

Department of Administrative Services					
	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	18,720,795	19,861,256	28,068,696	11,962,811	31,201,331
Lottery Funds	16,641,072	20,122,967	19,701,695	25,410,690	25,410,690
Other Funds	908,829,826	983,881,355	1,026,949,398	910,975,927	1,057,016,569
Other Funds (NL)	194,774,768	129,986,751	129,986,751	133,988,178	133,988,178
Federal Funds	--		1,446,795	--	--
Total Funds	1,138,966,461	1,153,852,329	1,206,153,335	1,082,337,606	1,247,616,768
Positions	884	908	914	859	977
FTE	855.27	903.38	906.96	858.50	957.22
* Includes Emergency Board and administrative actions through December 2018.					

Program Description

The Department of Administrative Services (DAS) is the central administrative agency that supports other agencies of state government and coordinates statewide services and administrative policies. The Department has numerous divisions responsible for a variety of disparate functions. For example, it operates the centrally located motor pool; operates and maintains facilities and the state data center; and provides printing, information technology consultation, computer, payroll, and accounting services. The Department distributes federal, lottery, and state funds to cities, counties, and other state agencies. It also collects and distributes mass transit taxes.

CSL Summary and Issues

The Department's operating revenue comes generally from fees charged for services provided to state agencies and statewide assessments. DAS establishes rates for direct services and bills agencies based on usage. Costs of indirect services, such as the policy services provided by the Chief Operating Office, Chief Financial Office, Chief Information Office, and Chief Human Resource Office are recovered through a "statewide assessment" (often based in part at least on FTE), which is included in all state agencies' budgets as part of the line item expense titled State Government Service Charges (SGSC).

Funding for DAS Other Funds limited packages was built into the state price list, and included in other agency budget requests as payments to DAS. These price list increases become part of agency Current Service Level calculations. Therefore, denial of policy option packages will result in savings to other agencies from reduced assessments and rates. For 2019-21, 47.4% of SGSC received by DAS originate as General Fund payments, which are spent by DAS as Other Funds. Lottery Funds comprise 1.4%, Other Funds 38.5%, and Federal Funds 12.7% of SGSC.

Oregon Public Broadcasting - The 2019-21 CSL for OPB is \$500,000 General Fund for operating support and \$915,135 Lottery Funds for debt service on previously issued bonds.

Oregon Historical Society - The 2019-21 CSL for OHS is \$750,000 General Fund for operating support and \$412,392 Lottery Funds for debt service on previously issued bonds. In 2017-19 OHS received an additional \$150,000 General Fund support on a one-time basis

Fairs - The CSL for the General Fund operating subsidy received by the State Fair Council is \$1,052,865. In addition, there is \$581,801 General Fund debt service for bonds issued in 2015-17 that begin this biennium. The 2019-21 CSL for County Fairs support is \$3,828,000 Lottery Funds. 2017-19 CSL was \$3,648,000, but funding was increased by \$180,000 at the end of the 2017 session. This is a statutory distribution that can be capped at a specific funding amount in the program change bill, which is what has occurred in the last few biennia.

Policy Issues

Enterprise Information Technology Systems - DAS operates and maintains enterprise information systems used for basic administrative and business functions such as human resources, payroll, accounting, and budget. These back-office systems are used by all branches of government to ensure least cost through economies of scale. These systems are now many years old and in some cases current solutions look much different than what the state has been operating with for years. The first project to replace some of these major systems is the Human Resource Information System or HRIS project (now called the Workday Project after the IBM solution that is being implemented). Planning for this project began in 2012. The Workday Project is nearing completion, albeit a few months behind schedule. The delay is related primarily to Workday connections to the legacy payroll system, with which the HR system must interact to issue paychecks. DAS has been cautious due to the potential risk to employees pay, and is requiring multiple testing iterations. Workday is now scheduled to go live 2/1/2019.

DAS owned facilities - DAS owns and operates many buildings used by many state agencies. These entities pay a “uniform rent” based on the space they use. The uniform rent includes a “depreciation” component that is deposited in the Capital Projects Fund. Money in this fund is used to pay for maintenance and upgrades on existing buildings. There is \$13,750,000 capital construction expenditure limitation increase proposed for this work in 2019-21. Additional larger scale projects would be debt financed with debt service being paid through increased rent charges - Justice Building Exterior Upgrades (\$5,000,000); Revenue Building Electrical System Upgrades (\$10,000,000); and Portland State Office Building Upgrades (\$8,600,000). To support all this work facilities is requesting continuation of 4 construction manager positions (\$994,397). DAS is also requesting \$269,579 for one position to support capital facility planning work by the State Architect. \$1,226,000 General Fund is requested for maintaining the decommissioned Hill Crest facilities that were transferred to DAS by OYA in 2017-19. The Hill Crest total includes \$250,000 for marketing and other costs associated with getting the property ready for sale.

Other Significant Issues and Background

Enterprise Level Information Technology - Enterprise-level Information Technology related requests constitute the largest category of Policy Option Packages, totaling \$69.1 million Other Funds, which include:

- Payroll System Replacement - \$14.7 million Other Funds from assessments and 21 LD positions (13.13) would be used to replace the existing legacy system and the Epayroll system with a Workday product from IBM, the same system chosen for the HRIS project. This project will not take as long as HRIS since the IT solution is predetermined by the selection of Workday. The timing of this project was adjusted to a later date in the Governor’s Budget (GB) due to delays in implementing Workday.
- State Data Center equipment replacement - \$15.3 million Other Funds, mostly from charges for services, will be used to continue a computing and network equipment lifecycle replacement plan to ensure stable and reliable operations. Lifecycle replacement was previously approved for a six-year period and was phased-out for 2019-21;
- IT Security Compliance - \$15.8 million and 11 positions (9.68 FTE) to address federal security compliance findings, aging firewalls, and major weaknesses in state IT security. This package includes operating leases of \$11.6 million, which includes professional services and 5 years maintenance/support;
- Procurement System Replacement - \$9.7 million and 5 positions (5.00 FTE), two of which are limited duration (LD). Replaces the manual procurement process with an automated end-to-end eProcurement software solution, known as OregonBuys. This project is currently led by ten participating agencies including DAS on a pilot project basis. To date, no pilot agency has implemented the new system, but several are close including the Secretary of State;
- Microsoft Office 365 Enterprise contract - \$6.6 million and 3 positions (2.64 FTE) were added in GB to support a contract for agencies to use Office 365. Numerous Agency Request Budgets (ARB) requested funding to move to Office 365 and it was determined it would be more cost effective for the state to negotiate one contract for state government.
- Workday Learning Management Module - \$4.8 million and 11 LD positions (7.75 FTE) to support the implementation of Workday Learning Management module which will provide state-wide mandatory training and associated reporting requirements. (\$933,600 of this request is for the subscription fee and will be on going past this biennium);
- Permanent Staff for Workday HR modules - \$2.2 million and 10 positions (8.80 FTE) to permanently staff CHRO Enterprise Systems Support with Workday subject matter experts.

Risk Management - Increases risk charges by \$10 million, to increase the risk fund from \$107 million to \$117 million. For the past few biennia policy decisions were made by the agency and Customer Utility Board (CUB) to keep increases to risk assessments below the level need to fully fund the actuarially estimated “true Total Cost of Risk” (TCOR). For 2019-21 the TCOR is \$148 million, which would require increases of 38% to achieve. Instead, the CUB, using the “Best Capital Adequacy Requirement model”, recommended a funding level of \$132 million for 2019-21. The Governor’s Budget approved a \$10 million increase to the Risk Fund. The other Risk related request included in GB is \$530,000 to replace the current Claims Management System using existing fund balances.

Human Resources - Funding requests include \$1,204,629 to add 5 positions (4.40 FTE) to deal with increased work involving the classification and compensation section; \$430,166 for 2 positions to support the increased requests for CHRO to assist agencies with complex, highly sensitive internal agency investigations; \$792,818 to establish two permanent positions plus additional training costs (\$400k) to support the

Governor's Executive Order 17-08 (Strengthening Public Employees Bargaining & Training Practices); and \$215,082 to establish one permanent position dedicated to executive recruiting.

Emergency Preparedness - DAS has a few requests related to disaster preparedness. \$729,339 to support 2 positions (1.76 FTE) to establish a new Co-location Service line in ETS that will enable existing agency facilities to increase their recovery resiliency and utilize services not currently available in their own data center. \$800,000 in the Enterprise Security Office to acquire disaster recovery equipment. \$208,270 for one limited duration position to establish a new co-location service at the State Data Center to increase recovery and resiliency.

Other IT - Additional information technology requests include:

- \$1.8 million Other Funds for six positions to act as Chief Business Technology Officers to be assigned to program areas.
- \$1,390,376 Other Funds for 3 Limited Duration (LD) positions to increase broadband partnerships with non-state agency governmental entities to improve broadband connectivity through the establishment of public-private partnerships;
- \$1,008,312 Other Funds to make 4 current LD positions permanent working on IT procurement and vendor management.
- \$862,131 Other Funds for 4 permanent project services positions in OSCIO.
- \$529,270 Other Funds to make 2 current LD positions permanent that work on the OSCIO IT Enterprise Shared Services project called Basecamp, which is meant to coordinate state agency IT procurements to leverage better pricing and/or service levels;
- \$429,896 Other Funds for 2 positions to provide customer service for the new state telephone system;
- \$393,864 Other Funds from intra-agency charges to fund 2 new positions to support DAS internal IT operations and client agencies;

Charges for Service Supported Requests - \$2.5 million to increase the budget for fleet replacement of aging vehicles. \$372,316 to add 2 positions procurement analysts to meet workload demands. \$3,281,374 and 2 positions to allow agencies to access better lease agreements for multi-function printers which DAS can get due to its high volume. These printers would be housed at agencies but leased through DAS to access the better pricing, which is the main reason for the large Other Funds limitation increase.

Governor's Budget - Reduced DAS assessments and charges by \$51.9 million total funds from ARB pricelists, including \$21.3 million General Fund. CASA remains at DAS (\$2,316,040 General Fund), and an increase of program finding of \$3 million General Fund, plus an added position to manage the program (\$200,644 General Fund). Transfers the State Longitudinal Data System to OSCIO (\$4.4 million General Fund and 10 positions). General Fund special payments include: \$1 million for Special Olympics; \$1 million for Classroom Law Project (already gets funding in the ODE budget); \$2.4 million for Port of Cascades Locks; and \$5 million for the 2021 Track and Field Championship in Eugene. Added \$440,304 General Fund to keep 2 Public Records Advocate positions funded with General Fund rather than thru assessments. The 2017-19 Adopted Budget provided General Fund on a one-time basis with the direction to move these to assessments during 2019-21 budget development. Added \$232,594 Other Funds for an internal auditor position. Four Lottery Bond projects totaling \$38.2 million were added in the Governor's Budget.