

## ANALYSIS

### Item 51: Department of Administrative Services Enterprise Goods and Services Staffing

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**Analyst:** Kim To

**Request:** Increase the Other Funds expenditure limitation by \$2,127,233, and authorize 11 additional positions (7.79 FTE), for the Department of Administrative Services to address staffing needs associated with the out-of-state workforce; the modernization of the e-procurement system, and the establishment of new state agencies.

**Analysis:** The Department of Administrative Services (DAS) is requesting an Other Funds expenditure limitation increase of \$2,127,233 and 11 additional positions (7.79 FTE) for the Enterprise Goods and Services (EGS) Division to address the following staffing needs:

- **Out-of-State Workforce** - In July 2021, state government leadership approved the ongoing ability for state employees to work from any state in the county. To support an out-of-state workforce, the DAS Risk Management program requires six permanent positions (4.58 FTE) in to identify and address out-of-state exposures, including managing statewide policies, developing multi-state OSHA compliance, review and update insurance policies, and manage out-of-state workers compensation claims. Two limited duration payroll positions (1.00 FTE) are also needed to manage work related to payroll for out of state workers, including registering and filing payroll tax exemptions with each state. The cost for these positions is \$1,344,816 and will be funded using a combination of the annual SAIF dividend to DAS Risk and existing resources in the Financial Services program.
- **OregonBuys Project** - Phase 1 of the DAS e-procurement modernization project was completed in July 2021. Phase 2 of the project is underway. Due to a key staff retirement and the complexities of Phase 2, DAS requests funding for a limited duration Project Director (PEM F) position (0.75 FTE). The cost for this position is \$210,724 and will be funded with existing resources in the program.
- **Reestablish the Division Administrator Position** - The Enterprise Goods and Services Division is comprised of 260 employees in five program areas: Financial Business Services, Financial Business Systems, Procurement Services, Printing & Distribution, and Risk Management. Most recently, the DAS Chief Administrative Officer provided division leadership, but that position is currently being held vacant as part of an assessment of overall agency needs. DAS requests the reestablishment of an administrator position (a PEM H at 0.88 FTE) to lead EGS; the cost for this position is \$421,114 and will be funded with existing resources.
- **Temporary Support for New Agencies** - DAS requests one limited duration Procurement and Contract Specialist 3 position (0.58 FTE) to provide procurement services for two new state agencies (Emergency Management and State Fire Marshal). The cost of these additional positions is projected at \$150,579 and will be funded with existing resources in the program.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$2,127,233 in the Other Funds expenditure limitation, authorizing the establishment of 7 permanent full-time positions (5.46 FTE), and authorizing the establishment of 4 limited duration full-time positions (2.33 FTE) for the Department of Administrative Services in a budget reconciliation bill during the 2022 legislative session to address Enterprise Goods and Services staffing needs.

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**Request:** Increase Other Funds expenditure limitation by \$2,127,233 for the Enterprise Goods and Services Division and establish 11 positions (7.79 FTE) to address resource constraints attributable to pandemic response efforts, increased workloads, and retirement of key staff.

**Recommendation:** Approve the request during the February 2022 Legislative Session.

**Discussion:** The Department of Administrative Services (DAS), Enterprise Goods and Services (EGS) is requesting additional resources to assist on the OregonBuys Project, to address workload increases associated with an increasing out of state workforce, and to re-establish a division administrator position for the division.

The OregonBuys project is requesting a limited duration Principal Executive Manager F position (0.75 FTE) to serve as a Project Director and provide strategic leadership and oversight on the project. The work of this position is limited duration and the need for the position will terminate at the conclusion of the project and the completion of all post implementation project work. Based on the current project schedule, it is anticipated the position will be needed for the remainder of the current biennium and for the first 12 months of the 2023-25 biennium. In the current biennium, the cost of establishing the Project Director position is projected at \$210,724 and will be funded with existing resources in the program.

Since July 2021, the DAS Risk Management program has averaged 50 requests per month for insurance policies for out of state workers. Oregon has employees living/working in at least 32 states and there are over 2,200 employees who list an out of state address as their home address. The Risk Management program is requesting six permanent positions (4.58 FTE) to identify and manage out-of-state exposures, insurance requirements, workers compensation claims, and to develop the appropriate policies and procedures. The Financial Business Systems program is requesting two limited duration positions (1.00 FTE) to register and/or file payroll exemptions with each state and to manage ongoing work related to payroll for out of state workers. The cost of these additional positions is projected at \$1,344,816 and will be funded using a combination of the annual SAIF dividend to DAS Risk and existing resources in the Financial Business Services program.

Additionally, DAS is requesting to re-establish a permanent Division Administrator position (0.88 FTE) to provide executive leadership for the Enterprise Goods and Services division and to establish one limited duration Procurement and Contract Specialist 3 position (0.58 FTE) to provide procurement services for two new state agencies being established in the biennium. The cost of these additional positions is projected at \$571,693 and will be funded with existing resources in the program.

**Legal Reference:** Increase the Other Funds expenditure limitation established by chapter 425, section 2(7), Oregon Laws 2021, for the Department of Administrative Services Enterprise Goods and Services, by \$2,127,233 for the 2021-23 biennium.



# Oregon

Kate Brown, Governor

## Department of Administrative Services

Office of the Chief Operating Officer

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December 9, 2021

Senator Elizabeth Steiner Hayward, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairpersons,

### **Nature of the Request**

The Enterprise Goods & Services (EGS) Division is experiencing resource constraints attributed to pandemic response efforts, increasing workloads, and retirement of key staff, therefore the Department of Administrative Services (DAS) is requesting additional Other Funds expenditure limitation of \$2,127,233 and eleven additional positions (7.79 FTE) to address the challenges and to continue delivering necessary services to state agencies.

#### Staffing Resources to Support Out of State Workforce:

In response to the COVID-19 pandemic, many State of Oregon employees have been working remotely since March 2020, including employees conducting work from out of state locations. In July 2021, state government leadership approved the ongoing ability for state employees to work from any state in the US. Supporting an out of state workforce requires additional resources to manage a multi-state workers compensation program, ensure OSHA compliance, manage out of state claims and to ensure payroll tax compliance for out of state workers.

To support this body of work, DAS requires the following resources:

- Six permanent positions (4.58 FTE) in Risk Management to establish statewide policies, develop multi-state OSHA compliance, review and update insurance policies and manage out of state claims.
- Two limited duration positions (1.00 FTE) in Financial Business Systems (Payroll) to register and/or file payroll tax exemptions with each state and to manage ongoing work related to payroll for out of state workers.

*Total Request \$1,344,816*

#### Project Leadership Resource for OregonBuys Project:

DAS Procurement Services is leading an enterprise project to modernize the eprocurement system. The project operates with a lean team. Only six positions were established within DAS

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for this undertaking, utilizing capacity and expertise of many existing staff. Phase 1 of the project was successfully completed in July 2021, and work is underway for Phase 2. The role of Project Director has been covered by existing management resources. Retirements of key staff and the complexities of Phase 2 of the project necessitate the creation of a limited duration Project Director position (.75 FTE) for the remainder of the 2021-23 biennium.

*Total Request \$210,724*

Executive Leadership for Enterprise Goods & Services:

The DAS Chief Administrative Officer resigned from DAS in September 2021. The DAS Director/COO is holding the CAO position vacant to assess the agency needs. This request is to re-establish the Division Administrator position (.88 FTE) to provide executive leadership to the Enterprise Goods & Services Division. This division is comprised of 260 employees in five program areas: Financial Business Services, Financial Business Systems, Procurement Services, Risk Management and Printing & Distribution.

*Total Request \$421,114*

Temporary Support for Establishing New Agencies

Two new agencies will be established this biennium and will require support from DAS Procurement Services to establish processes and procedures and to conduct initial procurements. This work will require the establishment of a limited duration Procurement & Contract Specialist 3 position (.58 FTE) for the remainder of the biennium.

*Total Request \$150,579*

**Agency Action**

The agency has taken the following actions to date to prepare for and mitigate the need for additional resources:

Out of State Workforce: Staff have conducted research and have networked with other states in determining most efficient methods of mitigating the risk and the tasks involved in managing out of state employees. The resource request is the minimum needed to operationalize the work required.

OregonBuys: As stated, the agency has been frugal in requesting resources for this project and has utilized existing resources to the maximum extent possible.

Enterprise Goods & Services Administrator: The agency abolished this position in a previous budget reduction to create funding for other needs in the program. The Chief Administrative Officer absorbed the duties and direct reporting of these program managers. This arrangement is no longer sustainable due to the increasing responsibilities of the division and the need for succession planning for each program as retirements continue to increase.

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Procurement & Contract Specialist 3: The agency is experiencing higher than normal volumes of procurement requests due to the increased budgets allocated to agencies. This work will not be able to be absorbed by existing resources.

### **Action Requested**

The agency respectfully requests the approval of the additional limitation authority of \$2,127,233 and the establishment of the seven permanent full-time and four limited duration positions. Funding for the Out of State Workforce positions will come from a portion of the annual SAIF dividend, and the remaining positions will come from existing cash resources.

### **Legislation Affected**

Oregon Laws 2021, Chapter 425, Section 2, Subsection (7).

Thank you for your consideration.

Sincerely,



Katy Coba  
DAS Director | Chief Operating Officer

CC: Dustin Ball, Department of Administrative Services  
Kim To, Legislative Fiscal Office