



FINAL REPORT

State Government Reorganization Commission

January 2010

MEMBERS:

Senator Staci Appel, Co-chairperson
Senator Jeff Danielson
Senator Randy Feenstra
Senator Shawn Hamerlinck
Senator Steve Warnstadt

Representative Mary Mascher, Co-chairperson
Representative Mary Gaskill
Representative Erik Helland
Representative Doug Struyk
Representative Todd E. Taylor

Staff Contacts:

Tim McDermott, Senior Legal
Counsel, (515) 281-8090,
timothy.mcdermitt@legis.state.ia.us

Tim Whipple, Legal Counsel,
(515) 281-3444,
timothy.whipple@legis.state.ia.us

Contents:

- I. Commission Proceedings
- II. September 9, 2009, Meeting
- III. December 10, 2009, Meeting
- IV. Commission Recommendations
- V. Materials Filed With the
Legislative Services Agency

AUTHORIZATION AND APPOINTMENT

The State Government Reorganization Commission was established by the Legislative Council and charged to "consider options for reorganizing state government to improve efficiency, modernize processes, eliminate duplication and outdated processes, reduce costs, and increase accountability. The review shall address the expanded use of the Internet and other technology, and the incorporation of productivity improvement measures. The study shall include a process to receive state government efficiency suggestions offered by the public and public employees."



State Government Reorganization Commission

I. Commission Proceedings

The Commission was authorized to conduct two meetings during the 2009 Legislative Interim. The Commission met on Wednesday, September 9, 2009, in Room 102 of the State Capitol and on Thursday, December 10, 2009, in Room 102 of the State Capitol.

II. September 9, 2009, Meeting

A. Department of Management and Consultant

Mr. Dick Oshlo, Interim Director, Department of Management (DOM), explained the selection process for the consultant hired by the department and the Governor's Office for purposes of leading an efficiency review. The consultant, Public Works, LLC, represented by Mr. Eric Schnurer, President, provided testimony regarding the previous work conducted by Public Works in almost half of the states in the United States. Mr. Schnurer discussed the work of Public Works in the states of New Mexico, West Virginia, and Colorado. Mr. Schnurer stated that while many consultants focus on addressing massive budget cuts, Public Works generally tries to focus on addressing many small inefficiencies which result in recurring savings equivalent to 2 percent of the General Fund.

B. Lean Efforts

Ms. Teresa Hay McMahon, DOM, described the lean processes (a business management strategy) being used by state agencies to find and implement internal efficiencies. The lean tools include Kaizan, value stream mapping, design for lean sigma, and 5S. Ms. McMahon discussed how lean tools began being used in the executive branch and how the DOM became the lead agency to provide such services to state agencies. Over 110 lean events have been completed. DOM has one full-time lean facilitator and four state agencies are developing the internal capacity to support and lead lean events.

C. Department of Administrative Services

Mr. Ray Walton, Director, Department of Administrative Services (DAS), provided information regarding the utility services, marketplace services, and leadership services provided to the executive branch agencies by DAS.

D. Executive Branch Information Technology

Ms. Lorrie Tritch, Information Technology Enterprise, DAS, reviewed the various governance structures for information technology in the executive branch and initiatives undertaken through those governance structures including software volume purchasing and the standardization of computer models. The current information technology (IT) structure is a federated/decentralized model with a central IT entity which provides marketplace services on a fee for services basis and allows state agencies to either purchase services or find other means to receive the service.



Ms. Tritch provided information regarding the number of different e-mail systems in the executive branch, the number of different BlackBerry systems used by the executive branch, the number of different storage systems and data backup systems in the executive branch, and the number of servers on the Capitol complex and around the state. Ms. Tritch stated that IT centralization has become an industry best practice. Ms. Tritch suggested the following:

- Expanding the role of the Technology Governance Board to include audit and compliance responsibilities, and placing authority with a single state chief information officer to lead IT enterprise efforts.
- Establishing a governance body of IT experts to establish and enforce standards and oversee fiscal IT resources and to be responsible for contract management and service level agreements within the executive branch as well as with vendors.
- Reducing the number of data centers and server farms and reducing the number of e-mail systems from 23 to 1.

E. Executive Branch Purchasing

Ms. Debbie O'Leary, General Services Enterprise, DAS, testified regarding DAS procurement and bidding processes. DAS currently purchases goods on behalf of 41 agencies. The remaining agencies have independent purchasing power and some agencies may make independent purchases of certain lesser amounts. DAS has created 721 master contracts for state agencies. For purposes of strengthening the procurement process in the state, Ms. O'Leary recommended a review of independent purchasing power, mandating the use of selective DAS procurement contracts, standardizing the products purchased by state agencies, requiring generally used services to be purchased through DAS procurement, requiring annual training for procurement officers, and making contracts available to local governments.

F. Microsoft

Mr. Colin Nurse, Chief Technology Officer, Microsoft, testified regarding issues related to the consolidation of IT in states. He discussed IT consolidation best practices and benefits. Mr. Nurse discussed the possibility of governments utilizing "cloud computing services" (a computer resource approach which utilizes the Internet to provide software and other resources) also known as "software as a service." Mr. Nurse suggested that while cloud computing may make sense in some circumstances, there will always be a place for on-premises services. Mr. Nurse identified issues that should be considered prior to a governmental entity engaging in cloud computing.

G. Google

Mr. Tom Howe, Regional Sales Manager, Google, and Mr. Chris Russell, Google, Data Center, Council Bluffs, provided information regarding the services provided by Google and Google's resources. They identified the issues facing government IT as a demand for increased transparency, slowing spending on IT, a demand for reduced energy consumption, and the changing nature of end users. They testified regarding the advantages of cloud computing. As storage capacity demands increase, the cost advantages of cloud computing increase. Cloud computing can lead to reduced IT costs and reduced IT complexity. Cloud computing does not require hardware or software to be maintained and that it is more reliable and secure than on-



State Government Reorganization Commission

premises services. Washington, D.C., city government is making a change to cloud computing and the city provides a case study for how cloud computing can be used in government.

III. December 10, 2009, Meeting

The Commission considered a set of proposed recommendations developed by the Co-chairpersons. The proposed recommendations were distributed and posted on the Commission's Internet site in advance of the meeting. The recommendations included such topics as e-government (electronic government), consolidated purchasing, government efficiencies, span of control, and the creation and elimination of certain governmental entities. The Commission adopted the recommendations as a whole and agreed to forward the recommendations to the Senate and House State Government standing committees for consideration.

IV. Commission Recommendations

The Commission adopted the recommendations included in Attachment "A" to this report.

V. Materials Filed With the Legislative Services Agency

The following materials listed were distributed at or in connection with the Committee's two meetings and are on file with the Legislative Services Agency. The materials may be accessed from the <Additional Information> link on the Committee's Internet webpage:

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=487>.

1. Budget Subcommittee Input, LSA.
2. Proposed Recommendations List, Co-chairpersons.
3. Public Suggestions - General Assembly Website, LSA.
4. Lean Practices, DOM.
5. Dick Oshlo, DOM.
6. Cloud Computing, Google.
7. Presentation, Google.
8. Corporate Citizenship, Microsoft.
9. Presentation, Microsoft.
10. Presentation, Public Works, LLC.
11. Purchasing and Procurement, DAS.
12. Executive Branch Electronic Mail Study, DAS.



-
13. Information Technology, DAS.
 14. Boards and Commissions, LSA.
 15. Boards and Commissions Per Diem Analysis, LSA.
 16. Tables of Organization, LSA.

3770IC

M E M O R A N D U M

Date: December 4, 2009
 Subject: PROPOSED RECOMMENDATIONS FOR STATE GOVERNMENT
 REORGANIZATION INTERIM COMMISSION

E Government

- Give authority to the current Iowa Chief Information Officer (CIO). CIO is appointed by the Director of DAS.
- Consolidation efforts to be led by DAS/ITE. Mission is to provide high-quality, customer-focused IT services and business solutions to government and citizens.
- Continue to consult with current Technology Governance Board – Board should also include large and small private sector interests. Board membership will be “tweaked.”
- Define IT Devices, IT Services, Infrastructure Services, Value-added services
- All executive branch agencies are required to participate in consolidation effort.
- In collaboration with agencies, e-mail systems would be consolidated wherever practicable and possible.
- IT applications (business processes software, etc.) may stay within purview of agencies. Requires approval of CIO (avoidance of development of duplicative applications by multiple agencies).
- IT hardware would be purchased from state contracts. Agencies currently use appropriated dollars to purchase hardware.
- IT applications development and implementation remain a marketplace function. Agencies may purchase applications from DAS.
- Allows the CIO to grant waivers/variances if the participating agency can show that a waiver would be in the best interest of the state.
- Encourage the Legislative and Judicial Branches to participate in e-government purchasing and efficiencies wherever possible.

Consolidated Purchasing

- All executive branch agencies are required to participate. Close loopholes.
- Change the Iowa Code to eliminate independent purchasing authorities. Allow agencies to purchase goods unique to their operations, and restrict their ability to purchase commonly used items independently. Requires definition of “unique to their operation.”
- Mandate use of DAS Procurement contracts, especially with commonly used products. Currently, some state agencies purchase outside of the DAS contracts. This inhibits our ability to take advantage of the State’s volume of purchases. Implementation of this mandate would send a message to suppliers that they need to sharpen their pencils during the bid process because if they don’t put their best price forward, all agencies will be buying from their competitor. Examples of commonly used products include: office supplies, off-the-shelf software, computers, printers, servers, copiers, and paper products.

- Require agencies to provide DAS with reports about what they plan to buy on an annual basis. This information would assist DAS in establishing procurement contracts for purchases of specific commodities utilizing the volume of all state agencies to generate better pricing. Requires services that all or most agencies use to be purchased by DAS procurement. Currently, all agencies are allowed to procure services on their own. Specialized and unique items to an agency would receive a waiver, but services used by all agencies should be purchased centrally. The goal is to provide the largest financial benefit to the state.
- Require all employees who conduct bids for services to receive training on an annual basis about procurement rules and regulations and procurement best practices.
- Require agencies to report on an annual basis about efforts to standardize products and services within their own agencies and with other state agencies.
- Identify “procurement compliance” employees within DAS. These employees have the responsibility to review agency procurements to determine whether rules were followed and whether agencies are using mandated contracts.
- Review process/basis for establishing DAS fees for purchasing.
- Establish a work group/consortium to collaborate on best practices to implement the best cost savings and savings for the state.
- Explore interstate and intergovernmental purchasing opportunities.
- Encourage the Legislative and Judicial Branches to participate in consolidated purchasing and efficiencies wherever possible.

Government Efficiencies

- Streamline hiring procedures – reduce from seven to three steps. Requests would be from Institution/Department – to Central Office/DOM – Institution/Department
- Expand net budgeting to include other service providing agencies
- Require agencies to have contract services as separate budget items. Require reporting by agencies on amount of money for contracting for services. Require accountability for quality and cost built into those contracts.
- Money appropriated for FTEs cannot be used for contract services.
- Reduce /downsize the state fleet. Re-evaluate purpose of state fleet. Could include privatization of part or all of state fleet. *Directive to DAS - Give DAS more “teeth” to deny fleet purchases based on low mileage, occasional use vehicles etc. Consider leasing/renting large vehicles that are only used on an occasional basis.*
- Amend Code to require an in-depth look at state government every five years to ensure that services are being delivered the most efficient and effective way. (Similar to the School Finance Review that is in Code.) *This will include membership of 5 Senators and 5 House members.*
- Require all agencies to submit departmental reports to the GA electronically, and not submit a printed copy
- Expand mission of DAS. Allow them to develop best practices and efficiencies which they can incent/urge state agencies to implement.
- Eliminate all funded, unfilled FTE positions that have been open for 6 months. Create a waiver process for specialized/hard to fill positions.

Span of Control

- Change Code to include DHS, Regents and Community Based Corrections under span of control.
- Review of all classifications for non-contract covered positions.
- Improve system for accounting for supervisory span of control (count apples to apples). Specifically define and account for span of control.
- Definition of "Supervisory employee" means any individual having authority in the interest of the public employer to hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward or discipline other public employees, or the responsibility to direct them, or to adjust their grievances, or effectively to recommend such action. A supervisory employee is not a member of the bargaining unit.
- Supervisors may not have bumping rights, for purposes of span of control purposes - this is effective upon enactment
- In times of layoffs, middle management layoffs should correspond with front-line layoffs
- Increase span of control to 15-1. (Allow for exceptions when mandated by federal government). Span of control increases by 1 each year until reaching 20:1.

Creation of Commissions

- Develop criteria to consider before Legislature creates any new commission.
- Wherever possible, add to existing commission duties rather than creating new.
- If new commission created, require sunset date.

On Line Training

- Provide incentives to develop and implement more web based training for internal and external customers.
- Change how agencies budget for training. Require a line item in each budget for training broken out by category. Require a report to be submitted to the Legislature on use of electronic based training.

Storing of Records *DIRECT ALL AGENCIES AND GIVE OVERSIGHT TO DAS*

- Reexamine all types of records and length of time records are to be stored.
- Encourage, incent, storage of records in a digital, electronic format.

LEGISLATURE

- Change Code and eliminate Iowa Codes being provided free of charge. Establish prices for electronic and printed Iowa Codes and other Legislative publications.
- Move toward providing publications (including Code) through electronic format.

RECOMMENDATIONS BY BUDGET SUBCOMMITTEES AREAS

ADMINISTRATION AND REGULATION

- Expand LEAN programs throughout state government. Part of LEAN mission to include identifying and quantifying cost-savings.
- Direct agencies to budget/plan for LEAN events. Agencies should determine Lean "cycles."
- Reorganization of the Department of Human Rights – Use plan submitted by DHR

- DIA Appeals Board – Allow the board to charge a reasonable filing fee to file a complaint. (Cost should not be prohibitive)
- Explore ways to reduce/eliminate “convenience fees” added when using credit cards to do business with the State of Iowa. The fees inhibit Iowans for using this method for transactions although it saves the state money. Allow for a waiver process.
- Annually review the fees being charged by the agencies under this budget sub area.

Department of Commerce

- Merge Alcoholic Beverages Division into Department of Revenue.
- Reduce tobacco outlet checks from two to once per year.

Governor's Office of Drug Control Policy

- Merge the Governor's ODCP with Department of Public Safety

Department of Human Rights

- Implement Department's reorganization plan.

Department of Inspection and Appeals

- Eliminate Hospital Licensing Board
- Eliminate Indigent Defense Advisory Commission.

AGRICULTURE AND NATURAL RESOURCES

Eliminate these Advisory Boards from the Code:

IDALS:

Livestock Health Advisory Council: Iowa Code 267.2

Organics Advisory Council (190C.2)

Renewable Fuels Co-products Advisory Council (159A.4)

DNR:

State Advisory Board for Preserves (465C.2) – Give duties to NRC

Clean Air Act compliance advisory panel (455B.150)

Climate Change Advisory Council (455B.851)

Sustainable Funding Advisory Committee (Sunsets July 1, 2010)

Upland Game Bird Study Advisory committee (Sunsets July 1, 2010)

ECONOMIC DEVELOPMENT

- Direct Dept. of Cultural Affairs to assess records retention including what records are considered historical records and how long they are kept. This will reduce records stored in the Records Center and reduce storage costs to state agencies.

Changes to Advisory Boards and Commissions

- Eliminate Cultural Affairs Historical Records Advisory Board (305.16); Give their duties to the State Records Commission (305.3)

- Eliminate Economic Development Small Business Advisory Council 15.108(7)9H)
- Eliminate Agricultural Products Advisory Council
- Eliminate Microenterprise Development Advisory Committee
- Merge Great Places and Historic Site Preservation Grant Program under one Board.

EDUCATION

- Move AEA system under the governance of the Iowa Department of Education (DE)
- Remove AEA local Board of Directors from the Code. It is the mission of the Department of Education to implement federal and statewide policy and initiatives in an effective, efficient and consistent manner for all of Iowa's children and schools.
- Empowerment as proposed by the Lean event and workgroups. Continue to work on other efficiencies regarding Empowerment.
- Eliminate the Midwest Higher Education Compact Advisory Boards and Commissions to Eliminate
 - Ag Education Advisory Council (256.32)
 - Library Service Area Board (256.61)
 - Education Telecommunications Council (8D.5)
 - Learning Technology Commission 280A.2)

HEALTH AND HUMAN SERVICES

- *Boards and Commissions: Use a process to consolidate boards and commissions where advocacy boards are eliminated rolled into policy-making boards. This will significantly reduce the number of boards and commissions and save staff and travel time. We also suggest putting sunsets on all boards and commissions so they are regularly reviewed.*
 - Eliminate the Child Care Advisory Council and put their duties under Early Childhood Iowa
 - Eliminate: Child Abuse Prevention Program Advisory Council; Child Support Advisory Committee; Child Welfare Advisory Committee; their duties can go to the full DHS Council. Any of these groups can provide input to the DHS Council.
 - ELIMINATE Advisory Council on Brain Injuries; Center for Rural Health and Primary Care Advisory Committee; Electronic Health Information Advisory Council; Hemophilia Advisory Council; Medical Home System Advisory Council; State Medical Examiner Advisory Council; and Trauma System Advisory Council– their duties would go to the Board of Health.
- Direct DHS to streamline and simplify eligibility/certification administrative processes to reduce paperwork, staff time and provide better service to the public. For example, currently parents of a disabled child must fill out duplicative paperwork to be eligible for Title 19 and for Medicaid waiver programs.
- Move the Mental Health/Developmental Disabilities Division from DHS to IDPH

JUSTICE

- Wherever possible, consolidate public safety training programs with other agencies and local governments.

- Phase out the Iowa Law Enforcement Academy (ILEA). Put ILEA under Dept. of Public Safety. ILEA becomes a regulatory body to oversee and standardize other programs run by Community Colleges and other entities.
- Allow the Board of Corrections meet less often. Current Code requires Board to meet at least 12 times per year (904.106).
- Bring Community Based Corrections under the state finance system for transparency, budget reporting purposes. This would result in better and easier tracking of state appropriations to all CBCs.

Directive to Justice Budget Subcommittee

- Allow Department of Corrections to charge an administrative fee for major disciplinary reports at Dept. of Corrections. (New York implemented a \$5 fee for all major disciplinary reports for which an offender was found guilty.)
- Consider consolidating and/or closing regional offices (posts), before reducing workforce in public safety areas.

Directive to Ways and Means Committees

- Direct the Ways and Means Committee to conduct an extensive review on all state tax credits every three years. All state tax credits to have a three year sunset provision.

Directives to Agencies/Best Practices

- Direct DAS/State Agencies to examine/implement four-ten hour day schedules and telecommuting options.
- Direct State Agencies to share services – include staff, training, educational services.
- Direct DAS to explore merging of payroll services where possible. Provide pay stubs electronically rather than on paper. Provide a waiver process with implementation by July 1, 2011.
- Direct applicable agencies to centralize and eliminate contractors for medications and pharmacy. Pursue waivers from federal guidelines where necessary.
- Directive to DAS and Agencies - Expand the use of procurement cards throughout state government. This provides efficiencies and additional oversight of purchasing
- Urge all agencies to have all printed government materials converted to online documents. Urge updates that allow documents to be easily found through a web-site searchable database.