



BILL SUMMARY

SF 2088 **Signed by Governor** **State Government** **Reorganization**

Status of Bill: Signed by Governor March 10, 2010
Committee: State Government
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Background

Recognizing that state government services needed an in-depth review, the Legislature formed the State Government Reorganization Commission in 2009, and charged it with looking for efficiencies in state government. The last time state government had been reviewed and reorganized was in 1985. The commission, made up of both House and Senate members, met over the interim. They were specifically charged with considering options for reorganizing state government to improve efficiency, modernize processes, eliminate duplication and outdated processes, reduce costs, and increase accountability.

This year is the first step in the Legislature's multi-year effort to examine how state government does business and to identify efficiencies to better deliver services to Iowa taxpayers. This review was to address the expanded use of the Internet and other technology, and the incorporation of productivity improvement measures. The commission was not directed to identify cost savings, although savings to the Iowa taxpayers certainly played a role in the recommendations. The efficiencies recommended by the commission will provide Iowa citizens with a more open and improved access to state government services, which in turn, could result in a savings of taxpayer dollars.

Governor Culver also hired Public Works, LLC to look at government efficiencies within the Executive Branch; they released their recommendations in early December 2009. Governor Culver then signed Executive Order #20, which enacted 40 of the Executive Branch cost-saving recommendations in the Public Works report under his authority. The Governor's budget recommendation also builds in \$341 million in savings for FY 11.

SF 2088 is a result of the Legislative Commission findings, after hearing suggestions from the public, public employees, and others; and some of the recommendations from the Governor's Public Works report.

This is a work-in-progress and it will take a few years to fully implement the changes. Iowans may more readily notice changes in how state government operates by changes that will provide more services to Iowans electronically, or through other changes that will streamline processes.

Summary

Division 1 - Government Information Technology Services

Dept of Administrative Services – DAS and the Chief Information Officer

- A position of Chief Information Officer (CIO) is created. Qualifications for the Chief Information Officer (CIO) include five years of information technology experience and a working knowledge of financial management. The CIO is appointed
- The CIO is appointed by and serves at the pleasure of the Governor, and is subject to Senate confirmation. The position is housed in the Department of Management.
- The CIO is required to be professionally qualified and have no less than five years experience in the fields of information technology and financial management. The CIO is subject to the restrictions on political activity as under Code 8A.416.

CIO Powers and Duties

- Consult with the director of DAS regarding IT services.
- Coordinate internal operations of IT and develop and implement policies and procedures.
- Recommend the adoption of rules to the director.
- Advise the director concerning contracts for the receipt and provision of information technology services as deemed necessary.
- Exercise and perform other powers and duties related to IT as may be delegated by the director, or as prescribed by law.
- Advise the department regarding the contracts for IT rather than entering into the contracts. This will leave the contracting to DAS.

Board of Regents and Institutions operated under their authority

Regents are exempt from Information Technology Services through DAS.

Information Technology (IT) Definitions

Includes infrastructure services as information technology. Infrastructure services includes all of the following:

- Data centers used to support mainframe and other computers and their associated components including information networks, storage systems, redundant or backup power systems, redundant data communications connections, environmental controls, and security devices.
- Servers, mainframes, or other centralized processing systems.
- Storage systems, including disk, tape, optical, and other structured repositories for storing digital information.
- Computer networks – Local Area Networks.
- Network services, including equipment and software which support local area networks, campus area networks, wide area networks, and metro area networks.
- Groupware applications used to facilitate collaboration, communication, and workflow, including e-mail, directory services, calendaring, scheduling, and imaging systems.
- IT help desks.
- Cyber security functions and equipment.
- Digital printing and printing procurement services.
- Data warehouses, including services that assist in managing and locating digital information.
- Disaster recovery technology.
- Other infrastructure services as determined by the CIO.

Technology Advisory Council

The Technology Governance Board is changed to the Technology Advisory Council and is composed of ten members as follows:

- ⇒ The Chief Information Officer (CIO).
- ⇒ The director of the Department of Management, or the director's designee.
- ⇒ Eight members appointed by the Governor as follows:
 - Three representatives from large agencies defined as a participating agency with more than 700 full-time, year-round employees
 - Two representatives from medium-sized agencies defined as a participating agency with at least 70 or more full-time, year-round employees.
 - One representative from a small agency defined as a participating agency with less than 70 full time, year-round employees.
 - Two public members who are knowledgeable and have experience in information technology matters. These members receive expenses.

Members elect a chair and vice chair by a majority vote. They serve one-year terms. Majority of the members is a quorum. Meetings held at the call of chair or request of three members. The powers and duties of the council are to advise the CIO and make recommendations regarding:

- Developing and adopting IT standards applicable to all agencies
- Technology utility services
- Improvements to IT service levels and modifications to the business continuity plan for IT operations
- Technology initiatives for the Executive Branch
- Rates to be charged for access to and for value-added services through IowAccess

Waivers of IT Acquisition, Utilization or Other Requirements

- DAS is required to adopt rules allowing agencies to seek a temporary or permanent waiver concerning the acquisition of IT. Waivers are granted upon request and approval of the CIO only if one of the following applies:
 - If the participating agency can show it can obtain or provide the IT more economically. The CIO must consider the impact on other participating agencies if the waiver is approved or denied.
 - If the participating agency can show that a waiver would be in the best interest of the state.
- Before approval or denial of a waiver request, the CIO is to consider all of the following:
 - Whether the waiver would violate any state or federal law.
 - Whether the waiver would result in duplication of existing services, resources, or support.
 - Whether the waiver would obstruct the state's information technology strategic plan.
 - Whether the waiver would result in excessive expenditures.
 - The life cycle of the system or application.
 - Whether the participating agency can show that it can obtain or provide the information technology more economically than the information technology can be provided by the department. For purposes of determining if the participating agency can obtain or provide the information technology more economically, the CIO must consider the impact on other participating agencies if the waiver is approved or denied.
- The waiver request must include a state of facts, including a description of the problem or issue prompting the request, the preferred solution, an alternative approach to be implemented, the economic justification, the time period, and any additional appropriate information.

Digital Government

- Strikes the requirement that DAS give staff support to the IowAccess Council. Adds that DAS assist participating agencies in converting printed government materials to electronic materials which can be accessed through an internet searchable database.

Information Technology Standards

- Requires DAS, after consultation with the Technology Advisory Council, to adopt IT standards for procurement of information technology by all participating agencies.

Procurement of Information Technology

- DAS is required to develop policies and procedures that apply to all IT goods and services acquisitions, and is required to ensure the compliance of all participating agencies. DAS is the sole provider of infrastructure services for participating agencies.

IowAccess Duties and Responsibilities

- DAS is required to establish IowAccess as a service to Iowa citizens that is the gateway for one-stop electronic access to government information.
- DAS is required to establish rates to be charged for access to and for value-added services performed through IowAccess.
- DAS is required to approve and establish priority of projects in IowAccess. This may include funding for a project proposed by a political subdivision of the state.
- These provisions cannot be construed to impair the right of a person to contract to purchase information or data from the Iowa court information system or any other governmental entity. This also doesn't affect a data purchase agreement or contract in existence on April 25, 2000.

Legislative and Judicial Branch and IT

- DAS is required to consult with and explore opportunities with the Legislative and Judicial branches relative to providing IT services to those branches of government.

Chief Information Officer – Convenience Fee Study

- The CIO is required to conduct a study concerning convenience or other handling fees charged by state agencies by credit or debit card or other electronic means of payment. The goal is to encourage the elimination of such fees wherever possible. DAS is required to determine the extent and amount of the fees charged, revenues generated by the fees, and explore ways to reduce or eliminate the fees. The CIO is required to submit a report to the General Assembly by Jan. 15, 2011.

State Agency Electronic Renewal Notices

- State agencies should utilize electronic mail or similar electronic means to notify holders of licenses or permits issued by that state agency that the license or permit needs to be renewed. The CIO must assist state agencies in implementing this directive.

HF 2531, the standings bill, provides \$2.3 million in FY 2011 to perform the duties in Division 1.

Division 2 - Electronic Records

All state agencies are required to deliver reports to the General Assembly by electronic format; the bill deletes the requirement for printed copies. DAS and the Department of Cultural Affairs (DCA), in consultation with the state records commission, is required to conduct a study on the creation, storage, and retention of state agency records in an electronic format. A report is due to the General Assembly by Dec. 15, 2010. The assessment must include records identified as having permanent historical value. The report is to include what efficiencies and cost-saving efforts could be achieved through the creation, storage, and maintenance of such records in an electronic format.

Division 3 - Publication Modernization

This division amends a number of provisions which allow the Legislative Council and the Legislative Services Agency (LSA) to control information used to publish official legal publications (the Iowa Acts, the Iowa Code, the Iowa administrative bulletins, the Iowa administrative code, and the Iowa court rules). LSA is required to make available electronic or printed versions of the official legal publications. LSA is allowed to review the publication costs and offsetting sales revenues relating to legal publications in electronic as well as printed for-

mats. LSA can recoup costs by allowing them to provide an electronic version free of charge or to charge a fee for any mailing or handling costs in the distribution of the electronic version.

Language is provided for the publication of the entire Iowa Code each year or the Iowa Code and the Code Supplement in alternating years. It updates provisions to conform with current practice including detailing the contents of the publications. It accounts for computer programming necessary to distribute publications in an electronic format, and provides for citing and authenticating provisions in those publications in order to conform to current practice and to better accommodate electronic publication. Provisions requiring state agencies to deposit copies of state publications with the department of education's division of libraries and information services is amended by requiring that the publications be provided in an electronic format.

Division 4 - State Budgeting and Personnel

Contract Position Conversion – Allows a department to convert a full-time equivalent position to a contract position and to use appropriated monies for the contract position, if authorized by the Director of the Department of Management. The Director of the Department of Management is prohibited from approving the conversion unless the department submits sufficient evidence that the conversion would result in cost savings while providing comparable or better services.

Funds for Internet-Based Employee Training – Under current law, state agencies are allowed to retain 50% of their unexpended funds at the end of the fiscal year for use in the succeeding fiscal year for employee training, technology enhancement, or purchases of goods or services from the Iowa Prison Industries. The bill amends this provision to specify that the employee training is for internet-based employee training.

Expands Human Resource Management Rules – Directs DAS to establish programs to promote job sharing, telecommuting, and flex-time opportunities for employment within the executive branch.

CBCs State Accounting System – Requires each Judicial District Department of Correctional Services (community-based corrections) to utilize the state accounting system for purposes of tracking both appropriations and expenditures. Each Judicial District Department must coordinate its accounting activities with the Department of Management.

State Agency Efficiency Efforts – Requires state agencies to budget for and plan to conduct lean events. Each agency is required to coordinate their activities with the office of lean enterprise. State agencies are also encouraged to share resources and services, including staff, training, and educational services in order to best fulfill the duties of each agency at the least cost.

Contract Services Training – Each department is required to separately track the budget and actual expenditures for contract services and for employee training for each appropriation line-item. The terms of the contracts for contracted services entered into or revised during the fiscal year are required to incorporate quality assurance and cost control measures. The employee training tracking information is required to be divided into training categories. Each department's report on training tracking is required to specifically address the use of electronically based training. Each department is required to report to the Legislative Service Agency on January 15 and July 15 of each year concerning budget, expenditure, quality assurance, and cost control information for the previous six calendar months.

Full-Time Equivalent Positions – Vacancies - Funding – For FY 2011, if a department has a full-time equivalent position vacant for at least six months, their authorized full-time equivalent positions are required to be reduced accordingly. A department may request the Director of Department of Management to reauthorize the full-time equivalent position if the department can establish that the position is difficult to fill and is critical for fulfilling the duties of the department. Moneys appropriated for the full-time equivalent positions are required to be used for full-time equivalent positions and not for other purposes. This provision of the bill is estimated to save the state general fund \$14.5 million in FY 2011 and eliminate 255 FTE positions, and is also estimated to save through other funds \$10.7 million and 176 FTE positions. HF 2531, the standings bill, requires the department of management to report by December 1, 2010 to the General Assembly and the Legislative Services Agency (LSA), on anticipated savings in FY 2011 from this change.

Review of Agency Fees – Requires the joint appropriation subcommittees of the general assembly to annually examine and review the fees charged by state agencies under the purview of that joint appropriation subcommittee.

Division 5 - Span of Control

Incremental Increase in Span of Control – Under current law, DAS is directed to implement a policy to maintain a ratio of employees to supervisory employees of 14 to one by July 1, 2011. This division creates incrementally increases for the span of control over the next two years, going from 14 employees to one supervisory employee by fiscal year 2011, and increasing to 15 employees to one supervisory employee for fiscal year 2012.

A “supervisory employee” is a public employee who is not a member of a collective bargaining unit and who has authority, in the interest of a public employer, to hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward, or discipline other public employees, to direct such public employees, or adjust the grievances of such public employees, or to effectively recommend any such action.

Language is added to put a review board in place beginning July 1, 2011. Agencies that feel they cannot meet the span of control requirements may apply for a waiver to a five person review board comprised of the directors of the Department of Management or a designee, three agency directors, and one public member selected by the employee organization representing the greatest number of executive branch employees. The director of the agency applying for the waiver must provide detailed documentation to the board describing the efforts made in attempting to reach the required ratio. If a department represented on the review board is seeking a waiver, the member representing the department is not allowed to participate in the decision on granting the waiver.

Prior to determining whether to grant a waiver, the review board must make an initial determination of whether the agency has provided sufficient information to conduct a review. If not, the review board must deny the request and notify the executive branch agency of the information needed to consider prior to granting the waiver.

This division also prohibits executive branch agencies from granting a supervisory employee with the right to replace or bump a junior employee not being laid off for a position for which the supervisory employee is qualified.

This division maintains the exception that allows appropriation units with 28 or fewer FTEs to apply for an exception to the policy through the executive council. A new exception is allowed for situations where supervisory employee ratio is mandated by a federal requirement. The policy is also required to provide if layoffs are implemented, that the number of middle management position layoffs will correspond to the relative number of direct service position layoffs. The policy is to improve upon the system in effect as of the base date by specifically defining and accounting for supervisory employee span of control.

An interim report to the Governor and the General Assembly is required on or before April 1, 2010, and annually thereafter on April 1, with a final report due April 1, 2012, that details the effects of the policy on the composition of the workforce, cost savings, government efficiency, and outcomes.

The bill maintains the exception for employees under the Board of Regents (see section below that address Regents employees.) This division removes the span of control exceptions granted to employees with the Department of Human Services and community-based corrections. This division maintains the evaluation of job classifications to ensure the existence of technical skill-based career paths for employees that do not depend upon an employee gaining supervisory responsibility for advancement and incentive for employees to broaden their knowledge and skill base. The evaluation is to include a review of all noncontract positions and providing options for eliminating obsolete, duplicative, or unnecessary job classifications. An interim report is due April 1, 2010, and annually thereafter on April 1, with a final report due April 1, 2012.

HF 2531, the standings bill, requires the department of management to report by December 1, 2010 to the general assembly and LSA, on anticipated savings in FY 2011 from this change.

Regents Span of Control Policy – The State Board of Regents is required to develop and maintain a policy regarding the aggregate ratio of the number of employees per supervisory employee at each of the institutions under the control of the board. The target span of control aggregate ratio of supervisory employees to other employees is one to fifteen. The target span of control ratio does not apply to employees involved with direct patient care, faculty, and employees in other areas of the institutions that must maintain different span of control ratios due to federal or state regulations.

This provision defines "supervisory employee" as a public employee who is not a member of a collective bargaining unit and who has authority, in the interest of a public employer, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other public employees, to direct such public employees, or to adjust the grievances of such public employees, or to effectively recommend any such action.

The policy is required to allow departments within the institutions with 28 or fewer full-time equivalent employee positions to be granted an exception to the policy by the board. Departments applying for an exception must file a statement of need with the applicable institutional human resources office and the office must make a recommendation to the Board of Regents.

The Board of Regents is required to present an interim report to the Governor and General Assembly on or before April 1, 2010, with annual updates detailing the effects of the policy on the composition of the workforce, cost savings, efficiencies, and outcomes. In addition, the report and annual updates are required to identify those departments within each institution granted an exception by the board to the policy. HF 2531, the standings bill, requires the department of management to report by December 1, 2010 to the general assembly and LSA, on anticipated savings in FY 2011 from this change.

Effective Date - This division is effective upon enactment of March 10, 2010.

Division 6 - Board of Regents - Cooperative Purchasing

The Board of Regents is directed to coordinate interagency cooperation with the institutions under its control and state agencies in technology and purchasing. The goal is to increase the amount of joint purchasing between the institutions and state government agencies. The board is directed to work with DAS and other state agencies to identify mutually beneficial ways to purchase items and information technology. The board and its institutions are required to explore ways to leverage resources, identify cost savings, implement efficiencies, and improve effectiveness without compromising the mission of the board and the institutions relative to students and research commitments.

Purchasing

- The board is required to direct the institutions to cooperate with DAS and other state agencies to collaboratively purchase goods and services resulting in mutual cost savings.
- The board and its institutions are required to assist DAS by doing the following:
 - Identify best practices that produce cost savings and improve state government processes.
 - Explore joint purchases of general use items that result in mutual procurement of quality goods and services at the lowest reasonable cost.
 - Explore flexibility, administrative relief, and transformation changes through procurement technology.
- The board is required to convene, at least quarterly, an interagency purchasing group to identify practical measures that improve state agency performance of programs and operations, reduce total costs of state government operations, increase productivity, improve services, and make state government more responsive and accountable to the public.

Information Technology

- The board is required to direct the institutions under its control to cooperate with the CIO in efforts to cooperatively obtain information technology and related services that result in mutual costs savings and efficiency improvement.

- The board is required to convene, at least quarterly, an interagency information technology group to obtain information technology and related services.

Cooperative Purchasing Plan

- The board is required to prepare a plan annually by July 1 that identifies specific areas of cooperation between the institutions and DAS and the CIO that will be addressed for the next fiscal year including timelines for implementing, analyzing, and evaluating each of the areas of cooperation.

Report

- The board is required to submit a report to the General Assembly and the Governor by November 1 providing information on the cooperative purchasing plan prepared for that fiscal year and the results of the quarterly interagency meetings. The report is also to include the results of the savings or efficiency gains that have resulted from the cooperative efforts and the implementation of the identified best practices.

Division 7 - Department of Administrative Services - Purchasing

DAS may exempt DOT, Board of Regents, Department of the Blind, and other agencies from centralized purchasing, and allow them to directly purchase items without going through DAS, if DAS determines such purchasing is in the best interest of the state. The bill strikes allowing an agency's own authority for direct purchasing. DAS is allowed to approve an agency to purchase directly if the agency shows that direct purchasing would be in the best interests of the state due to an immediate or emergency need, or if the purchase will not exceed \$10,000 and the purchase would contribute to the agency complying with the targeted small business procurement goals. Clarification is provided that agencies are required to first purchase from Iowa Prison Industries before coming to DAS for a waiver.

Centralized Purchasing

DAS may designate goods and services of general use that agencies must, and governmental subdivisions may, purchase pursuant to a master purchasing or service contract. DAS is required to negotiate a master contract if DAS determines that a high-quality good or service can be acquired at a lower cost. The master contract is established on a competitive basis and is required to satisfy other competitive bidding requirements.

Upon establishment of a master contract, an agency is required to purchase the good or service and cannot spend money to purchase the good or service directly from a vendor and not through the contract, unless any of the following applies:

- DAS determines, upon a request by an agency, that the agency can satisfy requirements for purchase of the good or service directly from a vendor.
- The agency is purchasing the good or service pursuant to a service contract in effect on the effective date of the master contract. However, the agency must terminate the service contract if the contract permits the termination of the contract without penalty and the agency can not renew the service contract beyond the term of the existing service contract.

Cooperative purchasing

The DAS director may purchase items through any agency otherwise exempted from centralized purchasing as well as from other interstate and intergovernmental entities. The department is required to collaborate and cooperate with the state board of regents and institutions under their control to explore joint purchases of general use items that present opportunities to obtain quality goods and services at the lowest reasonable cost.

Department of Transportation

DOT may provide centralized purchasing services for DOT, if authorized by DAS.

State Government Purchasing Efforts – DAS

In order to facilitate efficient and cost-effective purchasing, DAS must do the following:

- Require state agencies to provide DAS a report regarding planned purchases on an annual basis and to report on an annual basis regarding efforts to standardize products and services within their own agencies and with other state agencies.

- Require all state employees who conduct bids for services to receive annual training about procurement rules and regulations and procurement best practices.
- Identify procurement compliance employees within DAS.
- Review the process and basis for establishing departmental fees for purchasing.
- Establish a work group to collaborate on best practices to implement the best cost savings for the state concerning purchasing.
- Explore interstate and intergovernmental purchasing opportunities and encourage the Legislative and Judicial branches to participate in consolidated purchasing and efficiencies wherever possible.
- Expand the use of procurement cards throughout state government to facilitate purchasing of items by state agencies.

Division 8 - Department of Administrative Services – Operations

DAS Operations

- Expands the mission of DAS to include: Examine and develop best practices for the efficient operation of government and encourage state agencies to adopt and implement these practices.

State Employees Pay – Electronic Funds Transfer

- Beginning July 1, 2011, all pay and allowances to state employees is required to be paid via electronic funds transfer. A state employee may elect to receive paper warrants, but DAS is required to charge an administrative fee for processing the paper warrants. DAS may, for good cause shown, waive the administrative fee. The administrative fee may be automatically deducted from the state employee's pay before the paper warrant is issued.

DAS – Streamlined Hiring

- DAS is required, in consultation with DOM, to examine the process by which state agencies hire personnel. The goal is to simplify and reduce the steps needed for state agencies to hire personnel. DAS is required to provide information to the General Assembly concerning steps taken to implement a more streamlined hiring process and any recommendations for legislative action.

DAS – Real Estate & Lease Management

- Real Estate Audit – Requires DAS to complete an inventory of surplus and unused state properties and recommend which assets could be sold at a premium price. State historic buildings are not eligible for sale. Only those assets identified as surplus and no longer related to their mission would be eligible for sale.
- Lease Audit – DAS is required to conduct a review of all state office leases. Wherever possible, require state agencies to consolidate office spaces that are rented. DAS should work directly with all state agencies to begin renegotiating office leases to obtain more favorable lease terms.
- Sale and Leaseback of State Office Building Assets – DAS is required to explore potential opportunities for state agencies and Regents to sell some properties to a private sector owner and then lease them back.
- DAS is required to submit a report to the General Assembly by January 1, 2011, regarding this provision.

Board of Regents – Real Estate Audit

- The Board of Regents is required to complete an inventory of real estate property owned or leased by the institutions under its control, including information regarding the current and intended use of the property. The Board must submit a report to the general assembly and governor by January 1, 2011, detailing real estate holdings of the institutions under the control of the Board of Regents.

DAS – Sale of Real Property

- During fiscal year 2011, DAS, in collaboration with DHS and DOC, must identify and sell real property under the control of the departments that is not necessary to further the mission of DHS and DOC and that will maximize the return to the state. Notwithstanding any provision of law to the contrary, moneys received for the sale of this property will be deposited in the state's general fund.

- During fiscal year 2011, DAS must, pursuant to the real estate and lease management review conducted by the department (as required in this bill), identify and sell, or sell and lease back, real property under the control of the department that will maximize the return to the state. Notwithstanding any provision of law to the contrary, moneys received for the sale of this property will be deposited in the state's general fund.

Division 9 – Micro-Distilleries

1. This division relates to micro-distilleries. A micro-distillery is a business with an operational still, which, combining all production facilities of the business, produces, and manufactures less than 50,000 proof gallons of distilled spirits on an annual basis. Micro-distilled spirits means distilled spirits fermented, distilled, or, for a period of two years, barrel matured at a micro-distillery. It also includes blended or mixed spirits comprised solely of spirits fermented, distilled, or, for a period of two years, barrel matured at a micro-distillery.
2. A micro-distillery holding a class "A" micro-distilled spirits permit may sell or offer for sale micro-distilled spirits. Sales may be made at retail for off-premises consumption when sold on the premises of the micro-distillery. All sales must be made through the state's wholesale distribution system.
3. A micro-distillery cannot sell more than one and one-half liters per person per day on the premises. Additionally, a micro-distillery cannot directly ship micro-distilled spirits for sale at retail. The micro-distillery is to maintain records of individual purchases of micro-distilled spirits for three years.
4. A micro-distillery cannot sell micro-distilled spirits other than as permitted and cannot allow micro-distilled spirits sold to be consumed on the premises. However, prior to sale, a person may sample no more than two ounces per day on the premises.
5. A class "A" micro-distilled permit may be issued and renewed annually for \$500.
6. The Alcoholic Beverages Division can issue no more than three permits to a person. Any person issued a permit is required to file with the division all documents filed by the micro-distillery with the federal Alcohol and Tobacco Tax and Trade Bureau, including all production, storage, and processing reports.
7. Micro-distilled spirits purchased at a micro-distillery cannot be consumed within 300 feet of a micro-distillery or on any property owned, operated, or controlled by a micro-distillery.

Division 10 - Charity Beer and Wine Auction Permit

1. Establishes a charity beer and wine auction permit that can be issued to a nonprofit entity for fundraising purposes.
2. An authorized nonprofit entity is one that has a principal office in the state, a nonprofit corporation organized under Chapter 504, or a foreign corporation as defined in section 504.141, who is a nonprofit entity whose income is exempt from federal taxation.
3. An authorized nonprofit entity may apply to the Alcoholic Beverage Division (ABD) for a charity beer and wine auction permit. The cost of the permit is \$100 and the nonprofit entity is eligible for only two permits per year for a period of 36 consecutive hours.
4. The auction is to be held on the specific date as shown on the application and be conducted in Iowa. The objective of the auction is to raise funds solely for educational, religious, or charitable purposes and the entire proceeds are to be used for those purposes.
5. The beer and wine to be auctioned is to be obtained from an Iowa retail beer permittee or an Iowa retail wine permittee, or may receive donations of beer or wine from someone who purchased the donated beer or wine from an Iowa retail beer or wine permittee. The donated items must show receipt of purchase at the time of the donation. The receipt is to be retained by the nonprofit entity for one year.
6. The beer or wine must be auctioned in their original containers for consumption off premises. No other alcoholic beverage may be sold at the event. A purchaser of beer or wine cannot take possession of the beer or wine until the person is leaving the event. The container cannot be opened on the premises where the charity beer and wine auction is conducted. The items cannot be resold.
7. A liquor control licensee, beer permittee, or wine permittee cannot purchase beer or wine at this event. However, the event may be conducted on the premises for which a class "B" or class "C" liquor control license has been issued as long as the licensee does not participate in the auction, supply beer or wine to be auctioned, or receive any of the proceeds.

Division 11 - High Alcohol Beer

1. Adds high alcoholic content beer to the definition of alcoholic liquor or intoxicating liquor and defines it as beer which contains more than five percent, but not more than twelve percent of alcohol by weight, is made

by the fermentation of an infusion in potable water of barley, malt, and hops, with or without unmalted grains or decorticated and degerminated grains.

2. Adds two new classes of permits, class "AA" and special class "AA". A class "AA" permit allows the holder to manufacture and sell high alcoholic content beer at wholesale. A holder of a special class "AA" permit may only manufacture high alcoholic content beer to be consumed on the licensed premises for which the person also holds a class "C" liquor control license or a class "B" beer permit and to be sold to a class "AA" permittee for resale purposes. The annual permit fee is \$500.
3. Language in current law is struck that provided that a brewer whose plan is located in Iowa and who otherwise holds a class "A" beer permit sell beer at wholesale is exempt from the fee, but not from the terms and conditions of the permits.
4. Clarification is added to provide that this does not repeal any authority previously granted in Chapter 123.
5. HF 2531, the Standings bill, adds that class "E" liquor license holders are allowed to purchase high alcohol content beer from a class "AA" beer permit holder. This is effective March 10, 2010.

Division 12 – Alcoholic Beverage Division – Operations

State Liquor Warehouse

- Allows the Alcoholic Beverages Division (ABD) to close on Fridays for a period of five years. However, the director may keep the warehouse open on designated Fridays if the administrator determines that anticipated sales on that Friday justify keeping the state warehouse open. Requires a report to the General Assembly by January 1, 2015, concerning its recommendations regarding extending the requirements.

Tobacco Retail Compliance Checks

- Allows for a second compliance check of retail outlets that have been found to be in violation during the first check. Current practice allows for two compliance checks of all retailers each year. To ensure that corrective action can be taken against retail outlets which continue to violate, it is necessary that a second compliance check be conducted within 12 months of the first violation.

Division 13 - Alcoholic Beverages Division – Direct Shipment of Wine

Current law provides that a wine gallonage tax is to be levied and collected on native wine manufactured as per Code 123.56 (Native Wines) and on the direct shipment of wine pursuant to Code 123.187 (Reciprocal shipment of wines). The current rate of the wine gallonage tax is \$1.75 for each wine gallon. Revenue collected from the wine gallonage tax on wine manufactured for sale and sold in this state is to be deposited into the wine gallonage tax fund, which is a new fund in the office of the treasurer. Moneys deposited in the fund are appropriated to the Department of Economic Development as provided in section 15E.117 (Promotion of Iowa Wine and Beer). The revenue collected on the tax on wine imported into Iowa for sale at wholesale and sold in Iowa at wholesale, native wine manufactured, and wine subject to direct shipment will be deposited in the beer and liquor control fund. HF 2531, the standings bill, requires that the wine gallonage tax shall also be levied and collected on the direct shipment of wine.

Direct Shipment of Wine Licenses and Requirements

1. The reciprocal section (Code 123.187) is struck and replaced with a new Code section, Direct Shipment of Wine.
2. A wine manufacturer licensed or permitted in Iowa or another state may apply for a wine direct shipper license. A wine manufacturer is a person who processes the fruit, vegetables, dandelions, clover, honey, or any combination of these ingredients, by fermentation into wines.
3. A wine direct shipper license must be issued to a wine manufacturer who submits a written application for the license on a form established by rule, accompanied by a true copy of the manufacturer's current alcoholic beverage license or permit, and a copy of the manufacturer's winery license issued by the federal Alcohol and Tobacco Tax and Trade Bureau. The license fee is \$25 and is to be submitted with the application. A bond in the amount of \$5,000 is to be submitted with the application. The license may be renewed annually.
4. Requirements and restrictions on the direct shipment of wine include:
 - Wine may only be shipped by a wine direct shipper licensee to an Iowa resident who is at least 21 years of age, for the resident's personal use and consumption, and not for resale.
 - Wine must be properly registered with the federal Alcohol and Tobacco Tax and Trade Bureau.

- All containers shipped directly to an Iowa resident must be conspicuously labeled with the words CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY, or must be conspicuously labeled with alternative wording preapproved by the administrator of the alcoholic beverages division. A licensee is required to obtain valid proof of identity and the signature of an adult as a condition of delivery.
 - All containers must be shipped by a licensed alcohol carrier.
 - HF 2531, the standings bill, requires in addition to the annual license fee, which a wine direct shipper licensee shall remit to the division an amount equivalent to the wine gallonage tax on wine subject to direct shipment at the rate specified in section 123.183 for deposit as provided in section 123.183, subsections 2 and 3. The amount shall be remitted at the same time and in the same manner as provided in section 123.184, and the ten percent penalty specified therein shall be applicable.
5. A licensee is required to permit the division to perform an audit of shipping records upon request.
 6. Wine directly shipped into Iowa is to be delivered only by a licensed carrier. The license will be issued by the division for a \$100 license fee. Other requirements and the application form will be determined by rule. A licensee is required to maintain records of wine shipped. Records are to include the license number and name of the wine manufacturer, quantity of wine shipped, recipient's name and address, and an electronic or paper form of signature from the recipient of the wine. Records are to be submitted to the division monthly.
 7. Violations subject a licensee to penalties as provided in Chapter 123.39, including suspension or revocation of their license or permit, and civil penalty fines.

Division 14 - Department of Human Rights – Reorganization

The reorganization of the Department of Human Rights was suggested by the department and was developed under the direction of Director Preston Daniels.

Divisions and Offices:

The purpose of the department is to ensure basic rights, freedoms, and opportunities for all by empowering underrepresented Iowans and eliminating economic, social, and cultural barriers. The department will have three divisions – the division of community advocacy and services, the division of community action agencies, and the division of criminal and juvenile justice planning.

Rather than separate divisions, the division of community advocacy and services will now include the office on Latino Affairs, the office on the status of women, the office of persons with disabilities, the office of deaf services, the office on the status of African-Americans, the office on the status of Iowans of Asian and Pacific Islander heritage, and the office of Native American Affairs.

Appointment by Governor

The Governor will now appoint only the director of the department, subject to confirmation by the Senate. The Governor will also set the salary of the department director. The duties of the director include preparing a budget, establishing the administrative structure, and employing personnel. The director will establish the duties of and appoint the administrators of each division.

The duties of the director of the department remain the same with the addition of the following:

- Solicit and accept gifts and grants on behalf of the department and each commission or council.
- Enter into contracts with public and private individuals and entities.
- Issue an annual report to the Governor and General Assembly no later than November 1 of each year. However, the criminal and juvenile justice planning division and the division on community action agencies will continue to submit their own annual reports.
- Implement the comprehensive strategic plan approved by the board.

Human Rights Board

As amended in SF 2367, the administration and regulation budget, the Board will consist of 16 members, 11 voting members and 5 nonvoting members, as follows:

- Nine voting members will be persons selected by the seven permanent commissions.
- Two voting members will be appointed by the Governor.

- Five nonvoting members will be two state representatives, two state senators, and the department director.
- The board will select a chairperson from the voting members.
- The board shall not meet less than four times per year.
- The board will develop and monitor implementation of a comprehensive strategic plan; approve, disapprove, amend, or modify the budget developed by the director; adopt administrative rules; and approve the department report.
- The board is to remove barriers for underrepresented groups. The definition of “underrepresented,” is “persons who have low incomes” to “persons who have low socioeconomic status, at-risk youth,” and adults and juveniles with a criminal history.

Definitions

Adds the definition for “board” and “underrepresented.”

Access to Information

Upon request of the department director or administrator of a division, all state boards, agencies, departments, and offices shall provide any non-confidential information, which is relevant to the populations served but the department of human rights.

Duties of Office of Latino Affairs

- The office of Latino Affairs is to serve as the central permanent agency to advocate for Latino persons.
- Coordinate, assist, and cooperate with the efforts of state departments and agencies to serve the needs of Latino persons in participating fully in the economic, social, and cultural life of the state, and providing direct assistance to those who request it.
- Serve as an information clearinghouse to assist Latino persons.

Commission on Latino Affairs

- Reduces the membership of the commission from nine to seven.
- The members will continue to be appointed by the Governor but now must also be confirmed by the Senate.
- The members will serve staggered four-year terms.
- Members must live in Iowa.
- Appoint their own chair.
- Meet at least quarterly – currently six times per year.
- May receive per diem and shall receive reimbursement for actual expenses.
- A member cannot vote on any action if they have a conflict of interest.

Duties of Commission on Latino Affairs

- Study the opportunities for and changing needs of the Latino population in Iowa.
- Serve as liaison between the office and the public, sharing information and gathering constituency input.
- Recommend rules, policies, and programs.
- Establish advisory committees, work groups, and other coalitions.

Office on the Status of Women – Duties remain the same

Commission on the Status of Women

- Reduced in size from fourteen to seven voting members who are appointed by the Governor and confirmed by the Senate.
- Terms are four years. Must be staggered.
- Must live in Iowa.

- Meet at least quarterly – currently at least six times per year.
- May receive per diem and shall receive reimbursement for actual expenses
- A member cannot vote when he or she has a conflict of interest.
- Duties are the same as the Commission on Latino Affairs.

Office of Persons with Disabilities – Duties remain the same

Commission of Persons with Disabilities

- Reduced from twenty-four members to seven voting members appointed by Governor and confirmed by Senate.
- A majority must be persons with disabilities but no longer have to come from specific organizations.
- Members will serve four-year terms. Must be staggered.
- Must live in Iowa.
- Appoint own chair.
- Meet at least quarterly.
- May receive per diem and shall receive reimbursement for actual expenses.
- A member cannot vote when he or she has a conflict of interest.
- Duties of commission are the same as for the other commissions.

Division of Community Action Agencies

The purpose of the division of community action agencies is to strengthen, supplement, and coordinate efforts to develop the full potential of each citizen by recognizing certain community action agencies and supporting certain community-based programs delivered by community action agencies. The division does the following:

- Provide financial assistance to community action agencies.
- Administer the community services black grant, the low-income energy assistance grants, funds for weatherization, and other funding sources.
- Implement accountability measures and require regular reports.
- Issue an annual report by July 1.

Commission on Community Action Agencies

One-third of members must have incomes at or below 185% of federal poverty level. Current law says just must be at or below federal poverty level. The commission shall meet no less than four times per year. The duties of the commission are similar to those of the other commissions.

Establishment of Community Action Agencies

- Remains the same except allows the division to solicit applications and assist the Governor in designating a community action agency for an area that does not have one.
- A public agency must now establish an advisory board; can no longer contract with a delegate agency.
- The governing or advisory board must participate in the development, planning, implementation, and evaluation of programs to serve low-income communities.

Duties of Community Action Agencies

Expands the duties to include planning and implementing strategies to alleviate the conditions of poverty and encourage self-sufficiency for citizens in Iowa.

Family Development and Self-Sufficiency Council

Requires a quorum to conduct business and an affirmative vote of a majority of the appointed members is necessary for any substantial action. A member cannot vote on action if the member has a conflict of interest.

Office of Deaf Services – Duties remain the same

Commission of Deaf Services

- Seven voting members appointed by Governor and confirmed by Senate.
- At least four members shall be deaf and who cannot hear human speech with or without the use of amplification and at least one member shall be hard of hearing.
- Serve four-year, staggered terms.
- Must reside in Iowa.
- May receive per diem and shall receive reimbursement for actual expenses.
- Appoint own chairperson and vice chairperson.
- Meet at least quarterly.
- No member can vote if he or she has a conflict of interest.
- Duties are the same as other commissions.
- HF 2531, the standings bill, makes this effective retroactively to March 10, 2010

Division of Criminal and Juvenile Justice Planning is created with the following new duties:

- Provide input on budget.
- Serve as liaison between division and the public, sharing information and gathering constituency input.
- Recommend rules, legislative and executive action.
- Establish advisory committees, work groups and other coalitions.

Criminal and Juvenile Justice Planning Advisory Council

- Twenty-three members who must all live in Iowa.
- Members appoint own chairperson and vice chairperson.
- Majority of members constitutes a quorum and quorum is necessary to conduct business.
- Member cannot vote if has conflict of interest.

Commission on the Status of African Americans

- Reduces membership from nine to seven members appointed by Governor and confirmed by Senate.
- At least five members shall be African American.
- All members must live in Iowa.
- Four-year, staggered terms
- May receive per diem and shall receive reimbursement for actual expenses.
- Meet at least quarterly.
- Appoint own chair and vice-chair.
- A quorum constitutes a majority; affirmative vote of majority needed for action.
- Member cannot vote if they have a conflict.
- Duties are the same as other commissions.

Commission on Asian and Pacific Islander Affairs

- Seven members (currently 9) appointed by Governor and confirmed by Senate.
- Must live in Iowa.
- Four-year terms.
- May receive per diem and shall receive reimbursement for actual expenses.
- Appoint own chair and vice-chair.
- A quorum constitutes a majority; affirmative vote of majority needed for action.

- Member cannot vote if they have a conflict.
- Duties of the commission are about the same as the other commissions.

Commission on Native Americans

- Eleven members appointed by Governor and confirmed by Senate.
- Meet at least quarterly.
- May receive per diem and shall receive reimbursement for actual expenses.
- Appoint own chair and vice-chair.
- A quorum constitutes a majority; affirmative vote of majority needed for action.
- Member cannot vote if they have a conflict.
- Duties are about the same as the other commissions.

Reorganization of the Department of Human Rights – Transition provisions

- Governor only appoints department director, no other employees.
- Those persons previously appointed by Governor are to be retained but are subject to the merit system.
- Through December 31, 2010, the department director is granted reasonable flexibility to reassign, retrain, or reclassify personnel.
- Any personnel in the merit system who are transferred from one unit to another shall not lose salary, benefits, or accrued years of service.
- Current contracts shall be honored.
- The Governor shall have the authority to change or modify the terms of office of voting members of the commissions of Latino affairs, status of women, persons with disabilities, status of African Americans, and Asian and Pacific Islander Affairs.
- New appointments or reappointments shall be done so the terms are staggered.

Division 15 - Gambling Setoffs

Debt Collection Thresholds on Gambling Winnings – Under current law, if a gambling patron has winnings that exceed \$10,000 then the gaming licensee must check to see if the patron has debts owed to the state and withhold from the winnings toward the debt. In these sections, the threshold for checking for debts owed to the state is lowered to winnings of \$1,200.

Division 16 - Department of Management - Financial Administration Reorganization

As amended by HF 2531, the standings bill, this division is repealed, which means these functions will remain in the Department of Administrative Services as is current law.

Division 17 - Administration and Regulation Appropriations

- Appropriates \$325,000 in general fund dollars in FY 11 to create five FTEs as additional examiners. LSA estimates this will generate additional revenue of \$2.7 million each year to the general fund for FY 2011 and FY 2012. Revenue collections could increase to \$13.4 million over five years.
- Appropriates \$175,000 in general fund dollars to DOM for the Office of Grants Enterprise Management. Clarifies that of the \$175,000, \$50,000 is to create one additional position in the office of grants enterprise management. LSA estimates that adding an additional FTE to GEMS is estimated to raise \$10 million in other funds for FY 11 and \$20 million in other funds for FY 12.

Division 18 - Elimination of State Entities Associated with DALs

- Eliminates the Renewable Fuels and Co-products Advisory Committee and its duties, which were to provide general oversight of operations of the Office of Renewable Fuels and Co-products and to advise the office about all aspects concerning the production and consumption of renewable fuels and co-products. The committee's duties are transferred to the office, which is contained within the Department of Agriculture and Land Stewardship (DALs).

- Requires DALS, for FY 11, to increase all fees it establishes, imposes, and collects for their organics program by 10%. The department currently has fees for application, inspection, and certification, which supports the costs associated to administer the organics program. Of the fees collected by the department, the amount representing this 10% increase in fees will not be deposited in the general fund but are to be retained by the department for the purposes of the organics program.
- Eliminates the Grape and Wine Development Commission and the Grape and Wine Development Fund. This was a request from DALS and the current commission members, which said all activities of the commission have been completed. The Legislature created the commission and the fund in 2001 legislation. The bill transfers any unobligated or unencumbered moneys in the Grape and Wine Development Fund at the close of FY 10 to the wine gallonage tax fund, which the Department of Economic Development uses for wine and beer promotion.

Division 19 - Elimination of State Entities Associated with DNR Control of the Natural Habitat

- Eliminates the Sustainable Natural Resource Funding Advisory Committee, effective upon enactment, March 10, 2010. The Legislature created this committee in 2006, with the purpose of studying how to provide a sustainable source or sources of funding for natural resources needs in Iowa. This committee provided the recommendation for the Constitutional amendment establishing the sustainable natural resources fund that will be on the November, 2, 2010, ballot.
- Eliminates the Upland Game Bird Study Advisory Committee, effective upon enactment, March 10, 2010. The Legislature created this committee in 2009, for the purpose of studying the best ways to restore sustainable and socially acceptable populations of pheasants and quail in the state to maximize the economic value of upland game bird hunting to Iowa's economy while balancing the needs of the agricultural industry. The committee has completed its duties.

Division 20 - Elimination of State Entities Associated with DNR – Iowa Climate Change Advisory Council

The division sunsets the Iowa Climate Change Advisory Council (ICCAC) on July 1, 2011, in order to allow the ICCAC to complete the report that is due to the General Assembly in January 2011. The Department of Natural Resources (DNR) would be required to submit a report to the governor and the general assembly regarding greenhouse gas emissions in Iowa and forecasting trends in these emissions by September 1 annually. The DNR can forward recommendations to the Environmental Protection Committee periodically. The bill removes references to the Climate Change Advisory Council. The savings from eliminating this council is expected to be minimal.

The ICCAC consists on 23 voting members and four nonvoting ex-officio members. The voting members are appointed by the governor and represent various interest groups, including the regent institutions, energy sector, conservation and environmental interests, government, and the general public. The nonvoting members are four members of the General Assembly. The council is charged with developing scenarios to reduce statewide greenhouse gas emissions, including a scenario to reduce emissions by 50% by 2050.

Division 21 - Economic Development - Committees and Councils

- Eliminates the Small Business Advisory Council. The council is supposed to meet at least quarterly. They receive expenses, and appointments are approved by the Senate. Among their duties include advising and consulting with the Economic Development Board on issues of concern to small business, submitting recommendations to the board relating to actual or proposed activities concerning small business, submit recommendations for legislative or administrative action, and reviewing and monitoring small business programs and agencies in order to determine their effectiveness. Former Director Blouin attempted to eliminate this board at one time; Governor Vilsack at that time refused.
- Eliminates the Agricultural Products Advisory Board. They evaluate every value-added agriculture component project for financial assistance under the Grow Iowa Values Fund. After their initial review, if approved, the project would be forwarded to the full economic development board. This advisory board does not receive any expenses. With the elimination of this board, value-added agriculture component projects would go through the due-diligence committee initially.

- Eliminates the microenterprise development committee. This was established in 2008. The committee is required to include at least ten but not more than fifteen members representing government agencies, nonprofit organizations, and private sector entities that have expertise in the development of microenterprises. The committee is required to make recommendations to the department and the general assembly regarding establishing a competitive grant program to support of community efforts to develop microenterprises within communities with low-income and moderate-income residents. The committee is required to make recommendations for improving how community grantees with available microenterprise and entrepreneurship resources obtaining funding from various state and federal microenterprise and entrepreneurship development programs. Under the bill, the committee would be eliminated, but the loan program would continue which is administered by the Community Vitality Center privately. Proponents support this elimination because of the various other programs Iowa has to help small business development including MyEntrenet, the Small Business Development Center, Targeted Small Business program and the Main Street program.

Division 22 - Consolidation of Housing Programs

The bill codifies the move of the state's Shelter Assistance Fund from the Department of Economic Development (DED) to the Iowa Finance Authority (IFA). This happened several years ago through a Memo of Understanding with the two departments. The program provides funds to emergency housing shelters and domestic violence shelters. Not less than \$546,000 annually is to be spent from the fund on this assistance. Any leftover dollars does not revert to the general fund.

Money for the Shelter Assistance Fund comes from federal sources and the real estate transfer tax. The real estate transfer tax is collected by the county recorder every time a property in excess of \$500 changes title and documents are filed with the county recorder. The tax is 80 cents for every \$500, or a fractional part of what is in excess of \$500 from the sale of the property. Each month, the county recorder pays to the State Treasurer 82.75% from this tax that is collected, retaining 17¼ %. Currently, of the amount sent to the state, 90% goes to the general fund, 5% goes to the State Housing Trust Fund, and 5% goes to the Shelter Assistance Fund. For FY 11 through FY 15, a scheduled increase will happen to the State Housing Trust Fund. For FY 11, the amount sent to the general fund will decrease to 85%, the amount going to the State Housing Trust Fund will increase to 10%, and the Shelter Assistance Fund will remain at 5%.

The bill requires DED and IFA to jointly review all housing programs administered by IFA and DED, including federal programs. The review will identify all housing programs that are duplicative or similar to another, and how best to transfer all responsibilities for housing programs from DED to IFA. If this transfer is more than the Home Program that was recently transferred by the Governor, it may be somewhat complicated since DED is the designated pass-through agency of the federal Community Development Block Grant program, which includes many housing components, including flood relief dollars. The bill requires IFA and DED to submit a joint report to the governor, the department of management, and the general assembly by September 1, 2010.

Division 23 - Area Education Agencies

Changes are made to the Code chapters relating to Area Education Agencies as follows:

- Creates a new advisory group. The board of directors of each AEA is to appoint an advisory group to make recommendations on policy, programs, and services to the board. The advisory group is to provide input, feedback, and recommendations to the board regarding projected future needs, and provide a review and response to any state-directed study or task force report on AEA efficiencies or reorganization. The advisory group is to be comprised of the following:
 - A minimum of three superintendents employed by school districts served by the AEA; at least one must represent a small school district, one a medium-sized school district, and one a large school district.
 - A minimum of three principals employed by school districts served by the AEA with representation as above.
 - A minimum of four teachers employed by school districts served by the AEA.
 - A minimum of three parents of children receiving services from the local AEA.
 - One member representing accredited nonpublic schools located within the boundaries of the AEA.
- The advisory group is to meet at least once per year.

- Adds a new standard for accrediting AEA programs to include support for early childhood service coordination for families and children to meet health, safety, and learning needs.
- The Iowa Learning Technology Initiative Code Chapter is repealed.

Division 24 - Early Childhood Iowa Initiative

Community Empowerment was created 12 years ago and Iowa was on the forefront of developing a state-community partnership to building early learning systems. Questions regarding the efficiencies and effectiveness of Community Empowerment at both a state and local level are often asked. The intent of this legislation is to make a good system better. The Early Childhood Iowa (ECI) portion of SF 2088, as written, makes changes to the structure of Community Empowerment, based upon the recommendations of a Lean Design event that occurred in June 2009, and drafted into the I-GOV “Early Childhood Initiative (ECI).”

SF 2088 recreates Community Empowerment as a part of an effort to do the following:

- Align early childhood programs and initiative to improve efficiencies both at the state and local level.
- Find a balance between maximizing flexibility at the local level and meeting state level requirements, including but not limited to, fiscal, quality and legislative.
- Establish consistent performance accountability for the services offered to Iowa’s 0-5 population.
- Creates a new Code section for the Early Childhood Iowa Initiative in the Department of Management. An early childhood Iowa state board is created consisting of 21 voting members with 15 citizen members and 6 state agency members. The duties of the state board are outlined. An early childhood coordination center is created in the bill. The Department of Management is required to provide administrative support. Staffing for the center is to be provided by a project director, a deputy, a family support coordinator, and a first-years-first coordinator.

Early childhood Iowa areas are designated by using county boundaries to the extent possible. An area cannot encompass more than four counties; the counties encompassing a multicounty area must have contiguous borders and a single county area shall have a minimum population of children zero through age five in excess of 5,000, based on the most recent population estimates. The early childhood Iowa functions for an area are to be performed by an early childhood Iowa area board.

This bill up an early childhood area internet site for the purposes of distributing information regarding early care. Information provided on the internet site shall include information about the early childhood Iowa initiative for state and local use, a link to a special internet site directed to parents, and programs standards for early care.

An early childhood Iowa fund is created in the state treasury. A school ready children grants account is created in the fund. Up to five percent of the school ready grant moneys may be used by the area board for administrative costs.

The bill also provides the following:

- Provides that a member of the state board cannot be a provider of services or other entity receiving funding through the Early Childhood Iowa Initiative.
- Requires data from common performance measures and other data be posted on the Early Childhood Iowa (ECI) internet site and disseminated by other means and must also be aggregated to provide statewide information.
- Allows flexibility in funding provisions, subject to funding requirements and other requirements established by law, by the state board if an area board achieves the highest rating level.
- Requires the state board to determine how often area boards are reviewed under the system.
- Amends duties of the state board to require they adopt rules except for the fiscal oversight measures to be adopted by the department.
- Requires the department to provide administrative support for implementation of the Early Childhood Iowa Initiative and for the state board. The Department of Management is required to adopt rules in consultation with the state board to provide fiscal oversight of the initiative. The fiscal oversight measures adopted are to include, but are not limited to, all of the following:
 1. Reporting and other requirements to address the financial activities employed by area boards.

2. Regular audits and other requirements of fiscal agents for area boards.
 3. Requirements for area boards to undertake and report on fiscal and performance reviews of the programs, contracts, services, and other functions funded by area boards.
- An Early Childhood Iowa Office is established in the Department of Management to provide leadership for facilitation, communication, and coordination for the early childhood Iowa initiative activities and funding and for the improvement of early care, education, health, and human services systems. An administration is to be appointed by the director of the department. Other staff may also be designated, subject to appropriation made for this purpose.
 - Designation of fiscal agent. The area board is required to designate a public agency of this state, a community action agency, an area education agency, or a nonprofit corporation to be the fiscal agent for the grant moneys and for other moneys administered by the area board.
 - School ready children grant program. Adds language to provide that after an area board has committed the portion of school ready grant funding that is designated or authorized by law to be used or set aside for a particular purpose, the area board shall commit approximately 60 percent of the remainder to family support services and parent education programs targeted to families with children from 0 through age 5.
 - School ready children grant program – corrective action. If the use of performance indicators does not show that an area board is achieving results, the state board shall require a plan of corrective action.
 - Early Childhood Iowa Internet Site. Includes information on the site about the Early Childhood Iowa Initiative for state and local use. The information shall include data from the indicators of success and performance measures adopted by the state board and fiscal information and other data developed by the department.
 - Up to 3 percent of the school ready grants amount may be retained for administrative costs.

Early Childhood Stakeholders Alliance Created

- An alliance is created to support the state board in addressing the early care, health, and education systems that affect children ages 0 through age 5 in Iowa.
- The purpose of the alliance is to oversee and provide broad input into the development of a high quality Iowa early childhood system that meets the needs of children age 0 through age 5. The alliance is to advise the Governor, General Assembly, state board, and other public and private policy bodies and service providers in coordinating activities throughout the state to fulfill its purpose.
- Membership is to include a representative of any organization that touches the lives of young children in the state age 0 through 5, has endorsed the purpose and vision state for the alliance, has endorsed the guiding principles adopted by the alliance for early childhood system, and has formally asked to be a member and remains actively engaged in alliance activities.
- The alliance shall determine its own rules of procedure.
- The alliance shall operate with a steering committee to organize, manage, and coordinate the activities of the alliance and its component groups. The steering committee may act on behalf of the alliance as necessary. The steering committee membership is to consist of the co-chairpersons of the alliance's component groups, the administrator of the early childhood Iowa office, and other leaders designated by the alliance.
- Component groups. The alliance must maintain component groups to address the key components of the Iowa early childhood system. Each component group must have one private and one public agency co-chairperson. The alliance may change the component groups as deemed necessary by the alliance. Initially, there will be a component group for each of the following:
 1. Governance planning and administration.
 2. Professional development.
 3. Public engagement.
 4. Quality services and programs.
 5. Resources and funding.
 6. Results accountability.
- Duties. The stakeholders alliance duties are to include but are not limited to all of the following: coordinate with the early childhood Iowa state board, and serve as the state advisory council required under the federal Improving Head Start for School Readiness Act of 2007.
- Staffing. Staff support for the stakeholders' alliance is to be provided by the department.

- Requires the Department of Management and the Early Childhood Iowa Board to implement requirements for school ready children grant funds or other state, federal, or other funds in possession of a community empowerment area remaining unobligated or unexpended to the board designated to serve that area. The requirements will include measures to ensure there is continuity of services in the transition from the community empowerment initiative to the early childhood Iowa initiative.

Transition Provisions

1. The initial membership of the early childhood Iowa state board will be composed of the membership of the Iowa empowerment board.
2. Effective on or after July 1, 2011, the designations granted by the Iowa Empowerment Board to community empowerment areas and community empowerment area boards are withdrawn. However, all or a portion of the membership of a community empowerment area board may be redesignated to serve as the membership of the initial early childhood Iowa area board for the relevant early childhood Iowa area to be served.
3. Until the early childhood Iowa state board has adopted rules to implement this law, the Department of Management will apply the relevant rules adopted to implement the community empowerment initiative under Chapter 28.
4. The Department of Management and the early childhood Iowa board will implement requirements for school ready child grant funds or other state, federal, or other funds in possession of a community empowerment area remaining unobligated or unexpended to be remitted to the successor early childhood Iowa area board designated to serve that area.

Division 25 – Community College Accreditation

- The Department of Education must convene a working group, whose members include community college faculty. The working group is required to study the standard and maximum academic credit hour per school term workload appropriate for an instructor. The working group is required to submit its findings and recommendations to the state board of education and the General Assembly on or before December 31, 2010. During the 2010-2011 academic year, instructors may exceed the maximum 18 hour credit load.
- The Department of Education is required to review and evaluate the implementation of the recommendations and submit its findings, recommendations, and proposed legislation on or before December 31, 2010.

Division 26 - Registration of Postsecondary Schools

- Requires the College Aid Commission to post an application from a school seeking registration on the commission's website and to render a decision on an application for registration within 180 days of the filing of the application.
- Strikes the Advisory Committee on Postsecondary Registration (Chapter 261B.10) under College Student Aid Commission.

Division 27 – Division of Libraries and Information Services

- The State Medical Library is eliminated. The Hardin Health Sciences Library at the University of Iowa provides most of the services offered by the State Medical Library, and the Hardin Library has a much larger collection of books and journals. This reflects the current situation.
- This division is effective upon enactment, March 10, 2010.

Division 28 – Library Districts

- Amends Chapter 336, and makes it possible for existing city or county libraries to voluntarily merge and form a library district. Provisions of the chapter are updated.

Division 29 - Health and Human Services Program Efficiencies

The Department of Human Services (DHS) is required to develop and implement strategies to increase efficiencies by reducing paperwork, decreasing staff time, and providing more streamlined services to the public. The strategies may include, but are not limited to, simplifying and reducing duplication in eligibility determinations among programs by utilizing the same eligibility processes across programs to the extent allowed by federal

law. In addition, DHS is required to provide a progress report to the Health and Human Services budget sub-committee on an annual basis.

DHS, IDPH, DOC, DOM and any other appropriate agency are required to review the provision of pharmaceuticals to populations they serve and programs under their respective purview to determine efficiencies in the purchase of pharmaceuticals. DHS is required to develop strategies to implement efficiencies and reduce costs to the state, and must determine any changes in state law or approval from the federal government necessary to implement any strategy identified.

Division 30 - Child Support

DHS is required to establish criteria and a phase-in schedule of no-later-than June 30, 2015, to have payers submit the child support payments electronically. DHS will assist payers of child support in this effort and will adopt rules to implement the procedure, and for an exemption of the process taking into consideration any undue hardship electronic transmission creates for payers.

Division 31 - False Claims Act

The division creates a False Claims Act for the state. A False Claims Act allows private individuals, as well as the state, to bring a fraud case where there could be financial loss to the state. The Federal Deficit Reduction Act of 2005 allowed states with a False Claims Act in place to retain 10% of any recoveries for Medicaid funds improperly paid. The False Claims Act in SF 2088 is broader than a Medicaid only False Claims Act to fully comply with federal requirements and assure that Iowa will be granted the 10% recovery of any False Claim action. The bill appropriates \$60,000 and one full time employee from the general fund to the Attorney General to perform the duties required of the False Claims Act.

Division 32 - Medicaid Prescription Drugs

DHS is required to adopt rules to restrict physicians and other prescribers to prescribing not more than a 72 hour or three day supply of a prescription drug not included on the Medicaid preferred drug list while seeking approval to continue prescribing the medication. However, DHS is also required to adopt rules to restrict physicians and other prescribers to prescribing not more than a seven day supply of mental health prescription drugs not included on the Medicaid preferred drug list while seeking approval to continue prescribing the medication. Also, if an approval or disapproval is not received by the physician or other prescriber within 48 hours of the request, the request is deemed approved.

In addition, DHS is required to adopt rules to require that, unless the manufacturer of a mental health prescription drug enters into a contract to provide Iowa with a supplemental rebate, the drug will be placed on the non-preferred drug list and subject to prior authorization before a Medicaid recipient is able to obtain the drug. DHS must also consult with interested parties to develop rules. The rules cannot take effect before January 1, 2011.

Division 33 - Medicaid Disease Management

DHS is required to design and implement a disease management program for children to address the most prevalent chronic diseases among children in Iowa. The program may include technology-based disease management, in-person or telephonic care management, self-management strategies, and health literacy education and training.

Division 34 - Medicaid Home and Community-Based Services Waiver Payments

DHS is required to evaluate payment records and determine the proper mechanism to trigger a review of payments for services provided under a Home and Community Based Services (HCBS) waiver that are in excess of the median amount for payments through the waivers. Following development of the trigger mechanism, DHS will require advance approval for services for which payment is projected to exceed the median.

Division 35 - Divestiture - Medicaid Program

The division amends the definition of "transfer of assets" for the purpose of eligibility for Medicaid program so that any transfer of a legal or equitable interest in property, from a transferor to a transferee for less than fair consideration, made while the transferor is receiving assistance from Medicaid or within five years prior to application for Medicaid by the transferor, is presumed to be made with the intent, on the part of not only the

transferee, but also the transferor. The presumption is then rebuttable only by clear and convincing evidence that the transferor's eligibility or potential eligibility for Medicaid or the impact on the recovery or payment of a Medicaid debt was no part of the reason of not only the transferee, but any of the other parties specified for making the transfer or assignment.

In addition, the division provides that a transfer of assets includes a transfer of an interest in the transferor's home, domicile, or land appertaining to such home or domicile while the transferor is receiving medical assistance, unless otherwise exempt. Lastly, the division amends the listing of transfers that are exempt from the definition to provide that a transfer of assets that would have been exempt from consideration as a resource if retained by the transferor pursuant to federal law does not include a transfer of the home or land appertaining to the home.

Division 36 - Child Care Advisory Committee

The Early Childhood Iowa Council is required to establish a State Child Care Advisory Committee as part of the Council. This Advisory Committee will replace the Child Care Advisory Council. As with the previous council's duties, the advisory committee will advise and make policy recommendations to the Governor, General Assembly, DHS, and other state agencies concerning child care. In addition, DHS will provide financial and utilization data to the advisory committee to assist them in their recommendations.

The membership of the advisory committee will consist of a broad spectrum of parents and other persons from across Iowa with an interest in or involvement with child care. The membership will be appointed by the Early Childhood Iowa Council and not by the Governor. Also, the Council is required to submit a legislation proposal to the Governor and General Assembly specifying membership slots for the committee by December 15, 2010. The proposal shall ensure that there is appropriate representation for the various types of child care arrangements available in the state and for expertise. In addition, if the Early Childhood Iowa State Board is created, then the new board will fulfill the responsibilities of the Early Childhood Iowa Council, and the Department of Management will propose corrective language regarding the Child Care Advisory Committee. Except for the proposal due by December, 15, 2010, this division takes effect July 1, 2011.

Division 37 and 38 - MH/MR/DD/BI Commission Duties and Services

The divisions realign the Commission's duties with their purpose and the resources available to support its activities. This will allow the Commission to streamline and coordinate duties.

Division 39 - MH/MR/DD/BI Commission and Waiver Name Change

Changes the name of the MH/MR/DD/BI Commission to the Mental Health and Disability Services Commission. In addition, changes the term mental retardation to intellectual disabilities.

Division 40 - Consolidation of Advisory Bodies - Council on Human Services

The Council on Human Services is required to establish and utilize at least the following advisory committees under the council. The Council is required to establish appointment provisions, membership terms, operating guidelines, and other operational requirements for the committees.

- Child Abuse Prevention Advisory Committee
- Child Support Advisory Committee
- Child Welfare Advisory Committee

These new advisory committees will replace the stand alone Child Abuse Prevention Advisory Council, Child Support Advisory Committee, and the Child Welfare Advisory Committee. The Council must consider re-appointing the current members, of the stand alone committees, when establishing the new committees under the council.

The Child Welfare Advisory Committee shall develop recommendations to identify the appropriate capacity for child welfare emergency services for implementation during the fiscal year beginning July 1, 2011. The data being collected regarding child welfare emergency services shall be utilized in developing the recommendations. The recommendations shall be submitted on or before December 15, 2010, to the department and the persons designated by this Act to receive reports.

Division 41 - Repeal of Health Advisory Bodies

The bill strikes the requirement that adoption of rules by the State Medical Examiner must be done with the advice and approval of the State Medical Examiner Advisory Council. In addition, the following boards are eliminated:

- State Substitute Medical Decision-Making Board
- Swimming Pool Advisory Committee
- Technical Advisory Committee for Radiation

Division 42 - DHS - Field Services Organization

The division repeals the current service areas assignment set in 2002, and authorizes the director of DHS to realign the service areas based on caseload and budget concerns. This provision takes effect upon enactment, March 10, 2010. This was requested by DHS.

Division 43 - DHS - Family Support Subsidy

The division begins the elimination of the Family Support Subsidy. Starting July 1, 2010, DHS will stop new enrollment for the Family Support Subsidy. In addition, any pending applications will not be approved starting the same date. The Family Support Subsidy program consists of a monthly cash payment made to families who have a child with a disability. The subsidy is meant to help keep families together by defraying some of the special costs of caring for a child with a disability at home. The program is based on the assumption that the most desirable place for a child is at home and that the family is the most knowledgeable about what supports are needed and appropriate for their child.

Division 44 – DHS Services Level of Care

Requires the DHS to amend the Medical Assistance Program Home and Community Based Services waiver for persons with intellectual disabilities so that required evaluations performed subsequent to the initial diagnosis of mental retardation are for the purpose of determining the appropriate level of care rather than confirming the original diagnosis.

Division 45 – DHS – Transportation Services

Requires the DHS to amend the Medical Assistance Program Home and Community Based Services waiver for persons with intellectual disabilities as necessary for employment-related transportation to be covered by the supported community living services provider.

Division 46 - DHS - Electronic Funds Transfer Payments

DHS is required to continue expanding their ability to make payments to program participants and vendors by using electronic funds transfer. In addition, DHS will work to expand the use of electronic funds transfers for all programs administered by the department.

Division 47 - DHS - Adoption Subsidy Program

The division reduces the maximum payment for non-recurring expenses to \$500, and additional amounts for court costs and other related legal expenses will no longer be allowed, starting July 1, 2010. This is a reduction from a limit of \$750 for non-recurring expenses.

Division 48 - County Commissions of Veteran Affairs Fund

The bill inserts language requiring each county receiving an allocation from the Veterans Affairs Fund must report annually on the expenditures of the allocation in a form agreed to by the IDVA and the county.

Division 49 - Department of Corrections

- Changes the number of times that the Board of Corrections meets from 12 times per year to quarterly. LSA estimates the fiscal impact of this provision saves \$6,400 general fund for FY 11 and FY 12.
- Adds new language under disciplinary procedures stating that the disciplinary rules may impose a reasonable administrative fee for instances when an inmate is found guilty of violating a major disciplinary rule.

These violations are kept in the inmates records/files. LSA estimates this new disciplinary fee will raise \$6,000 in general fund revenue for FY 11 and FY 12.

- Requires the Department of Corrections to close, by July 1, 2010, farm 1; and farm 3 at Fort Madison by January 1, 2011. Inmates at these facilities must be transferred to another facility. Farm 1 is scheduled to be the spot for the new Fort Madison prison. This language is effective upon enactment.

Division 50 - State Public Defender

- Eliminates the Indigent Defense Advisory Committee, and instead requires the State Public Defender to file a written report with the Governor and the General Assembly every three years, with the first report due on January 1, 2012. The report will review the recommendations and activities related to the state indigent defense system, as well as the hourly rates paid to court-appointed counsel and per case fee limitations.
- Appropriates \$1.1 million and 16 FTEs from the general fund to the Office of the State Public Defender for the fiscal year 2011. This appropriation is to be used for additional public defender positions and staff, including salaries, support maintenance, and miscellaneous purposes.

Division 51 - Iowa Law Enforcement Academy (ILEA)

- Adds language stating that candidates for the training school for the Department of Public Safety will pay for one-third of the training costs, but the department may pay for all or a portion of the candidate's share. Under current practices, these candidates do not pay for any of their training.
- Rewrites language regarding the charging practices for the ILEA as follows:
 - DOT and DNR must pay the full costs of the training for their candidates.
 - If the candidate is from any other state agency or state department, the candidate will be charged one-third of the cost, the agency or department will be charged the remaining two-thirds, and the agency or department has the option of paying the full cost.
 - If the candidate is sponsored and hired by a political subdivision, the candidate will be charged one-third of the cost, the political subdivision will be charged one-third, and the state is responsible for the last third. The political subdivision has the option of paying for the candidate's share.
 - For all other candidates, including candidates from a tribal government, the candidate will be charged all costs.
- Requires ILEA, with the approval of the Iowa Law Enforcement Academy Council, to develop and administer a pilot training program for private security personnel. This pilot program must consist of fifty hours of training for each ten trainees. The pilot program will cost \$50 per hour of training and all money received will be deposited into the general fund.

Division 52 - State Government Efficiency Review Committee

Establishes a State Government Efficiency Review Committee, which meets at least every two years to review the operations of state government. The committee is made up of three members of the Senate appointed by the Majority Leader of the Senate, two members of the Senate appointed by the Minority Leader of the Senate, three members of the House of Representatives appointed by the Speaker of the House of Representatives, and two members of the House of Representatives appointed by the Minority Leader of the House of Representatives.

The committee meets as directed by the Legislative Council. Members are appointed prior to Jan. 31 of the first regular session of each General Assembly. Members are reimbursed for expenses and paid a per diem (when not in session). The committee is to:

- Review and consider options for reorganizing state government to improve efficiency, modernize processes, eliminate duplication and outdated processes, reduce costs, and increase accountability. The review is required to address the expanded use of the internet and other technology, and the incorporation of productivity improvement measures.
- Review recommendations received by the public and public employees.
- Issue a report, including findings and recommendations to the General Assembly. The first report is due by Jan. 1, 2013, and at least every fourth year thereafter.

Division 53 - Boards and Commissions - Establishment Criteria

- Prior to establishing a new appointive board, commission, committee, or council of the state, the General Assembly is to consider all of the following:
 - Whether there is an existing board or commission that would be able to perform the duties of the new board, commission, committee, or council.
 - The estimated annual cost of the new board, commission, committee, or council, including any additional personnel costs arising out of the creation of the new board, commission, etc.
 - Whether a repeal date is needed for the new board, commission, etc., and an appropriate repeal date.

This will apply to boards, etc., established by the Code on or after July 1, 2010