

## SUPPLEMENT

The following reports and communications were received subsequent to final adjournment:

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker: I am directed to inform your honorable body that the Senate has on June 5, 2015, adopted the third Conference Committee report and passed [House File 635](#), a bill for an act relating to matters under the purview of the department of transportation, providing fees, and including effective date provisions.

Also: That the Senate has on June 5, 2015, adopted the following resolution in which the concurrence of the Senate was asked:

[House Concurrent Resolution 9](#), a concurrent resolution to provide for adjournment sine die.

MICHAEL E. MARSHALL, Secretary

### BILLS ENROLLED, SIGNED AND SENT TO GOVERNOR

The Chief Clerk of the House submitted the following report:

Mr. Speaker: The Chief Clerk of the House respectfully reports that the following bills have been examined and found correctly enrolled, signed by the Speaker of the House and the President of the Senate, and presented to the Governor for his approval on this 10<sup>th</sup> day of June, 2015: House Files 299, 544, 550, 607, 624, 660 and 662.

Mr. Speaker: The Chief Clerk of the House respectfully reports that the following bill has been examined and found correctly enrolled, signed by the Speaker of the House and the President of the Senate, and presented to the Governor for his approval on this 11<sup>th</sup> day of June, 2015: [House File 603](#).

Mr. Speaker: The Chief Clerk of the House respectfully reports that the following bills have been examined and found correctly enrolled, signed by the Speaker of the House and the President of the Senate, and presented to the Governor for his approval on this 15<sup>th</sup> day of June, 2015: House Files 616, 632, 635, 645, 650, 651, 652, 655, 658, 659, 661 and 666.

CARMINE BOAL  
Chief Clerk of the House

## BILLS SIGNED BY GOVERNOR

[House File 299](#), an Act prohibiting the use of agreements concerning private land owners entered into by the loess hills development and conservation authority or the loess hills alliance. Approved 6-18-2015.

[House File 544](#), an Act regarding the use of waste conversion technologies as a waste management practice. Approved 6-18-2015.

[House File 550](#), an Act requiring publication on the internet of contact information for elective public officers. Approved 6-18-2015.

[House File 603](#), an Act exempting from the sales tax the sales price for the use of self-pay washers and dryers. Approved 6-18-2015.

[House File 607](#), an Act expanding the definition of a public utility for purposes of provisions governing public utility crossings of railroad rights-of-way, and including effective date provisions. Approved 6-18-2015.

[House File 616](#), an Act relating to state revenue and finance laws including property tax credits, assessments, and exemptions, the sales and use tax, the individual income tax, the flood mitigation program, and including effective date and retroactive and other applicability provisions. Approved 6-18-2015.

[House File 624](#), an Act increasing the number of years that a taxpayer may claim a custom farming contract tax credit under a contract executed by the holder of agricultural land and a qualified beginning farmer, and including effective date and retroactive applicability provisions. Approved 6-18-2015.

[House File 632](#), an Act relating to various matters involving insurance and the insurance division of the Department of Commerce and including effective date and retroactive applicability provisions. Approved 7-2-2015.

[House File 635](#), an Act relating to matters under the purview of the department of transportation, providing fees, and including effective date provisions. Approved 6-26-2015.

[House File 645](#), an Act modifying and enacting provisions relating to specified renewable energy tax credits, and including effective date and retroactive applicability provisions. Approved 6-26-2015.

[House File 655](#), an Act relating to community development by establishing application rules and limitations for wireless communications facilities and infrastructure, by modifying provisions related to reinvestment districts and flood mitigation projects, and by providing for the coordination and facilitation of broadband access in targeted areas of the state, including property tax incentives, and including effective date and retroactive and other applicability provisions. Approved 6-22-2015.

[House File 658](#), an Act relating to the funding of, the operation of, and appropriation of moneys to the college student aid commission, the department for the blind, the department of education, and the state board of regents, providing for related

matters, and providing effective date and retroactive and other applicability provisions. Approved 7-2-2015.

[House File 659](#), an Act relating to and making appropriations to certain state departments, agencies, funds, and certain other entities, providing for regulatory authority, and other properly related matters and including effective and retroactive applicability date provisions. Approved 7-2-2015.

[House File 660](#), an Act requiring a public hearing prior to increasing the rate of a franchise fee imposed by a city. Approved 6-18-2015.

[House File 661](#), an Act relating to probate and estate-related laws, including the deduction of administrative expenses on the Iowa fiduciary income tax return, the Iowa inheritance tax, fiduciaries' right to property and information, and the surviving spouse's elective share, and including applicability provisions. Approved 6-26-2015.

[House File 662](#), an Act relating to vital statistics, including access to birth records and vital statistics fees collected by the state and county registrars of vital statistics. Approved 6-18-2015.

[Senate File 171](#), an Act establishing the state percent of growth and including effective date and retroactive applicability provisions. Approved 7-2-2015.

[Senate File 172](#), an Act establishing the categorical state percent of growth and including effective date and retroactive applicability provisions. Approved 7-2-2015.

[Senate File 176](#), an Act relating to school district property tax replacement payments for certain budget years and including effective date provisions. Approved 6-26-2015.

[Senate File 485](#), an Act relating to the voter-approved physical plant and equipment levy by authorizing school districts to exceed the statutory levy rate limit following the refunding or refinancing of certain loan agreements and including effective date provisions. Approved 6-26-2015.

[Senate File 494](#), an Act relating to and making appropriations involving state government entities involved with agriculture, natural resources, and environmental protection, and including effective date and retroactive applicability provisions. Approved 6-18-2015.

[Senate File 496](#), an Act relating to appropriations to the judicial branch and including effective date and retroactive applicability provisions. Approved 7-2-2015.

[Senate File 513](#), an Act relating to and making appropriations for a period of short duration beginning July 1, 2015, providing for related legal and other matters, and including effective date and retroactive applicability provisions. Approved 6-18-2015.

## GOVERNOR'S VETO MESSAGE

[HOUSE FILE 652](#)

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [House File 652](#), an Act relating to underground storage tanks, including by establishing an underground storage tank cost share grant program and fund and making an appropriation.

[House File 652](#) is hereby disapproved on this date.

I am unable to approve [House File 652](#) for the following reasons:

The Iowa legislature created the Underground Storage Tank (UST) Fund in 1989. The UST Fund currently receives \$14 million annually from the Statutory Allocation Fund (SAF). I support ending the one cent Environmental Projection Charge consumers pay at the fuel pump which sunsets on June 30, 2016. The Road Use Tax fund will incur a \$17 million annual reduction until the SAF is amended. Now that the UST Fund has been operating for over twenty-six years, the State of Iowa and the UST Fund Board should complete action on remaining liabilities in the UST Fund. I look forward to working with the legislature next year to increase investment in renewable fuels infrastructure.

For the above reasons, I respectfully disapprove [House File 652](#), in its entirety, in accordance with Article III, Section 16, of the Constitution of the State of Iowa.

Sincerely,

TERRY E. BRANSTAD  
Governor

## GOVERNOR'S ITEM VETO MESSAGES

[HOUSE FILE 650](#)

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [House File 650](#), an Act relating to and making appropriations to state departments and agencies from the Rebuild Iowa Infrastructure Fund and the Revenue Bonds Capitals II Fund, providing for related matters, and including effective date and retroactive applicability provisions.

[House File 650](#) is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 3, numbered paragraph 5, lettered paragraph b, in its entirety. This item funds the acquisition of software relating to the licensure and regulation of the practice of polysomnography. The Board of Respiratory Care and Polysomnography receives its revenues from licensing fees; therefore, an appropriation from this fund is inappropriate.

I am unable to approve the item designated as Section 3, numbered paragraph 5, lettered paragraph c, in its entirety. This item funds operational expenses for the Congenital and Inherited Disorders Registry. Iowa Code section [8.57](#) establishes the Rebuild Iowa Infrastructure Fund (RIIF). Iowa Code states this fund is to support "public vertical infrastructure projects," and expressly excludes the use of funds to offset "operational expenses." Funding ongoing operational costs from this fund is inappropriate.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in [House File 650](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

[HOUSE FILE 651](#)

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [House File 651](#), an Act relating to expenditures of moneys from the E911 Emergency Communications Fund, other duties of the department of homeland security and emergency management, and other properly related matters, making an appropriation, and including effective date and retroactive applicability provisions.

[House File 651](#) is approved on this date with the following exceptions, which I hereby disapprove.

My administration and the Iowa legislature worked in a bipartisan manner this session to provide the first \$4 million payment to build a statewide interoperable public safety communications system. This statewide system will allow all public safety officers across the state to operate in an efficient and effective manner, providing services to best protect the citizens of our state. This system is critically needed in Iowa, and it is needed now. Many other states, including all neighboring states, have a statewide system and the funds provided in this legislation are a step in the right direction. The funding provided by the legislature is necessary to show the Federal Communications Commission (FCC) the progress Iowa is making in terms of developing a statewide operable and interoperable network in order to maintain the 700 MHz spectrum license.

The Department of Administrative Services (DAS) issued a request for proposal (RFP) to build the statewide system and awarded the bid in 2014 to the lowest bidder. Officials from state, city and county government agencies have expressed support for the statewide interoperable system. This system will provide both short and long-term costs savings for all levels of government.

I am unable to approve the item designated as Section 1, subsection 1, in its entirety. This policy statement describes the department's process for selection of a provider. In order to ensure that fairness as well as a deep level of expertise were applied to this request and the evaluation of the responses, DAS contracted with an independent contractor that has experience at both the federal and state level in communications engineering. DAS awarded the RFP in 2014; therefore, this language is unnecessary. Further, the definition of provider in this item is incorrect and an error. Finally, this item contains incorrect terminology. It references the "actual annual lease costs associated with the operation of a statewide land mobile radio communications system that interfaces with the Iowa interoperability radio platform." There is no "platform" that is separate from the system, and thus the item would only create confusion and could frustrate the completion of the statewide system.

I am unable to approve the item designated as Section 1, subsection 2, in its entirety. Prior to the issuance of the RFP, DAS, in consultation with a subject matter expert, developed an RFP for the delivery of a statewide interoperability platform. The market-based responses received from the private sector confirmed the most efficient and effective method of delivery of the platform in compliance with the FCC mandates and Iowa Code. This information is available to both the public and the legislature. The language in this item is redundant of the statewide procurement process that has already occurred. If the procurement process is repeated, any delay would jeopardize the state's 700 MHz spectrum license. Therefore, this language is unnecessary.

I am unable to approve the item designated as Section 2, in its entirety. This item would modify the current E911 pass-through rates from a sustainable 46% to 58%, a rate that could put the solvency of the fund in jeopardy. I believe some increase may be appropriate in the future; however, the increase proposed in this bill is premature. The Department of Homeland Security and Emergency Management is conducting a legislatively-required study on this very topic, and any increase in the rate should only increase upon the completion of the study. Additionally, the rate that is set should be sustainable. Also, I strongly support the consolidation of redundant government services; however, there is no evidence that this proposed incentive would work, and I look forward to working with the legislature in developing a model that would find efficiencies.

I am unable to approve the item designated as Section 4, in its entirety. This item is unnecessary due to my veto in Section 2. My disapproval of this section allows Public Safety Answering Points (PSAPs) to continue to receive their current rate of pass-through funding from this fund.

I am unable to approve the designated portions of the item designated as Section 5, lettered paragraph f. These portions are unnecessary due to my veto in Section 2.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in [House File 651](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

[HOUSE FILE 666](#)

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [House File 666](#), an Act relating to state and local finances by making transfers and appropriations, providing for properly related matters, and including effective date and retroactive applicability provisions.

[House File 666](#) is approved on this date with the following exceptions, which I hereby disapprove.

When I took office in 2011, I proposed a two year budget with a five year projection. My budgets have been fiscally sound, predictable and sustainable for the long term. The budgets I proposed are budgets that hard-working Iowa taxpayers can depend on. Long-term budgeting is not easy and requires very difficult decisions to align projected spending with revenue.

I am unable to approve the item designated as Section 1, in its entirety. This item transfers \$10 million from the General Fund to the State Bond Repayment Fund for fiscal year 2015. If the legislature wishes to make this payment, it should be accounted for in the current fiscal year.

I am unable to approve the item designated as Section 3, in its entirety. This item appropriates \$2.3 million for grants to substance abuse providers for the implementation of electronic health records. I strongly support the modernization of Iowa's health care delivery system through the Iowa Health Information Network. I recently signed legislation enabling the Iowa Health Information Network to become a private not-for-profit model ensuring its long term business and financial sustainability. However, I cannot support using taxpayer dollars to fund the implementation of a portion of provider participants in a self-sustaining private health records system.

I am unable to approve the item designated as Section 6, in its entirety. This item provides \$310,000 for transition costs for the new Ft. Madison prison. The Department of Corrections is able to fund the transition to the new prison out of its current budget; therefore, this item is unnecessary.

I am unable to approve the items designated as Sections 7 through 10, in their entirety. These items appropriate one-time funding for Iowa Community Colleges and Regent Institutions. Funding ongoing expenses with one-time money is unsustainable. I recommended a 1.75% increase for the Regent Institutions and Community Colleges that would have made funding available on an ongoing basis and would have ensured no tuition increases for the full year. The Regents have assured me that even without this one-time money, there will be no tuition increase for the upcoming semester.

I am unable to approve the item designated as Section 11, in its entirety. I recommended a two-year budget on the second day of this legislative session including an increase in supplemental state aid for both years. Throughout the session, I encouraged the legislature to provide supplemental state aid for pre-kindergarten through 12<sup>th</sup> grade for the next two years as required by law. By using one-time money and not providing supplemental state aid for the second fiscal year, the legislature compounded the uncertainty that school districts faced this entire legislative session.

My administration's commitment to giving Iowa students a world-class education is demonstrated by significant, targeted growth in funding for initiatives to raise achievement. Iowa's new Teacher Leadership System is the single largest reform measure, with an investment of more than \$150 million when fully phased in during the 2016-2017 school year. With many of our best teachers serving in leadership roles, such as instructional coaches and mentors, Iowa can better support the more demanding work teachers must do today to prepare all students for a knowledge-driven economy.

Other targeted education reform measures my administration proposed for the next fiscal year at a cost of more than \$18 million include: an initiative to ensure children are able to read by the end of third grade, ongoing expansion of Iowa Learning Online program to offer more course options to high school students, and the Teach Iowa Scholars Program which provides up to \$20,000 to top graduates of Iowa teacher preparation programs who teach hard-to-fill subjects in Iowa schools for five years.

With any budget, it is important to look at the entire picture. For fiscal year 2016, Iowa schools will receive over \$3 billion, by far the biggest item in the state budget.

I am unable to approve the item designated as Section 12, in its entirety. This item provides \$1.81 million for Clarinda State Mental Health Institute. I signed [Senate File 505](#) today, a bill that closes Clarinda State Mental Health Institute on December 15, 2015. The Department of Human Services does not recommend a six month extension at this time. Because the Iowa legislature closes Clarinda Mental Health Institute in December 2015, this funding is unnecessary.

In order to continue growing good paying jobs, we need to make tough choices that ensure a balanced budget today and for the long term. I approve funding for Medicaid, public safety radios, Mental Health and Disability Services Regional Funding, and Commercial and Industrial Property Tax Replacement. This bill provides the \$43 million to cover the shortfall in Medicaid expenses for fiscal year 2015. Additionally, this bill provides \$2.5 million in funding for the Department of Public Safety to purchase radios in order to comply with the Federal Communication Commission's (FCC) narrow-banding mandate. These radios are necessary in order to comply with federal law. This bill also provides \$1.04 million for Mental Health and Disability Services Regional Funding. Through the bipartisan Mental Health Redesign signed into law in 2012, Iowans are accessing care locally through mental health regions. The mental health regions are investing substantial resources into increased access to home and community based substance abuse and mental health services. These funds provide the resources to not only serve more Iowans but to better serve Iowans through mental health regions. Finally, this bill provides \$9.5 million for Commercial and Industrial Property Tax Replacement. In 2013, the legislature and I made multi-year commitments with the \$4.4 billion property tax cut. This was a historic commitment

made to the people of Iowa and a commitment we must keep to Iowa taxpayers and local governments.

As the Chief Executive of this state, it is my responsibility to have a long term vision that maintains stability and predictability in our state's budget. I made the decisions today in order to prevent across the board cuts that occurred under the previous administration. Maintaining the fiscal health of Iowa over the long term is my top budgeting priority.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in [House File 666](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

[SENATE FILE 497](#)

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [Senate File 497](#), an Act relating to appropriations to the justice system, and including effective date and retroactive applicability provisions.

[Senate File 497](#) is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 4, subsection 1, lettered paragraph c, in its entirety. This item contains policy language pertaining to the Department of Corrections entering into a new contract in excess of \$100,000 for privatized services during fiscal year 2016 without prior notification of the legislature and employee organizations. However, this item allows the department to renew existing contracts without notification. This item would prevent the department from obtaining services for inmates in an effective and efficient manner. This notification unnecessarily impedes the department's management authority.

I am unable to approve the item designated as Section 4, subsection 1, lettered paragraph d, in its entirety. This item contains policy language regarding staffing levels at the Department of Corrections. While I support efforts to ensure adequate numbers of correctional officers, I believe that flexibility is needed to determine how many officers are hired based on costs, availability of funding and the needs of each institution. Adequate staffing is the prerogative of the Executive Branch; therefore, this language is unnecessary.

I am unable to approve the item designated as Section 26, subsection 1, lettered paragraph c, in its entirety. This item contains policy language pertaining to the Department of Corrections entering into a new contract in excess of \$100,000 for privatized services during fiscal year 2017 without prior notification of the legislature and employee organizations. However, this item allows the department to renew existing contracts without notification. This item would prevent the department from obtaining services for inmates in an effective and efficient manner. This notification unnecessarily impedes the department's management authority.

I am unable to approve the item designated as Section 26, subsection 1, lettered paragraph d, in its entirety. This item contains policy language regarding staffing levels at the Department of Corrections. While I support efforts to ensure adequate numbers of correctional officers, I believe that flexibility is needed to determine how many officers are hired based on costs, availability of funding and the needs of each institution. Adequate staffing is the prerogative of the Executive Branch; therefore, this language is unnecessary.

For the above reasons, I respectfully disapprove the designated 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 497](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

[SENATE FILE 499](#)

July 2, 2015

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
LOCAL

Dear Mr. Secretary:

I hereby transmit [Senate File 499](#), an Act relating to appropriations to the department of cultural affairs, the economic development authority, the Iowa finance authority, the public employment relations board, the department of workforce development, and the state board of regents and certain regents institutions, modifying programs and duties of the economic development authority, providing for other properly related matters, and including effective date and retroactive and other applicability provisions.

[Senate File 499](#) is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated Division IV in its entirety. This item is related to state employee classifications. Under current Iowa Code, administrators are classified as at-will employees. The at-will designation allows for greater accountability for these managers. Subjecting administrators to the merit system would decrease

accountability to taxpayers and hinder the effective management of important government functions.

For the above reasons, I respectfully disapprove the designated 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 499](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

[SENATE FILE 505](#)

July 2, 2015

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
LOCAL

Dear Mr. Secretary:

I hereby transmit [Senate File 505](#), an Act relating to appropriations for health and human services and veterans and including other related provisions and appropriations, and including effective date and retroactive and other applicability date provisions.

[Senate File 505](#) as passed by the Iowa Legislature gives counties the ability to increase property taxes, enlarges entitlement programs and fails to take critical steps in modernizing Iowa's mental health system. It is even more concerning to me and to the thousands of Iowans who depend on Medicaid that it appears the Iowa Legislature may have underfunded Medicaid. The budget I proposed in January 2015 fully funded Medicaid. We have embarked on efforts to modernize our administration of Medicaid. It is my hope that these efforts will not only improve the quality of health care outcomes our Medicaid patients receive but also provide much needed budget predictability and stability for taxpayers who make the program possible.

[Senate File 505](#) is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the designated portion of the item designated as Section 3, subsection 4, lettered paragraph g, subparagraph b. This item requires the Department of Public Health to distribute funding for care coordination efforts. I strongly support the modernization and increased coordination of health care for Iowans served by our safety net. However, due to federal approval of the Iowa State Innovation Model grant funding, this state funding is redundant and not needed at this time.

I am unable to approve the designated portion of the item designated as Section 4, subsection 2, lettered paragraph b. This item restricts contracting flexibility at the Iowa Veterans Home. Such restrictions are unnecessary and counterproductive. The

Department of Administrative Services must have flexibility in procuring the best services for veterans at the Iowa Veterans Home at the most cost effective price for taxpayers.

I am unable to approve the designated portion of the item designated as Section 4, subsection 2, lettered paragraph d. This item creates a redundant, overly burdensome mandate requiring the Iowa Veterans Home to make expenditure reports monthly to the Legislative Services Agency for fiscal year 2015. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 12, subsection 17, lettered paragraph c. This item restricts the Department of Human Services from implementing certain cost containment strategies. The Department must have the tools and flexibility to effectively manage a program so critically important to so many vulnerable Iowans. Such a restriction on the management and oversight authority of the Department of Human Services while facing a potentially underfunded Medicaid budget is inappropriate.

I am unable to approve the designated portion of the item designated as Section 12, subsection 17, lettered paragraph d. This item requires the Department of Human Services to report on cost containment strategies. The Department of Human Services, Department of Management and the Legislative Services Agency meet on a monthly basis to determine projections for the Medical Assistance appropriation. Information relating to cost containment strategies is shared during these meetings. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 12, subsection 20. This item requires the Department of Human Services to execute the State Innovation Model grant. Additionally, this item requires the Department of Human Services to submit a report on the progress of the grant by September 1, 2015. The State is already implementing the State Innovation Model grant. The information requested to be reported is also not necessary due to the fact that this information is available upon request by the General Assembly.

I am unable to approve the designated portion of the item designated as Section 12, subsection 25. This item restricts Medicaid waiver management flexibility for the Department of Human Services. The Department must have the tools and flexibility to effectively manage a program so critically important to so many vulnerable Iowans. Such a restriction on the management and oversight authority of the Department of Human Services while facing a potentially underfunded Medicaid budget is inappropriate.

I am unable to approve the designated portion of the item designated as Section 23, subsection 3. Today, more Iowans than ever before have access to mental health treatment. Through the bi-partisan Mental Health Redesign signed into law in 2012, Iowans are accessing care locally through mental health regions. The mental health regions are investing substantial resources into increased access to home and community based substance abuse and mental health services. In the 1800s, Iowa opened four mental health institutions. At their peak, they served more than 6,600

people on any given day combined. However, modern mental health care has come a long way and best practices rightfully no longer include the warehousing of mental health patients. In fact, the average daily bed census at the Mount Pleasant Mental Health Institute over the past four years is only 61 patients. In fiscal year 2014, this came at the high cost to state taxpayers of \$126,791 per patient. These resources can best be used to provide better, more modern mental health services to more Iowans. Other states have already gone down this path by closing their outdated institutions and offering innovative mental healthcare options. Minnesota once operated eleven mental health institutes. Today they operate one. Wisconsin operates two. Over the past 18 years, states adjacent to Iowa have closed 13 institutes like Mount Pleasant and Clarinda (Illinois closed four state psychiatric hospitals, Minnesota closed four, Missouri closed three, and Nebraska closed two). Like Iowa, these neighboring states have modernized their mental health systems and reduced their use of institutionalization. In 2009, a Department of Human Services report and Governor Culver recommended closure of the Mount Pleasant Mental Health Institute. The Legislature has taken the first steps and closed the Clarinda Mental Health Institute. We can keep moving forward and serve Iowans with two mental health institutions rather than four. Therefore, in keeping with modern best practices and the utilization of our system, it is not in the best interests of our patients, the taxpayers or the mental health system to continue operating an aging, antiquated mental health institution lacking key clinical staff, particularly a psychiatrist.

I am unable to approve the designated portion of the item designated as Section 26, subsection 1. This item prohibits external approvals that are designed to ensure budget integrity, stability and predictability. Management must have the ability and flexibility to allocate resources where they are most effective and needed. In addition, this item creates a redundant, overly burdensome mandate requiring the department to report to the chairpersons and ranking members of the appropriations committees on a monthly basis. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 27, subsection 2. This item requires the Department of Human Services to report operational and program expenditures at least monthly to the Legislative Services Agency. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 29, subsection 1, lettered paragraph s. This item requires the substance abuse managed care plan to increase reimbursement for licensed substance-related disorder treatment programs serving Medicaid patients. To help improve patient outcomes while also bringing predictability and stability for taxpayers funding Medicaid, the Department of Human Services is modernizing Medicaid in Iowa and partnering with modern, patient-centered health plans. With this modernization effort in mind, we must be prudent with any increases for providers. Substance abuse providers received a reimbursement increase two years ago and are benefitting from the Iowa Health and Wellness Plan substance abuse coverage. With that in mind, a rate increase is not prudent at this time.

I am unable to approve the designated portion of the item designated as Section 29, subsection 12. Iowa has embarked on efforts to modernize its administration of Medicaid by partnering with specialized, patient-centered health care plans. This bipartisan initiative is currently in procurement. This item creates restrictions on the reimbursement methods of the health care plans partnering with the state. The Request for Proposals issued by the Department of Human Services already includes protections for providers and their reimbursement. The restrictions in this item are, therefore, redundant and unneeded at this time.

I am unable to approve of the item designated as Section 67 in its entirety. This item creates a process for assessing the level of care needed for Medicaid patients. Iowa is embarking on an initiative to modernize our administration of Medicaid by partnering with high quality, patient centered health plans. As part of that initiative, these plans will oversee level of care assessments. Therefore, this item would create a redundant assessment system that is best left to our health plan partners.

I am unable to approve of the item designated as Division XVI in its entirety. This item further enlarges the taxpayer-funded child care assistance program. We must support working families. More Iowans are working than ever before and our families are seeing their incomes rise. Enlarging government programs that only further perpetuate the cliff effect felt by these families when their incomes rise and benefits are lost is not the right policy for Iowa. Additionally, with the federal and state updates already in motion, this enlargement is not recommended by the Department of Human Services at this time.

I am unable to approve of the item designated as Division XXX in its entirety. This item creates a Polk County-centered pilot project for refugee services. Iowans have a proud history of working in public-private partnerships to support refugees coming to our state. However, the path refugees take to Iowa has changed over time. More time is needed to study a state-wide solution for refugees and immigrants who originally went to other states and how Iowa, both publicly and privately, can best meet the needs of modern refugees

I am unable to approve of Division XXXII in its entirety. This item amends the Quality Assurance Assessment already found in Iowa Code by establishing a set three percent assessment on nursing facilities in Iowa. The assessment currently in Iowa Code is meeting the needs of our patients, nursing facility providers and the Medicaid program and a change is inappropriate at this time.

I am unable to approve the designated portion of the item designated as Section 123, subsection 4, lettered paragraph g, subparagraph b. This item requires the Department of Public Health to distribute funding for care coordination efforts. I strongly support the modernization and increased coordination of health care for Iowans served by our safety net. However, due to federal approval of the Iowa State Innovation Model grant funding, this state funding is redundant and not needed at this time.

I am unable to approve the designated portion of the item designated as section 124, subsection 2, lettered paragraph b. This item restricts contracting flexibility at the Iowa Veterans Home. Such restrictions are unnecessary and counterproductive. The Department of Administrative Services must have flexibility in procuring the best services for veterans at the Iowa Veterans Home at the most cost effective price for taxpayers.

I am unable to approve the designated portion of the item designated as Section 124, subsection 2, lettered paragraph d. This item creates a redundant, overly burdensome mandate requiring the Iowa Veterans Home to make expenditure reports monthly to the Legislative Services Agency for fiscal year 2016. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 132, subsection 17, lettered paragraph c. This item restricts the Department of Human Services from implementing certain cost containment strategies. The Department must have the tools and flexibility to effectively manage a program so critically important to so many vulnerable Iowans. Such a restriction on the management and oversight authority of the Department of Human Services while facing a potentially underfunded Medicaid budget is inappropriate.

I am unable to approve the designated portion of the item designated as Section 132, subsection 17, lettered paragraph d. This item requires the Department of Human Services to report on cost containment strategies. The Department of Human Services, the Department of Management and the Legislative Services Agency meet on a monthly basis to determine projections for the Medical Assistance appropriation. Information relating to cost containment strategies is shared during these meetings. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 132, subsection 22. This item restricts Medicaid waiver management flexibility for the Department of Human Services. The Department must have the tools and flexibility to effectively manage a program so critically important to so many vulnerable Iowans. Such a restriction on the management and oversight authority of the Department of Human Services while facing a potentially underfunded Medicaid budget is inappropriate.

I am unable to approve the designated portion of the item designated as Section 143, subsection 3. Today, more Iowans than ever before have access to mental health treatment. Through the bi-partisan Mental Health Redesign signed into law in 2012, Iowans are accessing care locally through mental health regions. The mental health regions are investing substantial resources into increased access to home and community based substance abuse and mental health services. In the 1800s, Iowa opened four mental health institutions. At their peak, they served more than 6,600 people on any given day combined. However, modern mental health care has come a long way and best practices rightfully no longer include the warehousing of mental health patients. In fact, the average daily bed census at the Mount Pleasant Mental Health Institute over the past four years is only 61 patients. In fiscal year 2014, this came at the high cost to state taxpayers of \$126,791 per patient. These resources can best be used to provide better, more modern mental health services to more Iowans. Other states have already gone down this path by closing their outdated institutions and offering innovative mental healthcare options. Minnesota once operated eleven mental health institutes. Today they operate one. Wisconsin operates two. Over the past 18 years, states adjacent to Iowa have closed 13 institutes like Mount Pleasant and Clarinda (Illinois closed four state psychiatric hospitals, Minnesota closed four, Missouri closed three, and Nebraska closed two). Like Iowa, these neighboring states

have modernized their mental health systems and reduced their use of institutionalization. In 2009, a Department of Human Services report and Governor Culver recommended closure of the Mount Pleasant Mental Health Institute. The Legislature has taken the first steps and closed the Clarinda Mental Health Institute. We can keep moving forward and serve Iowans with two mental health institutions rather than four. Therefore, in keeping with modern best practices and the utilization of our system, it is not in the best interests of our patients, the taxpayers or the mental health system to continue operating an aging, antiquated mental health institution lacking key clinical staff, particularly a psychiatrist.

I am unable to approve the designated portion of the item designated as Section 146, subsection 1. This item prohibits external approvals that are designed to ensure budget integrity, stability and predictability. Management must have the ability and flexibility to allocate resources where they are most effective and needed. In addition, this item creates a redundant, overly burdensome mandate requiring the department to report to the chairpersons and ranking members of the appropriations committees on a monthly basis. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems

I am unable to approve the designated portion of the item designated as Section 147, subsection 1. This item requires the Department of Human Services to report operational and program expenditures at least monthly to the Legislative Services Agency. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is already available within the State's accounting and budgeting systems.

I am unable to approve the designated portion of the item designated as Section 149, subsection 1, lettered paragraph s. This item requires the substance abuse managed care plan to increase reimbursement for licensed substance-related disorder treatment programs serving Medicaid patients. To help improve patient outcomes while also bringing predictability and stability for taxpayers funding Medicaid, the Department of Human Services is modernizing Medicaid in Iowa and partnering with modern, patient-centered health plans. With this modernization effort in mind, we must be prudent with any increases for providers. Substance abuse providers received a reimbursement increase two years ago and are benefitting from the Iowa Health and Wellness Plan substance abuse coverage. With that in mind, a rate increase is not prudent at this time.

I am unable to approve the designated portion of the item designated as Section 149, subsection 12. Iowa has embarked on efforts to modernize its administration of Medicaid by partnering with specialized, patient-centered health care plans. This bipartisan initiative is currently in procurement. This item creates restrictions on the reimbursement methods of the health care plans partnering with the state. The Request for Proposals issued by the Department of Human Services already includes protections for providers and their reimbursement. The restrictions in this item are, therefore, redundant and unneeded at this time.

I am unable to approve of the item designated as Section 156 in its entirety. This item creates a Polk County-centered pilot project for refugee services. Iowans have a proud history of working in public-private partnerships to support refugees coming to our state. However, the path refugees take to Iowa has changed over time. More time is

needed to study a state-wide solution for refugees and immigrants who originally went to other states and how Iowa, both publicly and privately, can best meet the needs of modern refugees.

I am unable to approve of the item designated as Section 159 in its entirety. This item calls for Iowa, after closure of the Clarinda Mental Health Institute by the Iowa Legislature, to request proposals to operate a private, specialized nursing facility on the grounds at Clarinda. As I stated above, more Iowans are receiving mental health care than ever before. And increasingly, they are receiving it locally through mental health regions throughout our state. This holds true for adult in-patient psychiatry as well as geriatric psychiatric patients. Geriatric psychiatric patients are best served in nursing facilities with special services rather than being warehoused in costly and outmoded 19<sup>th</sup> century mental health institutes. Facilities exist today to provide these services, delivering higher quality for patients at lower costs to taxpayers. The Department of Human Services recommends allowing our mental health system to continue moving forward and giving facilities the flexibility to develop their own settings for care rather than restricting them to the campus at Clarinda. In Southwest Iowa, mental health regions are on track to open residential and community crisis services as well as jail diversion services. However, I recognize the importance of the Clarinda and Mount Pleasant facilities to their communities. It is important to note that the prisons located at Mount Pleasant and Clarinda will continue in full operation. Additionally, Clarinda will continue hosting the Clarinda Youth Academy and private substance abuse services on the campus without interruption. I am committed to working with these communities to repurpose and redevelop the campuses formerly occupied by the mental health institutes. To that end, I am convening a workgroup consisting of members from the Iowa Economic Development Authority, the Department of Corrections (who control the campuses), and the Department of Human Services to work with communities and allow for the easiest most efficient transition of the campuses into new development and jobs.

For the above reasons, I respectfully disapprove the designated 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 505](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

SENATE FILE 510

July 2, 2015

The Honorable Paul D. Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit [Senate File 510](#), an Act relating to state and local finances by making appropriations, providing for fees, providing for legal responsibilities, providing for certain employee benefits, and providing for regulatory, taxation, and properly related matters, and including penalties and effective date and retroactive and other applicability provisions.

[Senate File 510](#) is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Division X, in its entirety. This item would permanently move the standing appropriation for the State Appeal Board from the General Fund to the Economic Emergency Fund. This was not my recommendation. This item undermines best financial practices, which require an economic emergency fund truly be used for emergencies.

I am unable to approve the item designated as Division XVIII, in its entirety. This item requires health insurance carriers to provide certain disclosures regarding internal appeals processes and prescription drug coverage. These overly burdensome regulations are duplicative and unnecessary because federal law and state law require health insurance carriers to extensively disclose details about their health plans. Additionally, current law already grants the Iowa Insurance Division authority in promulgating administrative rules in order to ensure health insurance carriers provide adequate and proper disclosures regarding their plans.

I am unable to approve the item designated as Division XXVII, in its entirety. This item sets aside a one-time funding source to fund possible raises for judges in the future years. I recommended judicial raises for fiscal year 2016 and I am disappointed the legislature did not fund raises for judges. I believe judicial raises should be funded in a straight-forward manner. Funding ongoing salary expenses with a one-time funding source is a bad budgeting practice.

For the above reasons, I respectfully disapprove the designated 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 510](#) are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD  
Governor

## COMMUNICATIONS RECEIVED

The following communications were received and filed in the office of the Chief Clerk:

## AUDITOR OF STATE

Special Investigation of the Band Program/Monticello Community School District, pursuant to Iowa Code section [11.6](#).

Special Investigation of the Center for Behavioral Health, pursuant to Iowa Code section [11.24](#).

## BOARD OF REGENTS

Center for Health Effects of Environmental Contamination Report, pursuant to Iowa Code section [263.17\(4\)\(b\)](#).

Minority and Women Educators Enhancement Program Report, pursuant to Iowa Code section [262.82](#).

Monthly Financial Report, pursuant to Chapter 141.27, 2013 Iowa Acts.

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

Gifts and Grants Monthly Report, pursuant to Iowa Code section [8.44](#).

## COLLEGE STUDENT AID COMMISSION

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

## DEPARTMENT OF ADMINISTRATIVE SERVICES

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

## DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

## DEPARTMENT OF HUMAN RIGHTS

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

## DEPARTMENT OF HUMAN SERVICES

Family Supplementation Usages Report, pursuant to Iowa Code section [249A.4](#).

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

DEPARTMENT FOR THE BLIND

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

IOWA LOTTERY AUTHORITY

Government Oversight Report, pursuant to Iowa Code section [99G.7](#).

OFFICE OF THE GOVERNOR

Training and Technology Expenditures Report, pursuant to Iowa Code section [8.62\(3\)](#).

VETERANS HOME

Tobacco Settlement Trust Fund Status Report, pursuant to Iowa Code Section [12E.12\(9\)](#).