

Budget Brief – DAS General Services (ISF)

NUMBER CFGO-08-16

SUMMARY

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.

The programs in this line item include:

- Administration
- Central Mailing
- Electronic Purchasing
- Print Services

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 are passed through to the other programs in proportion to their share of the total division budget.

ISSUES AND RECOMMENDATIONS

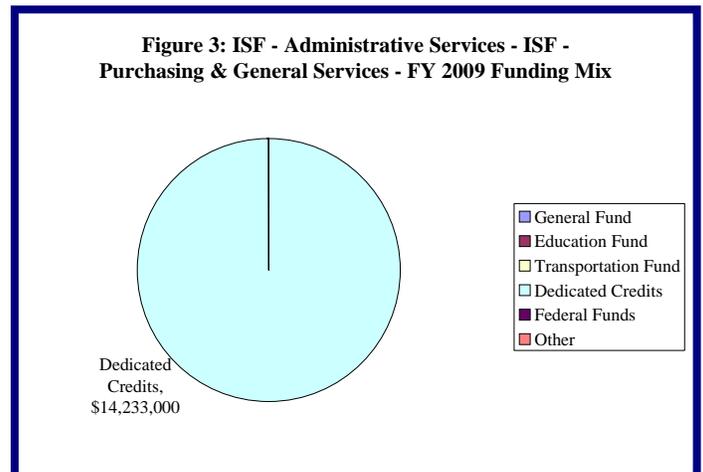
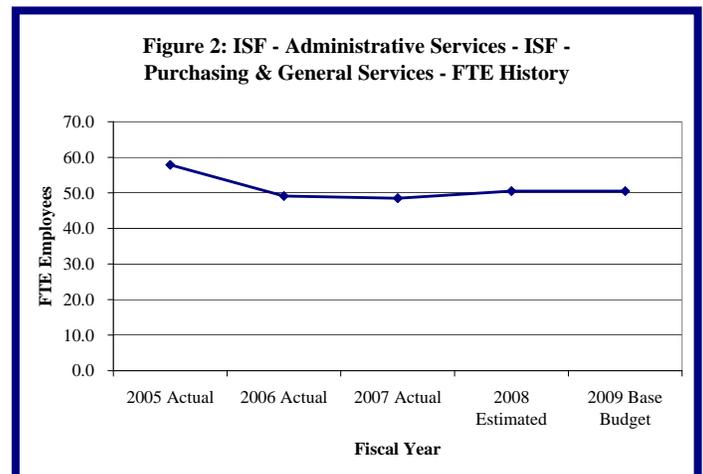
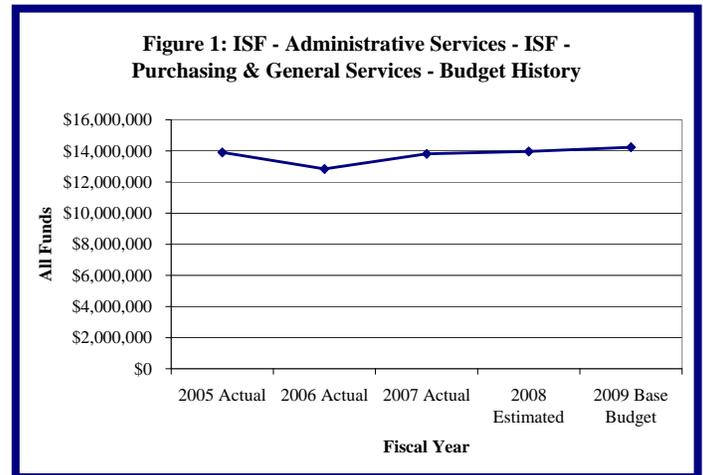
Increase of two FTEs and a Cargo Van

Last year the Central Mailing program received one additional FTE, which helped improve the program’s productivity and workload. However, during FY 2008 the mailroom added four major customers – Salt Lake City Corporation, Bountiful City, South Davis Sewer District, and South Davis Water District – necessitating 106 new stops (an increase of 20%). In order to satisfy this demand, the Analyst recommends the Legislature authorize an increase of two additional FTEs and an additional cargo van for the program paid for by user fees.

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. However, the division was unable to reduce its debt. 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 following table shows retained earnings since FY 2003:

FY 2003	(\$1,067,400)
FY 2004	(\$1,164,600)



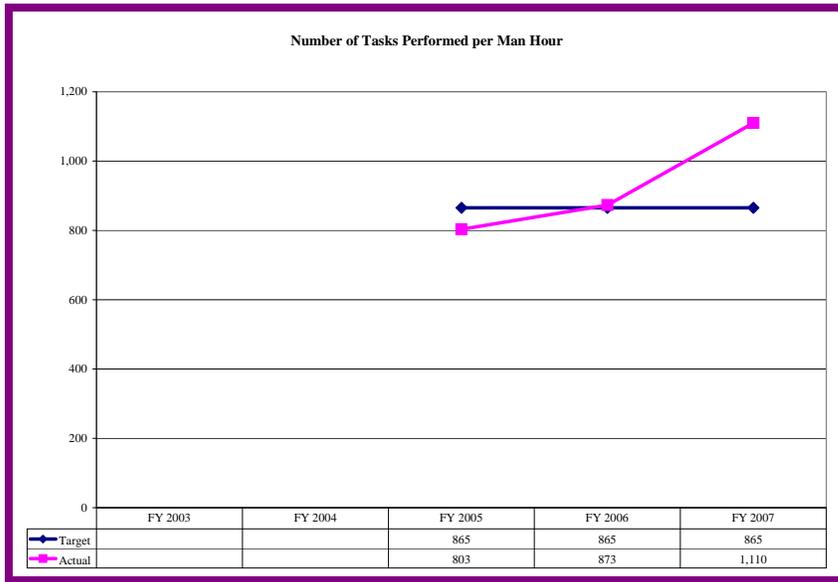
FY 2005	(\$1,364,900)
FY 2006	(\$1,286,700)
FY 2007	(\$1,194,300)

The program has improved since FY 2005 but will need to improve more rapidly in coming months and years if it is to eliminate its negative retained earnings, General Fund debt, and deficit working capital within its stated goal of five years. The program’s rates include a \$0.005 per page debt-elimination fee.

ACCOUNTABILITY DETAIL

Central Mailing – Tasks Performed per Man Hour

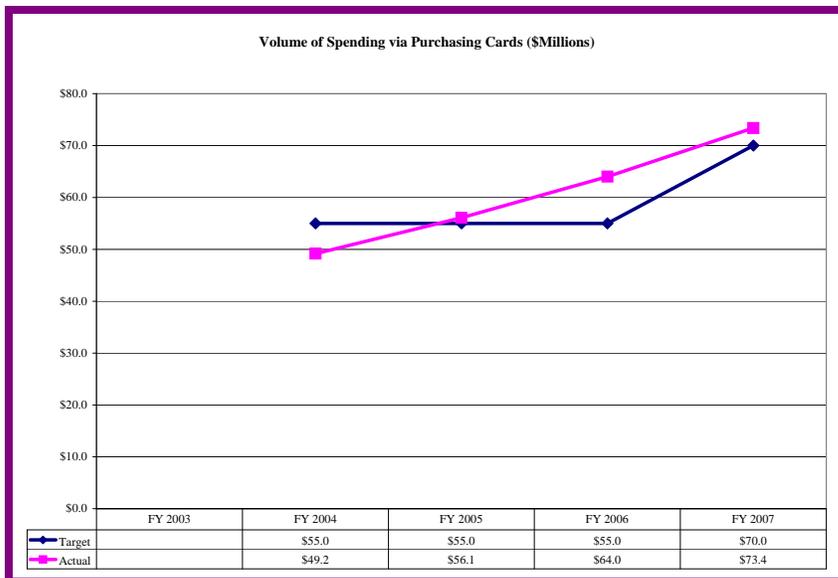
State Mail Services is primarily a production environment. Efficiency can be measured by calculating the number of tasks performed per hour.



A “task” is each process for which the program has established a rate (e.g. folding, inserting, metering, OCRing, etc). Data are collected through barcodes with billing information. The division has a target of 865 per hour.

Volume of Spending via Purchasing Cards

Since use of the P-Card has established itself as the most efficient way to make purchases, the volume of P-Card purchasing is an indicator of statewide efficiency in making small transactions.



BUDGET DETAIL

Because the Administration program passes all of its expenditures through to the other three programs, its total budget is zero and it doesn't appear in the Budget Detail Table on page 4. Estimated FY 2009 costs are \$383,200.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$14,233,000 for the General Services ISF in FY 2009
2. Rates as presented separately in Issue Brief CFGO-08-02
3. Base FTEs of 50.5
4. Two additional FTEs and a cargo van for Central Mailing paid for through user fees
5. Authorized Capital Outlay of \$3,193,600 to be used if needed for self-service copiers (\$2,808,600) and mail equipment (\$385,000).

BUDGET DETAIL TABLE

ISF - Administrative Services - ISF - Purchasing & General Services						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
Dedicated Credits - Intragvt Rev	13,811,300	13,002,900	956,200	13,959,100	273,900	14,233,000
Sale of Fixed Assets	0	0	0	0	0	0
Total	\$13,811,300	\$13,002,900	\$956,200	\$13,959,100	\$273,900	\$14,233,000
Programs						
ISF - Central Mailing	10,211,000	9,227,300	982,700	10,210,000	0	10,210,000
ISF - Electronic Purchasing	446,000	407,200	(82,600)	324,600	156,100	480,700
ISF - Print Services	3,154,300	3,368,400	56,100	3,424,500	117,800	3,542,300
Total	\$13,811,300	\$13,002,900	\$956,200	\$13,959,100	\$273,900	\$14,233,000
Categories of Expenditure						
Personal Services	2,307,900	2,326,000	258,700	2,584,700	100	2,584,800
In-State Travel	4,800	3,200	1,600	4,800	0	4,800
Out of State Travel	2,800	2,600	200	2,800	0	2,800
Current Expense	10,129,100	8,983,500	1,178,700	10,162,200	1,300	10,163,500
DP Current Expense	74,900	73,500	1,400	74,900	(100)	74,800
Other Charges/Pass Thru	(321,400)	(373,600)	(15,500)	(389,100)	6,100	(383,000)
Depreciation	1,610,700	1,927,500	(144,900)	1,782,600	153,900	1,936,500
Total	\$13,808,800	\$12,942,700	\$1,280,200	\$14,222,900	\$161,300	\$14,384,200
Other Data						
Budgeted FTE	48.5	50.5	0	50.5	0	50.5
Actual FTE	50.1	0.0	0	0.0	0	0.0
Authorized Capital Outlay	1,399,300	1,973,400	0	1,973,400	1,220,200	3,193,600
Retained Earnings	1,449,100	1,703,900	(518,400)	1,185,500	(97,200)	1,088,300
Vehicles	14	14	0	14	0	14

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