

# Government Reorganization and Efficiency Bill Senate File 2088

Last Action:

Senate  
Appropriations  
Committee

January 27, 2010

## Executive Summary Only

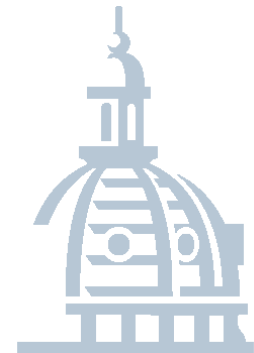
**An Act concerning state government reorganization and efficiency, making appropriations, establishing fees, establishing fees and penalties, and providing effective and applicability provisions.**

### NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

Fiscal Services Division

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**EXECUTIVE SUMMARY  
NOBA**

**SENATE FILE 2088  
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL**

**FUNDING SUMMARY AND FISCAL  
IMPACT**

- **APPROPRIATIONS:** This Bill appropriates a total of \$1.5 million from the General Fund and \$1.5 million from other funds for FY 2011. This Bill also authorizes 22.0 new FTE positions. For additional detail see the attached tracking document.
- **REVENUES:** This Bill generates additional General Fund revenue estimated at \$75,000 for FY 2010, \$20.7 million for FY 2011, and \$5.8 million for FY 2012. The \$20.7 million for FY 2011 includes an appropriation of \$800,000 from the Underground Storage Tank (UST) Fund to the General Fund.
- **EXPENDITURES:** This Bill impacts General Fund expenditures as follows:
  - **FY 2010** – an estimated increase in expenditures of \$748,000.
  - **FY 2011** – an estimated decrease in expenditures of \$55.0 million.
  - **FY 2012** – an estimated decrease in expenditures of \$30.4 million.
- **OVERALL IMPACT TO THE GENERAL FUND:** The overall impact to the General Fund, when appropriations, revenue increases, and expenditure changes are totaled, is as follows:
  - **FY 2010** – an estimated cost to the General Fund of \$673,000.
  - **FY 2011** – an estimated savings to the General Fund of \$74.1 million.
  - **FY 2012** – an estimated savings to the General Fund of \$36.1 million.

**NOTE:** The overall impact summary for the General Fund ties to the overall totals at the bottom of the spreadsheet on the next two pages and includes expenditures, revenues, and appropriations.
- **OVERALL IMPACT TO OTHER FUNDS:** The overall impact to other funds (including local government savings), when appropriations, revenue increases, and expenditure changes are totaled, is as follows:
  - **FY 2010** – an estimated savings of \$21,000.
  - **FY 2011** – an estimated savings of \$44.2 million.
  - **FY 2012** – an estimated savings of \$13.9 million.

**NOTE:** The overall impact summary for other funds ties to the overall totals at the bottom of the spreadsheet on the next two pages and includes expenditures, revenues, and appropriations.
- Additional detail about the provisions of this Bill that have a fiscal impact can be found on the following pages. This information is organized in Bill order and provides the Fiscal Services Division contact for each item.

**FISCAL IMPACT BY DIVISION**

**Fiscal Impact Summary**  
**Senate File 2088 - Government Reorganization and Efficiency Bill**

**EXPENDITURE CHANGES**

Bill Division	Description	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
I	DAS Digital Government	\$ 0	\$ 0	\$ -1,000,000	\$ 0	\$ -1,800,000	\$ 0
II	DAS Electronic Records Study	0	0	minimal	minimal	minimal	minimal
III	Publication Modernization	0	0	0	0	0	0
IV	State Budgeting and Personnel	0	0	-14,500,000	-10,700,000	0	0
V	Span of Control	0	0	-17,700,000	-24,600,000	-3,100,000	-3,100,000
VI	DAS Centralized Purchasing	0	0	-7,500,000	-7,500,000	-7,500,000	-7,500,000
VII	Require EFT for all State Employees	0	0	-45,000	-71,000	-45,000	-71,000
VII	DAS Operations - Lease Consolidation	-102,000	-21,000	-108,000	-24,000	-98,000	-4,000
VIII	Move ABD to Department of Revenue	0	0	0	0	0	0
IX	Close ABD Warehouse on Fridays	0	0	-20,000	0	-20,000	0
IX	Tobacco Retail Compliance Checks	0	0	0	0	0	0
XI	Human Rights Reorganization	0	0	minimal	minimal	minimal	minimal
XIII	DOM Financial Administration Reorganization	0	0	-260,000	0	0	0
XV	Eliminates Renewable Fuels Advisory Committee	0	0	0	0	0	0
XV	Eliminates the Organic Products Advisory Council	0	0	minimal	minimal	minimal	minimal
XVI	Eliminates Sustainable Natural Resource Funding Advisory Committee	0	0	0	0	0	0
XVI	Eliminates Upland Game Bird Committee	0	0	0	0	0	0
XVII	Eliminates Climate Change Committee	0	0	0	0	0	0
XVIII	Transfers UST Board administration to the DNR	0	0	0	0	0	0
XIX	DED Boards Elimination	0	0	minimal	minimal	minimal	minimal
XX	Housing Programs from DED to IFA	0	0	unknown	unknown	unknown	unknown
XXI	Eliminate ETC, LTC, and Ag Ed Advisory Council	-10,000	0	-10,000	0	-10,000	0
XXI	Withdraw from MHEC	0	0	0	0	0	0
XXI	AEA Transition	0	0	unknown	0	unknown	0
XXII	Early Childhood Iowa Initiative	0	0	unknown	0	unknown	0
XXIII	Increased Efficiencies DHS	0	0	minimal	minimal	minimal	minimal
XXIII	Pharmaceutical Improvements	0	0	unknown	0	unknown	0
XXIV	Eliminate Hospital Licensing Board	0	0	-1,500	0	-1,500	0
XXV	Child Support Payor Transfer	0	0	-23,000	0	-23,000	0
XXVI	False Claims Act	0	0	unknown	unknown	unknown	unknown
XXVII	Medicaid Preferred Drug List	0	0	-156,000	0	-187,000	0
XXVII	Medicaid Mental Health Drug Changes	0	0	-400,000	0	-479,000	0
XXVIII	Medicaid Chronic Disease Management	0	0	-2,700,000	0	-6,500,000	0
XXIX	Medicaid HCBS Waiver Review*	0	0	-1,900,000	-2,800,000	-2,200,000	-3,200,000
XXX	Medicaid - Transfer of Assets	0	0	-586,000	0	-772,000	0
XXXI	Child Care Advisory Committee	0	0	0	0	0	0
XXXII	Mt. Pleasant MHI Closure	860,000	0	-1,300,000	0	-1,300,000	0
XXXIII	MH/MR/DD/BI Commission Duties	0	0	0	0	0	0
XXXIV	MH/MR/DD/BI Services	0	0	0	0	0	0
XXXV	MH/MR/DD/BI Commission and Waiver Name Change	0	0	0	0	0	0
XXXVI	Consolidation-Council on Human Services	0	0	0	0	0	0
XXXVII	Repeal of Health Advisory Bodies	0	0	0	0	0	0

## Fiscal Impact Summary

### Senate File 2088 - Government Reorganization and Efficiency Bill

Bill Division	Description	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
XXXVIII	DHS - Field Services Organization	0	0	0	0	0	0
XXXIX	Family Support Subsidy Program	0	0	-355,000	0	-121,800	0
XL	Electronic Funds Transfers in DHS	0	0	0	0	0	0
XL I	Adoption Subsidy Program - DHS	0	0	-145,800	0	0	0
XLII	Guardian Ad Litem Change	0	0	-112,000	0	-112,000	0
XLIII	Veterans County Grant Program	0	0	0	0	0	0
XLIV	Reduce Board of Corrections Meetings	0	0	-6,400	0	-6,400	0
XLIV	Close Luster Heights, Farm 1 and 3	0	0	-2,361,000	0	-2,361,000	0
XLV	Reduction in Indigent Defense (Public Defender increase)**	0	0	-2,500,000	0	-2,500,000	0
XLV	Reduction in Indigent Defense (add Wapello County PD Office)**	0	0	-1,253,000	0	-1,253,000	0
XLV	Eliminate Indigent Defense Advisory Council	0	0	0	0	0	0
XLVI	Additional Cost to DOT for ILEA Training	0	0	0	11,600	0	11,600
XLVI	Additional Cost to DNR for ILEA Training	0	0	2,900	0	2,900	0
XLVII	State Government Efficiency Review Committee	0	0	minimal	minimal	minimal	minimal
XLVIII	Boards and Commissions - Establishment Criteria	0	0	0	0	0	0
	<b>TOTAL</b>	<b>\$ 748,000</b>	<b>\$ -21,000</b>	<b>\$ -54,939,800</b>	<b>\$ -45,683,400</b>	<b>\$ -30,386,800</b>	<b>\$ -13,863,400</b>

\*Division XXIX other funds savings is potential savings to counties.

\*\*Net savings is less because of appropriations to the Public Defender's Office. See tracking document.

### REVENUE CHANGES

Bill Division	Description	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
		State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
III	Publication Modernization	\$ 0	\$ 0	\$ 360,000	\$ 0	\$ 0	\$ 0
VII	DAS Operations - Sale of Real Property	0	0	13,800,000	0	0	0
X	Allow for Direct Shipment of Wine	0	0	375,000	0	412,500	0
XII	Lower Threshold for Gambling Setoffs	0	0	2,500,000	0	2,500,000	0
XIV	Hire Five New Revenue Examiners	0	0	2,700,000	0	2,700,000	0
XV	Add an FTE to GEMS	0	0	0	0	0	0
XVII	Statutory Allocation Fund for UST	0	0	0	0	0	0
XXXII	Mt. Pleasant MHI Closure	75,000	0	112,000	0	112,000	0
XLIV	New Disciplinary Fee	0	0	6,000	0	6,000	0
XLVI	ILEA Charge DOT and DNR Full Cost of Training	0	0	0	14,500	0	14,500
XLVI	ILEA Pilot Training Project	0	0	25,000	0	25,000	0
	<b>TOTAL</b>	<b>\$ 75,000</b>	<b>\$ 0</b>	<b>\$ 19,878,000</b>	<b>\$ 14,500</b>	<b>\$ 5,755,500</b>	<b>\$ 14,500</b>

	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
	State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
<b>Total Savings (Expenditure Changes Total above)</b>	\$ -748,000	\$ 21,000	\$ 54,939,800	\$ 45,683,400	\$ 30,386,800	\$ 13,863,400
<b>Total Additional Revenue (Revenue Changes Total above)</b>	75,000	0	19,878,000	14,500	5,755,500	14,500
<b>Appropriation from UST to the General Fund</b>	0	0	800,000	0	0	0
<b>Appropriations (tracking)</b>	0	0	-1,515,000	-1,500,000	0	0
<b>Total Impact</b>	<b>\$ -673,000</b>	<b>\$ 21,000</b>	<b>\$ 74,102,800</b>	<b>\$ 44,197,900</b>	<b>\$ 36,142,300</b>	<b>\$ 13,877,900</b>

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**FISCAL IMPACT STATEMENT**

***DIVISION I: Government Information Technology Services***

**Background**

Division I requires all State agencies including the Board of Regents, Iowa Public Television, the Department of Transportation Mobile Radio Network, the Department of Public Safety Law Enforcement Communications, the Iowa Communications Network, and the Iowa Lottery to obtain services relating to information technology (IT) from the Department of Administrative Services (DAS). The IT services include data centers, servers and mainframes, local area networks, cyber security, and disaster recovery technology.

This Division calls for the appointment of a new Chief Information Officer (CIO) by the Governor and establishes the ten member Technology Advisory Council (to replace the Technology Governance Board) to advise the CIO concerning IT services. Agencies are allowed to seek a waiver for any IT services if the agency can provide the technology more economically or is in the best interest of the State.

**Assumptions**

- Iowa will see savings similar to other States that consolidated IT operations.
- State agency IT budgets and personnel will be transferred to the central IT entity and result in a 10.0% savings over three years. The FY 2010 estimated budget for IT equipment is \$47.2 million and the estimated budget for IT personnel is \$75.4 million.
- A personnel savings of 5.0% will occur over three years of the total FY 2010 estimated budget for IT Professional Services and IT Personnel. The total budget for these two items is \$105.3 million.
- A 15.0% savings will result from consolidating networks; a 25.0% savings will result from consolidating help desks; 15.0% savings in consolidating desktop standardization and support; 35.0% savings in enterprise disaster recovery services instead of individual agency disaster recovery plans; 15.0% savings in consolidating servers/mainframes/storage.
- The 223 data servers, and 1,944 servers in State government could be greatly reduced.

**Fiscal Impact**

This Division will require an initial investment of \$4.3 million over the next three fiscal years: \$2.3 million for FY 2011; \$1.5 million for FY 2012; and \$0.5 million for FY 2013.

Savings are expected to be \$10.0 million over the next three fiscal years (approximately \$3.3 million per year) and \$10.0 million in annual savings in each subsequent fiscal year.

The overall net impact of this Division will be savings to the General Fund of \$1.0 million for FY 2011, \$1.8 million for FY 2012, \$3.8 million for FY 2013, and \$10.0 million annually for FY 2014 and subsequent years.

**Sources:** Department of Administrative Services and Public Works LLC, Iowa Efficiency Review Report

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GOVERNMENT REORGANIZATION AND EFFICIENCY BILL  
FISCAL IMPACT STATEMENT**

***DIVISION II: Electronic Records***

**Background**

This Division eliminates the requirement for agencies to deliver one printed copy of reports to the General Assembly, but maintains the requirement that reports be submitted in electronic form to the Secretary of the Senate and Chief Clerk of the House.

This Division requires the DAS, the Department of Cultural Affairs (DCA), and the State Records Commission to conduct a study concerning creation, storage, and retention of State records in electronic format. The report must be submitted to the General Assembly by December 15, 2010.

**Assumptions**

The DAS and DCA will conduct the study with current staffing levels.

**Fiscal Impact**

This Division will not have a significant fiscal impact on the State.

**Source**

Legislative Services Agency

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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GOVERNMENT REORGANIZATION AND EFFICIENCY BILL  
FISCAL IMPACT STATEMENT**

***DIVISION III: Publication Modernization***

**Background**

This Division amends the Iowa Code to allow the Legislative Council and the Legislative Services Agency (LSA) to publish official legal publications in an electronic or printed form. The Division eliminates the requirement that official legal publications be provided free of charge to certain groups. These groups include: the three branches of State government, elected county officers, county and city assessors, Iowa's congressional delegation, federal courts, state and university libraries, Library of Congress, and the United States Supreme Court. This Division allows the LSA the option to provide an electronic version of the legal publications free of charge or to charge a fee.

**Assumptions**

- The LSA spends an estimated \$430,000 every other year for printing approximately 5,750 copies of the Iowa Code. Of the 5,750 copies, 1,224 copies were sold at a cost of \$330 each, a total of 3,981 copies were distributed without charge, and 635 copies were distributed without charge, except postage costs of \$20. The current price of the Iowa Code is set at an amount to recoup the cost of publication.
- The LSA will print 30.0% fewer copies (4,050 total copies) of the Iowa Code due to the availability of the electronic version.
- The cost to print 4,050 copies is estimated at \$387,000.
- The LSA will distribute a total of 3,750 copies of the Iowa Code and charge \$200 per printed copy beginning in FY 2011.

**Fiscal Impact**

This Division is estimated to provide increased revenue of \$360,000 to the General Fund in FY 2011 and FY 2013.

**Source**

Legislative Services Agency

**LSA Fiscal Services Division Contact:** David Reynolds (515-281-6934) [dave.reynolds@legis.state.ia.us](mailto:dave.reynolds@legis.state.ia.us)

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**FISCAL IMPACT STATEMENT**

***DIVISION IV: State Budgeting and Personnel***

**Background**

This Division:

- Prohibits a department from converting a full-time equivalent (FTE) position to a contract position or from using appropriated funds for a contract position unless approval is received from the Department of Management.
- Requires that if an FTE position remains vacant at least six months, a department's FTE level will be reduced accordingly. A department may request the position be reauthorized if it can be determined the position is difficult to fill and is critical for fulfilling the department's duties.
- For FY 2011, this Division restricts State agencies from using dollars budgeted for FTE positions for purposes other than funding FTE positions. A department may request the position be reauthorized if it can be determined the position is difficult to fill and is critical for fulfilling the department's duties.
- Requires that an agency's excess funds at the close of a fiscal year that are allowed to carry forward and be used for training purposes, may now only be used for internet-based training.
- Requires the Department of Administrative Services to develop and operate programs to promote job-sharing, telecommuting, and flex-time opportunities for employment within the Executive Branch.
- Requires each Judicial District Department of Correctional Services to use the State accounting system for tracking appropriations and expenditures.
- Requires all State agencies to plan for and conduct events through the Office of Lean Enterprise.
- Requires State agencies to separately track budgeted and actual expenditures for contract services and employee training for each appropriation. This Division also requires contracted services to incorporate quality assurances and cost control measures. This Division requires all departments to report quarterly to the LSA concerning this information.
- Requires each Joint Appropriations Subcommittee of the General Assembly to annually examine all fees charged by State agencies under the purview of the respective subcommittee.

**Assumptions**

- Assumes the FY 2011 adopted budget is similar to the FY 2010 department revised budget.
- Assumes the number of FTE positions in FY 2011 included in the departments' adopted budget is similar to the FY 2010 department revised budget.
- Assumes the number of FTE positions that will be vacant for six months or longer in FY 2011 will be similar to the number that has been vacant for six months or longer in FY 2010 as of December 24, 2009.
- Assumes all federally funded positions would be reauthorized by DOM.



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**FISCAL IMPACT STATEMENT**

***DIVISION IV: State Budgeting and Personnel***

**Fiscal Impact**

**Elimination of FTE Positions:** For FY 2011, this Division could potentially reduce State agencies' General Fund budgets by up to \$14.5 million and eliminate 255.0 FTE positions. The eliminated salaries would be transferred to the General Fund and be reflected as a reversion. In addition, this Division could reduce non-General Fund budgets by \$10.7 million and 176.0 FTE positions. The eliminated salaries would be transferred to the original funding source.

Currently, State agencies have the flexibility to move budgeted expenditures between expenditure classes, including salaries and benefits, in order to accommodate operational needs throughout the fiscal year. It is common for agencies to leave positions vacant in order to fund other unanticipated expenditures. In FY 2011, it is probable that requests for supplemental appropriations will increase as agencies will not have the flexibility to use funds budgeted for salaries and benefits for other operational cost increases.

Beyond FY 2011, this Division does not require the salary dollars that are associated with a vacant position eliminated after six months to be transferred to the original funding source. Departments have the authority to revise their budgets and move budgeted funds between expenditure classes. It is very likely that departments would revise their budgets prior to losing a position and any associated funds.

**DAS Employee Programs:** The requirements in this Division relating to the Department of Administrative Services implementing programs to promote job-sharing, telecommuting, and flex-time opportunities within the Executive Branch may reduce State agencies' expenditures; however, the savings cannot be determined at this time.

**State Accounting Procedures:** The provisions in this Division requiring the Judicial District Departments to use the State accounting system and all State agencies to separately track budgeted and actual expenditures for contract services and employee training will not be significant.

**LEAN Process:** Requiring State agencies to conduct events through the Office of Lean Enterprise may increase operational efficiencies; however, the savings cannot be determined.

**Source:** Legislative Services Agency

**LSA Fiscal Services Division Contact:** David Reynolds (515-281-6934) [dave.reynolds@legis.state.ia.us](mailto:dave.reynolds@legis.state.ia.us)

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**FISCAL IMPACT STATEMENT**

***DIVISION V: Span of Control***

**Background**

This Division incrementally increases the span of control (ratio of employees to supervisors) for all Executive Branch agencies. Iowa Code currently requires a span of control of 14 employees for one supervisor to be implemented beginning July 1, 2011. Current law also exempts the following agencies from the span of control requirement: the Board of Regents, Department of Human Services, and Judicial District Departments. The proposed change requires the agencies currently exempt to comply with the new span of control provisions. This Division changes the span of control over a six-year period (FY 2012 – FY 2017) as follows:

- FY 2011: 14:1 (Current Law)
- FY 2012: 15:1
- FY 2013: 16:1
- FY 2014: 17:1
- FY 2015: 18:1
- FY 2016: 19:1
- FY 2017: 20:1

**Assumptions**

- The salary and benefit savings are based on the average supervisor salary and benefits for each State agency as of the 11<sup>th</sup> pay period of FY 2010.
- For estimating purposes, this analysis assumes a status quo employment level based on the 11<sup>th</sup> pay period of State government.
- Incrementally increasing the span will result in the loss of 623.0 FTE supervisory positions in FY 2011 and a total of 395.0 FTE positions in the remaining six years.
- Unemployment compensation benefit calculations assume an average weekly benefit amount of \$402 (the amount paid for a claimant with two dependents) for 26 weeks.
- Agencies with 28 and fewer FTE positions were not included in the calculation.
- Information for the Board of Regents and the Judicial Districts of the Department of Corrections was not available and therefore not included in this estimate. These agencies do not use the State's central accounting system.

**Fiscal Impact**

This Division will result in net salary savings of \$30.9 million to the General Fund and \$38.5 million to non-General Fund sources over a seven-year period beginning in FY 2011. The following chart shows the net savings by fiscal year. The Board of Regents could not estimate the fiscal impact associated with the span of control requirements, but stated that that institutions ability to effectively carry their missions would be significantly impaired.

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***DIVISION V: Span of Control (continued)***

(Dollars in Millions)

	General Fund			Non-General Fund		
	Salary Savings	Unemployment	Net Salary Savings	Salary Savings	Unemployment	Net Salary Savings
FY 2011	\$ 20.5	\$ -2.8	17.7	\$ 28.3	\$ -3.7	24.6
FY 2012	3.6	-0.5	3.1	3.6	-0.5	3.1
FY 2013	3.1	-0.4	2.7	3.1	-0.4	2.7
FY 2014	2.5	-0.3	2.2	2.8	-0.4	2.4
FY 2015	2.2	-0.3	1.9	2.2	-0.3	1.9
FY 2016	2.2	-0.3	1.9	2.4	-0.3	2.1
FY 2017	1.6	-0.2	1.4	1.9	-0.2	1.7
Total	\$ 35.7	\$ -4.8	\$ 30.9	\$ 44.3	\$ -5.8	\$ 38.5

**Sources**

Department of Management  
Legislative Services Agency

**LSA Fiscal Services Division Contact:** Dave Reynolds (515-281-6934) [dave.reynolds@legis.state.ia.us](mailto:dave.reynolds@legis.state.ia.us)

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**FISCAL IMPACT STATEMENT**

***DIVISION VI: Department of Administrative Services – Purchasing***

**Background**

This Division eliminates the exemption for the Department of Transportation (DOT), the Board of Regents, and the Department of the Blind from purchasing outside the Department of Administrative Services (DAS). The DAS may allow agencies to purchase without utilizing master contacts if it is in the best interest of the State. The DOT may use centralized purchasing for itself only if authorized by DAS.

This Division allows agencies to purchase goods and services pursuant to a master contract negotiated by the DAS. The DAS will negotiate master contracts if it determines that high-quality goods or services can be acquired at a lower cost through negotiation of a master contract. Agencies are allowed to purchase goods or services if it is more economical or in the best interests of the State without the master contract.

This Division requires agencies to report to the DAS concerning what the agency plans to buy on an annual basis, and efforts to standardize purchasing and services within their own agency.

**Assumptions**

- The more purchases that are made from a master contract, the lower the price. Over the past three fiscal years, DAS has saved between 1.5% to 27.0% on purchases through master contracts due to volume discounts.
- The State purchases approximately \$300.0 million in goods annually. By requiring agencies to use master contracts it is assumed the State will save an estimated 5.0% on future purchases.
- The DOT would be required to use a data system called Ariba that is currently utilized by the DAS. The DOT does not currently use this system and Public Works indicates that switching to Ariba would result in significant savings by identifying additional products that the State would claim for volume purchase discounts.
- All duplicative purchase contracts would be eliminated.
- The Iowa Efficiency Review Report estimates the State could save an estimated \$15.0 million per year over five years through purchasing consolidation. The report does not identify the funding sources from which the savings would be achieved. For purposes of this estimate, it is assumed that 50.0% of the savings will be achieved by the DOT and the remaining 50.0% by agencies funded from the General Fund.

**Fiscal Impact:** This Division is estimated to save the agencies that are funded from the General Fund \$7.5 million in FY 2011 and \$7.5 million in FY 2012. This Division is estimated to save the DOT \$7.5 million in FY 2011 and \$7.5 million in FY 2012.

**Source:** Public Works LLC, Iowa Efficiency Review Report

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515- 281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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**FISCAL IMPACT STATEMENT**

***DIVISION VII: Department of Administrative Services – Operations***

**Background**

**Electronic Funds Transfer:** Requires all pay and allowances to State employees to be paid via electronic funds transfer (EFT) unless the employee is currently under a collective bargaining agreement. State employees may elect to receive paper warrants, but would be charged an administrative fee. Individual departments may waive the fee if good cause is shown.

**Hiring Procedures:** Requires the Department of Administrative Services (DAS) and the Department of Management (DOM) to examine the process by which State agencies hire personnel with the goal of reducing steps needed for agencies to hire personnel. The DAS will report to the General Assembly concerning findings and recommendations for legislative action.

**Surplus Property Inventory:** Requires the DAS to complete an inventory of surplus State property and sell property under the control of the Department of Human Services and Department of Corrections and deposit the proceeds into the General Fund.

**Office Space Consolidation:** Directs the DAS to work directly with all State agencies to begin renegotiating office leases to achieve more favorable terms.

**Sale and Lease Back Property:** Requires the DAS to review all State office leases and, wherever possible, require State agencies to consolidate office space rented from the private sector. Requires DAS to explore potential opportunities for State agencies to (including the Board of Regents) sell properties to the private sector and lease them back.

**Assumptions**

**Electronic Funds Transfer:**

- There are approximately 1,600 State employees and board members who receive payment through paper check. Assumes that 40% of these employees are not covered by a collective bargaining contract. Assumes 50.0% of these employees are funded from the General Fund.
- Each employee not receiving warrants via EFT costs the State \$140 annually.
- The Department of Transportation could eliminate courier services that deliver warrants to non-EFT employees on payday at a cost of \$26,000 per year.

**Surplus Property Inventory:**

- The State would sell 3,000 acres of land at an average price of \$4,614 per acre. Assume 2,000 acres of the land sold would be land currently own by the Department of Human Services and rented to the private sector to generate cash flow for the Department of Corrections prison farms.
- The land would be sold during FY 2011. Any land that is identified for sale would require necessary time to complete surveys and the updating of abstracts.

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***DIVISION VII: Department of Administrative Services – Operations (continued)***

**Office Space Consolidation:** Requires DAS to identify and sell or sell and lease back property under the control of the Department that will maximize the return to the State.

**Fiscal Impact**

**Electronic Funds Transfer:** The estimated annual savings to the General Fund is \$45,000 and \$71,000 from non-General Fund sources.

**Hiring Procedures:** No significant fiscal impact.

**Surplus Property Inventory:** The cost of the inventory will be conducted by DAS with existing resources. The sale of 3,000 acres of land at an average price of \$4,614 per acre will generate an estimated \$13.8 million in revenue to the General Fund in FY 2011. A portion of the land sold will likely be land that is currently leased to the private sector and the proceeds are used to help fund the prison farms operated by the Department of Corrections. The loss of the rental proceeds would require the operating expenditures of the prison farms to be reduced or would require an alternative source of revenue to maintain funding for the farms at the current level.

**Office Space Consolidation:** In January 2010, DAS began the process of renegotiating leases with landlords throughout the State. In many instances the leases have been reduced up to 10.0% in return for extensions of the leases. According to DAS, the renegotiated leases will reduce State agency General Fund expenditures by an estimated \$102,000 in FY 2010, \$108,000 in FY 2011, and \$98,000 in FY 2012. Non-General Fund expenditures are estimated to decrease \$21,000 in FY 2010, and \$24,000 in FY 2011, and \$4,000 in FY 2012.

**Sale and Lease Back Property:** Any revenue generated from the sale and lease back provisions will depend on the properties selected to be sold and leased back to the State.

**Sources**

Public Works LLC, Iowa Efficiency Review Report  
Department of Administrative Services

**LSA Fiscal Services Division Contact:** Dave Reynolds (515-281-6934) [dave.reynolds@legis.state.ia.us](mailto:dave.reynolds@legis.state.ia.us)

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***DIVISION VIII: Alcoholic Beverages Division – Reorganization***

**Background**

This Division transfers the Alcoholic Beverages Division (ABD) from the Department of Commerce to the Department of Revenue.

**Assumption**

The same staffing levels will be needed to conduct ABD business.

**Fiscal Impact**

The fiscal impact of transferring the ABD to the Department of Revenue is minimal.

**Sources**

Alcoholic Beverages Division  
Department of Revenue

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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***DIVISION IX: Alcoholic Beverages Division – Reorganization***

***Section 95 – Alcoholic Beverages Division – State Warehouse Friday Closure***

**Background**

Requires the main warehouse of the Alcoholic Beverages Division to close every Friday beginning in FY 2011 through FY 2015. Allows the Administrator of the Division to keep the warehouse open on designed Friday's if anticipated sales on that Friday justify keeping the warehouse open. The Administrator is required to submit a report to the General Assembly by January 1, 2015, concerning a recommendation to extend Friday closures into the next fiscal year.

**Fiscal Impact**

The estimated savings to the Division are \$20,000 from the General Fund for FY 2011 and \$20,000 for each subsequent fiscal year.

**Sources**

Alcoholic Beverages Division  
Legislative Services Agency

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)



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***DIVISION IX: Alcoholic Beverages Division – Reorganization (continued)***

***Section 96 – Tobacco Retail Compliance Checks***

**Background**

The Division of Tobacco Use, Prevention and Control, located within the Department of Public Health (DPH), is charged with the responsibility of enforcing State and federal laws prohibiting the sale of tobacco products to minors. The Tobacco Division contracts with the Iowa Alcoholic Beverages Division (ABD), within the Department of Commerce, to perform tobacco compliance checks of Iowa's approximately 3,500 tobacco sales permit holders. The ABD contracts with State, county, or local law enforcement agencies for compliance checks within their respective jurisdiction. Reimbursement is made by the ABD for each check conducted.

The tobacco enforcement budget for the ABD is determined by the Tobacco Division and the funds are transferred via a Code Section 28E Agreement between the two entities. The actual expenditures for tobacco enforcement for FY 2009 totaled \$1,003,000. The ABD conducted 7,710 checks through local law enforcement for a total cost of \$385,500. The remaining funds covered salaries, in-state travel expenses for field staff managing agreements with local law enforcement and DPH, web-hosting and other program expenses. For FY 2010, the estimated net amount budgeted by the Tobacco Division, after the Governor's across-the-board funding reductions in October of 2009, is \$857,700. The ABD estimates that 3,500 checks will be conducted in FY 2010 at a cost of \$50.00 per check for a total of \$175,000. For FY 2011, this Section will restrict the number of tobacco enforcement checks to one check per tobacco retail outlet and to one additional follow-up check for entities that were found to be in compliance after the initial check.

**Assumptions**

- The ABD will continue to reimburse each local law enforcement compliance check at \$50.00 each in FY 2011.
- In FY 2011, there will be approximately 3,500 tobacco sales permit holders.
- In FY 2011, approximately 8.0% of tobacco permit holders will require one follow-up check for a total of 280.

**Fiscal Impact:** There is no fiscal impact for this Section. It is estimated that it will cost \$189,000 for FY 2011 for the Alcoholic Beverages Division to conduct compliance checks and follow-up checks on tobacco sales permit holders. This is an increase of \$14,000 compared to FY 2010 however, the Division should be able to absorb the additional cost within the larger tobacco enforcement allocation from the DPH Division of Tobacco Use, Prevention and Control.

**Sources:**

Division of Tobacco Use, Prevention and Control, Department of Public Health  
Alcoholic Beverages Division, Department of Commerce

**LSA Fiscal Services Division Contact:** Deborah Helsen (515-281-6764) [deborah.helsen@legis.state.ia.us](mailto:deborah.helsen@legis.state.ia.us)

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***DIVISION X: Alcoholic Beverages Division – Direct Shipment of Wine***

**Background**

This Division authorizes the direct shipment of wine from out-of-state manufacturers to residents of Iowa. The wine manufacturer must obtain a wine direct shipper license from the Alcoholic Beverages Division (ABD) at a cost of \$25 annually. The language requires no more than 18 liters of wine per month be shipped to an Iowa resident 21 years of age or older. The direct shipper licensee must remit \$1.75 per gallon wine tax for deposit in the Beer and Liquor Control Fund.

**Assumptions**

- The ABD has indicated that additional revenue would be generated from allowing direct wine shipment.
- A 10.0% increase in direct shipment wine will occur in FY 2012.

**Fiscal Impact**

This Division is estimated to generate additional revenue of \$375,000 to the General Fund for FY 2011 and \$412,500 for FY 2012.

**Source**

Alcoholic Beverages Division

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***DIVISION XI: Department of Human Rights – Reorganization***

**Background**

This Division reorganizes of the Department of Human Rights (DHR) into three divisions:

- Division of Community Advocacy and Services
- Criminal and Juvenile Justice Planning
- Division of Community Action Agencies

The Department is currently comprised of seven separate divisions.

This Division limits all commissions within the Division of Community Advocacy and Services to seven members. Duties and responsibilities between the offices and commissions are assigned to the entire Department.

This Division creates the Human Rights Board that will consist of nine voting members and five nonvoting members. The duties of the Board include development and implementation of a plan to remove barriers for underrepresented populations; approve, disapprove, or modify the Department budget; adopt administrative rules; and submit a report to the General Assembly and Governor by November 1 of each year.

**Assumptions**

Due to the additional flexibility allowed by the reorganization, the Department will not have to add additional FTE positions if newly recognized constituency groups are added.

**Fiscal Impact**

This Division will have a minimal fiscal impact to the State General Fund.

**Source**

Department of Human Rights

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***DIVISION XII: Gambling Setoffs***

**Background**

Currently, a debtor that wins money on a wager at a racetrack, excursion gambling boat, or gambling structure in Iowa is subject to a setoff from those winnings of the amount of debt owed to the State if the winnings are equal to or greater than \$10,000. This Division lowers the winnings threshold to \$1,200.

**Assumptions**

- According to an estimate from the Department of Revenue, setoff collections would increase twenty-five times from the current level.
- Not all offsets would be deposited in the General Fund. Some of the revenue could go to local governments.

**Fiscal Impact**

This Division will generate an estimated \$2.5 million of revenue annually to the General Fund beginning in FY 2011.

**Sources**

Department of Revenue  
Department of Administrative Services

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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***DIVISION XIII: Department of Management (DOM) – Financial Administration Reorganization***

**Background**

This Division transfers the State Accounting Enterprise from the Department of Administrative Services (DAS) to the DOM.

**Assumption**

Transfer of the State Accounting Enterprise will result in the elimination of duplicative administrative costs and overhead costs in FY 2011.

**Fiscal Impact**

This Division will result in an estimated savings of \$260,000 in General Fund expenditures in FY 2011.

**Sources**

Public Works LLC, Iowa Efficiency Review Report  
Legislative Services Agency

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***DIVISION XIV: Administration and Regulation Appropriations***

**Background**

This Division appropriates \$325,000 and 5.0 FTE auditor positions to the Department of Revenue and \$50,000 and 1.0 FTE position to the Department of Management for the Grants Enterprise Management Program.

**Assumptions**

- Each examiner for the Department of Revenue generates \$600,000 in collections.
- Collections will increase to \$1.0 million per examiner with four or more years of experience.
- Each examiner would cost the State \$65,000 in salary and benefits.

**Fiscal Impact**

This Division appropriates a total of \$375,000 from the General Fund for FY 2011 to the Department of Management and the Department of Revenue. This includes \$325,000 to the Department of Revenue to fund five examiners. It is estimated that the new positions will generate \$2.7 million per year in additional revenue General Fund for over the next five years beginning in FY 2011. The appropriations also include \$50,000 to the Department of Management to support the Grants Enterprise Management Program (GEMS).

**Sources**

Department of Revenue  
Public Works Iowa Efficiency Review Report

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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***DIVISION XV: Elimination of State Entities Associated with the Department of Agriculture and Land Stewardship***

***DIVISION XVI: Elimination of State Entities Associated with the Department of Natural Resources' Control of the Natural Habitat***

***DIVISION XVII: Elimination of State Entities Associated with the Department of Natural Resources – Iowa Climate Change Advisory Council***

**Background**

The following boards are eliminated or modified:

- Division XV: Eliminates the Renewable Fuels and Coproducts Advisory Committee and the Organics Products Advisory Council in the Department of Agriculture and Land Stewardship (DALs).
- Division XVI: This Division eliminates the Sustainable Natural Resource Funding Advisory Committee and the Upland Game Bird Study Advisory Committee.
- Division XVII: Eliminates the Iowa Climate Change Advisory Council in the Department of Natural Resources (DNR). This Division also requires the DNR to submit an annual report to the Governor and the General Assembly on greenhouse gas emissions. The Council met for two years and submitted the required report to the Governor and the General Assembly on December 31, 2008. The DNR received a \$50,000 Environment First Fund appropriation for FY 2009 but no appropriation for FY 2010.

**Fiscal Impact**

The fiscal impact for elimination of Boards in the Department of Agriculture and Land Stewardship and the Department of Natural Resources is expected to be minimal.

**Sources**

Department of Agriculture and Land Stewardship  
Department of Natural Resources

**LSA Fiscal Services Division Contact:** Debra Kozel (515-281-6767) [deb.kozel@legis.state.ia.us](mailto:deb.kozel@legis.state.ia.us)

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***DIVISION XVIII: Iowa Comprehensive Petroleum Underground Storage Tank Fund Board***

**Background**

This Division eliminates the Iowa Underground Storage Tank (UST) Fund Board and transfers the Board's responsibilities to the Department of Natural Resources (DNR). This Division also transfers the entity responsible for UST bonding from the Iowa Finance Authority to the Treasurer of State. This Division appropriates \$800,000 from the UST Fund to the General Fund and \$700,000 from the UST Fund to the DNR for UST Program administration.

The State's UST financial assistance program was created in HF 447 (Leaking Underground Storage Tank Financial Assistance Act of 1989) to provide a financing mechanism to address the State's contaminated UST locations. Currently, the UST Board provides financial and administrative oversight for the financial assistance program and the DNR provides the regulatory framework and staff for determining required cleanup. This Division combines the financial assistance and regulatory functions within one entity.

Currently, the UST Board contracts with a private sector contractor to provide UST financial assistance program administrative services (technical assistance to site owners, claim approval, and claim processing). The current contract cost is \$1.5 million and expires December 31, 2010.

For FY 2009, the DNR utilized \$1.8 million and 19.0 FTE positions to administer its responsibilities through underground and leaking underground storage tank organizational units (organizational units 7412, 7529, 7531 and 7532). This calculates to an average cost of \$90,000 per FTE position including \$80,000 for salaries/benefits and \$10,000 for direct program support expenditures.

The Public Works Iowa Efficiency Review Report stated the DNR could assume the responsibilities of the UST Board and administrator for \$600,000 per year. Using the average cost of \$90,000 per FTE, this would allow the DNR to add approximately 6.7 FTE positions. It is not clear from the Public Works Efficiency Report if the DNR could effectively administer the financial assistance program with 6.7 FTE positions.

**Fiscal Impact:** This Division will reduce UST Program administration costs for FY 2011 by as much as \$800,000 and will increase General Fund revenue for FY 2011 by \$800,000. The fiscal impact in future years will depend on the level of appropriation enacted by future General Assemblies.

**Sources**

State Accounting System UST and DNR transactions – FY 2009  
DNR FTE Utilization reports – FY 2009  
UST Board meeting materials

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***DIVISION XIX: Economic Development – Committees and Councils***

**Explanation**

This Division repeals Code Section 15.108(7)(h) to eliminate the Small Business Advisory Council and the Department of Economic Development (DED) assistance for the Council.

This Division also amends Code Section 15G.115 to eliminate the duties of the Agricultural Products Advisory Council as it relates to financial assistance under the Value-Added Agriculture Component of the Grow Iowa Values Fund. The Council is eliminated with the repeal of Code Section 15.203.

In addition, this Division eliminates the DED's Microenterprise Development Advisory Committee with the repeal of Code Section 15.114.

**Background**

The Due Diligence Committee will still be responsible for making recommendations regarding applications for assistance under the Value-Added Agriculture Component of the Grow Iowa Values Fund.

**Fiscal Impact**

The Microenterprise Development Advisory Committee did not have any expenses. The expenses for the two councils are minimal.

**Source**

Department of Economic Development (DED)

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***DIVISION XX: Consolidation of Housing Programs***

This Division transfers the authority for administration of the Shelter Assistance Fund from the Department of Economic Development (DED) to the Iowa Finance Authority (IFA). The DED and the IFA are required to conduct a joint review of the housing-related programs they currently administer, including all federal programs. The joint review is required to include a review of all federal moneys received and spent on housing programs and must identify all programs that are duplicative of another program or which have purposes similar to that of another program. The DED and the IFA are required to produce a report recommending how best to transfer all responsibilities for housing related programs from the DED to the IFA. The report must be submitted within 30 days of the effective date of the provision to the Legislature, Governor, and the Department of Management.

**Background**

Housing programs are currently administered by the DED and the IFA. The current Code Section 15.349 establishes the Shelter Assistance Fund. Code Section 15.108 provides the DED with authority to expend federal funds and establishes the DED's responsibilities for housing development.

**Iowa Department of Economic Development Housing Programs**

The Iowa Department of Economic Development has operated a number of federal housing programs for many years. Currently, these programs include:

**Housing Fund = Approximately \$17,500,000** (Totaling all of DED's Federal HOME funds and 25.0% of the State Community Development Block Grant (CDBG) funds)

- The purpose of the Housing Fund, made of up CDBG and HOME funds, is to expand and preserve the supply of decent and affordable housing for low- and very low-income Iowans.
- Eligible activities under the Housing Fund include rehabilitation of owner-occupied housing, rehabilitation or new construction of rental housing, homebuyer and homeownership assistance, and tenant-based rental assistance.
- Only local governments (i.e., cities and counties) are eligible to receive CDBG funds. Eligible HOME recipients include local governments, for-profit entities (including partnerships) and nonprofit organizations (including Community Housing Development Organizations). They are unable to directly serve individuals with their individual housing needs.

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***DIVISION XX: Consolidation of Housing Programs (continued)***

**Neighborhood Stabilization Program = \$21,607,197** received in 2008 for the multi-year program. The application for a similar amount to U.S. Department of Housing and Urban Development (HUD) is under review by HUD.

The Neighborhood Stabilization Program (NSP) provides assistance to state and local governments to acquire and rehabilitate and/or redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The DED is using the 2008 award to assist 24 cities in the State that were hardest hit by foreclosures. If additional funds are received, additional cities will be assisted.

**Federal Disaster Recovery Funding (CDBG) = \$798,701,825**

To date, Iowa has received the following allocations from the HUD for disaster assistance: \$156,690,815 from the Supplemental Appropriations Act of 2008, and \$642,011,010 from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009.

This funding has been programmed for the following purposes:

Housing Repair/Homebuyer Assistance/Interim Mortgage Assistance	\$ 77,518,337
Housing Production (owner-occupied or rental)	\$ 156,118,022
Housing Buyouts	\$ 250,000,000
Business Assistance	\$ 117,200,000
Infrastructure Projects	\$ 138,412,175
Floodplain Mapping	\$ 15,000,000
Other	\$ 44,453,291
<b>Total</b>	<b>\$ 798,701,825</b>

**Assumption**

Some administrative efficiencies might be realized.

**Fiscal Impact**

Transferring housing programs from the DED to the IFA does not involve funding from the General Fund; therefore, the transfer will not have an impact on the General Fund. Any administrative efficiencies that may arise from the consolidation of federally funded programs is unknown until the required review is completed.

**Sources:** Public Works Iowa Efficiency Review Report and the Iowa Department of Economic Development (DED)

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***DIVISION XXI: Area Education Agencies***

***NOTE: Section 364 repeals the language establishing Iowa's participation and membership in the Midwest Higher Education Compact (MHEC).***

**Background**

The Compact provides services related to higher education to member states. The current annual compact membership dues are \$95,000. The dues were paid by an appropriation in the Education Appropriations Subcommittee Bill from FY 2006 through FY 2009. During the 2009 Legislative Session, the General Assembly did not appropriate funds for the FY 2010 MHEC dues and repealed the Code section dealing with MHEC. The Governor vetoed the repeal, indicating the Board of Regents would pay the dues in FY 2010.

The Compact language contains a provision requiring member states to pay dues until two years after the withdrawal from the Compact.

The MHEC competitively bids for computer hardware, software, and other services and provides a master price agreement with vendors. The master price agreement adjusts discounts for number of units of hardware purchased or number of users for software packages. Institutions and agencies purchase directly from vendors at the established MHEC member price. The FY 2008 list of users (most recent available) published by MHEC shows that Iowa had the following numbers of institutions and agencies make computer hardware purchases through the Compact.

Type of Participant	Number
K-12 Public Schools	49
K-12 Private Schools	1
Regents Universities	3
Private Colleges	3
Community Colleges	3
Area Education Agencies	4
Counties	2
Cities	3
State Agencies	2
Police Departments	1

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***DIVISION XXI: Area Education Agencies (continued)***

***Eliminate MHEC membership – continued***

The following institutions and agencies made computer software purchases through the Compact.

Type of Participant	Number
Regents Universities	1
Private Colleges	2
Community Colleges	3

In FY 2008, MHEC reports a total savings of \$547,000 for the 75 participants. (Two participants purchased both hardware and software.) This yields an average savings of \$7,300 per participant. After netting out the \$95,000 dues cost, the average net savings is \$6,000 per participant.

The Board of Regents received reports from MHEC showing \$38,000 in savings in FY 2008 for the University of Iowa and University of Northern Iowa. The two universities state they made no purchases from the MHEC contracts in FY 2008.

**Assumptions**

- The institutions and agencies making purchases through the MHEC program do so because they are receiving a lower price than through other options. Otherwise, they would not purchase through MHEC.
- Cost savings for software are calculated by comparing the manufacturer's recommended price with their education discount for the number of users compared to the MHEC discounted price.
- Cost savings for hardware are calculated assuming a 9.0% discount from the education price list for the volume of sales reported to MHEC by the vendors. Individual purchasers will have differing savings based on the options they have available and would be more or less than the 9.0% average estimated by MHEC.
- The State of Iowa is obligated to pay dues for two years following their withdrawal from MHEC. The Board of Regents universities will continue to pay the MHEC dues for those two years.

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***DIVISION XXI: Area Education Agencies (continued)***  
***Eliminate MHEC membership – continued***

**Fiscal Impact**

Withdrawal from the Midwest Higher Education Compact will have no impact on the General Fund.

Beginning in FY 2013, the Board of Regents universities will have a savings of \$95,000 from no longer paying the membership dues.

In future years, the K-12 schools, Board of Regents universities, private colleges, community colleges, and other governmental entities will experience cost increases for purchases that would have been made when MHEC offers the lowest price. The amount of the lost savings cannot be determined.

**Sources**

Midwest Higher Education Compact (<http://www.mhec.org/MHECHomePage>)

Department of Education

Iowa Association of Community College Trustees

Board of Regents

**LSA Fiscal Services Division Contact:** Dwayne Ferguson (515-281-6561) [dwayne.ferguson@legis.state.ia.us](mailto:dwayne.ferguson@legis.state.ia.us)

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***DIVISION XXI: Area Education Agencies (continued)***

***NOTE: Sections 328 through 331 and Section 339 make the following changes:***

Strikes Code Section 8D.5(1) that establishes the Educational Telecommunications Council (ETC) and transfers those responsibilities to the Regional Telecommunications Councils (RTCs). The ETC expenses are paid out of Iowa Public Television's administrative funds.

- Strikes Code Chapter 280A that establishes the Iowa Learning Technology Initiative and the Learning Technology Commission. The Learning Technology Commission meets only when funds are appropriated to issue grants to local school districts, and administrative costs are deducted from the appropriation. The last year grants were funded was FY 2009, with an appropriation of \$250,000 from the Rebuild Iowa Infrastructure Fund (RIIF). The Commission received three previous annual appropriations from non-General Fund sources of \$500,000 each.
- Strikes Code Section 280.20 that encourages public high schools to develop vocational education programs in agriculture technology. The Bill also strikes Section 256.32 that establishes the Agriculture Education Advisory Council. The Department of Education is responsible for providing support services to the Council and contracts with Iowa State University for this purpose. The cost is paid from the Department's general administrative funds.

**Assumptions**

- Annual costs for meetings of the Educational Telecommunications Council total \$7,000 for usage of the Iowa Communications Network (ICN), telephone conference calls, and clerical support.
- Annual meeting costs for the Learning Technology Commission were less than \$500 annually. The final evaluation of grant-funded projects was conducted with the assistance of Iowa State University at a cost of \$9,000. These costs have been paid out of the FY 2009 appropriation. Striking this Code language will eliminate any need of future funding. The amount of future funding saved is not known.
- The Department of Education's contract with Iowa State University to support the Agriculture Education Advisory Council for FY 2010 is less than \$3,000.

**Fiscal Impact**

The estimated fiscal impact is a reduction in General Fund expenditures of \$10,000 annually.

**Sources: Department of Education and Iowa Public Television**

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***DIVISION XXI: Area Education Agencies***

***NOTE: Sections 332-337 and Sections 341-342 make the following changes:***

**Background**

These Sections regarding the area education agencies (AEAs) provide the following:

- Requires the Department of Education to provide guidance and standards to AEAs for federal and State initiatives and evaluate performance in regards to those initiatives.
- Modifies the membership of an AEA board to include at least nine members and requires specific school district staff to be included as AEA board members.
- Requires the Department of Education to study alternative financing for the AEA system and submit a report with findings and recommendations by December 15, 2010.
- Requires the Department of Education to study AEA standards and services and submit a report with findings and recommendations by October 1, 2010.

**Assumptions**

- Modification of AEA board membership is not anticipated to have a fiscal impact.
- The Department of Education may require additional resources to complete two reports by December 15, 2010. However, if no additional funds are appropriated, it is assumed that the Department will use current resources to complete the required reports.
- Any recommendations made by the Department regarding the funding of AEAs will not be implemented until FY 2012 at the earliest.

**Fiscal Impact**

The estimated fiscal impact in FY 2011 is currently unknown. However, if no additional funds are appropriated, the Department of Education will use current resources to complete the required reports.

The estimated fiscal impact in FY 2012 is currently unknown. Any fiscal impact regarding financing AEAs would be based on the recommendations that were approved by the General Assembly and cannot be determined at this time.

**Source**

LSA analysis

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***DIVISION XXII: Early Childhood Iowa Initiative***

**Background**

This Division makes significant changes to the structure of Community Empowerment, based upon the recommendations of a Lean Design event that occurred in June 2009. The most significant changes fall into three categories: State structure, local structure, and evaluation/recognition of local boards.

The Bill recreates Community Empowerment as part of the Early Childhood Iowa Initiative and moves the former Office of Empowerment, called the Early Childhood Coordination Center in the Bill, from the Department of Management to the Department of Education.

The Bill changes the requirements for designation of the local boards, called Early Childhood Iowa Areas in the Bill. Under the changes, an Area may not encompass more than four counties, and all counties in an Area must have contiguous borders. For a single county to serve as an Area, it must have a minimum population of children ages zero to 5 in excess of 5,000, based on the latest U. S. Census data. Counties that do not meet that criterion must combine with at least one other county to serve as an Early Childhood Iowa Area. The Lean Design Team determined that this would likely result in 30 to 38 local Areas by FY 2013, a significant reduction from the current 58 Community Empowerment Areas.

**Assumptions**

- The changes regarding the State-level structure of Empowerment and the Levels of Excellence rating system for evaluating and recognizing the achievements of local boards are not likely to have significant fiscal impact to the State.
- The reduction in the number of local Areas and boards is likely to result in a variety of efficiencies that would allow local boards to function with better accountability in both programming and fiscal matters. Cost reductions in certain areas may result.
- The following information is based on data collected from the FY 2008 annual reports submitted by the Community Empowerment Areas and assumes future annual total funding to local Areas equal to the original FY 2010 funding level of \$32.2 million.

**Fiscal Agent Fees**

In FY 2008, Areas spent a total of \$408,000 for fiscal agent fees, or 0.9% of total FY 2008 funding. On average, the cost per Area was \$7,000.

Currently, the services provided by and fee arrangements for fiscal agents vary greatly across Areas. In some cases, the fiscal agent simply provides a checking account and writes checks at the behest of the board, while others provide detailed assistance with monitoring of budgeted expenditures by category. For some Areas, the fees are based on a percentage of the Area's budget, while others pay a flat annual fee or a fee per transaction.

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***DIVISION XXII: Early Childhood Iowa Initiative (continued)***

If the changes in the Bill result in more detailed and consistent fiscal agent services across Areas, it is likely that fee arrangements for fiscal agents would be more consistent and based on a percentage of budget. As a result, the statewide cost for fiscal agent services may increase compared to the FY 2008 average of 0.9% of budget. Therefore, a reduction in the number of Areas would not necessarily reduce the amount spent statewide on fiscal agent services.

Assuming fiscal agent fees are set at 1.0% of budget and annual funding to local Areas is \$32.2 million, annual expenditures for fiscal agents would equal \$322,000. At a fee rate of 1.5% of budget, the total funding would be \$482,000. At a fee rate of 2.0% of budget, the total funding would be \$643,000.

**Liability Insurance**

In FY 2008, Areas spent a total of \$71,000 for liability insurance premiums, or 0.2% of total FY 2008 funding. On average, the cost per Area was \$1,000.

Without more information regarding the basis on which the premiums were set, it is difficult to predict the effect of reducing the number of Areas. Assuming that the average cost per Area remains at \$1,000, reducing the number of Areas to 35 would result in a savings of \$23,000 statewide.

**Coordinator Support**

In FY 2008, Areas spent a total of \$2.5 million for coordinator support, or 5.5% of total FY 2008 funding. On average, the cost per CEA was \$43,000.

Assuming that the average cost per Area for coordinator support increases at a rate of 1.0% per year, the average cost per CEA in FY 2013 would be \$45,000. At that rate of increase, reducing the number of Areas from 58 to 35 in FY 2013 would reduce statewide expenditures for coordinator support by \$1.0 million. Annual rates of increase of 1.5% and 2.0% do not significantly increase the reduction in statewide expenditures.

The full magnitude of cost reductions cannot be estimated due to a lack of detailed information regarding current local costs and future levels of State funding for Early Childhood Iowa.

**Fiscal Impact:** The fiscal impact of this Division to the General Fund cannot be estimated due to a lack of information on current costs.

**Source:** Department of Management, Office of Empowerment

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***DIVISION XXIII: Health and Human Services Program Efficiencies***

***Section 375 – Directive for Increased Efficiencies in Human Services Programs.***

This Section requires the Department of Human Services (DHS) to develop and implement strategies to increase efficiencies. These include reducing duplication in eligibility determinations among programs. The Department is required to submit a monthly progress report to the Health and Human Services Subcommittee.

**Fiscal Impact:** Although no fiscal impact can be determined, it is assumed that the Department will free up staff time because of increased efficiency and less duplication. The Department may also realize minimal savings.

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***Section 376 – Pharmaceutical Improvements***

This Section requires the Departments of Human Services, Public Health, Corrections, Management, and any other appropriate agency to identify strategies to improve efficiencies in pharmaceuticals, including changes to State law or approval from the federal government.

The Department of Corrections (DOC) is in the process of creating a centralized pharmacy for the prison system, using generics as a base for its formulary. Any substitutes of name brand medications are to be documented.

Over the past several years, most if not all of these agencies (including University of Iowa Hospitals and Clinics) have worked together on an intermittent basis to address pharmacy costs. Most cost savings ideas have been hampered by federal regulations regarding the specific populations of the individual agencies. For example, DOC is at a higher cost than DHS for the same medicine, because one population is criminals while the other is civilians.

**Fiscal Impact:** The fiscal impact cannot be determined. It is anticipated any savings would be generated after FY 2012, when any potential changes to state law or federal regulations would take effect.

**Sources**

Department of Corrections  
Department of Human Services

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***DIVISION XXIV: Hospital Licensing Board***

**Background**

Eliminates the Hospital Licensing Board in the Department of Inspections and Appeals (DIA) and requires licensing fees to be paid directly to the DIA instead of the Board.

**Assumption**

The Department would be able to assume the Board's duties without additional staff.

**Fiscal Impact**

The estimated General Fund savings is expected to be \$1,500 for FY 2011 and FY 2012.

**Sources**

Department of Inspections and Appeals

**LSA Fiscal Services Division Contact:** Joseph Brandstatter (515-281-8223) [joseph.brandstatter@legis.state.ia.us](mailto:joseph.brandstatter@legis.state.ia.us)

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***DIVISION XXV: Child Support***

This Division requires businesses that collect child support payments from employees and transmit them to the State to do so through electronic means with exceptions in cases when it may cause a hardship.

**Background**

Currently only 56.0% of support payments are transmitted electronically where businesses are filing 97.0% of their returns electronically. The Department of Human Services has both an electronic funds transfer option and a website available for easy electronic transfer.

**Fiscal Impact**

This change is estimated to save the General Fund \$23,000 annually in processing costs beginning in FY 2011.

**Sources**

Department of Human Services  
Public Works LLC

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***DIVISION XXVI: False Claims Act***

**Background**

This Division creates a False Claims Act. The False Claims Act is an attempt to secure a larger recovery for the State (10.0%) under Medicaid Fraud actions. The language is broader than Medicaid Fraud. The Bill provides a procedure for the State and private individuals to bring an action for fraud against a person that may result in financial loss to the government.

Any statute has to be reviewed by the federal Department of Health and Human Services before it can be implemented. The language will not be reviewed until it has been enacted. This language is based on a model act and review by the federal government could result in implementation being delayed the first year. If the language is rejected, the General Assembly could enact legislation to attempt to get federal approval. Several states have had their statutes rejected. Iowa currently operates under the Federal False Claims Act. There are currently 25 states with a False Claims Act.

**Assumptions**

- The Bill has the potential to impact the work load in the Judicial Branch and the Attorney General's Office. The Bill may impact collection efforts and staffing workloads of the Department of Human Services and the Department of Inspections and Appeals.
- If the language is approved by the federal government, the State will be allowed to retain 10.0% of the federal share of Medicaid Fraud recoveries.
- The language will most likely increase the number of fraud cases brought to court. Some of the cases will result in additional recoveries to the State. Some may be nuisance cases without a legitimate claim. Those cases will increase the workload of State agencies with no recoveries. There is no method to determine the number of fraud cases that are either legitimate or a nuisance.
- A percentage of those found fraudulent will not be able to pay. This increases the amount of uncollectible debt owed to the State.
- The Department of Inspections and Appeals indicates if an approved False Claims Act had been in place, an additional \$350,000 in FY 2008 and an additional \$236,000 in FY 2009 would have been recovered under the Medicaid Fraud provisions for a two-year average of \$293,000 annually.
- There is no information available to project the amount to be recovered by lawsuits brought by private individuals.

**Fiscal Impact:** The net fiscal impact cannot be determined at this time. Any recoveries under the Medicaid Fraud provisions may be offset by increased costs to State agencies for actions under the Bill. Any receipts for FY 2011 will be for a partial year, because no actions may be taken until the language is approved by the federal government.

**Sources:** Office of the Attorney General, Judicial Branch, Department of Human Services, Department of Inspections and Appeals, and the National Association of Attorneys General

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***DIVISION XXVII: Medicaid Prescription Drugs***

**Section 390** requires the Department of Human Services to adopt rules to restrict physicians and other prescribers to a maximum of three days of prescription drugs that are not on the Medicaid Preferred Drug List (PDL) while seeking approval to continue the medication.

**Background**

The Department of Human Services currently allows physicians to prescribe a one-time 30-day supply of prescription drugs while they are waiting for prior authorization if a drug is not on the Preferred Drug List. Federal law requires only an emergency three-day supply while waiting for approval. Currently, the average wait time to receive prior authorization is two business hours.

**Assumption:** Assumes a Federal Medical Assistance Percentage (FMAP) rate of 31.18% for FY 2011 and 37.37% for FY 2012.

**Fiscal Impact:** Reducing the length of a prescription from 30 days to three days is estimated to save the General Fund \$156,000 in FY 2011 and \$187,000 in FY 2012.

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**Section 391** requires the Department of Human Services to adopt rules to place chemically unique mental health drugs on the nonpreferred drug list and require prior authorization if the drug does not receive supplemental rebates.

**Background**

It is the current policy of the Department of Human Services to put all chemically unique mental health drugs on the PDL, even if they don't receive any rebates for the drugs.

**Assumption:** Assumes an FMAP rate of 31.18% for FY 2011 and 37.37% for FY 2012 for the State portion.

**Fiscal Impact**

By requiring only mental health drugs that receive supplemental rebates to be placed on the PDL, it is estimated to save the State \$400,000 in FY 2011 and \$479,000 in FY 2012.

**Sources**

Department of Human Services  
Public Works LLC

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***DIVISION XXVIII: Medicaid Disease Management***

This Division requires the Department of Human Services to design and implement a chronic disease management program for children.

**Background**

By implementing a chronic disease management program, Iowa can assure that providers are using best practices to treat patients. A number of other states have implemented similar programs and it has been shown to save significant amounts of money.

**Assumptions**

It is assumed that the State could save 40.0% on asthma and diabetes hospital related expenses, 20.0% on complex hospital related cases, and 7.0% on hospital expenses related to low birth weight babies. This also assumes that it would take half a fiscal year to design and implement the program, with an implementation date of January 1. Assumes an FY 2011 FMAP rate of 31.18% and FY 2012 FMAP State rate of 37.37% for the State portion.

**Fiscal Impact**

This change is estimated to save the State \$2.7 million in FY 2011 and \$6.5 million in FY 2012.

**Sources**

Department of Human Services  
Public Works LLC

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***DIVISION XXIX: Medicaid Home and Community-Based Services (HCBS) Waiver***

This Division requires the Department of Human Services to set a trigger for a review of payments for services provided under the HCBS Waivers. After the development of the trigger mechanism, the Department shall require advanced approval for services where the payment is projected to exceed the median.

**Background**

Payments for waiver services tend to vary greatly, with the median value of payments for the Intellectual Disability Waiver being \$16,953. By evaluating all of the costs above the median for each waiver, the State should be able to identify unnecessary services.

**Assumptions**

This estimate assumes the State will save 5.0% on payments above the median payment on all waivers except for the Children's Intellectual Disabilities Waiver which assumes a 7.5% savings and the FMAP rate will be 32.41% for FY 2011 and 37.37% for FY 2012 for the State portion. This assumes the Department would need to hire 8.0 additional contract nurse reviewers to process 15,000 new prior authorizations at a State cost of \$175,000. Counties are the largest payer for Medicaid Waiver Services with the Intellectual Disabilities Waiver being the most costly of the waivers, therefore the counties will see the greatest savings from this change.

**Fiscal Impact**

This change is estimated to have a net savings to the General Fund of \$1.9 million in FY 2011 and \$2.2 million in FY 2012. This change will also save counties \$2.8 million in FY 2011 and \$3.2 million in FY 2012.

**Sources**

Department of Human Services  
Public Works LLC

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***DIVISION XXX: Divestiture – Medicaid Program***

This Division strengthens the Medicaid law to increase recoveries of improperly-claimed Medicaid benefits and prevent ineligible individuals from receiving these benefits.

**Background**

It is illegal for individuals to transfer assets to another person for the sole purpose of qualifying for Medicaid. By hiring additional FTE positions to review possible Medicaid fraud, the State could collect assets owed and deter people from defrauding the State in the future with a cost/benefit ration of 2 to 1.

**Assumptions**

The Department of Inspections and Appeals would hire an additional 6.0 FTE positions as follows: four Investigators and one Chief Investigator at a cost of \$414,533; one Assistant Attorney General at \$133,397; and support staff for all positions of \$76,850. Additional vehicle and equipment costs would equal \$74,000. The Department receives a 50.0% Medicaid match rate for Medicaid-related administrative activities. This estimate assumes an FMAP rate of 31.18% for FY 2011 and 37.37% for FY 2012 for the State portion.

**Fiscal Impact**

It is assumed that after hiring additional employees to investigate fraud and abuse, the State would see a net savings to the General Fund of \$586,000 in FY 2011 and \$772,000 FY 2012.

**Sources**

Department of Inspections and Appeals  
Public Works LLC

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***DIVISION XXXI: Child Care Advisory Committee***

**Background**

This Division establishes a State Child Care Advisory Committee under the purview of the Early Childhood Iowa Council that is supported by the Department of Public Health through a federal grant. Currently, the State Child Care Advisory Council is an independent Council and is staffed by the Department of Human Services. The new Committee will continue to operate as the Council currently does, however, members will be appointed by the Early Childhood Council and not by the Governor.

The current State Child Care Advisory Council costs approximately \$5,270 annually including staff time and operational costs. The Council is currently funded with a combination of General Fund money and federal funds.

The Division also states that if the General Assembly creates the Early Childhood Iowa State Board to replace the current Early Childhood Iowa Council, then the duties of the current Council will become the duties of the new State Board.

**Assumptions**

- DHS will continue to staff the State Child Care Advisory Committee at an average of 72-80 hours per year.
- The new Council's operations will continue to be federally funded from the Child Care Development Block Grant.

**Fiscal Impact**

This Division will not have a fiscal impact to the State General Fund for FY 2011.

**Source**

Department of Human Services

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***DIVISION XXXII: State Mental Health Institutes***

This Division appropriates funds to the Department of Human Services (DHS) for transition costs related to the closure of the Mount Pleasant Mental Health Institute (MHI) and relocating patients and a number of staff to one of the other three MHIs.

**Background**

House File 811 (FY 2010 Health and Human Services Appropriations Act) contained a section that required the Department to review the four MHIs and recommend the closure of at least one MHI. The Act also authorized a Task Force to study the economic impact the closing of one of the facilities would have on the communities where they are located. The Department's recommendation was to close Mount Pleasant and the relocation of all 79 beds in the facility to Independence.

**Assumptions**

This estimate assumes that 45 employees would accept administrative reassignment at an average reimbursable cost of \$25,000 and the State would be responsible for paying 90.0% of that cost. There will be a one-time cost of \$320,000 to renovate the facilities at the Independence MHI to accommodate the 79 relocated beds. There will be one-time payout costs and other costs associated with relocating equipment and beds. It is estimated that there will be an ongoing cost of \$768,000 to the Department of Corrections (DOC) for utilities and to maintain some of the shared DHS and DOC employees.

**Fiscal Impact**

For FY 2010, including the one-time costs involved with relocating employees, patients, and equipment, the closure of the Mount Pleasant MHI, along with the DOC costs, this closure is estimated to cost the General Fund \$860,000. For FY 2011 after eliminating one-time costs, the net savings to the General Fund is estimated to be \$1.3 million.

It is also estimated that these changes will increase county and federal revenue to the General Fund by \$75,000 in FY 2010 and \$112,000 in FY 2011.

**Sources**

Department of Human Services  
Department of Corrections

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***DIVISIONS XXXIII, XXXIV, and XXXV – MH/MR/DD/BI Commission Duties***

**Background**

Updates statutory language regarding the MH/MR/DD/BI Commission, the Commission duties and the Mental Health System in the State. The majority of the changes conform statutory language to the current practices of the Commission and the Department of Human Services, such as eliminating a requirement that the Department of Human Services consult with the Commission to determine if counties meet requirements for State payment. The language changes the name of the Commission to the Mental Health and Disability Services Commission and changes the term Mental Retardation to Intellectual Disability.

**Fiscal Impact**

This Division has no fiscal impact.

**Source**

Legislative Services Agency

NOTE: MH/MR/DD/BI = Mental Health, Mental Retardation, Developmental Disability, and Brain Injury

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***DIVISION XXXVI: Consolidation of Advisory Bodies – Council on Human Services***

**Background**

This Division eliminates the following bodies and reauthorizes them as advisory committees established by the Council on Human Services:

- Child Abuse Prevention Program Advisory Council that advises the Department of Human Services (DHS) on the expenditures of funds for the Department's Child Abuse Prevention Program.
- Child Support Advisory Committee that advises the DHS by making recommendations related to the processes, legislation, and policies relating to child support recovery efforts.
- Child Welfare Advisory Committee that advises the DHS on programmatic and budgetary matters related to the provision or purchase of child welfare services.

The Child Abuse Prevention Program is administered through a third-party contract with Prevent Child Abuse Iowa and the costs of the Advisory Council are included. The Child Support Advisory Council is funded by the General Fund and staffed by the DHS. The cost of staff time and Council operations was approximately \$1,600 in FY 2009. The Child Welfare Advisory Committee is also staffed by the DHS and is funded by the General Fund at a cost of approximately \$2,600 in FY 2009.

**Assumptions**

- The DHS will continue to contract with Prevent Child Abuse Iowa for FY 2011.
- The DHS will continue to staff the Child Support Advisory Committee in the same manner of operation as the Advisory Council.
- The DHS will continue to staff the Child Welfare Advisory Committee in the same manner of operation as the Advisory Council.

**Fiscal Impact**

This Division will not have a fiscal impact to the State General Fund for FY 2011.

**Source**

Department of Human Services

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***DIVISION XXXVII: Repeal of Health Advisory Bodies***

**Background**

This Division eliminates the following bodies that are currently under the purview of the Department of Public Health (DPH):

- Technical Advisory Committee for Radiation Machines and Radioactive Materials. This Committee was created to assist the DPH in administering Iowa Code Chapter 136C. This Committee has not met in several years.
- State Substitute Medical Decision-Making Board. Prior to 2005, there was an average of four requests for decisions from the Board per year. Since December of 2005, only five requests have been appropriate for the Board to take action on. No requests have been accepted by the Board since May of 2007.
- Anatomical Gift Public Awareness Advisory Committee. This Committee was created to assist the DPH in the acceptance of and awarding of grants to promote donation of anatomical gifts (organs and tissues) and to make recommendations about the gifts system and legislation. This Committee has had three conference call meetings since September of 2005 and the DPH staff can absorb this work.
- Swimming Pool Advisory Committee. This Committee was formed by the DPH to assist the Department in administering Iowa Code Chapter 135I and is not actively meeting. This Division prohibits the DPH from operating the advisory committee or any other advisory committee related to the Chapter.

**Assumption:** The Board and Committees that will be eliminated in DPH were not actively meeting with the exception of the Anatomical Gift Public Awareness Advisory Committee that was funded through donations. These donations will continue to pay for 0.10 FTE that will absorb the work of the Committee.

**Fiscal Impact:** This Division will not have a fiscal impact to the State General Fund for FY 2011.

**Source:** Department of Public Health

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***DIVISION XXXVIII: DHS – Field Services Organization***

**Background**

This Division gives the Department of Human Services the sole authority to determine service areas for field staff. Previously the Department was required to consult with counties regarding service areas and receive agreement from counties before making any changes. The Department is planning to decrease the number of service areas from eight to five.

**Fiscal Impact**

Although there may be minimal savings from a reduction in service areas, those savings are expected to be reinvested to limit reductions to frontline field staff.

**Source**

Department of Human Services

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***DIVISION XXXIX: Department of Human Services – Family Support Subsidy***

**Background**

The Family Support Subsidy (FSS) Program serves families with children who have serious emotional disturbance, mental retardation, developmental disabilities, or brain injuries if their income is below \$40,000. A monthly payment is provided to families to help defray some of the special costs of caring for a child with a disability at home. In the first six months of FY 2010, the FSS Program was estimated to serve 346 children each month and provided a monthly payment of \$353.29 to families from June to December of 2009.

In October of 2009, the Governor ordered an across-the-board reduction and approved reductions to Department of Human Services (DHS) programs including the Family Support Subsidy Program. The DHS placed a freeze on the FSS Program waiting list and reduced the amount of the monthly payments to families from January 2010 through June 2010 by 24.4%. As a result of these reductions, the number of active cases per month will decrease from 346 to 312 and subsidy payments will decrease from \$353.29 to \$267.20 per month.

According to the DHS, an average of 30 participants will age out of the program each year and another six to 10 participants are usually determined ineligible in an annual review. For FY 2010, an estimated 71.0% of children receiving a subsidy also receive Medicaid Home and Community-Based Services (HCBS) waiver services.

This Division will prohibit the DHS from accepting any new enrollments into the FSS Program effective July 1, 2010, or FY 2011. The DHS will not be permitted to approve any pending applications for the FSS Program after this date.

**Assumptions**

- The total cost for subsidy payments to families in FY 2010 will be an estimated \$1,233,628.
- For FY 2011 and FY 2012, 38 families currently enrolled in the FFS Program will either age out of the Program or become ineligible.
- The average monthly enrollment for FY 2011 will be 274. The average monthly enrollment for FY 2012 will be 236.
- The average monthly payment to families for FY 2011 and FY 2012 will not change from the adjusted FY 2010 rates of \$267.20 per month.
- The total cost for the subsidies for FY 2011 will be \$878,554. The total cost for FY 2012 will be \$756,710.

**Fiscal Impact:** The fiscal impact of this Division for FY 2011 is an estimated expenditure reduction of \$355,000 for subsidy payments to families in the FFS Program compared to FY 2010. For FY 2012, the estimated expenditure reduction is \$121,800 compared to FY 2011.

**Sources**

Department of Human Services  
Iowa Efficiency Review Report

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***DIVISION XL: Department of Human Services – Electronic Funds Transfer Payment***

**Background**

Electronic payments are widely used in the Department of Human Services (DHS), but not in the Child and Family Services Division. Additionally, all Health Insurance Premium Payments (HIPP) payments and most payments to Medicaid providers are made by paper warrants. Only 25.0% of the DHS payments are made electronically through an Electronic Funds Transfer (EFT). Handling of paper warrants involves production and handling of the warrant, as well as mailing and postage costs.

This Division directs the DHS to continue expanding the practice of making payments to program participants and vendors by means of EFT for all of their programs.

**Fiscal Impact**

There is no fiscal impact for this Division at this time.

**Sources**

Department of Human Services  
Public Works Iowa Efficiency Review Report

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**SENATE FILE 2088  
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL  
FISCAL IMPACT STATEMENT**

***DIVISION XLI: Department of Human Services – Adoption Subsidy Program***

**Background**

The Department of Human Services (DHS) provides reimbursements for legal fees to assist families in finalizing adoptions. As a result of the Governor's across-the-board (ATB) reductions in October of 2009, the DHS lowered the maximum allowable legal fee reimbursement from \$700 to \$500 for the last six months of FY 2010. The DHS estimated a six-month General Fund savings of \$72,900 as a result of this change.

This Division directs the DHS to continue capping the legal fee reimbursements at \$500 for FY 2011.

**Assumption:** Savings from the last six months of FY 2010 will double in FY 2011.

**Fiscal Impact**

The fiscal impact of this Division is a total estimated reduction in expenditures for legal fee reimbursements of \$145,800 for FY 2011.

**Sources**

Department of Human Services  
Public Works Iowa Efficiency Review Report

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***DIVISION XLII: Guardian Ad Litem***

**Background**

This Division makes statutory changes to the duties of a guardian ad litem, and limits judicial discretion in such matters. A guardian ad litem is a person appointed to represent the interests of a juvenile with respect to a single action in litigation. The Department of Human Services (DHS) has procedures in place, including reciprocity agreements with other states, for certain out-of-state placements.

Certain children are placed outside of Iowa and are the responsibility of Juvenile Court Officers (Judicial Branch) and their parents.

If a child's parents are indigent, certain guardian ad litem are paid through the State Public Defender's Office.

**Assumption**

The language specifies the duties of a guardian ad litem and limits judicial discretion.

**Fiscal Impact**

This statutory change is estimated to reduce General Fund expenditures for indigent defense by \$112,000 annually beginning in FY 2011.

**Sources**

Office of the State Public Defender  
Department of Human Services  
Judicial Branch

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***DIVISION XLIII: County Commissions of Veteran Affairs Fund***

**Background**

Current law provides that each county receives a \$10,000 grant from an appropriation (not a standing appropriation) for veterans-related expenditures. This Division requires counties to submit an expenditure report in a form agreed to by the Department of Veterans Affairs and county representatives.

**Assumptions**

- That the Department of Veterans Affairs will continue to distribute the annual grant to counties.
- That the appropriation remains at \$990,000 (the FY 2010 original appropriation was \$1.0 million reduced by the 10.0% across-the-board Executive Order by the Governor) for FY 2011 after the distribution was made; so the only savings was the \$10,000 to the Department for training purposes.

**Fiscal Impact**

No fiscal impact. The FY 2011 appropriation would be the same as the FY 2010 adjusted amount.

**Source**

Legislative Services Agency

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FISCAL IMPACT STATEMENT**

***DIVISION XLIV: Department of Corrections***

***Section 459 – Reduce Board of Corrections Meetings***

**Background**

This Section requires the Board of Corrections to meet quarterly. The Board is currently required to meet at least 12 times per year.

**Assumptions:** All estimated savings for FY 2011 are based on FY 2009 actual expenditures of \$9,600 for 12 meetings. The average cost per meeting is \$800.

**Fiscal Impact:** The total savings due to holding fewer Board meetings is estimated at \$6,400 per year for FY 2011 and FY 2012.

**Source:** Department of Corrections

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***Section 460 – Establish Disciplinary Filing Fee***

**Background**

This Section permits the Department of Corrections (DOC) to impose a fee for the filing of a major disciplinary report when an inmate is found guilty. Receipts from the fee are deposited in the General Fund.

**Assumptions**

- The fee may be \$5.00 per filed report.
- The number of major disciplinary reports where the offender was found guilty in FY 2009 was 11,907.
- Inmates lose their job in the prison as part of the penalty for being found guilty. The collection rate is very low.
- Legislative staff in New York indicate they have 59,000 inmates and generated \$291,000 (20 cents per inmate) from a similar fee in FY 2009.
- Iowa's current inmate population is 8,293 inmates. At 20 cents each, this equals = \$1,659.
- A 10.0% collection rate is assumed for purposes of this analysis.

**Fiscal Impact:** The fee is estimated to generate \$6,000 of revenue in FY 2011 and FY 2012 for the General Fund.

**Sources:** Department of Corrections and State of New York

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FISCAL IMPACT STATEMENT**

***DIVISION XLIV: Department of Corrections (continued)***

***Section 461 – Correctional Facility Closure***

**Background**

This Section requires the Department of Corrections (DOC) to close the Luster Heights Prison Camp (satellite of Anamosa State Penitentiary) and Farms One and Three at Iowa State Penitentiary at Fort Madison. Farm Three is scheduled to close in FY 2011 because the new maximum security facility is being constructed on that land.

As of January 11, 2010:

- Luster Heights Prison Camp was at 63.0% of capacity (56 offenders and 88 beds).
- Farm One was at 75.0% of capacity (60 offenders and 80 beds).
- Farm Three was at 54.0% of capacity (54 offenders and 100 beds).
- The prison system was at 111.0% of capacity, with 8,293 offenders and 7,414 beds.

Closing these facilities reduces capacity from 7,414 beds to 7,146 beds. If the population remains stable, the prison system would be operating at 116.0% of capacity.

**Assumptions**

- All estimated savings are net of bumping and personnel transfers.
- The DOC will absorb any employee moving costs, specifically at Luster Heights Prison Camp.
- The DOC will absorb any costs associated with moth-balling the facilities at Farm Three and the Luster Heights Prison Camp.
- No allowance is made for the one-time transportation costs of moving offenders to other prison locations.

**Fiscal Impact**

The total savings due to these closures is estimated to be \$2,361,000 as follows:

- Farm One – \$688,000
- Farm Three – \$763,000
- Luster Heights Prison Camp – \$910,000

**Source**

Department of Corrections

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***DIVISION XLV: State Public Defender***

***Sections 462 – Eliminates the Indigent Defense Advisory Commission***

**Background**

This Section repeals the Indigent Defense Advisory Commission and requires the State Public Defender's Office to file a written report every three years with the Governor and General Assembly relating to the recommendations and activities of the indigent defense system. Currently, the Advisory Commission meets every three years.

**Assumptions**

- The Advisory Commission did not meet in FY 2009 or FY 2010. It is scheduled to meet in FY 2011.
- There are minimal administrative costs associated with the Advisory Council.
- There are minimal administrative costs associated with the new required report.

**Fiscal Impact:** There is no fiscal impact of this section.

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***Sections 463 and 464 – Public Defenders and Wapello County Local Public Defender Office***

**Background**

These Sections appropriate funds in FY 2011 to add 10.00 FTE positions to the State Public Defender's Office. The funds will be used to add staff in four local offices (Iowa City, Cedar Rapids, and Davenport – two local public defenders each and the Civil Commitment/Special Defense Unit – two local public defenders, one secretary and one investigator). This Bill also funds a new office in Wapello County with 6.00 FTE positions (one supervisor, three local public defenders, one secretary, and one investigator).

**Assumption:** It is more cost effective for the State Public Defender's local offices to staff cases compared to the private bar.

**Fiscal Impact**

The net savings to the General Fund is an estimated \$2,613,000 for FY 2011 as follows:

- Adding positions to the State Public Defender's Office is estimated to save a net \$1,860,000 (an increase of \$640,000 and 8.00 FTE positions to the State Public Defender's Office and a decrease of \$2,500,000 to the Indigent Defense Fund appropriation).
- Creating a local office in Wapello County is estimated to save \$753,000 (increase of \$500,000 and 6.00 FTE positions to the State Public Defender's Office and decrease of \$1,253,000 to the Indigent Defense Fund appropriation).

**Source:** Office of the State Public Defender

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***DIVISION XLVI: Iowa Law Enforcement Academy (ILEA)***

***Section 465 – ILEA Training Costs***

**Background**

This Division permits the ILEA to charge the Departments of Transportation and Natural Resources the full cost of training.

Since FY 2005, language in the Justice System Appropriation Bill allowed the Iowa Law Enforcement Academy (ILEA) to charge more than 50.0% of the cost of tuition to help offset a potential revenue shortfall in the operating budget resulting from a decrease in attendees to the Basic Academy. Prior to this language, 50.0% of the Academy revenue was from tuition and fees and 50.0% was from the General Fund appropriation. Since 2006, the ILEA has been charging agencies closer to 60.0% of the costs associated with training their employees with the remaining 40.0% from the State General Fund appropriation.

The cost of full tuition for one student at ILEA in FY 2009 was \$6,909 and the rate charged to the local law enforcement, sheriffs, and the Departments of Natural Resources and Transportation was \$4,000. The full cost of the Academy in FY 2008 was \$5,942 and the amount charged per person was \$3,575. The rate for July 1, 2010, will be set by the ILEA Council at the February meeting.

**Assumptions**

- In FY 2008, the ILEA trained one Department of Natural Resources (DNR) and five Department of Transportation (DOT) officers.
- In FY 2009, the ILEA trained one DNR and four DOT officers. For the fiscal impact, the number of DNR and DOT officers trained in FY 2009 is used. However, the DNR has had 11 officers retire in FY 2010, with 3.00 FTE positions as Park Rangers and 8.00 FTE positions as Wildlife Conservation Officers. Park rangers are funded with General Fund monies and Conservation Officers are funded with Fish and Wildlife Trust Fund monies. The actual number of trainees is unknown.
- The cost difference between what the DOT and DNR are paying now and full tuition is approximately \$2,900.

**Fiscal Impact:** The fiscal impact for charging the DOT and DNR the full cost of tuition for the ILEA Academy is an increase in revenue of approximately \$14,500 (\$11,600 other fund expense for DOT and \$2,900 General Fund expense for DNR). The fees charged for training are retained by ILEA.

**Source:** Iowa Law Enforcement Academy

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***DIVISION XLVI: Iowa Law Enforcement Academy (ILEA) – (continued)***

***Section 466 – Pilot Training Project***

**Background**

The Iowa Law Enforcement Academy (ILEA) promulgates hiring, training and certification standards for Iowa law enforcement officers.

**Assumptions**

- ILEA would pilot 50 hours of training seminars with 10 security personnel at a rate of \$50 per hour taught over six weekends.
- Current private sector training costs for private security personnel range from \$50 to \$60 per hour.
- No start-up costs are anticipated for the pilot as current ILEA instructors would modify their curriculum to provide this training.

**Fiscal Impact**

The fiscal impact to train 10 security personnel at \$50 per hour for 50 hours is a revenue increase of \$25,000. The money will be deposited in the General Fund.

**Source:** Iowa Law Enforcement Academy

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***DIVISION XLVII: State Government Efficiency Review Committee***

**Background**

This Division establishes a permanent State Government Efficiency Review Committee. The Committee is required to meet at least every four years to review the operations of State government.

**Fiscal Impact:** The fiscal impact of meeting expenditures is expected to be minimal (less than \$100,000).

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***DIVISION XLVIII: BOARDS AND COMMISSIONS – ESTABLISHMENT CRITERIA***

**Background**

This Division requires the General Assembly to consider various factors before establishing a new board or commission after July 1, 2010. The factors include:

- Duplication of duties by an existing board or commission.
- Estimated fiscal impact of the proposed board or commission.
- Consideration of a repeal date for the proposed board or commission.

**Assumptions**

The General Assembly would assign additional duties to existing boards or commissions in lieu of creating additional ones.

**Fiscal Impact**

This Division is estimated to eliminate additional future costs including per diems, travel, and staff costs by not increasing the number of boards and commissions without consideration of adding additional duties to existing boards and commissions.

**Source**

Legislative Services Agency

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## Summary Data

### General Fund

	Senate Subcom
	FY 2011
	<u>(1)</u>
Administration and Regulation	\$ 375,000
Justice System	<u>1,140,000</u>
<b>Grand Total</b>	<b><u>\$ 1,515,000</u></b>

# Administration and Regulation

## General Fund

	Senate Subcom FY 2011 <u>(1)</u>	Bill Number <u>(2)</u>
<u>Management, Dept. of</u>		
Management, Dept. of GEMS Program	\$ 50,000	SF 2088
Total Management, Dept. of	<u>\$ 50,000</u>	
<u>Revenue, Dept. of</u>		
Revenue, Dept. of Revenue Examiners	\$ 325,000	SF 2088
Total Revenue, Dept. of	<u>\$ 325,000</u>	
Total Administration and Regulation	<u><u>\$ 375,000</u></u>	

# Justice System

## General Fund

	Senate Subcom FY 2011	Bill Number
	(1)	(2)
<u>Inspections &amp; Appeals, Dept. of</u>		
Public Defender		
Wapello Co. Public Defender	\$ 500,000	SF 2088
Public Defender Positions	640,000	SF 2088
<b>Total Inspections &amp; Appeals, Dept. of</b>	<b>\$ 1,140,000</b>	
<b>Total Justice System</b>	<b>\$ 1,140,000</b>	

# Summary Data

## Other Funds

	Senate Subcom
	FY 2011
	(1)
Administration and Regulation	\$ 800,000
Agriculture and Natural Resources	<u>700,000</u>
<b>Grand Total</b>	<u><u>\$ 1,500,000</u></u>



# Administration and Regulation

## Other Funds

	Senate Subcom FY 2011	Bill Number
	<u>(1)</u>	<u>(2)</u>
<u>Treasurer of State</u>		
Treasurer of State		
Appropriation to General Fund-UST	\$ 800,000	SF 2088
Total Treasurer of State	<u>\$ 800,000</u>	
Total Administration and Regulation	<u>\$ 800,000</u>	

# Agriculture and Natural Resources

## Other Funds

	Senate Subcom FY 2011	Bill Number
	<u>(1)</u>	<u>(2)</u>
<u>Treasurer of State</u>		
Treasurer of State		
UST Program Administration-UST	\$ 700,000	SF 2088
Total Treasurer of State	<u>\$ 700,000</u>	
Total Agriculture and Natural Resources	<u>\$ 700,000</u>	

# Summary Data

FTE

	Senate Subcom
	FY 2011
	(1)
Administration and Regulation	6.00
Justice System	16.00
<b>Grand Total</b>	<b>22.00</b>

# Administration and Regulation

FTE

	Senate Subcom FY 2011	Bill Number
	<u>(1)</u>	<u>(2)</u>
<u>Management, Dept. of</u>		
Management, Dept. of GEMS Program	1.00	SF 2088
Total Management, Dept. of	<u>1.00</u>	
<u>Revenue, Dept. of</u>		
Revenue, Dept. of Revenue Examiners	5.00	SF 2088
Total Revenue, Dept. of	<u>5.00</u>	
Total Administration and Regulation	<u><u>6.00</u></u>	

# Justice System

FTE

	Senate Subcom	Bill
	FY 2011	Number
	(1)	(2)
<u>Inspections &amp; Appeals, Dept. of</u>		
Public Defender		
Wapello Co. Public Defender	6.00	SF 2088
Public Defender Positions	10.00	SF 2088
<b>Total Inspections &amp; Appeals, Dept. of</b>	<b>16.00</b>	
<b>Total Justice System</b>	<b>16.00</b>	