



FINAL REPORT

State Government Efficiency Review Committee

January 2012

MEMBERS:

Senator Jeff Danielson, Co-chairperson
Senator Rick Bertrand
Senator Robert E. Dvorsky
Senator Randy Feenstra
Senator Pam Jochum

Representative Peter Cownie, Co-chairperson
Representative Vicki S. Lensing
Representative Mary Mascher
Representative Guy Vander Linden
Representative Ralph C. Watts

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Contents:

- I. Proceedings
- II. Fiscal Overview
- III. Cooperative Purchasing
- IV. Personnel
- V. Information Technology
- VI. Real Estate and Lease
Management
- VII. State Energy Efficiency Efforts and
Recommendations
- VIII. Convenience Fee Study Results
- IX. Medication Therapy Management
- X. State Employee Health Care
- XI. Electronic Records Creation and
Storage
- XII. Department of Management
- XIII. State Board of Regents Efficiency
Efforts
- XIV. Committee Motions Approved
- XV. Recommendations Received From
General Assembly Members
- XVI. Materials Filed With the Legislative
Services Agency

AUTHORIZATION AND APPOINTMENT

The State Government Efficiency Review Committee was established in 2010 Iowa Acts, chapter 1031 (SF 2088), Iowa Code section 2.69, enacted during the 2010 Legislative Session. The Act reflected recommendations advanced by the State Government Reorganization Commission which met during the 2009 Legislative Interim. The committee's charge is to meet every two years to review state government organization and efficiency options and receive state government efficiency suggestions offered by the public and public employees, with the first report due by January 1, 2013.



State Government Efficiency Review Committee

I. Proceedings

The committee was authorized to conduct one meeting during the 2011 Legislative Interim. The committee met on Wednesday, November 16, 2011, in Room 103 of the State Capitol.

II. Fiscal Overview

Ms. Mary Shipman, Division Editor/Supervisor, Fiscal Services Division, Legislative Services Agency (LSA), provided a fiscal impact summary of SF 2088. Ms. Shipman distributed charts detailing expenditure and revenue changes for FY 2010-2011 and FY 2011-2012 anticipated to result from key provisions contained in the legislation, and updated figures reflecting actual results to the extent available. Combined expenditure reductions and revenue increases were originally estimated to result in approximately \$72.2 million General Fund net savings for FY 2010-2011 and approximately \$34.7 million for FY 2011-2012. Updated figures were provided totaling approximately \$56.3 million and \$22.8 million respectively, as were original estimates and updates for non-general fund expenditure reductions and revenue increases.

III. Cooperative Purchasing

Ms. Debbie O'Leary, Administrator, Procurement Services, Department of Administrative Services (DAS) General Services Enterprise, summarized consolidated procurement efforts undertaken by the department. Ms. O'Leary indicated that DAS procures goods and some services for 41 state agencies and 16,000 employees, and maintains over 500 contracts covering a wide range of products utilized by state government. She provided an overview of cooperative procurement efforts involving other states, the Department of Transportation (DOT), in conjunction with the State Board of Regents, and the Minnesota Multistate Contracting Alliance for Pharmacy, providing examples under each of these categories and noting discounted prices obtained. Ms. O'Leary stated that approximately \$3.8 million in cost savings or cost avoidance has been realized through consolidated procurement efforts for the time period spanning from January 1, 2011, through November 1, 2011.

IV. Personnel

Mr. Jeff Panknen, Chief Operating Officer, DAS Human Resources Enterprise, addressed span of control requirements contained in SF 2088. Mr. Panknen stated that improvements in supervisory ratios have been made by some agencies, primarily in the form of not filling vacant positions, illustrated by a series of charts comparing agency span of control ratios for January 2010, January 2011, and October 2011. He cited as factors complicating compliance with the statutory requirements fluctuating numbers of nonsupervisory positions and inherent differences between agencies in staffing and supervision needs. Mr. Panknen also distributed a chart depicting 59 rehired employees from FY 2008-2009 through the present time following either regular employment retirement or retirement pursuant to an incentive program.



V. Information Technology

Mr. Mike Carroll, Director, DAS, accompanied by Ms. Lorrie Tritch, Chief Operating Officer, DAS Information Technology Enterprise, presented information regarding information technology consolidation efforts undertaken by the department in conjunction with the DOM. Mr. Carroll acknowledged that an appointment to the position of Chief Information Officer created in SF 2088 has not been made, but stated that efforts are underway and that a consolidation approach and structure is being implemented which is compatible with legislative intent.

Ms. Tritch stated that initial IT consolidation efforts have focused on e-mail consolidation efforts and agencies with immediate IT requirements or needs. She provided updates regarding IT infrastructure consolidations involving the Department of Inspections and Appeals, the Iowa Division of Credit Unions, and the Iowa Utilities Board within the Department of Commerce, the Department of Cultural Affairs, the Department of Public Health, the Iowa Department on Aging, and the Iowa Economic Development Authority. Ms. Tritch also discussed e-mail consolidation efforts among participating agencies and e-mail and related server decommissioning, providing resulting actual and estimated financial savings and cost-avoidance figures, and DAS IT coordination with the judicial and legislative branches, the State Board of Regents, and other states.

VI. Real Estate and Lease Management

Ms. Barbara Bendon, Administrator, Lease and Space Management Services, DAS General Services Enterprise, addressed requirements contained in SF 2088 relating to the conducting of a real estate audit of surplus and unused state properties, a lease audit and statewide lease renegotiations, and the sale and leaseback of state office building assets. Ms. Bendon indicated that DAS periodically contacts specified agency property managers regarding whether any real property has been identified as surplus, and that to date no agency has notified DAS of real property not in use or which should be sold. Ms. Bendon noted that DAS lacks statutory authority to sell surplus real property outside parameters specified in the legislation. Ms. Bendon summarized efforts to renegotiate all leases for office space and provided a spreadsheet identifying a resulting savings in excess of \$4 million during the next few fiscal years. She stated that a cost/benefit analysis regarding the sale and leaseback of real property conducted by DAS resulted in the determination that risks and the potential for long-term debt appear to outweigh the benefits of one-time income accruing to the General Fund.

VII. State Energy Efficiency Efforts and Recommendations

Ms. Jennifer Moehlmann, Manager, Vertical Infrastructure Program, DAS General Services Enterprise, and Ms. Monica Stone, Energy Program Manager, DAS General Services Enterprise, discussed state efforts to achieve energy efficiency. Ms. Moehlmann indicated that since FY 2008, DAS has decreased overall energy consumption by 17 percent, spending nearly \$800,000 less on utilities in FY 2010-2011 than in FY 2007-2008. Of the \$800,000 in savings, approximately \$300,000 can be attributed to lower natural gas prices. She outlined an energy management



State Government Efficiency Review Committee

process consisting of reviewing energy bills and tariffs, establishing temperature and lighting policies, implementing energy efficiency upgrades, and measuring results.

Energy management efforts undertaken by DAS dating back to 1976 were provided, energy audits and additional energy efficiency enhancements being implemented by the department were described, and future opportunities for achieving energy efficiency were outlined. Ms. Moehlmann indicated that a lack of time and sufficient capital were barriers to energy management endeavors, and that successful implementation depended on identification of energy champions, involving building engineers and custodians, and soliciting ideas from all employees. Ms. Stone discussed the operation of the Iowa Energy Bank. Key goals involve attracting and deploying capital to finance energy improvements and identifying and implementing cost-effective energy projects resulting in saving taxpayer dollars. She stated that the program provides funding from a \$12.5 million revolving loan fund to public facilities to facilitate investment in energy projects, involving projects that are anticipated to pay for themselves with the energy savings derived with no upfront capital or appropriations required, with a general guideline that most buildings can reduce energy costs by at least 15 percent.

VIII. Convenience Fee Study Results

Mr. Mike Uhrin, Administrator, Application and E-Government Services, DAS Information Technology Enterprise, summarized the results of a convenience or value-added service fee elimination study mandated by SF 2088. Such fees reflect the costs an agency incurs in providing online services. Mr. Uhrin indicated that alternatives to the provision of the fees were identified, consisting of an annual appropriation to cover the costs, or incorporation of the costs within the online service price either by increasing the price directly or by charging an additional amount for not using online services. The effect of an annual appropriation would be to shift the cost from individual taxpayers to all state citizens. Increasing the price would achieve the opposite result, with the variation involving an additional amount if online services are not utilized encouraging citizens to utilize the most cost-effective means of conducting business with the state.

IX. Medication Therapy Management

Mr. Ed Holland, Administrator, Risk and Benefits Management, DAS Human Resources Enterprise, provided information regarding the establishment and operation of the Medication Therapy Management Program, which involves the promotion of safe and effective use of medications and the achievement of targeted outcomes from medication therapy through a collaborative effort between a pharmacist, a patient or caregiver, and health professionals. Mr. Holland summarized the request for proposals (RFP) process, characterizing the process as rushed based upon timeframes contained in enabling legislation. He summarized program savings results as submitted by the selected vendor, and stated that if the program were offered again in the future, it would be preferable to allocate more time for the RFP process and to be less prescriptive regarding the plan or methodology to be contracted for. Committee discussion included the expression of disappointment regarding the Governor's vetoing of the extension of the program.



X. State Employee Health Care

Mr. Holland also addressed the committee regarding administration of state employee health care. He distributed a document identifying logistical and administrative issues associated with the pooling of smaller public entities and school districts with the state's health insurance plan. The issues included adverse selection within the state's plan; funding, staffing and timeline considerations; and the impact of pooling on the role performed by DAS in administering the state's health insurance program. Mr. Holland additionally discussed the current contract with Wellmark regarding state employee health care and the timeline and process by which the contract was entered into, indicating that selection is made pursuant to a recommendation from DAS to the Executive Council.

XI. Electronic Records Creation and Storage

Ms. Mary Cownie, Director, Department of Cultural Affairs, discussed issues and challenges faced by the department regarding records storage requirements. Ms. Cownie detailed the number of boxes of records currently stored at specified locations, noted the lack of available storage space, and estimated the initial cost involved in scanning those records to digital format at approximately \$19 million, and 43 cents per year per digitalized box thereafter. By contrast, it costs \$4.75 per year to physically store a nondigitalized box, but the front-end cost of digitalization is avoided. She indicated that a study conducted in 2010 determined that a process should be developed for determining which records should be maintained in physical form and which should be digitized and that the department lacks the necessary staff to work with agencies to determine how long a record should be retained.

XII. Department of Management

Mr. David Roederer, Director, Department of Management, discussed several aspects of SF 2088 which fell within the department's purview. Mr. Roederer provided an update regarding LEAN events, indicating that the department is refocusing these events on high-impact, significant-outcome endeavors. He stated that 117 LEAN events were conducted during the period spanning from 2003-2009, and provided a breakdown of agency participation.

Mr. Roederer also provided workforce reduction and resulting savings figures stemming from implementation of the State Employee Early Retirement Incentive Program established in 2010 Iowa Acts, chapter 1005 (SF 2062), enacted during the 2010 Legislative Session, and provided retiree rehire statistics. Additionally, Mr. Roederer discussed DOM efforts to establish a searchable database designed to provide budgetary and other information in a readily accessible and understandable format. Committee discussion included the desirability of establishing a single data source regarding retiree rehiring, why span of control requirements have not been adhered to, and progress being made on appointing the Chief Information Officer position.

XIII. State Board of Regents Efficiency Efforts

Ms. Nancy Brooks, Director of Purchasing, Iowa State University, discussed State Board of Regents cost and purchasing efficiency efforts. Ms. Brooks provided a historical review of regents



State Government Efficiency Review Committee

and state cooperative purchasing endeavors, identified cooperative service contracts and operational efficiency efforts, and noted cooperative undertakings anticipated for the future.

Mr. Steve Fleagle, Associate Vice-President and Chief Information Officer, University of Iowa, discussed IT efficiency efforts at the regents institutions. Mr. Fleagle emphasized that IT at the university level encompasses most day-to-day campus activities in some form and is far broader than e-mail, and that accordingly, a wide variety of IT systems need to be integrated with each other and with the activity they support. He listed regents and state collaborative IT activities, including conducting information technology security meetings, entering into a joint agreement for the purchasing and sharing of Internet connectivity, and serving as IT consultants to state IT leaders. Mr. Fleagle noted, however, that these collaborations do not necessarily yield cost savings due to differences between educational and government pricing. He described IT efficiency endeavors undertaken by regents institutions, and stated that peer comparisons are positive in the area of efficient IT operations.

XIV. Committee Motions Approved

The committee approved motions to reactivate a public input webpage soliciting ideas for improving state government operation, to be operational until the start of the 2012 Legislative Session. Ideas which were received from the public input can be accessed on the General Assembly's Internet page under "Public Input: Improving State Government", and may also be accessed via the "Committee Documents" link on the committee's Internet website as designated in Section XVI. The committee additionally voted to forward efficiency recommendations for potential inclusion in reorganization legislation to be introduced during the 2012 Legislative Session. Recommendations received as of a submission deadline date of Friday, January 20, 2011, are listed in Section XV.

XV. Recommendations Received From General Assembly Members

The following recommendations were received by members of the General Assembly after the meeting and prior to the recommendation submission deadline:

- Transfer the Governor's Office on Drug Control Policy to the Department of Public Safety.
- Consolidate K-9 dogs located and maintained by various state agencies and regents institutions within one K-9 corps.
- Implement joint purchasing of all communications systems utilized by state agencies.
- Investigate and address the extent to which public safety information is being communicated from Public Safety Answering Points to public safety officers and entities.
- Utilize state dispatch centers and state troopers for security purposes at regents institutions athletic and other events.
- Coordinate Department of Public Safety training efficiencies in partnership with Department of Transportation and Department of Corrections officers, including mental health awareness issues.



XVI. Materials Filed With the Legislative Services Agency

The materials listed were distributed at or in connection with the meeting and are filed with the LSA. The materials may be accessed from the “Committee Documents” link on the committee Internet website at:

<https://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=84&CID=540>

1. Tentative Agenda.
2. State Government Efficiency Review Committee.
3. Background Information.
4. Committee Charge.
5. Proposed Committee Rules.
6. Fiscal Overview of SF 2088 and SF 2062.
7. Summary of 2010 Iowa Acts, SF 2088 — Excerpt from 2010 Summary of Legislation.
8. Summary of 2010 Iowa Acts, SF 2062 — Excerpt from the 2010 Summary of Legislation.
9. Public Input Webpage (previously implemented as part of State Government Reorganization Commission in 2009).
10. DAS Presentation — Cooperative Purchasing
11. DAS Presentation — Personnel.
12. DAS Presentation — Information Technology.
13. DAS Presentation — Real Estate and Lease Management.
14. DAS Presentation — Energy Efficiency Efforts.
15. DAS Presentation — Convenience Fee Study Results.
16. DAS Presentation — Medication Therapy Management.
17. DAS Presentation — State Employee Health Care.
18. DAS Presentation — Property Report.
19. DAS Presentation — Department of Management.
20. DAS Presentation — Board of Regents.
21. [Public Input Webpage Responses.](#)