

IOWA DEPARTMENT OF ADMINISTRATIVE SERVICES

July 2017

Business Plan and Report to the Customer Council

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Mission Statement:

To deliver efficient and effective services to enable and support the mission and operations of our stakeholder agencies.

Vision Statement:

DAS will be an organization of excellence, providing services and support to meet our stakeholder agencies' needs and ever mindful of good stewardship in resource utilization.

Director Expectations:

- Mission focus
- Resource responsible (\$\$, time, etc.)
- Commitment to innovation
- Deliberately practice to succeed
- Commitment to excellence
- Actions add value
- Embrace diversity
- Learn from mistakes
- Recognize success / achievement
- High "Say/Do" ratio (Do what you say)
- Exemplify professionalism
- Treat all with respect
- No surprises - - bad news does not improve with age
- Take risks - - use judgment and risk analysis
- Have a sense of humor - - it is critical to survive in our environment - - and life!

Zero Tolerance for:

- Moral/ethical violations
- Discrimination
- Failure to own up to mistakes

Strategic Initiatives:

DAS is committed to contributing to Governor Reynold's and Lt. Governor Gregg's goals of 1) Creating a Competitive Business Environment; 2) Developing the Most Innovative Energy Policy in the Country; 3) Educating our Children for the Knowledge Economy; and 4) Training Iowans for the Jobs of Tomorrow. DAS provides essential support services to agencies so agencies can focus on their respective core missions. DAS' contributions include:

- Assisting state agencies in attracting a talented and diverse workforce through competitive salaries and benefits
- Providing economical and efficient support services to other agencies (purchasing, mail services, fleet, maintenance, construction, energy management)
- Providing sound state accounting support through the collection and reporting of financial information

Customer Council

The Customer Council provides a link between the Department of Administrative Services and our customers – other state agencies. The Customer Council is under the purview of the Department of Management and is comprised of representatives from small (< 70 employees), medium (between 70-700 employees), and large (> 700 employees) customer agencies.

The Customer Council reviews and recommends action on the DAS Business Plan for the performance of services to customer agencies.

Rate and Calculation Definitions

Allocation: An “Allocation” is a combination of several calculations, which when added together provides the total amount “allocated” to an agency for the use of a particular service based on the proportionate share of the total for all agencies.

For example, the State's Accounting System allocation has various components: Payroll, I/3 financial, budget, and data warehouse. The Payroll component is allocated based on a five quarter average of filled permanent positions, while I/3 financial and budget are allocated based on an agency's revenues and expenses for all classification lines, excluding depreciation. The allocation for each component of I/3 is calculated individually for each agency and added together to determine the “total I/3 allocation” for each agency. Other examples of allocations are Procurement and Mail Services.

Five-Quarter Average: Many of the core services DAS provides are charged to agencies based on a position count. The position count is the number of filled permanent fulltime (FT) and part-time (PT) positions for five consecutive quarters ending with the third quarter of a fiscal year. The position count is obtained through HRIS or, for agencies not on HRIS, directly from the agency. For

example, the five quarter average used in the calculations and agency impacts for services billed in FY 2019 is the five-quarter average of filled permanent full-time and part-time positions ending third quarter of FY 2017.

Headcount: “Headcount” is the average number of filled permanent and temporary, seasonal and emergency positions over five consecutive quarters ending with the third quarter of a fiscal year. Unemployment claims administration is charged to agencies based on Headcount.

Methodology: “Methodology” is the process used by the service provider to identify how much of the service an agency utilizes and, thus, is to be charged. Examples include hourly rate, number of square feet of occupied space, number of vehicles assigned, class of vehicle, and positions filled.

Rate: A “Rate” is calculated on either a monthly or an annual basis, depending on the service. The rate billed for a service is the same for all agencies and is based upon the methodology applicable to the specific service provided.

GENERAL SERVICES ENTERPRISE (GSE)

| SERVICE DESCRIPTION | SERVICE NUMBER | FY15 APPROVED RATES | FY16 APPROVED RATES | FY17 APPROVED RATES | FY18 APPROVED RATES | FY18 PROPOSED RATES | FY19 APPROVED RATES | FY19 PROPOSED RATES | FY20 PROPOSED RATES | METHODOLOGY |
|--|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| Association Rate - Complex | 3897 | \$3.46/sq. ft. | \$4.86/sq. ft. | \$5.75/sq. ft. | \$6.00/sq. ft. | \$5.75/sq. ft. | \$6.25/sq. ft. | \$6.00/sq. ft. | \$6.25/sq. ft. | Square footage of space occupied. |
| Association Rate - Iowa Labs | 3820 | \$5.47/sq. ft. | \$5.47/sq. ft. | \$5.75/sq. ft. | \$6.00/sq. ft. | \$5.75/sq. ft. | \$6.25/sq. ft. | \$6.00/sq. ft. | \$6.25/sq. ft. | Square footage of space occupied. |
| Mail Administration | 3835 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | <i>Allocation - Defined on page 5</i> |
| Architectural & Engineering Services | 4095 or 4212 | \$85.00/hr. | \$85.00/hr. | \$85.00/hr. | \$85.00/hr. | No Change | \$85.00/hr. | No Change | \$85.00/hr. | Hourly rate |
| Leasing Management | 3900 | \$0.12 / sq. ft. | \$0.05 / sq. ft. | \$0.05 / sq. ft. | \$0.05 / sq. ft. | No Change | \$0.05 / sq. ft. | No Change | \$0.05 / sq. ft. | Based upon total current leased square footage |
| Space Management | 3901 | \$80.00/hr. | \$85.00/hr. | \$85.00/hr. | \$85.00/hr. | No Change | \$85.00/hr. | No Change | \$85.00/hr. | Hourly rate |
| State Surplus | 4451 | \$85.00/hr. | \$85.00/hr. | \$85.00/hr. | \$85.00/hr. | No Change | \$85.00/hr. | No Change | \$85.00/hr. | Cost is paid by surplus property sales proceeds |
| Energy Management Consulting | 4449 | \$80.00/hr. | \$80.00/hr. | \$80.00/hr. | \$80.00/hr. | No Change | \$80.00/hr. | No Change | \$80.00/hr. | Hourly rate |

Association Rate – Capitol Complex/Iowa Labs

The Association Rate was established to provide services to the various buildings and grounds on the Capitol Complex and Iowa Labs. The rate is based on the square footage occupied by the agency, including a pro-rata share of the common areas in the building, and covers the following:

- Facility Maintenance
- Life, health, and safety systems maintenance (HVAC, fire alarms, sprinklers, etc.)
- Locksmith services
- Custodial Services
- Electrical and emergency generation
- Customer Service Center
- Capitol Complex Maintenance Administration

Mail Administration

The Mail Administration Rate provides services to State government in the Des Moines area. The DAS Mail Center meets agency needs for incoming and outgoing local and U.S. Postal Service letters, flats, and parcels by providing the following services:

- Delivery of incoming federal mail and interoffice mail to Des Moines area customers
- Pickup and processing of outgoing letters, flats, and parcels in the Des Moines area
- Signature mail services including certified, registered, and insured mail
- Mail administration and reporting

Architectural & Engineering Services

The Architectural and Engineering Services Rate provides the management and oversight for state agencies involved in facility design, construction, and renovation. The rate is based on the salary and benefit costs of the A/E Owner's Rep and is billed to the infrastructure project funding source.

Lease and Space Management

The Lease and Space Management Rate provides for new lease negotiation, lease renewals, resolution of landlord/tenant issues, and development of space standards and allocations. This service also maintains a database of all leased property; architectural CAD drawings; available real estate; design and reconfiguration of office and storage space; coordination of all voice, data, electrical, furniture and evacuation plans; assurance of code compliance with space and ADA guidelines; development of plans to meet both short and long-term strategic needs; and to ensure the most efficient use of space.

State Surplus

The State Surplus Rate provides for the removal of surplus state property. An agency has the following options when disposing of state surplus property:

- **Transfer** surplus property to another state agency when the receiving agency has a business use for the surplus property.
- **Sell** surplus property through the state's contracted vendor, GovDeals.
 - GovDeals is an online auction service designed to enable city, county and state governments or agencies the ability to sell surplus and confiscated vehicles, assets, property and equipment over the Internet.
 - GovDeals supports the redistribution of excess assets within public institutions.

- If the surplus property does not sell during an auction, it may be donated to a not-for-profit organization coordinated through DAS.

Energy Management Consulting

The Energy Management Consulting Rate provides energy management services, including energy benchmarking, coordination of energy audits and natural gas price risk management for non-Capitol Complex locations state wide. If an agency needs assistance in finding ways to reduce energy costs, DAS coordinates an energy review of any facility to identify energy-saving ideas.

HUMAN RESOURCE ENTERPRISE (HRE)

| SERVICE DESCRIPTION | SERVICE NUMBER | FY15 APPROVED RATES | FY16 APPROVED RATES | FY17 APPROVED RATES | FY18 APPROVED RATES | FY19 APPROVED RATES | FY20 PROPOSED RATES | METHODOLOGY |
|--|------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|
| <u>Benefits</u> | 3961 | \$32.11 / Filled Position | \$37.72 / Filled Position | \$37.72 / Filled Position | \$37.72 / Filled Position | \$37.72 / Filled Position | \$37.72 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Personnel Officers</u> | 3970 | \$85.34 / Filled Position | \$85.34 / Filled Position | \$85.34 / Filled Position | \$89.87 / Filled Position | \$89.87 / Filled Position | \$89.87 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Labor Relations</u> | 3965 | \$41.61 / Filled Position | \$41.61 / Filled Position | \$41.61 / Filled Position | \$41.61 / Filled Position | \$41.61 / Filled Position | \$41.61 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Merit Only Employment Services</u> | 3963 | \$23.68 / Filled Position | \$23.68 / Filled Position | \$23.68 / Filled Position | \$23.68 / Filled Position | \$23.68 / Filled Position | \$23.68 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Merit and Non-Merit Employment Services</u> | 3964 | \$65.41 / Filled Positions | \$65.41 / Filled Position | \$65.41 / Filled Position | \$65.41 / Filled Position | \$65.41 / Filled Position | \$65.41 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Health Insurance Surcharge</u> | 3958 | \$24.00 / participant | \$24.00 / participant | \$24.00 / participant | \$24.00 / participant | \$24.00 / participant | \$24.00 / participant | Legislatively set rate |
| <u>Unemployment</u> | 3960 | \$.095 / headcount | \$.095 / headcount | \$.095 / headcount | \$.095 / headcount | \$.095 / headcount | \$.095 / headcount | Headcount 5 qtr. average |
| <u>Flexible Spending*</u> | 3955, 3956, 3957 | \$36.00 /participant | \$36.00 /participant | \$36.00 /participant | \$36.00 /participant | \$36.00 /participant | \$36.00 /participant | Charge for participants signed up for Health Care and/or Dependent Care |
| <u>Workers' Compensation</u> | 3859 | N/A | N/A | N/A | N/A | N/A | N/A | Allocation - Defined on page 5 |
| <u>Employee Assistance Program (EAP)*</u> | 4474 | \$6.00 / Filled Position | \$6.00 / Filled Position | \$6.00 / Filled Position | \$6.00 / Filled Position | \$6.00 / Filled Position | \$6.00 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Family Medical Leave Act (FMLA)*</u> | 4546 | N/A | \$19.20 / Filled Position | \$19.20 / Filled Position | \$19.20 / Filled Position | \$19.20 / Filled Position | \$19.20 / Filled Position | Filled Positions 5 qtr. average. |
| <u>Training</u> | 4557 | N/A | N/A | \$19.57 / Filled Position | \$19.57 / Filled Position | \$19.57 / Filled Position | \$19.57 / Filled Position | Filled Positions 5 qtr. average. |

*Tentative rate – DAS revisits these rates annually as third-party provider contracts are negotiated/amended.

Benefits

The Benefit Rate funds two main areas.

- The first is the Pre-tax team, which administers the premium conversion program, the deferred compensation program, the flexible spending program, and covers staff costs, third-party consulting services, and operational costs.
- The second is the Group Insurance (non-Health) and leave programs. These programs include the Life, Long Term Disabilities (LTD), dental insurance, Family Medical Leave, Military Leave, and covers staff costs, third-party consulting services, and operational costs.

Personnel Officers

The Personnel Officer Rate provides for advice, guidance and problem resolution to assigned executive branch agencies concerning all Human Resources program areas. This includes organizational development, employee relations, performance management, position classification, and training and development.

Labor Relations

The Labor Relations Team Rate provides for legal advice regarding personnel matters; preparing for and conducting grievances, arbitrations and other hearings; and classification appeals.

Merit Only Employment Services

The Merit Only Employment Services Rate includes the posting of vacancies on the DAS website, managing application submissions in the applicant tracking system, monitoring and updating NeoGov system functionality, evaluating applications for eligibility, issuing eligible lists, handling disqualification notices and appeals, and all placement services associated with both applicants and agencies.

Merit and Non-Merit Employment Services

In addition to the service mentioned above, the Merit and Non-Merit Employment Services Rate covers several program areas that apply to all employees, both merit covered and merit exempt. The rate supports the creation, updating and maintenance of the job classification system and associated databases. Services include the conducting salary and market surveys, subject matter expertise for position classification appeals, and managing temporary staffing contracts. This rate also supports the administration of Affirmative Action/Equal Employment Opportunity programs.

Health Insurance Surcharge

The Health Insurance Surcharge Rate is a monthly per contract administrative charge for each health insurance contract held by an active state employee. The amount of the surcharge is authorized by Iowa Code chapter 8B and set annually in the Administration and Regulation Appropriations Act.

Unemployment Claims Administration

The Unemployment Claims Administration Rate is a pass through rate to the State's third party vendor for the administration of unemployment claims. The rate is determined by an annual certification of participation letter submitted by each agency. The actual amounts billed are based on third party vendor costs and the Headcount of the participating agencies.

Flexible Spending

The Flexible Spending Account (FSA) Rate is a pass through rate of the State's third party vendor costs for the administration of health care and dependent care pre-tax programs.

Workers' Compensation

The Workers' Compensation Rate provides for the financial and administrative management of state employee workers' compensation benefits including the State's third party administrator and DAS staff who administer the program. The amount assessed to each agency is a combination of:

- Actual claims history
- Pro-rata share of the administrative charges
- Pro-rata share of the attorney general expenses.

Employee Assistance Program (EAP)

The Employee Assistance Program Rate is a pass through rate of the State's third party vendor costs that provides counseling resources, at no cost, to employees who experience personal issues that impact work.

Family Medical Leave Act (FMLA)

The Family Medical Leave Act Rate is a pass through rate of the State's third party vendor costs to provide FMLA claims administration. Services include intake, certification, designation, administration, and reporting, as well as communication with employees, supervisors, and internal agency contacts.

Training

The Training Rate provides the resources for Performance and Development Solutions (PDS) to offer training and development opportunities for State of Iowa employees. Depending upon the class that is attended, there may be an additional per class charge which is a pass through to the vendor conducting the training.

STATE ACCOUNTING ENTERPRISE (SAE)

| SERVICE DESCRIPTION | SERVICE NUMBER | FY15 APPROVED RATES | FY16 APPROVED RATES | FY17 APPROVED RATES | FY18 APPROVED RATES | FY19 APPROVED RATES | FY20 PROPOSED RATES | METHODOLOGY |
|---|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------------|
| Integrated Information for Iowa (I/3) | 3999 | N/A | N/A | N/A | N/A | N/A | N/A | <i>Allocation - Defined on page 5</i> |

Integrated Information for Iowa

The Integrated Information for Iowa (I/3) Rate provides for the administration and maintenance of the state's accounting system. The allocation methodology is based on module costs and a combination of allocation methods for three modules:

- Finance & Procurement module is a combination of the agency's proportion of the statewide filled permanent full-time and part-time positions, expenditure dollars, and revenue dollars.
- Budget module is a combination of the agency's proportion of statewide expenditure dollars and revenue dollars.
- Human Resources module is the agency's proportion of the statewide filled permanent full-time and part-time positions.

The cost assessed is the proportionate share of the combined total calculated by module for each agency based on the Five Quarter Average filled permanent positions, and agency revenues and expenditures.

CENTRAL PROCUREMENT/FLEET SERVICES ENTERPRISE (CPFSE)

| SERVICE DESCRIPTION | SERVICE NUMBER | FY14 APPROVED RATES | FY15 APPROVED RATES | FY16 APPROVED RATES | FY17 APPROVED RATES | FY18 APPROVED RATES | FY19 APPROVED RATES | FY20 PROPOSED RATES | METHODOLOGY |
|--|----------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------|--------------------------|--|
| Blanket Bond* (Methodology & Annual Billing) | 3903 | \$0.558 / Filled Position | \$0.66 / Filled Position | \$0.81 / Filled Position | \$0.80 / Filled Position | \$0.80 / Filled Position | No Change | \$0.80 / Filled Position | FY16– Headcount ¹ Provided by IDOM Spring 2016 |
| Purchasing | 3905 | N/A | N/A | N/A | N/A | N/A | No Change | N/A | <i>Allocation - Defined on page 5</i> |
| Fleet Management | 3890 | \$253.08 / vehicle | \$256.83 / vehicle | \$256.83 / vehicle | \$256.83 / vehicle | \$256.83 / vehicle | No Change | \$256.83 / vehicle | Number of vehicles assigned to each agency as of 5/31/2017 |
| Fleet Purchase / Depreciation (Methodology) | 3891 | N/A | N/A | N/A | N/A | N/A | No Change | N/A | Rate based on vehicle class and est. months of service |
| State Garage | 3870 | \$64.00 / hr. | \$64.00 / hr. | \$64.00 / hr. | \$64.00 / hr. | \$64.00 / hr. | \$64.00 / hr. | \$64.00 / hr. | Hourly rate |
| Risk Management (Vehicle Self Insurance)** | 3892 | \$265.08 / vehicle (to be \$284.76) | \$284.76 / vehicle | \$284.76 / vehicle | \$284.76 / vehicle | \$284.76 / vehicle | \$284.76 / vehicle | \$284.76 / vehicle | Number of vehicles assigned to each agency as of 5/31/2017 |
| Motor Pool (Methodology) | 3866 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | Daily or Per Mile Methodology by Vehicle Class |

*Tentative rate – DAS revisits these rates annually as third-party provider contracts are negotiated/amended.

** Reviewed annually. Rate is dependent on fleet size and claims experience.

1-Headcount – Number of filled positions from multiple payroll systems, plus Board & Commission Members

Blanket Bond

The Blanket Bond Rate provides protection to the state against employee embezzlement. The fee is based on the proportionate number of agency filled positions, including board and commission members, and is a pass through rate to a third party vendor.

Purchasing

The Purchasing allocation supports the procurement of goods and services for state agencies. The allocation is based on that portion of Procurement's annual budget that cannot be funded by anticipated vendor rebates, and agencies' use of master agreements from the most recent completed fiscal year.

Fleet Management

The Fleet Management Rate supports the administration of the State's vehicle fleet to include the fuel card program, vehicle repairs administration, state and federal statutory compliance for alternative fuels and Corporate Average Fuel Economy (CAFÉ) requirements, and industry recalls/technical advisories.

Only agencies that have vehicles in service are billed, and the rate is the proportionate share of an agency's in-service vehicles based on the total number of vehicles in service.

The rate is determined by dividing the annual budget for the Fleet Management service by the number of vehicles in service as of June 30th.

Fleet Purchase / Depreciation / Methodology

The Depreciation Methodology and Rate provide for the systematic replacement of vehicles. The rate varies by vehicle type and is based upon 80% of the acquisition cost, divided by a useful life, in months. For a general use vehicle, the formula assumes a 72 month vehicle life cycle.

State Garage

~~The State Garage Rate provides support for vehicle maintenance, repairs, and upkeep to state owned vehicles. This rate also supports preparation of new vehicles, vehicle reassignments, and vehicle preparation for fleet auctions. The amount billed to agencies is based upon the actual work performed on the vehicle(s) using an hourly rate for service personnel, plus parts.~~

Risk Management (Vehicle Self Insurance)

The Risk Management Vehicle Self Insurance Rate provides driver insurability assessment, state vehicle collision and accident liability coverage, mediation services to minimize state liability, and recovery for damages when the state is not at fault. The rate includes investigation, negotiation and settlement of all liability, collision and comprehensive claims coverage.

The rate charged is based on claims experience to establish the annual budget. The annual budget is divided by the number of vehicles in service on May 31st. The annual per vehicle charge is then billed evenly over twelve months.

Motor Pool Methodology

The Motor Pool Methodology is based on the cost to operate and maintain each vehicle class (compact, mid-size, full-size) on a per mile basis. The costs include fuel, maintenance, depreciation, etc.

For FY2018, a motor pool vehicle driven 50 or fewer miles per day will be charged the daily rate. If a motor pool vehicle is driven more than 50 miles, the agency will be charged a per mile rate.

| SERVICE DESCRIPTION | FY15 APPROVED RATES | FY16 APPROVED RATES | FY17 APPROVED RATES | FY18 APPROVED RATES | FY19 APPROVED RATES | FY20 PROPOSED RATES |
|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <u>Compact</u> | | | | | | |
| Per mile | \$0.34 | \$0.34 | \$0.34 | \$0.34 | \$0.34 | \$0.34 |
| Daily | \$17.00 | \$17.00 | \$17.00 | \$17.00 | \$17.00 | \$17.00 |
| <u>Mid-Size</u> | | | | | | |
| Per mile | \$0.36 | \$0.36 | \$0.36 | \$0.36 | \$0.36 | \$0.36 |
| Daily | \$18.00 | \$18.00 | \$18.00 | \$18.00 | \$18.00 | \$18.00 |
| <u>Full-Size</u> | | | | | | |
| Per mile | \$0.37 | \$0.37 | \$0.37 | \$0.37 | \$0.37 | \$0.37 |
| Daily | \$18.50 | \$18.50 | \$18.50 | \$18.50 | \$18.50 | \$18.50 |
| <u>Mini Van</u> | | | | | | |
| Per mile | \$0.40 | \$0.40 | \$0.40 | \$0.40 | \$0.40 | \$0.40 |
| Daily | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |

Combined Agency Impact Statement