



STATE OF IOWA

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DEPARTMENT OF MANAGEMENT
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Frequently-Asked Questions about the Charter Agency Initiative

1. **What is the charter agency initiative?** The charter agency initiative is a pilot project aimed at finding specific, measurable ways to “reinvent” or improve the operation of Iowa state government. A charter agency is a state department or division that has been given greater administrative flexibility so that it can work to accomplish its public purpose in a more innovative, results-oriented way.
2. **Why are we talking about “reinventing government?”** Many government regulations, policies and procedures have been enacted during the more than 150 years since Iowa became a state. Some of these have become “red tape” over time, requiring citizens and/or state government employees to take extra steps to get things done. Now is an excellent time to encourage the people running state government programs to find and remove red tape requirements within their agencies, improving services to the citizens and saving tax dollars.
3. **How will charter agencies fit into this plan?** Charter agency directors have accepted the charge to find more efficient and effective ways to meet their agencies’ public purposes and financial goals. To encourage innovation, they have been relieved of some traditional administrative requirements—without compromise to Iowans’ health and safety or violation of law. These directors are responsible for achieving more measurable results than ever before, and for reducing agency operating costs and/or increasing revenue collection.
4. **What is the legal authority for creating charter agencies?** Iowa Code Section 7J.1 allows the Governor to name charter agencies. The law defines the flexibilities available to a charter agency, describes the process for setting aside administrative rules, and sets up a charter agency grant fund. Governor Vilsack’s Executive Order No. 28 designates seven departments or divisions as charter agencies.
5. **What preferential budget treatment is given to charter agencies, and what limits on their flexibility have been set?** Charter agencies may keep money raised from the sale or lease of their agency assets. They may keep half of any appropriation dollars unspent at fiscal year-end as well as an agreed-upon percentage of any new money their agencies generate. They are exempted from across-the-board budget cuts in fiscal years 2004 and 2005, and are expected to benefit from full employee salary funding in fiscal year 2005.

Charter agencies must submit each of their flexibility requests to the director of the Department of Management for approval. The director will not approve flexibilities that might have a negative effect on state finances, violate state or federal laws, or cause conflict with collective bargaining agreements.

Frequently-Asked Questions about Charter Agencies

6. **What do we expect them to accomplish?** Charter agencies are expected to find new ways to deliver better value to taxpayers through greater convenience and efficiency. At a time when state revenues are severely limited, they are also being asked to generate more revenue and reduce costs.
7. **What is the timetable?** The seven agencies that volunteered for this initiative will sign five-year agreements. Their progress will be evaluated on an annual basis. The flexibilities they use and outcomes they are expected to achieve will be developed during the project. Charter agencies will submit an annual written report of results to the Iowa General Assembly.
8. **Who is involved?** Participating charter agencies are:
 - The Alcoholic Beverages Division, Iowa Department of Commerce
 - The Iowa Department of Corrections
 - The Iowa Department of Human Services
 - The Iowa Department of Natural Resources
 - The Iowa Department of Public Safety
 - The Iowa Department of Revenue
 - The Iowa Veterans Home
9. **What is the Charter Agency Grant Fund?** The Charter Grant Fund is a \$3 million fund set up by the Iowa General Assembly to support innovation projects like training, development of outcomes measurement systems or management system modifications. Dollars will be allocated to charter agencies by the Iowa Department of Management following an application process.
10. **What impact will charter agencies have on Iowa's collective bargaining agreements?** The Charter agency initiative was developed with a clear understanding that terms of the state's collective bargaining agreements would not be compromised. Good cooperation between the state and its labor unions will provide an opportunity for a productive collaboration.
11. **How much will charter agencies save/generate over the five-year life of the charter agreement?** The charter agency project is intended to benefit the state's General Fund in the amount of \$15 million per year for each year of the five-year project.
12. **What impact will charter agencies have on the Department of Administrative Services (DAS) operations?** Both the charter agency initiative and the Department of Administrative Services' "entrepreneurial management" business approach demonstrate Iowa's strong interest in improving the efficiency and effectiveness of state government. Good cooperation and communication between the Departments of Management and Administrative Services will assure that each effort benefits from the experience of the other. Executive branch agencies, including charter agencies, are required to purchase services classified as "utilities" by the DAS.