Department of Administrative Services

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
General Fund	9,008,749	13,261,439	8,334,159	26,887,625
Lottery Funds	11,852,384	12,561,770	20,330,821	20,330,821
Other Funds	887,423,459	946,777,833	839,481,148	1,006,585,025
Other Funds Non-Limited	167,960,108	122,552,277	126,229,653	139,239,465
Total Funds	**1,076,244,700**	**1,095,153,319**	**994,375,781**	**1,193,042,936**
Positions	815	810	785	982
FTE	801.67	793.90	783.71	972.23

* includes Emergency Board and administrative actions through December 2014

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 assessments. A recent reorganization split the agency into two general categories, policy offices and service provision.

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," which is included in all state agencies' budgets as part of the line item expense titled State Government Service Charges (SGSC). While Enterprise Technology Services, which includes the state data center, traditionally was funded through fees for services and usage, the 2015-17 price list for ETS developed by DAS included an assessment on all agencies based on number of FTE and total budget to fund approximately 2/3 of the ETS budget for services to state agencies. This resulted in dramatic increases in ETS charges for some agencies.

Funding for all the 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. Approximately 40% of State Government Service Charges (SGSC) received by DAS originate as General Fund payments, which are spent by DAS as Other Funds. In the 2013-15 biennium about 35% of SGSC received by DAS originated as General Fund.

Policy Issues
State Hospital North Campus Disposition - The Department of Administrative Service received $1.3M General Fund in the 2013-15 budget to maintain this property for the biennium and get it ready for sale. DAS reports the as-is appraised value of the property is $1.6M. DAS tested the real estate market through a pre-qualification proposal and no qualified developers responded. DAS thinks it will be hard to sell the property until remediation and demolition work is complete. DAS estimates this remediation work would cost around $8.3M to complete, and requested General Fund to pay for this work. DAS believes that an improved site would have an appraised value of $13M.

State Fairgrounds Support - The new State Fair Council reported it needs state funding for start-up costs, deferred maintenance, and to provide an operating subsidy, as they shift to a new business model of self-sufficiency. The budget request contains $1M General Fund that is transferred from the Parks and Recreation Department, which was in their base budget because in previous biennia Parks operated the State Fairgrounds. Unfortunately, DAS forgot to consider a funding package requested by the State Fair Council for an additional $11.2M General Fund. This request included $750,000 for start-up costs, $3M for an operating subsidy, $3.5M for deferred maintenance, and $4M for capital repairs to the Jackman Long and Columbia Hall buildings.

Other Significant Issues and Background
Non-limited Other Funds are used to purchase insurance and pay losses from the Insurance Fund. Most General Fund and Lottery Funds in DAS represent pass through special payments to other entities such as Oregon Public Broadcasting, the Oregon Historical Society, and county fairs.

The following budget note was adopted in HB 5002 (2013) relating to the addition of three limited duration project managers in the Chief Operating Office:

> **Budget Note:**
> *"The Department of Administrative Services shall coordinate with the Oregon Small Business Development Center Network to enhance the development of training opportunities between state agencies and departments and the Network."*

The following budget note was adopted in HB 5008 (2013) relating to gaining a better understanding of how state agencies can most effectively use 211info and to provide the legislature information to help evaluate potential future funding requests:

Budget Note:
"The Department of Administrative Services shall work with other state agencies to identify all information and referral services for state government, with a primary focus on help lines (for example, 1-800 numbers). The Department will submit a report to the Joint Committee on Ways and Means during the 2014 legislative session summarizing the purpose, scope, and cost of each service. For each state agency currently using 2-1-1 the report shall also provide information on the service(s) being provided, including but not limited to, contract provisions, utilization, benefits, costs, and budget. Finally, the report shall include an analysis of potential cost savings or efficiencies that might be achieved by broader use of 2-1-1."

The following budget note was adopted in HB 5201 (2014) to ensure proper oversight of state information technology assets and projects:

Budget Note:
"The Oregon Department of Administrative Services (DAS), working with the State CIO, shall produce a comprehensive inventory report of all current information technology (IT) assets as required under current law with a special emphasis on the planned replacement or modernization status of information systems in use by all executive branch agencies. This inventory report shall include, but not be limited to:

- *Agency name, Information System (Application) name, Agency Program owner, and business purpose of the Information System*

- *Age, Date of last upgrade, and planned changes/enhancements/retirement for the Information System (Application) in the future*

In addition, DAS and the State CIO shall produce a comprehensive report of all IT projects underway in the 2013-15 biennium or planned for the 2015-17 biennium. The IT project report shall include, but not be limited to:

- *Agency name, project title/name, project description, estimated budget (for all biennia), estimated start and completion date.*

Both the IT inventory and project reports shall include:

- *A narrative explanation of the methods, assumptions and tools used and any challenges DAS or the State CIO faced in collecting IT asset and/or IT project information;*

- *A narrative description of any statutory, rule or policy changes or resource allocations DAS or the State CIO believes are necessary to support continued or better IT asset inventory and/or IT project reporting.*

  The State CIO shall include a narrative section focused on planned statewide information systems modernization as well as the IT inventory and project reports outlined above, in the appendix of the State Information Technology and Telecommunications Plan the State CIO is required to develop and update each biennium under ORS 291.039.

  The IT inventory and project reports and a status report on the completion of the State IT and Telecommunications plan shall be presented to the Joint Committee on Legislative Audits, Information Management and Technology and the General Government Subcommittee of the Emergency Board or the interim Joint Committee on Ways and Means before the start of the 2015 session.   The State IT and Telecommunications Plan shall be presented to the General Government Subcommittee of the Joint Committee on Ways and Means and other appropriate committees during the 2015 session."

Co-Chairs' Budget Framework Discussion
The Co-Chairs' budget framework did not include funding for DAS priorities and targeted investment.   The Co-Chairs' budget framework did identify the following issues that need to be resolved. The following list includes major issues only:

- Disposition of the Salem Hospital North Campus property
- Support for the State Fair
- Increases in the Department of Administrative Services' rates and assessments
- Moving the Office of Administrative Hearings from the Employment Department to the Department of Administrative Services