

**Ohio Department of Administrative Services
House Bill 49 Budget Testimony
Higher Education Subcommittee February 23, 2017**

Good afternoon Chairman Perales, Ranking Member Ramos, and members of the House Finance and Appropriation Higher Education Subcommittee. My name is Robert Blair, and I am the Director of the Ohio Department of Administrative Services. I am pleased to appear before you today to testify in support of the department's operating budget for fiscal years 2018 and 2019.

I would like to provide a little background on DAS and a few of the successes that are at the very core of the DAS mission – to provide quality service, specialized support and innovative solutions for the effective operation of Ohio government.

DAS is a customer service organization, and because of this, DAS team members continually look for ways to improve our work processes and final products. The services we provide reach all state agencies and many local governments. We listen to our customers and empower our workforce to make a positive difference.

The work of DAS is designed around four strategies.

- The first strategy is to cultivate a high-performance culture that improves the quality of work life for all employees and empowers everyone to improve service to our customers.
- The second strategy is to provide common administrative functions statewide that allow agencies to focus first and foremost on their core missions.
- The next strategy is to cut red tape to make government services more efficient, effective, economic and expeditious.
- Finally, we seek to reduce the cost of state government to taxpayers.

DAS is organized into six divisions: Information Technology, Equal Opportunity, General Services, Human Resources, Collective Bargaining and Administrative Support. Each plays an important role in fulfilling the mission of DAS.

Through its divisions, DAS delivers more than 40 programs to provide centralized business services to all state agencies through information technology management, human resources services, procurement of goods and services, and facility management, to name a few. Centralization of common business functions is a powerful tool that lets us limit costly redundancies in state government. Through smart consolidation, state agencies are able to shift their human and financial resources from the back-office to their mission-critical public-facing activities.

The following recent successes are just a few of many, but I feel they are representative of the great work that is delivered by every division of DAS.

As you know, the Minority Business Enterprise Program, managed by the DAS Equal Opportunities Division, was created by the General Assembly in 1980 and established a 15 percent set-aside procurement goal for state agencies. The state of Ohio met this goal in fiscal year 2015 – the first time in the program's history – and met it again in fiscal year 2016 and is on track to meet it for the current fiscal year as well.

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Through the efforts of the Human Resources Division and the Office of Collective Bargaining, DAS has delivered high-quality training to state employees. The Lead Ohio program, an initiative to develop successful leaders at every level of state government, provides opportunities for networking, professional growth and skill building, and continues to expand. Within the Lead Ohio program, the Foundations of Supervision curriculum became mandatory for all new supervisors. And during fiscal year 2016, the Office of Collective Bargaining offered more than 90 training events, including the OCB Academy, a certification program offering comprehensive labor relations training to managers as well as labor relations and human resources personnel.

Another example of the great work being accomplished: the operating costs for buildings managed by the DAS Office of Properties and Facilities have come in below the Midwest region average cost-per-square-foot for the past five years. This has been accomplished by securing the lowest utility rates available, leveraging facility size to obtain best pricing, standardizing operating procedures throughout the buildings and using service providers to reduce costs and improve service levels. This all equates to being able to offer the best rental rates possible to our building tenants.

This customer service focus extends to technology management as well. The DAS Office of Information Technology has worked hard to make sure that customer engagement and collaboration are at the core of IT Optimization. Since launching IT Optimization in fiscal year 2012, the Office of Information Technology and customer agencies have successfully centralized infrastructure and established a common direction for state government's IT community. As a result, the state has saved more than \$120 million since January 2013. We are proud that the state has "flipped" IT expenditures from spending 80 percent on infrastructure and 20 percent on applications to 45 percent infrastructure and 55 percent applications. Future goals are for this trend to continue – to spend less on infrastructure and more on citizen-facing applications that support services that make Ohio a better place to live and do business.

Working with our agency partners, IT Optimization has driven meaningful results that benefit the state. A few accomplishments that stand out include:

- Managing more than 6,200 servers centrally in the state's private cloud;
- Migrating more than 35,000 telephone lines to the hosted Voice over IP service;
- Fortifying Ohio's security capabilities to ensure data is protected from the endpoint to the service, securing 72,000 endpoint devices and over 100,000 devices being actively scanned for vulnerabilities; and
- Establishing co-location service agreements at the State of Ohio Computer Center with a number of higher education institutions and local governments, including The Ohio State University and its Wexner Medical Center, University of Cincinnati, Bowling Green State University, and Cuyahoga County. Collectively, The Ohio State University, University of Cincinnati and Cuyahoga County experienced \$60 million in cost avoidance by adopting this service.

And of course I need to mention the accomplishments of LeanOhio. The DAS Office of LeanOhio is about making government services in Ohio simpler, faster, better and less costly by bringing private sector business efficiency techniques to government. LeanOhio recently tackled the topic of background checks processed by the Ohio Attorney General's Bureau of Criminal Investigation. The background check and expungement process was cumbersome, with a long process leading to unsatisfied stakeholders. A lack of standardization and communication was frustrating for internal and external

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customers. Once the changes identified are fully implemented, healthcare providers, employers, and families will receive results from background checks up to 80 percent faster – speeding up the process for individuals to receive employment, travel authorization, and other business-related services.

The bulk of these activities occurs behind the scenes, but make no mistake: the work of DAS is vital to the success of all state government. Without the services provided by DAS, each agency would waste precious resources to maintain duplicative administrative services, thereby missing out on the benefits created by a central service agency.

House Bill 49 will allow DAS to continue to provide these critical services.

You've heard both Governor Kasich and Director Keen discuss the importance of viewing the state's budget as an "all funds" budget. This is certainly true for DAS. The bulk of the DAS budget is non-GRF: in fact, only about one-fifth is from the General Revenue Fund. And of that portion, less than two percent goes toward the programs managed by our operating divisions. The bulk of the agency's GRF funding pays for debt service, with only minor fluctuations from year to year.

Most of DAS operations are supported by non-GRF funds that receive revenue from state agency customers for the services we deliver. We are constantly looking for opportunities to realize savings for the state as an enterprise. Across the board, the team at DAS works hard to hold down costs so that the rates we charge for our services are as low as possible.

This focus on cost-effective service delivery co-exists with an emphasis on high quality services, and because so much of the work of DAS occurs without much fanfare, I would like to use this budget testimony to highlight just a few services that will receive particular emphasis in the next biennium: IT Optimization, data analytics, fleet consolidation and MARCS.

I talked earlier about the achievements of IT Optimization. During the next biennium, DAS will continue these efforts to produce savings for the state and redirect those savings into improved IT services and programs that benefit Ohio citizens and businesses, and by the end of the next biennium, 100 percent of the servers will be moved into the state's private cloud. Earlier I discussed establishing co-location service agreements at the state data center: in the next biennium DAS will continue to develop relationships with local governments and higher education partners.

Data analytics will be a focus for DAS in fiscal years 2018 and 2019. DAS is providing support for the administration's plans to use data analytics or, as it is sometimes called, predictive analytics to improve the services state government provides to Ohio's citizens and organizations. Within Ohio's state government, more than 120 agencies, boards and commissions collect and store data in more than 2,600 separate systems. With predictive analytics, these agencies will be able to share data to help fulfill the specific missions with which they are charged. On Jan. 5 of this year, DAS issued a request for proposals to begin the process of finding qualified contractors and platforms to move Ohio forward with data analytics. DAS looks forward to supporting the state in this critical area.

This budget will allow DAS to continue back-office service consolidation efforts. A good example of consolidation efforts is fleet management. This budget will provide the necessary funding for the operation and maintenance of 3,200 agency vehicles that will be managed by DAS, up from 1,070 agency vehicles in fiscal year 2016. Seven agencies were added to the DAS Managed Fleet Program during fiscal years 2016 and 2017, and those seven agencies have realized savings of more than \$550,000. As agencies consolidate, their operational needs are evaluated, and the statewide fleet is right-sized.

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John R. Kasich, Governor
Robert Blair, Director

Additional fleet reductions have occurred as a result of consolidation. To date, we have cut the state's central fleet by 62 vehicles.

The last initiative that I would like to discuss is MARCS, the Multi Agency Radio Communication System. MARCS provides statewide communications between first responders at all levels of government – federal, state, and local. This critical infrastructure enables interoperability in day-to-day communications, as well as during catastrophic events. The funding within the executive budget will provide support for more than 1,200 public safety users by providing statewide mobile voice and data communications through MARCS, with a customer base of approximately 71,000 radios.

Providing you with all the examples of how DAS works to save money would take me longer than your patience would allow. I'll leave you with this: at DAS we are working every day to remain focused on customer service while effectively and efficiently managing the business associated with operating Ohio's government. Over the course of the past six years – and looking forward to the next two – we have taken pride in winning the confidence of our state agency customers.

It has been my pleasure to testify before you today. I thank you for your time this afternoon, and I would be happy to answer any questions.