



Frequently-Asked Questions about DAS Financing

January 27, 2005

1. **How is the Department of Administrative Services (DAS) financed?** DAS was established by Code on July 1, 2003. In its first year, DAS was financed in the same manner that the former separate agencies (Departments of Personnel, General Services, Information Technology, and Accounting Section of Revenue and Finance) had operated. Some services were funded by General Fund appropriation, and some were covered by revenues generated from billings to customer agencies.

For Year 2 (FY 2005), DAS received a distribution appropriation that it gave to agencies to buy DAS services. In Year 3 (FY 2006) and after, the DAS appropriation was substantially reduced. General Fund dollars formerly appropriated to the former DAS agencies are now requested by and appropriated directly to the state agencies that buy DAS services. Only DAS leadership functions are covered by General Fund appropriation.

2. **How does DAS set prices?** DAS enterprises analyze and project the direct and indirect costs to provide a service, based on history and known changes in costs. They propose utility rates to their Customer Councils, which review the financial information and approve the rates.

For marketplace services, agencies can select the vendors they choose. Enterprises include the same steps used to establish utility rates. They also analyze competitive market factors. Customers have input into marketplace pricing through their buying decisions—those who do not like DAS prices have the option to buy elsewhere.

DAS estimates sales volume for utilities and marketplace service in order to calculate rates and prices. Service-level agreements allow customer agencies to commit to their purchase intentions so that DAS cost estimates correctly reflect projected utilization.

3. **How is rate setting timed?** FY 2005 rates were published early in 2004, and FY 2006 rates were published in fall 2004. Customer Councils will begin work on FY 2007 early in 2005. The long lead time accommodates the state's budgeting process.

4. **How will customers oversee utility expenses and revenues? How will billing questions be answered?** DAS will provide financial statements of revenues and expenses for each utility service. The DAS Finance division will be establishing a more systematic approach to answering questions related to specific enterprise bills.

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5. **What basic reporting tools will assure adequate oversight for the DAS?** Monthly financial statements, customer surveys, and monitoring of billings, allocation of the appropriation, and complaints via the appeal process are some of the tools currently under development. Customer Councils may request other tools. The Department of Management (DOM), Legislative Service Agency and Customer Councils will receive periodic reports on these indicators. Non financial performance measures will also be set for the products and services to ensure quality of service delivery is maintained to the customers' satisfaction.

6. **What role does the General Assembly play in setting and approving DAS rates?** The DAS and its Customer Councils have responsibility to set rates. The General Assembly will review annual business plans and financial reports summarizing DAS activities.

7. **Is there an appeal process if customers disagree with rates?** DAS is required by mandate to establish an appeal process to handle customer complaints, including disagreements with rates. The GSE, HRE and ITE Customer Councils have established an appeal process. The recently established I/3 Customer Council will establish one in the near future.

8. **What is the general fund budget for the DAS?** The DAS General Fund appropriation for FY 2005 includes the following amounts:
 - \$ 4,616,351 Salary and Support
 - \$ 10,802,911 Distribution Account
 - \$ 1,889,610 Revolving Funds Cash Flow
 - \$ 2,576,000 Utilities

9. **How many revolving funds does DAS have, and for what purposes?** DAS currently has revolving funds and internal service funds. Some revolving funds set up by DAS predecessor agencies are still used for their original purpose. New revolving funds have been set up for training, statewide purchasing, fleet, mail, human resources, facility services, information technology, federal surplus property, printing and other services.

10. **How are new revolving funds established?** DAS is authorized to establish any needed internal service fund (revolving fund). The process begins with a recommendation to the DOM, who must approve the application, with concurrence of the Auditor of State also required. At least ninety days before the fund is set up, the DAS director provides written notice to the General Assembly; including the legislative council, legislative fiscal committee and the legislative fiscal bureau. DAS established three new internal service funds for FY 05.

11. **Who manages DAS billing?** Denise Sturm, DAS chief financial officer, oversees billing processes. DAS expects to launch an automated, streamlined system in July 2005. Send questions about DAS finances to Denise.Sturm@iowa.gov or call (515) 281-6703.