

Return on Investment (ROI) Program Funding Application

This template was built using the ITD ROI Submission Intranet application.

FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform post implementation outcome audits for all Pooled Technology funded projects and may perform audits on other projects.

This is an IOWAccess Funding Request. Amount of funding requested: \$160,000

Section I: Proposal

Date: May, 2007

Agency Name: Iowa Department of Inspections and Appeals (Department)

Project Name: Social & Charitable Gambling (SCG) web site and online licensing

Agency Manager: Beverly Zylstra, Deputy Director / David Werning, IT Projects Coordinator

Agency Manager Phone Number / E-Mail: (515) 281-7376 / David.Werning@dia.state.ia.us

Executive Sponsor (Agency Director or Designee): Dean Lerner, Director / Beverly Zylstra, Deputy Director

A. Project Summary: Describe the nature and use of the proposed project, including what is to be accomplished, how it will be accomplished, and what the costs and benefits will be.

Iowa Department of Inspections and Appeals' (Department) Social and Charitable Gambling Unit is responsible for the inspection and licensing of all charitable gambling activities in the State of Iowa, including bingo, raffles, and games of skill and chance. Additionally, the Unit oversees all social gambling activities in Iowa, such as contests, casino nights, and commercial promotions.

In fiscal year 2003, the Department undertook a project to automate the licensing of social and charitable gambling activities. Included in this project was the conversion of the Department's "custom-made" Access database and paper based forms to an online web site and database. Funding for the development of this project was provided by the IOWAccess Advisory Council.

While the software was developed, deployment was never realized. Issues materialized during this first attempt at automation that necessitated further internal review of the Unit's business processes. Lessons learned during this project included:

- Web pages were designed based on the paper forms used by the Department. The paper forms were built upon a philosophy of "that's the way it's always been done." As a result, the forms and resulting web pages were not user-friendly and created greater confusion for the public.
- The "traditional" approach to licensing social and charitable gambling organizations that was being used was inconsistent with Iowa law and the Department's administrative rules.
- The applicants were obligated to provide data, as part of the licensing process that was either unnecessary or wasn't being utilized for further analysis.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

- The existing customized database was insufficient to fully operate the business. Historical data was regularly overwritten, preventing analysis of licensing patterns and tracking of applicants.

In order to compensate for the shortcomings in the Department's original proposal, a new approach to the licensing of social and charitable gambling activities was needed. This approach employed a comprehensive review of the Unit's business processes, facilitated by staff from the Information Technology Enterprise (ITE). This review has resulted in a cleaner, more streamlined licensing process, which not only provides a "licensing wizard" that walks the applicant through the application process but also helps them determine the license required for their specific activity.

As part of the business process review, it was determined that the Department could not continue to operate its social and charitable gambling program on a business-as-usual basis. The Department's administration is committed to advancing the concepts of e-government and e-commerce by making all licensing processes available via the Internet, permitting online payment for licenses, and most importantly simplifying the process by reducing needless obstacles to compliance.

As part of this simplification, the Department has eliminated the condition that local law enforcement acknowledges a gambling activity prior to the issuance of a license. This supposed requirement was not mandated by state law and seen by many users as a needlessly burdensome task. In order to continue safeguarding the public from suspect gambling activities, the new web site will allow law enforcement a specific search to view applications for social and charitable gambling licenses. This particular feature was developed after consultation with agents from the Iowa Division of Criminal Investigation.

Likewise, conversation with representatives from the Iowa Department of Revenue resulted in the development of an interface that will assure the collection of sales taxes from licensed organizations. And through the matching of records, the Department will be able to identify when a license applicant is delinquent in paying its sales tax. In such cases, a license will not be issued until the obligation has been met.

The final development and deployment of the Department's Social and Charitable Gambling Program application process will benefit the thousands of Iowans who yearly apply for a gambling license. When faced with the paper application, the first question a user must ask is 'which one of the 15 different licenses do I need?' The wizard-approach planned for the web site by ITE will not only guide the user through the application process, but will initially indicate whether the user even qualifies for a gambling license through a simple question-and-answer screening process. Iowans who apply for a license will be quickly guided, step-by-step, through the application process with each phase of the process clearly defined. Once completed, the user will have the option to complete the license application and pay online, or print a copy of the application so it can be mailed to the office along with their payment. Convenience is one of the key user benefits of the new system.

In addition to the initial licensing process, the system will allow licensed organizations to maintain account information. As with most charitable organizations, the officers and

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

board members change on a fairly frequent basis, generally once a year. Because many licenses are issued for a two-year period, the organization is required to update certain information. In the past, this updating process involved numerous telephone contacts with the Department, which are not only frustrating to the user but time consuming for the both the licensee and for the Department's limited staff. (The Department currently has 1.33 FTE devoted to its statewide licensing program.)

Once an account is established for the organization (using ITE's A&A service), the essential data can be maintained and updated by the licensee. Responsible party information, the organization's address, board members, etc., can be kept current at any time during the licensing period. This user-access format will eliminate needless contacts with the Department, reduce frustration to the licensee, and maintain accurate licensing and contact information for the regulated organizations. The licensee will be held to a greater level of accountability for its gambling operation and activity.

The Social & Charitable Gambling project will provide a web-based application for the public to apply for licenses for social and charitable gambling functions and to pay for those licenses. In addition, it will provide a method to enter complaints. The Department will have the ability to manage licenses and complaints, search the database, generate letters, and print reports. The system will allow applicants to apply for the following 15 license types:

- 01 - Amusement Concession License (One year)
- 02 - Amusement Sponsor's License (14-day)
- 03 - Social Gambling - Beer & Liquor Establishments (Two year)
- 04 - Social Gambling - Public Places (Two year)
- 05 - Raffle At Fair (Duration of Fair)
- 06 - Annual Game Night (12-hour Casino) (16-hour in FY08)
- 07 - Qualified Organization (Two year)
- 08 - Qualified Organization (14-day)
- 09 - Qualified Organization Raffle (90-day)
- 10 - Qualified Organization Raffle (180-day)
- 11 - Bingo Distributor License (One Year)
- 12 - Bingo Manufacturer License (One Year)
- 13 - Qualified Organization Annual Raffle License (One Year)
- 14 - Qualified Organization Real Property or Cash Prizes \$100,000 to \$200,000
- 15 - Card Tournaments (New in FY 08)

The number in parenthesis is how long the license is valid before the licensee must reapply. Each license type has a different set of criteria for qualification and rules for approval.

This project includes the following high-level features:

- A central data repository for social and charitable gambling license data
- Web-based access to licenses and payment services
- Web-based searchable version of the database
- Web-based method to accept payment for all fees regarding social and charitable gambling licenses
- Web-based reporting to provide data for internal, legislative, and public queries.

Project Goals

The Social and Charitable Gambling Unit processes approximately 3,300 applications for S&C gambling licenses with an expected increase of 33% caused by legislative changes in 2007. In accepting and approving license applications and renewals, and investigating complaints the Social and Charitable Gambling Unit collects a considerable amount of information about S&C Gambling activities. Making this information available to the public provides a beneficial service to the state, the legislature, citizens, and the industry.

This project will achieve several goals:

- Allow new S&C gambling organizations to apply for licenses and existing licensee holders to re-apply for licenses and pay license fees online through the web site and ePayment system.
- Allow Iowa citizens and tourists to look up the location of licensed S&C Gambling events and activities.
- Allow authorized personnel to change selected information about the license holder's organization.
- Automate and streamline the application and renewal processes.
- Attain submission of 66% of S&C gambling license applicants through the web site to eliminate costs and time delays for processing paper applications and payments.

The intent of this project is to:

- Substantially improve the ability for the public to gain access to the information available from the social & charitable gambling web site and database.
- Greatly enhance the public interface to apply for S&C gambling licenses and ensure that each organization or individual applicant meet the qualifications required by law.
- Improve efficiency by streamlining the application and licensing process.
- Save time and expenses for the S&C gambling applicants using the automated system.
- Increase compliance with rules by allowing online submittal of complaints.

Benefits

The implementation of this application would provide the following benefits:

- Reduce the amount of paperwork passing between the department and license applicants and reduce the number of follow-up contacts the department makes to obtain the required information. This would make it easier and more efficient to apply for and approve licenses.
- Increase compliance with regulations without an increase in enforcement by allowing the public to submit complaints on the web site.
- An enhanced system for online applications will reduce staff hours required to process applications for licenses; reduce printing, mailing and postage expense; decrease paperwork; increase security of handling payments; improve customer

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

service in other program aspects; and provide licenses quicker than the current paper-based system.

- Online applications and renewals would reduce paperwork and reduce labor costs for handling the paperwork, writing checks, and mailing applications for S&C gambling license applications.
- More organizations would reapply for their new license on time without the need for reminders.

B. Strategic Plan: How does the proposed project fit into the strategic plan of the requesting agency?

The Department is committed to protecting the public from incidents of fraudulent or illegal activities in social and charitable gambling activities. This is achieved through enhanced technology available to staff resulting in improved ability to collect accurate data, to respond more effectively and efficiently to customer needs, and to communicate more effectively internally and externally. These goals are accomplished through increased collaboration and improved relationship with other state agencies and external organizations, and maximizing technological advances and enhancements.

Key strategies identified by the Department to accomplish our strategic plan include:

- Educate current licensee and potential applicants regarding permissible and impermissible gambling activities.
- Allow social and charitable gambling license applicants to pay for license application fees using credit cards.

This project directly benefits the Department in meeting its goals as outlined in its Strategic Plan. Once implemented, lowans will not only be able to apply for social and charitable gambling licenses via the Internet, but will be able to pay for the licenses electronically. Additionally, information contained on the web site will better inform lowans about the variety of social and charitable gambling licenses available and the requirements for each license type. Such information directly reduces the number of potentially impermissible gambling activities operating in the State of Iowa.

The online application system is a collaborative effort involving the Department, ITE, and the Departments of Public Safety and Revenue. By utilizing the latest technology to share information, law enforcement and revenue officials will be able to review data collected by the Department – thus permitting them to better protect lowans from fraudulent or illegal gambling activities, as well as assure the proper and timely collection of sales tax.

C. Current Technology: Provide a summary of the technology used by the current system. How does the proposed project impact the agency's technological direction?

The current system uses a combination of a paper-based process and local Microsoft Access database that does not provide the ability to easily share information with others – the state or the public. This project will automate the paper-based system and replace the local database with an online web site available to the Department administrators, law enforcement, Department of Revenue, Legislators, S&C gambling organizations, and the public.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

There are many limitations to the existing MS Access Database. For example,

- The current system is only available to Department Administrators.
- Entry of a new license for an organization overrides the old license so no historical records are available for reports.
- All letters and reports are created manually.
- All applications must be submitted manually on paper forms by applications and these forms must be completed over and over again for license renewals.
- New license types are difficult to add.

The new system will provide a greatly enhanced public facing, easy to use interface for e-Government S&C gambling applications. New technology will utilize a “Wizard” process where the user is led through a sequence of dialogs to ensure that applicant understands and meets the necessary qualifications for application approval.

The new system will integrate the generation of reports into the web interface. This is an improvement on the previous project where the reporting was performed outside of the web interface using MS Access. Also, the new system will generate many of the common letters sent to licensees and applicants, documents prepared for revocation proceedings and subpoenas, etc., directly via the web interface. The previous project did not provide for this functionality.

The proposed project enhances the agency’s technological direction by replacing an out of date database with a dynamic web application supported by a relational database with exceptional user interface that will improve the public’s experience with state government and will provide a look and feel consistent with other department’s web sites, e.g. Targeted Small Business.

D. Statutory or Other Requirements

Is this project or expenditure necessary for compliance with a Federal law, rule, or order?
No

Is this project or expenditure required by state law, rule or order?
Yes – new legislation requires the establishment of a new S&C Gambling license type and changes to an existing license.

Does this project or expenditure meet a health, safety or security requirement?
No

Is this project or expenditure necessary for compliance with an enterprise technology standard?

No, however this project will be consistent with the Department technology direction and standards aligned with ITE Standards.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

[This section to be scored by application evaluator.]

Evaluation (15 Points Maximum)

If the answer to these criteria is "no," the point value is zero (0). Depending upon how directly a qualifying project or expenditure may relate to a particular requirement (federal mandate, state mandate, health-safety-security issue, or compliance with an enterprise technology standard), or satisfies more than one requirement (e.g. it is mandated by state and federal law and fulfills a health and safety mandate), 1-15 points awarded.



E. Impact on Iowa's Citizens

a. Project Participants - List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, other levels of government, etc.) and provide commentary concerning the nature of participant involvement. Be sure to specify who and how many direct users the system will impact. Also specify whether the system will be of use to other interested parties: who they may be, how many people are estimated, and how they will use the system.

List of project participants:

- Social & Charitable gambling license applicants are the primary beneficiaries of this project with the option to apply, renew (re-apply), and pay for S&C gambling licenses using the new streamlined, automated system.
- Individuals in the public that participate in S&C gambling activities that can search and find planned events and games.
- The public who can submit complaints if they find S&C gambling activities that appear to be not operating within legal constraints.
- Iowa Citizens and Tourists would search for S&C gambling activities in the state.
- The Social & Charitable Gambling Unit within the state will use the automated application and licensing process.
- Department of Revenue will be involved in the process of electronic payments by credit cards or electronic checks. Also, Revenue and Sales taxes for S&C gambling will be reported to the Department of Revenue.
- The Department of Criminal Investigation and local law enforcement will have the option to be notified when an organization in their jurisdiction applies for an S&C gambling License.

b. Service Improvements - Summarize the extent to which the project or expenditure improves service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

The S&C gambling project will:

- Substantially improve the ability for the public to gain access to the information available from the social & charitable gambling web site and database.
- Greatly enhance the public interface to apply for S&C gambling licenses and ensure that each organization or individual applicant meet the qualifications required by law.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

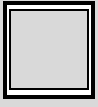
- Save time and expenses for the S&C gambling applicants using the automated system.
- Increase compliance with regulations without an increase in enforcement by allowing the public to submit complaints on the web site.
- Law enforcement will have the ability to easily look up establishments to determine if they have a license or not.
- Reduce the amount of paperwork passing between the department and license applicants and reduce the number of follow-up contacts the department makes to obtain the required information. This would make it easier and more efficient to apply for and approve licenses.
- Reduce staff hours required to process applications for licenses; reduce printing, mailing and postage expense; decrease paperwork; increase security of handling payments; improve customer service in other program aspects; and provide licenses quicker than the current paper-based system.
- More organizations would reapply for their new license on time without the need for reminders.

c. Citizen Impact – Summarize how the project leads to a more informed citizenry, facilitates accountability, and encourages participatory democracy. If this is an extension of another project, what has been the adoption rate of Iowa’s citizens or government employees with the preceding project?

- Citizens will be able to look up and review the rules and regulations that govern S&C gambling licenses.
- The public will have the ability to search for the organizations that hold S&C gambling license and the type of licenses held.
- Individuals in the public that participate in S&C gambling activities can search and find planned events and games.
- The public can submit complaints if they find S&C gambling activities that appear to be not operating within the law.

d. Public Health and/or Safety – Explain requirements or impact on the health and safety of the public.

The system will increase public awareness of S&C gambling activities.

| | |
|---|---|
| [This section to be scored by application evaluator.] | |
| <u>Evaluation</u> (15 Points Maximum) <ul style="list-style-type: none">• Minimally directly impacts Iowa citizens (0-5 points).• Moderately directly impacts Iowa citizens (6-10 points).• Significantly directly impacts Iowa citizens (11-15 points). |  |

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- Minimally improves customer service (0-3 points).
- Moderately improves customer service (4-6 points).
- Significantly improves customer service (7-10 points).



F. Process Reengineering

Provide a pre-project or pre-expenditure (before implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens interact with the current system.

The current process requires that license applicants manually obtain and complete one or more of several types of applications, write a check, and deliver or mail the application to the Social & Charitable Gambling Unit. The form is long and laborious to complete and requires 2 – 3 days to gather the information required by the application. Several licenses types have a short duration of 14 – 90 days and renewals are required to re-apply and complete the same form again and again.

The department staff must manually process the applications and enter the information into an out of date Access database. The department then must then print and mail the license to the Licensee along with a copy of the appropriate regulations.

Provide a post-project or post-expenditure (after implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens will interact with the proposed system. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

The new system will provide the opportunity for organizations to apply and renew their license and pay their license fees online eliminating manual handling and mailing costs, check writing, and waiting for renewals to be approved

For renewals the applications will be pre-populated with the data required to process the applications. Therefore, the data does not need to be reentered for each application and renewal. The applicants verify the information and change selected data as needed.

Streamlining and automating the process will reduce administration expenses and labor costs for S&C gambling licenses holders and the State of Iowa. In addition, delays in the process for mailing and manual handling will be eliminated.

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- Minimal use of information technology to reengineer government processes (0-3 points).
- Moderate use of information technology to reengineer government processes (4-6 points).
- Significant use of information technology to reengineer government processes (7-10).



G. Timeline

Provide a projected timeline for this project. Include such items as planning, database design, coding, implementation, testing, conversion, parallel installation, and date of final release. Also include the parties responsible for each item.

| Milestone | Date | Responsible |
|---|-------------|-------------------------|
| Complete Analysis Phase | 1/27/07 | DAS-ITE / DIA Core Team |
| Complete Business Process Analysis & Design | 5/01/07 | DAS-ITE / DIA Core Team |
| Begin Execution Phase | 5/11/07 | DAS-ITE |
| Complete Construction/Coding | 8/10/07 | DAS-ITE |
| Complete Functional Testing | 8/31/07 | DAS-ITE |
| Begin Customer Acceptance Testing | 8/20/07 | DIA Core Team |
| Complete Customer Acceptance Testing | 9/20/07 | DIA Core Team |
| Migrate to Production | 9/25/07 | DAS-ITE |
| Complete Closure Phase | 10/01/07 | DAS-ITE |

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- The timeline contains several problem areas (0-3 points).
- The timeline seems reasonable with few problem areas (4-6 points).
- The timeline seems reasonable with no problem areas (7-10).



H. Funding Requirements

On a fiscal year basis, enter the estimated cost by funding source: Be sure to include developmental costs and ongoing costs, such as those for hosting the site, maintenance, upgrades,

| | FY06 | | FY07 | | FY08 | |
|-----------------------------------|------------|--------------|------------------|--------------|------------------|--------------|
| | Cost(\$) | % Total Cost | Cost(\$) | % Total Cost | Cost(\$) | % Total Cost |
| State General Fund | \$0 | 0% | \$0 | 0% | | 0% |
| Pooled Tech. Fund /lowAccess Fund | \$0 | 0% | \$46,500 | 20% | \$113,500 | 50% |
| Federal Funds | \$0 | 0% | \$0 | 0% | \$0 | 0% |
| Local Gov. Funds | \$0 | 0% | \$0 | 0% | \$0 | 0% |
| Grant or Private Funds | \$0 | 0% | \$0 | 0% | \$0 | 0% |
| Other Funds (Department) | \$0 | 0% | \$67,000 | 30% | \$0 | 0% |
| Total Project Cost | \$0 | 0% | \$113,500 | 50% | \$113,500 | 50% |
| Non-Pooled Tech. Total | \$0 | 0% | \$0 | 0% | | 0% |

The prorated annual cost over a three year period is \$75,667.

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- The funding request contains questionable items (0-3 points).
- The funding request seems reasonable with few questionable items (4-6 points).
- The funding request seems reasonable with no problem areas (7-10).



I. Scope

Is this project the first part of a future, larger project?

YES (If "YES", explain.) NO, it is a stand-alone project

Explanation:

Is this project a continuation of a previously begun project?

NO YES (If "YES", explain.)

Yes

Explanation:

The Initial goal for developing an online Social and Charitable Gambling website was to convert an out-of-date Microsoft Access database to an on-line web enabled SQL Server database to allow citizens to apply for Social & Charitable Gambling Licenses on-line and automatically pay electronically. During the planning, design phases and into the execution phase of the project, it became apparent that the existing MS Access database and new SCG Web Site would not meet the needs of the existing regulations. In additional, substantial re-engineering of business processes would be required to align application forms, licensing processes, and administration rules with new and existing legislation.

Therefore the Department leveraged the experience and learning from the first SCG project to launch a significant business analysis project to determine the optimal process for the public to apply for S&C Gambling licenses and process the license application in accordance with state statues. This process found the need to rewrite administrative rules and discontinue processes that were not longer needed.

In addition, this business analysis process facilitated by ITE developed important new business requirements and technology specifications to be provided by the new system.

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- This is the first year of a multi-year project / expenditure or project / expenditure duration is one year (0-5 points)
- The project / expenditure is of a multi-year nature and each annual component produces a definable and stand-alone outcome, result or product (2-8 points).
- This is beyond the first year of a multi-year project / expenditure (6-10 points)



The last part of this criteria involves rating the extent to which a project or expenditure is at an advanced stage of implementation and termination of the project / expenditure would waste previously invested resources.

J. Source of Funds

On a fiscal year basis, how much of the total project cost (\$ amount and %) would be absorbed by your agency from non-Pooled Technology and/or IOWAccess funds? If desired, provide additional comment / response below.

Beyond the initial execution phase and implementation costs, the Department will absorb the ongoing operational and maintenance costs. The software deployed from this project will reside on the same infrastructure as existing systems. Any incremental costs will be funded by the Department.

[This section to be scored by application evaluator.]

Evaluation (5 Points Maximum)

- 0% (0 points)
- 1%-12% (1 point)
- 13%-25% (2 points)
- 25%-38% (3 points)
- 39%-50% (4 points)
- Over 50% (5 points)



Section II: Financial Analysis

A. Project Budget Table

It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

The Total Annual Prorated Cost (State Share) will be calculated based on the following equation:

$$\left[\left(\frac{\text{Budget Amount}}{\text{Useful Life}} \right) \times \% \text{ State Share} \right] + (\text{Annual Ongoing Cost} \times \% \text{ State Share}) = \text{Annual Prorated Cost}$$

| Budget Line Items | Budget Amount (1st Year Cost) | Useful Life (Years) | % State Share | Annual Ongoing Cost (After 1st Year) | % State Share | Annual Prorated Cost |
|-----------------------|-------------------------------|---------------------|---------------|--------------------------------------|---------------|----------------------|
| Agency Staff | | | | | | |
| Software | | | | | | |
| Hardware | | | | | | |
| Training | | | | | | |
| Facilities | | | | | | |
| Professional Services | | | | | | |
| ITE Services | | | 100% | \$0 | 100% | |
| Supplies, Maint, etc. | | | | | | |
| Other | | | | | | |
| Totals | | | 100% | \$0 | 100% | |

B. Spending plan

Explain how the funds will be allocated.

The Department has funded scoping, planning, design and the initial work for the Execution Phase. The requested funds are to complete the Execution Phase and Closure phases of the project.

C. Tangible and/or Intangible Benefits

Respond to the following and transfer data to the ROI Financial Worksheet as necessary:

1. **Annual Pre-Project Cost** - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Quantify actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation.

Describe Annual Pre-Project Cost:

Currently, the department mails paper copies of the application form to an applicant, the applicant completes the form and mails it back to the department, and the department then reviews the application. If an applicant fails to submit the required information, the department contacts the applicant via telephone or returns the application along with a letter. The department then holds the application and waits for the applicant to submit the missing information. Once all information is received and the application is

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

approved, the department enters the application information into an Access database and prints and mails a license to the applicant.

Quantify Annual Pre-Project Cost:

| | |
|---|--------------------|
| | State Total |
| FTE Cost(salary plus benefits): | \$ |
| Support Cost (i.e. office supplies, telephone, pagers, travel, etc.): | \$0.00 |
| Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.): | \$0.00 |
| Total Annual Pre-Project Cost: | |

2. Annual Post-Project Cost - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Quantify actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process after project implementation.

Describe Annual Post-Project Cost Savings:

Under the proposed system, an applicant could complete and submit an electronic copy of application and pay the license fee via credit card. The system would prompt each applicant through an easy to use "Wizard" to include all required information. The department would review the electronic application, and upon departmental approval, the electronic information could be automatically added to the database. The system would then generate and issue a license.

Annual cost savings are achieved when 66% of license applications are processed through the new web site. The new system will provide reductions in time required to manually process license applications and reduce costs for postage, stationary, and telephone costs.

Quantify Annual Post-Project Cost Savings:

| | |
|---|--------------------|
| | State Total |
| FTE Cost Savings (salary plus benefits): | \$37,514 |
| Support Cost Savings (i.e. office supplies, telephone, pagers, travel, etc.): | \$6,999 |
| Other Cost Savings (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.): | \$0.00 |
| Total Annual Post-Project Cost Savings: | \$44,513 |

3. Citizen Benefit - Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of \$10 per hour for citizen time.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

Describe savings justification:

The Department's new online application system will benefit those individuals and organizations seeking to obtain a social or charitable gambling license to operate a fund raising activity, which will ultimately benefit civic, patriotic, religious, charitable and educational purposes throughout the State. The system will not only provide a complete description of the various license types, but will also contain the requirements for each license and ready access to frequently asked questions specifically tailored to each particular license. Individuals and organizations will be able to immediately determine whether they qualify for a license by answering customized questions related to each license type.

Eligible individuals and organizations will be reminded at the completion of the initial application process of all supporting documentation required to obtain a license. Easy to understand prompts will detail the required documentation and each step of the process will be clearly explained. Such actions will greatly reduce the number of applications received by the Department that must be rejected for lack of documentation or payment. It is estimated that up to 20 percent of all applications submitted to the Department are returned to the applicant. Returned applications not only create additional burdens on the applicant but can, in some circumstances, force the cancellation of planned fundraising activities.

Once licensed, individuals and organizations will be able to update their information to reflect changes in the organizational structure, such as the name and address of the responsible party. Currently this information is only updated at the time when a license is renewed. As the majority of social and charitable gambling licenses are issued for a two-year period, the contact information currently maintained in the Department's Access database might be irrelevant and outdated.

Additionally, licensed organizations are required to file quarterly reports related to gambling activity. The new system will automatically remind applicants whether they are delinquent in their quarterly report filings. Habitual violators will be prevented from reapplying for a gambling license until their records are brought up to date, thus assuring accurate and complete information regarding the organization's gambling activity. Compilation of this information is necessary to assure lawans that licensees are indeed operating within the scope of the law and that charitable organizations are benefiting from the gambling activity.

The system will be essential when the new card tournament license is established in July. It is estimated that as many as 1,000 individuals and organizations will apply for a card tournament license. Through the online system, the applicants will be able to apply for and renew their licenses, pay the licensing fees, file the required reports, and manage their account information. The online system, too, will permit the Department's small administrative staff (1.33 FTE) to focus on those individuals and organizations suspected of fraudulent activities rather than answering the myriad of questions from would-be applicants.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

4. Opportunity Value/Risk or Loss Avoidance - Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or Federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

During fiscal year 2006, the Department issued 3,157 licenses for social and charitable gambling operations. This represents an 18 percent increase in the number of gambling licenses issued when compared to fiscal year 2001, when 2,673 licenses were issued. With new rules established during 2007 legislative session and improved compliance a 33% increase in license applications is expected.

Social and Charitable Gambling proceeds generate an estimated \$2.0 million in sales tax revenue for the State of Iowa. The new system is designed to prevent the issuance of a license to any organization that is delinquent in its sales tax (or other tax) payments. This feature is built upon a coordinated effort between the Department of Inspections and Appeals and the Department of Revenue to maximize accountability for tax obligations incurred by organizations licensed by the State of Iowa.

The current application, renewal, and reporting processes are heavily dependent on paper forms and correspondence. The projected increase in postage rates will significantly decrease available resources for the Social and Charitable Gambling Program. Conversion to an online application process will not only simplify the steps involved, but will also result in significant cost savings to the Department as the new system will provide notification to the licensee of important dates, such as the quarterly report filing deadline.

Filing of quarterly reports is often a "hit-or-miss" proposition. Reminder notices are mailed to delinquent filers as time and resources permit. The new online application system is designed to prevent the issuance of a license to any organization that is delinquent in its quarterly report filings.

Historical data cannot currently be analyzed for licensing trends. This became an issue during the recent General Assembly as changes to the social and charitable gambling laws were being debated. The Department was unable to provide information regarding the number of active licensees as its current database overwrites all historical data. The new system is designed to maintain the integrity of all data, track changes to data, and will permit the manipulation of data so that variables can be identified and reports generated to address specific legislative and public requests for information.

The new system is being developed upon a clearer understanding of the end-user's needs. The licensing wizard will take the user through the application on a step-by-step basis. The initial web page contains not only a brief description of each specific license type, but also contains links to statutes, rules, and frequently asked questions regarding each license type. These "linked pages" will be maintained by the Department so that the information is always updated and accurate.

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

5. Benefits Not Readily Quantifiable - List and summarize the overall non-quantifiable benefits (i.e., IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.).

- Seven business days of elapsed time will be eliminated with online automated processing of new applications of licenses for mailing, handling and manually processing.
- Application and renewal processing and payments will be available 24 hours per day seven days per week.
- The new system will provide immediate feedback for Application and Renewal Process.
- The new system will provide immediate receipt for payment.
- When using the new system there are no mail delays for checks. Licensing fee penalties are based on receipt date not on post mark date.
- Online renewals close to deadline eliminate need for Establishment to deliver payment to avoid penalty fees.
- Online renewals will provides state employees more time to work with Organizations regarding complaints, explaining rules & regulations, and more time to provide education for the public.
- Online renewals will provide improved data integrity – accuracy and completeness.
- E-Payment will reduce the potential for mishandling of funds by the establishments, through the mail or by state employees.

| ROI Financial Worksheet | |
|--|--------------|
| A. Total Annual Pre-Project cost (State Share from Section II C1): | |
| B. Total Annual Post-Project cost (State Share from Section II C2): | |
| State Government Benefit (= A-B): | |
| Annual Benefit Summary: | |
| State Government Benefit: | \$46,097 |
| Citizen Benefit: | \$62,788 |
| Opportunity Value or Risk/Loss Avoidance Benefit: | |
| C. Total Annual Project Benefit: | \$108,885 |
| D. Annual Prorated Cost (From Budget Table): | \$75,667 |
| Benefit / Cost Ratio: (C/D) = | 1.44 |
| Return On Investment (ROI): ((C-D) / Requested Project Funds) * 100 = | 20.76 |

10. SCG Social Charitable Gambling 10227 ROI Funding Appl.doc

[This section to be scored by application evaluator.]

Evaluation (15 Points Maximum)

- The financial analysis contains several questionable entries and provides minimal financial benefit to citizens (0-5 points).
- The financial analysis seems reasonable with few questionable entries and provides a moderate financial benefit to citizens (6-10 points).
- The financial analysis seems reasonable with no problem areas and provides maximum financial benefit to citizens (11-15).



Appendix A. Auditable Outcome Measures

For each of the following categories, list the auditable metrics for success after implementation and identify how they will be measured.

1. Improved customer service

Improved Customer Service will be measured by:

- Number of and growth in the number of Organizations applying for and renewing online.
- Reduced number of Organizations mailing in paper license application forms
- Survey of Organizations

2. Citizen impact

Customer Impact will be measured by the volume of visitors to the web site and the number of “hits” to the pages and by the % of applications that are submitted on the web site.

3. Cost Savings

Measure the number of online applications as compared to the total number of applications and measure the staff time required to complete the process for online applications as compared to paper-based applications.

4. Project reengineering

Review the legal requirements with the Department’s Administrative Rules with the system process to ensure these requirements and processes are aligned.

5. Source of funds (Budget %)

6. Tangible/Intangible benefits

Benefit of 24 X 7 features will be measured by the number of renewals after business hours and during weekends.