

Department of Administrative Services (DAS)

	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Legislatively Approved *	2021-23 Current Service Level	2021-23 Governor's Budget
General Fund	26,417,214	31,517,185	195,488,065	13,993,924	24,456,495
Lottery Funds	19,701,680	17,457,806	22,324,979	33,354,570	31,543,133
Other Funds	972,499,058	1,134,383,875	1,134,383,875	1,030,449,976	1,250,566,367
Other Funds (NL)	113,406,098	133,988,178	171,701,908	138,691,080	138,691,080
Federal Funds	847,000	--	1,375,851,898	--	--
Total Funds	1,132,871,050	1,317,347,044	2,899,750,725	1,216,489,550	1,445,257,075
Positions	915	916	916	892	944
FTE	904.89	906.95	906.95	891.50	943.13

* Includes Emergency Board and administrative actions through January 2021.

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 Human Resource Office, and Enterprise Information Services 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).

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. For the 2021-23 biennium, 51% 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%, Other Funds 36%, and Federal Funds 12%.

Oregon Public Broadcasting - The 2021-23 CSL for Oregon Public Broadcasting is \$500,000 General Fund for operating support and \$551,601 Lottery Funds for debt service on previously issued bonds.

Oregon Historical Society - The 2021-23 CSL for the Oregon Historical Society is \$750,000 General Fund for operating support and \$407,094 Lottery Funds for debt service on previously issued bonds.

State Fairs - The General Fund operating subsidy received by the State Fair Council is \$1,015,299 at Current Service Level. In addition, CSL contains \$2,283,932 General Fund for debt service payments on previously issued bonds. This includes three bond funded projects approved during the last biennium: General Capital Improvement (\$5,430,000); Horse Barn (\$3,050,000); and (\$2,045,000). The 2021-23 CSL for County Fairs support is \$3,828,000 Lottery Funds.

County Fairs - The 2021-23 CSL for County Fairs support is \$3,828,000 Lottery Funds. The fund level is a statutorily dedication.

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. 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 first project to replace some of these major systems was 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 HR component went live in early 2019. The next phase is the Workday Payroll System Replacement project, which was started in 2019-21 through assessments. The goal of the project is to replace the existing legacy payroll and time tracking system with the Workday product from IBM. The Governor's Budget added \$17,375,145 Other Funds and 25 Positions to complete this project during the 2021-23 biennium.

DAS owned facilities - DAS owns and operates many buildings used by various state agencies. Most state agencies do not have the legal authority to own facilities like office buildings and instead use DAS owned space. These entities 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. A total of \$15,500,000 capital construction expenditure limitation for this work is included in the Governor's Budget. Additional larger scale maintenance and improvement projects would also be funded through rent charges. These include: Gender Neutral Facilities and Mothers' Rooms (\$10,000,000); Acquisition & Disposition of State Property (\$10,000,000); Capitol Mall Parking Structure improvements (\$2,750,000); and Additional Parking Lot Improvements and EV Vehicle Charging Stations (\$2,000,000).

Other Significant Issues and Background

Enterprise Information Services and State Data Center - Information Technology related requests constitute the largest category of Policy Option Packages included in the Governor's Budget:

- Consolidated Microsoft 365 Licensing Costs - \$37 million Other Fund, paid through assessments from agencies, to support a state-wide contract for licensing costs with uniform access to product features. Reduction packages in most state agencies reduce budgets based on estimates of their previous expenditures for M365 licenses.
- State Data Center equipment replacement - \$14.5 million Other Funds, mostly from charges for services, will be used to continue the SDC's computing and network equipment lifecycle replacement plan to ensure stable and reliable operations.
- Resiliency Site - \$5.2 million Other Funds and 3 positions (3.00 FTE) to create a resilient site for some IT operations that includes computing, mainframe, storage, and backup in order to ensure stable and reliable operations in the event of a disaster in the Salem area.
- Data Governance - \$5.2 million Other Funds and seven positions (7.00 FTE) to facilitate open data publication and to create a secure, electronic means by which a public entity may transmit geospatial framework data from a secure data library.
- IT Security Compliance - \$4.1 million and 12 positions (12.00 FTE) to address federal and state security related findings in state IT security policies and procedures. These positions will augment security related positions previously consolidated in DAS through statutory change.
- Statewide Alert System - Adds \$2,674,964 General Fund and two positions (2.00 FTE) to continue support for a statewide alerts, warnings, and notification (AWN) system that was first funded at the October 23, 2020 meeting of the Emergency Board. The need for a uniform statewide warnings system became evident during the recent Labor Day wildfire evacuations.

Human Resources - Additions in Governor's Budget include:

- Office of Cultural Change – Adds \$1.8 million Other Funds to establish an Office of Cultural Change with four permanent full-time positions. The positions will coordinate enterprise-wide cultural change and DEI efforts, serve as the DEI Manager for DAS, and serve as the Language Accessibility Manager to ensure state agencies can provide information to individuals with disabilities and with limited English proficiency. The package also includes \$750,000 for contracting enterprise Diversity Equity and Inclusion training.
- Compliance Office - Adds three positions to ensure that agencies comply with statewide HR rules and policies. This package was added in response to recent Secretary of State audit findings. The package includes \$150,000 for an executive branch equal pay analysis, which must be completed in 2021 and \$500,000 for software needed to support enterprise tracking of employment investigations.
- Non-State Employee Bargaining - Adds two permanent full-time positions to conduct collective bargaining of non-state employee contracts. These contracts had previously been conducted by the Department of Human Services, even though statute gives DAS the ultimate responsibility for negotiating non-state employee contracts.

Enterprise Asset Management/ Enterprise Goods and Services - The Governor's Budget included additional funding for the Enterprise Asset Management and Enterprise Goods and Services Divisions. \$2.1 million to increase the budget for fleet replacement of aging vehicles with low emissions vehicles and \$312,097 to add two positions to the Fleet program to meet increasing workload. Adds \$263,618 for one new permanent position in Real Estate Services to assist agencies with locating and negotiating leases for needed commercial space with the private sector. Added two positions (Construction Inspector and Facilities Engineer 1) to assist with DAS capital improvement and construction projects. The Governor's Budget proposes transferring responsibility for the maintenance of the Capitol Mall to DAS. SB 682 (2008) created the State Capitol State Park and gave responsibility for maintenance and upkeep to the Oregon Parks and Recreation Department. Prior to the 2008 statutory change, DAS was responsible for maintaining the Capitol Mall. DAS is requesting \$3.5 million Other Funds to take over maintenance of the Capitol Mall.

Risk Management - Increases risk charges by \$15 million to build the state's self-insurance reserves. 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 need to fully fund the actuarially estimated "Total Cost of Risk" (TCOR) and or "sweep" funds for use in the General Fund. The additional assessment funding would bring the fund's balance closer to the actuarial estimated TCOR but is less than initially sought in the Agency Request Budget.

Debt Financed Capital Projects - The Governor's Budget included several bond funded capital construction projects that would be completed by DAS.

- Wilsonville Building Improvements – \$60 million XI-Q bond proceeds to complete improvements to the Wilsonville Office/Warehouse building which was acquired by DAS in 2019. The building is currently being used to house the State's PPE supply in response to the COVID-19 pandemic. Improvement plans include the buildout of laboratory spaces which will allow the consolidation of state agency lab space currently spread out over a large geographic area.
- Executive Building Rehab and Seismic Retrofit – \$45 million XI-Q bond proceeds to complete improvements necessary to bring the Executive Building up to current safety standards. DAS reports that without investment the facility will potentially fail, it was last remodeled in 1978 without major electrical, mechanical, and plumbing investments since the initial project.
- Yellow Lot paving project - \$4 million XI-Q bond proceeds to pave the yellow parking lot. The current parking lot in the Capitol mall area is a gravel lot. The project will include a public electric vehicle charging station.

Special Governmental Payments - The Governor's Budget adds \$10 million General Fund for a grant to the Worker Relief Coalition to provide legal assistance to immigrants.

Reductions in the Governor's Budget - The Governor's Budget made a number of reductions in expenditures. These include \$5.2 million in reductions to Personal Services, \$20 million in Services & Supplies expenditures, and eliminated 21 positions (21.00 FTE). Personal Services reductions included eliminating two Construction Project Manager positions, elimination of seven positions in Enterprise Goods and Services, and eight positions at the State Data Center.

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/APPR_DAS_2020-09-30.pdf