

Office of the  
Legislative Fiscal Analyst

## **FY 2005 Budget Recommendations**

Joint Appropriations Subcommittee for  
Capital Facilities and Administrative Services

Utah Department of Administrative Services  
**Overview**

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**1.0 Summary: Department of Administrative Services**

The Department of Administrative Services (DAS) was created in 1981 by the Utah Administrative Services Act. The Act sets forth eight purposes for the Department:

1. Provide specialized agency support services;
2. Provide effective, coordinated management of state administrative services;
3. Clarify the powers and duties of the various administrative services agencies;
4. Serve the public interest by providing services in a cost-effective and efficient manner, eliminating unnecessary duplication;
5. Enable administrators to respond effectively to technological improvements;
6. Emphasize the service role of state administrative agencies in meeting the needs of user agencies;
7. Permit flexibility in meeting the service needs of state agencies;
8. Protect the public interest by insuring the integrity of the fiscal accounting procedures and policies that govern the operation of agencies and institutions to assure that funds are expended properly and lawfully.

	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing</b>			
General Fund	11,428,200	75,000	11,503,200
Transportation Fund	450,000		450,000
General Fund Restricted	1,272,400		1,272,400
Federal Funds	500,000		500,000
Dedicated Credits	3,561,400		3,561,400
Restricted Revenue	2,666,400		2,666,400
Beginning Balance	1,349,700		1,349,700
Closing Balance	(258,600)		(258,600)
<b>Total</b>	<b>\$20,874,400</b>	<b>\$75,000</b>	<b>\$20,949,400</b>
<b>Programs</b>			
Executive Director	859,700	(121,900)	737,800
Information Tech Services		27,100	27,100
Automated Geographic Reference Center	1,373,000		1,373,000
Administrative Rules	279,700		279,700
DFCM Administration	3,854,900		3,854,900
State Archives	1,909,000	94,800	2,003,800
Finance Administration	10,491,100		10,491,100
Finance - Mandated	482,600		482,600
Post Conviction Indigent Defense	74,000		74,000
Judicial Conduct Commission	247,500		247,500
<b>Total</b>	<b>\$20,874,400</b>	<b>\$75,000</b>	<b>\$20,949,400</b>
<b>FTE/Other</b>			
Total FTE	198		198

## 2.0 Issues

### 2.1 DAS Historical Comparison

Overall, the DAS budget accounts for 0.6 percent of all tax funds expended in the state of Utah. With a budget of this size, small changes in total appropriations appear to be large changes as a percentage. The FY 1999 budget shows an 18.9 percent increase over the prior year, but most of that change is driven by Y2K funding. When adjusted to account for pass through funds administered by the department, the total DAS budget is actually smaller than it was in 1993 and is twelve percent smaller than it was in FY 1998, the first year in which budget data was consolidated and standardized within a single data collection system. Pass through expenses include the Finance-Mandated program, the Post Conviction Indigent Inmate Fund and the Judicial Conduct Commission. These three programs are funded within the DAS budget but are actually managed by other agencies.

DAS	Total Base Budget	Annual Change	Pass Through Expenses	Total Budget Adjusted	Annual Change	Cumulative Change	Average Change
FY 1998	\$24,729,700		(1,794,400)	\$22,935,300			
FY 1999	\$29,405,900	18.91%	(6,404,200)	\$23,001,700	0.29%	0.29%	0.29%
FY 2000	\$25,554,600	-13.10%	(3,704,600)	\$21,850,000	-5.01%	-4.73%	-2.22%
FY 2001	\$27,361,000	7.07%	(5,529,700)	\$21,831,300	-0.09%	-4.81%	-3.09%
FY 2002	\$27,921,000	2.05%	(5,230,600)	\$22,690,400	3.94%	-1.07%	-2.58%
FY 2003	\$20,845,300	-25.34%	(706,100)	\$20,139,200	-11.24%	-12.19%	-4.50%
FY 2004	\$20,820,900	-0.12%	-784,700	\$20,036,200	-0.51%	-12.64%	-5.86%

Source: Office of the Legislative Fiscal Analyst

The table above includes all appropriated funding sources. If only state funds are considered, the change in the DAS budget is even more dramatic. Since 1998, the Department has given up more than fifty percent of its state funds through program eliminations and the use of alternative funding sources to meet operating needs. The table below considers only state funds.

DAS	State Fund Appropriation	Annual Change	Pass Through Expenses	State Funds Adjusted	Annual Change	Cumulative Change	Average Change
FY 1998	\$20,238,900		(4,433,200)	\$15,805,700			
FY 1999	\$30,142,500	48.93%	(14,887,900)	\$15,254,600	-3.49%	-33.49%	-33.49%
FY 2000	\$21,645,800	-28.19%	(978,000)	\$20,667,800	35.49%	-9.89%	-21.69%
FY 2001	\$23,735,900	9.66%	(2,282,300)	\$21,453,600	3.80%	-6.46%	-16.61%
FY 2002	\$21,115,100	-11.04%	(5,175,900)	\$15,939,200	-25.70%	-30.50%	-20.08%
FY 2003	\$11,195,700	-46.98%	(706,100)	\$10,489,600	-34.19%	-54.26%	-26.92%
FY 2004	\$11,586,100	3.49%	(710,700)	\$10,875,400	3.68%	-52.58%	-31.20%

Source: Office of the Legislative Fiscal Analyst

### 2.2 Departmental Issues

In order to balance the FY 2004 budget the Legislature cut \$157,900 from the Department's ongoing base budget. The Capital Facilities Committee found one-time funds to replace the cut in the current year, but there is no additional source to fill the hole in FY 2005. Any restoration of funds for FY 2005 will need to come from internal shifting.

### 2.3 Change in FTE Count

Over the past five years the Department of Administrative Services reduced actual FTE counts by more than three percent. This table reflects actual hours worked rather than authorized FTE levels reported to the Legislature.

Appropriated agencies are not restricted by the Appropriations Act, but the Legislature limits the number of permanent, full time employees that an Internal Service Fund division may hire. Over the past five years DAS hours dropped by more than three percent while statewide (non-USHE) hours rose by 3.78 percent.

<b>Administrative Services</b>							
<i>Five Year Change in FTE Count</i>							
<u>Appropriated Divisions</u>	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>Change</b>	<b>% Change</b>
Administrative Rules	4.46	4.55	4.26	4.12	4.00	(0.46)	-10.31%
Archives	31.55	31.00	32.75	31.81	29.34	(2.21)	-7.00%
Executive Director's Office	9.26	9.64	10.67	11.11	8.69	(0.57)	-6.16%
DFCM Admin	40.80	41.54	39.63	36.10	32.12	(8.68)	-21.27%
DFCM Facility Management	1.87	2.04	1.94	2.02	3.37	1.50	80.21%
Finance	89.15	86.08	83.28	83.60	82.15	(7.00)	-7.85%
Judicial Conduct Commission	2.03	2.28	2.32	2.18	1.60	(0.43)	-21.18%
Purchasing	23.98	23.51	23.95	23.25	22.23	(1.75)	-7.30%
<i>Appropriated Total</i>	<b>203.10</b>	<b>200.64</b>	<b>198.80</b>	<b>194.19</b>	<b>183.50</b>	<b>(19.60)</b>	<b>-9.65%</b>
<hr/>							
<u>Internal Service Fund Divisions</u>							
General Services	63.12	63.05	62.24	63.19	62.03	(1.09)	-1.73%
Fleet Operations	52.86	50.01	52.05	47.74	44.27	(8.59)	-16.25%
DFCM Facility Maintenance	143.52	147.87	140.48	148.49	135.58	(7.94)	-5.53%
Information Technology Services	242.72	242.02	246.48	255.84	255.82	13.10	5.40%
Risk Management	26.12	25.08	25.86	24.58	24.03	(2.09)	-8.00%
State Debt Collection	2.74	3.12	4.14	4.03	4.90	2.16	78.83%
<i>ISF Total</i>	<b>531.08</b>	<b>531.15</b>	<b>531.25</b>	<b>543.87</b>	<b>526.63</b>	<b>(4.45)</b>	<b>-0.84%</b>
<hr/>							
<b>Administrative Services Total</b>	<b>734.18</b>	<b>731.79</b>	<b>730.05</b>	<b>738.06</b>	<b>710.13</b>	<b>(24.05)</b>	<b>-3.28%</b>

Source: Division of Finance Data Warehouse and OLFA

While overall FTE count for the Department is down, these data do not include persons who may work for the department through a short-term contract arrangement with the Department.

## 2.4 Non-Lapsing Funds

Many agencies receive blanket approval to carry forward funds from one year to the next. The Analyst understands that the ability to carry unspent funds from year to year allows agencies to upgrade equipment and provide for long term planning. However, the Analyst believes such authorization should be tied to specific projects and approved by the legislature in accordance with the Budgetary Procedures Act:

*UCA 63-38-8.1(3) (a) Each agency that wishes to preserve any part or all of its appropriation balance as nonlapsing shall include a one-time project's list as part of the budget request that it submits to the governor and the Legislature at the annual general session of the Legislature immediately before the end of the fiscal year in which the agency may have an appropriation balance.*

Each year the Department provides a request for non-lapsing language with a justification for why the Legislature should grant the request. For one program in FY 2004 and two programs in FY 2005 the justification is to further the objectives of the program and to “avoid management decisions based on ‘use or lose.’”<sup>1</sup> The Analyst believes that management decisions should be based on the best interest of the citizens of the state and that expenditures approved solely to prevent funds from lapsing may be an indication of unethical practice.

The Analyst believes that the Department should present to the Governor and Legislature a specific request for non-lapsing authority. Given that each line item received non-lapsing authority last year there is no requirement for such a request. For FY 2005 the Analyst recommends that authority be provided only for the Division of Finance and that the funds be earmarked for upgrading the state’s accounting system.<sup>2</sup>

## 2.5 Increase in personal services costs

Table 4.0 (below) shows a sharp increase in personal services costs for the Appropriated agencies within the Department of Administrative Services. The significant increase is a combination of budget reductions (through holding vacancies open) taken in FY 2003 and the transfer of three DFCM programs previously accounted for within the Internal Service Fund budget that were transferred by the Legislature into the DFCM Administration line item last year.

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<sup>1</sup> Department of Administrative Services FY 2005 Appropriated Budget Request (Form 210A, AGRC and Executive Director’s Office).

<sup>2</sup> The Division of Administrative Rules receives non-lapsing authority in statute.

**4.0 Additional Information: Department of Administrative Services**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	23,218,100	20,084,800	11,295,700	11,428,200	11,503,200
General Fund, One-time	517,800	(200)		334,500	
Uniform School Fund		37,200			
Transportation Fund	450,000	450,500	450,000	450,000	450,000
General Fund Restricted	1,470,900	3,419,400	1,489,500	1,490,000	1,272,400
Federal Funds					500,000
Dedicated Credits	1,849,100	2,020,300	2,182,200	3,407,100	3,561,400
Restricted Revenue			3,086,600	2,666,400	2,666,400
Trust and Agency Funds		200,000			
Transfers	836,300	138,000	130,800		
Pass-through			7,500		
Beginning Balance	2,673,500	3,247,400	3,192,300	2,687,300	1,349,700
Closing Balance	(3,247,400)	(3,399,700)	(2,695,500)	(1,349,700)	(258,600)
<b>Total</b>	<b>\$27,768,300</b>	<b>\$26,134,800</b>	<b>\$18,906,600</b>	<b>\$21,018,700</b>	<b>\$20,949,400</b>
<b>Programs</b>					
Executive Director	959,100	1,000,400	891,700	861,600	737,800
Information Tech Services					27,100
Automated Geographic Reference Center	876,600	456,700	360,600	1,025,800	1,373,000
Administrative Rules	377,500	280,100	269,300	280,500	279,700
DFCM Administration	3,938,600	3,677,500	3,114,700	3,854,900	3,854,900
State Archives	1,930,900	2,064,300	1,973,700	1,979,900	2,003,800
Finance Administration	8,797,400	10,634,600	10,283,300	10,894,300	10,491,100
Finance - Mandated	5,262,800	3,701,100	482,600	482,600	482,600
Post Conviction Indigent Defense	22,300	27,400	63,800	74,000	74,000
Judicial Conduct Commission	244,600	233,900	197,700	228,100	247,500
Purchasing	1,358,500	1,378,800	1,269,200	1,337,000	1,377,900
<b>Total</b>	<b>\$27,768,300</b>	<b>\$26,134,800</b>	<b>\$18,906,600</b>	<b>\$21,018,700</b>	<b>\$20,949,400</b>
<b>Expenditures</b>					
Personal Services	12,371,800	12,481,900	11,766,000	13,200,400	12,824,900
In-State Travel	73,100	62,100	68,600	88,300	92,700
Out of State Travel	52,200	46,900	29,200	62,200	57,300
Current Expense	3,706,000	3,413,000	1,985,600	2,318,300	2,369,900
DP Current Expense	3,138,700	3,242,500	2,659,100	4,557,900	4,391,900
DP Capital Outlay	791,900	1,705,100	1,460,500	304,000	73,000
Capital Outlay	6,300		91,700		
Other Charges/Pass Thru	7,628,300	5,183,300	845,900	487,600	1,112,600
<b>Total</b>	<b>\$27,768,300</b>	<b>\$26,134,800</b>	<b>\$18,906,600</b>	<b>\$21,018,700</b>	<b>\$20,922,300</b>
<b>FTE/Other</b>					
Total FTE	209	199	186	198	198

\*Non-state funds as estimated by agency.