

DAS ISF - GENERAL SERVICES

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

SUMMARY

For the General Services internal service fund, the Analyst recommends estimated revenue of \$17,843,600, authorized FTE of 71.2, authorized capital outlay of \$3,510,900, and approval of requested rates for FY 2013. The Analyst further recommends authorizing an additional 14.5 FTE and estimated revenue of \$1,225,400 to allow the appropriated Purchasing program to transition to an ISF. These recommendations are detailed below, as well as in the funding table on page 4.

BACKGROUND

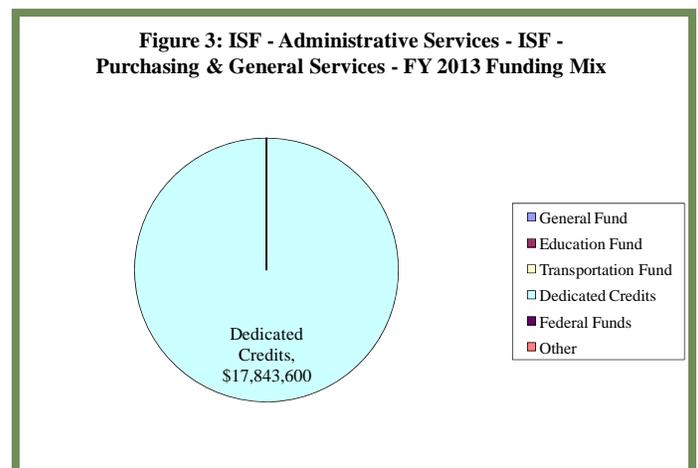
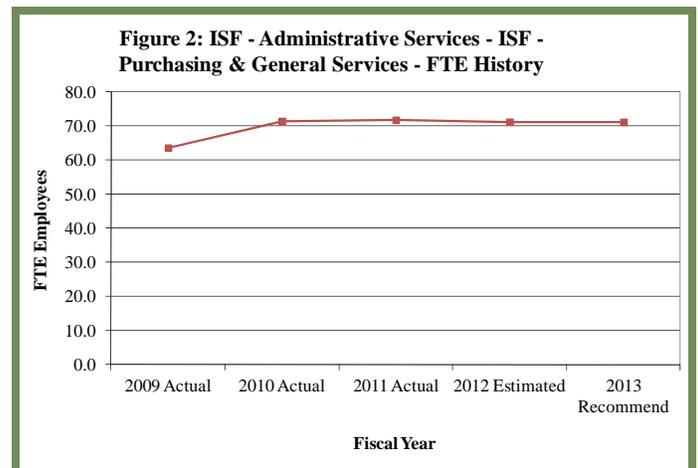
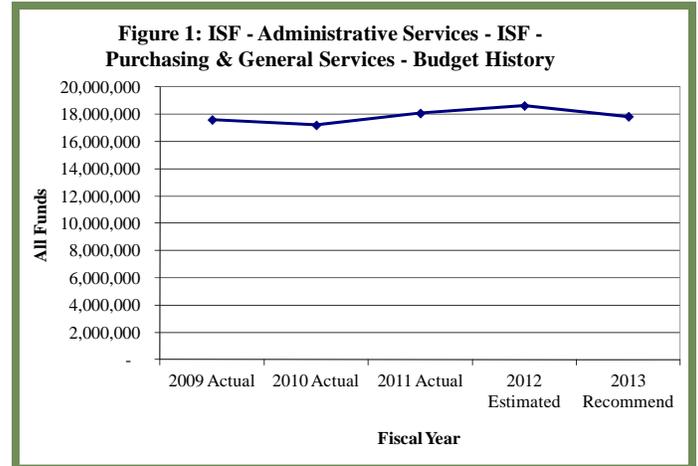
In 1997 the Legislature reorganized the Department of Administrative Services, merging Central Copying, Central Mail, and Central Stores into the Division of Purchasing. The new division became the Division of Purchasing and General Services. The General Services functions of the division are budgeted as internal service funds. The procurement function that enables other agencies to contract for goods and services is budgeted separately in the appropriated fund section; however, it is also transitioning to an internal service fund.

In FY 2011 the department requested that the State Surplus Property and the Federal Surplus Property internal service funds be moved from the Division of Fleet Operations to the Division of General Services to more closely align program operations with similar programs. The Department also requested that the Purchasing Card (P-Card) program be moved from the Electronic Purchasing program to a new internal service fund administered by the Division of Finance in FY 2011. The Legislature accommodated these requests in the 2010 General Session.

ISSUES AND RECOMMENDATIONS

Print Services Retained Earnings

In response to legislative concerns, several years ago the division consolidated printing operations and reduced



equipment in an effort to reverse losses in retained earnings.

In FY 2006 the division contracted with Xerox to operate high speed copying and finishing service centers, though the program is still managed by the division. The division adds a surcharge to printing rates to reverse negative retained earnings, which has helped Print Services slowly improve its position as can be seen in the following table of actual and estimated retained earnings.

FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 Est.	FY 2013 Est.
(\$1,164,600)	(\$1,364,900)	(\$1,286,700)	(\$1,194,300)	(\$919,700)	(\$704,200)	(\$636,000)	(\$513,600)	(\$361,300)	(\$219,100)

Table 1

Purchasing Transition to an ISF

As discussed in the Purchasing Budget Brief, the Division of Purchasing is continuing the transition from an appropriated General Fund agency to an internal service fund. Last year the division reduced its General Fund budget by \$300,000 and moved some individuals to the Cooperative Contracting (formerly Electronic Purchasing) program within the General Services internal service fund. While the Legislature reduced the General Fund budget, it did not appropriate additional FTE to the internal service fund. The Division requests the Legislature authorize an additional 14.5 FTE to the Cooperative Contracting program in FY 2012 and FY 2013.

ACCOUNTABILITY DETAIL

Division Administrative Costs

Administration costs should be kept as low as possible so resources can be used for providing services to customer agencies.

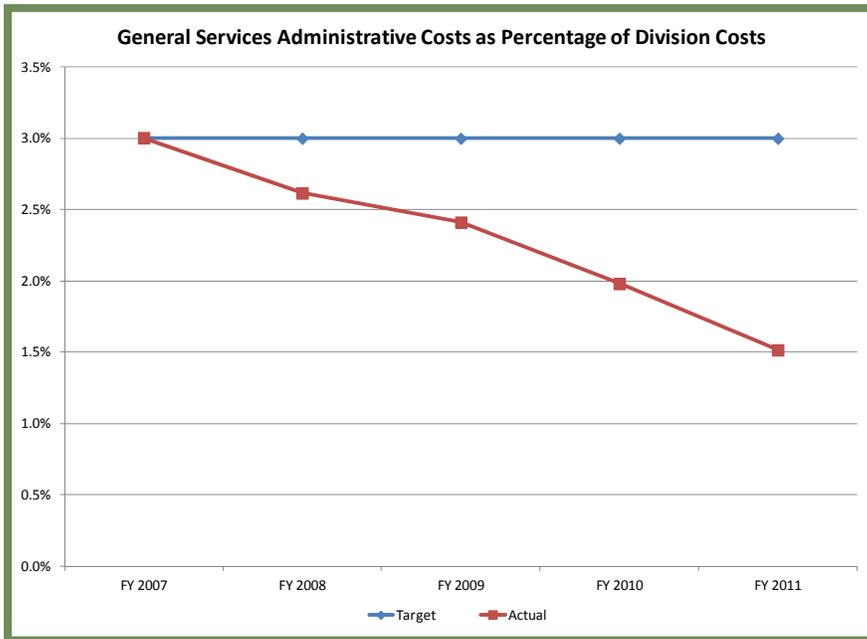


Figure 4

State Mail Tasks per Man Hour

State Mail Services is primarily a production environment. Efficiency can be measured by calculating the number of tasks performed per hour. A “task” is each process for which the program has established a rate (e.g. folding, inserting, metering, OCR, etc.). Data are collected through barcodes containing billing information. The central accounting system tracks each task by mail account for monthly billing.

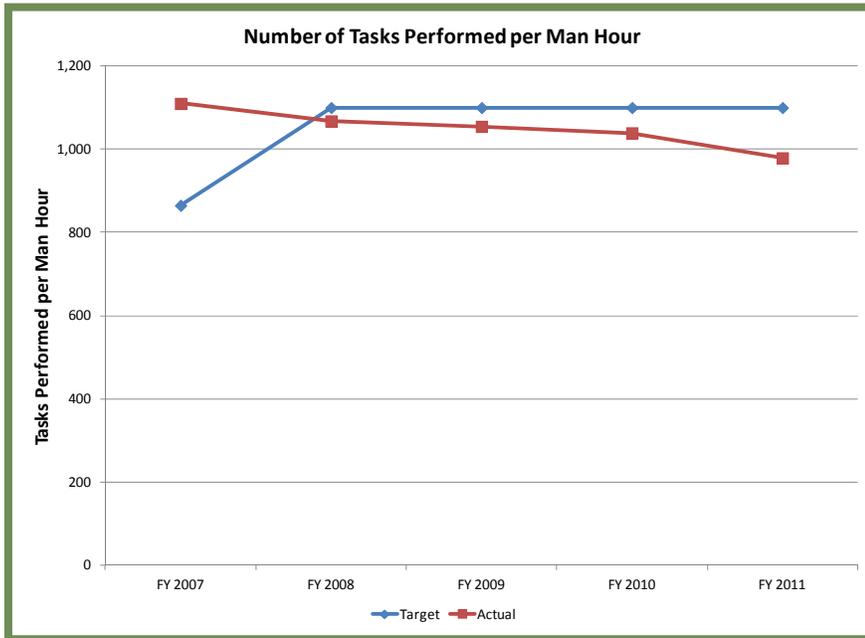


Figure 5

BUDGET DETAIL

The Administration Program is set up to account for the indirect costs (overhead) in delivering the services of the other three central services programs. All expenditures (estimated at \$118,900 in FY 2013) are passed through to the other programs in proportion to their share of the total division budget; therefore its total budget is zero and it doesn’t appear in the Budget Detail Table on page 4.

Capital Outlay Authority Request

The ISF requests capital outlay authority of \$3,510,900 for FY 2013 for the following purposes:

- \$2,935,900 for replacement copiers for the Digital Copier Services program – a subscription service for state agencies that replaces and rotates copier machines.
- \$530,000 for equipment to improve efficiency in the Mail Services division:
 - \$170,000 for software that integrates with intelligent inserters to keep track of individual mail pieces
 - \$360,000 for a replacement of an inserter that is becoming harder to service (usable life was up in April 2010) with an intelligent inserter which inserts mail into envelopes using barcode technology to keep track of mail.
- \$45,000 for the State Surplus Property program for a fork lift.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$17,843,600 for the General Services ISF in FY 2013
2. Rates as presented separately in an Issue Brief
3. FTE of 71.2 for FY 2013
4. Authorized Capital Outlay of \$3,510,900 to be used if needed for self-service copiers (\$2,935,900), mail equipment (\$530,000), and a state surplus fork lift (\$45,000).
5. Additional FTE authorization of 14.5 and estimated revenue of \$1,225,400 in FY 2012 and FY 2013 in the Cooperative Contracting program to allow Purchasing to transition from a General Fund appropriated division to an internal service fund

BUDGET DETAIL TABLE

ISF - Administrative Services - ISF - Purchasing & General Services

Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Dedicated Credits - Intragvt Rev	18,068,300	19,113,800	(476,100)	18,637,700	(794,100)	17,843,600
Sale of Fixed Assets	10,300	0	0	0	0	0
Total	\$18,078,600	\$19,113,800	(\$476,100)	\$18,637,700	(\$794,100)	\$17,843,600
Programs						
ISF - Central Mailing	12,463,400	13,260,100	(245,600)	13,014,500	173,400	13,187,900
ISF - Cooperative Contracting	1,651,800	512,200	1,225,400	1,737,600	(1,225,400)	512,200
ISF - Federal Surplus Property	19,600	145,200	(125,300)	19,900	3,100	23,000
ISF - Print Services	3,236,600	4,140,000	(981,400)	3,158,600	254,800	3,413,400
ISF - State Surplus Property	707,200	1,056,300	(349,200)	707,100	0	707,100
Total	\$18,078,600	\$19,113,800	(\$476,100)	\$18,637,700	(\$794,100)	\$17,843,600
Categories of Expenditure						
Personnel Services	3,503,500	3,626,300	680,100	4,306,400	(823,100)	3,483,300
In-state Travel	6,000	8,400	(2,200)	6,200	0	6,200
Out-of-state Travel	14,800	6,100	10,700	16,800	(200)	16,600
Current Expense	12,075,100	12,730,100	(811,400)	11,918,700	81,000	11,999,700
DP Current Expense	89,500	136,100	(18,500)	117,600	4,300	121,900
DP Capital Outlay	0	0	2,000	2,000	(2,000)	0
Capital Outlay	147,700	0	193,400	193,400	(10,800)	182,600
Other Charges/Pass Thru	400	(148,400)	110,900	(37,500)	2,600	(34,900)
Operating Transfers	0	23,400	(23,400)	0	0	0
Depreciation	1,523,200	2,716,800	(1,256,300)	1,460,500	265,800	1,726,300
Total	\$17,360,200	\$19,098,800	(\$1,114,700)	\$17,984,100	(\$482,400)	\$17,501,700
Other Data						
Budgeted FTE	71.8	70.6	0.7	71.3	(0.0)	71.2
Actual FTE	55.7	0.0	0.0	0.0	0.0	0.0
Authorized Capital Outlay	1,759,727	3,688,100	0	3,688,100	(177,200)	3,510,900
Retained Earnings	1,085,800	235,700	1,503,700	1,739,400	490,600	2,230,000
Vehicles	16	23	0	23	0	23

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