

Sec. 39. Section 554.9407, subsections 2 and 3, Code 1987, are amended to read as follows:

2. Upon a verbal request of a person, the filing officer shall verbally give information concerning a presently effective financing statement. The uniform fee for responding to a verbal request is ~~four~~ five dollars. The requesting party may request a certificate from the filing officer confirming the information given. The uniform fee for a certificate is one dollar.

3. Upon written request of any person, the filing officer shall issue a certificate showing whether there is on file on the date and hour stated therein, any presently effective financing statement or verified lien statement under chapter 570A naming a particular debtor and any financing statement or verified lien statement changes and if there are, giving the date and hour of filing of each such filing and the names and addresses of each secured party therein. The uniform fee for such a certificate shall be ~~four~~ five dollars if the request for the certificate is on a form conforming to standards prescribed by the secretary of state; otherwise, five six dollars. Upon request and the payment of the appropriate fee the filing officer shall furnish a certified copy of any filed financing statement or financing statement changes or verified lien statement or lien statement changes for a uniform fee of one dollar per page.

Sec. 40. Section 570A.4, subsection 4, Code 1987, is amended to read as follows:

4. The secretary of state shall note the filing of a lien statement under this section in the manner provided by chapter 554, the uniform commercial code, and shall charge a ~~four~~ five dollar filing fee if the statement is the standard form prescribed by the secretary of state, and otherwise a fee of five six dollars.

Sec. 41. All federal grants to and the federal receipts of agencies appropriated funds under this Act are appropriated for the purposes set forth in such federal grants or receipts.

Approved April 13, 1988

**CHAPTER 1276**

**HUMAN SERVICES APPROPRIATIONS, LIMITATIONS, AND POWERS**

*H.F. 2447*

**AN ACT** relating to human services, and making appropriations to the department of human services for the fiscal years beginning July 1, 1987, and July 1, 1988, and providing effective dates.

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

Section 1. **AID TO FAMILIES WITH DEPENDENT CHILDREN.** There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used:

1. For aid to families with dependent children:

..... \$ 48,328,449

2. As a condition of this appropriation, the department shall continue to operate the pilot grant diversion program which qualifies for federal financial participation according to federal law for the aid to families with dependent children program. The grant diversion program shall be operated from July 1, 1988, through June 30, 1989, as a component of the work incentive demonstration program in the Des Moines district. Employers who provide jobs shall

receive financial compensation in return for training provided. Aid to families with dependent children savings which result from the participant's employment shall be used to compensate an employer.

3. As a condition of this appropriation, the department shall continue to contract for services in developing and monitoring a waiver program with a consortium of other states to facilitate assistance to aid to dependent children families in self-employment. From the funds provided in this section, one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, shall be used to provide technical assistance for aid to dependent children families seeking self-employment. The technical assistance shall be provided either directly or through a contract with the division of job training of the department of economic development and through a contract with the corporation for enterprise development.

4. As a condition of this appropriation, the department shall work with the legislative fiscal bureau and the department of management to establish goals and objectives for each new program which commenced on or after July 1, 1987, or thereafter. The goals and objectives shall be submitted to the fiscal committee of the legislative council on or before August 15, 1988.

5. As a condition, qualification, and limitation of the appropriation made by this section, there is appropriated from the general fund of the state one million one hundred seventy-five thousand seven hundred (1,175,700) dollars to the department for transfer to the appropriate state agency to be used for the child development grants under Senate File 2192 if Senate File 2192 is enacted by the Seventy-second General Assembly, 1988 Session. Grants shall be awarded on a two-year basis, subject to renewal, and the funds appropriated in this subsection shall be for support for the first twelve-month period the grant is in effect. Grants shall be awarded not later than January 1, 1989. *\*Notwithstanding section 8.33, unexpended or unencumbered funds shall not revert to the general fund, but shall be available for the purposes set forth in this subsection.\**

6. As a condition, qualification, and limitation of the appropriation made by this section, there is appropriated from the general fund of the state six hundred ninety thousand (690,000) dollars to be used for the family development and self-sufficiency grant program under Senate File 2225 if Senate File 2225 is enacted by the Seventy-second General Assembly, 1988 Session. A grant shall be awarded on a three-year basis, subject to annual renewal, and the funds appropriated under this subsection shall be for support for the first twelve-month period the grant is in effect. All grants shall be awarded not later than January 1, 1989. Not more than five percent of the appropriation shall be used for administration of the program. *\*Notwithstanding section 8.33, unexpended or unencumbered funds shall not revert to the general fund, but shall be available for the purposes set forth in this subsection.\**

7. As a condition, qualification, and limitation of the appropriation made by this section, the schedule of basic needs under the aid to families with dependent children program is established for one person at one hundred sixty-nine dollars, for two persons at three hundred thirty-three dollars, for three persons at three hundred ninety-four dollars, for four persons at four hundred fifty-eight dollars, for five persons at five hundred seven dollars, for six persons at five hundred sixty-four dollars, for seven persons at six hundred nineteen dollars, for eight persons at six hundred seventy-six dollars, for nine persons at seven hundred thirty-one dollars, for ten persons at seven hundred ninety-nine dollars, and for each additional person at eighty dollars.

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

Sec. 2. WORK AND TRAINING PROGRAMS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For work incentive program:

..... \$ 1,202,794

It is the intent of the general assembly that the department operate the work incentive demonstration program as it operated in the fiscal year beginning July 1, 1986, unless a replacement program is mandated by federal law.

2. For food stamp employment and training program:

..... \$ 246,550

Sec. 3. MEDICAL ASSISTANCE. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for medical assistance, on the condition that effective July 1, 1988, the basis for establishing the maximum medical assistance rate for intermediate care facilities shall be the sixty-fourth percentile of all facility per diem rates as calculated from the June 30, 1988, unaudited compilation of cost and statistical data, on the condition that effective January 1, 1989, the basis for establishing and maintaining the maximum medical assistance rate for intermediate care facilities shall be the seventy-fourth percentile of all facility per diems as calculated from the June 30, 1988, unaudited compilation of cost and statistical data and that the minimum number of hours of care per resident of an intermediate care facility shall be two hours per resident per day computed on a seven-day week, and on the condition that the provider rates specified in section 33 of this Act are enacted into law, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary:

1. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled:

..... \$ 163,290,645

2. Of the funds appropriated in this section, not more than two hundred thousand (200,000) dollars may be transferred to the Iowa department of public health for contingency state assistance for the federal program for women, infants, and children in order to allow the Iowa department of public health to fully use available funds under this program.

3. As a condition, qualification, and limitation of the funds appropriated under this section, the department may implement mandatory enrollment of eligible clients into licensed health maintenance organizations where appropriate and consistent with federal guidelines. *\*However, clients shall continue to be eligible to use the family planning services and mental health services provided through community mental health centers without obtaining referral from the*

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

*health maintenance organization and effective January 1, 1989, the cost of the services shall be billed directly to the medical assistance program.\** Clients shall not be required to enroll in a health maintenance organization if the health maintenance organization does not provide service that is easily accessible *\*with no more than a minimal transportation expense\** to the client. The department shall track any savings realized by the use of the health maintenance organizations and shall annually submit to the legislative fiscal bureau the results of the client satisfaction survey required by the federal health care financing administration. The department shall report at the start of each calendar quarter, beginning on January 1, 1989, to the legislative fiscal bureau regarding cost savings.

4. As a condition, qualification, and limitation of the funds appropriated under this section, the copayment policy relating to mandatory services shall not require copayment by a recipient on a service or an item where copayment was not required by rules in effect on January 1, 1988.

5. As a condition, qualification, and limitation of the funds appropriated under this section, effective October 1, 1988, the department shall extend medical assistance benefits for a maximum of twelve months to those persons who lose assistance through the aid to dependent children program as the result of income obtained from employment. The department shall extend medical assistance benefits for an additional six months, up to a maximum of fifteen months, to those persons who lose assistance under the aid to dependent children program because the earned income disregards are no longer applicable and who would continue to be eligible for aid to dependent children if the disregards were still applicable.

6. As a condition, qualification, and limitation of the funds appropriated under this section, payments made to hospitals shall include inpatient and outpatient services. The department shall establish by rule criteria that a hospital provider shall meet in order to receive reimbursement for routine outpatient services and for clinical program services provided on an outpatient basis. Hospital outpatient program services reimbursed under the medical assistance program shall include, but are not limited to, alcoholism and substance abuse, mental health, eating disorders, cardiac rehabilitation, pulmonary rehabilitation, pain management, and outpatient diabetes education. Outpatient diabetes education programs shall be certified by the Iowa department of public health. All other outpatient programs shall meet requirements established by the department. Other clinical outpatient programs may be reimbursed under the medical assistance program upon a determination by the department that such programs are effective in meeting the health care needs of recipients and in avoiding more costly inpatient medical care and that criteria can be developed for those programs to govern admissions to and utilization of those program services consistent with the health care needs of the patient and the fiscal needs of the medical assistance program.

*\*7. As a condition, qualification, and limitation of the funds appropriated under this section, beginning July 1, 1988, the department of inspections and appeals shall issue provisional licenses to specialized psychiatric hospitals for children and adolescents for those facilities which are providing residential psychiatric services to children and adolescents, which are accredited by the joint commission on the accreditation of hospitals, and which are in compliance with all applicable state rules and standards regarding the operation of comprehensive residential facilities for children. Each applicant shall submit a copy of the applicant's accreditation and a statement of approval from the state fire marshal to the department of inspections and appeals. Such facilities are not required to apply for or receive a certificate of need pursuant to section 135.63. Notwithstanding the provisions of section 237.1, subsection 3, paragraph "e", care furnished by these facilities shall continue to be considered foster care.*

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

*The department of inspections and appeals, with the approval of the state board of health, shall adopt permanent standards for the licensure of specialized psychiatric hospitals for children and adolescents under chapter 135B. The rules shall take effect no later than July 1, 1989. Specialized psychiatric hospitals for children and adolescents licensed prior to July 1, 1989, are not required to apply for or receive a certificate of need pursuant to section 135.63.*

*The department of human services shall adopt rules to expand coverage under the medical assistance program to include services provided by specialized psychiatric hospitals for children and adolescents which are licensed by the department of inspections and appeals. The rules shall take effect no later than July 1, 1988, contingent upon the facilities meeting the federal requirements for a hospital as outlined in 42 C.F.R., subpart D. Initially, the rules shall provide that the medical assistance reimbursement rate for such specialized hospitals shall be one hundred twenty dollars per day or actual audited costs, whichever is less. The department shall develop a permanent reimbursement methodology for such specialized hospitals to be effective on or before July 1, 1989. Notwithstanding any other provisions of this Act, the department may transfer funds from the foster care appropriation to the medical assistance appropriation if necessary for the purposes of this subsection.\**

8. As a condition, qualification, and limitation of the funds appropriated under this section, the department and the Iowa department of public health shall proceed with implementation of enhanced services and targeted case management for pregnant women as recommended in the report entitled "case management and enhanced services for Medicaid eligible pregnant women".

9. As a condition, qualification, and limitation of the funds appropriated under this section, effective January 1, 1989, the department shall extend coverage to include caretaker relatives under the medically needy program. The department shall increase resource limitations under the medically needy program to five thousand dollars for a one-person household and seven thousand five hundred dollars for a family of two or more persons.

10. As a condition, qualification, and limitation of the funds appropriated under this section, no later than January 1, 1989, the department shall modify the diagnosis related group payment system for adolescents treated in Title XIX-certified adolescent substance abuse and adolescent psychiatric treatment units to reflect the treatment needs of Title XIX-eligible adolescents.

11. As a condition, qualification, and limitation of this appropriation, the department\*, *with the approval of the legislative council,\** may expend not more than twenty thousand (20,000) dollars to obtain technical assistance from the national center for health services research in identifying and examining state approaches for providing health care services to uninsured and underinsured persons in the low-income population.

12. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall provide a disproportionate share adjustment of four percent in the reimbursement rate paid to a hospital which provides more than twenty percent of its services to indigent patients.

13. As a condition of this appropriation, the department shall develop policies and guidelines to implement on a pilot basis a physician case management program for recipients of medical assistance. The pilot program shall be developed after review of established programs in other states. The pilot program shall continue for at least twenty-four months subsequent to implementation. If necessary, the department shall request a waiver from the federal health care financing administration. Of the funds appropriated under this section, forty-two thousand (42,000) dollars may be used to contract for the development of the policies or guidelines

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

or to add an additional full-time equivalent position for this purpose. If an additional full-time equivalent position is added, it is in addition to the positions authorized under the appropriation for general administration in this Act.

14. As a condition, qualification, and limitation of the appropriation made by this section, there is appropriated from the general fund of the state six hundred eight thousand (608,000) dollars, or so much thereof as is necessary to the department, effective on January 1, 1989, for medical assistance to all pregnant women and infants under one year of age whose income does not exceed one hundred fifty percent of the federal nonfarm poverty level, and for children up to age five on an incremental basis whose income does not exceed one hundred percent of the federal nonfarm poverty level, for salaries, support, and miscellaneous purposes.

a. The department shall expend the funds appropriated under this section for not more than three full-time equivalent positions in the field at a cost of not more than thirty-seven thousand (37,000) dollars, for salaries and support for not more than four full-time equivalent positions in general administration at a cost of not more than fifty-nine thousand (59,000) dollars, for systems and fiscal agent development at a cost of no more than twenty-five thousand (25,000) dollars, and for payment of medical benefits at a cost of no more than four hundred eighty-seven thousand (487,000) dollars. These positions are in addition to the positions authorized under the appropriations for community services and general administration in this Act.

b. As a condition, qualification, and limitation of the funds appropriated under this section, resource limitations shall be five thousand dollars for a one person household and seven thousand five hundred dollars for a family of two or more persons. Pregnant women shall have resources considered according to the standards for computing resources under the supplemental security income program. Infants and children shall have resources considered in accordance with the standards for computing resources under the aid to families with dependent children program. Pregnant women, infants, and children shall have income considered in accordance with standards under the aid to families with dependent children program. All other medical assistance program requirements apply. Upon implementation, phased-in coverage for children shall begin with children up to age two and shall be continued through January 1, 1992.

c. For persons who do not have a spend-down requirement under the medically needy program, the department shall set the length of the certification period at the length authorized by federal regulations.

d. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall report, in each month of the fiscal year, to the fiscal committee of the legislative council regarding the expenditure of the funds for the implementation of the medical assistance program for pregnant women, infants, and children and the additional full-time equivalent positions authorized for this purpose under this section. The report shall detail the number of additional authorized positions which have been filled, describe problems encountered in filling the positions, and assess the impact of the additional positions upon the quality of services provided to the targeted persons. If the department is caused to reduce expenditures because of an unanticipated reduction in federal funding, or the average base salary and support cost in staffing is greater than anticipated, or the staff vacancy factor is lower than anticipated, the department shall fill the additional full-time equivalent positions by reducing other expenditures.

15. As a condition, qualification, and limitation of the funds appropriated under this section, the department, in cooperation with the Iowa department of public health and the department of elder affairs, shall apply for federal waivers for the provision of case management services, homemaker/home health aide services and personal care services, adult day health services, habilitation services, and respite care under the medical assistance program pursuant to provision of the federal Omnibus Budget Reconciliation Act of 1987, Pub. L. No. 100-203.

Sec. 4. MEDICAL CONTRACTS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for medical contracts:

..... \$ 2,527,045

The department may expend up to two thousand (2,000) dollars of the funds appropriated in this section for changes in the claims payment and reporting system to support implementation of a program of mandatory enrollment in health maintenance organizations.

Sec. 5. CHILD SUPPORT RECOVERY. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for child support recoveries, including salaries and support for not more than one hundred point forty-two full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 1,012,000

1. The commissioner of human services, within the limitations of the funds appropriated in this section, or funds transferred from the aid to families with dependent children program for this purpose, may establish new positions and add additional employees to the child support recovery unit when the commissioner determines that both the current and additional employees together can reasonably be expected to recover for the aid to families with dependent children program and the nonpublic assistance support recovery program more than twice the amount of money required to pay the salaries and support for both the current and additional employees. The department shall demonstrate the cost-effectiveness of the current and additional employees by reporting to the human services appropriations subcommittee the ratio of the total amount of administrative costs for child support recoveries to the total amount of the child support recoveries.

2. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall extend the child support modification demonstration program to at least fifteen counties in the state. The department may transfer funds from the appropriation for aid to families with dependent children to the extent that is necessary in order to fund the demonstration program. Notwithstanding the number of full-time equivalent positions allowed under this section, the department may exceed the number allowed to the extent the positions are funded by the funds transferred for this purpose from the appropriation for aid to families with dependent children. The department shall report to the legislative fiscal bureau regarding the demonstration program each quarter.

Sec. 6. COMMUNITY SERVICES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services the following amount, or so much thereof as is necessary, to be used for community services:

1. As a condition of this appropriation for field operations, including salaries and support for not more than two thousand two hundred five point five full-time equivalent positions, maintenance, and miscellaneous purposes, the department shall provide an extensive orientation program for newly employed social workers in the area of community resource programs and shall provide assistance to each county board of social welfare to identify community resources in counties pursuant to section 234.11:

..... \$ 31,890,603

2. As a condition, qualification, and limitation of the funds appropriated under this section, the appropriation for community services is based upon an expected federal cost allocation share of fifteen million nine hundred seventy-two thousand nine hundred seventeen (15,972,917) dollars, a federal block grant share of twelve million six hundred sixty-seven thousand two hundred forty-nine (12,667,249) dollars, an average base salary and support cost of twenty-seven

thousand five hundred forty-nine (27,549) dollars, and a vacancy factor of four percent. *\*The department shall seek additional funds through supplemental appropriation if the expected federal cost allocation share is less than expected, the average base salary and support cost is more than expected, or the vacancy factor is lower than expected.\** The department shall report monthly to the fiscal committee of the legislative council regarding the projections of expenditures under this appropriation, and any changes related to the federal cost allocation, the average base salary and support, and the vacancy factor that occur. *\*The department shall not expend more than two million four hundred fourteen thousand one hundred three (2,414,103) dollars of this appropriation on items not related to salary and benefits without obtaining approval by the legislative council or the general assembly.\** The number of full-time equivalent positions under subsection 1 is the target number to be reached by the department in the fiscal year beginning July 1, 1988, and ending June 30, 1989. The department may fill up to two thousand two hundred ninety-seven point five positions and shall coordinate the P-5 hiring process in order to meet the target number for the fiscal year. However, if the state Title XIX plan amendments for candidate services under section 14 of this Act are approved by the federal government, the department may exceed the specified number of full-time equivalent positions for those full-time equivalent positions which are funded by cost savings and additional funds received by the state pursuant to section 14 of this Act.

*\*3. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall not place any orders for computer terminals and other hardware related to the family assistance management information system project and shall not take delivery of any terminals or hardware previously ordered when the general assembly is not in session without receiving approval from the legislative council after notification to the fiscal committee and the membership of the human services appropriations subcommittee.\**

4. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall identify the amount of the state funds and federal block grant funds saved under this appropriation and the amount of additional federal funds gained as a result of the case management provided under section 14, subsection 2, of this Act and transfer the total of the amounts to the funds appropriated under section 14 to provide enhanced mental health, mental retardation, and developmental disabilities services.

Sec. 7. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, for general administration, including salaries and support for not more than three hundred seventeen point forty-four full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 6,841,245

1. Full-time equivalent positions which are funded entirely with federal, public, private grants, or the gambler's assistance fund established in section 99E.10 are exempt from the limits on the number of full-time equivalent positions provided in this section, but are approved only for the period of time for which the federal funds or grants are available for the position.

2. As a condition, qualification, and limitation of the funds appropriated under this section, the appropriation for general administration is based upon an expected federal cost allocation share of seven million one hundred three thousand nine hundred forty-six (7,103,946) dollars, a federal block grant share of one million eight hundred forty-nine thousand three hundred thirty-one (1,849,331) dollars, an average base salary and support of cost of thirty-four thousand two hundred forty-five (34,245) dollars, and a vacancy factor of two point six percent. *\*The department shall seek additional funds through supplemental appropriation if the expected*

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

*federal cost allocation share is less than expected, the average base salary and support cost is more than expected, or the vacancy factor is lower than expected.\** The department shall report monthly to the fiscal committee of the legislative council regarding the projections of expenditures under this appropriation, and regarding any changes related to the federal cost allocation, the average base salary and support, and the vacancy factor that occur. *\*The department shall not expend more than two million four hundred fifty-six thousand five hundred seventeen (2,456,517) dollars of this appropriation on items not related to salary and benefits without obtaining approval by the legislative council or the general assembly.\** The number of full-time equivalent positions under unnumbered paragraph 1 of this section is the target number to be reached by the department in the fiscal year beginning July 1, 1988, and ending June 30, 1989. The department may fill up three hundred twenty-six point five positions and shall coordinate the P-5 hiring process in order to meet the target number for the fiscal year.

As a condition, qualification, and limitation of the funds appropriated under this section, eighteen thousand (18,000) dollars, or so much thereof as is necessary, shall be used to fill the zero point five full-time equivalent position for administration of the expanded coverage under the medical assistance program to include specialized psychiatric hospitals. The position is in addition to the other positions authorized under this section. The department shall report, at least quarterly, to the fiscal committee of the legislative council regarding the expenditure of the funds for the administration of the expanded coverage and the additional position authorized for this purpose under this subsection. The report shall detail when the additional authorized position has been filled, describe problems encountered in filling the position, and assess the impact of the additional position upon the quality of services provided. If the department is caused to reduce expenditures because of an unanticipated reduction in federal funding, or the average base salary and support cost in staffing is greater than anticipated, or the staff vacancy factor is lower than anticipated, the department shall fill the zero point five additional full-time equivalent position by reducing other expenditures.

Sec. 8. JUVENILE INSTITUTIONS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services the following amount, or so much thereof as is necessary, to be used for the operation of the state training school and the Iowa juvenile home, including salaries and support for not more than three hundred twenty-nine full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 10,062,000

1. As a condition, qualification, and limitation of the funds appropriated under this section, eight hundred twelve thousand (812,000) dollars shall be used to implement the recommendations of the governor's foster care task force, including filling thirty-six point seventy-five additional full-time equivalent positions. Of the funds designated in this subsection, one hundred fifty thousand (150,000) dollars shall be used to improve programs and services provided at the juvenile institution at Eldora. Notwithstanding the cap placed on full-time equivalent positions in this section, the positions filled for this purpose shall only be limited to the extent of the funds so designated.

2. As a condition, qualification, and limitation of the funds appropriated under this section, such funds shall be used to increase staff in order to improve supervision and services provided to residents, to implement a classification system and a short-term high-impact program for adjudicated delinquents at the state training school, and to establish a diagnostic program and short-term high-impact program for adjudicated female delinquents and adjudicated "child in need of assistance" boys and girls residing at the state juvenile home.

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

3. *\*As a condition, qualification, and limitation of the funds appropriated under this section, the juvenile institution at Eldora shall maintain an average of two hundred juveniles and the juvenile institution at Toledo maintain an average of ninety juveniles during the fiscal year ending June 30, 1989.\** The plurality of the population at Eldora should consist of older juveniles with a history of serious offenses who are expected to require placement for a period of one year or longer. Eldora may also be used to provide a short-term high-impact placement for juveniles who will be evaluated and provided other services following the placement at Eldora. The department shall review each new and existing placement of a juvenile at the juvenile institutions and determine whether the placement is appropriate for the juvenile. If it is determined that an alternative placement, including, but not limited to, placement for substance abuse and mental health treatment or programming for juveniles with mental retardation, would be more appropriate for the juvenile, the department shall seek modification of the court order for placement.

4. As a condition of this appropriation, the department shall report, in each month of the fiscal year, to the fiscal committee of the legislative council regarding the expenditure of the funds for the implementation of the governor's foster care task force and the additional full-time equivalent positions authorized for this purpose under this section. The report shall detail the number of additional authorized positions which have been filled, describe problems encountered in filling the positions, and assess the impact of the additional positions upon the quality of services provided by the juvenile institutions. If the department is caused to reduce expenditures because of an unanticipated reduction in federal funding, or the average base salary and support cost in staffing is greater than anticipated, or the staff vacancy factor is lower than anticipated, the department shall fill the thirty-six point seventy-five additional full-time equivalent positions by reducing other expenditures.

Sec. 9. It is the intent of the general assembly that the legislative council establish an advisory committee to develop a plan for the future use of the juvenile institutions at Eldora and Toledo.

1. The plan shall include all of the following:

a. A needs statement, an organizational structure, and a location for an assessment and placement unit for juveniles who are committed directly to the state juvenile institutions at Eldora and Toledo.

b. A recommendation regarding the type of juvenile who should be placed at the juvenile institutions, the length of stay which is suitable, the programming required, and the number of beds needed.

c. A recommendation regarding the establishment of a short-term high-impact program for juveniles which includes potential locations and an organizational structure for the program.

d. A recommendation regarding modifications needed in the juvenile justice system, including the statutory law, responsibilities of the department, and responsibilities of the court, to ensure that a juvenile is appropriately placed.

e. A recommendation regarding amending chapters 242 and 244 to make statutory language consistent with the responsibilities of the juvenile institutions.

f. A recommendation regarding staff, equipment, and capital improvements needed at the juvenile institutions.

g. A recommendation regarding living needs and supervision needs of juveniles following their departure from the institution.

h. A recommendation regarding a system for tracking juveniles after release from the juvenile institution.

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

2. The plan shall be developed by an advisory group composed of representatives of the state child welfare and juvenile justice system, including representation of the juvenile court officers, the courts, the department of human services, the coalition for children and family services, and the advisory committees for Toledo and for Eldora. The committee may enlist the aid of experts from other states and visit other institutions inside or outside this state in order to obtain information. The plan shall be submitted to the general assembly on or before January 1, 1989.

3. The plan shall be comprehensive and build upon past studies which deal with out-of-state placement of children, foster care, juvenile institutions, decategorization, and the state mental health institution services for children. The department shall submit the plan to the general assembly or legislative council on or before January 15, 1989.

Sec. 10. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services for the state hospital-schools, the following amount, or so much thereof as is necessary, to be used for salaries and support for not more than two thousand one hundred seventy-nine point zero two full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 59,918,000

The state hospital-schools may exceed the specified number of full-time equivalent positions if the additional positions are specifically related to licensing, certification, or accreditation standards, or citations. The department shall notify the legislative fiscal bureau if the specified number is exceeded. The notification shall include an estimate of the number of full-time equivalent positions added and the fiscal effect of the addition.

Sec. 11. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services for the state mental health institutes, the following amount, or so much thereof as is necessary, to be used for salaries and support for not more than one thousand one hundred ninety-one point sixteen full-time equivalent positions, maintenance, and miscellaneous purposes:

..... \$ 38,153,000

The state mental health institutes may exceed the specified number of full-time equivalent positions if the additional positions are specifically related to licensing, certification, or accreditation standards, or citations. The department shall notify the legislative fiscal bureau if the specified number is exceeded. The notification shall include an estimate of the number of full-time equivalent positions added and the fiscal effect of the addition.

Sec. 12. IOWA VETERANS HOME. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for operation of the Iowa veterans home, including salaries and support for not more than seven hundred sixty-one point twenty-eight full-time equivalent positions, maintenance, and miscellaneous purposes, on the condition that the sixty new beds are phased into operation and salary and support is provided for not more than nineteen point fifteen full-time equivalent positions for this purpose:

..... \$ 23,181,000

As a condition, qualification, and limitation of the funds appropriated by this section, five hundred thousand (500,000) dollars, or so much thereof as is necessary, shall be used to phase in and staff new beds at the Iowa veterans home; however, if federal or private per diem rates paid to the home exceed the rates budgeted for the fiscal year, then the amount of unplanned revenue from the increased rates shall be used first.

The department may use the gifts accepted by the commissioner of human services pursuant to section 218.96 and other resources available to the department for use at the Iowa veterans home for purposes identified by the department.

The Iowa veterans home may exceed the specified number of full-time equivalent positions if the additional positions are specifically related to licensing, certification, or accreditation standards, or citations. The department shall notify the legislative fiscal bureau if the specified number is exceeded. The notification shall include an estimate of the number of full-time equivalent positions added and the fiscal effect of the addition.

Sec. 13. MENTAL HEALTH AND RETARDATION SERVICES FUND. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the state community mental health and mental retardation services fund established in section 225C.7 the following amount, or so much thereof as is necessary:

..... \$ 3,205,000

Sec. 14. ENHANCED MENTAL HEALTH – MENTAL RETARDATION – DEVELOPMENTAL DISABILITIES SERVICES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the state candidate services fund established in this section, the following amount, or so much thereof as is necessary:

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

1. An enhanced mental health, mental retardation, and developmental disabilities services plan oversight committee is created to assure the services plan is implemented within identified, budgeted, and appropriated funds. For purposes of this section "oversight committee" means the enhanced mental health, mental retardation, and developmental disabilities services plan oversight committee.

The oversight committee shall have nine members. Two members shall be designated by the fiscal committee of the legislative council and subject to approval by the governor. The commissioner of human services and the director of the division of mental health, mental retardation, and developmental disabilities or their designees shall be members. Three members shall be designated by the Iowa state association of counties. One member shall be designated by the state mental health and mental retardation commission. One member shall be designated by the governor's planning council on developmental disabilities.

The oversight committee shall do all of the following:

a. Take action on whether to include behavior management as a candidate service in the state Title XIX plan amendment, to develop a federal waiver request for behavior management as a candidate service, or to take no action to include behavior management as a covered service. Decisions shall be based upon a determination of the availability of funds for the non-federal share of the cost of the service.

b. Explore and make recommendations regarding the submission of a Title XIX plan waiver for any candidate services which are not accepted by the federal government as a state plan amendment.

c. Review and make recommendations regarding the county case management implementation plan and budget to the state mental health and mental retardation commission.

d. Track the expenditures for, and utilization of, candidate services. Report a variance in an approved plan to the governor, the legislative fiscal bureau, and each county.

e. Recommend action regarding variations from the budgeted, appropriated, and identified expenditures and projected expenditure offsets to the council on human services and the state mental health and mental retardation commission.

f. Submit a report regarding the results of the implementation of the provisions of this section, including the impact upon the institutional populations, to the governor and the general

assembly. The report shall contain recommendations regarding continuing the provisions of this section in subsequent budget years.

g. Recommend rules, or amendments to existing rules, which implement the provisions of this section, to the council on human services and the state mental health and mental retardation commission.

h. Develop a methodology to determine the base year expenditure for a county maintenance of effort which includes an amount for each of the candidate services described in this section.

i. Issue a final decision regarding any issue of disagreement between a county and the department relating to expenditures for candidate services or the county's maintenance of effort.

2. For purposes of this section, "candidate services" means rehabilitation services, day treatment, partial hospitalization, and case management. Case management shall be limited to persons with mental retardation, a developmental disability, or chronic mental illness. A state candidate services fund is created in the office of the treasurer of state for the purposes of this section.

Effective October 1, 1988, the department shall add candidate services to the state Title XIX plan. Behavior management services shall be included in the plan as a candidate service if recommended by the oversight committee.

If recommended by the oversight committee, the department shall seek Title XIX plan waivers for any of the candidate services which are not accepted by the federal government as a state plan amendment.

3. The county of legal settlement shall be billed for fifty percent of the nonfederal share of the cost of candidate services provided under the medical assistance program for persons with mental retardation, a developmental disability or chronic mental illness.

4. By using the general allocation application for the state community mental health and mental retardation services fund under section 225C.10, the department, in conjunction with the oversight committee, and with the agreement of each county, shall establish the actual amount expended by each county for persons with mental retardation, a developmental disability, or chronic mental illness in the fiscal year which ended on June 30, 1987, and this amount shall be deemed each county's maintenance of effort. A disagreement between the department and a county as to the actual amount spent in a category shall be decided by the oversight committee. A county is responsible to continue to pay at least the agreed upon amount in fiscal year 1988-1989 for services to persons with mental retardation, a developmental disability, or chronic mental illness. If a county does not spend the agreed upon amount in a fiscal year, the balance not spent shall not revert to the general fund of the county, but shall be carried over to the next fiscal year to be expended for the provision of services to persons with mental retardation, a developmental disability, or mental illness including, but not limited to, the chronically mentally ill, and shall be used as additional funds. The additional funds shall be used, to the greatest extent possible, to meet unmet needs of persons with mental retardation, a developmental disability, or mental illness. This subsection does not relieve the county from any other funding obligations required by law, including but not limited to the obligations in section 222.60.

5. a. Notwithstanding section 8.33, funds appropriated under this section which are not obligated or expended, shall not revert to the general fund on June 30, 1989, but shall be deposited in the state community mental health and mental retardation services fund for use in the next fiscal year. It is the intent of the general assembly that the funds deposited in the fund for this purpose shall be used in addition to moneys appropriated in the next fiscal year for this purpose.

b. Notwithstanding section 8.39, funds appropriated to the department for the state hospitals by section 10 of this Act and to the state mental health institutes by section 11 of this

Act shall not be subject to transfer, except to the state candidate services fund after January 1, 1989, subsequent to a reevaluation of the institutional budgets for the remainder of the fiscal year.

6. The department, in conjunction with the oversight committee, and with the agreement of each county, shall establish the actual amount expended for each candidate service for persons with mental retardation, a developmental disability, or chronic mental illness in the fiscal year which ended June 30, 1987, and this amount shall be deemed each county's base year expenditure for the candidate service. A disagreement between the department and a county as to the actual amount spent shall be decided by the oversight committee.

The department, in conjunction with the oversight committee, and with the agreement of each county, shall determine the expenditures in the 1988-1989 fiscal year by each county for the candidate services, including the amount the county contributes under subsection 3. If the expenditures in the 1988-1989 fiscal year exceed the base year expenditures for candidate services, then the county shall receive from the funds under this appropriation the least amount of the following:

- a. The difference between the total expenditures for the candidate services in fiscal year 1988-1989 and the base year expenditures.
- b. The amount expended by the county under subsection 3.
- c. The amount by which the fiscal year 1988-1989 total expenditures under subsection 4 exceed the maintenance of effort expenditures.

7. Case management shall be provided by the department except when a county or a consortium of counties contracts to be the provider. The criteria for the case management services shall include, but are not limited to, the appropriateness, availability, and accessibility of the services and financial resources. A county or counties may contract to be the provider at any time within ninety days of the final publication of the standards for case management in the Iowa administrative bulletin. The county or consortium of counties may subcontract for the provision of case management services so long as the subcontract meets the same criteria. The department shall agree to the contract so long as the contract meets the standards for case management established by the department and the criteria for case management as stated in the state Title XIX plan and rules.

8. This section does not relieve the county from any other funding obligations required by law, including but not limited to the obligations in section 222.60.

9. Nothing in this Act is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this Act shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

10. For the purposes of this section only, persons with organic mental disorders shall not be considered chronically mentally ill.

11. As a limitation of this appropriation, the funds shall be expended for not more than three full-time equivalent positions in general administration at a cost of not more than seventy thousand (70,000) dollars to administer the analysis of funding amounts and related issues required under this section. The positions are in addition to the positions authorized under the appropriation for general administration in this Act.

12. The legislative council is requested to appoint a committee staffed by the legislative fiscal bureau to conduct a study and develop recommendations regarding a fair and equitable funding formula for services provided to persons described in section 225C.26. The committee shall study an equitable split in funding between state and counties, providing equitable services between population groups, and providing adequate reimbursement for providers to assure services are provided. The committee shall submit a report of the study on or before December 1, 1988.

Sec. 15. STATE SUPPLEMENTARY ASSISTANCE. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for state supplementary assistance, on the condition that the across-the-board cuts currently in effect are eliminated, followed by a three-percent increase in the maximum reimbursement rate paid to residential care facilities and in-home health related care providers, as specified in section 34 of this Act:

..... \$ 14,995,600

The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security and federal social security benefits are increased due to a recognized increase in the cost of living.

Sec. 16. BLOCK GRANT SUPPLEMENTATION. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services for supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services, the following amount, or so much thereof as is necessary, on the condition that the across-the-board cuts currently in effect are eliminated, followed by a three-percent increase in the reimbursement rate paid to service providers funded under this appropriation, as specified in section 35 of this Act:

..... \$ 3,064,000

The funds appropriated in this section shall be allocated to the counties pursuant to the rules of the department in effect on January 1, 1985. The department shall increase the income guidelines for income eligible persons receiving services funded with federal social services block grant funds for the fiscal year beginning July 1, 1988, by the same percentage and at the same time as federal social security benefits are increased due to a recognized increase in the cost of living. A county shall allocate funds for child day care services in an amount at least equal to the amount expended by the county for government-assisted child day care services in the fiscal year ending June 30, 1988.

Sec. 17. STATE CHILD DAY CARE ASSISTANCE. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services the following amount, or so much thereof as is necessary, to be used for supplemental payments of child care costs:

..... \$ 3,500,000

1. The funds appropriated in this section shall be allocated to counties based upon the number of children living in a county whose family income is equivalent to or below one hundred twenty-five percent of the current federal office of management and budget poverty guidelines as estimated by the department. The department shall not require counties to match the state child day care services funds with local funds but shall require a maintenance of effort. The counties shall allocate local funds for child day care services in an amount at least equal to the county expenditures for child day care services in the fiscal year ending June 30, 1983 and expend at least the same amount of block grant supplemental funds for child day care services as expended for the purpose in the fiscal year ending June 30, 1988. If a county elects not to use the state child day care services funds, an amount equal to the county expenditure for its maintenance of effort and an amount equal to the county expenditure under the provision to use up to four percent of the federal social services block grant fund and supplemental state purchase of local services funds in the fiscal year ending June 30, 1983, shall be deducted from the amount allocated to the county for the purchase of local services under this Act. The state day care services funds and the amount deducted from the local services funds for a county shall be administered by the district administrator for child day care

services in the county. The department shall transfer the state child day care services funds which a county does not utilize to a county where there is a demonstrated need.

2. The department shall establish the income eligibility level for recipients of child day care services at the equivalent of one hundred twenty-five percent of the federal office of management and budget poverty guidelines for families of all sizes. However, a local office which is allocated funds under this section may manage the funds to assure that child care services are purchased in a system of slots which last for a period of twelve months. The local office shall maintain a list of persons who were eligible, but did not receive the child care services due to a lack of funds.

3. Any funds allocated for the local purchase of child care services shall be available for purchase of services in any type of child care facility approved under 441 I.A.C. §\* 170.

4. *\*\*If the department determines that funds under this section for child day care services will not be fully expended, the department may increase the income guidelines in order to provide for the expenditure of all funds under this section for child day care services.\*\**

The recipient of child day care services shall contribute to the cost of the child care in accordance with the sliding fee schedule currently utilized by the department for child care services.

5. As a condition, qualification, and limitation of this appropriation, the funds appropriated under this section shall be expended for not more than six full-time equivalent positions in the field at a cost of not more than one hundred seventy-five thousand (175,000) dollars, and for salary and support for not more than one full-time equivalent position in general administration at a cost of not more than twenty-three thousand (23,000) dollars. The positions are in addition to the positions authorized under the appropriations for community services and general administration in this Act.

6. It is the intent of the general assembly for the fiscal year ending June 30, 1990, that allocations to counties under the appropriation for federal social services block grant supplementation for child day care services and the allocation for this purpose under state child day care assistance will be combined. The allocation to a county for child day care services will be based upon the expenditures by the county for this purpose in the fiscal year ending June 30, 1989.

7. Nothing in this section shall be construed or is intended as, or shall imply a grant of entitlement for services to persons described in subsection 2 of this section. Any state obligation to provide services pursuant to this section is limited to the extent of the funds appropriated under this section.

Sec. 18. RESOURCE AND REFERRAL PROGRAMS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services the following amount, or so much thereof as is necessary, to be used for allocation in the form of grants to public agencies and private nonprofit corporations which provide child and dependent adult care resource and referral programs:

..... \$ 150,000

Individual grants shall not exceed fifty thousand (50,000) dollars. A program which is allocated funding shall match funds appropriated with local funds which may be in the form of private donations, in-kind contributions, or public funding sources including block grant local purchase funds. The department of human services shall adopt rules pursuant to chapter 17A which establish the criteria for allocation of grant funds to local resource and referral programs. Of the funds appropriated in this section, not more than fifteen thousand (15,000) dollars may be used for a computerized information and referral system for children, youth, and families agencies, organizations, and departments within the state.

\*Chapter probably intended

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

Sec. 19. **COMMUNITY-BASED PROGRAMS.** There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for community-based programs on the condition that displaced homemaker programs and the pilot projects relating to adolescent pregnancy under 1987 Iowa Acts, chapter 234, section 203, subsection 1, paragraph "i", are funded, that four hundred fifty-five thousand (455,000) dollars of the following amount is used for child care assistance pursuant to section 237A.13, and that the across-the-board cuts currently in effect are eliminated, followed by a three-percent increase in the reimbursement rate paid to service providers funded under this appropriation, as specified in section 35 of this Act:

..... \$ 4,682,014

The commissioner of human services shall pay from the funds appropriated in this section, as the entitled aid from the state under section 232.142, subsection 4, one-half of one percent of the total cost of the establishment, improvement, operation, and maintenance of approved county or multicounty juvenile homes.

Of the funds allocated to the pilot projects relating to adolescent pregnancy, the department shall expend no more than seven percent for administrative costs.

Sec. 20. **CHILD ABUSE PREVENTION GRANTS.** There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, for child abuse prevention grants:

..... \$ 350,686

Sec. 21. **SUPPLEMENTAL CHILD CARE ASSISTANCE.** There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used beginning on or before October 1, 1988, for supplemental payments of the child care costs of persons who qualify for transitional child care assistance for a period of twelve months due to a loss of eligibility for assistance under chapter 239 because of an increase in earned income:

..... \$ 2,100,000

1. The department shall deliver the supplemental payments through a voucher agreement system which requires the recipient to contribute to the cost of the child care services in accordance with the sliding fee schedule currently utilized by the department for child day care services. Reimbursement for services will be limited to registered or licensed child care providers.

2. As a condition, qualification, and limitation of the funds appropriated under this section, the department shall work with the legislative fiscal bureau to develop a means to measure the effect of the supplemental child care assistance upon the number of aid to families with dependent children recipients and the economic status of the persons who receive the assistance.

Sec. 22. **HOME-BASED SERVICES.** There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for home-based services on the condition that family planning services are funded, and that the across-the-board cuts currently in effect are eliminated, followed by a three-percent increase in the reimbursement rate paid to service providers funded under this appropriation as specified in section 35 of this Act provided that if the department amends the allocation to a program funded under this section, then the department shall promptly notify the fiscal committee of the legislative council of the change:

..... \$ 6,974,800

Of the funds appropriated in this section, nine hundred fifty-nine thousand forty (959,040) dollars, or so much thereof as is necessary, shall be used to continue the three-year family preservation pilot services initiative to provide highly intensive in-home family reunification and placement prevention services. These funds shall be used to maintain fiscal year 1988 service levels. The payment system for this project shall be other than an hourly unit-based system and may be based on a cost per family unit with actual payments per family adjusted according to the performance of the provider and the outcome of their services to each family. It is the intent of the general assembly that the three-year evaluation of this initiative and other project monitoring activities be continued to assess service impact and cost-effectiveness.

Sec. 23. AID TO INDIANS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for aid to Indians under section 252.43:

..... \$ 34,965

The tribal council shall not use more than ten percent of the funds for administration purposes.

Sec. 24. VOLUNTEERS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for development and coordination of volunteer services:

..... \$ 67,932

Sec. 25. JUVENILE JUSTICE. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for juvenile justice reimbursement to counties under section 232.141, subsection 2:

..... \$ 2,502,000

Sec. 26. FOSTER CARE. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for foster care on the condition that the across-the-board cuts currently in effect are eliminated, followed by a three-percent increase in the reimbursement rate paid to foster care providers, as specified in section 35 of this Act:

..... \$ 38,247,000

1. The department shall revise the reimbursement formula for foster family special care and emergency care allowances to encourage foster family special care and emergency care placements in lieu of group foster care placements. Beginning December 1, 1988, the formula shall recognize the special needs of children in foster care and the special services that may be required of foster parents.

2. Beginning on the effective date of administrative rules governing this section, the department may use a portion of the funds appropriated in this section to provide payments to senior citizens, recipients of assistance under aid to families with dependent children, or other appropriate persons to assist in monitoring certain children in foster family placement, in order to demonstrate whether the monitoring can make family foster care a more viable placement option for delinquent children.

3. Beginning on the effective date of administrative rules governing this section, the department may use a portion of the funds appropriated in this section to purchase special services in order to demonstrate whether the services can prevent out-of-home shelter care.

4. It is the intent of the general assembly that the department of human services, the state judicial department, the department of education and representatives of service providers shall

establish a target problem-child committee. The committee shall be responsible to find placements for children who have exceptional service needs or who have been rejected in previous referrals and who may be at risk of being placed out of state.

5. It is the intent of the general assembly that the department of human services and the judicial department shall jointly develop, for submission to the governor and general assembly by December 1, 1988, a plan to eliminate the practice of joint case management and the monitoring of juvenile court cases.

6. Of the funds appropriated in this section, thirty thousand (30,000) dollars, or so much thereof as is necessary, may be used by the department to conduct a study to determine the impact of establishing a fee schedule for parental participation in all child welfare services.

7. For those children who would otherwise be eligible for federal Title IV-E funding, when a juvenile court considers ordering a "payment only" foster care placement, the juvenile court and the department shall determine whether departmental custody and placement is feasible. The department shall record the number of cases which were eligible for federal Title IV-E funding, but were ordered into "payment only" foster care and report this information to the legislative fiscal bureau every three months beginning October 1, 1988. The department and the state court administrator shall work with the federal department of health and human services to develop an agreement between the department and the state court administrator which would enable the state to receive federal Title IV-E funds for "payment only" cases and make recommendations to the general assembly as to legislation required to fulfill the agreement.

8. The department shall develop an alternative system for reimbursing foster care providers that provide performance-based payment. The system shall include contract features which provide incentives and penalties based upon outcomes. It is the intent of the legislature that the alternative system shall be made available on a demonstration project basis by December 1, 1988.

9. The department may transfer a portion of the funds appropriated in this section for use in providing subsidized adoption services or for use in purchasing adoption services, if funds allocated for adoption services are insufficient.

10. No more than thirty percent of children in foster care funded under Title IV, part E of the federal Social Security Act shall be in foster care for more than twenty-four months.

11. Of the funds appropriated in this section, forty-five thousand (45,000) dollars, or so much thereof as is necessary, is allocated for foster parent training prior to the initial licensure of foster parents.

12. As a condition, qualification, and limitation of the funds appropriated under this section, by September 1, 1988, the department shall designate two counties as the counties in which the demonstration program to decategorize child welfare services will occur. The county boards of supervisors and the judicial districts serving the counties shall agree to those counties serving in the demonstration. The department shall establish a child welfare fund for those counties composed of all or part of the amount that would otherwise be expected to be used for residents of the counties for foster care, family-centered services, subsidized adoption, day care, local purchase services, juvenile institutional care, mental health institute care, state-hospital school care, juvenile detention, department direct services, and juvenile justice county-based reimbursable services. Notwithstanding other service funding provisions in law, the department shall establish this fund by transferring funds from the budgets affected, except for the funds appropriated for juvenile institutions, mental health institutes, and state hospital-schools, which shall be identified in the demonstrations for auditing purposes only. The child welfare fund may be used to support services and payment rates not allowable within historical program or service categories. The department shall work with the county board of supervisors and the judicial districts in providing training for the project, and shall make use of

the national conference of state legislatures and the center for the study of social policy for technical assistance. It is the intent of the general assembly that the demonstration program commence not later than April 1, 1989, and be designed to operate for a three year period.

13. As a condition, qualification, and limitation of the appropriation made under this section, thirty thousand (30,000) dollars, or so much thereof as is necessary, may be used by the department to contract with universities to provide ongoing research and evaluation assistance to programs and initiatives of the department involving family-centered services and foster care. Such contracts shall make maximum use of any matching resources from the universities with which the department contracts.

14. As a condition, qualification, and limitation of the funds appropriated under this section, seventy-five thousand (75,000) dollars, or so much thereof as is necessary, shall be used for grants under the family support subsidy program as provided in Senate File 2018 if enacted by the Seventy-second General Assembly, 1988 Session.

Sec. 27. FOSTER HOME INSURANCE FUND. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used for the foster home insurance fund as required under Senate File 2107, if enacted by the Seventy-second General Assembly, 1988 Session:

..... \$ 165,000

As a condition, qualification, and limitation of the funds appropriated under this section, if Senate File 2107 is not enacted, funds appropriated under this section shall be allocated as follows:

1. One hundred twenty-five thousand (125,000) dollars for additional services to support foster family placements under section 29.

2. Forty thousand (40,000) dollars, or so much thereof as is necessary, may be used by the department on or after January 1, 1989, to reimburse foster parents for damages caused by a child placed in their care which cannot be reimbursed from another source. Funds shall be reimbursed according to criteria established by rule. The criteria shall include the provision that a foster parent who claims damages shall be responsible for one hundred fifty dollars of the claim.

Notwithstanding section 8.33, the funds remaining in the foster home insurance fund shall not revert to the general fund on June 30, 1989.

Sec. 28. SUPPLEMENTAL PAYMENTS TO IN-STATE FOSTER CARE PROVIDERS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used to provide supplemental payments to in-state providers of foster care beginning July 1, 1988, in order to reduce the number of out-of-state foster care placements. Payments shall be made according to criteria established by administrative rules and shall be based upon the special needs of individual children:

..... \$ 450,000

Sec. 29. ADDITIONAL SERVICES TO SUPPORT FOSTER FAMILY PLACEMENTS. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used to provide additional services to support foster family placement commensurate with the needs of the child in order to make the placement a viable alternative to group foster care. The additional services may begin on the effective date of administrative rules governing this section:

..... \$ 240,000

Sec. 30. FOSTER PARENT IN-SERVICE TRAINING. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1988, and ending June 30, 1989, to the department of human services, the following amount, or so much thereof as is necessary, to be used to offer foster parent in-service training in order to meet the requirement for six hours of foster parent training annually to qualify for relicensure:

..... \$ 200,000

*\*Sec. 31. TRANSFERS PROHIBITED. As a condition of the appropriations made for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care under sections 1, 3, 15, and 26 of this Act the following shall apply:*

1. *Notwithstanding section 8.39, and except as provided in section 3, subsection 3, for the health maintenance organization enrollment, in section 3 for the medical assistance for pregnant women, infants, and children program, in section 5, for the child support recovery unit, in section 26 for subsidized adoption and purchase of adoption services, funds appropriated for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall not be subject to transfer. Department of human services' programs shall not be modified for the purpose of transferring other funds appropriated to the department of human services into the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care accounts.*

2. *Except as provided in subsection 3 of this section, the commissioner of human services shall not modify programs funded under the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations in order to meet any projected budget shortfalls, but shall request supplemental appropriations from the general assembly to meet those shortfalls.*

3. *Notwithstanding the concept of allotments in section 8.31, for the purpose of any across-the-board budget reductions ordered by the governor, the appropriations for the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall be deemed to include amounts needed to operate the programs for the entire fiscal year beginning July 1, 1988, and ending June 30, 1989, under the July 1988 program guidelines and mandated subsequent changes. The across-the-board budget reductions shall be applied to the appropriations, and the estimate of revenues needed to balance the state's budget shall be made so as to operate the July 1, 1988 programs, as modified by mandated changes for the entire fiscal year.*

4. *Notwithstanding section 8.31, for deficit appropriations, the department shall apply the across-the-board budget reductions to the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations, and to additional anticipated needs according to the July 1, 1988, guidelines and mandated subsequent changes. For surplus appropriations, the across-the-board budget reductions shall be applied first to the surplus appropriations and then to amounts needed to maintain the July 1, 1988, programs and any mandated subsequent changes.*

5. *The appropriations made to the department of human services for general administration, community services, and the supplemental block grant are based upon receipt of grants to the state from the federal government in the federal fiscal year beginning October 1, 1988, and ending September 30, 1989, in the amount of thirty-two million sixty-eight thousand seven hundred seventy-seven (32,068,777) dollars for the social services block grant. The appropriations are based upon general administration receiving one million eight hundred forty-nine thousand three hundred thirty-one (1,849,331) dollars of the block grant and community services receiving twelve million six hundred sixty-seven thousand two hundred forty-nine*

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

*(12,667,249) dollars for community services. It is the intent of the general assembly that if the amount provided by the federal grants is less than the amounts listed above, then fiscal adjustments shall be made during the state fiscal year beginning July 1, 1989, and ending June 30, 1990.\**

**Sec. 32. GOALS AND OBJECTIVES.** As a condition, qualification, and limitation of the appropriation for general administration, the department of human services shall work with the legislative fiscal bureau and the department of management to establish goals and objectives for each program which commenced on July 1, 1988, or thereafter. The goals and objectives shall be submitted to the fiscal committee of the legislative council on or before August 15, 1988.

**Sec. 33. MEDICAID PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.** The following providers shall have their reimbursement rates frozen at the rates in effect on June 30, 1985: optometrists, opticians, clinics, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, maternal health centers, ambulatory surgery centers and genetic counseling clinics.

However, the material costs of products which are reimbursed at the acquisition cost shall not be frozen.

All across-the-board cuts currently in effect shall be removed effective July 1, 1988.

Reimbursement rates to hospitals and skilled nursing facilities shall be increased according to an inflation factor determined by the department.

Reimbursement rates for rural health clinics shall be increased in accordance with increases under the federal Medicare program.

Home health agencies certified for the medical assistance program shall be reimbursed for their current federal Medicare audited costs. The department shall conduct a study of the reimbursement methodology used for home health agencies in order to change from one of retrospectively determined rates to one of prospectively determined rates.

**Sec. 34. STATE SUPPLEMENTARY ASSISTANCE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.** Effective July 1, 1988, the across-the-board cuts currently in effect will no longer apply to residential care facilities. Furthermore, the maximum reimbursement rate for residential care facilities shall be increased by three percent making the maximum rate seventeen dollars and ninety-seven cents. The new flat rate for facilities electing not to file cost reports shall be twelve dollars and eighty-four cents.

Effective July 1, 1988, the across-the-board cuts currently in effect shall not be applied in the in-home health related care program. Furthermore, the maximum reimbursement rate for the in-home health related care program shall be increased by three percent.

**Sec. 35. SOCIAL SERVICE PROVIDERS REIMBURSED UNDER THE DEPARTMENT OF HUMAN SERVICES.** For services given by social service providers on or after July 1, 1988, reductions to invoices or rates shall be discontinued. In addition, for services given between July 1, 1988, and June 30, 1989, rates shall be automatically increased by three percent over the unreduced rates in effect on June 30, 1988. Rates for foster group care and shelter care services shall not exceed sixty-eight dollars and thirteen cents per day. This automatic increase is intended to be a one-time exception to policy for the fiscal year beginning July 1, 1988, and ending June 30, 1989, only and is not intended to eliminate regular submission of cost reports. The maximum rate in effect on June 30, 1989, shall become the provider's base maximum rate. Future maximum increases shall be calculated on the base maximum rate,

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

except that the maximum rate a provider may charge shall be calculated under the cost-based system. The base maximum rate for service providers not included in a contract on June 30, 1989, shall be the first actual cost-based rate determined for the provider.

Sec. 36. ASSISTANCE TO GAMBLERS. The department shall use funds deposited in the gamblers assistance fund established in section 99E.10 only for programs to assist gamblers. Any unspent funds shall remain in the fund and shall not be transferred or reverted to the general fund of the state.

The department shall use gamblers assistance fund moneys for three full-time equivalent positions to support this program.

Sec. 37. RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", for the following: Sections 3, 15, 16, 19, 20, 21, 26, 27, 33, 34, and 35 of this Act and rules shall become effective immediately upon filing, unless a later effective date is specified in the rules.

Sec. 38. Section 222.73, subsection 2, Code 1987, is amended to read as follows:

2. The superintendent shall certify to the director of revenue and finance the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and outpatient treatment charges computed pursuant to subsection 1, and the number of inpatient days and outpatient treatment service units chargeable to the county. The county billing for a patient shall be reduced by an amount received for the patient's care from any source other than state appropriated funds. The per diem costs billed to each county shall not exceed the per diem costs in effect on July 1, 1988. However, the per diem costs may be adjusted annually to the extent of the adjustment in the consumer price index published annually in the federal register by the federal department of labor, bureau of labor statistics.

Sec. 39. Section 230.20, subsection 2, Code Supplement 1987, is amended to read as follows:

2. The superintendent shall certify to the director of revenue and finance the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and other service charges computed pursuant to subsection 1, and the number of inpatient days and other service units chargeable to the county. However, a county billing shall be decreased by an amount equal to reimbursement by a third party payor or estimation of such reimbursement from a claim submitted by the superintendent to the third party payor for the preceding calendar quarter. When the actual third party payor reimbursement is greater or less than estimated, the difference shall be reflected in the county billing in the calendar quarter the actual third party payor reimbursement is determined. The per diem costs billed to each county shall not exceed the per diem costs in effect on July 1, 1988. However, the per diem costs may be adjusted annually to the extent of the adjustment in the consumer price index published annually in the federal register by the federal department of labor, bureau of labor statistics.

Sec. 40. STATE BOARD OF REGENTS REPORT. The state board of regents shall prepare a report regarding the professional training required to ensure there are a sufficient number of qualified staff to deliver the case management services under section 14 of this Act in regard to enhanced mental health, mental retardation, and developmental disabilities services. The report shall be submitted to the legislative council on or before December 1, 1988.

Sec. 41. SUPPLEMENTAL APPROPRIATION. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987, and ending June 30, 1988, to the department of human services, the following amount, or so much thereof as is necessary, to supplement the prior appropriation for medical assistance to be used for the same purposes

and to supplement funds appropriated by 1987 Iowa Acts, chapter 234, section 203, subsection 2:  
 ..... \$ 3,600,000

Sec. 42. FEDERAL RECEIPTS. All federal grants to and the federal receipts of the department of human services are appropriated for the purposes set forth in the federal grants or receipts. The veterans per diem payable for veterans at the veterans home and funds received under Title XIX of the federal Social Security Act by the state mental health institutes and state hospital-schools shall be deposited in the general fund of the state.

Sec. 43. CAPITAL EXPENDITURES EXCLUDED. Funds appropriated by this Act shall not be used for capital acquisitions or improvements.

Sec. 44. OUT-OF-STATE TRAVEL PROHIBITED. Funds appropriated by this Act shall not be used by an employee of the department of human services for travel or other expenses related to a training program that takes place outside of this state unless the training is required or it can be demonstrated that out-of-state training is the least expensive alternative.

*\*Sec. 45. LAYOFF PROCEDURES. If the department of human services must lay off more than five employees, the ratio of the number of departmental employees below merit classification pay grade twenty-five who are laid off compared to the total number of departmental employees who are laid off shall not exceed the ratio of the total number of departmental employees below merit classification pay grade twenty-five compared to the total number of departmental employees.\**

Sec. 46. Sections 135.84 and 142B.1, Code Supplement 1987, are repealed.

*\*Sec. 47. Section 6, subsection 3 of this Act takes effect upon enactment.\**

Sec. 48. EFFECTIVE DATE. Section 41 of this Act takes effect upon enactment.

*Approved April 14, 1988, except the items which I hereby disapprove and which are designated as those portions of section 1, subsections 5 and 6, which are hereby bracketed in ink and initialed by me; those portions of section 3, subsection 3, which are herein bracketed in ink and initialed by me; section 3, subsection 7; that portion of section 3, subsection 11, which is herein bracketed in ink and initialed by me; those portions of section 6, subsection 2, which are herein bracketed in ink and initialed by me; section 6, subsection 3; those portions of section 7, subsection 2, which are herein bracketed in ink and initialed by me; that portion of section 8, subsection 3, which is herein bracketed in ink and initialed by me; that portion of section 17, subsection 4, which is herein bracketed in ink and initialed by me; section 31; section 45; and section 47. 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 on this same date, a copy of which is attached hereto.*

TERRY E. BRANSTAD, Governor

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

Dear Mr. Speaker:

I hereby transmit House File 2447, an Act relating to human services, and making appropriations to the Department of Human Services for the fiscal years beginning July 1, 1987, and July 1, 1988, and providing effective dates.

House File 2447 provides funding for various human services programs, including important welfare reform initiatives. I am approving the funding provided in this bill since it is consistent with the budget compromise. I am pleased that the bill, for the most part, fully funds these programs within available funds. As a result, we can avoid a supplemental appropriation next year while providing an honest accounting of the expenditures during this fiscal year.

However, items in this bill excessively limit the ability of the executive branch to administer state government and rule out necessary cost-saving options in the event of budget shortfalls. This administrative flexibility is essential if we are to wisely conserve taxpayers money. For that reason, I have item vetoed some of this restrictive language in House File 2447.

Therefore, House File 2447 is approved with the following exceptions which I hereby disapprove.

I am unable to approve the designated portions of Section 1, subsections 5 and 6, of House File 2447.

The item vetoed language in subsections 5 and 6 of Section 1 of House File 2447 prevents these appropriations from reverting to the state's general fund at the end of fiscal year 1989. Apparently, these nonreversion clauses were inserted in this legislation to prevent the Department of Human Services from making hasty decisions about awarding grants in the Child Development and Family Development and Self-Sufficiency Grant Programs. However, this legislation also requires that all grant awards be made by January 1, 1989. These confusing signals to the department should be eliminated by striking the nonreversionary clauses and maintaining the requirement for the department to make these grant awards by January 1 of next year. The grant awards by the department can be multi-year in nature without the threat of a reversion being required in the next fiscal year, since the money is required to be encumbered by January 1.

I am unable to approve the designated portions of Section 3, subsection 3, of House File 2447.

The designated language would greatly hinder the effectiveness of the department's efforts to implement mandatory HMO's to contain Medicaid costs. Medicaid costs are increasing by over fifteen percent a year and mandatory HMO's are needed as a way to contain these costs. While I appreciate the legislature's recognition of the need to implement mandatory HMO's to contain these costs, restrictive language included in this subsection could render these mandatory HMO's ineffective.

Specifically, this item would exempt family planning services, and mental health services provided through community mental health centers from the mandatory HMO's and could exempt anyone with "minimal transportation expense" from the mandatory HMO.

Federal law and the remaining language in Section 3, subsection 3 require that HMO Medicaid services be easily accessible to needy individuals. The minimal transportation requirement would be most difficult to define and could result in a substantial and unnecessary loophole in the HMO requirements.

In addition, exempting community family planning services and mental health services from the HMO would greatly restrict our ability to contain the cost of those services.

I am unable to approve the item designated as Section 3, subsection 7, of House File 2447.

This provision of the bill exempts certain specialized psychiatric hospitals for children and adolescents from the certificate of need requirements.

I understand that the rationale for this legislative provision exempting these facilities from the certificate of need process was to attempt to allow the facilities to draw down federal dollars from the Medicaid program. I am certainly willing to consider ways in which to accomplish that effort.

However, there is no assurance that money will actually be saved through this method and the legislative action to set aside the certificate of need requirements could open the door for for-profit institutions to become JCAH-accredited and licensed during the next fourteen months in order to draw down federal Medicaid dollars.

The certificate of need process is designed to provide a technical review of the need for additional beds and to help contain health care costs. Those goals are important to the state and the certificate of need process should not be subverted by this legislative action.

I am unable to approve the designated portion of Section 3, subsection 11, of House File 2447.

This item in House File 2447 requires the approval of Legislative Council before the department can expend \$20,000 to obtain assistance from the National Center for Health Services Research in examining state approaches to providing health services to uninsured and underinsured persons. Requiring such approval of the Legislative Council before the department can administer these appropriated funds is an unnecessary intrusion by the legislative branch into the administration of the executive branch and therefore cannot be approved. If the legislature is uncertain about the wisdom of providing these funds for this purpose, the legislature should establish appropriate criteria governing the expenditure of these dollars without granting the Legislative Council de facto administrative power over an executive branch agency.

I am unable to approve the designated portions of Section 6, subsection 2, of House File 2447.

The item vetoed language in this section of House File 2447 requires the Department of Human Services to seek additional funds through supplemental appropriation in the event the department discovers a shortfall in expected funds. Thus, by implication, the department is prohibited from putting in place efficiencies or cost savings in order to pick up an unexpected shortfall. It is bad public policy to rule out the possibility of the department achieving cost savings in order to save taxpayers dollars. The efficiency and cost saving options should be the first ones selected by the department and a supplemental appropriation should be used only as a last resort. In addition, this item would require the department to seek Legislative Council approval before spending additional funds on non-salary or benefit items in its budget. Again, this allows the Legislative Council to, in effect, administer the appropriation made in Section 6 of House File 2447. The legislature does have the authority to appropriately indicate, by statute, the way in which funds should be expended. However, requiring the department to seek Legislative Council approval before certain administrative action is taken is an intrusion on the executive branch's constitutional responsibility to manage state government.

I am unable to approve the item designated as Section 6, subsection 3, of House File 2447.

This section of the bill prohibits the department from placing any orders for computer terminals or other hardware for the family assistance management information system. It also prohibits the department from taking delivery of any terminals or hardware previously ordered without receiving authority of the Legislative Council.

Again, this is an excessive intrusion of the Legislative Council into the administration of state government. Requiring Legislative Council approval before those funds can be administered

is an unnecessary and potentially unconstitutional intrusion in the administration of the executive branch of state government. I will ask the Department of Human Services to inform the Legislative Council, the fiscal committees of the legislature and the membership of the Human Services Appropriation Subcommittee as to their plans for the administration of the Family Assistance Management Information System. However, I cannot accept Legislative Council approval before any action can be taken by the department.

I am unable to approve the designated portions of Section 7, subsection 2, of House File 2447.

This item in Section 7, subsection 2, of the bill again requires the department to seek supplemental funds before attempting to cut costs in order to meet the potential budget shortfalls. It also requires Legislative Council approval before the department can spend funds on items other than salary and benefits. For the above reasons, I believe that the department should use cost saving efforts as a first option when dealing with budget shortfalls and requiring Legislative Council approval before certain administrative actions can be taken is an intrusion into the administration of the executive branch of state government.

I am unable to approve the designated portion of Section 8, subsection 3, of House File 2447.

This item requires the department to limit the population of the Eldora juvenile institution to an average of 200 and puts a limit of 90 juveniles at the Toledo institution.

While I generally agree with the intent of this legislation to maintain a manageable level of population at these institutions, I believe that it would be wrong for us to strictly hamstring the department and the court's ability to make appropriate decisions in the placement of foster children. Meeting this strict limitation would be most difficult for the department to achieve and the impact of failing to achieve it is not clear.

In addition, we should not limit our ability to appropriately place foster care individuals and if the population increases excessively, all three branches of government should review options for dealing with that population problem. A strict cap on that population is an inappropriate option to select at this time.

I am unable to approve the designated portion of Section 17, subsection 4, of House File 2447.

This item of the bill requires that the department increase the eligibility standards for child day care services in the event the department is unable to expend all the funds appropriated for this purpose.

The primary purpose of an appropriation should not be to attempt to make certain that all of it is spent. Rather, it should be designed to meet a particular need that has been identified.

In this case, the need has been identified and the department has been provided funds for that purpose. If the General Assembly determines that funds are available and an additional need is in existence, the legislature can review the need for expansion of the eligibility requirements in the future. However, the department should not run this program with an eye toward making certain all funds are spent.

I am unable to approve the item designated as Section 31 of House File 2447.

This item proposes to prohibit the transfer of funds within the Aid to Families with Dependent Children (AFDC), medical assistance, state supplementary assistance, and the foster care programs. This section also prohibits the department from modifying any of these programs in order to meet budget shortfalls. It also prohibits these programs from being affected by any across-the-board cuts required in order to balance the state budget. Finally, this section

prevents the department, in the event that a shortfall of federal funds occurs, from taking action to cut those programs and instead requires a supplemental appropriation to continue funding in a future fiscal year.

This section of the bill, in effect, prohibits the department from looking for ways in which to cut costs in order to meet potential budget shortfalls. Moreover, the department is strictly limited in its ability to meet changing needs that may be identified during the course of the next fiscal year.

It would be my hope that our projections are accurate enough that budget transfer authority would not need to be utilized. In addition, I am confident that we can avoid an across-the-board cut in the coming fiscal year.

Nevertheless, the executive branch must maintain these options if we are to make certain that taxpayers' money is efficiently and wisely used. Hamstringing the department and the executive branch in efforts to deal with budget shortfalls would only encourage inefficiency and potential unnecessary expenditures. Existing statutory authority ensures the legislative branch is fully informed before the utilization of these necessary tools in the administration of the state's budget. Those notice requirements will be fully met by the executive branch should any of these options need to be selected in the coming fiscal year.

I am unable to approve the item designated as Section 45 of House File 2447.

This section of the bill sets out a strict methodology for the department to use in the event of the need for layoffs of departmental employees. I generally agree with the intent of the legislation to make certain that line employees are not disproportionately impacted should layoffs be needed.

However, the executive branch needs to maintain flexibility to select individuals affected by programs or administrative reductions for layoff in the event of a budget shortfall. Establishing a strict layoff procedure could limit the ability of the department to flexibly deal with budget shortfalls and to set appropriate priorities.

I am unable to approve the item designated as Section 47 of House File 2447.

This section of the bill makes effective the prohibition on the purchase or delivery of any computer equipment by the department upon enactment of the bill. Since that portion of this bill has been item vetoed, this enactment clause is not necessary.

The remainder of House File 2447 is approved in its entirety. Substantial additional funds are provided for child care and medical assistance to help needy Iowans climb the ladder out of poverty. In addition, the bill contains a controlled and manageable state response to the bill of rights. And, the cost estimates for the Medicaid, AFDC, and foster care programs included in this bill are reasonable and should be sufficient to meet the anticipated needs for next fiscal year — thus making a supplementary appropriation not necessary.

I salute the legislature for working with the executive branch to meet these joint goals.

For the above reasons, I hereby respectfully disapprove the designated items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2447 are hereby approved as of this date.

Sincerely,  
TERRY E. BRANSTAD, *Governor*