

A Report on the

RESTRUCTURING AND DOWNSIZING of IOWA STATE GOVERNMENT



Prepared by

PEAT, MARWICK, MITCHELL & CO.

December 1985

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December 3, 1985

Mr. Marvin A. Pomerantz
Governor's Economy Committee.- '79
2929 Westown Parkway, Suite 200
West Des Moines, Iowa 50265

Dear Mr. Pomerantz:

Peat, Marwick, Mitchell & Co. (Peat Marwick) is pleased to present our report on the study to restructure and downsize Iowa State government. The report represents the culmination of an intensive eight-week study of the Executive branch of Iowa State government. It recommends major restructuring of the Executive branch coupled with the elimination and downsizing of many government programs and activities. In combination, these recommendations, if implemented, will save millions of dollars and eliminate hundreds of positions. We believe the study represents an important first step in dealing with Iowa State government's growing fiscal crisis.

During the study, we had extensive help and cooperation from the State and other public and private leaders. We greatly appreciate the assistance we received and are pleased to have had this opportunity to be of assistance in this most important effort.

Very truly yours,

Peat, Marwick, Mitchell & Co.

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EXECUTIVE SUMMARY

The State of Iowa is facing a projected deficit of \$107 million in fiscal year 1987. This is a reflection of generally depressed agricultural economic conditions in Iowa and state revenues failing to keep pace with expenditure requirements. While it has responded to these problems by imposing a series of across-the-board cuts in state government spending, and by increasing the State sales tax, the State has still not dealt with the underlying problem -- the structure and size of Iowa State government is large and unwieldy and does not fit the economic realities of the times.

This report recommends the restructuring and downsizing of Iowa State government. It suggests a reduction in the number of departments from 68 to 18. It also proposes a reduction in the number of boards and commissions from 190 to 150. In addition, most of the remaining and boards and commissions will be advisory. These changes will consolidate and contract the size of Iowa State government and help improve the management and control of State programs and expenditures, for now and in the future.

The study also presents a series of recommendations that will reduce State spending on general State operations by an estimated \$34.2 million, when fully implemented. EXHIBIT A summarizes the total savings available from these recommendations.

EXHIBIT A.1 presents a summary of \$26.1 million general fund cost savings which will result from fully implementing the restructuring and downsizing. These savings represent 6.2 percent of the 1986 general fund appropriation for general operations.

In addition, as also shown in EXHIBIT A.1, \$8,098,100 in other funds, including Federal and special funds, will be saved. Approximately 436 FTE (full-time equivalent positions) funded by general revenues will be saved, or 4.9 percent of general State-funded positions in the Executive branch. An additional 227 special-funded positions will also be saved. The one-time implementation costs of creating the new structure are estimated at \$750,000 and consist primarily of moving expenses. However, this will be offset by a savings of approximately \$754,000 in lease cancellations over the next 3 years.

In addition, the study recommends two other steps be taken to reduce costs. First, there are approximately 275 funded vacancies which have been vacant for at least two years. The elimination of 200 of these positions will save another \$2,100,000 in general fund money. Second, there is currently a penalty imposed on those wishing to retire between the ages of 62 and 64. It is estimated that the removal of this penalty will induce up to 500 people to retire from service. By eliminating 100 of these positions, another \$1,575,000 in general fund money could be saved.

While these savings are substantial, they represent a first step in the downsizing process. We believe that the new structure, when implemented, will allow for even more significant savings over time.

In addition to offering recommendations to restructure and downsize Iowa State government, the report discusses other areas that should be addressed to ensure that the structure and operations of all government in Iowa are responsive to existing economic pressures. This discussion includes issues relating to the structure of the State's system of public education and local government.

In the area of public education, the Governor has had a meeting with the Board of Regents to discuss the need to restructure and downsize all State government activities. As a result of this meeting, it has been agreed that the Board of Regents will undertake a permanent reduction in their appropriation and initiate a process to reallocate funds to areas of excellence. Reports on the role of WOI-TV and the merger of the two special schools will also be made. The Governor also has received a proposal from Area Educational Agencies which proposes a \$300,000 savings through reorganization and sharing of services. In addition, a proposal is made in the report to provide an incentive for reducing administrative costs in local school districts.

To facilitate the adoption of the report's recommendations regarding Iowa State government, a discussion of implementation strategies is also provided. This includes a listing of which recommendations can be implemented by the Governor through administrative action and which recommendations require legislative approval and statutory changes. It also provides a suggested timetable for implementing these actions.

EXHIBIT A

STATE OF IOWA

Summary of Savings
(Dollars in Millions)

<u>Area</u>	<u>General Fund</u>	<u>Other</u>	<u>Total</u>
Restructuring and Downsizing	\$26.1	\$ 8.1	\$34.2
Elimination of 2-Year Vacancy	2.1	2.1	4.2
Early Retirement Program	<u>1.6</u>	<u>0</u>	<u>1.6</u>
	<u>\$29.8</u>	<u>\$10.2</u>	<u>\$40.0</u>

Position Savings

Restructuring and Downsizing	436	227	663
Elimination of 2-Year Vacancy	100	100	200
Early Retirement Program	<u>100</u>	<u>0</u>	<u>100</u>
	<u>636</u>	<u>327</u>	<u>963</u>

EXHIBIT A.1

STATE OF IOWA

**Summary of Cost Savings and Position Reductions
Resulting From Downsizing and Restructuring State Government**

<u>Department</u>	<u>Estimated General Fund Savings</u>	<u>Estimated Other Fund Savings</u>	<u>Estimated General Fund FTE Savings</u>	<u>Estimated Other Fund FTE Savings</u>
(1) Office of Management	\$ 165,000	\$ -	8.0	-
(2) Department of Personnel	1,730,700	1,354,000	57.0	62.0
(3) Department of General Services	195,600	110,000	8.0	5.0
(4) Department of Revenue and Finance	1,875,100	1,013,000	14.0	-
(5) Office of the Inspector General	537,400	-	23.5	-
(6) Department of Economic Development	2,673,900	10,000	13.4	-
(7) Department of Employment Services	209,300	231,300	8.0	11.5
(8) Department of Commerce and Industry	2,250,000	450,000	116.0	14.0
(9) Department of Health and Human Services	6,776,700	1,347,200	75.9	6.5
(10) Department of Human Rights	515,200	48,000	9.5	-
(11) Department of Cultural Affairs	1,127,800	-	28.0	-
(12) Board of Regents*	-	-	-	-
(13) Department of Education	2,856,200	-	10.5	-
(14) Department of Public Safety	168,700	2,405,400	6.5	91.0
(15) Department of Corrections	120,800	-	4.0	-
(16) Department of Public Defense	51,300	-	1.0	-
(17) Department of Transportation	2,802,600	979,200	12.1	36.6
(18) Department of Natural Resources	1,750,700	150,000	41.0	-
Other restructuring and downsizing savings from boards and commissions eliminated	255,500	-	-	-
Totals	<u>\$26,062,500</u>	<u>\$ 8,098,100</u>	<u>436.4</u>	<u>226.6</u>
Total savings - all sources		<u>\$34,160,600</u>		<u>663.0</u>

*See Chapter IV. Other Areas of Iowa Government.

CHAPTER I INTRODUCTION

I. INTRODUCTION

On September 28, 1985, Iowa Governor Terry E. Branstad announced a series of initiatives to deal with the State's revenue shortfall. These initiatives included a commitment by the Governor to restructure and downsize Iowa State government. At that time, the Governor stated that he would announce a plan in early December for carrying out these changes. To assist him in this significant effort, the Governor asked for the help of the Iowa business community through the Governor's Economy Committee - '79 (Committee).

The Committee, which was created in 1979 at the request of then-Governor Ray to sponsor a comprehensive study to reorganize Iowa State government, had residual funds which it agreed to use to hire a consulting firm to assist in the effort. Peat, Marwick, Mitchell & Co. (Peat Marwick) was selected to provide these services. This report presents the results of our intensive efforts, working with State officials and other public and private leaders, to develop recommendations to streamline and downsize Iowa State government, dramatically reduce costs, and provide a realistic and solid government framework for the future.

The report is divided into five chapters as follows:

I. Introduction - Briefly describes the background of the study and related facts.

II. Technical Approach to the Study - Presents the study's objectives, scope and general approach.

III. Restructuring and Downsizing the Executive Branch of State Government - Discusses the precepts used during the study, presents the recommended restructuring, and a summary of savings and benefits. It also discusses the specific restructuring and downsizing proposals for each new department.

IV. Other Areas of Iowa Government - Presents some concepts to extend the restructuring and downsizing approach to other areas of Iowa State and local government.

V. Implementation Plan - Describes a recommended approach to implementing the proposed restructuring and downsizing recommendations.

In addition to these chapters, the report includes Appendices which provide a detailed schedule of the proposed savings, issues requiring further analysis, and other pertinent information relating to our report.

BACKGROUND

The current structure of the Executive branch of Iowa State government consists of 68 departments and approximately 190 boards and commissions. EXHIBIT I.1 generally depicts this organization. Each department either reports directly to the Governor, or reports to the Governor through an appointed board or commission. The boards and commissions, which for the most part are appointed by the Governor, also report directly to the Governor. Thus, in theory, the Governor has over 250 entities reporting directly to him. In practice, he must depend on the leadership of these units and his own staff to manage and operate the government.

IOWA'S GOVERNMENT TRADITIONS

Iowa's large number of boards and commissions reflects its long and proud tradition of participatory government. Each board or commission is composed primarily of gubernatorial-appointed citizens who provide citizen input to the government process. These units vary in size, responsibility, authority and administrative staff and support. Some meet infrequently and serve limited purposes, while others, such as the Transportation Commission, meet biweekly, require significant support, and have broad responsibilities and authority, such as appointing the department head. The presence of such a great number of boards and commissions helps disperse power and ensure citizen involvement in State government. However, this large number of boards also can result in duplication of effort, lack of coordination, reduced management direction and unnecessary administrative and support costs. This occurs because boards and commissions with independent authority can and sometimes do make decisions which are not consistent with other units of State government, or with the general priorities of the State.

Similarly, individual department heads are also vested with significant authority to manage and operate their units. For example, department heads are granted significant authority with which to operate. Within broad parameters, they are able to use the resources provided as they judge most appropriate. Such authority provides great managerial flexibility to departments. However, in difficult economic circumstances, it makes cost containment and overall management and control of the State's resources much more difficult. This is because insufficient processes and data are available to review budgets and expenditures at a detailed level and analyze how resources are being used as compared to the priorities of the State. Thus, while most organizations that face the need to cut costs generally start with a detailed assessment of the cost of each operation and compare these costs to each organization's priorities, such information is not readily available in Iowa.

Moreover, there currently is no detailed oversight of departments' use of appropriations. Such oversight is typically found in government because, unlike commercial enterprises, there is no bottom-line profit by which to measure management performance. Iowa has not created a strong fiscal management oversight function, but has relied for the most part on the management of each department to control costs. While such managerial flexibility may have been appropriate and even desirable in prosperous economic times, changing circumstances strongly suggest the need for closer control and monitoring of the use of State government's resources.

CHANGING ECONOMIC CONDITIONS

Unlike much of the United States, Iowa enjoyed a continuous period of economic growth from the end of World War II through 1979. Like the rest of the Country, Iowa government went through the same expansion of government occasioned by the "Great Society" Federal programs (Medicare, Medicaid, Environmental programs, etc.) of the 1960's and early 1970's. But while the rest of the Country started to contract its government in the mid-1970's in response to depressed economic conditions and the resultant taxpayers revolt (symbolized by California's Proposition 13), Iowa State government continued to expand throughout the 1970's. During this period the State budget grew from \$501.1 million to \$1,420.5 million, a 183% increase, or a 52% increase adjusted for inflation.

In 1979, conditions began to change in Iowa. Worldwide agricultural prices started to slide, farm failures increased, agricultural related businesses in the State started to contract their operations and lay-off workers, and State and local government revenues started to lag behind expenditures. The State responded to these problems almost as soon as they were recognized. From 1979 to 1986, the State's budget increased only 1.5% in real terms. To accomplish this, at least four separate across-the-board expenditure reductions were undertaken, as well as an increase in the sales tax. Nonetheless, as currently projected, Iowa faces a \$107 million deficit in fiscal year 1987. Furthermore, the near-term economic outlook for the State is not good.

Prudent management suggests that immediate steps need to be taken to deal not only with the pending deficit problem facing the State, but also with potential future problems. The deficit problem for fiscal year 1986 is compounded by the fact that the local assistance portion of this year's 3.85% cut must be addressed in order to prevent the need for an increase in local property taxes.

While across-the-board cuts can be effective emergency steps to deal with a fiscal crisis of short duration, they often consist of expenditure postponements, such as keeping a job vacant for a while or deferring a repair. The cuts taken are rarely permanent reductions in the services provided. What is needed in a continuing crisis such as the one facing Iowa is a program to permanently reduce the size of government. This can be accomplished by eliminating services or portions of services which are either no longer needed, or of lowest priority. While identifying and acting on these areas can be difficult and occasionally disruptive, it is the only way to save costs over the long term. Further, not all potential savings can be implemented immediately, some require detailed analyses and planning to bring about. This requires a government management structure which is organized to promote operational efficiency. Restructuring State government can also provide better management of resources and a framework for improved coordination of services and, consequently, more effective delivery.

OTHER ISSUES

The situation facing Iowa is serious indeed. Iowa's State government structure is unwieldy, its revenues continue to lag behind built-in expenditure increases, and the near term outlook for the type of major economic recovery needed to correct the situation does not appear to be good. Governor Terry E. Branstad recognized the need for a longer-term solution to the fiscal problems facing Iowa when he announced his intention to restructure and downsize Iowa's State government. Unfortunately, the Governor does not directly control the majority of the State's expenditures. As EXHIBIT I.2 indicates, of the total fiscal year 1986 budget of \$2.2 billion, the Governor controls only \$421 million, or about 19%. Over half of the budget, or approximately \$1.09 billion, goes to school districts and local governments in the form of local assistance. Another \$358 million, or 16%, goes to public higher education through the Regents, and \$294 million, or 13%, goes to public-assistance payments for Medicare and Medicaid, etc. The remaining \$43 million, or 2%, supports the Legislative and Judicial branches of government. In each of these areas, the Governor has little or no direct control over the use of funds. Nevertheless, he has committed to bring the

budget into a balanced condition for fiscal year 1987 and prepare the State to continue to manage its fiscal problems in the future. Clearly, he will need the help and support of the rest of Iowa's government to fully succeed.

IMPLEMENTATION

Other studies on reorganizing Iowa government have preceded this study, most notably, the Governor's Economy Committee - '79 and the Governor's Efficiency and Cost Effectiveness Report prepared in 1983. But, the lack of a real crisis and a strong implementation approach resulted in only a portion of these study recommendations being implemented. A real revenue crisis exists today in Iowa that requires positive action. Chapter V of this report presents an implementation plan for the recommendations contained in this report. Completion of this plan, coupled with a cooperative effort on the part of everyone in Iowa State government, will help restore fiscal balance to State government and create a structure to better manage Iowa's future.

STATE OF IOWA
ORGANIZATIONAL CHART
SEPTEMBER, 1985



EXHIBIT I.2

Summary of the
Governor's Recommended Budget
for the State of Iowa
Fiscal Year 1986

<u>Category of Appropriation</u>	<u>Amount Appropriated (In Millions)</u>	<u>Percent of Total Budget</u>
Aid to Local Governments	\$1,093.1	49.5%
Regents' Institutions	358.4	16.2
Assistance Payments	294.0	13.3
Legislative and Judicial	43.0	1.9
General State Operations	<u>421.3</u>	<u>19.1</u>
Totals	<u>\$2,209.8</u>	<u>100.0%</u>

CHAPTER II

TECHNICAL APPROACH TO THE STUDY

II. TECHNICAL APPROACH TO THE STUDY

This chapter presents the objectives of the study, the scope of the work performed, and the approach followed.

OBJECTIVES

To address a deficit the size of the one facing Iowa, costs must be reduced by cutting programs and services, eliminating inefficiency, and strengthening the management of resources. If such reductions are done in conjunction with a general streamlining of operations, the government can emerge stronger and better able to cost-effectively serve the public. Recognizing this, the three objectives were established for this study:

- Identify opportunities to save and avoid costs by streamlining or reducing State government organization and operations;
- Determine State government programs or activities that are no longer necessary and can be eliminated; and
- Improve the Governor's ability to manage the Executive branch of State government.

In addition to these objectives, the savings identified have to be able to be obtained in fiscal year 1987. Moreover, the Governor's ability to direct more resources into priority areas also needs to be enhanced.

As discussed earlier, Iowa State government's current structure is highly dispersed and consists of a large number of departments, boards and commissions sharing responsibility for various aspects of service. Thus, in any general government service area, such as employment, a number of independent units are responsible for providing some portion of the services. Further, consistent with these widely-dispersed responsibilities, limited oversight of the use of resources is performed. While dispersed responsibilities and authority have many positive features, they can result in duplication of efforts, uncoordinated services, and other inefficiencies, such as additional management overhead. If Iowa is to be able to effectively deal with its current and future fiscal problem, not only must its operations be restructured through consolidation, but its management processes also need to be strengthened to provide a vehicle to encourage economy and efficiency and more expanded, centralized management oversight of appropriations. Thus, another key objective of this study is to improve overall management allowing the State to continue to improve and streamline operations and focus more scarce resources on critical priorities.

STUDY SCOPE

This study focused on restructuring and downsizing the Executive branch of State government. The study team did not specifically address other elected or independent branches of State government, such as the Legislative and Judicial branches, other elected officials, and the Regents; however, to the extent that issues were identified that offered potential savings and impacted these branches, they were considered. Similarly, the study did not address potential opportunities to increase revenues except to the extent they were identified in the course of our work.

The study was undertaken in an extremely compressed timeframe. Accordingly, we relied heavily on the studies already conducted, or being conducted, by State staff and on the data developed by State staff at our request. Because of the timeframe, we could not examine all aspects of each department or component of the Executive branch. However, given the experience of the members of our team and State staff involved in this study, we are confident that we were able to consider most of the significant areas for potential cost savings.

In addition, the study identified some potential opportunities which time did not permit us to fully evaluate. These have been listed in Appendix B of this report.

APPROACH

Our general approach to conducting this study consisted of several key aspects. First, our study team was composed of senior professional staff with significant government experience drawn from offices across the United States. This allowed us to quickly identify key issues and reduce the time required for analysis. Second, we relied on the significant management resources of Iowa State government through working closely with senior staff and department heads during the study. This provided us with in-depth knowledge and experience in Iowa State government. Third, we also worked with a large group of public and private leaders. This informal group provided outside input and review at key points during our study. Fourth, we utilized a group of highly knowledgeable attorneys, each of whom has significant background in Iowa State government, to review the legal aspects of our recommendations.

Using these resources, the study was initially approached in two parts -- restructuring and downsizing. A top-down approach was used on restructuring. First, a series of general precepts for restructuring were developed and agreed to by the project participants. Then, based on these precepts, a new organizational structure was developed for the Executive branch. The restructuring was then reviewed and modified. Next, senior managers were identified from among the units being consolidated into the department. These managers were given the responsibility to carefully analyze the new department and identify savings that would result from its creation. This analysis was then reviewed and accepted, or modified, as appropriate by the study team.

For downsizing, a combined top-down and bottom-up approach was employed. Initially, each of the approximately 40 major department heads was asked to identify programs or portions of programs which met any or all of the following criteria:

- Misplaced responsibility;
- Duplicate or unnecessary activity;
- Fragmented activity;
- Nonproductive or counterproductive activity;

- Obsolete program;
- Opportunity for privatization; or
- Lowest relative priority.

Meetings were then held with the departments to review their submittals and discuss other potential opportunities for downsizing. In those areas where it was believed that additional opportunities existed, further analysis was conducted. The downsizing lists were then reviewed extensively with senior management.

As the study proceeded, many of the downsizing proposals were also identified as savings from restructuring. Accordingly, it became necessary to merge the two work efforts into a single process which identified and analyzed all savings by new departments. The resulting product of the study, together with related recommendations, is presented in this report.

CHAPTER III
RESTRUCTURING AND DOWNSIZING THE
EXECUTIVE BRANCH OF STATE GOVERNMENT

III. RESTRUCTURING AND DOWNSIZING THE EXECUTIVE BRANCH OF STATE GOVERNMENT

This section presents the key results of the study to restructure and downsize State government. It is organized into the following areas:

- Precepts for Restructuring and Downsizing;
- New Structure; and
- Detailed Recommendations.

Each of these areas are discussed in the sections presented below.

PRECEPTS FOR RESTRUCTURING AND DOWNSIZING

As an initial step in the study, a list of general precepts or guidelines for the analysis was developed and refined through successive reviews. The purpose of this list was to set out the key constraints and principles around which a new organization could be established and downsizing proposals evaluated. EXHIBIT III.1 presents the final list of the twelve precepts which were established.

EXHIBIT III.1

STATE OF IOWA

GENERAL PRECEPTS FOR RESTRUCTURING

1. Do not create any new levels of administration.
2. Group departments logically to deal with major issues facing the State.
3. Maintain advisory committee structures for operating departments.
4. Reduce the Governor's span of control to approximately 20 State departments.
5. Develop a framework that will allow for further future consolidation.
6. Provide Governor with increased ability to direct State government.
7. Establish centralized responsibility for reviewing the economy and efficiency of departments.
8. Expand budgetary control and provide program and policy evaluation.
9. Combine functions to reduce administrative cost.
10. Identify programs that provide opportunities for privatization.
11. Eliminate duplicate, obsolete, or unnecessary programs.
12. Develop an implementation plan for the Governor and the Legislature.

Each of these precepts is discussed briefly below:

1. Do not create any new levels of administration.

When an organization is as fragmented as the State is, a solution often suggested to improve control is to create a series of super agencies. Each super agency is headed by a secretary and responsible for the overall management of a group of departments. The Federal government is the best example of this type of "cabinet" structure. This approach was rejected in Iowa for several reasons:

- It concentrates power into a very small group of administrators.
- It adds another unnecessary and expensive layer of management which is contrary to the principle of downsizing.
- It makes recruitment of key department heads more difficult. First, they no longer report directly to the Governor. Second, Iowa's compensation for senior management is already too low, adding a new layer would probably reduce the compensation of key management or at least add more pressure to hold it down.
- It is unnecessary for a State government the size of Iowa. The government is not sufficiently large to justify an agency structure.

2. Group departments logically to deal with major issues facing the State.

While a "cabinet" structure is inappropriate, departments are interrelated and often are responsible for one facet of a major service area. For example, in the area of public safety, the Departments of Public Safety and Corrections play an important part in an overall public safety program. Thus, it is important that departments recognize the commonality of their missions and work together to coordinate their efforts. In developing a new structure, departments serving similar functions were clustered by major program area. The six major areas are:

- Economic Development and Commerce - Departments which promote, regulate or assist business and industry in Iowa.
- Human Service - Departments providing and/or advocating social services and programs.
- Education - Departments responsible for various aspects of public education.
- Public Safety - Departments related to aspects of public security, both local and national.
- Infrastructure - Departments responsible for the development and management of the physical resources and capital of Iowa, including roads, parks, wildlife, etc.
- Administration and Control - Departments which provide support, or act in a control capacity.

3. Maintain advisory committee structures for operating departments.

Iowa's tradition of participatory government is a long and valuable one which enables effective citizen involvement in State government. As noted earlier, however, because some of the boards and commissions have independent authority, they can be disruptive and their actions can be uncoordinated with those of the State. While it is essential to preserve citizen input, it is also necessary to limit their authority and ensure coordinated efforts and more effective programs. Thus, a key precept for the new structure is to consolidate but preserve key advisory boards and limit the independent authority of the boards and commissions.

4. Reduce Governor's span of control to approximately 20 departments.

Currently, the Governor's span of control includes over 250 departments, boards and commissions which report directly to him. In practice, this means that it is very difficult to apply any direct and effective management direction over the Executive branch. Clearly, the current span of control is too great. On the other hand, State government is highly diversified in its activities and requires a wide range of professional management skills and knowledge. To manage through a very small span of control would only serve to concentrate control without necessarily improving overall management. Based on the size of Iowa's government and the range of its services, limiting the Governor's span of control to a maximum of 20 units reporting directly to him seems appropriate.

5. Develop a framework that will allow for further consolidation in the future.

Because this study was, of necessity, conducted in a limited timeframe, it was not possible to identify, let alone analyze, every possible opportunity for restructuring and downsizing State operations. Moreover, the preliminary assessment made of potential savings were based on conservative assumptions, since time did not permit detailed analysis in every case. To achieve the maximum cost savings and to allow for the continued development and refinement of the State's operations, it is essential that a structure be established as a logical framework within which further analysis and evaluation can occur.

6. Provide Governor with increased ability to direct State government.

Another tradition of Iowa government is to minimize the level of oversight applied to departments. For the most part, departments are free to use their resources as appropriate to achieve their mission. Minimum control oversight is applied to encourage efficiency and to ensure resources are being used consistent with the State's priorities. While this model can work effectively in times of growth and expansion, it is ineffective in times of contraction when difficult choices must often be made on a centralized basis considering all of the priorities of State government.

In order to downsize and more tightly control the use of resources, the new structure would also have to provide a means of providing improved management control over the State's operations.

7. Establish centralized responsibility for reviewing the economy and efficiency of departments.

At present, there is no independent unit in the Executive branch charged with encouraging economy and efficiency with the exception of the Inspector General. This is an especially important function in times of scarce resources. This responsibility needs to be fully established and expanded.

8. Expand budgetary control and provide program and policy evaluation.

By tradition and practice, Iowa State government has exercised only limited central oversight on budgets and appropriations. At present, quarterly appropriation allotments are monitored by the budget staff of the State Comptroller's Office as is the filling of vacant positions. This limited oversight is insufficient when services must be streamlined and downsized. An independent review and monitoring of department expenditures can be an important catalyst for further cost savings.

In addition, policy decisions presented to the Governor frequently are developed by departments. At present, there is no independent policy group which can review and comment on the issue presented, nor is there a unit charged with program review to help monitor performance and value. Each of these functions are needed if Iowa government is to fully manage its operations in the future.

9. Combine functions to reduce administrative costs.

Government operates in a dynamic environment. Programs are frequently added or changed overnight in response to a new need. In such an environment, it is often difficult to consider efficiency and consequently new units can be created with administrative staffs in excess of their needs. In Iowa, with its numerous department boards and commissions, this is especially true. In restructuring, a specified effort was made to combine functions and save or share administrative costs.

10. Justify programs that provide opportunities for privatization.

Occasionally government will provide services in an area that is traditionally a commercial area, such as retail liquor sales. In addition, the cost of providing other general services such as custodial services, security and printing can be higher than commercially-available services. This is because government salary, fringe benefits, and other costs can be higher than commercial costs. To the extent that such differences exist, an opportunity also exists to save money by contracting out for services privately (privatization). The study focused on identifying areas where opportunities for privatization exist.

11. Eliminate duplicate, obsolete and unnecessary programs.

As organizations evolve and their mission changes, programs can become outdated, unneeded or simply of very low priority. Occasionally they can even duplicate functions performed or substantially performed by other departments. As part of the restructuring and downsizing efforts, programs were examined to see if they met these criterion.

12. Develop an implementation plan for the Governor and the Legislature.

As noted earlier, there have been several other restructuring studies on Iowa government which have not been fully implemented. Among the reasons for this was that they did not have a complete implementation plan developed to help effect the required changes. A key requirement for this study was to develop a plan for implementation which considered the steps that the Governor could take and those that required legislative action.

NEW STRUCTURE

Based on the general precepts discussed above, a new organization structure was developed. EXHIBIT III.2 presents this structure. Generally the new structure is organized around six major program area groups:

- Economic Development and Commerce;
- Human Services;
- Education;
- Public Safety;
- Infrastructure; and
- Administration and Control.

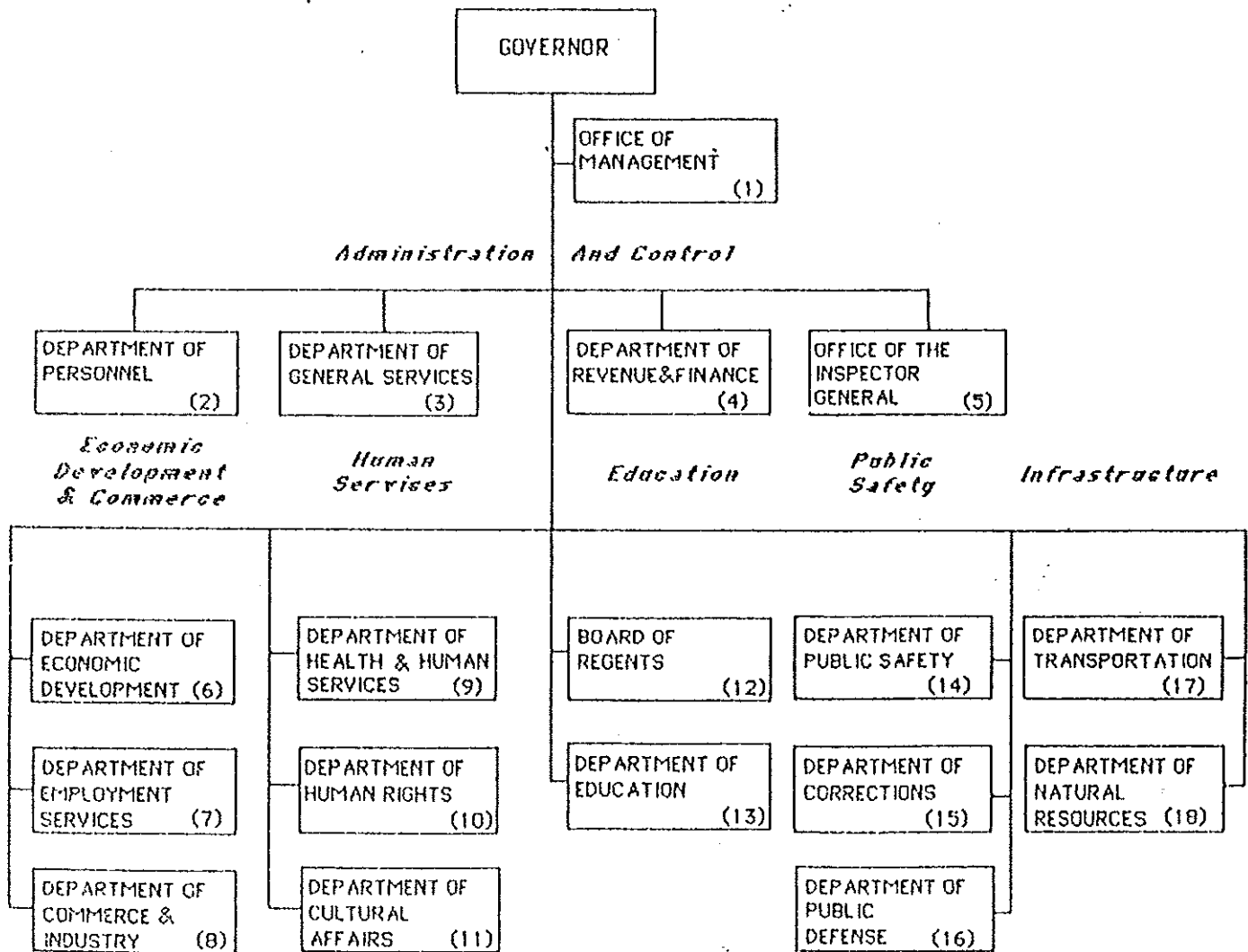
In addition, a new Office of Management is created as part of the Governor's office.

As discussed above, departments serving similar functional areas were grouped together to encourage coordination and recognition of similarities in purpose. The individual departments were created based on the commonality of functions. As a result, the total number of departments is reduced to 18 with 50 existing departments being eliminated or absorbed within the new departments. By creating these departments, significant administrative and management savings are possible.

To minimize the administrative support required for boards and commissions and improve cooperation and coordination among related units, two umbrella departments are established: Human Rights and Cultural Affairs. These umbrella departments will provide all required administrative support to the boards and commissions assigned to them, including accounting, payroll, data processing, word processing, contracting and legal services. The director of the umbrella department will also be responsible for coordinating services and programs among the units. In addition to creating these departments, 37 boards and commissions were eliminated and 6 boards and commissions were consolidated. Appendix C provides a listing of these units. At the end of this section the functions and responsibilities of each new department is discussed together with the current units being merged into the department and the savings which will result from restructuring and downsizing the departments and units being merged.

EXHIBIT III.2

IOWA STATE GOVERNMENT
PROPOSED ORGANIZATION STRUCTURE



SUMMARY OF SAVINGS

A total savings of \$34.2 million will result from the implementation of these recommendations. EXHIBIT III.3 presents a summary of the general fund and other fund cost savings which will result from fully implementing the proposed restructuring and downsizing of State government. The total savings will be an estimated \$26,062,500 per year in permanent budget reductions to the general fund or approximately 6.2 percent of the total budget for general State operations. In addition, \$8,098,100 in other funds, including Federal and special funds, will be saved. Approximately 436 FTE (full-time equivalent positions) funded by general revenues will be saved, or 4.9 percent of general State-funded positions in the Executive branch. An additional 227 special-funded positions will also be saved. The one-time implementation costs of creating the new structure are estimated at \$750,000 and consist primarily of moving expenses. However, this will be offset by a savings of approximately \$754,000 in lease cancellations over the next 3 years.

In addition to these specific savings, we recommend that two other additional steps be taken to reduce costs. First, there are approximately 275 funded vacancies which have been vacant for at least two years. The elimination of 200 of these positions will save another \$2,100,000 in general fund money. Second, there is currently a penalty imposed on those wishing to retire between the ages of 62 and 65. It is estimated that the removal of this penalty will induce up to 500 people to retire from service. By eliminating 100 of these positions, another \$1,575,000 in general fund money could be saved. EXHIBIT III.3A summarizes the total savings available from all study recommendations. In combination, the full implementation of the recommendations will save \$40 million and 963 positions.

EXHIBIT III.3

STATE OF IOWA

Summary of Savings
(Dollars in Millions)

<u>Area</u>	<u>General Fund</u>	<u>Other</u>	<u>Total</u>
Restructuring and Downsizing	\$26.1	\$ 8.1	\$34.2
Elimination of 2-Year Vacancy	2.1	2.1	4.2
Early Retirement Program	<u>1.6</u>	<u>0</u>	<u>1.6</u>
	<u>\$29.8</u>	<u>\$10.2</u>	<u>\$40.0</u>

Position Savings

Restructuring and Downsizing	436	227	663
Elimination of 2-Year Vacancy	100	100	200
Early Retirement Program	<u>100</u>	<u>0</u>	<u>100</u>
	<u>636</u>	<u>327</u>	<u>963</u>

EXHIBIT III.3A

STATE OF IOWA

**Summary of Cost Savings and Position Reductions
Resulting From Downsizing and Restructuring State Government**

<u>Department</u>	<u>Estimated General Fund Savings</u>	<u>Estimated Other Fund Savings</u>	<u>Estimated General Fund FTE Savings</u>	<u>Estimated Other Fund FTE Savings</u>
(1) Office of Management	\$ 165,000	\$ -	8.0	-
(2) Department of Personnel	1,730,700	1,354,000	57.0	62.0
(3) Department of General Services	195,600	110,000	8.0	5.0
(4) Department of Revenue and Finance	1,875,100	1,013,000	14.0	-
(5) Office of the Inspector General	537,400	-	23.5	-
(6) Department of Economic Development	2,673,900	10,000	13.4	-
(7) Department of Employment Services	209,300	231,300	8.0	11.5
(8) Department of Commerce and Industry	2,250,000	450,000	116.0	14.0
(9) Department of Health and Human Services	6,776,700	1,347,200	75.9	6.5
(10) Department of Human Rights	515,200	48,000	9.5	-
(11) Department of Cultural Affairs	1,127,800	-	28.0	-
(12) Board of Regents*	-	-	-	-
(13) Department of Education	2,856,200	-	10.5	-
(14) Department of Public Safety	168,700	2,405,400	6.5	91.0
(15) Department of Corrections	120,800	-	4.0	-
(16) Department of Public Defense	51,300	-	1.0	-
(17) Department of Transportation	2,802,600	979,200	12.1	36.6
(18) Department of Natural Resources	1,750,700	150,000	41.0	-
Other restructuring and downsizing savings from boards and commissions eliminated	<u>255,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$26,062,500</u>	<u>\$ 8,098,100</u>	<u>436.4</u>	<u>226.6</u>
Total savings - all sources		<u>\$34,160,600</u>		<u>663.0</u>

*See Chapter IV. Other Areas of Iowa Government.

DETAILED RECOMMENDATIONS

Each new department is discussed below together with its proposed organization chart, the units to be merged into it, savings associated with its creation and various related downsizing proposals.

(1) OFFICE OF MANAGEMENT

One of the major components of the proposed restructuring and downsizing of State government is the establishment of an Office of Management. The primary reason for establishing an Office of Management is to provide for an increased level of management and support in the preparation, administration and control of the State's budget. In addition, the Office of Management will provide the State with expanded capabilities to analyze policy and program issues and ensure that the State efficiently and effectively uses its resources to carry out its mission and provide services.

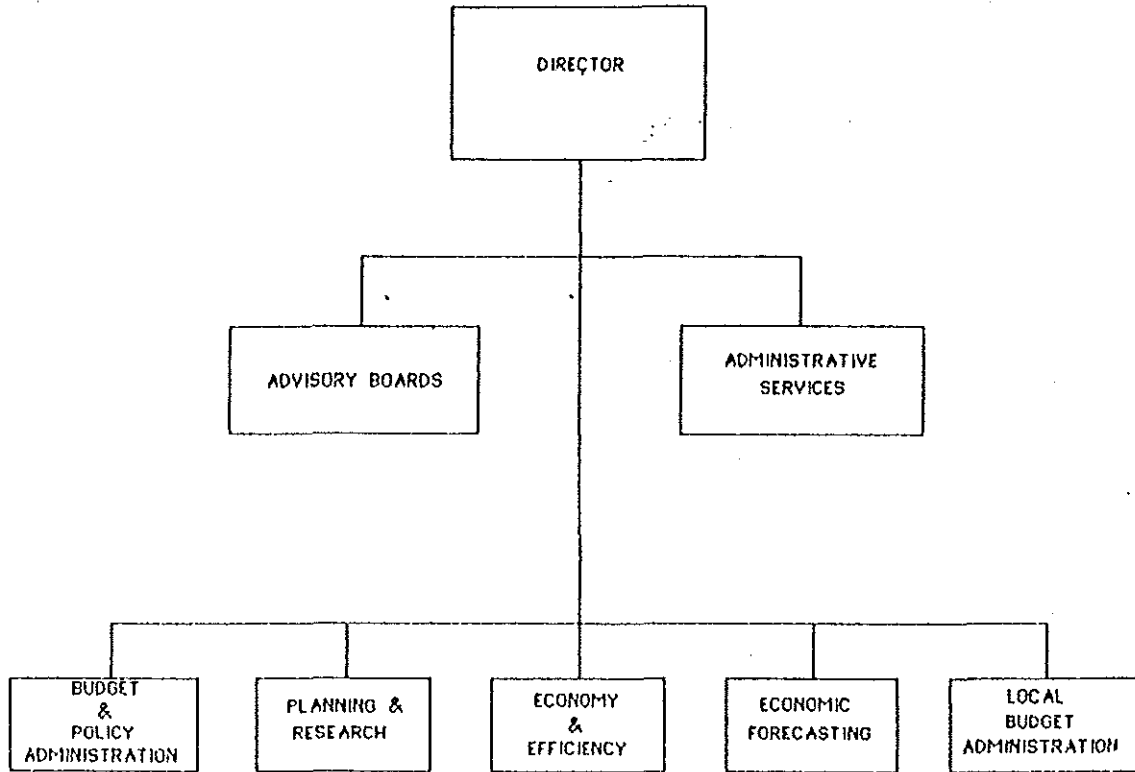
The Office of Management will be staffed primarily by personnel drawn from the Office for Planning and Programming and the State Comptroller's Office. In addition, the formation of the Office of Management will include the consolidation of responsibilities presently performed by the following departments, boards, or commissions:

- State Comptroller's Office (Budget and Inspector General Divisions);
- Office for Planning and Programming;
- Advisory Committee on Intergovernmental Relations;
- Telecommunications and Information Management Council;
- Criminal and Juvenile Justice Planning Agency;
- Criminal and Juvenile Justice Planning Commission;
- State Demographer;
- School Budget Review Committee; and
- State Appeal Board.

EXHIBIT III.4 provides the organization chart for the proposed Office of Management.

EXHIBIT III.4

OFFICE OF MANAGEMENT



Under the proposed structure for the Office of Management, there will be six major divisions and a group of advisory boards. These divisions will provide the State with separate capabilities for developing and administering the State's budget, conducting planning and research, and reviewing the economy and efficiency of State programs. In addition, other divisions will provide economic forecasting and local budget administration capabilities, while another division will provide centralized administrative services to the Office.

Within the Office of Management's advisory boards, the Criminal and Juvenile Justice Planning Advisory Council and the Juvenile Justice Advisory Council will be combined into one board. In addition, an ad hoc user's group composed of representatives from cities and counties will be formed to generate input on city and county budgeting.

Recommendation

The establishment of an Office of Management will result in an estimated general fund savings of \$165,000 and the elimination of 8 full-time equivalent positions. These savings and position reductions are discussed in the following section.

• Establish an Office of Management

The budget, policy development, research and economic forecasting responsibilities which will be centralized in the Office of Management are currently performed by various staff within the State Comptroller's Office, the Office for Planning and Programming, and the Governor's office. By establishing an Office of Management, these resources can be more effectively used and the State's budget administration, development and control functions can be strengthened. In addition, the Office will promote economy and efficiency throughout the Executive branch and act in a policy evaluation and review role. The creation of the Office of Management will improve the coordination and conduct of these responsibilities and result in an estimated savings of \$165,000 and 8 full-time equivalent positions.

(2) DEPARTMENT OF PERSONNEL

The creation of a Department of Personnel will centralize the personnel management responsibilities and activities currently performed throughout State agencies. The Department of Personnel will become responsible for major components of the State's personnel management system, including:

- Policy development;
- Employment activities and transactions;
- Education and training;
- Compensation and benefits;
- Employment relations;
- Planning and research;
- Board of Trustees for Public Safety Peace Officer's Retirement, Accident, and Disability System;
- Equal Employment Opportunity (EEO) and Affirmative Action (AA) for State government; and
- Personnel records and administration.

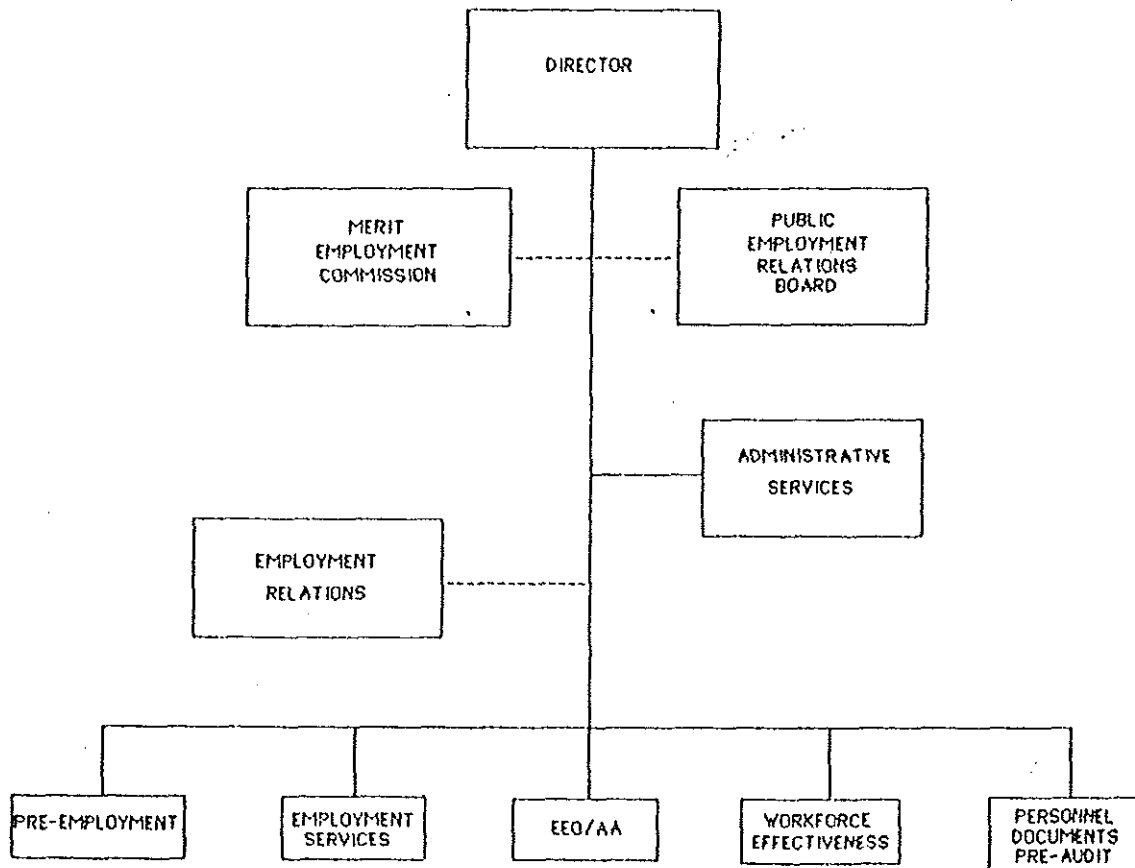
The formation of the Department of Personnel will involve the consolidation of elements of the major personnel responsibilities presently performed in the following departments, boards, or commissions:

- Merit Employment Department;
- Merit Employment Commission;
- Office of Employment Relations;
- Public Employment Relations Board;
- State Comptroller's Office (Exempt Personnel and Benefits Administration);
- Iowa Public Employee Retirement System (IPERS);
- Iowa Public Employee Retirement System Investment Advisory Board; and
- Affirmative Action Task Force.

EXHIBIT III.5 provides the organization chart for the proposed Department of Personnel.

EXHIBIT III.5

DEPARTMENT OF PERSONNEL



Under the new organization structure, there would be a central headquarters for the Department of Personnel and four field services offices, each serving a separate region of the State. A limited number of personnel staff will still be located within individual departments to process routine personnel transactions, however, the four field services offices will have responsibility for administering the personnel management system in their respective regions. Furthermore, the central headquarters for the Department of Personnel will oversee the operations of these field services offices as well as perform policy development and overall management of the State's personnel system.

The Merit Employment Commission, the State's collective bargaining agent, and the Public Employment Relations Board will maintain their autonomy under the new organization structure. However, they will receive administrative support from a centralized administrative services unit with the Department of Personnel. Similarly, IPERS, the IPERS Investment Advisory Board, and the Affirmative Action Task Force will be administratively supported by the Department of Personnel.

The establishment of a Department of Personnel will centralize the management and administration of the State's personnel system and allow the State to eliminate the unnecessary duplication of personnel activities presently performed in State agencies. By centralizing these activities, creating regional field service offices, and streamlining the conduct of personnel activities, the State will be able to significantly reduce the resources and expenditures it devotes to the personnel management system. For example, the centralized personnel agency will be responsible for developing statewide personnel policies and manuals, maintaining personnel records and management information systems, and monitoring departmental conduct of personnel management activities. In this way, the number of staff necessary to perform these activities will be reduced because these activities will not be unnecessarily duplicated by each individual department.

Recommendations

There are two recommendations relating to the Department of Personnel. These include:

- Create a centralized Department of Personnel; and
- Eliminate general fund appropriation for IPERS prior service funding.

These recommendations will result in an estimated general fund savings of \$1,730,700 and 57 full-time equivalent positions. The support for these savings and reductions is discussed below.

- Create a Centralized Department of Personnel

A recent review of the personnel management responsibilities and activities performed by State agencies identified 287 full-time equivalent positions that are being utilized in the personnel function. Of this number, approximately 250 full-time equivalent positions are positions whose major responsibilities consist of personnel management. The remaining 37 full-time equivalent positions are made up of portions of individual staff member's time consumed in personnel management.

The proposed Department of Personnel will require a staff of 131 full-time equivalent positions, or a savings of 119 positions from the 250 presently performing personnel management activities in State government. This represents a savings of an estimated \$2,604,000. Approximately half of these funds, or \$1,250,000, will be general fund savings and the rest will be saved from other funds. Under the proposed Department of Personnel, the 37 full-time equivalent positions currently being utilized to conduct certain personnel management activities in State agencies will not be centralized but will remain within individual departments to provide on-site personnel activities.

- Eliminate General Fund Appropriation
for IPERS Prior Service Funding

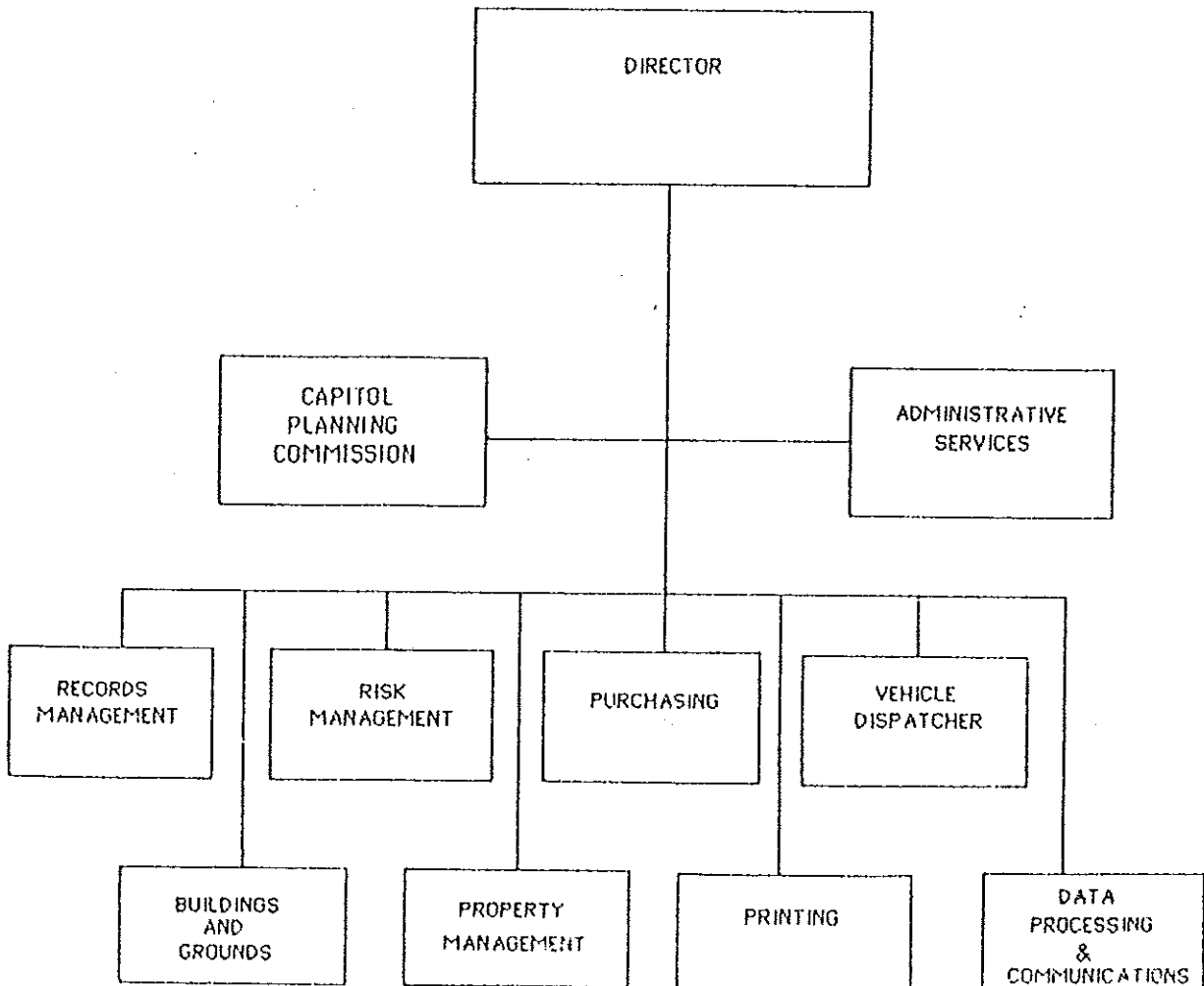
The IPERS prior service funding finances the increased IPERS benefits for those public employees receiving retirement benefits under the Iowa Old Age Survivors Insurance Fund prior to July 4, 1953. The elimination of the general fund appropriation in this area would save the State \$480,700 with no effect on pensions. We are informed by the State that the IPERS system can actuarially absorb this cost.

(3) DEPARTMENT OF GENERAL SERVICES

The Department of General Services will maintain and expand its existing functions under the proposed restructuring of State government. Its current responsibilities for records management, building and grounds, purchasing, printing, State vehicles and communications will remain intact. In addition, the Department of General Services' current responsibilities for risk management and property management will be expanded to encompass activities presently performed by other departments. The Department of General Services also will assume responsibility for providing centralized data processing now performed by the State Comptroller's Office. EXHIBIT III.6 provides the proposed organization chart for the Department of General Services.

EXHIBIT III.6

DEPARTMENT OF GENERAL SERVICES



As depicted in EXHIBIT III.6, the expansion of the Department of General Services' responsibility for risk management and property management, as well as the assumption of the responsibility for data processing now performed by the State Comptroller's Office, will enhance the Department of General Services' ability to manage and control these functions on a statewide basis. It also will ensure that the State operates efficiently in these areas.

Recommendations

The recommendations relating to the Department of General Services are as follows:

- Centralize State property management responsibilities;
- Assume responsibility for Job Service facility maintenance and inspection services; and
- Consolidate State mail handling responsibilities in the Capitol complex.

These recommendations will result in an estimated general fund savings of \$195,600 and 8 full-time equivalent positions. In addition, they will improve the State's ability to operate more efficiently in the areas under the Department of General Services' responsibility. Each of these recommendations are described below.

- Centralize State Property Management Responsibilities

The Department of General Services currently performs property management for the Capitol complex, while individual departments are responsible for conducting their own property management activities in their facilities outside of the Capitol complex. As a result, the State's property management activities are fragmented and not always performed by property management specialists who are familiar with market conditions and property management techniques and negotiations.

To improve the efficiency and effectiveness of the State's property management function, the State's property management responsibilities should be consolidated within the Department of General Services with the exception of the Iowa National Guard. Initially, the property management function within the Department of Human Services should be transferred to the Department of General Services. This will result in an estimated savings of \$104,000 and 4 full-time equivalent positions. In the future, additional responsibilities for other departments should be relocated within the Department of General Services. This consolidation should save rental costs and help consolidate State office locations for improved service.

- Assume Responsibility for Job Service
Facility Maintenance and Inspection Services

Job Service presently contracts with private firms for various inspection and maintenance services in its facility. These contracts cost \$21,600 annually in Federal funding and include a contract for the semi-annual inspection of fire and sprinkler systems, a service and inspection agreement on absorption chillers, and an inspection and maintenance agreement for automatic temperature controls. The Department of General Services' Division of Building and Grounds presently performs these responsibilities for many other State departments as part of its maintenance agreement with them. The Division of Building and Grounds has been considering an Agreement for Services which will have the Division of Building and Grounds assume maintenance responsibilities for certain Job Service facilities.

Under this agreement, Job Service facility maintenance costs will be held constant, but the contracts with private firms for facility inspection and maintenance would no longer be necessary. This will result in an annual savings of \$21,600.

- Consolidate State Mail Handling
Responsibilities in the Capitol Complex

A recent survey conducted by the Department of General Services identified a total of 45 personnel who are involved in the pick-up, sorting, processing and delivery of mail within the State Capitol complex. Of this number, 14 are employed by the Department of General Services, while 31 are employed by 10 other departments. Due to the number of staff and departments involved in the mail handling at the State Capitol complex, the potential exists to reduce the duplication and fragmentation of these services among departments by consolidating the mail handling responsibilities. The consolidation of these responsibilities will result in savings in the use of equipment and personnel estimated at \$180,000 and 9 full-time personnel. Of this savings, approximately 4 full-time personnel and \$70,000 will be general fund savings.

(4) DEPARTMENT OF REVENUE AND FINANCE

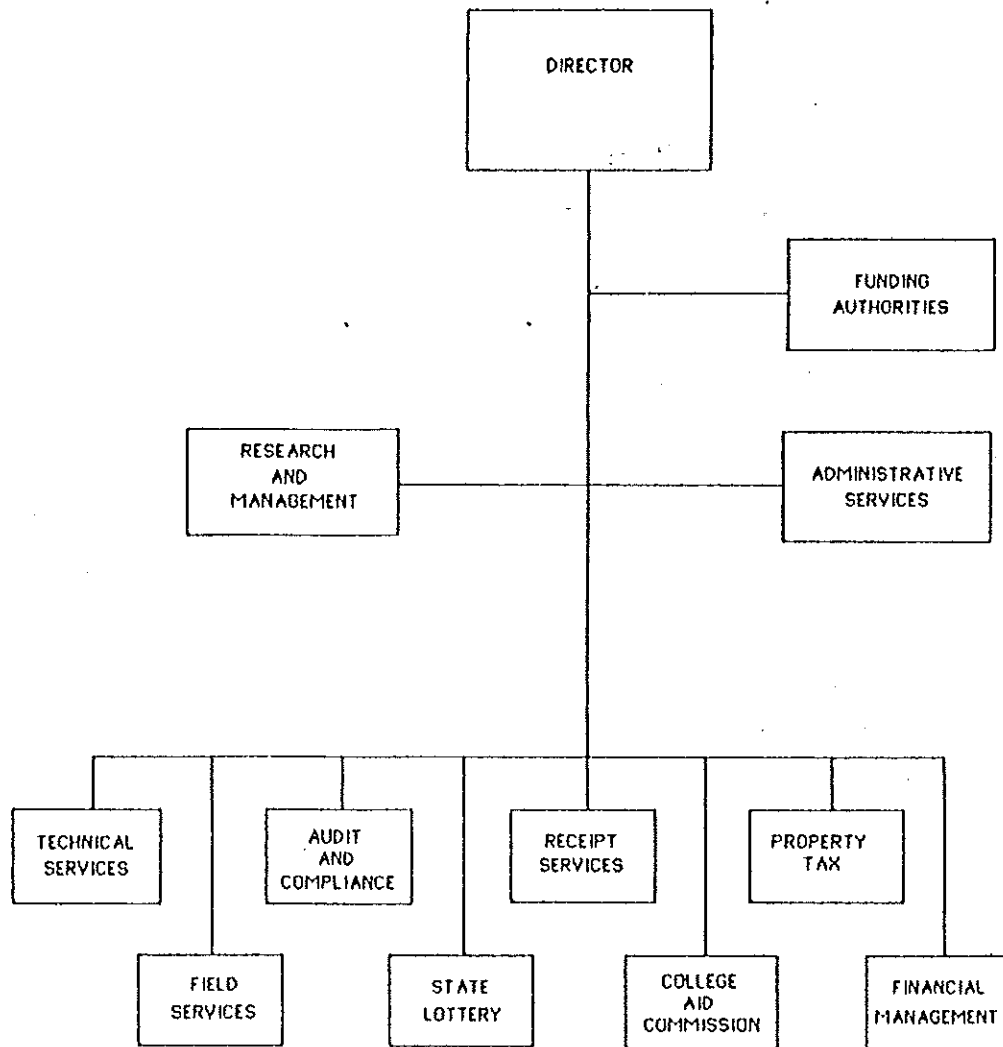
The creation of a Department of Revenue and Finance will consolidate financial management and disbursement, tax collection and compliance, gaming, and financial assistance responsibilities currently performed by the following departments, boards, or commissions:

- Department of Revenue;
- College Aid Commission;
- Iowa Lottery;
- Lottery Commission;
- State Comptroller's Office
(Financial Management Division);
- Higher Education Loan Authority; and
- State Treasurer's Office
(Tax Anticipation Notes Responsibility).

The establishment of the Department of Revenue and Finance will allow the State to better utilize its resources in the revenue and finance functions, improve the control and coordination of these activities, and achieve personnel and cost savings by reducing the number of managerial and support positions required. EXHIBIT III.7 provides an organization chart of the new Department of Revenue and Finance.

EXHIBIT III.7

DEPARTMENT OF REVENUE AND FINANCE



As shown in EXHIBIT III.7, the Department of Revenue and Finance will have eight major divisions. In addition, the Iowa Lottery and the Lottery Commission will receive administrative and support services from the Department. Furthermore, other boards, commissions, or finance authorities will have a reporting relationship to the Department.

Recommendations

The recommendations associated with the creation of the Department of Revenue and Finance and related downsizing opportunities include:

- Consolidate State revenue and finance responsibilities and operations;
- Transfer administration of Chapter 99B of the Iowa Code relating to gambling activities;
- Eliminate the industrial review program;
- Reduce the State's personal mileage reimbursement rate;
- Eliminate Iowa National Guard Educational Benefits Program;
- Eliminate Forgivable Loan Program;
- Eliminate Iowa Science and Mathematics Grant Program (Supplemental Grant); and
- Decentralize loan processing.

In addition to the improved coordination and control of the State's revenue and finance functions, these recommendations will result in a total estimated general fund savings of \$1,875,100 and 14 full-time equivalent positions. Each of these recommendations is discussed below.

- Consolidate State Revenue and Finance Responsibilities and Operations

There presently are 11 departments, boards, commissions, or authorities in the State which are responsible for performing financial management and disbursement, tax collection and compliance, gaming, and providing financial assistance for economic development and education. These agencies currently conduct similar or related functions which could be consolidated and streamlined to reduce managerial and administrative support positions.

The review of the revenue and finance responsibilities and operations performed by the 11 agencies identified an estimated \$120,000 in savings and 5 full-time equivalent positions that could be eliminated if these functions and activities were consolidated. Moreover, other additional savings may be possible through shared support items, such as communications, transportation, and printing by consolidating these responsibilities and operations.

- Transfer Administration of Chapter 99B of the Iowa Code Relating to Gambling Activities

The Department of Revenue is responsible for the administration of Chapter 99B of the Iowa Code which legalizes certain specific types of gambling activities, including bingo, raffles, and games of skill and games of chance. Presently, the Department of Revenue has the full-time equivalent of 5 positions devoted to the administration of Chapter 99B responsibilities. These positions cost a total of approximately \$103,000 annually. Among the duties which these staff perform are: dissemination of information; issuing of licenses; processing of reports; auditing of reports' revocation of licenses; and general policy and administration.

By transferring the administration of Chapter 99B to the newly-created Department of Commerce and Industry and consolidating the duties performed to administer Chapter 99B, the equivalent of 1 clerical position and cost savings of \$18,000 should be realized.

- Eliminate the Industrial Review Program

The Department of Revenue is responsible for operating an industrial review program. As part of this program, the Department appraises industrial properties statewide to ensure the equalization of property values and tax burdens within the industrial property class and in relationship with all other classes of property.

The program is presently in its eighth year. During this time period, 77 jurisdictions in the State have been reviewed. The program has a staff of 4 appraisers and estimated costs of \$133,800 annually.

The elimination of the industrial review program will result in an immediate savings of 4 positions and \$133,800 annually. To ensure that industrial property is not undervalued and does not result in inequitable shifts of tax burdens to other classes of property and amongst taxpayers, the Department of Revenue will continue to provide local governments with guidance regarding how to reassess industrial properties.

- Reduce the State's Personal Mileage Reimbursement Rate

The State of Iowa currently reimburses State employees who must use their personal vehicles for State government-related business travel at the rate of 24 cents per mile. This is 3 cents per mile greater than the standard mileage rate of 21 cents per mile set by the Internal Revenue Service for employers and used for mileage reimbursement by most employers.

Because the State of Iowa reimburses State employees' automobile expenses at a rate higher than the Internal Revenue Service's standard mileage rate, the State must report as ordinary income for each employee the amounts of reimbursement to an employee in excess of the standard rate. As a result of the increased mileage rate that it pays, the State incurs increased mileage reimbursements of an estimated \$321,000 in general funds and \$263,000 in other funds. Thus, a reduction in the State's reimbursement rate for personal mileage will result in an estimated total savings of \$584,000.

- Eliminate Iowa National Guard Educational Benefits Program

This program, established in 1978, provides benefits in the amount of \$250 per year to Guard members to attend post-secondary institutions. This program covers few students and is underutilized. Its elimination will save \$20,800 per year.

- Eliminate Forgivable Loan Program

This new program was passed into law last year and is scheduled to start in academic year 1986-87. It is designed to provide low-interest loans to upper division education students in State schools in order to develop more teachers. The elimination of the program, which has not yet started, will result in a savings of \$750,000 per year in State Lottery funds.

- Eliminate Iowa Science and Mathematics Grant Program (Supplemental Grant)

This program is designed to encourage high school students to maximize their studies in the subjects of science and mathematics. A significant improvement in the percentage of students enrolled in these subjects has already been made. For example, 92 percent of high school students were enrolled in mathematics courses in fiscal year 1985, compared to 78 percent in fiscal year 1983. Given the substantial improvement already made and the State's current fiscal crisis, elimination of this program will save \$961,500 per year.

- Decentralize Loan Processing

The Iowa College Aid Commission currently processes all loan applications centrally. By allowing schools, which already process loan applications, to make educational awards, this duplication of service can be eliminated. This will save 4 positions and \$300,000 annually.

(5) OFFICE OF THE INSPECTOR GENERAL

The creation of an Office of the Inspector General will provide for the centralized conduct of various audits, inspections, investigations, appeals and fair hearings currently performed by departments throughout State government. The Office of the Inspector General will be responsible for performing certain centralized services in these areas, while some individual departments will retain specific responsibilities which are too specialized or that will not be cost-effective to centralize. EXHIBIT III.8 provides an organization chart for the Office of the Inspector General.

EXHIBIT III.8

OFFICE OF THE INSPECTOR GENERAL

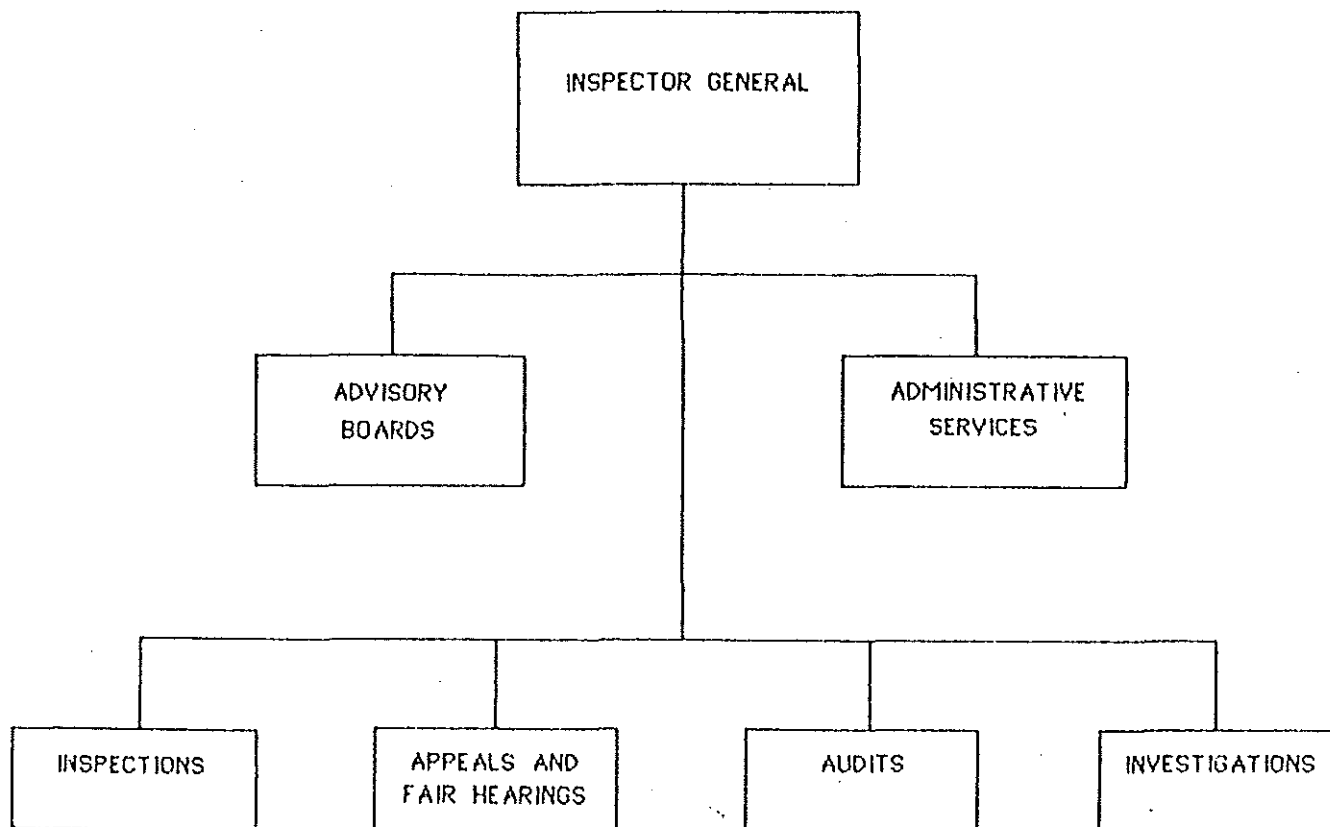


EXHIBIT III.8 shows that there will be four major operating divisions within the Office of the Inspector General. First, the Inspections Division will be responsible for conducting health care field inspections of hospital and nursing homes in the State. This will involve the inspection of skilled nursing facilities and intermediate care facilities. The inspections that will be performed include those necessary for obtaining and maintaining licensure. They will also include inspection in response to complaints made regarding the care and treatment that these facilities provide. In addition, this Division will provide licensing and complaint inspections for 24-hour group and residential treatment facilities and health related inspections of restaurants and similar establishments which are currently performed by the Office of the Secretary of Agriculture. However, inspection of grain warehouses will be transferred to the Office of the Secretary of Agriculture.

Second, the Appeals and Fair Hearings Division will conduct administrative law appeals that most agencies in State government currently either make arrangements for, or conduct. The administrative law appeals are performed when a person or an entity believes they have been adversely affected or received a wrong decision from a State agency, such as license or permit suspension/revocation, and welfare or disability insurance cancellation/reduction. The Appeals and Fair Hearings Division will render a proposed decision, while the final decision authority will reside in the individual departments.

Third, the Audits Division will conduct field audits of entities that either use State funds, or Federal funds for which the State is responsible. For example, the Division will perform audits of nursing home cost reports, patient accounts, liquor stores, and State contracts. However, the Audits Division will not conduct internal audits performed by State departments, nor financial and compliance audits now performed by the State Auditor.

Fourth, the Investigation Division will conduct various types of investigations performed by State government. These include investigations of fraud, waste, and abuse of entitlement programs, such as Aid for Dependent Children. They also will perform licensing type investigations, such as those performed for beer and liquor licenses violations. In addition, they will perform white-collar crime investigations, investigations of departmental internal affairs, and other types of investigations now performed by State examiners, such as those performed by the medical, dental and pharmacy boards.

Finally, the Appellate Defender will be relocated to the Office of the Inspector General, as will other advisory boards related to the Inspector General's responsibilities, such as the Hospital Licensing Board and Foster Care Review Board.

Recommendation

The consolidation of the State's audit, inspection, investigation, appeals and fair hearings responsibilities within the Office of the Inspector General will result in an estimated general fund savings of \$537,400 and 23.5 full-time equivalent positions, as discussed below.

- Create an Office of the Inspector General

The State currently conducts various audit, inspection, investigation, appeals and fair hearings responsibilities in departments throughout State government. A recent survey showed that an estimated 1,168 positions are involved in these activities Statewide. While some of the activities performed in these areas are highly specialized and are appropriately performed in individual departments, many of these activities are generic in nature and present opportunities for consolidation. Moreover, the extensive fragmentation of these responsibilities throughout State government diminishes the efficiency with which these activities are performed and contributes to a wide divergence in policies, procedures and practices.

The proposal to create an Office of the Inspector General will consolidate those audit, inspection, investigation, appeals and fair hearings responsibilities which lend themselves to consolidation, while leaving the responsibilities which are highly specialized in individual departments. The establishment of the Office of the Inspector General will result in an estimated savings of \$537,400 and 23.5 full-time equivalent positions.

(6) DEPARTMENT OF ECONOMIC DEVELOPMENT

The Department of Economic Development represents a restructuring of some of the responsibilities of the:

- Iowa Development Commission (IDC);
- Iowa Advance Funding Authority;
- Iowa Finance Authority;
- City Development Board;
- Title Guarantee Board;
- Center for Industrial Research and Service;
- Office for Planning and Programming (OPP, including JTPA); and the
- Marketing Functions of the Department of Agriculture.

The creation of the Department of Economic Development is a top priority of the Governor and the General Assembly. For several years there has been a growing concern regarding the fragmentation of business development programs for the State. Currently, there are a wide variety of agencies involved in this area. The basic programs of financial aid and services are widely dispersed and uncoordinated such that it is difficult for a business to know how to get the information and help.

In creating the Department, the objective was to bring together the major tools for economic development under a single management. Thus, the Department is organized functionally into the major service or program areas:

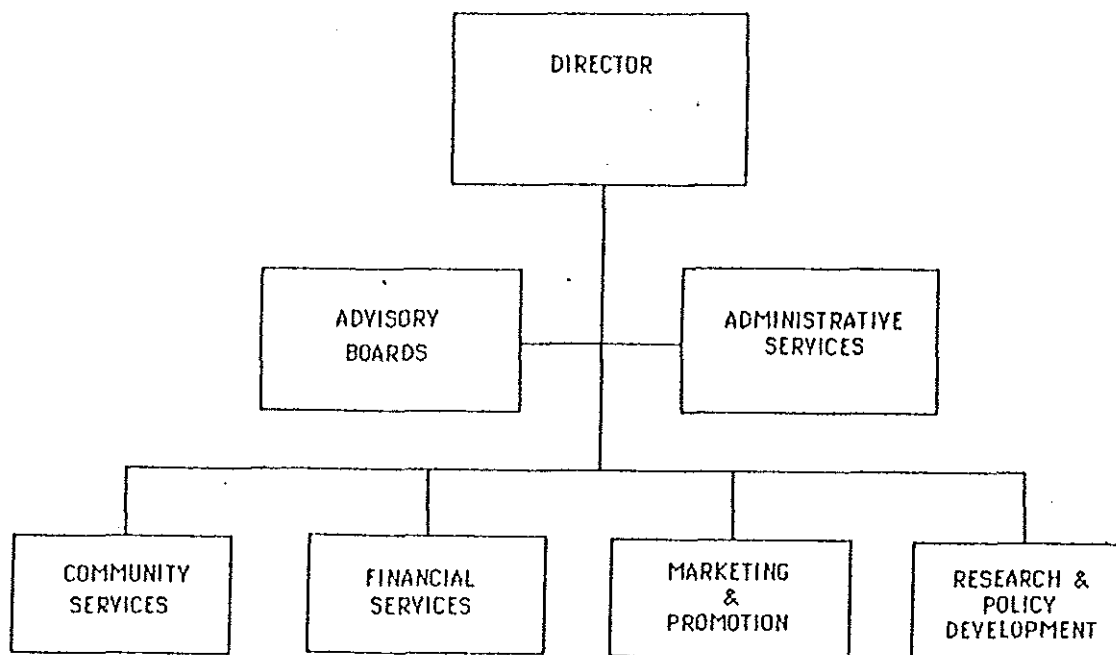
- Marketing and Promotion - includes responsibilities for promoting and marketing international trade, tourism, national marketing, and the major industry institutions and available building programs.
- Financial Services - includes providing technical assistance and financial assistance programs through the Iowa Finance Authority and through other programs available in the State, such as JTPA.
- Community Services - includes providing technical assistance and community lessons to small business and for the operation of various programs, including Community Betterment, Main Street and the Satellite Management Center.
- Research and Policy Development - includes policy analysis and development, economic development research, and data collection and compilation coordination.
- Administrative Support - includes general central support services such as word processing, accounting, etc.

A policy advisory board is also proposed to provide broad-based input into the Department's programs.

EXHIBIT III.9 provides an organization chart for the Department of Development.

EXHIBIT III.9

DEPARTMENT OF ECONOMIC DEVELOPMENT



Recommendations

Organizational and downsizing recommendations include:

- Realign divisions within development services;
- Consolidate administrative services;
- Stop providing City Development Board/Intergovernment Review;
- Eliminate local government personnel services;
- Utilize universities for collection and publication of economic and statistical data;
- Limit research staff;
- Privatize low-priority marketing programs;
- Eliminate high technology grants;
- Eliminate Product Development Corporation funding;
- Eliminate Iowa Community Development Loans;
- Eliminate Science Academy funding; and
- Privatize publication of the Directory of Iowa Manufacturers.

These recommendations create a structure that emphasizes high priority, direct services, and group most marketing programs in one unit. General fund cost savings of 13.4 full-time equivalent positions and \$2,673,900 will result. Each of these recommendations is discussed below:

- o Realign Divisions Within Development Services

The present structure of the IDC has five service divisions -- Research and Development, Communications, Marketing, Community Resources, and Small Business. The breakup of Office for Planning and Programming (OPP) and transfer of Agricultural marketing functions, along with the analysis of the joint OPP and Iowa Development Commission, lead to a proposed organization with four service divisions discussed above.

Savings of \$108,000 and 3 full-time equivalent positions will result from the elimination of the Deputy Director, one executive, and one division manager, due to consolidation of marketing and communications.

- o Consolidate Administrative Services

Most administrative services (accounting, word processing, mail, personnel) are provided by the existing Government and Internal Affairs Division. Some of these services also are provided by staff in the Marketing Division. Further consolidation of services will result in a reduction of 1 full-time equivalent supervisor and savings of \$26,000.

- o Stop Providing City Development Board/Intergovernment Review

The program reviews disputes between local governments relating to jurisdictional boundaries. Its elimination will save 1 position and \$45,000. This can be done with existing personnel.

- o Eliminate Local Government Personnel Services

The program provides some cities and counties with personnel services assistance. The program appears to be unnecessary as most local governments perform their own personnel work. Its elimination will save 2 positions and \$61,000 per year.

- Utilize Universities for Collection and Publication of Economic and Statistical Data

Certain economic and statistical data is collected and published for business and government use. Much of this data is also published by universities and the Governor's Forecasting Council. By utilizing universities to provide this data, the State will save 5 positions and \$150,000.

- Limit Research Staff

The creation of the Office of Management centralizes economic research and analysis functions formerly in OPP and other agencies. In addition, the universities and private firms provide basic economic data and forecasts. The Department of Development should draw on these sources for original data and concentrate its staff resources on analysis to support economic development programs, some of which can be performed by staff in the other service divisions. Savings of 1 full-time equivalent manager and \$30,000 could be realized.

- Privatize Low-Priority Marketing Programs

The State has sister-state ties in Mexico, Japan, and China. This program could be supported by private contributions, thereby saving the general fund \$47,000 and .4 full-time equivalent position and saving Federal monies of \$10,000.

- Eliminate High Technology Grants

This program makes research grants available to universities. Under the Lottery legislation, \$10 million will be provided annually for commercially adoptable product research. Elimination of this program will save \$895,000.

- Eliminate Product Development Corporation Funding

The State currently appropriates funds to support the Product Development Corporation. These funds have also been provided through Lottery proceeds. General funding of this activity can be eliminated saving \$285,000.

- Eliminate Iowa Community Development Loans

This program provides no-interest loans to communities for economic development. A similar loan program is now available under the Community Economic Betterment (CEB) fund underwritten by the State Lottery. The elimination of the program will save \$951,900 per year.

o Eliminate Science Academy Funding

The State provides \$60,000 in funding support for the Science Academy Council grant. This program could utilize private resources to recognize outstanding scientists.

o Privatize Publication of the Directory of Iowa Manufacturers

A private publisher is willing to print the directory in exchange for the right to sell advertising. The \$15,000 cost of printing would be saved. Revenue may be available from sales of the document.

(7) DEPARTMENT OF EMPLOYMENT SERVICES

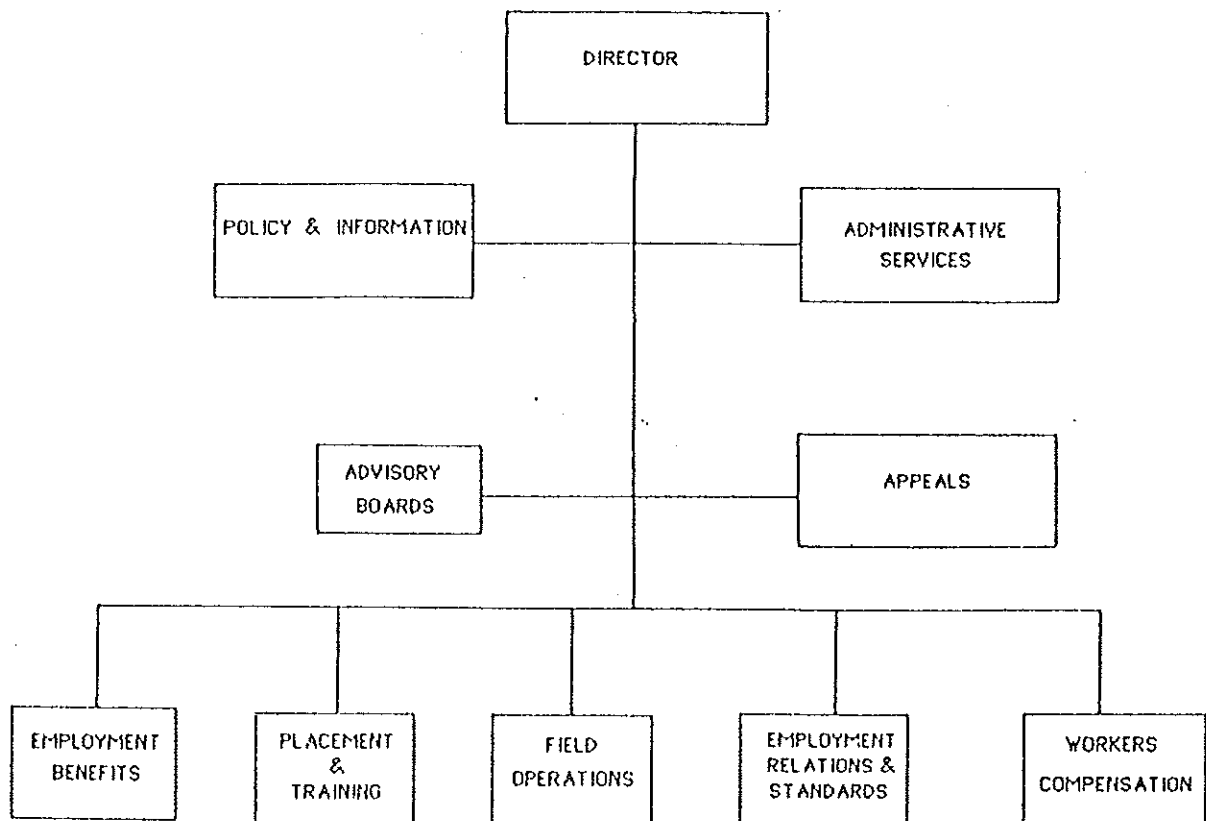
The establishment of the Department of Employment Services consolidated the following agencies responsible for job placement, training, job insurance benefits, workplace safety, and employee rights:

- Job Service;
- Bureau of Labor; and the
- Industrial Commission.

EXHIBIT III.10 provides an organization chart of the proposed department. Five service divisions -- Employee Benefits, Placement and Training, Field Operations, Employment Relations and Standards, and Workers' Compensation -- are supported by two administration/policy units and a consolidated appeals function. The establishment of the department will improve the coordination of services to workers, employers, and job seekers.

EXHIBIT III.10

DEPARTMENT OF EMPLOYMENT SERVICES



Recommendations

The organizational and downsizing recommendations associated with creation of the Department of Employment Services include:

- Maintain the integrity of Bureau of Labor and Industrial Commissioner services;
- Consolidate placement and training services;
- Consolidate the appeals functions; and
- Consolidate administrative services.

In addition to improving coordination of programs, these recommendations result in general fund savings of 8 full-time equivalent positions and \$209,300. Each of the recommendations is discussed below.

- Maintain the Integrity of Bureau of Labor and Industrial Commissioner Services

These agencies should become divisions of the new department. The Bureau of Labor can be streamlined from six to four service units -- Inspections, OSHA, Consultation, and Employee Protection (workplace standards, wage payment, child labor, employment rights) -- permitting elimination of positions. In addition, the Industrial Commission becomes the Workers' Compensation Division of the new department. Streamlining the division into compliance and adjudication units permits further elimination of positions. Total savings are estimated at \$115,200 and 4.5 full-time equivalent positions, of which approximately \$49,600 and 2.0 full-time equivalent positions are general fund savings.

- Consolidate Placement and Training Services

Currently, training and placement programs are administered by a number of agencies, including the Job Service, Office for Planning and Programming (OPP), Commission on the Aging, Human Services, and the Commission on the Employment of the Handicapped. To the maximum extent possible, these programs should be consolidated to improve coordination and service. Specific programs to be immediately consolidated in the Placement and Training Division are Job Placement, WIN, Job Corps, IETP, Youth Corps, Older Workers, Targeted Job's Tax Credit, Veterans, and the Trade Act. JTPA functions will be placed in the Department of Economic Development.

Reduction of 4 full-time equivalent positions, formerly OPP, dealing with youth programs and reclassification of six supervisors will result in savings of \$122,600.

- Consolidate the Appeals Functions

Appeals of job insurance, OSHA, and workers' compensation determinations are heard by two appeals boards and the Insurance Commissioner. These appeals functions should be consolidated in a departmental appeals unit reporting to the director. Consolidation will result in the reduction of at least 6 full-time equivalent positions and savings of \$98,800, of which approximately \$17,100 and 1 full-time equivalent position are general fund savings.

- Consolidate Administrative Services

Each department has administrative staff in data and word processing. The Labor Bureau and Job Service both provide accounting services. Combining these support functions in an administrative services units eliminates the need for 5 full-time equivalent positions, including three managers and at least two data processing, clerical, or word processing positions. Savings of at least \$104,000 will be achieved. Of this savings, approximately \$20,000 and 1 full-time equivalent position relate to the general fund.

(8) DEPARTMENT OF COMMERCE AND INDUSTRY

The Commerce and Industry Department represents a consolidation of services provided by the following existing departments and agencies:

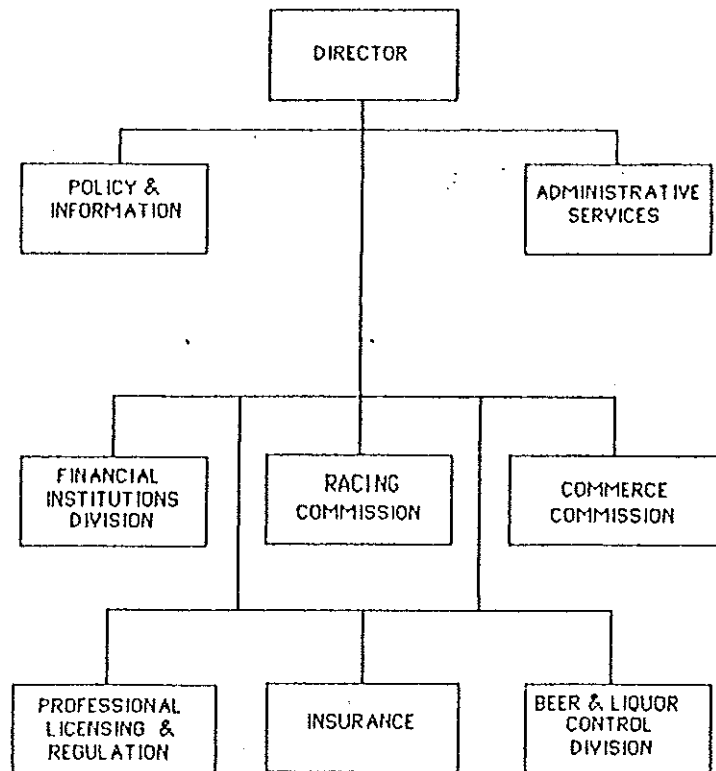
- o Banking;
- o Credit Union;
- o Insurance Commissioner;
- o Commerce Commission;
- o Racing Commission;
- o State Auditor (State Chartered Savings and Loan Associations and Industrial Loan Companies);
- o Revenue (Bingo); and
- o Various Licensing Boards.

The new Department will improve management control and accountability for these regulatory and licensing functions, as well as achieve cost savings by reducing the number of management and support positions. The creation of this Department, which consolidates business services and regulatory functions, should make service easy to obtain for the business community. This agency will also be an umbrella agency for various regulatory boards. While the boards will remain, the Governor should have the authority to appoint both the department director and division heads.

Consideration should also be given to separating the Consumer Advocate from the Commerce Commission division in order to enhance the independence of this important function. Further, it is likely that further consolidation within these areas is possible and will save additional dollars in the future. EXHIBIT III.11 provides an organization chart of the proposed Commerce and Industry Department.

EXHIBIT III.11

DEPARTMENT OF COMMERCE & INDUSTRY



Recommendations

Organizational and downsizing recommendations related to the Commerce and Industry Department include:

- Consolidate financial institution functions;
- Create a gaming unit;
- Assign professional licensing boards for administrative support;
- Sublet beer and liquor stores with expenses greater than 20 percent of sales to private businesses;
- Consolidate the Commerce Commission's rate research and utility operations review units;
- Consolidate administrative support and policy and information services; and
- Reassign the Insurance Department's State insurance review role and eliminate the central security vault.

These recommendations would produce a total estimated general fund savings of \$2,250,000 and 116 full-time equivalent positions. Each of the recommendations is discussed below.

• Consolidate Financial Institution Functions

Financial institution regulation is assigned to three separate agencies at present - Banking, Credit Union, and the State Auditor. The examination techniques performed require similar skills, experience, and training. Approximately 121 full-time equivalent positions are devoted to the examination of financial institutions, with another 45 full-time equivalent positions examining insurance companies. Each department sets up its own examination schedule and regional assignment of staff. The potential for consolidation to eliminate duplication, minimize travel time, and upgrade examination skills is clear, particularly as the operation of these institutions becomes more similar due to continuing deregulation. However, the competitive relationship among these institutions and strong industry associations may preclude an immediate consolidation of staff into one department. While working toward full consolidation, the State should create a Financial Institutions Division with two units - Banking and Savings and Loans, and Credit Unions.

The division director should work to merge the banking and credit union boards into an advisory board representing all regulated institutions, and combine examination staffs into units based on the function performed and skills required. In addition, the Director should examine the benefits of folding in the regulation of other financial services providers, such as insurance companies and brokerage firms. A savings goal of 2 management positions and 10 examiners, which represents about \$400,000 in non-general fund personnel and operating costs, appears reasonable if full consolidation is achieved.

• Create a Gaming Unit

Gaming activities in the State are regulated by three agencies - Lottery Commission, Racing Commission, and the Bingo Unit in the Revenue Department. Because of its extensive financial, accounting, and asset management responsibilities, the Lottery Commission will be included in the proposed Department of Revenue and Finance. Racing and bingo, however, represent similar licensing and regulatory functions and would be better located in the Commerce and Industry Department. One clerical support position could be saved by the merger, while the coordination of the licensing functions could save another position. These reductions will result in an estimated savings of \$36,000.

• Assign Professional Licensing Boards
for Administrative Support

The following boards should be assigned to the department to minimize, where possible, the cost of administrative services:

- Real Estate Commission;
- Accountancy Board;
- Architectural Examiners Board;
- Board of Engineering and Land Surveying Examiners; and
- Board of Landscape Architectural Examiners.

This could in an estimated savings of 4 full-time equivalent positions and \$72,000.

Licensing boards for health-related services are, or will be, assigned to the Health and Human Services Department for administrative support.

• Sublet Beer and Liquor Stores with Expenses
Greater than 20 Percent of Sales to Private Businesses

Based on 1985 fiscal year statistics, there are 84 stores with operating expenses exceeding 20% of sales. These stores should be closed and service provided by agency stores. These privately run outlets could operate in the existing location (by assuming the State's lease) or in another existing retail outlet. In either case, the authorized distributor would be paid a commission based on the percentage of total sales or the distributor would buy merchandise from State stores at a discount for resale at the statewide price. Additional criteria would prevent on-premises consumption and require inventories from State liquor stores. Other criteria could be imposed to protect the public's interest. Net savings to the State, based on the stores' same levels of sale, would be \$1,826,000 which includes salaries of 96 full-time equivalent positions (168 positions) and operating expenses.

• Consolidate the Commerce Commission's
Rate Research and Utility Operations Review Units

The rate research and utility operations review functions are related. By combining these functions, one manager and one clerical position, representing \$50,000 in non-general fund personnel and operating costs, could be saved.

- Consolidate Administrative Support and Policy and Information Services

Each department in the proposed Department of Commerce and Industry has administrative support staff providing accounting, budgeting, auditing, personnel, and data processing services. Often, these staffs represent a supervisor and a small number of employees. Creation of a departmental administrative services unit would eliminate some supervisory positions and potentially enhance services because of specialization. Some functions, notably the Beer and Liquor Department's staff in Ankeny, may not be candidates for centralization. Specific position reduction possible through consolidation include the Deputy Director in Beer and Liquor (also influenced by the creation of the Inspector General Department); at least one administrative supervisor; five positions out of thirty total in data processing and word processing; and four positions out of 19 total in finance, accounting, and budget. These reductions represent a savings of \$256,000.

- Reassign the Insurance Department's State Insurance Review Role and Eliminate the Central Security Vault

The Insurance Commissioner and staff support the evaluation of insurance programs for State employees. This activity sometimes conflicts with the agency's regulatory function. This function, representing .75 full-time equivalent positions, should be transferred to the Risk Manager with no net savings to the State.

Because insurance companies deposit securities required by statute to meet legal reserve deposit requirements with banks or trust companies, the Insurance Department's vault is no longer used. Three full-time equivalent positions formerly serving the vault can be eliminated to save \$60,000.

(9) DEPARTMENT OF HEALTH AND HUMAN SERVICES

We believe a reorganization into a consolidated Department of Health and Human Services is cost effective. However, a merger of just the Department of Health and the Department of Substance Abuse would result in savings estimated at only \$120,000 less than full consolidation. Because the savings associated with a full merger are modest, other considerations could outweigh the savings.

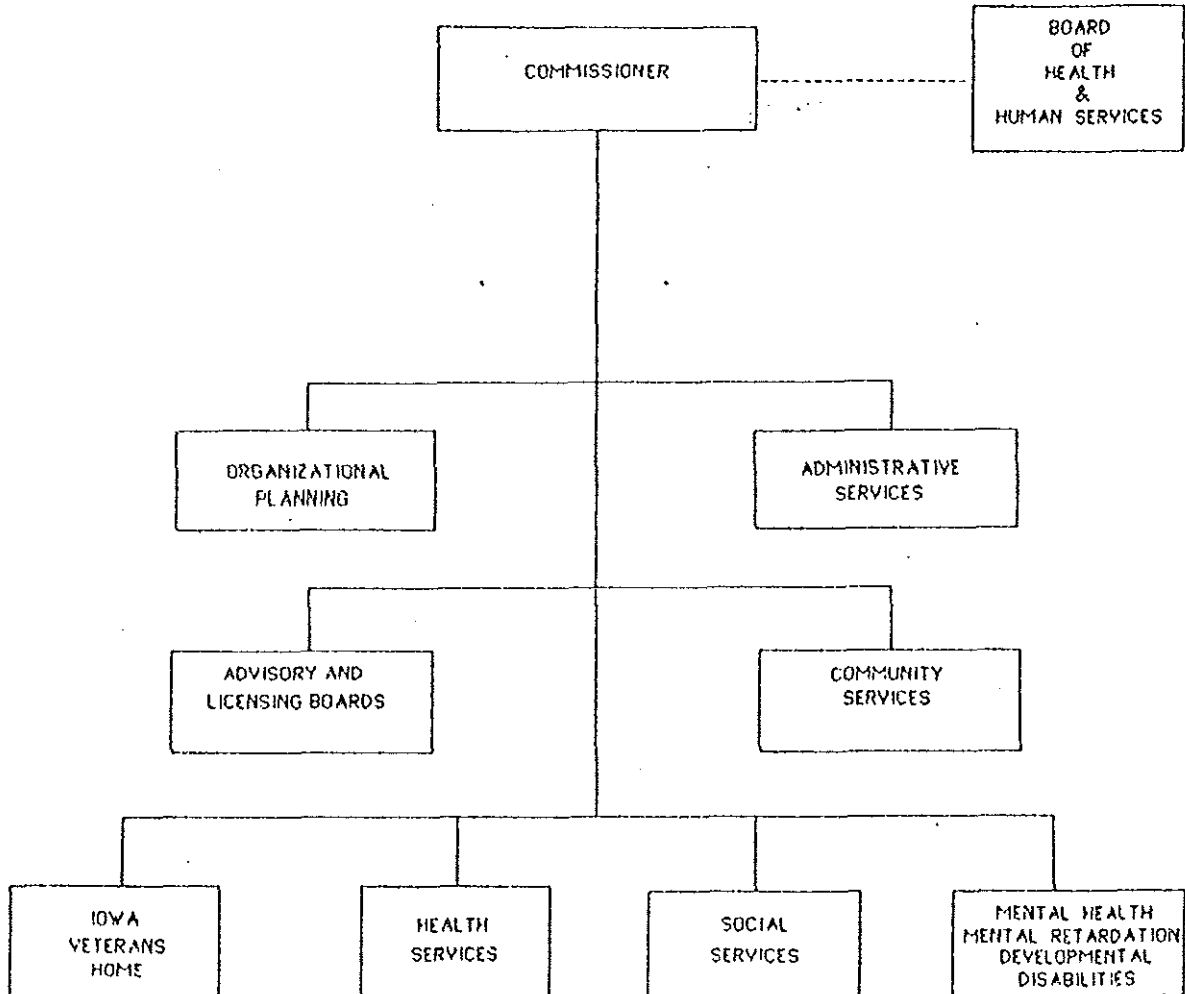
Under the proposed reorganization of State government, the Department of Human Services which currently has responsibility for many of the State's social service programs, including economic and medical assistance, protective services for children and adults, and services to the mentally ill, mentally retarded, and developmentally disabled, will consolidate with the Department of Health, which currently has responsibility for the general supervision of the State's public health, the promotion of public hygiene and sanitation, and the enforcement of certain laws relating to public health. Among the major departments, boards and commissions to be placed under the responsibility of the consolidated Department of Health and Human Services as part of the restructuring plan are:

- Refugee Center;
- Substance Abuse Commission;
- Board of Health;
- Human Services Council;
- Mental Health/Retardation Commission;
- Developmental Disabilities Council; and
- Health Facilities Council.

EXHIBIT III.12 provides the suggested organization chart for the restructured Department of Health and Human Services.

EXHIBIT III.12

DEPARTMENT OF HEALTH & HUMAN SERVICES



As shown in EXHIBIT III.12, the Department of Health and Human Services will be comprised of seven divisions. In addition, the Board of Health and the Human Services Council will be combined to form a single policymaking board to provide policy direction to the Commissioner of the Department. In addition, the health related licensing boards will provide these services within this department. As a result of the merging of these departments and commissions, the State will save significant resources and have greatly improved coordination of services.

Recommendations

The consolidation of the Department of Human Services and the Department of Health, along with the consolidation of some of the associated boards and commissions, will allow the State to streamline service delivery and reduce administrative costs in these areas. Specifically, the recommendations associated with this reorganization include:

- Consolidate the Departments of Health and Substance Abuse with the Department of Human Services;
- Reduce Homemaker and Dietary management staff;
- Reduce Individual Education and Training Plan Program;
- Create a State block grant for the local purchases of services for adults;
- Reduce Human Services training staff;
- Reduce the level of program evaluations;
- Eliminate juvenile community-based grant program;
- Eliminate grants for displaced homemakers;
- Reduce public information program for substance abuse;
- Eliminate sudden infant death syndrome autopsy reimbursement;
- Eliminate mobile home inspections;
- Eliminate Maternal/Child Health Care Program;
- Eliminate Physicians' Residency Program; and
- Eliminate Expansion of Medically Needy Program.

Each of these recommendations are discussed separately in the following chapter.

These recommendations will result in an estimated general fund savings of \$6,776,700 and will eliminate an estimated 75.9 full-time equivalent positions. In addition, \$1,347,200 in Federal funding for the above-listed programs will be eliminated.

- Consolidate the Departments of Health and Substance Abuse With the Department of Human Services

The consolidation of the Departments of Health and Substance Abuse into the Department of Human Services will result in various administrative and support savings and a reduction in the number of positions required to direct and provide services. This consolidation will result in an estimated

savings of \$423,800 and the elimination of 18.6 full-time equivalent positions. Of this savings, 12.1 full-time equivalent positions and \$276,600 relate to the general fund.

- Reduce Homemaker and Dietary Management Staff

The supervisory staff of the Homemaker Services Program can be reduced by 6 supervisors without materially impacting services in this area. This will save approximately \$172,000 in general funds. In addition, the Dietary staff can be reduced by .8 of a position, saving \$23,000.

- Reduce Individual Education and Training Plan Program

The Individual Education and Training Plan Program (IETP) was established as a result of the 1967 service amendments to the Social Security Act and legislation passed by the 1969 General Assembly making it imperative that the Department of Human Services (DHS) develop and provide self-support services to public assistance recipients. The IETP Program offers vocational training and job placement opportunities to qualified ADC recipients. This funding can be reduced because similar services are available to ADC recipients under JTPA funds. The reduction in IETP funds can save the State an estimated \$865,000 and 8 full-time equivalent positions.

- Create a State Block Grant for the Local Purchase of Services for Adults

The Department of Human Services administers Federal, State and County funds which are used to purchase services identified by local government for eligible adult clients. Presently, staff at the Department of Human Services are responsible for determining clients' eligibility, developing case plans, and monitoring service. In addition, these staff also negotiates contract with local providers, monitors contract compliance, and administers the service fund.

By reassigning the State funds in the social services block grant fund, the total amount of service funds assigned to local purchase, less day care funds, can be converted to a State grant program to local government for the provision of services to adults. In conjunction with this block grant fund, the State could perform program audits at the local level to assure appropriate administration.

The establishment of a state block grant for the local purchase of services for adults will significantly reduce the State's administrative costs, while maintaining program services. The estimated savings resulting from the use of the block grant mechanism would be \$1,179,000 and 41 full-

time equivalent positions. Further, these savings will not materially reduce services or increase costs to local governments.

- Reduce Human Services Training Staff

The Department of Human Services currently provides various types of job-related training for its employees. By reducing the training staff by one position, an estimated \$27,000 could be saved in personal services and support costs.

- Reduce the Level of Program Evaluations

The Department of Human Services presently performs different types of evaluations to gauge the impact and effectiveness of its programs and activities. By reducing the level of program evaluation performed by the Department of Human Services, the State can save an estimated \$200,000 and six full-time equivalent positions.

- Eliminate Juvenile Community-Based Grant Program

The Juvenile Community-based Grant Program provides financial incentives to private agencies and units of local government to develop or improve selected services to children and their families. The types of services funded have changed from year to year depending on the legislative appropriations language.

Through this program, funding is being provided to many of the same agencies for the same programs which receive grants from the Criminal and Juvenile Justice Agency and Counties, Mental Health, Mental Retardation, or Developmental Disabilities Agencies, for evaluation grants to mental health centers. The elimination of this program will save the State an estimated \$252,500.

- Eliminate Grants for Displaced Homemakers

The Displaced Homemaker Grant Program is designed to help homemakers who are forced to enter the job market for the first time. Services provided under this program include learning to cope with the loss of a spouse, assessment of a career plan, development of a career plan, acquiring training and experience, job placement and general support. Currently, JTPA, lottery and DPI funds are available for these services. By merging the Displaced Homemakers Board under the Department of Human Rights, along with the Commission on Status of Women, and by coordinating the use of other existing funds, provision of essential displaced homemaker services could be attained without this program. The elimination of this program will result in an estimated savings of \$123,800.

- o Reduce Public Information Program for Substance Abuse

The program responds to inquiries on substance abuse issues, carries out State promotion on priority issues in this area, and also acts as liaison with other related or involved agencies. A reduction by one position in program area should not materially impact the overall program effort since existing staff can handle these functions and will save \$33,500 annually.

- o Eliminate Sudden Infant Death Syndrome Autopsy Reimbursement

The State provides reimbursement for the cost of autopsies conducted by county medical examiners for the death of a child under the age of two years, if the circumstances surrounding the death indicate that sudden infant death syndrome (SIDS) may be the cause of death. Since these autopsies will continue to be performed, this cut will have no impact. By eliminating the reimbursement for these autopsies, the State will save an estimated \$14,300.

- o Eliminate Mobile Home Inspections

Of the 1,132 mobile parks in Iowa, 528 are inspected by the county, for which a total of \$7,500 is reimbursed to the county. In addition, 604 are inspected by the State Department of Health at an approximate cost of \$47,000. The State collects approximately \$29,000 annually in fees for this service. In summary, the State expends approximately \$28,500 more than it receives for the annual inspection effort.

By shifting this responsibility to local jurisdictions and allowing the jurisdictions to charge fees to recover the inspection costs, the State could save an estimated \$28,500.

- o Eliminate Maternal/Child Health Care Program

The State of Iowa currently provides maternal and child health services to eligible persons in the State. This is a new program which duplicates other programs already in existence. The elimination of this program would result in an estimated savings for the State of \$357,000.

- o Eliminate Physician's Residency Program

Currently there exists funding for a physicians' residency program at the Mental Health Institute in Independence. However, the Institute has lost accreditation for this program. Elimination of funding for this program will result in savings estimated at \$340,000.

• Eliminate Expansion of Medically Needy Program

Expansion of the Medically Needy Program beyond services to women and children has been approved but not yet taken effect. Due to the broad range and high level of services already provided in this area, and given the State's current fiscal crisis, freezing the Medically Needy Program at its current level of service will result in a savings estimated at \$2,884,500.

(10) DEPARTMENT OF HUMAN RIGHTS

Under the proposed reorganization of State government, a Department of Human Rights will be established. This department will assume the responsibility for providing leadership, direction, advocacy, and program management in the areas of responsibility formerly held by the following departments, boards, or commissions:

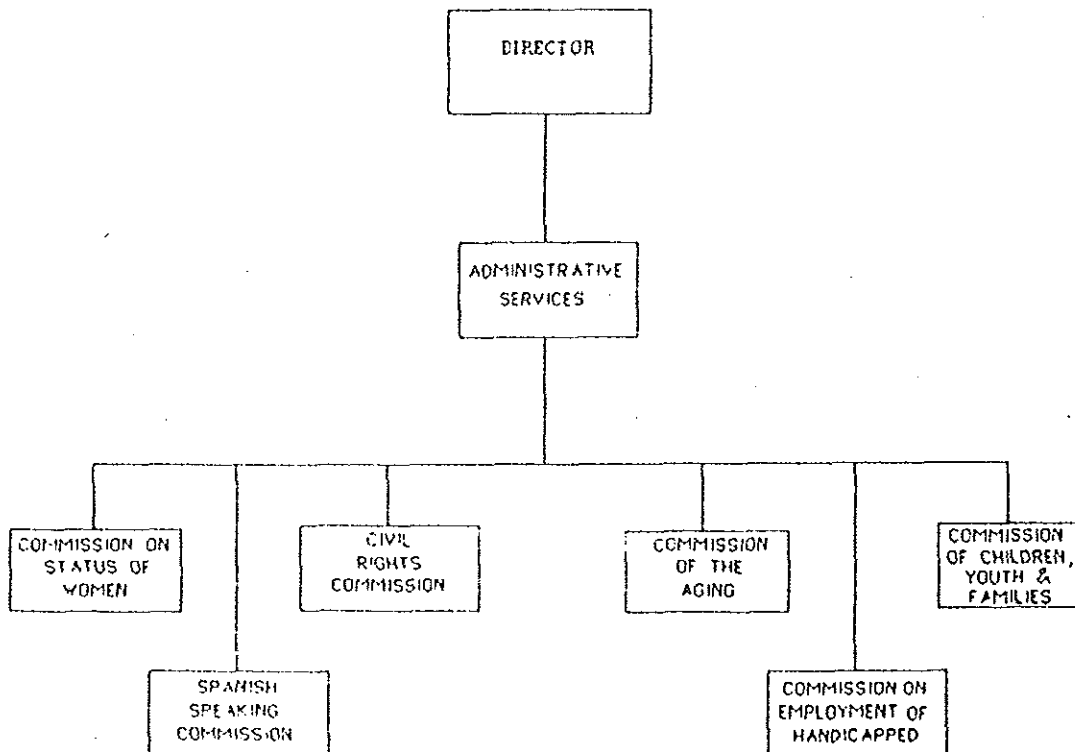
- Commission on Status of Women;
- Committee on Employment of Handicapped;
- Civil Rights Commission;
- Commission on the Aging;
- Spanish Speaking Peoples Commission; and
- Commission on Children, Youth and Family.

Advocacy will continue to be provided for each of these key areas and the respective boards will continue. However, the Governor will have the authority to appoint the division heads in each area.

EXHIBIT III.13 presents the proposed organization chart for the Department of Human Rights.

EXHIBIT III.13

DEPARTMENT OF HUMAN RIGHTS



This exhibit shows that the Department of Human Rights will have five major divisions and a group of advisory boards which provide guidance to it.

Recommendations

The creation of a Department of Human Rights will help centralize and coordinate the administration, support, and program responsibilities of the State's major advocacy units. The specific restructuring and downsizing recommendations associated with the creation of the Department of Human Rights include:

- Establish a Department of Human Rights;
- Eliminate Elderlaw Education Program;
- Reduce the Elderly Independent Living Program; and
- Reduce State level administrative support for Aging Programs.

These recommendations will result in an estimated general fund savings of \$515,200 and a reduction in 9.5 full-time equivalent positions. Each of these recommendations are discussed below.

- Establish a Department of Human Rights

The creation of the Department of Human Rights will allow for the consolidation of the managerial and administrative structures necessary to direct and support its programs and responsibilities. The establishment of the Department will result in a reduction of 9.5 full-time equivalent positions and an estimated general fund savings of \$190,000. In addition, \$48,000 of Federal funds will be saved.

- Eliminate Elderlaw Education Program

The Elderlaw Education Program was initially established to match a Federal grant from the Legal Services Corporation to Drake University. The program provides for grants to law school clinical programs which provide service to elders, educate law students in elder law, and provide continuing education on legal issues of the elderly.

The Federal Older American Act and Legal Services Corporation funding could be utilized to provide legal services to Iowa's elders. Since this is a new program, it is being discontinued due to the State's fiscal crisis. The elimination of the Elderlaw Education Program would result in a savings of \$95,200.

o Reduce the Elderly Independent Living Program

Funds are currently provided to assist elders with independent living. These are direct service costs and no administrative costs are covered by the Program.

By changing the Code of Iowa to give the Human Rights Department the authority to award elderly services on a discretionary basis, the State could provide seed monies for pilot projects that could then be picked up by local communities. Presently, there is some duplication of fund sources among Aging and the Departments of Transportation and Health. The elimination of this Program would force coordination of effort by these agencies.

The reduction of this Program will result in a savings of \$200,000.

o Reduce State Level Administrative Support for Aging Programs

The Commission on Aging is responsible for State level administration of Aging programs in Iowa. The functions include: designation of planning and service areas, development of intrastate funding formula, State plan development, needs assessment, establishment of priorities, systems development, program development, program operations, training, residents aid/ombudsman program, pooling and coordination, community involvement and capacity building and technical assistance.

By cancelling the replacement of obsolete office equipment and reducing travel, a savings of \$30,000 could be achieved in the State level administration.

(11) DEPARTMENT OF CULTURAL AFFAIRS

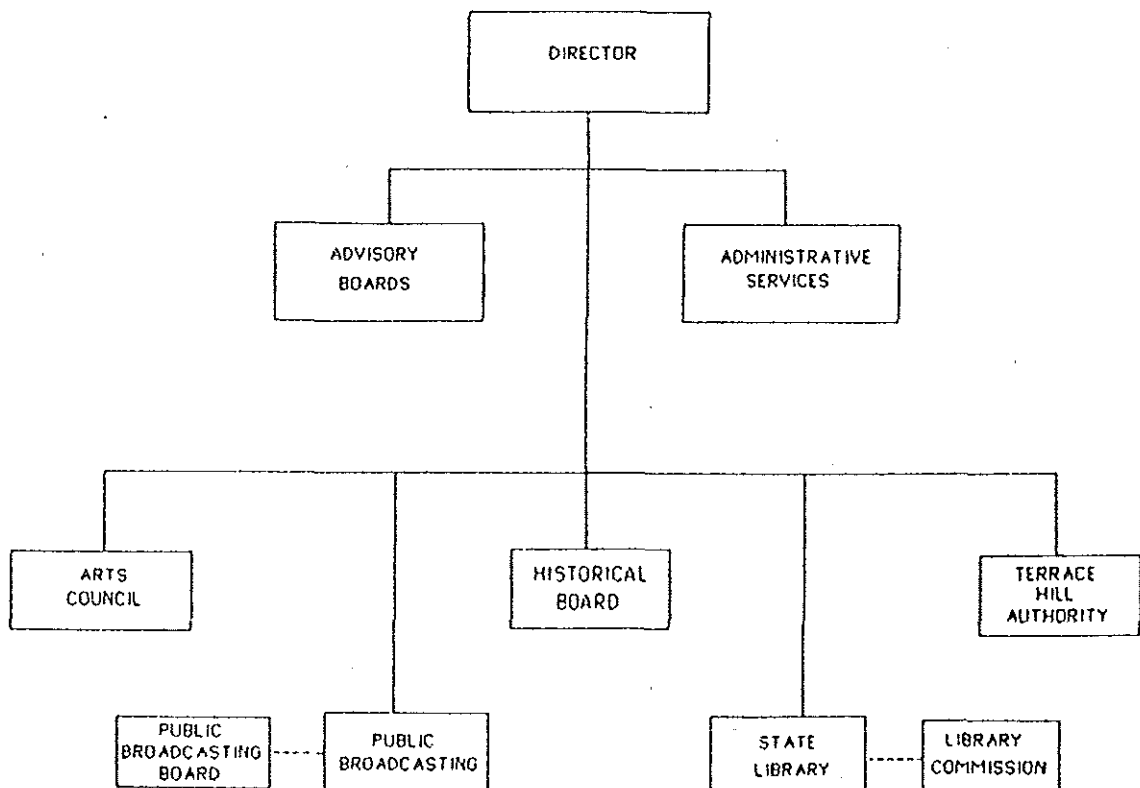
The reorganization of State government includes a proposal to establish a Department of Cultural Affairs. This department would become the focal point of responsibility for the State's responsibilities in the areas of art, libraries, broadcasting, and history. Among the departments, boards and commissions to be brought under the jurisdiction of the Department of Cultural Affairs are:

- Arts Council;
- Department of Public Broadcasting;
- Public Broadcasting Board;
- Library Commission;
- Historical Board;
- Terrace Hill Authority;
- State Library;
- Historical Department; and
- State Archaeologist.

EXHIBIT III.14 provides the proposed organization chart for the Department of Cultural Affairs.

EXHIBIT III.14

DEPARTMENT OF CULTURAL AFFAIRS



Under the proposed organization for the Department of Cultural affairs, there would be six major divisions and a group of advisory boards. Within the Department, the Public Broadcasting Division and the Public Broadcasting Board would retain their autonomy and would rely on the Department of Cultural Affairs only for administrative support. In addition, the State Archaeologist will become a function under the Historical Board. While there should be savings as the result of this reorganization, the amount of these savings were not identified during the study.

Recommendations

The establishment of the Department of Cultural Affairs will allow the State to streamline its administration and control in this area. The specific restructuring and downsizing recommendations in this area include:

- Establish the Department of Cultural Affairs;
- Transfer security for Historical Building;
- Privatize State Fair;
- Consolidate Historical Department administrative functions;
- Reduce Iowa Public Television production programming by 20 percent; and
- Shift Community Cultural Grants funding.

The implementation of these recommendations will result in an estimated total savings of \$1,127,800 and 28 full-time equivalent positions. These recommendations are each discussed below.

- o Establish the Department of Cultural Affairs

The restructuring of the various departments which are proposed to be placed within the new Department of Cultural Affairs will result in a reduction of 19 management and administrative positions and an estimated savings of \$439,900.

- o Transfer Security for Historical Building

The Historical Department presently provides its own security for the Historical Building. This security responsibility could be assumed by the existing Capitol security.

Since security is a specialized function, it is best handled by the unit which can best provide the service with resources already in place. The implementation of this recommendation will result in a savings of \$45,000 and 2 full-time equivalent positions.

- Privatize State Fair

Currently the State provides some funds to support the State Fair and also provides some funds to agricultural societies in conjunction with the State Fair. By replacing this State funding with private funding, the amount of savings will be approximately \$123,100 annually.

- Consolidate Historical Department Administrative Functions

The Historical Department currently operates with a traditional hierarchical organizational structure, containing two directors and seven sections, each with a section head. Presently, there are ten management level positions within the Historical Department. By reorganizing the staff and creating one Director, one Deputy Director, and only five sections, an estimated savings of \$34,300 and one full-time equivalent position can be realized.

- Reduce Iowa Public Television Production Programming by 20 Percent

Iowa Public Television has significant production facilities and crews that allow it to produce station programs locally. Its local production budget is among the highest in the United States. Given the State's severe economic problems, a moderate 20% cut of this budget will save an estimated \$200,000 and six positions, without significantly curtailing programming capabilities.

- Shift Community Cultural Grants Funding

The general fund currently provides funding for cultural grants to local communities. By shifting the funding for these cultural grants to lottery monies, general fund savings of approximately \$285,500 will result.

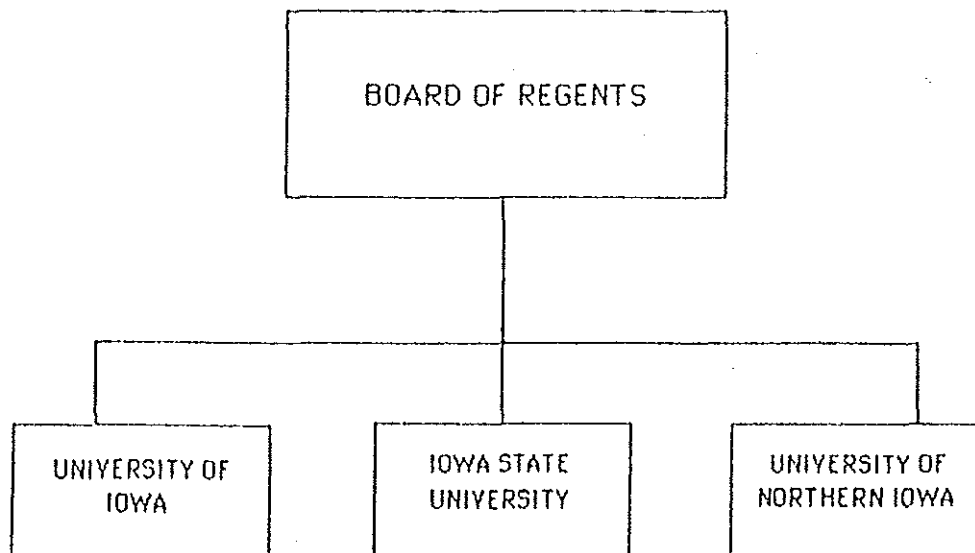
(12) BOARD OF REGENTS

The Board of Regents has broad statutory responsibility to govern the State's three institutions of higher education with academic program planning, budget setting, and personal policies as its major activities. The Board maintains a staff office under the direction of an executive secretary to assist in carrying out the Board's duties.

As shown in EXHIBIT III.15, the proposed Board of Regents will continue to operate the State's universities, with the schools for the blind and deaf being placed under the Department of Education.

EXHIBIT III.15

BOARD OF REGENTS



Recommendations

See Chapter IV. Other Areas of Iowa Government.

(13) DEPARTMENT OF EDUCATION

The functions of the Department of Education are classified into three categories: leadership, regulatory and operational. By mobilizing, unifying and coordinating forces concerned with improving education, the Department serves its major purpose - educational leadership. Through the monitoring of minimum educational standards established by statute or the Department, the Department meets its regulatory function. The operational function of the Department is carried out through services offered to the local school districts when the scope, expense or technical nature of the services make them more easily offered on a centralized basis, such as vocational rehabilitation.

To further coordinate the State's educational activities under the Department's leadership, the following departments, boards or commissions will be brought under its jurisdiction:

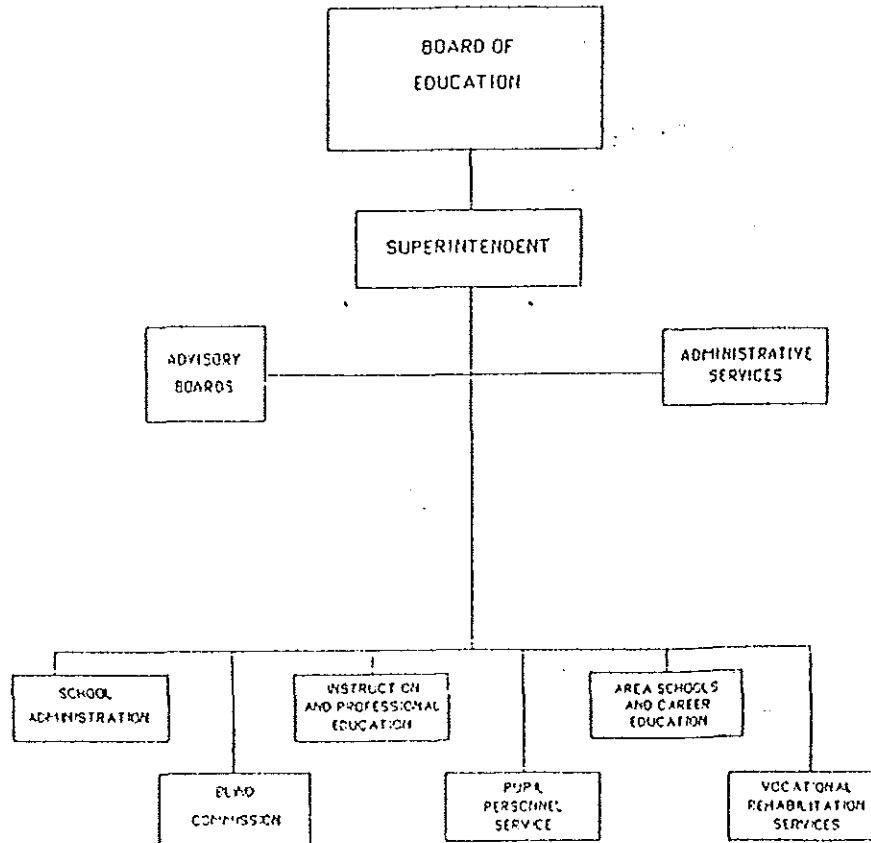
- State Board of Education;
- Department of Education;
- Private Schools Advisory Committee;
- First in the Nation in Education Board;
- Professional Teaching Practices Commission;
- Education Consolidation and Improvement Committee;
- Vocational Education Advisory Council;
- Vocational Rehabilitation Services;
- Blind Commission;
- Iowa Braille and Sight Saving School;
- Deaf Services Advisory Committee; and
- Iowa School for the Deaf.

Currently, much coordination of services is necessary among the Department of Education, the Blind Commission and the schools for the blind and deaf. By bringing together these educationally-related State activities, the State should be better able to improve the control and coordination of its educational activities and thereby more effectively utilize personnel and resources.

EXHIBIT III.16 provides an organizational chart of the reorganization of the Department of Education.

EXHIBIT III.16

DEPARTMENT OF EDUCATION



As shown in EXHIBIT III.16, the Department of Education will have six major divisions, with the primary change from the current organizational structure being the coordination of blind services and deaf services under the vocational rehabilitation services division.

Recommendations

The recommendations associated with the changes in the organization and responsibilities of the Department of Education and the related downsizing opportunities, include:

- Eliminate separate hearings by Professional Teaching Practices Commission;
- Eliminate school bus inspection program and consolidate driver safety education positions;
- Establish computer software clearinghouse as a self-supporting operation;

- Transfer and reduce the professional fire service training appropriation;
- Eliminate funding for merged area schools' radio stations;
- Eliminate elementary foreign language program;
- Eliminate foreign language, mathematics and science improvement programs;
- Eliminate standing unlimited appropriation for reimbursement of education costs at county juvenile homes;
- Eliminate the standing unlimited appropriation for reimbursement of education costs for children residing in State foster care facilities;
- Eliminate certification fee refunds; and
- Reduce training for the Business Enterprise Program.

In addition to the improved control and coordination of educational activities, these recommendations will result in a total estimated general fund savings of \$2,856,200 and 10.5 full-time equivalent positions.

- Eliminate Separate Hearings by Professional Teaching Practices Commission

The Professional Teaching Practices Commission conducts hearings and makes recommendations to the Board of Education regarding those accused of violating the professional competence and ethical criteria as developed by the Commission. The Board of Education then conducts another hearing and decides whether to follow the Commission's recommendation for teacher certification, suspension or revocation.

By conducting only one hearing, and by involving the Commission in its advisory role in that hearing, elimination of the Commission's staff and expenses will result in an estimated savings of 2.5 full-time equivalent positions and approximately \$57,700.

- Eliminate School Bus Inspection Program and Consolidate Driver Safety Education Positions

Two of the main responsibilities of the School Transportation and Safety Education Division of the Department of Education involve school bus inspections and driver safety education programs.

Currently, this Division operates with 8 full-time equivalent positions. By eliminating the school bus inspection responsibilities of the Department and shifting these responsibilities to the local school districts, by consolidating consulting positions within the driver safety education program, and by having the Department provide the necessary driver safety education clerical support from other existing resources, an estimated savings of \$239,800 and 7 full-time equivalent positions will be achieved. The school districts could use the Department of Transportation garages for periodic inspections.

o Establish Computer Software Clearinghouse
as a Self-Supporting Operation

Through Chapter 257.41 of the Code of Iowa, the Department established a computer software clearinghouse to acquire, evaluate, catalog, reproduce and distribute instructional computer software and materials for school districts, area education agencies, and merged area schools. As authorized by the Code, the Department of Education will continue to charge users for reproduction and other costs associated with the computer software clearinghouse.

Through the legislative funding already provided for start-up and the user fees charged, the computer software clearinghouse should now be self-supporting. This will eliminate the need for any future legislative funding and save the State an annual appropriation of \$95,200.

o Transfer and Reduce the Professional Fire
Service Training Appropriation

Separate appropriations are made to the Department of Education and the Board of Regents for professional fire service training programs conducted through Iowa State University Extension Service. The appropriation received by the Department of Education is simply passed through to the Board of Regents.

Since there is no involvement by the Department in providing the professional fire service training programs, the entire appropriation for this training should be made directly to the Board of Regents, thereby eliminating the administrative chore of working with part of the appropriation under the Department.

A \$50,000 reduction in these programs would eliminate the extraordinary increase which has occurred in recent years and return them to their historical level of funding. The Extension Service should be mandated to provide an appropriate level of training.

- Eliminate Funding for Merged Area Schools' Radio Stations

Public radio stations are operated at four merged area schools. Each of these public radio stations employ approximately five full-time, professional non-teaching personnel. Operations at the radio stations are not directly related to instructional activities.

Since these merged area schools' radio stations do not serve a primary instructional purpose, private support should be sought and funding for this activity should be eliminated, resulting in a savings of approximately \$730,400.

- Eliminate Elementary Foreign Language Program

This program is in its first year and provides grants to school districts for the development and implementation of foreign language programs for elementary students. To date, only the application process for the grants has taken place. The funding of these programs cannot be justified in light of the State's fiscal crisis.

Due to the limited Statewide impact of this appropriation and the need to cutback on funding outside the foundation aid formula, elimination of this program will result in savings of approximately \$144,200.

- Eliminate Foreign Language, Mathematics and Science Improvement Programs

This Program makes payments to local school districts on a per pupil basis for students completing year three or more years of study in Latin, French, German and Spanish, and all years of study in certain other languages, such as Russian and Arabic. The percentage of high school students enrolled in foreign languages has increased from 18 percent in fiscal year 1982 to over 28 percent in fiscal year 1985. Due to this significant improvement already made, the limited Statewide impact of the appropriation, and the need to cutback on funding outside the foundation aid formula, elimination of this Program will result in savings of approximately \$480,800.

- Eliminate Standing Unlimited Appropriation for Reimbursement of Education Costs at County Juvenile Homes

This standing unlimited appropriation reimburses the Area Education Agencies for the costs of providing an education for children residing in county juvenile homes. Due to the movement of these children between the local school districts and the county juvenile homes, the education of these children is local and State funded in the local school districts, and also State funded for the duration of their

stay in county juvenile homes. By requiring local and State funding to follow these children to the county juvenile homes through reimbursement by the local school districts, elimination of duplicate State education aid will result in savings estimated at \$850,000, based upon fiscal year 1986 projected funding for this Program.

- o Eliminate the Standing Unlimited Appropriation for Reimbursement of Education Costs for Children Residing in State Foster Care Facilities

This standing unlimited appropriation reimburses local school districts for the tuition and transportation costs of children residing in licensed foster care facilities. Reimbursement is made for all foster care pupils not on the certified enrollment count of the district claiming reimbursement. However, these same children could be on the certified enrollment count of another local school district.

Since other student movement between local school districts after the certified enrollment count does not affect individual district funding, elimination of this standing unlimited appropriation to avoid duplication of State education aid will result in savings estimated at \$200,000.

- o Eliminate Certification Fee Refunds

Currently, applicants who do not qualify for a teaching certificate receive a refund of their application fee. Since an application fee is designed to cover the administrative costs of processing an application, elimination of refunds to nonqualifying applicants through nonrefundable application fees will result in an estimated savings of \$4,000.

- o Reduce Training for the Business Enterprise Program

Currently one person is responsible for food service operations training in the Business Enterprises Program for the Blind. These services can be contracted out to food service vendors without reducing Program quality at a savings of \$4,100 annually and one full-time equivalent position.

(14) DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety is a statewide law enforcement and public safety agency that complements and supplements local law enforcement agencies and inspection services. A more encompassing Department of Public Safety is created by consolidating the following departments, divisions of departments, or councils:

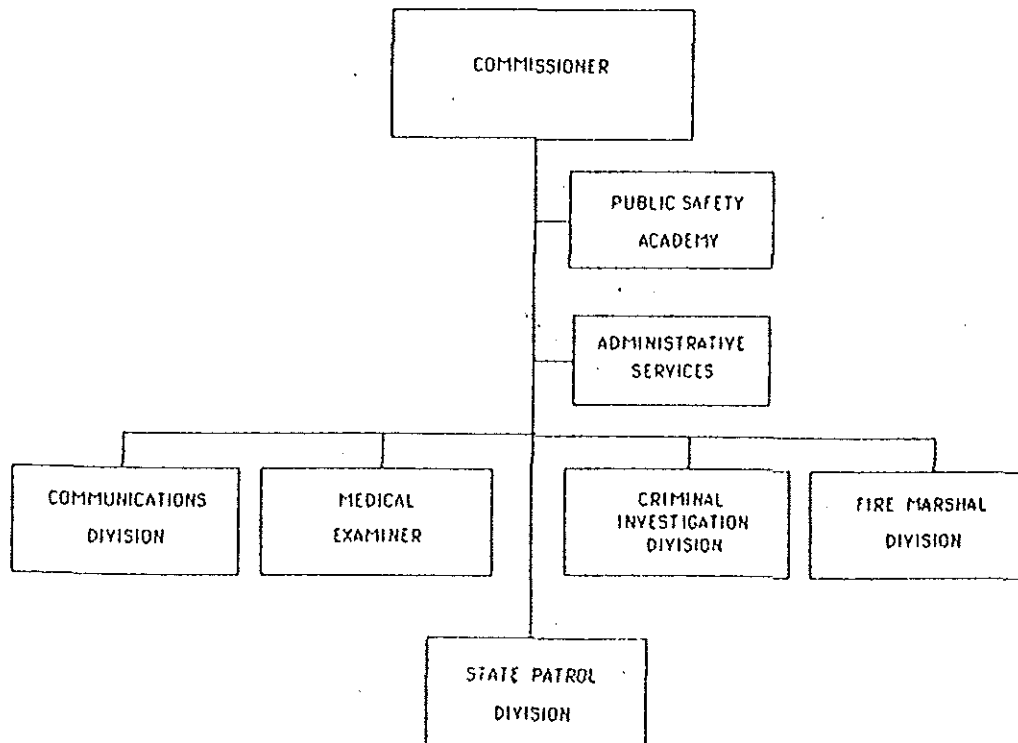
- Department of Public Safety;
- Law Enforcement Council;
- Public Safety Academy (a combined law enforcement and corrections training effort);
- Motor Vehicle Enforcement Division of the Department of Transportation;
- Building Code Advisory Council; and
- Medical Examiner.

The establishment of a more encompassing Department of Public Safety will allow the State to better utilize its people, resources, improve the coordination of public safety activities, and achieve personnel and cost savings by reducing the number of managerial, field, and support positions required.

EXHIBIT III.17 provides an organizational chart of the reorganized, more encompassing Department of Public Safety.

EXHIBIT III.17

DEPARTMENT OF PUBLIC SAFETY



As shown in EXHIBIT III.17, the Department of Public Safety will consist of six major divisions, with the primary changes from the current organizational structure being the addition of divisions for the Medical Examiner and Public Safety Academy and the inclusion of Motor Vehicle Enforcement under the State Patrol Division.

Recommendations

The recommendations associated with a more encompassing Department of Public Safety and the related downsizing opportunities include:

- Consolidate the Iowa Law Enforcement Academy under the Department of Public Safety;
- Consolidate Motor Vehicle Enforcement under the Department of Public Safety;
- Eliminate Crime Prevention Program; and
- Eliminate community service officers.

In addition to improving control and coordination of public safety services, these recommendations should result in a total estimated general fund savings of \$168,700 and 6.5 full-time equivalent positions.

• Consolidate the Iowa Law Enforcement Academy
Under the Department of Public Safety

Currently, the Iowa Law Enforcement Academy (ILEA) operates as a separate agency. By consolidating the ILEA under the Department of Public Safety, restructuring and reassigning duties within the combined agency, and streamlining operations, an estimated savings of 4.5 full-time equivalent positions and \$114,400 will be achieved.

• Consolidate Motor Vehicle Enforcement
Under the Department of Public Safety

Responsibility for enforcement of motor carrier laws and regulations currently rests in the Department of Transportation, Division of Motor Vehicle Enforcement.

By transferring this responsibility and division to the Department of Public Safety, streamlining operations, and utilizing other public safety officers to assist in motor vehicle enforcement efforts, a savings of Federal monies and positions estimated at 77 full-time equivalent positions and \$1,958,000 will be achieved for use in highway construction efforts.

- Shift Crime Prevention Program

The Crime Prevention Program provides a coordinating body to assist local communities in organizing "crime stopper" programs, which solicit the reporting of suspected criminal activity. The program accomplishes this by providing training and materials to local communities.

Since the program has been in existence for several years, much information and training has been disseminated to the local communities. Crime prevention programs can be shifted to these trained communities for estimated savings of 2 full-time equivalent positions and \$54,300.

- Eliminate Community Service Officers

Currently, the Iowa Highway Patrol has fourteen community service officers located throughout the State, who provide assistance to local communities in crime prevention programs and function in a public relations role by working with communities and school districts and sponsoring safety education programs.

Due to the lower-priority need for this community service function and in coordination with the shifting of crime prevention programs to the local communities, elimination of community service officers will result in a Federal savings estimated at 14 full-time equivalent positions and \$447,400.

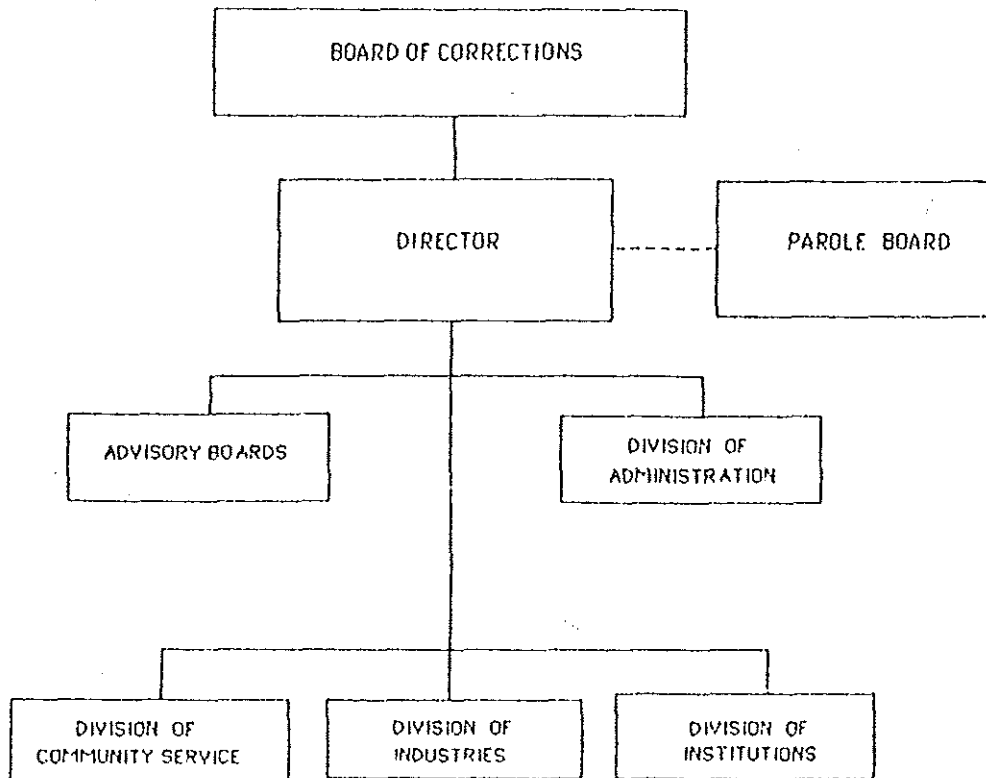
(15) DEPARTMENT OF CORRECTIONS

The Department of Corrections' activities include corrections administration, correctional institutions and prison industries. In addition, the Department is responsible for the development of programs, funding and monitoring of the community-based corrections programs which are designed as local programs and supervised through the State's eight judicial districts. The Department of Corrections currently functions with the Board of Corrections and the Prison Industries Advisory Board. By bringing the administrative support function for Parole Board under the Department of Corrections, a cost savings can be achieved by reducing the number of managerial and support positions required.

EXHIBIT III.18 provides an organization chart of the Department of Corrections reflecting the administrative support coordination for the Parole Board.

EXHIBIT III.18

DEPARTMENT OF CORRECTIONS



As shown in EXHIBIT III.18, the Department of Corrections will continue to operate with three major divisions, with the Parole Board receiving administrative support from the Department.

Recommendations

The recommendations associated with the consolidation of administrative support for the Parole Board under the Department of Corrections and related downsizing opportunities include:

- Consolidate administrative support for the Parole Board with the Department of Corrections;
- Consolidate Iowa Law Enforcement Academy and Corrections Training Center; and
- Eliminate program for civil legal assistance to indigent inmates.

These recommendations for streamlining operations should result in a total estimated general fund savings of \$120,800 and 4 full-time equivalent positions.

- Consolidate Administrative Support for the Parole Board with the Department of Corrections

Currently the Parole Board operates with its own administrative support. Due to the Parole Board's function of investigating and studying cases of prisoners confined in the correctional facilities, by consolidating administrative support with the Department of Corrections to eliminate duplication and streamline operations, an estimated savings of 2 full-time equivalent positions and \$27,500 will be achieved.

- Consolidate Iowa Law Enforcement Academy and Corrections Training Center

Currently two separate public safety training facilities exist. The Iowa Law Enforcement Academy provides training to all law enforcement officers at the City, County and State levels, while the Corrections Training Center provides training to all categories of institutional and community-based corrections personnel.

Consolidating these training facilities administratively will result in enhanced and better coordinated public safety training programs and an estimated savings of 2 full-time equivalent position and \$60,000.

- Eliminate Program for Civil Legal Assistance to Indigent Inmates

The Department of Corrections currently provides assistance to indigent inmates for civil legal assistance (i.e., divorce, estate settlement, child custody, etc.).

This same assistance could be provided by other sources, such as the University of Iowa Legal Clinic or Civil Liberties attorneys, resulting in a cost savings estimated to be \$33,300.

(16) DEPARTMENT OF PUBLIC DEFENSE

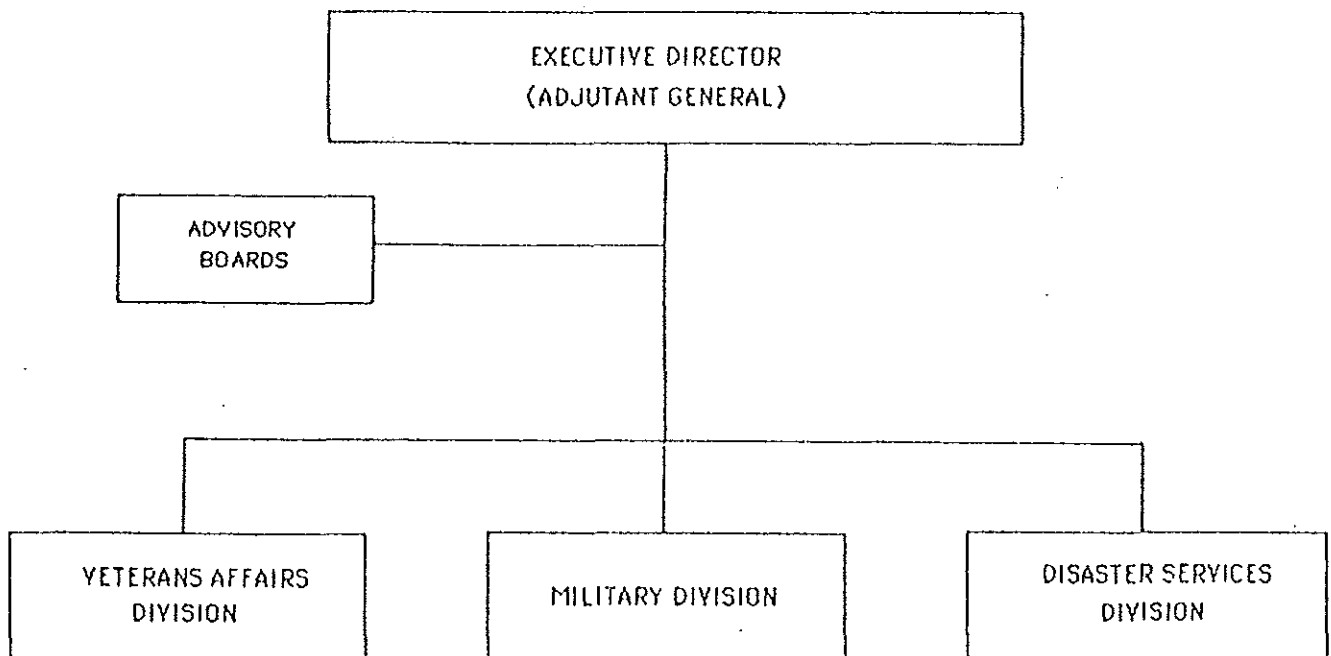
The proposed Department of Public Defense will be composed of a military division which provides the establishment, command, support, administration and operation of State military forces, a division of disaster services which provides administration and civil defense and emergency planning, and a division of veterans affairs which collects and maintains information and records concerning Iowa veterans.

Due to the relationship between the records and information maintained by the Department of Veterans Affairs and the Department of Public Defense, reorganizing the Veterans Affairs Commission and the Department of Veterans Affairs as a division of the Department of Public Defense should result in better utilization of personnel.

EXHIBIT III.19 provides an organization chart of the Department of Public Defense reflecting the current Department of Veterans Affairs as a division thereof.

EXHIBIT III.19

DEPARTMENT OF PUBLIC DEFENSE



Recommendation

There is one recommendation associated with the creation of the Department of Public Defense.

- Reorganize the Department of Veterans Affairs under a Department of Public Defense.

This recommendation is discussed below.

- Reorganize the Department of Veterans Affairs
Under a Department of Public Defense

The reorganization of the Department of Veterans Affairs as a division of the Department of Public Defense to improve the utilization of personnel, will result in a total estimated savings of \$51,300 and 1 full-time equivalent position. The five member Veterans Affairs Advisory Committee will be retained.

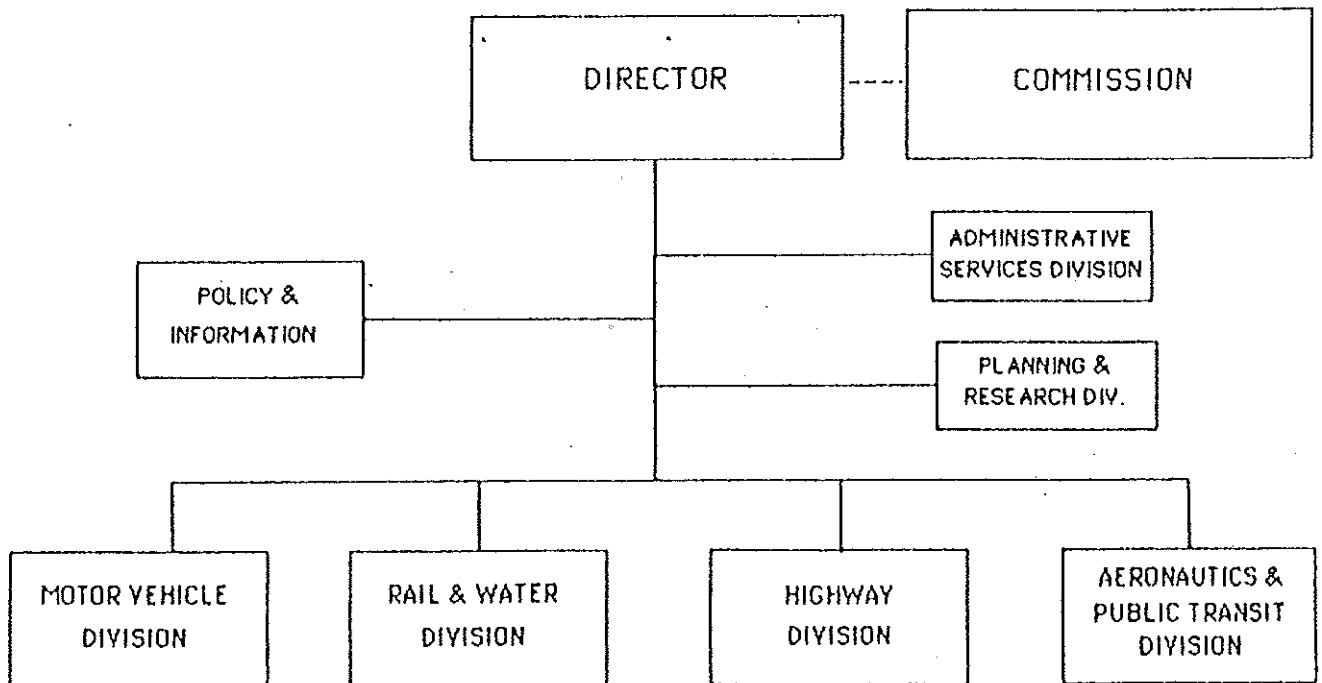
(17) DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) recommendations concentrate on restructuring and downsizing existing DOT programs, including transfer of functions to and from other departments.

EXHIBIT III.20 provides an organization chart of the proposed department.

EXHIBIT III.20

DEPARTMENT OF TRANSPORTATION



Recommendations

The restructuring and downsizing recommendations relating to the DOT include:

- Combine the Aeronautics and Public Transit Divisions;
- Assume responsibility for the Highway Safety Program;
- Improve the efficiency of drivers license issuance;
- Reduce the cost of appeals;
- Absorb the functions of the Transportation Regulation Authority;
- Privatize the Railroad Safety Program;
- Defer contributions to the Railroad Branchline Assistance Fund; and
- Eliminate the Public Transit Assistance Fund.

The effect of these recommendations is a general fund reduction of 12.1 full-time equivalent positions and cost savings of \$2,802,600. Each of these recommendations is discussed below.

- Combine Aeronautics and Public Transit Divisions

This merger follows the recent consolidation of the Rail and Water Division and increases the focus on passenger-oriented modes of transportation. It will result in savings of 2 full-time equivalent positions and \$62,100 of non-general fund monies.

- Assume Responsibility for the Highway Safety Program

The DOT can operate this program, formerly in Office for Planning and Programming (OPP), with current staff. Savings to the general fund will be 9.7 full-time equivalent positions and \$78,500. Federal funds totalling \$270,000 that are saved on planning and administration will be shifted to safety programs.

- Improve the Efficiency of Drivers License Issuance

Service for license issuance is being provided beyond code requirements at 40 low-volume stations. Balancing service levels to code requirements will save 9 full-time equivalent positions and \$200,000 in non-general fund monies.

Mail renewal of drivers licenses every other renewal period would lessen workload at licensing stations, thereby saving 20 positions and \$300,000 in non-general fund monies. Eligibility and screening procedures for mail renewals should be carefully defined to ensure that drivers with potential driving limitations are detected.

- Reduce the Cost of Appeals

In each Operating While Intoxicated (OWI) case that is appealed to the Department, the Attorney General provides a paralegal to review and bring charges before the Hearing Office and subpoena state's witnesses. The Hearing Officers could perform these functions, eliminating the need for 5 paralegals and saving \$140,000. Of this savings, general fund savings will be \$28,000 and one full-time equivalent position.

- Absorb the Functions of the Transportation Regulation Authority

The DOT can provide regulation control through normal operations, saving 2 positions and \$36,500, of which \$7,300 and .4 of a position relate to the general fund.

- Privatize the Railroad Safety Program

Funding of this small joint state/railroad safety program could be shifted totally to the private sector. Savings are one full-time equivalent position and \$25,000, of which \$19,100 relates to the general fund.

- Defer Contributions to the Railroad Branchline Assistance Fund

The fund has an adequate balance to meet demand through fiscal year 1987 without an additional state appropriation. Savings total \$904,300 in fiscal year 1987.

- Eliminate the Public Transit Assistance Fund

The Legislature's approval of the allocation of 1/40 of Road Use Tax collections for public transit assistance eliminates the need for this General Fund appropriation of \$1,765,400. Even if the Public Transit Assistance Fund is eliminated, public transit assistance increases significantly over previous levels because of the allocation of Road Use Tax proceeds.

(18) DEPARTMENT OF NATURAL RESOURCES

The proposed Department of Natural Resources combines the following agencies responsible for operating State parks and forests, protecting the environment, managing fish and wildlife, and managing land and water resources:

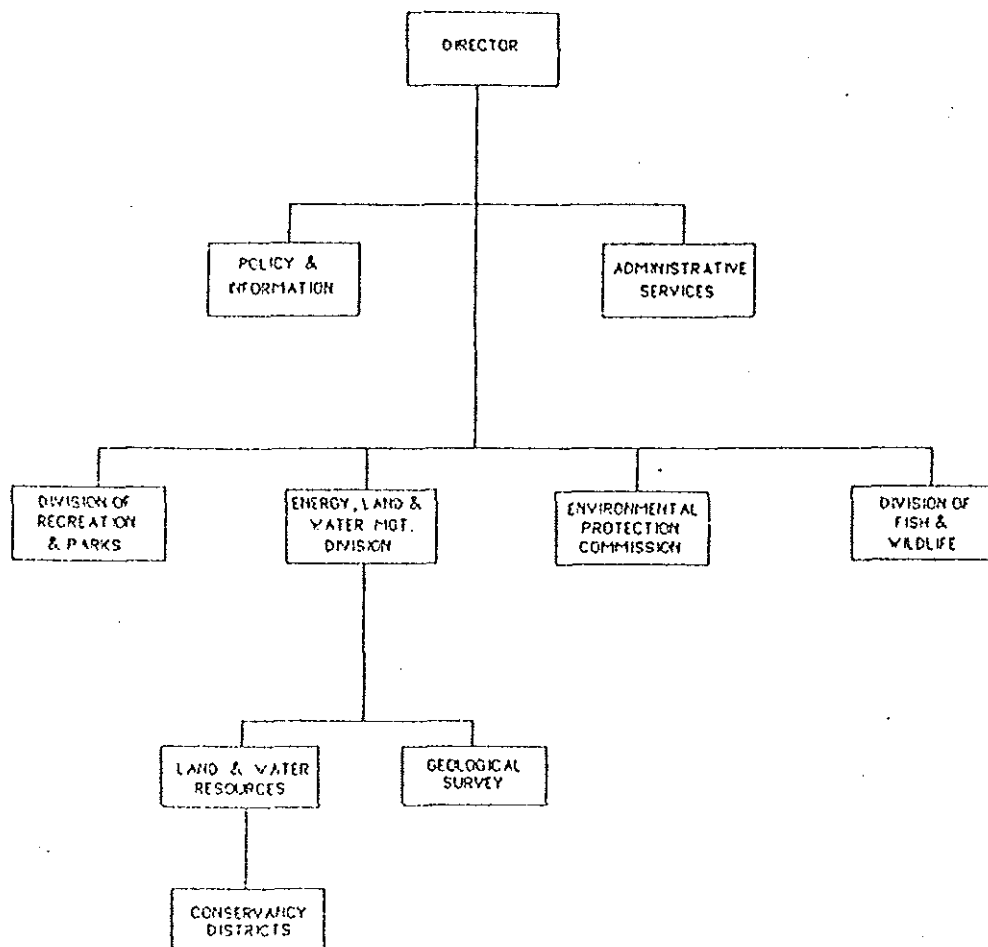
- Conservation Commission;
- Water, Air and Waste Management Commission (WAWM);
- Geological Survey; and
- Energy Policy Council.

The creation of this Department will maintain the present focus on primary natural resource management issues, while further consolidating environmental protection programs and strengthening the management of energy, land and water resources. Meanwhile, the soil conservation functions will be transferred to the Office of the Secretary of Agriculture.

EXHIBIT III.21 provides an organization chart of the proposed Department of Natural Resources.

EXHIBIT III.21

DEPARTMENT OF NATURAL RESOURCES



Recommendations

Primary organizational and downsizing recommendations supporting the creation of the Department of Natural Resources include:

- Eliminate the Energy Policy Council;
- Consolidate policy and information services;
- Reduce State-supported staff in Soil Conservation District offices;
- Eliminate the open space tax replacement program and State Advisory Board for Preserves;
- Eliminate State supplemental funding for watershed planning;
- Eliminate State IPERS contribution for Conservation Officers;
- Eliminate the fiscal year 1986 contribution to the Conservation Practices Revolving Loan Fund; and
- Eliminate the Missouri River Basin Coordinator and Board of Operator Certification in WAWM.

Because of the reorganization of energy programs, consolidation of management positions, and sharing of administrative resources, these recommendations would result in an estimated general fund savings of \$1,750,700 and 41 full-time equivalent positions. Each of these recommendations is discussed below.

- Eliminate the Energy Policy Council

Because of the change in environment from energy crisis management to energy resources management, the Energy Policy Council can be eliminated and important programs shifted to other agencies. The Human Services Department would assume responsibility for energy assistance programs. The Natural Resources Department's Energy, Land and Water Resources Division would pick up energy resources and conservation programs. Savings of 12.5 management, information, and administrative support positions and 5 positions in the Fuels and Solar Unit would be gained at an annual cost of approximately \$355,500.

- Consolidate Policy and Information Services

Policy analysis, public information and education, legal services and legislative liaison also are provided by each existing agency. Similar opportunities to eliminate duplication and increase efficiency exist in this area.

Savings due to the four recommendations to consolidate duplicated functions and management positions amount to 12.5 full-time equivalent positions and approximately \$200,000 general fund monies and \$150,000 Federal monies. In addition, savings in rent and clerical staff may be gained as field offices are colocated. Further savings may be possible in the areas of planning, research, and engineering services once the new department begins operation and a detailed analysis of these functions is completed.

- Reduce State-Supported Staff in Soil Conservation District Offices

The State funds a clerk in each Soil Conservation District Office, as well as Soil Conservation Aides and Engineering Aides II in some offices. At a minimum, \$200,000 and 10 full-time equivalent positions should be gained by a reduction in positions, shared positions among offices, or the use of resources provided by the Federal or local governments. Further detailed analysis may result in additional cost savings and position reductions.

- Eliminate the Open Space Tax Replacement Program and the State Advisory Board for Preserves

The Open Space Tax Replacement Program replaces school taxes lost due to the purchase of open space lands in the 1970's with Federal and State funds. Forty-five Counties participate with payments ranging from \$36 to \$5,081. Because of the small amount paid to any County, the significant recent increase in State aid to school districts, and the value to communities of open space, this program should be eliminated. Savings total \$38,200 per year.

The State Advisory Board for Preserves' role in recommending areas for preservation and conducting research on threatened sites and endangered species can be transferred to the Conservation Commission. The State Ecologist can be funded by the Fish and Wildlife Fund and concentrate on endangered species. Scientific research would be continued through resources already available in the Department, other agencies, and State and private universities. Savings total \$50,000.

- Eliminate State Supplemental Funding for Watershed Planning

The State has provided supplemental funds to pay Federal staff salaries in order to accelerate the development of watershed plans that define flood and erosion control structures to be acquired with Federal funds. These plans could be completed at a slower rate without State support. State review and approval of applications should be continued, but supplemental funding eliminated. Savings total \$23,000.

o Eliminate State IPERS Contribution
for Conservation Officers

The State makes contributions to IPERS for Conservation Officers. This funding should come from the Fish and Wildlife fund. The change in funding will save the general fund \$245,000 annually and have no impact on the pensions.

o Eliminate the Fiscal Year 1986 Contribution to
the Conservation Practices Revolving Loan Fund

The fund balance is adequate to cover the projected rate of application for interest-free loans through June 30, 1987. The State's annual contribution of approximately \$95,000 can be eliminated in fiscal year 1986. In addition, there will be a one-time savings of \$500,000 from the current revolving fund balance.

o Eliminate the Missouri River Basin Coordinator
and Board of Operator Certification in WAWM

The Missouri River Basin Coordinator position was created in response to a lawsuit with the state of South Dakota involving water transfers. The duties of this position can be absorbed by the State Water Coordinator. Savings are \$40,000.

Although the Board of Operator Certification provides advice on rule making, the technical staff performs all research, policy analysis, and regulation development functions. The duties of the Board can be assumed by the WAWM Commission at a savings of \$4,000 in per diem and travel expenses.

OTHER RESTRUCTURING AND DOWNSIZING SAVINGS

• Eliminate Unnecessary Boards and Commissions and Eliminate Per Diem and Salaries

By eliminating other boards and commissions which have not previously been discussed in this report, by eliminating all per diem for boards and commissions and allowing only expenses, and by eliminating salaries for part-time boards and commissions (except the Parole Board), an additional estimated general fund savings of \$255,500 will be achieved. Appendix C provides a complete listing of all the boards and commissions to be eliminated. In addition to the changes described in Appendix C, the Campaign Finance Disclosure Committee will be placed under the jurisdiction of the Secretary of State's office.

CHAPTER IV
OTHER AREAS OF IOWA GOVERNMENT

IV. OTHER AREAS OF IOWA GOVERNMENT

The scope of our assignment, as noted above, specifically focused on the Executive branch of State government and excluded from review several major areas. Therefore, it is important to recognize that significant amounts of Iowa's annual general fund appropriations have not been analyzed for opportunities to save or avoid costs. These areas include Regents' institutions representing approximately 16% of the budget, aid to local districts for public education, including aid for area educational agencies, which represents approximately 34% of the budget, and other aid to local government, which represents approximately 13% of the budget. Each of these areas draws significant additional resources from the citizens of Iowa. These resources take the form of local taxes, fees, user charges and tuition. While not part of the scope of this study, some discussion of these areas seems appropriate.

REGENTS' INSTITUTIONS

On October 15, 1985, Governor Branstad met with President John MacDonald of the Board of Regents and others to discuss the need to restructure and downsize all State government activities. He described the program that was currently in progress for areas under his direct operational control. The Governor noted that he hoped that this aggressive demonstration of the will to reduce the cost of State government would serve as an example and a model for others, such as the Regents, to follow. He requested that a downsizing plan for the Regents be developed. On October 30, 1985, the Board of Regents responded with its proposal.

The Regents' proposal, which has been accepted by the Governor, calls for a permanent reduction in the base budget of the Board of Regents. Their appropriations will be reduced by \$15 million to permanently reflect the 3.85% cut. This cut will be part of an over-\$20-million reduction in their budget. It also includes additional budget reallocations of 1 percent in each of the next three years. These funds would be reallocated within the institutions to areas identified as centers of excellence. Finally, the proposal calls for two additional and separate studies. One would involve the sale of WOI-TV and the use of the revenues from the sale within the University to develop centers of excellence. The other study would examine the viability of combining The Iowa Braille and Sight Saving School in Vinton and The Iowa School for the Deaf in Council Bluffs. This study would require that a use be found for the facility in Vinton. We have made specific recommendations with respect to these institutions in Chapter III of this report.

In his acceptance of the Board of Regents' proposal, Governor Branstad requested periodic updates as the downsizing efforts progress.

EDUCATION PROGRAMS

Iowa's education system is among the best in the country, as evidenced by recent statistics on national ACT and SAT scores and the percentage of high school graduates continuing on to four-year post-secondary education programs. This tradition of a high level of commitment to elementary and

secondary education provides a foundation for discussing the following three issues:

- Area Educational Agencies;
- Department of Education Organization and Staffing; and
- State Aid to Education

Area Educational Agencies (AEA)

AEAs provide services to the Local Education Agency (LEA) (local school districts) in three important areas. These are special education support services, media services and other education services. Funding for the AEAs flows through the LEAs. Special education services are supported by the foundation formula, while media and other education services are supported through local property taxes.

In general, the method of providing services to the LEAs is by making consultants available to the LEA on an itinerant basis. These would include special education specialists, psychologists, speech pathologists, and the like. The AEA also provides the availability of equipment and resource material for audio-visual and laboratory services.

The concept of providing local resources capable of providing special services to LEAs that would otherwise be difficult to acquire by each LEA in a cost-effective manner is sound, and we would encourage consideration of the following:

1. The AEAs should remain part of the education system. Some discussion has been presented to align the AEAs with the Merged Area Schools, because of common service areas. The mission of the AEAs is so closely intertwined with that of LEAs that to consider lengthening the organizational distance between them would be counterproductive and likely to result in reduced service levels. This is particularly relevant since some suggestions have been presented to move the Merged Area Schools to the Regents.
2. The approach of providing consultant assistance to the LEAs is similar to the approach used by the Department of Education (DOE). Given the total number of consultants employed by the AEAs and DOE, the opportunity for overlapping and/or redundant services is obviously present. An analysis should be conducted which relates the LEA service level needs and the number and location of the consultants at both the DOE and the AEAs. This could then provide insight into whether excess capacity exists and if the resources were appropriately located.
3. Some consideration should be given to reexamining the role of the AEAs. As LEAs increasingly move in the direction of seeking opportunities of sharing resources and services, the AEAs are in an ideal position to be a clearinghouse for identifying LEA needs, a vehicle for pulling together the less-than-affordable needs of an LEA into concentrations which would be more cost-effective and

to providing direct teaching services to students where special qualifications in areas such as special education are not cost-effective for the LEA.

The Governor has spoken with the AEAs, and the AEAs are putting forth a plan to save approximately \$300,000 through reorganization, sharing of services and changes in the Code of Iowa and DOE rules.

Department of Education Organization and Staffing

The scope of our study included consideration of a restructuring plan which dealt with organizational issues of combining existing departments into a new organizational structure. In at least one case (transportation), work had already been prepared to restructure an existing department. In the context of this study, we did not analyze the organizational approach of existing operating departments unless it was affected by a specific restructuring or downsizing proposal.

During the conduct of our review, it was difficult to obtain a clear picture of the role and work demands placed on positions, particularly in middle management, in the Department of Education. In one case, for example, one Associate Superintendent's position has been vacant for approximately two years without a significant loss of Department of Education operating capacity or effectiveness. It seems likely, therefore, that a thorough detailed study of Department of Education functions, workloads, approach to staffing and number of staff would be productive and yield significant savings and reduction of positions.

Aid to Education

As previously noted, even though education funding is beyond the scope of this study, it is difficult to avoid discussing the issue in the context of the State's commitment to quality education. We understand that recommendations are currently being made within the State to enhance the funding formula.

The debate in Iowa over school district size, the potential of reorganization of school districts at the local level and the possible economies of scale has been well documented. It is not our intent to redocument the very substantial costs associated with extremely small LEAs. We have included EXHIBIT IV.1 to illustrate the range of costs by Average Daily Membership (ADM) within district size as a means of putting into perspective one area of possible cost implications of district size.

The statistics illustrate a not surprising, but dramatic, difference in costs depending on LEA size. Total administrative cost per ADM for the smallest LEA is 1.66 times the same cost for largest LEAs. Similarly, administrative expenditure, as a percent of total expenditures, is 1.47 times higher in the smallest LEAs as compared to the largest LEAs. One straightforward calculation shows that if all students were organized into LEAs of 600, the savings in only this one area of administrative costs would exceed \$5 million annually. If the same calculation were made by establishing LEAs of 1,000, the savings would be almost \$8,000,000 annually. If that money was reallocated into improving direct instructional services, it would be improving program quality for one-third of the State's pupils.

EXHIBIT IV.1

Administrative Costs Per Average Daily Membership (ADM)

Year Ended June 30, 1935

<u>School District Size Categories by Number of Pupils</u>	<u>Board of Education</u>	<u>Executive Administration</u>	<u>Building Administration</u>	<u>All Other Administration</u>	<u>Total Administration</u>	<u>Percentage of Total Administration to Total Expenditures</u>	<u>Number of Districts</u>	<u>ADM</u>
<u>Average per ADM:</u>								
Less than 250	\$ 95	\$ 200	\$ 148	\$ 3	\$ 446.	12.9%	52	10,282
250 - 399	73	149	149	3	374	12.2	86	27,457
400 - 599	60	116	178	2	356	12.1	97	47,632
600 - 999	52	89	164	8	313	10.9	99	72,971
1,000 - 2,499	41	58	180	17	296	10.4	72	108,989
2,500 - 7,499	27	48	176	25	276	9.5	24	95,038
7,500 or more	10	37	192	30	269	8.8	<u>8</u>	<u>119,884</u>
Statewide	37	70	177	18	302	10.2	<u>438</u>	<u>482,253</u>

Notwithstanding the cost-effectiveness argument, the citizens of Iowa have historically not been persuaded. It seems timely then to pursue a different approach -- one that focuses on educational quality.

One way to address the strengthening of educational quality is to reexamine the standards which have been documented in the Code of Iowa and the Iowa Administrative Code. There is a national movement to strengthen educational standards and efforts are underway or completed in many states. An effort along these lines has been initiated in Iowa. The timetable calls for completing revised standards by the year 1990. The reasons for this lengthy timeframe are unclear considering that the process is already under way, and the issue demands attention now.

We would encourage a speedy articulation of strengthened standards and a mandated review by the DOE of adherence to those standards. We envision those standards will address issues relating to teacher certification and licensing, as well as defining how much and what shall be included in the curriculum. It may also include some level of minimum acceptable achievement on the part of students. Furthermore, DOE should be directed to actively and aggressively review the degree to which implementation meets the standards. As a starting point, DOE might send a letter to all LEAs requesting their specific plans regarding how they intend to comply with the strengthened standards and the anticipated impact on their financial resources. We would anticipate that increased pressure to comply with desirable and strengthened standards would place sufficient economic pressure on all LEAs to encourage an aggressive search for consolidation, or at least sharing, among the smaller LEAs and a refocusing of resources toward areas of educational excellence among all LEAs.

Another possible interim approach to encourage a reduction of administrative costs in the LEAs is to modify the foundation formula. The modification would permit the funds saved by reducing administrative costs to be retained by the LEA and transferred into program areas of particular priority to the LEA. This would require adjustment to the foundation formula. We would caution against excessive "tinkering" with the foundation formula. There is a tendency in Iowa, as in most other states, to give mixed messages through education aid formulas. For example, if you provide special financial aid for sharing services or consolidating districts because that is the behavior you wish to encourage, it is counterproductive to also include "hold harmless" provisions which provide increased levels of aid per ADM as student population declines.

The smaller LEAs spend upwards of 12 percent of their budgets for administration. Larger districts spend substantially lower portions of their budgets in this area. Despite budgetary pressures, limiting an LEA's ability to maintain and nurture quality programs, local initiatives to consolidate districts have been rare and examples of sharing resources, as a means of reducing administrative costs, have been limited. It seems necessary that an incentive needs to be provided to encourage an active search for meaningful administrative cost reductions. We suggest a program in which funds would be appropriated and awarded to LEAs based on reduced administrative costs. For example, if a comparison of administrative costs on the annual financial report for the fiscal year ended June 30, 1987 shows a reduction, as compared to costs for the fiscal year ended June 30, 1986, the LEA would

retain the dollars saved for local priorities and also receive a special grant for each of two consecutive years of an amount equal to that saved by the LEA. The appropriation should allow for amounts that would provide an incentive for action. That amount might be \$10 million for each year. While this program would not reduce State costs, it would shift funds from administrative purposes to programs and, thereby, provide funds for program quality.

The conflicts between program quality, cost-effectiveness, and local control is understandable. One approach which should be studied is to create regional high schools. We suggest consideration be given to leaving intact elementary LEAs under the administrative control of a principal and creating regional high schools, drawing on several elementary LEAs for students. Secondary programs tend to cost more because of the need for specialized teaching resources, equipment investment to establish laboratories, computing facilities and the like, and expanded library facilities. This approach would provide maximum local control at least cost with control closest to home when students are young and quality program does not necessarily depend on critical mass. At the secondary level, educational excellence depends more on critical mass to provide cost-effective resources to support more diverse and complex needs. It seems likely that substantial dollars could be redirected to further improve educational excellence, if there is the will to vigorously address adherence to standards and a resulting move toward consolidation, shared services, and/or regional high schools.

LOCAL GOVERNMENT

Some State functions, such as licensing, court administration, social/human services, and others, are provided to citizens through the 99 county governments. The counties also provide local services, such as public works, health, and law enforcement. The pattern of providing local direct services to citizens for the State, as well as local services, is analogous to the pattern and structure of the public school districts. Further, similarities are evident because of the large number of counties and relatively low population (many under 10,000) levels. Common services and a large number of entities with relatively low population levels suggests that consolidation of many services areas, or at least sharing resources to provide these services, would result in cost-savings without impairing service levels and in many cases is likely to improve service. Consideration should be given to developing a plan for testing the cost benefits associated with consolidation. As an interim step, selected services might be managed on a several-county basis to validate the savings related to consolidation and service levels.

As another measure to reduce local government costs, the Governor has indicated his intention to freeze local budgets. Such a freeze would put local governments under pressure to effect the same kind of savings as proposed for the State by restructuring and downsizing.

CHAPTER V
IMPLEMENTATION PLAN

V. IMPLEMENTATION PLAN

The effective implementation of the restructuring and downsizing recommendations will require a well-coordinated effort by the Executive and Legislative branches of State government. This implementation plan has been prepared with this in mind.

KEY INGREDIENT FOR SUCCESSFUL IMPLEMENTATION

There are several key ingredients we have found to be essential to successfully implement major organizational changes. These include the selection of a strong leader to direct the overall effort; open and extensive communication with the staff of all affected units; total commitment to implementation; and thorough legal analysis. Each of these key ingredients is discussed below.

Perhaps the single most important decision made in a major implementation is the selection of the person to be responsible for the overall effort. Note that this responsibility should not be shared but fixed with a single individual. The person selected to implement the restructuring and downsizing should have the following qualities and experience, if possible:

- Proven record as an effective manager;
- Significant experience in budgetary analysis;
- Tough-minded determination;
- Broad experience in government;
- Excellent communication skills - written and oral; and
- Knowledge of Iowa government.

We strongly recommend that these same criterion be used in selecting the person to head the Office of Management and that its director be named to lead the implementation effort.

Another key ingredient to a successful implementation is open and extensive communication with State employees at all levels. For the restructuring to succeed, it will need the cooperation of employees at all levels. Candid discussion of the objectives of the implementation, how it will impact them and continued updates on its status can be very effective in minimizing rumors, allaying apprehensions and promoting acceptance.

A total commitment to the plan, once it has been accepted, is also essential. The Governor and his senior staff must be fully committed to making all of the required changes. While situations will undoubtedly occur where the plan will have to be altered, the reasons for these changes need to be clearly communicated. Deviating from the implementation plan without clear and compelling reasons can be easily misinterpreted as a lack of commitment and can have a major impact on the acceptance of other parts of the plan.

Lastly, much of the current structure and responsibilities of departments, board and commissions is statutory in nature. Accordingly, a careful review and analysis of the applicable statutes is essential prior to proceeding

with each part of the plan. This analysis has already been initiated by a team of experienced attorneys; its completion and the incorporation of its results into the plan is important to the success of the implementation effort.

PLAN

The implementation plan addresses the following major areas:

- Actions which need to be taken by the Governor;
- Actions which need to be taken by the Legislature;
- Establishment of an implementation management team;
- Selection and placement of key personnel within departments;
- Establishment of a logistics team;
- Development of a plan for carrying out personnel reductions in State government;
- Creation of a communications program for within and outside State government; and
- Specific actions which need to be taken to implement individual recommendations.

This chapter of the report separately discusses each of these elements of the plan in the following sections.

- Actions Which Need to be Taken by the Governor

The Governor has the authority to take some of the major actions necessary to implement the restructuring and downsizing recommendations provided in this report. Other actions will require legislative action. Among the major actions which the Governor has the authority to take to implement the restructuring and downsizing recommendations are the following:

- Establishment of an implementation management team and assignment of key personnel to direct the implementation effort;
- Creation of key departments in the proposed organization structure for State government, including the Office of Management, the Department of Personnel, and the Office of the Inspector General;
- Appointment of personnel to direct newly-established departments;

- Assign responsibilities to State departments and employees for carrying out implementation activities;
- Monitor the performance of State departments and employees in conducting implementation activities; and
- Ensure that the necessary resources are available and utilized to perform the implementation on schedule.

By conducting these activities, the implementation management team will be able to direct and facilitate the implementation effort and ensure its effectiveness.

- Selection and Placement of Key Personnel Within Departments

The success of the restructuring and downsizing effort is directly dependent on the personnel selected by the Governor to be responsible for the major departments within the revised organizational structure. While the Governor does not have the statutory authority to appoint certain department directors, such as the Department of Transportation and the Department of Education, the Governor does have the authority to appoint and place key personnel within other departments.

One of the most important tasks in the restructuring and downsizing effort will be to select and place key personnel within departments to carry out the implementation plans. These personnel will play vital roles in ensuring the success of the implementation of the restructuring and downsizing actions. The selection and placement of capable personnel within the revised organization structure for state government warrant major consideration by the Governor.

- Establishment of a Logistics Team

The restructuring and downsizing effort will require the relocation of numerous departments, units and personnel within State government. To coordinate these efforts and ensure that the relocation of the effected departments, units and personnel is performed in a timely, orderly, and efficient manner, the Governor needs to establish a logistics team.

The logistics team should be responsible for planning, directing and controlling the relocation of staff and equipment. The team should be led by the Director of the Department of General Services, who should be assisted by a select group of staff members experienced in the conduct of relocation-related activities, such as transportation, communications, property management, and scheduling. In addition, one business services representative from each of the departments in the revised organizational structure should be assigned the responsibility for the relocation efforts within the business services representative's respective department.

- Transfer of administrative responsibilities under the Governor's authority to appropriate departments within the newly-created organization structure;
- Development of a legislative package to make the statutory changes necessary to carry out the remaining restructuring and downsizing proposals; and
- Commitment of sufficient resources within the Executive branch of State government to carry out the implementation effort in an orderly and timely manner.

By taking these actions, the Governor will put in place the structure and the mechanisms for implementing the restructuring and downsizing recommendations.

- Actions Which Should be Addressed by the Legislature

While the Governor has the authority to implement many of the restructuring and downsizing recommendations administratively, a large number of the recommendations will require legislative approval. Once the Governor submits his legislative package, the Legislature should give full and timely consideration to the Governor's legislative changes. By acting on these proposed changes, the Legislature can help ensure that the restructuring and downsizing is accomplished and the full benefits of such an effort is realized.

- Establishment of an Implementation Management Team

To ensure that the restructuring and downsizing recommendations are implemented in a timely and effective manner, the Governor needs to appoint an implementation management team which will plan, organize, direct and control the implementation program and activities. This team should be led by a senior State government executive who has extensive experience and knowledge working in state government and strong organizational and communication skills. The director of the Office of Management should be given this responsibility. The team leader should be assisted by at least one individual in each of the six major areas of State government, including: administration and control, economic development and commerce, human services, education, public safety, and infrastructure. These individuals should be those ultimately responsible for these areas within the Office of Management's budget unit. In addition, staff from the Governor's office and individual State departments should be made available, as necessary, to assist the implementation management team.

The implementation management team will be responsible for the overall management and control of the implementation effort. To do this, the team will need to conduct the following activities:

- Refine the implementation schedule based upon the general timetable presented in this report;

The logistics team should be established as soon as possible to begin analyzing the relocation activities which need to occur in conjunction with the restructuring and downsizing efforts. Since some of the potential benefits to be derived from the restructuring and downsizing are dependent upon the ability to colocate staff, the logistics team needs to initially pay special attention to colocation requirements.

While the colocation of all units may be ideal for new departments, for many it is not immediately necessary. Where colocation is not essential, some minor adjustments among executive offices may be all that is required to logistically support the creation of the new department.

• Development of a Plan for Carrying Out
Personnel Reductions in State Government

The restructuring and downsizing of State government will result in the elimination of many positions. To minimize the impact on State government and individual employees whose positions are effected by the reductions in State programs and activities, the Governor should develop a plan for carrying out the personnel reductions in a systematic and orderly manner.

This plan should establish a series of steps that will be followed to accomplish the number of personnel reductions necessary. In general, these steps should include:

- Reallocation of State government positions and personnel within departments to minimize the need for personnel layoffs;
- Elimination of positions which are presently funded, but which are now vacant;
- Freeze on hiring new staff and the reliance on the attrition of personnel to reduce the number of personnel in State government;
- Establishment of a plan to encourage retirement by some of the more than 800 State employees who are over 62 years of age, including a provision for the payment of health benefits until the age of 65, and the elimination of any pension plan penalties on early retirement; and
- A contingency plan for the creation of an early retirement incentive program to encourage retirement by some of the 2,480 State employees who are at least 55 years of age, yet under the age of 62.

These steps should provide a sufficient reduction in State personnel to ensure that the savings resulting from the elimination of positions in the restructuring and downsizing efforts can be realized without any significant layoffs.

o Creation of a Communications Program
Within and Outside State Government

Since the restructuring and downsizing effort will result in some dramatic changes in the structure of State government, the administration of State programs, and, in some cases, the delivery of services, it is very important that an effective communications program be established to inform people within and outside State government regarding the changes that will occur.

The Governor should establish a communications team, which, under the direction of the Governor's Press Secretary, will be responsible for establishing and conducting the communication activities necessary to effectively inform State employees and the general public regarding the changes occurring in State government due to the restructuring and downsizing effort. Specifically, the communications team should be responsible for:

- o Assisting the implementation team in developing informational packages and briefings regarding plans for carrying out personnel reductions in State government;
- o Developing written communications for within and outside State government describing the changes occurring in State government; and
- o Providing briefings to State employees, the media, and the general public regarding the impact of the restructuring and downsizing efforts on the organization and administration of State programs and the delivery of services.

The efforts of the communications team will help facilitate an orderly transition in the restructuring and downsizing of State government and help minimize the impact on State employees and the delivery of services.

o Specific Actions Which Need to be Taken
Regarding Individual Recommendations

The restructuring and downsizing report presents approximately 100 recommendations for reducing State government operations. EXHIBIT V.1 presents a composite listing of the specific actions which need to be taken regarding individual recommendations.

EXHIBIT V.1

**Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations**

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(1)	Office of Management			
	• Establish an Office of Management	A	1/86	7/86
(2)	Department of Personnel			
	• Create a centralized Department of Personnel	A	1/86	7/86
	• Eliminate general fund appropriation for IPERS prior service funding	S	1/86	7/86
(3)	Department of General Services			
	• Centralize State property management responsibilities	A	12/85	3/86
	• Assume responsibility for Job Service facility maintenance and inspection services	A	12/85	12/85
	• Consolidate State mail handling responsibilities in the Capitol complex	A	12/85	2/86
(4)	Department of Revenue and Finance			
	• Consolidate State revenue and finance responsibilities and operations	S	1/86	7/86
	• Transfer administration of Chapter 99B of the Iowa Code relating to gambling activities	S	1/86	7/86
	• Eliminate the Industrial Review Program	S	1/86	7/86
	• Reduce the State's personal mileage reimbursement rate	S	1/86	7/86
	• Eliminate Iowa National Guard Educational Benefits Program	S	1/86	7/86
	• Eliminate Forgivable Loan Program	S	1/86	7/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(4)	Department of Revenue and Finance, Continued			
	• Eliminate Iowa Science and Mathematics Grant Program	S	1/86	7/86
	• Decentralize Loan Processing	A	12/85	3/86
(5)	Office of the Inspector General			
	• Create an Office of the Inspector General	A	12/85	7/86
(6)	Department of Economic Development			
	• Realign divisions within development services	S	1/86	7/86
	• Consolidate administrative services	A	12/85	2/86
	• Stop providing City Development Board/Intergovernment Review	A	12/85	1/86
	• Eliminate local government personnel services	A	12/85	1/86
	• Utilize universities for collection and publication of economic and statistical data	A	12/85	1/86
	• Limit research staff	A	12/85	2/86
	• Privatize low priority marketing programs	A	12/85	2/86
	• Eliminate high technology grants	S	1/86	7/86
	• Eliminate Product Development Corporation funding	A	12/85	1/86
	• Eliminate Iowa Community Development Loans	S	1/86	7/86
	• Eliminate Science Academy funding	S	1/86	7/86
	• Privatize publication of the Directory of Iowa Manufacturers	A	12/85	2/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(7)	Department of Employment Services			
	• Maintain the integrity of Bureau of Labor and Industrial Commissioner services	A	12/85	7/86
	• Consolidate placement and training services	S	1/86	7/86
	• Consolidate the appeals functions	S	1/86	7/86
	• Consolidate administrative services	A	12/85	6/86
(8)	Department of Commerce and Industry			
	• Consolidate financial institution functions	S	1/86	7/86
	• Create a gaming unit	S	1/86	7/86
	• Assign professional licensing boards for administrative support	S	1/86	7/86
	• Sublet beer and liquor stores with expenses greater than 20 percent of sales to private businesses	S	1/86	7/86
	• Consolidate the Commerce Commission's Rate Research and Utility Operations Review units	A	12/85	2/86
	• Consolidate administrative support and policy and information services	A	12/85	2/86
	• Reassign the Insurance Department's State insurance review role and eliminate the central security vault	A	12/85	2/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(9)	Department of Health and Human Services			
	• Consolidate the Departments of Health and Substance Abuse with the Department of Human Services	S	1/86	7/86
	• Reduce Homemaker and Dietary Management Staff	A	12/85	3/86
	• Reduce Individual Education and Training Plan Programs	S	1/86	7/86
	• Create a State block grant for the local purchases of services for adults	S	1/86	7/86
	• Reduce Human Services Training Staff	A	12/85	3/86
	• Reduce the level of program evaluations	A	12/85	1/86
	• Eliminate juvenile community-based grant program	S	1/86	7/86
	• Eliminate grants for displaced homemakers	S	1/86	7/86
	• Reduce Public Information Program for Substance Abuse	A	12/85	1/86
	• Eliminate sudden infant death syndrome autopsy reimbursement	S	1/86	7/86
	• Eliminate mobile home inspections	S	1/86	7/86
	• Eliminate Maternal/Child Health Care Program	S	1/86	7/86
	• Eliminate Physicians' Residency Program	S	1/86	7/86
	• Eliminate Expansion of Medically Needy Program	S	1/86	7/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(10)	Department of Human Rights			
	• Establish a Department of Human Rights	S	1/86	7/86
	• Eliminate Elderlaw Education Program	S	1/86	7/86
	• Reduce the Elderly Independent Living Program	S	1/86	7/86
	• Reduce State level administrative support for Aging programs	A	12/85	2/86
(11)	Department of Cultural Affairs			
	• Establish the Department of Cultural Affairs	S	1/86	7/86
	• Transfer security for Historical Building	A	12/85	2/86
	• Privatize State Fair	S	1/86	7/86
	• Consolidate Historical Department administrative functions	A	12/85	3/86
	• Reduce Iowa Public Television production programming by 20 percent	A	12/85	1/86
	• Shift Community Cultural Grants funding	S	1/86	7/86
(12)	Board of Regents			
	• See Chapter IV, Other Areas of Iowa Government	A	12/85	12/90

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(13) Department of Education				
	• Eliminate separate hearings by Professional Teaching Practices Commission	S	1/86	7/86
	• Eliminate school bus inspection program and consolidate driver safety education positions	S	1/86	7/86
	• Establish computer software clearinghouse as a self-supporting operation	S	1/86	7/86
	• Transfer and reduce the professional fire service training appropriation	S	1/86	7/86
	• Eliminate funding for merged area schools' radio stations	S	1/86	7/86
	• Eliminate elementary foreign language program	S	1/86	7/86
	• Eliminate foreign language, mathematics and science improvement programs	S	1/86	7/86
	• Eliminate standing unlimited appropriation for reimbursement of education costs at county juvenile homes	S	1/86	7/86
	• Eliminate the standing unlimited appropriation for reimbursement of education costs for children residing in State foster care facilities	S	1/86	7/86
	• Eliminate certification fee refunds	S	1/86	7/86
	• Reduce training for the Business Enterprise Program	A	12/85	1/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(14)	Department of Public Safety			
	• Consolidate the Iowa Law Enforcement Academy under the Department of Public Safety	S	1/86	7/86
	• Consolidate Motor Vehicle Enforcement under the Department of Public Safety	S	1/86	7/86
	• Eliminate Crime Prevention Program	S	1/86	7/86
	• Eliminate Community Service Officers	A	12/85	2/86
(15)	Department of Corrections			
	• Consolidate administrative support for the Parole Board with the Department of Corrections	S	1/86	7/86
	• Consolidate Iowa Law Enforcement Academy and Corrections Training Center	S	1/86	7/86
	• Eliminate program for civil legal assistance to indigent inmates	S	1/86	7/86
(16)	Department of Public Defense			
	• Reorganize the Department of Veterans Affairs under a Department of Public Defense	S	1/86	7/86
(17)	Department of Transportation			
	• Combine the Aeronautics and Public Transit Divisions	A	12/85	2/86
	• Assume responsibility for the Highway Safety Program	A	12/85	2/86
	• Improve the efficiency of drivers license issuance	A	12/85	6/86
	• Reduce the cost of appeals	A	12/85	6/86
	• Absorb the functions of the Transportation Regulation Authority	S	1/86	7/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

EXHIBIT V.1

Summary Schedule for Implementing
the Restructuring and Downsizing Recommendations, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Type of Action Required*</u>	<u>Implementation Start Date</u>	<u>Implementation End Date</u>
(17)	Department of Transportation, Continued			
	• Privatize the Railroad Safety Program	S	1/86	7/86
	• Defer contributions to the Railroad Branchline Assistance Fund	S	1/86	7/86
	• Eliminate the Public Transit Assistance Fund	S	1/86	7/86
(18)	Department of Natural Resources			
	• Eliminate the Energy Policy Council	S	1/86	7/86
	• Consolidate policy and information services	A	12/85	2/86
	• Reduce State-supported staff in Soil Conservation District offices	A	12/85	2/86
	• Eliminate the open space tax replacement program and State Advisory Board for Preserves	S	1/86	7/86
	• Eliminate State supplemental funding for watershed planning	S	1/86	7/86
	• Eliminate State IPERS contribution for Conservation Officers	S	1/86	7/86
	• Eliminate the fiscal year 1986 contribution to the Conservation Practices Revolving Loan Fund	A	12/85	12/85
	• Eliminate the Missouri River Basin Coordinator and Board of Operator Certification in Water, Air and Waste Management	S	1/86	7/86
	Other restructuring and downsizing savings			
	• Eliminate unnecessary boards and commissions and eliminate per diem and salaries	S A	1/86 12/85	7/86 2/86

*Note: A = Administrative action required by the Governor to implement.
S = Statutory change required by the Legislature to implement.

APPENDICES

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(5) Office of the Inspector General			
	• Create an Office of the Inspector General	\$ 537,400	23.5
(6) Department of Economic Development			
	• Realign divisions within development services	108,000	3.0
	• Consolidate administrative services	26,000	1.0
	• Stop providing City Development Board/Intergovernment Review	45,000	1.0
	• Eliminate local government personnel services	61,000	2.0
	• Utilize universities for collection and publication of economic and statistical data	150,000	5.0
	• Limit research staff	30,000	1.0
	• Privatize low priority marketing programs	47,000	.4
	• Eliminate high technology grants	895,000	-
	• Eliminate Product Development Corporation funding	285,000	-
	• Eliminate Iowa Community Development Loans	951,900	-
	• Eliminate Science Academy funding	60,000	-
	• Privatize publication of the Directory of Iowa Manufacturers	15,000	-
(7) Department of Employment Services			
	• Maintain the integrity of Bureau of Labor and Industrial Commissioner services	49,600	2.0
	• Consolidate placement and training services	122,600	4.0
	• Consolidate the appeals functions	17,100	1.0
	• Consolidate administrative services	20,000	1.0

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(1) Office of Management			
•	Establish an Office of Management	\$ 165,000	8.0
(2) Department of Personnel			
•	Create a centralized Department of Personnel	1,250,000	57.0
•	Eliminate general fund appropriation for IPERS prior service funding	480,700	-
(3) Department of General Services			
•	Centralize State property management responsibilities	104,000	4.0
•	Assume responsibility for Job Service facility maintenance and inspection services	21,600	-
•	Consolidate State mail handling responsibilities in the Capitol complex	70,000	4.0
(4) Department of Revenue and Finance			
•	Consolidate State revenue and finance responsibilities and operations	120,000	5.0
•	Transfer administration of Chapter 99B of the Iowa Code relating to gambling activities	18,000	1.0
•	Eliminate the Industrial Review Program	133,800	4.0
•	Reduce the State's personal mileage reimbursement rate	321,000	-
•	Eliminate Iowa National Guard Educational Benefits Program	20,800	-
•	Eliminate Forgivable Loan Program*	-	-
•	Eliminate Iowa Science and Mathematics Grant Program	961,500	-
•	Decentralize Loan Processing	300,000	4.0

*Lottery fund savings of \$750,000.

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(9) Department of Human Services, Continued			
	• Eliminate juvenile community-based grant program	\$ 252,500	-
	• Eliminate grants for displaced homemakers	123,800	-
	• Reduce Public Information Program for Substance Abuse	33,500	1.0
	• Eliminate sudden infant death syndrome autopsy reimbursement	14,300	-
	• Eliminate mobile home inspections	28,500	-
	• Eliminate Maternal/Child Health Care Program	357,000	-
	• Eliminate Physicians' Residency Program	340,000	-
	• Eliminate Expansion of Medically Needy Program	2,884,500	-
(10) Department of Human Rights			
	• Establish a Department of Human Rights	190,000	9.5
	• Eliminate Elderlaw Education Program	95,200	-
	• Reduce the Elderly Independent Living Program	200,000	-
	• Reduce State level administrative support for Aging programs	30,000	-
(11) Department of Cultural Affairs			
	• Establish the Department of Cultural Affairs	439,900	19.0
	• Transfer security for Historical Building	45,000	2.0
	• Privatize State Fair	123,100	-

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(8) Department of Commerce and Industry			
	• Consolidate financial institution functions*	\$ -	-
	• Create a gaming unit	36,000	2.0
	• Assign professional licensing boards for administrative support	72,000	4.0
	• Sublet beer and liquor stores with expenses greater than 20 percent of sales to private businesses	1,826,000	96.0
	• Consolidate the Commerce Commission's Rate Research and Utility Operations Review units**	-	-
	• Consolidate administrative support and policy and information services	256,000	11.0
	• Reassign the Insurance Department's State insurance review role and eliminate the central security vault	60,000	3.0
*Non-general fund savings of \$400,000 and 12 FTEs.			
**Non-general fund savings of \$50,000 and 2 FTEs.			
(9) Department of Health and Human Services			
	• Consolidate the Departments of Health and Substance Abuse with the Department of Human Services	276,600	12.1
	• Reduce Homemaker and Dietary Management Staff	195,000	6.8
	• Reduce Individual Education and Training Plan Programs	865,000	8.0
	• Create a State block grant for the local purchases of services for adults	1,179,000	41.0
	• Reduce Human Services Training Staff	27,000	1.0
	• Reduce the level of program evaluations	200,000	6.0

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(13) Department of Education, Continued			
	• Eliminate the standing unlimited appropriation for reimbursement of education costs for children residing in State foster care facilities	\$ 200,000	-
	• Eliminate certification fee refunds	4,000	-
	• Reduce training for the Business Enterprise Program	4,100	1.0
(14) Department of Public Safety			
	• Consolidate the Iowa Law Enforcement Academy under the Department of Public Safety	114,400	4.5
	• Consolidate Motor Vehicle Enforcement under the Department of Public Safety*	-	-
	• Eliminate Crime Prevention Program	54,300	2.0
	• Eliminate Community Service Officers**	-	-
*Federal savings of \$1,958,000 and 77 FTEs.			
**Federal savings of \$447,400 and 14 FTEs.			
(15) Department of Corrections			
	• Consolidate administrative support for the Parole Board with the Department of Corrections	27,500	2.0
	• Consolidate Iowa Law Enforcement Academy and Corrections Training Center	60,000	2.0
	• Eliminate program for civil legal assistance to indigent inmates	33,300	-
(16) Department of Public Defense			
	• Reorganize the Department of Veterans Affairs under a Department of Public Defense	51,300	1.0

APPENDIX A

Summary of Restructuring
and Downsizing Recommendations
General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(11) Department of Cultural Affairs, Continued			
	• Consolidate Historical Department administrative functions	\$ 34,300	1.0
	• Reduce Iowa Public Television production programming by 20 percent	200,000	6.0
	• Shift Community Cultural Grants funding	285,500	-
(12) Board of Regents			
	• See Chapter IV. Other Areas of Iowa Government	-	-
(13) Department of Education			
	• Eliminate separate hearings by Professional Teaching Practices Commission	57,700	2.5
	• Eliminate school bus inspection program and consolidate driver safety education positions	239,800	7.0
	• Establish computer software clearinghouse as a self-supporting operation	95,200	-
	• Transfer and reduce the professional fire service training appropriation	50,000	-
	• Eliminate funding for merged area schools' radio stations	730,400	-
	• Eliminate elementary foreign language program	144,200	-
	• Eliminate foreign language, mathematics and science improvement programs	480,800	-
	• Eliminate standing unlimited appropriation for reimbursement of education costs at county juvenile homes	850,000	-

APPENDIX A

Summary of Restructuring
and Downsizing Recommendations
General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(18) Department of Natural Resources, Continued			
	• Eliminate the fiscal year 1986 contribution to the Conservation Practices Revolving Loan Fund	595,000	-
	• Eliminate the Missouri River Basin Coordinator and Board of Operator Certification in Water, Air and Waste Management	44,000	1.0
Other restructuring and downsizing savings			
	• Eliminate unnecessary boards and commissions and eliminate per diem and salaries	\$ 255,500	-

APPENDIX A

Summary of Restructuring and Downsizing Recommendations General Fund Savings, Continued

<u>Department</u>	<u>Recommendations</u>	<u>Estimated Cost Savings</u>	<u>Estimated FTE Savings</u>
(17) Department of Transportation			
	• Combine the Aeronautics and Public Transit Divisions*	\$ -	-
	• Assume responsibility for the Highway Safety Program	78,500	9.7
	• Improve the efficiency of drivers license issuance**	-	-
	• Reduce the cost of appeals	28,000	1.0
	• Absorb the functions of the Transportation Regulation Authority	7,300	.4
	• Privatize the Railroad Safety Program	19,100	1.0
	• Defer contributions to the Railroad Branchline Assistance Fund	904,300	-
	• Eliminate the Public Transit Assistance Fund	1,765,400	-

*Will save \$62,100 non-general fund monies and 2 FTEs.

**Will save \$500,000 in license fees and 29 FTEs.

(18) Department of Natural Resources

•	Eliminate the Energy Policy Council	355,500	17.5
•	Consolidate policy and information services	200,000	12.5
•	Reduce State-supported staff in Soil Conservation District offices	200,000	10.0
•	Eliminate the open space tax replacement program and State Advisory Board for Preserves	88,200	-
•	Eliminate State supplemental funding for watershed planning	23,000	-
•	Eliminate State IPERS contribution for Conservation Officers	245,000	-

- Reducing or Eliminating of Optional Services - the State currently provides many optional programs and services which are not required by Federal or State law. By reducing or eliminating these optional programs and services, including various Medicaid programs, such as psychological and mental health services, the State could realize significant cost savings.

This listing provides some broad categories of potential savings and/or position reduction opportunities which should be considered by the state of Iowa as it carries forward in its efforts to restructure and downsize State government now and in the future.

Other Issues for Consideration

There are several other issues which we believe should be further analyzed because they could significantly enhance the management of the State.

- Management Compensation - as noted in the report, the current compensation for senior management in Iowa is too low to be competitive with other states. Low compensation can result in the loss of senior experienced management and an increasingly difficult process to replace them. The State should examine its management pay plan and consider increasing it.
- Managerial Appointments by Boards - at least two major department directors (Transportation and Education), who report to the Governor, are not appointed by him. Rather, they are appointed by their department's board. In addition, other department heads are also appointed by boards. This arrangement serves to limit the Governor's ability to properly manage these departments and can also impact his ability to downsize their operations. The State should consider changing the appointing power for these positions to the Governor.
- Management Appointments - currently in many departments the Governor appoints the director and all or most other managers are merit service employees. This situation can limit the effective management of a department if the merit service managers are inadequate to the current mission and objectives of the department. Recognizing the value of the merit process, but also its limitations on management change, some states have adopted a more flexible appointment process for these key positions. Briefly, a pool of management level merit employees is created. Those entering the pool retain the right to return to their last regular merit service status. However, once in the pool, managers can be interviewed for any upper management position in the State. Department directors are free to select and replace from the pool managers for key positions in their organization. Thus, the merit system members are generally protected and department directors obtain greater flexibility in operating their unit. The State should consider the creation of such a career executive program.

APPENDIX B

Other Issues for Consideration

This study included the review of the feasibility of more than 250 individual restructuring and downsizing issues identified by State government employees and members of the project team. Those issues that are feasible and will result in definitive cost savings and/or position reductions have been presented in the main body of the report. However, during the course of the study, various other issues which offer potential opportunities for cost savings and/or position reductions were identified. But, due to the short timeframe in which the study was performed, or the resources required to study the issue, they were not explored in sufficient detail to determine their feasibility.

This Appendix provides a listing and a brief description of the major restructuring and downsizing opportunities identified during the study which warrant further consideration by the state of Iowa. These issues include:

- Closing State Facilities - certain State facilities may offer significant benefits through closure of the facilities and transferring of operations to other facilities. These include certain facilities operated by the Department of Corrections and the Department of Human Services;
- Changing Facility Usage - certain State facilities may offer potential benefits through consolidating responsibilities and changing the use of the facilities. For example, an institution which now provides both mental health and correctional services may operate more efficiently providing only one type of service;
- Colocation of Departments - the individual departments within State government maintain various offices throughout the State. By encouraging the colocation of departments, particularly in outlying parts of the State, potential cost savings may be achieved by sharing overhead and administrative support;
- Consolidation of Major Responsibilities - there are some major responsibilities performed by State government which may offer potential benefits through consolidation. These include the further consolidation of State printing and purchasing activities and the consolidation of communication data processing services;
- Contracting Out Services - the State of Iowa conducts numerous activities and provides various services which offer potential savings through contracting out the activities or services with private firms. These include building maintenance, security and transportation activities and services.
- Regionalization of Service Delivery - the different departments within the State of Iowa provide services to parts of the State through various service delivery locations and areas. As a result, there are no consistent service delivery regions in the State. By encouraging uniform region service delivery patterns among departments, the State can potentially realize cost savings.

APPENDIX C

Listing of Boards or Commissions to be Eliminated or Combined

Boards or Commissions to be eliminated:

1. Agriculture Marketing Board
2. Assessor Education Commission
3. Athletic Commissioner
4. Boundary Commission
5. Branding Committee, State
6. Child Labor Committee
7. City Finance Committee
8. Communications Advisory Council
9. Community Cultural Grants Commission
10. County Finance Committee
11. Economic Protection & Investment Authority
12. Education Advisory Committee
13. Educational Data Processing Committee
14. Emergency Medical Care Council, Advanced
15. Employment Agency Licensing Council
16. Energy Policy Council
17. Family Practice Educational Advisory Board
18. Hazardous Chemical Information Interagency Council
19. Historical Building Code Advisory Board
20. Interstate Cooperation Commission
21. Land Rehabilitation Advisory Board
22. Literacy Council
23. Management Training Board
24. Midwest Nuclear Board
25. Occupational Diseases, Medical Board
26. Plumbing Code Committee
27. Preserves Advisory Board
28. Profession & Occupation Regulation Commission
29. Prosecuting Attorneys Training Coordinating Council
30. Radiation Safety, Interagency Coordination Council
31. Science Advisory Council
32. Soil Conservation Interagency Coordinating Commission
33. State Occupational Information Coordinating Committee
34. Title Guaranty Board
35. Transportation Regulation Authority
36. Venture Capital Fund Board
37. Waterworks Certification Board

Boards or Commissions to be combined:

1. Criminal & Juvenile Justice Planning Advisory Council
Juvenile Justice Advisory Council
2. Child Abuse Information Council
Child Abuse Prevention Advisory Council
3. Board of Health
Human Services Council

