

I am unable to approve the item designated as section 14, subsection 2, unnumbered and unlettered paragraph 2, in its entirety. This item states the legislature's intent relating to funds to be appropriated in fiscal year 1999 and thereafter. Language directing or restricting the use of certain funds is more appropriately provided in the year the funds are appropriated.

I am unable to approve the item designated as section 14, subsection 4, unnumbered and unlettered paragraph 2, in its entirety. This item would require the Council on Human Investment to inform the legislature on the progress made toward the adoption of state agency budget performance measures. Requiring the Council on Human Investment to provide this information is not appropriate as neither the selection nor adoption of performance measures falls within the responsibilities of the Council.

I am unable to approve the item designated as section 23, unnumbered and unlettered paragraph 2, in its entirety. This item would limit lottery marketing and public information expenses to three percent of lottery revenues. Commissioner Ed Stanek has done an outstanding job of managing an honest, efficient, and well run lottery. If the state is to maintain a lottery, adequate flexibility must continue to be provided to ensure a well run program. This provision would unduly restrict the commissioner's ability to effectively operate the state lottery.

I am unable to approve the item designated as section 28, in its entirety. This item would require state agencies to conform to certain staffing and office supply expense standards in preparing their budgets for fiscal year 1999. Strict compliance with such standards is impractical given the different staffing and supply needs of the various agencies.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 529 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 212
APPROPRIATIONS — EDUCATION
S.F. 549

AN ACT relating to the funding of, operation of, and appropriation of moneys to the college student aid commission, the department of cultural affairs, the department of education, the state board of regents, to the transfer of moneys from the interest for Iowa schools fund, and making related statutory changes and providing effective date and applicability provisions.

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

COLLEGE STUDENT AID COMMISSION

Section 1. There is appropriated from the general fund of the state to the college student aid commission for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as may be necessary, to be used for the purposes designated:

1. **GENERAL ADMINISTRATION**

For salaries, support, maintenance, miscellaneous purposes, and for not more than the

following full-time equivalent positions:

.....	\$	310,847
.....	FTEs	6.65

If the amount of federal moneys received by the college student aid commission during the fiscal year beginning July 1, 1997, and ending June 30, 1998, for state student incentive grants exceeds the amount of federal moneys received for those programs during the fiscal year beginning July 1, 1996, and ending June 30, 1997, the additional moneys received during the fiscal year beginning July 1, 1997, shall be used for vocational-technical tuition grants as provided in section 261.17. Additional moneys used as provided in this unnumbered paragraph shall supplement, not supplant, moneys appropriated or allocated by the general assembly for purposes of awarding vocational-technical tuition grants as provided in section 261.17.

2. UNIVERSITY OF OSTEOPATHIC MEDICINE AND HEALTH SCIENCES

a. For forgivable loans to Iowa students attending the university of osteopathic medicine and health sciences, under the forgivable loan program pursuant to section 261.19A or section 261.19 as amended by 1997 Iowa Acts, House File 410, if enacted:**

.....	\$	379,260
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b. For the university of osteopathic medicine and health sciences for an initiative in primary health care to direct primary care physicians to shortage areas in the state:

.....	\$	395,000
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3. STUDENT AID PROGRAMS

For payments to students for the Iowa grant program:

.....	\$	1,397,790
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4. NATIONAL GUARD TUITION AID PROGRAM

For purposes of providing national guard tuition aid under the program established in section 261.21:

.....	\$	625,000
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5. CHIROPRACTIC GRADUATE STUDENT FORGIVABLE LOAN PROGRAM

For purposes of providing forgivable loans under the program established in section 261.71:

.....	\$	70,000
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Sec. 2. Notwithstanding section 261.21, for the fiscal year beginning July 1, 1997, and ending June 30, 1998, a national guard member who has not earned college credit hours in an amount necessary to be considered a junior or senior shall be given highest priority for tuition aid under the national guard tuition aid program.

Sec. 3. There is appropriated from the loan reserve account to the college student aid commission for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amount, or so much thereof as may be necessary, to be used for the purpose designated:

For operating costs of the Stafford loan program including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	5,161,902
.....	FTEs	32.35

Sec. 4. Notwithstanding the maximum allowed balance requirement of the scholarship and tuition grant reserve fund as provided in section 261.20, there is appropriated from the scholarship and tuition grant reserve fund to the college student aid commission for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the moneys remaining in the fund following transfer, pursuant to section 261.20 for the fiscal years ending June 30, 1996, and June 30, 1997, which are to be used for purposes of Iowa vocational-technical tuition grants in accordance with section 261.17. Funds appropriated in this section are in addition to funds appropriated in section 261.25, subsection 3.

* Item veto; see message at end of the Act
 ** Chapter 134 herein

DEPARTMENT OF CULTURAL AFFAIRS

Sec. 5. There is appropriated from the general fund of the state to the department of cultural affairs for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ARTS DIVISION

For salaries, support, maintenance, miscellaneous purposes, including funds to match federal grants, for areawide arts and cultural service organizations that meet the requirements of chapter 303C, and for not more than the following full-time equivalent positions:

.....	\$	1,162,167
.....	FTEs	9.50

2. HISTORICAL DIVISION

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

.....	\$	2,790,905
.....	FTEs	60.00

3. HISTORIC SITES

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

.....	\$	533,917
.....	FTEs	8.00

4. ADMINISTRATION

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

.....	\$	223,920
.....	FTEs	4.30

The department of cultural affairs shall coordinate activities with the tourism division of the department of economic development to promote attendance at the state historical building and at this state's historic sites.

5. COMMUNITY CULTURAL GRANTS

For planning and programming for the community cultural grants program established under section 303.3, and for not more than the following full-time equivalent position:

.....	\$	708,680
.....	FTE	0.70

Sec. 6. Notwithstanding section 8.33 and 1996 Iowa Acts, chapter 1215, section 5, subsection 3, of the funds appropriated and allocated for historic sites pursuant to 1996 Iowa Acts, chapter 1215, section 5, subsection 3, that remain unencumbered or unobligated on June 30, 1997, the amount of \$50,000 shall not revert to the general fund of the state but shall be allocated to the department of cultural affairs which shall distribute the moneys to the Iowa state arts council for the fiscal year beginning July 1, 1997, and ending June 30, 1998, for purposes of awarding operational support grants.

DEPARTMENT OF EDUCATION

Sec. 7. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as may be necessary, to be used for the purposes designated:

1. GENERAL ADMINISTRATION

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

.....	\$	5,469,602
.....	FTEs	95.95

The department of education shall conduct a study of phase I of the educational excellence

program as provided in chapter 294A. The purpose of the study shall be to determine options for decreasing the need for state funding of phase I of the education excellence program and for shifting funding to phase II of the educational excellence program. The department shall submit a report of its findings and recommendations to the general assembly by December 31, 1997.

The director of the department of education shall convene a study committee during the 1997 legislative interim consisting of the co-chairpersons of the joint appropriations subcommittee on education; two members of the governing board of the first in the nation in education foundation, who shall be appointed by the chairperson of the governing board; and the director of the department of education. The study committee shall do the following:

- a. Study how to maintain the autonomy of the foundation.
 - b. Develop strategies that allow the foundation's funds to be invested in such a way as to increase the interest earned.
 - c. Explore ways to enhance the research and dissemination functions of the foundation.
 - d. Determine methods for reporting foundation activities that impact Iowa education.
- The study committee shall report its findings and recommendations in a report to the general assembly by October 1, 1997.

2. VOCATIONAL EDUCATION ADMINISTRATION

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

.....	\$	519,674
.....	FTEs	15.60

3. BOARD OF EDUCATIONAL EXAMINERS

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

.....	\$	198,504
.....	FTEs	2.00

4. VOCATIONAL REHABILITATION SERVICES DIVISION

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

.....	\$	4,349,622
.....	FTEs	298.25

The division of vocational rehabilitation services shall seek funds other than federal funds, which may include but are not limited to local funds from local provider entities, community colleges, area education agencies, and local education agencies, for purposes of matching federal vocational rehabilitation funds. The funds collected by the division may exceed the amount needed to match available federal vocational rehabilitation funds in an effort to qualify for additional federal funds when such funds become available.

Except where prohibited under federal law, the division of vocational rehabilitation services of the department of education shall accept client assessments, or assessments of potential clients, performed by other agencies in order to reduce duplication of effort.

Notwithstanding the full-time equivalent position limit established in this subsection, for the fiscal year ending June 30, 1998, if federal funding is received to pay the costs of additional employees for the vocational rehabilitation services division who would have duties relating to vocational rehabilitation services paid for through federal funding, authorization to hire not more than four additional full-time equivalent employees shall be provided, the full-time equivalent position limit shall be exceeded, and the additional employees shall be hired by the division.

b. For matching funds for programs to enable persons with severe physical or mental disabilities to function more independently, including salaries and support, and for not more than the following full-time equivalent positions:

.....	\$	75,381
.....	FTEs	1.50

The highest priority use for the moneys appropriated under this lettered paragraph shall

be for programs that emphasize employment and assist persons with severe physical or mental disabilities to find and maintain employment to enable them to function more independently.

5. STATE LIBRARY

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

.....	\$	2,734,725
.....	FTEs	21.00

The state library shall begin implementing the 1996 Iowa joint use library guide commencing July 1, 1997.

Reimbursement of the institutions of higher learning under the state board of regents for participation in the access plus program during the fiscal year beginning July 1, 1997, and ending June 30, 1998, shall not exceed the total amount of reimbursement paid to the regents institutions of higher learning for participation in the access plus program during the fiscal year beginning July 1, 1996, and ending June 30, 1997.

6. REGIONAL LIBRARY

For state aid:

.....	\$	1,537,000
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7. PUBLIC BROADCASTING DIVISION

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

.....	\$	7,226,694
.....	FTEs	113.50

8. IOWA MATHEMATICS AND SCIENCE COALITION

For support of the Iowa mathematics and science coalition:

.....	\$	50,000
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9. VOCATIONAL EDUCATION TO SECONDARY SCHOOLS

For reimbursement for vocational education expenditures made by secondary schools:

.....	\$	3,308,850
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Funds appropriated in this subsection shall be used for expenditures made by school districts to meet the standards set in sections 256.11, 258.4, and 260C.14 as a result of the enactment of 1989 Iowa Acts, chapter 278. Funds shall be used as reimbursement for vocational education expenditures made by secondary schools in the manner provided by the department of education for implementation of the standards set in 1989 Iowa Acts, chapter 278.

10. SCHOOL FOOD SERVICE

For use as state matching funds for federal programs that shall be disbursed according to federal regulations, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,716,859
.....	FTEs	14.00

11. TEXTBOOKS OF NONPUBLIC SCHOOL PUPILS

To provide funds for costs of providing textbooks to each resident pupil who attends a nonpublic school as authorized by section 301.1. The funding is limited to \$20 per pupil and shall not exceed the comparable services offered to resident public school pupils:

.....	\$	616,000
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12. VOCATIONAL AGRICULTURE YOUTH ORGANIZATION

To assist a vocational agriculture youth organization sponsored by the schools to support the foundation established by that vocational agriculture youth organization and for other youth activities:

.....	\$	107,900
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13. FAMILY RESOURCE CENTERS

For support of the family resource center demonstration program established under chapter 256C:

.....	\$	120,000
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14. READING RECOVERY PROGRAM

For allocation to area education agencies to assist school districts in developing reading recovery programs:

..... \$ 50,000

Moneys appropriated to or paid to the department of education for purposes of the reading recovery program shall be allocated to area education agencies in the proportion that the number of children who are eligible for free or reduced price meals under the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. § 1751 – 1785, in the basic enrollment of grades one through six in the area served by an agency, bears to the sum of the number of children who are eligible for free or reduced price meals under the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. § 1751 – 1785, in the basic enrollments of grades one through six in all of the areas served by area education agencies in the state for the budget year.

15. REHABILITATING COMPUTERS FOR SCHOOLS AND LIBRARIES

..... \$ 50,000

16. LOCAL ARTS COMPREHENSIVE EDUCATIONAL STRATEGIES PROGRAM (LACES)

..... \$ 25,000

17. COMMUNITY COLLEGES

For general state financial aid distributed as provided in section 260C.18A, including general financial aid to merged areas in lieu of personal property tax replacement payments under section 427A.13, to merged areas as defined in section 260C.2, for vocational education programs in accordance with chapters 258 and 260C:

..... \$ 130,582,051

The funds appropriated in this subsection shall be allocated as follows:

a. Merged Area I	\$	6,236,541
b. Merged Area II	\$	7,353,865
c. Merged Area III	\$	6,943,989
d. Merged Area IV	\$	3,383,065
e. Merged Area V	\$	7,076,264
f. Merged Area VI	\$	6,557,575
g. Merged Area VII	\$	9,354,212
h. Merged Area IX	\$	11,469,275
i. Merged Area X	\$	17,802,012
j. Merged Area XI	\$	19,018,739
k. Merged Area XII	\$	7,554,167
l. Merged Area XIII	\$	7,726,323
m. Merged Area XIV	\$	3,426,976
n. Merged Area XV	\$	10,689,360
o. Merged Area XVI	\$	5,989,688

Sec. 8. Notwithstanding section 8.33 and section 256.39, subsection 7, unobligated or unencumbered moneys remaining on June 30, 1997, from the appropriation made in 1995 Iowa Acts, chapter 218, section 1, subsection 11, for purposes of the career pathways program, shall not revert but shall be available for expenditure for the program during the fiscal year beginning July 1, 1997, and ending June 30, 1998.

Sec. 9. Notwithstanding section 8.33, of the unencumbered or unobligated funds remaining on June 30, 1997, from moneys appropriated in 1996 Iowa Acts, chapter 1215, section 6, subsection 5, \$120,000 shall not revert to the general fund of the state but shall be available the following fiscal year for expenditure for maintenance of the state of Iowa libraries online (SILO) program.

Sec. 10. A school district shall not receive funds from the new Iowa schools development corporation for more than three consecutive years, effective July 1, 1998. The corporation

shall place a high priority on increasing the number of school districts the corporation serves. The corporation shall study the methods by which it can increase the number of school districts served, analyze the services provided to school districts, and determine the average amount of time necessary to adequately serve a school district. The corporation shall submit its findings and recommendations to the general assembly by December 31, 1997.

STATE BOARD OF REGENTS

Sec. 11. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as may be necessary, to be used for the purposes designated:

1. OFFICE OF STATE BOARD OF REGENTS

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

.....	\$	1,140,525
.....	FTEs	15.63

If the moneys appropriated in this lettered paragraph are augmented by reimbursements from the institutions under the control of the state board of regents for the funding of the office of the state board of regents, the office shall report quarterly such reimbursements to the chairpersons and ranking members of the joint appropriations subcommittee on education.

The board shall prepare and submit a quarterly report, regarding the board office budget and the reimbursements provided to the board by the institutions of higher learning under the control of the board, to the general assembly and the legislative fiscal bureau.

b. For allocation by the state board of regents to the state university of Iowa, the Iowa state university of science and technology, and the university of northern Iowa to reimburse the institutions for deficiencies in their operating funds resulting from the pledging of tuitions, student fees and charges, and institutional income to finance the cost of providing academic and administrative buildings and facilities and utility services at the institutions:

.....	\$	27,786,234
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(1) The state board of regents, the department of management, and the legislative fiscal bureau shall cooperate to determine and agree upon, by November 15, 1997, the amount that needs to be appropriated for tuition replacement for the fiscal year beginning July 1, 1998.

(2) Notwithstanding section 8.33, funds appropriated in this lettered paragraph remaining unencumbered or unobligated on June 30, 1998, shall not revert to the general fund of the state but shall be available for expenditure for the purposes listed in this lettered paragraph during the subsequent fiscal year.

c. For funds to be allocated to the southwest Iowa graduate studies center:

.....	\$	106,109
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d. For funds to be allocated to the siouxland interstate metropolitan planning council for the tristate graduate center under section 262.9, subsection 21:

.....	\$	76,778
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e. For funds to be allocated to the quad-cities graduate studies center:

.....	\$	158,230
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2. STATE UNIVERSITY OF IOWA

a. General university, including lakeside laboratory

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

.....	\$	213,451,453
.....	FTEs	4,034.67

b. For the primary health care initiative in the college of medicine and for not more than the following full-time equivalent positions:

.....	\$	800,600
.....	FTEs	11.00

From the moneys appropriated in this lettered paragraph, \$330,000 shall be allocated to the department of family practice at the state university of Iowa college of medicine for family practice faculty and support staff.

c. University hospitals

For salaries, support, maintenance, equipment, and miscellaneous purposes and for medical and surgical treatment of indigent patients as provided in chapter 255, for medical education, and for not more than the following full-time equivalent positions:

.....	\$	30,134,503
.....	FTEs	5,523.11

The university of Iowa hospitals and clinics, the Iowa department of corrections, and the association of Iowa hospitals and health systems shall jointly develop and issue recommendations relating to localizing indigent health care services, including but not limited to health care services to inmates, the potential application of telemedicine in providing health care services to inmates, and the feasibility of establishing a corrections infirmary, in a report to be submitted to the general assembly by January 1, 1998.

The university of Iowa hospitals and clinics shall submit quarterly a report regarding the portion of the appropriation in this lettered paragraph expended on medical education. The report shall be submitted in a format jointly developed by the university of Iowa hospitals and clinics, the legislative fiscal bureau, and the department of management, and shall delineate the expenditures and purposes of the funds.

Funds appropriated in this lettered paragraph shall not be used to perform abortions except medically necessary abortions, and shall not be used to operate the early termination of pregnancy clinic except for the performance of medically necessary abortions. For the purpose of this lettered paragraph, an abortion is the purposeful interruption of pregnancy with the intention other than to produce a live-born infant or to remove a dead fetus, and a medically necessary abortion is one performed under one of the following conditions:

- (1) The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.
- (2) The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.
- (3) The pregnancy is the result of a rape which is reported within 45 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.
- (4) The pregnancy is the result of incest which is reported within 150 days of the incident to a law enforcement agency or public or private health agency which may include a family physician.
- (5) The abortion is a spontaneous abortion, commonly known as a miscarriage, wherein not all of the products of conception are expelled.

The total quota allocated to the counties for indigent patients for the fiscal year beginning July 1, 1997, shall not be lower than the total quota allocated to the counties for the fiscal year commencing July 1, 1996. The total quota shall be allocated among the counties on the basis of the 1990 census pursuant to section 255.16.

d. Psychiatric hospital

For salaries, support, maintenance, equipment, miscellaneous purposes, for the care, treatment, and maintenance of committed and voluntary public patients, and for not more than the following full-time equivalent positions:

.....	\$	7,438,304
.....	FTEs	305.77

e. Hospital-school

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

.....	\$	6,188,179
.....	FTEs	168.55

f. Oakdale campus

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

.....	\$	2,952,280
.....	FTEs	63.58

g. State hygienic laboratory

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

.....	\$	3,472,190
.....	FTEs	102.49

h. Family practice program

For allocation by the dean of the college of medicine, with approval of the advisory board, to qualified participants, to carry out chapter 148D for the family practice program, including salaries and support, and for not more than the following full-time equivalent positions:

.....	\$	2,140,381
.....	FTEs	180.74

i. Child health care services

For specialized child health care services, including childhood cancer diagnostic and treatment network programs, rural comprehensive care for hemophilia patients, and the Iowa high-risk infant follow-up program, including salaries and support, and for not more than the following full-time equivalent positions:

.....	\$	490,058
.....	FTEs	10.27

j. Agricultural health and safety programs

For agricultural health and safety programs, and for not more than the following full-time equivalent positions:

.....	\$	259,543
.....	FTEs	3.48

k. Statewide cancer registry

For the statewide cancer registry, and for not more than the following full-time equivalent positions:

.....	\$	199,894
.....	FTEs	3.07

l. Substance abuse consortium

For funds to be allocated to the Iowa consortium for substance abuse research and evaluation, and for not more than the following full-time equivalent positions:

.....	\$	66,561
.....	FTEs	1.15

m. Center for biocatalysis

For the center for biocatalysis, and for not more than the following full-time equivalent positions:

.....	\$	1,039,826
.....	FTEs	10.40

n. National advanced driving simulator

For the national advanced driving simulator, and for not more than the following full-time equivalent positions:

.....	\$	618,479
.....	FTEs	3.58

3. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

a. General university

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

.....	\$	169,721,402
.....	FTEs	3,595.49

b. Agricultural experiment station

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

.....	\$	32,742,389
.....	FTEs	546.98

c. Cooperative extension service in agriculture and home economics

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

.....	\$	19,970,547
.....	FTEs	431.85

d. Leopold center

For agricultural research grants at Iowa state university under section 266.39B, and for not more than the following full-time equivalent positions:

.....	\$	564,718
.....	FTEs	11.25

e. Livestock disease research

For deposit in and the use of the livestock disease research fund under section 267.8, and for not more than the following full-time equivalent positions:

.....	\$	276,335
.....	FTEs	3.17

4. UNIVERSITY OF NORTHERN IOWA**a. General university**

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

.....	\$	75,357,005
.....	FTEs	1,344.14

b. Recycling and reuse center

For purposes of the recycling and reuse center and for not more than the following full-time equivalent position:

.....	\$	239,745
.....	FTE	0.50

5. STATE SCHOOL FOR THE DEAF

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

.....	\$	6,935,267
.....	FTEs	124.14

6. IOWA BRAILLE AND SIGHT SAVING SCHOOL

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

.....	\$	3,864,065
.....	FTEs	91.36

7. TUITION AND TRANSPORTATION COSTS

For payment to local school boards for the tuition and transportation costs of students residing in the Iowa braille and sight saving school and the state school for the deaf pursuant to section 262.43 and for payment of certain clothing and transportation costs for students at these schools pursuant to section 270.5:

.....	\$	16,400
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Sec. 12. Reallocations of sums received under section 11, subsections 2, 3, 4, 5, and 6, of this Act, including sums received for salaries, shall be reported on a quarterly basis to the co-chairpersons and ranking members of the legislative fiscal committee and the joint appropriations subcommittee on education.

Sec. 13. Notwithstanding section 8.33, funds appropriated in 1996 Iowa Acts, chapter 1215, section 12, subsection 1, paragraph "b", remaining unencumbered or unobligated on June 30, 1997, shall not revert to the general fund of the state but shall be available for expenditure for the purposes listed in section 11, subsection 1, paragraph "b", of this Act during the fiscal year beginning July 1, 1997, and ending June 30, 1998.

Sec. 14. Notwithstanding section 8.33, funds appropriated in 1996 Iowa Acts, chapter 1215, section 12, subsection 2, paragraph "n", remaining unencumbered or unobligated on June 30, 1997, shall not revert to the general fund of the state but shall be available for expenditure for the purposes listed in section 11, subsection 2, paragraph "n", of this Act.

Sec. 15. **MEDICAL ASSISTANCE — SUPPLEMENTAL AMOUNTS.** For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the department of human services shall continue the supplemental disproportionate share and a supplemental indirect medical education adjustment applicable to state-owned acute care hospitals with more than 500 beds and shall reimburse qualifying hospitals pursuant to that adjustment with a supplemental amount for services provided medical assistance recipients. The adjustment shall generate supplemental payments intended to equal the state appropriation made to a qualifying hospital for treatment of indigent patients as provided in chapter 255. To the extent of the supplemental payments, a qualifying hospital shall, after receipt of the funds, transfer to the department of human services an amount equal to the actual supplemental payments that were made in that month. The aggregate amounts for the fiscal year shall not exceed the state appropriation made to the qualifying hospital for treatment of indigent patients as provided in chapter 255. The department of human services shall deposit the portion of these funds equal to the state share in the department's medical assistance account and the balance shall be credited to the general fund of the state. To the extent that state funds appropriated to a qualifying hospital for the treatment of indigent patients as provided in chapter 255 have been transferred to the department of human services as a result of these supplemental payments made to the qualifying hospital, the department shall not, directly or indirectly, recoup the supplemental payments made to a qualifying hospital for any reason, unless an equivalent amount of the funds transferred to the department of human services by a qualifying hospital pursuant to this provision is transferred to the qualifying hospital by the department.

If the state supplemental amount allotted to the state of Iowa for the federal fiscal year beginning October 1, 1997, and ending September 30, 1998, pursuant to section 1923(f)(3) of the federal Social Security Act, as amended, or pursuant to federal payments for indirect medical education is greater than the amount necessary to fund the federal share of the supplemental payments specified in the preceding paragraph, the department of human services shall increase the supplemental disproportionate share or supplemental indirect medical education adjustment by the lesser of the amount necessary to utilize fully the state supplemental amount or the amount of state funds appropriated to the state university of Iowa general education fund and allocated to the university for the college of medicine. The state university of Iowa shall transfer from the allocation for the college of medicine to the department of human services, on a monthly basis, an amount equal to the additional supplemental payments made during the previous month pursuant to this paragraph. A qualifying hospital receiving supplemental payments pursuant to this paragraph that are greater than the state appropriation made to the qualifying hospital for treatment of indigent patients as provided in chapter 255 shall be obligated as a condition of its participation in the medical assistance program to transfer to the state university of Iowa general education fund on a monthly basis an amount equal to the funds transferred by the state university of Iowa to the department of human services. To the extent that state funds appropriated to the state university of Iowa and allocated to the college of medicine have been transferred to the department of human services as a result of these supplemental payments made to the qualifying hospital, the department shall not, directly or indirectly, recoup these supple-

mental payments made to a qualifying hospital for any reason, unless an equivalent amount of the funds transferred to the department of human services by the state university of Iowa pursuant to this paragraph is transferred to the qualifying hospital by the department.

Continuation of the supplemental disproportionate share and supplemental indirect medical education adjustment shall preserve the funds available to the university hospital for medical and surgical treatment of indigent patients as provided in chapter 255 and to the state university of Iowa for educational purposes at the same level as provided by the state funds initially appropriated for that purpose.

The department of human services shall, in any compilation of data or other report distributed to the public concerning payments to providers under the medical assistance program, set forth reimbursements to a qualifying hospital through the supplemental disproportionate share and supplemental indirect medical education adjustment as a separate item and shall not include such payments in the amounts otherwise reported as the reimbursement to a qualifying hospital for services to medical assistance recipients.

For purposes of this section, "supplemental payment" means a supplemental payment amount paid for medical assistance to a hospital qualifying for that payment under this section.

Sec. 16. For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the state board of regents may use notes, bonds, or other evidences of indebtedness issued under section 262.48 to finance projects that will result in energy cost savings in an amount that will cause the state board to recover the cost of the projects within an average of six years.

Sec. 17. REMAINING INTEREST FOR IOWA SCHOOLS FUND BALANCE. Notwithstanding section 257B.1A, subsection 5, Code 1995, or any other provision to the contrary, the interest remaining unencumbered or unobligated on June 30, 1996, in the interest for Iowa schools fund, after the total of the transfer of moneys to the first in the nation in education foundation pursuant to section 257B.1A, subsection 2, and after the transfer of moneys to the international center endowment fund in section 257B.1A, subsection 3, paragraph "a", shall be transferred to the state board of regents, which shall distribute the moneys by July 1, 1997, to the state university of Iowa for the fiscal year beginning July 1, 1997, and ending June 30, 1998, for purposes of the reading recovery program. The university of Iowa shall work with the department of education to coordinate the support system for delivery of the reading recovery program to school districts.

Sec. 18. Notwithstanding section 270.7, the department of revenue and finance shall pay the state school for the deaf and the Iowa braille and sight saving school the moneys collected from the counties during the fiscal year beginning July 1, 1997, for expenses relating to prescription drug costs for students attending the state school for the deaf and the Iowa braille and sight saving school.

Sec. 19. ADDITIONAL FUNDING FOR PROGRAMS FOR AT-RISK CHILDREN. In addition to the funds appropriated in section 279.51, subsection 1, there is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the amount of \$190,000 to be allocated to the child development coordinating council established in chapter 256A for the purposes set out in section 279.51, subsection 2, and section 256A.3.

Sec. 20. Section 19A.3, subsection 24, unnumbered paragraph 2, Code 1997, is amended to read as follows:

The director of the department of personnel shall negotiate ~~agreements~~ an agreement with the director of the department for the blind ~~and with the director of the department of education~~ concerning the applicability of the merit system to the professional employees of ~~their respective agencies~~ the department for the blind.

Sec. 21. Section 256.10, Code 1997, is amended to read as follows:
256.10 EMPLOYMENT OF PROFESSIONAL STAFF.

The salary of the director shall be fixed by the governor within a range established by the general assembly. Appointments to the professional staff of the department shall be without reference to political party affiliation, religious affiliation, sex, or marital status, but shall be based solely upon fitness, ability, and proper qualifications for the particular position. The professional staff shall serve at the discretion of the director. A member of the professional staff shall not be dismissed for cause without at least ninety days' notice, ~~except in cases of conviction of a felony or cases involving moral turpitude~~ appropriate due process procedures including a hearing. ~~In cases of procedure for dismissal, the accused has the same right to notice and hearing as teachers in the public school systems as provided in section 279.27 to the extent that it is applicable.~~

*Sec. 22. Section 257B.1A, Code 1997, is amended by striking the section and inserting in lieu thereof the following:

257B.1A INTEREST FOR IOWA SCHOOLS FUND — TRANSFER OF INTEREST.

1. The interest for Iowa schools fund is established in the office of the treasurer of state. The department of revenue and finance shall deposit interest earned on the permanent school fund in the interest for Iowa schools fund. Of the interest deposited in the interest for Iowa schools fund each year, fifty percent shall be transferred to the first in the nation in education foundation as established in section 257A.1 and fifty percent shall be transferred to the international center for gifted and talented education endowment fund established in section 263.8A. The department of revenue and finance shall transfer interest as provided in this section on a quarterly basis. As a condition of receiving funds under this section, the foundation and the center shall maintain and continue to increase the balances of their private foundations. In addition, the foundation and the center shall each certify to the department of revenue and finance and the general assembly, by January 1 of each year, the cumulative total value of contributions received during the preceding calendar year.

2. If the general assembly appropriates funds to the international center endowment fund in the amount of not less than eight hundred seventy-five thousand dollars prior to July 1, 1998, the center's interest allocation shall decrease to twenty-five percent. If the general assembly appropriates funds to the international center endowment fund in an amount of not less than one million five hundred fifty thousand dollars, the center shall no longer receive an interest allocation.

3. The foundation shall use for administrative costs not more than twenty-five percent of any moneys received annually pursuant to this section.*

*Sec. 23. Section 260C.14, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. Cause to be printed on all statements of account for payment of tuition and fees issued by the community college the portion of the average cost of an Iowa resident student's education at that community college that is paid by appropriations from the general fund of the state. The information, rounded to the nearest one-tenth of one percent and the nearest whole dollar, shall be included in the following statement:

"Tuition pays for approximately ___% of the average cost for a resident Iowa student at this community college. The State of Iowa pays approximately \$ ___ of the average cost for a full-time state resident student at this community college."*

Sec. 24. Section 260C.29, subsections 1 and 2, Code 1997, are amended to read as follows:

1. The mission of the ~~career opportunity~~ academic incentives for minorities program established in this section is to encourage collaborative efforts by a community ~~college~~ colleges, the institutions of higher learning under the control of the state board of regents, and business and industry to enhance the educational opportunities and provide for job

* Item veto; see message at end of the Act

creation and career advancement for Iowa's ~~minority persons~~ minorities by providing assistance to ~~minority persons~~ minorities who major in fields or subject areas where minorities are currently underrepresented or underutilized.

2. ~~A career opportunity~~ An academic incentives for minorities program is established to be administered by ~~the a~~ a community college located in a county with a population in excess of three hundred thousand. The community college shall provide office space for the efficient operation of the program. The community college shall employ a director for the program. The director of the program shall employ necessary support staff. The director and staff shall be employees of the community college.

Sec. 25. Section 261.12, subsection 1, paragraph b, Code 1997, is amended to read as follows:

b. For the fiscal year beginning July 1, 1996, and for each following fiscal year, three thousand ~~one~~ four hundred ~~fifty~~ fifty dollars.

Sec. 26. Section 261.17, subsections 1, 2, and 4, Code 1997, are amended to read as follows:

1. A vocational-technical tuition grant may be awarded to any resident of Iowa who is admitted and in attendance as a full-time or part-time student in a vocational-technical or career option program at a community college in the state, and who establishes financial need.

2. A qualified full-time student may receive vocational-technical tuition grants for not more than four semesters, eight quarters or the equivalent of two full years of study. The amount of a vocational-technical tuition grant to a qualified part-time student enrolled in a course of study including at least three semester hours but fewer than twelve semester hours or the trimester or quarter equivalent shall be equal to the amount of a tuition grant that would be paid to a full-time student times a number which represents the number of hours in which the part-time student is actually enrolled divided by twelve semester hours, or the trimester or quarter equivalent.

PARAGRAPH DIVIDED. However, if a student resumes study after at least a two-year absence, the student may again be eligible for the specified amount of time, except that the student shall not receive assistance for courses for which credit was previously received.

4. A vocational-technical tuition grant shall be awarded on an annual basis, requiring reapplication by the student for each year. Payments under the grant shall be allocated equally among the semesters or quarters of the year upon certification by the institution that the student is in full-time or part-time attendance in a vocational-technical or career option program, as defined under rules of the department of education. If the student discontinues attendance before the end of any term after receiving payment of the grant, the entire amount of any refund due that student, up to the amount of any payments made under the annual grant, shall be paid by the institution to the state.

Sec. 27. Section 261.25, subsection 1, Code 1997, is amended to read as follows:

1. There is appropriated from the general fund of the state to the commission for each fiscal year the sum of ~~thirty-eight~~ forty-one million six hundred sixty-four thousand seven hundred fifty dollars for tuition grants.

Sec. 28. Section 262.9, subsection 24, Code 1997, is amended to read as follows:

24. Develop a policy requiring oral communication competence of persons who provide instruction to students attending institutions under the control of the board. The policy shall include a student evaluation mechanism which requires student evaluation of persons providing instruction on at least an annual basis. However, the board shall establish criteria by which an institution may discontinue annual evaluations of a specific person providing instruction. The criteria shall include receipt by the institution of two consecutive positive annual evaluations from the majority of students evaluating the person.

*Sec. 29. Section 262.9, Code 1997, is amended by adding the following new subsection:
NEW SUBSECTION. 30. Cause to be printed on all statements of account for payment of tuition and fees issued by each institution of higher learning under the control of the board the portion of the average cost of an Iowa resident student's education at the institution issuing the statement that is paid by appropriations from the general fund of the state. The information, rounded to the nearest one-tenth of one percent and the nearest whole dollar, shall be included in the following statement:

"Tuition pays for approximately ___% of the average cost for a resident Iowa student at this institution of higher learning. The State of Iowa pays approximately \$___ of the average cost for a full-time state resident student at this institution of higher learning."*

Sec. 30. Section 294A.25, Code 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 4A. For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the amount of fifty thousand dollars to be paid to the department of education for participation in a state and national project, the national assessment of education progress, to determine the academic achievement of Iowa students in math, reading, science, United States history, or geography.

NEW SUBSECTION. 4B. For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the amount of fifty thousand dollars to the department of education for the geography alliance.

NEW SUBSECTION. 7A. For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the amount of seventy thousand dollars to the state board of regents for equal distribution to the Iowa braille and sight saving school and the Iowa state school for the deaf from phase III moneys.

Sec. 31. Section 294A.25, subsections 7 and 8, Code 1997, are amended to read as follows:

7. Commencing with the fiscal year beginning July 1, ~~1996~~ 1997, the amount of ~~fifty thousand dollars for geography alliance and one~~ two hundred eighty thirty thousand dollars for a kindergarten to grade twelve management information system from additional funds transferred from phase I to phase III.

8. For the fiscal year beginning July 1, ~~1996~~ 1997, and ending June 30, ~~1997~~ 1998, to the department of education from phase III moneys the amount of one million two hundred fifty thousand dollars for support for the operations of the new Iowa schools development corporation and for school transformation design and implementation projects administered by the corporation. Of the amount provided in this subsection, one hundred fifty thousand dollars shall be used for the school and community planning initiative.

Sec. 32. Section 303.3, subsection 3, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

3. Notwithstanding section 8.33, moneys committed to grantees under this section that remain unencumbered or unobligated on June 30 of the fiscal year for which the funds were appropriated shall not revert but shall be available for expenditure for the following fiscal year for the purposes of subsection 2.

Sec. 33. Section 321.34, subsection 21, paragraph c, subparagraph (2), Code 1997, is amended to read as follows:

(2) Twenty-five percent shall be allocated to the department of ~~education~~ cultural affairs. The department shall use the moneys to support teacher training in Iowa history, to purchase Iowa history classroom materials, to support student participation in Iowa history and citizenship-building activities, and to create a grant program for school districts to apply for funding to support field trips to museums, historic sites, and heritage attractions.

* Item veto; see message at end of the Act

Sec. 34. FUNDS TRANSFERRED. For the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts for the purposes designated shall be paid to the department of education from additional funds transferred from phase I to phase III:

1. For Iowa public television overnight transmitter feeds:
..... \$ 150,000
2. For contracting with the Iowa alliance for arts education to execute the local arts comprehensive educational strategies program (LACES):
..... \$ 50,000
3. For allocation to area education agencies to assist school districts in developing reading recovery programs:
..... \$ 50,000

If funds available are insufficient to fully fund the amount designated for the reading recovery program under this section, the amount distributed for the reading recovery programs shall be reduced to an amount equal to the available funds.

Sec. 35. EFFECTIVE DATES.

1. Section 6 of this Act, relating to moneys designated for the Iowa state arts council for purposes of awarding operational support grants, being deemed of immediate importance, takes effect upon enactment.
2. Section 8 of this Act, relating to carryover for the career pathways program, being deemed of immediate importance, takes effect upon enactment.
3. Section 9 of this Act, relating to the state of Iowa libraries online (SILO) program, being deemed of immediate importance, takes effect upon enactment.
4. Section 13 of this Act, relating to tuition replacement, being deemed of immediate importance, takes effect upon enactment.
5. Section 14 of this Act, relating to the nonreversion of funds appropriated for the national advanced driving simulator, being deemed of immediate importance, takes effect upon enactment.
6. Section 17 of this Act, relating to the remaining interest for Iowa schools fund balance, being deemed of immediate importance, takes effect upon enactment.

Sec. 36. The section of this Act that amends section 257B.1A applies to interest earned on or after July 1, 1997.

Sec. 37. EFFECTIVE DATE. Sections 23 and 29 of this Act, relating to statements of account, being deemed of immediate importance, take effect upon enactment and apply to statements of account issued after January 1, 1998.

Approved May 27, 1997, except the items which I hereby disapprove and which are designated as Section 1, subsection 1, unnumbered and unlettered paragraph 2, in its entirety; Sections 22 and 23 in their entirety; Section 29 in its entirety; and Sections 36 and 37 in their entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit Senate File 549, an Act relating to the funding of, operation of, and appropriation of moneys to the college student aid commission, the department of cultural affairs, the department of education, the state board of regents, to the transfer of moneys from the interest for Iowa schools fund, and making related statutory changes and providing effective date and applicability provisions.

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

Senate File 549 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as section 1, subsection 1, unnumbered and unlettered paragraph 2, in its entirety. This item would require any new fiscal year 1998 State Student Incentive Grant (SSIG) funds to be used only for Vocational-Technical Tuition Grants. The College Student Aid Commission should retain the flexibility to allocate SSIG funds as needed.

I am unable to approve the items designated as section 22 and 36, in their entirety. These items would impact the way funding is received and spent by the First in the Nation in Education (FINE) Foundation and the International Center for Gifted and Talented Education. These items were not adequately discussed by the legislature and do not accomplish the legislative intent. I have been assured that a recommendation to limit administrative expenses will be included in the Department of Education study of the FINE Foundation to be completed this fall.

I am unable to approve the items designated as section 23, 29 and 37, in their entirety. These items would require information on student billing statements issued by the Regents institutions and community colleges to show the percentage of a student's education paid by tuition and the approximate dollar amount paid for with state appropriations. I support the addition of this information on student billing statements, however, the specific provisions of this bill are unworkable. The Regents institutions and the community colleges have agreed to develop a workable process for providing this information by the fall of 1998.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 549 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 213

APPROPRIATIONS — AGRICULTURE AND NATURAL RESOURCES

H.F. 708

AN ACT relating to agriculture and natural resources by providing for appropriations, related statutory changes, and providing an effective date.

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

DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

Section 1. GENERAL APPROPRIATION. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE DIVISION

a. For salaries, support, maintenance, the support of the state 4-H foundation, support of the statistics bureau, and miscellaneous purposes, and for the salaries and support of not