

## Department of Administrative Services

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	228,061,764	90,170,999	670,472,681	14,155,618	18,162,345
Lottery Funds	22,324,970	27,226,508	26,803,355	51,259,606	51,259,606
Other Funds	1,210,137,207	1,440,489,283	1,520,469,347	1,180,240,661	1,291,919,081
Other Funds (NL)	175,734,234	138,691,080	189,091,080	143,492,672	143,492,672
Federal Funds	1,262,480,066	2,628,799,487	3,231,410,566	--	5,559,169
<b>Total Funds</b>	<b>2,898,738,241</b>	<b>4,325,377,357</b>	<b>5,638,247,029</b>	<b>1,389,148,557</b>	<b>1,510,392,873</b>
Positions	926	971	999	931	971
FTE	908.27	966.72	983.76	930.50	964.88

\* Includes Emergency Board and administrative actions through December 2022.

### Program Description

The Department of Administrative Services (DAS) supports other agencies of state government and coordinates statewide services and administrative policies. At present, the Department has nine divisions responsible for a range of services and oversight:

1. Chief Operating Office (COO) - provides guidance to all executive branch agencies, including conducting economic analysis and internal auditing, supporting statewide efforts to improve state government, and coordinating legislative activities as well as external communications.
2. Chief Financial Office (CFO) - is responsible for statewide financial reporting, comprehensive fiscal policy, budget development and financial oversight for the Executive Branch.
3. Chief Human Resources Office (CHRO) - oversees state agencies' human resources (HR) functions, including policies, investigations, talent acquisition, executive recruitments, classification and compensation, workforce development, labor relations and HR information systems.
4. Enterprise Asset Management (EAM) - provides vehicles from the state fleet; disposition of surplus personal property; office, and specialty use space within its portfolio of owned buildings; full-service brokerage representation for state agencies in private-sector leased space; plans and executes on capital construction projects on DAS-owned buildings.
5. Enterprise Goods and Services (EGS) - provides business services (financial, procurement, publishing and distribution, risk management) to state and local government.
6. DAS Business Services - provides emergency and business continuity planning, statewide performance management data quality services, as well as budget rate development and fee assessments.
7. DAS Information Technology (IT) - provides IT solutions engineering, project management, and IT service desk, in support of DAS and small agencies, boards, and commissions.

8. Enterprise Information Services (EIS) - provides statewide information technology leadership, with responsibility for ensuring alignment between statewide IT policy and operations, advising the Governor on enterprise technology and telecommunications, implementing the IT Governance framework and establishing the state of Oregon's long-term IT strategy through the [Enterprise Information Services Strategic Framework 2020-2023](#).
9. EIS State Data Center (SDC) - provides a full suite of managed computing, storage, network and backup services (e.g., colocation, cloud brokering, backup services, network services, managed computing services) to Executive Branch agencies.

In addition, DAS collects and distributes mass transit taxes. The Department also distributes federal, lottery, and state funds to state agencies, cities, counties, and other entities.

DAS revenues come from four major fund types: (1) General Fund monies are directly appropriated by the Legislature from the State General Fund to help fund the prison population forecast work completed by the Office of Economic Analysis and various external entities who receive state financial support via pass through special payments in the DAS' budget; (2) Lottery Funds revenues are transferred on a quarterly basis from the Oregon Lottery to the Economic Development Fund. DAS then distributes these funds to the Education Stability Fund, Oregon Education Fund, Parks and Natural Resources Fund, Veterans' Services Fund, and other statutory allocations; (3) Other Funds Nonlimited revenues are used for buying insurance and paying for losses from the Risk Management Fund, as well as distributing Mass Transit assessment to transit districts; (4) Other Funds Limited revenues, which makes up most of the DAS budget, are mainly derived through fee for services and assessments to state agencies. In addition, Federal Funds reflects American Rescue Plan Act (ARPA) funding.

The Department's operating revenue comes generally from statewide assessments and fees charged for services provided to state agencies. 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 Human Resource Office, and Enterprise Information Services are recovered through a "statewide assessment" (based in part on FTE), which is included in all state agencies' budgets as part of the line-item expense titled State Government Service Charges (SGSC). The price of DAS Other Funds proposed packages were built into the costs on the state price list. These price list costs are then included in all Agency Request Budgets as payments to DAS. These price list increases become part of agency Current Service Level calculations. Therefore, denial of DAS policy option packages will result in savings to other agencies from reduced assessments and rates. At current service level, 50.5% of SGSC received by DAS originate as General Fund payments, which are spent by DAS as Other Funds. The remaining SGSC funding components are Lottery Funds at 1.3%, Other Funds 35.2%, and Federal Funds 13.0%.

#### CSL Summary

The 2023-25 current service level (CSL) budget is \$1,389,148,557 total funds (\$14,155,618 General Fund, \$51,259,606 Lottery Funds, \$1,180,240,661 Other Funds, and \$143,492,672 Other Funds Nonlimited), and 931 positions (930.50 FTE). The total funds budget is \$4,249,098,472, or 75.4%, less than the 2021-23 legislatively approved level of \$5,638,247,029. Reductions in the 2023-25 CSL budget reflect the phase out of onetime funding and completed work, including:

- \$2,936,508 General Fund for various discrete work DAS was directed to carry out including a study on gender responsive practices at the Coffee Creek Correctional Facility, and a disparity study to evaluate the barriers in states procurement and contracting that adversely affect businesses owned by minority, women, and/or service-disabled veterans, as well as small businesses and businesses for whom language access is a barrier.
- \$3,345,000 General Fund to support maintenance and operations of the Enterprise Microsoft 365 system.
- \$4,000,000 General Fund onetime investment in additional fleet vehicles
- \$642,394,628 General Fund and \$211,393,608 Other Funds in pass through special payments to local government and community organizations.
- \$14,546,293 Other Funds for onetime costs associated with the Oregon Statewide Payroll Services (OSPS) replacement project, the Oregon Buys project, and a onetime funding to support new agencies and Oregon’s Out-of-State workforce.
- \$10,239,330 Other Funds related to information technology lifecycle replacement.
- \$4,690,995 Other Funds Other Funds associated with onetime investments for additional vehicle purchases and the cost of issuance related to bond sales.
- \$695,000 Other Funds for cost associated with the Application Integration Platform project.
- \$3,197,901,617 Federal Funds associated with one-time American Rescue Plan Act (ARPA) stimulus funding.

The CSL includes General Fund and Lottery Funds special governmental payments to:

- *Oregon Court Appointed Special Advocates (CASA) Network*- \$5,908,140 General Fund to support programs leveraging approximately 7,900 volunteers acting as court appointed special advocates to more than 5,000 foster children in Oregon’s court system.
- *Oregon Public Broadcasting* - \$500,000 General Fund for operating support and \$553,204 Lottery Funds for debt service on previously issued bonds.
- *Oregon Historical Society* - \$750,000 General Fund for operating support and \$401,889 Lottery Funds for debt service on previously issued bonds.
- *County Fairs* - \$3,828,000 Lottery Funds. The funding level is a statutory dedication.
- *Oregon State Fair Council* - \$1,015,299 General Fund for operating subsidy. In addition, CSL contains \$2,187,398 General Fund for debt service payments on previously issued bonds.

### Policy Issues

*Leadership Transition:* With a new Governor and new DAS Director, the agency is anticipated to undergo organizational changes.

*Risk Fund Solvency:* The Insurance Fund is comprised of several individual components including workers compensation fund to cover injured state workers, a liability fund to cover tort claims and other lawsuits, a property fund to cover damage to state property, and an adult in custody injury fund to cover adults in custody injured performing assignments while incarcerated. For the past few biennia, policy decisions were made by the agency, policy makers and customers, to keep increases to risk assessments below the level needed to fully fund the

actuarially estimated “Total Cost of Risk” (TCOR) and to “sweep” funds for use in the General Fund. In addition, tort limit increases, COVID claims, and three recent extraordinary claims have left the liability component of the insurance Fund severely underfunded. Additional assessment funding will be needed to bring the fund’s balance closer to the actuarial estimated TCOR.

*Enterprise Information Technology:* 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. Some of these systems are now decades old and, in some cases, current solutions look much different than what the state has been operating with for years. The proposed policy option packages reflect efforts to continue to address enterprise and agency priorities including replacement of legacy enterprise systems, compliance and risk mitigation associated with state and federal information security and regulatory requirements, addressing legislative mandates, and improving services to customers, including state agencies and citizens, among others.

*Growth in Operations:* During the 2022 Legislative session, the 2021-23 biennial budget for the Executive Branch was increased by \$6.78 billion total funds and an additional 1,229 (847.38 FTE) positions were approved. Since the end of the 2022 Legislative session, DAS has experienced a significant increase in requests for support from state agencies. These requests for assistance include information technology, payroll, accounting, budgeting, human resources, motor pool, facilities, and procurement. The agency requested budget includes a request for additional staffing to meet statewide needs.

*DAS owned facilities:* DAS owns and operates most buildings used by various state agencies, including office spaces as well as critical special-use buildings such as the State Data Center, Public Health Lab, and other stand-alone facilities. Most state agencies do not have the legal authority to own facilities like office buildings and instead use DAS owned space. The current replacement value of the aggregate portfolio is \$2.5 billion and comprises 4.5 million square feet. Agencies occupying DAS-owned facilities pay a “uniform rent” based on the square footage of the facilities 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 non-major maintenance and upgrades on existing buildings.

*Compensation for Wrongful Convictions - SB 1584 (2022)* appropriated a total of \$5 million to DAS (\$973,638 for payment of state legal costs and \$4,026,362 for payment of claims to successful claimants). The 2023-25 DAS budget does not include funding to continue this program. The Department of Justice (DOJ) reports that the state has received notices from 19 claimants. Although only one has filed suit, DOJ predicts that if all 19 claimants were successful, total compensation to those 19 claimants would be approximately \$7 million with additional legal fees of another \$2 million. DOJ does not anticipate more than a couple of cases resolving by the end of the 2021-23 biennium. DOJ predicts that the bulk of the legal work and payout will not occur until the first year of the 2023-25 biennium.

## Governor's Budget Summary

The 2023-25 Governor's Budget is \$1,510,392,873 total funds (\$18,162,345 General Fund, \$51,259,606 Lottery Funds, \$1,242,169,081 Other Funds, \$193,242,672 Other Funds Nonlimited, and \$5,559,169 Federal Funds), and 971 positions (964.88 FTE). The total funds budget is \$121.244.316, or 8.7%, more than the current service level of \$1,389,148,557 total funds. The Governor's Budget includes an increase of \$22,602,499 Other Funds for cost of issuance on reauthorized bonding, a reduction of \$43,211,453 total funds (including the elimination of 16 positions), and the following policy option packages listed by division totaling \$141,853,270 total funds (\$4,043,679 General Fund, \$132,250,422 Other Funds, and \$5,559,169 Federal Funds), 56 positions (50.38 FTE):

### *Chief Operating Office (COO)*

- POP #090 Continuity of Operations Planning (COOP): \$556,342 Other Funds to purchase continuity of operations planning software.
- POP #090 Regional Housing: \$143,369 Other Fund to reclassify one Economist 2 to Economist 4 and add a leadwork differential to an existing Economist 4 position in the Office of Economic Analysis.

### *DAS IT*

- POP #101 DAS IT Application Modernizations: \$1,288,500 Other Funds, 5 positions (5.00 FTE) to assist the DAS IT development team with a backlog of change requests and reduce the overall development time for existing critical technology applications that are relied upon by DAS and 18 other state agencies, boards, and commissions.
- POP #103 DAS IT PC Lifecycle Replacement: \$765,520 Other Funds, 1 position (1.00 FTE) to provide additional staff support to improve turnaround time and increase PC technical support. The package would also provide resources to replace PCs in order to move towards a four-year replacement cycle. The current cycle is eight years.

### *Chief Financial Office (CFO)*

- POP #104 Facility Conditions & Capital Planning System: \$2,569,664 Other Funds to allow DAS CFO to build a module in an existing system currently used within DAS Enterprise Asset Management that would allow DAS to migrate statewide facilities inventory and existing facilities condition assessment data into a facility tracking system, enabling agencies to easily report and track their facilities condition information over time and reconcile maintenance efforts that improve each facility's condition.
- POP #105 Continue CFO ARPA Team: \$1,944,041 Federal Funds, 5 positions (5.00 FTE) to continue the work of tracking ARPA expenditures and comply with federal reporting and audit requirements through the final ARPA reporting period of April 30, 2027.

### *Chief Human Resources Office (CHRO)*

- POP #106 Workday Payroll Project: \$1,512,588 Other Funds, 5 positions (3.50 FTE) for additional staffing for the Workday Enterprise Systems Support Team responsible for staffing the help desk, providing HR/Support, payroll operations, centralized PERS services and providing system administrative support for Workday. This package also transfers 15 existing positions who worked on the payroll replacement project from Enterprise Goods and Services to CHRO.

- POP #107 Workday Ongoing Subscription Costs: \$2,689,478 Other Funds for software subscriptions for four Workday modules (People Experience, Extend, Prism, and People Analytics) to capture and analyze diversity and inclusion data as well as track training and case management data for HR investigations.
- POP #108 Additional Staff for Increased CHRO Workload: \$1,397,364 Other Funds, 3 positions (3.00 FTE) to address the increase workload in the Workforce Development and Classification & Compensation units.
- POP #143 Cultural Change Position for Governor's Office: \$347,961 Other Funds, 1 position (1.00 FTE) reflecting the transfer of the Director of Affirmative Action from the Office of the Governor to DAS so the work of the Chief Cultural Change Officer and the Director of Affirmative Action can better work together to align goals and objectives.
- POP #144 Workday Payroll/Time Tracking Subscriptions: \$5,207,330 Other Funds for software subscriptions for the Workday Payroll, Time Tracking and Core Financials modules, the Kainos Automated Testing Tool, and tax filing services.

#### *Enterprise Asset Management*

- POP #112 Governor's Regional Solutions Program Rent Costs: \$125,000 Other Funds to cover rent costs for the Governor's Regional Solutions Center (GRSC) locations in LaGrande, Tillamook, Medford, Eugene, Bend, Portland, and Salem. GRSC is a collaborative organization that coordinates state resources and programs in regions throughout the state to maximize the Governor's agenda and effectiveness of state agency projects, and to make sure regional priorities throughout the state are appropriately addressed.
- POP #115 New Parking Management System Increased Costs: \$750,000 increase in Other Funds to accommodate increased expenditures due to maintenance and modifications of new parking management system, deployment of credit card meters (merchant fees and ongoing network/software fees), enhancements for adding new parking options for accommodating hybrid workers, and other general additional costs for contracting parking facility maintenance and repairs. Revenue source for this work comes from parking fees.
- POP #117 Additional Staff for Trade Services: \$720,266 Other Funds, 8 positions (4.00 FTE) to staff the North Valley Complex in Wilsonville, including custodians, electrician, and plumber. Revenue source for this service comes from facilities rent paid by tenant agencies.
- POP #118 Expansion of Facilities Contract Services: \$3,000,000 Other Funds to support lab contracts for equipment, hardware and software maintenance and services at the North Valley Complex in Wilsonville. Revenue source for this service comes from facilities rent paid by tenant agencies.

#### *Enterprise Goods and Services*

- POP #119 Oregon Procurement Equity Program: \$4,043,679 General Fund, 12 positions (12.00 FTE) to establish an Oregon Procurement Equity Program to embed an equity lens on all aspects of the state procurement process, including improving data collection and establishing an Oregon Procurement Equity website to improve outreach and engagement. Included in the package is funding for software and contracted services.

- POP #120 Increase Risk Assessment Revenue: This is a revenue only package which would increase DAS Risk Charges by \$50 million to increase the funded status of the Insurance Fund.
- POP #122 Disparity Study Recommendations Team: \$1,892,348 Other Funds, 4 positions (4.00 FTE) to establish a team within DAS Enterprise Goods and Services to implement recommendations received from the disparity study on contracting. This package includes funding for additional consulting and software costs.

#### *Enterprise Information Services and State Data Center*

- POP #123 Sustainment of Microsoft 365 Foundation: \$24,550,142 Other Funds, 2 positions (2.00 FTE) to contract with NTT Data to provide ongoing monitoring, administration, and support for the state's Microsoft 365 for approximately 41,000 end-users' Windows desktop operating systems, as well as to implement Coreview, an application used to manage the operations of the state's Microsoft 365 tenants. This package includes Microsoft licensing costs, IT services, and platform management software.
- POP #124 Network Security Lifecycle Replacement Plan: \$3,615,128 Other Funds and carryforward of \$3,615,128 ARPA funds to replace equipment over five years old or following end of vendor support in the 2023-25 biennium, including firewalls, network load balancers, and security insertion switches.
- POP #125 Network Security Managed: \$5,393,046 Other Funds for contract services to enhance the efficiency of network security operations, support the integrated risk management program, and maintain Security Operations Center (SOC) infrastructure.
- POP #126 Oregon Link Membership Contribution: \$7,250,000 Other Funds to maintain the State's partnership with [Link Oregon](#), a consortium working to build and maintain fiber-optic cable across the state.
- POP #127 Oregon Statewide Imagery Program: \$1,600,000 Other Funds to support Oregon's participation in the United States Department of Agriculture (USDA) National Agriculture Imagery Program (NAIP) to procure statewide high quality, high accuracy, and standardized aerial imagery available for all state agencies. Aerial imagery is used for public safety, hazard mitigation and response, compliance monitoring, farm and forest management, habitat assessments, building/asset mapping, climate resiliency planning, and many more agency operations. While imagery can provide an accurate digital representation of the natural and built environment, it needs to be collected every two years to keep up with the changes that are occurring every day across the state. Imagery is used as a base layer for GIS programs used by many state entities including tribes, local government, the Department of Agriculture, Department of Environmental Quality, Department of Land Conservation and Development, the Department of Transportation, Department of Emergency Management, Parks and Recreation Department, and the Watershed Enhancement Board.
- POP #128 Establish New Chief Privacy Office: \$1,488,521 Other Funds, 3 positions (3.00 FTE) to establish a data privacy program, coordinating with other EIS sections (e.g., Cyber Security Services, Data Governance and Transparency, and Project Portfolio Performance) and other external stakeholders to develop privacy principles and best practices, assess agency privacy practices, develop training resources and requirements, establish a privacy impact assessment process and align it with existing project oversight policies and procedures, and develop general guidance and information on the collection and use of Personally Identifiable Information (PII). This package aligns with the Secretary of State's audit recommendation.

- POP #130 Additional Staff for Enterprise Initiatives: \$287,052 Other Funds, 1 position (1.00 FTE) for an additional Oversight Analyst to provide the EIS Project Portfolio Performance unit with additional staff to meet service level agreements and address increasing demand and maintain quality oversight and portfolio management.
- POP #131 Modernize Enterprise Project Portfolio Performance Management: \$1,529,295 Other Funds, 2 positions (2.00 FTE) to establish two limited duration Information Systems Specialist 7 positions to provide EIS with resources to migrate to a managed service model, as well as plan for and migrate to the Modern UX or modern user experience for enterprise project and portfolio management, enabling cross-agency collaboration and project specific communication on a scalable, secure project and portfolio management cloud SaaS platform.
- POP #135 Network Equipment Lifecycle Replacement: \$6,068,800 Other Funds to replace approximately 1,900 network devices for Data Center Services (predominantly local area network switches in over 400 state office buildings) with leased equipment.
- POP #136 Continue Funding for Resilient Site: \$6,524,780 Other Funds to continue the execution of the recommendations and roadmap from a Gartner study completed in late 2021 to establish a Resilient Site to provide agencies the capability of a second physical location for computing systems to operate and prevent service interruptions from both planned and unplanned outages through near real time data replication which allows for continuous operations should the primary data center in Salem become unavailable.
- POP #138 Establish a Cloud Management Program: \$1,377,639 Other Funds, 4 positions (3.88 FTE) to establish a cloud management platform within Data Center Services that will enable state agencies to utilize various cloud services.

#### *Capital Improvement*

- POP #139 Increase for Additional Capital Improvement Projects: \$250,000 Other Funds for remodeling and renovation projects that cost less than \$1 million, including replacing lighting packages and supporting electrical infrastructure for energy efficiency and end of useful lifecycle replacement, replacing and upgrading elevator controls and components, and implementing modern HVAC equipment and controls throughout the DAS portfolio.

#### *Debt Service for debt financed capital construction projects*

- POP #141 Real Estate Costs on Mill Creek Land Sales: \$300,000 Other Funds to cover Department of Justice assistance with contracts and other consultant services necessary to continue development and marketing of the Mill Creek Corporate Center.

#### *Capital Construction* - Funding for these packages would come from increased rental revenues charged to agencies.

- POP #200 Various Deferred Maintenance Projects: \$15,500,000 Other Funds to maintain DAS facilities, including roof replacement at the Commerce Building, Salem Motor Pool, and the Agriculture Building. This package will also fund facility envelope replacement and repair, upgrading lighting packages and supporting electrical infrastructure for energy efficiency and end of useful lifecycle replacement, replacing, and upgrading elevators as well as their controls and components, and continued implementation of modern HVAC equipment and controls replacing legacy systems.



- POP #201 Construction Project Planning: \$3,500,000 Other Funds to contract with architectural firms to develop project scopes, plans, and budgets for future projects.
- POP #202 Gender Neutral Facilities & Mothers' Rooms: \$6,500,000 Other Funds to continue to expand the availability of compliant mothers' lactation rooms, wellness rooms, and gender-neutral bathrooms in state owned buildings.
- POP #203 Building Automation Systems: \$5,000,000 Other Funds to replace outdated and unsupported building automation systems, highlighted as a security risk in a recent Secretary of State audit finding.
- POP #204 Security and Systems Investment/Upgrades: \$2,500,000 Other Funds to plan and implement necessary security system upgrades, including designing and constructing secure lobby spaces, create layers of security within facilities to afford employees and guests safe passage away from potential dangers.
- POP #205 Portfolio Repositioning: \$11,250,000 Other Funds to design and construct facility upgrades to support the needs of agencies and employees in a post-pandemic work environment, including developing drop-in spaces, more conference facilities, augmented infrastructure for healthy buildings, and safe and secure spaces for state agencies to serve and interact with the public.
- POP #206 Climate Adaption and Net Zero Solutions: \$2,000,000 Other Funds to partner with the Energy Trust of Oregon and architectural/engineering firms to invest in sustainable alternatives and innovative technologies to realize energy, water, and waste savings in support of capital construction projects.
- POP #209 Capitol Mall Medium Voltage Design: \$500,000 Other Funds to collaborate with contracted electrical engineering firms and Portland General Electric to assess the Capitol Mall medium voltage infrastructure (servicing the Labor and Industry, State Library, Public Service Building, and Oregon Department of Transportation) in order to develop a project scope and develop a project budget for future work.
- POP #210 Parking Lot/EV Charging Stations: \$3,000,000 Other Funds cover improvements, repairs, and electrical vehicle charging expansions at DAS parking facilities from 2021 to 2027.

#### Key Performance Measures

A copy of the DAS Annual Performance Progress Report can be found on the LFO website:

[https://www.oregonlegislature.gov/lfo/APPR/APPRProposed\\_DAS\\_2022-09-28.pdf](https://www.oregonlegislature.gov/lfo/APPR/APPRProposed_DAS_2022-09-28.pdf)