

*******DRAFT*******

Government Reorganization and Efficiency Bill Senate File 2088

Last Action:
Senate Floor
February 1, 2010

Executive Summary Only

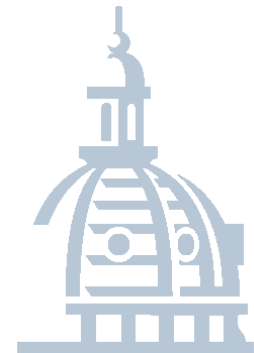
**An Act concerning state government reorganization and efficiency,
making appropriations, establishing fees, establishing fees and penalties,
and providing effective and applicability provisions.**

NOTES ON BILLS AND AMENDMENTS (NOBA)

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

Fiscal Services Division

LSA Contacts: Sue Lerdal (281-7794),
Marcia Tannian (281-7942), and Mary Shipman (281-4617)



**EXECUTIVE SUMMARY
NOBA**

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

**FUNDING SUMMARY AND FISCAL
IMPACT**

- **APPROPRIATIONS:** This Bill appropriates a total of \$1.7 million from the General Fund and \$1.5 million from other funds for FY 2011. This Bill also authorizes 31.0 new FTE positions. For additional detail see the attached tracking document.
- **REVENUES:** This Bill generates additional General Fund revenue estimated at \$20.6 million for FY 2011 and \$5.7 million for FY 2012. The \$20.6 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 decrease in expenditures of \$102,000.
 - **FY 2011** – an estimated decrease in expenditures of \$52.7 million.
 - **FY 2012** – an estimated decrease in expenditures of \$28.1 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 savings to the General Fund of \$102,000.
 - **FY 2011** – an estimated savings to the General Fund of \$71.6 million.
 - **FY 2012** – an estimated savings to the General Fund of \$33.8 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 \$54.6 million.
 - **FY 2012** – an estimated savings of \$34.3 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	Board of Regents - Cooperative Purchasing	0	0	unknown	0	unknown	0
VII	DAS Centralized Purchasing	0	0	-7,500,000	-7,500,000	-7,500,000	-7,500,000
VIII	Require EFT for all State Employees	0	0	-45,000	-71,000	-45,000	-71,000
VIII	DAS Operations - Lease Consolidation	-102,000	-21,000	-108,000	-24,000	-98,000	-4,000
IX	Move ABD to Department of Revenue	0	0	0	0	0	0
X	Close ABD Warehouse on Fridays	0	0	-20,000	0	-20,000	0
X	Tobacco Retail Compliance Checks	0	0	0	0	0	0
XII	Human Rights Reorganization	0	0	minimal	minimal	minimal	minimal
XIV	DOM Financial Administration Reorganization	0	0	-260,000	0	0	0
XVI	Eliminates Renewable Fuels Advisory Committee	0	0	minimal	minimal	minimal	minimal
XVI	Grape and Wine Commission	0	0	minimal	minimal	minimal	minimal
XVI	Eliminates Sustainable Natural Resource Funding Advisory Committee	0	0	minimal	minimal	minimal	minimal
XVII	Eliminates Upland Game Bird Committee	0	0	minimal	minimal	minimal	minimal
XVIII	Eliminates Climate Change Committee	0	0	minimal	minimal	minimal	minimal
XIX	Transfers UST Board administration to the DNR	0	0	0	0	0	0
XX	DED Boards Elimination	0	0	minimal	minimal	minimal	minimal
XXI	Housing Programs from DED to IFA	0	0	unknown	unknown	unknown	unknown
XXIV	Eliminate Advisory Committee on Post-Secondary Registration	0	0	-3,600	0	-3,600	0
XXII	Eliminates LTC and Ag Ed Advisory Council	0	0	-3,000	0	-3,000	0
XXII	AEA Transition	0	0	unknown	0	unknown	0
XXIII	Early Childhood Iowa Initiative	0	0	unknown	0	unknown	0
XXV	Increased Efficiencies DHS	0	0	minimal	minimal	minimal	minimal
XXV	Pharmaceutical Improvements	0	0	unknown	0	unknown	0
XXVI	Eliminate Hospital Licensing Board	0	0	-1,500	0	-1,500	0
XXVII	Child Support Payor Transfer	0	0	-23,000	0	-23,000	0
XXVIII	False Claims Act	0	0	unknown	unknown	unknown	unknown
XXIX	Medicaid Preferred Drug List	0	0	-117,000	0	-140,000	0
XXIX	Medicaid Mental Health Drug Changes	0	0	-400,000	0	-479,000	0
XXX	Medicaid Chronic Disease Management	0	0	-2,700,000	0	-6,500,000	0
XXXI	Medicaid HCBS Waiver Review*	0	0	-1,900,000	-2,800,000	-2,200,000	-3,200,000
XXXII	Medicaid - Transfer of Assets	0	0	-586,000	0	-772,000	0
XXXIII	Child Care Advisory Committee	0	0	0	0	0	0
XXXIV	MHI Facility Closure	0	0	unknown	0	unknown	0
XXXV	MH/MR/DD/BI Commission Duties	0	0	0	0	0	0
XXXVI	MH/MR/DD/BI Services	0	0	0	0	0	0
XXXVII	MH/MR/DD/BI Commission and Waiver Name Change	0	0	0	0	0	0
XXXVIII	Consolidation-Council on Human Services	0	0	0	0	0	0
XXXIX	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
XL	DHS - Field Services Organization	0	0	0	0	0	0
XLI	Family Support Subsidy Program	0	0	-355,000	0	-121,800	0
XLII	Electronic Funds Transfers in DHS	0	0	0	0	0	0
XLIII	Adoption Subsidy Program - DHS	0	0	-145,800	0	0	0
XLIV	Guardian Ad Litem Change	0	0	-112,000	0	-112,000	0
XLV	Veterans County Grant Program	0	0	0	0	0	0
XLVI	Reduce Board of Corrections Meetings	0	0	-6,400	0	-6,400	0
XLVI	Close Farm 1 and 3	0	0	-1,451,000	0	-1,451,000	0
XLVII	Reduction in Indigent Defense (due to Public Defender increase)**	0	0	-3,753,000	0	-3,753,000	0
XLVII	Eliminate Indigent Defense Advisory Council	0	0	0	0	0	0
XLVIII	Local government savings for ILEA training costs*	0	0	0	-402,000	0	-402,000
XLVIII	Additional Cost to DOT for ILEA Training	0	0	0	11,600	0	11,600
XLVIII	Additional Cost to DNR for ILEA Training	0	0	2,900	0	2,900	0
XLVIII	ILEA cost - may change based on tuition rate setting 2-4-2010	0	0	14,000	0	14,000	0
XLIX	State Government Efficiency Review Committee	0	0	minimal	minimal	minimal	minimal
L	Boards and Commissions - Establishment Criteria	0	0	0	0	0	0
	TOTAL	\$ -102,000	\$ -21,000	\$ -52,673,400	\$ -46,085,400	\$ -28,112,400	\$ -14,265,400

*Other funds savings represents savings to local government.

**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
VIII	DAS Operations - Sale of Real Property	0	0	13,800,000	0	0	0
XI	Allow for Direct Shipment of Wine	0	0	375,000	0	412,500	0
XIII	Lower Threshold for Gambling Setoffs	0	0	2,500,000	0	2,500,000	0
XV	Hire Five New Revenue Examiners	0	0	2,700,000	0	2,700,000	0
XV	Add an FTE to GEMS	0	0	0	10,000,000	0	20,000,000
XIX	Statutory Allocation Fund for UST	0	0	0	0	0	0
XLVI	New Disciplinary Fee	0	0	6,000	0	6,000	0
XLVIII	DPS savings for increased tuition receipts	0	0	46,000	0	46,000	0
XLVIII	ILEA Charge DOT and DNR Full Cost of Training	0	0	0	9,500	0	9,500
XLVIII	ILEA Pilot Training Project	0	0	25,000	0	25,000	0
	TOTAL	\$ 0	\$ 0	\$ 19,812,000	\$ 10,009,500	\$ 5,689,500	\$ 20,009,500

	Fiscal Impact - FY 2010		Fiscal Impact - FY 2011		Fiscal Impact - FY 2012	
	State GF	Other Funds	State GF	Other Funds	State GF	Other Funds
Total Savings (Expenditure Changes Total above)	\$ 102,000	\$ 21,000	\$ 52,673,400	\$ 46,085,400	\$ 28,112,400	\$ 14,265,400
Total Additional Revenue (Revenue Changes Total above)	0	0	19,812,000	10,009,500	5,689,500	20,009,500
Appropriation from UST to the General Fund	0	0	800,000	0	0	0
Appropriations (tracking)	0	0	-1,700,000	-1,500,000	0	0
Total Impact	\$ 102,000	\$ 21,000	\$ 71,585,400	\$ 54,594,900	\$ 33,801,900	\$ 34,274,900

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION I: Government Information Technology Services

Background

Division I requires all State agencies (excluding 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

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

**SENATE FILE 2088
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

**SENATE FILE 2088
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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
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 semi-annually 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.

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
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

Requires the Board of Regents to have a target span of control ratio of 15 employees for one supervisor. The span of control requirements do not apply to employees involved with direct patient care, faculty, and employees involved in other areas of the institutions that must maintain different span of control ratios due to federal or State regulations. Allows departments within the institutions with 28 or fewer FTE positions to be granted an exception to the span of control requirements. Requires the Board of Regents to report annually by April 1 of each to the Governor and the General Assembly on the savings and other outcomes related to the span of control requirements.

Assumptions

- The salary and benefit savings are based on the average supervisor salary and benefits for each State agency as of the 11th pay period of FY 2010.
- For estimating purposes, this analysis assumes a status quo employment level based on the 11th 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.

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

DIVISION V: Span of Control (continued)

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. This Division is not expected to have a significant fiscal impact on the Board of Regents institutions.

	(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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION VI: Board of Regents – Cooperative Purchasing

Background

Requires the Board of Regents institutions to cooperate with the Department of Administrative Services (DAS) and other state agencies to increase joint purchasing. The universities are to assist the DAS in identifying best practices to produce cost savings and improve processes, explore joint purchases of general use items, and explore advancements in procurement technology. The Board is to convene a quarterly meeting with the DAS, the Department of Transportation, and any other state agency to facilitate cooperation in purchasing, improvement of performance, cost reduction, increased productivity, and more responsive services.

Requires the Board of Regents institutions to cooperate with the Chief Information Officer of the State to create cost savings in obtaining information technology and related services. An interagency information technology group is to meet at least quarterly.

The Board is to create a cooperative purchasing plan, including implementation timelines, analysis and evaluation, for specific areas of cooperation among DAS, the Chief Information Officer, and interinstitutional cooperation. The Board is to report annually by November 1 to the General Assembly and Governor regarding the cooperative purchasing plan and the results of the interagency meetings.

The Department of Administrative Services may purchase through other agencies and is required to cooperate with the Board of Regents institutions.

The Board is required to inventory real estate assets owned or leased by the Board and the institutions and report to the General Assembly and the Governor by January 1, 2011.

Assumptions

- At present, the Regents institutions' officers meet periodically with DAS and the Department of Transportation (DOT) to identify savings from joint bidding processes. In the fall of 2009, groups were formed to examine IT Purchasing, Green Products, and Emergency/Disaster Services. It is assumed these meetings will continue and reports will be provided to the General Assembly and Governor.
- Regents institutions have access to educational discounts which can be greater than general government discounts.
- Cooperative purchasing of goods, services, and information technology equipment and services will occur when both Regents institutions and other state agencies benefit.
- The universities are already moving on cost efficiencies and savings.

Fiscal Impact: Implementation details, data sources, and evaluation methodologies need clarification to make a cost savings estimate, so no estimate of savings from cooperative purchasing is available at this time.

Source: Board of Regents

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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION VII: 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 contracts if it is in the best interest of the State. The Board of Regents, Department of the Blind, and DOT may use centralized purchasing 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 the Board of Regents to work with DAS and other agencies to explore ways to leverage resources and identify cost savings related to purchasing goods and services and information technology. Allows DAS to purchase items through the Board of Regents, DOT, or any other agency otherwise exempted by law from centralized purchasing for items authorized by the Department to be exempt.

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 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.

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

DIVISION VII: Department of Administrative Services – Purchasing (continued)

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

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

DIVISION VIII: 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.

Real Estate Audit and Sale of Property: Requires the DAS to complete an inventory of surplus State property (except property owned by the Board of Regent) and sell property under the control of the Department of Human Services and Department of Corrections and deposit the proceeds in the General Fund. Requires the Board of Regents to complete a real estate inventory of property under the purview of the Board of Regents and submit a report to the Governor and the General Assembly by January 1, 2011.

Lease Audit: 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.

Real Estate Audit and Sale of Property:

- 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.

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

DIVISION VIII: Department of Administrative Services – Operations (continued)

Lease Audit: 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.

Real Estate Audit and Sale of Property: 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.

Lease Audit: 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

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

DIVISION IX: 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

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

DIVISION X: Alcoholic Beverages Division – Reorganization

Section 98 – 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

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

DIVISION X: Alcoholic Beverages Division – Reorganization (continued)

Section 99 – 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

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

DIVISION XI: 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

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

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

DIVISION XII: 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

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

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

DIVISION XIII: 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

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

DIVISION XIV: 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.

Requires DOM to develop a searchable budget database and make it available to the public.

Requires DOM to examine the possibility of merging all State payroll systems (except the Board of Regents) into the centralized payroll system to be operated by the Department.

Requires DOM to examine the possibility of merging all state payroll systems into the centralized payroll system. The department shall consult with other State agencies currently not utilizing the centralized payroll system about strategies for encouraging utilization of the system and to identify barriers preventing merging of the payroll systems. Requires the Department to provide information to the Administration and Regulation Appropriations Subcommittee concerning efforts by DOM to merge payroll systems.

Requires DOM to implement to the greatest extent possible a reduction in the frequency of paying State employees by paying employees through the payroll system on a semimonthly instead of a biweekly basis.

Assumption

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

Fiscal Impact

Transferring the accounting functions from DAS to DOM will result in an estimated savings of \$260,000 in General Fund expenditures in FY 2011. The cost develop a searchable budget database cannot be determined at this time.

Sources

Public Works LLC, Iowa Efficiency Review Report
Legislative Services Agency

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

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

DIVISION XV: 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 \$500,000 from the General Fund for FY 2011 to the DOM 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.

This Division also appropriates \$175,000 and 1.0 FTE position to the DOM to support the Grants Enterprise Management Program (GEMS). The DOM estimates that the \$175,000 will allow a total of 2.0 FTE positions to implement the GEMS Program, which includes devoting one position solely to working with State agencies on identifying federal grant opportunities. The Department estimates that \$10.0 million in new federal grants could be identified and awarded to the State in FY 2011 and potentially \$20.0 million in FY 2012.

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

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

DIVISION XVI Grape and Wine Commission

Background

The Grape and Wine Development Program was transferred from the Department of Agriculture and Land Stewardship to the Midwest Grape and Wine Institute at Iowa State University as directed in SF 478 (FY 2010 Standing Appropriations Act). The General Fund appropriation for the Grape and Wine Development Fund of \$238,000 was also transferred to Iowa State.

Any unobligated funds in the Grape and Wine Fund as of June 30, 2010, are to be transferred to the Wine Gallonage Tax Fund. The unobligated balance of the fund as of February 1, 2010, was \$6,300.

Fiscal Impact

The fiscal impact for transferring unobligated funds 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

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

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

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

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

DIVISION XVIII: 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 XVI: Eliminates the Renewable Fuels and Coproducts Advisory Committee and the Organics Products Advisory Council in the Department of Agriculture and Land Stewardship (DALs).
- Division XVII: This Division eliminates the Sustainable Natural Resource Funding Advisory Committee and the Upland Game Bird Study Advisory Committee.
- Division XVIII: Eliminates the Iowa Climate Change Advisory Council in the Department of Natural Resources (DNR). Suggests the DNR periodically make recommendations to the Environmental Protection Commission on ways to reduce greenhouse gas emissions. Also requires the DNR to submit an annual report to the Governor and the General Assembly on greenhouse gas emissions by September 1 or each year with the first report due September 1, 2011, reporting on calendar year 2010. Repeals the Climate Change Advisory Council as July 1, 2011. 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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XIX: 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. Permits the DNR to hire up to 8.00 FTE positions for the UST Program.

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.

This Division specifies the DNR will evaluate applications and make recommendations to the Infrastructure Board for projects applying for underground storage tank cost-share funds.

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.

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

LSA Fiscal Services Division Contact: Jeff Robinson (515-281-4614) jeff.robinson@legis.state.ia.us
Deb Kozel (515-281-6767) deb.kozel@legis.state.ia.us

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

DIVISION XX: 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)

LSA Fiscal Services Division Contacts: Ron Robinson (515-281-4614) ron.robinson@legis.state.ia.us

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXI: 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.

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

DIVISION XXI: 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
Total	\$ 798,701,825

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, Iowa Finance Authority (IFA), and the Iowa Department of Economic Development

LSA Fiscal Services Division Contact: Ron Robinson (515-281-6256) ron.robinson@legis.state.ia.us

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXII: Area Education Agencies

NOTE: Sections 335-343 and Sections 347-348 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 the AEAs performance in regards to those initiatives.
- Requires the AEA board and the Department of Education to collaborate in providing a statewide infrastructure for educational data.
- Requires the AEA boards to jointly develop a 3-year statewide strategic plan supporting the goals adopted by the State Board of Education and requires the State Board to approve the AEA strategic plan. Requires the AEA boards to jointly provide the State Board with annual updates on performance measures.
- Modifies the membership of an AEA board to include eleven members, requires specific school district staff and other specified individuals to be included as AEA board members, and specifies that the AEA board changes take effect January 1, 2011, and apply to AEA board elections in which the boundaries for the director districts are drawn using 2010 census population data. Requires that an AEA consist of five director districts.
- Adds support for early childhood service coordination as part of the AEA accreditation standard.
- 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.

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 the end of 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

If no additional funds are appropriated, the Department of Education will use current resources to complete the required report and will result in no fiscal impact in FY 2011.

The estimated fiscal impact in FY 2012 and future fiscal years is currently unknown. Any fiscal impact estimates regarding the financing of AEAs would be based on recommendations provided by the Department of Education Funding Systems Report and cannot be determined at this time.

LSA Fiscal Services Division Contact: Shawn Snyder (515-281-7799) shawn.snyder@legis.state.ia.us

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

DIVISION XXII: Area Education Agencies (continued)

NOTE: Sections 344 through 346 make the following changes:

- 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 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 \$3,000 annually beginning in FY 2011.

Sources: Department of Education and Iowa Public Television

LSA Fiscal Services Division Contact: Robin Madison (515-281-5270) robin.madison@legis.state.ia.us

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

DIVISION XXIII: Early Childhood Iowa Initiative

Background

This Division makes significant changes to the structure of Community Empowerment. 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 it from the Department of Management to the Department of Education. The former Office of Empowerment becomes the Bureau of Early Childhood Services in the Department of Education, and the former State Empowerment Board becomes the Early Childhood Iowa State Council. The Council does not have rule-making authority and serves in a strictly advisory capacity to the State Board 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.

The Bill requires that Area Education Agencies serve as fiscal agents for the local Areas. Current statute permits local boards to contract with a variety of non-profit organizations for this service. The Bill also permits up to 5.0% of a local Area's State funding to be used for administrative purposes. In the past, the General Assembly has limited the percentage to 3.0%.

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.
- Locating the current Office of Empowerment functions in a bureau of the Department of Education would involve minimal expense.
- 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.

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

DIVISION XXIII: Early Childhood Iowa Initiative (continued)

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.

Under the Bill, the Area Education Agencies would serve as fiscal agent for the local boards in their regions. 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. Some local Areas that currently receive fiscal agent services as an in-kind donation (at no charge) will have increased expenses.

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.

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

DIVISION XXIII: Early Childhood Iowa Initiative (continued)

Fiscal Impact: The fiscal impact of this Division to the General Fund cannot be estimated due to a lack of information on current costs. However, the cost of administration of local Areas cannot exceed 5.0% of the annual State appropriation.

Source: Department of Management, Office of Empowerment

LSA Fiscal Services Division Contact: Robin Madison (515-281-5270) robin.madison@legis.state.ia.us

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

DIVISION XXIV: Elimination of the Advisory Committee on Post-Secondary Registration

Background

Eliminates the responsibilities of the Iowa Coordinating Council for Post-High School Education for evaluating applications by out-of-state colleges and universities to operate in Iowa and advising the College Student Aid Commission.

Eliminates the Advisory Committee on Post-Secondary Registration (Iowa Code Section 261B.10). The Committee makes recommendations to the College Student Aid Commission regarding applications by out-of-state colleges and universities to operate in Iowa.

Assumptions

- The Committee meets an average of four times per year.
- Annual travel costs are approximately \$1,800 per year, and meals cost \$1,400 per year. Per diem costs for two Commissioners serving on the Committee are approximately \$400 per year bringing the total to \$3,600.
- Four meetings held by teleconferencing cost approximately \$140 per year with per diem costs of \$400 for a total of \$540 per year.
- Staff costs would be reduced from \$10,000 per year to \$2,500 per year if the Committee were not involved. Staff time is an opportunity cost and does not yield a dollar savings. Staff would simply be available for other work.

Fiscal Impact

Eliminating the Advisory Committee on Post-Secondary Registration would save between \$540 and \$3,600 per year.

Source

Iowa College Student Aid Commission

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

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

DIVISION XXV: Health and Human Services Program Efficiencies

Section 392 – 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.

LSA Fiscal Services Division Contact: Jess Benson – phone: (515) 281-4611, email: jess.benson@legis.state.ia.us

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Section 393 – 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

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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

DIVISION XXVI: 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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXVII: 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXVIII: False Claims Act

Sections 399 – 406 – 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. The Bill makes an FY 2011 appropriation of \$60,000 and 1.00 FTE position to the Office of the Attorney General to perform its duties under the False Claims Act.

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

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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

DIVISION XXIX: Medicaid Prescription Drugs

Section 407 requires the Department of Human Services to adopt rules to restrict physicians and other prescribers to a maximum of seven 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 seven days is estimated to save the General Fund \$117,000 in FY 2011 and \$140,000 in FY 2012.

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Section 408 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. Assumes that individuals currently receiving a specific drug will be grandfathered in and continue to receive that drug even if the drug is not on the PDL.

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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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

DIVISION XXX: 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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

DIVISION XXXI: 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXXII: 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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

DIVISION XXXIII: 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

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

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXXIV: State Mental Health Institutes

This Division moves 20 adult psychiatric beds located at the Clarinda Mental Health Institute (MHI) to the Cherokee MHI. The Division also moves 12 child and adolescent beds located at the Cherokee MHI to the Independence MHI. The Department is also required to move the geropsychiatric unit at Clarinda to a yet to be determined location with a goal of meeting Medicaid eligibility for a 16-bed or less unit.

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

There would be a one-time cost per employee for those employees that choose to move from one facility to another and the State would be responsible for paying 90.0% of that cost. There will be a one-time cost to renovate the facilities at the Independence MHI, and the Cherokee MHI, the geropsychiatric unit to a yet to be determined location. There will be one-time payout costs and other costs associated with relocating equipment and beds. There will be an ongoing cost to the Department of Corrections (DOC) for utilities and to maintain some of the shared DHS and DOC employees at the Clarinda campus. If the State can receive a Medicaid match for the geropsychiatric unit, it could possibly reduce expenditures for the unit by up to 66.0%.

Fiscal Impact

For FY 2011 it is estimated that there would be a net cost to the General Fund due to relocation and renovation expenses. For FY 2012, it is assumed with efficiencies from relocating beds, there will be savings that would be offset by any ongoing costs still at the Clarinda campus. It is possible there would be savings in the out years if the State can draw a Medicaid match for the geropsychiatric unit.

Sources

Department of Human Services
Department of Corrections

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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

DIVISIONS XXXV, XXXVI, and XXXVII – 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

SENATE FILE 2088
GOVERNMENT REORGANIZATION AND EFFICIENCY BILL
FISCAL IMPACT STATEMENT

DIVISION XXXVIII: 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

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

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

DIVISION XXXIX: 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.
- 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.

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

Source: Department of Public Health

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

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

DIVISION XL: 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

LSA Fiscal Services Division Contact: Jess Benson (515-281-4611) jess.benson@legis.state.ia.us

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

DIVISION XLI: 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

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

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

DIVISION XLII: 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

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

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

DIVISION XLIII: 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

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

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

DIVISION XLIV: Guardian Ad Litem

Section 470 – 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

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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

DIVISION XLV: 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. The Governor's appropriation recommendation for FY 2011 is \$900,000, or a decrease of \$90,000.

Fiscal Impact

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

Source

Legislative Services Agency

LSA Fiscal Services Division Contact: Sue Lerdal (515-281-7794) sue.lerdal@legis.state.ia.us

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

DIVISION XLVI: Department of Corrections

Section 472 – 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 473 – 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

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

DIVISION XLVI: Department of Corrections (continued)

Section 474 – Correctional Facility Closure

Background

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

As of January 11, 2010:

- 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 112.1% of capacity (8,314 offenders and 7,414 beds) on February 2, 2010.

Closing these facilities reduces capacity from 7,414 beds to 7,234 beds. If the population remains stable, the prison system would be operating at 114.9% of capacity.

Assumptions

- All estimated savings are net of bumping and personnel transfers.
- The DOC will absorb any costs associated with moth-balling the facilities at Farm Three.
- 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 \$1,451,000 as follows:

- Farm One – \$688,000
- Farm Three – \$763,000

Source

Department of Corrections

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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

DIVISION XLVII: State Public Defender

Section 475 – 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 476 – Public Defenders and Local Public Defender Office

Background

This Section appropriates funds in FY 2011 to add 16.00 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 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 10.00 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 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

LSA Fiscal Services Division Contact: Beth Lenstra (515-281-6301) beth.lenstra@legis.state.ia.us

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

DIVISION XLVIII: Department of Public Safety (DPS)

Section 477 – DPS Training Costs

Background

This Division permits the DPS to charge one-third of the tuition cost to the candidate for attending the DPS Academy.

The last time DPS held an Academy was November 2008. The Department uses vacancy savings to fund the Academy. The length of the DPS Academy is 20 weeks.

The cost for one recruit to attend the DPS Academy in FY 2009 was \$4,000.

Assumptions

- Splitting the full cost of tuition (\$4,000) into one-third for the candidate and two-thirds for the State would be approximately \$1,300 for the candidate with the remaining \$2,700 being funded by the Department.
- The attendance at the DPS Academy varies depending on need; however, the average attendance is approximately 35 recruits.
- The cost difference between what the Department pays under current law compared to the language in this Division, is \$2,700 per recruit for the State and \$1,300 for the recruit.

Fiscal Impact: The savings for DPS would be approximately \$46,000. The recruit will now pay \$1,300 to attend.

Source: Department of Public Safety

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

DIVISION XLVIII: Iowa Law Enforcement Academy (ILEA)

Section 478 – ILEA Training Costs

Background

This Division permits the ILEA to charge one-third of the tuition cost to the State, one-third to the local government, and one-third to the candidate.

The cost of full tuition for one candidate at ILEA in FY 2010 is \$5,900. The current rate charged to the local law enforcement and sheriffs for one recruit attending was \$4,000 (68.0%) and the remainder covered by ILEA is \$1,900 (32.0%). The rate for July 1, 2010 (FY 2011), will be set by the ILEA Council at the February meeting based on the full cost of \$6,900.

Since the inception of the sponsored but not yet hired law, there have been five people who were sent to the Academy under this provision. All have paid 100.0% of their costs to attend the Academy. Those attending in FY 2010 pay \$5,900.

Assumptions

- Splitting the full cost of tuition FY 2010 (\$5,900) into thirds would be \$1,970 per group.
- In FY 2009, there were 198 recruits trained at ILEA.
- The cost difference between what ILEA covers under current law compared to the language in this Division for FY 2010 is \$70 per recruit.
- The cost difference between what the locals pay now under current law compared to the language under the division is \$2,030 per recruit.
- The cost to local law enforcement and to the State for someone who is sponsored but not yet hired is zero under the current law since the individual pays 100.0% of the Academy costs. The cost to the local and to the State for paying for someone who is sponsored but not yet hired under the bill is \$1,970 for the local and \$1,970 for the State.
- Under the current fee structure locals pay 68.0% and the State pays 32.0% for sponsored, hired candidates.

Fiscal Impact: The increased cost for ILEA would be approximately \$14,000. The savings for the locals would be approximately \$402,000. Under the division, the candidate will now pay \$1,970 to attend. For FY 2011, these figures are subject to change depending on the rate set by the ILEA Council based upon a total cost of \$6,900.

For the sponsored but not yet hired candidate, the fiscal impact is a saving of \$3,940 to the person and an increased cost to the sponsoring agency of \$1,970 and to the State of \$1,970.

Source: Iowa Law Enforcement Academy

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

DIVISION XLVIII: Iowa Law Enforcement Academy (ILEA) – (continued)

Section 478 – 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 recruit at ILEA in FY 2009 was \$5,900 and the rate charged to the local law enforcement, sheriffs, and the Departments of Natural Resources and Transportation was \$4,000 (68.0%). The length of the ILEA Academy is 13 weeks. The rate for July 1, 2010, will be set by the ILEA Council at the February meeting based upon a total cost of \$6,900. The figures below may be impacted by the rate set for FY 2011.

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 \$1,900.

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 \$9,500 (\$7,600 other fund expense for DOT and \$1,900 General Fund expense for DNR). The fees charged for training are retained by ILEA.

Source: Iowa Law Enforcement Academy

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

DIVISION XLVIII: Iowa Law Enforcement Academy (ILEA) – (continued)

Section 479 – 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

LSA Fiscal Services Division Contact: Jennifer Acton (515-281-7846) jennifer.acton@legis.state.ia.us

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

DIVISION XLIX: 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).

LSA Fiscal Services Division Contact: Mary Shipman (515-281-4617) mary.shipman@legis.state.ia.us

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

DIVISION L: 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

LSA Fiscal Services Division Contact: Sue Lerdal (515-281-7794) sue.lerdal@legis.state.ia.us

Summary Data

General Fund

	Senate Approp FY 2011 (1)	Senate Action FY 2011 (2)	Bill Number (3)
Administration and Regulation	\$ 375,000	\$ 500,000	
Justice System	1,140,000	1,200,000	
Grand Total	\$ 1,515,000	\$ 1,700,000	

Administration and Regulation

General Fund

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
<u>Management, Dept. of</u>			
Management, Dept. of GEMS Program	\$ 50,000	\$ 175,000	SF2088
Total Management, Dept. of	\$ 50,000	\$ 175,000	
<u>Revenue, Dept. of</u>			
Revenue, Dept. of Revenue Examiners	\$ 325,000	\$ 325,000	SF2088
Total Revenue, Dept. of	\$ 325,000	\$ 325,000	
Total Administration and Regulation	\$ 375,000	\$ 500,000	

Justice System General Fund

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
<u>Justice, Department of</u>			
Justice, Dept. of			
False Claims Enforcement	\$ 0	\$ 60,000	SF2088
Total Justice, Department of	\$ 0	\$ 60,000	
<u>Inspections & Appeals, Dept. of</u>			
<u>Public Defender</u>			
Wapello Co. Public Defender	\$ 500,000	\$ 0	SF2088
Public Defender Positions	640,000	1,140,000	SF2088
Total Inspections & Appeals, Dept. of	\$ 1,140,000	\$ 1,140,000	
Total Justice System	\$ 1,140,000	\$ 1,200,000	

Summary Data

Other Funds

	Senate Approp FY 2011 <u>(1)</u>	Senate Action FY 2011 <u>(2)</u>	Bill Number <u>(3)</u>
Administration and Regulation	\$ 800,000	\$ 800,000	
Agriculture and Natural Resources	<u>700,000</u>	<u>700,000</u>	
Grand Total	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	

Administration and Regulation

Other Funds

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
<u>Treasurer of State</u>			
Treasurer of State			
Appropriation to General Fund-UST	\$ 800,000	\$ 800,000	SF2088
Total Treasurer of State	\$ 800,000	\$ 800,000	
Total Administration and Regulation	\$ 800,000	\$ 800,000	

Agriculture and Natural Resources

Other Funds

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
<u>Natural Resources, Dept. of</u>			
Natural Resources			
UST Program Administration-UST	\$ 700,000	\$ 700,000	SF2088
Total Natural Resources, Dept. of	\$ 700,000	\$ 700,000	
Total Agriculture and Natural Resources	\$ 700,000	\$ 700,000	

Summary Data

FTE

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
Administration and Regulation	6.00	6.00	
Agriculture and Natural Resources	0.00	8.00	
Justice System	16.00	17.00	
Grand Total	22.00	31.00	

Administration and Regulation

FTE

	Senate Approp FY 2011 (1)	Senate Action FY 2011 (2)	Bill Number (3)
<u>Management, Dept. of</u>			
Management, Dept. of GEMS Program	1.00	1.00	SF2088
Total Management, Dept. of	1.00	1.00	
<u>Revenue, Dept. of</u>			
Revenue, Dept. of Revenue Examiners	5.00	5.00	SF2088
Total Revenue, Dept. of	5.00	5.00	
Total Administration and Regulation	6.00	6.00	

Agriculture and Natural Resources

FTE

	Senate Approp FY 2011	Senate Action FY 2011	Bill Number
	(1)	(2)	(3)
<u>Natural Resources, Dept. of</u>			
Natural Resources			
UST Program Administration-UST	0.00	8.00	SF2088
Total Natural Resources, Dept. of	0.00	8.00	
Total Agriculture and Natural Resources	0.00	8.00	

Justice System

FTE

	Senate Approp FY 2011 (1)	Senate Action FY 2011 (2)	Bill Number (3)
<u>Justice, Department of</u>			
Justice, Dept. of			
False Claims Enforcement	0.00	1.00	SF2088
Total Justice, Department of	0.00	1.00	
<u>Inspections & Appeals, Dept. of</u>			
Public Defender			
Wapello Co. Public Defender	6.00	0.00	SF2088
Public Defender Positions	10.00	16.00	SF2088
Total Inspections & Appeals, Dept. of	16.00	16.00	
Total Justice System	16.00	17.00	