



TERRY E. BRANSTAD  
GOVERNOR

**OFFICE OF THE GOVERNOR**

KIM REYNOLDS  
LT. GOVERNOR

July 2, 2015

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

Dear Mr. Secretary:

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

House File 666 is approved on this date with the following exceptions, which I hereby disapprove.

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

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

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

I am unable to approve the item designated as Section 6, in its entirety. This item provides \$310,000 for transition costs for the new Ft. Madison prison. The Department of Corrections is

able to fund the transition to the new prison out of its current budget; therefore, this item is unnecessary.

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

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

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

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

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

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

legislature closes Clarinda Mental Health Institute in December 2015, this funding is unnecessary.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad". The signature is written in a cursive style with a prominent initial "T".

TERRY E. BRANSTAD

Governor



House File 666

AN ACT

RELATING TO STATE AND LOCAL FINANCES BY MAKING TRANSFERS AND APPROPRIATIONS, PROVIDING FOR PROPERLY RELATED MATTERS, AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

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

~~TEB~~ Section 1. ~~STATE BOND REPAYMENT FUND.~~ There is transferred from the general fund of the state to the state bond repayment fund created pursuant to section 8.57F for the fiscal year beginning July 1, 2014, and ending June 30, 2015, an amount equal to \$10,000,000. ~~TEB~~

Sec. 2. MEDICAL ASSISTANCE PROGRAM. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to supplement the appropriation made pursuant to 2013 Iowa Acts, chapter 138, section 142, unnumbered paragraph 2, as amended by 2014 Iowa Acts, chapter 1140, section 14:

..... \$ 43,000,000

~~TEB~~ Section 3. ~~DEPARTMENT OF PUBLIC HEALTH.~~ There is appropriated from the general fund of the state to the department of public health for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

~~For the public purpose of providing grants to substance-related disorder treatment providers in accordance with this section:~~

..... \$ 2,300,000

~~The appropriation made in this section shall be distributed as grants of \$100,000 each to the nonprofit substance-related~~

~~disorder treatment providers licensed under section 125.13 by the department as of January 1, 2014. The grants shall be used by the centers for the costs of implementing an electronic health record system. The electronic health record system implemented pursuant to a grant shall comply with the electronic health information provisions implemented pursuant to section 135.156 and with the mental health and disability services system central data repository implemented pursuant to section 225C.6A and other data requirements under chapter 225C. Each recipient of a grant shall have the electronic health record system fully operational on or before July 1, 2019.~~ ]TEB

Sec. 4. RADIO COMMUNICATIONS EQUIPMENT. There is appropriated from the general fund of the state to the department of public safety for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the limited provision of vehicular repeater systems located in vehicles operated by the state, mobile radio systems located in vehicles operated by the state, and portable radios worn upon a person employed by the state and not for any radio network or interoperability platform, with the goal of achieving compliance with the federal communications commission's narrowbanding mandate:

..... \$ 2,500,000

Sec. 5. COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT CLAIMS. There is appropriated from the general fund of the state to the department of revenue for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the payment of commercial and industrial property tax replacement claims pursuant to section 441.21A in the fiscal year beginning July 1, 2015:

..... \$ 9,500,000

~~TEB~~ Sec. 6. DEPARTMENT OF CORRECTIONS. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

~~For transition costs associated with the new correctional facility located at Fort Madison:~~

~~..... \$ 310,000~~ ]TEB

~~TEB~~ [Sec. 7. COMMUNITY COLLEGES. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

~~For general state financial aid to merged areas as defined in section 260C.2 in accordance with chapters 258 and 260C:~~

~~..... \$ 2,515,933~~

~~The moneys appropriated in this section are allocated pursuant to the formula established in section 260C.18C.~~

~~Moneys appropriated in this section shall be used for purposes of nonrecurring expenses and not for operational purposes or ongoing expenses. For purposes of this section, "operational purposes" means salary, support, administrative expenses, or other personnel-related costs.~~

~~Sec. 8. UNIVERSITY OF IOWA. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:~~

~~For the university of Iowa:~~

~~..... \$ 2,886,538~~

~~Moneys appropriated in this section shall be used for purposes of nonrecurring expenses and not for operational purposes or ongoing expenses. For purposes of this section, "operational purposes" means salary, support, administrative expenses, or other personnel-related costs.~~

~~Sec. 9. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:~~

~~For Iowa state university of science and technology:~~

~~..... \$ 2,254,079~~

~~Moneys appropriated in this section shall be used for purposes of nonrecurring expenses and not for operational purposes or ongoing expenses. For purposes of this section, "operational purposes" means salary, support, administrative expenses, or other personnel-related costs.~~

~~Sec. 10. UNIVERSITY OF NORTHERN IOWA. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 2014, and ending~~

~~June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:~~

~~For the university of northern Iowa:~~

~~..... \$ 1,114,709~~

~~Moneys appropriated in this section shall be used for purposes of nonrecurring expenses and not for operational purposes or ongoing expenses. For purposes of this section, "operational purposes" means salary, support, administrative expenses, or other personnel-related costs.~~ ]TEB

TEB [ ~~Sec. 11. SCHOOL DISTRICT AND AREA EDUCATION AGENCY FUNDING SUPPLEMENTS.~~

~~1. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2014, and ending June 30, 2015, fifty-five million seven hundred thousand dollars to make all funding supplement payments to school districts and area education agencies as calculated under subsection 2.~~

~~2. a. (1) Of the moneys appropriated to the department of education under subsection 1, fifty-three million six hundred seventeen thousand two hundred six dollars shall be used to provide a funding supplement to each school district during the fiscal year beginning July 1, 2015, and ending June 30, 2016.~~

~~(2) Each school district's funding supplement amount shall be equal to fifty-three million six hundred seventeen thousand two hundred six dollars multiplied by the quotient of the school district's budget enrollment for the budget year beginning July 1, 2015, and ending June 30, 2016, divided by the statewide total budget enrollment for the budget year beginning July 1, 2015, and ending June 30, 2016.~~

~~b. (1) Of the moneys appropriated to the department of education under subsection 1, two million eighty-two thousand seven hundred ninety-four dollars shall be used to provide a funding supplement to each area education agency during the fiscal year beginning July 1, 2015, and ending June 30, 2016.~~

~~(2) Each area education agency's funding supplement amount shall be equal to two million eighty-two thousand seven hundred ninety-four dollars multiplied by the quotient of the area education agency's special education support services weighted enrollment for the budget year beginning July 1, 2015, and ending June 30, 2016, divided by the statewide special education support services weighted enrollment for the budget year beginning July 1, 2015, and ending June 30, 2016.~~

~~3. a. Supplement amounts received under this section.~~

~~are intended to be used by school districts to fund a budget adjustment authorized under section 257.14 for the budget year beginning July 1, 2015, and ending June 30, 2016, and for instructional expenditures during the fiscal year beginning July 1, 2015, and ending June 30, 2016, and are intended to supplement, not supplant, existing school district funding for instructional expenditures. If a school district uses all or a portion of its supplement amount received under this section to fund a budget adjustment authorized under section 257.14, the amount calculated to be raised by the additional property tax under section 257.4, subsection 1, shall be reduced by the department of management by an amount equal to the amount of the funding supplement used for such purpose. For purposes of this section, "instructional expenditures" means any of the following:~~

- ~~(1) Textbooks, as defined in section 301.1.~~
- ~~(2) Library books.~~
- ~~(3) Other instructional materials and equipment used directly by students.~~
- ~~(4) Transportation costs of the school district.~~
- ~~(5) Educational initiatives proven to increase student achievement in mathematics, literacy, or science in prekindergarten through grade twelve.~~

~~b. Supplement amounts received under this section are intended to be used by area education agencies for any special education services, media services, or education services purpose that the area education agency is authorized to provide during the fiscal year beginning July 1, 2015, and ending June 30, 2016.~~

~~4. a. The payment of funding supplement amounts under this section shall be paid by the department of education at the same time and in the same manner as foundation aid is paid to school districts under section 257.16 and as payments are made to area education agencies under section 257.35, for the fiscal year beginning July 1, 2015, and ending June 30, 2016, and such amounts may be included in the monthly payment of state aid under section 257.16, subsection 2, and the monthly payment under section 257.35, subsection 1, as applicable.~~

~~b. Moneys received by a school district or an area education agency under this section are miscellaneous income and shall not be included in any computation of district cost under chapter 257 for any budget year.]~~

~~TEB [Sec. 12. CLARINDA STATE MENTAL HEALTH INSTITUTE~~

~~APPROPRIATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, to be used for the purposes designated, which amounts shall not be transferred or expended for any purpose other than the purpose designated, notwithstanding section 218.6 to the contrary:~~

~~For operation of the state mental health institute at Clarinda as required by chapters 218 and 226, through December 15, 2015, for purposes of providing the acute inpatient psychiatric mental health program and the geropsychiatric program, at the same level of care and treatment as provided on July 1, 2014, for salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:~~

<del>.....</del>	<del>\$ 1,810,000</del>	
<del>.....</del>	<del>FTEs</del>	<del>58.00</del> ]TEB

Sec. 13. MENTAL HEALTH AND DISABILITY SERVICES REGIONAL FUNDING — TRANSFER AND APPROPRIATION.

1. There is transferred from the general fund of the state to the department of human services for the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the property tax relief fund created in section 426B.1, for distribution as provided in this section:  
..... \$ 1,040,000

2. a. The moneys credited to the property tax relief fund in accordance with subsection 1 are appropriated to the department of human services for distribution to any mental health and disability services region where 25 percent of the region's projected expenditures exceeds the region's projected fund balance.

b. For purposes of this subsection:

(1) "Available funds" means a county mental health and services fund balance on June 30, 2015, plus the maximum amount a county was allowed to levy for the fiscal year beginning July 1, 2015.

(2) "Projected expenditures" means the actual expenditures of a mental health and disability services region as of June 30, 2015, multiplied by an annual inflation rate of 2 percent plus the projected costs for new core services administered by the region as provided in a region's regional service system

management plan approved pursuant to section 331.393 for the fiscal year beginning July 1, 2015.

(3) "Projected fund balance" means the difference between a mental health and disability services region's available funds and projected expenditures.

c. If sufficient funds are not available to implement this subsection, the department of human services shall distribute funds to a region in proportion to the availability of funds.

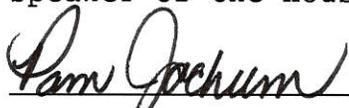
Sec. 14. REVERSION. For purposes of section 8.33, unless specifically provided otherwise, moneys appropriated in this Act that remain unencumbered or unobligated at the close of the fiscal year beginning July 1, 2014, and ending June 30, 2015, shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 15. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 16. RETROACTIVE APPLICABILITY. This Act, if approved by the governor on or after July 1, 2015, applies retroactively to June 30, 2015.



KRAIG PAULSEN  
Speaker of the House



PAM JOCHUM  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 666, Eighty-sixth General Assembly.



CARMINE BOAL  
Chief Clerk of the House

Approved July 2, 2015 with exceptions noted.



TERRY E. BRANSTAD  
Governor