

ANALYSIS

Item 58: Department of Administrative Services Operations and Strategic Initiatives

Analyst: Kim To

Request: Increase Other Funds expenditure limitation for the Department of Administrative Services by \$48,616,611 and establish 11 positions (7.60 FTE) to support core business operations, including out-of-state tax compliance, human resource investigations, revenue forecasting, risk claims processing, payroll and procurement transformation, as well as to address technical errors related to data center rate increases and capital construction.

Analysis: The Department of Administrative Services (DAS) requests an increase in Other Funds expenditure limitation of \$48,616,611 and the establishment of seven permanent (4.40 FTE) and four limited duration positions (3.20 FTE) to address the following issues across the agency's seven divisions:

1. Chief Operating Office, Office of Economic Analysis

The DAS Chief Operating Office, Office of Economic Analysis (OEA) requests an increase of \$252,699 Other Funds limitation to establish one limited duration Economist 4 position (0.60 FTE). The five-person OEA is statutorily required to produce the Economic and Revenue Forecasts, the Corrections Forecast, Clean Fuels Forecasts, the Demographic Forecast and Census, and the Highway Cost Allocation Study. With the current economic environment, this position is needed to provide OEA with additional capacity to perform risk mitigation and special projects being requested of the Office.

2. Chief Financial Office

The DAS Chief Financial Office (CFO) requests an increase of \$4.4 million Other Funds limitation to cover expenses that were underestimated during the development of the 2025-27 budget. Due to an unanticipated vendor price increase for Enterprise Information Services, Data Center Services, the Data Center Services charge for the Chief Financial Office increased by \$3.9 million. In addition, the agency omitted a \$500,000 spending limitation for contractor payment for out-of-state tax reporting.

3. Chief Human Resource Office

The DAS Chief Human Resource Office (CHRO) requests an increase of \$781,024 Other Funds and the establishment of one permanent Human Resources Consultant 1 position (0.70 FTE). Of this amount, \$231,024 will cover the cost of the new position to support two new client agencies (Criminal Justice Commission and Board of Parole and Post-Prison

Supervision) starting in 2026. In addition, \$550,000 is estimated for temporary employee expenses to address an increase in workload for the Investigation Unit.

4. Enterprise Information Services, Data Center Services

DAS Enterprise Information Services (EIS), Data Center Services (DCS) requests an increase of \$7.7 million Other Funds limitation to cover vendor price increase for virtualization software and cloud solutions, including mainframe and midrange services.

5. Workday Oregon

The DAS Workday Oregon division requests an increase of \$750,000 Other Funds limitation for the statewide Payroll Transformation Project to cover enterprise readiness services in preparing state agencies and partners for bi-weekly payroll. Readiness services include communication, training, and technical support.

6. Enterprise Goods and Services

DAS Enterprise Goods and Services (EGS) requests an increase of \$5 million Other Funds limitation and the establishment of nine positions (6.30 FTE) to address workload associated with bi-weekly payroll transformation, procurement, and risk management as detailed below:

EGS Risk Management requests an increase of \$201,945 Other Funds limitation and the establishment of one permanent Risk Claim Consultant 1 position (0.70 FTE) to address workload increase. Since the pandemic, DAS Risk Management has been challenged by an increase in the number and complexity of claims. This position will allow the agency to keep up with caseload as well as continue its work with agencies on loss control and other initiatives to manage exposure.

EGS Procurement requests an increase of \$1.2 million Other Funds limitation and the establishment of three limited duration positions (2.60 FTE) to continue the agency's efforts to modernize and streamline its procurement and contracting. The two Consultant Advisors and one Operations and Policy Analyst 4 position will lead the evaluation of the state's procurement digital platform and carryout audit recommendations.

EGS Procurement requests an increase of \$2.8 million Other Funds limitation to cover payment to Periscope (the vendor for OregonBuys). Periscope is paid based on a percentage collected from price agreement vendors or Vendor Collected Administrative Fee (VCAF). Periscope is paid with a percentage of VCAF collected by the state. The state collected more VCAF than anticipated and therefore requires additional spending limitation to pay Periscope.

EGS Shared Financial Services requests an increase of \$785,332 Other Funds limitation and the establishment of five permanent positions (3.00 FTE) for bi-weekly payroll transformation and to serve new client agencies. The positions include one Accounting Manager 3 and two Operations and Policy Analyst 1 positions to support bi-weekly payroll transformation. In addition, two payroll analysts will be transferred from the Oregon Parks and Recreation Department (OPRD) on July 1, 2026, and OPRD will become a new client agency. OPRD has a corresponding request to abolish the two positions and shift funds to State Government Service Charges.

7. Enterprise Asset Management, Capital Construction

DAS Enterprise Asset Management (EAM) requests \$29.75 million Other Funds limitation for three capital construction projects funded by the DAS EAM Capital Project Fund that were not included in the 2025-27 adopted budget:

- Portfolio Repositioning - \$14.75 million to plan and build appropriate spaces across DAS-owned properties.
- Portland State Office Building (PSOB) Restack - \$11.5 million to reconfigure PSOB to right-size the office footprints of existing tenants and increase capacity to accommodate additional agencies.
- Parking Lot Improvements and EV Charging Stations - \$3.5 million to upgrade all DAS-owned parking lots and to improve EV stations located at the Portland State Office Building, the Capitol Mall, and the Eugene State Office Building.

The revenue sources for these requests are from DAS charges for services and current assessment working capital.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend establishing Other Funds capital construction limitation of \$14,750,000 for Portfolio Repositioning, \$11,500,000 for the Portland State Office Building Restack, and \$3,500,000 for Parking Lot Improvements and EV Charging Stations; increasing Other Funds expenditure limitation by \$18,866,611; and authorizing the establishment of seven permanent (4.40 FTE) and four limited duration positions (3.20 FTE), for the Department of Administrative Services, in a budget reconciliation bill during the 2026 legislative session to support strategic and operational initiatives.

Request: Increase Other Funds expenditure limitation by \$48,616,611 and establish 11 positions (7.60 FTE) to support essential core business operations, strategic initiatives, and critical infrastructure needs.

Recommendation: Approve the request during the 2026 Legislative Session.

Discussion: The Department of Administrative Services (DAS) has requested several adjustments to the agency's 2025-27 budget to support essential business operations, strategic initiatives and provide stability to ongoing operations. These adjustments increase Other Funds expenditure limitation by \$48.6 million across seven divisions, establishing 11 positions (7.60 FTE). These actions include:

- Chief Operating Office – establish a limited duration, full-time Economist 4 position (0.60 FTE) to support the Office of Economic Analysis.
- Chief Financial Office – increase Other Funds expenditure limitation by \$4.4 million to allow for payment of Data Center service charges and contract for out-of-state tax reporting to meet tax reporting requirements.
- Chief Human Resource Office – establish one permanent, full-time Human Resources Consultant 1 position (0.70 FTE) to support two new client agencies using DAS services and increase Other Funds expenditure limitation by \$550,000 for temporary employee costs for investigation workload.
- Data Center Services – increase Other Funds expenditure limitation by \$7.7 million to cover increased costs for virtualization software.
- Workday – increase Other Funds expenditure limitation by \$750,000 for workload associated with the Statewide Payroll Transformation Project.
- Enterprise Asset Management – increase Other Funds expenditure limitation by \$29.8 million for packages requested as part of the 2025-27 biennium budget primarily using available funding in the Capital Projects fund, with additional funding needs built into the current rental rate that were not included in the final budget, including funding for: portfolio repositioning, Portland State Office Building restack, and parking lot improvements and electric vehicle charging station expansion. Given this funding is for capital projects, this funding is recommended as Capital Construction Other Funds expenditure limitation.
- Enterprise Goods and Services – increase Other Funds expenditure limitation by \$5.0 million and establish nine positions (6.30 FTE), including:
 - Procurement Services: Increase Other Funds expenditure limitation by \$4.0 million; \$2.8 million will be used to support vendor payments related to the Vendor Collected Administrative Fee (VCAF). The remaining limitation and the establishment of two limited duration, full-time Consultant Advisor positions and one limited duration, full-time

Operations and Policy Analyst 4 position (2.60 FTE) is to support the Procurement Transformation project.

- Shared Financial Services: Establish five permanent, full-time positions (3.00 FTE) to support payroll operations. Three of these positions (one Accounting Manager 3 and two Operations and Policy Analyst 1 positions) will provide support for the Payroll Transformation project. The remaining two positions are Payroll Analysts being transferred from the Oregon Parks and Recreation Department as DAS is providing their payroll services going forward.

DAS will be better able to meet customer needs, provide oversight, and continue ongoing operations.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 517, section 2(1), Oregon Laws 2025, for the Department of Administrative Services, Chief Operating Office by \$252,699 for the 2025-27 biennium.

Increase the Other Funds expenditure limitation established by chapter 517, section 2 (2), Oregon Laws 2025, for the Department of Administrative Services, Chief Financial Office by \$4,400,000 for the 2025-27 biennium.

Increase the Other Funds expenditure limitation established by chapter 517, section 2 (4), Oregon Laws 2025, for the Department of Administrative Services, Chief Human Resources Office by \$781,024 for the 2025-27 biennium.

Increase the Other Funds expenditure limitation established by chapter 517, section 2 (5)(a), Oregon Laws 2025, for the Department of Administrative Services, Office of the State Chief Information Officer – State Data Center - Operations by \$7,700,000 for the 2025-27 biennium.

Increase the Other Funds expenditure limitation established by chapter 517, section 2 (6), for the Department of Administrative Services, Workday Oregon by \$750,000 for the 2025-27 biennium.

Establishment of an expenditure limitation of \$14,750,000 for the Oregon Department of Administrative Services, for the payment of expenses from fees, moneys, or other revenues including Miscellaneous Receipts, excluding lottery and federal funds, collected or received for the biennium beginning July 1, 2025, for Capital Construction for the Portfolio Repositioning project.

Establishment of an expenditure limitation of \$11,500,000 for the Oregon Department of Administrative Services, for the payment of expenses from fees, moneys, or other revenues including Miscellaneous Receipts, excluding lottery and federal funds, collected or received for the biennium beginning July 1, 2025, for Capital Construction for the Portland State Office Building Restack project.

Establishment of an expenditure limitation of \$3,500,000 for the Oregon Department of Administrative Services, for the payment of expenses from fees, moneys, or other revenues including Miscellaneous Receipts, excluding lottery and federal funds,

collected or received for the biennium beginning July 1, 2025, for Capital Construction for the Parking Lot Improvements and EV Charging Station Expansions project.

Increase the Other Funds expenditure limitation established by chapter 517, Section 2 (8), Oregon Laws 2025, for the Department of Administrative Services, Enterprise Goods and Services by \$4,982,888 for the 2025-27 biennium.



Oregon

Tina Kotek, Governor

Department of Administrative Services

155 Cottage Street NE

Salem, OR 97301

December 8, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE, H-178
Salem, OR 97301

Dear Co-Chairs:

Nature of Request

The Department of Administrative Services (DAS) requests an increase in Other Funds (OF) expenditure limitation of \$48,616,611 and the establishment of 11 positions (7.60 FTE) to support essential core business operations, strategic initiatives and critical infrastructure needs for the current biennium.

Agency Action

This request for increased limitation and the establishment of limited and permanent positions will help ensure the ongoing stability and effectiveness of key state-wide services, by:

- Reducing risk in areas of out of state tax compliance, human resource investigations, revenue forecast staffing, payroll and procurement transformation, and risk claims processing.
- Centralizing administrative services from smaller agencies to DAS.
- Capitol improvements in several facilities.
- Addressing a technical error related to the 2025-27 data center rate increase.

A breakdown of the request by program, including position information is included in Table 1 below.

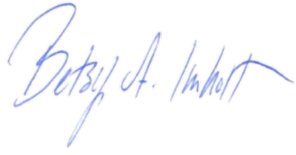
Action Requested

DAS requests approval of the following actions, detailed in table 1 below.

Legislation Affected

- Increase the Other Funds expenditure limitation established by chapter 517, section 2(1), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Chief Operating Office by \$252,699 for the 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, section 2 (2), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Chief Financial Office by \$4,400,000 for the 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, section 2 (3), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Chief Human Resources Office by \$781,024 for the 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, section 2 (5)(a), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Office of the State Chief Information Officer – State Data Center by \$7,700,000 for the 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, section 2 (6), (enrolled HB 5002), for the Department of Administrative Services, Workday Oregon by \$750,000 for 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, section 2 (7), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Enterprise Asset Management by \$29,750,000 for 2025-27 biennium.
- Increase Other Funds expenditure limitation established by chapter 517, Section 2 (8), Oregon Laws 2025 (enrolled HB 5002), for the Department of Administrative Services, Enterprise Goods and Services by \$4,982,888 for 2025-27 biennium.

Sincerely,

A handwritten signature in blue ink, reading "Betsy A. Imholt". The signature is fluid and cursive, with the first name "Betsy" being more prominent.

Betsy Imholt
Director

Attachments

CC: Kate Nass, Chief Financial Office
Renee Klein, Department of Administrative Services
Katie Thiel, Department of Administrative Services
Amanda Beitel, Legislative Fiscal Office
Kim To, Legislative Fiscal Office

Table 1

DAS Budget List of Actions								
Item	Program	SCR	Description	Limitation Amount	Funding Type	Position Type or Action	Positions	FTE
1	COO/OEA	030	Request for a limited duration Economist 4 position to support the Office of Economic Analysis (OEA) for risk mitigation.	252,699	OF	Expenditure Limitation	1	0.60
2	CFO	035	Request for limitation for Data Center service charges due to rate increases.	3,900,000	OF	Expenditure Limitation	0	0.00
3	CFO	035	Request for limitation for contractor for out-of- state tax reporting.	500,000	OF	Expenditure Limitation	0	0.00
4	CHRO	045	Establish a new permanent Human Resources Consultant 1 to support two new client agencies (Criminal Justice Commission and Board of Parol and Post Prison Supervision start in January and February 2026, respectively).	231,024	OF	Expenditure Limitation	1	0.70
5	CHRO	045	Request for limitation for temporary employee costs in Investigations Unit.	550,000	OF	Expenditure Limitation	0	0.00
6	DCS	052	Request for limitation for virtualization software for Data Center due to significant price increase.	7,700,000	OF	Expenditure Limitation	0	0.00
7	Workday	055	Request for limitation associated with the Enterprise Readiness for services relating to organization and optimization of customer focused service delivery for State-wide Payroll Transformation Project.	750,000	OF	Expenditure Limitation	0	0.00
8	EAM CC	089	Request for limitation for 2025-27 Policy Option Packages that were not approved at LAB. Package 183: Portfolio Repositioning (total \$14.75M, \$2.5M rent funded), Package 185: Portland State Office Building Restack, (total \$11.5M, \$2.5M rent funded) and Package 186: Parking Lot Improvements and EV Charging Station Expansions (\$3.5M funded from available parking revenue). All three packages are limitation request only. Revenue comes from Capital Project funding.	29,750,000	OF	Expenditure Limitation	0	0.00
9	EGS Risk	065	Establish a permanent Risk Claim Consultant 1 position to support increased workload.	201,945	OF	Expenditure Limitation	1	0.70
10	EGS - Procurement	065	Request limitation for three limited duration positions (two Consultant Advisors and one Operations and Policy Analyst 4) to lead the Procurement Transformation project.	1,195,611	OF	Expenditure Limitation	3	2.60
11	EGS - Procurement	065	Request limitation for Oregon Buys contract. The overcollection of Vendor Collected Administrative Fee (VCAF) has caused an increase in the payments to the vendor that was not expected.	2,800,000	OF	Expenditure Limitation	0	0.00
12	EGS-SFS	065	Establish three permanent positions for SFS Payroll Transformation (one Accounting Manager 3 and two Operations and Policy Analyst 1). These resources will support the Payroll Transformation and new client agencies.	525,734	OF	Expenditure Limitation	3	2.00
13	EGS-SFS	065	Establish two permanent Payroll Analysts positions; these positions are being transferred from Oregon Parks and Recreation Department on July 1, 2026.	259,598	OF	Expenditure Limitation	2	1.00
			Total	48,616,611			11	7.60