

**Expenditures by the Department of Administrative Services:
2009 – 2013**

ISSUE

The Department of Administrative Services (DAS) expenditures for FY 2009 through FY 2013 were examined for usage patterns and attainment of agency goals.

AFFECTED AGENCIES

Department of Administrative Services

CODE AUTHORITY

Iowa Code [Chapter 8A](#)

BACKGROUND

The DAS strategic plan for FY 2012 through FY 2015 states its goal is “to increase the efficiency and value of the Department of Administrative Services by controlling costs and assisting state government in reducing expenditures by a targeted minimum of 15%.” The DAS expenditure trends for FY 2009 through FY 2013 were examined to provide some insight into the Department’s progress in meeting this goal.

Information for this examination was obtained from the I/3 accounting system for all the DAS operating funds from both appropriated and nonappropriated sources. Clearing accounts, payroll payment accounts, employee benefit holding or pass-through accounts, reserve accounts, State aid to local government accounts, inactive accounts, and funds used for insurance payments were eliminated to focus on the DAS operations. Intra-agency transfer expenditures were eliminated to reduce double counting, but it is possible some double counting is still included. Accordingly, reversions and balances carried forward were eliminated since those funds were not actually spent. In order to compare the DAS to all State agencies combined, information for expenditures by all State agencies was obtained from the I/3 system, the Legislative Services Agency (LSA) tracking system, and the Comprehensive Annual Financial Report (CAFR).

CURRENT SITUATION

Table 1 on the following page shows the expenditures for the DAS major operating funds. Over the past five years, the DAS operating expenditures have increased from \$108.6 million in FY 2009 to \$114.5 million in FY 2013, an overall increase of \$5.9 million (5.5%). More specifically, between FY 2009 and FY 2011, expenditures decreased by \$11.2 million (-10.3%) to a low of \$97.4 million. For the first two years covered by the DAS Strategic Plan, expenditures

increased instead of decreased. From the FY 2011 low of \$97.4 million, expenditures increased by \$17.1 million (17.6%) to a high of \$114.5 million in FY 2013.

Table 1

Department of Administrative Services: Expenditures by Fund							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 13 - FY 09	% Change
General Fund	\$ 17,915,006	\$ 16,571,614	\$ 14,135,672	\$ 16,410,335	\$ 17,168,094	\$ -746,912	-4.2%
IT Operations Revolving Fund	31,376,657	29,241,851	30,521,566	30,141,651	35,445,992	4,069,335	13.0%
Centralized Purchasing - Administration	4,515,209	4,554,487	3,479,900	3,628,670	3,945,930	-569,279	-12.6%
Vehicle Dispatcher Revolving Fund, Vehicle Depreciation Revolving Fund, and Motor Pool Revolving Fund	23,276,762	13,484,512	14,633,401	20,341,288	23,602,146	325,384	1.4%
Mail Services Revolving Fund	638,267	623,607	656,365	667,822	735,795	97,527	15.3%
Human Resources Revolving Fund	5,434,360	5,482,846	5,170,147	5,242,309	5,761,464	327,104	6.0%
Facility & Support Revolving Fund	8,348,751	7,529,137	8,100,974	8,097,387	8,665,067	316,317	3.8%
Other Funds	17,077,143	21,411,892	20,677,722	17,289,079	19,192,106	2,114,964	12.4%
Total	<u>\$ 108,582,155</u>	<u>\$ 98,899,946</u>	<u>\$ 97,375,746</u>	<u>\$ 101,818,541</u>	<u>\$ 114,516,594</u>	<u>\$ 5,934,439</u>	5.5%
Change		\$ -9,682,209	\$ -1,524,199	\$ 4,442,795	\$ 12,698,053		
Percentage Change		-8.9%	-1.5%	4.6%	12.5%		

Notes:
The expenditures by fund are from the I/3 State Accounting System.
IT = information technology

Table 2 shows the DAS expenditures by major categories. Recently, the DAS has utilized outsourcing services as a means to achieve cost savings. (See the LSA *Issue Review* reporting on the DAS cost-saving efforts: [Department of Administrative Services Cost Savings.](#)) Consistent with outsourcing, outside services began increasing in FY 2011 resulting in an overall increase of \$1.1 million (79.0%) over the five-year period. Reductions in personnel costs would be expected to offset the costs of outsourcing. Personal service costs decreased by \$343,000 since FY 2009, which is less than the increase in outside services. However, there is an inconsistency; personal services expenditures decreased by \$2.0 million between FY 2009 and FY 2011 prior to the emphasis on outsourcing and then increased by \$1.6 million to \$33.6 million in FY 2013 while outsourcing was being expanded. The personal services growth between FY 2011 and FY 2013 breaks down to an estimated \$417,000 in benefits and \$1.2 million in gross pay. For this period, the growth rate for benefits had slowed so that for the average State employee benefits grew by 9.0% and gross pay grew by 7.2%.

Table 2

Department of Administrative Services: Types of Expenditures							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 13 - FY 09	% Change
Personal Services-Salaries	\$ 33,912,042	\$ 32,733,853	\$ 31,924,160	\$ 32,579,742	\$ 33,569,146	\$ -342,896	-1.0%
Office Supplies	2,667,170	2,206,971	2,167,085	2,088,413	2,138,194	-528,977	-19.8%
Utilities	3,467,118	3,103,422	3,172,824	2,874,701	3,078,783	-388,335	-11.2%
Professional & Scientific Services	1,372,593	797,458	1,290,345	1,006,409	1,397,439	24,846	1.8%
Outside Services	1,385,361	1,356,915	1,631,164	1,940,976	2,479,537	1,094,176	79.0%
IT Outside Services	4,050,413	3,238,824	3,646,555	3,802,266	5,622,381	1,571,968	38.8%
Equipment	12,675,497	2,838,457	3,279,188	7,713,314	10,752,687	-1,922,810	-15.2%
IT Equipment	9,083,475	9,203,864	10,605,406	7,684,074	10,853,776	1,770,301	19.5%
Other	39,968,485	43,420,181	39,659,020	42,128,645	44,624,651	4,656,165	11.6%
Total	<u>\$ 108,582,155</u>	<u>\$ 98,899,946</u>	<u>\$ 97,375,746</u>	<u>\$ 101,818,541</u>	<u>\$ 114,516,594</u>	<u>\$ 5,934,439</u>	5.5%

For comparison, **Table 3** shows the expenditures by all State agencies over the same five years. These expenditures represent expenditures from all funding sources. Total expenditures for all State agencies have increased \$946.3 million (7.2%) since FY 2009. The pattern of growth is the opposite for the DAS during this five-year period. Expenditures for all State agencies increased by 3.5% and 4.1% in FY 2010 and FY 2011 respectively, then slowed to a 0.5% increase in FY 2012 and decreased by \$141.1 million (1.0%) in FY 2013. Personal services expenditures, which account for approximately 30.0% of the State's expenditures, fluctuated over the five-year period ending with a \$395.6 million (9.9%) total increase. Outside services also fluctuated over the timeframe, ending the period with a \$10.7 million (2.8%) decrease. Proportionately, equipment and IT equipment showed the greatest growth in expenditures.

Table 3

State of Iowa: Types of Expenditures							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 13 - FY 09	% Change
Personal Services	\$ 3,990,283,020	\$ 3,898,929,258	\$ 3,925,114,677	\$ 4,081,967,203	\$ 4,385,882,835	\$ 395,599,814	9.9%
Office Supplies	16,346,315	14,032,941	13,939,749	13,670,663	13,412,126	-2,934,189	-18.0%
Utilities	139,487,206	139,400,607	147,309,260	150,323,978	155,480,060	15,992,854	11.5%
Professional & Scientific Services	277,756,181	273,260,685	272,616,690	306,633,501	338,985,782	61,229,600	22.0%
Outside Services	376,505,213	420,227,459	383,471,611	332,976,634	365,813,688	-10,691,526	-2.8%
IT Outside Services	33,995,919	36,741,553	33,630,495	31,517,568	37,997,755	4,001,836	11.8%
Equipment	88,495,090	82,956,901	65,513,306	104,333,850	123,452,386	34,957,296	39.5%
IT Equipment	57,435,942	55,566,218	54,099,835	53,380,052	69,455,953	12,020,011	20.9%
Other	8,102,640,112	8,623,879,378	9,204,674,377	9,095,522,552	8,538,751,416	436,111,303	5.4%
Total	\$ 13,082,945,000	\$ 13,544,995,000	\$ 14,100,370,000	\$ 14,170,326,000	\$ 14,029,232,000	\$ 946,287,000	7.2%
Change		\$ 462,050,000	\$ 555,375,000	\$ 69,956,000	\$ -141,094,000		
Percentage Change		3.5%	4.1%	0.5%	-1.0%		

Notes:
The expenditures by type came from the I/3 Data Warehouse.
The total expenditures came from the Iowa Comprehensive Annual Financial Report (CAFR) table, "Statement of Revenue, Expenditures and Changes in Fund Balances: Governmental Funds." Double counting of revenues is eliminated in this table.

Table 4 shows FTE position usage for the DAS and statewide usage for all agencies, and the cost per FTE position for both the DAS and statewide. Personnel costs include salary and benefits. The number of State employees decreased between FY 2009 and FY 2011 then rebounded growing 3.0% and 3.4% in FY 2012 and FY 2013, ending the five-year period with a total 2.1% increase in the number of FTE positions. The DAS decreased the number of employees each year, ending with 71.6 (17.1%) fewer FTE positions in FY 2013.

Both the statewide expenditures per FTE position and the expenditures per FTE position by the DAS increased between FY 2009 and FY 2013. The DAS consistently spent more per FTE position than did agencies statewide. The DAS expenditures per FTE position grew by \$15,700 (19.4%) while the statewide average grew by \$5,800 (7.6%). It is possible the different growth patterns skewed the cost per FTE position in opposite directions. If agencies statewide grew by adding lower-paid new hires, then the growth in the cost per FTE position would be held down. Conversely, if the DAS reduced positions by eliminating lower-paid positions and keeping higher-paid positions or by hiring new employees at a higher salary than the employees they replaced, then the cost per FTE position would be skewed upward.

Table 4

FTE Positions and Cost per FTE Position							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2013 - FY 2009	% Change
Statewide							
FTE positions	52,285.31	50,788.13	50,169.55	51,659.56	53,404.61	1,119.30	2.1%
Change		-1,497	-619	1,490	1,745		
Percentage Change		-2.9%	-1.2%	3.0%	3.4%		
Department of Administrative Services							
FTE positions	418.85	405.73	366.19	356.48	347.25	-71.60	-17.1%
Change		-13.12	-39.54	-9.71	-9.23		
Percentage Change		-3.1%	-9.7%	-2.7%	-2.6%		
Statewide							
Cost per FTE	\$76,317.47	\$76,768.51	\$78,236.99	\$79,016.69	\$82,125.54	\$ 5,808	7.6%
Change		451	1,468	780	3,109		
Percentage Change		0.6%	1.9%	1.0%	3.9%		
Department of Administrative Services							
Cost per FTE	\$80,965.39	\$80,678.75	\$87,178.67	\$91,392.71	\$96,671.41	\$ 15,706	19.4%
Change		-286.64	6,499.92	4,214.03	5,278.70		
Percentage Change		-0.4%	8.1%	4.8%	5.8%		
Notes:							
The DAS FTE positions were estimated from I/3 data. These are similar to the FTE positions shown in the LSA tracking system, but do not match exactly. The I/3 data allows for comparisons by pay grade, while the LSA tracking system aggregates FTE position data so the comparison is not possible.							
Statewide FTE positions are from the LSA tracking system.							
Cost per FTE position is personnel costs divided by the number of FTE positions. Personnel costs include benefits in addition to salary.							

Table 5 examines higher-paid positions compared to lower-paid positions for the DAS. Pay grade 38 was selected as the dividing point to capture management and senior technical and professional positions. Slightly less than 10.0% of the positions are at this level and higher. Proportionately, more of the lower-paid positions were eliminated during the five-year period than were higher-paid positions. The lower-paid positions were reduced by a total of 18.3% while the upper-level positions were reduced by 4.4% or 1.5 FTE position. In terms of annualized salary, the lower-paid employees have both a larger dollar increase and percentage increase in average annual salary. This would be consistent with letting the lowest-paid employees go.

Table 5

Department of Administrative Services: Higher Pay Grades Compared to Lower Pay Grades							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2013 - FY 2009	% Change
FTE Positions - Less Than Pay Grade 38	383.58	370.77	332.73	323.98	313.52	-70.06	-18.26%
		-12.81	-38.04	-8.75	-10.46		
		-3.34%	-10.26%	-2.63%	-3.23%		
FTE Positions - Pay Grade 38 and Higher	35.27	34.96	33.46	32.50	33.73	-1.54	-4.36%
		-0.31	-1.50	-0.96	1.23		
		-0.87%	-4.29%	-2.87%	3.79%		
Annual Base Salary - Less Than Pay Grade 38	\$ 54,306	\$ 55,210	\$ 56,482	\$ 59,890	\$ 62,708	\$ 8,403	15.47%
		905	1,272	3,408	2,818		
		1.67%	2.30%	6.03%	4.71%		
Annual Base Salary - Pay Grade 38 and Higher	\$ 113,491	\$ 114,210	\$ 115,748	\$ 114,920	\$ 119,225	\$ 5,733	5.05%
		718	1,539	-828	4,304		
		0.63%	1.35%	-0.72%	3.75%		
Notes:							
Pay grade 38 and higher accounts for 9.71% of the FTE positions in FY 2013 and are primarily management and senior technical or professional positions.							

CONCLUSIONS

Only broad conclusions can be drawn from a general level examination such as this. Given that both statewide expenditures and the DAS expenditures are growing (by 17.6% for the DAS in the last two years), it does not appear the costs for State government are being reduced per the goal in the DAS strategic plan. The growth in the DAS outside services and the growth in personal services costs in the last two years brings into question the efficiency of the DAS outsourcing. It also appears that the DAS workforce is shrinking while the overall State workforce is growing. The data suggests that the DAS is keeping or hiring higher-paid employees and reducing the number of lower-paid positions. At this level of analysis, it cannot be determined if this is increasing or decreasing the effectiveness of the DAS service delivery. Answering this effectiveness question would require a detailed examination of DAS operations, organization, and expenditure patterns, such as through a program evaluation or performance audit.

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Full Time Equivalent (FTE) Positions: FY 2009 - FY 2013

	Actual		Actual		Actual		Actual		Change Since FY 2009	Change Since FY 2011
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2009	FY 2011			
Grand Total Statewide	52,285.31	50,788.13	50,169.55	51,659.56	53,404.61					
Change	827.47	-1,497.18	-618.58	1,490.01	1,745.06			1,119.30		3,235.06
Percent Change	1.61%	-2.86%	-1.22%	2.97%	3.38%			2.14%		6.45%
Judicial Branch	1,921.91	1,746.58	1,756.60	1,758.84	1,772.61					
Change	-31.75	-175.33	10.03	2.24	13.77			-149.30		16.01
Percent Change	-1.63%	-9.12%	0.57%	0.13%	0.78%			-7.77%		0.91%
Legislative Branch	426.26	388.81	402.15	396.79	401.83					
Change	2.96	-37.45	13.34	-5.36	5.04			-24.43		-0.32
Percent Change	0.70%	-8.79%	3.43%	-1.33%	1.27%			-5.73%		-0.08%
Executive Branch (Net of Judicial and Legislative Branches)	49,937.15	48,652.75	48,010.80	49,503.93	51,230.17					
Change	856.26	-1,284.40	-641.95	1,493.13	1,726.25			1,293.03		3,219.37
Percent Change	1.74%	-2.57%	-1.32%	3.11%	3.49%			2.59%		6.71%
Regents	27,672.21	27,205.20	27,601.17	29,387.88	31,510.26					
Change	574.43	-467.01	395.97	1,786.71	2,122.38			3,838.05		3,909.09
Percent Change	2.12%	-1.69%	1.46%	6.47%	7.22%			13.87%		14.16%
Executive Branch Net of Regents	22,264.94	21,447.55	20,409.63	20,116.05	19,719.91					
Change	281.83	-817.39	-1,037.92	-293.58	-396.13			-2,545.02		-689.72
Percent Change	1.28%	-3.67%	-4.84%	-1.44%	-1.97%			-11.43%		-3.38%