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SENATE FILE 308
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and CONNOLLY

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to government accountability, by providing for
2 strategic planning, performance measurement and reporting,
3 performance audits, performance contracting, return on
4 investment, and oversight, and providing for its
5 implementation.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 308
STATE GOVERNMENT

1 Section 1. Section 8.22, unnumbered paragraph 1, Code
2 2001, is amended to read as follows:

3 The budget shall consist of ~~three~~ four parts, the nature
4 and contents of which shall be as follows:

5 Sec. 2. Section 8.22, Code 2001, is amended by adding the
6 following new part:

7 NEW PART. PART IV

8 STRATEGIC PLAN. Part IV shall include an explanation that
9 correlates the budget with the enterprise strategic plan
10 adopted pursuant to section 8E.204. The budget shall provide
11 an explanation of appropriations recommended for the
12 administration and maintenance of an agency as defined in
13 section 8E.103 with the general evaluation of the agency in
14 meeting enterprise strategic goals, including identifying
15 goals that require legislation.

16 Sec. 3. Section 8.23, unnumbered paragraph 1, Code 2001,
17 is amended to read as follows:

18 On or before October 1, prior to each legislative session,
19 all departments and establishments of the government shall
20 transmit to the director, on blanks to be furnished by the
21 director, estimates of their expenditure requirements,
22 including every proposed expenditure, for the ensuing fiscal
23 year, classified so as to distinguish between expenditures
24 estimated for administration, operation, and maintenance, and
25 the cost of each project involving the purchase of land or the
26 making of a public improvement or capital outlay of a
27 permanent character, together with supporting data and
28 explanations as called for by the director.

29 1. The budget estimates shall include for those agencies
30 which pay for energy directly a line item for energy expenses
31 itemized by type of energy and location.

32 2. The estimates of expenditure requirements shall be
33 based upon seventy-five percent of the funding provided for
34 the current fiscal year accounted for by program reduced by
35 the historical employee vacancy factor in form specified by

1 the director and the remainder of the estimate of expenditure
2 requirements prioritized by program. The estimates shall be
3 accompanied with performance measures for evaluating the
4 effectiveness of the program.

5 3. The budget estimates for an agency as defined in
6 section 8E.103 shall be based on achieving goals contained in
7 the enterprise strategic plan and the agency's strategic plan
8 as provided for in chapter 8E. The estimates shall be
9 accompanied by a description of the measurable and other
10 results to be achieved by the agency. Performance measures
11 shall be based on the goals developed pursuant to sections
12 8E.205, 8E.206, and 8E.208. The estimates shall be
13 accompanied by an explanation of the manner in which
14 appropriations requested for the administration and
15 maintenance of the agency meet goals contained in the
16 enterprise strategic plan and the agency's strategic plan,
17 including identifying goals that require legislation.

18 4. If a department or establishment fails to submit
19 estimates within the time specified, the legislative fiscal
20 bureau shall use the amounts of the appropriations to the
21 department or establishment for the fiscal year in process at
22 the time the estimates are required to be submitted as the
23 amounts for the department's or establishment's request in the
24 documents submitted to the general assembly for the ensuing
25 fiscal year and the governor shall cause estimates to be
26 prepared for that department or establishment as in the
27 governor's opinion are reasonable and proper.

28 5. The director shall furnish standard budget request
29 forms to each department or agency of state government.

30 Sec. 4. Section 8.35A, Code 2001, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 5. The department shall transmit the
33 enterprise strategic plan and related information and an
34 agency shall transmit its agency strategic plan, performance
35 report, and related information as required by chapter 8E to

1 the legislative fiscal bureau.

2 Sec. 5. NEW SECTION. 8.47 SERVICE CONTRACTS.

3 1. The department of general services, in cooperation with
4 the office of attorney general, the department of management,
5 the department of personnel, and the department of revenue and
6 finance, shall adopt uniform terms and conditions for service
7 contracts executed by a department or establishment benefiting
8 from service contracts. The terms and conditions shall
9 include but are not limited to all of the following:

10 a. The amount or basis for paying consideration to the
11 party based on the party's performance under the service
12 contract.

13 b. Methods to effectively oversee the party's compliance
14 with the service contract by the department or establishment
15 receiving the services during performance, including the
16 delivery of invoices itemizing work performed under the
17 service contract prior to payment.

18 c. Methods to effectively review performance of a service
19 contract, including but not limited to performance
20 measurements developed pursuant to chapter 8E.

21 2. Departments or establishments, with the approval of the
22 department of management acting in cooperation with the office
23 of attorney general, the department of general services, the
24 department of personnel, and the department of revenue and
25 finance, may adopt special terms and conditions for use by the
26 departments or establishments in their service contracts.

27 Sec. 6. Section 8.52, subsections 1 and 5, Code 2001, are
28 amended to read as follows:

29 1. Provide coordination of state ~~policy~~ planning,
30 performance measurement, and management of interagency
31 programs of the state, and recommend policies to the governor
32 and the general assembly.

33 5. Inquire into methods of planning, performance
34 measurement, and program development, and the conduct of
35 affairs of state government; prescribe adequate systems of

1 records for planning, performance measurement, and
2 programming; establish standards for effective planning,
3 performance measurement, and programming in consultation with
4 affected state agencies; and exercise all other powers
5 necessary in discharging the powers and duties of this
6 chapter.

7 Sec. 7. Section 8.52, Code 2001, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 6. Administer the accountable government
10 act as provided in chapter 8E.

11 SUBCHAPTER 1

12 GENERAL

13 Sec. 8. NEW SECTION. 8E.101 TITLE.

14 1. This chapter shall be known and may be cited as the
15 "Accountable Government Act".

16 Sec. 9. NEW SECTION. 8E.102 PURPOSES.

17 This chapter is intended to create mechanisms to most
18 effectively and efficiently respond to the needs of Iowans and
19 continuously improve state government performance, including
20 by doing all of the following:

21 1. Allocating human and material resources available to
22 state government to maximize measurable results for Iowans.

23 2. Improving decision making at all levels of state
24 government.

25 3. Enhancing state government's relationship with citizens
26 and taxpayers, by providing for the greatest possible
27 accountability of the government to the public.

28 Sec. 10. NEW SECTION. 8E.103 DEFINITIONS.

29 As used in this chapter, unless the context otherwise
30 requires:

31 1. "Agency" means a principal central department
32 enumerated in section 7E.5. For purposes of this chapter,
33 each division within the department of commerce shall be
34 considered an agency, and each bureau within a division of the
35 department of commerce shall be considered a division, as

1 otherwise provided in chapter 7E.

2 2. "Agency performance plan" means an action plan based on
3 an agency strategic plan which utilizes performance measures,
4 data sources, and performance targets to achieve the agency's
5 goals adopted pursuant to section 8E.208.

6 3. "Agency strategic plan" means the strategic plan for
7 the agency adopted pursuant to section 8E.206.

8 4. "Department" means the department of management.

9 5. "Enterprise strategic plan" means the strategic plan
10 for the executive branch of state government adopted pursuant
11 to section 8E.204.

12 6. "Performance target" means a desired level of
13 performance, demonstrating specific progress toward the
14 attainment of a goal which is part of a strategic plan as
15 provided in section 8E.208.

16 7. "Strategic plan" means an enterprise strategic plan or
17 an agency strategic plan.

18 Sec. 11. NEW SECTION. 8E.104 ADMINISTRATION.

19 The department shall oversee the administration of this
20 chapter in cooperation with agencies as provided in this
21 chapter. The department shall adopt rules as necessary in
22 order to administer this chapter.

23 Sec. 12. NEW SECTION. 8E.105 CHAPTER EVALUATION.

24 The department shall conduct an evaluation of the
25 effectiveness of this chapter in carrying out the purposes of
26 this chapter as provided in section 8E.102. The department
27 shall submit a report of its findings and recommendations to
28 the governor and general assembly not later than January 10,
29 2006.

30 SUBCHAPTER 2

31 STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT

32 Sec. 13. NEW SECTION. 8E.201 AGENCY DUTIES AND POWERS.

33 Each agency shall administer the application of this
34 chapter to the agency in cooperation with the department.
35 Each agency shall measure and monitor progress toward

1 achieving goals which relate to programs administered by the
2 agency pursuant to the enterprise strategic plan, the agency
3 strategic plan, and the agency performance plan.

4 Sec. 14. NEW SECTION. 8E.202 REPORTS AND RECORDS --
5 ACCESS AND PURPOSE.

6 1. The department and each agency shall provide for the
7 widest possible dissemination of information between agencies
8 and the public, relating to the enterprise strategic plan and
9 agency strategic plans including but not limited to internet
10 access. This section does not require the department or an
11 agency to release information which is classified as a
12 confidential record under this Code including but not limited
13 to section 22.7.

14 a. In administering this subsection, the department shall
15 provide for the dissemination of all of the following:

16 (1) The enterprise strategic plan, performance measures,
17 performance targets based on performance data, performance
18 data, and data sources used to evaluate agency performance,
19 and explanations of the plan's provisions.

20 (2) Methods for the public and state employees to provide
21 input including written and oral comments for the enterprise
22 strategic plan, including a schedule of any public hearings
23 relating to the plan or revisions.

24 b. In administering this subsection, each agency shall
25 provide for the dissemination of all of the following:

26 (1) The agency strategic plan, performance measures,
27 performance targets based on performance data, performance
28 data, and data sources used by the agency to evaluate its
29 performance, and explanations of the plan's provisions.

30 (2) Methods for the public and agency employees to provide
31 input including written and oral comments for the agency
32 strategic plan, including a schedule of any public hearings
33 relating to the plan or revisions.

34 2. The department may review any records of an agency that
35 relate to an agency strategic plan, an agency performance

1 plan, or a performance audit conducted pursuant to section
2 8E.209.

3 3. A record which is confidential under this Code
4 including but not limited to section 22.7 shall not be
5 released to the public under this section.

6 Sec. 15. NEW SECTION. 8E.203 STRATEGIC PLAN -- PURPOSES.

7 The purposes of strategic plans are to promote long-term
8 and broad thinking, focus on results for Iowans, and guide the
9 allocation of human and material resources and day-to-day
10 activities.

11 Sec. 16. NEW SECTION. 8E.204 ADOPTION AND REVISION OF AN
12 ENTERPRISE STRATEGIC PLAN AND AGENCY STRATEGIC PLANS.

13 1. The department, in consultation with agencies, shall
14 adopt an enterprise strategic plan. Each agency shall adopt
15 an agency strategic plan aligned with the enterprise strategic
16 plan.

17 2. The department or an agency shall adopt and revise a
18 strategic plan which includes input from customers and
19 stakeholders following an opportunity for broad public
20 participation in strategic planning. The department or an
21 agency developing or revising a strategic plan shall include
22 input from state employees, including written and oral
23 comments. Upon adoption of the enterprise strategic plan by
24 the department, the plan shall be disseminated to each agency
25 and made available to all state employees. Upon adoption of
26 the agency's strategic plan, the agency shall provide the
27 department with a copy of the agency strategic plan and make
28 the strategic plan available to all agency employees. The
29 enterprise strategic plan and all agency strategic plans shall
30 be available to the public.

31 3. The department and agencies shall annually review the
32 enterprise strategic plan. An agency shall conduct an annual
33 review of its agency strategic plan. Revisions in the
34 strategic plan may be prompted by a reexamination of
35 priorities or the need to redirect state resources based on

1 new circumstances, including events or trends.

2 Sec. 17. NEW SECTION. 8E.205 ENTERPRISE STRATEGIC PLAN.

3 The enterprise strategic plan shall identify major policy
4 goals of the state. The enterprise strategic plan shall also
5 describe multiagency strategies to achieve major policy goals,
6 and establish the means to gauge progress toward achieving the
7 major policy goals.

8 Sec. 18. NEW SECTION. 8E.206 AGENCY STRATEGIC PLANS.

9 1. An agency shall adopt an agency strategic plan which
10 shall follow a format and include elements as determined by
11 the department in consultation with agencies.

12 2. An agency shall align its agency strategic plan with
13 the enterprise strategic plan and show the alignment.

14 Sec. 19. NEW SECTION. 8E.207 AGENCY PERFORMANCE PLANS.

15 Each agency shall develop an annual performance plan to
16 achieve the goals provided in the agency strategic plan,
17 including the development of performance targets using its
18 performance measures. The agency shall use its performance
19 plan to guide its day-to-day operations and track its progress
20 in achieving the goals specified in its agency strategic plan.

21 1. An agency shall align its agency performance plan with
22 the agency strategic plan and show the alignment in the agency
23 performance plan.

24 2. An agency shall align individual performance
25 instruments with its agency performance plan.

26 Sec. 20. NEW SECTION. 8E.208 PERFORMANCE MEASURES,
27 PERFORMANCE TARGETS, AND PERFORMANCE DATA.

28 The department, in consultation with agencies, shall
29 establish guidelines that will be used to create performance
30 measures, performance targets, and data sources for each
31 agency and each agency's functions.

32 Sec. 21. NEW SECTION. 8E.209 PERIODIC PERFORMANCE AUDITS
33 AND PERFORMANCE DATA VALIDATION.

34 1. The department, in consultation with the legislative
35 fiscal bureau, the auditor of state, and agencies, shall

1 establish and implement a system of periodic performance
2 audits. The purpose of a performance audit is to assess the
3 performance of an agency in carrying out its programs in light
4 of the agency strategic plan, including the effectiveness of
5 its programs, based on performance measures, performance
6 targets, and performance data. The department may make
7 recommendations to improve agency performance which may
8 include modifying, streamlining, consolidating, expanding,
9 redesigning, or eliminating programs.

10 2. The department, in cooperation with the legislative
11 fiscal bureau and the auditor of state, shall provide for the
12 analysis of the integrity and validity of performance data.

13 Sec. 22. NEW SECTION. 8E.210 REPORTING REQUIREMENTS.

14 1. Each agency shall prepare an annual performance report
15 stating the agency's progress in meeting performance targets
16 and achieving its goals consistent with the enterprise
17 strategic plan, its agency strategic plan, and its performance
18 plan. An annual performance report shall include a
19 description of how the agency has reallocated human and
20 material resources in the previous fiscal year. The
21 department in conjunction with agencies, shall develop
22 guidelines for annual performance reports, including but not
23 limited to a reporting schedule. An agency may incorporate
24 its annual performance report into another report that the
25 agency is required to submit to the department.

26 2. The annual performance reporting required under this
27 section shall be used to improve performance, improve
28 strategic planning and policy decision making, better allocate
29 human and material resources, recognize superior performance,
30 and inform Iowans about their return from investment in state
31 government.

32 SUBCHAPTER 3

33 INVESTMENT DECISIONS

34 Sec. 23. NEW SECTION. 8E.301 SCOPE.

35 The department, in cooperation with agencies, shall

1 establish methodologies for use in making major investment
2 decisions, including methodologies based on return on
3 investment and cost-benefit analysis. The department and
4 agencies may also utilize these methodologies to review
5 current investment decisions. The department shall establish
6 procedures for implementing the methodologies, requiring
7 independent verification and validation of investment results,
8 and providing reports to the governor and the legislative
9 fiscal bureau regarding the implementation.

10 Sec. 24. IMPLEMENTATION. The department shall implement
11 chapter 8E as enacted in this Act as soon as practical
12 according to a multiyear schedule adopted by the department.

13 EXPLANATION

14 This bill establishes a new Code chapter 8E largely
15 administered by the department of management (referred to as
16 the "department") and principal state departments, including
17 divisions of the department of commerce (referred to as
18 "agencies"), and which are responsible for carrying out many
19 of its provisions. The bill also provides for cooperation
20 between the department, the department of general services,
21 the department of personnel, and the department of revenue and
22 finance, and the attorney general.

23 The new Code chapter is entitled the "Accountable
24 Government Act". The bill provides for the review of state
25 government agency performance and operations and provides for
26 a system of planning, performance measurement, investment, and
27 oversight.

28 STRATEGIC PLANNING. Many of the bill's provisions concern
29 strategic planning by the department and other agencies. The
30 department of management is responsible for developing a state
31 plan (referred to as an enterprise strategic plan). Agencies
32 are responsible for developing their own plans (referred to as
33 agency strategic plans) based on the enterprise strategic plan
34 and requirements of the chapter.

35 The bill provides for the development and revision of the

1 strategic plans at the state and agency level, and requires
2 broad public participation in formulating the plans, and
3 review of agency planning by the department.

4 Agencies are expected to carry out plans and achieve goals
5 through the use of performance targets and performance
6 measures. The bill also provides for performance measures
7 used to evaluate an agency's progress in reaching performance
8 targets as well as data sources used in performance
9 measurement. In addition, the bill requires agencies to
10 develop performance plans based on their own strategic plans.

11 The bill requires agencies to prepare reports describing
12 progress in achieving its goals, and performance targets
13 consistent with the strategic and performance planning.

14 INVESTMENT DECISIONS. The bill also provides that agencies
15 must incorporate methodologies in decisions to make major
16 investments, which may be based on return on investment and
17 cost-benefit analysis.

18 CONTRACTS FOR SERVICES. The bill requires that all
19 contracts for services benefiting an agency include uniform
20 terms and conditions as adopted by the department of general
21 services, in cooperation with the office of the attorney
22 general, the department of management, the department of
23 personnel, the department of revenue and finance, and state
24 agencies. It requires that service contracts provide that
25 consideration is paid based on performance. It also requires
26 that contracts contain methods to oversee and review
27 performance and compliance.

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