

**Ohio Department of Administrative Services  
Substitute House Bill 49 Budget Testimony  
Finance – General Government and Agency Review Subcommittee  
May 18, 2017**

Good morning, Chairman Jordan, Vice Chairman O'Brien, and members of the Finance – General Government and Agency Review 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 centralized services, specialized support, and innovative solutions for the effective operation of Ohio government.

Through its six divisions, DAS delivers more than 40 programs to provide centralized business services to all state agencies. These programs include information technology management, human resources services, procurement of goods and services, and facility management, to name just 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.

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.

And I never miss an opportunity 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. For example, LeanOhio recently tackled the topic of background checks processed by the Ohio Attorney General's Bureau of Criminal Investigation. The existing process was cumbersome, and a lack of standardization and communication was frustrating for internal and external customers. Once the changes identified through this LeanOhio improvement project are fully implemented, health care providers, employers, and families will receive background check results up to 80 percent faster – speeding up the process for individuals to receive employment, travel authorization, and other business-related services.

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At its core, DAS is a customer service organization, and 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. 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 and fleet consolidation.

DAS has worked hard to make sure that customer engagement and collaboration are at the core of its effort to modernize state agency IT systems. 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 many IT systems. As a result, the state has saved more than \$100 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 to free up resources for citizen-facing applications and services that make Ohio a better place to live and do business.

We have been working to keep state government ahead of the curve with advances in technology. In fact, Ohio was one of only five states to recently earn an "A" from industry experts for its work to advance technology through the Center for Digital Government and *Government Technology* magazine.

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 6,000 servers centrally in the state's private cloud;
- Migrating nearly 40,000 telephone lines to the hosted Voice over IP service;
- Strengthening 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 moving their servers into the state data center.

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. Data analytics has become an increasingly effective tool for businesses seeking to compete in today's digital age, such as on-line retailers who can instantly predict customers' needs and health care providers who use data to forecast their patients' long-term health. DAS is determined to take data analytics to the next level in Ohio, by better interconnecting and correlating the state's many separate data resources to tackle complex problems with solutions that improve Ohioans' health, security and well-being.

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. Four months ago, DAS issued

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Robert Blair, Director

a request for proposals to begin the process of finding qualified contractors and platforms to move Ohio forward with data analytics. A new approach was used for this procurement to ensure that small and innovative companies were able to participate. Other states and the national tech media are looking to Ohio as a model approach for procurement reform. DAS looks forward to supporting the state in this critical area.

As for the DAS Managed Fleet Program, seven agencies were added 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. Additional fleet reductions have occurred as a result of consolidation. To date, we have cut the state's central fleet by 62 vehicles.

Whether it's IT or HR, the work of DAS is vital to the success of all state government. Without the services provided by DAS, each agency would waste precious taxpayer 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 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 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. Somewhat paradoxically, when the DAS non-GRF budget grows, it promotes statewide savings as we can offer our agency customers additional consolidated services that reflect statewide economies of scale.

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 state agency 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 similar relationships with local governments and higher education partners.

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 morning, and I would be happy to answer any questions.

