

CHAPTER 1274

**APPROPRIATIONS, FEES, AND DUTIES RELATING TO
STATE REGULATORY AGENCIES**

H.F. 2444

AN ACT relating to regulatory bodies of state government by making appropriations to agencies, boards, commissions, departments, and programs of state government including the auditor of state, campaign finance, employment services, labor services, industrial services, job services, inspections and appeals, commerce, professional licensing and regulation, insurance, alcoholic beverages, banking, credit union, savings and loan, and utilities, by mandating certain studies, policies, and other actions by certain regulatory bodies, by increasing certain fees, by allocating certain expenses between state agencies, and by exempting certain regulatory personnel from the merit pay system and providing certain effective dates.

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

Section 1. 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, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

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

..... \$ 1,473,442

The auditor of state shall be reimbursed, out of the examined agency's appropriation, 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 department of agriculture and land stewardship, the department of economic development, the department of education, the department of employment services, the department of natural resources, and federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments.

The auditor of state shall audit an agency or department, which does not receive federal funding, every other year if in the judgment of the auditor of state, the agency or department would not be adversely affected by being audited less than annually. The auditor of state shall report to the legislative fiscal bureau and the department of management on or before September 1, 1988, which agencies and departments will be audited every other year instead of annually.

The auditor of state shall collect information on the costs, including time spent by employees of the auditor of state, associated with providing assistance to private certified public accounting firms, local governments, and other people in connection with audits of political subdivisions not conducted by the auditor of state. The auditor of state shall report the cost information to the legislative fiscal bureau and the department of management on or before September 1, 1988.

Sec. 2. There is appropriated from the general fund of the state to the campaign finance disclosure commission for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, for the purposes designated:

1. For salaries and support of not more than four full-time equivalent positions, maintenance and miscellaneous purposes:

..... \$ 178,599

2. For salaries and support of not more than zero point seventy-five full-time equivalent positions for an administrative intern:

..... \$ 8,100

Sec. 3. There is appropriated from the administrative surcharge trust fund 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 purpose of rural job service office operations:

..... \$ 1,300,000

Sec. 4. There is appropriated from the general fund of the state to the department of employment services for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF LABOR SERVICES

For salaries and support for not more than eighty-four point eighty-five full-time equivalent positions, maintenance and miscellaneous purposes:

..... \$ 1,867,668

2. DIVISION OF INDUSTRIAL SERVICES

For salaries and support for not more than thirty-six point ninety-five full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 1,427,071

The division shall add three full-time employees, from the funds appropriated, to expedite the administrative hearing process for workers' compensation cases, and to reduce case backlogs. The employees shall include one deputy industrial commissioner, and two clerical employees. The division shall begin charging a sixty-five dollar filing fee for workers' compensation cases. The filing fee shall be paid by the petitioner of a claim; however, the fee can be taxed as a cost, and therefore, paid by the losing party, except in cases where it would impose an undue hardship or be unjust in the circumstances. The division shall by rule implement the filing fee.

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. 5. The department of employment services, division of labor services, may, conditioned upon the adoption of a contractor registration requirement similar to that provided for by Senate File 2318, expend up to fifty thousand dollars, or so much thereof as is necessary, out of the funds collected under the contractor registration requirements, for the purposes of implementation and administration of the contractor registration program. This appropriation is exempt from the department of management's quarterly allocation recapture procedure.

Sec. 6. 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, 1988, 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, 1988, and ending June 30, 1989, 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, 1988, and ending June 30, 1989, 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 replacing the roof of the state administrative office building.

b. The division may expend up to four hundred fifty-two thousand five hundred (452,500) 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 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 forty thousand (40,000) 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. 7. A rural job service operations study committee shall be established consisting of the following members:

- 1. One representative appointed by the speaker of the house.
- 2. One representative appointed by the house minority leader.
- 3. One senator appointed by the senate majority leader.
- 4. One senator appointed by the senate minority leader.

The legislative fiscal bureau shall provide staff assistance. The committee shall meet with the job service advisory council for the purpose of establishing criteria to be used for making changes in rural job service operations and service delivery.

Issues for consideration include, but are not limited to, the following:

- a. Evaluation of job service's administrative structure, including staffing, level of service, method of service, and organizational structure.
- b. Location of offices.
- c. Access to services and the types of services provided.
- d. Possible consolidation of similar services which are provided to similar clients.
- e. Feasibility and cost of providing certain job service functions through automation or telephone communications.

Sec. 8. There is appropriated from the administrative contribution surcharge fund of the state to the department of employment services for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF JOB SERVICE

For salaries, support, maintenance, and miscellaneous purposes of rural and satellite job service offices in population centers of less than twenty thousand:

..... \$ 3,743,151

2. DIVISION OF JOB SERVICE

For deposit in the division-approved training fund:

..... \$ 1,149,209

As a condition of these appropriations, all job service offices which were open and operating on June 30, 1988, shall remain open and operating during fiscal year 1989. However, this provision shall not prevent the consolidation of multiple offices within the same city or the collocation of a job service office with another state office.

Sec. 9. There is appropriated from the general fund of the state to the department of inspections and appeals for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. GENERAL DEPARTMENT

For salaries and support for not more than two hundred twenty-seven point five full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 3,960,680

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.

It is the intent of the general assembly that the department of inspections and appeals continue the demonstration waiver project through June 30, 1989, to encourage the development of residential care facilities, which serve persons with mental retardation, chronic mental illness, and other developmental disabilities, which have five or fewer residents for persons specified in section 225C.26. The project shall be exempt from section 135.63 through June 30, 1989. The demonstration waiver committee shall evaluate the project and make a recommendation whether to continue the project to the general assembly, on or before February 15, 1989.

2. DEPARTMENT OF INSPECTIONS AND APPEALS

For salaries and support for not more than one full-time equivalent position for a field auditor to audit bingo operations:

..... \$ 37,000

3. EMPLOYMENT APPEAL BOARD

For salaries and support for not more than one point eight full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 32,154

4. FOSTER CARE REVIEW BOARD

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

..... \$ 193,781

5. 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.

6. It is the intent of the general assembly that the board of cosmetology examiners and the board of barber examiners, as appropriate, shall increase the original and renewal license fees to operate a beauty salon and the original and renewal of a barber shop license fee as follows:

- a. A beauty shop original license fee shall be increased to thirty dollars.
- b. A beauty shop renewal license fee shall be increased to thirty dollars.
- c. A barber shop original license fee shall be increased to thirty dollars.
- d. A barber shop renewal license fee shall be increased to thirty dollars.

The board of cosmetology examiners and the board of barber examiners shall by rule implement this fee schedule.

Sec. 10. There is appropriated from the road use tax fund to the department of inspections and appeals for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, for the purposes designated:

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

..... \$ 364,857

It is the intent of the general assembly that the department of inspections and appeals cross train its employees to perform more than one form of inspection or work whenever possible.

Sec. 11. 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:

For salary adjustments:

..... \$ 24,124

Sec. 12. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, for the purposes designated:

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

..... \$ 604,405

Sec. 13.

1. There is created in the office of the treasurer of state for the professional licensing and regulation division of the department of commerce, a professional licensing revolving fund.

2. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 1988, and ending June 30, 1989, one hundred thousand dollars for deposit in the professional licensing revolving fund.

3. The amount appropriated in subsection 2 from the general fund of the state is appropriated from the professional licensing revolving fund to the treasurer of state to be transferred to and deposited in the general fund of the state no later than June 30, 1989.

4. There is appropriated from the professional licensing revolving fund to the professional licensing and regulation division of the department of commerce, for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary for the following purposes:

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

..... \$ 654,027

The professional licensing division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually.

5. It is the intent of the general assembly that the department of commerce shall transfer eighty percent of fee revenue from the professional licensing and regulation division to the professional licensing revolving fund. The department of commerce shall remit and deposit the remaining twenty percent of the professional licensing and regulation division fees to the general fund of the state.

Sec. 14. No later than January 15, 1989, the administrator of the division of professional licensing of the department of commerce shall prepare and submit a study to the general assembly evaluating the feasibility of adopting financial responsibility rules meeting the following criteria:

1. The rules shall require a member of a regulated profession to carry errors or omissions insurance to cover all regulated activities of the profession, or similar professional malpractice insurance.

2. The rules shall permit the administrator to contract with an insurance provider for a group policy for each or all professions regulated by the administrator. The contract shall be solicited by competitive, sealed bid.

3. A group policy obtained by the administrator to satisfy the mandate of subsection 1 shall be made available to all members of the regulated profession with no right on the part of the insurance provider to cancel coverage for any member.

4. A member of a profession shall have the option of obtaining insurance independently, provided that the coverage contained in an independently obtained policy complies with the minimum requirements adopted by rule of the administrator.

5. The administrator shall determine the terms and conditions of coverage for the annual policy at least thirty days prior to the annual policy renewal date. The study shall include proposed terms and conditions. A certificate of coverage, showing compliance with the required terms and conditions of coverage, must be filed with the administrator as a condition to license renewal by a member opting not to participate in the group insurance program contracted for by the administrator.

6. If the administrator is unable to obtain a group policy of errors and omissions insurance coverage at a reasonable premium to insure all members of a regulated profession who choose to participate in the group insurance program, the insurance or proof of financial responsibility requirement shall not be applicable to that profession during the applicable contract year.

The study shall include an evaluation of the availability of a group policy meeting the listed criteria, and an estimate of the premiums costs for a member of each regulated profession. The study shall describe the minimum requirements contemplated, including, but not limited to deductible amounts and minimum coverage limits. The study shall also describe the availability and cost of currently available insurance programs for each profession, both group and individual. The study shall contain a recommendation of the administrator whether to adopt professional financial responsibility rules for each regulated profession and whether to provide a group insurance policy program as described in this subsection.

Sec. 15. The Code editor shall change all references to the "real estate examining board" to read "real estate commission", to conform with amendments in this Act to section 117.8.

Sec. 16. 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, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

For salaries and support for not more than forty-four point five full-time equivalent positions, maintenance, and miscellaneous purposes:
..... \$ 1,377,154

Sec. 17. 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, 1988, and ending June 30, 1989, four million four hundred ninety-five thousand seven hundred fifty-five (4,495,755) dollars, or so much thereof as is necessary, for salaries and support for not more than eighty-three point eighty-six full-time equivalent positions, maintenance and other operational purposes or additional funds as necessary for the orderly and efficient operation of the liquor system, subject to the approval of the department of management. The department of management shall notify the legislative fiscal committee

of the need for additional funds. 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 at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

Sec. 18. The legislative fiscal bureau shall perform a joint study of the state of Iowa's wholesale liquor system. The purpose of the study is to examine the feasibility and policy issues of eliminating the current wholesale system. The study shall be submitted to the general assembly on or before January 10, 1989.

Sec. 19. 1986 Iowa Acts, chapter 1246, section 755, is hereby reenacted and remains effective to the extent that persons who were employed by the division of alcoholic beverages whose positions were terminated as a result of sections 724 through 761 of chapter 1246 of the 1986 Iowa Acts shall continue to be accorded the hiring preferences for other positions in state departments provided by section 755.

Sec. 20. There is appropriated from the banking revolving fund to the banking division of the department of commerce for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

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

..... \$ 4,960,362

The banking division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

The banking division may expend additional funds, including funds for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for bank examinations and directly result from examinations of banks. 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 banks 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. 21. 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, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

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

..... \$ 819,119

The credit union division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

The credit union division may expend additional funds, including funds for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for credit union examinations and directly result from examinations of credit unions. 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 credit unions 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. 22. 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, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

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

..... \$ 287,060

The savings and loan division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

The savings and loan division may expend additional funds, including funds for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for savings and loan examinations and directly result from examinations of savings and loans. 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 savings and loans 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. 23. There is appropriated from the insurance revolving fund to the insurance division of the department of commerce for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

For salaries and support for not more than eighty-seven point thirty-three full-time equivalent positions, maintenance and other operational purposes:

..... \$ 3,547,300

It is the intent of the general assembly that the department of commerce shall transfer sixty percent, provided that the fee increases in section 22 are implemented otherwise the department shall transfer fifty-five percent, of insurance nonexamination revenues received for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the general fund of the state.

Of the funds appropriated, forty-five thousand (45,000) dollars, or so much thereof as necessary, shall be transferred to the office of the attorney general to reimburse the office of the attorney general for one assistant attorney general. It is the intent of the general assembly that an additional forty-five thousand (45,000) dollars of the funds appropriated to the division of insurance shall be expended for the computerization of continuing education files and other automation improvements.

The insurance division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

The insurance division may expend additional funds, including funds for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for insurance company examinations and directly result from examinations of insurance companies. 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 insurance companies 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. 24.

1. It is the intent of the general assembly that the division of insurance of the department of commerce amend the current insurance agent licensing fee and securities agent license fee to provide as follows:

- a. An insurance agent license fee shall be fifty dollars once every three years and ten dollars annually for continuing education.
 - b. A securities agent license fee shall be thirty dollars annually.
2. The division shall by rule implement this fee structure.

Sec. 25. There is appropriated from the utilities trust fund to the utilities division of the department of commerce for the fiscal year beginning July 1, 1988, and ending June 30, 1989, the following amount, or so much thereof as is necessary, to be used for the following purposes:

For salaries and support for not more than ninety-six point five full-time equivalent positions, maintenance and other operational purposes:

..... \$ 4,478,319

The utilities division of the department of commerce shall transfer at the beginning of each fiscal quarter from appropriated trust funds to the administrative services trust fund an amount which represents the division's share of the estimated 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, with the first quarterly transfer to occur between July 1 and July 31 annually. At the close of the fiscal year, actual versus estimated expenditures will be reconciled and any overpayment will be returned to each division or any underpayment will be paid by each division.

Sec. 26. The racing commission shall submit the commission's fiscal year 1990 budget request in the same manner and level of detail as required by the department of management for state agencies receiving a general fund appropriation for their operations. The commission shall submit the detailed budget information to the department of management and the legislative fiscal bureau on or before October 1, 1988.

Sec. 27. Section 19A.3, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 21. A chief deputy industrial commissioner.

Sec. 28. Section 96.7, subsection 12, paragraph c, Code Supplement 1987, is amended to read as follows:

c. Moneys in the fund shall be used by the division only upon appropriation by the general assembly and only for personnel and nonpersonnel costs of rural and satellite job service offices in population centers of less than twenty thousand or for the division-approved training fund funded in section 8, subsection 2, of this Act. ~~After the end of a state fiscal year the treasurer of state shall promptly transfer all moneys in the fund which have not been appropriated or which have been appropriated but remain unencumbered or unobligated to the unemployment compensation fund.~~

Sec. 29. Section 96.11, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 14. ACCESS TO AVAILABLE JOBS LIST. The division of job service shall make available for consultation by the public, at each of the division's offices, a list of current job openings listed with the division, provided that the list shall comply with the confidentiality requirements of section 97.11,* subsection 7, or those mandated by the federal government.

Sec. 30. Section 99B.2, subsection 1, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

The ~~division~~ department of inspections and appeals shall issue the licenses required by this chapter. A license shall not be issued, except upon submission to the ~~division~~ department of

*96.11 probably intended

an application on forms furnished by the ~~division~~ department, and the required license fee. A license may be issued to an eligible applicant. An authorization number to operate may be issued to an applicant until a license is issued. However, a license or authorization number shall not be issued to an applicant who has been convicted of or pled guilty to a violation of this chapter, or who has been convicted of or pled guilty to a violation of chapter 123 that resulted, at any time, in revocation of a license issued to the applicant under chapter 123 or that resulted, within the twelve months preceding the date of application for a license required by this chapter, in suspension of a license issued under chapter 123. To be eligible for a two-year license under section 99B.7, an organization shall have been in existence at least five years prior to the date of issuance of the license. However, an organization which has been in existence for less than five years prior to the date of issuance of the license may obtain a two-year license if either of the following conditions apply:

Sec. 31. Section 99B.3, subsection 1, paragraph b, Code 1987, is amended to read as follows:

b. The person conducting the game has submitted a license application and a fee of ~~fifteen~~ fifty dollars for each game, and has been issued a license for the game, and prominently displays the license at the playing area of the game. A license is valid for a period of one year from the date of issue.

Sec. 32. Section 99B.6, subsection 1, paragraph a, Code Supplement 1987, is amended to read as follows:

a. The holder of the liquor control license or beer permit has submitted an application for a license and an application fee of one hundred fifty dollars, and has been issued a license, and prominently displays the license on the premises.

Sec. 33. Section 99B.7, subsection 3, paragraph a, Code Supplement 1987, is amended to read as follows:

3. a. A person wishing to conduct games and raffles pursuant to this section as a qualified organization shall submit an application and a license fee of one hundred fifty dollars. However, upon submission of an application accompanied by a license fee of fifteen dollars, a person may be issued a limited license which shall authorize the person to conduct all games and raffles pursuant to this section at a specified location and during a specified period of fourteen consecutive calendar days. A limited license shall not be issued more than once during any calendar year to the same person, or for the same location. For the purposes of this paragraph, a limited license is deemed to be issued on the first day of the fourteen-day period for which the license is issued.

Sec. 34. Section 99B.10, subsection 1, Code Supplement 1987, is amended to read as follows:

1. A prize of 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 of~~ one or more free games or portions of games without payment of additional consideration by the participant.

Sec. 35. Section 116.3, subsection 3, unnumbered paragraph 2, Code 1987, is amended by striking the paragraph.

Sec. 36. Section 117.8, Code 1987, is amended to read as follows:

117.8 REAL ESTATE EXAMINING BOARD COMMISSION CREATED — STAFF.

A real estate ~~examining board~~ commission is created within the professional licensing and regulation division of the department of commerce. The ~~board~~ commission consists of three members licensed under this chapter and two members not licensed under this chapter and who shall represent the general public. At least one of the licensed members shall be a licensed

real estate salesperson, except that if the licensed real estate salesperson becomes a licensed real estate broker during a term of office, that person may complete the term, but is not eligible for reappointment on the board commission as a licensed real estate salesperson. A licensed member shall be actively engaged in the real estate business and shall have been so engaged for five years preceding the appointment, the last two of which shall have been in Iowa. Professional associations or societies of real estate brokers or real estate salespersons may recommend the names of potential board commission members to the governor. However, the governor is not bound by their recommendations. A board commission member shall not be required to be a member of any professional association or society composed of real estate brokers or salespersons. Board Commission members shall be appointed by the governor subject to confirmation by the senate. Appointments shall be for three-year terms and shall commence and end as provided in section 69.19. A member shall serve no more than three terms or nine years, whichever is less. No more than one member shall be appointed from a county. A board commission member shall not hold any other elective or appointive state or federal office. Vacancies shall be filled for the unexpired term by appointment of the governor and are subject to senate confirmation. A majority of the board commission members constitutes a quorum. The administrator of the professional licensing and regulation division shall hire and provide staff to assist the board commission with implementing this chapter.

Sec. 37. Section 118.16, Code Supplement 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 14. "Interior designer" means a person using such designation in the performance of interior design services who has either passed the NCIDQ (National Council for Interior Design Qualification) prior to or subsequent to enactment of this Act, or who were qualified under established NCIDQ criteria to take the examination as of the date of enactment of this Act. An interior designer performing customary interior design services shall not be deemed to be engaged in the unlawful practice of architecture. Customary interior design services include nonstructural aspects of interior space as provided in section 118.18.

Sec. 38. Section 170.5, unnumbered paragraph 3, Code 1987, is amended by striking the unnumbered paragraph.

Sec. 39. Section 170A.5, unnumbered paragraph 3, Code 1987, is amended by striking the unnumbered paragraph.

Sec. 40. NEW SECTION. 258A.11 CONTINUING EDUCATION MINIMUM REQUIREMENTS.

The board of barber examiners and the board of cosmetology examiners, created pursuant to chapter 147, shall each require, as a condition of license renewal, a minimum of six hours of continuing education in the two years immediately prior to a licensee's license renewal.

Sec. 41. Section 546.10, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The professional licensing and regulation division of the department of commerce may expend additional funds, including funds for additional personnel, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for 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 the division does not have other funds from which the 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 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. 42. 1984 Iowa Acts, chapter 1279, section 44, is repealed.

Sec. 43. NEW SECTION. 237.23 AUTOMATIC REPEAL.

Sections 237.15 through 237.22, Code 1987, are repealed July 1, 1992.

Sec. 44. The department of human services, the foster care review board, and the supreme court shall submit a coordinated foster care plan to the legislature on or before January 15, 1989. The plan shall coordinate foster care services between the participants to avoid duplication, to improve delivery of services, and improve fact-finding, review, and appeal processes, both nonjudicial and judicial, to the extent possible. The plan should include specific proposals for legislative action necessary to implement the plan. The plan shall also include a critical review and summary of problems with the current system.

**Sec. 45. Section 714.23, unnumbered paragraph 1, Code 1987, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:*

A student enrolled in a proprietary school which offers a course of study of more than four months in length and leads to a degree, diploma, or license shall, upon terminating study in the course, be obligated to the school for costs not to exceed the following:

1. The total cost of all textbooks, tools, equipment, uniforms, and other course-related materials purchased and received by the student as of the date of termination.

2. Fees charged by the school, not to exceed one hundred fifty dollars.

3. The total tuition cost of the course multiplied by a factor whose numerator shall be the time the student was in attendance and whose denominator shall be the total length of the course. In determining the student's tuition obligation to the school, the following rules shall apply:

a. The student's starting date shall be the first day the student attends classes.

b. The student's termination date shall be the last day the student attends classes.

c. Time in attendance shall be the actual time the student was at the school; total length of the course shall be stated in identical units as time in attendance.

*All moneys collected by the proprietary school from or for the benefit of the student in excess of the total of subsections 1 through 3 shall, within thirty days of the student's termination date, be returned to the appropriate agency or person. For purposes of this chapter, unless the context otherwise requires, "proprietary school" means a person offering a course of instruction at the postsecondary level, for profit, that is more than four months in length and leads to a degree, diploma, or license.**

**Sec. 46. NEW SECTION. 714.24 PERFORMANCE BOND.*

A proprietary school shall, prior to enrollment of any students and thereafter annually on or before June 30 of each year, present evidence to the attorney general that the school has obtained a performance bond to be used to make refunds of moneys received by the school for the benefit of students in the event the school ceases business or is otherwise unable to perform as required by section 714.23.

*The amount of the performance bond shall be fifty thousand dollars for a school which has not operated in the state in the previous twelve months, and shall be fifty thousand dollars or twenty-five percent of the school's previous year's tuition receipts, whichever is less, for a school which has operated in the state in the previous calendar year.**

*Item veto; see message at end of the Act

Sec. 47. **NEW SECTION. 714.25 DISCLOSURE.**

A proprietary school located within the state shall, prior to the time a student is obligated for payment of any moneys, inform the student of all of the following:

1. The total cost of the course of instruction as charged by the school.
2. An estimate of any fees which may be charged the student by others which would be required if the student is to successfully complete the course and, if applicable, obtain a degree, diploma, or license.
3. The percentage of students who successfully complete the course, the percentage who terminate prior to completing the course, and the period of time upon which the school has based these percentages. The reporting period shall not be less than one year in length and shall not extend more than five years into the past.
4. If claims are made by the school as to successful placement of students in jobs upon completion of the course of study, the school shall provide the student with all of the following:
 - a. The percentage of graduating students who were placed in jobs in fields related to the course of instruction.
 - b. The percentage of graduating students who went on to further education immediately upon graduation.
 - c. The percentage of students who, ninety days after graduation, were without a job and had not gone on to further education.
 - d. The period of time upon which the reports required by paragraphs "a" through "c" were based. The reporting period shall not be less than one year in length and shall not extend more than five years into the past.
5. If claims are made by the school as to income levels of students who have graduated and are working in fields related to the school's course of instruction, the school shall inform the student of the method used to derive such information.

Sec. 48. 1986 Iowa Acts, chapter 1245, section 763, is repealed.

Sec. 49. Section 114.23, Code 1987, is repealed.

Sec. 50. Sections 3 and 11 of this Act, being deemed of immediate importance, are effective upon enactment.

Sec. 51. Section 43 of this Act is effective June 30, 1988.

Sec. 52. All federal grants to and the federal receipts of the agencies appropriated funds under this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

Approved April 13, 1988, except the items which I hereby disapprove and which are designated as section 45 and section 46. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Speaker of the House of Representatives this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, *Governor*

Dear Mr. Speaker:

I hereby transmit House File 2444, an Act relating to regulatory bodies of state government by making appropriations to agencies, boards, commissions, departments, and programs of state government including the auditor of state, campaign finance, employment services, labor services, industrial services, job services, inspections and appeals, commerce, professional licensing and regulation, insurance, alcoholic beverages, banking, credit union, savings and loan, and utilities, by mandating certain studies, policies, and other actions by certain regulatory bodies, by increasing certain fees, by allocating certain expenses between state agencies, and by exempting certain regulatory personnel from the merit pay system and providing certain effective dates.

House File 2444 is approved with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 45 of House File 2444.

Section 45 of House File 2444 puts in place an excessively strict tuition refund provision for proprietary schools. The proportionate tuition refund provision in this bill is far more extreme than the tuition refund policies utilized by the Regents and the community colleges. For example, if a student drops a course four weeks into the semester at a Regent institution or five weeks into a course at an area school, the student forfeits any possibility for a refund of their tuition. Under Section 45 of House File 2444, if a student drops out after four weeks in a course at a proprietary college, 80 percent of all tuition paid would have to be refunded.

It is clear that proprietary schools do have longer course years than the Regent institutions. However, a strict proportionate refund provision ignores the fact that these schools have significant fixed costs. Commitments must be made to teachers and associated supplies and services once the course begins. Allowing a student to drop out at any time during the length of that course and receive a proportionate reduction in their tuition ignores the need for schools to cover these necessary fixed costs. Indeed, applying this strict tuition refund method could cause many cosmetology schools to go out of business.

In short, the proportionate tuition refund provision of Section 45 is excessive when compared with similar policies put in place at public postsecondary and educational institutions and could be an economic backbreaker for many of these institutions. I encourage the General Assembly to work to develop an appropriate tuition refund provision which will provide appropriate protection to students while recognizing the necessary fixed costs at these institutions.

I am unable to approve the item designated as Section 46 of House File 2444.

This item requires each proprietary school to obtain a performance bond of \$50,000 in order to operate in the state of Iowa. I understand that this performance bond provision was in response to a recent closing of a beauty college in Des Moines. However, the level of bonding authorized — \$50,000 — is not sufficient to provide significant long-term protection for students and would increase the cost these students would have to pay in order to attend these institutions. If proprietary school closings become a major concern, I would suggest that the cosmetology school association consider some kind of umbrella policy to protect students at all the institutions. Requiring individual bonding for each institution is an unnecessary burden and an excessive cost for students in our state.

My office has been in close communication with key legislators who have worked on this issue. They have indicated support for my action to item veto these sections of House File 2444 and that they have worked out a compromise with all the appropriate parties to provide appropriate protections for students and to allow proprietary institutions to stay in business. I encourage

the General Assembly to take swift action yet this General Assembly to adopt that compromise, which is supported by bipartisan leadership.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2444 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD, *Governor*