

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 12th grade for the next two years as required by law. By using one-time money and not providing supplemental state aid for the second fiscal year, the legislature compounded the uncertainty that school districts faced this entire legislative session.

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

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

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

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

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

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

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

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

Sincerely,

TERRY E. BRANSTAD
Governor