

- Limited development of some E-Government initiatives
- Roll-out of new statewide radio system (MARCS)
- Anticipated changes to the state's centralized procurement program

Department of Administrative Services

Nelson D. Fox, Senior Analyst

ROLE

The mission of the Department of Administrative Services is to provide state agencies with centralized services pertaining to computer technology, the procurement of supplies and management of real estate, human resources, and compliance with equal opportunity statutes. In addition to these four functional divisions, DAS includes several sections that perform fiscal and administrative tasks within DAS and for the professional licensing boards. These units include the Director's Office, Chief Legal Counsel, Office of Communications, Office of Finance, Central Service Agency, and the Centralized MIS unit. A large portion of the agency's operating budget comes from charges that state agencies pay for computer support, payroll, purchasing and other centralized services.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
1,100 ¹	\$2.3 billion	\$2.4 billion	\$157.1 million	\$175.8 million	Am. Sub. H.B. 94 Am. Sub. H.B. 299

OVERVIEW

Actual spending in FY 2001 amounted to \$2.05 billion. Appropriations for FY 2002 increase by 10.25 percent to \$2.26 billion; FY 2003 appropriations increase by 6.4 percent to \$2.40 billion. Note that state payroll deductions for health benefits and unemployment compensation premiums that DAS withholds are clustered in the Agency Fund Group (AGY). Such pass-through funds account for about 83 percent of total appropriations.

GRF appropriations are increased substantially over FY 2001 spending of \$130,322,364. FY 2002 GRF appropriations amount to \$157,087,971; FY 2003 GRF appropriations increase by almost 12 percent, to \$175,802,064. In sum, GRF appropriations represent about seven percent of DAS's total FY 2002-2003 appropriations. Debt service on state buildings, the Multi Agency Radio Communications System (MARCS) infrastructure, and other capital projects absorb much of the GRF appropriation. These non-discretionary expenses are pegged at \$96,106,300 in FY 2002 and \$110,268,500 in FY 2003.

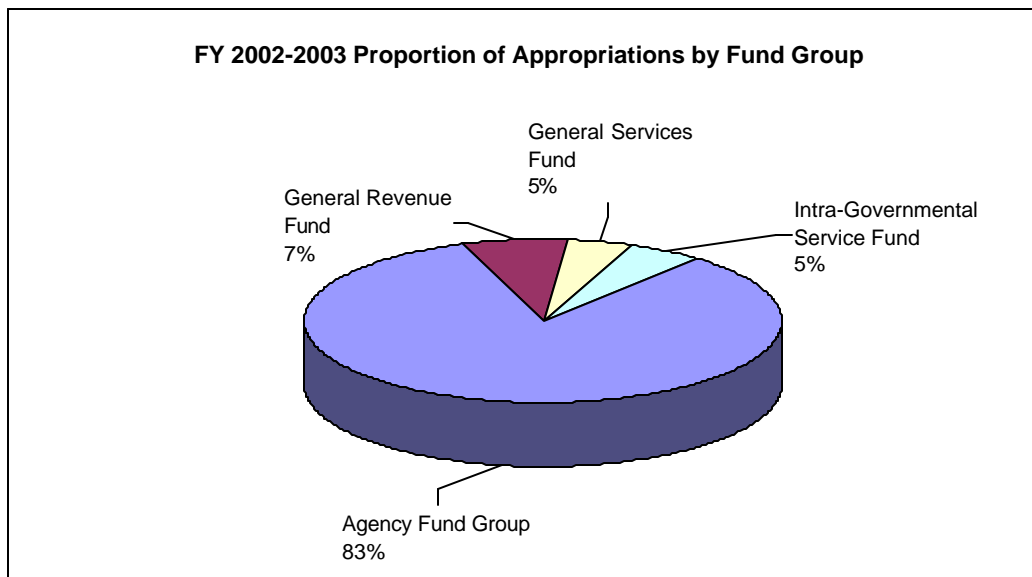
¹ This figure represents approximate Full Time Equivalent (FTE) funded positions for FY 2002.

The Agency Fund Group includes receipts from other state agencies for their share of health benefits and unemployment insurance premiums and other entitlements for state employees. Revenue derived from these payroll deductions and charges remain in the custody of DAS and can only be used to provide those benefits. These “pass through” revenues account for 83 percent of DAS’s entire FY 2002-2003 appropriation. The Intra-Governmental Service Fund Group (ISF) includes revenue derived from major information technology services DAS provides to other state agencies. This includes the Ohio Data Network, the statewide computer network backbone, and telecommunications functions. The General Services Fund Group (GSF) consists of user fees DAS charges to other state agencies for a variety of specialized services, such as human resources management and workforce development, as well as construction oversight provided by the State Architect’s Office. The Holding Account Redistribution Fund Group comprises deposits held by the State Architect for design blueprints for state construction projects. This revenue is negligible; appropriations are \$20,000 in each fiscal year.

The table below displays final adjusted FY 2002-2003 appropriations by fund group.

Fund Group	FY 2002	FY 2003	Percent Change
General Revenue Fund (GRF)	\$ 157,087,971	\$ 175,802,064	11
General Services Fund (GSF)	\$ 103,858,292	\$ 108,982,305	4
Intra-Governmental Service Fund (ISF)	\$ 116,482,097	\$ 115,887,436	(.5)
Agency Fund Group	\$1,880,600,000	\$2,002,677,000	6
Holding Account Redistribution Fund Group	\$ 20,000	\$ 20,000	
Total	\$2,258,048,360	\$2,403,368,805	6

The pie chart below displays these fund groups and their share of DAS’s FY 2002-2003 appropriations:



BUDGET ISSUES

E-GOVERNMENT DEVELOPMENT COSTS

GRF Funding Component-100-418, E-Government Development

During the FY 2002-2003 biennium, the agency intends to improve the state's web portal and expand citizens' and state agencies' ability to conduct routine business transactions online. The executive had recommended GRF funding of \$17.5 million over the biennium in a new line item, 100-418, E-Government Development, to cover these start-up costs. The enacted FY 2002-2003 budget appropriated only \$6.0 million for this purpose. A further \$90,000 was deducted from this sum as a result of the 1.5 percent reduction in GRF appropriations. DAS has not yet devised an alternative E-government development plan to account for these adjustments. Until an alternative plan is set out, the agency will have to forego many of the consultant contracts and other expenditures that had been anticipated.

Non-GRF Funding: Information Technology Assessment

The budget act contains a temporary law provision, Section 13.17, which allows DAS to impose an additional Information Technology (IT) assessment on agencies that would use the electronic commerce infrastructure. This new revenue would be deposited in Fund 133, Information Technology, within the Intra-Governmental Service Fund (ISF) group, in addition to the existing rates DAS charges other agencies for shared-expenses related to computer system infrastructure. However, the federal government has since rejected this cost-recovery plan on the basis that the plan runs afoul of guidelines outlining permissible uses of federal funds. DAS has thus been forced to explore other funding alternatives.

Overall Impact on GRF-Funded Technology Projects

As a result of these budget adjustments and subsequent developments, DAS has begun to reprioritize its information technology projects, many of which are funded through the GRF. Any such change and accompanying GRF transfers would have to be made with consent from the Controlling Board. Until then, work on other projects, such as those funded by GRF line item 100-416, Strategic Technology Development Programs, may be delayed until a new technology-funding plan is put in place.

GENERAL SERVICES DIVISION—OPERATING (FUND 117)

The General Services Division houses: (1) the State Architect's Office, (2) a real estate section that manages the state's real property assets and coordinates the state's office leases, and (3) a procurement office that coordinates state purchasing for other state agencies. Funding for the Division is derived from charges to user agencies, which is deposited in Fund 117. (Funding for the State Architect's Office is also derived from charges to user agencies, but revenue and operating expenses for these services is accounted for in Fund 131).

Appropriations for Fund 117 are \$5,790,000 in FY 2002 and \$7,091,000 in FY 2003. It appears that these levels will not allow the Division to maintain current staff and service levels and take on a "Proposal-Based Procurement Initiative," as proposed in the Governor's recommendations. The thrust of this new program is to shift the focus of procurement from lowest cost as the lone factor in awarding contracts to an emphasis on "best value," which can encompass evaluations of vendor performance and other criteria.

This method of purchasing is also aimed at increasing the volume of competitively bid contracts and reducing the number of contracts awarded by waivers of competitive selection. The Division also expects to reap savings by improving existing electronic procurement methods, such as electronic bid notification and submission and so forth. The Division intends to seek Controlling Board approval later this year for increased appropriation authority to augment the appropriations contained in the FY 2002-2003 budget act.

HUMAN RESOURCES DIVISION—STATE AND LOCAL GOVERNMENT POSITION CLASSIFICATION STUDY

One of DAS's Human Resources Division major responsibilities is to help state human resources officials, as well as certain county and university personnel administrators, to develop and modify compensation, merit pay, and job classification plans. A major recommendation of the Governor's MIC 2000 report was to undertake a comprehensive review of state and local government job classification plans, some of which, according to the report, do not allow public employers to hire good candidates at competitive wages.

According to the Governor's recommendations, this study was to be paid for using a combination of GRF—line item 100-406, County/University Human Resources—and Human Resources Division Operating funds (Fund 125), whose revenue is derived from payroll processing and benefit administration charges applied to state agencies. As enacted, the GRF appropriation of \$837,381 in FY 2002 and \$826,195 in FY 2003 will probably not allow for the study to include an evaluation of county government classification systems. Note that these appropriation levels for each year are slightly below actual FY 2001 spending of \$859,813.

ROLL-OUT OF THE MARCS SYSTEM

The Multi-Agency Radio Communications System (MARCS), an 800-Megahertz system that will allow several state agencies to communicate and coordinate emergency services with local authorities, will become operational during the 2001-2003 biennium. As the system comes on-line statewide, user agencies will be charged a usage fee, to be deposited in Fund 5C2, MARCS. The aim is to make MARCS self-supporting in the next biennium. In the meantime, the agency received GRF appropriations of \$5,270,089 in FY 2002 and \$6,083,518 in FY 2003 to cover staffing costs associated with centralized systems support and some additional expenses related to tower site acquisition, for which DAS is responsible and cannot recover from user agencies. ■■■

FY 2002 - 2003 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 1999. *FY 2000.* *FY 2001.* **FY 2002** *% Change* **FY 2003** *% Change*
Appropriations: *Appropriations:* *Appropriations:* **Appropriations:** *2001 to 2002:* *Appropriations:* *2002 to 2003:*

Report For: Main Operating Appropriations Bill

Version: Enacted

DAS Administrative Services, Department of

GRF	100-401	Subsidized Rent Payments	\$ 0	---		---	N/A	---	N/A
GRF	100-402	Unemployment Compensation	\$ 125,008	\$ 130,817	\$106,523	\$ 106,097	-0.40%	\$ 107,477	1.30%
GRF	100-405	Agency Audit Expenses	\$ 152,301	\$ 860,364	\$578,853	\$ 652,215	12.67%	\$ 605,483	-7.17%
GRF	100-406	County/University Human Resources	\$ 1,007,831	\$ 1,004,053	\$859,813	\$ 837,381	-2.61%	\$ 826,195	-1.34%
GRF	100-408	Buy Ohio Promotions	\$ 23,628	\$ 0		\$ 0	N/A	\$ 0	N/A
GRF	100-409	Departmental Information Services	\$ 842,033	\$ 933,766	\$572,841	\$ 934,107	63.07%	\$ 960,849	2.86%
GRF	100-412	Information Center	\$ 679,484	\$ 40,996		\$ 0	N/A	\$ 0	N/A
GRF	100-414	Ohio Geographically Referenced Inform	\$ 543,710	\$ 572,509	\$618,954	\$ 504,724	-18.46%	\$ 503,145	-0.31%
GRF	100-416	Strategic Technology Development Pro	\$ 3,468,649	\$ 2,192,807	\$4,364,446	\$ 3,418,383	-21.68%	\$ 4,925,000	44.07%
GRF	100-417	MARCS	\$ 1,450,177	\$ 2,751,320	\$3,781,597	\$ 5,270,089	39.36%	\$ 6,083,518	15.43%
GRF	100-418	E-Government Development	\$ 0	---		\$ 1,970,000	N/A	\$ 3,940,000	100.00%
GRF	100-419	Ohio SONET	\$ 4,865,348	\$ 4,474,270	\$3,602,691	\$ 4,460,005	23.80%	\$ 4,556,491	2.16%
GRF	100-420	Innovation Ohio	\$ 301,235	\$ 346,631	\$289,951	\$ 141,840	-51.08%	\$ 141,840	0.00%
GRF	100-421	ERP Project Implementation	---	---	\$268,195	\$ 591,000	120.36%	\$ 614,640	4.00%
GRF	100-425	Fixed Assets Management	\$ 0	---		---	N/A	---	N/A
GRF	100-426	Mail Service	\$ 0	---		---	N/A	---	N/A
GRF	100-427	Information Management	\$ 0	---		---	N/A	---	N/A
GRF	100-428	Forms Management	\$ 0	---		---	N/A	---	N/A
GRF	100-429	Agency Business Support Services	\$ 1,425,553	\$ 167,936		\$ 0	N/A	\$ 0	N/A
GRF	100-430	Year 2000 Assistance	\$ 6,002,440	\$ 5,636,014	\$102,714	\$ 0	-100.00%	\$ 0	N/A
GRF	100-431	Set Aside Review Board	\$ 15,261	\$ 6		\$ 0	N/A	\$ 0	N/A
GRF	100-433	State of Ohio Computer Center	\$ 4,159,840	\$ 4,214,901	\$4,769,388	\$ 4,928,526	3.34%	\$ 4,951,825	0.47%
GRF	100-434	Federal Surplus Program	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A
GRF	100-435	State Government Energy Program	\$ 348,259	\$ 23,433		\$ 0	N/A	\$ 0	N/A
GRF	100-437	Risk Management	\$ 0	---		\$ 0	N/A	---	N/A
GRF	100-438	ODOT Building Payments	\$ 1,000,000	\$ 0		\$ 0	N/A	\$ 0	N/A
GRF	100-439	Equal Opportunity Certification Program	\$ 288,909	\$ 663,706	\$656,413	\$ 805,626	22.73%	\$ 848,177	5.28%
GRF	100-447	OBA-Building Rent Payments	\$ 71,493,533	\$ 78,517,356	\$78,669,482	\$ 96,106,300	22.16%	\$ 110,268,500	14.74%
GRF	100-448	OBA-Building Operating Payments	\$ 21,821,009	\$ 21,795,922	\$21,974,191	\$ 26,098,000	18.77%	\$ 26,098,000	0.00%

FY 2002 - 2003 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 1999.</i>	<i>FY 2000.</i>	<i>FY 2001.</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
DAS Administrative Services, Department of									
GRF	100-449	DAS-Building Operating Payments	\$ 3,287,263	\$ 2,979,432	\$3,097,263	\$ 5,126,955	65.53%	\$ 5,126,968	0.00%
GRF	100-451	Minority Affairs	\$ 85,649	\$ 150,227	\$1,010,391	\$ 117,910	-88.33%	\$ 116,272	-1.39%
GRF	100-734	Major Maintenance	\$ 23,923	\$ 177,336	\$54,595	\$ 69,171	26.70%	\$ 67,350	-2.63%
GRF	102-321	Construction Compliance	\$ 1,439,118	\$ 1,280,788	\$1,160,590	\$ 1,371,701	18.19%	\$ 1,375,558	0.28%
GRF	130-321	State Agency Support Services	\$ 2,281,806	\$ 3,490,818	\$3,783,474	\$ 3,577,941	-5.43%	\$ 3,684,775	2.99%
General Revenue Fund Total			\$ 127,131,967	\$ 132,405,408	\$ 130,322,364	\$ 157,087,971	20.54%	\$ 175,802,064	11.91%
427	100-602	Investment Recovery	\$ 3,996,979	\$ 5,335,808	\$4,055,368	\$ 4,204,735	3.68%	\$ 4,179,184	-0.61%
4P3	100-603	Departmental MIS Services	\$ 3,549,466	\$ 3,868,351	\$3,250,579	\$ 7,447,713	129.12%	\$ 7,761,365	4.21%
4H2	100-604	Governor's Residence Gift	\$ 0	\$ 0		\$ 22,628	N/A	\$ 23,194	2.50%
5C2	100-605	MARCS	\$ 0	---		\$ 3,429,947	N/A	\$ 4,475,190	30.47%
130	100-606	Risk Management Reserve	\$ 47,651	\$ 54,470	\$26,544	\$ 185,900	600.36%	\$ 197,904	6.46%
5C3	100-608	Skilled Trades	\$ 1,684,510	\$ 1,636,406	\$2,188,069	\$ 2,237,200	2.25%	\$ 2,332,464	4.26%
5L7	100-610	Professional Development	---	---	\$119,142	\$ 2,700,000	2,166.20%	\$ 2,700,000	0.00%
209	100-611	Data Link	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A
210	100-612	State Printing	\$ 5,418,818	\$ 5,576,463	\$6,070,072	\$ 6,648,503	9.53%	\$ 6,928,823	4.22%
5A8	100-614	Energy Grants	\$ 0	---		---	N/A	---	N/A
112	100-616	Director's Office	\$ 3,659,668	\$ 4,288,349	\$4,634,237	\$ 5,243,105	13.14%	\$ 5,503,547	4.97%
128	100-620	Collective Bargaining	\$ 2,313,448	\$ 2,642,487	\$2,585,781	\$ 3,292,859	27.34%	\$ 3,410,952	3.59%
5D7	100-621	Workforce Development	\$ 3,108,852	\$ 12,208,777	\$13,818,140	\$ 12,000,000	-13.16%	\$ 12,000,000	0.00%
125	100-622	Human Resources Division - Operating	\$ 16,346,315	\$ 20,834,911	\$15,607,612	\$ 23,895,125	53.10%	\$ 24,640,311	3.12%
127	100-627	Vehicle Liability Insurance	\$ 1,644,501	\$ 1,079,088	\$1,500,601	\$ 3,373,835	124.83%	\$ 3,487,366	3.37%
132	100-631	DAS Building Management	\$ 8,855,827	\$ 10,112,495	\$10,510,932	\$ 10,887,913	3.59%	\$ 11,362,872	4.36%
115	100-632	Central Service Agency	\$ 806,008	\$ 1,192,369	\$855,032	\$ 399,438	-53.28%	\$ 376,844	-5.66%
122	100-637	Fleet Management	\$ 1,134,584	\$ 1,466,895	\$1,430,220	\$ 1,600,913	11.93%	\$ 1,652,189	3.20%
131	100-639	State Architect's Office	\$ 4,980,839	\$ 6,093,397	\$5,691,853	\$ 7,504,787	31.85%	\$ 7,772,789	3.57%
117	100-644	General Services Division - Operating	\$ 4,092,401	\$ 5,202,078	\$5,157,710	\$ 5,790,000	12.26%	\$ 7,091,000	22.47%
188	100-649	Equal Opportunity Programs	\$ 1,303,434	\$ 853,088	\$961,744	\$ 1,214,691	26.30%	\$ 1,253,311	3.18%
201	100-653	General Services Retail Merchandise	\$ 1,331,971	\$ 1,201,975	\$1,415,986	\$ 1,779,000	25.64%	\$ 1,833,000	3.04%
General Services Fund Group Total			\$ 64,275,272	\$ 83,647,407	\$ 79,879,621	\$ 103,858,292	30.02%	\$ 108,982,305	4.93%
3H6	100-609	Federal Grants OGRIP	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A

FY 2002 - 2003 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 1999.</i>	<i>FY 2000.</i>	<i>FY 2001.</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
DAS Administrative Services, Department of									
307	100-633	Federal Special Revenue	\$ 42,264	\$ 163,304	\$113,983	\$ 0	-100.00%	\$ 0	N/A
Federal Special Revenue Fund Group Total			\$ 42,264	\$ 163,304	\$ 113,983	\$ 0	-100.00%	\$ 0	N/A
133	100-607	Information Technology	\$ 40,034,479	\$ 72,947,358	\$70,693,897	\$ 104,482,097	47.80%	\$ 111,387,436	6.61%
123	100-613	Telecommunications	\$ 26,059,819	\$ 14,430		\$ 0	N/A	\$ 0	N/A
5M6	100-615	E-Government Development	---	---	\$9,106	\$ 0	-100.00%	\$ 0	N/A
4N6	100-617	Major Computer Purchases	\$ 3,519,592	\$ 6,184,949	\$974,121	\$ 12,000,000	1,131.88%	\$ 4,500,000	-62.50%
Intragovernmental Service Fund Group Total			\$ 69,613,890	\$ 79,146,737	\$ 71,677,123	\$ 116,482,097	62.51%	\$ 115,887,436	-0.51%
113	100-628	Unemployment Compensation	\$ 2,644,067	\$ 2,146,076	\$2,260,437	\$ 3,500,000	54.84%	\$ 3,577,000	2.20%
124	100-629	Payroll Deductions	\$ 1,597,198,036	\$ 1,743,081,115	\$1,763,929,486	\$ 1,877,100,000	6.42%	\$ 1,999,100,000	6.50%
Agency Fund Group Total			\$ 1,599,842,103	\$ 1,745,227,191	\$ 1,766,189,922	\$ 1,880,600,000	6.48%	\$ 2,002,677,000	6.49%
R08	100-646	General Services Refunds	\$ 3,761	\$ 5,850	\$1,385	\$ 20,000	1,344.04%	\$ 20,000	0.00%
Holding Account Redistribution Fund Group Total			\$ 3,761	\$ 5,850	\$ 1,385	\$ 20,000	1,344.04%	\$ 20,000	0.00%
Administrative Services, Department of Total			\$ 1,860,909,257	\$ 2,040,595,897	\$ 2,048,184,399	\$ 2,258,048,360	10.25%	\$ 2,403,368,805	6.44%