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## **Charter Agencies, State of Iowa: 2005 Innovations in American Government Award Winner**

The Honorable Thomas J. Vilsack, Former Governor of Iowa  
*(This award occurred as a result of Governor Vilsack's leadership)*

Can bureaucratic culture change? Can concrete outcomes prevail over administrative rules in the everyday work of governmental agencies? Can better results be achieved for citizens at a lower cost for government? These are the challenges that all governmental agencies face. Since 2003, the Department of Management of the State of Iowa has been experimenting with the Charter Agency Program, a unique model aimed at improving government. The main goal is for government agencies to enhance their efficiency in exchange for flexibility and authority.

Six governmental agencies (the Departments of Corrections, Human Services, Natural Resources, and Revenue; the Alcoholic Beverage Division of the Department of Commerce; and the Iowa Veterans Home) have volunteered to become “Charter Agencies.” In exchange for their commitment to produce measurable benefits and to help save money—either by reducing expenditure or by increasing revenues—these agencies have received greater authority and flexibility. For example, the director of a Charter Agency can “stand in the shoes” of the directors at the Department of Administrative Services, which allocates general services, personnel, and information technology to the state agencies.

Charter Agencies are also exempt from statutory across-the-board budget cuts and can retain proceeds from asset sales and 80 percent of the revenues they generate, as well as half of their year-end general fund balances. They are exempt from several bureaucratic procedures such as full-time-equivalent employee caps and approval of the Executive Council for out-of-state travel, conference attendance, and professional membership. They also have access to a \$3 million Charter Agency grant fund to foster innovation. Since their creation, and thanks to their high degree of flexibility, Charter Agencies have already produced a myriad of concrete results that have improved the life of the citizens of Iowa. Among some of the most notable results are: improved rates of income tax returns filed electronically; reduced rate of failure of probationers; increased work opportunities for prisoners; and increased number of veterans served at the Iowa Veterans Home. Charter Agencies have successfully reached their target of producing \$15 million in expenditure savings or additional revenues.

The Charter Agency Program is one element of “Reinvention Partnership,” a larger effort undertaken by the Iowa state government. The program is innovative compared to

previous initiatives in two major ways. First, the Charter Agencies' expanded authority is the result of a grant by the legislature and, second, these agencies commit to delivering improved results in exchange for increased authority and flexibility. The Charter Agency model is broadly replicable across all levels of government and the Department of Management of Iowa has received many inquiries about the model.

Contact Information for Charter Agencies at the Iowa State Government:  
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**The Honorable Thomas J. Vilsack** served as the Governor of Iowa from 1998 to 2006, and was the first Democrat elected to the position in 32 years. As Governor, Mr. Vilsack focused on improving education, particularly in early childhood; expanding health care to the uninsured; making the state a national leader in renewable energy; and creating a nationally recognized, efficient, and accountable state government. During two terms as Governor, Mr. Vilsack established relationships among all levels of local, state, and federal government, and worked closely with Iowa-based and national companies involved in Iowa commerce. Mr. Vilsack kept his commitment to serve only two terms as Governor, and ran as a candidate for the US Presidency until announcing his withdrawal from the race in February 2007. In addition to his distinguished public service career, including service as an Iowa State Senator and Mayor of Mt. Pleasant, Iowa, Mr. Vilsack is a highly regarded litigator. He has more than 25 years of trial experience handling complex litigation and class actions with statewide and national implications. Mr. Vilsack is a Distinguished Fellow at Iowa State University Biosafety Institute, and he is currently of counsel in the Dorsey Trial group. His practice focuses on strategic counseling and advising clients in the fields of energy conservation, renewable energy, and agribusiness development.