



**Ohio Department of Administrative Services  
Senate Local Government and Elections Committee  
2022-2023 Biennial Budget – Substitute House Bill 110**

Chair Gavarone, Ranking Member Maharath, and members of the Senate Local Government and Elections Committee, I am Matt Whatley, Interim Director of the Department of Administrative Services. Thank you for the opportunity to present our biennial budget for fiscal years 2022 and 2023.

The funding request for the next biennium supports the DAS mission to deliver quality service, specialized support, and innovative solutions to state agencies, boards, and commissions. We provide the backbone of services that keep State government operating.

DAS is currently organized into six divisions: Information Technology, General Services, Human Resources, Collective Bargaining, Equal Opportunity, and Administrative Support. Through these divisions, DAS delivers more than 30 budgeted programs that provide centralized business services to all State agencies. These include information technology management, enterprise 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 benefits Ohio taxpayers directly by limiting costly redundancies in State government.

The wide-ranging reach of our services is not often apparent, but they touch every State agency and employee, local governments, and ultimately every community across Ohio. Although we work behind the scenes, the women and men of DAS are at the center of logistics or infrastructure to support our agency partner's and enterprise objectives.

For example:

- We worked quickly with Ohio Bureau of Workers' Compensation to mail hundreds of thousands of rebate checks last year. Consider Petta Enterprises, a service company in the oil and gas industry with a facility in Cambridge. The company told our partners at BWC that the dividend not only helped their cashflow, but also saved their business. DAS' Office of State Printing and Mail Services played an important role in timely getting those checks into the hands of Ohio employers.
- The LeanOhio Office within DAS uses Lean Six Sigma Principles to help make State government simpler, faster, better, and less costly. Our staff within LeanOhio used a variety of Lean tools and techniques to help Governor DeWine's RecoveryOhio Advisory Council compile recommendations that will improve the system for people impacted by

mental health and substance use disorders. The office also worked with the Children's Services Transformation Advisory Council to develop recommendations for improving the experience of children and families in the state's foster care system.

- Statewide infrastructure for the Multi-Agency Radio Communication System (MARCS) is managed by DAS. MARCS is a wireless, digital communications network for first responders that provides fiber optic and microwave technology to enable state, local, and federal agencies to communicate instantly with one another during public safety events. Douglas Swartz, Chief of Stark County's Canal Fulton Police Department, shared his appreciation for the system. Chief Swartz called MARCS the best upgrade in technology the department has utilized in his entire career. "The MARCS radio system is an outstanding asset for all of our law enforcement communities," he said.

These are just a few examples of DAS-aided projects that are making a real difference for many Ohioans. DAS is rarely on the front lines, but we embrace our role in backing those who are. Our leadership and support for government business functions enable other State agencies, boards, and commissions - and many local government agencies - to concentrate resources, including financial resources, on their core missions.

Much like our everyday work, the agency's role in Ohio's response to the pandemic has been unseen by many but felt far and wide, touching both the public and private sectors, as well as citizens across the state. From the procurement of needed personal protective equipment (PPE) for distribution across the state to helping the State workforce move to teleworking, to connecting Ohioans to important news and updates they need to remain safe and healthy, we've been there from the start.

The DAS budget request reflects our ongoing role in supporting State government operations through this historic moment, as well as meeting the day-to-day needs of the state government enterprise. This budget contains annual decreases of approximately three percent in fiscal year 2022 and then approximately one percent in fiscal year 2023.

Most DAS operations are supported by non-General Revenue Fund (GRF) funds that receive revenue from State agency customers for the services we deliver. DAS' pay-to-use services include human resources, collective bargaining, procurement services, and the operation of IT systems, to name a few. 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 the rates we charge for our services are as low as possible.

Overall, only 20 percent of the DAS budget comes from the GRF. The bulk of the agency's GRF funding – 65 percent – pays for debt service on state-issued bonds and related obligations.

Within the many services that DAS provides, there are several initiatives, some of which are new, that I would like to highlight.

As part of this operating budget request, DAS and the Development Services Agency (DSA) propose to merge the business certification programs currently within our Equal Opportunity Division to the DSA Minority Business Development Division. This includes the Minority Business Enterprise; Encouraging Diversity, Growth, and Equity; Women's Business Enterprise; and Veteran-Friendly Business Enterprise programs. This move will reduce bureaucracy and align with DSA's core mission to assist small and minority businesses with their growth and development. DSA will provide additional support to Ohio's minority- and disadvantaged-businesses to foster growth and job creation, utilizing the regional network of Small Business Development Centers, Minority Business Assistance Centers, procurement and export assistance centers, and manufacturing and business innovation assistance. As a result, the DAS budget request does not include a GRF request for the DAS Equal Opportunity Division, and instead, the bulk of the funding previously appropriated to that line item is now reflected in the DSA request to correspond with that move.

An area where DAS is requesting new GRF funding is for a proposed central warehouse service. If approved, these new resources will enable DAS to conduct a needs analysis, business case determination, and presumably initial implementation activities, to establish a central warehouse service. The need for this service became clear as DAS worked to support various State agencies with housing and distributing critical PPE inventory for the State's pandemic response. A central warehouse facility used by multiple agencies would create efficiencies and economies of scale around space, tools, and staffing. We envision this new service shifting away from GRF support in favor of a cost-recovery rated service model managed by DAS in fiscal years 2024 and 2025.

DAS' budget request also supports several major State government initiatives.

The first is related to the COVID-19 response in our building and office environments that will continue to impact operating costs as we enter the biennium. Our request proposes a 7.4 percent increase in fiscal year 2022 and an additional one percent in fiscal year 2023 for the continued protection of employees and visitors of DAS-managed facilities. These costs include additional sanitization supplies, cleaning services, social distancing resources, as well as increased operating and utility costs attributable to increased HVAC filtration and air turnover requirements.

We are anticipating increased vacancies within our DAS-owned space as agencies analyze their future needs. While DAS encourages such analysis and right-sizing, we are still responsible for paying for operating costs for more than 4.5 million square feet of office space for State agency use. We will use the results of a recent space study conducted by the DAS Office of Real Estate and Planning to strategically plan efficient use of DAS-owned space as we move into a post-COVID environment.

Another important activity for DAS in the next biennium is support of Lt. Governor Husted's InnovateOhio program. Funded within the IT Development fund (5LJ0), InnovateOhio provides a dedicated funding source to use technology to better serve the citizens and customers of Ohio. InnovateOhio initiatives include developing a statewide broadband strategy to improve

access to high-speed internet in urban and rural communities and improving information and data sharing techniques across agencies, boards, and commissions. The InnovateOhio request is comprised of new projects beginning in fiscal year 2022 as well as the fiscal year 2022 component of multi-year projects that were initiated in fiscal year 2021. The multiyear InnovateOhio projects include data.ohio.gov and eWarrants, both priorities of the administration.

Infrastructure is obviously an important part of any IT endeavor, and this budget ensures we can maintain a robust and secure infrastructure, including through our CloudSmart initiative. CloudSmart is a dynamic, cost-effective set of services and technologies from private and public clouds that will improve State operations and quality of services to Ohioans.

This is a good point to mention another effort we have begun, and that is the shift away from reliance on third party contractors for ongoing program management of IT projects. Our plan is to insource staff by replacing contractors with State employees. The proposed budget reflects a significantly reduced contracted workforce from the previous biennium in anticipation of State employee replacement. These funds were requested to offset the reduction already reflected throughout the budget.

Another important initiative funded in this budget is Ohio|Buys, Ohio's online purchasing solution for government buyers and suppliers. Ohio|Buys was DAS's number one priority for fiscal years 2020 and 2021. During the current biennium, DAS successfully onboarded more than 16,000 users and 12 agencies to Ohio|Buys. In fiscal years 2022 and 2023, DAS will complete implementation of Ohio|Buys to remaining cabinet agencies, boards, and commissions. DAS is requesting an increase of \$4.2 million in fiscal year 2022 and a subsequent increase of approximately \$200,000 in fiscal year 2023 as the initiative shifts from the development stage to fully operational.

Thank you for the opportunity draw your attention to some of the key initiatives DAS has planned for the upcoming biennium. Given the wide variety of programs and services offered by DAS, there were many that I could not cover today but for which I request your support for their Executive Budget appropriations. For instance, State Printing and Mail Services continues to work toward print standardization, including intelligent barcoding; the Office of Collective Bargaining will complete preparation for negotiating five collective bargaining agreements; and the Office of Fleet Management continues to onboard State agencies to the Managed Fleet Program to provide consolidated, cost-effective fleet management services.

DAS initiatives are aimed at supporting tomorrow's workforce, transitioning to insourced program support, securing data and technology resources, and strengthening core central services. We look forward to continuing to deliver on DAS's promise of providing quality service, specialized support, and innovative solutions for the effective operation of Ohio government.

Thank you. I am happy to address any questions you may have.