

**Department of Administrative Services
Administrative Savings Statewide Implementation Report**

The General Government Subcommittee recommends that the Joint Committee on Ways and Means acknowledge receipt of a report on implementation of five percent administrative savings that was recommended in the Governor's Budget.

This effort began during the 2011 session when the Director of Administrative Services proposed 10% savings in the state's administrative functions. As a result, a budget note was included in the DAS budget directing the agency to develop a plan to achieve this 10% level of savings and to include that plan in state agency budget requests for the 2013-15 biennium. Despite a report by DAS during the Feb 2012 session that this work was on schedule to be completed as directed, no such plan was included in agency request budgets for 2013-15. Instead, a 5% reduction package of certain administrative expenditures was included in the Governor's Recommended Budget for 2013-15 for executive branch agencies.

The 5 percent administrative reductions package was originally intended to act as a placeholder, with the stated intent that the executive branch would work on identifying specific reductions that would then be used to replace the unspecified reductions before the Legislature adopted budgets for the 2013-15 biennium. While DAS did begin a process to identify specific reductions, they were unable to complete this work before the end of the 2013 session. As a result a budget note was adopted in House Bill 5008 affirming that the \$62.0 million in reductions were permanent and ongoing and that DAS was to continue to work on details of these reductions and report to the Joint Committee on Ways and Means during the 2014 session.

DAS reported that various challenges made it unrealistic to identify specific reductions equal to the \$62 million in unspecified reductions. DAS reported that after consultation with LFO, they informed agencies the reductions would be treated the same as an across-the-board reduction and that specific reductions would need to be identified to replace the unspecified cuts. For some agencies this will involve moving reductions between appropriation lines, which will require budget adjustments be included in a 2014 session budget bill. Agencies were directed to keep these reductions limited to administrative functions, but some agencies will need to reduce program expenditures in order to implement specific reductions equal to those included in the administrative savings package.

The General Government Subcommittee recommends approval of the request.