

Budget Brief – DAS Purchasing and General Services

NUMBER CFGO-07-13

SUMMARY

In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing and General Services. The procurement function that enables other agencies to contract for goods and services remains an appropriated function. Other programs operate as Internal Service Funds and are budgeted separately in the ISF section of the budget.

The division provides a centralized purchasing function for all state agencies. The Purchasing Program manages 750 statewide contracts that are used by state agencies, education, and local governments, and oversees more than 2,000 agency contracts and more than 1,500 procurement processes per year. The value of these contracts and procurements exceeds a billion dollars annually.

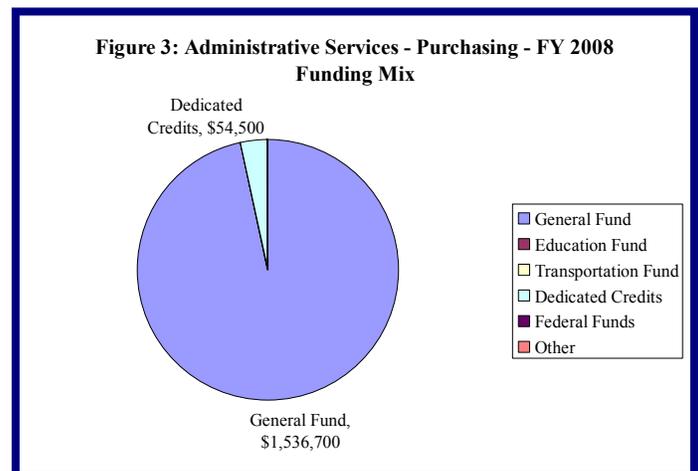
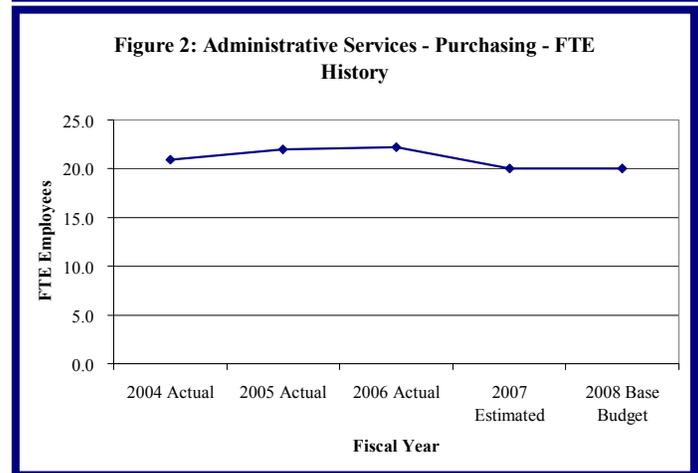
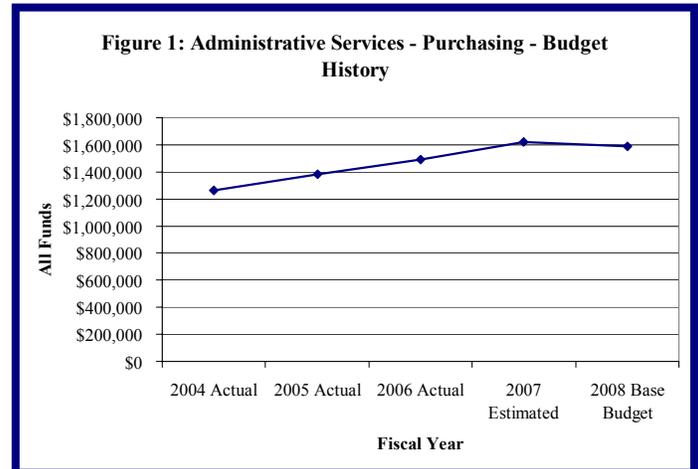
ISSUES AND RECOMMENDATIONS

Purchasing from People with Disabilities

During the 2006 General Session the Legislature passed Senate Bill 59, “Purchasing from People with Disabilities Amendments.” The bill created an advisory board to facilitate purchasing from community rehabilitation groups, allowed the board to establish a not-for-profit association, and required public procurement agencies to purchase goods and services from community rehabilitation groups if they are under a preferred contract approved by the board, up to a \$5 million cap.

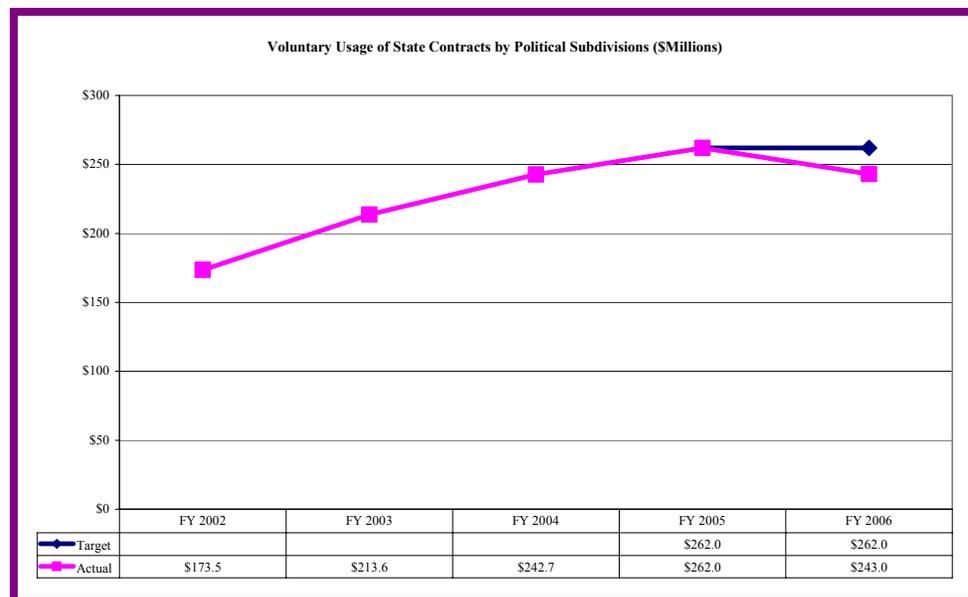
The Legislature appropriated \$1,400 to the Division of Purchasing to pay the administrative costs of the new board. The board was established in September and has met twice.

The fiscal note on S.B. 59 said the bill “could increase costs of procurements by state and local governments over time” due to preferential treatment for one supplier, but could also reduce the cost of services by the state to the disabled. It is still too early to forecast these impacts. The board is likely to award its first contract in January. The division’s goal is to negotiate contracts with the disabled firms at prices as close to current competitively bid contracts as possible.



ACCOUNTABILITY DETAIL

State Purchasing manages cooperative contracts that are utilized by state agencies, institutions of higher education, school districts, and local governments. Usage of the contracts is mandatory for state agencies, but voluntary for political subdivisions. Thus political subdivision usage of the contracts is a barometer of whether the contracts provide best value.



Usage of state contracts by political subdivisions increased by 51 percent between FY 2002 and FY 2005, but declined slightly in FY 2006. The division reports that these numbers are often difficult to collect and changes may be nothing more than variations in data gathering methodologies. Still, this may be an indication that the value of state purchasing contracts has been maximized.

BUDGET DETAIL

Dedicated Credits in this program are generated by contract management cost reimbursements. The division participates in and manages several multi-state contracts for the Western States Contracting Alliance (WSCA) – a contracting alliance of fifteen western states. Utah has the lead on data communications, small package delivery, and other types of contracts.

Budget Recommendation for FY 2008

The Analyst recommends a total FY 2008 base appropriation of \$1,591,200, with \$1,536,700 from the General Fund and the remainder from Dedicated Credits.

Intent Language

The Analyst recommends the Legislature adopt the following supplemental intent language for Fiscal Year 2007:

Under terms of UCA 63-38-8.1(3), the Legislature intends not to lapse Item 42, Chapter 1, or Item 42, Chapter 366, Laws of Utah 2006. Expenditure of these funds is limited to: Electronic Commerce - \$50,000.

LEGISLATIVE ACTION

The Analyst recommends the Legislature adopt:

1. A total FY 2008 base appropriation of \$1,591,200 for the Division of Purchasing and General Services.
2. Intent language making the FY 2007 appropriation nonlapsing but limited to uses specified in the language.

BUDGET DETAIL TABLE

Administrative Services - Purchasing						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
General Fund	1,417,900	1,536,700	0	1,536,700	0	1,536,700
General Fund, One-time	0	(4,400)	0	(4,400)	4,400	0
Dedicated Credits Revenue	24,900	61,800	(7,300)	54,500	0	54,500
Beginning Nonlapsing	83,600	2,700	31,500	34,200	(34,200)	0
Closing Nonlapsing	(34,200)	0	0	0	0	0
Total	\$1,492,200	\$1,596,800	\$24,200	\$1,621,000	(\$29,800)	\$1,591,200
Programs						
Purchasing and General Services	1,492,200	1,596,800	24,200	1,621,000	(29,800)	1,591,200
Total	\$1,492,200	\$1,596,800	\$24,200	\$1,621,000	(\$29,800)	\$1,591,200
Categories of Expenditure						
Personal Services	1,386,900	1,518,600	(63,200)	1,455,400	4,600	1,460,000
In-State Travel	1,700	400	1,300	1,700	0	1,700
Out of State Travel	4,500	4,300	200	4,500	0	4,500
Current Expense	80,100	57,100	(2,200)	54,900	0	54,900
DP Current Expense	19,000	16,400	88,100	104,500	(34,400)	70,100
Total	\$1,492,200	\$1,596,800	\$24,200	\$1,621,000	(\$29,800)	\$1,591,200
Other Data						
Budgeted FTE	21.5	21.5	(1.5)	20.0	0.0	20.0
Actual FTE	22.2	0.0	0.0	0.0	0.0	0.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.