



SF 396 – Government Efficiency (LSB 1864SV.1)
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Fiscal Note Version – As amended and passed by the Senate

Description

Senate File 396 makes numerous changes to the operation of state government agencies. The changes by division include:

Division I – Office of Information Technology

- Establishes the Office of Information Technology as an independently operated entity within the Department of Administrative Services (DAS). Requires the DAS to continue providing administrative support services for the office.
- Provides the Chief Information Officer (CIO) of the Office of Information Technology additional control over the management of information technology (IT) staff employed by other state agencies, including how the other agency IT employees are assigned relative to IT services and the approval of employment decisions of IT employees of other state agencies. This Bill requires the CIO to work in consultation with the participating agencies concerning management and employment decisions of IT staff.
- Requires IT for use by other state agencies and entities to be approved by the Office of Information Technology.
- Requires agencies to provide necessary information to the office concerning IT inventories, operational requirements, and security functions.
- The Board of Regents and the Regents institutions are exempt from the IT consolidation initiative.

Division II – Phased Retirement: Amends the voluntary employee Phased Retirement Program administered by the DAS. The changes eliminate the 10.0% salary premium requirement that is paid to employees newly enrolled in the program. Allows employees currently enrolled in the program as of the effective date this Bill to maintain their current benefits of the program.

Division III – Human Resources Management System RFP: Requires the DAS to issue a request for proposals (RFP) for a human resources management system, including a payroll system, by December 31, 2013.

Division IV – State Physical Resources: Requires the DAS to complete a needs analysis of state employee work stations and office standards by September 30, 2013, and submit the findings to the Capitol Planning Commission and the Legislative Fiscal Committee by October 30, 2013.

Division V – Audits: Prohibits the Auditor of State from collecting a filing fee for audit work from community mental health centers, substance abuse programs, and community action agencies. This language conforms to current practice as the Auditor does not currently collect fees from these organizations.

Division VI – Electronic Communications:

- Amends the confidential public records statute to include email addresses of individuals collected by state agencies for the sole purpose of disseminating routine information through electronic communications not prepared for a specific recipient.
- Requires state agencies to distribute notices and information electronically to the fullest extent possible. This requirement does not apply to notices concerning legal action or requirements relating to compliance with federal law.

Division VII – Public Health: Eliminates two boards under the purview of the Department of Public Health and consolidates responsibilities with the Trauma System Advisory Council.

Division VIII – Public Safety Peace Officers Retirement System (PORS): Recalculates a PORS disability retirement benefit for a beneficiary less than 55 years of age. This Bill provides that a beneficiary shall have disability retirement benefits reduced equal to the difference in income the beneficiary is receiving from other work and two and one-half times the amount of the current earnable compensation of an active member of PORS at the same position on the salary scale as the beneficiary less the net retirement allowance.

Division IX – Public Safety Communications: Requires each E911 service board to designate a person to serve as a single point-of-contact to communicate the needs and issues concerning emergency communications, interoperability, and other matters applicable to E911 communications, including the migration to an internet protocol-enabled next generation network.

Division X – State Debt Coordinator: Requires the Department of Revenue to develop proposals to make the Office of State Debt Coordinator more efficient and submit a report of the recommendations to the Department of Management, the Governor, and the General Assembly by January 13, 2014.

Division XI – Ongoing Program Review: Requires the State Government Efficiency Review Committee to regularly review programs administered by the state to determine if programs are meeting the needs as designed and whether or not the programs could be modified to be more efficient.

Division XII – Boards and Commissions: Repeals the Farm-to-School Council that was originally created to establish partnerships with public agencies and nonprofit organizations to facilitate communication between farmers and schools.

Division XIII – Obsolete Provisions: Repeals obsolete language pertaining to the Farmworks National Demonstration Project, the World Trade Center, and the Midwest Nuclear Compact.

Fiscal Impact

Summary: Senate File 396 is estimated to cost \$165,700 in FY 2014. This includes one-time costs of \$160,000 for a request for proposals and a study to help identify and implement future cost savings for state agencies. The ongoing annual net cost in subsequent years is estimated to be \$5,700.

Bill		FY 2014
II	Phased Retirement	\$ -18,000
III	HRMS Request for Proposals	150,000
IV	State Physical Resources Study	10,000
VIII	Peace Officer Retirement	23,700
	Total	<u>\$ 165,700</u>

Impact by Division:

Division I: The creation of the Office of Information Technology together with the expanded authority of the office is anticipated to expedite the consolidation of IT services of executive branch agencies. Much of the savings will be achieved by reducing duplicated services and enabling unified IT investment decisions for the executive branch. Additionally, the savings are dependent on an up-front investment of IT infrastructure to enable more efficient processes related to IT usage to be implemented with fewer employees. The DAS began the process of IT consolidation in 2011 as required in Iowa Acts, Chapter 1031 (SF 2088 State Government Reorganization Act). The long-term projected annual savings to state government is estimated at \$11.8 million ([DAS IT Consolidation Report](#)).

Division II: The changes to the voluntary Phased Retirement Program are estimated to result in a cost avoidance of \$18,000 annually to the state. The funding sources impacted by this provision will depend on the fund from which future participants' salaries are paid.

Division III: The cost to the DAS to develop and issue a Request for Proposals (RFP) for a Human Resources Management System (HRMS) is estimated at \$150,000. The RFP would help to evaluate and identify a new HRMS to replace the current mainframe system that was purchased in the 1980s. The cost of the RFP will be funded with internal resources of the Department.

Division IV: The DAS has indicated they may need to hire a consultant at an estimated cost of \$10,000 to complete the state employee work station analysis. The cost of the study will be funded with internal resources of the Department.

Division VIII: Increasing the salary cap from 1.5 to 2.5 times the amount of the current earnable compensation of an active member of PORS for beneficiaries receiving disability benefits through the PORS Fund could cost the fund an estimated \$23,700 per year.

The remaining divisions of SF 396 will have no or little fiscal impact.

Sources

Department of Administrative Services
Department of Revenue

/s/ Holly M. Lyons

April 3, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
