Security and provide workers' compensation coverage for persons providing direct homemaker-home health aide service and meet any other applicable legal requirements of an employer/employee relationship.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. The department shall also identify any allocated funds which the counties do not anticipate spending during each fiscal year. If the anticipated excess funds to any county are substantial, the department and the county may agree to return those excess funds, if the funds are other than program revenues, to the department, and if returned, the department shall consider the returned funds a part of the unallocated pool. The

department shall prior to February 15 of each fiscal year, reallocate the funds in the unallocated pool among the counties in which the department has concluded contracts under this paragraph. The department shall also review the first ten months' expenditures for each county in May of each year, to determine if any counties have contracted funds which they do not anticipate spending. If such funds are identified and the county agrees to release the funds, the released funds will be considered a new reallocation pool. The department may, prior to June 1 of each year, reallocate funds from this new reallocation pool to those counties which have experienced a high utilization of protective service hours for children and dependent adults.

The department shall maintain rules governing the expenditure of funds appropriated by this paragraph. The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the services and shall require the payments to be applied to the cost of the services. The department shall also maintain rules for standards regarding training, supervision, recordkeeping, appeals, program evaluation, cost analysis, and financial audits, and rules specifying reporting requirements.

The department shall annually evaluate the success of the homemaker-home health aide program. The evaluation shall include a description of the program and its implementation, the extent of local participation, the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program provided or increased the availability of homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services, any problems and recommendations concerning the program, and an analysis of the costs of services across the state. The department shall submit a report of the annual evaluation to the governor and the general assembly.

e. For the development and maintenance of well-elderly clinics in the state \$ 380,957

Appropriations made in this paragraph shall be provided to well-elderly clinics by a formula prioritizing clinics located in counties which provide funding on a matching basis for the well-elderly clinics.

f. For the decentralized indigent obstetrical patient program \$ 700,000

**Sec. 106. NEW SECTION. 135.100 ORGAN TRANSPLANT SERVICES.**

The Iowa department of public health shall adopt rules which require certificate of need review of organ transplant services which have been or will be performed in or through an institutional health facility at a specific time but which were not performed for that specific organ prior to July 1, 1987. Organ transplant services shall not include transplant services which are routinely performed in the course of ordinary operative procedures in institutional health facilities. Each type of organ transplant shall be considered separately.

**Sec. 107. NEW SECTION. 142B.1 TRANSPLANT POLICY.**

1. The department of human services and the Iowa department of public health shall create a thirteen-member commission to develop a written state plan for human organ and tissue transplants in this state and to make recommendations to the general assembly regarding appropriate legislation.

The membership of the commission shall include one member from each of the following organizations or industries, who shall be appointed from names submitted by the insurance industry, health policy corporation of Iowa, Iowa medical society, Iowa osteopathic medical association, and the Iowa nurses association. The Iowa hospital association shall submit the names of three representatives from separate, designated transplant centers. The Iowa department of public health and the department of human services shall jointly appoint a representative from one voluntary nonprofit organization interested in organ transplant procedures and one from the bureau of medical services of the department of human services, and three consumer representatives. The consumer representatives may receive actual expenses incurred as commission members, from funds appropriated to the department of human services.

2. The state plan shall consider policies and procedures for organ and tissue procurement, registration, and distribution, and the distribution plan shall guarantee equal access and

availability to donor organs by each center; organ recipient selection criteria; transplant center designation and eligibility; and informed consent and confidentiality. The plan shall also address protocol to be adopted by each licensed hospital for identifying medically suitable organ and tissue donors, for designating and training persons within the hospital to make organ and tissue donor requests, for notifying organ and tissue procurement organizations of donations, and for cooperating in the procurement of the organ and tissue. The plan shall recognize the need for protocol which meets the special circumstances of different hospitals throughout the state and encourages reasonable discretion and sensitivity to family circumstances in all discussions regarding donations of organs and tissues.

3. The state plan shall designate those transplant procedures eligible for reimbursement under Title XIX. It is the policy of this state that Title XIX reimbursement shall be limited to nonexperimental human organ and tissue transplantation procedures and services as provided under Title XVIII of the federal Social Security Act. For the purposes of this section, "nonexperimental human organ and tissue transplantation procedures and services" shall be those so designated by Title XVIII of the federal Social Security Act, and heart transplants and services for patients so long as patient selection policies of the center satisfactorily address the elements of the most recent patient selection guidelines adopted by Title XVIII.

The commission shall adopt the state plan by January 1, 1988, at which time the department of human services shall adopt administrative rules pursuant to chapter 17A to implement the state plan. The Iowa department of public health shall adopt rules addressing organ donor protocols for hospitals. Until such time as such rules are adopted, the department of human services shall adopt emergency rules for reimbursements of transplant services under Title XIX for those procedures defined as nonexperimental under Title XVIII of the federal Social Security Act. For the purposes of this section, "nonexperimental human organ and tissue transplantation procedure and services" shall be those so designated by Title XVIII of the federal Social Security Act, and heart transplants and services for patients so long as patient selection policies of the center satisfactorily address the elements of the most recent patient selection guidelines adopted by Title XVIII.

4. Notwithstanding subsection 2, if federal requirements have the effect of denying equal access to centers, the commission shall modify its plan, and the department of human services shall adopt rules, consistent with the federal requirements.

**Sec. 108. NEW SECTION. 145.7 TRANSPLANTS.**

The commission shall require that the director of public health and the commissioner of human services gather data from appropriate sources regarding human organ and tissue transplant needs and occurrences in the state to assist in ongoing development and review of organ transplant policy.

Sec. 109. There is appropriated from the separate fund created under section 321J.17 to the family and community health division of the Iowa department of public health for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the amount of fifty-five thousand (55,000) dollars, or so much thereof as is necessary, to pay the costs of medical examinations in crimes of sexual abuse and of treatments for prevention of venereal disease as required by section 709.10.

Sec. 110. The licensing boards for which general fund appropriations have been provided for in section 105, subsections 4, 5, 6, 7, and 8 of this Act may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before a licensing board included in section 105, subsections 4, 5, 6, 7, and 8 of this Act expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be

paid. Upon approval of the department of management the licensing board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 111. All federal grants to and federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in the federal grants or receipts unless otherwise provided by the general assembly. Full-time equivalent positions funded entirely with federal funds are exempt from the limits on the number of full-time equivalent positions provided in this division of this Act, but are approved only for the period of time for which the federal funds are available for the position.

*\*Sec. 112. Section 7E.6, subsection 5, Code 1987, is amended by striking the subsection.\**

Sec. 113. Section 321J.17, Code 1987, is amended to read as follows:

**321J.17 CIVIL PENALTY — SEPARATE FUND — REINSTATEMENT.**

When the department revokes a person's motor vehicle license or nonresident operating privilege under this chapter, the department shall assess the person a civil penalty of one hundred dollars. The money collected by the department under this section shall be transmitted to the treasurer of state who shall deposit the money in a separate fund dedicated to and used for the purposes of chapter 912 and section 709.10, and for the operation of a missing person clearinghouse and domestic abuse registry by the department of public safety. A temporary restricted license shall not be issued or a motor vehicle license or nonresident operating privilege reinstated until the civil penalty has been paid.

Sec. 114. **NEW SECTION. 601K.129 REPEAL.**

Sections 601K.31 through 601K.39, Code 1989, are repealed effective June 30, 1989.

**DIVISION II  
HUMAN SERVICES**

Sec. 201. **GENERAL ADMINISTRATION.** There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for general administration, including salaries and support for not more than three hundred fifty-five point forty-five full-time equivalent positions, maintenance, and miscellaneous purposes, the following amount, or so much thereof as is necessary:

1987-1988
Fiscal Year
<u>          </u>
\$ 6,800,000

The funds appropriated in this section include necessary amounts to continue, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the general administration programs relating to staff training, program evaluation, and the purchase-of-services allocations to the counties, as operated in the fiscal year beginning July 1, 1986 and shall maintain a central registry of persons with brain injuries as specified in section 225C.22. *\*As a condition of this appropriation, one hundred seventy thousand (170,000) dollars is allocated for five full-time equivalent positions for the bureau of operations analysis.\**

*\*It is the intent of the general assembly that the department of human services, in its operation of the family center services purchase of service program, shall conform its activities to the mission, goals, and objectives provided in this unnumbered paragraph and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the human services appropriations subcommittee on*

the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported. The department shall provide a safe and supportive environment for children in their family setting by purchasing services from providers outside the department which accomplish the following objectives:

1. Minimize neglect and abuse of children for whom services are provided.
2. Minimize the out-of-home placement of children for whom services are provided.
3. Reunite the family which has experienced an out-of-home placement.

The objectives shall serve as targets for the department and each report shall include a summary of progress toward those objectives. Failure of the department of human services to meet these goals and objectives shall not be grounds for legal action against the department of human services.\*

Sec. 202. FIELD OPERATIONS AND VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	<u>1987-1988</u> <u>Fiscal Year</u>
1. As a condition of this appropriation for field operations, including salaries and support for not more than two thousand four hundred thirty-three point eighty-eight full-time equivalent positions, maintenance, and miscellaneous purposes, the department shall provide an extensive orientation program for newly employed social workers in the area of community resource programs and shall provide assistance to each county board of social welfare to identify community resources in counties pursuant to section 234.11	\$ 29,000,000
2. For the development and coordination of volunteer services	\$ 68,000

Sec. 203. SPECIAL PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	<u>1987-1988</u> <u>Fiscal Year</u>
1. For aid to families with dependent children	\$ 62,000,000
<p><i>*a. As a condition of this appropriation, effective July 1, 1987, the department shall establish the schedule of basic needs for one person at one hundred seventy-four dollars, for two persons at three hundred forty-three dollars, for three persons at four hundred six dollars, for four persons at four hundred seventy-two dollars, for five persons at five hundred twenty-two dollars, for six persons at five hundred eighty-one dollars, for seven persons at six hundred thirty-eight dollars, for eight persons at six hundred ninety-six dollars, for nine persons at seven hundred fifty-three dollars, for ten persons at eight hundred twenty-three dollars, and for each additional person eighty-two dollars.*</i></p> <p><i>*b. As a condition of this appropriation, effective September 1, 1987, the department shall implement an emergency assistance to families program which qualifies for federal financial participation according to federal regulations for the aid to families with dependent children program. From the funds appropriated in subsection 1, four hundred thousand (400,000) dollars, or so much thereof as is necessary, shall be allocated for this program. All needy families residing in this state, excluding families of migrant workers, with at least one child under the age of nineteen shall be eligible. Need shall be defined as one hundred percent under the federal office of management and budget poverty guidelines. Emergencies covered should</i></p>	

\*Item veto, see message at end of the Act

*be natural disasters; eviction, potential eviction, or foreclosure; homelessness, utility shut-off, or fuel shortage; and loss of heating energy supply or equipment. Assistance shall be limited to basic payment levels in the aid to families with dependent children program, except that natural disaster assistance shall be limited to one thousand dollars per family. If funds appropriated for this program are exhausted, the department shall discontinue the program through the adoption of administrative rules pursuant to section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b". The rules shall become effective immediately upon filing, unless a later effective date is specified in the rules.\**

*\*c. There is appropriated three hundred fifty thousand (\$50,000) dollars or so much thereof as is necessary from the general fund of the state to the Iowa finance authority for the rehabilitation, construction, or purchase of transitional shelters for homeless families, under provisions of House File 603 if enacted by the Seventy-second General Assembly, 1987 Session, and becomes law. If House File 603 is not enacted by the Seventy-second General Assembly, 1987 Session, the funds shall be used by the Iowa finance authority for the rehabilitation, construction, or purchase of transitional shelters for homeless families. Any state funds may be used for matching federal funds if available.\**

d. Loan and grant requirements under the individual education training program (IETP) as operated in the fiscal year beginning July 1, 1986 shall be eliminated. However, participants shall be required to seek all scholarships, grants, and gifts that do not require repayment of the funds as a condition of receiving these awards. Eligibility for the individual education training program (IETP) shall be extended to allow a maximum of two academic years to complete high school. The department shall continue the current policy of denying participation to complete high school when the person cannot graduate within one year of the person's normal graduation date.

e. The department shall contract for services in establishing, developing, and monitoring a waiver program with a consortium of other states to facilitate assistance to aid to dependent children families in self-employment. From the funds provided in subsection 1, one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be used to provide technical assistance, either directly or through a contract with the division of job training and entrepreneurship assistance of the department of economic development, for aid to dependent children families seeking self-employment.

f. From the funds appropriated in subsection 1, one million (1,000,000) dollars, or so much thereof as is necessary, shall be used to operate the work incentive program as it operated in the fiscal year beginning July 1, 1986. The department shall seek to secure maximum federal financial participation for the program and to extend the program statewide, subject to the limitations of funds provided under this paragraph.

g. Subject to federal authorization, the department may provide a financial incentive to aid to dependent children families choosing to enroll in a health maintenance organization under Medicaid, with the incentive representing a portion of the savings received by the state from contracting with health maintenance organizations. The department shall develop a proposal for a financial incentive for aid to dependent children families enrolling in health maintenance organizations.

h. The department shall establish a pilot grant diversion program which qualifies for federal financial participation according to 45 C.F.R. Part 239 of federal regulations for the aid to families with dependent children program. The grant diversion program shall be operated in the Des Moines district from July 1, 1987, through June 30, 1989, as a component of the work incentive demonstration program. Participants in the grant diversion program shall be placed in jobs where they receive on-the-job training while earning wages. Employers who provide jobs shall receive financial compensation in return for training provided. Aid to families with dependent children savings resulting from the participant's employment shall be used

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\*Item veto; see message at end of the Act

to compensate employers. The department shall determine through rule-making what federal options to exercise and other policies to be applied to grant diversion participants.

i. As a condition of the appropriation made under this subsection, the department shall administer grants, which may be awarded to public school corporations, adolescent service providers, and nonprofit organizations involved in adolescent issues for two-year pilot projects targeted toward those areas of the state with the highest incidence of adolescent pregnancy, from one or more of the following programmatic areas:

(1) Pregnancy prevention programs for adolescents and workshops for parents of adolescents to improve parent-child communications regarding human sexuality.

(2) Communications media campaigns to discourage adolescent sexual activity and to encourage the assumption of responsibility by adolescents, both male and female, for their sexual activity and for parenting.

(3) Residential facilities for pregnant adolescents and adolescent parents in need of shelter.

(4) Early pregnancy detection for adolescents and prenatal services and adoption counseling for pregnant adolescents.

(5) Child care and case management services provided to adolescent parents, both male and female, for a predetermined fee under purchase-of-service contracts, which include child care services, instruction in child development and parenting skills, support services for completion of school and for job training and placement, prevention of subsequent pregnancies during adolescence, and other personal services.

(6) Teacher training, including transportation costs and workshop, conference, and course work expenses, designed to improve the teaching of components of the human growth and development curricula in grades kindergarten through twelve. A preference shall be given for the funding of teacher training grant projects which would qualify participating teachers for continuing education unit credits.

(7) Pregnancy prevention programs which teach and encourage teen sexual abstinence.

As used in this subsection, "adolescent" means a person under eighteen years of age or a person in attendance at an accredited school pursuing a course of study leading to a high school diploma, or its equivalent. Pilot projects providing services to an adolescent under eighteen years of age may continue to provide the services beyond the adolescent's eighteenth birthday in accordance with guidelines adopted by the department. Five hundred thousand (500,000) dollars, or so much thereof as may be necessary, is appropriated for the fiscal year beginning July 1, 1987 and ending June 30, 1988, for these grants. Of the funds appropriated in this paragraph, the department shall expend no more than five percent for administrative costs. The department shall adopt rules pursuant to chapter 17A to implement the grant program.

2. For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled . . . . . \$138,500,000

The department and the Iowa department of public health shall jointly pursue the development of a targeted case management system for pregnant women eligible for Medicaid. Additionally, the department and the Iowa department of public health shall jointly pursue the development of a system to provide Medicaid reimbursement for enhanced services for eligible pregnant women. If this should require a waiver to implement, the department shall

pursue such a waiver with the health care financing administration. Implementation of both systems shall be limited geographically as a pilot project. A progress report shall be given to the general assembly in January of 1988.

Licensed birth centers or birth centers which receive reimbursement from at least two third-party payors shall be eligible for reimbursement for prenatal, delivery, and postnatal services for women eligible for medicaid.

The department shall pursue development of a case management system for early periodic screening diagnosis and treatment (EPSDT) eligible clients, including outreach, follow-up, and recall. The department shall proceed with implementation of the system as a pilot project in two counties through an administrative agreement with the Iowa department of public health. A progress report shall be given to the general assembly in January of 1988.

The department may expend up to twenty-four thousand (24,000) dollars of the funds appropriated in this subsection to develop a new intermediate care facility reimbursement system as recommended by the center for health policy studies report issued during the fiscal year beginning July 1, 1986. The department shall report, no later than January 1, 1988, to the general assembly on the system developed.

*\*The department of human services shall develop policies and guidelines to implement on a pilot basis a special case management program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs.\**

*\*Effective October 1, 1987, the department shall extend coverage to include caretaker relatives under the medically needy program. The department shall increase resource limitations under the medically needy program to five thousand dollars for a one-person household and seven thousand five hundred dollars for a family of two or more persons. For the medically needy program, the department shall be allowed to set the length of the certification period, as authorized by federal regulations.\**

*\*Effective October 1, 1987, the department shall extend medical assistance benefits for an additional six months to individuals who lose assistance through the aid to families with dependent children program solely due to the loss of the thirty dollars and one-third earned income disregard.\**

*\*Effective January 1, 1988, the department shall provide medical assistance to all pregnant women, and infants and children up to age five on an incremental basis; and to all individuals who are aged, blind, or disabled, whose income does not exceed one hundred percent of the federal poverty level. Resource limitations shall be five thousand dollars for a one person household and seven thousand five hundred dollars for a family of two or more people. Aged, blind, or disabled individuals shall have income and resources treated according to supplemental security income methodologies. Pregnant women, and infants and children shall have income and resources treated according to aid to families with dependent children methodologies. All other medical assistance program requirements shall apply. Phased-in coverage for children shall begin January 1, 1988, for children up to the age of one and continued through January 1, 1992.\**

Of the funds appropriated in this subsection, not more than two hundred thousand (200,000) dollars may be transferred to the Iowa department of public health for contingency state

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assistance for the federal women, infants, and children program in order to allow the Iowa department of public health to fully use available funds under this program.

The department, in cooperation with the Iowa pharmacists association, shall conduct a study examining the economic and administrative impact of a separate reimbursement policy for unit dose drug distribution systems in long-term care facilities. A report on the study shall be prepared and submitted to the general assembly by January 31, 1988.

*\*Of the funds appropriated in this subsection, the department shall expend not more than three hundred seventy-seven thousand (377,000) dollars for the following:*

*a. To develop necessary standards and payment processes, write administrative rules, develop employee and provider manuals, amend the state medical assistance plan, and provide employee and provider training to expand medical assistance coverage for the following services: case management, day training and habilitation, day treatment, and substance abuse.*

*b. To modify existing medical assistance service definitions to encompass the following additional services: transportation, medication management, partial hospitalization, rehabilitation services, diagnosis and evaluation, family support, and early intervention.*

*c. To develop and submit waiver applications for the following service areas: respite care, homemaker and chore housekeeping, in-home training, vocational services, nonmedical transportation, and behavior management.*

*Amendments to the medical assistance plan and modifications of existing medical assistance service definitions shall be completed for implementation no later than July 1, 1988.*

*By October 1, 1987, the department shall submit a revised medical assistance plan to the United States department of health and human services for implementation no later than July 1, 1988.*

*The department may hire a contractor or employ a staff under a twelve-month personal service contract to complete the project. The department shall provide the general assembly with a detailed progress report no later than January 1, 1988.*

*It is the intent of the general assembly that county and block grant funds made available as a consequence of enhanced federal funding for services under medical assistance be used for purposes of implementing section 225C.28. The department shall develop a system for identifying prior expenditures on the services covered under changes to the medical assistance plan or by waiver application and proposals for requiring a maintenance of financial effort subsequent to a replacement of state or county funds by federal funds. Those proposals shall be submitted to the general assembly by January 1, 1988.\**

3. For medical contracts \$ 2,550,000

The department may expend up to fifty thousand dollars of the funds appropriated in this subsection to implement inpatient hospital reimbursement methodology and other medical assistance provider reimbursement methodologies as recommended by the center for health policy studies report issued during the fiscal year beginning July 1, 1986.

4. For child support recoveries, including salary and support for not more than one hundred twelve full-time equivalent positions, maintenance, and miscellaneous purposes \$ 1,000,000

The commissioner of human services, within the limitations of the funds appropriated in this subsection or funds transferred from aid to families with dependent children program for this purpose, may establish new positions and add additional full-time equivalent positions to the child support recovery unit when the commissioner determines that both the current and additional employees collectively can reasonably be expected to recover for the aid to families with dependent children program and the nonpublic assistance support recovery program more than twice the amount of money required to pay the salaries and support for both the current and additional employees. The department shall demonstrate the cost effectiveness of the

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current and additional employees by reporting to the human services appropriations subcommittee the ratio of the total amount of administration costs for child support recoveries to the total amount of the child support recoveries.

The department shall initiate, on at least a pilot program basis in two counties, outreach services to investigate for potential modification proceedings all child support orders for aid to dependent children clients whose orders have not been modified within the previous four years. The department shall report to the general assembly on the short-term and long-term cost effectiveness of initiating modification proceedings in the cases where modification proceedings were initiated as a consequence of the investigation and outreach services.

5. For the child support clearinghouse, including salaries and support for not more than twenty-eight full-time equivalent positions, maintenance and miscellaneous purposes \$ 690,000

6. For state supplementary assistance, including state supplementary assistance for the blind \$ 11,000,000

The department, in conjunction with representatives of provider and consumer organizations, shall study and evaluate the state supplementary assistance program and make recommendations to the general assembly by February 1, 1988 for new options under the program which promote and enhance less restrictive environments for eligible recipients of section 225C.28.

The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security and federal Social Security benefits are increased due to a recognized increase in the cost of living.

7. For aid to Indians under section 252.43 \$ 35,000

The tribal council shall not use more than ten percent of the funds for administrative expenses.

8. For home-based services \$ 6,400,000

a. Of the funds appropriated in this subsection, seven hundred twenty-three thousand seven hundred fifty (723,750) dollars, or so much thereof as is necessary, is allocated for subsidized adoptions, including the purchase of services for special needs children.

b. Of the funds appropriated by this subsection, three hundred nineteen thousand fifty (319,050) dollars, or so much thereof as is necessary, is allocated for family planning.

c. Of the funds appropriated by this subsection, four million, six hundred seventy-seven thousand, two hundred (4,677,200) dollars, or so much thereof as is necessary, is allocated for family-centered services.

d. Of the funds appropriated in this subsection, six hundred eighty thousand (680,000) dollars, or so much thereof as is necessary, shall be used to support a pilot family preservation services initiative to provide highly intensive, in-home family preservation and family reunification services to families with children at imminent risk of initial or continued placement. The department shall contract for at least two-thirds, four hundred fifty-four thousand (454,000) dollars, of these services but no more than one-third, two hundred twenty-six thousand (226,000) dollars, of these services may be provided directly. The intensive services shall be consistent with family-centered service package components as defined in 498 IAC § 182, but the department may use a limited amount of these funds to provide other resources needed by a pilot project family to stay together. The pilot services shall include the provision of twenty-four hour crisis intervention, limitation of caseload to four or fewer families, and termination of services within at most six months of referral. The department shall select the contractees in a manner consistent with the juvenile community-based grant program policies contained in 498 IAC § 166. Request for proposals and contracts shall include specified limits on client caseloads and requirements for provider acceptance of client referrals. The payment system for this project shall be developed in lieu of the current unit-based system and shall be designed to generate information about outcome measurements, performance indicators, and actual costs per family served. The information shall be collected and analyzed to identify key components

for a model performance-based contracting system. The department shall work with the legislative fiscal bureau and Iowa State University of science and technology to establish a monitoring system for this project. It is the intent of the general assembly that the department implement this project in consultation with professionals in the child welfare field, using outside technical assistance from the national conference of state legislatures and the center for the study of social policy where possible, and that selection of areas to be served be made to enable evaluations of program effectiveness. The department may target the initiative to one or more districts of the department. It is the intent of the general assembly that the program evaluation be conducted over at least a three-year period, in order to provide for full evaluation of the cost-effectiveness of the initiative.

9. For foster care \$ 26,830,000

a. The department may transfer a portion of the funds appropriated in this subsection for use in providing subsidized adoption services, if funds allocated under subsection 8 are insufficient to provide necessary subsidized adoption services.

b. No more than thirty-three percent of children in foster care funded under Title IV, part E of the federal Social Security Act shall be in foster care for more than twenty-four months.

c. Of the funds appropriated in this subsection, forty-five thousand (45,000) dollars, or so much thereof as is necessary, is allocated for foster parent training prior to the initial licensure of foster parents.

d. Of the funds appropriated in this subsection, thirty-two thousand (32,000) dollars, or so much thereof as is necessary, is allocated for foster parent training to meet the requirement for six hours of foster parent training each year as a condition for relicensure.

e. Of the funds appropriated in this subsection, ninety thousand (90,000) dollars, or so much thereof as is necessary, shall be used to extend eligibility for independent living for youth between eighteen and twenty-one years of age who remain in school.

f. Of the funds appropriated in this subsection, thirty thousand (30,000) dollars, or so much thereof as is necessary, may be used by the department to contract with universities to provide ongoing research and evaluation assistance to programs and initiatives of the department involving family-centered services and foster care. Such contracts shall make maximum use of any matching resources from the universities with which the department contracts.

It is the goal of the general assembly that out-of-state placements of children under foster care be reduced by at least fifty percent within the next two years and that standards be established relating to minimum qualifications for out-of-state providers. It is the intent of the general assembly that out-of-state providers not be provided greater reimbursement than is available to in-state providers for similar services initiated after October 1, 1987. It is the goal of the general assembly that out-of-state providers be utilized only when such providers provide specialized services that could not be provided efficiently within the state or where such providers have significant advantages in terms of proximity to family and community support.

The department shall work with the court and with providers of foster care services within the state in developing guidelines to meet this legislative intent.

g. Of the funds appropriated under this section, two hundred thousand (200,000) dollars, or so much thereof as is necessary, may be used to provide supplemental "difficulty of care" per diem rates to providers within the state for their care and treatment of foster care cases that otherwise would have been sent out-of-state. The department shall provide for flexibility in administering this provision and developing such payment differentials, and shall report to the general assembly no later than February 15, 1988 on the manner in which the payment differential has been established and used.

h. The department shall establish rules eliminating the liability for payment for subsequent foster care support orders for parents who adopt children who were under the guardianship of the department of human services prior to adoption and determined to be eligible special needs children due to conditions that place those children at potential high risk of subsequent foster placement.

i. The department shall develop, for submission to the general assembly by January 15, 1988, for at least two counties within the state, a system for decategorizing the resources provided to those counties for child welfare and foster care services into a single child welfare budget and establishing procedures to allow for allocating resources on the basis of child welfare concerns as opposed to specific program categories. The department shall develop, for submission to the general assembly by January 15, 1988, to be used on at least a pilot basis, alternative reimbursement systems for providers that provide performance-based payment or payment that recognizes the need for transition support and counseling between out-of-home or institutional placement and home or community-based placement. The system shall be designed to enhance permanency planning goals, by increasing resource flexibility within current budgetary levels. It is the intent of the general assembly that the department develop this system in consultation with professionals in the child welfare field, using outside technical assistance from the national conference of state legislatures and the center for the study of social policy where possible.

10. For food stamp training and employment \$ 460,000

11. For community-based programs \$ 2,780,300

*\*a. Of the funds appropriated in this subsection, one hundred twenty thousand (120,000) dollars, or so much thereof as is necessary, is allocated for displaced homemaker programs.\**

b. Of the funds appropriated in this subsection, four hundred thirty thousand (430,000) dollars, or so much thereof as is necessary, is allocated for child care center financial assistance.

Notwithstanding section 237A.13, subsection 4, funds unencumbered as of April 30, 1988 shall not be reallocated unless the unencumbered funds reclaimed exceed five thousand dollars.

Notwithstanding section 237A.18, a day care facility is eligible to receive funds if the facility serves some low-income families, even if low-income families served comprise less than a majority of total families served.

c. Of the funds appropriated in this subsection, three hundred fourteen thousand (314,000) dollars, or so much thereof as is necessary, is allocated for the child abuse prevention grant program.

d. Of the funds appropriated in this subsection, two hundred fifteen thousand (215,000) dollars, or so much thereof as is necessary, is allocated for domestic abuse prevention program grants.

e. The commissioner of human services shall pay from the funds appropriated in this subsection, as the entitled aid from the state under section 232.142, subsection 4, one-half of one percent of the total cost of the establishment, improvement, operation, and maintenance of approved county or multicounty juvenile homes.

f. Of the funds appropriated in this subsection, eight hundred eight thousand eight hundred (808,800) dollars, or so much thereof as is necessary, is allocated for state cases.

g. Of the funds appropriated in this subsection, eight hundred thirty-one thousand (831,000) dollars, or so much thereof as is necessary, is allocated for protective day care.

h. Of the funds appropriated in this subsection, fifty thousand (50,000) dollars, or so much thereof as is necessary, is allocated to provide grants for the provision of direct services to children who are at risk of running away, and to those children's families.

12. For county-based juvenile justice reimbursement to counties for transportation and treatment purposes \$ 1,200,000

*\*13. As a condition of the appropriations made for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care under subsections 1, 2, 6, and 9 the following shall apply:*

*a. Notwithstanding section 8.39, and except as provided in subsection 1, paragraph "g" for health maintenance organization enrollment incentive, in subsection 1, paragraph "h" for grant*

*diversion, in subsection 2 for the women, infants, and children program, in subsection 4 for child support recoveries, and in subsection 9, paragraph "f" for foster care, funds appropriated for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall not be subject to transfer. Department of human services' programs shall not be modified for the purpose of transferring other funds appropriated to the department of human services into the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care accounts.*

*b. Except as provided in paragraph "c", the commissioner of human services shall not modify programs funded under the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations in order to meet any projected budget shortfalls, but shall request supplemental appropriations from the general assembly to meet those shortfalls.*

*c. Notwithstanding the concept of allotments in section 8.31, for the purpose of any across-the-board budget reductions ordered by the governor, the appropriations for the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall be deemed to include amounts needed to operate the programs for the entire fiscal year beginning July 1, 1987, under the July 1987 program guidelines and mandated subsequent changes. The across-the-board budget reductions shall be applied to the appropriations, and the estimate of revenues needed to balance the state's budget shall be made so as to operate the July 1, 1987 programs, as modified by mandated changes for the entire fiscal year.*

*d. Notwithstanding section 8.31, for deficit appropriations, the department shall apply the across-the-board budget reductions to the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations, and to additional anticipated needs according to the July 1, 1987 guidelines and mandated subsequent changes. For surplus appropriations, the across-the-board budget reductions shall be applied first to the surplus appropriations and then to amounts needed to maintain the July 1, 1987 programs and any mandated subsequent changes.\**

Sec. 204. JUVENILE AND VETERANS INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988 Fiscal Year
1. For the operation of the state training school and the Iowa juvenile home, including salaries and support for not more than two hundred ninety-eight point seventy-eight full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 8,470,000
2. For operation of the Iowa veterans home, including salaries and support for not more than seven hundred sixty-four full-time equivalent positions, maintenance and miscellaneous purposes	\$ 22,000,000

The department may use the gifts accepted by the commissioner of human services pursuant to section 218.96 and other resources available to the department for use at the Iowa veterans home for purposes identified by the department.

Sec. 205. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the state mental health institutes, the following amount, or so much thereof as is necessary:

\*Item veto, see message at end of the Act

1987-1988  
Fiscal Year

1. For salaries and support for one thousand two hundred six point forty-six full-time equivalent positions, maintenance, and miscellaneous purposes \$ 36,000,000

2. All funds received from client participation shall be deposited in the general fund of the state.

3. The superintendents of the state mental health institutes at Cherokee and Independence, in discharging the duties imposed by section 230.20, shall not include the costs of the psychiatric residency and chaplain intern programs maintained at those institutes in computing the institutes' respective daily charges to patients.

4. A state mental health institute shall not accept physical custody of a child alleged to be a child in need of assistance, on guest status or otherwise, for more than thirty days. A child found to be a child in need of assistance shall not be placed in a state mental health institute or other appropriate secure facility unless the juvenile court finds that the standard for voluntary admission or involuntary commitment in chapter 229 has been met. The finding may be made by the court under section 232.103 at any time prior to the expiration of a dispositional order.

*\*5. The department shall pursue all reasonable courses of action necessary to expand the recruitment and retention of psychiatrists at the state mental health institutes. The department shall aggressively recruit psychiatrists, when necessary by sending department representatives to events and locations where psychiatrists are likely to be recruited and by taking other similar actions which have the likelihood of contributing to the recruitment of psychiatrists. The department shall continue to explore and implement, if necessary, alternative approaches to retaining psychiatrists in the state hospital system, such as special contractual arrangements, expanded staff privileges, or improved educational opportunities for the medical staff.\**

*\*6. As a condition of the appropriation made by this section, there is appropriated from the general fund of the state two hundred thousand (200,000) dollars to provide for partial reimbursement to counties for local inpatient mental health care and treatment as set forth in section 225C.12.\**

*\*7. As a condition of the appropriation made by this section, there is appropriated from the general fund of the state one hundred thousand (100,000) dollars, or so much thereof as is necessary, to the department of human services for rural mental health services. The division of mental health, mental retardation, and developmental disabilities of the department of human services shall allocate these funds to continue or expand existing special allocation project grants providing outreach services to Iowans affected by the continued rural economic decline. The division shall award these funds to agencies that have participated in the 1988 fiscal year mental health and mental retardation services funds special allocation grant application process.\**

Sec. 206. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the state hospital-schools, the following amount, or so much thereof as is necessary:

1987-1988  
Fiscal Year

1. For salaries and support for not more than two thousand one hundred ninety-five point sixty-two full-time equivalent positions, maintenance, and miscellaneous purposes \$ 57,850,000

2. All funds received from client participation shall be deposited in the general fund of the state.

\*Item veto, see message at end of the Act

3. The state hospital-schools' per-patient-per-day cost as determined pursuant to section 222.73 shall be billed at eighty percent for the fiscal year, except as otherwise provided by subsection 4.

4. If more than twenty percent of the cost of a patient's care is initially paid from any source other than state-appropriated funds, the amount so paid shall be subtracted from the per-patient-per-day cost of that patient's care computed pursuant to section 222.73 and the patient's county of legal settlement shall be billed for the full balance of the cost so computed.

5. In the calculation of per diem rates, charges assessed to the county shall be credited with one hundred percent of client participation for eligible medical assistance patients at the state hospital-schools.

6. A county shall be responsible for the nonfederal share of costs for care of Medicaid-eligible residents of state hospital schools with legal settlement in that county regardless of the level of care provided to that resident. A county shall be responsible for eighty percent of the cost of care for residents who are not Medicaid-eligible.

Sec. 207. ENHANCED MENTAL HEALTH/MENTAL RETARDATION/ DEVELOPMENTAL DISABILITIES SERVICES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the department of human services, the following amounts, or so much thereof as is necessary:

1. For contractual services, salaries, support, and miscellaneous purposes \$ 600,000

The department shall expend these funds for the development and implementation of a plan for reducing populations at state hospital-schools and state mental health institutes consistent with the provisions of section 225C.28, subsection 6 and recognizing the needs of the communities in which the facilities exist, for the analysis and identification of implementation options for a statewide coordinated and integrated client tracking, service inventory and payment system, and to employ not more than eight field staff and two central office staff, which positions are in addition to any full-time equivalent positions authorized by law, to develop and implement a regional specialized service coordination system and a regional framework for planning and coordinating services.

In developing implementation options for a statewide coordinated and integrated client tracking, service inventory and payment system, the department shall include in its analysis existing department of human services' information systems as well as the Iowa facilities management information system and the mental health, mental retardation, and developmental disabilities data system.

\*2. For administrative support, for regional boards, and for service coordination and diagnosis and evaluation ..... \$ 2,000,000

a. Of the funds provided under this subsection, not more than three hundred forty-five thousand (345,000) dollars shall be used as support for regional planning boards. Funds shall be divided equally among the regional planning boards and shall be used for planning and administration of the boards.

b. The remaining funds provided under this subsection shall be used by the department of human services for:

(1) No more than eighty-eight percent of the remaining funds for the establishment of service coordination units for persons with mental retardation, developmental disabilities, or chronic mental illness for the provision of specialized service coordination. These units shall be established no later than January 1, 1988 in each of the department's human service districts. Priority shall be given to individuals who require service coordination in preventing a placement that would be inconsistent with the person's identified needs. Persons performing service coordination shall be given caseloads no greater than thirty for clients with mental retardation, developmental disabilities, or chronic mental illness.

\*Item veto; see message at end of the Act

(2) No more than twelve percent of the remaining funds shall be used for the provision of diagnosis and evaluation services for persons with mental retardation, developmental disabilities, or chronic mental illness. Priority shall be given to individuals who have not received a diagnosis and evaluation within the past five years.

The available funds shall be allocated to the department of human service districts based on the bill of rights enumeration study. Within the funds available under this paragraph "b", case management and diagnosis and evaluation shall be made available proportional to the bill of rights populations within each district as cited in the enumeration study.

The department shall seek to draw down additional funds through the federal medical assistance program in the provision of these services.

It is the intent of the general assembly that the state impose standards for construction of intermediate care facilities for the mentally retarded that are no more stringent than federal standards. It is the intent of the general assembly that recognition be given to reducing the cost for potential conversion of residential care facilities for the mentally retarded to intermediate care facilities for the mentally retarded without imposing more restrictive construction and renovation standards than absolutely essential.

It is the intent of the general assembly that greater use of federal support through vocational rehabilitation funding be provided for the bill of rights population. The department shall work with the department of education in seeking to make greater use of vocational rehabilitation support for the bill of rights population, and shall report to the general assembly by January 1, 1988 on the feasibility of obtaining additional federal assistance.

The department shall develop a proposal to assist individuals in obtaining Social Security and Title XIX benefits.\*

Sec. 208. Nothing in this Act is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this Act shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

Sec. 209. ADDITIONAL POSITIONS. The state hospital-schools and mental health institutes may exceed their specified limit of full-time equivalent positions if such additional positions are specifically related to licensing, certification or accreditation standards or citations.

Sec. 210. MENTAL HEALTH AND RETARDATION SERVICES FUND. There is appropriated from the general fund of the state to the state community mental health and mental retardation services fund established in section 225C.7 for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amount, or so much thereof as is necessary:

	1987-1988
	Fiscal Year
	\$ 3,333,000

1. Notwithstanding section 225C.10, subsection 2, paragraph "a", subparagraph (1), counties shall indicate in their annual plan that general allocation moneys will be expended in accordance with administrative rules adopted by the mental health and mental retardation commission and will not be used for major maintenance or capital expenditure projects.

2. Notwithstanding section 225C.10, subsection 3, counties shall submit annual rather than quarterly financial and plan status reports. The annual reports shall include the services funded; the amounts expended by service and by agency; a description of the use of the funds; and the number of persons served or units of service provided.

Sec. 211. BLOCK GRANT SUPPLEMENTATION. There is appropriated from the general fund of this state to the state department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for supplementation of federal social services block grant

\*Item veto; see message at end of the Act



funds and for allocation to the various counties for the purchase of local services and child day care services for eligible individuals, the following amount, or so much thereof as is necessary:

	1987-1988
	<u>Fiscal Year</u>
	\$ 4,390,000

The funds appropriated in this section shall be allocated to the counties pursuant to the rules of the department in effect on January 1, 1985. The department shall increase the income guidelines for income eligible persons receiving services funded with federal social services block grant funds for the fiscal year beginning July 1, 1987 by the same percentage and at the same time as federal Social Security benefits are increased due to a recognized increase in the cost of living.

Of the funds appropriated in this section, three million three hundred ninety thousand (3,390,000) dollars shall be earmarked for the purchase of local services and one million (1,000,000) dollars shall be earmarked for child day care services.

A county may use up to four percent of the federal social services block grant funds and the state purchase of local services funds for the purchase of child day care services without matching the federal and state funds with local funds.

The department shall not require counties to match the state child day care services funds with local funds but shall require that the counties allocate local funds for child day care services in an amount at least equal to the county expenditures for child day care services in the fiscal year ending June 30, 1983. The department shall reallocate state child day care services funds from counties which do not qualify for or do not utilize the funds to counties which do qualify for the funds.

Any funds allocated for the local purchase of child care services shall be available for purchase of services in any type of child care facility approved under 441 IAC § 170.

The department shall adopt administrative rules, to take effect July 1, 1987, which establish the income eligibility level for recipients of child day care services at the equivalent of one hundred twenty-five percent of the federal office of management and budget poverty guidelines for families of all sizes.

If the department determines that funds earmarked under this section for child day care services will not be fully expended, the department may increase the income guidelines in order to provide for the expenditure of all funds earmarked under this section for child day care services.

It is the intent of the general assembly that effective July 1, 1987, the department of human services shall, in determining eligibility for the social services block grant, disregard one-third of all income of a person who receives social security permanent disability insurance payments.

The department of human services, in conjunction with representatives of provider and consumer organizations, shall study the development of a payment system for state supplementary assistance, foster care, Title XIX and the social services block grant which broadens the array of housing, vocational, employment and support options and provides incentive to providers complying with section 225C.28, subsections 6 and 7, and report to the general assembly by February 1, 1988 regarding the payment system.

Sec. 212. It is the intent of the general assembly that effective July 1, 1987, the department of human services shall consider fifteen leave days as reimbursable units of service for vocational programs serving persons with disabilities, that include sheltered work, work activity, and supported employment services, accredited by the commission on accreditation of rehabilitation facilities (CARF) or the accreditation council on services for people with developmental disabilities (ACDD). The department shall adopt administrative rules pursuant to chapter 17A that clarify policies regarding accrual of such leave days. The department shall not specify the purposes or otherwise limit the use or number of these fifteen leave days when developing and implementing such administrative rules.

Sec. 213. REIMBURSEMENT RATES. For the fiscal year beginning July 1, 1987:

1. The following providers shall have their reimbursement rates frozen at the rates in effect on June 30, 1985: optometrists, opticians, home health agencies, clinics, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, maternal health centers, ambulatory surgery centers, and genetic counseling clinics.

However, the material costs of products which are reimbursed at the acquisition cost shall not be frozen.

2. The following providers shall have their payments reduced by a factor of two and one-half percent: dentists, podiatrists, optometrists, opticians, pharmacies, home health agencies, independent laboratories, ambulance, medical equipment and supply dealers, clinics, physical therapists, chiropractors, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, maternal health centers, ambulatory surgery centers, genetic counseling clinics, and nurse midwives.

Material cost of products which are reimbursed at the acquisition cost shall not be subject to this reduction.

3. Payments to physicians, as well as those providers specified in subsection 2 shall be reduced by a factor of three and eighty-five hundredths percent.

Material cost of products which are reimbursed at the acquisition cost shall not be subject to this reduction.

4. The reimbursement methodology for the following providers of services shall be changed from usual, customary, and reasonable charges to a fixed fee: physicians, dentists, podiatrists, independent laboratories, ambulance, medical equipment and supply dealers, physical therapists, and chiropractors. In designing the methodology the reimbursement rates per unit shall not be greater than the average reimbursement rates in effect on June 30, 1985. The reductions described in subsection 3 shall continue to apply.

5. Effective July 1, 1987 hospital payment rates shall be increased by four percent. *\*The reduction of three and eighty-five hundredths percent shall continue until October 1, 1987 at which time the reimbursement methodology for inpatient hospital care shall be changed from prospective reimbursement to diagnosis-related groups.\**

*\*6. The basis for establishing the maximum medical assistance rate for intermediate care facilities shall be the sixty-sixth percentile of all facility per diems as calculated from the June 30, 1987 unaudited compilation of cost and statistical data.\**

The department shall establish, unless disapproved by the United States department of health and human services, a new reimbursement system for drug products based on the average wholesale price of drug product costs. The department shall adjust the maximum allowable professional fee to reflect the change in the reimbursement system from estimated acquisition cost to average wholesale price reimbursement.

*\*7. Skilled nursing facility payment rates shall be increased by two and nine-tenths percent, rural health clinic rates shall be increased in accordance with increases under the federal Medicare program, pursuant to Title XVIII of the federal Social Security Act.*

*8. Effective July 1, 1987, the three and eighty-five hundredths percent will no longer apply to residential care facilities. Furthermore, the maximum reimbursement rate for residential care facilities shall be increased by four percent making the maximum rate seventeen dollars and ninety-seven cents. The new flat rate for facilities electing not to file cost reports shall be twelve dollars and eighty-four cents.*

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\*Item veto, see message at end of the Act

9. Effective July 1, 1987, the three and eighty-five hundredths percent reduction shall not be applied in the in-home health related care program. Furthermore, the maximum reimbursement rate for the in-home health related care program shall be increased by four percent.

10. For services given by social service providers on or after July 1, 1987, reductions to invoices or rates shall be discontinued. In addition, for services given between July 1, 1987 and June 30, 1988, rates shall be automatically increased by four percent over the unreduced rates in effect on June 30, 1987. Rates for foster group care and shelter care services shall not exceed sixty-eight dollars and eighty cents per day. This automatic increase is intended to be a one-time exception to policy for the fiscal year beginning July 1, 1987 and ending June 30, 1988 only and is not intended to eliminate regular submission of cost reports.\*

Sec. 214. The department of human services shall implement a rule under Title XIX that allows for direct payment to a provider of transportation if there is evidence that the recipient is not paying the transportation provider.

\*Sec. 215. ASSISTANCE TO GAMBLERS. The department shall use funds deposited in the gamblers assistance fund established in section 99E.10 only for programs to assist gamblers. Any unspent funds shall remain in the fund and shall not be transferred or reverted to the general fund.

The department shall use gamblers assistance fund moneys for two full-time equivalent positions to support this program.\*

Sec. 216. EMPLOYEE DAMAGE REIMBURSEMENT. Notwithstanding the dollar limitation in section 217.23, subsection 2, the department may reimburse an employee under that section an amount up to one hundred fifty dollars for each item damaged or destroyed.

Sec. 217. RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b" for the following: section 203, subsections 1, 2, 3, 8, 9, and 12; section 205, subsection 6; section 206, subsection 6; section 211; section 212; and section 213 of this Act, and rules shall become effective immediately upon filing, unless a later effective date is specified in the rules.

Sec. 218. 1987 Iowa Acts, House File 355, section 3, subsection 2, is amended to read as follows:

2. For food stamp employment and training program	\$ 100,000
	<u>80,000</u>

Sec. 219. 1987 Iowa Acts, House File 355, section 8, is amended to read as follows:

SEC. 8. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, is amended to read as follows:	
9. For community-based programs	\$ 2,698,500
	<u>2,698,000</u>

Sec. 220. 1987 Iowa Acts, House File 355, section 9, is amended to read as follows:

SEC. 9. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, paragraph h, is amended to read as follows:

h. Of the funds appropriated by this subsection, nine hundred fifteen thousand ~~five hundred (915,500)~~ (915,000) dollars, or so much thereof as is necessary, is allocated for protective day care.

Sec. 221. 1986 Iowa Acts, chapter 1246, section 303, subsection 1, unnumbered paragraph 1, is amended to read as follows:

For aid to families with dependent children	\$ 59,000,000
	<u>57,400,000</u>

Sec. 222. 1986 Iowa Acts, chapter 1246, section 303, subsection 2, paragraph e, is amended to read as follows:

\*Item veto, see message at end of the Act

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled

	\$128,000,000
	132,500,000

Sec. 223. 1986 Iowa Acts, chapter 1246, section 303, subsection 3, unnumbered paragraph 1, is amended to read as follows:

For medical contracts	\$ 2,290,000
	2,425,400

Sec. 224. 1986 Iowa Acts, chapter 1246, section 303, subsection 5, is amended to read as follows:

5. For state supplementary assistance, including state supplementary assistance for the blind	\$ 9,500,000
	10,170,000

Sec. 225. 1986 Iowa Acts, chapter 1246, section 303, subsection 8, is amended to read as follows:

8. For foster care	\$ 24,200,000
	27,891,807

Sec. 226. 1986 Iowa Acts, chapter 1246, section 308, unnumbered paragraph 1, is amended to read as follows:

There is appropriated from the general fund of this state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services for supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services and child day care services for eligible individuals, the following amount, or so much thereof as is necessary:

	1986-1987
	<u>Fiscal Year</u>
	\$ 3,180,000
	3,137,563

*\*Sec. 227. TRANSFERS PROHIBITED. Funds shall not be transferred from specific appropriations made under this division of this Act for specific programs to any other programs.\**

Sec. 228. FEDERAL RECEIPTS. All federal grants to and the federal receipts of the department of human services are appropriated for the purposes set forth in the federal grants or receipts. The veterans per diem payable for veterans at the veterans home and funds received under Title XIX of the federal Social Security Act by the state mental health institutes and state hospital-schools shall be deposited in the general fund.

Sec. 229. CAPITAL EXPENDITURES EXCLUDED. Funds appropriated by this division of this Act shall not be used for capital acquisitions or improvements.

Sec. 230. Sections 218 through 226 of this Act, being deemed of immediate importance, take effect upon enactment.

### DIVISION III JUSTICE SYSTEM

Sec. 301. There is appropriated from the general fund of the state to the office of the attorney general for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

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\*Item veto see message at end of the Act

	<u>1987-1988</u> <u>Fiscal Year</u>
1. For the general office of attorney general for salaries and support of not more than one hundred fifty point six zero full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 3,500,000
2. Prosecuting attorney training program for salaries and support of not more than two full-time equivalent positions, maintenance and miscellaneous purposes which funds shall be used to attract federal and county funding	\$ 85,000
3. Prosecuting intern program; however, counties participating in the prosecuting intern program shall match funds appropriated by this paragraph	\$ 45,000
4. In addition to the funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 1987 and ending June 30, 1988, an amount not exceeding ninety-five thousand (95,000) dollars to be used for the enforcement of the Iowa competition law under chapter 553. The expenditure of the funds appropriated under this subsection is contingent upon receipt by the general fund of the state of an amount at least equal to either the expenditures from damages awarded to the state or a political subdivision of the state by a civil judgment under chapter 553, if the judgment authorizes the use of the award for enforcement purposes or costs or attorneys fees awarded the state in state or federal antitrust actions.	
5. In addition to funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 1987 and ending June 30, 1988, an amount not exceeding fifty thousand (50,000) dollars to be used for public education relating to consumer fraud and for enforcement of section 714.16. The expenditure of the funds appropriated under this subsection is contingent upon receipt by the general fund of the state of an amount at least equal to the expenditures from damages awarded to the state or a political subdivision of the state by a civil consumer fraud judgment, if the judgment authorizes the use of the award for public education on consumer fraud. Funds received in a previous fiscal year which have not been expended shall be credited to this fiscal year.	
*6. <i>For the legal assistance for farmers program</i>	\$ 250,000*
7. For the farm mediation service program	\$ 300,000
*8. <i>For payment of grants to dispute resolution programs under the prosecuting attorney training program</i>	\$ 50,000*

Sec. 302. There is appropriated from the utilities trust fund to the consumer advocate office of the department of justice for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of one million one hundred fifty-four thousand four hundred seventy-five (1,154,475) dollars, or so much thereof as may be necessary for salaries and support of not more than twenty-one full-time equivalent positions, maintenance, and operational purposes of the office.

Sec. 303. There is appropriated from the general fund of the state to the board of parole for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, for the purposes designated:

	<u>1987-1988</u> <u>Fiscal Year</u>
For salaries, and support of not more than sixteen full-time equivalent positions, maintenance and miscellaneous purposes	\$ 515,000

Sec. 304. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

\*Item veto, see message at end of the Act

1987-1988  
Fiscal Year

1. For the operation of adult correctional institutions, including salaries and support of not more than one thousand six hundred eighteen point ninety-three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 54,000,000

2. In addition to the funds appropriated in subsection 1, there is appropriated one thousand five hundred (1,500) dollars for an inmate tort claim fund for inmate claims of less than twenty-five dollars. If the fund is exhausted during the fiscal year, sufficient funds shall be transferred from the institutional budgets to pay approved tort claims for the balance of the fiscal year.

The warden or superintendent of each institution or correctional facility shall designate an employee to receive, investigate, and recommend whether to pay any properly filed inmate tort claim for less than the above amount. The designee's recommendation shall be approved or denied by the warden or superintendent and forwarded to the department of corrections for final approval and payment.

Tort claims denied at the institution shall be forwarded to the state appeal board for their consideration as if originally filed with that body.

This procedure shall be used in lieu of chapter 25A for inmate tort claims of less than twenty-five dollars.

*\*3. There is established an inmate population review committee composed of a designee of the governor, the director of the department of corrections or the director's designee, the chairperson of the board of parole or the chairperson's designee, and the co-chairs of the justice system appropriations subcommittee. The co-chairpersons of the justice system appropriations subcommittee shall be responsible for scheduling the first meeting of the committee and the committee shall elect a chairperson at its first meeting. The legislative fiscal bureau shall provide staff support to the committee. The committee shall meet at least every three months to review inmate population statistics, trends, and projections, and shall make recommendations to the governor and the general assembly as it deems appropriate.\**

The director of the department of corrections or the director's designee, the director of the department of education or the director's designee, and the director of the department of economic development or the director's designee shall cooperate in order to analyze the literacy and vocational training needs of the inmates who are committed to the custody of the department of corrections and develop recommendations on how to meet these needs. These recommendations shall include proposals as to how the state can qualify for additional federal funding for education programs inside the correctional institutions. The results of the analysis and the recommendations shall be reported to the Seventy-second General Assembly, 1988 Session, not later than January 15, 1988 and copies of the report shall be sent to the members of the justice system appropriations subcommittee and the legislative fiscal bureau.

Of the funds appropriated, the department's budget for Anamosa shall include funding for a full-time substance abuse counselor for the Luster Heights facility, for the purpose of certification of a substance abuse program at that facility.

Sec. 305. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the programs as designated:

1987-1988  
Fiscal Year

1. For general administration, including salaries and support of not more than thirty-eight point fifty-two full-time equivalent positions, maintenance, and miscellaneous purposes \$ 1,620,000

\*Item veto, see message at end of the Act

2. For reimbursement of counties for temporary confinement of work release and parole violators, as provided in sections 246.908, 901.7, and 906.17 \$ 65,000
3. For salaries and support of not more than two full-time equivalent positions, maintenance and miscellaneous purposes for jail inspectors as provided in section 356.43 \$ 79,000
4. For federal prison reimbursement and miscellaneous contracts \$ 355,000
- The department of corrections shall use funds appropriated in this subsection to continue to contract for the service of a Muslim imam.
5. For salaries and support of not more than six point thirty-one full-time equivalent positions, maintenance, and miscellaneous purposes at the correctional training center at Mt. Pleasant \$ 285,000
- \*6. *For a legal assistance program to provide civil legal assistance to inmates in the Iowa correctional system in matters of child custody, bankruptcy, and dissolution of marriage* \$ 25,000
- The department shall determine whether an inmate applying for civil legal assistance is indigent under section 815.9, after submission by the inmate of the detailed financial statement required by that section. The inmate has an affirmative duty to provide all relevant information on the issue of the inmate's indigency to the satisfaction of the department that the inmate is indigent. The department may establish by rule a schedule of charges, on a graduated scale related to income and resources, to be paid by inmates who are not indigent for the provision of civil legal assistance.*
- The department may establish by rule maximum rates or reasonable compensation for attorneys providing the various categories of civil legal assistance under the program funded by this subsection.\**
7. For repairs to roofs and related expenses at the eight correctional institutions \$ 115,700

Sec. 306. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of eighteen million one hundred thousand seven hundred (18,100,700) dollars, or so much thereof as is necessary, for preinstitutional and postconviction community-based corrections, halfway houses, parole services, and OWI facilities.

The department of corrections shall not change the allocations either to the district departments of correctional services or to the correctional institutions from the amounts computed by the legislative fiscal bureau on or before June 1, 1987, unless notice of the revisions is given prior to their effective date to the legislative fiscal bureau. The notice shall include information on the department's rationale for making the changes and details concerning the workload and performance measures upon which the changes are based.

The department of corrections shall report to the legislative fiscal bureau on a monthly basis the current expenditures of the department's various allocations with a comparison of actual to budgeted expenditures.

The department of corrections shall use the department of management's budget system in developing the budget information for the eight district departments of correctional services, and each of the district departments shall be treated as a separate budget unit with each program modality classified as a separate organization code. The department shall furnish performance measure data designed to enable comparison of this data with historical spending information, and shall assist the legislative fiscal bureau in developing information to be used in legislative oversight of all programs operated by the department.

The department of corrections shall continue the OWI facilities established in 1986 Iowa Acts, chapter 1246, section 402, in compliance with the conditions specified in that chapter.

*\*It is the intent of the general assembly that the department of corrections, in its operation of the community-based corrections program, shall conform its activities to the missions, goals, and objectives provided in this unnumbered paragraph and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the justice system appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported. It is the responsibility of the department of corrections to supervise and assist individuals who are charged with or have been convicted of felonies, aggravated misdemeanors, or serious misdemeanors, or who have been sentenced to probation, parole or residential care programs as a result of conviction for these offenses, or who are contracted to a district department for supervision or housing while on work release. It is also the responsibility of the department of corrections to provide unpaid community service sentencing alternatives and to operate facilities for the confinement and treatment of offenders convicted of violating OWI laws. The department shall seek to accomplish the following objectives:*

*1. To assist and support the eight district departments in providing community-based correctional programs and services, including the gathering of performance data from each district department for management and evaluation purposes.*

*2. To allocate funds appropriated for the establishment, operation, support, and evaluation of community-based correctional programs and services among the eight district departments. The allocation shall be based upon objective criteria relating to the performance and workload information collected from each district department. Detailed information relating to the allocation process, including proposed budgets for each district department and comparison of historical performance data with historical spending information shall be reported to the justice system appropriations subcommittee during the department's annual legislative budget hearing.*

*3. To adopt rules establishing guidelines for use in reviewing the performance of the district departments. These guidelines shall require that each district:*

*a. Provide specific services.*

*b. Locate program services in or near cities providing a substantial number of service resources.*

*c. Follow practices and procedures which maximize the availability of federal funds.*

*d. Provide for gathering and evaluating performance data relating to the program.*

*e. Provide for the maintenance of uniform personnel and fiscal records.*

*f. Provide a program to assist the courts in placing defendants who are sentenced to unpaid community service.*

*g. Provide for community participation in the planning and programming of the district department's program.*

*h. Review the facilities established to confine and treat OWI offenders.*

*4. To prepare a biennial plan relating to the management of the community-based corrections programs and services. The plan shall include goals, objectives, operations and funding allocations for programs and projects, and plans for coordination with other state agencies responsible for substance abuse services, mental health services, employment programs, and other programs needed to improve the availability of services. The objectives in this unnumbered paragraph shall serve as a target for the department and each report shall include a summary of progress toward those objectives. Failure to meet these goals or objectives shall not be grounds for legal action against the department of corrections.\**

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\*Item veto; see message at end of the Act



Sec. 307. There is appropriated from the general fund of the state to the judicial branch for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988  
Fiscal Year

**COURTS AND ADMINISTRATION**

1. For salaries of supreme court justices, appellate court judges, district court judges, district associate judges, judicial magistrates and staff, court administrator, clerk of the supreme court, district court administrators, clerks of court, juvenile court officers, board of law examiners and board of examiners of short-hand reporters and judicial qualifications commission, maintenance, equipment and miscellaneous purposes, including implementation of court reorganization according to provisions of 1983 Iowa Acts, chapter 186, section 10301 \$ 55,800,000

Of the funds appropriated by this subsection, not less than ninety-three thousand (93,000) dollars shall be expended for the court-appointed special advocate program.

Funds appropriated under this subsection may be used to fund any increase in the salaries of the judges.

2. For salaries, support, maintenance, and miscellaneous purposes necessary to provide adult indigent defense and the cost of juvenile proceedings including attorney and witness fees \$ 8,200,000

3. For the juvenile victim restitution program \$ 115,000

Notwithstanding chapter 232A, it is the intent of the general assembly that the judicial department receive funds appropriated and administer the Iowa juvenile victim restitution program.

4. For salaries, support, maintenance, and miscellaneous purposes necessary to fund the cost of juvenile proceedings including attorney and witness fees \$ 1,500,000

Notwithstanding any provision of law to the contrary, the administration of juvenile attorney and witness fees shall be transferred to the judicial department.

Sec. 308. Of the funds appropriated by section 307, subsection 1, not more than one million eight hundred thousand (1,800,000) dollars may be transferred into the revolving fund established pursuant to section 602.1302, subsection 4, to be spent for jury and witness fees.

Sec. 309. A public office providing indigent defense which is in existence on January 1, 1987, shall not be abolished during the period beginning January 1, 1987 and ending June 30, 1988, unless done at the request of the chief judge of the judicial district.

Sec. 310. 1986 Iowa Acts, chapter 1246, section 401, subsection 1, is amended to read as follows:

1. For operation of adult correctional institutions, including salaries and support, maintenance, and miscellaneous purposes, provided that the director of corrections, in order to keep expenditures from exceeding the amount of funds appropriated by this section, shall declare a prison overcrowding state of emergency in the state's prisons when the population of the prison system exceeds two thousand six hundred forty-five inmates for sixty consecutive days. Upon the declaration of a prison overcrowding state of emergency, the board of parole shall consider all inmates, except for inmates convicted of class "A" felonies, for parole who are within nine months of their tentative discharge date. If the board of parole's actions do not reduce the population of the prison system below two thousand six hundred twenty inmates within ninety days of the date of the declaration of the prison overcrowding state of emergency, the tentative discharge dates of all inmates, whose most serious offenses for which the inmates are currently incarcerated are crimes against property and who are incarcerated in state prisons on the date of the declaration, shall be reduced by ninety days by the director of corrections. However, the tentative discharge date of

a prisoner sentenced under section 204.406, 204.413, 902.7, 902.8, or 906.5 shall not be reduced under this section prior to completion of the mandatory minimum sentence required by the section. The director of corrections shall terminate a prison overcrowding state of emergency in the state's prisons when the population of the prison system is reduced below two thousand six hundred twenty inmates. The department shall adopt administrative rules which identify all offenses as either crimes against property or crimes against persons. As used in this section, "prison" means a correctional facility operated by the department of corrections and funded under this section, "prison system" means the prisons of this state which are the Iowa correctional institution for women, the Iowa state men's reformatory, the Iowa state penitentiary, the Iowa medical and classification facility, the north central correctional facility, the Mount Pleasant correctional facility, the Clarinda correctional treatment facility, the correctional release center, and the rehabilitation camps, excluding the Luster Heights honor camp and facilities established under section 402, subsection 2 of this Act for treatment of OWI offenders; and "tentative discharge date" means the date at which an inmate is scheduled for release including good conduct and work time currently received. However, offenders for whom the board of parole has authorized parole, but for whom the director has determined that inadequate parole plans have been formulated, may remain within the correctional institution for a period of ten days following parole authorization or until adequate parole plans have been developed, whichever date is sooner. During this period of time, the offender shall not be included in the list of names used to determine the existence of a prison overcrowding emergency. On and after July 1, 1986, the superintendent shall not admit additional inmates to the medium security facility of the men's reformatory at Anamosa if the inmate population of the men's reformatory equals or exceeds eight hundred and fifty inmates \$ 50,094,227

*\*Sec. 311. Section 602.1301, subsection 2, paragraph b, Code 1987, is amended to read as follows:*

*b. Before December 1, the supreme court shall submit to the director of management an estimate of the total expenditure requirements of the judicial department. The director of management shall submit this estimate received from the supreme court to the governor for inclusion, without any change by the governor, the director of management, or any other person in the executive branch, in the governor's proposed budget for the succeeding fiscal year. The estimate shall also be submitted to the chairpersons of the committees on appropriations.\**

Sec. 312. Section 602.8105, subsection 1, paragraph 1, Code 1987, is amended to read as follows:

1. In criminal cases, the same fees for the same services as in civil cases, to be paid by the county or city, which has the duty to prosecute the criminal action, payable as provided in section 602.8109. When judgment is rendered against the defendant, costs collected from the defendant shall be paid to the county or city which has the duty to prosecute the criminal action to the extent necessary for reimbursement for fees paid. However, the fees which are payable by the county to the clerk of the district court for services rendered in criminal actions prosecuted under state law and in habitual offender actions pursuant to section 321.556, and the court costs taxed in connection with the trial of those criminal actions or appeals from the judgments in those criminal actions are waived.

Sec. 313. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

\*Item veto; see message at end of the Act

DIVISION IV  
REGULATION

Sec. 401. There is appropriated from the general fund of the state to the office of the auditor of state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988 Fiscal Year
For salaries and support for not more than one hundred fourteen full-time equivalent positions, maintenance, and other operational purposes	\$ 1,700,000

The auditor of state shall be reimbursed for performing examinations of the department of human services, the state department of transportation, the Iowa department of public health, the state board of regents, the offices of the clerks of the district court of the judicial department, and federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments.

For examinations, the auditor of state shall file a sworn statement consisting of expenses and prorated salary costs paid to perform the examination with the financial officer of the department examined. Upon audit and approval by the department director, the finance officer shall transfer the amount from the department to the auditor of state to be credited to the general fund of the state.

*\*It is the intent of the general assembly that the auditor of state shall complete all audits for prior fiscal years required for the Iowa department of public health, the department of human services, the state department of transportation, and the state board of regents during the fiscal year beginning July 1, 1987 and ending June 30, 1988.\**

Sec. 402. There is appropriated from the general fund of the state to the campaign finance disclosure commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

	1987-1988 Fiscal Year
For salaries and support of not more than four full-time equivalent positions, maintenance and miscellaneous purposes	\$ 168,000

Sec. 403. There is appropriated from the general fund of the state to the department of employment services for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

	1987-1988 Fiscal Year
<b>1. DIVISION OF LABOR SERVICES</b>	
For salaries and support for not more than eighty-one full-time equivalent positions, maintenance and miscellaneous purposes	\$ 1,708,000
Of the funds appropriated in this subsection, thirty-nine thousand (39,000) dollars, or so much thereof as is necessary, is allocated for the employment of one additional boiler inspector.	
<b>2. DIVISION OF INDUSTRIAL SERVICES</b>	
For salaries and support for not more than thirty-two point five full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 1,060,000
<b>3. ADMINISTRATIVE SERVICES</b>	
For salaries and support for not more than five point three full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 89,000

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\*Item veto see message at end of the Act

*\*4. Moneys appropriated under subsections 1, 2, and 3 shall not be transferred between divisions and the department shall not bill the labor services division or the industrial services division for administrative services except upon the request of those divisions for additional services requested. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedures.\**

It is the intent of the general assembly that the position of job service commissioner not be filled and that the director of the department of employment services shall continue to act as the chief executive officer of the division of job service.

Sec. 404. FEDERAL FUNDS APPROPRIATED FOR BUILDING PURCHASE. There is appropriated out of the funds made available to this state pursuant to section 903 of the federal Social Security Act, as amended, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, sixty-two thousand five hundred (62,500) dollars, and for the fiscal year beginning July 1, 1988, and ending June 30, 1989, sixty-two thousand five hundred (62,500) dollars, to the department of employment services for the payment of the first two of four annual payments to the Iowa public employment retirement system for the purchase of that portion of the state administrative office building located at 1000 East Grand, Des Moines, Iowa, which is owned by the Iowa public employment retirement system.

The moneys appropriated in this section shall not be obligated after June 30, 1989. The amount obligated pursuant to this section during any twelve-month period beginning on July 1 and ending on June 30 shall not exceed the amount available for obligation pursuant to section 903 of the federal Social Security Act, as amended, and as reflected in the accounts of the division of job service of the department of employment services and the United States department of labor.

Sec. 405. CONTINGENCY FUND USES — BUILDING AND EQUIPMENT EXPENSES, ECONOMIC DEVELOPMENT LABOR SURVEYS, DIVISION-APPROVED TRAINING.

1. Notwithstanding the provisions of section 96.13, subsection 3, which restrict the use of moneys in the special employment security contingency fund, moneys in the fund on June 30, 1987, shall not be transferred by the treasurer of state to either the temporary emergency surcharge fund or the unemployment compensation fund, but shall be available to the division of job service of the department of employment services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for expenditures under subsection 2.

2. The division of job service shall expend moneys which are credited to the special employment security contingency fund during the fiscal year beginning July 1, 1987, and ending June 30, 1988, including moneys which are available to the division of job service under subsection 1, only in accordance with the following restrictions:

a. The division may expend up to fifty thousand (50,000) dollars from the fund for upgrading of electrical service within the state administrative office building in order to meet existing standards and for the purchase and installation of word processing equipment in the state administrative office building to replace equipment transferred to the department of inspections and appeals.

b. The division may expend up to two hundred fifty thousand (250,000) dollars from the fund for the support of the county, labor survey, economic development teams.

c. Any balance of moneys in the special employment security contingency fund shall be deposited by the treasurer of state in the division-approved training fund which is created as a special fund in the state treasury. Notwithstanding section 453.7, interest or earnings from moneys deposited in the division-approved training fund shall be credited to that fund. The division shall use moneys from the fund to pay only the instructional cost of training related to tuition and course fees, approved by the division pursuant to section 96.4 and 345 IAC, rules

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\*Item veto; see message at end of the Act

4.39 and 4.40, for individuals who demonstrate to the division's satisfaction that they are financially incapable of paying the instructional cost of the approved training. However, the division may expend up to thirty thousand (30,000) dollars from the fund for administrative costs relating to payments for division-approved training.

Payments from the fund shall not be made to the individual receiving approved training but shall be made directly to the institution or person providing the approved training. Payments shall not exceed one thousand dollars per individual trainee in any two-year period. The division shall distribute information on the qualification requirements for and availability of payment for the division-approved training to individuals filing claims for benefits or receiving benefits under chapter 96.

Sec. 406. There is appropriated from the general fund of the state to the department of inspections and appeals for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

1987-1988  
Fiscal Year

1. GENERAL DEPARTMENT

For salaries and support for not more than two hundred twenty-nine point ninety-three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 3,197,500

It is the intent of the general assembly that food and food service establishments receiving a score of ninety points or more in the last two inspections shall be subject to an annual inspection rather than semiannual inspections.

2. EMPLOYMENT APPEAL BOARD

For salaries and support for not more than two point twenty-nine full-time equivalent positions, maintenance, and miscellaneous purposes \$ 29,400

3. FOSTER CARE REVIEW BOARD

For salaries and support for not more than five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 177,000

It is the intent of the general assembly that the foster care review board shall review one hundred percent of the foster care cases in the fifth and sixth judicial districts where pilot programs have been established.

4. The department of inspections and appeals may charge state departments, agencies, and commissions for services rendered and the payment received shall be considered repayment receipts as defined in section 8.2, subsection 5.

Sec. 407. There is appropriated from the road use tax fund to the department of inspections and appeals for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

1987-1988  
Fiscal Year

For salaries and support for not more than eleven point five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 326,000

Sec. 408. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

1987-1988  
Fiscal Year

For salaries and support for not more than thirteen full-time equivalent positions, maintenance and miscellaneous purposes \$ 575,000

Sec. 409. There is appropriated from the administrative services trust fund to the administrative services division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

	<u>1987-1988</u> <u>Fiscal Year</u>
For salaries and support for not more than forty-seven full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 1,300,000

Sec. 410. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the following purposes:

	<u>1987-1988</u> <u>Fiscal Year</u>
<b>1. ADMINISTRATIVE SERVICES</b>	
For salaries, support, maintenance and other operational purposes	\$ 180,000
<b>2. PROFESSIONAL LICENSING AND REGULATION DIVISION</b>	
For salaries and support for not more than nine full-time equivalent positions, maintenance and other operational purposes	\$ 628,900

The architectural examining board, the landscape architectural examining board, and the engineering and land surveying examining board for which general fund appropriations have been provided in this subsection may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before the architectural examining board, the landscape architectural examining board, or the engineering and land surveying examining board expends or encumbers an amount in excess of the funds budgeted for examinations, the department of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the department of management, the examining board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

The professional licensing division of the department of commerce shall transfer to the administrative services division trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

#### **4. INSURANCE DIVISION**

For salaries, support, maintenance and other operational purposes	\$ 150,000
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It is the intent of the general assembly that the department of commerce shall transfer fifty-five percent of insurance nonexamination revenues received for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the general fund of the state. To the extent that the remaining forty-five percent of nonexamination revenues available to the division exceed or are projected to exceed the division's appropriation pursuant to this Act, the division may expend a portion of such revenues for the purpose of computerization of the division. However, in no event shall additional expenditures exceed ninety-eight thousand (98,000) dollars unless the director of the department of management shall first approve such expenditure in both amount and purpose.

\*5. It is the intent of the general assembly that the insurance division of the department of commerce, in its operation of the program of insurance rates and forms review, shall conform its activities to the mission, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The division shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the regulation appropriations subcommittee on the performance measures. The division shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The rates and forms review unit of the insurance division of the department of commerce exists to protect the general public regarding insurance rates and forms and the solvency of public retirement systems under chapter 411 by reviewing all legally required rate and form submissions in a timely manner to ensure that rates and forms available to the public meet all the requirements of state law and reviewing the reports of the public retirement systems under chapter 411 to accomplish the following objectives.

a. To receive and review all required insurance rate and form submissions for compliance with state law within a period of two weeks from the date of submission.

b. To limit the number of insurance rate and form resubmissions to less than ten percent of all initial submissions annually.

c. To limit the number of consumer complaints relating to insurance rates and forms to less than one complaint for each one thousand insurance rates and forms approved annually.

d. To prevent the insolvency of any public retirement system subject to chapter 411.

The objectives shall serve as targets for the insurance division of the department of commerce and each report shall include a summary of progress toward those objectives. Failure to meet these goals and objectives shall not be grounds for legal action against the insurance division of the department of commerce.

6. It is the intent of the general assembly that the insurance division of the department of commerce, in its operations relating to the enforcement of chapters 505 and 507B, shall conform its activities to the missions, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The division shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the regulation appropriations subcommittee on the performance measures. The division shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The complaints unit of the insurance division shall investigate all complaints concerning insurance companies or their agents to determine if any insurance laws or practices have been violated. The complaints unit shall assist consumers in registering complaints about insurance companies and agents and provide a forum for consumers to register these complaints without incurring additional costs demanded by the legal system.

The complaints unit shall provide for complaints to be handled in an expeditious manner to protect consumer rights under the law and to mediate agent and company complaints from consumers in an expeditious manner to ensure fair dealings with consumers. The objective of the complaints unit shall be to handle consumer complaints within an average period of twenty-eight days and to begin prosecution of agents and companies who violate the law within twenty-eight days of discovery and to conclude the prosecution within sixty days of its commencement.

The objectives shall serve as targets for the insurance division of the department of commerce and each report shall include a summary of progress toward those objectives.

Failure to meet these goals and objectives shall not be grounds for legal action against the insurance division of the department of commerce.\*

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\*Item veto; see message at end of the Act

Sec. 411. Notwithstanding section 123.53, there is appropriated from the beer and liquor control fund to the alcoholic beverages division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, three million five hundred eighty-seven thousand (3,587,000) dollars, or so much thereof as is necessary, for salaries and support for not more than ninety-three point sixteen full-time equivalent positions, maintenance and other operational purposes. Funds appropriated under this section shall not be used for lease-purchase of cash registers.

The alcoholic beverages division of the department of commerce shall transfer from unappropriated trust funds to the administrative services trust fund during the fiscal year an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, the share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

The alcoholic beverages division may expend additional funds, if those additional expenditures are actual expenses which are required to accomplish an orderly and efficient transition to a system of private liquor sales, subject to the approval of the department of management.

Sec. 412. There is appropriated from the banking revolving fund to the banking division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988  
Fiscal Year

For salaries and support for not more than one hundred eighteen point five full-time equivalent positions, maintenance and other operational purposes

\$ 4,623,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The banking division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 413. There is appropriated from the credit union revolving fund to the credit union division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988  
Fiscal Year

For salaries and support for not more than eighteen full-time equivalent positions, maintenance and other operational purposes

\$ 688,000



There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The credit union division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 414. There is appropriated from the savings and loan revolving fund to the savings and loan division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

	<u>1987-1988</u> <u>Fiscal Year</u>
For salaries and support for not more than six full-time equivalent positions, maintenance and other operational purposes	\$ 246,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The savings and loan division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 415. There is appropriated from the insurance revolving fund to the insurance division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988  
Fiscal Year

For salaries and support for not more than eighty-four point eighty-three full-time equivalent positions, maintenance and other operational purposes \$ 3,071,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The insurance division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Funds collected under chapter 523A by the insurance division shall be used for administration of chapter 523A and are not subject to the nonexamination revenue transfer.

Funds collected under chapter 523C by the insurance division shall be used for the administration of chapter 523C and are not subject to the nonexamination revenue transfer.

Sec. 416. There is appropriated from the utilities trust fund to the utilities division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988  
Fiscal Year

For salaries and support for not more than one hundred two point five full-time equivalent positions, maintenance and other operational purposes \$ 4,207,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

Sec. 417. It is the intent of the general assembly that all state departments require that applications for grants from state funding include a plan for the coordination of the funds with related community service programs to maximize resources to the greatest possible extent.

*\*Sec. 418. Section 2.10, Code 1987, is amended by adding the following new subsection.*

**NEW SUBSECTION. 8.** *The chairpersons and ranking members, or their designees, of the senate and house standing committees on appropriations shall receive actual expenses incurred for attending the governor's budget hearings.*

*Sec. 419. NEW SECTION. 8.6A BUDGET INFORMATION TO APPROPRIATIONS COMMITTEE.*

*The department of management shall provide all budget handouts to the chairpersons and the ranking members of the senate and house standing committees on appropriations and the legislative fiscal bureau prior to the governor's budget hearings and notify these persons of the schedule of the budget hearings. The department of management shall also provide all appropriate handouts on the budget to the respective co-chairpersons and ranking members of the respective subcommittees of the senate and house standing committees on appropriations.\**

Sec. 420. Section 10A.106, Code 1987, is amended by adding the following new subsection:  
NEW SUBSECTION. 5. Gaming division.

Sec. 421. NEW SECTION. 10A.701 GAMING DIVISION.

The gaming division shall combine and coordinate the supervision of pari-mutuel betting and the conducting of games of skill, games of chance, or raffles in the state. The division shall enforce and implement chapters 99B and 99D. The division is headed by the administrator of gaming who shall be appointed pursuant to section 99D.6. The state racing commission shall perform duties within the division as prescribed in chapter 99D.

Sec. 422. NEW SECTION. 11.5A AUDIT COSTS.

When requested by the auditor of state, the department of management shall transfer from any unappropriated funds in the state treasury an amount not exceeding the expenses and prorated salary costs already paid to perform examinations of state executive agencies and the offices of the judicial department, and federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments for which payments by agencies have not been made. Upon payment by the departments, the auditor of state shall credit the payments to the state treasury.

*\*Sec. 423. Section 19A.3, Code 1987, is amended by adding the following new unnumbered paragraph:*

NEW UNNUMBERED PARAGRAPH. *Notwithstanding other provisions of this section or the Code to the contrary, those employees or positions within the offices of the elected state officers which were exempt from the merit system provisions of this chapter immediately prior to July 1, 1986, shall be exempt from the merit system provisions of this chapter on and after the effective date of this Act.\**

Sec. 424. Section 84A.1, subsection 2, unnumbered paragraph 2, Code 1987, is amended to read as follows:

The director of the department of employment services shall serve as job service commissioner and shall prepare, administer, and control the budget of the department and its divisions and shall approve the employment of all personnel of the department and its divisions.

Sec. 425. Section 99B.10, subsection 1, Code 1987, is amended to read as follows:

1. A prize of ~~cash or~~ merchandise exceeding five dollars in value or cash shall not be awarded for use of the device. However, a mechanical or amusement device may be designed or adapted to award a ~~prize or~~ one or more free games or portions of games without payment of additional consideration by the participant.

Sec. 426. Section 135C.2, Code 1987, is amended by adding the following new subsection:  
NEW SUBSECTION. 4. The protection and advocacy agency designated in the state, under Pub. L. No. 98-527, the developmental disabilities Act of 1984, and Pub. L. No. 99-319, the protection and advocacy for mentally ill individuals Act of 1986, is recognized as an agency legally

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\*Item veto; see message at end of the Act

authorized and constituted to ensure the implementation of the purposes of this chapter for populations under its authority and in the manner designated by Pub. L. No. 98-527 and Pub. L. No. 99-319 and in the assurances of the governor of the state.

Sec. 427. Section 135C.16, subsection 3, Code 1987, is amended to read as follows:

3. An inspector of the department may enter any licensed health care facility without a warrant, and may examine all records pertaining to the care provided residents of the facility. An inspector of the department may contact or interview any resident, employee, or any other person who might have knowledge about the operation of a health care facility. An inspector of the department of human services shall have the same right with respect to any facility where one or more residents are cared for entirely or partially at public expense, and an investigator of the designated protection and advocacy agency shall have the same right with respect to any facility where one or more residents have developmental disabilities or mental illnesses, and the state fire marshal or a deputy appointed pursuant to section 135C.9, subsection 1, paragraph "b" shall have the same right of entry into any facility and the right to inspect any records pertinent to fire safety practices and conditions within that facility. If any such inspector has probable cause to believe that any institution, building, or agency not licensed as a health care facility is in fact a health care facility as defined by this chapter, and upon producing identification that the individual is an inspector is denied entry thereto for the purpose of making an inspection, the inspector may, with the assistance of the county attorney of the county in which the purported health care facility is located, apply to the district court for an order requiring the owner or occupant to permit entry and inspection of the premises to determine whether there have been any violations of this chapter.

Sec. 428. Section 135C.17, Code 1987, is amended to read as follows:

135C.17 DUTIES OF OTHER DEPARTMENTS.

It shall be the duty of the department of human services, state fire marshal, and the officers and agents of other state and local governmental units, and the designated protection and advocacy agency to assist the department in carrying out the provisions of this chapter, insofar as the functions of these respective offices and departments are concerned with the health, welfare, and safety of any resident of any health care facility. It shall be the duty of the department to cooperate with the protection and advocacy agency by responding to all reasonable requests for assistance and information as required by federal law and this chapter.

Sec. 429. Section 135C.19, subsection 3, Code 1987, is amended to read as follows:

3. A copy of each citation required to be posted by this subsection shall be sent by the department to the department of human services and to the designated protection and advocacy agency if the facility has one or more residents with developmental disabilities or mental illness.

Sec. 430. Section 135C.38, subsection 1, Code 1987, is amended to read as follows:

1. Upon receipt of a complaint made in accordance with section 135C.37, the department or care review committee shall make a preliminary review of the complaint. Unless the department or committee concludes that the complaint is intended to harass a facility or a licensee or is without reasonable basis, it shall within twenty working days of receipt of the complaint make or cause to be made an on-site inspection of the health care facility which is the subject of the complaint. The department may refer to the care review committee of a facility any complaint received by the department regarding that facility, for initial evaluation and appropriate action by the committee. In any case, the complainant shall be promptly informed of the result of any action taken by the department or committee in the matter. The complainant shall also be notified of the name, address, and telephone number of the designated protection and advocacy agency if the alleged violation involves a facility with one or more residents with developmental disabilities or mental illness.

Sec. 431. Section 478.4, Code 1987, is amended to read as follows:

#### 478.4 FRANCHISE — HEARING.

The utilities board shall consider said petition and any objections filed thereto in the manner hereinafter provided. It shall examine the proposed route or cause any engineer selected by it to do so. If a hearing is held on the petition it may hear such testimony as may aid it in determining the propriety of granting such franchise. It may grant such franchise in whole or in part upon such terms, conditions, and restrictions, and with such modifications as to location and route as may seem to it just and proper. Before granting such franchise, the utilities board shall make a finding that the proposed line or lines are necessary to serve a public use and represents a reasonable relationship to an overall plan of transmitting electricity in the public interest. No franchise shall become effective until the petitioners shall pay, or file an agreement to pay, all costs and expenses of the franchise proceeding, whether or not objections are filed, including costs of inspections or examinations of the route, hearing, salaries, publishing of notice, and any other expenses reasonably attributable thereto. The funds received for the costs and the expenses of the franchise proceeding shall be remitted to the treasurer of state for deposit in the general utilities trust fund of the state.

Sec. 432. Section 479.16, Code 1987, is amended to read as follows:  
479.16 USE OF FUNDS.

All moneys received under the provisions of this chapter shall be remitted monthly to the treasurer of state and credited to the general utilities trust fund of the state.

Sec. 433. Section 505.7, Code 1987, is amended to read as follows:

#### 505.7 FEES — INSPECTION AND EXAMINATION EXPENSES OF DIVISION.

All fees and charges which are required by law to be paid by insurance companies and associations shall be payable to the commissioner of the insurance division of the department of commerce or department of revenue and finance, as provided by law, whose duty it shall be to account for and pay over the same to the treasurer of state at the time and in the manner provided by law. However, fees paid for the inspection or examination of an insurer or other entity subject to regulation by the insurance division shall be deposited in a special trust an insurance revolving fund. The treasurer of state shall hold these funds in an account that shall be established in the name of the commissioner for the payment of the ~~inspection and examination~~ expenses of the division upon appropriation by the general assembly. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the commissioner or the commissioner's designated representative, for the payment of all salaries and other expenses necessary to carry out the ~~inspection or examination~~ duties of the insurance division. The commissioner may keep on hand with the treasurer of state funds in excess of the current needs of the division. Transfers shall not be made from the general fund of the state or any other fund for the payment of the ~~inspection and examination~~ expenses of the division. No part of the funds held by the treasurer of state for the account of the commissioner shall be transferred to the general fund of the state or any other fund. The funds held by the treasurer of state for the account of the commissioner shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The commissioner shall account for receipts and disbursements according to the separate inspection and examination duties imposed upon the commissioner by the laws of this state and each separate inspection and examination duty shall be fiscally self-sustaining.

Sec. 434. Section 523C.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. To the extent necessary to administer the provisions of this chapter, the commissioner may, after notice and hearing, institute a residential service contract form approval or form review fee as the commissioner shall by rule set. The fee, if imposed, may be by dollar amount or based upon a percentage of the sale value of the contract.

Sec. 435. Section 524.207, Code 1987, is amended to read as follows:

**524.207 EXPENSES OF THE BANKING DIVISION — FEES.**

All expenses required in the discharge of the duties and responsibilities imposed upon the banking division of the department of commerce, the superintendent, and the state banking board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the superintendent. The superintendent shall pay all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in ~~an account~~ a banking revolving fund that shall be established in the name of the superintendent for the payment of the expenses of the division. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the superintendent or the superintendent's designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the banking division of the department of commerce. The superintendent may keep on hand with the treasurer of state funds in excess of the current needs of the division to the extent approved by the state banking board. Transfers shall not be made from the general fund of the state or any other fund for the payment of the expenses of the division. No part of the funds held by the treasurer of state for the account of the superintendent shall be transferred to the general fund of the state or any other fund, except as follows: ~~One hundred~~ Sixty thousand dollars each fiscal year shall be transferred to the general fund of the state. That amount shall be considered as one of the costs of the division. The funds held by the treasurer of state for the account of the superintendent shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the superintendent.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 436. Section 533.67, Code 1987, is amended to read as follows:

**533.67 EXPENSES OF THE CREDIT UNION DIVISION — FEES.**

All expenses required in the discharge of the duties and responsibilities imposed upon the credit union division, the superintendent, and the credit union review board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the superintendent. The superintendent shall pay all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in ~~an account~~ a credit union revolving fund that shall be established in the name of the superintendent for the payment of the expenses of the division. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the superintendent or the superintendent's designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the division. The superintendent may keep on hand with the treasurer of state funds in excess of the current needs of the division to the extent approved by the credit union review board. No transfers shall be made from the general fund of the state or any other fund for the payment of the expenses of the division. No part of the funds held by the treasurer of state for the account of the superintendent shall be transferred to the general fund of the state or any other fund, except as follows: ~~Forty~~ Thirty thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the division. The funds held by the treasurer of state for the account of the superintendent shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the superintendent.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 437. Section 534.408, subsection 1, Code 1987, is amended to read as follows:

1. PAYABLE TO DIVISION. Associations shall pay fees by delivering to the superintendent a check payable to the savings and loan division of the department of commerce. All fees collected under this chapter shall be deposited with the treasurer of state in a separate fund to be known as the savings and loan revolving fund, except ~~fifteen~~ eleven thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the savings and loan division. All expenses necessary to carry out this chapter shall be paid from the savings and loan revolving fund and appropriated by the general assembly from the fund.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the savings and loan fund.

Sec. 438. Section 546.2, subsection 3, paragraph d, Code 1987, is amended by striking the paragraph.

Sec. 439. NEW SECTION. 546.11 ADMINISTRATIVE SERVICES TRUST FUND CREATED.

There is created in the office of the treasurer of state for the department of commerce an administrative services trust fund. Moneys paid to the department by the divisions for administrative services shall be credited to the fund. All costs for administrative services provided by the department to the respective divisions shall be paid from this fund, subject to appropriation by the general assembly.

Sec. 440. Section 546.6, Code 1987, is repealed.

Sec. 441. All appropriations from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988 which are enacted by the Seventy-second General Assembly, 1987 Session, and become law and all standing appropriations from the general fund of the state provided by law for the fiscal year beginning July 1, 1987 and ending June 30, 1988 for executive departments and agencies or state programs administered by the executive departments or agencies are reduced by one-tenth of one percent for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 442. Sections 104, 309, and 310 of this Act, being deemed of immediate importance, take effect upon its enactment.

Sec. 443. All federal grants to and the federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

*Approved June 9, 1987, except the items which I hereby disapprove and which are designated as section 101, subsections 2, 3, 4; section 102, subsection 1(b); that portion of section 102, subsection 5, which is herein bracketed in ink and initialed by me; section 103, subsection 3; section 104; section 105, subsection 8, last paragraph; section 112; those portions of section 201 which are herein bracketed in ink and initialed by me; section 203, subsection 1(a); section 203, subsection 1(b); section 203, subsection 1(c); those portions of section 203, subsection 2 which are herein bracketed in ink and initialed by me; section 203, subsection 11(a); section 203, subsection 13; section 205, subsection 5; section 205, subsection 6; section 205, subsection 7; section 207, subsection 2; those portions of section 213, which are bracketed in ink and initialed*

*by me; section 215; section 227; section 301, subsection 6; section 301, subsection 8; that portion of section 304, which is herein bracketed in ink and initialed by me; section 305, subsection 6, those portions of section 306, which are bracketed in ink and initialed by me; section 311; that portion of section 401, which is herein bracketed in ink and initialed by me; that portion of section 403, subsection 4, which is herein bracketed in ink and initialed by me; section 410, subsections 5 and 6; section 418; section 419; and section 423. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the secretary of state on this same date, a copy of which is attached hereto.*

TERRY E. BRANSTAD, *Governor*



Dear Madam Secretary:

I hereby transmit House File 671, an Act relating to the financing of public agencies and programs by making appropriations to agencies, boards, commissions, departments, and programs of state government for health and human rights, human services, the judicial branch, the Department of Justice, the Department of Corrections, the Board of Parole, the Auditor of State, campaign finance, employment services, inspections and appeals, employment relations, and commerce, relating to human organ and tissue transplants, by providing for use of certain funds from a separate fund from civil penalties for certain violations, by providing for the repeal of the division of children, youth, and families in the Department of Human Rights, by transferring the gaming division to the Department of Inspections and Appeals, relating to the protection and advocacy designated in the state, by providing for budget reductions for certain agencies, and providing effective dates.

House File 671 makes appropriations for the financing of agencies ranging from Department of Health to the Department of Inspections and Appeals. It clearly provides for excessive spending, especially in human services area where appropriations exceed my recommendations by over \$20 million on an annualized basis. A myriad of new programs are created with future year costs that are even greater than those for which funds are appropriated in fiscal year 1988. Given the state's tight fiscal condition with the recent adjournment of the extraordinary session of the Seventy-second General Assembly, I must take action to cut \$19.203 million from this budget bill. To do otherwise would leave Iowans without a balanced budget and with an excessive level of spending.

The budget cuts incorporated in this item veto message affect new programs and existing programs for which additional funding is provided. Efforts are made to protect existing state obligations and areas of particular priority, such as welfare and foster care reform.

In combination with item vetoes incorporated in House File 511, state spending will be reduced by a total of \$35.13 million. This will allow the state to meet its legal obligations and provide a modest ending balance in fiscal year 1988, according to the Department of Management. House File 671 is, therefore, approved as of this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as that portion of Section 101, subsections 2, 3, and 4 in their entirety.

These subsections provide detailed performance measures and reporting requirements for the state Civil Rights Commission. The Department of Management has established an appropriate performance review system for the Commission. To allow the legislature to involve itself in the administration of state government is an inappropriate encroachment upon executive branch authority. As a result, I cannot approve these subsections.

I am unable to approve the item designated as that portion of Section 102, subsection 1, item b, in its entirety.

This provision in House File 671 establishes a new family self sufficiency program and provides a \$600,000 appropriation for it. While the purposes of the program may be commendable, the state simply cannot afford to establish these additional services at this time. In light of the legislature's recent action, we will do well to simply maintain existing programs and to direct available funds into priority areas that best serve the essential needs of Iowans. Additional funds for these purposes will have to wait until the state is in a better financial position.

I am unable to approve the item designated as that portion of Section 102, subsection 5, first unnumbered paragraph, which reads as follows:

"The governor's advisory council on juvenile justice shall determine the staffing level necessary to carry out federal and state mandates for juvenile justice."

This item inappropriately places the staffing authority within the Juvenile Justice Advisory Council rather than with the management of the entity. Appropriate staffing is an area of administrative discretion which must be retained by the staff of the Advisory Council in order to make certain that federal mandates are met.

I am unable to approve the item designated as that portion of Section 103, subsection 3; and Section 104, in its entirety.

This item provides \$95,000 for the elder law education program and an additional \$75,000 to the Department of Elder Affairs for an elder law on wheels program. Again, the purpose of these programs is commendable. However, they are add ons to the state budget which simply cannot be afforded at this time.

I am unable to approve the item designated as that portion of Section 105, subsection 8, second unnumbered paragraph.

This unnumbered paragraph requires the professional licensure boards to establish special accounts which are not subject to restrictions imposed on the state's general fund. While I believe that an appropriate level of funding must be provided to the professional licensure boards, I can not accept the further establishment of special funds outside the general fund. Taxpayers of this state need to have a clear accounting of the taxes and fees which are received and the funds which are expended. That can only be accomplished by maintaining these funds in the general fund of the state.

I am unable to approve the item designated as Section 112 in its entirety.

This section eliminates the compensation for members of the Health Facilities Council. Since these members were appointed to the Council with provisions for their compensation, removing that compensation now would be unfair and inappropriate. Grandfathering existing board members in and then eliminating the compensation for future members would be a more appropriate method of accomplishing the goals of this section.

I am unable to approve the item designated as that portion of Section 201, which reads as follows:

"As a condition of this appropriation, one hundred seventy thousand (170,000) dollars is allocated for five full-time equivalent positions for the bureau of operations analysis."

This expenditure is inconsistent with the recommendations of restructuring and downsizing report of last year and with my budget recommendations. The restructuring consultants determined that this function can be accomplished without a separate appropriation. As a result, this is clearly an area of savings to help balance the state budget.

I am unable to approve the item designated as that portion of Section 201, unnumbered paragraphs 2 and 3 in their entirety.

This item places unnecessary and overly restrictive performance management requirements on the Department of Human Services. This is an executive branch function.

I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph a, in its entirety.

This item increases the payment for AFDC recipients by 6.5 percent. The increase in state spending to pay for these additional welfare benefits is approximately \$5.7 million. Those funds will be set aside to help balance the budget. Given the shortage of state funds, we would do well to maintain existing services for these needy Iowans. Indeed, Iowa's current welfare payment level ranks well in comparison with neighboring states. Moreover, an increase in the reimbursement level for AFDC recipients was provided last year by 5.7 percent; an additional increase will have to wait until the state's fiscal house is in better order.

In addition, I am hopeful that we can embark on an aggressive program of welfare reform to provide better education and job training opportunities for Iowans on AFDC. Our goal should be to provide Iowans with an opportunity to climb the ladder out of poverty and I plan to make recommendations next session to the next General Assembly in 1988 to help accomplish that goal. New funding is retained in this bill to give AFDC recipients self-employment opportunities.

I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph b, in its entirety.

This item provides \$400,000 in a new program for emergency assistance to AFDC recipients. While I understand the need to provide such assistance to needy families, I believe that we must accomplish this through our existing programs which already have liberal authorization levels. The state budget simply cannot afford this added level of spending at this time.

I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph c, in its entirety.

This item appropriates \$350,000 to the Iowa Finance Authority for a special housing program. Low income housing is an important issue which should be addressed by the Iowa Finance Authority. I have signed into law provisions of House File 603 to provide the Authority with a mechanism to do so. However, the state budget cannot afford the additional \$350,000 in spending at this time. Other sources of funding for low income housing should be explored.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

“The Department of Human Services shall develop policies and guidelines to implement on a pilot basis a special case management program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs.”

This item in House File 671 would limit the ability of the Department of Human Services to put in place health maintenance organizations to contain health care costs. At the present time, the continued spiraling of costs for entitlement programs can be controlled only by eliminating available services or contracting for those services. An HMO concept is one worthy of investigation as we seek to contain these costs for taxpayers. Therefore, I cannot accept an eighteen month delay in efforts to control health care costs.

I am unable to accept the item designated as that portion of Section 203, subsection 2, which reads as follows:

“Effective October 1, 1987, the department shall extend coverage to include caretaker relatives under the medically needy program. The department shall increase resource limitations under the medically needy program to five thousand dollars for a one-person household and seven thousand five hundred dollars for a family of two or more persons. For the medically needy program, the department shall be allowed to set the length of the certification period, as authorized by federal regulations.”

This item in House File 671 extends coverage of the medically needy program to caretaker relatives. The cost of this program is estimated at over \$500,000 in fiscal year 1988. Given the state's difficult budget conditions, I cannot approve this costly expansion of the medically needy program.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

**“Effective October 1, 1987, the department shall extend medical assistance benefits for an additional six months to individuals who lose assistance through the aid to families with dependent children program solely due to the loss of the thirty dollars and one-third earned income disregard.”**

This item extends Medicaid benefits for an additional six months to those on AFDC affected by the thirty and one-third income disregard. This again expands the existing program and provides an additional cost of at least \$15,000. As a result, I cannot accept it at this time. I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

**“Effective January 1, 1988, the department shall provide medical assistance to all pregnant women, and infants and children up to age five on an incremental basis; and to all individuals who are aged, blind, or disabled, whose income does not exceed one hundred percent of the federal poverty level. Resource limitations shall be five thousand dollars for a one person household and seven thousand five hundred dollars for a family of two or more people. Aged, blind, or disabled individuals shall have income and resources treated according to supplemental security income methodologies. Pregnant women, and infants and children shall have income and resources treated according to aid to families with dependent children methodologies. All other medical assistance program requirements shall apply. Phased-in coverage for children shall begin January 1, 1988, for children up to the age of one and continued through January 1, 1992.”**

This item of House File 671 extends the medically needy program to pregnant women and children at the cost of over \$200,000. Again, given the state's fiscal condition, such an expansion of the medically needy program cannot be accomplished at this time. We should, instead, direct our limited resources to maintain existing services. Also, our Medicaid program offers among the widest array of services in the country. A further liberalization is not called for.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

**“Of the funds appropriated in this subsection, the department shall expend not more than three hundred seventy-seven thousand (377,000) dollars for the following:**

- a. To develop necessary standards and payment processes, write administrative rules, develop employee and provider manuals, amend the state medical assistance plan, and provide employee and provider training to expand medical assistance coverage for the following services: case management, day training and habilitation, day treatment, and substance abuse.**
- b. To modify existing medical assistance service definitions to encompass the following additional services: transportation, medication management, partial hospitalization, rehabilitation services, diagnosis and evaluation, family support, and early intervention.**
- c. To develop and submit waiver applications for the following service areas: respite care, homemaker and chore housekeeping, in-home training, vocational services, nonmedical transportation, and behavior management.**

**Amendments to the medical assistance plan and modifications of existing medical assistance service definitions shall be completed for implementation no later than July 1, 1988.**

By October 1, 1987, the department shall submit a revised medical assistance plan to the United States Department of Health and Human Services for implementation no later than July 1, 1988.

The department shall hire a contractor or employ a staff under a twelve-month personal service contract to complete the project. The department shall provide the general assembly with a detailed progress report no later than January 1, 1988.

It is the intent of the general assembly that county and block grant funds made available as a consequence of enhanced federal funding for services under medical assistance be used for purposes of implementing section 225C.28. The department shall develop a system for identifying prior expenditures on the services covered under changes to the medical assistance plan or by waiver application and proposals for requiring a maintenance of financial effort subsequent to a replacement of state or county funds by federal funds. Those proposals shall be submitted to the general assembly by January 1, 1988."

This item in House File 671 expends \$337,000 of additional funds to expand existing medical assistance services. While I understand that this expansion is part of the proposed bill of rights program, the state can ill afford to expand existing programs when we are having a difficult time meeting our current obligations. Also, implementation of the bill of rights should wait until the state has planned a more cost-effective program. As a result, I cannot approve this additional spending at this time.

I am unable to approve that item designated as that portion of Section 203, subsection 11, lettered paragraph a, in its entirety.

This item provides an additional \$120,000 to the department for the displaced homemaker program. This program was recommended for elimination by the recent restructuring and downsizing report of state government. As a result, it is recommended for elimination here in tune with the critical need to reduce excessive state appropriations.

I am unable to approve the item designated as that portion of Section 203, subsection 13, in its entirety.

This subsection puts unreasonable and unnecessary restrictions on the ability of the executive branch to manage the appropriations to the entitlement programs. The section greatly limits the transfer authority and exempts these items from the 8.31 budget reduction allotments. This dramatic change in the state's budget and accounting methodologies could effectively hamstring our ability to respond to budget shortfalls which are made more likely due to the recent legislative action. In order for state government to maintain the availability of essential services to needy Iowans, appropriate budgetary flexibility is provided in the current budget control laws.

Without the ability to transfer funds, the state may force some recipients who are entitled to the programs to simply go without essential services. By exempting all of the human services entitlement programs from the across-the-board cut procedure, the legislature could force the impacts of such cuts to fall more fully on property taxpayers. Because of the substantial change in the state budget control Act incorporated in this item and its potentially devastating impact on human service programs and property taxpayers, I must disapprove it.

I am unable to approve the item designated as that portion of Section 205, subsection 5, in its entirety.

This item of House File 671 requires the department to send department representatives to events where psychiatrists are likely to be recruited. Certainly, the department has the ability to appropriately recruit psychiatrists without this detailed directive from the General Assembly. The department does plan to aggressively recruit psychiatrists for the state mental health

institutions without this unnecessary legislative order.

I am unable to approve that item designated as that portion of Section 205, subsection 6, in its entirety.

This item provides an additional \$200,000 in appropriations to a particular county's mental treatment center. This expansion of state funding for a county subsidy cannot be justified, given the state's tight financial situation.

I am unable to approve the item designated as that portion of Section 205, subsection 7, in its entirety.

This subsection provides an additional \$100,000 for rural mental health services. While I understand the need for these services in rural areas, I cannot approve an additional appropriation for that purpose at this time. It is expected that the federal government will provide additional funds to rural areas for such services in the near future. As a result, these state appropriations may not be needed.

I am unable to approve that item designated as that portion of Section 207, subsection 2, in its entirety.

This item provides \$2 million of new state appropriations to begin the implementation of the bill of rights. It is expected that the full cost of the implementation of this program could be up to \$147 million for state and local taxpayers. The additional liability for the state is excessive at this time.

Rather, with this action, I am retaining the authority of the department to expend \$600,000 to develop an appropriate plan for a rational, cost effective, and financially limited implementation of the bill of rights. I believe that an appropriate implementation plan could achieve the goals of many of the advocates of the bill of rights while rationalizing the state's current human service delivery system. In addition, the department will utilize a portion of the \$600,000 to reduce the population at the state hospital-schools and the state mental health institutes, consistent with the goals of the bill of rights.

I am unable to approve the item designated as that portion of Section 213, subsection 5, second unnumbered sentence; Section 213, subsection 6, first paragraph; and Section 213, subsections 7, 8, 9, and 10, in their entirety.

These sections provide for an increase in reimbursement rates for human services providers. Some adjustments in reimbursement rates will be necessary in the future and are provided for hospitals. However, given the condition of the state's budget, such an increase simply cannot be afforded at this time. Almost \$8 million of spending can be cut from the state's budget by maintaining reimbursement rates at the current level. This item veto does just that. When the state's budgetary condition improves, I will be willing to consider appropriate increases in reimbursement rates. Indeed, I will review the need for that action when I present my fiscal year 1989 budget to the General Assembly in January.

I am unable to approve the item designated as Section 215 in its entirety.

This item prohibits the transfer of gamblers assistance funds to other programs in the Department of Human Services. While the gamblers assistance fund is needed to provide for awareness and treatment of addictions to gambling, this section inappropriately restricts the department's use of these funds. In a budgetary crunch, such funds may be necessary to provide essential services to needy Iowans. Thus, we should not excessively restrict the utilization of these funds for contingencies.

I am unable to approve the item designated as Section 227 in its entirety.

This section prohibits any transfers of appropriations in the supplemental appropriation bill. Such transfers are essential to ensure a balanced state budget and to provide appropriate funds for statutorily authorized services. A transfer procedure has been established in the budget control act and it will continue to be followed.

I am unable to approve the item designated as that portion of Section 301, subsection 6, in its entirety.

This item provides \$250,000 for the legal assistance to farmers program. Three hundred thousand dollars is approved for the farm mediation services program which can provide necessary legal and mediation assistance to farmers suffering financial difficulties. Given the increase in appropriations in the mediation service program and the state's difficult financial situation, the additional \$250,000 for legal services must be denied.

I am unable to approve that item designated as Section 301, subsection 8, in its entirety.

This item provides \$50,000 for dispute resolution centers. This is a commendable program, but one for which sufficient funds are not available.

I am unable to approve the item designated as Section 304, subsection 3, first paragraph.

This item establishes an inmate population review committee to review prison population trends. The Legislative Fiscal Bureau staffs the committee and legislators serve as members. Such an arrangement invades the administrative discretion of the executive branch. An executive branch committee with ex-officio legislative members would be acceptable.

I am unable to approve the item designated as that portion of Section 305, subsection 6, in its entirety.

This subsection establishes a new program to provide legal assistance to inmates in the Iowa correctional system who have the need for civil litigation. Providing free bankruptcy and dissolution services to inmates is a frill the state simply cannot afford.

I am unable to approve the item designated as Section 306, unnumbered paragraph 6, and subsections 1, 2, 3, and 4, in their entirety.

This item establishes detailed performance review and reporting requirements from the Department of Corrections. Again, the Department of Management has established an appropriate performance review mechanism and will provide reports to the legislative branch. However, this detailed level of performance management and reporting is an encroachment upon the executive branch's discretion to administer state programs.

I am unable to approve the item designated as Section 311 in its entirety.

This item in House File 671 prevents the Governor, the Director of Management, or any other person in the executive branch from reviewing the budget for the courts and making appropriate recommendations to the General Assembly. The Governor has the responsibility to provide for a balanced budget in recommendations made to the General Assembly. This legislation would seriously restrict the executive branch's ability to accomplish that important constitutional task and thus is not approved.

I am unable to approve the item designated as that portion of Section 401, which reads as follows:

"It is the intent of the general assembly that the auditor of state shall complete all audits for prior fiscal years required for the Iowa Department of Public Health, the Department of Human Services, the state Department of Transportation, and the State Board of Regents during the fiscal year beginning July 1, 1987 and ending June 30, 1988."

The legislature has established a reimbursement mechanism in House File 671 to allow the auditor to catch up on audits of state agencies. At the same time, the legislature reduced

appropriations for the auditor by over \$500,000 from the Governor's recommended level. While some reimbursement is possible for non-general fund audits, the departments have not received the additional funds necessary to reimburse the auditor for additional general fund audits. Until the additional funds are provided, the auditor would do well to limit back audits to those which can be reimbursed with non-general funds.

I am unable to approve the item designated as that portion of Section 403, subsection 4, first paragraph.

This unnumbered paragraph restricts the management of the Department of Employment Services, as a single entity. This provision prohibits transfers between independent divisions. As such, the Department of Employment Services will be little more than a confederation, rather than a department with the integrated administrative services necessary to achieve operational efficiencies. As a result, I must disapprove this unnumbered paragraph.

I am unable to approve the item designated as that portion of Section 410, subsections 5 and 6 in its entirety.

These subsections provide for detailed performance evaluation reporting requirements for the Insurance Division. The Department of Management has developed appropriate performance measures which can be communicated at appropriate times to the legislative branch. However, this detailed list of performance measures encroaches upon executive branch's discretion to manage state government.

I am unable to approve the items designated as Sections 418 and 419 in their entirety.

These sections allow the chairpersons and ranking members of the appropriations committees to receive actual expenses for attending the Governor's budget hearings. In addition, it imposes an additional paperwork burden on the Department of Management to provide budget handouts to these individuals. The legislative branch has the ability to take care of these information needs without imposing additional burdens on the Department of Management.

I am unable to approve the item designated as Section 423 in its entirety.

This section of House File 671 eliminates over 28 positions from the merit system, most of which are clerical. The reorganization of state government limited the availability of nonmerit positions in state government. The merit system appropriately insulates state government from the "spoils system". It should be maintained.

In summary, House File 671 includes \$19.203 million of excessive spending. In addition, this legislation includes a number of statutory changes which encroach upon the ability of the executive branch to manage state government. The excessive spending and encroachments are removed from the bill.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of the 1968 Constitution of the State of Iowa. All other items in House File 671 are hereby approved as of this date.

Sincerely,  
TERRY E. BRANSTAD, *Governor*