



Iowa Department of
Administrative Services

Director's Office

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Entrepreneurial Management
Iowa Department of Administrative Services
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Results Achieved

Iowans receive improved services from state agencies. State agencies operate more efficiently and effectively through the benefit of streamlined, cost-effective products and services offered by the newly-formed Department of Administrative Services (DAS).

While governors in other states have made decisions to outsource, Governor Vilsack and Lt. Governor Pederson have done something different in Iowa by taking the guiding principles of business and actually establishing businesses within state government, embracing an entrepreneurial management concept of thinking differently about the way products and services are delivered in state government.

The formation of DAS is the largest experiment of this kind in the country. DAS has established an alternative to privatization and provides an incentive to employees to drive down the cost of business so that they can maintain job security and also maintain the concept of best price/best service.

Design process, players, timeline and budget

There are well over thirty departments in state government – specializing in services to Iowans such as our natural resources, public health, public safety, economic development, the arts, education, human services, revenue, transportation, veterans' services and more.

Up until July of 2003, there were also four state departments that provided essential internal administrative services in order for the previously-mentioned departments to function, namely, General Services, Information Technology, Personnel, and the accounting division of Revenue & Finance.

In 2001, Governor Vilsack and Lt. Governor Pederson initiated a review of Executive branch agencies with the idea of combining these four Iowa agencies. They believed that any dollar not spent on administration could be used for services that directly affect Iowans. That being said, our goal was to provide the best internal services needed at the best price.

It was the Governor and Lt. Governor's idea to consolidate service departments, giving employees greater incentives to improve services and lower costs and more flexibility to meet customer needs, i.e. those needs of state departments providing critical services to Iowans.

Legislative strategy

In 2001, the Governor charged the Iowa Department of Personnel Director, Mollie Anderson, with the task of drafting and securing passage of legislation that would accomplish the goal of merging the departments of General Services, Information Technology, Personnel and the Accounting division of Revenue & Finance into one agency for the benefit of state government, Iowa's citizens and taxpayers.

There were four primary changes that the legislation produced:

1. Removal of the mandatory requirement that agencies use internal administrative services
2. A change in the way that the agencies receive funding for services; an adjustment was made to move the General Funds monies from DAS to the appropriate agencies' base budget. This was a one-time distribution of the appropriation. Those monies are now in the respective agencies budgets; agencies have control over how their funds are spent when purchasing products and services from DAS.
3. The establishment of Customer Councils to guide the establishment of rates, and
4. Implementation of key business proposals including accrual accounting, the development of business plans, competitive pricing and customer satisfaction measures

Thus, the Department of Administrative Services (DAS) was created by legislation on July 1, 2003 as a way to streamline state government services, improve services to customers, enhance resource flexibility, and save money. DAS is divided into the Human Resources Enterprise (HRE), the General Services Enterprise (GSE), the Information Technology Enterprise (ITE), and the State Accounting Enterprise (SAE).

Implementation process, players, timeline and budget

In addition to consolidation, DAS has implemented a new business approach known as *entrepreneurial management* – a customer-focused approach to delivering services in a competitive marketplace. This change reflects a growing trend in both public and private sectors of today's economy to *focus on the customer* - to know their business and create the tools for state departments to deliver quality services to Iowans. In turn, customer departments have more input about what services and products they buy from DAS. With DAS, Iowa state government has adopted a customer-driven concept that makes every entrepreneur successful. Business decisions are motivated by the desire to meet customer needs and by rewards or consequences for financial performance.

All of the services formerly provided by agencies merging into the Department of Administrative Services (DAS) have been placed into three categories: leadership services, utility services, and marketplace services.

1. **Utility services** are those most efficiently provided through a centrally-managed resource in order to maximize efficiency and/or capture economies of scale – where it makes economic sense to have a single supplier for all users, like Capitol Complex space management and mainframe computer utilization; customers are required to purchase utility services.

Funding: customers have a voice in setting these utility rates through Customer Councils, which were formed for each DAS enterprise – similar to a board of directors. Utility services are funded by payments made by the agency using the services.

2. **Marketplace services** are those which customers have a choice of vendors (inside or outside state government) such as human resource training, conference planning, labor/management facilitation, motor pool, repairs, purchasing, printing, graphic design, surplus property, a variety of technology services including mainframe services, networking and e-government solutions.

Funding: marketplace services are funded by payments made by the agency using the services.

3. **Leadership services** include policy and regulation development, as well as finance, accounting and marketing/communications.

Funding: leadership services are funded by a General Fund appropriation.

Communications strategy

Several methods of communications are in place to foster and create effective business practices between DAS and the customers they serve.

Customer Councils are one of the oversight tools used to manage **utility** services, as referenced above. Each of the four Councils (HRE Customer Council, ITE Customer Council, GSE Customer Council and the Interim I/3 Customer Council) is comprised of customers for the respective enterprises. Their primary responsibility is to provide customer direction to DAS management regarding desired levels of service and service options, investment proposals and rates. Each Council is comprised of staff from customer agencies within the executive branch of government, with representatives also from the judicial and legislative branches. The Councils also have one public member and one member from the union. Councils typically meet monthly.

Complaint Resolution Process. DAS has established a process whereby problems or issues may be worked out in handling complaints, including disagreement with rates.

DAS Customer Satisfaction Survey is issued annually and a summary of results are distributed and placed on the DAS website.

Customer Focus Newsletter is produced bi-monthly and sent to customers electronically. This newsletter provides information concerning new products, services, announcements and important information related to business with DAS customers.

eDAS. The Department of Administrative Services' new Service Request and Billing System, went into production July 1. **eDAS** allows customers to find information about every service offered by DAS. It gives a brief description of the service and lists the service contact. Customers can view services by Enterprise, by category of service or by searching for a key word about the service. **eDAS** makes it easy for customers to know what is offered and who to contact to get more information about services.

DAS Difference is the employee newsletter produced bi-monthly which provides information and news regarding employees, programs and important announcements.

Over the Top and the Wall of Fame are two DAS employee recognition programs designed to recognize outstanding accomplishments of employees in creating solutions which meet the Governor & Lt. Governor's four goals of improving customer service, saving money, streamline services and use resources in a more flexible manner.

Current status, next steps and reporting process

DAS utilizes an economies-of-scale savings model. As processes are refined, we find that we have much to offer to local government in order for them to reduce their costs and take advantage of the state's purchasing power. Likewise, as systems improve within state government, we find that we have much to

offer others in the form of purchasing power, and systems to manage complex issues like health insurance, deferred compensation, workers compensation, purchasing, etc.

DAS will look for opportunities to partner with the private sector to ensure that valuable use of these combined resources produce the best price and best product for their customers, ultimately for the benefit of all Iowans.

At a time of such great potential in our state, with local governments and their citizens examining cooperative ideas, we all have much to look forward to ... and much work to do. DAS welcomes the opportunity to explore all opportunities to move many of these initiatives forward for the betterment of state government and all Iowans.

Examples of impact on customers, and ultimately Iowans

- DAS Print services, including mail insert services, ITE mainframe print services, ITE forms design and programming, have merged into one business unit within DAS/ITE; this provides an opportunity to better leverage technology solutions as DAS enhances the service line and provide efficiencies to our customers in using technology to obtain and deliver print services. Our goal is to improve the economy of scale to offer improved services at a lower cost to our customers. The new Print Service unit will offer an end-to-end approach in managing agencies' forms design to mail, as well as warrant and report printing.
- General Services Enterprise (GSE) has saved at least \$150,000 in moving expenses. GSE staff faced a daunting effort when it was tasked to move 90,000 boxes of records out of the five-story Records and Property Building to a new storage facility. Hand carrying the boxes or using unreliable elevators were not viable options. Through a unique application of skate wheel conveyors, GSE staff engineered a process to move the boxes down five stories of the central stairwell located in the building.
- State Department space lease renewals (10 years) resulted in \$414,562 savings for the Department of Human Services and a \$277,032 savings for the Department of Public Health
- DAS/HRE conducted an eligibility audit of Wellmark's records which compared the actual number of employees being insured to what Wellmark's records showed, this resulted in a \$697,559 refund.
- DAS/ITE replaced the Iowa Hub system with a more cost-effective solution, resulting in a \$40,000 cost avoidance for DAS.
- Self insuring v. private insurance for vehicles resulting in savings of \$800,910 for FY04 and \$821,205 for FY05. By self insuring our fleet, state agencies will not have to spend the extra premium costs associated with a private company. Now they have more resources to use for their priorities.
- Renegotiation of office supplies contract resulting in \$330,000 net savings. By re-bidding the supplies contract, we were able to lower prices for materials used on a daily basis for all agencies. State agencies can use the cost savings for their service priorities to citizens.
- Migration of the DHS Medicaid Management Information System from private sector vendor to ITE. For many years DHS has outsourced much of the operation of systems supporting Medicaid to a private sector contractor. That contractor provided data processing as well as many other services in support of the Medicaid system. Last year, DHS issued an RFP to select a number of new contractors to handle different components of the Medicaid system. DHS chose to use DAS-ITE data center facilities to

provide the computer resources rather than procure them from a vendor. ITE increased the data center computational capacity, implemented a business continuity (disaster recovery) capability (including a backup data center), purchased and installed a number of software products, moved the data from the previous vendor (over 37,000 computer tapes), and provided a number of other services to work in partnership with DHS and its vendors to begin operation of all systems supporting Medicaid at the Iowa Medicaid Enterprise on July 1, 2005 when the contract with the previous vendor ended. The success of this project can be measured by its on-time implementation with no noticeable impact on the citizens using Medicaid and organizations providing medical services to them.

- DAS/ITE combined WebSphere storage programs from 23 to 13 servers which produced an estimated savings of approximately \$25,000 annually.
- Enterprise-wide PC and laptop PC purchases. Early in 2005, the Joint Council of Chief Information Officers (JCIO) initiated several projects in the areas of security, infrastructure/networking, purchasing and business processes. One of the purchasing projects was the consolidation of PC and laptop purchasing on an enterprise-wide basis in order to gain the best possible prices from vendors. Results of eight cost saving initiatives totaled \$957,439 for FY06 and \$869,442 for FY07, with PC and laptop purchasing making the majority of the savings.
- Secretary of State statewide voter registration system (Help America Vote Act). DAS/GSE worked with the Secretary of State's office to negotiate pricing for material (voting machines and related equipment) to put this system in place. DAS/GSE was able to negotiate a price which was \$856,000 under the Secretary of State's expected cost estimate.

For more information: resource materials and experts

Please visit DAS at: <http://www.state.ia.us/das/>. To search for services, without having to log in, visit eDAS at: <https://edas.iowa.gov>.