

## CHAPTER 228

### SUPPLEMENTAL APPROPRIATIONS AND COLLECTION AND DISTRIBUTION OF MONEYS

*H.F. 355*

**AN ACT** relating to and making appropriations for state agencies, by providing supplemental appropriations for the fiscal year beginning July 1, 1986 and ending June 30, 1987, by providing highway funding through loans and anticipatory certificates, by specifying responsibility of the collection services center relating to collection and disbursement of child support payments and information, by appropriating and reallocating funds for state agencies, by providing for limitations on certain expenditures, and providing an effective date.

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

Section 1. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to supplement prior appropriations:

	<u>1986-1987</u> <u>Fiscal Year</u>
1. For aid to families with dependent children to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 1	\$ 900,000
2. For medical assistance to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 2, paragraph "e"	\$ 8,000,000
3. For medical contracts to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 3	\$ 214,600
4. For state supplementary assistance to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 5	\$ 730,000
5. For home-based services to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 7	\$ 52,116
6. For foster care to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 8	\$ 3,208,193
7. For county-based juvenile justice to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 10	\$ 900,000
8. For supplementation of federal social services block grant and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 308	\$ 392,437

*\*Sec. 2. The department of human services shall not implement any mandatory coverage system for Title XIX recipients for enrollment in health maintenance organizations. The department shall work to develop policies and guidelines to implement on a pilot basis a special case management program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health*

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\*Item veto see message at end of the Act

outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs.\*

Sec. 3. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

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|---|------------|
| 1. For a work incentive program                   | \$ 400,000 |
| 2. For food stamp employment and training program | \$ 100,000 |

\*Sec. 4. 1986 Iowa Acts, chapter 1246, section 1, subsection 4, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance of an ambassador's program

	\$ 1,000,000
	<u>500,000*</u>

Of the funds appropriated by this subsection, the department of economic development shall spend one hundred thousand (100,000) dollars for the special marketing project to develop a marketing and promotion plan for the Quad Cities area in cooperation with the state of Illinois.

\*Sec. 5. 1986 Iowa Acts, chapter 1246, section 1, subsection 6, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance of an export finance program

	\$ 1,000,000
	<u>500,000*</u>

Sec. 6. 1986 Iowa Acts, chapter 1249, section 4, subsection 9, is amended to read as follows:

9. For a ~~solar~~ an ethanol and corn starch project to be administered by the center for industrial research and service

	\$ 150,000
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Sec. 7. 1986 Iowa Acts, chapter 1246, section 103, subsection 8, is amended to read as follows:

8. For the ~~old territorial capitol in Port of Burlington building in Burlington for restoration renovation~~

	\$ 22,000
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Sec. 8. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, is amended to read as follows:

9. For community-based programs

	\$ 2,883,000
	<u>2,698,500</u>

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

h. Of the funds appropriated by this subsection, ~~one million one nine hundred fifteen thousand five hundred (1,100,000)~~ (915,500) dollars, or so much thereof as is necessary, is allocated for protective day care.

Sec. 10. 1986 Iowa Acts, chapter 1246, section 501, subsection 3, is amended to read as follows:

### 3. INDEMNITY FUND AND ESCROW.

From the general fund of the state as an advance for administration of the indemnity fund and escrow provision created by the 1986 Iowa Acts, Senate File 2116, for not more than five full-time equivalent positions

	\$ 100,000
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~~It is a condition of the funds appropriated by this subsection that the general fund be reimbursed from the interest accruing to the indemnity fund, no later than June 30, 1987, for the advance made by this subsection. Notwithstanding 1986 Iowa Acts, Senate File 2116, section 33, only interest accruing to the indemnity fund may be used for administration costs of the indemnity fund. In addition, interest accruing to the indemnity fund may be used for the expenses of administration of the escrow provision, subject to the approval of the Iowa grain indemnity fund board, notwithstanding 1986 Iowa Acts, Senate File 2116, section 33.~~

\*Item veto see message at end of the Act

The general assembly authorizes the transfer of funds appropriated under this section by the department of management to the department of justice to fund farm mediation services.

Sec. 11. 1986 Iowa Acts, chapter 1246, section 713, is amended to read as follows:

SEC. 713. 1985 Iowa Acts, chapter 254, section 1, subsection 1, paragraph b, is amended to read as follows:

b. For the fiscal year beginning July 1, 1986

	\$ 44,000,000
	<u>40,500,000</u>

*\*Sec. 12. Notwithstanding the 1986 Iowa Acts, chapter 1246, section 111, subsection 7, there is appropriated from the moneys appropriated to the obstetrical patient care fund to the department of public health for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts to be used as follows:*

1. *Three hundred thousand (300,000) dollars, or so much thereof as is necessary, for statewide expansion of the maternal health and child health centers.*

2. *Seventy-seven thousand five hundred sixty (77,560) dollars, or so much thereof as is necessary, to complete the regional centers necessary to provide for statewide coverage of developmental educationally related programs of the mobile and regional child health specialty clinics of the child health care services program.*

3. *Notwithstanding section 8.33, the funds appropriated under subsections 1 and 2 of this section which remain unobligated and unencumbered for the fiscal year beginning July 1, 1986 and ending June 30, 1987, shall remain available to the Iowa department of public health for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.\**

Sec. 13. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the state board of regents the sum of sixty-five thousand (65,000) dollars, or so much thereof as is necessary, to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 110, subsection 3, paragraph "c", subparagraph (2).

Sec. 14. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the judicial department, the sum of one hundred fifty thousand (150,000) dollars, or so much thereof as is necessary, to be credited to the fund established pursuant to section 602.1302, subsection 4, to be spent for jury and witness fees.

Sec. 15. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of natural resources the sum of twenty thousand (20,000) dollars, or so much thereof as is necessary, to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 505 to fund the costs of a pilot project for toxic waste cleanup days.

*\*Sec. 16. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of general services the sum of four million (4,000,000) dollars, or so much thereof as is necessary, of which seven hundred fifty thousand (750,000) dollars shall be allocated to the historical division of the department of cultural affairs to equip the new historical building with the remainder to be used for capitol complex construction and renovation.*

*Notwithstanding section 8.33, funds appropriated by this section which are unexpended or unencumbered shall carry forward to the 1987-1988 fiscal year for the same purpose as originally appropriated.\**

*\*Sec. 17. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of agriculture and land stewardship, the following amounts, or so much thereof as is necessary, to be used for the following purposes:*

\*Item veto see message at end of the Act

	1986-1987 Fiscal Year
1. Startup funding for the Iowa grain quality program	\$ 125,000
2. Startup funding of a regenerative, sustainable, biological and/or education and demonstration project	\$ 75,000

Notwithstanding section 8.33, the funds which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure by the department of agriculture and land stewardship for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.\*

\*Sec. 18. There is appropriated from the general fund of the state to the Iowa agricultural development authority for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount of five million (5,000,000) dollars, or so much thereof as is necessary, to be used for providing assistance to Iowa farmers under and through the agricultural loan assistance programs. Not more than one hundred fifty thousand (150,000) dollars, or so much thereof as is necessary, shall be used for general administration, including salaries, support, maintenance, and miscellaneous purposes.

Not more than one-half of the funds appropriated shall be committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987. Notwithstanding section 8.33, moneys appropriated by this section which are committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987, shall not revert to the general fund of the state.

Not more than one-half of the funds appropriated shall be committed for assistance, training, and management programs for agricultural producers under the program established in House File 626, enacted by the Seventy-second General Assembly, 1987 Session. Notwithstanding section 8.33, the moneys appropriated for assistance, training, and management programs for agricultural producers under this section which are committed pursuant to agreements under House File 626 and entered into between April 1, 1987 and June 30, 1989 shall not revert to the general fund of the state.

If House File 626 does not become law, the moneys allocated for that program under this section shall be used for grants pursuant to agreements under section 175.35.\*

\*Sec. 19. There is appropriated from the general fund of the state to the historical division of the department of cultural affairs for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount of one hundred thirty thousand (130,000) dollars, or so much thereof as is necessary, to cover the expenses of moving the division's Des Moines collection into the new historical building or to be used to duplicate the Iowa City genealogical records and transferring the duplicates to Des Moines.

Notwithstanding section 8.33, the funds appropriated under this section which remain unobligated or unencumbered for the fiscal year beginning July 1, 1986 and ending June 30, 1987, shall remain available to the historical division of the department of cultural affairs for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.\*

#### Sec. 20.

1. During the fiscal period beginning July 1, 1986 and ending June 30, 1990, upon the request of the public broadcasting division of the department of cultural affairs, the executive council shall sell the property and building located at 2801 Bell Avenue in Des Moines, Iowa, and used by the Iowa department of public broadcasting. For the fiscal period beginning July 1, 1986 and ending June 30, 1990, the proceeds from the sale of the property and building are appropriated to the public broadcasting division of the department of cultural affairs to pay a portion

\*Item veto see message at end of the Act

of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs. However, the executive council may direct that the building and property located at 2801 Bell Avenue in Des Moines, Iowa, be used for another state purpose. The executive council shall determine by independent appraisal the fair market value of the building and property and, in that case, an appropriation equal to appraised value of the building and property may be considered by the general assembly to pay a portion of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs.

2. During the fiscal period beginning July 1, 1986 and ending June 30, 1990, if the property and building are not sold or proceeds from the sale of the property have not been received at the time the public broadcasting division requires money to exercise the purchase option on its new building located at 6450 Corporate Drive, Johnston, Iowa, there is appropriated from the general fund of the state to the public broadcasting division of the department of cultural affairs, for the fiscal period beginning July 1, 1986 and ending June 30, 1990, the sum of five hundred thousand (500,000) dollars, or as much thereof as is necessary, to be used to purchase the new building. Notwithstanding section 8.33, moneys appropriated in this subsection shall revert on June 30, 1990.

3. If funds appropriated under subsection 1 are expended for the purpose provided in subsection 1, subsection 2 is void.

*\*Sec. 21. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of four hundred thousand (400,000) dollars, or so much thereof as is necessary, to be used by Iowa State University of science and technology for the college of veterinary medicine. Notwithstanding section 8.33, the funds which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure for the purposes specified in this section during the fiscal year beginning July 1, 1987 and ending June 30, 1988.\**

Sec. 22. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of justice the sum of fifty thousand (50,000) dollars, or so much thereof as is necessary, to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 414.

Sec. 23. Notwithstanding section 8.55, the moneys in the Iowa economic emergency fund on the effective date of this Act are transferred to the general fund of the state. Funds transferred to the general fund of the state shall be used to defray expenses incurred for the fiscal year beginning July 1, 1986 and ending June 30, 1987.

Sec. 24. The state transportation commission may authorize the temporary transfer of funds between the department's share of the RISE fund under section 315.4 to the primary road fund in an amount not to exceed twenty-five million dollars. Transferred funds shall be repaid within ninety days to the fund from which they came upon receipt of federal highway trust fund reimbursements and not later than July 1, 1988. However, the commission shall not authorize the transfer of any RISE funds already allocated for expenditure on a specific RISE project prior to July 1, 1988.

*\*Sec. 25.*

*1. The state transportation commission may issue anticipatory certificates in an amount not to exceed fifty million dollars prior to July 1, 1987. If by July 1, 1987, the state has not received the full allotment of the appropriate federal highway trust funds, the state transportation commission may issue additional anticipatory certificates. However, the commission shall not issue more than one hundred fifty million dollars in anticipatory certificates. The*

*certificates shall be retired at the time or times determined by the commission but not later than July 1, 1988.*

*2. The certificates shall be authorized by a resolution adopted by the commission which shall specify:*

*a. The primary road funds, specifying the year or years, from which the certificates are payable.*

*b. The amount of certificates authorized.*

*c. The denomination, and place of payment, which may be at any bank within or without the state, of each certificate.*

*d. The rate of interest which each certificate shall bear which shall not exceed that permitted by chapter 74A, and the date or dates interest is payable.*

*e. The authorization for the chairperson of the commission and the treasurer of state to sign and countersign the certificates.*

*3. Each certificate shall specify on its face the following information:*

*a. The annual accruing primary road funds, naming the year from which the certificate is payable.*

*b. The date the certificate is payable.*

*c. That the certificate is payable solely from accruing primary road funds.*

*4. The state transportation commission is authorized to pledge all or any portion of the primary road fund toward the payment of the certificates and amounts in the primary road fund are appropriated, to the extent necessary, for payment of principal and interest on the certificates. The certificates shall be payable solely from the primary road fund and under no circumstance shall any certificate be or become or be construed to constitute a debt of or a charge against the state within the purview of any constitutional or statutory limitation or provision.*

*5. Each of the certificates shall be executed by the manual or facsimile signature of the chairperson of the commission and the treasurer of state.*

*6. Interest on the certificates shall be exempt from state income taxation.*

*7. The treasurer of state shall be responsible for the sale of the certificates. In lieu of selling the certificates, the treasurer of state may apply the certificates at face value plus interest in payment of any warrants duly authorized and issued for primary road work.*

*8. The treasurer of state, or the treasurer's designee, shall, if appropriate, enter on a record the name and address of all persons to whom the certificates are issued, with a particular designation of the certificate delivered to each person.*

*9. Any subsequent holder of a certificate may present the certificate to the treasurer of state, or the treasurer's designee, who shall enter the subsequent holder's name and address in place of the name and address of the previous holder.\**

*\*Sec. 26. The department of general services shall not purchase any equipment which requires an expenditure in excess of one hundred thousand (100,000) dollars during the remainder of the fiscal year beginning July 1, 1986 and ending June 30, 1987, unless the equipment purchase was approved in the department's budget for the fiscal year by the general assembly. The limitations imposed upon the department of general services under this section shall also apply to any state agency or department which purchases equipment through the department of general services. The limitations imposed under this section shall also apply to lease-purchase agreements. The limitations imposed by this section shall apply to the department of general services and any state agency or department for the fiscal year beginning July 1, 1987 and ending June 30, 1988.\**

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\*Item veto see message at end of the Act

*\*Sec. 27. Section 8.23, Code 1987, is amended by adding the following new unnumbered paragraph:*

NEW UNNUMBERED PARAGRAPH. *On or before September 1, 1987, and each succeeding year, all agencies and departments of government shall transmit to the director and the director of the legislative fiscal bureau, as part of their recommendations for appropriations for administration, operations and maintenance, each item or expenditure, actual or estimated, planned equipment purchases in excess of one hundred thousand dollars during the fiscal year, and the costs of lease-purchase agreements for equipment which exceed one hundred thousand dollars in the fiscal year. Each lease-purchase agreement or proposed purchase of equipment shall be listed as a separate item in the proposed budget.\**

Sec. 28. Section 99E.31, subsection 5, paragraph f, Code 1987, is amended to read as follows:

f. To the Iowa state university of science and technology the sum of two hundred fifty thousand dollars for allocation to the center for industrial research and service for a hazardous waste research program and a ~~solar energy conversion program~~ an ethanol and corn starch project. Of the amount allocated under this paragraph, the sum of fifty thousand dollars shall be used for a ~~solar energy conversion program~~ an ethanol and corn starch project. The hazardous waste research program shall be created within the civil engineering department. This research program shall concentrate its efforts in the cleanup of industrial hazardous waste in the state with special emphasis upon new waste disposal techniques and applications. The center for industrial research and service shall administer the research funds and report to the general assembly on the program's progress and result.

Sec. 29. Section 99E.32, subsection 2, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. h. For the fiscal year beginning on July 1, 1986 the department shall establish a pilot program entitled the new business opportunity program to provide financial and technical assistance to emerging businesses and industries that expand and diversify the state's economic base. Assistance may be in any form authorized under the community economic betterment account and the department may allocate up to one million dollars of the account's funds for the pilot program.

Sec. 30. Section 252B.13, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

**252B.13 COLLECTION SERVICES CENTER.**

1. The department shall establish within the unit a collection services center for the receipt and disbursement of all support payments as defined in section 598.1. For purposes of this section, child support payments do not include attorney fees or court costs. The judicial department and the department of human services shall cooperate in the establishment of the center which will receive and disburse support payments.

2. The collection services center shall have no more than twenty-eight full-time equivalent positions. The department shall not transfer on a temporary or permanent basis any other personnel of the department to the center. The limitation on full-time equivalent positions does not apply to temporary conversion staff necessary to convert current records of the clerks of court into the center's data base. No temporary conversion staff are authorized on or after April 1, 1988.

3. The center shall establish a procedure to file and record complaints against the operation of the clearinghouse system. The center shall keep a record of all complaints received and the complaints shall be retained by the center. Upon request for the complaints, the center shall provide the complaints received, tallied and in the aggregate as a public record.

4. The center shall develop a system to provide certified child support arrearages through telephone communications, without costs, from the center to the clerks of the district court and the clerks of the district court are authorized to receive this information. The center shall also retain written documentation of these records to permit access to the records in those situations where the electronic data base is inoperable. All requests for information shall receive a response within a two-hour period of time during the regular business hours of the center.

5. The state of Iowa, subject to chapter 25A, shall be financially responsible for errors made by the center in providing information to any person when that person acts on the basis of the information provided by the center.

6. The center shall submit a report relating to the time required between the time the payment is received and the time the funds are distributed to the recipient to the fiscal committee of the legislative council on August 1, 1987, November 1, 1987, January 1, 1988, and January 1 of each succeeding year.

Sec. 31. Section 252B.14, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

**252B.14 SUPPORT PAYMENTS — CLERK OF COURT — COLLECTION SERVICES CENTER.**

Sections 252B.13 through 252B.17 apply to all initial or modified orders for support entered under this chapter, chapters 234, 252A, 252C, 598, and 675 of the Code. For purposes of this section, child support payments do not include attorney fees or court costs. All orders or judgments for support entered on or before March 31, 1987, shall direct the payment of such sums to the clerk of the district court for the use of the person for whom the payments have been awarded. All orders or judgments for support entered on or after April 1, 1987 shall direct the payment of such sums to the collection services center established pursuant to section 252B.13. Payments to persons other than the clerk of the district court and the collections services center do not satisfy the support obligations created by such orders or judgments, except as provided for trusts in sections 252D.1, 598.22, 598.23 or for tax refunds or rebates in section 602.8102, subsection 47.

Sec. 32. This Act, being deemed of immediate importance, takes effect upon its enactment.

*Approved May 5, 1987, except the items which I hereby disapprove and which are designated as section 2, section 5, section 12, section 16, section 17, section 18, section 19, section 21, section 25, section 26, section 27, and that portion of section 4 which is herein bracketed in ink and initialed by me. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Speaker of the House of Representatives this same date, a copy of which is attached hereto.*

TERRY E. BRANSTAD, *Governor*



Dear Mr. Speaker:

I hereby transmit House File 355, an Act relating to and making appropriations for state agencies, by providing supplemental appropriations for the fiscal year beginning July 1, 1986, and ending June 30, 1987, by providing highway funding through loans and anticipatory certificates, by specifying responsibility of the collection services center relating to collection and disbursement of child support payments and information, by appropriating and reallocating funds for state agencies, by providing for limitations on certain expenditures, and providing an effective date.

House File 355 provides essential supplemental funding to state agencies, particularly to human services programs. However, this bill also contains \$9 million of excessive spending in fiscal year 1987. As a result, action must be taken to reduce the level of spending contained in this bill.

In addition, this bill contains a number of budget gimmicks which are designed to mask the actual level of spending in fiscal year 1988. This bill appropriates over \$9 million in fiscal year 1987 while allowing those funds to be carried over to fiscal year 1988 — when the expenditures are actually needed. That “appropriate-now and spend-later” budgetary practice is dangerous — it results in \$9 million of excessive spending in fiscal year 1988 and an \$18 million budget problem the following year. Iowa taxpayers cannot afford double expenditures.

Many of these programs item vetoed are of high priority, and ought to be funded in fiscal year 1988 when the expenditures are actually anticipated. In that way we can forthrightly show the taxpayers of Iowa our budgetary priorities and avoid excessive spending which will cause additional burdens on taxpayers in the future.

House File 355 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 2 in its entirety.

Section 2 of House File 355 prohibits the Department of Human Services from implementing a mandatory coverage system for Title XIX recipients who are enrolled in a health maintenance organization. The Department of Human Services has been attempting to establish health maintenance organizations, consistent with federal law, to contain Medicaid costs. Such programs are already under way in Davenport and Dubuque and it is anticipated that an HMO project will soon be implemented in Des Moines.

Health care costs continue to increase dramatically and threaten taxpayers with excessive costs for the Medicaid program. While it is not palatable to reduce the available services under the Medicaid program, it would be appropriate to look for other reasonable cost containment measures. Contracting for medical services and mandatory HMO services are two such approaches. This would allow individuals eligible for Medicaid to receive appropriate and accessible health care within a predetermined cost to the state's taxpayers. The Department of Human Services is preparing a proposal for a pilot mandatory HMO project for consideration by the Council in January of next year. My budget for fiscal year 1988 assumes that we can save up to \$400,000 in Medicaid costs as a result of the mandatory HMO project. Therefore, in order to help limit the taxpayers' liability for Medicaid costs, I cannot accept provisions in Section 2 which would prohibit the Department of Human Services from establishing a mandatory coverage system for Title XIX recipients involved in HMO's.

I am unable to approve that portion of Section 4 of House File 355 which reads as follows:

“Sec. 4. 1986 Iowa Acts, chapter 1246, section 1, subsection 4, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance of an ambassador's program	\$ 1,000,000
	<u>500,000</u> "

Section 4 of House File 355 deappropriates \$500,000 for the Ambassador's program. It also sets aside \$100,000 for a special marketing project for the Quad Cities.

I have recommended and approved that portion of Section 4 which provides these funds for a joint marketing effort with the State of Illinois to promote the Quad Cities. However, I cannot approve the deappropriation of the \$500,000 for this program.

These funds cannot be used unless they are matched by private sector contributions. At the present time, a private sector board has been established for the Ambassador's program and private fundraising activities are under way. Many community leaders from throughout the state are excited about this program because it provides a way for them to promote their communities through a grassroots effort.

At the present time, Iowa ranks 35th in the nation in terms of its overall economic development marketing budget. We need more marketing funds — not fewer. I believe it would be inappropriate for us to hamper our private sector fundraising activities and reduce our limited commitment to the marketing and promotion of the State of Iowa by the deappropriation of these funds.

I am unable to approve the item designated as Section 5 in its entirety.

Section 5 of House File 355 deappropriates \$500,000 from the Export Finance Program. The Export Finance Program is a program unique to Iowa which provides interest rate reductions for companies interested in entering the export market. While this new program has had a relatively slow start-up, seventeen companies have now been assisted by it and \$11.4 million of export sales have been generated as a result. I do not believe it is appropriate to reduce our commitment to economic development efforts, particularly those designed to increase the export of Iowa-produced goods. Therefore, we should maintain the flexibility of the Department of Economic Development to utilize these available funds during the remainder of this fiscal year to enhance our export efforts.

I am unable to approve the item designated as Section 12 in its entirety.

Section 12 of House File 355 appropriates \$377,560 to the Department of Health or various health related programs. These are expansions of existing health services programs. In addition, this section allows the funds appropriated this year to be used next fiscal year as well.

Maternal and child health centers, as well as specialty clinics for child health services, are appropriate functions of government and are worthy of consideration for expansion. However, the legislature should not expand existing programs in this supplemental appropriation, given the state's tight finances.

In addition, I am concerned that this section of House File 355 appropriates funds during fiscal year 1987 for what are expected to be fiscal year 1988 expenditures. The legislature should consider funding for the expansion of these health services programs in the appropriate fiscal year budget before adjournment.

I am unable to approve the item designated as Section 16 in its entirety.

Section 16 of House File 355 appropriates \$4 million to the Department of General Services to equip the new Historical Building and to be used for Capitol Complex construction and renovation. There is some indication that a portion of these funds is designed to be used for preparatory work for a new legislative office facility. I have given my strong support for funds for

the new Historical Building and Capitol Building renovation. Indeed, in my budget recommendation for fiscal year 1988, I asked that \$1 million be appropriated for Capitol restoration and \$1.5 million be provided to allow for the equipping of the new Historical Building. I urge the General Assembly to consider these items for full appropriation in the fiscal year 1988 budget before it is finalized.

However, an appropriation of \$4 million in fiscal year 1987 with the allowance that these funds be carried forward to fiscal year 1988 again creates a false fiscal year 1988 budget. A portion of these funds are needed and will be spent next fiscal year and that is the period for which they should be appropriated.

I am unable to approve the item designated as Section 17 in its entirety.

Section 17 of House File 355 appropriates \$125,000 to start-up funding for the Iowa Grain Quality Program and \$75,000 to fund a new demonstration project within the Department of Agriculture and Land Stewardship. In addition, these funds are allowed to be rolled over into the next fiscal year for expenditure. Again, I object to the legislature's efforts to appropriate fiscal year 1988 funds in fiscal year 1987 — I cannot accept this method of false budgeting.

In addition, in this case, the Iowa Grain Quality Program has already begun through the assistance of the Iowa Corn Growers Association, the Iowa Soybean Association, and the Department of Economic Development. At the present time, offers are already on the table with a number of countries interested in purchasing Iowa certified quality grain and a trademark is being established. Therefore, these start-up funds are not necessary. With regard to the demonstration projects, funding is provided for similar projects in the ground water protection bill which is now being considered by the General Assembly. It would be most appropriate for these projects to be considered in that bill.

I am unable to approve the item designated as Section 18 in its entirety.

Section 18 of House File 355 would provide \$5 million to the Iowa Agricultural Development Authority for interest buy-down programs and targeted assistance to livestock producers. I recommended that \$5 million be appropriated in fiscal year 1988 for this purpose. I believe that the Iowa legislature should provide assistance to agricultural producers who have difficulty obtaining operating credit. Last year, over 1,300 farmers were provided with assistance in this manner. In addition, I recommended that we provide financial assistance to Iowa farmers interested in re-entering the livestock market.

However, House File 355 again appropriates funds in fiscal year 1987 which, in fact, would not be expended until fiscal year 1988. While the Agricultural Development Authority does indicate the need for some minimal administrative costs in fiscal year 1987, most of these funds would not be needed until some time during the middle of fiscal year 1988. That is why I recommended the \$5 million appropriation for this purpose during that fiscal year. Therefore, I urge the legislature to appropriate the \$5 million for this purpose in the fiscal year 1988 budget to ensure that agricultural producers receive appropriate assistance. Such action is imperative for Iowa agriculture.

I am unable to approve the item designated as Section 19 in its entirety.

Section 19 of House File 355 appropriates \$130,000 to cover the expenses of moving the Historical Division's genealogical records from Iowa City to Des Moines.

This section also contains language which allows the funds appropriated in this section to be spent during the fiscal year 1988.

I have recommended appropriate funding to the Department for moving central records to the new Historical Building during the fiscal year 1988. I strongly urge the legislature to adopt those funding recommendations.

I am unable to approve the item designated as Section 21 in its entirety.

Section 21 of House File 355 appropriates \$400,000 to Iowa State University for the College of Veterinary Medicine. The College of Veterinary Medicine has experienced a substantial reduction of operating funds due to the expiration of a contract with the State of Nebraska to teach Nebraska veterinary students at Iowa State.

This section also includes a clause allowing unexpended funds during this fiscal year to be utilized next fiscal year. It is anticipated that all of these funds are slated for use in fiscal year 1988.

Thus, despite the merits of this appropriation, Section 21 is but another legislative attempt to appropriate fiscal year 1988 funds in fiscal year 1987. If the legislature wishes to provide additional funds to the Iowa State University College of Veterinary Medicine, they should be provided in the fiscal year in which they are needed — fiscal year 1988. I urge the General Assembly to consider it in that time period.

I am unable to approve the item designated as Section 25 in its entirety.

Section 25 of House File 355 provides the Transportation Commission with authority to issue anticipatory warrants not to exceed \$50 million prior to July 1, 1987. This language was included in the bill in order to give the Commission authority to deal with the severe cash flow problems caused by the threatened loss of federal highway funds earlier this year. Now that the federal funding for highways has been settled by the Congress, the authority to issue these certificates is no longer necessary.

I am unable to approve the item designated as Section 26 in its entirety.

Section 26 of House File 355 prohibits the Department of General Services from purchasing or lease-purchasing any equipment costing more than \$100,000 for the remainder of fiscal year 1987 and for fiscal year 1988.

This section of House File 355 unnecessarily restricts the ability of the Department of General Services to purchase equipment in a cost effective manner. The Department has effectively used the lease purchase option to minimize costs for essential equipment for state agencies. This restriction could drastically restrict the ability of state government to continue automation plans needed to further reduce the administrative costs of state government. In addition, restricting this method of purchasing would hamstring our ability to update our computer equipment. If such appropriate updating is not accomplished, the quality of services provided to the public would be significantly hampered.

I am unable to approve the item designated as Section 27 of House File 355 in its entirety.

This section of the bill will require all agencies, including the Regent institutions, to transmit to the Director of the Legislative Fiscal Bureau each item of anticipated equipment purchases in excess of \$100,000 during the fiscal year. These proposed items are also required to be listed as a separate line item in the proposed budgets by the agencies and the institutions.

Section 27 of this bill is designed to assist the legislature in implementing the restriction on equipment purchases contained in Section 26 of the bill. Given the fact that Section 26 is item vetoed, state agencies and Regent institutions should not be required to do this unnecessary paperwork and reporting. Certainly, if the legislature desires to receive information regarding actual equipment purchases, the information should be made available upon request.

In summary, the state finances remain tight and House File 355 would result in \$9 million of excessive spending. Moreover, the state's budget requires a concerted effort over the next

several years to restore it to a generally accepted system of accounting. Appropriating funds in one year and spending them in another would set the state back in our efforts to put the state's fiscal house in order.

For the above reasons, I hereby respectfully disapprove of these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 355 are hereby approved as of this date.

Sincerely,

TERRY E. BRANSTAD, *Governor*