

VETO MESSAGE ON 1330-S

June 30, 1991

To the Honorable, the House
of Representatives of the
State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 126(1), (2), (4), 128(3), 148, lines 1 through 4, 201(3)(b), (c), (f), 202(14), 203(1)(b), 205(1)(a), (1)(b), (2)(a), (2)(c), 206, 212(2), 213(11), (12), 215(1), 216(6), (12), 219(4), 220(26), 227(3), 232(1), (4), (5), (8), (9), (10), (11), (12), 303(10), (17), 308(2), (5), (6), (10), 312(4), 313(7), 315(6), 402(1), 516(6), 517(13)(a), (20), 601(2), (5), (8), 905, 906, 907(5), and section 908 of Engrossed Substitute House Bill No. 1330, entitled:

"AN ACT Relating to fiscal matters; making appropriations and authorized expenditures for the operations of state agencies for the fiscal biennium beginning July 1, 1991, and ending June 30, 1993."

My reasons for vetoing these sections are as follows:

Section 126(1), page 11, Status of MWBE's Study

Subsection 1 requires the Office of Financial Management (OFM) to conduct, within the appropriations provided, a statewide study of the status of minority- and women-owned businesses. This subsection does not describe the intended uses of the study nor does it adequately define the scope of the study. Absent clearer direction regarding the scope of such a study and appropriations to support it, OFM cannot undertake this work.

Section 126(2), page 11, Commission on Student Learning

This subsection provides funding solely for costs related to the Commission on Student Learning. The education restructuring bill failed to pass the Legislature. However, during the 1991-93 Biennium the recently formed Governor's Council on Education Reform and Funding will require financial support which was not provided in this budget. It is important that the Office of Financial Management have flexibility in determining the relative priority of this task and the other ongoing work of OFM not supported by its appropriation.

Section 126(4), page 11, and section 128(3), page 12, Authorized FTE Positions

These subsections require the Office of Financial Management (OFM) and the Department of Personnel (DOP) to jointly reconcile the two agencies' lists of authorized FTE positions for each agency under the jurisdiction of the Department of Personnel, and report to the legislative fiscal committees by September 1, 1991. It is not clear what is meant by a "reconciliation" of lists of authorized FTE positions. OFM allocates and monitors the use of FTEs by agency, irrespective of the classes or percent of time for

the positions that consume the FTEs. DOP, on the other hand, maintains the integrity of the classification system by ensuring that established positions are allocated to correct classes, that new positions are established in appropriated classes, and that classes that have become obsolete are removed from the system. There is no present expectation that DOP will have exactly one position established for each FTE consumed by an agency. I will ask that representatives from OFM and DOP meet with representatives from the fiscal committees to determine the intent of these subsections and satisfy that intent to the extent that doing so is consistent with current practice and can be accommodated within budgetary constraints.

Section 148, lines 1 through 4, page 20, Cigarette Tax Enforcement

Lines 8 through 11 proviso a portion of the Liquor Control Board appropriation for the purpose of implementing Senate Bill No. 5560 (cigarette tax enforcement). I have vetoed Senate Bill No. 5560, therefore, this language is moot. I will direct the Liquor Control Board to place \$2,847,000 in reserve.

The appropriations provided for the Department of Revenue in section 135 are adjusted downward \$742,000 on the assumption that Senate Bill No. 5560 would be enacted. Because the Department of Revenue must continue cigarette tax enforcement and the \$742,000 is the Department's minimal fixed cost for the activity, the Department will be required to reduce expenditures in other activities. This places stress on the Department's ability to generate the revenues needed to fund this budget. The Department, OFM, the Forecast Council, and my office will monitor the effects of this reduction carefully, and request corrective action if it becomes necessary.

Section 201(3)(b), page 23, Early Childhood Education and Assistance Program

Subsection 201(3)(b) provides \$6,200,000 from the federal child care and development block grant for the Early Childhood Education and Assistance Program (ECEAP) in the Department of Community Development. Federal statute and regulations governing these block grant funds set an amount to be spent for early childhood education services that appears to be approximately \$3,800,000. The remaining \$2,400,000 provided for ECEAP would have to meet all of the requirements in federal regulations for child care services which may be overly prescriptive for ECEAP. I am determined to ensure that ECEAP will be available for all eligible children and will, therefore, allow the transfer of \$3,800,000 to the Department of Community Development for ECEAP and direct the Department of Social and Health Services to allocate the \$2,400,000 according to priorities established in federal statute and regulations including ECEAP, if allowed.

Section 201(3)(c), page 23, Local Child Care Block Grants

Section 201(3)(c) provides \$4,901,000 from the federal child care and development block grant for block grants to communities for locally designated child care services. The Federal Block Grant Advisory Group I convened earlier this year also recommended that a portion of the federal block grant funds go towards this purpose. Since then, we have received interim federal regulations,

which have set some very specific priorities for use of these block grant funds. While I continue to support the concept of local discretion, it is unclear that the federal regulations will allow this level of funding to be used for local block grants. Therefore, I am directing the Department of Social and Health Services to allocate these funds according to the priorities established in federal statute and regulations.

Section 201(3)(f), page 24, Resource and Referral Services

Section 201(3)(f) provides \$850,00 from the federal child care and development block grant for 50 percent matching grants to child care resource and referral programs. The proviso is overly prescriptive concerning what the resource and referral agencies must provide with these funds. Furthermore, it is unclear whether the 50 percent match requirement applies to an individual resource and referral agency or on a statewide basis. I am concerned that some distressed communities which need resource and referral services will be unable to meet the matching requirements as specified in this proviso. Therefore, I am directing the Department of Social and Health Services to use these funds for resource and referral purposes in a more flexible manner.

Section 202(14), page 28, Adoption Support Payment Prohibition

Section 202(14) prohibits the Department of Social and Health Services from continuing adoption support payments for children beyond the age of 18 years. I am vetoing this subsection for two reasons: it is not possible to discontinue existing agreements with adoptive parents and under some circumstances, it may be appropriate for the Department to continue adoption support payments.

Section 203(1)(b), page 29, Expand Option B Community Service

This subsection mandates \$1,501,000 for the Division of Juvenile Rehabilitation be expended solely for option B community services diversion. The expansion of community capacity is the backbone of the Division's ten-year plan and I fully support the concept and the funding incentives which drive its implementation. Even though the Department has been directed to aggressively pursue this option, the Division must retain flexibility in managing the offender population across a continuum of custody and treatment levels.

Section 205(1)(a), page 33, Developmental Disabilities Downsizing

Subsection 1(a) requires the Department of Social and Health Services (DSHS) to transfer at least 250 residents from the residential habilitation centers to community residential programs. By this action the Legislature is directing the agency to change its interpretation of the "Family Choice" statutes. To move this many clients with the funds provided appears very difficult and will require the Department to expedite placement planning. I am committed to good, safe, high quality placements for the developmentally disabled clients living at the institutions as well as in community settings.

Section 205(1)(b), page 33, Residential Services

Subsection 1(b) requires the Department of Social and Health Services to continue to contract with King County to administer community-based residential services. This contract, unique to King County, adds additional administrative expenses for both the state and the providers. The money provides a greater benefit if spent on the direct delivery of services to clients.

Section 205(2)(a), page 35, Temporary Staff

This subsection provides funds to the Department of Social and Health Services for costs related to hiring temporary staff at the residential habilitation centers. To ensure continued certification at these institutions, staff must be well-trained. To protect our investment in this training as well as ensure continued certification, some temporary staff may have to be made permanent. I am directing the Department to use temporary staff at the institutions to the maximum extent possible to the degree it does not risk continued federal certification of the residential habilitation centers. The agency will provide the appropriate committees of the Legislature with a thorough accounting of these funds as well as the status of the temporary and permanent staff employed at the residential habilitation centers.

Section 205(2)(c), page 35, Loss of Federal Financial Participation

Subsection 2(c) provides funds solely for residential habilitation center clients who risk causing the institutions to lose federal financial participation. I am directing the Department of Social and Health Services to use its discretion in how to best serve these residents and ensure continued federal certification. Any savings that may accrue as a result of these actions will be set aside and not be expended until reviewed and approved by the Office of Financial Management. The agency will notify the appropriate committees of the Legislature about the status of its efforts to maintain federal certification and how these funds have been expended.

Section 206, pages 36-37, Developmental Disabilities 10-Year Plan

This section provides funds for the Center for Disability Policy and Research of the University of Washington to complete a 10-year plan for the operation of state-funded services for the developmentally disabled. I feel strongly that this plan should be done, but it is the responsibility of the Department of Social and Health Services. I am directing the Department to develop this plan within their existing resources. In preparing this plan, I am directing the Department to involve representatives from community providers, institutional advocates, and other developmental disability advocacy groups.

Section 212(2), page 42, Intensive Inpatient Treatment Beds

The proviso language contained in this subsection is overly prescriptive in directing the Division of Alcohol and Substance Abuse to contract with a specific service provider. While I agree that additional adult intensive inpatient treatment beds may be needed in Pierce County, it is imperative that the Department of Social and Health Services be allowed to follow established

administrative procedures in selecting and acquiring treatment resources. I will direct the Department to examine the treatment needs consistent with this proviso and act accordingly.

Section 213(11), page 45, Diabetic Services

Subsection 11 directs the Department of Social and Health Services to develop and put into effect medical assistance procedural codes and payment schedules for specific diabetic services. This proviso is unduly prescriptive in the limits it places on the Department's discretion to manage the medical assistance program. The Department will pursue a review of diabetic services and will, on a case-by-case basis, determine the most cost-effective means of providing this care. These reviews will address the issue of whether, and when, in-home care as opposed to hospital care is appropriate. These actions will meet the intent of this subsection.

Section 213(12), page 45, Managed Care

This subsection requires the Department of Social and Health Services to increase total payments to managed care providers whenever the current rate is below the statewide average fee-for-service equivalent rate. The increased payments are to be made in the form of signing bonuses. No discretion is provided to the Department, it is simply mandated to increase rates uniformly for all managed care contractors. The cost of going from regional managed care rates with federal matching participation to the statewide average rate where the difference is all General Fund-State would be substantial and is not funded. Without the specific funding for this purpose, not only would the Department have to absorb this cost, but it would also lose the opportunity to gain federal matching funds. In making this veto, I am in no way implying a lessening of interest in managed health care. I am directing the Department to look for ways, within available funds, to promote equity and provide incentives to encourage current providers and new providers to participate to a greater degree in managed care programs.

Section 215(1), page 46, Local Impact Account

This subsection provides funds solely to mitigate the impact of state institutions on local communities. Rather than set aside these funds I am directing the Department of Social and Health Services to pay for these impacts as the bills are received.

Section 216(6), page 48, Evening and/or Weekend Service Hours

Subsection 6 requires the Department of Social and Health Services to deploy 20 percent of the local office staffing added for increased caseload to expand evening and/or weekend service hours. While the intent of this proviso is supported, it cannot be met without additional funding. The Community Services Administration program did not receive funding for a number of requirements it must meet in the 1991-93 Biennium. In addition to numerous policy reductions and an across-the-board 3 percent decrease, funding for outstationing of eligibility staff required by the federal Omnibus Reconciliation Act of 1990 was not provided. The cumulative effect of these unfunded requirements makes it

impossible for the Department to meet the added requirements of this subsection.

Section 216(12), page 49, Grant Standard Increase

This subsection provisos funds for a grant standard increase in the Community Services Administration Program within the Department of Social and Health Services. The wording of the proviso addresses assistance programs while the funding is for additional staff associated with the increased caseload that comes with a grant standard increase. The wording is misleading and is being vetoed to eliminate any possible discrepancy between the grant standard increase and staffing requirements in this program.

Section 219(4), pages 51-52, Study of Health Care Coverage

This subsection requires the Health Care Authority to conduct a study of health care coverage for retired and disabled state, local government, and public school employees. The study is to be completed by December 1, 1991. The study required is not funded and is too broad to be completed either by December 1, 1991, or by available staff.

Section 220(26), page 58, Grant Expenditure Notification

This subsection requires that the Department of Community Development notify the Legislature before reducing grants or contracts in assistance to units of government. While the Department will make every effort to adequately fund programs, this proviso unduly limits the agency's management prerogatives.

Section 227(3), page 64, Women, Infants, and Children Program

Subsection 227(3) purports to provide \$5,000,000 in General Fund-State specifically for enhancement of the Women, Infants, and Children (WIC) program. It is clear that the Department of Health is actually receiving only \$2,500,000 in additional General Fund-State authority. I am vetoing this subsection because we cannot provide \$5,000,000 General Fund-State for increased WIC services and I do not wish to mislead anyone into believing that the Department of Health has the available funding.

Section 232(1), page 68, Administration of Extended Unemployment Compensation Benefits

This subsection requires that the Employment Security Department (ESD) use \$1,278,000 of the Unemployment Compensation Administration Fund-Federal appropriation to perform several duties related to the administration of the extended benefits for timber workers set out in chapter 315, Laws of 1991 (Engrossed Substitute Senate Bill No. 5555). Use of this source of funds for purposes set out in sections 3, 5, and 9 of chapter 315 is inappropriate and would lead to adverse federal audit findings. Neither the extended benefits program or the delivery of services to timber workers are adversely affected by this veto.

Section 232(4), (5), (8), (9), and (10), pages 68-69, Administrative Contingency Fund

Subsections 2 through 10 direct the expenditure of \$7,829,000 of the Administrative Contingency Fund appropriation to specified purposes. Subsections 2, 3, 6, and 7 appropriate \$1,810,000 to essential elements of our state's assistance to timber-dependent communities and displaced timber workers. Funding of these four activities at the levels indicated is sufficiently important that I am letting these subsections stand. Because the total appropriation for this fund (page 67, line 21) of \$11,808,000 exceeds my understanding that only \$9,510,000 in revenue will be received by this fund, however, I am vetoing subsections 4, 5, 8, 9, and 10 to increase the Employment Security Department's flexibility to absorb the \$2.3 million shortfall. Whereas it would have been necessary for ESD to make cuts averaging 71 percent in the \$5.3 million of nonprovisoed current level programs, these vetoes reduce the percentage cut which must be taken in the revised nonprovisoed base of \$11 million to 30 percent. I will require that ESD present its planned allocation of the unprovisoed balance to programs to me for my approval.

Section 232(11), pages 69-70, Administrative Contingency Fund

This subsection would require the Employment Security Department (ESD) to adhere to the program allocations specified in subsections 2 through 10 through all of Fiscal Year 1992. The Legislature would consider making up any revenue shortfall with supplemental appropriations for Fiscal Year 1993. In view of the fact that the appropriation for the Administrative Contingency Fund already exceeds estimated revenue by \$2.3 million, and to avoid the future consequences of spending more than is available in the short term, I must ask that less be expended in Fiscal Year 1992. My veto of subsections 4, 5, 8, 9, and 10 (see above), the veto of this subsection, and my earlier stated requirement that ESD submit a balanced expenditure plan to me for approval should ensure continuity in the delivery of services supported by this fund.

Section 232(12), page 70, Displaced Timber Worker Pilot Program

This subsection requires the Employment Security Department to make funds available from federal funds that have been received for a pilot program for dislocated timber worker training. The funds that would be used for this purpose have already been allocated to Service Delivery Areas, consistent with federal Department of Labor requirements. They are not available to implement a pilot program as specified in this subsection.

Section 303(10), page 75, Columbia Basin Irrigation Matching Funds

This subsection provides \$100,000 as state matching funds for the Columbia Basin Irrigation project. There are significant questions about the appropriateness, cost-effectiveness and economic justification for this project as a whole. Given the planning process currently underway, it would be inappropriate to support a large expansion of the Columbia River Reclamation project at this time.

Section 303(17), page 77, and Section 313(7), page 86, Wildlife Rehabilitation Center

Both of these subsections direct the Department of Wildlife to expend \$450,000 from the Coastal Protection Account for a marine mammal and bird rehabilitation center. Although the agencies

support the concept and plan to develop such a center, this proviso conflicts with existing statute and fund obligations. Under RCW 90.48.142, expenditures from the Coastal Protection Account can only be authorized by a steering committee of natural resource agencies. In addition, the majority of funding available in the Coastal Protection Account is derived from the settlement of the Nestucca Oil Spill. Although the settlement makes a provision for a rehabilitation center, only \$360,000 was designated for this purpose in the agreement. This proviso would be in conflict with the settlement agreement. Although I am vetoing these sections, the agencies will continue the development of a center.

Section 308(2), page 80, Washington Research Foundation

This subsection provides \$200,000 for the Washington Research Foundation. While I am supportive of encouraging greater commercialization of promising technologies developed in state research institutions, it is more appropriate that the Department of Trade and Economic Development contract directly with the appropriate university for services. If the university deems it appropriate, they may contract with the Washington Research Foundation.

Section 308(5), pages 80-81, Value Added Program

The language in this subsection is in conflict with the requirements stipulated in Engrossed Substitute House Bill No. 1341, timber-dependent communities. It provides for business contracts above the current level of expenditure, and unnecessarily restricts the flexibility of our highly successful value added program. I will require the Department of Trade and Economic Development to use a significant proportion of the funds for business contracts to promote value added manufacturing.

Section 308(6), page 81, Program Coordination

This subsection provides funding for coordination of the state timber response currently being done by the Governor's timber team. I will require that the Department of Trade and Economic Development enter into an interagency agreement with the Office of Financial Management (OFM). I am requiring OFM to expend these funds in compliance with Engrossed Substitute House Bill No. 1341. This appears to be a technical error.

Section 308(10), page 81, Grant Expenditure Notification

This subsection requires that the Department of Trade and Economic Development notify the Legislature before reducing grants or contracts in assistance to units of government. While the Department will make every effort to adequately fund programs, this proviso unduly limits the agency's management prerogatives.

Section 312(4), page 84, Coho Net Pens

This subsection provides \$785,000 in General Fund-State for increased coho salmon production through net pens and delayed release methods. While increasing the production of salmon is important, a project of this size is infeasible at this time.

Further study is required to determine the role that such projects will have in artificial and natural production programs, to evaluate environmental consideration in siting net pens, and to ensure consistency with the Salmon 2000 Plan scheduled to be submitted to the Legislature in January 1992. Although I am vetoing the proviso, I am directing the Department of Fisheries to expend \$75,000 on developing a plan for pen-rearing coho to be completed no later than July 1, 1992. The remaining funds will be placed in unallotted status until a specific plan for expenditures has been completed and submitted to the executive and the Legislature.

Section 315(6), page 91, Yakima Office - Livestock Marketing News

Subsection 6 directs that \$172,000 of the General Fund-State appropriation be maintained for this function out of the Yakima office. This proviso unreasonably restricts the Department from carrying out this function which will be maintained, as efficiently as possible, out of the Department's Olympia office. Furthermore, this provision would require the agency to reduce needed services in other areas due to other legislative cuts.

Section 402(1), page 93, Master License System

Subsection 402(1) requires that \$1,000,000 be transferred from nine state agencies to help fund the Department of Licensing's Master License System (MLS). No funding has been provided in any of the affected agencies budgets to fund this requirement. The appropriate role of fee support versus General Fund support for the Master License System has been a matter of controversy for several years. The time has come to resolve this matter. I believe the Master License System has proven itself to be a valuable service to business, greatly simplifying the time and effort required to meet the state's license, tax, and regulatory requirements. It is time for the Legislature to decide whether the MLS is a benefit to business worth additional fee support, a service provided by the state to business funded at least partially through the General Fund or not worth doing at all. In any case, requiring participating agencies to absorb the costs of the system is not an acceptable option.

Section 516(6), page 123, Drug Enforcement and Education Account

Subsection 6 provides \$10,300,000 to be provided to support school district substance abuse awareness programs. The funding is restricted in distribution to the same method used in the current biennium. Several districts, in a concentrated geographic region, received large grant amounts and other districts received no funding at all. By restricting the grants to the current districts, a true statewide impact on substance abuse education for our students cannot be achieved.

Section 517(13)(a), pages 126-127 Fair Start Program

Section 517(13)(a) requires that school districts and educational service districts receiving funding for early intervention and prevention services collaborate with regional support networks or counties for coordinated case management.

Although this mandate is commendable, this language would require labeling of children before early intervention services could be offered. It would also preclude the purchase of services from some youth and family service agencies. Fair Start funds have provided schools the opportunity to assist children and their families before serious problems emerge. Children benefit from a variety of interventions, including, but not limited to approved mental health providers. Again, I commend the intent of this proviso, and encourage continued collaboration between the schools and the mental health community.

Section 517(20), page 129, REACH for Excellence Program

Subsection 20 provides grant funding to local school districts to develop outcome-based educational programs and methods of assessing students' achievement. I am committed to a system that is performance oriented and emphasizes student results. However, it would be inefficient and a questionable policy to have this complex task undertaken by individual districts without benefit of state direction and technical assistance such as was envisioned in the education restructuring bill which failed to pass the Legislature. I will ask the Governor's Council on Education Reform and Funding to address these issues as part of its charge.

Section 601(2), page 136, HECB Recommendations on Expenditure Categories

This subsection requires the Higher Education Coordinating Board to define instructional support expenditures and indirect support expenditures, identify the rates of these expenditures in each higher education institution, and recommend guidelines for these categories of spending. This subsection is vetoed because it takes time from other important tasks assigned to the Higher Education Coordinating Board.

Section 601(5), page 140, Salary Increase Restrictions

This subsection prohibits salary increases over \$3,900 in 1992 and 1993 for any person in the higher education system with an annual salary over \$100,000. This subsection impedes recruitment and retention of qualified administrators and instructors and is therefore vetoed.

Section 601(8), page 142, Administrative Overhead

Subsection 601(8) stipulates that institutions of higher education shall not deduct more than 15 percent for administrative overhead from any amount received for services performed under an interagency contract new or renewed since June 30, 1990, unless a higher rate receives Office of Financial Management approval prior to execution of the agreement. This subsection conflicts with statutory law, RCW 39.34.130 and RCW 43.09.210, requiring state agencies to pay full costs for services performed on its behalf by other state agencies. I recommend the Office of Financial Management review administrative overhead cost recovery rates paid to institutions of higher education.

Section 905, pages 180-181, Publication Expenditures

Subsection 1 requires that all state publications be printed on recycled paper. I have already encouraged this practice and most state agencies actively support recycling efforts. However, universal access to recycled paper is not certain and some publications such as state maps cannot be reproduced on available quality paper. I prefer that state agencies have the flexibility to make the most cost effective choice in this matter without risking violation of the appropriations act.

Subsection 2, which requires recipient confirmation of their desire to be on a state mailing list, also makes a lot of sense from a broad policy perspective but could prove counterproductive in actual practice. Agencies may, for example, have a legal responsibility to provide information to specific clients, or find that surveying recipients poses additional costs.

Although I am vetoing this section in its entirety, I will instruct state agencies to initiate procedures which accomplish the general intentions of the Legislature.

Section 906, page 181, Personnel Recruitment

This section restricts agencies from obtaining outside assistance in filling vacancies except when granted a waiver by the Department of Personnel (DOP). Under this provision, agencies are encouraged to obtain these services from DOP. This provision is unreasonably restrictive. While the bill provides resources to DOP for doing executive searches, these are likely to be insufficient for the purpose intended. In any case, requiring waivers creates additional bureaucratic hurdles and represents an unacceptable incursion in the executive's authority. Finally, the Legislature failed to identify any criteria for granting waivers.

Section 907(5), pages 182-183, Limitations on Personal Service Contracts

I concur with strengthened management of the state's personal service contracting process embodied in this section. In fact I intend to go further in requiring executive agencies to provide information on all personal service contracts so that a complete database on activity in this area will be available.

Subsection 5 of section 907 requires the Office of Financial Management to ensure that statewide expenditures for personal service contracts in the 1991-93 allotments do not exceed personal service expenditures incurred during 1989-91. Object expenditures are dictated by specific budget policy decisions, not historical patterns. Personal service contracts tend to be project in nature and it would be arbitrary to stipulate that individual agency costs or statewide costs match the prior biennium.

In practical terms, this requirement could not be implemented until after the 1991-93 allotments were submitted since the Legislature does not appropriate at the object level of detail. This approach would require some executive-determined reduction to initial allotments if the statewide personal service contracts total exceeded 1989-91 estimates. The language also specifically includes judicial agencies over which the Governor has no allotment approval authority.

Section 908, pages 183-184, OFM Out-of-State Travel Expenditures

I support the concept of increased accountability for state employee travel and have recently issued tighter travel regulations requiring agency head approval for out-of-country travel, limiting overnight stays, increasing the personal accountability of all employees for their travel, and establishing centralized travel management practices. Section 908 creates another layer of reporting and approval requirements that are a cumbersome attempt at micro-management.

Since Subsection 1 applies to "executive branch" agencies, it could provide OFM with authority over statewide elected officials' delegation of travel approval authority. Subsection 2 requires that expenditures for out-of-state travel that involves five or more employees and more than \$1,000 per employee have prior approval of the Office of Financial Management (for executive agencies) or the agency head (for legislative and judicial agencies). Although I agree with the general policy of agency Director approval of certain out-of-state travel expenditures, I cannot accept a role for OFM that usurps the legal responsibility of agency directors and separately elected officials to make legitimate expenditures.

Subsection 3 requires agencies incurring out-of-state travel expenses for air transportation, for five or more persons, or in excess of \$500 per person, to report specific details of this travel to the Legislative Budget Committee on a quarterly basis.

It may be desirable to provide more visibility to certain levels of out-of-state travel, but there is also an administrative burden that is created by having to report detailed information about most trips. The cost to universities and other agencies that necessarily engage in out-of-state travel does not appear justified by the benefits.

With the exceptions of sections 126(1), (2), (4), 128(3), 148, lines 1 through 4, 201(3)(b), (c), (f), 202(14), 203(1)(b), 205(1)(a), (1)(b), (2)(a), (2)(c), 206, 212(2), 213(11), (12), 215(1), 216(6), (12), 219(4), 220(26), 227(3), 232(1), (4), (5), (8), (9), (10), (11), (12), 303(10), (17), 308(2), (5), (6), (10), 312(4), 313(7), 315(6), 402(1), 516(6), 517(13)(a), (20), 601(2), (5), (8), 905, 906, 907(5), and section 908 Engrossed Substitute House Bill No. 1330 is approved.

Respectfully submitted,
Booth Gardner
Governor