

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5002-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Nathanson
Carrier – Senate: Sen. Winters**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 20 – 0 – 2

House – Yeas: Buckley, D. Edwards, Galizio, Garrard, Gilman, Jenson, Komp, Kotek, Nathanson, Richardson, Shields

– Nays:

– Exc: G. Smith

Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Winters

– Nays:

– Exc: Whitsett

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: May 22, 2009

Agency

Department of Administrative Services

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 11,250,712	\$ 7,925,382	\$ 7,412,763	\$ -3,837,949	-34.1%
Lottery Funds	\$ 3,557,141	\$ 3,556,822	\$ 3,023,651	\$ -533,490	-15.0%
Lottery Funds Debt Service	\$ 1,788,017	\$ 1,880,325	\$ 1,880,325	\$ +92,308	+5.2%
Other Funds Cap Improvement	\$ 6,271,549	\$ \$3,111,608	\$ \$3,111,608	\$ -3,159,941	-50.4%
Other Funds	\$ 966,935,727	\$ 452,472,046	\$ 403,635,687	\$ -563,300,040	-58.3%
Other Funds Debt Service	\$ 448,770,716	\$ 487,691,880	\$ 487,691,880	\$ +38,921,164	+8.7%
Other Funds Nonlimited	\$ 224,586,549	\$ 247,071,201	\$ 1,580,404,534	\$ +1,355,817,985	+603.7%
Federal Funds	\$ 0	\$ 0	\$ 47,000	\$ +47,000	+100%
Total	\$ 1,663,160,411	\$ 1,203,709,264	\$ 2,487,207,448	\$ +824,047,037	+49.5%

Position Summary

Authorized Positions	971	935	857	-114	-11.7
Full-time Equivalent (FTE) positions	948.30	930.37	844.40	-103.9	-11.0

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of Administrative Services' (DAS) Other Funds operating revenue comes primarily through two sources: fees billed to state agencies for direct services and assessments to state agencies for indirect services. Fees for services are billed to agencies based on usage. Assessments are generally calculated based on budgeted full-time equivalent (FTE) positions and recovered through the State Government Service Charges line item in agency budgets. Examples of services covered by assessments include those provided by the Director's Office, Budget and Management Division, and Human Resources Services Division. In addition, agencies benefiting from appropriation and pension obligation bonds are assessed their share of debt service and debt management costs. The agency will need to reconcile revenue accounts to align with expenditure changes (reductions) in the DAS budget; these are expected to reduce state agency costs through lowering assessments and service charges paid by state agencies.

Summary of General Government Subcommittee Action

The Department of Administrative Services provides management oversight and technical and administrative support to state government. As the central administrative arm of state government, DAS has three primary roles: to help the Governor and Legislature make and implement policy and financial decisions; to make state government accountable by creating and maintaining a consistent management framework; and to provide a strong stable infrastructure by delivering to state agencies those support services that can most effectively and efficiently be provided centrally.

The Joint Committee on Ways and Means General Government Subcommittee approved a budget of \$2,487,207,448 total funds and 857 positions (844.40 FTE) for DAS. This is an increase of \$824 million total funds or 50 percent over the agency's 2007-09 Legislatively Approved Budget

The large increase from 2007-09 is due to the addition of \$1.3 billion Other Funds Nonlimited expenditures for the Oregon Educators Benefits Board (OEBB) to allow OEBB to provide pass-through payments to insurers on behalf of OEBB members. This substantial expenditure change masks budget cuts and other changes to the budget that eliminate positions, curtail programs, and continue core services at a reduced level.

The Subcommittee's budget includes \$53 million Other Funds in programmatic budget reductions, which is equivalent to about 15 percent of the agency's operating budget. "Operating" for this purpose excludes nonlimited, pass-through, and debt service expenditures. The Subcommittee acknowledged that reductions in this amount will diminish the service level provided by DAS to its customer agencies and DAS divisions and as such will have a negative impact on the performance levels of agencies and DAS divisions relying on these services. The Subcommittee noted that the legislative body should be mindful of how these impacts may affect agencies' abilities to carry out their duties.

Along with reductions, the Subcommittee's recommendation does include approval of certain policy packages targeted at meeting specific customer, agency, and legislative needs.

Office of the Director – 001

The Director's Office provides leadership and support to state government, internally to DAS divisions and externally to state agencies.

The Subcommittee added Package 804: Roll-Up of 2007-09 Reductions. The package reduces the office by \$199,204 Other Funds to reflect the 2009-11 value of one internal auditor position (1.00 FTE) eliminated in the 2007-09 statewide rebalance.

The Subcommittee added Package 810: Additional Program Reductions. The package reduces the program unit by \$418,121 Other Funds and two positions (2.00 FTE). The positions eliminated are a policy analyst, which is responsible for the agency's business continuity planning, key performance measures and customer surveys, and an administrative support position for the Office of Economic Analysis. This reduction will eliminate central planning and coordinating for DAS business interruptions, key performance measures, and customer service surveys. The package also eliminates inflation on all services and supplies line items except for Attorney General and State Government Service Charges.

The Subcommittee approved the following budget note:

Budget Note

The Department of Administrative Services (DAS) shall convene a workgroup to review and develop a recommendation on the potential budgetary, programmatic, and operational benefits of separating the Department's policy functions from its service functions. The workgroup should include representatives from other state agencies and, to the extent possible, from other branches of government and the private sector. The workgroup shall also review, validate, and report on the current methodologies used to develop DAS assessments (used to pay for policy and oversight activities) and service charges (used to pay for services). The report should also include recommendations for any changes needed to ensure that DAS is fairly and appropriately recovering costs.

In addition, the workgroup should examine and report on the cost benefit and effectiveness of DAS functions and services. For DAS programs determined to be ineffective or having a low value, the report shall make recommendations on service delivery changes or cost reduction alternatives.

The report and recommendations are to be completed and submitted to a legislative committee no later than July 1, 2010. Depending on timing and interim activities, the report could be received by either a Joint Committee on Ways and Means or the Emergency Board. This timeline should allow for any recommendations affecting budget or requiring legislation to be included in agency budget requests for 2011-13.

Budget and Management – 002

The Budget and Management Division (BAM) establishes and enforces statewide budget standards and monitors agencies to ensure that funds are spent within legal and budgetary constraints. BAM instructs agencies on how to prepare budget requests and works directly with the Governor and agencies to produce the Governor's recommended budget for submission to the Legislature. The Division also helps to coordinate statewide bonded debt programs, including the issuance of Certificates of Participation (COPs) and Lottery Revenue Bonds.

The Subcommittee added Package 804: Roll-Up of 2007-09 Reductions. The package eliminates \$164,732 Other Funds, reflecting the 2009-11 value of two administrative support positions (1.29 FTE) eliminated in the 2007-09 statewide rebalance.

The Subcommittee added Package 810: Additional Program Reductions, which eliminates \$376,418 Other Funds and two budget analyst trainee positions (2.00 FTE). This change eliminates the state's Budget Analyst Trainee Program and reduces BAM's capacity to provide budget oversight to about 30 small boards and commissions; oversight plays an important role in ensuring that small agencies meet their missions and obligations, especially as budgets become constrained. The package also eliminates inflation on all services and supplies line items except for Attorney General and State Government Service Charges.

State Controller's Division – 003

The mission of the State Controller's Division (SCD) is to ensure accuracy and accountability in state government financial systems by providing services and controls in the management of statewide accounting, receivables, financial reporting, and payroll functions. The Division also provides budget and financial services in support of a number of small state agencies, including the Governor's Office.

The Subcommittee approved Package 131: Federally Required Three Percent Vendor Withholding, adding \$135,000 Other Funds to prepare for a January 2012 compliance timeline for the federal Tax Increase Prevention and Reconciliation Act of 2005, which requires all federal, state, and local governments to withhold three percent from any payment for goods and services made to a vendor. Additional ongoing resources will be needed beginning in the 2011-13 biennium.

The Subcommittee approved Package 132: Enhance Shared Client Services Section. The package adds \$237,701 Other Funds for two accountant positions (1.50 FTE); one Accountant 4 position will serve as a resource to assist small agencies and client agencies with more complex issues, while one Accountant 2 position will assist the Oregon Government Ethics Commission with managing its assessment funding model.

The Subcommittee approved Package 804: Roll-Up of the 2007-2009 Reductions, eliminating \$1,192,442 Other Funds, one accountant position (1.00 FTE), and funding for system enhancements to reflect the 2009-11 value of reductions taken as part of the 2007-09 statewide rebalance.

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces SCD by \$944,740 Other Funds; this amount includes a reduction in inflation for services and supplies (\$175,032) and the elimination of four positions (3.50 FTE). The position changes will eliminate reception services, transfer clerical tasks to other SCD employees, reduce internal control services capacity, and eliminate the Division's E-Commerce function.

Enterprise Information Strategy and Policy Division – 004

The mission of the Enterprise Strategy and Policy Division (EISPD) is to lead state government in enterprise information technology (IT) management, strategic planning, and policy. The state's Chief Information Officer (CIO) is the Division Administrator.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. The package reduces EISPD by \$3,397,297 Other Funds and moves \$2.8 million Other Funds Debt Service to the State Data Center (SDC). The package moves two positions from EISPD, responsible for working on DAS Information Technology (IT) functions related to system and user security to DAS Operations Division. The package also moves one enterprise security position from EISPD to the SDC. Finally, the package adds \$47,000 Federal Funds to receive a federal grant for the Geographical Information Systems program that was approved at the December 2008 meeting of the Emergency Board.

The Subcommittee approved Package 804: Roll-Up of 2007-09 Reductions. The package reduces the EISPD by \$355,214 Other Funds to reflect the 2009-11 values of two positions (2.00 FTE) eliminated in the 2007-09 statewide rebalance. The positions are an IT Policy Analyst from the planning section and a position in the Enterprise Security Office.

The Subcommittee approved Package 810: Additional Program Reductions. The package eliminates \$5,917,979 Other Funds and seven positions (7.00 FTE). The reductions in this package eliminate several core EISPD functions, including statewide coordination of Business Continuity Planning and resources for statewide coordination of Identity and Access Management. The latter reduction implements a DAS decision that evolved outside the Legislature's budget reduction exercise. The package will reduce DAS capacity to review and oversee IT projects by eliminating a position responsible for these tasks. The State Deputy CIO will assume some duties, however statewide IT portfolio management coordination and IT asset management activities will be compromised. This package also eliminates a support position, which will require shifting tasks to remaining EISPD administrative staff, and one position in E-Government. Finally, this package reduces inflation for most services and supplies and capital outlay line items.

The Subcommittee adopted the following budget note:

Budget Note

The Legislature is concerned about how effectively the Department of Administrative Services (DAS) is performing as the state's leader in information technology (IT) planning, management and policy development. To address these concerns, the Department is directed to take the following actions during the 2009-11 biennium:

1. Update Oregon's Enterprise Information Resource Management Strategy with a focus on improving statewide IT budget and project controls and oversight, identifying strategies to optimize existing IT infrastructure investments, and managing state IT operations in a more cost effective and efficient manner. The updated strategy should include benchmarks, deliverables, and data that will be used to inform the 76th Legislative Assembly on progress being made toward achieving cost savings and efficiencies.
2. Develop and implement an Enterprise IT Security Plan and a report on the department's progress toward addressing the Secretary of State audit findings related to the DAS Enterprise Information Strategy and Policy Division (EISPD) Enterprise Security Office and the DAS State Data Center.
3. Develop a DAS EISPD E-Government program transition plan that describes the planned future operating model, and the steps, measures of success and timeframe required to complete the program's transition.

The Department shall report on its progress toward completion of these actions to the Joint Legislative Committee on Information Management and Technology or an appropriate interim/session legislative committee by February 1, 2010.

Human Resources Services Division – 006

The Human Resource Services Division (HRSD) supports state government by providing direction and services to promote a stable and qualified work force in Oregon state government. HRSD administers the statewide human resource management system, negotiates and administers collective bargaining agreements, and establishes rules and policies for unrepresented classified, management, and executive service positions.

The Subcommittee approved Package 081: June 2008 E-Board. The package adds \$1,888,212 Other Funds and five positions (.25 FTE) for two different components previously approved at the June 2008 meeting of the Emergency Board. The first element, at \$1,713,312 Other Funds, will allow DAS to centrally broker internships and certain IT related training for state agencies. The second component is support for the Public Officials Compensation Commission, which includes a six-month limited duration position (0.25 FTE), four commission member positions that do not carry an FTE count, and \$175,000 Other Funds.

The Subcommittee approved Package 164: Workforce Development. The package adds \$800,100 Other Funds and three limited duration positions (3.00 FTE) to support the statewide rollout of the Enterprise Learning Management System (ELMS). The Subcommittee wanted to provide access to system tools to assist with employee training and development to partially offset the loss of training positions and funding.

The Subcommittee approved Package 804: Roll-Up of 2007-09 Reductions. The package reduces HRSD by \$1,601,067 Other Funds and eliminates eight positions (7.30 FTE) to reflect the 2009-11 amount related to permanent reductions taken for the 2007-09 biennium. The eight positions are from HRSD sections as follows: Classification and Compensation (one position); Labor Relations (one position); Statewide Recruitment (three positions); Human Resources Audit Program (two positions); and the statewide employee suggestions program (one position).

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces program unit by a total of \$2,021,554 Other Funds and eliminates two positions (6.88 FTE). The largest reduction component (zero positions, 4.88 FTE, and \$1,203,481 Other Funds) of the package eliminates statewide training services effective January 1, 2010. This change will require state agencies to seek certain training elsewhere and could decrease an agency's ability to access and pay for training. Depending on its size and training needs, an agency may be able

to handle training internally; the elimination of duplicative training resources across state agencies was a goal the Subcommittee wanted to partially address with this reduction. DAS will retain one position to continue supporting and brokering IT training classes.

The package also eliminates a position responsible for specialized diversity outreach recruitment efforts; related capacity for this type of work exists in other state agencies and in the Governor's Office. Also eliminated is a position handling training procurement and contract services, which will impact the timeliness of getting contracts with vendors for training services. Some capital outlay, services and supplies, and IT related expenditures are decreased, while inflation on most service and supplies and capital outlay items is eliminated.

Public Employees Benefit Board – 007

The Public Employees' Benefit Board (PEBB) provides health and other benefit plans for approximately 49,000 state employees and their dependents. PEBB was established by the Legislature in 1998 through the merger of two separate benefit boards.

The Subcommittee approved Package 151: PEBB Infrastructure. The package adds \$2,800,000 Other Funds to update the PEBB benefits online system (\$200,000 Other Funds). The package also places the fee paid to the consultant (\$2,500,000 Other Funds) responsible for being PEBB's insurance broker (who performs actuarial work, negotiates benefit plan design and premium rates, collects and manages claims and other plan data, as well as other work directed by the board) into the PEBB operating budget. PEBB has previously included the fee in the contract as part of the premium, but an opinion from the Department of Justice required PEBB to change that practice. Additionally, Package 151 provides PEBB with resources to contract for an actuarial valuation of PEBB Other Post Employment Benefits (\$100,000 Other Funds) as required by the Government Accounting and Standards Board.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. This package eliminates \$166,186 Other Funds excess expenditure limitation which is no longer needed for rent due to relocation of the Board.

The Subcommittee approved Package 804: Roll-Up of 2007-09 Reductions. As approved, the package reduces the PEBB by \$384,221 Other Funds and two positions (2.00 FTE) in client services to reflect the 2009-11 value of reductions taken in the 2007-09 statewide rebalance.

The Subcommittee approved Package 810: Additional Program Reductions. As approved, the package reduces inflation for services and supplies for the PEBB by \$83,769 Other Funds.

The Subcommittee adopted the following budget note:

Budget Note

The Department of Administrative Services is instructed to report on the potential cost benefit and efficiencies of merging the Oregon Educators Benefit Board with the Public Employees' Benefit Board. The report must address aspects of both board and administrative functions and explore a range of merger options (full board merger, administrative functions only, etc.). The review of board options should include an analysis of whether board composition should be modified to provide more subject matter expertise in light of recent board decisions approving additional self-insurance.

The report should also identify the cost benefit of self-insurance versus a traditional insurance funding model. Impacts on employer rates, insurance reserves, and future costs under each scenario should be analyzed and reported. The plan should also include recommendations on how best to coordinate the boards' choices regarding insurance plans and costs with the Legislature's ability and discretion to fund those choices.

A report on the plan and any recommendations are to be completed and submitted to a legislative committee prior to the Public Employees' Benefit Board adopting plans and rates for calendar year 2011. Depending on timing and interim activities, the report could be received by either a Joint Committee on Ways and Means or the Emergency Board. This timeline should allow for any proposed changes affecting budget or requiring legislation to be included in the agency's budget request for 2011-13.

Ways and Means Committee members noted that proposed health care legislation may affect PEBB policy and operations in ways not anticipated by the budget note. Members wanted to make it clear that the intent of the budget note is to provide information to assist the Legislature in making budget decisions and not to duplicate efforts or supersede other legislative direction. The Committee indication that DAS should make sure work on this budget note is handled in a collaborative way between the boards and affected parties.

Oregon Educators Benefit Board – 008

The Oregon Educators Benefit Board (OEBB) established by Senate Bill 426 (2007) was created to provide a statewide pool for the purchasing of health, dental and other benefits for most of Oregon's school district employees. Prior to the creation of OEBB, about 197 school districts and 20 education service districts purchased plans for their own employees independently, through one of two health plan trusts or through the Oregon School Employees Association.

The Subcommittee approved Package 081: June 2008 Emergency Board. The package adds \$2,659,729 Other Funds and three positions (3.00 FTE) to reflect budget changes approved at the June 2008 meeting of the Emergency Board. The package allows OEBB to continue administration of MyOEBB, which is the online enterprise benefit management system for the OEBB.

The Subcommittee approved Package 082: September 2008 Emergency Board. The package adds \$1,521,931 Other Funds and \$1,333,333,333 Other Funds Nonlimited to correspond with action taken at the September 2008 meeting of the Emergency Board. The approved funding biennializes operating expenditures for the agency and adds Other Funds Nonlimited authority to support the pass-through of premiums to insurance providers on behalf of OEBB members; this budget display for premiums is consistent with the treatment of like expenditures in the PEBB budget.

The Subcommittee approved Package 810: Additional Program Reductions. As approved, the package reduces inflation for services and supplies for the PEBB by \$76,728 Other Funds.

Facilities Division – 011

The Facilities Division provides and operates state facilities, owning approximately 2.76 million square feet of primary office space or about a fourth of the State's total occupied square footage. The Division also manages a portfolio of over 600 short-term and long-term leases for over 4.4 million square feet of space, mostly in the form of office space that is privately owned. The facilities are located all over the state. The Division also manages capital construction and improvement funds used to build new and maintain existing facilities.

The Subcommittee approved Package 211: Strengthen Facilities Infrastructure. The package adds \$335,000 Other Funds and two limited duration positions (2.00 FTE) to provide DAS with resources to meet customer needs in the leasing section and planning activities.

The Subcommittee approved Package 804: Roll-Up of 2007-09 Reductions. As approved, the package reduces Facilities by \$337,711 Other Funds to reflect the 2009-11 value of two permanent positions (2.00 FTE) eliminated in the 2007-09 statewide rebalance.

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces Facilities by \$3,957,255 Other Funds and eliminates 24 positions (24.00 FTE). The reductions include: \$235,000 Other Funds to be derived by energy savings related to the change in use of lighting and the heating and cooling systems in buildings; \$1,177,088 Other Funds (17 positions; 17.00 FTE) related to the elimination of custodial services at night requiring those services to be completed during the day; \$906,769 Other Funds (three positions; 3.00 FTE) connected to the reduction of parking lot enforcement (reducing parking citation revenues) and customer service in Facilities Administration, the elimination of the free bus pass program for state workers and the elimination of shuttle services for state employees from park and ride lots; \$842,543 Other Funds (four positions; 4.00 FTE) for personal services and contracting services and supplies in Operations and Maintenance; and \$593,135 Other Funds in inflation for services and supplies and capital outlay.

State Services Division – 013

The State Services Division (SSD) works to improve government operations by providing services that are best managed centrally. Through economies of scale and the use of technology, the Division's goal is to provide services at a lower cost than state agencies can provide for themselves. The program unit administers all Workers' Compensation, property and liability insurance needs for the State of Oregon through the risk management program, in addition to managing fleet, motor pool, procurement, surplus property, and publishing and distribution activities for the state.

The Subcommittee approved Package 231: State Surplus Property Staffing. The package adds \$263,304 Other Funds and two limited duration positions (2.00 FTE) to the State and Federal Surplus Property section to efficiently process property through the program. The department is currently using two limited duration positions for this work; the package continues those limited duration positions in their current classification through the 2009-11 biennium. Revenue for these positions will be derived through charging for services. The Subcommittee denied the agency's request to reclassify a position upward, consistent with statewide budget policy direction.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. The package tightens up DAS expenditure limitation by reducing \$18,642,627 Other Funds in excess postage pass-through limitation for DAS. Included within this reduction is the elimination of DAS as the "middleman" in the Public Utilities Commission (PUC) mailroom which will require PUC to contract directly with the provider of mail services rather than using DAS as the pass-through for its services.

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces the SSD by \$16,937,191 Other Funds and eliminates 22 positions (22.00 FTE). The reductions in this package include: \$2,287,191 Other Funds for inflation in capital outlay and services and supplies; \$2.9 million Other Funds (19 positions; 19.00 FTE) related to the closure of the Eugene and Portland motor pools that will reduce motor pool vehicle availability to state employees potentially increasing costs to agencies for private vehicle rentals and private vehicle use by employees; \$10 million Other Funds in reductions for purchases of new vehicles for Salem fleet which increase maintenance costs associated

with higher mileage vehicles as well as reduce customer service for agencies in the Portland and Eugene areas; a \$1 million Other Funds reduction for Attorney General charges for Risk Management that may result in negatively impacting the movement of litigation through the court system in addition to increasing the state's vulnerability to claims and costly settlements; and \$750,000 Other Funds and three positions (3.00 FTE) in unspecified reductions to the Publishing and Distribution section, which are to be directed to non-critical services.

Operations – 022

The Operations Division supports DAS Divisions by providing those core services that are best managed centrally, including payroll, accounting and financial services. This Division is responsible for managing all internal aspects of the agency's operations.

The Subcommittee approved Package 222: Contract Services Workload Increase. As approved, the package adds \$164,403 Other Funds and one position (1.00 FTE) to the Contract Services section to address a 55 percent increase in the workload relating to contract services that has occurred during the 2007-09 biennium, in part driven by contracting required to spend state and federal stimulus funds. This position will handle approximately half of the workload increase and should be able to assist with training procurement, for which capacity was reduced in HRSD.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. This package realigns agency resources by shifting \$176,834 OF limitation and two positions (2.00 FTE) from the EISPD to Operations for DAS internally focused IT functions.

The Subcommittee approved Package 804: Roll-Up of 2007-09 Reductions. The package reduces Operations by \$1,106,465 Other Funds to reflect the 2009-11 value of five permanent positions (5.00 FTE) eliminated in the 2007-09 statewide rebalance. These positions provided financial and information technology-related services.

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces Operations by \$1,919,416 Other Funds and eliminates four positions (4.00 FTE). The reductions in this package include: \$153,703 OF inflation for services and supplies; \$1,105,687 Other Funds related to a change in management of cell phone plans, help desk software and printer maintenance, and the elimination of services as an e-mail host for certain small rural communities; \$660,026 Other Funds (four positions; 4.00 FTE) in reductions to the Financial Services section, the Accounting Services section, and Enterprise Application Systems which will decrease services to internal DAS divisions.

Oregon Progress Board – 023

The Oregon Progress Board (OPB) was created by the Legislature in 1989. The Board monitors *Oregon Shines*, which is the state's strategic 20-year vision for improving the state's overall quality of life. These goals are measured by the Oregon Benchmarks. OPB produces the Oregon Benchmarks, convenes meetings, sponsors reports directed at analyzing the steps necessary for achieving the Benchmarks, and provides consultant assistance to state and local agencies to help apply the measures.

The Subcommittee approved Package 810: Additional Program Reductions. This package, which is targeted at balancing the statewide budget, reduces \$512,619 General Fund, \$423,947 Other Funds, and two positions (1.75 FTE), which eliminates the OPB in its entirety. Subcommittee members discussed the value of the Oregon Progress Board and its work; some members indicated they would look for General Fund or alternative resources to try and restore the Board prior to the end of session.

State Data Center – 025

The State Data Center (SDC) was created in 2005 as the result of the Computing and Network Infrastructure Consolidation (CNIC) initiative, which centralized the state's largest data centers into a single entity. The data centers were housed in the following agencies: Administrative Services, Consumer and Business Services, Corrections, Employment, Forestry, Housing and Community Services, Human Services, Revenue, State Police, Transportation, and Veterans' Affairs; these agencies are now the SDC's primary customers. The SDC also serves other governmental entities that need services in computing, voice communication and data networking.

The Subcommittee approved Package 252: Storage Capacity and Administration. The package adds two limited duration positions (2.00 FTE) to the SDC to ensure the efficient and effective use of available data storage capacity at the SDC. The state's storage use is growing at four percent a year; this package will allow the agency to hire staff with the expertise to better utilize existing storage space, rather than purchasing additional storage. The personal services cost of this package is offset with a decrease in services and supplies.

The Subcommittee approved Package 253: Voice Network Equipment Upgrade. The package adds \$3,272,000 Other Funds to provide the resources to replace obsolete voice technology used by more than 20,000 state employees. Replacing the existing equipment is more cost effective than upgrading the existing infrastructure. The revenue for this package is to be derived from Charges for Services which are intended to be offset by a reduction revenues needed to support Package 254 (Equipment Lifecycle Replacement). DAS is requested to unschedule the expenditure limitation pending completion of actions identified in the budget note presented at the end of the narrative for this program unit.

The Subcommittee approved Package 254: Equipment Lifecycle Replacement. The package adds \$8,730,371 Other Funds to provide resources for replacement of the SDC's computing, network, and telephone equipment on an established lifecycle replacement plan. With this package, the agency will replace assets that are most at risk in the current biennium and use this base level of funding to continue asset replacement in future biennia. DAS is requested to unschedule the expenditure limitation pending completion of actions identified in the budget note presented at the end of the narrative for this program unit.

The Subcommittee approved Package 801: LFO Analyst Technical Changes. The package corrects an error which mistakenly placed debt service within the EISPD instead of the SDC (\$2,775,501 Other Funds), properly aligns resources by transferring one position (1.00 FTE) from EISPD to the SDC (\$204,962 Other Funds), and corrects an error in the SDC rent calculation (\$809,849 Other Funds).

The Subcommittee approved Package 810: Additional Program Reductions. This package reduces the SDC by \$15,022,982 Other Funds and eliminates 6 positions (6.00 FTE). An amount of \$3,235,000 million Other Funds is a one-time reduction realized through the postponement and modification of activity levels related to engineering contracts, voice and network activities, mainframe software and product changes, UNIX consolidation, LDAP standardization and server management. An additional \$9,021,305 million Other Funds reductions and the elimination of six positions (6.00 FTE) will occur by reducing the growth of new business for the SDC. Finally, a reduction of \$2,766,677 Other Funds is taken for inflation on capital outlay and services and supplies line items.

The Subcommittee adopted the following budget note:

Budget Note

The Department of Administrative Services will contract with a third-party to assess and make recommendations on cost savings and cost avoidance strategies that could prove effective for the State Data Center. These strategies include, but are not limited to, data center virtualization, network optimization, and voice over internet protocol telephony. The Department will report assessment results and any associated recommendations to a legislative committee no later than December 31, 2009. Depending on timing and interim activities, the report could be received by the Joint Legislative Committee on Information Management and Technology, a Joint Committee on Ways and Means, or the Emergency Board.

The Department of Administrative Services (DAS) is requested to unschedule \$12 million Other Funds expenditure limitation in the State Data Center budget that is being provided for the replacement of voice and information technology equipment. These dollars may be rescheduled 1) once the report on the third-party assessment has been submitted to the Legislature and 2) after project plans for equipment replacement have been reviewed and approved by the Principal Legislative Information Technology Analyst at the Legislative Fiscal Office.

Capital Improvements – 088

The Capital Improvement Program, administered by the Facilities Division, includes remodeling and renovation projects costing less than \$500,000. The funding for the program comes from the Capital Projects Fund, which is primarily sourced by Uniform Rent depreciation.

The Subcommittee approved funding for Capital Improvements at the 2009-11 Essential Budget Level.

Capital Construction – 089

The Facilities Division also administers the Capital Construction Program, which includes major remodeling, renovation, and new construction or acquisition projects costing more than \$500,000 in the aggregate. Funding for DAS Capital Construction projects typically come from either Certificates of Participation or the Capital Projects Fund. The Capital Projects Fund receives revenues from various sources, primarily the depreciation component of the uniform rent Uniform Rent charge, service agreements, and parking facilities income.

Expenditure limitation for Capital Construction is included in a separate bill that is expected to come before the Capital Construction and Information Technology Subcommittee. However, the Subcommittee did discuss several projects, calling out the following projects for review and consideration for approval in the statewide capital construction budget: Mill Creek Infrastructure (\$5 million); roof replacements (\$2.1 million), planning funds (\$.25 million); HVAC improvement projects (\$.75 million), a \$1 placeholder for the Executive Building replacement, a \$1 placeholder for the Capitol Mall Office Building #3, and a \$1 placeholder for the Red Lot Building/Parking Structure. The Subcommittee also noted that, depending on variables such as the number of overall projects, debt capacity, funding availability, and capital construction priorities, other DAS capital construction projects may ultimately be considered for funding as well.

Miscellaneous Distributions – 090

The Miscellaneous Distributions program unit includes pass-through moneys collected from federal and state sources and then distributed to state agencies, cities, counties, transit districts, and some nonprofit organizations via revenue transfers. Also budgeted in program unit are mass transit

assessment collections and distributions, and charges collected from Other Funded agencies to repay the General Fund for 60 percent of the costs of certain legislative functions and 75 percent of the costs of the Governor's Office and Secretary of State Archives Division.

The Subcommittee approved funding for Miscellaneous Distributions at the 2009-11 Essential Budget Level.

Tobacco Settlement – 092

DAS tracks and distributes Tobacco Settlement moneys received by means of the Tobacco Master Settlement Agreement (MSA). These funds are used to support certain health care related expenditures and debt service on Oregon Opportunity Bonds and Appropriation Bonds. The budget display for program unit consists primarily of revenue transactions between DAS program units or with other state agencies.

The Subcommittee approved \$2,484 Other Funds, which is the 2009-11 Essential Budget Level, for State Government Service Charges associated with the management of the Tobacco Settlement moneys.

Special Government Payments – 099

This program unit records several distributions and payments not directly related to the agency's mission or programs.

The budget approved by the Subcommittee includes \$7,142,532 General Fund for payment to the federal government for costs associated with the Public Employees Retirement System (PERS) blended rate payback to the federal government. Under a settlement agreement, the payment offsets a past overcharge to the federal government resulting from the practice of blending different PERS rates for general service and police/fire. The budget also includes \$1,882,673 Lottery Funds to cover debt service and treasury fees related to lottery bonds previously sold for public television projects. Costs associated with Oregon Opportunity Bond and Appropriation Bond debt service, which are supported by \$419 million from the MSA, are recorded in this program unit. All of these items are approved at the 2009-11 Essential Budget Level.

The Subcommittee approved Package 810: Additional Program Reductions. The package reduces the lottery distribution to county fairs by \$533,171 Lottery Funds, which is a 15 percent decrease from the 2009-11 Essential Budget Level.

The Subcommittee was concerned about not being able to provide funding for the Oregon Historical Society (OHS) within the confines of the DAS budget. Historically, OHS has been funded with a General Fund payment in this program unit and has varied depending on available resources. The Subcommittee acknowledged that General Fund support for the program will need to be addressed within the context and priorities of the statewide budget.

Certificates Of Participation (COP) Issuance Costs (Capital Construction) – 189

Costs associated with issuing Certificates of Participation (COPs) for Capital Construction projects are included in this program unit. Once the statewide Capital Construction bill and projects are approved, financing costs associated with DAS projects will be added to this program unit.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5002-A

Department of Administrative Services
 Tamara Brickman -- (503) 378-4709

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2007-09 Legislatively Approved Budget at Dec 2008 *	\$11,250,712	\$5,345,158	\$1,421,977,992	\$224,586,549	\$0	\$0	\$1,663,160,411	971	948.30
2009-11 ORBITS Printed Essential Budget Level (EBL)*	\$7,925,382	\$5,437,147	\$943,275,534	\$247,071,201	\$0	\$0	\$1,203,709,264	935	930.37
SUBCOMMITTEE ADJUSTMENTS (from EBL)									
Director's Office - 001									
Package 804: Roll-Up of 2007-09 Reductions									
Internal Auditor Position	0	0	(199,204)	0	0	0	(199,204)	(1)	(1.00)
Package 810: Additional Program Reductions									
Policy Analyst (BCP, KPMs, Customer Surveys)	0	0	(207,198)	0	0	0	(207,198)	(1)	(1.00)
OEA Support Staff	0	0	(184,668)	0	0	0	(184,668)	(1)	(1.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(26,255)	0	0	0	(26,255)	0	0.00
Budget and Management - 002									
Package 804: Roll-Up of 2007-09 Reductions									
Administrative Support Staff	0	0	(164,732)	0	0	0	(164,732)	(2)	(1.29)
Package 810: Additional Program Reductions									
Budget Analyst Trainee Positions	0	0	(335,152)	0	0	0	(335,152)	(2)	(2.00)
Eliminate SS and CO Inflation (No AG or SGSC)			(41,266)				(41,266)	0	0.00
State Controller's Division - 003									
Package 131: 3% Vendor Withholding									
Services and Supplies	0	0	135,000	0	0	0	135,000	0	0.00
Package 132: Enhanced Shared Client Services									
Add Two Client Accountant Positions	0	0	273,701	0	0	0	273,701	2	1.50
Package 804: Roll-Up of 2007-09 Reductions									
OSPS/SFMS/SARS	0	0	(1,192,442)	0	0	0	(1,192,442)	(1)	(1.00)
Package 810: Additional Program Reductions									
Reception and Administrative Support	0	0	(175,032)	0	0	0	(175,032)	(2)	(1.50)
E-Commerce and Internal Control Positions	0	0	(451,376)	0	0	0	(451,376)	(2)	(2.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(318,332)	0	0	0	(318,332)	0	0.00
Enterprise Information Strategy and Policy Division - 004									
Package 801: LFO Analyst Technical Adjustments									
Correct Base Debt Service Entry (belongs in SDC)	0	0	(2,775,501)	0	0	0	(2,775,501)	0	0.00
Transfer Internal DAS Security and RACF to OPS	0	0	(416,834)	0	0	0	(416,834)	(2)	(2.00)
Transfer Enterprise Security Position to SDC	0	0	(204,962)	0	0	0	(204,962)	(1)	(1.00)
GIS Grant	0	0	0	0	47,000	0	47,000	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 804: Roll-Up of 2007-09 Reductions									
IT Investment & Planning	0	0	(155,652)	0	0	0	(155,652)	(1)	(1.00)
Enterprise Security Office	0	0	(199,562)	0	0	0	(199,562)	(1)	(1.00)
Package 810: Additional Program Reductions									
Identity & Access Management	0	0	(4,000,000)	0	0	0	(4,000,000)	(2)	(2.00)
IT Investment & Planning	0	0	(285,496)	0	0	0	(285,496)	(1)	(1.00)
Business Continuity Planning	0	0	(760,288)	0	0	0	(760,288)	(2)	(2.00)
Office of the State CIO	0	0	(110,656)	0	0	0	(110,656)	(1)	(1.00)
E-Government	0	0	(242,614)	0	0	0	(242,614)	(1)	(1.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(518,925)	0	0	0	(518,925)	0	0.00
Human Resource Services Division - 006									
Package 081: June 2008 E-Board									
Pass-through for Training and Internships	0	0	1,713,212	0	0	0	1,713,212	0	0.00
Public Officials Compensation Commission	0	0	175,000	0	0	0	175,000	5	0.25
Package 164: Workforce Development									
iLearn expansion (Positions approved as LD)	0	0	800,100	0	0	0	800,100	3	3.00
Package 804: Roll-Up of 2007-09 Reductions									
Classification/Compensation	0	0	(191,796)	0	0	0	(191,796)	(1)	(1.00)
Labor Relations	0	0	(224,193)	0	0	0	(224,193)	(1)	(1.00)
Recruitment	0	0	(386,379)	0	0	0	(386,379)	(3)	(2.80)
HR Systems & Services	0	0	(230,350)	0	0	0	(230,350)	0	0.00
Audit Program	0	0	(466,500)	0	0	0	(466,500)	(2)	(2.00)
Employee Suggestion Program	0	0	(101,849)	0	0	0	(101,849)	(1)	(0.50)
Package 810: Additional Program Reductions									
Administration (SS and CO)	0	0	(314,551)	0	0	0	(314,551)	0	0.00
Training & Development	0	0	(1,203,481)	0	0	0	(1,203,481)	0	(4.88)
Recruitment (diversity outreach)	0	0	(232,572)	0	0	0	(232,572)	(1)	(1.00)
Training & Development	0	0	(147,526)	0	0	0	(147,526)	(1)	(1.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(123,414)	0	0	0	(123,414)	0	0.00
Public Employees Benefit Board - 007									
Package 151: PEBB Infrastructure									
Actuarial services, system update, audits	0	0	2,800,000	0	0	0	2,800,000	0	0.00
Package 801: LFO Analyst Technical Adjustments									
Facilities Rent	0	0	(166,186)	0	0	0	(166,186)	0	0.00
Package 804: Roll-Up of 2007-09 Reductions									
Client Services	0	0	(259,221)	0	0	0	(259,221)	(2)	(2.00)
Communication	0	0	(125,000)	0	0	0	(125,000)	0	0.00
Package 810: Additional Program Reductions									
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(83,769)	0	0	0	(83,769)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Oregon Educators Benefit Board - 008									
Package 081: June 2008 E-Board									
Biennialize systems administration and maintenance	0	0	2,659,729	0	0	0	2,659,729	3	3.00
Package 082: September 2008 E-Board									
Biennialize operating and premium expenditures	0	0	1,521,931	1,333,333,333	0	0	1,334,855,264	0	0.00
Package 810: Additional Program Reductions									
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(76,728)	0	0	0	(76,728)	0	0.00
Facilities Division - 011									
Package 211: Strengthen Facilities Infrastructure									
Leasing and Planning Support	0	0	335,000	0	0	0	335,000	2	2.00
Package 804: Roll-Up of 2007-09 Reductions									
Leasing Services	0	0	(191,294)	0	0	0	(191,294)	(1)	(1.00)
Project Management	0	0	(146,417)	0	0	0	(146,417)	(1)	(1.00)
Package 810: Additional Program Reductions									
Energy Reduction Savings	0	0	(202,720)	0	0	0	(202,720)	0	0.00
Energy Savings due to lighting overrides	0	0	(200,000)	0	0	0	(200,000)	0	0.00
HVAC System Start-up Changes	0	0	(30,000)	0	0	0	(30,000)	0	0.00
Heating and Cooling Systems Changes	0	0	(5,000)	0	0	0	(5,000)	0	0.00
Custodial Services	0	0	(1,177,088)	0	0	0	(1,177,088)	(17)	(17.00)
Facilities Administration	0	0	(146,481)	0	0	0	(146,481)	(1)	(1.00)
Parking	0	0	(760,288)	0	0	0	(760,288)	(2)	(2.00)
Reduce Ops & Maint Support	0	0	(842,543)	0	0	0	(842,543)	(4)	(4.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(593,135)	0	0	0	(593,135)	0	0.00
State Services Division - 013									
Package 231: State Surplus Property Staffing									
Approve positions; deny reclassification	0	0	263,304	0	0	0	263,304	2	2.00
Package 801: LFO Analyst Technical Adjustments									
Excess postage limitation (large agencies direct pay)	0	0	(18,480,963)	0	0	0	(18,480,963)	0	0.00
PUC Mailroom Enclave (PUC pays Garten directly)	0	0	(161,664)	0	0	0	(161,664)	0	0.00
Package 810: Additional Program Reductions									
Fleet - Close Portland and Eugene Motor Pool	0	0	(2,900,000)	0	0	0	(2,900,000)	(19)	(19.00)
Fleet - Vehicle Purchases	0	0	(10,000,000)	0	0	0	(10,000,000)	0	0.00
Risk Management - Attorney General Fees	0	0	(1,000,000)	0	0	0	(1,000,000)	0	0.00
P&D Unspecified Reduction	0	0	(750,000)	0	0	0	(750,000)	(3)	(3.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(2,287,191)	0	0	0	(2,287,191)	0	0.00
Operations - 022									
Package 222: Contract Services Workload Increase									
Add one contracting position	0	0	164,403	0	0	0	164,403	1	1.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Technical Adjustments									
TSC - disk and backup charges shift to divisions	0	0	(240,000)	0	0	0	(240,000)		
Transfer Internal DAS Security/RACF from EISPD	0	0	416,834	0	0	0	416,834	2	2.00
Package 804: Roll-Up of 2007-09 Reductions									
Operations	0	0	(1,106,465)	0	0	0	(1,106,465)	(5)	(5.00)
Package 810: Additional Program Reductions									
TSC - Change cell phone plan for staff	0	0	(9,840)	0	0	0	(9,840)	0	0.00
TSC - Dial-up and First Class e-mail hosting	0	0	(647,847)	0	0	0	(647,847)	0	0.00
TSC - Printer maintenance contracts	0	0	(85,000)	0	0	0	(85,000)	0	0.00
Remedy licensing and hosting	0	0	(363,000)	0	0	0	(363,000)	0	0.00
Financial Services	0	0	(156,862)	0	0	0	(156,862)	(1)	(1.00)
Accounting Services	0	0	(152,697)	0	0	0	(152,697)	(1)	(1.00)
Enterprise Application Services	0	0	(350,467)	0	0	0	(350,467)	(2)	(2.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(153,703)	0	0	0	(153,703)	0	0.00
Oregon Progress Board - 023									
Package 810: Additional Program Reductions									
Eliminate Progress Board	(512,619)	0	(423,947)	0	0	0	(936,566)	(2)	(1.75)
State Data Center - 025									
Package 252: Storage Capacity and Administration									
Reduce Services and Supplies	0	0	(511,695)	0	0	0	(511,695)	0	0.00
Add two storage management positions (LD)	0	0	511,695	0	0	0	511,695	2	2.00
Package 253: Voice Network Upgrade									
Contract and Equipment (No COPs)	0	0	3,272,000	0	0	0	3,272,000	0	0.00
Package 254: Equipment Lifecycle Replacement									
Shift from 12-year to 7-year cycle	0	0	8,730,371	0	0	0	8,730,371	0	0.00
Package 801: LFO Analyst Technical Adjustments									
Correct Base Debt Service Entry (move from EISPD)	0	0	2,775,501	0	0	0	2,775,501	0	0.00
Transfer Enterprise Security Position to SDC	0	0	204,962	0	0	0	204,962	1	1.00
Correct Error in SDC Rent Calculation	0	0	809,849	0	0	0	809,849	0	0.00
Package 810: Additional Program Reductions									
Stop NSA Cisco Engineering Contract	0	0	(250,000)	0	0	0	(250,000)	0	0.00
Voice and Network	0	0	(250,000)	0	0	0	(250,000)	0	0.00
Mainframe Software/Product Changes	0	0	(930,000)	0	0	0	(930,000)	0	0.00
Voice and Network	0	0	(735,000)	0	0	0	(735,000)	0	0.00
UNIX Consolidation	0	0	(250,000)	0	0	0	(250,000)	0	0.00
LDAP Standardization	0	0	(400,000)	0	0	0	(400,000)	0	0.00
Servers	0	0	(250,000)	0	0	0	(250,000)	0	0.00
Software Maintenance	0	0	(170,000)	0	0	0	(170,000)	0	0.00
New Business	0	0	(9,021,305)	0	0	0	(9,021,305)	(6)	(6.00)
Eliminate SS and CO Inflation (No AG or SGSC)	0	0	(2,766,677)	0	0	0	(2,766,677)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Special Governmental Payments - 099									
Package 810: Additional Program Reductions									
15% Reduction to County Fair EBL	0	(533,171)	0	0	0	0	(533,171)	0	0.00
TOTAL ADJUSTMENTS	(\$512,619)	(\$533,171)	(\$48,836,359)	\$1,333,333,333	\$47,000	\$0	\$1,283,498,184	(78)	(85.97)
SUBCOMMITTEE RECOMMENDATION *	\$7,412,763	\$4,903,976	\$894,439,175	\$1,580,404,534	\$47,000	\$0	\$2,487,207,448	857	844.40
% Change from 2007-09 Leg Approved Budget	-34.11%	-8.25%	-37.10%	603.70%	0.00%	0.00%	49.55%	-11.74%	-10.96%
% Change from 2009-11 Essential Budget Level	-6.47%	-9.81%	-5.18%	539.66%	0.00%	0.00%	106.63%	-8.34%	-9.24%

* Excludes Capital Construction Expenditures

LEGISLATIVELY ADOPTED 2009-11 KEY PERFORMANCE MEASURES

AGENCY NAME: ADMINISTRATIVE SERVICES, DEPARTMENT of

Mission: Lead the pursuit of excellence in state government.

#	Legislatively Adopted KPMs for 2009-11	Customer Service Category	Agency Request	Most Current Result	Target 2010	Target 2011
2	FORECAST RELIABILITY - Percent of Advisory Committee and Council Members who rank the reliability of the Office of Economic Analysis' forecasts as good to excellent.		Approved KPM	92.3		
3	FINANCIAL REPORTING - Number of years out of the last five that State Controller's Division wins GFOA Certificate of Achievement for Excellence in Financial Reporting.		Approved KPM	5	5	5
4	STATE WORKFORCE TURNOVER - Annual turnover rate for the state workforce.		Approved KPM	5.4	5.5	5.5
5	STATE WORKFORCE DIVERSITY - Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force.		Approved KPM	70	100	100
6	FLEET ADMINISTRATION - Statewide Fleet Administration evaluated as effective by independent party.		Approved KPM			
7	RENT COSTS - Uniform rent costs per square foot as a percent of private market rates.		Approved KPM	81	90	90
8	IT GOVERNANCE - Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement.		Approved KPM	100	100	100
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	65.2	90	90

AGENCY NAME: ADMINISTRATIVE SERVICES, DEPARTMENT of

Mission: Lead the pursuit of excellence in state government.

#	Legislatively Adopted KPMs for 2009-11	Customer Service Category	Agency Request	Most Current Result	Target 2010	Target 2011
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	63	90	90
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	74.7	90	90
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	72.9	90	90
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	65.9	90	90
9	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	65.8	90	90
12	PROCUREMENT EFFECTIVENESS - Estimated savings resulting from price agreement pricing compared to prices that would be paid without the benefit of a price agreement.		Approved KPM	11.1		
13	RISK MANAGEMENT - Annual number of: a) worker's compensation; b) liability; c) property; and, d) total claims per 100 FTE.		Approved KPM	5.83		

AGENCY NAME: ADMINISTRATIVE SERVICES, DEPARTMENT of

Mission: Lead the pursuit of excellence in state government.

#	Legislatively Adopted KPMs for 2009-11	Customer Service Category	Agency Request	Most Current Result	Target 2010	Target 2011
14	SUSTAINABILITY - Percentage reduction in greenhouse gas emissions.		Approved KPM			
16	DATA CENTER - Percentage of time systems are available.		Approved KPM	99.96	99.9	99.9
23	INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments)		Approved KPM		2.5	3
9	E-GOVERNMENT - Percent of agency business process that have been automated: a) customer to agency; b) customer to agency to accounting system (end-to-end).		Legislative Delete	11.54		
10	INFORMATION SECURITY - Percentage of actions identified in HB 3145, or the resulting Enterprise Security Office Strategic Plan, completed on time.		Legislative Delete	85		
11	INFORMATION SECURITY BUSINESS RISK - Percentage of identified business risk that is remediated.		Legislative Delete	79		
15	HEALTH POLICY - Percent of key healthcare policy stakeholders who rate the a) usefulness, b) objectivity, c) reliability of healthcare data provided by Office for Health Policy and Research (OHPR) as good or excellent.		Legislative Delete			

LFO Recommendation:

Approve the following KPM changes requested by the agency:

Delete KPM #9 - E-Government

- This measure has not proven to be a comprehensive or informing measure, as there are too many intangibles (agency readiness, diversity of business processes, etc.) affecting the data. The agency will likely be moving to a new E-Government approach/strategy in 2009-11 and will look for opportunities to develop a different measure. No replacement measure recommended at this time.

Delete KPM #10 and #11 relating to Information Security and replace with a new measure, which is Proposed KPM #23.

- The new measure will use data from information security risk assessments to develop an information security maturity rating. This change will provide a better baseline for improvement over time and reflects a common standard the agency can use to compare the state's compare progress/effectiveness with that of other public or private entities.

Delete KPM #15 on Health Policy

- The Office for Health Policy and Research is no longer part of the Department of Administrative Services, so this measure is no longer applicable.

Additional recommendations:

DAS has identified several other measures for deletion, some of which were just adopted in 2007-09. The agency also proposed several new measures. The Legislative Fiscal Office recommends the agency take time to revisit these proposals during the 2009-11 biennium and track/review data for the proposed measures to ensure they will prove to be 1) good tools for assessing performance and 2) measures that will have some staying power over time.

The agency indicates it will be updating its strategic plan during the 2009-11 biennium. This activity, along with adjustments the agency will be making to handle the current budget situation, may very well lead to alternative ways of doing business that may need a different type of assessment or measure. LFO recommends the agency not make any changes to its current performance measures - other than those changes noted above - until some of these dynamics play out.

Sub-Committee Action:

The Subcommittee approved the LFO recommendation on key performance measures.