IOWA HOUSE DEMOCRATS

BILL SUMMARY

Government Reorganization HF 662/ SF 514

Status of Bill: House Unfinished Business Calendar
Committee: State Government (14-8)
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Lead Democrat: Rep. Nielsen
Floor Manager: Rep. Bloomingdale

Key Points/ Takeaways

- Some employees lose merit and Chapter 20 protections.
- Governor can set salaries outside of the legislative approved range.
- Spent nearly $1 million to a consultant to design the reorganization.
- Employees can lose salary, benefits, and accrued years of service if transferred.

Summary

The Governor and legislative Republicans realignment proposal is summarized to below. The Governor's office paid nearly $1 million to a consulting firm "Guidehouse" to advise and come up with the realignment proposals. The savings they have identified in their report are in boxes for each department or agency.

Division 1: Health and Human Services

The Realignment Proposal from the Governor aligns multiple divisions into the newly created Health and Human Services (HHS), combing the following:

- Department of Human Rights
- Department of Public Health
- Department on Aging
- Early Childhood Iowa
- Iowa Commission on Volunteer Service

Guide House Report for HHS

- 269 positions reduced, 110 are currently funded and 159 unfunded
  - $6.4 million in savings
- $9.1 million in real estate savings
  - Consolidated into Lucas Building
  - Sale of farmland

With the merger of multiple agencies and departments numerous subunits, sub unit administrators, bureaus, and divisions are eliminated, including:

- Center for Rural Health and Primary Care
- Center for Congenital and Inherited Disorders
- Oral Health and Delivery Systems Bureau
- Division of Tobacco Use Prevention
- Division of Professional Licensure
- Division of Acute Disease Prevention and Emergency Response
- Division of Mental Health and Disability Services
- Division of administration
- Division of Planning, Research, and Statistics
- Division of Fiscal Management
- Division of adult, children, and family services

- Division responsible for medical services

The combination of Departments will also result in numerous boards seeing a change in membership. This will give the HHS one voice on the board, but some boards could lose experts in field of study as result.

The following boards will be impacted:

- Council of Homelessness (loses Public Health and Aging)
- Iowa Drug Policy Advisory Council (loses Public Health and Human Rights)
- Iowa Workforce Development Board (loses Aging)
- Advisory Council on Brain Injuries (loses Public Health)
- Child Care Advisory Committee (loses Public Health and Early Childhood Iowa)
- Family Development and Self-Sufficiency Council (loses Public Health and Human Rights)
- Justice Advisory Board (loses Public Health, and Human Rights Office on the Status of African Americans)
- Children's Behavioral Health System Board (loses Public Health)
- Dependent Adult Protective Advisory Council (loses Public Health and Aging)
- Medical Assistance Advisory Council (loses Aging)
- Child Development Coordinating Council (loses Public Health, and Administrator of Adult, Child, and Family Services of the Dept. of Human Services)
- Early Childhood Iowa State Board (loses Public Health and Human Rights)

The legislation also makes changes to numerous terms currently used in Iowa Code, none of these have a policy impact.

- "Substance abuse" to "substance use disorder"
- "Child support recovery unit" to "child support services"
- "background check" to "record check evaluation system"
- "food stamps" to "supplemental nutrition assistance program"
- "Hawk-I" to "Hawki"
- "Iowa Medicaid Enterprise" to "Iowa Medicaid Program"
- "state mental hospital" to "state mental health institute"
- Facility "administrators" to facility "superintendents"

Through the combination of the Department of Human Rights and HHS the following are eliminated in the bill:

- Division of Community Advocacy Services
- Division of Community Action Agencies
- Division of Criminal and Juvenile Justice Planning

The divisions will be incorporated into the newly combined HHS in the realignment proposal.

The bill instructs the Legislative Services Agency (LSA) to work with HHS to create minority impact statements on legislation, instead of instructing them to work with the Department of Human Rights.

For juvenile detention homes, currently, the approval of Human Services Director and Human Rights Director is required to approve financial aid. Conference with Human Rights is taken out, and only HHS Director approval remains. The same strike of Human Rights approval exists for adoption of minimal rules and standards for the operation of such homes. The same strike exists for oversight over the juvenile detention home fund.

For transfers from DOC to a Mental Health Institute or Resource Center, the bill changes a requirement that the facility administrator approve the transfer, to the HHS Director

The legislation strikes the July 1, 2023 repeal date for the formula for aid paid by Iowa for the Juvenile Justice and Child and Family Welfare Act.

Division 2: Department of Administrative Services (DAS)

The Governors Realignment bill adds three agencies and government functions to DAS. The proposal moves Library Services from the Department of Education, to DAS.

The duties and functions of the Library Services Division in the Department of Education is now performed by DAS. The state library will now also be appointed by the Director of DAS instead of the state commission on libraries.

The legislation also moves State Records and Archives, as well as Historical Resources, from Cultural Affairs to DAS.

Guide House Report for DAS

- 2 positions reduced, currently unfunded and vacant
  - $0 in personal savings
  - $0 in real estate savings

Division 3: Department of Inspections, Appeals, and Licensing (DIAL)

The Governor's proposal creates a new Department of Inspections, Appeals, and Licensing (DIAL). The newly created DIAL will be charged with licensing, administering the laws related to employment safety, labor standards, and workers compensation. The legislation also creates a Civil Rights Commission within DIAL.

The department will be made of three divisions:

- Administrative Hearings Division
- Labor Services Division
- Workers Compensation Division

The proposal also moves all professional boards in the HHS to the DIAL including:

- Tattooing
- Natural hair braiding
- Lead abatement
- Board of Medicine
- Board of Nursing
- The Dental Board
- Board of Pharmacy

The realignment also moves the following boards from Professional Licensing and the Banking Division to DIAL:

- Engineering and Land Surveying Examining Board
- Iowa Accountancy Examining Board
- Real Estate Commission
- Real Estate Appraiser Examining Board
- Architectural Examining Board
- Landscape Architectural Examining Bard
- Interior Design Examining Board

The realignment proposal will also change the duties of the Fire Marshal and moves most of the duties to DIAL. The Fire Marshal will stay in the Department of Public Safety (DPS) but the regulatory duties of the position will now be the responsibility of the Director of the DIAL, these include:

- The prevention of fires.
- The storage, transportation, handling, and use of flammable liquids, combustibles, fireworks, explosives, and liquid petroleum gas.
- The electric wiring and heating, and adequate means of exit in case of fire from churches, schools, hotels, theaters, amphitheaters, asylums, hospitals, health care facilities, college buildings, lodge halls, and public meeting places – public or privately owned.
- To promote fire safety and reduction of loss by fire through education.
- To promulgate fire safety rules in consultation with the state fire marshal.
- Adopt rules to establish fees.
- To administer contractors of fire extinguishing systems, alarm systems, and the alarm system installer certification program. This also involves the termination of contracts, the creation of licenses, and providing penalties.
- Issue/suspend licenses, along with fees of fireworks/novelties – in consult with Fire Marshal.
- Fire escapes.
- Establish/enforce smoke detector and carbon monoxide detector rules in rental units, hotels, motels, and college dorms, along with inspections.
- Inspect fire and tornado warning systems in schools.
- Fire safety of childcare centers, motor fuel facilities & dispensers, elder group homes, child foster care facilities, DOC facilities.
- Create an annual report on Board of Regents' buildings' fire and environmental safety deficiencies.

Guide House Report for DIAL

- 30 positions reduced, 20 funded and 10 unfunded
  - $1.5 million in savings
- $1.9 in Real Estate
  - Consolidation into single building

Those currently working in the State Fire Marshal's office in the Department of Public Safety, can move to the newly created positions in DIAL but must give up their peace officer status and accrued benefits. This impacts around 13 workers.

The following division commissioners will be appointed by the Governor and serve at the pleasure of the Governor:

- Labor Commissioner
- Workers Compensation Commissioner

Division 4: Department of Justice (DOJ)

The proposed Governor's Realignment bill makes substantial changes to the justice system in the state.

The legislation removes the ability for the local county attorney to have any jurisdiction over election misconduct crimes and gives the Attorney General (AG) sole discretion in election misconduct cases. The legislation also allows the Attorney General to prosecute criminal proceedings without the request of a local county attorney.

The bill makes changes to the employment protections of the employees of the DOJ as well, by exempting DOJ employees from Chapter 20 protections. The bill also eliminates merit protections for Administrative Law Judges, which takes away their independence.

Division 5: Economic Development Authority (EDA)

The realignment proposal from the Governor eliminates that Department of Cultural Affairs and moves most of the responsibilities of the EDA.

Guide House Report for the EDA

- 19 positions reduced, 12 unfunded and 7 funded
  - $496,000 in savings
- $3.8 million in Real Estate Savings
  - Office Consolidation

The legislation changes the advisory role of the Iowa Arts Council and now the council will just review and make recommendations to the EDA Director.

The proposal also formally makes the Director of EDA the head of the Iowa Finance Authority (IFA). The bill also includes a change to the term of service for the director of EDA. Currently, the director is appointed to a 4-year term. The bill will remove that term of service and instead say that the director will serve "at the pleasure of the governor".

Division 6: Partner State Program

This division creates a Partner State Programs within the Economic Development Authority. This program replaces the sister state program. The sister state program was originally in the EDA, but moved out in the 1980s. The program will now be run by the state.
The current agreements remain in place:

- Mexico, Yucatan
- Taiwan
- Ukraine, Cherasky Oblast
- Kosovo
- Japan, Yamanshi Prefecture
- Italy, Vento Region

This division is effective upon enactment.

Division 7: Public Employment Relations Board (PERB)

The main change to the PERB is the move from a full-time board to a part time board. The new PERB will have 1 employee, the Executive Director. The Executive Director will serve at the pleasure of the Governor after Senate confirmation. The Governor will set the salary of the Executive Director, within the salary range set forth by the legislature.

In selecting board members, current law requires that the Governor consider their ability, knowledge, ability, and experience in labor and management relations, those considerations are removed by the bill.

The bill also changes the meeting schedule for the now part time board to meeting quarterly or at the call of the chairperson.

Division 8: Homeland Security

The Governor's realignment bill moves two disaster funds that are currently administered by HHS to the Homeland Security. The two programs include the Disaster Case Management Fund and the Disaster Aid Individual Assistance Fund.

The legislation also renames the Disaster Case Management Fund to the Disaster Case Advocacy Fund. According the Director the name change is symbolic of a philosophy change within the Department.

The Director will also now serve at the "pleasure of the Governor" and be confirmed by the Senate.

Guide House Report on Homeland Security

- 23 positions reduced, all currently unfunded
- $0 money in total savings
- $0 in Real Estate

Division 9: Department of Veterans Affairs

The Governor's realignment bill changes the leadership of the Department of Veterans Affairs, by combining the position of Commandant and the head of the Department.

Guide House Report on VA

- 3 funded positions are eliminated
- $193,000 in savings

The legislation also changes the oversight of the Veterans Home and the Commandant to from the Veterans Affairs Commission to the Governor. The commission will now just review and applications for money from the Veterans Trust Fund.

Division 10: Office of Drug Control Policy

The office of Drug Control Policy, is currently an independent agency. The Governor's reorganization plan moves the agency under the umbrella of the Department of Public Safety. The gives the DPS oversight and control of the Drug Abuse Resistance Education Fund. The fund is currently used for programs like D.A.R.E.

The head of the Office of Drug Control Policy will be appointed by the commission of DPS.

Division 11: Workforce Development (IWD)

The Governor's proposed realignment moves several programs from multiple departments to the IWD, including the Department of Education and the EDA to the IWD, including the following:

- Vocational Rehabilitation Services (Education)
- The Career Technical Education Administration Secondary School
- The New Jobs Training Program (EDA)
- The Workforce Development Fund (EDA)
- The Accelerated Career Education Program (EDA)
- The Older American Community Service Employment Program (Dept. of Aging)
- The Future Ready Iowa Registered Apprenticeship (EDA)
- The Future Ready Iowa Expanded Registered Apprenticeship Opportunities (EDA)
- Adult Education and Literacy Programs (Education and the Community Colleges)

The Labor Services Division and the Workers Compensation Division is moved away from IWD and put under the newly created DIAL.

Guide House Report on IWD

- 67 positions reduced, 63 funded, and 4 unfunded
  - $4.2 million in cuts

Division 12: Department of Revenue (DOR)

The two main changes int the Governors realignment bill include moving the Alcoholic Beverages Division (ABD) and the Iowa Lottery under the DOR.

Before 2003 the Iowa Lottery was housed within the DOR, and with this proposal the Iowa Lottery Authority will be eliminated and the responsibilities will be taken on by the DOR. The administrator of the Lottery within the DOR will be appointed by the Governor, confirmed by the Senate, and serve at the pleasure of the Governor.

Guide House Report on DOR
- 61 positions reduced, 32 funded vacant positions, 4 unfunded positions,
- outsources 25 positions

Division 12 also eliminates the ABD, but keeps in place the three-tier system. The change will put the DOR in charge of the day to day operations and administrations of the ABD, and the job of administrator of ABD is eliminated.

Division 13: Department of the Blind

The Governor's realignment bill takes away the responsibility of selecting the Director for the Department from the Iowa Commission for the Blind, and gives it to the Governor.

The Department of the Blind will also no longer be considered cabinet level agency.

Multiple blind organizations are opposed to this change and spoke out against the changes in multiple sub-committees. For generations other states have followed the "Iowa Model" based on how Iowa treats their population blind population.

Division 14: Department of the Education (DE)

The Governor's plan for the Department of Education moves the Iowa School for the Deaf and the Iowa Braille and Sight Saving School from the Board of Regents to the Department of Education.

The proposal also moves the STEM Initiative at the University of Northern Iowa (UNI) to the Department of Education. Current employees of the STEM initiative will move from Regents employees to DE employees. Many employees of Regents institutions have different retirement benefits than those of the DE.

Guide House Report on DE
- 8 positions reduced, 6 of which impact the budget
- Personnel Savings: $417,500
- Real Estate Savings
- Cancellation of CSAC and BOEE leases in Wallace Building

The proposal creates a "Higher Education Division" within the DE. The administrator of the Higher Education Division is appointed by the Director of Education. The Higher Education Division will consist of the following:
- The Community Colleges and Post-Secondary Readiness Bureau
- The Board of Educational Examiners
- The College Student Aid Commission (Currently Independent Agency)
- The Community College Bureau

Board of Educational Examiners will be a board under the Division of Higher Education of the Department of Education. Instead of the Governor appointing and the Senate confirming the Executive Director of the BOEE, this person will now be appointed by the Director of the Department of Education. The Executive Director of the Board's salary will no longer be established by the General Assembly but will be established by the Director of the Department of Education.

The following moves from Department of Education to other Departments (noted below):
- State Library and Enrich Iowa Libraries to Dept. of Administrative Services.
- Early Childhood Iowa to Dept. of Health and Human Services.
- Vocational Rehabilitation to Iowa Workforce Development.

- Adult Education and Literacy Programs to Iowa Workforce Development.
- Adult Literacy for Workforce to Iowa Workforce Development.
- Career & Technical Education Secondary School to Iowa Workforce Development.
- Iowa Skilled Worker Job Fund (funded by non-general fund gaming receipts) takes their programs from the Student Aid Commission and Dept. of Education and puts them all together over at Iowa Workforce Development.

Division 15: Commerce Department

The Commerce Department under the Governor's Reorganization legislation will see multiple changes:

The Iowa Utilities Board (IUB) will now be a stand-alone agency no longer under the Department of Commerce. Moving to a stand-alone agency, the IUB will no longer be a policy making agency but stipulates the IUB is just to regulate and supervise public utilities in Iowa.

The Consumer Advocate will also now change to be administratively supported by Department of Justice instead of the Department of Commerce and the requirement that the Consumer Advocate be an attorney is removed.

Guide House Report on Commerce

- 4 positions reduced, currently unfunded and vacant

The Governor's proposed state government realignment removes the Alcoholic Beverages Division as well as the Utilities Division from the Commerce Department. The Commerce Department is also renamed as the Department of Insurance and Financial Services. The new Department of Insurance and Financial Services will include Banking, Credit Unions, and Insurance.

The Governor will now have the ability to set the salary of the Insurance Commissioner, instead of the Legislature. Both the superintendents of the Banks and Credit Union will serve at the pleasure of the Governor instead of the set 4-year term.

The legislation also makes all employees of the of the Insurance Division exempt from the merit system and Chapter 20 for Public Employee Relations Board

Division 16: Department of Corrections (DOC) and Community Based Corrections (CBC)

This Governor's proposal puts the employees of the Judicial District Department of Correctional Services will to be employees of the Department of Corrections. The local boards that are currently in place will change to just an advisory role, and all decision making comes directly from the DOC.

Guide House Report on DOC

- 4 positions reduced, all currently unfunded and vacant
- $0 in personnel savings
- $25.5 million in Real Estate savings
- DSM Office space into single floor, sale of farmland

Local boards currently exist in each Judicial District, with a local board of directors that employs a director. The boards currently have staff, clients under their supervision, field offices and residential facilities. The change will move all decision making to the DOC.

Division 17: Board of Parole

The Governor's plan for the Board of Parole includes making it a full time 5-member board. The Director estimated this would cost approximately $200,000.

Members of the board will be appointed by the Governor and approved by the Senate. The Chair and Vice Chair serve at the pleasure of the governor, while the other members of the board serve a staggered 4 year term. The board is currently meeting around 12 days a month and makes recommendation on firearm restorations.

Division 18: Salaries of Appointed Officers

The Governor is proposing lifting the salary range on her cabinet position directors. They argue that this is needed to recruit the best and the brightest. Currently the Governor is giving bonuses to members of the cabinet, because many are maxed out on their salary range.

Division 18 eliminates salary ranges 2 and 3 that were established in the 2008 bill. Ranges 2 and 3 were eliminated because those positions no longer exist in the current form (no longer appointed positions) under the changes proposed in the bill. Some of the positions that were in range 3 have been moved to range 4 (Employment Appeal Board members).

The salary ranges 4 through 7 minimums and maximums remain the same but not all positions remain in the same salary range from the 2008 bill. See the table from Legislative Services Agency on the next page for information on specific positions. Salary ranges in the bill:

	Minimum	Maximum
Range 4	$63,690	$97,460
Range 5	$73,250	$112,070
Range 6	$84,240	$128,890
Range 7	$100,840	$154,300

Division 19: Boards and Commissions

This division on the proposal creates an efficiency review for each board, commission, council, committee, and other entities of the state.

The committee will consist six voting members and four non-voting members:

- Governor's staff (Voting)
- Member of the Public (Voting)
- Administrative rules coordinator (Voting)
- Director of DOM (Voting)
- Director of DIAL (Voting)
- An assistant attorney general (Voting)
- Two State Representatives (Non-Voting)
- Two State Senators (Non-Voting)

Division 20: Miscellaneous

This division relates to irreconcilable amendments and transition provisions.

If an amendment contained in division I of the bill concerning the Dept of Health and Human Service irreconcilable to an amendment that is made in the remainder of the bill, the amendment in the remainder of the bill, if not in division I, shall prevail.

The bill also includes a transition provision concerning administrative rules, legal obligations, personnel, fund, litigation, board and commissions, and signs and insignia.

The legislation states the transition provision in the division of the bill applies to the entirety of the bill to the extent that provisions in the division are not inconsistent with alternative provisions specifically provided by law or in other divisions of the bill.

Fiscal Impact

The total fiscal impact of the legislation is -$12.435,700. Of that money $5,800,000 is from Federal Funds while the remaining $6,439,700 is from state funds.

The number of FTE positions eliminates is 214, many of these are currently not filled.

	Estimated Identified Net Impact				
Division	**FTE**	**General Fund**	**Federal Funds**	**Other**	**Total**
I - HHS					
FTE Reduction	-110.0	$ -2,000,000	$ -4,400,000	$ 0	$ -6,400,000
Elimination of State Board of Health	0.0	-1,700	0	0	-1,700
Estimated Total	-110.0	$ -2,001,700	$ -4,400,000	$ 0	$ -6,401,700
III - DIA					
FTE Reduction	-20.0	-162,000	-1,400,000	0	-1,562,000
V - IEDA/DCA					
FTE Reduction	-19.0	-300,000	0	-196,000	-496,000
VII - Public Employment Relations Board					
Executive Director	-2.0	-120,000	0	0	-120,000
XI - Workforce Development					
FTE Reduction	-67.0	-4,200,000	0	0	-4,200,000
XIV - Education					
FTE Increase	1.0	144,000	0	0	144,000
XVII - Board of Parole					
Restructuring	3.0	200,000			200,000
Totals	**-214.0**	**$ -6,439,700**	**$ -5,800,000**	**$ -196,000**	**$ -12,435,700**