

Senate Subcommittee Report

Agency: Department of Administration

Bill No. SB 155

Bill Sec. 39

Analyst: Wu

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Budget Page No. 16

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 102,667,357	\$ 104,633,656	\$ 0
Federal Funds	1,271,892	1,271,892	0
Other Funds	39,907,698	40,407,698	0
<i>Subtotal</i>	\$ 143,846,947	\$ 146,313,246	\$ 0
Capital Improvements:			
State General Fund	\$ 32,577,422	\$ 32,577,422	\$ 0
Federal Funds	40,000,000	40,000,000	0
Other Funds	-	-	0
<i>Subtotal</i>	\$ 72,577,422	\$ 72,577,422	\$ 0
TOTAL	\$ 216,424,369	\$ 218,890,668	\$ 0
FTE positions	475.8	485.8	0.0

Agency Request

The **agency** requests \$216.4 million in on-budget expenditures and 101.5 on-budget FTE positions for FY 2024, including \$135.2 million SGF and \$36.1 million from ELARF. This represents an overall reduction of \$26.6 million, or 10.9 percent, below the agency's revised estimate in FY 2023.

The most significant change is attributable to a request for \$6.5 million SGF in enhancement funding for **deferred maintenance and upgrades to the State Printing Plant**, which houses both printing and central mail operations. Most of the Printing Plant's mechanical, electrical, plumbing, and fire protection systems are original to its construction in 1985 and are at, or past, median service life estimates. Examples of the impact the outdated system has on the agency's operational needs and goals include: (1) slowed production and increased waste caused by drastic changes in temperature and humidity, (2) needing to install a temporary HVAC system because the current system is unable to adequately cool new equipment, and (3) damage to paper inventories as well as long-term impacts on digital equipment caused by leaks in roofs and walls.

The agency also requests \$1.6 million SGF in enhancement funding to increase the total amount of **rehabilitation and repair funding for the Capitol Complex** to \$5.0 million. The agency indicates the increase is needed to keep facilities operating in an efficient and safe manner while accounting for the increasing cost of labor and materials and the continual aging of buildings. Absent the enhancement, the agency has budgeted \$3.4 million for rehabilitation and repair.

The request includes \$18,795 SGF in enhancement funding to continue the **5.0 percent salary increase to employees of the LTCO**. This is the same as the amount requested in FY 2023. The requested amount allocates \$15,235 for salary increases and \$3,560 for fringe benefits.

The request also includes \$40.0 million in expenditures from the ARPA State Relief Fund for planned expenditures for the **renovation of the Docking State Office Building**. This represents an overall decrease of \$30.0 million below FY 2023, including a reduction of \$60.0 million SGF and an increase of \$30.0 million from the federal ARPA State Relief Fund.

The agency request also includes \$93.1 million in off-budget expenditures and 374.3 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2024, off-budget expenditures increase by \$1.1 million, or 1.2 percent, above the FY 2023 revised estimate. The increase is primarily due to an increase in claims filed with the Office of the State Employee Health Benefits Plan (\$841,526) and increases in employer contribution expenditures for group health insurance (\$298,930).

Governor's Recommendation

The **Governor** recommends \$218.9 million in on-budget expenditures and 111.5 on-budget FTE positions for FY 2024, including \$137.2 million SGF and \$36.1 million from ELARF. This represents an overall increase of \$2.5 million, or 1.1 percent, above the agency request. The increase is due to the Governor's recommendation to **establish a Division of Policy within the Division of the Budget** (\$1.5 million and 10.0 FTE positions), **conduct a state workforce study** (\$500,000), and for **employee engagement activities** (\$500,000). The increase is partially offset by the Governor's recommendation not to adopt the enhancement request for a 5.0 percent salary increase to employees of the LTCO (\$18,795 decrease).

The Governor's recommendation also includes \$93.1 million in off-budget expenditures and 374.3 off-budget FTE positions, which is the same as the agency request.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2024.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation for FY 2024 with the following adjustment:

1. Delete \$1.5 million SGF and 10.0 FTE positions to not adopt the Governor's recommendation to establish a Division of Policy within the Division of the Budget.



House Budget Committee Report

Agency: Department of Administration

Bill No. HB 2273

Bill Sec. 39

Analyst: Wu

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Budget Page No. 16

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 102,667,357	\$ 104,633,656	\$ (2,098,509)
Federal Funds	1,271,892	1,271,892	0
Other Funds	39,907,698	40,407,698	(500,000)
<i>Subtotal</i>	<u>\$ 143,846,947</u>	<u>\$ 146,313,246</u>	<u>\$ (2,598,509)</u>
Capital Improvements:			
State General Fund	\$ 32,577,422	\$ 32,577,422	\$ 0
Federal Funds	40,000,000	40,000,000	0
Other Funds	-	-	0
<i>Subtotal</i>	<u>\$ 72,577,422</u>	<u>\$ 72,577,422</u>	<u>\$ 0</u>
TOTAL	<u>\$ 216,424,369</u>	<u>\$ 218,890,668</u>	<u>\$ (2,598,509)</u>
 FTE positions	 475.8	 475.8	 (11.0)

Agency Request

The **agency** requests \$216.4 million in on-budget expenditures and 101.5 on-budget FTE positions for FY 2024, including \$135.2 million SGF and \$36.1 million from ELARF. This represents an overall reduction of \$26.6 million, or 10.9 percent, below the agency's revised estimate in FY 2023.

The most significant change is attributable to a request for \$6.5 million SGF in enhancement funding for **deferred maintenance and upgrades to the State Printing Plant**, which houses both printing and central mail operations. Most of the Printing Plant's mechanical, electrical, plumbing, and fire protection systems are original to its construction in 1985 and are at, or past, median service life estimates. Examples of the impact the outdated system has on the agency's operational needs and goals include: (1) slowed production and increased waste caused by drastic changes in temperature and humidity, (2) needing to install a temporary HVAC system because the current system is unable to adequately cool new equipment, and (3) damage to paper inventories as well as long-term impacts on digital equipment caused by leaks in roofs and walls.

The agency also requests \$1.6 million SGF in enhancement funding to increase the total amount of **rehabilitation and repair funding for the Capitol Complex** to \$5.0 million. The agency indicates the increase is needed to keep facilities operating in an efficient and safe manner while accounting for the increasing cost of labor and materials and the continual aging

of buildings. Absent the enhancement, the agency has budgeted \$3.4 million for rehabilitation and repair.

The request includes \$18,795 SGF in enhancement funding to continue the **5.0 percent salary increase to employees of the LTCO**. This is the same as the amount requested in FY 2023. The requested amount allocates \$15,235 for salary increases and \$3,560 for fringe benefits.

The request also includes \$40.0 million in expenditures from the ARPA State Relief Fund for planned expenditures for the **renovation of the Docking State Office Building**. This represents an overall decrease of \$30.0 million below FY 2023, including a reduction of \$60.0 million SGF and an increase of \$30.0 million from the federal ARPA State Relief Fund.

The agency request also includes \$93.1 million in off-budget expenditures and 374.3 off-budget FTE positions, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2024, off-budget expenditures increase by \$1.1 million, or 1.2 percent, above the FY 2023 revised estimate. The increase is primarily due to an increase in claims filed with the Office of the State Employee Health Benefits Plan (\$841,526) and increases in employer contribution expenditures for group health insurance (\$298,930).

Governor's Recommendation

The **Governor** recommends \$218.9 million in on-budget expenditures and 111.5 on-budget FTE positions for FY 2024, including \$137.2 million SGF and \$36.1 million from ELARF. This represents an overall increase of \$2.5 million, or 1.1 percent, above the agency request. The increase is due to the Governor's recommendation to **establish a Division of Policy within the Division of the Budget** (\$1.5 million and 10.0 FTE positions), **conduct a state workforce study** (\$500,000), and for **employee engagement activities** (\$500,000). The increase is partially offset by the Governor's recommendation not to adopt the enhancement request for a 5.0 percent salary increase to employees of the LTCO (\$18,795 decrease).

The Governor's recommendation also includes \$93.1 million in off-budget expenditures and 374.3 off-budget FTE positions, which is the same as the agency request.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2024 with the following adjustments:

1. Delete \$1.5 million SGF and 10.0 FTE positions to not adopt the Governor's recommendation to establish a Division of Policy within the Division of the Budget.
2. Delete \$500,000 SGF and add language to conduct a state workforce study. The Budget Committee recommends funding the study from existing resources instead of from the SGF.
3. Delete \$500,000 from the Budget Fee Fund and do not transfer the same amount from the SGF to not adopt the Governor's recommendation to create a funding source for employee engagement activities across state agencies.

4. Delete \$113,415 SGF and 1.0 FTE position to not create a new Budget Analyst position in the Division of the Budget.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation for FY 2024 with the following adjustment:

1. Delete \$6.5 million SGF and add the same amount from federal funds for FY 2024. Transfer the same amount from the Legislature Employment Security Fund in the Legislative Coordinating Council to an American Rescue Plan Act (ARPA) account in the Department of Administration for maintenance and upgrades to the State Printing Plant.