

FINAL REPORT

**ENHANCEMENT AND CONSOLIDATION
OF ECONOMIC DEVELOPMENT SERVICE
DELIVERY INTERIM STUDY COMMITTEE**

**Presented to the Legislative Council
and the Iowa General Assembly
January 1992**

Prepared by the Legislative Service Bureau

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ENHANCEMENT AND CONSOLIDATION OF ECONOMIC DEVELOPMENT SERVICE DELIVERY INTERIM STUDY COMMITTEE

DECEMBER 1991

AUTHORIZATION AND APPOINTMENT

The Enhancement and Consolidation of Economic Development Service Delivery Interim Study Committee was established by the Legislative Council to "examine the responsibilities and effectiveness of the councils of governments, the regional economic development centers, the small business development centers, and other programs administered by the regents, community colleges, and the Department of Economic Development to evaluate their effectiveness and potential overlap of services. Make recommendations to the Legislative Council for the most effective coordination of programs and service delivery, including the examination of proposals for the consolidation, regionalization, or elimination of programs." The final meeting date was required to be no later than December 1, 1991.

Members serving on the Study Committee were:

Senator Richard Running, Co-chairperson
Representative Robert Dvorsky, Co-chairperson
Senator Allen Borlaug
Senator John Kibbie
Senator James Riordan
Senator Harry Slife
Representative Clifford Branstad
Representative Patrick Gill
Representative William Harbor
Representative Matt Wissing

COMMITTEE PROCEEDINGS

The Study Committee was authorized two meeting days. These were held at the State Capitol Building in Des Moines on October 16, 1991, and November 14, 1991.

MEETING OF OCTOBER 16, 1991

At the October 16 meeting, the Study Committee heard a presentation by Mr. Allan Thoms, Director of the Department of Economic Development, concerning a proposal entitled "Concept for the Streamlining of Economic Development Service

Delivery." This proposal is draft #2, dated October 15, 1991, and was put together in conjunction with the Department of Economic Development and a Service Delivery Work Group which consisted of representatives of the Regional Coordinating Councils, Regional Economic Development Centers, Community College Presidents, Community College Economic Developers, Iowa State University, and the Small Business Development Centers. The basic themes within that proposal are to:

1. Assure that there is equal access statewide to a basic set of programs and services.
2. Develop stronger working partnerships and better coordination between statewide and regional service providers.
3. Provide the Department and other service providers with a uniform, statewide outreach effort to existing business and industry.
4. Let each service provider concentrate on doing what they do best, i.e., develop a service delivery system where each provider has a "niche" of the services it offers or provides most effectively.
5. Restructure Regional Economic Development Centers based on a set of services that need to be provided.

In addition, presentations were made by a number of individuals, most of whom represented members of the Service Delivery Work Group, including the following:

Mr. Gordon Kuivanen, for the Regional Coordinating Councils
Ms. Kathy Showalter, for the Regional Economic Development Centers
Dr. Terry Moran and Mr. Mark Kapfer, for the Community College Presidents
Mr. Bob Parker, for the Small Business Development Centers

These speakers discussed their organizations' support or concerns for the proposed concept paper for service delivery provided to the Study Committee.

In addition, Mr. Bill Baum, for the Council of Governments, Mr. Randy Pilkington, Director of the Institute of Decision Making at the University of Northern Iowa, and Mr. David Maahs and Mr. Loren Shultz, for the Professional Developers of Iowa, also spoke in regard to the proposed concept paper for service delivery.

MEETING OF NOVEMBER 14, 1991

At the second and last meeting of the Study Committee, held on November 14, presentations were provided by additional entities, or groups, that provided

service delivery for economic development purposes within the state and who were not members of the Service Delivery Work Group. These presenters were:

Ms. Margaret Showers, Director of Economic Development, Institute for
Social and Economic Development
Mr. Lloyd Anderson, Center for Industrial Research and Service (CIRAS)
Dr. Jerry Hembd, Iowa State University Extension Service
Dr. Wallace Sanders, Iowa State University Technology Transfer Task Force
Ms. Cheryl Eftink, Assistant District Director for Business Development,
Small Business Administration
Mr. Robert Pim, State Director of Farmers Home Administration
Mr. Carey Novak, Executive Director, Western Iowa Development Association
Mr. W. Bruce Wheaton, Director, Technology Innovation Center, University
of Iowa
Ms. Becky Lane, Director, Decatur County Development Network
Ms. Linda Shaut, Professional Developers of Iowa

These individuals described to the Study Committee the type of economic development services their organizations provide in the state and, to some extent, commented on the proposed concept paper for service delivery.

RECOMMENDATIONS

The Study Committee ended the last meeting by discussing proposals as possible recommendations of the Study Committee set out by the Co-chairpersons. After much discussion, the Study Committee recommended the following four recommendations and requests:

Recommendations:

1. That the Legislative Service Bureau draft a bill, and that the General Assembly assign the bill to the appropriate standing committees for consideration, of the Department of Economic Development and Service Delivery Work Group proposed "Concept for the Streamlining of Economic Development Service Delivery" (a copy of which is attached to this final report). The Study Committee emphasized that this bill draft would be drafted without recommendation from the Study Committee and that its purpose is to provide the appropriate standing committees with a basis from which to consider activity for consolidation or enhancement of economic delivery services and is not an endorsement of the concept paper.

2. That the Department of Economic Development reconvene the Service Delivery Work Group with an expanded membership to include representatives from the directors of Iowa's incubators, the Councils of Governments, the Institute for Decision Making at the University of Northern Iowa, and the President of the Professional Developers of Iowa. This work group should further develop recommendations contained in the proposed "Concept for the Streamlining of Economic Development Service Delivery" and that the recommendations be customer driven, client driven, and locally driven as much as possible.
3. That the appropriate standing committees study the possibility of the colocation of economic development services and any problems associated with this colocation.

Request:

4. That the Legislative Fiscal Bureau develop for the General Assembly a matrix which would show, by specific groups, what entities and organizations provide economic development services to them.

The attached paper presents a concept which is based on the many points of discussion that came from two meetings and a conference call of a "Service Delivery Work Group" convened by the Department of Economic Development during Summer, 1991 to discuss the issue of business assistance service delivery. This "Draft Concept Paper" provides a concept for discussion by the individuals and groups involved in providing and delivering assistance to Iowa business and industry and for users of those services. The packet also includes a list of the participants in the Service Delivery Work Group and some information about the group's task.

- - FOR DISCUSSION PURPOSES ONLY - -

CONCEPT FOR THE STREAMLINING OF
ECONOMIC DEVELOPMENT SERVICE DELIVERY

THEMES WITHIN PROPOSAL

- o Assure that there is equal access statewide to a basic set of programs and services.
- o Develop stronger working partnerships and better coordination between statewide and regional service providers -- strengthen communication.
- o Provide DED and other service providers with a uniform statewide outreach effort to existing business and industry to improve:
 - o focus on customer service/access to information.
 - o needs identification.
 - o input for long and short-term program planning.
(Allows mechanism for customer drive/input for programs.)
- o Let each service provider concentrate on doing what they do best - develop a service delivery system where each provider has a "niche" of the service(s) it offers/provides the most effectively.
 - o (Question: Is (some) duplication OK?)
- o REDC restructuring based on a set of services that need to be provided:
 - o Focus on the business entity.
 - o Common thread of programs statewide.
 - o Regional basis for delivery with strong tie to state\DED.
 - o Allow regional flexibility consistent with state economic development goals.

CONCEPT

- o Restructure operation of Regional Economic Development Centers in their current form; adopt philosophy that the general role of the program should be to work with existing business and industry on a regional basis to determine company needs and provide access or referral to services, or if services are not readily accessible within the region to coordinate with other service providers to determine how the service should be accessed or provided; maintain the following functions to be available statewide and delivered regionally:
 - o Business outreach/visitation
 - business database
 - needs identification
 - information delivery
 - o Marketing of services/referral system for existing business and industry
 - o "Program" delivery to business limited to:
 - Iowa Business Bulletin Board
 - trade leads
 - procurement opportunities
 - "Try Iowa"
 - By-products and Waste Search Service (Pilots)
 - o Coordination of business assistance services
 - o Regional link to IDED business programs and access to IDED's planning and research support
 - o follow-up on referrals

- o Contract with Community College for employment of a "Business and Industry Outreach Specialist" within a "Business and Industry Center" (allow college option to subcontract location).
 - o Use neutral terminology "XYZ Business and Industry Center" ("community college" reference not included in official title); person would be "specialist" rather than "director".
 - o Scope of work (as referenced above) in contract with college; develop measurable and identifiable performance appraisal system; initial scope of work mandated and uniform from state level on a limited number of projects.

o Funding:

- o 1st year (FY '93) - \$40,000/region uniform funding
- o 2nd year (FY '94) - go to \$50,000/region; add provisions to allow RFP's for annual competitive grants for regionally determined programs from work plan; funding could be based on:
 - size of region; # of businesses to be served
 - locally determined programs (could be on-going but based on annual request for funding)
 - one-time special projects
 - joint programs between regions

(these types of projects would require at least 50% local hard dollar match)

o Boundaries/locations

- o 15 college regions with "squared corners" to county line
- o Work with ISU to develop plan that CIRAS and SBDC co-locate in "Business and Industry Center" and follow same boundaries as center
- o Encourage co-location of all business and industry related programs as leases expire
- o Encourage regions to join together to offer programs

o Service Delivery - focus on assistance to business

- o "Outreach specialist" - service to existing business and industry - primarily proactive outreach, needs identification and referral to appropriate service provider
- o Need to tie regional outreach to IDED Existing Industry program
- o Need to work with SBDC and CIRAS to coordinate roles
- o Utilize Iowa Network for Business Assistance (INBA) to provide mechanism for regular coordination statewide among service providers and promote cooperative efforts among service providers- include U of I, ISU and UNI business assistance providers

REGIONAL COORDINATING COUNCIL

- o Membership - regionally determined (same as current law)
- o Functions/Role (needs to be worked out with RCC reps)
- o Policy
 - Develop and approve regional work plan for use by community college in setting program
 - Evaluate progress toward meeting goals established in regional work plan
- o Advisory
 - Mechanism to promote/foster coordination of economic development service delivery in region and among regions
 - Advise Business & Industry Center and other service providers on program coordination
 - Serve as regional advisory group to SBDC and other service providers in the region
 - Provide input and serve in advisory capacity to IDED

IDED ROLE

- o Assure that statewide access to IDED programs and services is available:
 - o contract for services required
 - o how to get information disseminated
 - o get information and training to "Outreach Specialists"
- o Coordinate statewide effort to deliver information and services to business from state standpoint and in coordination with the regions
- o IDED provides follow-up on projects as required

OUTREACH SPECIALIST RELATIONSHIP TO IDED

- o Identification of local needs
- o Local data
- o Program needs identification - long term planning
- o Link to local business (serve as IDED's local business outreach)

JOB TRAINING/RETRAINING FUNCTIONS

(FOR DISCUSSION ONLY -- September 18, 1991)

- o IDED contract with community college for operation of programs under Ch. 280C and Retraining.
- o IDED would contract annually to college the authority to obligate formula share of funds in state 280C/retraining fund to projects; college would contract with business for use of project funds; state would release funds to college to pay training project costs; repayments would be made to state fund.
- o Decentralize project review and pre-approval authority to college; IDED would have authority to conduct precontract oversight based on a specific set of guidelines; IDED would be responsible for statewide monitoring, program evaluation and data collection on 280C and retraining programs (similar to 280B requirements).
(Policy issue: need to determine if modifications should be recommended to the criteria now required under the retraining program; are the current criteria too complex?; should simpler ones be recommended?)
- o Proposal for statutory change to combine Ch. 280C and retraining into a single Training/Retraining revolving fund.
(Policy issue: would need to decide whether to earmark funds for portion of year to 280C vs. retraining or allow first come first served usage.)
- o Funds would remain under formula allocation for entire fiscal year; unobligated funds at the close of the fiscal year would go back to "pool" for reallocation in following year; all new appropriations, carry-overs and any repayments received would be subject to formula allocation.

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT
SERVICE DELIVERY WORK GROUP

PURPOSE: To work together to develop a proposed service delivery plan which will:

- a. Provide for the most efficient and effective delivery of economic development programs and services to meet the needs of businesses in the state.
- b. Avoid unnecessary duplication of service.
- c. Simplify customer/client access to services.
- d. Assure statewide access to programs and services and allow for development of additional priorities on a regional or multi-regional level.
- e. Make the most efficient use of state resources and promote public/private partnerships.
- f. (New) Walk in lock-step to Legislature with agreement or agree to disagree.

PLAN TO IMPLEMENT DISCUSSION

Assumptions/Questions

1. Focus on clients/customers and their needs. Who are the customers/clients/users? What services do they need?
2. Try to break down "us" v. "them" barriers. Focus on functions that are provided or that need to be provided to the customer -- do not focus on the "sanctity" of the form/institution as it currently exists. (i.e., can we agree to temporarily drop labels, names, etc.)
3. Examine services that currently are provided. Are these necessary/valid services? Are there other services that are needed? Are there ways to do these things better?
4. Should changes be made? If so, what changes should/could be recommended?
5. Who has the obligation to pay for these services? What options are there for funding?
 - federal dollars
 - state dollars
 - local match -
host/local governments/client user fees/other options
6. Does the state have the obligation to assure uniform or standardized statewide access to a set of programs that should be delivered/available statewide? Should there be a coordination function to assure this? If so, how should it be defined? How much regional/local input is necessary for success of service delivery? Is there a delivery network system that makes sense?
7. How much co-location is necessary to assure the most effective and efficient delivery system? At the state level? Regionally/locally? (This varies from area to area -- Do problems exist under current system? Is there an "ideal model"?)

Service Delivery Work Group

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