

FILED APR 12 1995

SENATE FILE 475
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 363)

Passed Senate, Date 4/18/95 (p. 1256) Passed House, Date 4/25/95 (1855)
Vote: Ayes 43 Nays 7 Vote: Ayes 92 Nays 0
Repassed 4/28/95 Approved May 24, 1995 Repassed 4/28/95
Vote 50-0 (p. 1502) Stom Vetsen Vote 95-0 (p. 2106)

A BILL FOR

1 An Act relating to state financial provisions and providing
2 applicability provisions and effective dates.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

S.F. 475

DIVISION I

CAPITAL PROJECT AND LEASE-PURCHASE REQUIREMENTS

Section 1. Section 2.47A, subsection 1, paragraph d, Code 1995, is amended to read as follows:

d. Receive ~~semiannual~~ annual status reports for all ongoing capital projects of state agencies, pursuant to section 18.12, subsection 15.

Sec. 2. Section 8.46, Code 1995, is amended to read as follows:

8.46 LEASE-PURCHASE -- REPORTING.

1. For the purposes of this section, unless the context otherwise requires, ~~"state:~~

a. "Installment acquisition" includes, but is not limited to, an arrangement in which title of ownership passes when the first installment payment is made.

b. "Lease-purchase arrangement" includes, but is not limited to, an arrangement in which title of ownership passes when the final installment payment is made.

c. "State agency" means any executive, judicial, or legislative department, commission, board, institution, division, bureau, office, agency, or other entity of state government.

~~1.~~ 2. Before At least thirty days prior to entering into a contract involving a lease-purchase or installment acquisition arrangement in which any part or the total amount of the contract is at least fifty thirty thousand dollars, a state agency shall notify the legislative fiscal bureau concerning the contract. The legislative fiscal bureau shall compile the notifications for submission to the legislative fiscal committee of the legislative council regarding-the contract. The notification is required regardless of the source of payment for the lease-purchase or installment acquisition arrangement. The notification shall include all of the following information:

a. A description of the object of the lease-purchase or

1 installment acquisition arrangement.

2 ~~b.--The cost of the contract.~~

3 ~~e.b.~~ The proposed terms of the contract.

4 ~~d.c.~~ The ~~total~~ cost of the contract, including principal
5 and interest costs. If the actual cost of a contract is not
6 known at least thirty days prior to entering into the
7 contract, the state agency shall estimate the principal and
8 interest costs for the contract.

9 ~~e.d.~~ An identification of the means and source of payment
10 of the contract.

11 ~~f.e.~~ An analysis of consequences of delaying or abandoning
12 the commencement of the contract.

13 ~~2.3.~~ The legislative fiscal committee shall report to the
14 legislative council concerning the notifications it receives
15 pursuant to this section.

16 ~~3.--A state agency shall report quarterly to the~~
17 ~~legislative fiscal committee concerning its contracts~~
18 ~~involving a lease purchase arrangement.--The format of the~~
19 ~~report shall be determined by the legislative fiscal bureau in~~
20 ~~consultation with the department of management.--The report~~
21 ~~shall include all of the following information:~~

22 ~~a.--A description of the objects of a lease purchase~~
23 ~~arrangement under contract.~~

24 ~~b.--The total costs of the contracts.~~

25 ~~c.--Total principal and interest cost in each fiscal year~~
26 ~~of each contract.~~

27 ~~d.--An identification of the means and source of payment~~
28 ~~for each contract.~~

29 Sec. 3. Section 18.12, subsection 15, Code 1995, is
30 amended to read as follows:

31 15. Prepare ~~semiannual~~ annual status reports for all
32 ongoing capital projects of all state agencies, as defined in
33 section 8.3A, and submit the status reports to the legislative
34 capital projects committee.

35 DIVISION II

1 REVENUE ESTIMATING

2 Sec. 4. Section 8.22A, Code 1995, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 5. At the meeting in which the conference
5 agrees to the revenue estimate for the succeeding fiscal year
6 in accordance with the provisions of subsection 3, the
7 conference shall also agree to the following estimates which
8 shall be used by the governor and the general assembly in
9 preparation of the budget message under section 8.22 and the
10 general assembly in the budget process for the succeeding
11 fiscal year:

12 a. The amount of lottery revenues for the following fiscal
13 year to be available for disbursement following the deductions
14 made pursuant to section 99E.10, subsection 1.

15 b. The amount of the appropriation necessary for the
16 succeeding fiscal year to fund the medical assistance program
17 under chapter 249A. This estimate shall be developed based
18 upon the state and federal requirements for the medical
19 assistance program in effect at the time the estimate is made
20 unless the members of the revenue estimating conference agree
21 to assume different requirements for purposes of developing
22 the estimate.

23 DIVISION III

24 STATE PAYMENT PROVISIONS

25 Sec. 5. Section 421.31, Code 1995, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 11. FEDERAL CASH MANAGEMENT IMPROVEMENT
28 ACT ADMINISTRATOR. To serve as administrator for state
29 actions relating to the federal Cash Management and
30 Improvement Act of 1990, Pub. L. No. 101-453, as codified in
31 31 U.S.C. § 6503. The director shall perform the following
32 duties relating to the federal law:

33 a. Act as the designated representative of the state in
34 the negotiation and administration of contracts between the
35 state and federal government relating to the federal law.

1 b. Modify the centralized statewide accounting system and
2 develop, or require to be developed by the appropriate
3 departments of state government, the necessary reports and
4 procedures necessary to complete the managerial and financial
5 reports required to comply with the federal law.

6 Sec. 6. Section 260D.12, as amended by 1994 Iowa Acts,
7 chapter 1181, section 13, is amended to read as follows:

8 260D.12 PAYMENT OF APPROPRIATION.

9 Payment of appropriations for distribution under this
10 chapter or of appropriations made in lieu of such
11 appropriations, shall be made by the department of revenue and
12 finance in four monthly installments due on or about November
13 15, February 15, May 15, and August 15 the fifteenth day of
14 each month of a budget year, and installments shall be as
15 nearly equal as possible, as determined by the department of
16 revenue and finance, taking into consideration the relative
17 budget and cash position of the state resources.

18 Sec. 7. 1994 Iowa Acts, chapter 1181, section 18, is
19 amended to read as follows:

20 SEC. 18. ~~CONTINGENT EFFECTIVE DATE. Sections 12, 13, 14,~~
21 ~~and 15 of this division shall take effect upon the publication~~
22 ~~date of the state comprehensive annual financial report~~
23 ~~prepared in accordance with generally accepted accounting~~
24 ~~principles which indicates that the payment of the obligation~~
25 ~~described in the section is made in accordance with generally~~
26 ~~accepted accounting principles July 1, 1995. A report shall~~
27 ~~be made by the department of management to the Code editor on~~
28 ~~or before the publication date of the report.~~

29 Sec. 8. EFFECTIVE DATE. Section 5 of this division,
30 amending section 421.31, being deemed of immediate importance,
31 takes effect upon enactment.

32

DIVISION IV

33

STRATEGIC PLANNING

34 Sec. 9. NEW SECTION. 8.65 STRATEGIC PLANNING.

35 1. The governor, supreme court, and general assembly shall

1 each develop a five-year strategic plan for their respective
2 branches of government. The governor and general assembly
3 shall also develop a five-year strategic plan providing long-
4 term goals and objectives for the state. The strategic plans
5 shall be annually updated and new five-year plans developed
6 for each succeeding five-year period.

7 2. Following presentation of the initial executive branch
8 strategic plan, yearly updates of the plan shall be submitted
9 as part of the governor's annual budget proposal to the
10 general assembly under section 8.22. The plan shall utilize
11 information obtained pursuant to section 8.52, include all
12 relevant budget projections, and include the plans developed
13 by each department and establishment of government for that
14 department or establishment in accordance with this section.
15 The governor shall provide an overall compilation of the plans
16 and identify the governor's top five priorities for the
17 ensuing fiscal year in the annual budget message required
18 under section 8.22. The plan by each department or establish-
19 ment shall be submitted to the governor at the same time and
20 with the budget materials required under section 8.23 and
21 shall be considered at the public hearing required pursuant to
22 section 8.26. A department's or establishment's plan shall be
23 submitted to the general assembly at the same time it is
24 submitted to the governor. The plan for each department and
25 establishment shall provide budget projections and
26 requirements, long-term and short-term goals, and other
27 information relating to implementation of the plan, including
28 but not limited to all of the following:

- 29 a. Identifying and providing a time line for the critical
30 goals and objectives to be accomplished during the five-year
31 period.
- 32 b. Providing detailed estimates of the related costs.
- 33 c. Identifying the other resources, policy considerations,
34 and any cooperative involvement by other departments and
35 agencies of state government necessary to attain the critical

1 goals and objectives.

2 d. Identifying performance indicators for measuring the
3 accomplishment of the critical goals and objectives.

4 e. Submitting an annual progress report based upon the
5 performance indicators.

6 3. The strategic planning elements required in subsection
7 2, paragraphs "a" through "e", shall be addressed in the
8 strategic plans developed by the legislative and judicial
9 branches of state government. The supreme court's plan shall
10 be submitted to the general assembly on or before the first
11 business day in January. The general assembly's strategic
12 plan shall be considered in a concurrent resolution and is
13 subject to approval by a constitutional majority of the
14 members of each chamber.

15 Sec. 10. APPLICABILITY. The initial strategic plans
16 required by section 8.65, as enacted by this Act, shall apply
17 to the 1996-1997 fiscal year and shall be submitted by the
18 executive and judicial branches in December 1995.

19 DIVISION V

20 CASH RESERVE AND SPECIAL FUNDS

21 Sec. 11. Section 8.55, subsection 3, Code 1995, is amended
22 to read as follows:

23 3. The moneys in the Iowa economic emergency fund may be
24 appropriated by the general assembly only in the fiscal year
25 for which the appropriation is made. The moneys shall only be
26 appropriated by the general assembly for emergency or other
27 nonrecurring expenditures. However, except as provided in
28 section 8.58, the balance in the Iowa economic emergency fund
29 may be used in determining the cash position of the general
30 fund of the state for the payment of state obligations.

31 Sec. 12. Section 8.56, subsection 1, Code 1995, is amended
32 to read as follows:

33 1. A cash reserve fund is created in the state treasury.
34 The cash reserve fund shall be separate from the general fund
35 of the state and shall not be considered part of the general

1 fund of the state except in determining the cash position of
2 the state as provided in subsection 3. The moneys in the cash
3 reserve fund are not subject to section 8.33 and shall not be
4 transferred, used, obligated, appropriated, or otherwise
5 encumbered except as provided in this section.
6 Notwithstanding section 12C.7, subsection 2, interest or
7 earnings on moneys deposited in the cash reserve fund shall be
8 credited to the rebuild Iowa economic-emergency-fund
9 infrastructure fund created in section 8.57. Moneys in the
10 cash reserve fund may be used for cash flow purposes provided
11 that any moneys so allocated are returned to the cash reserve
12 fund by the end of each fiscal year. However, the fund shall
13 be considered a special account for the purposes of section
14 8.53.

15 Sec. 13. Section 8.57, subsection 2, Code 1995, is amended
16 to read as follows:

17 2. Moneys appropriated under subsection 1 shall be first
18 credited to the cash reserve fund. To the extent that moneys
19 appropriated under subsection 1 would make the moneys in the
20 cash reserve fund exceed the cash reserve goal percentage of
21 the adjusted revenue estimate for the fiscal year, the moneys
22 are appropriated to the department of management to be spent
23 for the purpose of eliminating Iowa's GAAP deficit, including
24 the payment of items budgeted in a subsequent fiscal year
25 which under generally accepted accounting principles should be
26 budgeted in the current fiscal year. These moneys shall be
27 deposited into a GAAP deficit reduction account established
28 within the department of management. ~~Unspent-moneys-in-this~~
29 ~~account-shall-be-available-for-expenditure-for-subsequent~~
30 ~~fiscal-years~~. The department of management shall annually
31 file with both houses of the general assembly at the time of
32 the submission of the governor's budget, a schedule of the
33 items for which moneys appropriated under this subsection for
34 the purpose of eliminating Iowa's GAAP deficit, including the
35 payment of items budgeted in a subsequent fiscal year which

1 under generally accepted accounting principles should be
2 budgeted in the current fiscal year, shall be spent. The
3 schedule shall indicate the fiscal year in which the spending
4 for an item is to take place and shall incorporate the items
5 detailed in 1994 Iowa Acts, chapter 1181, section 17. The
6 schedule shall list each item of expenditure and the estimated
7 dollar amount of moneys to be spent on that item for the
8 fiscal year. The department of management may submit during a
9 regular legislative session an amended schedule for
10 legislative consideration. If moneys appropriated under this
11 subsection are not enough to pay for all listed expenditures,
12 the department of management shall distribute the payments
13 among the listed expenditure items. Moneys appropriated to
14 the department of management under this subsection shall not
15 be spent on items other than those included in the filed
16 schedule. ~~After elimination of the GAAP deficit, including~~
17 ~~elimination of the making of any appropriation in an incorrect~~
18 ~~fiscal year, any moneys in the GAAP deficit reduction account~~
19 ~~shall be appropriated~~ On September 1 following the close of a
20 fiscal year, moneys in the GAAP deficit reduction account
21 which remain unexpended for items on the filed schedule for
22 the previous fiscal year shall be credited to the Iowa
23 economic emergency fund.

24 Sec. 14. Section 8.57, subsection 5, Code 1995, is amended
25 to read as follows:

26 5. a. A rebuild Iowa infrastructure account fund is
27 created under the authority of the department of management.
28 Moneys The fund shall consist of appropriations made to the
29 fund and transfers of interest, earnings, and moneys from
30 other funds as provided by law. The fund shall be separate
31 from the general fund of the state and the balance in the fund
32 shall not be considered part of the balance of the general
33 fund of the state. However, the fund shall be considered a
34 special account for the purposes of section 8.53, relating to
35 generally accepted accounting principles.

1 b. Moneys in the infrastructure fund are not subject to
2 section 8.33. Notwithstanding section 12C.7, subsection 2,
3 interest or earnings on moneys in the infrastructure fund
4 shall be credited to the infrastructure fund.

5 c. Moneys in the account fund in a fiscal year shall be
6 used as directed by the general assembly for public
7 infrastructure-related expenditures.

8 d. The general assembly may provide that all or part of
9 the moneys deposited in the GAAP deficit reduction account
10 created in this section shall be transferred to the
11 infrastructure account fund in lieu of appropriation of the
12 moneys to the Iowa economic emergency fund.

13 Sec. 15. Section 8.58, Code 1995, is amended to read as
14 follows:

15 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

16 To the extent that moneys appropriated under section 8.57
17 do not result in moneys being credited to the general fund
18 under section 8.55, subsection 2, moneys appropriated under
19 section 8.57 and moneys contained in the cash reserve fund,
20 rebuild Iowa infrastructure fund, and Iowa economic emergency
21 fund shall not be considered in the application of any
22 formula, index, or other statutory triggering mechanism which
23 would affect appropriations, payments, or taxation rates,
24 contrary provisions of the Code notwithstanding.

25 To the extent that moneys appropriated under section 8.57
26 do not result in moneys being credited to the general fund
27 under section 8.55, subsection 2, moneys appropriated under
28 section 8.57 and moneys contained in the cash reserve fund,
29 rebuild Iowa infrastructure fund, and Iowa economic emergency
30 fund shall not be considered by an arbitrator or in
31 negotiations under chapter 20.

32 Sec. 16. NEW SECTION. 8.63 INNOVATIONS FUND.

33 1. An innovations fund is created in the state treasury
34 under the control of the department of management for the
35 purpose of stimulating and encouraging innovation in state

1 government by the awarding of repayable loans to state
2 agencies.

3 2. The director of the department of management shall
4 establish an eight-member committee to be called the state
5 innovations fund committee. The committee shall review all
6 requests for funds and approve loans of funds if the committee
7 determines that an agency request would result in cost savings
8 or added revenue to the general fund of the state. Eligible
9 projects are projects which cannot be funded from an agency's
10 operating budget without adversely affecting the agency's
11 normal service levels. Projects may include, but are not
12 limited to, purchase of advanced technology, contracting for
13 expert services, and acquisition of equipment or supplies.

14 3. A state agency seeking a loan from the innovations fund
15 shall complete an application form designed by the state
16 innovations fund committee which employs a return on
17 investment concept and demonstrates how state general fund
18 expenditures will be reduced or how state general fund
19 revenues will increase. Minimum loan requirements for state
20 agency requests shall be determined by the committee. As an
21 incentive to increase state general fund revenues, an agency
22 may retain up to fifty percent of savings realized in
23 connection with a loan from the innovations fund. The amount
24 retained shall be determined by the innovations fund
25 committee.

26 4. In order for the innovations fund to be self-
27 supporting, the innovations fund committee shall establish
28 repayment schedules for each innovation fund loan awarded.
29 Agencies shall repay the funds over a period not to exceed
30 five years with interest, at a rate to be determined by the
31 innovations fund committee.

32 5. Notwithstanding section 12C.7, subsection 2, interest
33 or earnings on moneys deposited in the innovations fund shall
34 be credited to the innovations fund. Notwithstanding section
35 8.33, moneys remaining in the innovations fund at the end of a

1 fiscal year shall not revert to the general fund of the state.
2 Sec. 17. EFFECTIVE DATE. This division of this Act, being
3 deemed of immediate importance, takes effect upon enactment.

4 EXPLANATION

5 This bill relates to state financial provisions and
6 provides effective dates.

7 Division I amends provisions involving lease-purchase
8 arrangements and capital projects. The amendments to sections
9 2.47 and 18.12 provide that capital projects reports submitted
10 by the department of general services and received by the
11 legislative capital projects committee of the legislative
12 council are to be made annually rather than semiannually.
13 Section 8.46 relates to lease-purchase arrangement reports
14 made to the legislative fiscal committee. This section is
15 amended to include arrangements in which the ownership title
16 passes on the final installment, include reporting on
17 contracts with installment acquisition arrangements, require
18 reporting at least 30 days prior to entering into a contract,
19 reduce the minimum reporting threshold from \$50,000 to
20 \$30,000, permit estimates if the actual costs are unknown at
21 the time of the report, and strike provisions requiring
22 quarterly reports concerning lease-purchase contracts.

23 Division II provides for the revenue estimating conference
24 to include two additional estimates in the estimate used by
25 the governor and the general assembly in developing the state
26 budget for the succeeding fiscal year. The additional
27 estimates are for net lottery revenue and for the
28 appropriation for the medical assistance program.

29 Division III relates to state payment provisions.

30 Section 421.31 is amended to require the director of the
31 department of revenue and finance to serve as administrator
32 for state actions concerning the federal Cash Management and
33 Improvement Act of 1990. The director is to represent the
34 state in negotiations with the federal government, modify the
35 state accounting system, and perform other financial

1 activities in compliance with the federal Act. The bill
2 provides that this section is effective upon enactment.

3 Sections 6 and 7 relate to payment of state obligations
4 under generally accepted accounting principles (GAAP).
5 Section 260D.12 was amended in 1994 to provide for four equal
6 payments of state funding to merged area schools in the same
7 fiscal year. The bill provides for monthly installments on
8 the fifteenth day of each month of a fiscal year. The 1994
9 amendment to section 260D.12, and similar amendments to
10 section 257.16, relating to state school aid payments; section
11 285.2, relating to payments for nonpublic school
12 transportation; and section 303.18, relating to repayment to
13 the permanent school fund of a loan for the state historical
14 building, have contingent effective dates relating to payment
15 of the obligations in accordance with GAAP. The contingent
16 effective date is replaced with an effective date of July 1,
17 1995.

18 Division IV includes new section 8.65 requiring the
19 governor, supreme court, and the general assembly to develop
20 and submit five-year strategic plans for their respective
21 branches of government. This provision applies beginning with
22 the 1996-1997 fiscal year.

23 Division V relates to the cash reserve and other special
24 funds. Section 8.55, relating to the Iowa economic emergency
25 fund, is amended to provide that appropriations from the fund
26 may be made for nonrecurring expenditures. Section 8.56,
27 subsection 1, is amended to provide that interest from the
28 cash reserve is credited to the rebuild Iowa infrastructure
29 fund instead of the Iowa economic emergency fund.

30 Section 8.57, subsection 2, is amended to strike language
31 allowing unspent moneys to remain in the GAAP deficit
32 reduction account for subsequent fiscal years. The bill
33 requires that any moneys remaining in the account on September
34 1 which are not spent for items on the schedule for
35 eliminating the state deficit under generally accepted

1 accounting principles (GAAP) for the previous fiscal year are
2 to be credited to the Iowa economic emergency fund.

3 The rebuild Iowa infrastructure account is changed to a
4 fund separate from the general fund of the state, its balance
5 is not to revert to any fund, and the fund is to retain its
6 interest and earnings. Section 8.58 is amended to provide
7 that moneys in the rebuild Iowa infrastructure fund shall not
8 be considered in the application of any formula, index, or
9 other statutory triggering mechanism which would affect
10 appropriations, payments, or taxation rates and shall not be
11 considered under collective bargaining provisions.

12 New section 8.63 establishes a state innovations fund in
13 the state treasury under the control of the department of
14 management and authorizes the director of the department of
15 management to establish an eight-member loan committee to
16 award loans to state agencies to implement expenditure
17 reducing or revenue enhancing ideas. The minimum loan request
18 is to be determined by the department of management and must
19 be for a project which cannot be funded without compromising
20 normal service levels. The innovations fund is designed to be
21 self-supporting with the agency required to repay the funds
22 with interest.

23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 475

H-4011

1 Amend Senate File 475, as passed by the Senate, as
2 follows:

3 1. Page 1, line 26, by striking the words "fifty
4 thirty" and inserting the following: "fifty".

5 2. Page 3, line 7, by striking the word
6 "estimates" and inserting the following: "estimate".

7 3. Page 3, line 12, by striking the words "a.
8 The" and inserting the following: "The".

9 4. Page 3, by striking lines 15 through 22.

10 5. Page 3, by inserting after line 24 the
11 following:

12 "Sec. ____ . Section 282.31, subsection 1, Code
13 1995, is amended to read as follows:

14 1. - a. A child who lives in a facility pursuant to
15 section 282.30, subsection 1, paragraph "a", and who
16 is not enrolled in the educational program of the
17 district of residence of the child, shall receive
18 appropriate educational services. The area education
19 agency shall submit a proposed program and budget to
20 the department of education by January 1 for the next
21 succeeding school year. The department of education
22 shall review and approve or modify the program and
23 proposed budget and shall notify the department of
24 revenue and finance and the area education agency of
25 its action by February 1. ~~Beginning with the fiscal~~
26 ~~year commencing July 1, 1990, and ending June 30,~~
27 ~~1991, and in succeeding years, the~~ The department of
28 revenue and finance shall pay the approved budget
29 amount for an area education agency in monthly
30 installments beginning September 15 and ending June 15
31 of the next succeeding school year. The installments
32 shall be as nearly equal as possible as determined by
33 the department of management, taking into
34 consideration the relative budget and cash position of
35 the state's resources. The department of revenue and
36 finance shall transfer the approved budget amount for
37 an area education agency from the moneys appropriated
38 under section 257.16 and make the payment to the area
39 education agency. The area education agency shall
40 submit an accounting for the actual cost of the
41 program to the department of education by August 1 of
42 the following school year. The department shall
43 review and approve or modify all expenditures incurred
44 in compliance with the guidelines pursuant to section
45 256.7, subsection 10, and shall notify the department
46 of revenue and finance of the approved accounting
47 amount. The approved accounting amount shall be
48 compared with any amounts paid by the department of
49 revenue and finance to the area education agency and
50 any differences added to or subtracted from the

H-4011

-1-

H-4011

Page 2

1 October payment made under this paragraph for the next
2 school year. Any amount paid by the department of
3 revenue and finance shall be deducted monthly from the
4 state foundation aid paid under section 257.16 to all
5 school districts in the state during the remainder-of
6 that subsequent fiscal year to all school districts in
7 the state. The portion of the total amount of the
8 approved budget that shall be deducted from the state
9 aid of a school district shall be the same as the
10 ratio that the budget enrollment for the budget year
11 of the school district bears to the total budget
12 enrollment in the state for that budget year in which
13 the deduction is made.

14 b. A child who lives in a facility or home
15 pursuant to section 282.19, and who does not require
16 special education and who is not enrolled in the
17 educational program of the district of residence of
18 the child, shall be included in the basic enrollment
19 of the school district in which the facility or home
20 is located.

21 However, on June 30 of a school year, if the board
22 of directors of a school district determines that the
23 number of children under this paragraph who were
24 counted in the basic enrollment of the school district
25 on the third Friday of September of that school year
26 is fewer than the sum of the number of months all
27 children were enrolled in the school district under
28 this paragraph during the school year divided by nine,
29 the secretary of the school district may submit a
30 claim to the department of education by August 1
31 following the school year for an amount equal to the
32 district cost per pupil of the district for the
33 previous school year multiplied by the difference
34 between the number of children counted and the number
35 of children calculated by the number of months of
36 enrollment. The amount of the claim shall be paid by
37 the department of revenue and finance to the school
38 district by October 1. The department of revenue and
39 finance shall transfer the total amount of the
40 approved claim of a school district from the moneys
41 appropriated under section 257.16 and the amount paid
42 shall be deducted monthly from the state foundation
43 aid paid to all school districts in the state during
44 the remainder of that the subsequent fiscal year to
45 all school districts in the state in the manner
46 provided in paragraph "a".

47 Sec. _____. Section 282.31, subsection 3, Code 1995,
48 is amended to read as follows:

49 3. The actual special education instructional
50 costs, including transportation, for a child who

H-4011

-2-

H-4011

Page 3

1 requires special education shall be paid by the
2 department of revenue and finance to the school
3 district in which the facility or home is located,
4 only when a district of residence cannot be
5 determined, and the child was not included in the
6 weighted enrollment of any district pursuant to
7 section 256B.9, and the payment pursuant to subsection
8 2, paragraph "a" was not made by any district. The
9 district shall submit a proposed program and budget to
10 the department of education by January 1 for the next
11 succeeding school year. The department of education
12 shall review and approve or modify the program and
13 proposed budget and shall notify the district by
14 February 1. The district shall submit a claim by
15 August 1 following the school year for the actual cost
16 of the program. The department shall review and
17 approve or modify the claim and shall notify the
18 department of revenue and finance of the approved
19 claim amount by September 1. The total amount of the
20 approved claim shall be paid by the department of
21 revenue and finance to the school district by October
22 1. The total amount paid by the department of revenue
23 and finance shall be deducted monthly from the state
24 foundation aid paid under section 257.16 to all school
25 districts in the state during the remainder-of-that
26 subsequent fiscal year to all school districts in the
27 state. The portion of the total amount of the
28 approved claims that shall be deducted from the state
29 aid of a school district shall be the same as the
30 ratio that the budget enrollment for the budget year
31 of the school district bears to the total budget
32 enrollment in the state for the budget year in which
33 the deduction is made. The department of revenue and
34 finance shall transfer the total amount of the
35 approved claims from moneys appropriated under section
36 257.16 for payment to the school district."

37 6. Page 4, by inserting after line 28 the
38 following:

39 "Sec. _____. 1994 Iowa Acts, chapter 1193, sections
40 2, 4, and 35, are repealed.

41 Sec. _____. SPECIAL FUNDS -- SPECIAL AUTHORIZATION
42 FOR GAAP SALARY ACCRUAL. The department of management
43 may authorize supplemental expenditures for the fiscal
44 year beginning July 1, 1994, in amounts necessary to
45 accrue salaries in accordance with generally accepted
46 accounting principles, for those departmental
47 revolving, trust, or special funds which are not part
48 of the general fund of the state and for which the
49 general assembly has established an operating budget."

50 7. Page 4, by striking lines 29 through 31 and

H-4011

-3-

H-4011

Page 4

1 inserting the following:

2 "Sec. ____ . EFFECTIVE DATE. Section 6 of this
3 division of this Act, amending section 260D.12, takes
4 effect July 1, 1995, and the remainder of the
5 division, being deemed of immediate importance, takes
6 effect upon enactment."

7 8. By striking page 4, line 32 through page 6,
8 line 18.

9 9. Page 6, by inserting after line 20 the
10 following:

11 "Sec. ____ . Section 8.55, subsection 2, Code 1995,
12 is amended to read as follows:

13 2. The maximum balance of the fund is the amount
14 equal to five percent of the adjusted revenue estimate
15 for the fiscal year. If the amount of moneys in the
16 Iowa economic emergency fund is equal to the maximum
17 balance, moneys in excess of this amount shall be
18 transferred to the general rebuild Iowa infrastructure
19 fund created in section 8.57."

20 10. Page 6, lines 26 and 27 by striking the words
21 "or other nonrecurring".

22 11. Page 6, line 30, by inserting after the word
23 "obligations." the following: "An appropriation shall
24 not be made from the fund unless the appropriation is
25 in a bill or joint resolution which is approved by
26 vote of at least three-fifths of the members of both
27 chambers of the general assembly and is signed by the
28 governor."

29 12. Page 6, by inserting before line 31 the
30 following:

31 "Sec. ____ . Section 8.55, subsection 4, Code 1995,
32 is amended to read as follows:

33 4. Notwithstanding section 12C.7, subsection 2,
34 interest or earnings on moneys deposited in the Iowa
35 economic emergency fund shall be credited to the
36 rebuild Iowa economic-emergency infrastructure fund."

37 13. Page 7, by inserting after line 14 the
38 following:

39 "Sec. ____ . Section 8.56, subsection 4, paragraph
40 b, Code 1995, is amended to read as follows:

41 b. In addition to the requirements of paragraph
42 "a", an appropriation shall not be made from the cash
43 reserve fund ~~which would cause the fund's balance to~~
44 ~~be less than three percent of the adjusted revenue~~
45 ~~estimate for the year for which the appropriation is~~
46 ~~made~~ unless the bill or joint resolution making the
47 appropriation is approved by vote of at least three-
48 fifths of the members of both chambers of the general
49 assembly and is signed by the governor.

50 Sec. ____ . Section 8.57, subsection 1, paragraph a,

H-4011

-4-

H-4011

Page 5

1 Code 1995, is amended by striking the paragraph and
2 inserting in lieu thereof the following:
3 a. The "cash reserve goal percentage" for fiscal
4 years beginning on or after July 1, 1995, is five
5 percent of the adjusted revenue estimate. For each
6 fiscal year beginning on or after July 1, 1995, in
7 which the appropriation of the surplus existing in the
8 general fund of the state at the conclusion of the
9 prior fiscal year pursuant to paragraph "b" was not
10 sufficient for the cash reserve fund to reach the cash
11 reserve goal percentage for the current fiscal year,
12 there is appropriated from the general fund of the
13 state an amount to be determined as follows:

14 (1) If the balance of the cash reserve fund in the
15 current fiscal year is not more than four percent of
16 the adjusted revenue estimate for the current fiscal
17 year, the amount of the appropriation under this
18 lettered paragraph is one percent of the adjusted
19 revenue estimate for the current fiscal year.

20 (2) If the balance of the cash reserve fund in the
21 current fiscal year is more than four percent but less
22 than five percent of the adjusted revenue estimate for
23 that fiscal year, the amount of the appropriation
24 under this lettered paragraph is the amount necessary
25 for the cash reserve fund to reach five percent of the
26 adjusted revenue estimate for the current fiscal year.

27 (3) The moneys appropriated under this lettered
28 paragraph shall be credited in equal and proportionate
29 amounts in each quarter of the current fiscal year.

30 Sec. _____. Section 8.57, subsection 1, paragraph b,
31 Code 1995, is amended to read as follows:

32 b. ~~Commencing June 30, 1993, the~~ The surplus
33 existing in the general fund of the state at the
34 conclusion of the fiscal year is appropriated for
35 distribution in the succeeding fiscal year as provided
36 in this section subsections 2 and 3. Moneys credited
37 to the cash reserve fund from the appropriation made
38 in this paragraph shall not exceed the amount
39 necessary for the cash reserve fund to reach the cash
40 reserve goal percentage for the succeeding fiscal
41 year. As used in this paragraph, "surplus" means the
42 excess of revenues and other financing sources over
43 expenditures and other financing uses for the general
44 fund of the state in a fiscal year."

45 14. Page 7, by striking line 15 and inserting the
46 following:

47 "Sec. _____. Section 8.57, subsections 2 and 3, Code
48 1995, are amended".

49 15. Page 8, line 22, by striking the words
50 "credited to" and inserting the following: "credited

H-4011

H-4011

Page 6

1 in equal amounts to the rebuild Iowa infrastructure
2 fund and".

3 16. Page 8, by inserting after line 23 the
4 following:

5 "3. To the extent that moneys appropriated under
6 subsection 1 exceed the amounts necessary for the cash
7 reserve fund to reach its maximum balance and the
8 amounts necessary to eliminate Iowa's GAAP deficit,
9 including elimination of the making of any
10 appropriation in an incorrect fiscal year, the moneys
11 shall be appropriated credited in equal amounts to the
12 rebuild Iowa infrastructure fund and the Iowa economic
13 emergency fund."

14 17. Page 11, by inserting after line 3 the
15 following:

16 "DIVISION
17 BUDGET SUBMISSIONS

18 Sec. ____ . Section 8.23, unnumbered paragraph 1,
19 Code 1995, is amended to read as follows:

20 On or before September October 1, prior to each
21 legislative session, all departments and
22 establishments of the government shall transmit to the
23 director, on blanks to be furnished by the director,
24 estimates of their expenditure requirements, including
25 every proposed expenditure, for the ensuing fiscal
26 year, classified so as to distinguish between
27 expenditures estimated for administration, operation,
28 and maintenance, and the cost of each project
29 involving the purchase of land or the making of a
30 public improvement or capital outlay of a permanent
31 character, together with supporting data and
32 explanations as called for by the director. The
33 budget estimates shall include for those agencies
34 which pay for energy directly a line item for energy
35 expenses itemized by type of energy and location. The
36 estimates of expenditure requirements shall be based
37 upon seventy-five percent of the funding provided for
38 the current fiscal year accounted for by program
39 reduced by the historical employee vacancy factor in
40 form specified by the director and the remainder of
41 the estimate of expenditure requirements prioritized
42 by program. The estimates shall be accompanied with
43 performance measures for evaluating the effectiveness
44 of the program. If a department or establishment
45 fails to submit estimates within the time specified,
46 the governor shall cause estimates to be prepared for
47 that department or establishment as in the governor's
48 opinion are reasonable and proper. The director shall
49 furnish standard budget request forms to each
50 department or agency of state government.

H-4011

-6-

H-4011

Page 7

1 Sec. ____ . Section 8.35A, subsection 2, Code 1995,
2 is amended to read as follows:

3 2. Commencing ~~September~~ October 1, the director
4 shall provide weekly budget tapes in the form and
5 level of detail requested by the legislative fiscal
6 bureau reflecting finalized agency budget requests for
7 the following fiscal year as submitted to the
8 governor. The director shall transmit all agency
9 requests in final form to the legislative fiscal
10 bureau by November 15. Final budget records
11 containing the governor's recommendation and final
12 agency requests shall be transmitted to the
13 legislative fiscal bureau by January 1 or no later
14 than the date the governor's budget document is
15 delivered to the printer. The governor's
16 recommendation included on this record shall be
17 considered confidential by the legislative fiscal
18 bureau until it is made public by the governor. The
19 legislative fiscal bureau shall use this data in the
20 preparation of information for the legislative
21 appropriation process.

22 Sec. ____ . Section 456A.19, unnumbered paragraph 2,
23 Code 1995, is amended to read as follows:

24 The department shall ~~annually-en-or-before~~
25 September by October 1 of each year submit to the
26 department of management for transmission to the
27 general assembly a detailed estimate of the amount
28 required by the department during the succeeding year
29 for carrying on the activities embraced in the fish
30 and wildlife division. The estimate shall be in the
31 same general form and detail as required by law in
32 estimates submitted by other state departments."

By COMMITTEE ON APPROPRIATIONS
MILLAGE of Scott, Chairperson

H-4011 FILED APRIL 20, 1995

Adopted 4/25/95 (p.1855)

SENATE FILE 475

S-3618

1 Amend the House amendment, S-3572, to Senate File
2 475, as passed by the Senate, as follows:

3 1. Page 1, by inserting after line 4 the
4 following:

5 "____. Page 3, by inserting after line 1 the
6 following:

7 Sec. ____ . Section 8.21, Code 1995, is amended by
8 adding the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. Unless a collective
10 bargaining agreement, as referred to in section 20.17,
11 subsection 10, between a state public employer and the
12 state employee organization which represents the
13 largest number of state employees, providing for
14 salary adjustment for the ensuing fiscal year is being
15 negotiated at the time required for transmission of
16 the governor's budget, the portion of the governor's
17 budget for the ensuing fiscal year which provides the
18 details of recommended appropriations and a draft
19 appropriation bill for adjustment of state employee
20 salaries shall be submitted to the general assembly on
21 or before March 1 of the legislative session. If a
22 collective bargaining agreement, as referred to in
23 section 20.17, subsection 10, between a state public
24 employer and the state employee organization which
25 represents the largest number of state employees,
26 providing for salary adjustment for the ensuing fiscal
27 year is being negotiated at the time required for
28 transmission of the governor's budget, the portion of
29 the governor's budget for the ensuing fiscal year
30 which provides the details of recommended
31 appropriations and a draft appropriation bill for
32 adjustment of state employee salaries shall be
33 submitted to the general assembly within thirty days
34 of the date by which the collective bargaining
35 agreement between the state public employer and the
36 state employee organization is completed, either
37 through agreement or arbitration or prior to the date
38 of final adjournment of that legislative session,
39 whichever is earlier."

40 ____ . Page 3, line 3, by striking the word
41 "subsection" and inserting the following:
42 "subsections".

43 2. Page 1, by striking line 9 and inserting the
44 following:

45 "____. Page 3, by striking lines 15 through 22 and
46 inserting the following:

47 "NEW SUBSECTION. 6. At the meeting in which the
48 conference agrees to the revenue estimate for the
49 succeeding fiscal year in accordance with the
50 provisions of subsection 3, the conference shall also

S-3618

-1-

S-3618

Page 2

1 agree to a preliminary projection of the amount of the
2 appropriation necessary for the succeeding fiscal year
3 to fund the medical assistance program under chapter
4 249A. This preliminary projection shall be developed
5 based upon the state and federal requirements for the
6 medical assistance program in effect at the time the
7 projection is made unless the members of the revenue
8 estimating conference agree to assume different
9 requirements for purposes of developing the
10 projection. As a preliminary projection, it shall be
11 used as the basis for later projections deemed
12 necessary by the governor or used by the general
13 assembly, which are developed due to revised budget
14 assumptions, proposed policy revisions, or other
15 adjustments."

16 3. Page 3, by striking lines 37 through 49.

17 4. Page 4, by striking lines 9 through 19.

18 5. Page 4, by striking lines 22 through 28.

19 6. By striking page 4, line 37, through page 6,
20 line 13.

21 7. Page 6, line 45, by inserting after the word
22 "specified," the following: "the legislative fiscal
23 bureau shall use the amounts of the appropriations to
24 the department or establishment for the fiscal year in
25 process at the time the estimates are required to be
26 submitted as the amounts for the department's or
27 establishment's request in the documents submitted to
28 the general assembly for the ensuing fiscal year and".

29 8. By renumbering as necessary.

By LARRY MURPHY

S-3618 FILED APRIL 28, 1995

ADOPTED (p.1501)

HOUSE AMENDMENT TO
SENATE FILE 475

S-3572

1 Amend Senate File 475, as passed by the Senate, as
2 follows:

3 1. Page 1, line 26, by striking the words "fifty
4 thirty" and inserting the following: "fifty".

5 2. Page 3, line 7, by striking the word
6 "estimates" and inserting the following: "estimate".

7 3. Page 3, line 12, by striking the words "a.
8 The" and inserting the following: "The".

9 4. Page 3, by striking lines 15 through 22.

10 5. Page 3, by inserting after line 24 the
11 following:

12 "Sec. ____ . Section 282.31, subsection 1, Code
13 1995, is amended to read as follows:

14 1. a. A child who lives in a facility pursuant to
15 section 282.30, subsection 1, paragraph "a", and who
16 is not enrolled in the educational program of the
17 district of residence of the child, shall receive
18 appropriate educational services. The area education
19 agency shall submit a proposed program and budget to
20 the department of education by January 1 for the next
21 succeeding school year. The department of education
22 shall review and approve or modify the program and
23 proposed budget and shall notify the department of
24 revenue and finance and the area education agency of
25 its action by February 1. ~~Beginning with the fiscal~~
26 ~~year commencing July 1, 1990, and ending June 30,~~
27 ~~1991, and in succeeding years, the~~ The department of
28 revenue and finance shall pay the approved budget
29 amount for an area education agency in monthly
30 installments beginning September 15 and ending June 15
31 of the next succeeding school year. The installments
32 shall be as nearly equal as possible as determined by
33 the department of management, taking into
34 consideration the relative budget and cash position of
35 the state's resources. The department of revenue and
36 finance shall transfer the approved budget amount for
37 an area education agency from the moneys appropriated
38 under section 257.16 and make the payment to the area
39 education agency. The area education agency shall
40 submit an accounting for the actual cost of the
41 program to the department of education by August 1 of
42 the following school year. The department shall
43 review and approve or modify all expenditures incurred
44 in compliance with the guidelines pursuant to section
45 256.7, subsection 10, and shall notify the department
46 of revenue and finance of the approved accounting
47 amount. The approved accounting amount shall be
48 compared with any amounts paid by the department of
49 revenue and finance to the area education agency and
50 any differences added to or subtracted from the

S-3572

-1-

S-3572

Page 2

1 October payment made under this paragraph for the next
2 school year. Any amount paid by the department of
3 revenue and finance shall be deducted monthly from the
4 state foundation aid paid under section 257.16 to all
5 school districts in the state during the remainder of
6 that subsequent fiscal year to all school districts in
7 the state. The portion of the total amount of the
8 approved budget that shall be deducted from the state
9 aid of a school district shall be the same as the
10 ratio that the budget enrollment for the budget year
11 of the school district bears to the total budget
12 enrollment in the state for that budget year in which
13 the deduction is made.

14 b. A child who lives in a facility or home
15 pursuant to section 282.19, and who does not require
16 special education and who is not enrolled in the
17 educational program of the district of residence of
18 the child, shall be included in the basic enrollment
19 of the school district in which the facility or home
20 is located.

21 However, on June 30 of a school year, if the board
22 of directors of a school district determines that the
23 number of children under this paragraph who were
24 counted in the basic enrollment of the school district
25 on the third Friday of September of that school year
26 is fewer than the sum of the number of months all
27 children were enrolled in the school district under
28 this paragraph during the school year divided by nine,
29 the secretary of the school district may submit a
30 claim to the department of education by August 1
31 following the school year for an amount equal to the
32 district cost per pupil of the district for the
33 previous school year multiplied by the difference
34 between the number of children counted and the number
35 of children calculated by the number of months of
36 enrollment. The amount of the claim shall be paid by
37 the department of revenue and finance to the school
38 district by October 1. The department of revenue and
39 finance shall transfer the total amount of the
40 approved claim of a school district from the moneys
41 appropriated under section 257.16 and the amount paid
42 shall be deducted monthly from the state foundation
43 aid paid to all school districts in the state during
44 the remainder of that the subsequent fiscal year to
45 all school districts in the state in the manner
46 provided in paragraph "a".

47 Sec. ____ . Section 282.31, subsection 3, Code 1995,
48 is amended to read as follows:

49 3. The actual special education instructional
50 costs, including transportation, for a child who

S-3572

-2-

S-3572

Page 3

1 requires special education shall be paid by the
2 department of revenue and finance to the school
3 district in which the facility or home is located,
4 only when a district of residence cannot be
5 determined, and the child was not included in the
6 weighted enrollment of any district pursuant to
7 section 256B.9, and the payment pursuant to subsection
8 2, paragraph "a" was not made by any district. The
9 district shall submit a proposed program and budget to
10 the department of education by January 1 for the next
11 succeeding school year. The department of education
12 shall review and approve or modify the program and
13 proposed budget and shall notify the district by
14 February 1. The district shall submit a claim by
15 August 1 following the school year for the actual cost
16 of the program. The department shall review and
17 approve or modify the claim and shall notify the
18 department of revenue and finance of the approved
19 claim amount by September 1. The total amount of the
20 approved claim shall be paid by the department of
21 revenue and finance to the school district by October
22 1. The total amount paid by the department of revenue
23 and finance shall be deducted monthly from the state
24 foundation aid paid under section 257.16 to all school
25 districts in the state during the remainder-of-that
26 subsequent fiscal year to-all-school-districts-in-the
27 state. The portion of the total amount of the
28 approved claims that shall be deducted from the state
29 aid of a school district shall be the same as the
30 ratio that the budget enrollment for the budget year
31 of the school district bears to the total budget
32 enrollment in the state for the budget year in which
33 the deduction is made. The department of revenue and
34 finance shall transfer the total amount of the
35 approved claims from moneys appropriated under section
36 257.16 for payment to the school district."

37 6. Page 4, by inserting after line 28 the
38 following:

39 "Sec. _____. 1994 Iowa Acts, chapter 1193, sections
40 2, 4, and 35, are repealed.

41 Sec. _____. SPECIAL FUNDS -- SPECIAL AUTHORIZATION
42 FOR GAAP SALARY ACCRUAL. The department of management
43 may authorize supplemental expenditures for the fiscal
44 year beginning July 1, 1994, in amounts necessary to
45 accrue salaries in accordance with generally accepted
46 accounting principles, for those departmental
47 revolving, trust, or special funds which are not part
48 of the general fund of the state and for which the
49 general assembly has established an operating budget."

50 7. Page 4, by striking lines 29 through 31 and

S-3572

S-3572

Page 4

1 inserting the following:

2 "Sec. ____ . EFFECTIVE DATE. Section 6 of this
3 division of this Act, amending section 260D.12, takes
4 effect July 1, 1995, and the remainder of the
5 division, being deemed of immediate importance, takes
6 effect upon enactment."

7 8. By striking page 4, line 32 through page 6,
8 line 18.

9 9. Page 6, by inserting after line 20 the
10 following:

11 "Sec. ____ . Section 8.55, subsection 2, Code 1995,
12 is amended to read as follows:

13 2. The maximum balance of the fund is the amount
14 equal to five percent of the adjusted revenue estimate
15 for the fiscal year. If the amount of moneys in the
16 Iowa economic emergency fund is equal to the maximum
17 balance, moneys in excess of this amount shall be
18 transferred to the ~~general~~ rebuild Iowa infrastructure
19 fund created in section 8.57."

20 10. Page 6, lines 26 and 27 by striking the words
21 "or other nonrecurring".

22 11. Page 6, line 30, by inserting after the word
23 "obligations." the following: "An appropriation shall
24 not be made from the fund unless the appropriation is
25 in a bill or joint resolution which is approved by
26 vote of at least three-fifths of the members of both
27 chambers of the general assembly and is signed by the
28 governor."

29 12. Page 6, by inserting before line 31 the
30 following:

31 "Sec. ____ . Section 8.55, subsection 4, Code 1995,
32 is amended to read as follows:

33 4. Notwithstanding section 12C.7, subsection 2,
34 interest or earnings on moneys deposited in the Iowa
35 economic emergency fund shall be credited to the
36 rebuild Iowa economic-emergency infrastructure fund."

37 13. Page 7, by inserting after line 14 the
38 following:

39 "Sec. ____ . Section 8.56, subsection 4, paragraph
40 b, Code 1995, is amended to read as follows:

41 b. In addition to the requirements of paragraph
42 "a", an appropriation shall not be made from the cash
43 reserve fund ~~which-would-cause-the-fund's-balance-to~~
44 ~~be-less-than-three-percent-of-the-adjusted-revenue~~
45 ~~estimate-for-the-year-for-which-the-appropriation-is~~
46 made unless the bill or joint resolution making the
47 appropriation is approved by vote of at least three-
48 fifths of the members of both chambers of the general
49 assembly and is signed by the governor.

50 Sec. ____ . Section 8.57, subsection 1, paragraph a,

S-3572

S-3572

Page 5

1 Code 1995, is amended by striking the paragraph and
2 inserting in lieu thereof the following:

3 a. The "cash reserve goal percentage" for fiscal
4 years beginning on or after July 1, 1995, is five
5 percent of the adjusted revenue estimate. For each
6 fiscal year beginning on or after July 1, 1995, in
7 which the appropriation of the surplus existing in the
8 general fund of the state at the conclusion of the
9 prior fiscal year pursuant to paragraph "b" was not
10 sufficient for the cash reserve fund to reach the cash
11 reserve goal percentage for the current fiscal year,
12 there is appropriated from the general fund of the
13 state an amount to be determined as follows:

14 (1) If the balance of the cash reserve fund in the
15 current fiscal year is not more than four percent of
16 the adjusted revenue estimate for the current fiscal
17 year, the amount of the appropriation under this
18 lettered paragraph is one percent of the adjusted
19 revenue estimate for the current fiscal year.

20 (2) If the balance of the cash reserve fund in the
21 current fiscal year is more than four percent but less
22 than five percent of the adjusted revenue estimate for
23 that fiscal year, the amount of the appropriation
24 under this lettered paragraph is the amount necessary
25 for the cash reserve fund to reach five percent of the
26 adjusted revenue estimate for the current fiscal year.

27 (3) The moneys appropriated under this lettered
28 paragraph shall be credited in equal and proportionate
29 amounts in each quarter of the current fiscal year.

30 Sec. ____ . Section 8.57, subsection 1, paragraph b,
31 Code 1995, is amended to read as follows:

32 b. ~~Commencing June 30, 1993, the~~ The surplus
33 existing in the general fund of the state at the
34 conclusion of the fiscal year is appropriated for
35 distribution in the succeeding fiscal year as provided
36 in this section subsections 2 and 3. Moneys credited
37 to the cash reserve fund from the appropriation made
38 in this paragraph shall not exceed the amount
39 necessary for the cash reserve fund to reach the cash
40 reserve goal percentage for the succeeding fiscal
41 year. As used in this paragraph, "surplus" means the
42 excess of revenues and other financing sources over
43 expenditures and other financing uses for the general
44 fund of the state in a fiscal year."

45 14. Page 7, by striking line 15 and inserting the
46 following:

47 "Sec. ____ . Section 8.57, subsections 2 and 3, Code
48 1995, are amended".

49 15. Page 8, line 22, by striking the words
50 "credited to" and inserting the following: "credited

S-3572

-5-

S-3572

Page 6

1 in equal amounts to the rebuild Iowa infrastructure
2 fund and".

3 16. Page 8, by inserting after line 23 the
4 following:

5 "3. To the extent that moneys appropriated under
6 subsection 1 exceed the amounts necessary for the cash
7 reserve fund to reach its maximum balance and the
8 amounts necessary to eliminate Iowa's GAAP deficit,
9 including elimination of the making of any
10 appropriation in an incorrect fiscal year, the moneys
11 shall be appropriated credited in equal amounts to the
12 rebuild Iowa infrastructure fund and the Iowa economic
13 emergency fund."

14 17. Page 11, by inserting after line 3 the
15 following:

16 "DIVISION

17 BUDGET SUBMISSIONS

18 Sec. ____ . Section 8.23, unnumbered paragraph 1,
19 Code 1995, is amended to read as follows:

20 On or before September October 1, prior to each
21 legislative session, all departments and
22 establishments of the government shall transmit to the
23 director, on blanks to be furnished by the director,
24 estimates of their expenditure requirements, including
25 every proposed expenditure, for the ensuing fiscal
26 year, classified so as to distinguish between
27 expenditures estimated for administration, operation,
28 and maintenance, and the cost of each project
29 involving the purchase of land or the making of a
30 public improvement or capital outlay of a permanent
31 character, together with supporting data and
32 explanations as called for by the director. The
33 budget estimates shall include for those agencies
34 which pay for energy directly a line item for energy
35 expenses itemized by type of energy and location. The
36 estimates of expenditure requirements shall be based
37 upon seventy-five percent of the funding provided for
38 the current fiscal year accounted for by program
39 reduced by the historical employee vacancy factor in
40 form specified by the director and the remainder of
41 the estimate of expenditure requirements prioritized
42 by program. The estimates shall be accompanied with
43 performance measures for evaluating the effectiveness
44 of the program. If a department or establishment
45 fails to submit estimates within the time specified,
46 the governor shall cause estimates to be prepared for
47 that department or establishment as in the governor's
48 opinion are reasonable and proper. The director shall
49 furnish standard budget request forms to each
50 department or agency of state government.

S-3572

-6-

S-3572

Page 7

1 Sec. _____. Section 8.35A, subsection 2, Code 1995,
2 is amended to read as follows:

3 2. Commencing ~~September~~ October 1, the director
4 shall provide weekly budget ~~tapes~~ in the form and
5 level of detail requested by the legislative fiscal
6 bureau reflecting finalized agency budget requests for
7 the following fiscal year as submitted to the
8 governor. The director shall transmit all agency
9 requests in final form to the legislative fiscal
10 bureau by November 15. Final budget records
11 containing the governor's recommendation and final
12 agency requests shall be transmitted to the
13 legislative fiscal bureau by January 1 or no later
14 than the date the governor's budget document is
15 delivered to the printer. The governor's
16 recommendation included on this record shall be
17 considered confidential by the legislative fiscal
18 bureau until it is made public by the governor. The
19 legislative fiscal bureau shall use this data in the
20 preparation of information for the legislative
21 appropriation process.

22 Sec. _____. Section 456A.19, unnumbered paragraph 2,
23 Code 1995, is amended to read as follows:

24 The department shall ~~annually-on-or-before~~
25 September by October 1 of each year submit to the
26 department of management for transmission to the
27 general assembly a detailed estimate of the amount
28 required by the department during the succeeding year
29 for carrying on the activities embraced in the fish
30 and wildlife division. The estimate shall be in the
31 same general form and detail as required by law in
32 estimates submitted by other state departments."

RECEIVED FROM THE HOUSE

S-3572 FILED APRIL 25, 1995

Senate concurred in as amended
4/28/95 (p. 1501)

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 475
H-4159

1 Amend the House amendment, S-3572, to Senate File
2 475, as passed by the Senate, as follows:

3 1. Page 1, by inserting after line 4 the
4 following:

5 "____. Page 3, by inserting after line 1 the
6 following:

7 Sec. ____ Section 8.21, Code 1995, is amended by
8 adding the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. Unless a collective
10 bargaining agreement, as referred to in section 20.17,
11 subsection 10, between a state public employer and the
12 state employee organization which represents the
13 largest number of state employees, providing for
14 salary adjustment for the ensuing fiscal year is being
15 negotiated at the time required for transmission of
16 the governor's budget, the portion of the governor's
17 budget for the ensuing fiscal year which provides the
18 details of recommended appropriations and a draft
19 appropriation bill for adjustment of state employee
20 salaries shall be submitted to the general assembly on
21 or before March 1 of the legislative session. If a
22 collective bargaining agreement, as referred to in
23 section 20.17, subsection 10, between a state public
24 employer and the state employee organization which
25 represents the largest number of state employees,
26 providing for salary adjustment for the ensuing fiscal
27 year is being negotiated at the time required for
28 transmission of the governor's budget, the portion of
29 the governor's budget for the ensuing fiscal year
30 which provides the details of recommended
31 appropriations and a draft appropriation bill for
32 adjustment of state employee salaries shall be
33 submitted to the general assembly within thirty days
34 of the date by which the collective bargaining
35 agreement between the state public employer and the
36 state employee organization is completed, either
37 through agreement or arbitration or prior to the date
38 of final adjournment of that legislative session,
39 whichever is earlier."

40 ____ Page 3, line 3, by striking the word
41 "subsection" and inserting the following:
42 "subsections".

43 2. Page 1, by striking line 9 and inserting the
44 following:

45 "____. Page 3, by striking lines 15 through 22 and
46 inserting the following:

47 "NEW SUBSECTION. 6. At the meeting in which the
48 conference agrees to the revenue estimate for the
49 succeeding fiscal year in accordance with the
50 provisions of subsection 3, the conference shall also

H-4159

H-4159

Page 2

1 agree to a preliminary projection of the amount of the
2 appropriation necessary for the succeeding fiscal year
3 to fund the medical assistance program under chapter
4 249A. This preliminary projection shall be developed
5 based upon the state and federal requirements for the
6 medical assistance program in effect at the time the
7 projection is made unless the members of the revenue
8 estimating conference agree to assume different
9 requirements for purposes of developing the
10 projection. As a preliminary projection, it shall be
11 used as the basis for later projections deemed
12 necessary by the governor or used by the general
13 assembly, which are developed due to revised budget
14 assumptions, proposed policy revisions, or other
15 adjustments."

16 3. Page 3, by striking lines 37 through 49.

17 4. Page 4, by striking lines 9 through 19.

18 5. Page 4, by striking lines 22 through 28.

19 6. By striking page 4, line 37, through page 6,
20 line 13.

21 7. Page 6, line 45, by inserting after the word
22 "specified," the following: "the legislative fiscal
23 bureau shall use the amounts of the appropriations to
24 the department or establishment for the fiscal year in
25 process at the time the estimates are required to be
26 submitted as the amounts for the department's or
27 establishment's request in the documents submitted to
28 the general assembly for the ensuing fiscal year and".

29 8. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-4159 FILED APRIL 28, 1995

House concurred (p. 2106)

Murphy
Boswell
Lind

SSB-363

Succeeded By
SF/HF 473 Appropriation

SENATE FILE _____

BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MURPHY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state financial provisions and providing
2 applicability provisions and effective dates.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

~~YOB~~
100

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

CAPITAL PROJECT AND LEASE-PURCHASE REQUIREMENTS

Section 1. Section 2.47A, subsection 1, paragraph d, Code 1995, is amended to read as follows:

d. ~~Receive semiannual~~ annual status reports for all ongoing capital projects of state agencies, pursuant to section 18.12, subsection 15.

Sec. 2. Section 8.46, Code 1995, is amended to read as follows:

8.46 LEASE-PURCHASE -- REPORTING.

1. For the purposes of this section, unless the context otherwise requires, ~~"state:~~

a. "Installment acquisition" includes, but is not limited to, an arrangement in which title of ownership passes when the first installment payment is made.

b. "Lease-purchase arrangement" includes, but is not limited to, an arrangement in which title of ownership passes when the final installment payment is made.

c. "State agency" means any executive, judicial, or legislative department, commission, board, institution, division, bureau, office, agency, or other entity of state government.

~~±~~ 2. Before At least thirty days prior to entering into a contract involving a lease-purchase or installment acquisition arrangement in which any part or the total amount of the contract is at least fifty thirty thousand dollars, a state agency shall notify the legislative fiscal bureau concerning the contract. The legislative fiscal bureau shall compile the notifications for submission to the legislative fiscal committee of the legislative council regarding the contract. The notification is required regardless of the source of payment for the lease-purchase or installment acquisition arrangement. The notification shall include all of the following information:

a. A description of the object of the lease-purchase or

1 installment acquisition arrangement.

2 ~~b.---The cost of the contract.~~

3 ~~e.b.~~ The proposed terms of the contract.

4 ~~d.c.~~ The ~~total~~ cost of the contract, including principal
5 and interest costs. If the actual cost of a contract is not
6 known at least thirty days prior to entering into the
7 contract, the state agency shall estimate the principal and
8 interest costs for the contract.

9 ~~e.d.~~ An identification of the means and source of payment
10 of the contract.

11 ~~f.e.~~ An analysis of consequences of delaying or abandoning
12 the commencement of the contract.

13 ~~2.3.~~ The legislative fiscal committee shall report to the
14 legislative council concerning the notifications it receives
15 pursuant to this section.

16 ~~3.---A state agency shall report quarterly to the~~
17 ~~legislative fiscal committee concerning its contracts~~
18 ~~involving a lease purchase arrangement.---The format of the~~
19 ~~report shall be determined by the legislative fiscal bureau in~~
20 ~~consultation with the department of management.---The report~~
21 ~~shall include all of the following information:~~

22 ~~a.---A description of the objects of a lease purchase~~
23 ~~arrangement under contract.~~

24 ~~b.---The total costs of the contracts.~~

25 ~~c.---Total principal and interest cost in each fiscal year~~
26 ~~of each contract.~~

27 ~~d.---An identification of the means and source of payment~~
28 ~~for each contract.~~

29 Sec. 3. Section 18.12, subsection 15, Code 1995, is
30 amended to read as follows:

31 15. Prepare ~~semiannual~~ annual status reports for all
32 ongoing capital projects of all state agencies, as defined in
33 section 8.3A, and submit the status reports to the legislative
34 capital projects committee.

35

DIVISION II

1 REVENUE ESTIMATING

2 Sec. 4. Section 8.22A, Code 1995, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 5. At the meeting in which the conference
5 agrees to the revenue estimate for the succeeding fiscal year
6 in accordance with the provisions of subsection 3, the
7 conference shall also agree to the following estimates which
8 shall be used by the governor and the general assembly in
9 preparation of the budget message under section 8.22 and the
10 general assembly in the budget process for the succeeding
11 fiscal year:

12 a. The amount of lottery revenues for the following fiscal
13 year to be available for disbursement following the deductions
14 made pursuant to section 99E.10, subsection 1.

15 b. The amount of the appropriation necessary for the
16 succeeding fiscal year to fund the medical assistance program
17 under chapter 249A. This estimate shall be developed based
18 upon the state and federal requirements for the medical
19 assistance program in effect at the time the estimate is made
20 unless the members of the revenue estimating conference agree
21 to assume different requirements for purposes of developing
22 the estimate.

23 DIVISION III

24 STATE PAYMENT PROVISIONS

25 Sec. 5. Section 421.31, Code 1995, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 11. FEDERAL CASH MANAGEMENT IMPROVEMENT
28 ACT ADMINISTRATOR -- APPROPRIATION. To serve as administrator
29 for state actions relating to the federal Cash Management and
30 Improvement Act of 1990, Pub. L. No. 101-453, as codified in
31 31 U.S.C. § 6503. The director shall perform the following
32 duties relating to the federal law and shall administer the
33 funds appropriated in this section:

34 a. Act as the designated representative of the state in
35 the negotiation and administration of contracts between the

1 state and federal government relating to the federal law.

2 b. Modify the centralized statewide accounting system and
3 develop, or require to be developed by the appropriate
4 departments of state government, the necessary reports and
5 procedures necessary to complete the managerial and financial
6 reports required to comply with the federal law.

7 Sec. 6. Section 260D.12, as amended by 1994 Iowa Acts,
8 chapter 1181, section 13, is amended to read as follows:

9 260D.12 PAYMENT OF APPROPRIATION.

10 Payment of appropriations for distribution under this
11 chapter or of appropriations made in lieu of such
12 appropriations, shall be made by the department of revenue and
13 finance in ~~four~~ monthly installments due on or about ~~November~~
14 ~~15, February 15, May 15, and August 15~~ the fifteenth day of
15 each month of a budget year, and installments shall be as
16 nearly equal as possible, as determined by the department of
17 revenue and finance, taking into consideration the relative
18 budget and cash position of the state resources.

19 Sec. 7. 1994 Iowa Acts, chapter 1181, section 18, is
20 amended to read as follows:

21 SEC. 18. CONTINGENT EFFECTIVE DATE. Sections 12, 13, 14,
22 and 15 of this division shall take effect ~~upon the publication~~
23 ~~date of the state comprehensive annual financial report~~
24 ~~prepared in accordance with generally accepted accounting~~
25 ~~principles which indicates that the payment of the obligation~~
26 ~~described in the section is made in accordance with generally~~
27 ~~accepted accounting principles~~ July 1, 1995. ~~A report shall~~
28 ~~be made by the department of management to the Code editor on~~
29 ~~or before the publication date of the report.~~

30 Sec. 8. 1994 Iowa Acts, chapter 1193, sections 2, 4, and
31 35, are repealed.

32 Sec. 9. EFFECTIVE DATE. Section 5 of this division,
33 amending section 421.31, being deemed of immediate importance,
34 takes effect upon enactment.

35

DIVISION IV

1 STRATEGIC PLANNING

2 Sec. 10. NEW SECTION. 8.65 STRATEGIC PLANNING.

3 1. The governor, supreme court, and general assembly shall
4 each develop a five-year strategic plan for their respective
5 branches of government. The governor and general assembly
6 shall also develop a five-year strategic plan providing long-
7 term goals and objectives for the state. The strategic plans
8 shall be annually updated and new five-year plans developed
9 for each succeeding five-year period.

10 2. Following presentation of the initial executive branch
11 strategic plan, yearly updates of the plan shall be submitted
12 as part of the governor's annual budget proposal to the
13 general assembly under section 8.22. The plan shall utilize
14 information obtained pursuant to section 8.52, include all
15 relevant budget projections, and include the plans developed
16 by each department and establishment of government for that
17 department or establishment in accordance with this section.
18 The governor shall provide an overall compilation of the plans
19 and identify the governor's top five priorities for the
20 ensuing fiscal year in the annual budget message required
21 under section 8.22. The plan by each department or establish-
22 ment shall be submitted to the governor at the same time and
23 with the budget materials required under section 8.23 and
24 shall be considered at the public hearing required pursuant to
25 section 8.26. A department's or establishment's plan shall be
26 submitted to the general assembly at the same time it is
27 submitted to the governor. The plan for each department and
28 establishment shall provide budget projections and
29 requirements, long-term and short-term goals, and other
30 information relating to implementation of the plan, including
31 but not limited to all of the following:

32 a. Identifying and providing a time line for the critical
33 goals and objectives to be accomplished during the five-year
34 period.

35 b. Providing detailed estimates of the related costs.

1 c. Identifying the other resources, policy considerations,
2 and any cooperative involvement by other departments and
3 agencies of state government necessary to attain the critical
4 goals and objectives.

5 d. Identifying performance indicators for measuring the
6 accomplishment of the critical goals and objectives.

7 e. Submitting an annual progress report based upon the
8 performance indicators.

9 3. The strategic planning elements required in subsection
10 2, paragraphs "a" through "e", shall be addressed in the
11 strategic plans developed by the legislative and judicial
12 branches of state government. The supreme court's plan shall
13 be submitted to the general assembly on or before the first
14 business day in January. The general assembly's strategic
15 plan shall be considered in a concurrent resolution and is
16 subject to approval by a constitutional majority of the
17 members of each chamber.

18 Sec. 11. APPLICABILITY. The initial strategic plans
19 required by section 8.65, as enacted by this Act, shall apply
20 to the 1996-1997 fiscal year and shall be submitted by the
21 executive and judicial branches in December 1995.

22 DIVISION V

23 CASH RESERVE AND SPECIAL FUNDS

24 Sec. 12. Section 8.55, subsection 3, Code 1995, is amended
25 to read as follows:

26 3. The moneys in the Iowa economic emergency fund may be
27 appropriated by the general assembly only in the fiscal year
28 for which the appropriation is made. The moneys shall only be
29 appropriated by the general assembly for emergency or other
30 nonrecurring expenditures. However, except as provided in
31 section 8.58, the balance in the Iowa economic emergency fund
32 may be used in determining the cash position of the general
33 fund of the state for the payment of state obligations.

34 Sec. 13. Section 8.56, subsection 1, Code 1995, is amended
35 to read as follows:

1 1. A cash reserve fund is created in the state treasury.
2 The cash reserve fund shall be separate from the general fund
3 of the state and shall not be considered part of the general
4 fund of the state except in determining the cash position of
5 the state as provided in subsection 3. The moneys in the cash
6 reserve fund are not subject to section 8.33 and shall not be
7 transferred, used, obligated, appropriated, or otherwise
8 encumbered except as provided in this section.
9 Notwithstanding section 12C.7, subsection 2, interest or
10 earnings on moneys deposited in the cash reserve fund shall be
11 credited to the rebuild Iowa economic-emergency-fund
12 infrastructure fund created in section 8.57. Moneys in the
13 cash reserve fund may be used for cash flow purposes provided
14 that any moneys so allocated are returned to the cash reserve
15 fund by the end of each fiscal year. However, the fund shall
16 be considered a special account for the purposes of section
17 8.53.

18 Sec. 14. Section 8.57, subsection 2, Code 1995, is amended
19 to read as follows:

20 2. Moneys appropriated under subsection 1 shall be first
21 credited to the cash reserve fund. To the extent that moneys
22 appropriated under subsection 1 would make the moneys in the
23 cash reserve fund exceed the cash reserve goal percentage of
24 the adjusted revenue estimate for the fiscal year, the moneys
25 are appropriated to the department of management to be spent
26 for the purpose of eliminating Iowa's GAAP deficit, including
27 the payment of items budgeted in a subsequent fiscal year
28 which under generally accepted accounting principles should be
29 budgeted in the current fiscal year. These moneys shall be
30 deposited into a GAAP deficit reduction account established
31 within the department of management. ~~Unspent-moneys-in-this~~
32 ~~account-shall-be-available-for-expenditure-for-subsequent~~
33 ~~fiscal-years~~. The department of management shall annually
34 file with both houses of the general assembly at the time of
35 the submission of the governor's budget, a schedule of the

1 items for which moneys appropriated under this subsection for
2 the purpose of eliminating Iowa's GAAP deficit, including the
3 payment of items budgeted in a subsequent fiscal year which
4 under generally accepted accounting principles should be
5 budgeted in the current fiscal year, shall be spent. The
6 schedule shall indicate the fiscal year in which the spending
7 for an item is to take place and shall incorporate the items
8 detailed in 1994 Iowa Acts, chapter 1181, section 17. The
9 schedule shall list each item of expenditure and the estimated
10 dollar amount of moneys to be spent on that item for the
11 fiscal year. The department of management may submit during a
12 regular legislative session an amended schedule for
13 legislative consideration. If moneys appropriated under this
14 subsection are not enough to pay for all listed expenditures,
15 the department of management shall distribute the payments
16 among the listed expenditure items. Moneys appropriated to
17 the department of management under this subsection shall not
18 be spent on items other than those included in the filed
19 schedule. ~~After-elimination-of-the-GAAP-deficit,-including~~
20 ~~elimination-of-the-making-of-any-appropriation-in-an-incorrect~~
21 ~~fiscal-year,-any-moneys-in-the-GAAP-deficit-reduction-account~~
22 ~~shall-be-appropriated~~ On September 1 following the close of a
23 fiscal year, moneys in the GAAP deficit reduction account
24 which remain unexpended for items on the filed schedule for
25 the previous fiscal year shall be credited to the Iowa
26 economic emergency fund.

27 Sec. 15. Section 8.57, subsection 5, Code 1995, is amended
28 to read as follows:

29 5. a. A rebuild Iowa infrastructure account fund is
30 created under the authority of the department of management.
31 Moneys The fund shall consist of appropriations made to the
32 fund and transfers of interest, earnings, and moneys from
33 other funds as provided by law. The fund shall be separate
34 from the general fund of the state and the balance in the fund
35 shall not be considered part of the balance of the general

S.F. _____ H.F. _____

1 fund of the state. However, the fund shall be considered a
2 special account for the purposes of section 8.53, relating to
3 generally accepted accounting principles.

4 b. Moneys in the infrastructure fund are not subject to
5 section 8.33. Notwithstanding section 12C.7, subsection 2,
6 interest or earnings on moneys in the infrastructure fund
7 shall be credited to the infrastructure fund.

8 c. Moneys in the account fund in a fiscal year shall be
9 used as directed by the general assembly for public
10 infrastructure-related expenditures.

11 d. The general assembly may provide that all or part of
12 the moneys deposited in the GAAP deficit reduction account
13 created in this section shall be transferred to the
14 infrastructure account fund in lieu of appropriation of the
15 moneys to the Iowa economic emergency fund.

16 Sec. 16. Section 8.58, Code 1995, is amended to read as
17 follows:

18 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

19 To the extent that moneys appropriated under section 8.57
20 do not result in moneys being credited to the general fund
21 under section 8.55, subsection 2, moneys appropriated under
22 section 8.57 and moneys contained in the cash reserve fund,
23 rebuild Iowa infrastructure fund, and Iowa economic emergency
24 fund shall not be considered in the application of any
25 formula, index, or other statutory triggering mechanism which
26 would affect appropriations, payments, or taxation rates,
27 contrary provisions of the Code notwithstanding.

28 To the extent that moneys appropriated under section 8.57
29 do not result in moneys being credited to the general fund
30 under section 8.55, subsection 2, moneys appropriated under
31 section 8.57 and moneys contained in the cash reserve fund,
32 rebuild Iowa infrastructure fund, and Iowa economic emergency
33 fund shall not be considered by an arbitrator or in
34 negotiations under chapter 20.

35 Sec. 17. NEW SECTION. 8.63 INNOVATIONS FUND.

1 1. An innovations fund is created in the state treasury
2 under the control of the department of management for the
3 purpose of stimulating and encouraging innovation in state
4 government by the awarding of repayable loans to state
5 agencies.

6 2. The director of the department of management shall
7 establish an eight-member committee to be called the state
8 innovations fund committee. The committee shall review all
9 requests for funds and approve loans of funds if the committee
10 determines that an agency request would result in cost savings
11 or added revenue to the general fund of the state. Eligible
12 projects are projects which cannot be funded from an agency's
13 operating budget without adversely affecting the agency's
14 normal service levels. Projects may include, but are not
15 limited to, purchase of advanced technology, contracting for
16 expert services, and acquisition of equipment or supplies.

17 3. A state agency seeking a loan from the innovations fund
18 shall complete an application form designed by the state
19 innovations fund committee which employs a return on
20 investment concept and demonstrates how state general fund
21 expenditures will be reduced or how state general fund
22 revenues will increase. Minimum loan requirements for state
23 agency requests shall be determined by the committee. As an
24 incentive to increase state general fund revenues, an agency
25 may retain up to fifty percent of savings realized in
26 connection with a loan from the innovations fund. The amount
27 retained shall be determined by the innovations fund
28 committee.

29 4. In order for the innovations fund to be self-
30 supporting, the innovations fund committee shall establish
31 repayment schedules for each innovation fund loan awarded.
32 Agencies shall repay the funds over a period not to exceed
33 five years with interest, at a rate to be determined by the
34 innovations fund committee.

35 5. Notwithstanding section 12C.7, subsection 2, interest

1 or earnings on moneys deposited in the innovations fund shall
2 be credited to the innovations fund. Notwithstanding section
3 8.33, moneys remaining in the innovations fund at the end of a
4 fiscal year shall not revert to the general fund of the state.
5 Sec. 18. EFFECTIVE DATE. This division of this Act, being
6 deemed of immediate importance, takes effect upon enactment.

7 EXPLANATION

8 This bill relates to state financial provisions and
9 provides effective dates.

10 Division I amends provisions involving lease-purchase
11 arrangements and capital projects. The amendments to sections
12 2.47 and 18.12 provide that capital projects reports submitted
13 by the department of general services and received by the
14 legislative capital projects committee of the legislative
15 council are to be made annually rather than semiannually.
16 Section 8.46 relates to lease-purchase arrangement reports
17 made to the legislative fiscal committee. This section is
18 amended to include arrangements in which the ownership title
19 passes on the final installment, include reporting on
20 contracts with installment acquisition arrangements, require
21 reporting at least 30 days prior to entering into a contract,
22 reduce the minimum reporting threshold from \$50,000 to
23 \$30,000, permit estimates if the actual costs are unknown at
24 the time of the report, and strike provisions requiring
25 quarterly reports concerning lease-purchase contracts.

26 Division II provides for the revenue estimating conference
27 to include two additional estimates in the estimate used by
28 the governor and the general assembly in developing the state
29 budget for the succeeding fiscal year. The additional
30 estimates are for net lottery revenue and for the
31 appropriation for the medical assistance program.

32 Division III relates to state payment provisions.

33 Section 421.31 is amended to require the director of the
34 department of revenue and finance to serve as administrator
35 for state actions concerning the federal Cash Management and

1 Improvement Act of 1990. The director is to represent the
2 state in negotiations with the federal government, modify the
3 state accounting system, and perform other financial
4 activities in compliance with the federal Act. The bill
5 provides that this section is effective upon enactment.

6 Sections 6, 7, and 8 relate to payment of state obligations
7 under generally accepted accounting principles (GAAP).
8 Section 260D.12 was amended in 1994 to provide for four equal
9 payments of state funding to merged area schools in the same
10 fiscal year. The bill provides for monthly installments on
11 the fifteenth day of each month of a fiscal year. The 1994
12 amendment to section 260D.12, and similar amendments to
13 section 257.16, relating to state school aid payments; section
14 285.2, relating to payments for nonpublic school
15 transportation; and section 303.18, relating to repayment to
16 the permanent school fund of a loan for the state historical
17 building, have contingent effective dates relating to payment
18 of the obligations in accordance with GAAP. The contingent
19 effective date is replaced with an effective date of July 1,
20 1995.

21 Section 8 repeals appropriations for fiscal year 1995-1996
22 to community colleges and for vocational aid. These
23 appropriations would provide the fourth-quarter payments for
24 those purposes for fiscal year 1994-1995 to be made in the
25 succeeding fiscal year. The governor's budget provides for
26 these payments to be made in fiscal year 1994-1995 from the
27 GAAP deficit reduction account in the department of
28 management. With the payment to be made from the GAAP deficit
29 account the appropriations for this purpose would be
30 duplicative. Section 8 also repeals a contingency provision
31 relating to the appropriations.

32 Division IV includes new section 8.65 requiring the
33 governor, supreme court, and the general assembly to develop
34 and submit five-year strategic plans for their respective
35 branches of government. This provision applies beginning with

1 the 1996-1997 fiscal year.

2 Division V relates to the cash reserve and other special
3 funds. Section 8.55, relating to the Iowa economic emergency
4 fund, is amended to provide that appropriations from the fund
5 may be made for nonrecurring expenditures. Section 8.56,
6 subsection 1, is amended to provide that interest from the
7 cash reserve is credited to the rebuild Iowa infrastructure
8 fund instead of the Iowa economic emergency fund.

9 Section 8.57, subsection 2, is amended to strike language
10 allowing unspent moneys to remain in the GAAP deficit
11 reduction account for subsequent fiscal years. The bill
12 requires that any moneys remaining in the account on September
13 1 which are not spent for items on the schedule for
14 eliminating the state deficit under general accepted
15 accounting principles (GAAP) for the previous fiscal year are
16 to be credited to the Iowa economic emergency fund.

17 The rebuild Iowa infrastructure account is changed to a
18 fund separate from the general fund of the state, its balance
19 is not to revert to any fund, and the fund is to retain its
20 interest and earnings. Section 8.58 is amended to provide
21 that moneys in the rebuild Iowa infrastructure fund shall not
22 be considered in the application of any formula, index, or
23 other statutory triggering mechanism which would affect
24 appropriations, payments, or taxation rates and shall not be
25 considered under collective bargaining provisions.

26 New section 8.63 establishes a state innovations fund in
27 the state treasury under the control of the department of
28 management and authorizes the director of the department of
29 management to establish an eight-member loan committee to
30 award loans to state agencies to implement expenditure
31 reducing or revenue enhancing ideas. The minimum loan request
32 is to be determined by the department of management and must
33 be for a project which cannot be funded without compromising
34 normal service levels. The innovations fund is designed to be
35 self-supporting with the agency required to repay the funds

1 with interest.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35