



**ADMINISTRATION AND REGULATION BUDGET
SUBCOMMITTEE PRESENTATION
February 10, 2011**

1. What is the core mission of your department?

To provide high quality, affordable infrastructure products and services to Iowa state government customers in a manner that empowers them to provide better service to the citizens of Iowa and support the State of Iowa in achieving economic growth. To be a world-class organization that is customer-focused, innovative, and efficient.

2. What is the effect of Senate File 2088 on your Department?

Information Technology Enterprise (ITE)

IT Consolidation

Consolidation of IT systems has been progressing due, in part, to efforts by DAS-ITE to encourage participation through interdepartmental teams. The central email system now hosts twice the number of mailboxes and slow progress on server consolidation continues. DAS-ITE is working with a coalition of the willing – those agencies that are willing to move their servers to the Hoover data center or move their agency applications on to DAS-ITE servers. A pilot program for virtual desktops is underway and print facility consolidation continues. (DAS-ITE print areas have been fully consolidated into one location.) DAS-ITE is releasing an RFP yet this month to purchase Print Managed software, which will allow us to capture information on all printers/copies attached to the network and utilization of each device. That data will help make decisions to place printers/copies where the demand is demonstrated and to remove unnecessary printers/copiers.

Convenience Fee Study

The Department of Administrative Services has submitted a Convenience Fee Analysis as required by Section 22 of SF2088. This analysis assesses the costs of broadening online fee payment services and how those costs are best recovered. Essentially, we have recommended three possible solutions:

- Annual appropriation of \$1,250,000 to the Treasurer's Office to cover current annual costs of fees (currently estimated at \$1,030,596). This would pass the cost of processing such transactions to all Iowa taxpayers.
- Allow agencies to build transactional fees into cost of goods or service – estimated to be approximately \$2.23/transaction. Only customers actually using these fees would pay.
- Allow agencies to charge over-the-counter customers for service, because providing such service costs more in labor and time.

Human Resources Enterprise (HRE)

Span of Control

Currently, the DAS span of control is 9.74:1 and the department is striving to reach the ratio directed by SF2088 of 15:1

Eliminate Obsolete Job Classifications

Approximately 20 class designations were inactivated in June, 2010. Additional classes have been designated for elimination. DAS will be meeting and to assess the necessity of other job classifications in the future.

General Services Enterprise (GSE)

Procurement

DAS Procurement has made progress on implementing many of the provisions included in SF2088. An example: Recently, DAS Procurement completed a bid on behalf of all state agencies, including the Department of Transportation, for the State's computer needs. If we had done nothing and continued with the current contract, agencies would have paid **\$964.54** for a laptop computer. Using the State's entire volume (and providing information to vendors about past purchases by cities, counties, and schools) allowed the State to secure a price of **\$704** for that same laptop. This contract will be a mandatory contract, which was one of the new provisions allowed by SF2088.

Cooperative Purchasing with Regents Institutions

DAS Procurement and the Board of Regents have been working together to identify contracts of mutual benefit. Quarterly meetings are held to discuss opportunities. Opportunities identified include procurement cards, office supplies, disaster recovery, hazardous waste disposal, and copiers. In addition, DAS Procurement purchased the same electronic bid system as used by the University of Iowa. The UI assisted with contract negotiations and implementation of the electronic bid system.

State Accounting Enterprise (SAE)

Electronic Funds Transfer Requirement

Because this is also a human resources concern, implementation was shifted to DAS-HRE and it was determined that EFT should be a requirement of any new employee (rather than mandating for current employees). Currently, 91% of state employees are enrolled in EFT/Direct Deposit.

Merging of all state payroll systems

The existing Central Payroll system is over 20 years old and is a modification of a payroll system implemented by the Department of Transportation. Over time, these two systems have been modified to the point that merging them would be costly and challenging in that COBOL is becoming an antiquated system.

DAS released an RFP for implementing an entirely new payroll system that would allow for the merging of all of state government payroll systems. The estimated cost for this endeavor was around \$34 million. DAS submitted a \$250,000 request for conducting a study on improving the State's payroll system for FY12 but this request was not included in the Governor's budget request.

3. **How many employees do you have?**
376 (includes part time, temporary)
4. **How many are merit-covered employees?**
360
5. **How many employees are covered under the collective bargaining agreements?**
253
6. **How many department FTEs are federally funded?**
None
7. **Have there been any recent reclassifications of individuals in your department? How many and what were the changes?**
8. **Does your department receive federal funds?**
No.

9. Can divisions within the department be merged to create greater efficiencies?

DAS is currently undertaking a strategic planning process that is focused on discovering further efficiencies within the agency.

10. How much department revenue comes from other state agencies?

\$179,179,686

11. How much department revenue is fee-based?

\$166,574,620 (93%)

12. For FY11, describe the department's current budget situation? Do you expect any savings?

13. For budget line items that have used only 10-20% of the original allocations so far, do you expect any savings?

14. How does House File 45 impact your department?

- Health insurance administration (Sec. 6, 11)
- Supplies (limitation on spending) (Sec. 7 – see also discussion below regarding IT expenditures)
 - DAS consumption of supplies is gauged precisely to amount used, including envelopes for public mailings, etc. Reducing the amount of supplies used could impact the level of service provided to citizens.
- Records storage (Sec. 8)
- Fleet (Sec. 15,16)
- Office space (Sec. 17)
- IT expenditure limitation (Sec. 7)
 - Many software maintenance agreements are renewed on an annual basis with a large portion of those occurring in the June timeframe. We would be unable to have vendor support for the hundreds of software programs that run on the State's mainframes and the dozens of software products running on more than 300 servers and over 1,000 desktops. If the equipment is not vendor supported and as issues arise, payments to clients would be impacted, websites could go off line, and I/3 budget and financial systems could become inoperable. In addition, we could compromise the State's reputation and have penalties imposed for being out of compliance with software licensing agreements, i.e. Microsoft, IBM, Computer Associates, Symantec, etc.
 - DAS-ITE budgets what is needed to process and print all of the State's warrants – including unemployment benefits; letters to clients about program materials, including benefit notification required by federal and state laws; notices pertaining to the sex offender registry; and printed reports and other materials. With the budget funds to cover actual expenses, these services would be stopped and the remaining months of the fiscal year would not have print output distributed to state agencies and the clients served by those agencies.
 - DAS-ITE will be affected by the Outside Services (AEGS) reductions, as financial resources will be lessened in the face of increased workloads in efforts to meet the increased demand from agencies that otherwise would use outside services. This could reduce capacity and capability and force DAS-ITE to more narrowly focus on critical systems.
 - DAS-ITE provides fee-based services and receives no general fund appropriation. We rely on income from the services we offer to other governmental entities. As their funds are dramatically reduced, that impacts our bottom-line in not being able to provide services to agencies.
- DAS-ITE 50% reduction of unencumbered funds from the \$2.3 million dedicated to IT consolidation (Sec 29, subsection 1)

- Efforts to consolidate IT infrastructure services include reaching the approximate 50% mark with email consolidation, and efforts have already begun to move services on the Capitol Complex into the Hoover Data Center. It is expected there will be approximately \$1.2 M unspent dollars to return to the general fund.
- Beginning July 1, 2011, the DOM shall designate DAS as the provider for IT services for purposes of providing such services to agencies and other governmental entities with n exceptions. (Sec. 29, subsection 2)
- SF2088 limits the IT consolidation to infrastructure services (hardware, software and related people resources), enterprise applications, IT help desks, desktop computer management services, server hosting, local and campus area networks, database support, and data/cyber security systems. The language in HF45 expands consolidation to ALL IT which would now include applications development and maintenance systems specific to individual agency missions. If this is the intent, economies of scale can be gained in utilizing structured project management and application development processes and common software products, so IT staff could support applications across agencies. The overall approach to IT consolidation to best demonstrate actual cost savings may best be addressed by centralizing the management and tracking of all IT assets (hardware and software) and resources (people). Terrace Hill appropriation correction (Sec. 144)
- Pooled Technology funding (Sec. 149)
Reducing the Technology Reinvestment Fund appropriation for Pooled Technology projects: The impact of this would be that replacement systems or enhancements to current agency systems would not occur – this includes improvements to the data security of maintaining and securing personally identifying information and new projects to improve the delivery of services and benefits to clients. These projects would be stopped and projects currently in progress would need to be cancelled, postponed, or slowed to match the lower level of funding available. The fund has few other variable costs that could be reduced to absorb this reduction. The end result to recipient agencies would be that potential cost savings resulting from more efficient citizen interaction would be delayed.
 - FY10 – all funds are encumbered.
 - FY11 – As of February 9, the balance (not encumbered) is \$846,675.
 - FY12 - \$6,286,491 requested for 23 projects.

15. Were any ARRA funds used in FY11?

No.

16. Did the department receive any appropriations transfers in FY11?

No.