

# **Summary of HF 687**

## **Accountable Government Act**

The Accountable Government Act builds upon the progress of Governor Branstad's administration to achieve a sound governance system that is accountable to Iowa taxpayers. The Act represents a new approach to governing using data-based decisions rather than decisions based primarily on anecdotes and politics.

### **Strategic Planning**

- An overall executive branch strategic plan and agency strategic plans.
- Plans containing a mission, vision, internal and external scans, goals, strategies and action steps, and measures and data sources.
- Annual agency and individual performance plans.
- Plans publicly available and communicated to all employees.

### **Performance Measurement**

- High-level indicators of well-being for Iowans.
- Performance measures for every state department and program, including measures of inputs, outputs, quality and efficiency, and results.

### **Results-Oriented Budgeting**

- A budgeting system driven by goals and performance, not incremental change from last year's dollars.
- Budget and accounting system information that compares costs to program outputs and results.

### **Performance Audits**

- Regular program performance audits.
- Regular audits of performance data.

### **Performance Reporting**

- An annual performance report by the executive branch and each agency.
- Quarterly reporting at the program level.
- All performance reports publicly available.

### **Performance Contracting**

- All state contracts will contain performance measures.
- Assess the effectiveness of contracts.
- Determine the best value in service delivery.

### **Return on Investment**

- Build on current Information Services Department efforts to create and adapt ROI models for government use.
- Use ROI and cost/benefit calculations to evaluate investment decisions.
- Use independent verification and validation of investment results.

The Act will be implemented over a period of several years and will be reviewed for effectiveness in five years.

# ORGANIZATIONAL REVIEW

June 15, 2001

## Mission

Create short and long term solutions to make Iowa government more efficient and effective.

## Goals

1. Reduce overall state government spending to structurally align spending with revenue.
2. Reengineer and reenergize state government to improve customer service and streamline business processes.

## Rationale

Vast changes in Iowa's future economy and demographics have been well documented by the Iowa 2010 Strategic Planning Council. Iowa government must be responsive to future challenges in a way that offers Iowans good value for their investment of tax dollars.

Iowa state government this year received high marks for sound financial management, and the spending reforms adopted in 1992 have generated full reserves. Even so, each year a budget is adopted that relies on the ending balance, an accumulation of one time funds, for ongoing commitments. This practice perpetuates spending that exceeds revenue. A permanent reduction in state spending must occur to permanently align spending with revenue.

It has been ten years since there was a comprehensive review of state government's finances and organizational structure. Since that time, the demands on state government have changed, but rather than realigning to meet changing demands, government has added layers of programs and processes, increasing the cost and complexity of government.

The Accountable Government Act promises to provide ongoing alignment of government with citizen expectations, but it is important to make sure the ship is heading the right direction when it is launched. A complete review of government finances and state government's organizational structure can "right the ship," assuring Iowans that spending will permanently align with revenue, and that government is efficient, effective and accountable.



STATE OF IOWA

# Enterprise Resource Planning (ERP)

## Quick overview

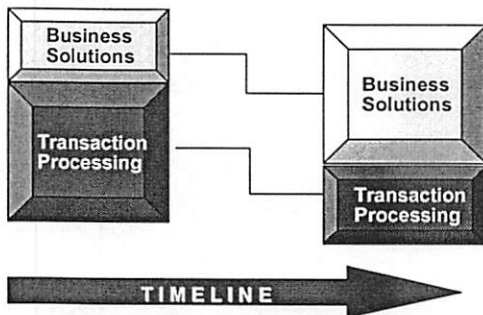
### WHAT IS ERP?

An ERP system is an **integrated solution**, sharing a centralized database, with all 'users'....Human Resources/Payroll/Benefits, E-procurement, Accounting, Budget, etc.... being served by the same database through **one point of entry**.

Data need only be entered or updated once, **reducing errors, time and labor** for reports, analysis, planning and program management. Ultimately, time and costs are shifted to **innovating, problem solving** and **direct service to customers** rather than **inputting, processing, organizing, verifying** and related "busy work" that burns through time and money.

### ERP value

- ▶ Shifting "processing" time and costs to more solutions and results



### WHY ERP MAKES SENSE IN TIMES OF BUDGET TIGHTENING

Generally, organizations the size of Iowa government can reduce time/labor costs by approximately 1% with an ERP system in place

That's **\$10 million** annually.

Those savings represent increased staff productivity which can be directed to more critical services to citizen and business solutions.

### AN E-PROCUREMENT SYSTEM

Could save 15% in annual costs if all purchasing authorities get on board.

That's **\$15 million** annually.

### WHY IOWA NEEDS ERP

- ▶ To get quick, accurate answers to questions such as...How much money is owed to the state? How many employees does the state have? What are total compensation costs?
- ▶ To increase productivity, value and return on investment
- ▶ To allow the State of Iowa to embrace the "100% E" digital government concept
- ▶ To more precisely measure what Iowans are receiving for their tax dollar

### ERP Steering Committee

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### ERP Management Team

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Gerald Bair—Director, Department of Revenue and Finance  
Richard Haines—Director, Department of General Services  
Mollie Anderson—Director, Department of Personnel  
Richard Varn—Director, Department of Information Technology and Iowa CIO



STATE OF IOWA

# Enterprise Resource Planning (ERP)

## *What other states are doing*

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**Arkansas:** In July 2001, Arkansas will complete AASIS, the Arkansas Administrative Statewide Information System. The objectives of AASIS are: improve efficiency and effectiveness of administrative processes, provide activity-based costing and performance budget functionality to meet legislative mandates, implement secure self-service web-enabled solutions, and enhance the quality and accessibility of information available to State managers and employees. AASIS is already showing results including purchasing steps from requisition to payment reduced from 42 to 7, total number of participating agency bank accounts reduced from 700 to 65, and all participating agencies using the same system rather than each agency buying its own.

**Kentucky:** Kentucky recently completed MARS, an ERP migration initiative. The objectives of the MARS project were to streamline and reduce the cost of administrative processes, improve accuracy, accessibility and timeliness of management reporting and decision support, reduce maintenance effort and costs, and improve services to internal and external stakeholders. The MARS project is closely tied to an initiative to realize targeted savings in the next biennium through implementation of re-engineered financial management and procurement processes.

**Missouri:** In September 2000, Missouri completed SAM II, an ERP migration initiative to replace systems which have been in place since the early 1980s. The benefits of SAM II include greater information security and data accessibility, administrative process improvements, reduction in paper, and elimination of redundant systems. SAM II will also provide more analytical information for decision making to legislators and managers.

**Nebraska:** This summer Nebraska will begin the implementation of an ERP system, replacing systems, some from the 1960s and 1970s. ERP objectives are to incorporate best business practices, improve the quality and accessibility of information for decision making, enhance public access to government information, enable electronic commerce, and improve employee productivity.

**Other States,** which we are aware of, that have or are in the process of implementing an ERP solution include: Alabama, Connecticut, Delaware, Georgia, Florida, Indiana, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Vermont, Utah, and Wyoming.

***Nearly 50% of states have undertaken or are exploring ERP solutions.***

**Iowa:** Today, the State of Iowa is unable to answer basic questions, such as what does the State spend on training, how many employees does the State have, and what are Iowans getting in return for tax dollars. Iowa's systems are duplicative and decades old, some dating back to the 1960s, and cannot always meet the changing demands of today. An ERP system would strengthen business operations and processes, and greatly improve the speed, accuracy, and innovation in reporting and analysis. ERP would help Iowa shift processing time and cost to more solutions and results.



STATE OF IOWA

# Enterprise Resource Planning (ERP)

## *ERP Initiatives*

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**Planning Project:** (June – August 2000) In June 2000, the State contracted with Deloitte and Touche to develop a high-level plan to migrate from current State of Iowa systems to a complete Enterprise Resource Planning (ERP) solution. The assessment conducted by Deloitte and Touche involved development of a framework and a set of strategies for the effective utilization and management of an ERP system. It also included the analysis of current systems, development of a high level road map for phased implementation, and resource estimates. Twenty-three agencies participated in the assessment, which included over 150 State staff.

**Vendor Education Sessions:** (November - December 2000) Five major vendors each made day long presentations on their enterprise resource planning products to educate State staff on the opportunities for improved business processes and enhanced technology in the public sector. The vendors responded to a comprehensive list of issues prepared by State staff, and provided demonstrations on products including accounting, budget, procurement, human resources and payroll. Over 20 agencies participated with approximately 80 staff attending each of the daily sessions.

**Development of a Request for Proposal:** (January 2001 – present) During the past five months, interagency teams have worked to develop a Request For Proposal (RFP) to select a contractor to provide software and implementation services for a statewide integrated budget, accounting, procurement, capital assets, human resources, benefits, and payroll system. The development of the RFP is based upon information gathered from the planning project, vendor education sessions, and research into other ERP efforts of other states. Preparation of the RFP has also required extensive participation from over 20 agencies. Staff participated through numerous committees designed to develop new system requirements criteria as well as overall document review. The RFP has not been released due to budget constraints.

**Related Efforts:** (ongoing) The Legislature recently passed the Accountable Government Act which contains features of performance measurement, results-oriented budgeting, performance reporting, performance audits, and return on investment. ERP would greatly enhance the ability to realize the intent of the Accountable Government Act. For example, an important component of the ERP system is the redesign of the State budget system and the incorporation of performance measures to achieve results-oriented budgeting. An ERP system would also provide tools to track information and develop reports, would provide more auditable information, and the ability to gather data for calculations such as return on investment. Additionally, support for such initiatives is provided by external organizations. The Casey Foundation is providing limited support for budget redesign and incorporating performance measurement.