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**Governor's  
Task  
Force**

**on**

**Efficiencies and  
Cost-Effectiveness**

**in**

**Iowa  
State  
Government**

**Final Report  
December, 1983**

# **Governor's Task Force**

**on**

## **Efficiencies and Cost-Effectiveness**

**in**

### **Iowa State Government**

**Final Report  
December, 1983**

**Larry Pope,  
Chairperson  
Waldo Bargmann  
Ian Binnie  
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Tim Neville  
Phil Tyrrell**



December 9, 1983

**The Honorable Terry E. Branstad**  
**Governor of Iowa**  
**State Capitol Building**  
**Des Moines, Iowa 50319**

Dear Governor Branstad:

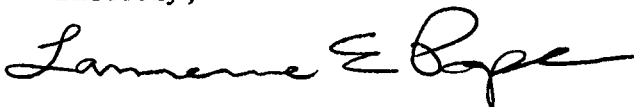
On behalf of the Governor's Task Force on Efficiencies and Cost-Effectiveness, I am pleased to submit this report to you. Over the past seven months the Task Force has worked through its various committees to uncover and investigate possible areas for cutting costs and saving money in State Government operations.

A total of 81 recommendations are made in this report, with potential savings of over \$32 million during the next several years. The savings indicated in this report are quite conservative. The Task Force feels that only the surface has been scratched for possible areas of improvement. Of particular concern to the Task Force is the need to implement these recommendations and to continue the process of study for further improvements. This concern has been addressed in the report by recommending a mechanism to monitor and coordinate implementation.

The project could not have taken place without the efforts of many fine State employees. Our staff deserves particular mention: Michael Coveyou, Department of Public Safety; Patricia Brockett, Department of Human Services; Glenda Loving, Board of Accountancy; and Duane Abbey, Office of the State Comptroller, who provided overall coordination. I am certain that I convey the feelings of the Task Force in saying that it has been a very real pleasure to work with all of the people that dedicated their time, energy and talents to this project.

All members of the Task Force requested that I convey our appreciation to you for offering us this opportunity to contribute to State Government. Although the formal efforts of the Task Force are completed with the issuance of this report, the Task Force members will continue their support for the implementation of the recommendations made in this report. We stand ready to serve you on behalf of economy and efficiency in State Government.

Sincerely,

A handwritten signature in cursive script, reading "Lawrence E. Pope".

Lawrence E. Pope  
Chairperson



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## ACKNOWLEDGEMENTS

The Task Force wishes to thank the many people who participated in the efforts of the Task Force's projects. It was heartening to observe the level of competency, dedication and productivity of the many State employees who helped us in our work.

This report could not have been completed without the efforts of Duane Abbey, Michael Coveyou, Glenda Loving and Patricia Brockett. The work of these four people must be singled out. They devoted hundreds of hours of work to this report with most of these hours being in addition to their regular duties.

Duane Abbey directed the work of the staff. State government is fortunate to have in its employment a person of his leadership ability. Mike, Glenda and Pat drafted and edited the text of the report as a culmination of their many assignments under his direction.

Three other people must also be mentioned. Kim Reagh was of great help to the Task Force in the complex and important areas of data processing and telecommunications. Judi Pierick assisted in many of the publication tasks, along with serving in several committee areas.

Lorrie Ward provided invaluable administrative assistance in scheduling meetings, coordinating schedules, maintaining documentation, and providing word processing and editing service. Her assistance to both the Task Force and the staff with extreme patience is greatly appreciated.

Lawrence E. Pope  
Chairperson  
Governor's Task Force on Efficiencies &  
Cost-Effectiveness in Iowa State Government

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# **Executive Summary**

The work on the Governor's Task Force on Efficiencies and Cost-Effectiveness in Iowa State Government was organized as a cooperative effort of eight citizen members and numerous State employees. The task force established project areas to study which included the following: Administration, Cash Management, Communications and Computer Technology, Organizational Structure, Paperwork Reduction, Personnel Management, and Transportation. Through this effort recommendations have been made regarding measures which might be taken by agencies of Iowa State Government to effect potential cost savings, cost containment, improved efficiencies, and enhancements in the effectiveness of State services. These recommendations, if implemented, have the potential to save approximately \$32 million cumulatively from the current fiscal year through fiscal year 1987.

The Task Force suggests that the following steps be taken to enhance the implementation of these recommendations:

- o the State Comptroller consider them in the budget process;
- o the State Auditor consider and comment on them in audits of State agencies;
- o the Inspector General proposed in Recommendation #1 review and report periodically on their implementation.

## **DIGEST OF RECOMMENDATIONS**

### **State Government Organization**

- o An Inspector General should be appointed to perform four major functions:
  - 1) analyze and recommend areas of potential cost savings and productivity improvement in Executive Branch agencies;
  - 2) analyze problems facing State government which cut across agency lines, and coordinate implementation of solutions to those problems;
  - 3) provide administrative analysis and related consulting to Executive Branch agencies; and
  - 4) coordinate implementation of the recommendations contained in this report. (Recommendation #1)
- o Review and evaluate general guidelines applying to boards and commissions that deal with size, number of yearly meetings, per diem, staff classifications, agency establishment of new boards and councils, salaried board members, and administrative support. (Recommendation #2)
- o Combine, reduce and/or eliminate 23 boards, commissions and advisory councils. (Recommendations #3 & 4)

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## Human Resources

- o Undertake a comprehensive study and analysis of the span of control for State government agencies. (Recommendation #5)
- o Appoint a Benefits Manager to oversee State benefits programs, provide ongoing professional analysis of those programs and their costs, and advise the Office of Employee Relations on employee benefits proposals made during collective bargaining negotiations. (Recommendation #6)
- o Institute a wellness program on a pilot basis for selected employees, with results of this pilot determining whether to extend the program to all State employees. (Recommendation #7)
- o Adopt a phased retirement program available to employees at age 55 with 20 years of service. (Recommendation #8)
- o Terminate the contract with the Gates-McDonald Company for handling unemployment compensation cases for State agencies. Through training, arrange for agencies to actively participate in unemployment compensation fact finding hearings where benefits are inappropriate. (Recommendation #9)
- o Identify and obtain reimbursement for inappropriate overpayments of unemployment compensation to terminated State employees. (Recommendation #10)
- o Provide lay-off lists to agencies requesting a Merit register for those positions and require agencies to contact and consider laid-off individuals as if they are one of the top six scores. This recommendation would be implemented in a fashion consistent with the various collective bargaining contracts. (Recommendation #11)
- o Eliminate holiday pay for temporary employees. (Recommendation #12)
- o Request an Attorney General's opinion concerning the phrase "without loss of pay" with regard to provisions for military leave in The Code of Iowa. The State Comptroller should initiate changes in the payroll system to deduct military leave earnings from State payroll checks or legislative action should be sought to modify this provision so that the State pays employees for the difference between military pay and State compensation. Legislation should be sought to reduce military leave available from 30 to 10 normal working days annually. (Recommendation #13)
- o Develop a coordinated approach to worker safety through the following steps:
  - Develop and issue a statewide safety policy
  - Designate a State Safety Manager, possibly incorporating this into the duties of the Risk Manager authorized in the Department of General Services
  - Examine the feasibility of developing a charge-back system to agencies for worker's compensation cost
  - Continue Glenwood State Hospital School and State Capitol Complex pilot projects using State facilities and personnel for initial diagnosis and treatment of job-related injuries
  - Continue with and place greater emphasis on the waiver of potential claims based upon pre-existing conditions. (Recommendation #14)
- o Review the statutory requirements of The Code of Iowa to determine the feasibility of reducing the number of administrative proceedings held by State agencies. (Recommendation #15)

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- o Reaffirm centralized review of all requests for the use of consultants by State agencies. (Recommendation #16)
  - o Undertake an analysis of the Valuable Ideas for Productivity program to strengthen and enhance the awards process, and investigate the desirability of the reversion of identified savings. (Recommendation #17)

### **Financial Management**

- o Study ways to provide positive incentives through the budgeting process for managers and agencies who save money and recognize efficiency. (Recommendation #18)
- o Implement cost accounting procedures adequate to allow full tracking of expenditures within and across agency lines. (Recommendation #19)
- o Initiate various changes in the State's method of investing idle funds to increase interest earnings. (Recommendation #20)
- o Initiate the use of electronic funds transfer techniques by the Department of Beer and Liquor Control and the Department of Revenue to reduce check float and increase security. (Recommendation #21)
- o Establish regular pick up and delivery routes by General Services personnel to transport cash receipts from State agencies to the State Treasurer's Office. (Recommendation #22)
- o Stress sound cash management techniques on a regular basis. (Recommendation #23)
- o Seek legislation to allow the State to collect delinquent taxes from corporate officers. (Recommendation #24)
- o Delegate the pre-audit functions to individual State agencies with professional accounting personnel through the use of 28E agreements. (Recommendation #25)
- o Eliminate many of the prior approvals currently required by the State Comptroller's pre-audit rules and establish standards for agencies to follow. (Recommendation #26)
- o Reimburse for in-state meals on a per diem basis to eliminate the pre-audit function, and include payment on the bi-weekly payroll warrant. (Recommendation #27)
- o Establish imprest petty cash funds in field offices of State agencies for payment of small local expenses. (Recommendation #28)
- o Eliminate The Code requirement for agency directors to file a list of unpaid obligations with the State Comptroller at the end of each fiscal year. (Recommendation #29)
- o Implement the use of electronic funds transfer techniques for payment of claims to political subdivisions. (Recommendation #30)
- o Implement the direct deposit of ADC benefits through electronic funds transfer. (Recommendation #31)
- o Establish a program on an incremental basis to issue food stamps by electronic verification of the client's authorization to purchase through terminals at grocery stores. (Recommendation #32)

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- o Eliminate the Printing Division's approval in the process for payment of printing services by private vendors. (Recommendation #33)
  - o Initiate a study to determine how to shift the orientation of the Purchasing Division of the Department of General Services from control to service. (Recommendation #34)
  - o Automate the purchasing process used by the Purchasing Division of the Department of General Services. (Recommendation #35)
  - o Change the funding mechanism for the Purchasing Division from a revolving fund to a standard appropriation. (Recommendation #36)
  - o Change the signator on contracts from the Director of General Services to operating agency directors. (Recommendation #37)
  - o Raise existing thresholds governing State procurement procedures. (Recommendation #38)
  - o Allow agencies to utilize Federal procurement contracts as provided under Federal law. (Recommendation #39)
  - o Establish 28E agreements between the Purchasing Division and agencies with the appropriate expertise for the writing of technical specifications. (Recommendation #40)
  - o Establish a quality control function within the Purchasing Division to review and inspect products upon delivery. (Recommendation #41)
  - o Establish statewide contracts on as many items as possible. (Recommendation #42).
  - o Expand the number of cooperative purchasing arrangements between the Purchasing Division and other State purchasing entities. (Recommendation #43)
  - o Negotiate standard contracts between the State of Iowa and Iowa financial firms for State agencies' use in leasing and/or lease purchasing of various commodities. (Recommendation #44)
  - o Appoint a travel coordinator to negotiate contracts with private vendors for travel arrangements, lodging, and car rental, and to process all out-of-state travel requests. (Recommendation #45)
  - o Evaluate the feasibility and cost-effectiveness of establishing an in-house travel center for use by all State agencies. (Recommendation #46)
  - o Revert a sum equal to one-half of all out-of-state travel expenditures of fiscal year 1983. (Recommendation #47)
  - o Approve out-of-state travel only after requests have met strict criteria adopted by the Executive Council. (Recommendation #48)

### **Property Management**

- o Assign responsibility for lease management and coordination of space utilization for offices statewide to the Department of General Services. (Recommendation #49)
- o Issue uniform office space standards, undertake an audit of space utilization by State agencies and adjust space allocations accordingly. (Recommendation #50)
- o Develop guidelines and issue maintenance contracts for equipment through a competitive bidding process. (Recommendation #51)

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- o Develop guidelines for furniture and equipment repair and replacement. (Recommendation #52)
  - o Standardize guidelines for office furniture purchases according to specific job classifications. (Recommendation #53)
  - o Establish and implement vehicle replacement standards which minimize the total average life-cycle costs of vehicles by type. (Recommendation #54)
  - o Undertake an assessment of the feasibility and cost-effectiveness of acquiring State vehicles under lease and "lease-purchase" agreements. (Recommendation #55)
  - o Institute rules barring the use of State vehicles for commuting and other private purposes in any instance in which the employee reports regularly to a State office location. (Recommendation #56)
  - o Establish a centralized audio-visual equipment center within the Capitol Complex. (Recommendation #57)
  - o Freeze the purchase of additional audio-visual playback equipment through FY 86. (Recommendation #58)
  - o Investigate the feasibility of combining the existing video production facilities at Iowa Public Television, the Iowa Law Enforcement Academy and the Department of Transportation. (Recommendation #59)
  - o Assign the responsibility for reviewing and coordinating contracts with private vendors for the purpose of obtaining video production services to Iowa Public Television. (Recommendation #60)

### **Information Management**

- o Initiate a state forms control program within the Records Management Division of General Services. (Recommendation #61)
- o Establish a centralized forms storage facility two years after the implementation of the forms management program. (Recommendation #62)
- o Raise the subscription prices on publications such as periodicals and magazines in order for them to be self-sustaining. (Recommendation #63)
- o Sell all legal publications that have free distribution under the provision of The Code Of Iowa. (Recommendation #64)
- o Establish standards for internal newsletters. (Recommendation #65)
- o Sell all copies of the Iowa Official Register and State maps. (Recommendation #66)
- o Print the unit cost on all State publications, including internal newsletters. (Recommendation #67)
- o Establish and enforce filing standards for Administrative Rules. (Recommendation #68)
- o Establish stricter standards of paper and related production methods of State publications. (Recommendation #69)
- o Review mailing lists to eliminate inactive names. (Recommendation #70)
- o Establish rules to control the use of laser printers and other types of new technology. (Recommendation #71)
- o Eliminate the banner pages from computer generated printouts. (Recommendation #72)

- o Reorganize the State Library along functional lines. (Recommendation #73)
- o Realign the reporting structure of the regional libraries to place the regional administrators directly under the State Librarian. (Recommendation #74)
- o Undertake a comprehensive management review of the 30 State agency libraries. (Recommendation #75)
- o Restructure the Communications Advisory Council (CAC) to strengthen its capability to coordinate communications and data processing planning. (Recommendation #76)
- o Take steps to begin the implementation of the Information Resources Management program through the adoption of the philosophies of data resources management, portfolio management, balanced computing, and balanced networking. (Recommendation #77)
- o Standardize funding of services provided by the Comptroller's Data Processing Division. (Recommendation #78)
- o Investigate the feasibility of establishing an automated information resource center within the Capitol Complex. (Recommendation #79)
- o Issue a Request for Proposal for the purchase of telephones in the Des Moines area State offices. (Recommendation #80)
- o Prepare a Request for Proposal to upgrade or replace the current telecommunication network on the Capitol Complex. (Recommendation #81)

### POTENTIAL COST SAVINGS

<u>AREA</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUM.</u>
STATE GOVERNMENT ORG.	\$ 5,700	\$1,782,400	\$3,182,400	\$4,582,400	\$9,552,900
HUMAN RESOURCE MGT.	693,500	2,587,000	2,587,000	2,587,000	8,454,500
FINANCIAL MANAGEMENT	476,250	2,559,450	2,559,450	2,559,450	8,154,600
PROPERTY MANAGEMENT	77,500	155,000	155,000	95,000	482,500
INFORMATION MANAGEMENT	<u>18,500</u>	<u>1,849,150</u>	<u>1,882,900</u>	<u>1,882,900</u>	<u>5,633,450</u>
GRAND TOTAL	<u>\$1,271,450</u>	<u>\$8,933,000</u>	<u>\$10,366,750</u>	<u>\$11,706,750</u>	<u>\$32,277,950</u>



# ==Organization & Philosophy==

Governor Terry E. Branstad announced his intention to form a Task Force on Efficiencies and Cost-Effectiveness in Iowa State Government during his inaugural address on January 14, 1983. The Task Force was appointed by the Governor in February, 1983, and was charged with reviewing the operations of Executive Branch agencies in order to identify and recommend changes which would improve the efficiency and cost-effectiveness of those operations. The Task Force was asked to work with teams of State employees to identify potential areas of cost savings and to report its recommendations to the Governor.

The work of the Governor's Task Force on Efficiencies and Cost-Effectiveness in Iowa State Government was organized as a cooperative effort of the eight citizen members of the Task Force and the numerous State employees who participated in the work of the Task Force. Initially, the Task Force established project areas with two state officials serving as co-chairpersons and a task force member assigned as the liaison to each area. Within each project area, various committees were established to examine particular subjects. Additionally, five State employees served as staff to the Task Force.

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The following seven project areas were studied:

Administration

Cash Management

Communications and Computer Technology

Organizational Structure

Paperwork Reduction

Personnel Management

Transportation

A complete listing of the Task Force membership, staff, project and committee chairpersons, and committee members is contained in Appendix C to this report. It should be noted that only those who formally participated in a Task Force project and/or committees are credited. Many other State employees and private citizens contributed ideas and advice to the Task Force during the eight months of its activity and also deserve recognition. Citizen input was received at a public hearing held on September 27, 1983. A list of those testifying during the hearing is contained in Appendix D.

The scope of the Task Force's work included all operations of agencies within the Executive Branch of Iowa State Government, except for those headed by officials elected in their own right, the Board of Regents, and the Board of Regents institutions. The Board of Regents formed a committee to undertake a study parallel

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to this one, the results of which are due to the Governor in December, 1983. In cases of mutual concern, the cooperation of the State Treasurer Michael Fitzgerald, Secretary of State Mary Jane Odell, and State Auditor Richard Johnson in studying problems of interest to the Task Force was obtained and is appreciatively acknowledged.

In keeping with the charge from the Governor, the Task Force has concentrated on improving the efficiency and cost-effectiveness of the operations of State agencies, rather than upon programmatic considerations. In other words, an effort has been made to focus upon reducing the cost of delivering the services provided by State agencies, rather than upon questions regarding the desirability or propriety of the provision of any of those services by the State.

### **Content of this Report**

This report contains the recommendations of the Task Force regarding actions which might be taken by agencies of Iowa State Government to effect potential cost savings, cost containment, improved efficiencies, and enhancements in the effectiveness of State services. Each recommendation or set of related recommendations is preceded by a narrative explanation of an identified problem or existing condition which the Task Force feels would be improved by adoption of the recommendation(s).

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Following each recommendation is a summary of the estimated potential cost savings for the current State fiscal year (FY 84) and for each of the next three fiscal years. A cumulative total of the expected savings through FY 87 also is shown. Recommendations which will require legislative action are assumed to have been implemented as of July 1, 1984, and therefore, expected to result in no savings during the current fiscal year, but are expected to have full effect during each of the following three years. Recommendations which can be implemented by the Governor or Executive Branch agencies are assumed to become effective January 1, 1984. Generally, these should result in one-half the anticipated annual savings during the current fiscal year and full savings during the following years.

Some areas studied appeared to the Task Force to contain a significant potential for future cost savings, although the data available at this time is insufficient to reliably estimate those savings. In some other areas, the Task Force was able to identify a problem which appears to have some potential as an area for improved operational efficiency, but insufficient information was available to fully address the problem. In each of the cases, the problem is identified as fully as possible. If a solution was apparent to the Task Force, its adoption is recommended. If the Task Force felt that further study was needed to adequately identify and evaluate potential solutions to the problem, or even to fully iden-

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tify the problem, then this is noted. In each case, an attempt is made to specify the particular area needing study, along with options which have been identified for examination as possible solutions to the problem. In all of these cases, no specific dollar savings are claimed, even if the Task Force felt that significant potential exists to realize future savings.

In all cases, specific potential dollar savings identified in this report are based upon adoption of a recommended solution to an identified problem. From the outset, the Task Force and its committees have attempted to be conservative in estimating potential dollar savings. In some areas, such as span of control and forms management, the potential for savings may be far greater than the estimates presented here. However, the Task Force feels that caution in predicting savings is a responsible approach.

### **Implementation of Task Force Recommendations**

Realization of the cost savings potential of the recommendations contained in this report will depend upon their effective implementation. While many of the recommendations contain proposed means of implementation, the Task Force suggests three steps which should be taken to enhance this process:

- 1) the State Comptroller should consider these recommendations in the budget process;

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- 2) the Auditor of State should consider and comment upon these recommendations in audits of State agencies; and
  - 3) the Inspector General proposed in Recommendation #1 should be assigned responsibility to review and report periodically on the implementation of these recommendations. This reporting should include all recommendations, including both those which involve the Inspector General directly and those which do not.

# ■State Government Organization■

## Philosophy and Long-Range Concerns

The Executive Branch of the State Government of Iowa consists of approximately 65 different agencies, employing over 23,000 individuals. These figures exclude the Board of Regents and its institutions. Serving a State population of approximately 2.9 million persons, Iowa State Government has grown enormously since its inception in 1846. Containment of this growth is viewed by the Task Force as essential to bringing long-term cost containment and effective financial discipline to Iowa State Government. In addition, the organizational structure of State government is a significant factor in cost containment, in that managerial accountability and the ability of the Governor to exercise executive control over State agencies are essential. In view of this, measures which effectively increase the capacity of the Governor to oversee and direct State agency operations, while not in themselves necessarily leading directly to demonstrable cost savings, will enhance the ability to effectively implement and realize the potential of improvements, including many of the recommendations made in this report. For this reason, the Task Force believes that attention should be given to the possibility of restructuring the Executive Branch of Iowa State Government along functional lines.

Recognizing that this would be a long-term process, the Task Force recommends that more immediate consideration should be given to making directors of agencies who now are appointed by boards or commissions, appointees of the Governor.

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Included in this category are the directors of the following agencies: Department of Beer and Liquor Control, Commission for the Blind, Merit Employment Department, State Library, Department of Public Instruction, Department of Soil Conservation, Department of Transportation, Conservation Commission, and Board of Parole.

The Task Force has identified a number of organizational issues which require further attention. One area of concern is the lack of priority given to strategic planning capability for the entire Executive Branch. While some agencies have this function, central strategic planning capabilities for the Executive Branch as a whole should be enhanced.

The Management Advisory Council (MAC), made up of selected State agency heads, provides a vehicle for communication regarding issues which cross agency lines and for advising the Governor on these issues. The Task Force suggests that efforts be made to enhance the coordination functions of the Management Advisory Council.

Another area which deserves further consideration, and possibly the development of a uniform state policy, is "privatization." This involves contracting with private Iowa concerns for delivery of service while the State maintains ultimate accountability for the function. Studies have shown that government agencies can realize cost savings through selective use of "privatization."

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The specific recommendations initiated in this section of the report are limited to two areas: establishment of an on-going cost containment function and some restructuring of State boards and commissions. Some other specific organizational recommendations are contained in other substantive areas of the report.

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## Institutionalizing Cost Containment in State Government

Gubernatorial oversight of Executive Branch organizations is a vast responsibility. Groups such as this Task Force can supplement the day-to-day oversight exercised by the Governor and his aides by focusing on longer-term issues of cost containment in State Government and on potential areas of cost savings and containment which cross organizational lines. However, the capability of a group such as this Task Force to pursue cost savings in State operations is limited by its temporary nature.

During the brief life span of the Task Force, significant areas of potential cost savings were identified which could not be fully pursued; these should continue to receive attention. There are considerable problems facing State Government which cannot be addressed by any single Executive Branch agency and which would best be addressed using a coordinated, planned approach involving all Executive Branch agencies. In addition, the Executive Branch should have an available pool of executive and administrative talent to assist its agencies when they are undertaking reorganizational changes. The twin influences of fiscal constraints and emerging technology upon State operations make it likely that agencies will have to implement extraordinary changes in their operations with increasing frequency. This can be a substantial burden, especially for smaller agencies. The Task Force believes that there is a need to establish specific responsibility for these duties within the Executive Branch.

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## RECOMMENDATION 1

An Inspector General should be appointed to assume responsibility for a permanent cost containment and productivity improvement function within the Executive Branch of Iowa State Government. The Inspector General should be an appointee of and report directly to the Governor and should be provided with adequate professional staff to facilitate the successful execution of the following responsibilities:

- (1) analyze and recommend areas of potential cost savings and productivity improvement in Executive Branch operations;
- (2) analyze problems which cross agency lines and coordinate implementation of solutions to those problems;
- (3) provide administrative analysis and related consulting to Executive Branch agencies; and
- (4) coordinate implementation of the recommendations contained in this report.

It is not the intent of the Task Force that the Inspector General assume operational authority in administration of the various State agencies.

The Task Force feels that it is essential that this function, along with competent, permanent staff, be established to carry out the work indicated by the Task Force, along with numerous other projects that could increase the efficiency and effectiveness of State government. It is feared that without such a function being established and strongly supported, that many of the recommendations made in this report would not be implemented and that the work of the Task Force would be futile.

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### Estimated Potential Cost Savings - Recommendation 1

No specific cost savings can be identified at this point, although it appears likely that the Inspector General could be expected to generate substantial savings for the State. It is suggested that the Inspector General be authorized by Executive Order and that funds and/or personnel be shifted from the Management Services Division of the Office of the State Comptroller to begin its operation during the current fiscal year. Many of the recommendations which follow are dependent upon the Inspector General for their successful implementation. A partial listing includes:

- 
- (a) coordinate comprehensive span of control study
  - (b) assist in analysis and review of employee benefits program
  - (c) analyze feasibility of establishing a joint safety and risk management program
  - (d) evaluate cost-effectiveness of administrative appeal procedures
  - (e) evaluate feasibility and cost-effectiveness of establishing an in-house State travel center
  - (f) assist in the analysis and development of office space standards
  - (g) assist in the development of vehicle replacement standards
  - (h) analyze the feasibility and cost-effectiveness of lease and "lease-purchase" arrangements for vehicle acquisition
  - (i) investigate the feasibility of combining video production facilities operated by State agencies

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## **Boards and Commissions**

The Task Force, while recognizing the valuable services provided to State Government by members of boards and commissions in the form of independent judgment and citizen input, feels that the State's structure of boards and commissions should be periodically examined in order to modernize, streamline, and reduce State government. Proposals to reduce the size or eliminate boards or commissions do not reflect a lack of appreciation on the part of the Task Force for the dedication and efforts put forth by past and current members of these groups.

Iowa State Government contains an intricate and sometimes overlapping structure of agencies, commissions, boards, councils, and ad hoc committees. Such overlapping and duplication can actually impair the delivery of service to clients. There are currently 1,960 people on boards, commissions, councils and advisory committees. The direct cost to State government to support their activities is \$1.4 million per year in per diem, travel expenses, room rental, and salaries. In addition, at least \$1.3 million is spent by State agencies to support these groups through staff salaries, paper, postage and related expenses.

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## **RECOMMENDATION 2**

The following general recommendations affecting boards and commissions should be reviewed and evaluated by the Inspector General. These recommendations may or may not require legislative action as indicated.

- a) Boards should be of a maximum standard size (possibly five or seven persons) unless federal law or special circumstances require them to be larger. This could be accomplished through attrition. Changes in sizes of certain policy boards and commissions set by law would need legislative action.

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- b) If a minimum membership is set by federal law, the State board or commission should have no more members than the minimum. Legislative action may be required in some cases.
- c) Meetings of boards should be of more standard spacing throughout the year. For most, quarterly meetings should be adequate. Teleconferencing could be used to resolve important issues between quarterly meetings when needed. No legislative action is necessary unless the number of meetings is set by law.
- d) Per diem should be eliminated. Experience has shown that per diem is neither an incentive nor a disincentive to service on boards and commissions. Travel and expenses should continue to be paid and alternative efforts should be made by the coordinating agency to reimburse citizens for other "out of pocket" expenses or costs that would otherwise prevent a person from serving. Efforts should be made to ensure that senior citizens and lowans of all economic levels can serve in State government. Legislative action would be required.
- e) There are a number of small boards and commissions functioning throughout State government. Generally, they operate independently as small departments with staff of four or less persons and budgets of approximately \$100,000. The classifications for the Executive Secretaries range from a salary of \$18,000 to \$26,000 even though the responsibilities are essentially the same from one position to the next. Uniform classification and pay grade for all of these similar exempt positions should be established.
- f) Approval of the Comptroller or his designee should be required prior to the establishment of an advisory board or council by an agency.
- g) The four part-time salaried boards and commissions and the three full-time salaried boards and commissions should be evaluated by the Inspector General to determine if salaries are necessary and if the full-time positions could be reduced to part-time.
- h) All examining boards, excluding the health examining and agricultural licensing boards, should be put under the Secretary of State so that they could share staff and support functions. This would include, but not be limited to, the Board of Architectural Examiners, the Board of Engineering Examiners, and the Board of Accountancy.
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#### Estimated Potential Cost Savings - Recommendation 2

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$128,000	\$128,000	\$128,000	\$384,000

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### RECOMMENDATION 3

The following administrative actions should be taken to reduce, combine and/or eliminate the following boards and commissions. No legislative action would be required.

- a) The Statewide Health Coordinating Council is federally mandated to oversee health planning issues. The Council has 31 members, and Federal law requires a minimum of 21 members. It is recommended that this Council be reduced to the minimum number.
- b) The Iowa Athletic Advisory Board is a five-member board which has met twice in four to five years to advise the Commissioner of Labor on boxing and wrestling. This work could be done by the Commissioner and his staff. It is recommended that this board be dissolved.
- c) The Medical Assistance Advisory Council is a state and federally mandated council that reviews reimbursements for medical services. They meet 10 times a year and have 28 members. It is recommended that the council membership be reduced to 22, which is required by The Code of Iowa.
- d) The Governor's Emergency Medical Services Advisory Council is a 15-member council established in 1971 to distribute federal money available at that time. It is recommended that this council be dissolved and its responsibilities be assigned to the Advanced Emergency Medical Care Commission under the Department of Health.
- e) The Historical Records Advisory Board is a federally mandated body with 11 members who review grants in the field of historical research and records. It is recommended that the State Historical Board assume these responsibilities.
- f) The Governor's Economic Advisory Council is a group of top-level economic advisors established by the Governor to recommend economic policy guidelines and to develop tools for forecasting. These tasks have been completed. The continued availability of these advisors to the Governor would be desirable, but could be accomplished on an individual basis. It is recommended that this council be dissolved as economic forecasts are provided to the Governor and the Comptroller by the Econometric Forecasting Council.
- g) The Iowa Youth Council (24 members) and the Council for Children and Families (12 members) should be combined into a new twelve-member, "Iowa Council for Children, Youth and Families." The new council would assume the responsibilities of the two existing groups which coordinate State efforts for young children, youth and families.

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#### Estimated Potential Cost Savings - Recommendation 3

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$5,700	\$11,400	\$11,400	\$11,400	\$39,900

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## RECOMMENDATION 4

Legislative action should be sought to reduce, combine and/or eliminate the following boards and commissions:

- a) The Committee on Child Labor is a five-member group that reviews child labor issues. The committee met two times in FY 1983. The majority of its work was done by Bureau of Labor staff, and some of the work was duplicated by other departments. It is recommended this committee be dissolved and its responsibilities be assumed by the Commissioner of Labor.
- b) The Board of Hearing Aid Dealers Examiners and the Board of Speech Pathology and Audiology Examiners have the responsibility of examining and licensing similar and overlapping professions. These boards should be combined into a new five-member board.
- c) The Board of Landscape Architectural Examiners, a seven-member board, licenses 140 Iowans whose profession is landscape architecture. This board should lapse, with the licensing function assigned to the Board of Architectural Examiners.
- d) The Occupational Safety and Health Review Commission reviews decisions of a hearing examiner prior to district court appeal. Consideration should be given to its elimination, with the decisions administratively reviewed by a related department prior to court appeal, if this can be accomplished in a manner consistent with federal requirements.
- e) The Board of Voting Machine Commissioners approves new voting devices which meet Iowa Code specifications. This function should be handled by the Secretary of State with her present staff. This Board could be eliminated.
- f) The Land Rehabilitation Advisory Board is a seven-member board providing technical assistance to the Department of Soil Conservation. It is recommended the Board continue to operate in an advisory manner to the department but be accountable to the Director of Soil Conservation.
- g) The Child Abuse Prevention Program Advisory Council and The Council on Child Abuse Information recommend rule changes and review grant proposals under the Iowa Department of Human Services. Their responsibilities overlap. The Council on Child Abuse Information should be discontinued and its responsibilities assumed by the Child Abuse Prevention Program Advisory Council.
- h) The Mental Health and Mental Retardation Commission (15 members) and the Developmental Disabilities Council (24 members) have overlapping responsibilities. It is recommended that their functions be reviewed and consideration be given to incorporating the Developmental Disabilities Council into the Mental Health/Mental Retardation Commission.
- i) The Accounting Practitioners Advisory Committee, a three-member committee, should be merged with the eight-member Board of Accountancy on which its interests are already represented.

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- j) The Criminal and Juvenile Justice Planning Council and the Juvenile Justice Advisory Council currently have overlapping functions with each other, as well as with other State agencies. The Juvenile Justice Advisory Council should be dissolved and incorporated into the Criminal and Juvenile Justice Planning Council in such a manner as to meet Federal guidelines for grants and funds. According to Chapter 80C, the Criminal and Juvenile Justice Planning Council has the responsibility to administer Federal funds. If an advisory council is necessary for this purpose, it can be established under the department.
- k) The Board of Certification is a seven-member group which certifies operators of public water supply systems and water treatment plants. Its function is under the new Department of Water, Air & Waste Management which could handle this responsibility.
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**Estimated Potential Cost Savings - Recommendation 4**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$243,000	\$243,000	\$243,000	\$729,000

# Human Resource Management

## Philosophy and Long-Range Concerns

State government in Iowa is personnel intensive. Consequently, the management of the time and activities of the 40,000 employees of State agencies is of major importance in pursuing the efficient and cost-effective operation of State government. Profound changes in the organization and management of State employees have occurred in recent years, largely as a result of increasing professionalization of many disciplines and through the introduction of public sector collective bargaining. These influences have not lessened the need for effective management of the human resources at the disposal of State agencies. On the contrary, human resource management is growing increasingly challenging in the contemporary environment. At the same time, its significance to the effective administration of State government can hardly be overstated. Employee compensation accounts for about 50 percent of the operating expenditure of Executive Branch agencies, excluding the Board of Regents.

The Task Force found State employees to be capable, dedicated and hard working. Effective management of these employees starts with the explicit realization that they represent a resource and an investment to the State of Iowa. This resource management perspective focuses on the full utilization of employees' capabilities and talents, the further development of skills to improve the operations of State

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agencies, and the provision of appropriate incentives to State employees to encourage optimal work performance. The provision of appropriate incentives to State employees, especially to those with management responsibilities, requires the capacity to recognize and concretely reward unusual initiative and performance.

A mechanism has been instituted to reward initiative on the part of State employees who generate cost-saving ideas through the Valuable Ideas for Productivity program. The Task Force supports the encouragement of employee initiative in this area and suggests that analysis of the three years of experience with the program be undertaken to strengthen, consolidate, and build upon the effort which has gone into the program thus far.

The Task Force supports the employment security safeguards, which are included in the Merit Employment System and recognizes their importance to the quality of the State's workforce. However, the Task Force suggests exploring methods of introducing flexibility into the system of rewards and sanctions impinging upon management and professional employees. In making this suggestion, the Task Force is concerned with employees who have responsibility for overseeing State programs and projects, regardless of whether or not they have direct line supervisory responsibility for other employees.

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An important element in encouraging optimal work performance is the perception of fairness. The State of Iowa has undertaken a comparable worth study to ensure that pay of State employees is based upon skills, effort, responsibilities, and working conditions. The Task Force commends the Governor and the General Assembly for showing a willingness to tackle this difficult issue and a commitment to fair personnel practices.

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## Supervisory Span of Control

Effective management requires a balance between the ability of supervisors to exercise control over the work of their subordinates and the exercise of sufficient autonomy by subordinate workers to encourage individual initiative. In order to achieve this desired balance, it is essential to structure supervisory-subordinate relationships in such a way as to facilitate effective supervisory control, while avoiding excessive numbers and levels of supervision.

The concept of "supervisory span of control" is a tool which may assist in evaluating and adjusting supervisory-subordinate relationships in large organizations. "Span of control" is based upon the notion of "span of attention," and recognizes that the capacity of supervisors to effectively direct subordinates is affected by varying subordinate levels of responsibility, job complexity, and geographical proximity. The "span of control ratio" is the average number of employees supervised by individual managers and supervisors.

Two states, Kentucky and New Jersey, have recently undertaken comprehensive span of control studies and concomitant implementation. Neither state has been able to provide specific estimates of cost-savings resulting directly from their efforts in this area, as "span of control" analysis was included in more sweeping reorganizational efforts. However, officials in both Kentucky and New Jersey have assured the Task Force that the results have been notable in terms of cost-savings and cost-containment. It has also improved the efficiency of the management structure of State government and given increased confidence by the public in the structures being utilized.

It is recognized that span of control is not an isolated issue, but that it is intimately related to such things as collective bargaining, and the comparable worth study now being conducted by the State. Also, by its nature, span of control analysis must take into account different levels of responsibility, complexity, proximity, and other factors affecting the ability to manage in order to effectively improve efficiency of management.

Preliminary studies indicate that the current span of control ratio for Executive Branch agencies, excluding the Board of Regents, is between 1:5 and 1:6. There is no generally accepted standard in this area, but the Task Force recommends that a goal be established of achieving a span of control ratio for State government of 1:7. Because variations in individual agency function and purposes will influence optimum levels for supervisory spans of control, detailed analysis will likely indicate that ratios higher and lower than 1:7 would be desirable in various cases.

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## RECOMMENDATION 5

A comprehensive study and analysis of the span of control for State government agencies should be undertaken. This study and resulting implementation should be coordinated and directed by the proposed Inspector General in cooperation with the Merit Employment Department and the State Comptroller. The study and assessment should provide a specific means of implementation for each agency. While agencies should retain flexibility in the means by which they implement span of control recommendations, the budget for the agency should be reduced in the amount indicated by the assessment from such a study. The resulting savings may be utilized to help fund recommendations generated by the State's comparable worth study.

The Task Force feels that this recommendation is one of the most important contained in this report. Iowa should move ahead in a determined manner on this issue. The potential savings are substantial and efficiency of State government will be greatly enhanced.

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**Estimated Potential Cost Savings - Recommendation 5**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$1.4 M	\$2.8 M	\$4.2 M	\$8.4 M

These figures are based upon moving from a current span-of-control ratio estimated at 1:5.4 to a desired ratio of 1:7 over a five-year period, with one-half of the resulting reduction in supervisory positions assumed to be eliminated and the other half reclassified as non-supervisory.

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## **Containment of Employee Benefits Costs**

During the year ending December 31, 1982, nearly 23 percent of the total compensation received by employees of the State of Iowa was in the form of fringe benefits, including vacation and sick leave pay, group health and life insurance, long-term disability insurance, deferred compensation, holiday pay, and retirement contributions. In calendar year 1979, the corresponding figure was 20 percent. In this same three-year span, there was a 40 percent increase in the cost of fringe benefits paid through the State's central payroll, while employees' net earnings were increasing 19 percent. At the current time, the cost of fringe benefits provided to State employees, excluding the Board of Regents, is approximately \$100 million annually.

Management of the system of fringe benefits provided to employees of the State of Iowa has not received coordinated, systematic attention. Furthermore, figures provided to the Task Force show that fringe benefits, once in place, are a growing, and largely uncontrollable, financial burden to the State.

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## **RECOMMENDATION 6**

An Employee Benefits Manager should be appointed to oversee State benefits programs, provide ongoing professional analysis of those programs and their costs, and advise the Office of Employment Relations regarding proposals concerning employee benefits made during collective bargaining negotiations. Initially, the

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Employee Benefits Manager should undertake a comprehensive study of State employee benefit programs with the assistance of the Inspector General, the State Comptroller and the Merit Employment Department.

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**Estimated Potential Cost Savings - Recommendation 6**

The potential for cost containment in this area is significant but cannot be reliably estimated prior to the completion of the proposed study.

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## Wellness Program

A significant contributor to the rise in fringe benefit costs for State government is the increasing cost of group health insurance. Between 1979 and 1982, health insurance premiums paid by the State for employees on the Centralized and Department of Transportation payrolls rose from approximately \$10 million to over \$14 million annually. This represents an increase of over 40 percent in three years.

The current approach to employee health benefits in Iowa State Government is similar to much of private and public sector employment nationally. It is based upon traditional medical insurance, which provides reimbursement, in whole or in part, for medical expenses incurred by an employee or dependents when ill. While some reimbursement is provided for expenses incurred for preventative measures, the emphasis is clearly upon treatment of illness.

An approach to health care, which complements a traditional program of providing medical treatment to ill persons, is a wellness program. A wellness program is an integrated combination of regimens intended to promote physical and mental fitness. Components include stress management, exercise, nutrition, smoking cessation, emotional well-being, self-responsibility, community responsibility,

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and medical responsibility. Entry into the program is preceded by screening and selected tests. Wellness programs are being established in government and private industry to assist in containing the rising direct costs of health insurance and workers' compensation, in addition to reducing the indirect costs of high absenteeism, low productivity, and high turnover rates.

Experience with employer-sponsored wellness programs is somewhat limited but appears to have been effective. While few controlled research studies have been undertaken, one study commissioned by the Canadian government found that participants in wellness programs tended to have fewer medical claims and less hospital use than did members of a control group. Wellness program participants also were reported to have substantially lower rates of absenteeism and job turnover than did non-participants.

Examples of wellness programs in central Iowa are those at Townsend Engineering, Pioneer Hi-Bred, and the Ames School District. At Townsend Engineering, the Blue Cross/Blue Shield premiums the company pays have been reduced in the past two years. Pioneer Hi-Bred has also identified savings in health care costs through reduced hospitalizations under their Blue Cross/Blue Shield plans. Pioneer reports that employees feel that their wellness program is a very important benefit. Initially, six percent of their employees had a significant medical problem reported. This year, five years later, less than one percent manifested a medical problem. The Ames School District indicated that the better feelings and improved working relationships were easy to see in their wellness program that began this year.

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It is suggested that the State of Iowa enter into a wellness program on a pilot basis prior to full-scale implementation for all State employees. This approach would allow for evaluation of the initial efforts and should build upon and utilize existing efforts of the Iowa State Department of Health, the State Employees' Health and Recreation Committee, and the Iowa Governor's Council on Physical Fitness and Sports.

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### **RECOMMENDATION 7**

A wellness program should be instituted for selected State employees on a pilot basis, with the results of the pilot project being used to determine whether to extend the program to all State employees. Possible continuation or extension of the wellness program on a permanent basis should be based upon an evaluation by the Inspector General, conducted during and at the conclusion of the pilot program. This would allow the State to take a leadership role in this important health care area.

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#### **Estimated Potential Cost Savings - Recommendation 7**

The primary reason to begin a wellness program is the concern for the well-being of State employees. Some containment of health-related costs is likely to result from implementation of a wellness program. Substantial savings are possible but cannot be reliably estimated at this time.

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## Retirement Alternatives

In recent year several State agencies have experienced reductions-in-force of sufficient magnitude to require layoffs. When reductions in the work force are necessitated by economic conditions, accomplishing these through attrition is preferable, whenever feasible. Attrition includes voluntary resignations and retirement.

Both public and private sector employees have expanded retirement alternatives in recent years through implementing early retirement and phased retirement programs. Early retirement generally involves the provision of incentive bonuses. Phased retirement involves gradual reductions in the work schedule, culminating eventually in full retirement.

Early retirement does not have substantial cost-savings potential for the State of Iowa because of the bonuses required to induce widespread participation. However, phased retirement has considerable cost-savings potential. While employees in a phased retirement program remain on the payroll, the costs associated with their employment are reduced, helping to relieve the economic pressures which might otherwise require layoffs. One approach to phased retirement involves an initial 20 percent reduction in work hours and pay, followed by a period of half-time work prior to full retirement.

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The Iowa Management Training System offers a pre-retirement planning seminar, open to all State employees and their spouses, and the Department of Transportation offers extensive pre-retirement counseling to its employees. The Task Force commends these efforts and suggests that ways of expanding them be examined.

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### RECOMMENDATION 8

The State of Iowa should adopt a phased retirement program available to employees at age 55 with 20 years of service.

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#### Estimated Potential Cost Savings - Recommendation 8

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$1.2 M	\$1.2 M	\$1.2 M	\$3.5 M

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## **Unemployment Benefits Administration**

Approximately 5,000 employees of the State of Iowa terminated their employment during the State fiscal year which ended June 30, 1983. Of these, approximately 2,500 filed claims for unemployment compensation. Employees whose terminations are involuntary and resulted from no fault of the employee are eligible for unemployment compensation benefits. Employees who are discharged for misconduct (fired) or who terminate voluntarily through resignation or retirement generally are ineligible.

Currently, the State of Iowa contracts with the Gates-McDonald Company of Ohio to handle the processing of unemployment compensation cases for State agencies. This service is used by some Executive Branch agencies, but not by others. The current cost to the State is \$25,000 annually.

Determinations of eligibility for unemployment benefits are a responsibility of Job Service of Iowa. Initial determinations can be appealed by either the applicant or the employer. Many State agencies do not adequately follow up contested claims. Often they fail to be represented at all stages in the hearings and appeal process and fail to obtain reimbursement (and credit) for payments subsequently determined to be inappropriate. It is estimated by Job Service of Iowa that the State of Iowa loses approximately \$100,000 annually in inappropriate unemployment payments which are not recouped.

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The cost to the State of paying unemployment benefits to a laid-off employee is equivalent to a substantial portion of the cost of retaining that employee on the payroll. Currently, no hiring preference is given to employees who have been laid off from State positions, except for an absolute right to recall to any position with the same classification within the layoff unit for two years. The Merit Employment Department does maintain lists of individuals eligible for State employment within certain job classes without having to take a merit examination, by virtue of having been laid off. These lists are periodically provided to State agencies.

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### RECOMMENDATION 9

The State of Iowa and all Executive Branch agencies should terminate the use of contracted services for the processing of unemployment benefit claims by terminated State employees. Personnel of the affected agencies should assume responsibility for handling unemployment claims subsequent to the provision of appropriate training by Job Service of Iowa.

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#### Estimated Potential Cost Savings - Recommendation 9

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$12,500	\$25,000	\$25,000	\$25,000	\$87,500

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## RECOMMENDATION 10

Representation from the affected State agency should be required at all stages of hearing and appeals on unemployment compensation cases. State agencies should identify inappropriate overpayments of unemployment compensation to terminated State employees and work with the State Comptroller and Job Service of Iowa to obtain reimbursement of those payments.

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### Estimated Potential Cost Savings - Recommendation 10

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$50,000	\$100,000	\$100,000	\$100,000	\$350,000

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## RECOMMENDATION 11

The Merit Employment Department should continue to maintain lists of employees eligible for employment in each classified position as a result of a layoff. When such a list exists for a given position, it should be provided to any agency requesting a merit register for that position, with instructions that the individual(s) on the layoff list is to be contacted and considered for the position in the same manner as applies to persons shown in the top six score groups on the register. Due consideration will need to be given to implementing this recommendation in a fashion consistent with the various collective bargaining contracts.

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### Estimated Potential Cost Savings - Recommendation 11

It is not possible to estimate reliably the cost savings which might result from increased rehiring of laid-off workers, whose unemployment compensation costs are born by the State at this time.

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## Holiday Pay for Temporary Employees

The State of Iowa currently provides holiday pay for its temporary employees. A survey of selected private sector employees indicated that most do not provide this benefit. The cost to the State of Iowa of holiday pay for temporary employees is approximately one million dollars annually.

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### **RECOMMENDATION 12**

An opinion of the Iowa Attorney General should be sought regarding the meaning of language in The Code of Iowa (Section 33.2) concerning the provision of holiday pay to temporary State employees. If the opinion requires continuation of the current practice of awarding such holiday pay, legislation should be sought to amend The Code of Iowa so as to restrict the payment of holiday pay to permanent and probationary employees of the State. If the opinion indicates that holiday pay for temporary employees is not required, executive action should be taken to discontinue it.

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#### Estimated Potential Cost Savings - Recommendation 12

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$550,000	\$1.1 M	\$1.1 M	\$1.1 M	\$3.8 M

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## Military Leave

The Code of Iowa (Section 29A.28) provides that employees of the State may take up to 30 working days of military leave annually, with pay continuing at the normal rate. That is, an employee on military leave is treated as though he or she were on vacation or sick leave. More than 300 employees take military leave each year. Of these, approximately 50 employees take more military leave each year than the amount necessary to cover the 15 calendar day encampment required of members of the National Guard and reserve units. Currently, State law also requires that the State and its political subdivisions award a 30-day leave of absence "without loss of pay" to any employee beginning active military duty. In total, it is estimated that the State pays in excess of \$270,000 to employees on military leave annually.

The military leave/pay policy of the State of Iowa appears to be substantially more generous than those followed by many other public and private employers. While some provide no such benefit, more typical is the provision of the difference between the employee's military pay and his or her normal paycheck. In this way, the employee suffers no financial penalty for participating in the National Guard or reserve, but the employer is not subsidizing that participation to the extent of effectively paying a bonus to the employee for that participation.

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In addition to the level of pay provided, the State of Iowa's policy concerning the number of days available annually to each employee for military leave is unusually generous. Many employers provide a limit of two weeks per year military leave. This is generally sufficient to cover the normal 15 day encampment required annually of Guard and Reserve personnel.

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### RECOMMENDATION 13

The Task Force strongly endorses the concept of encouraging State employees to participate in the Armed Forces Reserves and the National Guard, and therefore recommends the continuation of military leave provisions to enable State employees to attend normal summer encampment without financial sacrifice. At the same time, the following modifications to the current program of military leave are recommended to bring the State of Iowa in line with the current practices of area employers who provide this benefit:

- a) The State Comptroller should request an Attorney General's opinion concerning the meaning of the phrase "without loss of pay" with regard to provisions for military leave in The Code of Iowa. If "without loss of pay" means that the employer must pay the employee sufficiently so that his or her total compensation will not suffer, then the State Comptroller should initiate changes in the payroll system so that paychecks issued State employees on military leave have deducted from them, an amount equal to the employee's military pay. If "without loss of pay" means that the employee must continue to receive his or her normal paycheck while on military leave, legislation should be sought to modify this provision so that the State compensates employees on military leave only for the difference between the military pay and the normal level of compensation.
  - b) Legislation should be sought to reduce the amount of military leave available to each employee from 30 to 10 normal working days annually, except in cases of national or State emergency.
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#### Estimated Potential Cost Savings - Recommendation 13

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$81,000	\$162,000	\$162,000	\$162,000	\$567,000

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## Containment of Workers' Compensation Costs

The cost to the State of Iowa of compensating employees for job-related injuries and illnesses has risen substantially in recent years. In the fiscal year ending June 30, 1977, the State of Iowa made workers' compensation payments totaling \$957,000. Six years later, in the fiscal year ending June 30, 1983, workers' compensation payments by the State of Iowa totaled 2.4 million dollars. This represents an increase in the annual cost of workers' compensation to the State of 152 percent in six years. While mounting unit (per-claim) costs account for much of this increase, new claims rose 34 percent during the same period, from 3,483 in fiscal year 1977 to 4,673 in fiscal year 1983.

Workers' compensation is largely a hidden cost to State government. Section 85.58 of The Code of Iowa states that "the State Comptroller is hereby authorized and directed to draw warrants on the State treasury for any and all amounts due State employees under the provisions of (the workers' compensation statute.)" Consequently, workers' compensation payments are not felt by State managers as budgeted expenses in the way that regularly appropriated funds are.

The Task Force believes that the implications of data on workers' compensation claims for the job safety of State employees are even more significant than the cost figures. Safety and health of State workers are of paramount importance.

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## RECOMMENDATION 14

The Task Force recognizes the critical importance of job safety to the health and well-being of State employees and believes that this is an area which requires additional attention. A coordinated approach to worker safety may also result in containing the escalating costs of workers' compensation payments. The following steps should be taken to improve worker safety:

- a) Development and issuance of a statewide safety policy.
- b) Designation of a State Safety Manager. The Inspector General should examine the feasibility of incorporating this responsibility into the duties of the Risk Manager, currently authorized in the Department of General Services. Organizational placement of this position and its attendant responsibilities also should be examined.
- c) Examination of the feasibility of developing agency budgetary accountability through the institution of an assessment or charge-back system for workers' compensation costs.
- d) Continuation of pilot projects at Glenwood State Hospital Schools and the State Capitol Complex to use State facilities and personnel for initial diagnosis and treatment of job-related injuries. Expansion of this program to other work locations also should be considered.
- e) Continuation of and additional emphasis on the waiver of potential claims based upon pre-existing conditions.

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### Estimated Potential Cost Savings - Recommendation 14

No specific cost savings can be reliably estimated based upon the information currently available to the Task Force. The Task Force is of the opinion that considerable potential for containment and possible reduction of future workers' compensation costs exists and may be realized through adoption of a systematic approach to worker safety.

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## **Administrative Proceedings**

The Iowa Administrative Procedures Act provides for the extension of due process to persons and corporations affected by State agency rulemaking, fee setting, and licensing. A significant component of the administrative process is the administrative hearing used to gather information with respect to agency promulgation of administrative rules, fee setting, and contested licensing (and license revocation) cases. During fiscal year 1983, there were approximately 19,900 hearings held by State agencies under the provisions of the Administrative Procedures Act. The total cost of these hearings is not available, although the cost of related court reporting services was nearly \$90,000. While results of all contested hearings are subject to judicial review, many agency hearing processes allow for administrative review of initial findings.

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### **RECOMMENDATION 15**

The Inspector General should undertake a review of administrative hearings held by State agencies to evaluate the cost effectiveness of administrative appeal procedures and to recommend reduction of the steps in appeal processes prior to judicial review, if appropriate. The advice of the Attorney General should be sought during this study regarding the due process requirements of the Iowa Administrative Procedures Act with regard to administrative appeals.

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#### **Estimated Potential Cost Savings - Recommendation 15**

Prior to completion of the recommended study, no reliable projection of potential cost savings can be made. It appears that a modest reduction in the volume of administrative hearings held by State agencies could lead to significant savings.

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## **Administration of Consultants**

The utilization and cost of consultants to the State have been a subject of continuing concern to the Task Force. The position of the Task Force is that consultants be used only in situations and circumstances that preclude the use of resources already available within State Government. There are currently rules governing procurement of professional consulting services promulgated by the State Comptroller. These rules were issued in response to Executive Order 50, which established State policy on procurement of consultants. A Pre-Consultant Questionnaire is used to gather some information in advance of contract finalization. However, this form is received by different budget analysts and is used primarily as a check for funds availability, rather than to review the necessity or justification for acquiring consulting services. In many instances, the budgeting process does not distinguish and/or delineate monies for consultant contracts.

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### **RECOMMENDATION 16**

The State Comptroller should continue to receive, monitor and approve all requests for the use of consultants and should investigate the appropriateness of each request in consultation with State agencies with related expertise. When appropriate, alternative ways in which the request can be met by the utilization of existing State resources should be suggested. Careful cost accounting, along with an assessment of consulting services rendered, should be made.

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### Estimated Potential Cost Savings - Recommendation 16

It is not possible to reliably estimate potential cost savings, which might result from careful monitoring of the use of consultants by State agencies. The Task Force feels that the total cost of consultants to State agencies is a matter of concern. It is quite possible that a significant reduction can be achieved by carefully utilizing existing resources. In any event, the centralization of information concerning consultants and their use will prove useful to State managers administering contracts for professional services.

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## Employee Suggestion Program

The State of Iowa currently has an active employee suggestion program, Valuable Ideas for Productivity (VIP), which provides a means for State employees to suggest ways to reduce the cost of State operations and receive incentive awards for suggestions which are implemented.

The program, which has been in operation for nearly three years, incorporates features of a variety of successful employee suggestion systems in the private and public sectors. The primary focus of the program has been to promote efficiency and to reduce the cost of operating State Government, and the program has proven to be successful in meeting these goals.

The Task Force recognizes, however, that perhaps the greatest impact of this program is the stimulation and growth that comes from the personal involvement of the employees, and that cannot be measured in terms of dollars and cents. The Task Force endorses the VIP program and its underlying philosophy of inculcating the value of cost-containment into the day-to-day operation of State Government.

It is the belief of the Task Force that the importance of the Valuable Ideas for Productivity program should be reaffirmed and actively supported by all State agencies. Consistent with the Task Force's emphasis on the use of positive incentives to promote cost savings, the following recommendation is made.

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## RECOMMENDATION 17

An analysis should be undertaken to identify means of strengthening the Valuable Ideas for Productivity program. Enhancement of the awards process should be examined, as should reversion of a portion of identified cost-savings.

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### Estimated Potential Cost Savings - Recommendation 17

No potential cost savings for strengthening the employee suggestion program can be claimed at this point. With adequate support, the VIP program can become a major contributor to cost savings within State Government.

# Financial Management

## Philosophy and Long-Range Concerns

The budgeting and accounting functions for State government are performed by the Office of the State Comptroller. A new accounting system is in the final stages of implementation. This new system should help enhance the capability of the State to effectively manage its financial resources. Although the system is operational, there remains a great deal of work to be accomplished for full and effective utilization.

The various State agencies have highly diverse accounting and budgeting needs and methodologies. It would appear that much of the State's financial management efforts are directed to meeting these individual agency needs and requirements. Although this varied approach is necessary, there appears to be great difficulty in addressing cross-cutting issues that may involve a number of different agencies. This is particularly true in the determination of the cost of different types of activities common to many agencies. Individual agencies have latitude in their utilization of the new accounting system, in that they can use the system at different levels of detail. Uniformity and consistency across agency lines need to be established in order to achieve the degree of financial accountability needed by an organization the size and complexity of the State of Iowa.

Both the budgeting and accounting functions are used almost exclusively as control mechanisms. These mechanisms should be established as aids in strategic, tactical, and operational planning and decision making. Additionally, budget and accounting functions should be used to create incentives for State managers to do their jobs more efficiently.

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## **Budget Incentives**

The Task Force notes with concern that the State budget process currently provides a major disincentive for managers to save money through implementing efficiency measures. When an agency is able to save money and revert it to the General Fund, the budget base for the following budget cycle is predicated on the actual monies expended rather than monies originally appropriated. This type of budget preparation philosophy provides an incentive for the agencies to attempt to spend all of their available funds in order to insure that they will obtain a full base in the next budget cycle. Methods need to be identified that can provide positive incentives to agencies and individual managers to save money but not be penalized in the budget process.

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## **RECOMMENDATION 18**

The State Comptroller should undertake a study to determine ways in which the budgeting process can be restructured to provide positive incentives to managers and agencies to save money and reward efficiency.

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### **Estimated Potential Cost Savings - Recommendation 18**

No savings are claimed for the possible implementation of this recommendation. Such a shift in budgeting philosophy could have a significant impact on the management of State government. It is also recognized that it will take some time to put such measures into common practice. This recommendation highlights the Task Force's concern that positive incentives be introduced to encourage more cost-effective management of State government.

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## Cost Accounting

During the study of a number of possible recommendations, it became apparent that there was great difficulty in obtaining reliable and complete cost data. This was particularly true if the cost information being sought pertained to items that cut across agency boundaries. In some cases, partial information was accompanied by caveats that the information was incomplete and could not be assumed to be definitive. The lack of definitive, comprehensive cost accounting information made the cost of operations and potential savings in a number of areas difficult to reliably estimate.

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### **RECOMMENDATION 19**

The State Comptroller should undertake a feasibility study of the implementation of a comprehensive and uniform cost accounting system.

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#### Estimated Potential Cost Savings - Recommendation 19

No cost savings are anticipated in the short term. Some expenditures will be necessary to bring detailed cost accounting to the State of Iowa. The exact cost will not be known until a feasibility study has been completed. The long term benefits will be significant since it will allow managers within agencies as well as the Governor's Office and State Comptroller to track costs. The cost accounting information can then be used to promote coordination and uniformity across many of the activities of State government.

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## Management of Cash Receipts

The State of Iowa has implemented many procedures in recent years to maximize revenue income generated from investments of idle State funds. A review of those procedures should be undertaken periodically to account for changing trends, technology and philosophies. Investment income to the State Treasury has varied from \$25 million to \$40 million over the past four fiscal years.

A major portion of the State's receipts are received by mail. Once received, the majority of State agencies must deliver their receipts to the Treasurer's Office to be placed on deposit. The deposit of these funds is often dependent on the availability of a person to deliver the funds to the Treasurer's Office. If no one is available on the day the money is received, it may be several days before delivery occurs. Each day that is lost in depositing these monies results in a loss of interest income to the State.

State sales tax receipts collected by a corporation become uncollectable if the corporation becomes defunct since sales tax monies are not held in trust. This is in contrast to personal income taxes, which are held in trust and are, therefore, collectible, even from defunct corporations.

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## RECOMMENDATION 20

The State of Iowa should initiate the following changes in its method of investing idle funds in order to maximize the daily investment balance and resulting earnings for the State Treasury:

- o Obtaining advances against deposit and warrant floats. An opinion of the Iowa Attorney General regarding the legality of this process should be requested.
- o Paying bank charges directly from interest earnings or budgeted appropriations.
- o Requiring reimbursement from pension funds to the State Treasury for bank charges associated with those funds.

This recommendation embodies the main portion of the "Colorado Plan" which is being studied by a number of states.

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### Estimated Potential Cost Savings - Recommendation 20

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$788,300</u>	<u>\$788,300</u>	<u>\$788,300</u>	<u>\$2,364,900</u>

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## RECOMMENDATION 21

The use of electronic funds transfer techniques should be initiated by the Beer and Liquor Control Department and the Revenue Department in order to improve the security of funds transfers and reduce float time. The majority of funds collected by both agencies are received from a relatively small number of sources, making it likely that the necessary agreements could be successfully negotiated. Additional interest income would result from the reducing the float and allowing quicker investment of this money.

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### Estimated Potential Cost Savings - Recommendation 21

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$36,000</u>

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## RECOMMENDATION 22

It is recommended that the Department of General Services provide for the regular pick up of cash receipts from State offices in Des Moines and their delivery to the Treasurer's Office.

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### Estimated Potential Cost Savings - Recommendation 22

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$5,250	\$10,500	\$10,500	\$10,500	\$36,750

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## RECOMMENDATION 23

Awareness of sound cash management practices on the part of agencies handling cash receipts should be stressed, and these practices reviewed as part of each agency's regular State audit.

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### Estimated Potential Cost Savings - Recommendation 23

The savings would vary by agency, so it is not possible to reliably estimate potential income at this time. Significant additional income may be generated.

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## RECOMMENDATION 24

Existing statutes should be modified to provide for sales tax receipts to be held in trust. This change would allow the Department of Revenue to pursue collection against officers or other responsible parties of defunct corporations.

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Estimated Potential Cost Savings - Recommendation 24

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$260,000</u>	<u>\$780,000</u>

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## **Management of Cash Disbursements**

Each year the State of Iowa disburses millions of dollars to its employees, private vendors, clients of State services, and others. After a review of the procedures used by the State agencies to accomplish these disbursements, the Task Force believes that some realignment of these responsibilities would lead to economies and efficiencies.

Under provisions of Chapter 8 of The Code of Iowa, the State Comptroller's Financial Management Division pre-audits claims submitted for payments. This results in a duplication of effort, as these functions are also performed in the individual agencies, and can cause delays in the payments being made.

The State Comptroller's Pre-Audit rules currently include a number of instances where prior approval of the State Comptroller is required for the obligation of funds. Examples of this include obtaining an exception to the \$14.00 meal per diem for employee travel, paying air fares to travel agencies, and paying private employment agencies for placing a department's clients. Some of the prior approval requirements appear to serve no current purpose, while others could be handled by the agencies following written pre-audit guidelines.

Claims prepared by employees for reimbursement of travel expenses must contain a listing by meal of reimbursable amounts. These are reviewed and approved by respective supervisors and/or employing agencies and forwarded to the State

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Comptroller for audit and approval prior to reimbursement. Computer processing of these claims is accomplished daily, and warrants returned to the employing agency for distribution as they are issued. By replacing allowable meal amounts with a per diem amount, the auditing and approval process could be streamlined. Processing and distribution time would also be reduced if the claim was added to the payroll warrants distributed bi-weekly rather than through issuance of separate warrants.

State agencies with small field units (e.g., parks, patrol headquarters, liquor stores, etc.) incur many small local expenses. These normally include small equipment and facility maintenance expenses, local telephone bills, local utility bills, and post office box rentals. Currently, individual State warrants are being written for these small amounts. Agency field units should be allowed to pay these expenses locally.

The Code of Iowa requires each agency head to file a list of unpaid obligations with the State Comptroller at the end of each fiscal year. A listing of unpaid obligations can be obtained through the encumbrance feature of the new accounting system (IFAS); therefore, this list is redundant.

The State presently issues Comptroller's warrants to counties, municipalities, and school districts in payment of claims. Implementation of electronic funds transfer rather than the issuance and redemption of paper warrants should be examined.

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Electronic funds transfer should also be implemented to accomplish the direct deposit of ADC Benefits. At present all ADC eligible clients are mailed State warrants on a monthly basis, resulting in a number of warrants being reported lost or stolen. This results in expenses associated with investigation of circumstances surrounding the improper cashing of these warrants, plus the cost of creating duplicate warrants.

Currently food stamps are machine stuffed and mailed from a central distribution point to recipients. Excessive mail losses have led to the use of certified mailings to reduce losses and federal sanctions. Computer verification of a client's authority to purchase food with food stamps at the check-out counter would eliminate the need for issuing the actual stamps.

Printing invoices are first sent to the Printing Division for approval before sending them to the agencies to process for payment. This frequently adds two weeks or more to the time it takes to issue a State warrant in payment of a printing invoice. This may result in increased interest costs.

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## RECOMMENDATION 25

The State Comptroller should enter into 28E agreements with State agencies with professional accounting staffs for the joint exercise of the pre-audit function. These agreements should state that the agency will pre-audit all claims in accordance with the pre-audit rules published by the State Comptroller. The agreement should also provide for statistical auditing by the Comptroller and for cancellation of the agreement for failure to follow pre-audit rules.

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### Estimated Potential Cost Savings - Recommendation 25

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$15,000	\$30,000	\$30,000	\$30,000	\$105,000

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## RECOMMENDATION 26

The State Comptroller should review pre-approval requirements for the obligation of funds, eliminating those that appear to serve no current purpose, and replace others with adequate pre-audit rules written to allow individual agencies the ability to make informed decisions.

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### Estimated Potential Cost Savings - Recommendation 26

No direct cost savings are identified. Significant reductions in paperwork may be achieved without loss of meaningful financial control.

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## RECOMMENDATION 27

An in-state meal per diem allowance should be authorized for State employees required to travel on State business outside of the city or town of their official domicile, and employee subsistence claims should be processed and distributed every other Friday, included in the employee's payroll warrant or notification of deposit.

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Before this recommendation could be implemented, the per meal rate would have to be determined and placed in the Administrative Rules. Legislative action to amend Section 8.6, The Code of Iowa, would be needed. Also, the payroll system would have to be modified to allow for payment of payroll and expense reimbursements with one warrant.

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**Estimated Potential Cost Savings - Recommendation 27**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$60,000	\$60,000	\$60,000	\$210,000

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**RECOMMENDATION 28**

Imprest petty cash funds should be established for the payment of small, routine expenses at agency field units located outside the Capitol Complex. These expenses can be paid from either a local checking account or a "cash box." This would be dependent on the local situation. To be beneficial, these funds should be utilized not only for "out-of-pocket" expenditures for small facility and maintenance items, but also for payment of telephone bills, utility bills, and other similar expenditures at a local unit.

Section 8.6(b) of The Code of Iowa provides clear authority to establish petty cash funds; therefore, implementation could begin immediately.

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**Estimated Potential Cost Savings - Recommendation 28**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$6,000	\$12,000	\$12,000	\$12,000	\$42,000

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## RECOMMENDATION 29

The statutory requirement that each agency file a list of unpaid obligations with the State Comptroller should be eliminated.

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### Estimated Potential Cost Savings - Recommendation 29

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$20,000	\$20,000	\$20,000	\$60,000

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## RECOMMENDATION 30

The State should examine the possibility of expanding the use of electronic funds transfers for payments of claims to political subdivisions. Legislative action would be required.

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### Estimated Potential Cost Savings - Recommendation 30

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$1,650	\$1,650	\$1,650	\$4,950

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## RECOMMENDATION 31

Direct deposit of ADC benefits should be accomplished through electronic funds transfer. The client would be given an opportunity to choose between interested institutions. A joint DHS-client account would be set up into which the benefits would be deposited. The client would then be able to withdraw the deposited funds through normal banking procedures.

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**Estimated Potential Cost Savings - Recommendation 31**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$60,000</u>

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**RECOMMENDATION 32**

Food stamps should be issued by electronic verification of the client's authorization to purchase with food stamps through computer terminals at grocery stores. Technical feasibility and the accessibility of terminals will delimit the speed of implementation. The food stamp recipient would be issued a banking card and a security code number and would use the card when making food purchases. The amount of the purchase would then be deducted from the recipient's purchasing balance.

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**Estimated Potential Cost Savings - Recommendation 32**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$420,000</u>	<u>\$420,000</u>	<u>\$420,000</u>	<u>\$1,260,000</u>

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**RECOMMENDATION 33**

Printing vendors should be instructed to send invoices directly to the agency, rather than the Printing Division, for payment. The agencies would verify receipt of the printing order and process the payment, using the same procedure currently used for receipt and payment of other goods and services.

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**Estimated Potential Cost Savings - Recommendation 33**

It is not possible to reliably estimate potential savings resulting from prompt payment for printing jobs.

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## Purchasing

Concern about State purchasing was expressed to the Task Force by agency directors after the project areas for investigation were established. For this reason, a review of purchasing was undertaken late in the Task Force's deliberations.

With the exception of one recommendation, specific savings are not claimed in this section because of time limitations and incomplete data. Some of the suggestions will involve expenditures, but taken together, they should result in substantial net cost savings and cost containment.

Currently, the Purchasing Division of the Department of General Services is both a service and control organization. The contradictory nature of these responsibilities prevents the Division from performing purchasing functions in the most efficient possible manner.

Funding for the Purchasing Division is now accomplished through a revolving fund whereby each agency pays a percentage surcharge on its individual acquisitions. This creates unnecessary controversy and does not appear to be useful in providing an incentive to reduce and/or consolidate purchases.

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Currently, the Director of General Services is the official signator on State contracts which reduces the ability of agency heads to control expenditures for which they are accountable.

The Purchasing Division is responsible for reviewing technical requirements and specifications, regardless of whether or not they have the necessary expertise.

At this time, there is little control over the quality of products being purchased by State agencies. Time lags may occur between the receipt and use of various products which negates the possibility of identifying and receiving replacement of low quality or defective merchandise.

Statewide contracts are already in place on many items. The availability of such contracts to agencies simplifies acquisition processes and can facilitate the standardization of common items.

The State currently pays 17.5% of the purchase price annually (more than \$500,000) in leasing fees for high technology equipment. A substantial portion of this goes to out-of-state vendors. The Task Force feels that this is high considering government's ability to offer tax advantages. By negotiating standard contracts with Iowa funding sources, leasing fee rates could be substantially reduced, with the fees paid by the State remaining in Iowa, subject to Iowa taxes.

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The recommendations made in this section relate primarily to smaller purchases made through the Purchasing Division of the Department of General Services. The Task Force also received information on the final report of the Model Procurement Code Review Task Force which included all State agencies and political subdivisions and was concerned with purchases above \$25,000. A bill has been drafted incorporating the major points of the model procurement legislation as proposed by the American Bar Association.

The Task Force supports a thorough study and consideration for enactment of the Model Procurement Code as revised by the Review Task Force. This proposed code provides much enabling language for professional procurement practices and addresses such issues as the definition of "new buildings" versus "maintenance," and the question of the State engaging directly in administration of all construction contracts versus administration by general contractors.

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### **RECOMMENDATION 34**

The Inspector General should initiate a study with the Purchasing Division of the Department of General Services to determine how best to reorient the basic philosophy of the Division to emphasize service rather than control. This would involve focusing upon the efficient acquisition of items purchased by State agencies with primary attention to lowering acquisition costs while maintaining appropriate procurement practices. The control function involved in purchasing should be maintained, but its appropriate organizational placement needs to be determined.

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### **RECOMMENDATION 35**

The purchasing process should be automated. The Task Force supports efforts of the Department of General Services to acquire data processing support in this area, and suggest that:

1. The automated system should be fully compatible with the Comptroller's Data Processing Division's system.
  2. The applications developed should be fully integrated with the cost accounting proposal contained in this report.
  3. The automated system should be designed to support procurement responsibilities of the Vehicle Dispatcher Division as well as the Purchasing Division.
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### **RECOMMENDATION 36**

The revolving fund should be eliminated and the Purchasing Division should be funded through a standard appropriation.

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### **RECOMMENDATION 37**

Operating agency directors should be the official signators on contracts involving their agencies, with the exception of master contracts. The Purchasing Division should continue to act as a clearinghouse and coordinator for contracts and provide negotiating services to operating agencies.

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### **RECOMMENDATION 38**

Purchasing thresholds should be revised. Field Purchase Orders should be used on all purchases below \$500 unless items are on a statewide contract. For items below \$5,000, informal telephone bids should be used unless the Director of Purchasing documents the need for informal written bids. The formal bid process should be used only on items above the \$15,000 threshold unless there is concurrence on the part of purchasing and the affected agency director(s) that a purchase below \$15,000 requires formal bidding. Formal advertised bids should be used for purchases above \$25,000.

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### **RECOMMENDATION 39**

Federal procurement contracts (GSA) should be available to and used by State agencies without further bidding. This is essentially comparable to political subdivisions of the State using State contracts which obviates the need for further bidding. Implementation of this recommendation should reduce purchasing overhead.

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### **RECOMMENDATION 40**

The Purchasing Division should establish 28E agreements delegating the preparation of technical specifications to agencies with the required expertise.

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### RECOMMENDATION 41

The Purchasing Division should establish a quality control function to review and inspect products upon receipt.

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### RECOMMENDATION 42

The Purchasing Division should establish and maintain statewide contracts on as large a number of items as possible.

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### RECOMMENDATION 43

The Purchasing Division of General Services should continue to engage in cooperative purchasing arrangements with other State purchasing entities and should explore opportunities for expansion of these arrangements. The differential expertise of various purchasing entities, such as the Department of Transportation, and the Regent institutions, should be utilized to the maximum possible extent.

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### RECOMMENDATION 44

The Purchasing Division of General Services should negotiate standard contracts with Iowa Financial Firms for State agencies' use in leasing and/or lease/purchasing various commodities.

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#### Estimated Potential Cost Savings - Recommendation 44

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$250,000	\$250,000	\$250,000	\$750,000

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## Travel

The State of Iowa, including the legislative, executive and judicial branches, but excluding the Board of Regents, spent almost \$900,000 in state money on out-of-state travel (meals, lodging and registration fees) in FY 1983. Of this, approximately \$680,000 was spent on out-of-state transportation, presumably most for the purchase of airline tickets. While some out-of-state travel is essential to the efficient operation of State government, the Task Force believes that State departments can reduce expenditures in this area.

When out-of-state travel is needed, arrangements for the airfare, hotels, cars, etc., should be coordinated and made from a central location in order to take advantage of discounts, low fares, and group rates. The University of Iowa has operated this way during the past year, and have estimated savings of over one-half million dollars, which is equivalent to approximately 30% of their travel expenditures. The Department of Public Instruction assigned a single person the responsibility for making all out-of-state travel arrangements during a 3 month period, which resulted in an estimated 30% savings in travel expenses.

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## **RECOMMENDATION 45**

A State Travel Coordinator should be appointed with the following duties:

- 1) To negotiate a contract with a single travel agency to process all out-of-state airline travel, ground transportation, and lodging. This arrangement would guarantee the lowest rates available and should

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enhance the State's cash flow position. This will result in savings by increased use of discount fares. Savings will also be realized because of more reservations and appropriate places of lodging.

- 2) To negotiate contracts with a single hotel in each major city of destination. These cities should include Des Moines, Kansas City, Chicago and Washington, D.C.
- 3) To negotiate contracts with car rental agencies in cities of frequent destination.
- 4) To coordinate travel planning with agency travel coordinators.

Each agency should appoint a travel coordinator to process all agency travel requests and claims and to work with the State Travel Coordinator.

The Executive Council should require that requests for out-of-state travel be processed by the State Travel Coordinator prior to approval to assure the most cost effective travel.

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#### Estimated Potential Cost Savings - Recommendation 45

It is expected that significant reductions could be achieved in travel expenses through implementation of this recommendation; however, reliable estimates of the potential savings cannot be provided prior to negotiation of the proposed contracts.

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### **RECOMMENDATION 46**

The Inspector General should work with the Travel Coordinator to evaluate the feasibility and cost effectiveness of an in-house travel center available to all agencies. Specific areas of potential cost savings which should be examined include:

- 1) Cash flow savings - the State should be able to delay payments up to 45 to 60 days through the use of a credit card arrangement with the travel agency.

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- 2) Gross reimbursements - due to deregulation, the host of an in-plant travel agency can be awarded up to 3% commission reimbursement from the airlines.
  - 3) Discount fares - the increased use of discount fares could cut travel costs by up to 30%.
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#### Estimated Potential Cost Savings - Recommendation 46

Significant cost savings might result from development of a State Travel Center, although the extent of this savings cannot be identified prior to completion of the proposed study.

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### **RECOMMENDATION 47**

For fiscal year 1984 only, the Task Force recommends that agencies be required to revert to the General Fund pro-rated amounts equivalent to that spent on out-of-state travel during FY '83, and to pay for any out-of-state travel during the remainder of FY '84 after the recommendation is implemented from other budget items. This would be accomplished through the following steps:

- 1) the Comptroller should review the fiscal year 1983 budget to determine the amount of State dollars each agency spent on out-of-state travel;
- 2) the Governor should request of each agency that this amount, prorated based on the number of months remaining in the fiscal year 1984, should revert into the General Fund;
- 3) agencies would continue to apply to the Executive Council for approval for out-of-state travel but would receive no additional funds for that travel and would be required to fund the trip(s) from other budget lines.

In effect this would recover dollars which are now earmarked for out-of-state travel while continuing to allow agencies to fund out-of-state travel if the agency deems the trip important enough to warrant transferring other funds to pay for it. This measure would not affect travel funded entirely by federal program dollars. The Executive Council would continue to review out-of-state requests.

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The Task Force suggests that, if this recommendation is adopted, consideration be given to the exceptional circumstances of certain agencies justifying exemption.

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**Estimated Potential Cost Savings - Recommendation 47**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$450,000	\$900,000	\$900,000	\$900,000	\$3,150,000

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**RECOMMENDATION 48**

The Executive Council should adopt and apply strict criteria, such as the following, to all requests for approval of out-of-state travel. The Executive Secretary of the Executive Council should revise request forms to provide information necessary for the Executive Council to apply these criteria. These criteria could be adopted for all travel involving State general funds.

A. Nature of trip; travel will be allowed for one of the following conditions:

- o Essential to fulfill the agency's State or federal mandate.
- o Required for economic development of Iowa.
- o Required for the acquisition of contracts or grants that have direct fiscal benefit to the state.

B. Cost of Travel

- o Costs of daily expenses must not exceed current federal per diem costs allowed in the city visited.
- o Employees of the same sex are required to share lodging.
- o Restrict travel so that no more than one employee may travel to the same location for the same purpose unless required.

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### C. Monitoring

- o Each agency should be required to provide a monthly travel summary to the Executive Council.
- o The Executive Council should compile and make public to anyone who requests it a monthly list of out-of-state travel expenditures identifying individuals, agencies, and purposes.
- o The feasibility of instituting an automated tracking system for travel should be examined.

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### Estimated Potential Cost Savings - Recommendation 48

No reliable estimate of the potential savings has been identified. Some savings would occur from reduced travel through the strict application of the proposed criteria.

# Property Management

## Philosophy and Long-Range Concerns

The growth of Iowa State Government in terms of the number of agencies and employees has been paralleled by expansion in the volume and value of property owned and used by Executive Branch agencies. No reliable figures are available on the current value of the State's capital investments in land, buildings, and equipment, although it would be measured in the billions of dollars. Even in periods of relative fiscal stringency, such as the State has been experiencing in recent years, millions of dollars in additional capital investments are entered into by the State annually.

Given investments of this magnitude, coordinated and systematic management of the capital assets of the State of Iowa is essential to effective containment of the costs of State government. In order to accomplish this, the Task Force endorses the treatment of property management as a professional specialty, rather than as an adjunct to the service delivery specialties of State managers and departments.

In July, 1983, the Department of General Services entered into a cooperative agreement with the Iowa Manufacturers Association and McNally, Schaeffer, and Associates, a manufacturing and management consulting firm, to study the operations of three divisions of the Department of General Services: Printing, Buildings and Grounds, and Vehicle Dispatcher.

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The results of this two-week study were presented to the Task Force. The findings of McNally, Schaeffer and Associates appear to the Task Force to be quite useful to the Director of General Services. Implementation of many of them seems feasible and likely to result in considerable cost-savings.

The Task Force recognizes the potential value of cooperative public and private sector efforts such as the one undertaken by the Department of General Services, the Iowa Manufacturers Association, and McNally, Schaeffer, and Associates. Encouragement should be given for similar future efforts.

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## Management of Real Property

The State of Iowa is both a major property owner and tenant of rental property. A recent study completed by the Legislative Fiscal Bureau reported that State agencies occupied 58 buildings in Des Moines in 1981. While most of the space occupied in Des Moines is State-owned, a substantial amount of office space and some warehouse space is rented. Many field offices occupy rented space, even though there are many State-owned buildings outside the Des Moines area.

Providing space to State agencies in the Des Moines metropolitan area is a responsibility of the Department of General Services, with limited exclusions. Beyond the metropolitan area, space provision is a responsibility of individual State agencies. Some State agencies have made voluntary efforts to coordinate acquisition and utilization of space in cities other than Des Moines. For the past two years, a Colocation Task Force has operated to promote these efforts. Some success in colocating State agency field offices has been achieved, and the Colocation Task Force recently has recommended that a permanent coordinating authority be established in its place. Among the potential benefits of further colocation efforts are decreased unit rental costs, enhanced citizen/client access to agencies with similar clientele, and more efficient lease management.

Office space utilization has been identified by the Department of General Services as a factor contributing to the proliferation of State buildings and leased space. While office space standards currently exist, they are not uniformly adhered to or enforced. More compact utilization of space in

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State-owned buildings should lead to reduced usage and reduced cost of rented office space.

Energy utilization has been a significant factor contributing to the escalating cost of maintenance of State facilities during the past few years. The Task Force commends the efforts of the Department of General Services to contain energy costs and supports the continuation of those efforts.

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#### **RECOMMENDATION 49**

The Department of General Services should be assigned overall responsibility for lease management and the coordination of space utilization on a statewide basis.

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##### **Estimated Potential Cost Savings - Recommendation 49**

No reliable estimates of potential costs savings from increased efficiency in office space management can be projected at this time. Significant savings may be possible.

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#### **RECOMMENDATION 50**

The Department of General Services, in consultation with the Inspector General and the Management Advisory Council, should issue uniform office space standards, undertake an audit of space utilization by all State agencies, and adjust space allocations accordingly.

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##### **Estimated Potential Cost Savings - Recommendation 50**

Reliable estimates of potential cost savings from reduced office space utilization cannot be projected on the basis of data currently available.

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## Office Equipment

The Executive Branch of Iowa State Government spends hundreds of thousands of dollars a year on the purchase and maintenance of office equipment and furniture. There is no comprehensive approach to containment of these costs, although some innovations have been introduced by specific agencies. The Task Force supports the development of statewide policies regarding acquisition, maintenance, repair and replacement of office equipment and believes that significant cost reductions will result.

Maintenance agreements for office machines are frequently entered into with the manufacturer. Premium rates may result from this practice, as these agreements are generally entered into on a non-competitive basis.

Two general types of office furniture are currently used by State agencies: modular and traditional. All traditional furniture is obtained from Iowa State Industries, unless specific exemptions are granted by the Director of Corrections. Modular office furniture is obtained from a private vendor. Uniform office furniture guidelines are not in force, either for the use of modular or traditional design furniture, or for the specific furnishings available to employees within given job classes.

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## RECOMMENDATION 51

The Purchasing Division should take the following actions in order to reduce expenditures for the maintenance of office equipment:

- a) issue maintenance contracts through a competitive bidding process. Annual savings of \$35,000 have been achieved in the Des Moines metropolitan area through such an arrangement covering electric typewriters.
  - b) develop, with the assistance of the Inspector General, guidelines governing maintenance contracts based upon the cost of the equipment, its age, and its importance to the mission of the agency.
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### Estimated Potential Cost Savings - Recommendation 51

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$35,000	\$70,000	\$70,000	\$70,000	\$245,000

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## RECOMMENDATION 52

The State Purchasing Division, with the assistance of the Inspector General, should develop guidelines governing furniture and equipment repair and replacement.

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### Estimated Potential Cost Savings - Recommendation 52

No reliable estimates of the potential savings are currently available, although significant cost reductions should result from the use of replacement standards.

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## RECOMMENDATION 53

The Department of General Services should develop guidelines to govern office furniture purchases and to standardize the type of furniture allowed employees in specific job classifications.

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### Estimated Potential Cost Savings - Recommendation 53

No reliable estimate of the projected cost savings from enforcement of uniform office furniture standards is currently available. Some cost-avoidance should result from increased ability to interchange State-owned furniture.

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## Vehicle Management

There are more than 5,700 vehicles owned by the State of Iowa. Of these approximately 2,100 are administered by the State Vehicle Dispatcher and between 2,500 and 2,600 by the Iowa Department of Transportation. The remainder are under the control of the Board of Regents and its institutions. Three areas of vehicle management policy were examined for potential cost savings: Vehicle Acquisition and Replacement, Maintenance and Repair, and Vehicle Assignment.

### Vehicle Acquisition and Replacement

With some variations, the State of Iowa currently schedules State-owned vehicles for replacement when they have been driven 90,000 miles. This policy was instituted during a period of fiscal exigency for the State, and was intended to reduce cash outlays from the State treasury. Its adoption appears to the Task Force to have been an appropriate measure at the time it was implemented. However, a review of vehicle replacement policies now should be undertaken. Optimal timing of vehicle replacement can result in significant savings, if current policies are non-optimal. While 90,000 miles may be ideal for vehicle replacement, the replacement policy should be based on rigorous analysis of minimum vehicle

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life-cycle costs taking into account costs of fuel, maintenance, repair and replacement, and resale value.

The Vehicle Dispatcher Division was one of the areas of the Department of General Services examined by McNally, Schaeffer, & Associates in the management study conducted in July of 1983. They noted that adequate data were not maintained by the State Vehicle Dispatcher to effectively monitor the utilization of state vehicles, either for allocation or replacement decisions, although the State Vehicle Dispatcher since has commenced work on addressing these concerns.

A further area of potential savings noted by McNally, Schaeffer, & Associates was the size of the "motor pool" maintained by the Vehicle Dispatcher. Nearly 200 vehicles are maintained for use on an "as-needed" basis by personnel of State agencies. It was noted that there are frequently surplus vehicles parked in the Vehicle Dispatcher's lot. All vehicles acquired for this pool are owned by the State of Iowa; no vehicles are obtained under lease or "lease-purchase" agreements.

The Task Force is aware of efforts by the State Vehicle Dispatcher to consolidate vehicle acquisitions through combining all agency requests for a given model year into a single bid offering. The Task Force supports this effort as it appears to have considerable potential for cost savings, and suggests that it be continued.

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## **Vehicle Maintenance and Repair**

The maintenance and repair operations of the State Vehicle Dispatcher were examined by McNally, Schaeffer, & Associates. They identified several weaknesses in management control of the garage facility. The Task Force is aware that the Department of General Services has already begun to implement improvements to correct the noted deficiencies, and commends the Department of General Services on those actions.

Some jurisdictions have attempted to privatize vehicle maintenance and repair operations. While insufficient data were available to the Task Force to assess the impact of privatization of vehicle repair and maintenance by the State of Iowa, this is an area which bears further study.

## **Vehicle Assignment Policies**

Many of the vehicles administered by the State Vehicle Dispatcher are maintained in the general motor pool for use on an "as-needed" basis by any State agency. Others are assigned to an agency for general use by any employee of the agency. However, many vehicles are assigned by agencies for the exclusive use of a particular employee. In some instances, the State vehicle is used for commuting to and from work. Cases in which the personal assignment of a State vehicle is legal are tightly circumscribed by The Code of Iowa, under general provisions which bar the use of public property for private purposes (Section 721.1).

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A recent opinion of the Attorney General of Iowa held that private use of public vehicles is permissible only when the private use is incidental to serving a public purpose. This encompasses situations in which the employee conducts State business away from the office, the employee is regularly on call, and the employee is frequently required to depart from home directly on State business. Employees in any job classification who are assigned to an office and report to and leave from there for home regularly should not be permitted to commute in a State vehicle.

The Task Force supports the individual assignment of State vehicles to employees when documented cost savings result. However, the Task Force feels that the personal use of State vehicles, even though incidental to a public purpose, should be tightly controlled. All instances of personal assignment of vehicles should be regularly reviewed, with those vehicle assignments being revoked in any instance in which the private use is not directly contributing to a public purpose.

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#### **RECOMMENDATION 54**

The State Vehicle Dispatcher, assisted by the State Purchasing Division and the Inspector General, should develop and implement vehicle replacement standards which minimize the total average life-cycle costs of vehicles by type, and which consider at least the following items: fuel costs, maintenance and repair costs, replacement costs, and resale value. The Vehicle Dispatcher should continue work on a vehicle tracking system to provide data adequate to support management decisions regarding acquisition and allocation of State-owned vehicles.

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#### Estimated Potential Cost Savings - Recommendation 54

Potential cost savings cannot be estimated reliably on the basis of data currently available, although implementing optimal vehicle replacement standards may result in substantial savings over a period of years. It should be noted that the immediate effect of implementing revised vehicle replacement standards may be an increase in cash outlays during the fiscal year in which they are implemented if the average mileage replacement standard is lowered from the 90,000 miles.

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#### **RECOMMENDATION 55**

The Inspector General should undertake an assessment of the feasibility and cost-effectiveness of acquiring vehicles under lease and "lease-purchase" agreements, rather than outright purchase. In addition, the study should examine the possibility of acquiring used, rather than new, vehicles.

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#### Estimated Potential Cost Savings - Recommendation 55

Adequate data are not currently available to reliably assess the cost savings potential of lease and lease-purchase arrangements, or of the acquisition of used vehicles. Potential savings could be substantial.

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#### **RECOMMENDATION 56**

The State Vehicle Dispatcher should institute rules barring the use of State vehicles for commuting and other private purposes in any instance in which the employee reports regularly to a State office location. All existing cases of individual assignment of State vehicles should be reviewed by the State Vehicle Dispatcher. Any such vehicle assignments should be revoked for employees assigned to an office location, and who report regularly to that office to begin work and depart work from that location at the end of his or her shift. Reviews

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of all individual vehicle assignments should be completed annually, and justifications for all such assignments should be documented and maintained on file by the State Vehicle Dispatcher. Justifications should include documentation of benefits to the State in excess of the costs of personal use.

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Estimated Potential Cost Savings - Recommendation 56

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$12,500	\$25,000	\$25,000	\$25,000	\$87,500

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## Audio-Visual Resources

The Iowa Department of General Services, the Iowa Department of Public Safety and the Iowa Law Enforcement Academy have developed a cooperative facility for production of industrial quality videotapes. This facility is located at the Law Enforcement Academy, staffed by the Department of General Services and jointly funded by the three agencies with State and Federal Highway Safety monies. Separate video production facilities for State government are operated by Iowa Public Television and the Department of Transportation.

While Iowa Public Television's broadcast quality production is oriented to meeting needs of other State agencies, and the Department of Transportation and Law Enforcement Academy facilities also assist State agencies in video production, none of these outlets has the staff or authority to fully meet the videotape production demands of all State agencies. Consequently, some State agencies contract with private vendors for video production, and there appears to be little standardization and coordination across agency lines of these arrangements.

Most State agencies maintain their own audio-visual recording and playback equipment. While such equipment has many appropriate uses by State agencies, the volume of items on hand, such as television sets, videotape player/recorders, overhead projectors, cameras, and tape recorders may significantly exceed the number required to meet agencies' needs because there is no mechanism to facilitate coordination of equipment acquisition and sharing. That is, there is no

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formal system for inter-agency loan of equipment and no central control or coordination of purchase by agencies of audio-visual playback and production equipment.

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### RECOMMENDATION 57

A centralized audio-visual equipment center should be established within the State Capitol Complex. This center should provide storage for audio-visual equipment, which would be loaned to State agencies as needed. It also should assume responsibility for the coordination of all future purchases of such equipment. Initially, the center should be started with donations of existing equipment already maintained by State agencies.

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#### Estimated Potential Cost Savings - Recommendation 57

No specific savings can be reliably estimated at this time. Coordination of future purchases of audio-visual equipment and loaning of existing equipment in lieu of some purchases could result in considerable savings.

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### RECOMMENDATION 58

Purchases of additional audio-visual playback equipment by State agencies should be frozen for the remainder of the current fiscal year and the following two fiscal years. A survey completed for the Task Force found there already is a sufficient amount of equipment available to meet agency needs for the near future.

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#### Estimated Potential Cost Savings - Recommendation 58

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$30,000	\$60,000	\$60,000	-0-	\$150,000

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## RECOMMENDATION 59

The Inspector General should investigate the feasibility of combining the existing video production facilities at Iowa Public Television, the Iowa Law Enforcement Academy, and the Iowa Department of Transportation. This review should consider the practicality of meeting State agency video production demands for broadcast and training needs from a single facility, the cost-savings potential of consolidating production facilities and staff, and restrictions on the use of equipment purchased with federal funds.

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### Estimated Potential Cost Savings - Recommendation 59

The cost savings potential of consolidating State agency video production is not known at this time.

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## RECOMMENDATION 60

Iowa Public Television should be assigned the responsibility for reviewing and coordinating contract with private vendors for the purposes of obtaining video production services.

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### Estimated Potential Cost Savings - Recommendation 60

The potential cost savings from coordinating acquisition of professional video production services is not known at this time.

# Information Management

## Philosophy and Long-Range Concerns

Information flow, always critical to the effective management of State government, continues to become more automated. It seems unlikely, however, that the manual transmission and storage of information will ever be completely eliminated.

In order for State government to effectively manage information, the Task Force encourages the adoption of an "Information Resource Management" philosophy as an explicit policy of the State of Iowa. At a minimum, this should include integrating information disseminated and controlled through libraries, computers, printing and forms management.

Information collected, stored, and utilized by State agencies in any form or on any medium, should be evaluated in terms of its relative costs and benefits as an aid to the operations of State agencies and to management decision making. The various aspects of information management in State government are being forced closer together by emerging (and merging) technologies. Voice and data communications now are able to travel the same lines. No longer can printing be considered an entirely separate discipline from data processing, as computer-driven printers using laser technology are capable of generating forms of typeset

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quality. Typesetting of all documents can be, and is now, computer-driven. In this environment, the integration of various information resources and technologies is more critical than ever.

There continues to be great concern about the effective utilization of rapidly evolving technology. The advent of office automation, the microcomputer revolution, electronic mail and related approaches to increasing worker productivity provides both a challenge and opportunity for increased efficiency and effectiveness.

The ultimate objective of adopting an integrated, comprehensive approach to management of information is to enable State agencies to harness the full potential of information resources as tools for management control, management decision making and increased worker productivity.

Several different agencies are currently involved as providers of various types of services that fall within the broad scope of information services and virtually every agency is a user of such services. Reaching the goal of bringing information resource management on a coordinated, integrated basis to State government will require overcoming jurisdictional conflicts.

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## Control of State Forms

A form is any document containing information: printed, electronic or reproduced by whatever means; and with blank areas for the entry of additional information. Forms are produced in a variety of ways by many different types of machines: typewriters, typesetters, word processors and computers. Forms are the major means of communicating information in government. By their very nature they often determine office work flow. It is easier to prepare a form than a report or a letter. This ease sometimes leads to the creation and distribution of many unnecessary forms. Even though a small amount of time may be required to complete a form, large amounts of time are wasted when many people fill in unnecessary forms.

The impact of wasteful forms extends far beyond government offices to private citizens and businesses using government forms to provide required information. The amount of time it takes to produce and complete a form is only a small percentage of the time taken to process it. Offices often produce their own forms to satisfy their requirements, unaware that others may already be collecting the same or similar information.

A good, central forms management program can resolve these problems. Forms management is a comprehensive control program which provides standards for the analysis, creation, design, procurement and storage of all forms in State

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government, and assures that those forms are designed, produced and distributed economically and efficiently.

The State of Indiana established a Forms Management Program in 1978 which has proven itself to be workable and cost-effective. Through this program, Indiana has reduced the number of state forms from 68,354 to 37,150 and saved over \$5 million in printing costs alone since 1978. Iowa spends over \$2 million annually on printing of forms alone.

Austerity measures within Iowa State Government in recent years have included reductions in the area of forms. Therefore, Iowa may be in a better position than Indiana was at the beginning of its program five years ago. Even so, Iowa government has no centralized program for the development and management of forms, and, consequently, little standardization across or within agency lines. Only three agencies have personnel assigned full-time to forms management, four others have someone assigned part-time, and little formal control is attempted in other agencies.

Iowa does have a centralized program for records management, an area that has overlapping responsibilities with forms management. Most definitions of records management describe it as a program designed to provide economy and efficiency in the creation, organization, maintenance, use and disposition of records to assure that needless records will not be created or retained but that valuable records will be preserved. The Task Force believes that because of the overlapping nature of these areas, they should be administered jointly.

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A major problem to agencies is the storage and distribution of forms. Many store their forms wherever space is available. Few agencies have established or effectively utilized minimum and maximum stock levels, regular purging of obsolete forms or established distribution controls. These problems also could be addressed by a centralized forms management program.

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### RECOMMENDATION 61

The responsibilities of the Records Management Division of the Department of General Services should be broadened by Executive Order to include centralized forms management responsibilities. Formal Code changes should be sought to Chapter 304 adding forms management responsibilities and funding, extending coverage of the program to the Department of Transportation, which is now exempt, and revising the membership of the State Records Commission.

The new program should be phased into existence and staffed by current records management personnel, or personnel transferred from other agencies. Each agency should be required to appoint a forms coordinator to act as the liaison between the agency and the forms management program.

The forms management program would provide the following functions:

- o assign state form numbers to all State forms
  - o maintain a listing (index) of all State forms
  - o perform systems analysis and paper work flowcharting
  - o prepare form layout, design and printing specifications
  - o approve all printing requests for forms prior to printing
  - o adopt forms design standards, especially for forms intended for public use
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#### Estimated Potential Cost Savings - Recommendation 61

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$ 0	\$325,000	\$325,000	\$325,000	\$975,000

These figures reflect the net savings after a \$250,000 annual budget has been subtracted from projected savings.

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## RECOMMENDATION 62

Two years after implementation of the forms management program, establish a central forms storage facility providing the State with the following efficiencies and advantages:

- o proper use of space
- o volume buying to reduce printing costs
- o proper environment maintained to increase shelf life and decrease waste
- o increased ease in obtaining forms as needed
- o better control through the creation of minimum and maximum stocking levels to reduce the chance of no supply on hand, to reduce increased costs for rush orders due to stock depletion, and to lessen the cost of having stocked large quantity of forms which become obsolete
- o increased accuracy of usage figures to allow for realistic and economical reorders

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### Estimated Potential Cost Savings - Recommendation 62

Potential cost savings from a centralized forms storage facility are not known at this time. Improved control of forms inventories could produce considerable savings.

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## Printing and Publications

During FY 82, it is estimated that State agencies spent almost \$2 million on just the printing of publications. Many of these are produced in specific response to mandatory reporting requirements established by the General Assembly. Chapter 17 of The Code of Iowa alone establishes 18 separate requirements for various agencies to file annual reports and 11 requirements for biennial reporting.

A few serial (periodical) publications of State agencies are sold on a subscription basis, but these are not self-sustaining. Over 3,000 sets of The Code of Iowa are distributed for free every two years. Similarly, 3,000 copies of the Session Laws of the Iowa General Assembly are distributed at no charge after each legislative session, while 300 subscriptions each to the Iowa Administrative Code and the Iowa Administrative Bulletin are distributed for free. This free distribution is authorized by Sections 18.97 and 19.98 of The Code of Iowa. When sold, the price of The 1983 Code of Iowa is \$65.00. The Task Force believes that many of the recipients of free copies of The Code seldom use it.

The Code of Iowa also requires the free distribution of The Iowa Official Register. Twenty-one thousand copies of the 1983 edition were distributed at a cost of \$58,000.

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Many state agencies publish internal employee newsletters. These can be valuable tools for the dissemination of important information to employees in a concise and consistent manner. Although not a critical problem at this time, guidelines should be established and enforced to regulate cost and maintain consistency across agency lines.

New printing technology, especially the introduction of laser printers may lead to substantial economies in production of publications and other printing, but also may prove difficult to control.

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### RECOMMENDATION 63

All publications such as magazines and periodicals that are sold on a subscription basis should become self-sustaining through raising the subscription prices. This would include, but not be limited to, The Annals of Iowa, The Conservationist, and The Palimpsest.

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#### Estimated Potential Cost Savings - Recommendation 63

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$145,000	\$145,000	\$145,000	\$435,000

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### RECOMMENDATION 64

All legal publications that have free distribution under the provisions of The Code of Iowa as stated in Section 18.97 and 18.98 should be sold to all recipients listed in that section.

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Under present procedures, 8,300 copies of The Code are printed. Five thousand Codes are sold for \$65.00 a set and 3,300 are distributed at no charge. The selling price is determined by the printing costs plus any distribution costs. The editorial costs are not included in the selling price of the 1983 Code but will be included in the 1985 Code. The 1985 Code will probably sell for \$100.00 per set.

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**Estimated Potential Cost Savings - Recommendation 64**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$39,400	\$39,400	\$39,000	\$118,200

These figures are based upon 10% reduction in number of Codes printed for free distribution.

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**RECOMMENDATION 65**

Establish the following standards for internal newsletters:

1. Each newsletter should include: name of newsletter, publishing agency address, editor, date of publication, volume number and issue number plus frequency of issue.
2. Distribution should be limited to employees of the agency. Some copies should be available for general distribution if requested.
3. Frequency should be no more than once a month.
4. Publications should be limited to 4 pages (2 sheets 8 1/2" x 11", printed both sides or one sheet 11" x 17" -- folded to 8 1/2" x 11") and printed on white paper with black ink.
5. Publication content should pertain only to the business of the agency or State of Iowa, such as:
  - a. Employee benefits
  - b. Promotional opportunities
  - c. Training courses available
  - d. Meetings of interest
  - e. Payroll informaion
  - f. Personnel policies or procedures
  - g. Health awareness/wellness
  - h. Staff changes

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Compliance with these standards should be monitored by the Printing Division of the Department of General Services. Implementation would require Administrative Rule or an Executive Order by the Governor.

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**Estimated Potential Cost Savings - Recommendation 65**

Potential cost savings from implementing standards for internal agency newsletters are not known at this time, but are not expected to be substantial.

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**RECOMMENDATION 66**

Sell all copies of the Iowa Official Register at \$4.00 per copy and state maps for the actual cost of production. Legislative action would be required.

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**Estimated Potential Cost Savings - Recommendation 66**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$74,000	\$74,000	\$74,000	\$222,000

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**RECOMMENDATION 67**

Display the following on all State publications, including internal newsletters, even if distribution is free of charge:

Unit Cost            \$XXX.XX  
# Printed or Publication Run

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### Estimated Potential Cost Savings - Recommendation 67

No direct cost savings, but awareness of the cost of state publications may be enhanced.

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## **RECOMMENDATION 68**

Establish and enforce filing standards for Administrative Rules:

- o agencies need to be informed of the proper format for filing rules, including proper verbage and capitalization;
- o a primer should be produced for agencies to use as a guide;
- o administrative rules not meeting the standards should not be accepted by the Administrative Rules Coordinator.

Implementation of this recommendation would require cooperation between the Administrative Rules Coordinator and the Rules Review Committee. Code revisions may be required. Savings realized would be from the reduction in frequency of re-typesetting the same material.

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### Estimated Potential Cost Savings - Recommendation 68

FY 84	FY 85	FY 86	FY 87	CUMULATIVE
\$ 0	\$18,000	\$18,000	\$18,000	\$54,000

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## **RECOMMENDATION 69**

Establish stricter standards of paper and related production methods of state publications. (This applies primarily to annual reports and other similar documents.) This recommendation can be implemented through Administrative Rules procedures.

- o limit the grades of paper that can be used
- o limit the number of ink colors
- o restrict to standard size that fit both paper sizes and printing presses and the most economical use of both

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**Estimated Potential Cost Savings - Recommendation 69**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$10,000	\$20,000	\$20,000	\$20,000	\$70,000

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**RECOMMENDATION 70**

Agencies should review mailing lists to eliminate inactive names. Each November of even numbered years all mailing lists must be updated by the using agencies. Mailing should not be accepted by the State Post Office unless proof is supplied that this has been complied with.

Implementation of this recommendation requires legislative action.

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**Estimated Potential Cost Savings - Recommendation 70**

Savings from implementation of this recommendation are not known at this time.

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**RECOMMENDATION 71**

Establish rules to control the use of laser printers and other types of new printing technology. Without rules for control, availability of this type of equipment could proliferate publications and forms. This is true whether the use is for publications or forms.

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**Estimated Potential Cost Savings - Recommendation 71**

Cost savings resulting from laser technology are not adequately documented to produce reliable estimates at this time.

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## RECOMMENDATION 72

Eliminate the banner pages from computer generated printouts that display technical information about the job run. Instead, temporarily store the information so that it can be accessed from a computer terminal. This would require the development of special software.

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### Estimated Potential Cost Savings - Recommendation 72

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$10,000	\$10,000	\$10,000	\$30,000

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## Library Services

Since its establishment in 1839, the State Library of Iowa has grown from the Iowa State Traveling Library, whose purpose was to provide "backup" for public libraries and direct library services to areas without local public libraries, to an agency which provides technical support services to other libraries of all types in the State, and information and reference service to State agencies.

Chapter 303A of The Code of Iowa sets forth the duties and functions of the State Library: to work toward the development of statewide library services and to provide library service to governmental agencies, to the State legislature, and to residents of Iowa. The State Library also administers State and federal funds made available under the Library Services and Construction Act, and provides consultant service to libraries, State institutions, and college and university libraries.

The organizational structure which has developed to perform these functions has become unwieldy. As of April, 1983, in an agency with 44.5 FTE's, seven reported directly to the State Librarian: the Assistant State Librarian, five separate division directors, and a secretary. Two other division directors reported to the Assistant State Librarian. The State Librarian has proposed a functional reorganization of the agency to streamline reporting relationships and to enhance the effectiveness of service delivery.

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A regional library system was established in 1973, and is provided for in Chapter 303B of The Code of Iowa. Seven regional libraries were authorized to a) provide supporting library services to existing public libraries and individuals with no other access to public library services, and b) to encourage local financial support of public library service in those localities where it is presently inadequate or nonexistent. Each region is governed by its own regional board of library trustees who appoint the regional administrator for its region. Their primary funding comes from a single state appropriation, funneled through the State Library. The amount received by each region is based solely on the population of that region. There is no coordinating authority on the part of the State Library over the regional libraries in areas of budgeting, program development, or quality and level of service. These are controlled by the regional administrator and the regional boards.

Although centralized information and reference services are available to all State agencies through the Information Services Division of the State Library, thirty other State agencies have agency libraries. There is wide variation in the character of these libraries, the classification and training of their personnel, and consequently, in the level and quality of services they provide. In several cases, there are multiple libraries within the same State office building. Agency libraries are, as a rule, not readily accessible to personnel of other State agencies. There is no requirement for the agency libraries to share

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with the State Library, or other agency libraries, information about subscriptions, books, or films that they have or receive. There is, therefore, no way to assess or control duplication of holdings among the various libraries.

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### RECOMMENDATION 73

A reorganization of the State Library along functional lines has been proposed by the State Librarian. The Task Force supports this recommendation. Although only modest savings from this are anticipated, it is expected to improve the capability of the State Library to cope with additional demands, including any which might result from other Task Force recommendations.

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#### Estimated Potential Cost Savings - Recommendation 73

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$8,500	\$16,500	\$16,500	\$16,500	\$48,500

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### RECOMMENDATION 74

The reporting structure of the regional libraries should be realigned, placing the regional administrators directly under the State Librarian. The regional boards should be maintained in an advisory capacity. This would allow for better and more effective coordination between the regions, and improved quality and level of service. In addition, budgetary controls over the regional state appropriations should be the responsibility of the State Librarian. This would reduce the inequities resulting from distribution based solely on population, and allow for effective accountability over the expenditure of these funds. It is the desire of the Task Force that this recommendation be passed on to the Long-Range Planning Committee of the State Library for further study.

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**Estimated Potential Cost Savings - Recommendation 74**

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
<u>\$ 0</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$300,000</u>

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**RECOMMENDATION 75**

The Inspector General should undertake a comprehensive management review of the 30 state agency libraries, covering the functions they perform, staffing patterns, and communications and sharing of information and resources among state agency libraries and the State Library. No additional agency library or significant expansion or enhancement of existing agency libraries should be allowed until this review has been completed. The management review should address the feasibility and cost-effectiveness of the following issues:

- o Establishing satellite centers of the Information Services Division of the State Library to concentrate on particular subject matter or major emphasis areas.
  - o Establishing one library within each major State office building to serve all departments housed within the building.
  - o Centralizing library support services such as acquisitions and cataloging.
- 

**Estimated Potential Cost Savings - Recommendation 75**

No reliable estimate of cost savings can be identified until completion of the review. However, significant cost savings could be realized if adequate data can be obtained through reduction of the duplication of existing services.

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## **Automated Data Processing**

Since the installation of the first computer in Iowa State Government in 1961, developments in State data processing have generally paralleled those in the computer industry. Expansion has been achieved through acquisitions of progressively bigger and faster centralized hardware and software resources. The focus has been primarily on the availability of hardware and software, and only secondarily on the type and quality of information needed by managers to satisfy their management requirements.

The computer (hardware) era of the past quarter century is giving way to the information era of the 1980's. The emphasis is shifting to quality and value of computer output rather than the volume of data. Management information systems are needed which provide summary information that can be used in planning, monitoring and evaluating State programs and operations. Microcomputers should be made available to data processing users so that the benefits of improving worker efficiency in handling data and generating information can be realized to their full potential. Increased involvement by data processing users in the production of computerized information will require changes in the role and perspective of data processing personnel. New job classifications such as information resource managers may have to be developed.

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Although Iowa State Government has had computers since the 1960's, there has not been effective planning and controlling of the acquisition of hardware and software, the development of software or the coordination of collection of data between or among departments and agencies.

The Task Force strongly endorses the concept of Information Resource Management as the direction that the State of Iowa should move to integrate the areas dealing with computers and information resources. Four new philosophical directions must be put into place before a statewide Information Resources Management program can become a reality:

Data Resource Management - This encompasses knowing what, how and in what format data is being stored; and the creation/naming of a data resources manager or administrator in each agency to monitor and control the creation or use of the data. The same data is being collected repeatedly and stored within and across agency lines, utilizing large financial and storage resources for little reason. By maintaining centralized documentation on data collected, i.e., a data dictionary, and designating a person responsible to keep redundancy and data proliferation under control, the ultimate information user can only benefit through greater access and knowledge of the data resources available.

Portfolio Management - Just as there is no centralized record or index of data items, there is no comprehensive listing of the information systems now operable throughout the State. A "portfolio" or catalogue of the number, types and definitions of information systems now utilized should be available to prevent duplication of systems designs as well as to provide for system sharing. Once the portfolio of State systems has been identified, decisions can be made concerning deleting systems, modifying current systems, and developing new systems.

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Balanced Computing. All data processing hardware (mainframe computers, minicomputers, and microcomputers) should be centrally inventoried in order to facilitate the determination of the optimum overall hardware configuration for all of State government. While the State has maintained a centralized computing philosophy, and that philosophy has been justified, it appears that too many very small data processing systems are being served centrally. These systems may better be served by new technological methods such as distributed processing and personal computing, thus relieving the large central processor for larger, more global or complex systems which typically are more critical to the overall mission of government.

Balanced Networking - All large mainframes, minicomputers and many personal computers should be interconnected through standard data communications, and if cost justified, voice networks. The State of Iowa now finds itself in the position of having several duplicated communications networks that have difficulty communicating with each other. This can be overcome somewhat by the addition of more hardware and software in the form of protocol converters and multi-protocol data transmission systems. But this incompatibility does and will continue to have a high cost that will only grow without standardization of a communications network that is utilized by everyone. The merging technologies of voice and data communication, as well as the deregulation of the industry, has and will continue to have favorable and unfavorable impacts on State government operations. Even though certain aspects of these factors are monitored by individual offices, there is no authority to globally monitor and set standards for telecommunications management. The Task Force feels that that Inspector General, the Communications Advisory Council and the Office of the Governor should work together to determine the optimum organizational structure for voice and data communications. Although cost savings cannot now be identified, cost containment through more effective management of voice and data communications is likely to be substantial.

There is inconsistency in the methods used to charge individual State agencies for their computer use through the State Comptroller's Data Processing Division. Some agencies reimburse the Division for services rendered; others draw upon monies appropriated directly to the Division for the data processing support provided those agencies. The Task Force believes that there should be consistency and that all agencies should reimburse the Division for services rendered.

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The Communications Advisory Council (CAC) as it now operates, should to be studied and restuctured. An immediate need for State government is long-range strategic planning intergrating communications, data processing and information resources at a corporate level. A restructured CAC can perform this function by studying the optimum organizational structure for information resource management in State government. With long-range strategic planning providing the framework and direction, progressive steps can be implemented towards the achievement of an Information Resources Management program.

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#### **RECOMMENDATION 76**

The Communications Advisory Council (CAC) should be restructured to strengthen its capability to coordinate communications and data processing planning. The following steps should be taken:

- o The CAC should be made directly responsible to the Governor, and a member of the Governor's staff should be appointed liaison to it.
- o The membership of the CAC should be revised to include the directors of agencies which are now represented by board or commission chairpersons and should be expanded to include the heads of the following additional departments: State Comptroller, State Library, Corrections, Job Service and General Services.
- o The CAC should be given authority to review and approve procurements of information technology by individual agencies.
- o The CAC should establish priorities for software acquisition and development.
- o The CAC should review and monitor procedures controlling access to computer-based data.

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- o The CAC should be provided with adequate budget and staff to support its activities.
  - o The CAC should be given authority and responsibility for information resource planning and review of agency information resource budgets.
  - o Consideration should be given to renaming the CAC to more accurately reflect these enhanced responsibilities. "Information Resource Council" is a possibility.
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#### Estimated Potential Cost Savings - Recommendation 76

It is not currently possible to estimate potential cost savings which might result from this recommendation. Substantial savings may eventually result from integrated information resource planning.

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### **RECOMMENDATION 77**

The Task Force recognizes the need for greater standardization within and among agencies to achieve better information management via its automated systems. It recommends that immediate steps be taken to begin the implementation of an Information Resources Management program through the adoption of the philosophies of data resource management, portfolio management, balanced computing, and balanced networking.

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#### Estimated Potential Cost Savings - Recommendation 77

No specific cost savings can be identified at this point because of the broad nature of this recommendation.

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## RECOMMENDATION 78

Reimbursement for data processing support provided to an agency by the Data Processing Division of the Office of the State Comptroller should come from the agency's appropriation. The direct appropriation of the Data Processing Division should include only the funds needed to support the data processing needs of the Office of the State Comptroller. The Communications Advisory Council and the State Comptroller should establish guidelines that State agencies would use to contract for services from the Data Processing Division. These contract amounts would form the basis for justifying the Division's staff, hardware and software.

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### Estimated Potential Cost Savings - Recommendation 78

It is not possible to reliably estimate potential savings from all agencies having direct control of and responsibility for the money they spend on services received from the Data Processing Division.

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## RECOMMENDATION 79

The Inspector General, in consultation with the Communications Advisory Council, should investigate the feasibility of establishing an automated information resource center within the Capitol Complex. Among the services which might be included in the center are a microcomputer laboratory and access to automated information bases.

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### Estimated Potential Cost Savings - Recommendation 79

No direct cost savings will result. Enhanced access to and knowledge of developing information technology will enable State managers to more effectively utilize this technology.

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## Telecommunications Facilities

The majority of the State's telephone equipment and services, including the approximately 4,500 telephones in the Des Moines area, are provided through Northwestern Bell. The State of Iowa pays nearly \$1.5 million annually for Centrex services for the State Capitol Complex. With the deregulation of the telephone industry, new companies are emerging to compete with the equipment and service that have historically been primarily available through Northwestern Bell. Recognizing the possibility of reducing telephone costs on the State Capitol Complex, a consulting firm has reviewed the current network and future needs and has presented the Department of General Services with the data necessary to prepare a Request for Proposal for upgrade or replacement of the existing network.

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### **RECOMMENDATION 80**

The Director of General Services should immediately issue a Request for Proposal for the purchase of telephones in Des Moines area State Offices. Cost benefit data demonstrates that with a pay back period of approximately 9 months, these phones will pay for themselves before the phone switching system for the Capitol Complex can be upgraded.

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#### Estimated Potential Cost Savings - Recommendation 80

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$101,250	\$135,000	\$135,000	\$371,250

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## RECOMMENDATION 81

A Request for Proposal should be prepared to upgrade or replace the current telecommunication network on the Capitol Complex. Proposals should address the coordination of both voice and data communications.

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### Estimated Potential Cost Savings - Recommendation 81

<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>CUMULATIVE</u>
\$ 0	\$1 M	\$1 M	\$1 M	\$3 M

# ■ Appendices

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- A. Blue Ribbon Task Force on Transportation – A Program Review
- B. Detail of Estimated Potential Cost Savings
- C. Task Force Members
  - Project Area Co-Chairpersons
  - Task Force Staff
  - Committee Members
- D. Public Hearing Participants

## APPENDIX A:

### Blue Ribbon Task Force on Transportation - A Program Review

In July, 1982, Governor Robert D. Ray formed the Blue Ribbon Transportation Task Force to examine Iowa's transportation system and suggest steps to better serve Iowa's transportation needs during the next decade. The final report included steps that could be taken to:

- o Achieve maximum efficiency in the use of transportation resources
- o Preserve essential transportation services and resources
- o Achieve equitable distribution of transportation and its associated costs

Some sixty recommendations covering policy and specific items for all modes resulted from the study. The Department of Transportation has analyzed these recommendations and has worked toward implementation of many of those recommendations.

As one of its project areas, the Governor's Task Force on Efficiencies and Cost-Effectiveness reviewed the implementation progress of recommendations made by the Governor's Blue Ribbon Task Force on Transportation.

No savings estimates were made by the Blue Ribbon study and none are estimated by the current task force effort. There is substantial savings to be realized by implementation of a number of these recommendations. Most particularly there is the possibility of bringing enhanced services to the citizens of the State of Iowa.

APPENDIX B:

ESTIMATED POTENTIAL COST SAVINGS

STATE GOVERNMENT ORGANIZATION	Potential Cost Savings			FY 84	FY 85	FY 86-87 Biennium	FY 84 FY 87 Cumulative Total
Boards and Commissions							
- General	0	128,000	256,000	384,000			
- Executive	5,700	11,400	22,800	39,900			
- Legislative	0	243,000	486,000	729,000			
Span of Control	0	1,400,000	700,000	8,400,000			
HUMAN RESOURCE MANAGEMENT							
Retirement Alternatives	0	1,200,000	2,400,000	3,600,000			
Gates-McDonald	12,500	25,000	50,000	87,500			
Unemployment Payments	50,000	100,000	200,000	350,000			
Holiday Pay	550,000	1,100,000	2,200,000	3,850,000			
Military Leave	81,000	162,000	324,000	567,000			
FINANCIAL MANAGEMENT							
Receipts							
- Investing	0	788,300	1,576,600	2,364,900			
- Corporate Tax	0	260,000	520,000	780,000			
- Reduce Check Float	0	12,000	24,000	36,000			
- Streamline Deposit Process	5,250	10,500	21,000	36,750			
Disbursements							
- 28E Agreements Pre-Audit	15,000	30,000	60,000	105,000			
- In-State Meal Per Diem	0	60,000	120,000	180,000			
- Imprest Petty Cash Funds	6,000	12,000	24,000	42,000			
- Eliminate Year Encumbrance List	0	20,000	40,000	60,000			
- Electronic Funds Transfer	0	1,650	3,300	4,950			
- Electronic Transfer ADC	0	20,000	40,000	60,000			
- Food Stamp Issuance	0	420,000	840,000	1,260,000			
- Preferential Financing	0	25,000	50,000	75,000			
- Travel Reversion	450,000	900,000	1,800,000	3,150,000			

ESTIMATED POTENTIAL COST SAVINGS

	Potential Cost Savings			FY 84 FY 87 Cumulative Total
	FY 84	FY 85	FY 86-87 Biennium	
<b>PROPERTY MANAGEMENT</b>				
Maintenance Contracts Office	35,000	70,000	140,000	245,000
Personal Assignment Vehicles	12,500	25,000	50,000	87,500
Audio-Visual Purchases	30,000	60,000	60,000	150,000
<b>INFORMATION MANAGEMENT</b>				
Forms Management Program	0	325,000	650,000	975,000
Subscription Fees	0	145,000	290,000	435,000
Reduce Number of Free Codes	0	39,400	78,000	118,200
Sell Official Register	0	74,000	148,000	222,000
Standards for Administrative Rules	0	18,000	36,000	54,000
Publication Standards	10,000	20,000	40,000	70,000
Eliminate Banner Pages on Computer Printouts	0	10,000	20,000	30,000
State Library				
- State Library Reorganization	8,500	16,500	33,000	58,000
- Regional Library Changes	0	100,000	200,000	300,000
Buy Telephones	0	101,250	270,000	371,250
Voice/Data Local Area Network	0	1,000,000	2,000,000	3,000,000
<b>TOTAL</b>	<b>\$1,271,450</b>	<b>\$8,933,000</b>	<b>\$22,073,500</b>	<b>\$32,277,950</b>

APPENDIX C:

GOVERNOR'S TASK FORCE ON  
EFFICIENCIES AND COST-EFFECTIVENESS  
IN  
STATE GOVERNMENT

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Des Moines  
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Lois Miller  
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Immediate Past President of Clinton School Board

Ian Binnie  
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Des Moines School Board Member

Waldo Bargmann  
Urbandale  
Former General Manager of John Deere Des Moines Works

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Iowa Commerce Commission

John Beamer, Chairman  
Iowa Public Employees Relations Board

Liaison: Phil Tyrrell

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Iowa Department of Revenue

William Krahrl, Iowa State Comptroller

Liaison: Jo Heying

Personnel Management Project Area

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Tom Sally  
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for Unemployment Benefits

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Tom Maudsley  
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Phased Retirement Incentive Program

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Mike Prey  
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4 Ten Hour Days & Summer Hours

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APPENDIX D:

GOVERNOR'S TASK FORCE ON EFFICIENCIES & COST-EFFECTIVENESS  
IN STATE GOVERNMENT

Public Hearing  
September 27, 1983

<u>Presentor</u>	<u>Representation</u>
Gerald Bogan	Iowans for Right to Work
Dave Brasher	National Federation of Independent Businesses
Dennis Hogan	Association of Sheet Metal Contractors of Iowa
Hazel Mikel	Kindall Young Library, Webster City
Will Robinson	American Federation of State, County & Municipal Employees
David Stanley	Iowans for Tax Relief
Bob Ward	Central Iowa Regional Library

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