



ANNUAL REPORT

Fiscal Years 2004 - 2006

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LETTER TO THE GOVERNOR, LT. GOVERNOR AND IOWA GENERAL ASSEMBLY

November, 2006

Dear Governor Vilsack, Lt. Governor Pederson and Members of the Iowa General Assembly,

On behalf of the Iowa Department of Administrative Services (DAS), I am pleased to submit the Department of Administrative Services' Annual Report, representing fiscal years 2004 through 2006.

DAS was established on July 1, 2003, by consolidating the departments of General Services, Information Technology, Personnel, and the Accounting Bureau of the Department of Revenue and Finance. In introducing our new department, you outlined four goals of this consolidation:

1. Improve service to customers,
2. Save money,
3. Streamline, and
4. Enhance resource flexibility for state government managers.

Launch of the new department signaled more than just the consolidation of state government infrastructure providers. It also marked the first large-scale rollout of *entrepreneurial management*, a business model characterized by a customer-focused approach to delivering services in a competitive marketplace. In entrepreneurial management organizations, business decisions are motivated by the desire to meet customer needs and by rewards or consequences for financial performance.

We're pleased to provide this Annual Report for your review and trust you will agree that entrepreneurial management in state government is a viable working concept and remains a valuable asset to Iowans.

Sincerely,

Mollie K. Anderson
Director



Vision

To be a world-class organization that is customer-focused, innovative and efficient.

Mission

To provide high quality, affordable infrastructure products and services to Iowa state government customers in a manner that empowers them to provide better service to the citizens of Iowa and support the State of Iowa in achieving economic growth.



West Capitol Terrace Perspective Sketch, March 2006, Brian Clark + Associates

INTRODUCTION

State agencies operate more efficiently and effectively through the benefit of streamlined, cost-effective products and services offered by the recently-formed Department of Administrative Services (DAS). Accordingly, Iowans receive improved services from the state agencies that serve them.

While other states have made decisions to outsource, Governor Vilsack and Lt. Governor Pederson have done something different by applying the guiding principles of business, establishing businesses within state government and embracing an entrepreneurial management concept of thinking differently about the way products and services are delivered in state government.

The formation of DAS is the first and largest endeavor of this kind in the country. DAS has established an alternative to privatization that provides an incentive to employees to drive down the cost of service delivery.

HISTORY

Over 30 agencies in state government specialize in services to Iowans such as natural resources, public health, public safety, economic development, the arts, education, human services, revenue, transportation, veterans' services and more.

Until July of 2003, four different state agencies provided essential internal administrative services to state agencies: General Services, Information Technology, Personnel, and the Accounting division of Revenue & Finance.

In 2001, Governor Vilsack and Lt. Governor Pederson initiated a review of Executive branch agencies with the idea of combining these four agencies. They believed that any dollar not spent on administration could be better spent providing services that directly affect Iowans.

The Governor and Lt. Governor decided to consolidate these service departments, giving employees greater incentives to improve services, lower costs, and more flexibly meet customers' needs – the needs of state departments providing critical services to Iowans.

LEGISLATIVE STRATEGY

In 2001, the Governor charged the Iowa Department of Personnel director, Mollie Anderson, with the task of drafting and securing passage of legislation that would accomplish the goal of merging the departments of General Services, Information Technology, Personnel and the Accounting division of Revenue & Finance into one agency.

There were four primary changes that the legislation produced:

1. Removal of many of the mandatory requirements that agencies use internal administrative services.
2. A change in the way that the agencies receive funding for services; an adjustment was made to move General Fund monies previously appropriated to DAS entities to the budgets of customer agencies. This was a one-time distribution of the appropriation. Those monies are now in the respective agencies' budgets; agencies have control over how their funds are spent when purchasing products and services from DAS.
3. The creation of Customer Councils to guide the establishment of rates, and
4. Implementation of key business principles including accrual accounting, the development of business plans, competitive pricing, and customer satisfaction measures.

Thus, DAS was created by legislation on July 1, 2003. DAS provides four main services - the Human Resources Enterprise (HRE), the General Services Enterprise (GSE), the Information Technology Enterprise (ITE), and the State Accounting Enterprise (SAE).

IMPLEMENTATION PROCESS, PLAYERS, TIMELINE AND BUDGET

In addition to consolidation, DAS has implemented a new business approach known as *entrepreneurial management* – a customer-focused approach to delivering services in a competitive marketplace. This change reflects a growing trend in both public and private sectors to *focus on the customer* - to know their business and to provide the tools to deliver quality services. In turn, customer departments have more input about what services and products they buy from DAS. Business decisions are motivated by the desire to meet customer needs and by rewards or consequences for financial performance.

All of the services provided by DAS have been placed into three categories: utility services, marketplace services and leadership services.

1. **Utility services** are those most efficiently provided through a centrally-managed resource in order to maximize efficiency and/or capture economies of scale – where it makes economic sense to have a single supplier for all users, like Capitol Complex space management; customers are required to purchase utility services.

Funding: customers have a voice in setting these utility rates through Customer Councils, which were established for each DAS enterprise – similar to a board of directors. Utility services are funded by payments made by the agency using the services.

2. **Marketplace services** are those which customers have a choice of vendors (inside or outside state government) such as human resource training, conference planning, labor/management facilitation, motor pool vehicles, repairs, printing, graphic design, a variety of technology services including mainframe services, networking and e-government solutions.

Funding: marketplace services are discretionary services funded by payments made by the agency using the services.

3. **Leadership services** include policy, personnel, finance, and marketing/communications.

Funding: leadership services are funded by a General Fund appropriation.

COMMUNICATIONS STRATEGIES

Several methods of communications are in place to foster and create effective business practices between DAS and the customers it serves.

Customer Councils are one of the oversight tools used to monitor **utility** services. Each of the four Councils (HRE Customer Council, Technology Customer Council, GSE Customer Council and the Interim I/3 Customer Council) is comprised of customer representatives for the respective enterprises. Their primary responsibility is to provide customer input to DAS management regarding desired levels of service and rates. Each Council is comprised of staff from customer agencies within the executive branch of government, with representatives also from the judicial and legislative branches. The Councils also have one public member and one representative from AFSCME. Councils typically meet monthly.

DAS Customer Satisfaction Survey is issued quarterly and results are distributed and placed on the DAS website.

Customer Focus Newsletter is produced bi-monthly and sent electronically to customers. This newsletter provides information concerning new products, services, announcements and important information related to business with DAS customers.

eDAS. The **eDAS** Service Request and Billing System went into production July 1, 2005. **eDAS** allows customers to find billing information about services offered by DAS. It gives a brief description of the service, the cost and lists the service contact. Customers can view services by Enterprise, by category of service, or by searching for a key word about the service. **eDAS** makes it easy for customers to know what is offered and who to contact to obtain more information about services.

Journey to Excellence. All DAS employees participated in a series of five workshops during 2006 to increase understanding of entrepreneurial management, financials, and delivering exceptional customer service. These workshops were presented to front-line staff by fellow DAS employees who had been trained to teach these sessions. Managers and supervisors also took part in the workshop series, which was organized by DAS Performance and Development Solutions and the Public Strategies Group.

DAS Difference is the employee newsletter produced bi-monthly which provides information and news regarding employees, programs and important announcements.

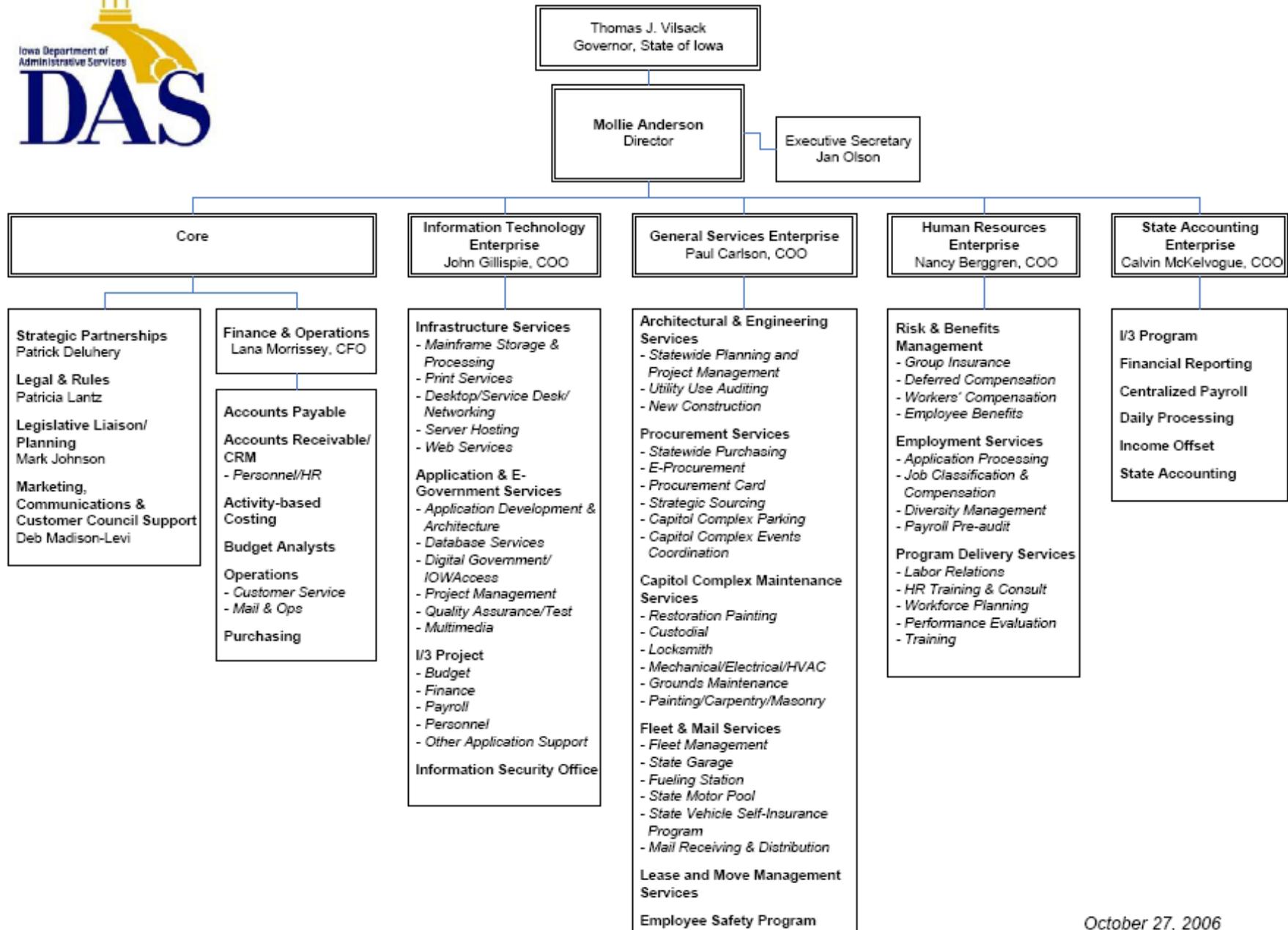
Over the Top and the Wall of Fame are two DAS employee programs designed to recognize outstanding accomplishments of employees.

CURRENT STATUS, NEXT STEPS AND REPORTING PROCESS

DAS utilizes an economy-of-scale savings model. DAS has much to offer local government in order for them to reduce costs and take advantage of the state's purchasing power. At a time of such great potential in our state, with local governments and their citizens examining cooperative ideas and concepts, we all have much to look forward to and much work to do. DAS welcomes the opportunity to explore all opportunities with city, county and state partners to move many of these initiatives forward for the betterment of all Iowans.



Iowa Department of Administrative Services



October 27, 2006

GENERAL SERVICES ENTERPRISE (GSE)

Paul Carlson, Chief Operating Officer

The General Services Enterprise maintains all Capitol Complex buildings, grounds, monuments, manages the operation of the state fleet of vehicles, provides mail services to state agencies, provides statewide architectural and engineering project management services for construction projects, and manages the procurement function for most executive branch agencies. The General Services Enterprise is comprised of the following:

1. Capitol Complex Maintenance (*Tim Ryburn, Administrator*)
2. Design and Construction (*Dean Ibsen, Administrator*)
3. Fleet and Mail (*Dale Schroeder, Administrator*)
4. Service Delivery (*Debbie O'Leary, Administrator*)

CAPITOL COMPLEX MAINTENANCE (CCM)

CCM staff maintain the Capitol Complex buildings, grounds, and monuments to provide a safe, healthy, cost effective and aesthetically pleasing environment for elected officials, employees and visitors. Quarterly meetings between CCM and employee representatives from various buildings are held to improve communication regarding maintenance services. A listing of key CCM accomplishments follows:

- Installed new pedestrian cross walks on Des Moines Street for Iowa Workforce Development.
- Implemented a new hard floor refinishing program in the Hoover Building to improve appearance and reduce operating cost.
- Implemented a program to maintain timely service to all restrooms throughout the Capitol Complex.
- Negotiated a new maintenance contract for cleaning offices of the Workforce Center located at 430 East Grand.
- Negotiated a new maintenance contract for Iowa Finance Authority at 2015 Grand.
- Reduced recycling costs by \$1,500 for FY06 and \$4,000 for FY07.
- Reduced operating expenses by eliminating leasing costs for two maintenance utility vehicles.
- Implemented a lawn fertilization program to beautify the Capitol Complex grounds.
- Began to provide the full menu of maintenance services to the new Ankeny Laboratory Facility in July of 2005. Reduced billings to agencies at the Ankeny Laboratory Facility by \$60,000.
- Began to provide maintenance services to the majority of the Jessie Parker building.
- Purchased a new infra-red camera to improve preventive maintenance related to electrical repairs.
- Assisted the Fire Marshal's Office in completing inspections of all buildings on the Capitol Complex. Took corrective action necessary to implement Fire Marshal recommendations.

- Installed new interior lighting at the State Historical Building; this is the first time the light bulbs have been replaced since the facility open in 1987. CCM replaced 1,650 light bulbs with long-lasting energy-efficient bulbs which are expected to last 10-15 years, at a cost savings of \$16,000.
- The program previously called Clean Out your Files day was revamped and is now known as *Files Fly in July*, a successful program which sets aside a day for all state employees to clean out files, recycle paper in a complex-wide effort to properly dispose of confidential paper.

FLEET AND MAIL

State Garage - located at 301 E. 7th St. on the Capitol Complex. The State Garage staff maintains the state vehicle fleet, receives and prepares new vehicles for issue, and prepares vehicles for auction.

- 2005 - became a market place service; and completed 3,598 vehicle repairs, saving state agencies \$283,093 in labor costs.
- 2006 - completed 5,684 vehicle repairs, saving state agencies \$119,335 in labor costs.

Motor Pool - the Motor Pool provides short-term and long-term transportation to state agencies. The Motor Pool has been providing quality vehicles for over fifty years.

- 2005 - became a marketplace service. State employees traveled 4,286 trips for a total of 2,874,649 miles. Operation of the state motor pool saved state agencies \$297,880.
- 2006 - state agencies traveled 5,189 trips for a total of 2,933,044 miles. Operation of the state motor pool saved state agencies \$848,874.

Fueling Station – in February 1991, the state fueling station was the first station in Iowa to offer E85 fuel for state vehicles. The station is located at the corner of E. 7th and Walnut Streets. The link for all E85 fueling stations in Iowa can be found at: [http://das.gse.iowa.gov/org_info/Fleet & Mail/Iowa E85 Fueling Sites Color.pdf](http://das.gse.iowa.gov/org_info/Fleet%20&%20Mail/Iowa%20E85%20Fueling%20Sites%20Color.pdf)

- 2005 - became a marketplace service. State fuel pumps located on the Capitol Complex dispensed 70,389 gallons of E10 and 59,723 gallons of E85 fuel into state vehicles.
- 2006 - state fuel pumps located on the Capitol Complex dispensed 66,753 gallons of E10 and 68,983 gallons of E85 fuel into state vehicles.

Fleet Management purchases and disposes of fleet vehicles, manages the fleet fueling credit card, responds to statutory reporting requirements, responds to legislative inquiries, assigns fleet vehicles to state agencies, insures the registration and licensure of fleet vehicles, maintains an inventory of fleet vehicles by active and inactive status, and conducts vehicle auctions.

New vehicle purchases:

- 2005 - purchased and assigned 454 new fleet vehicles.
- 2006 - purchased and assigned 591 new fleet vehicles.

Vehicle Auctions:

- 2005 - conducted three auctions, selling 511 vehicles, grossing \$1,714,065 in receipts for deposit to state agencies' depreciation account.
- 2006 - conducted three auctions, selling 501 vehicles, grossing \$1,823,275 in receipts for deposit to state agencies' depreciation account.

Fuel Credit Card: Fleet Management worked with DAS Purchasing, DOT Purchasing, and A. T. Kearney in 2006 to bid the fuel card contract. Wright Express was the successful bidder. The contract provides a 1.0% volume discount and a \$.025/gallon discount at Kum and Go stations. This contract is saving state agencies \$121,800 annually.

- DOT Savings: \$71,400 annually.
- DAS Savings: \$50,400 annually.

Risk Management – the state is self-insured for state fleet vehicles under the management of DAS. Risk Management evaluates all accident claims, settles tort claims or recommends settlement to the Attorney General's Office, and recovers accident costs that were the fault of a third party. Risk Management is a cost-effective alternative to paying vehicle insurance premiums.

- 2005 - adjusted 708 vehicle accident claims. Total cost incurred: \$761,738; the state saved \$821,205 in annual vehicle insurance premium costs.
- 2006 - adjusted 733 vehicle accident claims. Total cost incurred: \$658,104; the state saved \$1,038,534 in annual vehicle insurance premium costs.
- Risk Management suspended program support charges to state agencies for five months, saving the agencies \$231,063.

Mail Processing – The Mail Center receives and delivers all incoming United States Postal Service and interoffice mail to approximately 90 Capitol Complex delivery stops twice daily and once daily to 13 off-complex sites. The Mail Center receives and processes most Capitol Complex outgoing mail within 24 hours of receipt. During FY06, Mail Services reduced the rates it charges state agency customers by \$100,000.

- 2005 - processed 15,315,059 outgoing mail pieces and 29,640 parcels for state agencies.
- 2006 - processed 13,000,000 outgoing mail pieces and 27,925 parcels for state agencies.
- DAS also began Capitol Complex delivery of DAS Print jobs allowing Print to eliminate the use of a delivery vehicle and concentrate staff on printing processes.
- A new mail management system housed on the DAS network was installed. This enhances mail security and enables Mail Services to utilize real time data.

SERVICE DELIVERY

DAS Purchasing procures goods and services for most State of Iowa executive branch agencies. Its mission is to facilitate a process that provides timely, cost-effective, and high quality goods and services through cooperative and proactive procurement practices. The focus of DAS Purchasing is to:

1. Improve the value of services to our customers, and
2. Reduce the rate (user fee) our customers pay for our services.

DAS Purchasing, a centralized purchasing function, is designed to provide the best value through an open, fair, and competitive bidding process. Purchasing serves an important role as a neutral third party in the competitive bidding process. DAS Purchasing has a proven record of saving money and reducing the cost of government by utilizing economies of scale. Purchasing focuses on providing professional procurement services to its customers so they can focus on accomplishing their core mission.

Recently, DAS Purchasing implemented Strategic Sourcing to save taxpayer dollars. Strategic sourcing is a way to achieve significant savings through smart buying. Through analyzing what the State of Iowa buys, from whom, at what price, and at what volume, and then applying innovative procurement techniques, DAS Purchasing leveraged the state's consolidated purchasing power to achieve lower prices than ever before.

To fund a centralized purchasing operation, a prorated user fee based upon the amount of goods purchased by an agency was established. The fee has ranged from as high as 2 percent to 1 percent of goods and services purchased by agency customers. In 2004, the 1 percent fee was eliminated and a subscription fee (allowing unlimited purchases by state agencies) was adopted by the GSE Customer Council. DAS Purchasing does not receive a general fund appropriation.

During FY06, Purchasing reduced the user fee charged to its customers by \$300,000. This was accomplished through implementation of an aggressive vendor rebate program.

DESIGN AND CONSTRUCTION

Design and Construction provides project management, planning, architectural and engineering services for construction, repair, maintenance and renovation projects statewide. The division also provides leasing and space management services for agencies at the Seat of Government, and leasing consulting services for agencies outside the Seat of Government.

Capitol Planning Commission

Design and Construction provides direct support to the Capitol Planning Commission, which is advisory to the legislature, to the Vertical Infrastructure Advisory Committee, which reports to the Governor and to 12 agencies and divisions around the state in support of building repair and maintenance projects. In this capacity, the Design and Construction staff provide support to

almost 21% of the state's real estate assets—more than 900 buildings and 11 million square feet of facilities.

During 2005, the Capitol Planning Commission reviewed progress on work underway on the Capitol Complex, including 1) renovation of the Records and Property Center, 2) improvements to the primary electrical distribution system serving the complex, and 3) improvements underway and projected for the Capitol.

In anticipation of major construction projects on the Capitol Complex, the members of the Commission toured the Complex in July and revisited the master plan adopted in 2000. The plan has been amended to include consideration of a north loop road, with the exact configuration to be determined once construction moves closer to reality. The Commission reaffirmed its interest in working with Mercy Capitol to trade land, with the long-term goal of eventual acquisition of the entire hospital site.

Wallace Building

The Commission has followed with interest the discussion around the disposition of the Wallace Building and has recommended demolition of the building and construction of a new office building. The Commission's motion states: "[The Wallace Building] is not an efficient building, and from a business [standpoint] it makes more sense to demolish the building and construct a new building." The Commission intends to actively participate in the selection process for locating the new building.

"Roads to the Capitol"

The Commission supports the proposal to develop a Visitor's Center on the Capitol Complex, tentatively coined "Roads to the Capitol." Possible locations include the Carriage House at 1025 Des Moines Street or the buildings at the foot of the West Capitol Terrace Project on E. Locust Street.

Vertical Infrastructure Advisory Committee

The Vertical Infrastructure Advisory Committee presented its seventh annual report to the Governor in December 2005. The year's focus has been on outreach to legislators and community organizations as a way of building support for the continued work of maintaining Iowa's capital assets.

Since the work of this Committee began in 1999, and with the assistance of Design and Construction:

- more than \$9.6 million has been distributed to 12 state agencies and divisions for routine maintenance work;
- \$68.35 million has been appropriated for major maintenance work through FY2006;
- another \$90 million has been appropriated for FY2007 through FY2009;
- more than \$59.3 million has been spent for major maintenance projects;
- work is underway or will begin shortly on the balance of projects for which major maintenance funds are available; and
- another \$58 million worth of major maintenance projects have been identified for the funds appropriated in FY2006 through FY2009.

Also, progress on the backlog of major maintenance continues:

- Primary electrical distribution systems — the core of operations for security, technology and safety in any building — are now repaired or replaced at Cherokee, Eldora, Independence, Toledo and Woodward. Work will be complete in January at Glenwood. Through a combination of major maintenance, capital and other funding sources, work is well under way at Anamosa, Clarinda, Oakdale and Fort Madison. Work continues on the balance of the older institutions, as well as on the Capitol Complex, following a plan based on priorities.
- In 2005 alone, roofs on 10 buildings were repaired or replaced. Funding has been allocated for an additional 21 roofs expected to cost \$3.6 million to repair. The Committee and staff are developing a long-range plan for repair and replacement of roofs around the state.
- Most of the agency requests for upgrades to improve access to facilities — to meet the needs of the citizens of Iowa and the requirements of the Americans with Disabilities Act — have been completed with assistance from DAS/General Services Enterprise's ADA Advisory Committee. Work will begin next year on several remaining elevator and restroom improvement projects. Agencies will then be asked to provide another list of improvement projects to be addressed.
- Conservation work has been completed on all monuments at the Capitol Complex with additional work for the Soldiers and Sailors Monument expected to be completed in 2007.

Working with the Department of Veterans Affairs, Design and Construction has played a major role in beginning work on the new Iowa Veterans Cemetery to be located north of Van Meter. Working with several agencies, Design and Construction completed a major effort to construct a new state laboratories facility at the Des Moines Area Community College Campus in Ankeny.

In addition to building repair, maintenance and construction work, Design and Construction managed the state's real estate leases in the Des Moines area and was instrumental in moving several departments back onto the Capitol Complex or relocating agencies within state facilities on Capitol Complex during FY2006, including:

- Relocation of the Department of Elder Affairs, Public Employment Relations Board, Ethics & Campaign Disclosure Board, Department of Corrections and Board of Parole staff to the Jessie Parker Building; and, relocation of the Department of Public Health staff within the Lucas Building, eliminating 170,861 square feet of leased space and generating a cost avoidance of approximately \$3,742,000 in lease costs over a 5-year term.
- Relocation of the Departments of Revenue, Cultural Affairs and Iowa Prison Industries staff from the Records and Property Building to allow for renovation of that building, and,
- Relocation of DAS staff within the Hoover Building and other locations on the Capitol Complex.
- Renegotiation of 10 leases consisting of over 91,000 square feet and generation of a lease savings of over \$1,100,000 over a 5-year term.

- An extensive study of a “lease vs. buy analysis,” which concluded that it is more economical for the State to build or buy additional space rather than continue to lease.
- Assistance by Design and Construction staff to the Iowa Finance Authority (IFA) in conducting a lease-purchase analysis that resulted in IFA purchasing and renovating the old Iowa Lottery Building at 2015 Grand Ave. Subsequently, the IFA-leased facilities have been vacated and the Authority has moved into the renovated facility. (Actual renovation - an FY2007 activity.)
- State Capitol Building water damage. On December 24, 2005, a sprinkler line in the attic of the Capitol froze and burst, damaging finishes throughout the northeast quadrant of the building. DAS staff responded immediately to direct the removal of damaged materials and begin the difficult process of drying out historic plaster, masonry and wood. Many of the water damaged spaces were back in operation after only a few days, however, work continues to dry out the structure and restore the historic finishes within the building.
- Wallace Building: DAS completed a comprehensive evaluation of the Wallace Building, providing options for repair or for replacement. Ultimately, the Governor’s Property Management Advisory Committee recommended demolition of the building. In the meantime, funds were appropriated to enable short-term renovation of the building, in anticipation of at least a few more years of required occupancy.
- Capitol Complex Projects: DAS has continued to promote implementation of the West Capitol Terrace improvement project, and funds have been appropriated for that work. In addition, replacement of the electrical distribution system (including emergency generation), continued renovation of the State Capitol Building, tenant improvements for the Jessie Parker building and relocation of a number of DAS employees received extensive assistance from DAS General Services staff members.

HUMAN RESOURCES ENTERPRISE (HRE)

Nancy Berggren, Chief Operating Officer

When the Department of Personnel (IDOP) became part of the Iowa Department of Administrative Services as the Human Resources Enterprise (HRE) in 2003, it continued to provide the same human resource (HR) services that it had been offering to state agencies as an independent department. However, as explained further, a major change in service delivery occurred in the change of funding streams from an appropriation to a fee-for-service basis.

HRE also increased its focus on customer service as a key to future success. The HRE Customer Council was formed in 2003. A major part of its initial activity was invested in familiarizing council members with the services offered by HRE, service delivery methods and setting up the rate structure.

HRE provides the full range of human resource services to Iowa state government. These include:

- classification,
- compensation,
- qualification of applicants for state jobs,
- selection assistance,
- Affirmative Action (Equal Employment Opportunity/Diversity Program),
- workforce planning,
- performance evaluation,
- workforce data gathering,
- reporting and analysis,
- labor relations,
- benefits,
- risk management and leave administration,
- safety,
- workers' compensation and Return to Work,
- wellness,
- training and development, and
- consultation with and advice to state agencies on human resource matters.

HRE's customer base consists of state agencies, applicants for state jobs, the businesses with which it has contact, retirees from state government, the Governor's office, the labor unions and the Legislative and Judicial Branches of state government. HRE's services are also used on a limited basis by the Regents, Community-Based Corrections and the State Fair Authority. The numbers of permanent full- and part-time employees served as of the beginning of FY 2006 were:

Executive Branch — 19,506
Legislative Branch — 350
Judicial Branch — 1,886
AFSCME Covered Regents — 6,690
Retirees — approximately 10,000

Personnel Officers serve as the primary point of contact with departments to regularly monitor their unique needs and work with HRE specialists to ensure that commitments to customers are fulfilled.

With the exception of training and development, a marketplace function overseen by the Performance and Development Solutions (PDS) unit, the remaining HR functions are utility services. Annually, HRE leadership and personnel officers meet with the leadership of the various state agencies to discuss HRE's service delivery during the previous year and highlight specific projects and actions the agencies wish to focus on in the upcoming year. These expectations are formalized in Service Level Agreements (SLAs) with each agency.

The major emphasis of HRE program staff is to deliver the services specified in the SLAs, however, HRE, like its sister enterprises within DAS, constantly seeks ways to enhance, improve or increase customer service, streamline operations, and save money. HRE is positioned to build on past successes for the following reasons:

- In Iowa, all human resource functions are centralized into one department instead of fragmented throughout state government. This allows HRE to look at the effects that changing one program would have on another and make program decisions with an understanding of the total impact.
- HRE's purchasing power for all of state government is significantly greater than if each agency were buying certain HR services separately. This economy of scale method increases HRE's ability to reduce costs; this was particularly true in benefit programs.
- With the implementation of entrepreneurial principles, HRE has direct and ongoing customer involvement through the HRE Customer Council. This relationship ensures that HRE's programs are on target to meet departments' needs and that rates are reasonable to customers.

The more significant accomplishments during Fiscal Years 2004-2006 are highlighted below:

Saved the State money by:

1. Auditing Wellmark's health insurance eligibility files in 2004 and 2005, resulting in a \$2-million savings to the State.
2. Refunding premium taxes in 2004 that had been improperly charged to employees with John Deere health insurance.
3. For plan years 2004 through 2007, avoidance of approximately \$39 million in health insurance premium costs when compared to the budgeted Schedule 10 rates for those same years.
4. For plan years 2005 through 2007, avoidance of approximately \$2.4 million in dental insurance premium costs when compared to the budgeted Schedule 10 rates for those same years.

5. Reaching voluntary collective bargaining agreements with three labor unions in 2005 at a cost that was consistent with the Governor's targeted budget. Voluntary agreements allowed the State to avoid binding interest arbitration that could have been significantly more costly to state agencies.
6. Modifying the workers' compensation program strategy to close files faster and utilize mediation earlier in the process.
7. Negotiating voluntary collective bargaining agreements with all three state unions in 2005. At the final offer stage of negotiations, the parties were apart by 2% on across-the-board increase discussions. Had the State proceeded to arbitration, it would likely have faced the risk of an arbitrator's award at the higher pay increase level.

Increased efficiency by:

1. Implementing a time reporting and performance matrix system that will provide the HRE Customer Council with data that will be useful in establishing rates and providing return-on-investment information. When these systems are more mature, the information will help identify changes that are necessary for more efficient programs.
2. Implementing a new payroll deduction program that allowed benefit providers certified opportunities.
3. Implementing a new web-based electronic system to allow employees to enroll for their benefits online.
4. Streamlining several training unit processes to deliver more timely service and provide quicker access to data to run the unit, including:
 - The class enrollment process for local government
 - The billing process (went from two months to two days)
 - The certificate program process
 - Creating a course history tracking system

Enhanced customer service by:

1. Implementing for the DAS-HRE Customer Council a series of presentations that reviewed each DAS-HRE program including service level options and costs. The purpose of this process was to provide information to the Council that would be useful in the rate-setting process and help DAS-HRE understand the services which customers were willing to buy.
2. Receiving ratings from customers on service delivery through an annual DAS customer satisfaction survey. In FY 2006, this became a quarterly exercise in order to receive more frequent feedback from which to make more immediate course adjustments. Using a five-point scale, HRE's average customer survey ratings positively increased from 3.72 in FY 2003 to 3.96 in FY 2004 to 4.03 in FY 2005. At the end of the fourth quarter of FY 2006, using a 10-point scale, the rating was 7.65.

3. Upgrading HRE's ability to effectively help departments plan for anticipated increased turnover due to retirements. Drew upon the data-rich resources in "Just the Facts," an annual almanac of state workforce facts, and the annual Departure Survey to form the framework of a five-session workshop on Workforce Planning for state managers and human resource planners. In conjunction with the Department of Natural Resources, DAS developed the State of Iowa Workforce Planning Guide; the State of Iowa Competency Guide was also produced and distributed.
4. Improving deferred compensation offerings through a competitive bid process which will save state employees money and ensure that more of what is deferred goes to retirement savings and less to administrative fees and internal fund fees.
5. Increasing the amount of helpful and useful benefits information available to employees through the Internet and other media.
6. Processing an average of 52,398 employment applications over the last three years (39,364 in FY2004, 57,989 in FY2005 and 59,841 in FY2006 for a total of 157,194 over the three-year period). An average of 1,338 merit covered hires per year were made over the three-year period (1,213 in FY2004, 1,215 in FY2005 and 1,586 in FY2006 for a total of 4,014 merit-covered hires during the period).
7. Providing over 10,000 hours of direct human resource management advice and counsel to state managers and supervisors and employees and spending over 2,700 hours reviewing position classification issues and requests for reclassification.
8. Creating organizational development and consulting services as an entirely new part of the business of the training unit, which is bringing great value to our customers through strategic planning, organizational structure and alignment with goals, team and leadership development, and enhanced process improvement.
9. Developing business relationships with several local governments to expand training and development offerings beyond the State of Iowa, thus enhancing local government and overall performance by government employees to better meet citizens' needs.
10. Customizing learning solutions for State of Iowa agencies to help them solve pertinent issues in a timely and cost-efficient way.
11. Administering a third Early Out program in the summer of 2004. 272 state employees participated, compared to 597 in Early Out 1 in FY2002 and 150 in Early Out 2 in FY2003 (26% of a total of 1,039 participants in all three programs).

Streamlined, enhanced or eliminated programs by:

1. Partnering with the Information Technology Enterprise and the State Accounting Enterprise to implement a new Internet-based payroll and employment system.

2. Establishing Performance and Development Solutions (PDS), an entrepreneurial, market-based training unit aimed at providing an array of diverse employee and organizational development services to state agencies and other organizations.
3. Streamlining training course offerings to meet the training development program's strategic goal of employee and leadership development. This meant eliminating personal growth-type courses that could be taken through adult learning courses within communities.
4. Enhancing training course offerings to meet the current and growing needs of the State of Iowa workforce, ensuring opportunity for state employees to create high performing workplaces.
5. Increasing the number of training opportunities outside the Des Moines area so more state employees had access.
6. Assisting with the Governor's initiative to increase diversity within state government by providing additional, ongoing information and data to agencies regarding the composition of the State's workforce. Also offered a slate of training of courses on issues related to diversity. Since FY2004, attendance in these courses increased by 85%.

INFORMATION TECHNOLOGY ENTERPRISE (ITE)

John Gillispie, Chief Operating Officer

The core function of the Information Technology Enterprise (ITE) is to provide high-quality, customer-focused information technology services and business solutions to government and to citizens. Pursuant to Iowa Code Section 8A.202(3), ITE is to:

- a. Coordinate the activities of the department in promoting, integrating, and supporting information technology in all business aspects of state government.
- b. Provide for server systems, including mainframe and other server operations, desktop support, and applications integration.
- c. Provide applications development, support, and training, and advice and assistance in developing and supporting business applications throughout state government.

As DAS formulates tactical and strategic plans and conducts business, ITE operates under the following assumptions:

- Technology is a tool and, like any tool, can be used effectively to achieve a public organization's mission and goals.
- Service and information will be the primary focus for users; the perception of government is measured by its ability to deliver service. At the same time, the need for security, privacy, and accessibility will continue to be a priority for users.
- Mobile computing will accelerate dramatically through the use of integrated computing devices; Web technology is the primary delivery mechanism for mobile devices.
- The continued shift from legacy systems/client servers to an e-Government network-centric computing environment will allow state government to be proactive rather than reactive, service aware instead of environment aware, and, most importantly, customer-focused rather than IT-focused.
- The costs of computing resources will continue to decline, while human resources costs will continue to escalate.
- The availability of network bandwidth will continue to increase, thus allowing Internet-based services and information to be provided in a timelier and more convenient manner to government's constituents.

The Information Technology Enterprise:

- **Provides** ongoing support for the development, implementation, and operation of "Integrated Information for Iowa" (I/3), Iowa's new web-based financial management and enterprise resource planning system. I/3 includes modules for Budgeting, Financial Management, Human Resources, and Purchasing. I/3 has many new features designed to reduce the burden

and improve the accuracy of managing agency budgets. I/3 replaces several existing mainframe systems, most notably the Iowa Financial Accounting System (IFAS) and the Human Resource Information System (HRIS), both of which were designed and implemented over 20 years ago.

- **Supports** more than 1,198 e-mail accounts for 21 state agencies, boards and commissions.
- **Directly supports** more than 1,000 desktop computer systems in 38 state agencies, boards and commissions with on-call support for the remaining 18,000 executive branch desktop computers.
- **Manages** the official State of Iowa web portal, processing 2.5 million Internet hits per month.
- **Supports** the Judicial Branch Iowa Court Information Systems (ICIS) electronic public access to the online court application which averages 6.5 million page views per month.
- **Operates** the ITE mainframe data center which processes in excess of 3.6 million online business transactions each business day, prints over 3.8 million lines of print (licenses, permits, and reports) and an average of 8,000 state warrants each business day (two million state warrants annually).
- **Performs** daily information network security scans using a state-of-the-art intrusion detection system. This system scans hundreds of devices and successfully blocks as many as 400,000 external scans and detected intrusion attempts weekly.
- **Managed** a joint project of the executive and judicial branches of state government to design, develop, and implement a statewide integrated criminal justice information system that is dramatically improving communications within the criminal justice community.
- **Collaborated** with the Iowa Department of Education, Iowa Public Television, the Iowa Area Education Agencies, the Iowa State Library, and the Iowa Communication Network to create the Iowa Learning Online portal. This is the evolution of the 21st Century Learning Infrastructure pilot project and will be used to provide an access point for all digital education materials and incorporate online courses and professional development for K-12 education across Iowa.
- **Maintains** a project office to oversee and coordinate the implementation of the federal Health Insurance Portability and Accountability Act (HIPAA) for state government. The HIPAA Project Office has provided a point of coordination for HIPAA policy and procedures for the healthcare industry in Iowa and has provided extensive assistance to county governments through the Iowa State Association of Counties.

ITE Product and Service Summary

Information Technology Enterprise	Market Place	Utility	Leadership
1. Infrastructure Services			
A. Security Services	X		
B. Desktop/Workstation	X		
C. Help Desk	X		
D. Networking/Communications	X		
E. Server Hosting	X		
F. Mainframe Services	X		
G. E-Mail	X		
H. Common Directory Service		X	
I. Public Key Infrastructure (PKI)		X	
2. Applications and e-Government Services			
A. Mainframe Development Services	X		
B. Database Services	X		
C. Web Services	X		
3. Planning and Consultation			
A. Consultation	X		

ITE Service Management

Service management is organized along the lines of ITE’s functional divisions. Each division involved with our service offerings has specific roles and responsibilities; however, the operational management of core ITE services is placed within the Infrastructure Services Division. The Applications and e-Government Services Division manages computer application and programming services.

In managing ITE’s budget, costs are identified as Direct, Indirect, or General and Administrative. ITE’s budget is aligned with its service offerings to provide better financial results management. To cost and price services, ITE uses the standardized DAS categorization as follows:

Direct Costs

- Personnel
- Support

Indirect Costs

- Personnel
- Support

General & Administrative Costs

- Leadership
- Shared Services

Direct costs are those directly attributable to a product or service. Indirect costs are those necessary to maintain ITE's ability to offer and support services in addition to administrative management costs. General and Administrative costs include ITE's leadership costs along with ITE's costs associated with centralized shared services provided by DAS Core (e.g., purchasing, financial reporting).

In addition to this financial management model, ITE uses a detailed pricing model to better delineate specific line item services (e.g., Java application, web application server hosting) cost, price and infrastructure scaling based on volume. This enables ITE to specifically model line item services based on specific customer requirements and make a valid comparison of quality, service and price with external service providers.

Serving Our Stakeholders

With demands for government effectiveness and spending efficiency, here are examples of the need for alignment between state agencies and ITE:

- Compliance regulations (e.g., HIPAA Privacy and Security, Sarbanes-Oxley, Graham-Leach-Bliley).
- State mandates (e.g., Accountable Government Act, Purchasing for Results).
- Internal accountability frameworks (e.g. ITE Business Review).
- Internal risk management initiatives.
- Federal initiatives for results-based government tied to federally funded state programs.

ITE ACCOMPLISHMENTS

- An Information Security Office and the position of State Information Security Officer have been created to establish and enforce enterprise-wide standards and best practices and implement security measures that reduce risk.
- Establishment of a fully operational 24/7 information technology business continuity center at the Joint Forces Headquarters in Johnston, Iowa. Approximately 3,800 square feet is currently in use, with an additional 7,000 square feet available if needed.
- Continuous improvement and enhancement of IOWAccess, the State of Iowa's official web portal. At the beginning of FY07, 70 e-government services were available to Iowa citizens through IOWAccess. The IOWAccess revolving fund has made over \$4 million available to State (executive and judicial branch) and local governmental entities for e-Government projects since FY04. Some of the more notable accomplishments for IOWAccess include:

- ✓ **Purchasing Results Website** – “Giving citizens frequent opportunities to make substantive contributions to budget decisions is integral to sound state budgeting. In Iowa, citizens and public organizations not only have access to budget information, they also play a vital and institutionalized role in shaping the state budget.” This was the description given to the State of Iowa Purchasing Results website by the Pew Trust Government Performance Project, recommending it as a “best practice” for adoption by state and local governments.
URL: <http://purchasingresults.iowa.gov/>
- ✓ **Department of Education - Online Teacher License Renewal Application.** The planning phase was originally funded 11/3/2003 with the implementation funding approved on 1/12/05. The application was available to teachers statewide on 4/19/2005.
URL: <https://www.iowaonline.state.ia.us/boee/controller.aspx?cmd=default>
- ✓ **Department of Inspections and Appeals - Food and Consumer Safety Bureau Food Establishment Inspections Online.** The planning phase was originally funded 11/3/2003 with the implementation funding approved on 5/11/05. The application was available on the internet 11/9/2005.
URL: <http://foodandlodgingreports.iowa.gov/>
- ✓ **Department of Natural Resources – Online State Park Campground and Cabin Reservation System.** The planning phase was originally funded 9/10/04. The website and reservation service became available statewide 1/2/2006.
URL: <https://eservices.iowa.gov/iowaparks/>
- ✓ **Department of Public Safety - Missing Person's Reports Online.** The planning phase was originally funded 9/10/2004 and was completed 5/2/2005.
URL: <http://www.iowaonline.state.ia.us/mpic/>
- ✓ **Department of Public Safety – Linking the Iowa Sex Offender Registry to the National Sex Offender Public Registry.** The IOWA discretionary fund was used to link the Iowa Sex Offender Registry to the National Sex Offender Registry on 8/19/2005.
URL: www.nsopr.gov
- ✓ **Judicial** – creation of a Web application for lawyer continuing education class selection as well as a recording mechanism for continuing education credits. It also supports online renewal of their license and public search of lawyer credentials.
URL: <https://www.iacourtcommissions.org/icc/>
- ✓ **State Auditor's Office - State Audit Reports Online.** The planning phase was originally funded 9/10/2004. The project was completed and the audit reports were accessible from the Internet in July 2005.

URL: <http://auditor.iowa.gov/reports/reports.htm>

- ✓ **Iowa Ethics and Campaign Disclosure Board - Web Reporting System Public Access Improvements.** The implementation phase was originally funded 11/3/2003. The web reporting system was available on the Internet in February 2005.

URL: http://www.state.ia.us/government/iecdb/forms_brochures/formsindex.htm

- ✓ **Iowa State University - E-Government Research Project.** This is a research study conducted by the Public Policy and Administration Program in the Department of Political Science at Iowa State University. The study focused on anticipating demand and understanding financing strategies for e-Government. The project funding was originally approved 6/17/2004 and the final report was delivered in December 2005. The report is available from the DAS website at:
<http://das.ite.iowa.gov/governance/IAC/documents/index.html>

- ✓ **Iowa State University – 28E Research Project.** This is a research study to identify management skills and processes that contribute to the effectiveness of networks related to 28E agreements created for economic development purposes. The study was conducted by the Public Policy and Administration Program in the Department of Political Science at Iowa State University. The report is available from the DAS website at: <http://das.ite.iowa.gov/governance/IAC/documents/index.html>

The 2006 Brown University Survey of State and Federal E-Government ranked the State of Iowa's web portal 24th out of the 50 states, up from 36th in 2005.

- Implementation of the Integrated Information for Iowa (I/3) system, which currently supports Budget and Accounting functions as well as the ability to add HR/payroll functions. I/3 also:
 - ✓ Provides the ability to support new or improved functions for inventory, fixed assets, vendor self-service, and related applications for state government.
 - ✓ Contains a maintenance agreement for vendor supplied upgraded software releases with enhancements, new business processes and fixes on a regular basis.
 - ✓ Replaced the Cobol-based mainframe system with a web-based enterprise resource planning system, implementing modules that are in a newer, more dynamic “web” infrastructure.
- Administrative consolidation of the printing centers and letter shop services to streamline print-to-mail services.
- Coordinated the completion of the State's Enterprise Infrastructure and Personnel (EIP) Assessment. This assessment was a legislative-mandated comprehensive study of the impact of transferring all state agency employees delivering information technology services to DAS. It also considered the impact of physically merging the three executive branch data centers - Information Technology Enterprise (ITE), Department of Transportation (DOT), and Iowa Workforce Development (IWD).
- Creation of the Technology Governance Board governance structure for the executive branch information technology. In 2003, new Iowa Code Chapter 8A created the Iowa Department of Administrative Services and defined the mission, powers, duties, and responsibilities for

Information Technology Enterprise within DAS and provided for information technology governance within the executive branch. This governance structure for executive branch information technology services and expenditures includes the Technology Governance Board and the IOWAccess Advisory Council.

- Major infrastructure plant enhancements to the primary data center facility (power, cooling, UPS, fire suppression) for improved conditions, N+1 redundancy and increased the foot print server farm space by 50 percent.
- Server virtualization using an Open Source product.
- Sharing of IT people resources between departments (ICN and DAS, Department of Revenue and DAS).
- In-sourced the Department of Human Services Medicaid Management Information System (MMIS) on April 1, 2005, to improve services and reduce overall operating costs.
- A new shared trouble ticket system using IT Infrastructure Library (ITIL[®]) standards was developed through a partnership between DAS, the Iowa Communications Network (ICN), and the Iowa Department of Transportation (DOT). (ITIL[®] provides a cohesive set of best practices, drawn from the public and private sectors internationally.)
- Technology support for the National Governors Association Annual Meeting held in Des Moines in July 2005.
- Implementation of an Lyris[™] brand Enterprise e-Mail Distribution solution.
- Implemented an enterprise BlackBerry wireless e-Mail solution for mobile government professionals.
- Development of Department of Public Safety (DPS) Citizen-Facing Applications using state-of-the-art technology, the Information Technology Enterprise implemented the following applications for DPS:
 - ✓ Iowa Sex Offender Registry (ISOR) Mapping – This allows citizens to input an address and receive a map with all known registered sex offenders living within in a one-, two- or three-mile radius.
 - ✓ DPS Iowa Sex Offender Registry E-mail Notification – The general public can “opt in” to receive e-mails based on registrants of the Iowa Sex Offender Registry. The e-mails can be based on the following:
 - a) A one-, two-, three- or five-mile radius of a particular address
 - b) A zip code
 - c) Search criteria based on a search performed within the ISOR website
 - d) A particular registrant
 - ✓ DPS E-mail – This application allows citizens to “opt in” to receive e-mails from DPS based on information posted to their websites. DPS websites are scanned for new information which is then passed along to all those who have signed up to receive the information. This automates the DPS process of notifying the media of any press releases or news which needs to be disseminated immediately.

- Establishment and leadership of the Joint Chief Information Officer's (JCIO) Committee. The JCIO is made up of the Chief Information Officers representing approximately 90 percent of the executive branch information technology expenditures. The focus of the JCIO is to prioritize efforts to improve service and continuity of operations and to maximize the value of IT investments. Following are key initiatives:
 1. Personal Computer Lifecycle Management
 - a. Desktop Personal Computer Purchasing – A contract negotiated to aid agencies in purchasing desktop computers at the best possible price within standardized configurations. Most agencies used this contract to purchase personal computers for their agency in the Fiscal Year 2005 and continue to use it in Fiscal Year 2006. A committee comprised of agency representatives defined business requirements for devices and components and developed standardized configurations that met their needs. (Savings: FY05 – \$260,401; FY06 – \$409,508)
 - b. Laptop Personal Computer Purchasing – A contract negotiated to aid agencies in purchasing laptop computers at the best possible price with an agreed upon configuration. The same committee that defined the desktop computer configuration also defined a laptop configuration with the capability for various enhancements. (Savings: FY05 – \$128,164; FY06 – \$40,948)
 2. Information Technology Architecture Study – The Information Technology Enterprise is coordinating the development and implementation of a Service Oriented Architecture that will improve the overall security and interoperability of the State of Iowa's information assets.
 3. IBM Software Acquisition Program – Passport Advantage and Passport Advantage Express are simple, comprehensive IBM programs that cover software license acquisition and maintenance options under a single, common set of agreements, processes and tools. Passport Advantage is focused on larger enterprises, while Passport Advantage Express is a transaction-based program designed to meet the needs of medium-sized organizations. (Savings: FY05 – \$14,618; FY06 – \$8,250)
 4. Computer Associates Agreement – Three agencies with mainframe installations (DAS-Information Technology Enterprise, Department of Transportation and Workforce Development) worked collaboratively to negotiate the cost effective agreements for their mainframe database software products. (Savings: FY05 – \$296,413; FY06 – \$40,641)
 5. Oracle Licenses – Oracle is a Relational DataBase Management System (RDBMS) with versions available for the vast majority of current computing platforms. Oracle has distributed capabilities that allow the aggregation of database tables from different computing environments. As a leader in the RDBMS field, many other software development companies offer interfaces and compatibilities with Oracle databases. By standardizing on the Oracle database, many options are kept open for features, development tools, and other third party software. . (Savings: FY05 – \$107,941; FY06 – \$33,317)
 6. VERITAS Enterprise Vault™ – a contract negotiated for an e-mail archiving system that is used by several agencies to control and manage various types of e-mail backups.

VERITAS Enterprise Vault™ provides a flexible, software-based archiving framework to enable the discovery of content held within Microsoft Exchange, SharePoint, Instant Messaging, and various file server environments, while reducing storage costs and simplifying management. (Savings: FY05 – \$64,584; FY06 – \$0)

7. Mainframe Leases – three agencies with mainframe installations (DAS-Information Technology Enterprise, Department of Transportation and Workforce Development) worked collaboratively to negotiate cost effective purchase terms for IBM hardware. (Savings: FY05 – \$76,908; FY06 – \$323,668)
8. Secure Sockets Layer (SSL) Certificates – SSL certificates are used for securely transmitting data via the Internet. (Savings: FY05 – \$8,410; FY06 – \$13,110)

Table 1. Recap of Fiscal Year 2005 and 2006 Savings from Collaborative Initiatives Led by DAS-ITE:

	Fiscal Year 2005			Fiscal Year 2006		
	Estimated Units	Estimated Unit Savings	Total Estimated Savings	Estimated Units	Estimated Unit Savings	Total Estimated Savings
Desktop Purchasing	2,438	\$107	\$260,401	1585	\$258	\$409,508
Laptop Purchasing	481	\$266	\$128,164	156	\$262	\$40,948
IBM Passport Licenses	N/A	N/A	\$14,618	N/A	N/A	\$8,250
Computer Associates Agreement	N/A	N/A	\$296,413	N/A	N/A	\$40,641
Oracle Licenses	N/A	N/A	\$107,941	N/A	N/A	\$33,317
Veritas Email Enterprise Vault	5,520	N/A	\$64,584	N/A	N/A	\$0
Mainframe Leases	N/A	N/A	\$76,908	N/A	N/A	\$323,668
SSL Certificates	14	\$601	\$8,410	23	\$570	\$13,110
	Estimated FY05 Savings		\$957,439	Estimated FY06 Savings		\$869,442

Of the 34 agencies participating, 22 reported savings from these initiatives in Fiscal Year 2006.

RATE REDUCTIONS FOR ITE SERVICES

Through better financial management, DAS-ITE was able to lower rates three times since Fiscal Year 2004. In early FY 2004, DAS-ITE lowered the majority of its rates by 15 percent. At the beginning of FY 2005, DAS-ITE lowered all rates for mainframe services from 45-60 percent. The most recent rate reduction effective November 1, 2005, included:

ITE Mainframe – Processing

- 15 percent rate reductions for selected mainframe processing rates.
- Selected rates were deleted as we transitioned between FY05 and FY06.

ITE Mainframe – Printing

- 45 percent rate reduction for each of the following print rates:
 1. Mainframe Line Printing
 2. Mainframe Page Printing, and
 3. Mainframe Hardcopy Output

ITE Mainframe – Storage

- 60 percent rate reduction on selected ITE Mainframe Storage rates
- Selected rates were deleted as we transitioned between FY05 and FY06
- Elimination of selected storage rates.

ITE Secure Network

- Selected rates were deleted as we transitioned between FY05 and FY06
- Elimination of Campus Backbone port reseller rate

ITE Desktop and E-Mail

- Total elimination of selected rates

The November 1, 2005, rate reduction was projected to save up to \$4.5 million for DAS customers (based on their historic utilization of these services).

Action	(A)	Savings
Rate Reductions FY05 & FY06	(A)	\$ 5,116,000
Rates Eliminated FY05 & FY06	(B)	\$ 107,000
Rebate to customers FY06		\$ 2,100,000
Total		\$ 7,323,000

(A) The rates used in this analysis only comprise a portion of the services provided by ITE. Estimate of savings was rounded to the nearest thousand. The selected rates included processing, DASD, and various tape, CICS, and IDMS services.

(B) During FY06 some services were identified as low usage and future charges were eliminated. Estimate of savings was rounded to the nearest thousand. The eliminated rates included various tape, redirected mail, microfiche, port and port reseller services.

STATE ACCOUNTING ENTERPRISE (SAE)

Calvin McKelvogue, Chief Operating Officer

Stewardship in government means managing resources that have been entrusted by others so that the services returned maintain the well-being of citizens. SAE is committed to promoting the well-being of Iowans by providing efficient and effective services and resources to all State departments that serve our citizens. These services and resources, which revolve around both the collection and reporting of financial information and the processing of financial transactions, are critical elements needed by the Executive, Legislative, and Judicial branches to sustain the quality of life that Iowans enjoy.

Centralized Financial System

The State's primary system for collecting, processing and reporting financial transactions and information to decision makers and other stakeholders is the *Integrated Information for Iowa*, also known as "I/3." I/3 is a computerized financial resource planning system managed and maintained by SAE that is used to record and classify over 18 million financially related transactions and economic events each year. Furthermore, the system provides current, real-time information about State resources and obligations.

Since stewardship requires planning and enacting fiscal strategies which ultimately culminate in allocation and disbursement of monetary resources, I/3 is the most useful fiscal tool available to decision makers. Additionally, more than 1,300 State employees use I/3 to record and process approximately \$19.5 billion in revenues and \$19 billion in expenditures. SAE provides Help-Desk support, training, and resources to develop new functionality to and for these end-users.

Warrant Processing & Disbursement

The majority of financial transactions and events processed by the I/3 system involves interdepartmental transfer and external disbursement of State funds. In order for beneficiaries, vendors, local governments, and others to receive accurate and timely payments, the disbursement process must occur within a system that assures both integrity and efficiency. SAE ensures that the 7 million payments it issues annually are supported by approved claims from the paying departments. Additionally, SAE validates each of the 200,000 claims submitted to ensure that the information recorded in I/3 is accurate. Pre-audited claims submitted to SAE for payment are approved the day they are received.

To help ensure the disbursement process remains efficient and effective, SAE provides ongoing training to departments regarding procedures, guidelines, and regulations and monitors their compliance. Reports including information about warrant transactions and status, bank transfer activity, and internal documents processed are provided to departments to help them maintain quality assurance and efficiency in their operations.

General Fund Cash Flow Estimates

Revenues used to fund State-managed programs, projects and operations are received inconsistently during the year, while expenditures occur on a daily basis. This mismatch in cash flow timing can impair the State's ability to meet its ongoing financial obligations. The

Treasurer's Office manages these fluctuations in revenue inflows by various methods including issuing short-term debt instruments that provide proceeds to be used as needed in the remainder of that fiscal year. In order for these instruments to be tax-exempt to investors, Federal tax laws require justification of the State's cash needs prior to their issuance. SAE helps the State Treasurer meet this requirement by providing a month-to-month cash flow estimate identifying cash shortfalls. Once the instruments have been sold to an underwriter and the proceeds have been received, the Treasurer invests the funds to earn interest and draws upon them as needed. This fund management technique requires a continual monitoring of cash needs in order to maximize interest return while maintaining access to the funds to meet daily obligations. Again, SAE provides a valuable service to the Treasurer by projecting revenue and expenditure timing and amounts.

Cash Management Improvement Act

The Federal Cash Management Improvement Act (CMIA) was enacted in 1990 to improve the transfer of Federal funds between the federal government and the states. The Act is intended to ensure equity between the governments and improve efficiency of fund transfers by assessing a financial liability against states for retaining interest income generated from the early withdrawal of Federal assistance as well as assessing a similar liability against the Federal Government when grantee funds are not available timely. CMIA requires a formal Treasury-State Agreement (TSA) between the Federal Treasury Department and Iowa to implement the Act and its regulations. SAE is responsible for negotiating this agreement annually and maintaining compliance with the agreed upon procedures, including the annual calculation and payment of interest liability resulting from Federal cash balances being held by the State.

Statewide Central Service Cost Allocation

In order to provide and maintain effective services to Iowans, the State must fund its programs in the most efficient manner possible. Efficient funding means that Federal dollars available for an equitable share of program costs must be identified and recovered. The Statewide Cost Allocation Plan (SWCAP), administered by SAE, seeks to achieve these objectives. SWCAP is an annual process that identifies central services provided to operating departments where Federal programs are administered and ensures those services are funded equitably between Federal and State resources. Central services are common services that are provided by various State departments to other departments so that programs can be administered to Iowans. Examples of central services include printing, mailing, purchasing, accounting, technology support, motor pools, and buildings and grounds maintenance.

A SWCAP is necessary to recover central service costs from Federal programs. The Plan identifies operating departments responsible for performance or administration of Federal awards, identifies and quantifies their billed and non-billed (allocated) central services, provides a description and justification for each service billed and allocated to them, and provides financial records as supporting documentation.

The SWCAP process is ultimately a negotiation of what is deemed equitable funding between the Federal Government and the State. The Plan is submitted annually to the U.S. Department of Health and Human Service for review, adjustment and approval. During the review window, the Federal negotiator studies the Plan and discusses questions and concerns with SAE. In the

adjustment process, SAE researches questionable items and prepares explanations and responses in defense of Plan content and methodology. Once negotiations are complete, billings and allocations are approved and appropriate reimbursements are made to either HHS or the State.

Comprehensive Annual Financial Report

The State of Iowa Comprehensive Annual Financial Report (CAFR) is a publication of the SAE which presents the State's financial position and results of operations, as well as certain demographic and statistical information. It helps elected officials to both understand the financial condition of the State at the end of each fiscal year and make reasoned economic decisions concerning the use of limited financial resources in the coming fiscal year. Other Stakeholders who rely on the CAFR include rating companies such as Moody's Investors Services and Standard & Poors Corporation, who analyze the State's financial integrity and set bond ratings for capital borrowing, and special interest groups who hold elected officials accountable for their stewardship.

In order to help ensure that reported information is useful, valid, and relevant to decision-makers and readers, standards for financial accounting and reporting have been established. The Governmental Accounting Standards Board (GASB) is the organization empowered to establish and maintain these standards for governmental entities. To accomplish its mission, the GASB keeps standards current to reflect changes in the governmental sector, considers significant areas of accounting and reporting that can be improved through the standard-setting process, and improves the common understanding of the nature and purposes of information contained in financial reports by providing guidance on implementation of the standards.

SAE consistently achieves compliance with GASB standards and maintains excellence in financial reporting. For 13 consecutive years SAE has been awarded the *Certificate of Achievement* for its Comprehensive Annual Financial Reports from the Government Finance Officers Association (GFOA) of the United States and Canada. This award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. To receive the Certificate, the State of Iowa must also receive an unqualified (clean) audit opinion. The GFOA is a non-profit, professional association serving approximately 14,000 finance professionals.

Income Offset

When State departments are unable to collect delinquent receivables for their services, judgments, or as agents for their program beneficiaries, they may submit claims to SAE for collection assistance. SAE matches these claims against pending payments such as tax refunds, accounts payable, lottery payouts, and unclaimed property settlements and offers these payments to the appropriate departments as satisfaction of the outstanding debts. Over the past three years, SAE has collected approximately \$52 million in delinquent taxes, student loans, judicial restitution, human service assistance overpayments, back child support and miscellaneous other debt. The service has been so successful that SAE has extended its customer base beyond State departments to include local governments such as cities, counties and colleges.

Federal Tax Reporting

Taxes are the largest source of revenue available to governments. Therefore, it is critical for governments to maintain effective methods to capture, process, and report information about taxable events and transactions. The IRS partners with state and local governments, non-profit organizations and the private sector to implement an effective monitoring and collection system.

SAE provides certain income tax reporting services to the IRS. These services include capturing financial disbursement data through the central financial system, processing the data to meet IRS guidelines, and ensuring that approximately 14,000 IRS 1099-Miscellaneous forms are sent timely to vendors across the country. Additionally, SAE partners with Iowa Department of Revenue to provide ongoing taxpayer support to its vendors through an internet website. Finally, the Enterprise assists the IRS by helping to correct erroneous taxpayer information.

Centralized Payroll

Many State employees look to SAE each pay period to provide them with a timely and accurate payment for their hard work and efforts. The Central Payroll staff is committed to meeting these expectations, and it processes approximately 480,000 payroll warrants and direct deposits every year for personnel in all branches of State government. Employees in over 60 departments, receive over \$1.2 billion annually in pay and benefits. The Enterprise also assists State employees with interpretation of rules, regulations, and guidelines as well as payroll calculations and estimates. Furthermore, SAE is committed to helping the State cut costs and improve efficiency. It provides an alternative to paper warrants by offering direct deposit services and a web-based Online Payroll Warrant as well as an online time reporting system.

In addition to processing payroll, Central Payroll is responsible for the accounting and reporting for three State post-retirement benefit programs:

- The SPOC Insurance Trust Fund receives converted sick leave dollars of the retirees of the Department of Natural Resources under the Peace Officers collective bargaining agreement. Those funds are used to pay retiree premiums for health, dental and life insurance benefits.
- Three Early-Out Incentive Programs provide for employees to be paid the full or partial value of their leave balances, at the time of termination for four subsequent years.
- The Sick Leave Insurance Program (SLIP) provides for the payment of retirees' employer shares of health insurance premiums from a "bank" of dollars calculated based on their sick balance at the time of retirement.

Other duties of Central Payroll include the pre-audit and processing of back pay, taxable benefits, Military Pay differential, settlement agreements, and supplemental Worker's Compensation benefits. Additionally, Central Payroll provides support services to the unemployment compensation program by providing reports to other departments that assist them in filing mandatory Iowa Workforce Development unemployment returns, processing quarterly

payments to the Iowa Workforce Development to reimburse that department for unemployment claims, and recovering those non-General Fund reimbursements from other State departments.

Serving State employees is Central Payroll's primary responsibility. However, they also perform quality assurance activities that help ensure integrity within the payroll function. Review and reconciliation of health, dental, life, and long-term disability transactions and reports help ensure that accurate premiums are submitted to insurance carriers. Additionally, W-2 and 1099-R information is prepared and submitted in compliance with Federal and State tax laws.

SAE understands the importance of timeliness of service, and Central Payroll is committed to meeting strict time requirements for all payroll related distributions and reports. Wages, salaries, withholdings, State matches, and Federal and State tax payments have, between them, various due dates that must be adhered to. Central Payroll has a proud tradition of continually meeting all such deadlines.

UTILITY RATE HISTORY

DAS UTILITIES	BASIS FOR RATE CALCULATION	Notes	FY05	FY06	FY07	FY08
State Accounting Enterprise (SAE)						
Integrated Information for Iowa (I/3)	Annual allocation starting in FY07	(2)	\$106.44	\$103.68	N/A	N/A
Information Technology Enterprise (ITE)						
Directory Services	FT & PT Perm Employee	(3)	\$9.48	\$9.00	\$9.40	\$8.26
Information Security Office (ISO)	FT & PT Perm Employee	(3)	N/A	N/A	\$10.41	\$12.76
Human Resources Enterprise (HRE)						
Benefits	FT & PT Perm Employee *		\$27.24	\$32.88	\$28.80	\$34.80
Personnel Officers ("Program Delivery" in FY05)	FT & PT Perm Employee *		\$60.24	\$60.96	\$65.88	\$71.28
Labor Relations	FT & PT Perm Employee *		\$29.28	\$25.32	\$31.56	\$21.84
Employment Services		(4)	\$68.04	N/A	N/A	N/A
Employment Services - Merit Only	FT & PT Perm Employee *	(4)	N/A	\$17.76	\$19.68	\$18.48
Employment Services - Merit and Non-Merit	FT & PT Perm Employee *	(4)	N/A	\$58.08	\$60.12	\$58.92
Health Insurance Surcharge	Per participant		\$24.00	\$24.00	\$24.00	\$24.00
Golden Dome		(5)	\$2.00	\$2.00	\$2.00	\$2.00
Unemployment	Annual allocation	(6)	N/A	N/A	N/A	N/A
Workers' Compensation	Annual allocation	(6)	N/A	N/A	N/A	N/A
General Services Enterprise (GSE)						
Association Fees - Office & Storage combined	Per square foot	(7)	N/A	N/A	\$3.43	\$3.10
Association Fees - Office Space	Per square foot	(7)	\$3.15	\$3.51	N/A	N/A
Association Fees - Storage Space	Per square foot	(7)	\$2.20	\$2.72	N/A	N/A
Association Fees - Ankeny Lab	Per square foot		N/A	\$5.69	\$5.57	\$5.26
Purchasing	Annual allocation	(6)	N/A	N/A	N/A	N/A
Mail Services	Annual allocation	(6)	\$0.04	\$0.067	N/A	N/A
Blanket Bond	FT & PT Perm Employee	(8)	N/A	\$1.64	\$2.06	\$2.14
Fleet – Risk Management	Per active vehicle		N/A	\$209.28	\$209.28	\$288.00
Leasing, Fee at Seat of Govt.	Per square foot		\$0.19	\$0.12	\$0.11	\$0.11
Fleet Management	Per active vehicle		\$183.36	\$239.04	\$225.00	\$176.76
Fleet Depreciation	Per active vehicle	(9)				
Design & Construction Services	Per hour	(10)	N/A	\$60.22/hr	\$116.85/hr	\$83.84/hr
Leasing, Fee Outside Seat of Govt.	Per hour		\$41.60/hr	\$50.90/hr	\$50.90/hr	\$61.90/hr

TICKMARK LEGEND

1	While DAS has provided this comparative history of the various utilities and applicable rates, the reader should <i>be careful in their interpretation</i> of the information. Rates reflected in this comparison are the final rates charged to customers, which may be different than the rates originally approved by the Customer Councils for budgeting purposes.
2	In FY05 this amount was a combination of individual rates: IFAS, HRIS & Budget based on FTE counts for the 1st Qtr of 2004. In FY06 this became I/3 and the rate was computed based upon FTE counts for the 4th Qtr of 2004. In FY07 the methodology was changed to a combination of component allocations and was reviewed with the Federal Government.
3	Rates were based on <u>FTE counts</u> as follows: FY05 = 1st Qtr 2004 / FY06 = 4th Qtr 2004 / FY07 = 3rd Qtr of 2005 / FY08 = 3rd Qtr of 2006 / ISO started in FY07.
4	In FY05 this was <i>Employment Services</i> but in FY06 the HRE Customer Council split the service into <i>Employment Services - Merit</i> and <i>Employment Services - Merit and Non-merit</i> .
5	Rates were based on <u>5 Qtr FTE average</u> as follows: FY05 = point in time / FY06 = FT/PT ending Qtr 4 of 2004 / FY07 = FT/PT ending Qtr 3 of 2005 / FY08 = FT ending Qtr 3 of 2006.
6	Charges are based upon allocations, which are based on historical usage; this results in a unique charge to each agency.
7	In FY07 the GSE CC established one rate for space, regardless of type, eliminating separate office and storage rates.
8	Rates were based on <u>FTE counts</u> as follows: FY05 = point in time / FY06 = Qtr 4 of 2004 / FY07 = Qtr 3 of 2005 / FY08 = Qtr 3 of 2006
9	Fleet depreciation will be billed in compliance with Federal OMB Circular A-87 requirements. Rates and charges are contingent on vehicle type and purchase date.
10	In FY06 Design & Construction operations were funded by a combination of Infrastructure appropriation and utility rates. The total rate for FY06 was \$97.26/hr.
N/A	Not Applicable: Rate had not started, was combined elsewhere or was eliminated; or the "rate" was actually an allocation
(*)	Rates were based on <u>5 Qtr FTE average</u> as follows: FY2005 = ending Qtr 1 of 2004 / FY06 = ending Qtr 4 of 2004 / FY07 = ending Qtr 3 of 2005 / FY08 = ending Qtr 3 of 2006

DAS FINANCIALS

GENERAL OPERATIONS (Non Infrastructure)	<u>FY2006</u>	<u>FY2005</u>	<u>FY2004</u>
BALANCE BROUGHT FORWARD			
Balance Brought Forward	\$36,647,396	\$23,709,756	\$18,050,794
Adjustments to Balance Brought Forward	(57)	621,053	476,067
Reversions		89,416	1,103,583
ADJUSTED BEGINNING BALANCE BROUGHT FORWARD	<u>\$36,647,339</u>	<u>\$24,420,225</u>	<u>\$19,630,444</u>
RESOURCES			
Appropriations and Appropriation Adjustments	\$15,869,333	\$22,559,337	\$33,748,326
Receipts	155,066,670	142,684,087	114,970,424
TOTAL RESOURCES	<u>\$170,936,003</u>	<u>\$165,243,424</u>	<u>\$148,718,750</u>
DISPOSITION OF RESOURCES			
Expenditures	\$173,902,168	\$151,826,928	\$138,750,884
Appropriations & Appropriation Transfers		697,261	4,572,269
Reversions	403,276	492,064	1,233,693
TOTAL DISPOSITION OF RESOURCES	<u>\$174,305,444</u>	<u>\$153,016,253</u>	<u>\$144,556,846</u>
BALANCE CARRY FORWARD	\$33,277,898	\$36,647,396	\$23,792,348
Adjustment to Balance Carry Forward			(82,592)
ADJUSTED BALANCE CARRY FORWARD	<u>\$33,277,898</u>	<u>\$36,647,396</u>	<u>\$23,709,756</u>

Footnotes:

- > Source of General Operations financial information is I3 - Schedule 6 SD (SD 030).
- > Information above covers all DAS operations, *excluding* infrastructure.
- > Balance Rolled Forward amounts reflect the balances in various Revolving and Internal Service funds such as; IT Technology, Utility Services, & Fiduciary funds.

INFRASTRUCTURE	FY2006	FY2005	FY2004
BALANCE BROUGHT FORWARD	\$30,375,807	\$44,222,845	\$45,061,064
RESOURCES			
Appropriations, Transfers & Supplementals	\$37,703,815	\$17,462,117	\$42,773,686
Receipts	19,399,770	12,038,025	9,292,698
TOTAL RESOURCES	\$57,103,585	\$29,500,142	\$52,066,384
DISPOSITION OF RESOURCES			
Expenditures	\$53,358,458	\$43,362,179	\$52,840,273
Reversions	1,575	0	49,331
TOTAL DISPOSITION OF RESOURCES	\$53,360,033	\$43,362,179	\$52,889,604
BALANCE CARRY FORWARD	\$34,119,359	\$30,360,808	\$44,237,844
Adjustment to Balance Carry Forward		14,999	(14,999)
ADJUSTED BALANCE CARRY FORWARD	\$34,119,359	\$30,375,807	\$44,222,845

Footnotes:

- > Source of Infrastructure financial information is I3 - Schedule 6 SD (SD 945).
- > Infrastructure involves projects throughout the State of Iowa, some that are funded by direct appropriations to DAS, and some that are funded by direct appropriations to the benefiting agency and transferred to DAS. Other projects are funded by a combination of appropriations & additional funds contributed by the benefiting agency.
- > Infrastructure involves multi-year projects and therefore the funding is appropriated to be spent over a period of time, usually 4 years. The year end Balance Brought Forward reflects the total amount unobligated from all the multi-year funded sources that have been appropriated to the Department of Administrative Services.