



Performance-Based Budget Plan

Department of General Services

About the Independent Fiscal Office

The Independent Fiscal Office (IFO) provides revenue projections for use in the state budget process along with impartial and timely analysis of fiscal, economic and budgetary issues to assist Commonwealth residents and the General Assembly in their evaluation of policy decisions. In that capacity, the IFO does not support or oppose any policies it analyzes, and will disclose the methodologies, data sources and assumptions used in published reports and estimates.

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The Independent Fiscal Office was created
by the Act of Nov. 23, 2010 (P.L.1269, No.120).

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INDEPENDENT FISCAL OFFICE

January 14, 2019

The Honorable Members of the Pennsylvania Performance-Based Budget Board:

Act 48 of 2017 specifies that the Independent Fiscal Office (IFO) shall “review agency performance-based budget information and develop an agency performance-based budget plan for agencies subject to a performance-based budget review.” This review “shall be completed in a timely manner and submitted by the IFO to the board for review.”

This report contains the review for the Department of General Services. All performance-based budget (PBB) reviews submitted to the Board contain the following content for each activity or service provided by the agency:

- a brief description of the activity, and relevant goals and outcomes;
- a breakdown of agency expenditures;
- the number of full-time equivalent positions dedicated to the activity;
- select currently available metrics and descriptive statistics;
- proposed metrics that the review recommends; and
- general recommendations that should allow agencies to more effectively attain their stated goals and objectives (certain activities only).

The IFO submits this review for consideration by the PBB Board. The agency has received a draft version of this review and was invited to submit a formal response. If submitted, the response appears in the Appendix to this review.

The IFO would like to thank the agency staff that provided considerable input to this review. Questions and comments can be submitted to contact@ifo.state.pa.us.

Sincerely,

MATTHEW J. KNITTEL
Director

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PBB Background and Methodology

Act 48 of 2017 is known as the Performance-Based Budgeting and Tax Credit Efficiency Act. The act requires the Independent Fiscal Office (IFO) to develop performance-based budget (PBB) plans for all agencies under the Governor's jurisdiction once every five years based on a schedule agreed to by the Secretary of the Budget and the Director of the IFO.¹ The act directs the IFO to evaluate and develop performance measures for each agency program or line item appropriation. As determined by the IFO to be applicable, the measures shall include the following: outcome-based measures, efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes or performance benchmarks against similar state programs or similar programs of other states or jurisdictions.

Most states require some form of PBB in their budget process.² For many, that requirement implies that agencies merely compute and publish self-selected performance metrics on an annual basis. Those metrics may or may not be reviewed by policymakers. For Pennsylvania, the act requires the IFO to submit plans to the PBB Board for review and approval. The PBB Board reviews plans at a public hearing at which agency heads or their representative must attend to offer additional explanations if requested. The PBB Board has 45 days after submission to approve or disapprove plans. Per Act 48, approved plans shall be taken into consideration by the Governor and General Assembly during the annual budget development and implementation process. Disapproved plans will be returned to the IFO with recommended modifications.

Despite the broad utilization of PBB across state governments, misconceptions still exist regarding the budget approach and the general goals it seeks to accomplish. For the plans submitted to the Board, the PBB approach can be characterized as follows:

- The explicit linkage of funding for agency activities to relevant outcome measures.
- An alternative budget framework that can be used to guide the allocation of state resources to improve outcomes for residents.
- A budget approach that emphasizes program results and performance metrics to inform high-level decisions.

These definitions show that PBB is a broad-based budget approach that attempts to shift emphasis from incremental budgeting to a results-driven framework. Under incremental budgeting, policymakers use funding levels from the prior year and base funding decisions on any new demands placed upon the agency. For most agencies, performance metrics are not part of that process. A PBB approach emphasizes performance metrics in making funding decisions. It is a top-down approach that focuses on goals and outcomes. Other efficiency initiatives such as Lean and Continuous Improvement are bottom-up approaches that focus on process improvement through streamlining operations, the elimination of redundancies and a focus on customer needs.

¹ See the Appendix for the PPB review schedule.

² Thirty-one states have a statutory requirement that requires the computation and publication of performance metrics by executive agencies. See "Budgeting Processes Spotlight: How States Use Performance Data," The National Association of State Budget Officers (August 2015).

The plans submitted to the PBB Board differ from a traditional budget submission in several respects. Key differences include:

- The plans analyze funding based on agency activities, as opposed to traditional line item appropriations.
- The plans use actual expenditures for historical years, whereas budgets show appropriated amounts.
- The plans track actual filled complement based on activity, whereas budgets use authorized and filled complement based on line-item appropriations.

The PBB plans track funding based on agency activity because activities can be more readily linked to goals and objectives, and therefore, ultimate outcomes. Activities represent specific services provided to a defined service population. The funding levels for an agency activity include all costs necessary to deliver those services: labor, benefits, operating and allocated overhead costs (e.g., IT services). The PBB plans track all costs regardless of funding source and provide data for the current year and five historical years so that policymakers can view recent trends. It is noted that data for the upcoming budget year are not included in the PBB reviews.

The PBB plans submitted to the Board include many types of measures. Plan measures include: inputs (funding levels, number of employees), outputs (workloads), efficiency (cost ratios, time to complete tasks), outcomes (e.g., recidivism) and descriptive statistics. The final category includes a broad range of metrics that provide insights into the work performed by an agency and the services provided. Those metrics supply background, context and support for other metrics, and they may not be readily linked to efficiency or outcome measures. The inclusion of such measures supports the broader purpose of the PBB plans: to encourage a more informed discussion regarding agency operations and how they impact the residents of the state. Descriptive metrics provide relevant information to policymakers that increase their general knowledge of agency operations. They also provide agencies a platform to discuss the work they do and the services they provide.

Finally, it should be noted that the current PBB plans represent the first year of submissions. The IFO believes it will require several years to refine plans to maximize their usefulness to policymakers. For these first round PBB plans, this review used metrics that were readily available because limited time was available to develop new metrics, and a PBB framework had to be developed that could solicit data from agencies in an efficient manner. Therefore, many of the recommendations in the plans address the need for collection of new data to facilitate the computation of more complete and meaningful outcome metrics. For policymakers, these first-round plans are best used to (1) monitor broad agency trends and cost drivers and (2) formulate questions to agencies regarding their operations. The plans cannot identify optimum funding levels or provide a direct comparison of relative effectiveness across programs. For that purpose, more detailed methods would be required.³

Note on data: Most performance metrics used in this report were supplied by the agency under review. Those data appear as submitted by the agency and the IFO has not reviewed them for accuracy. All data related to expenditures and employees are from the state accounting system and have been verified by the IFO and confirmed by the agency. Tables that use those data may not sum to totals due to rounding.

³ For example, some states use cost-benefit analyses, such as the Pew Charitable Trusts Results First model.

DGS Lean Initiative

For several years, the Department of General Services (DGS) has undertaken Lean training for many of its staff and implemented change to enhance agency efficiency. The text that follows is an excerpt of comments submitted by DGS regarding the agency's on-going Lean efforts.

Throughout Governor Wolf's first term of office, DGS has wholeheartedly embraced his *Government That Works* agenda and has endeavored to be a leader among Commonwealth agencies with respect to improving results for our customers while controlling overall operating costs. Beginning in 2015, DGS considered the Commonwealth's immediate fiscal challenges and concentrated its efforts primarily around a few programmatic initiatives that we knew could positively impact the Commonwealth financially as a whole:

- restoring commercial best practices such as strategic sourcing and reverse auctions to the Commonwealth's procurement processes and systems;
- modernizing the DGS Public Works operation;
- consolidating print and mail operations;
- improving small and diverse business opportunities; and
- reinvigorating the Commonwealth's energy management and alternative energy efforts.

In 2017, DGS began pursuing innovation in a more comprehensive and systematic way than had ever been attempted at the agency by initiating a transformation to Lean. By making the effort to change our culture and to adopt the mindset, principles and tools first successfully developed by Toyota, we are working to improve the agency's overall performance dramatically over time, albeit through a series of incremental steps that may be more difficult to assess at the level of the overall agency budget. Currently in its infancy, the Lean transformation remains a work in progress.

Lean represents a systematic approach to continuous process improvement, and metrics are an essential component. DGS has been working with our customers and employees to engage them in the process of developing key operational objectives and metrics that are organically meaningful to those who are doing the work and to those who are receiving the end products and services. While our goal is to drive improvements in outcome measures that our customers care about, many current metrics are focused on cycle times for specific sub-processes that by themselves may not be appropriate to report to the General Assembly. In focusing first on improvements in these sub-processes, we are working to build skills among our employees to do their own measurements, to think critically about potential new process improvements, to plan and implement countermeasures and to evaluate whether they are successful, using data.

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Agency Overview and Recommendations

Mission

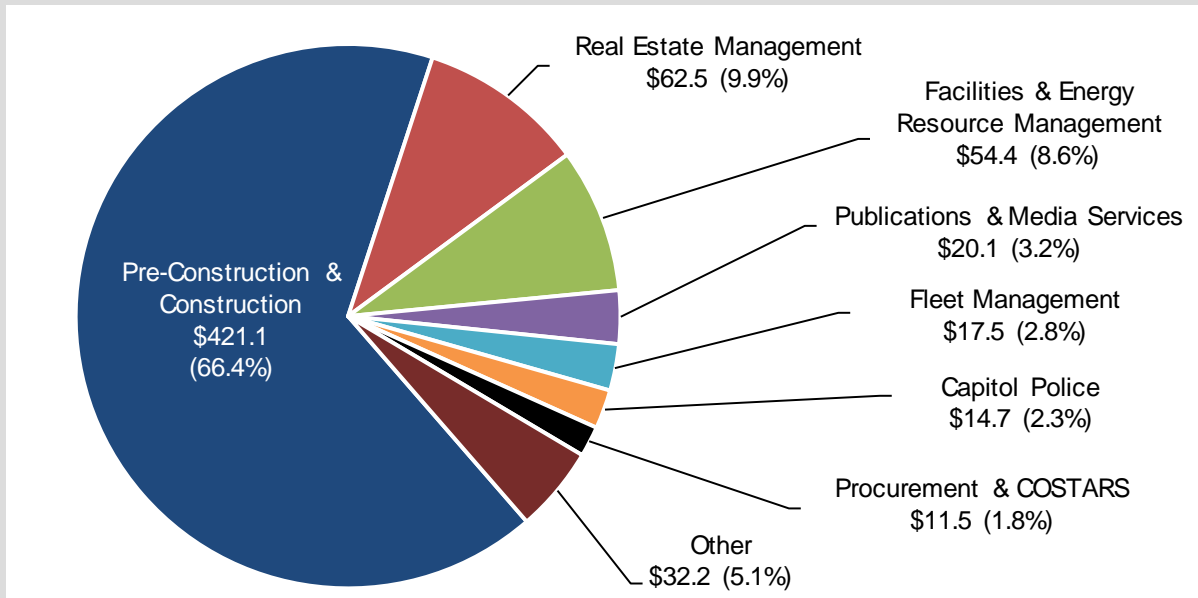
To help government operate more efficiently, effectively, and safely and to deliver exceptional value for all Pennsylvanians.

Services Provided

The Department of General Services (DGS) provides shared services to support the business operations of all agencies of the Commonwealth of Pennsylvania. Certain services are also provided to state-affiliated entities, local governments and some non-profits. Services include:

- Procurement of necessary equipment, supplies and services for Commonwealth agencies. DGS also operates COSTARS, a cooperative purchasing program through which local governments and state-affiliated entities can utilize DGS-established and administered contracts.
- Communication services including print, design and mail services for physical communication and video, audio, photography and broadcast services.
- Managing and maintaining the Commonwealth's vehicle fleet.
- Collection and sale of surplus state property and provision of purchasing opportunities for certain new and used federal equipment to local governments, law enforcement agencies and eligible non-profit organizations; recycling of used Commonwealth property and materials when possible.
- Centralized warehousing for bulk materials, records, forms and publications as well as distribution and delivery services for state agencies.
- Coordination and oversight of the design and construction of all non-highway construction projects for the Commonwealth. This includes new construction and alterations and renovations to existing Commonwealth properties.
- Maintaining safety and security in the Capitol Complex through the Capitol Police.
- Maintaining state-owned facilities, assigning office space and maintaining the inventory of state-owned land and buildings.
- Managing Commonwealth property leases including retail space for Pennsylvania Liquor Control Board operated stores.
- Managing the Commonwealth's property, casualty and liability self-insurance programs and contracting for third-party insurance.
- Small and diverse business promotion.
- Metrological services that calibrate devices measuring mass, volume, length, time or force.

**Department of General Services
FY 2018-19 Budgeted Expenditures by Activity**



Note: Expenditures in dollar millions. The Other category includes: Administration; Risk & Insurance Management; Surplus Supplies & Operations; Diversity, Inclusion & Small Business Opportunities; and Metrology. Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.

**Department of General Services
Filled Full-Time Equivalent (FTE) Positions**

	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Average Weekly FTE Positions by Activity						
Procurement and COSTARS	71	67	65	67	74	69
Publications & Media Services	68	69	72	77	80	79
Fleet Management	50	50	49	47	43	41
Surplus Supplies & Operations	51	48	47	44	40	40
Pre-Construction & Construction	116	110	99	90	84	109
Capitol Police	106	105	102	105	103	101
Facilities & Energy Resource Management	346	343	333	317	304	296
Real Estate Management	21	22	21	22	25	25
Risk and Insurance Management	20	18	18	17	14	13
Diversity, Inclusion & Small Business Opp.	14	13	13	14	13	13
Metrology	4	5	6	6	6	6
Administration	89	83	72	68	65	58
Total	956	933	897	874	851	850
Personnel Cost/FTE(\$ thousands)	\$81.0	\$86.7	\$92.1	\$96.5	\$98.7	\$102.6

**Department of General Services
Expenditures by Fiscal Year**

	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditure by Activity						
Procurement and COSTARS	\$9.8	\$8.7	\$9.1	\$10.2	\$9.8	\$11.5
Publications & Media Services	12.1	13.1	14.4	18.6	17.8	20.1
Fleet Management	21.1	19.8	10.4	18.0	16.7	17.5
Surplus Supplies & Operations	5.8	5.5	5.1	5.1	4.9	5.1
Pre-Construction & Construction	610.9	708.9	402.1	241.8	334.1	421.1
Capitol Police	11.2	11.9	12.3	13.0	12.8	14.7
Facilities & Energy Resource Management	49.0	49.2	47.6	53.3	54.1	54.4
Real Estate Management	49.5	50.2	53.6	56.5	57.1	62.5
Risk and Insurance Management	13.2	11.8	11.2	10.9	12.6	12.3
Diversity, Inclusion & Small Business Opp.	1.2	1.3	1.3	1.5	2.4	1.8
Metrology	0.4	0.5	0.5	0.8	0.7	0.7
Administration	<u>13.2</u>	<u>13.4</u>	<u>14.7</u>	<u>16.9</u>	<u>18.1</u>	<u>12.3</u>
Total	797.6	894.3	582.3	446.6	540.9	634.0
Expenditures by Object						
Personnel Services	\$77.5	\$80.9	\$82.6	\$84.3	\$84.0	\$87.2
Operational Expenses	95.6	93.3	98.1	111.3	115.0	119.1
Fixed Assets Expense	616.7	712.9	395.7	243.2	334.6	420.2
Capital Expense	-0.1	0.0	0.0	0.0	0.0	0.0
Grants	0.7	0.6	0.4	0.6	0.2	0.0
Non-Expense Items ¹	<u>7.2</u>	<u>6.5</u>	<u>5.4</u>	<u>7.1</u>	<u>7.0</u>	<u>7.5</u>
Total	797.6	894.3	582.3	446.6	540.9	634.0
Expenditures by Fund						
General Fund	\$115.5	\$118.5	\$119.5	\$114.6	\$118.9	\$120.7
General Fund Augmentations	39.9	38.5	39.8	56.2	56.7	63.0
Capital Facilities Fund	600.2	697.8	391.3	231.2	323.8	406.0
Purchasing Fund	30.8	29.9	23.1	36.1	31.3	34.9
Motor License Fund	8.9	7.9	5.8	6.7	7.6	9.4
State Insurance Fund	1.6	1.0	2.4	1.1	2.1	0.0
State Restaurant Fund	0.1	0.1	0.1	0.1	0.3	0.0
PA Gaming Economic Development	<u>0.7</u>	<u>0.6</u>	<u>0.4</u>	<u>0.6</u>	<u>0.2</u>	<u>0.0</u>
Total²	797.6	894.3	582.3	446.6	540.9	634.0

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded. Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.

¹ Primarily includes tort claim payments from the Motor License Fund.

² Total includes nominal amounts from the Capitol Restoration Trust Fund in FY 2013-14 - FY 2015-16.

Recommendations

All agency activities in this review contain performance measures and general metrics that DGS could report to the legislature on a regular basis so that:

- Policymakers will have more comprehensive information regarding DGS operations.
- All stakeholders will have access to the same information to inform budget decisions.
- A more focused and nuanced discussion of DGS operations and funding can occur during the annual appropriations hearings.

This review also makes several high-level recommendations. They are as follows:

Benchmark facilities maintenance costs. This review recommends that DGS work towards implementing Penn State Facilities Engineering Institute recommendations, including:

- Utilize General Services Administration benchmarking data as a comparison for DGS.
- Develop or adopt standard specifications for cleaning and repair and maintenance that are in line with industry standards and meet regulatory requirements.
- Once standards are adopted, track detailed repair and maintenance costs and integrate data with existing enterprise financial, human resources and procurement data.
- Perform a detailed analysis to benchmark facility management labor costs and evaluate options to reduce those costs.
- Perform a facility condition assessment of historic buildings to develop a preservation roadmap.

Review cost allocation of facility and rental expenses. This review recommends that DGS, in conjunction with the Budget Office, review the allocation of facility management costs, utility costs and lease/rental payments across all occupied space managed by DGS. The review should consider whether the Commonwealth would benefit from adopting a billing model to charge agencies for a share of facility and rental expenses, similar to the billing models used for procurement and fleet management. Rental charges would be based on market rates for comparable space. Such a model could have the following benefits, which may not be fully realized under current methods of cost allocation:

- Charging the full cost of occupied space to all users would incentivize agencies to use space more efficiently and potentially free up space in Commonwealth-owned buildings for other agencies to use instead of leasing additional square footage nearby.
- Spreading the utility, facility management and maintenance costs of Commonwealth-owned buildings across all user funding sources would allow agencies to allocate portions of rental charges, utility and facility maintenance costs to other funding sources including special funds and federal funds, which may reduce General Fund appropriations required to pay for these costs.

Develop an occupancy report. This review recommends that DGS develop a report that shows the percent occupancy of state-owned and leased office space and the percent usage of state-owned and leased warehouse space. These metrics would be useful for occupancy planning purposes as leases expire. A 2016 Joint State Government Commission Report recommended that DGS prioritize “updates to the state inventory system and calculating utilization rates for state office buildings to provide a more comprehensive and transparent picture of the real estate system.”

Activity 1: Procurement and COSTARS

The Bureau of Procurement (BOP) is responsible for purchasing, or contracting for, equipment, supplies and services for the Commonwealth. The bureau oversees the purchase of more than \$3.5 billion in goods and services each year, ranging from office supplies and vehicles to complex services. The consolidation of the procurement function enables the Commonwealth to leverage its purchasing power to negotiate the best value for contracts and reduce the overall cost of goods and services consumed by state agencies.

DGS' cooperative purchasing program (COSTARS) enables registered and eligible local public procurement units (LPPUs) and state-affiliated entities to leverage contracts established by DGS to cost-effectively and efficiently identify suppliers with whom to do business.

Goals and Outcomes

The goals of this activity are to avoid duplicative procurement efforts, foster competition, increase transparency and leverage the state's collective buying power. Statewide contract management should improve the efficiency of the procurement process for high quality goods and services and ultimately reduce costs.

Resources

Procurement and COSTARS						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$7.10	\$7.39	\$7.74	\$8.19	\$8.20	n.a.
Operational Expenses	2.66	1.32	1.41	2.02	1.57	n.a.
Fixed Assets Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.03</u>	<u>0.04</u>	<u>n.a.</u>
Total	9.76	8.71	9.15	10.23	9.81	11.48
Expenditures by Fund						
General Fund	\$0.17	\$0.09	\$0.06	\$0.10	\$0.12	\$0.07
General Fund Augmentations	9.54	8.62	9.34	9.66	9.61	11.42
Purchasing Fund	<u>0.05</u>	<u>0.00</u>	<u>-0.24</u>	<u>0.48</u>	<u>0.08</u>	<u>0.00</u>
Total	9.76	8.71	9.15	10.23	9.81	11.48
Average Weekly FTE Positions	71	67	65	67	74	69
Personnel Cost/FTE (\$ thousands)	\$100.0	\$110.3	\$119.1	\$122.2	\$110.8	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Procurement and COSTARS						
	13-14	14-15	15-16	16-17	17-18	18-19
COSTARS members	7,998	8,220	8,442	8,675	8,899	n.a.
Sales per COSTARS member (\$ thousands)	\$117	\$124	\$127	\$131	\$137	n.a.
COSTARS admin. annual savings (\$ millions)	\$202	\$223	\$241	\$255	\$283	n.a.
Procurement: new annual savings (\$ millions)	\$75	\$64	\$106	\$83	\$25	\$33
Invitation for bid (IFB)	2,110	2,433	2,379	2,181	1,280	n.a.
Request for Proposals (RFPs)	90	118	167	132	124	n.a.
Recommended:						
Annual contract spend dollars per activity FTE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
% state purchases under DGS-managed contracts	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average RFP cycle time	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **COSTARS members.** The number of COSTARS members in a given fiscal year.
- **Sales per COSTARS member.** The average dollar sale per COSTARS member. This measure is computed by the IFO based on data supplied by DGS.
- **COSTARS administrative annual savings.** This measure combines computed transactional savings and commodity savings. Transactional savings are realized by public entities as a result of not having to formally bid purchases. Commodity savings are estimated by comparing contract prices with the manufacturer's suggested retail or equivalent price.
- **Procurement: new annual savings.** This measure represents monies the Commonwealth saves through new procurement initiatives. It is calculated by multiplying the amount of spending under the new contract on an annual basis by the percent savings produced by the new spending contract compared to the original spending contract.
- **Invitation for bid (IFB).** The number of solicitations issued where cost is the single criterion for award.
- **Requests for Proposals (RFPs).** The number of solicitations issued where cost, technical expertise and small and small diverse business participation are the criteria for award.
- **Recommended: Annual contract spend dollars per activity FTE.** This measure divides the value of spending on all statewide contracts DGS manages in a given fiscal year, by the number of FTE employees engaged in securing and managing contracts.
- **Recommended: Percent of state purchases under DGS-managed contracts.** This measure identifies the percent of statewide spending that is under DGS contracts. It is computed by dividing the dollar value of state purchases under DGS-managed contracts by the dollar value of total state purchases for a fiscal year.
- **Recommended: Average RFP cycle time.** This metric is an efficiency measure that tracks average RFP cycle time.

Activity 2: Publications and Media Services

DGS provides design, print and mail services to state agencies. This includes volume print-to-mail and mail presort services. Commonwealth Media Services (CMS) provides multimedia and marketing services to state agencies including developing media campaigns and providing web animation, graphics, audio/video production, broadcast services and satellite uplinking. CMS can record and edit public events and news conferences for distribution. CMS also maintains the Capitol Media Center for use by the executive, legislative and judicial branches of government and maintains the state's cable system infrastructure.

Goals and Outcomes

The consolidation of print and mail activities under one entity enables the Commonwealth to leverage economies of scale through the use of high-volume print and mail equipment. The goals of this activity include increased volume and efficiency. If those goals are obtained, then it should result in overall cost savings for print and mail services, whether through Commonwealth staff and equipment or the supplemental services provided by contracted vendors to address excess demand. Cost savings are also expected from the provision of consolidated services for broadcast media communications.

Resources

Publications & Media Services						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$5.97	\$6.50	\$6.93	\$7.70	\$8.20	n.a.
Operational Expenses	5.53	5.71	6.50	9.87	8.10	n.a.
Fixed Assets Expense	<u>0.70</u>	<u>0.93</u>	<u>1.00</u>	<u>1.01</u>	<u>1.45</u>	<u>n.a.</u>
Total	12.12	13.13	14.44	18.58	17.76	20.13
Expenditures by Fund						
General Fund	\$4.04	\$3.72	\$3.65	\$3.95	\$3.98	\$5.23
General Fund Augmentations	0.85	1.29	0.24	0.85	0.24	0.30
Purchasing Fund	<u>7.22</u>	<u>8.12</u>	<u>10.55</u>	<u>13.78</u>	<u>13.54</u>	<u>14.61</u>
Total	12.12	13.13	14.44	18.58	17.76	20.13
Average Weekly FTE Positions	68	69	72	77	80	79
Personnel Cost/FTE (\$ thousands)	\$87.8	\$94.2	\$96.3	\$100.0	\$102.5	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Publications & Media Services						
	13-14	14-15	15-16	16-17	17-18	18-19
Letters/flats sorted (millions) ¹	n.a.	n.a.	n.a.	76.8	75.2	n.a.
Presort mail savings (\$ thousands) ¹	n.a.	n.a.	n.a.	\$1,217	\$1,148	n.a.
Cumulative savings from print consolidations and efficiencies (\$ thousands)	\$94	\$580	\$1,162	\$1,738	\$2,274	n.a.
CMS projects delivered	265	363	751	549	639	n.a.
<u>Recommended:</u>						
% outgoing daily presorted mail processed in-house ¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

¹ The Department began this presort initiative in November 2016.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Letters/flats sorted.** The number of mail pieces sorted by DGS.
- **Presort mail savings over previous contract.** The Commonwealth’s savings due to DGS providing mail services versus agencies contracting with private vendors. DGS currently charges agencies one cent for each piece of mail sorted versus the typical three cents charged by private vendors.
- **Cumulative savings from print consolidation and efficiencies.** The total savings and avoided costs from various consolidations, the combination of purchase orders to leverage volume “click charge” discounts, and the elimination of machinery minus any new equipment costs. Savings/avoided costs are tracked for five years (on an initiative by initiative basis) and are then removed from the calculation.
- **CMS projects delivered.** The number of projects completed by the Bureau of Commonwealth Media Services. The increase in FY 2015-16 is due to a change in the billing structure to other agencies in which DGS switched from per-hour charges to charges for overtime and supplies only.
- **Recommended: Percent of outgoing daily presorted mail processed in-house.** This review recommends that DGS track the percent of outgoing mail that is presorted by DGS. The Department’s internal goal for this measure is 95 percent. If DGS cannot presort the mail by the end of the day, it contracts with a private provider to sort remaining mail. As noted, private providers charge more than it costs DGS to sort the mail internally.

Activity 3: Fleet Management

The Bureau of Vehicle Management (BVM) manages the Commonwealth's vehicle fleet and is responsible for the centralized purchase, maintenance, inspection, registration, and disposition of all Commonwealth-owned vehicles, with the exception of PennDOT non-law enforcement, passenger vehicles. The bureau also establishes and maintains policies to ensure efficient ground travel by Commonwealth employees.

Goals and Outcomes

The goal of this activity is to efficiently manage the vehicle fleet for Commonwealth employees. The agency also intends to implement a long-term transition to hybrid/alternative fuel vehicles. The desired outcomes of fleet management include the provision of quality, efficient transportation services to state agency customers and the maximization of cost savings relative to alternatives such as vehicle rentals from private firms.

Resources

Fleet Management						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$3.75	\$3.83	\$3.86	\$3.89	\$3.57	n.a.
Operational Expenses	2.36	2.40	2.07	2.16	3.30	n.a.
Fixed Assets Expense	14.98	13.54	4.42	11.98	9.78	n.a.
Total	21.09	19.77	10.35	18.02	16.65	17.50
Expenditures by Fund						
Purchasing Fund	\$21.09	\$19.77	\$10.35	\$18.02	\$16.65	\$17.50
Total	21.09	19.77	10.35	18.02	16.65	17.50
Average Weekly FTE Positions	50	50	49	47	43	41
Personnel Cost/FTE (\$ thousands)	\$75.0	\$76.6	\$78.8	\$82.8	\$83.1	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded. Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.

Data and Performance Measures

Fleet Management						
	13-14	14-15	15-16	16-17	17-18	18-19
Fleet vehicles	16,585	16,698	16,406	16,989	17,297	n.a.
Hybrid/alternative fuel vehicles	n.a.	n.a.	n.a.	n.a.	20	54
% of DGS-managed vehicles used to policy thresholds	64.5%	61.9%	66.7%	65.4%	60.3%	n.a.
Operating cost per mile for DGS-managed fleet	n.a.	n.a.	n.a.	\$0.17	n.a.	\$0.16
Fleet vehicles per activity FTE	332	334	335	361	402	n.a.
<u>Recommended:</u>						
Average age of DGS-managed passenger vehicles	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DGS rental rate versus commercial rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- Fleet vehicles.** The number of vehicles in the fleet managed by DGS. Data for number of vehicles are as of June 30th for each fiscal year. In FY 2017-18, 43 percent of the fleet was passenger vehicles, 29 percent law enforcement vehicles and 28 percent non-passenger vehicles.
- Hybrid/alternative fuel vehicles.** The number of hybrid/alternative fuel vehicles in the fleet.
- Percent of DGS-managed vehicles used to policy thresholds.** This measure evaluates the percent of DGS-managed vehicles that are used to policy thresholds. The policy threshold requires that fleet vehicles must be driven 6,000 business miles within a six-month period or used 80 percent of available work days within a six-month period (e.g., 60.3 percent of fleet vehicles met the policy threshold in FY 2017-18).
- Operating cost per mile for DGS-managed fleet.** The cost per mile to maintain a DGS-managed vehicle. It includes the purchase price, average maintenance (excluding collision) and reimbursement factor (for downtime reimbursement expense). It does not include gasoline or insurance costs.
- Fleet vehicles per activity FTE.** The average number of fleet vehicles managed by one FTE employee. This measure was computed by the IFO based on data supplied by DGS.
- Recommended: Average age of DGS-managed passenger vehicles.** This descriptive statistic provides data regarding the turnover rate of the DGS fleet. A shorter average age may signal that DGS is able to minimize costs by selling used vehicles if there is high demand in the used car market.
- Recommended: DGS rental rate versus commercial rate.** This review recommends that DGS develop a meaningful performance metric that would allow policymakers to compare internal DGS rates to comparable rates quoted by private providers. This benchmark allows an assessment of current cost savings and performance over time relative to private industry standards.

Activity 4: Surplus Supplies and Operations

The Bureau of Surplus Supplies and Operations includes eight discrete programs:

- **State Surplus:** This program sells property, through the use of an online auction, that the Commonwealth no longer needs. In addition to office supplies, the Department also sells used heavy equipment, off-road equipment and dump trucks no longer used. These items are first offered to municipalities and then to the general public.
- **Federal Surplus:** This program transfers federal surplus property such as medical equipment, office supplies, furniture, kitchen equipment, etc. to eligible nonprofit, tax-exempt organizations at a nominal service charge to cover the costs to administer the program.
- **Fixed Price Vehicles:** This program sells vehicles formerly owned by the federal government to Pennsylvania government and tax-supported entities including fire departments, police departments, school districts and emergency services.
- **Law Enforcement 1033 Program:** This program transfers excess law enforcement property from the U.S. Department of Defense to eligible law enforcement agencies at no charge. Participants pay an annual fee or incur a minimal service charge to cover the costs to administer the program.
- **Law Enforcement 1122 New Property Program:** Through this program, eligible entities, including any municipality that performs law enforcement or emergency response functions, can take advantage of discounted pricing that the federal government receives due to its purchasing power.
- **Recycling:** The Department operates a statewide program to recycle: paper and cardboard; batteries; certain glass, metal and plastic; fluorescent lamps; and certain electronics.
- **Warehousing:** The Department operates three warehouses in the Harrisburg area. These facilities include bulk material storage, secured access, excess property, records storage and retrieval, short term/temporary storage and forms/publications storage and retrieval. Use of the space is made available to all Commonwealth agencies under short- or long-term agreements.
- **Distribution:** DGS offers Commonwealth agencies a variety of distribution services: receiving, quality inspection, inventory control and pick/pack operations for all products. For material stored in one of the DGS-managed warehouses, they offer free local delivery service as well as UPS and other transportation options.

Goals and Outcomes

The goals of this activity are to re-utilize, sell or responsibly dispose of goods and materials no longer needed by the Commonwealth or federal government and to facilitate the donation or procurement of law enforcement goods and materials. The economies of scale available from the consolidation of these operations should enhance overall efficiency and provide cost savings for state and local government agencies.

Resources

Surplus Supplies and Operations Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$3.65	\$3.72	\$3.78	\$3.61	\$3.37	n.a.
Operational Expenses	1.65	1.40	1.21	1.24	1.24	n.a.
Fixed Assets Expense	<u>0.59</u>	<u>0.37</u>	<u>0.15</u>	<u>0.22</u>	<u>0.27</u>	<u>n.a.</u>
Total	5.82	5.48	5.13	5.07	4.89	5.08
Expenditures by Fund						
General Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.11
General Fund Augmentations	2.87	2.65	2.35	2.46	2.27	2.16
Purchasing Fund	<u>2.95</u>	<u>2.83</u>	<u>2.78</u>	<u>2.61</u>	<u>2.62</u>	<u>2.81</u>
Total	5.82	5.48	5.13	5.07	4.89	5.08
Average Weekly FTE Positions	51	48	47	44	40	40
Personnel Cost/FTE(\$ thousands)	\$71.5	\$77.4	\$80.3	\$82.1	\$84.4	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Surplus Supplies and Operations						
	13-14	14-15	15-16	16-17	17-18	18-19
Sales of surplus property	\$706	\$496	\$390	\$723	\$1,422	n.a.
Savings in federal surplus property transactions	\$2,001	\$3,534	\$2,247	\$1,340	\$1,217	n.a.
Law enforcement program transactions	\$5,359	\$425	\$2,277	\$6,136	\$2,639	n.a.
Recycling revenue	\$3,053	\$2,381	\$2,355	\$3,095	\$1,988	n.a.
Recycling costs paid (responsible recycling)	\$442	\$420	\$454	\$465	\$459	n.a.
Percent of warehouse occupancy	90%	89%	89%	90%	80%	n.a.

Note: All dollar amounts in thousands.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Sales of surplus property.** This output measure represents the total sales of surplus property by DGS.
- **Savings in federal surplus property transactions.** The amount of federal surplus savings is the difference between the fair market value of the item and the service charge levied by DGS for administration services provided.

- **Law enforcement program transactions.** The amount spent on discounted federal goods and fees to procure used federal law enforcement goods under the 1033 and 1122 programs previously described.
- **Recycling revenue.** The monies remitted to DGS from recycling services provided to agencies.
- **Recycling costs paid (responsible recycling).** The amount paid by DGS to recycle goods that cannot be resold such as batteries, certain electronics and tires.
- **Percent of warehouse occupancy.** This measure quantifies the percent of space occupied in DGS warehouses. Currently, DGS manages 137,560 square feet of warehouse space.

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Activity 5: Pre-Construction and Construction

The Pre-Construction and Construction activity includes coordination of the design and construction of all non-highway capital construction projects for the Commonwealth. Projects range from dams and sewage treatment plants to buildings such as prisons, offices and laboratories. The Department also administers the selection of architects and engineers, advertises projects for bid, obtains construction bids, executes construction contracts and manages budgets for construction projects.

Goals and Outcomes

The Public Works deputation within DGS attempts to maximize efficiency and performance by (1) reducing change order rates, (2) increasing the number of construction projects completed on time and on budget and (3) reducing the number of claims filed against the Commonwealth. The consolidation of pre-construction and construction activities through DGS should result in reduced construction costs across all affected state agencies.

Resources

Pre-Construction and Construction Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$9.85	\$10.33	\$10.03	\$9.89	\$9.65	n.a.
Operational Expenses	0.88	0.86	0.80	0.74	0.67	n.a.
Fixed Assets Expense ¹	600.22	697.68	390.11	229.78	322.92	n.a.
Non-Expense Items	0.00	0.07	1.15	1.41	0.91	n.a.
Total	610.94	708.94	402.09	241.81	334.15	421.06
Expenditures by Fund						
General Fund	\$10.73	\$11.19	\$10.83	\$0.41	\$0.00	\$0.06
General Fund Augmentations ²	0.00	0.00	0.00	10.21	10.32	15.00
Capital Facilities Fund ^{1,3}	600.22	697.75	391.26	231.18	323.83	406.00
Total	610.94	708.94	402.09	241.81	334.15	421.06
Average Weekly FTE Positions	116	110	99	90	84	109
Personnel Cost/FTE (\$ thousands)	\$84.9	\$93.9	\$101.3	\$109.9	\$114.9	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

¹ Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.

² Increased augmentations in FY 2016-17 reflect use of bond proceeds to fund public works operations.

³ Includes augmentations.

Data and Performance Measures

Pre-Construction and Construction					
Calendar Years	2014	2015	2016	2017	2018
Avg. # of days for projects completed	1,308	1,017	1,989	1,206	1,208
Value of capital projects managed (\$ millions)	n.a.	n.a.	n.a.	\$995	\$1,202
Value of projects managed per FTE (\$ thousands)	n.a.	n.a.	n.a.	\$11,051	\$14,304
Capital projects managed	n.a.	n.a.	n.a.	144	202
Capital projects managed per FTE	n.a.	n.a.	n.a.	1.6	2.4
Average cost per project (\$ thousands)	n.a.	n.a.	n.a.	\$6,907	\$5,948
Construction change order cost as a % of original award for projects completed	11.1%	7.4%	10.0%	6.6%	7.9%

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Average number of days for projects completed.** This measure reports the average time it takes to complete a project, reported in the year of completion (effective date of design professional contract through final inspection of construction walk-through).
- **Value of capital projects managed.** The dollar value of all DGS-managed capital construction projects.
- **Value of projects managed per FTE.** This measure is calculated by the IFO using DGS data to reflect the dollar value of projects per activity FTE employee.
- **Capital projects managed.** The number of all DGS-managed capital projects.
- **Capital projects managed per FTE.** The number of capital projects per activity FTE employee. This measure was computed by the IFO based on data supplied by DGS.
- **Average cost per project.** The average cost of a capital project. This measure was computed by the IFO based on data supplied by DGS.
- **Construction change order cost as a percent of original award for projects completed.** This measure is the sum of the percent difference between final construction cost and original construction cost calculated for each project and divided by the number of projects.

Activity 6: Capitol Police

The Pennsylvania Capitol Police is an accredited law enforcement agency with full arrest powers that investigates all reported crimes within its jurisdiction of state-owned properties and buildings in Harrisburg and Scranton. The police force maintains an around-the-clock presence in Harrisburg, and provides assistance to surrounding local law enforcement agencies. The Capitol Police provide a variety of trainings to promote safety among state employees, public officials and the general public within and surrounding the Capitol Complex.

Goals and Outcomes

The goals of the Capitol Police are to take any necessary actions to ensure that employees and visitors to all state office buildings and grounds in the Harrisburg and Scranton areas are safe and secure, with minimal interference in “normal” activities. Normal activities include the right of citizens to exercise free speech and the ability to access public sections of state office buildings and grounds.

Resources

Capitol Police						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$10.07	\$10.58	\$10.84	\$11.70	\$11.46	n.a.
Operational Expenses	1.14	1.14	1.44	1.23	1.30	n.a.
Fixed Assets Expense	<u>0.03</u>	<u>0.17</u>	<u>0.00</u>	<u>0.10</u>	<u>0.00</u>	<u>n.a.</u>
Total	11.24	11.89	12.28	13.03	12.76	14.68
Expenditures by Fund						
General Fund	\$11.01	\$11.59	\$11.90	\$12.49	\$11.79	\$13.95
General Fund Augmentations	<u>0.23</u>	<u>0.30</u>	<u>0.38</u>	<u>0.54</u>	<u>0.97</u>	<u>0.73</u>
Total	11.24	11.89	12.28	13.03	12.76	14.68
Average Weekly FTE Positions	106	105	102	105	103	101
Personnel Cost/FTE (\$ thousands)	\$95.0	\$100.8	\$106.2	\$111.4	\$111.3	n.a.
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						

Data and Performance Measures

Capitol Police					
Calendar Years	2014	2015	2016	2017	2018
Investigations conducted	692	590	601	578	470
Non-traffic citations issued	94	108	153	269	146
Traffic citations issued	1,234	1,176	1,166	1,098	1,257
Parking tickets issued ¹	n.a.	n.a.	48	858	507
Criminal offenses	389	265	276	295	232
Traffic offenses	126	121	121	104	71

¹ DGS suspended issuance of tickets in 2014 and 2015 to reimagine and build greater process controls. 2016 data reflects only November and December collections.

The Capitol Police must have a visible presence and must issue various tickets and citations, and make arrests as conditions warrant. Although output measures are presented for this activity, they may or may not be reflective of desired outcomes. For example, fewer citations could suggest that the Capitol Police have effectively deterred unwanted activities. Therefore, the measures in this section should be interpreted with caution.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Investigations conducted.** The number of investigations conducted by the Capitol Police.
- **Non-traffic citations issued.** The number of non-traffic citations issued. Non-traffic citations are any violation not defined under the Pennsylvania Vehicle Code (e.g., disorderly conduct, harassment, public drunkenness).
- **Traffic citations issued.** The number of traffic citations issued by Capitol Police for violations defined under the Pennsylvania Vehicle Code.
- **Parking tickets issued.** The number of parking tickets issued. The current parking fee schedule may not be an effective deterrent for illegal parking.
- **Criminal offenses.** The number of charged criminal offenses.
- **Traffic offenses.** The number of traffic offenses include both verbal and written warnings to motorists by Capitol Police.

Activity 7: Facilities and Energy Management

The Department is the landlord for almost 7.9 million square feet of Commonwealth-owned and managed buildings within the City of Harrisburg and the Scranton and Reading State Office Buildings. In that role, DGS is responsible for cleaning, maintenance and upkeep and landscaping in and around those buildings. The Department uses the Guaranteed Energy Savings Act (GESA) as a vehicle to manage utility costs. The GESA enables a contracting process that allows mass upgrades of building components such as lighting, HVAC and water to be replaced through a budget neutral process that uses utility savings to fund upgrades.

Goals and Outcomes

The goals of this activity include the provision of services in a timely manner, provision of services that are comparable to private alternatives and the operation of state-owned buildings in an energy-efficient manner. The attainment of these objectives should be reflected in documented costs savings relative to private alternatives.

Resources

Facilities and Energy Resource Management Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$23.37	\$24.79	\$25.41	\$25.26	\$24.80	n.a.
Operational Expenses	25.48	24.11	22.17	28.04	29.19	n.a.
Fixed Assets Expense	0.20	0.26	0.00	0.03	0.12	n.a.
Total	49.04	49.16	47.58	53.33	54.10	54.45
Expenditures by Fund						
General Fund	\$48.14	\$48.31	\$46.67	\$52.39	\$52.92	\$53.54
General Fund Augmentations	0.79	0.74	0.78	0.82	1.09	0.90
Purchasing Fund	0.11	0.11	0.12	0.12	0.10	0.00
Total	49.04	49.16	47.58	53.33	54.10	54.45
Average Weekly FTE Positions	346	343	333	317	304	296
Personnel Cost/FTE (\$ thousands)	\$67.5	\$72.3	\$76.3	\$79.7	\$81.6	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Facilities and Energy Resource Management						
	13-14	14-15	15-16	16-17	17-18	18-19
Average days to close a work order ¹	n.a.	n.a.	33.6	29.0	23.4	31.4
Facilities work orders closed annually ¹	n.a.	n.a.	22,075	24,232	27,524	24,985
Avg. EUI of DGS-managed buildings (Btu/sq. ft.)	89,078	87,112	81,863	77,912	83,361	n.a.
Cost per sq. ft. for DGS facilities management	n.a.	n.a.	n.a.	\$4.75	n.a.	n.a.
DGS cleaning, repairs and maintenance cost as % of GSA costs ²	n.a.	n.a.	n.a.	87.6%	n.a.	n.a.
Total dollar value of deferred maintenance projects under \$300,000 ³ (\$ thousands)	n.a.	n.a.	n.a.	n.a.	n.a.	\$5,858

¹ Data are on a calendar year basis and begins in 2015.

² Listed data are a comparison of DGS to the U.S. General Services Administration (GSA) Mid-Atlantic region.

³ Value for FY 2018-19 is based on a list of maintenance projects DGS provided the IFO. Any projects over \$300,000 are considered capital projects and need legislative approval.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Average days to close a work order.** The average number of days from the time DGS receives a work order until it is resolved on a calendar year basis.
- **Facilities work orders closed annually.** The number of facilities work orders closed on a calendar year basis.
- **Average Energy Use Intensity (EUI) of DGS-managed buildings.** Average EUI measured for facilities managed by DGS. This measure is comparable to industry averages from the Commercial Buildings Energy Consumption Survey (last revised in December 2012). The average site Energy Use Intensity (EUI) for an office building in the U.S. Northeast region was 93,900 British thermal units per square foot (Btu/sq. ft.).
- **Cost per square foot for DGS facilities management.** The average cost per usable square foot for DGS facilities management. (The usable square feet was 5.9 million for FY 2016-17.) DGS contracted with PSFEI for assistance in calculating this measure for FY 2016-17 and will continue to work with PSFEI and internal resources to track this metric at minimum, every other year.
- **DGS cleaning, repairs and maintenance cost per square foot as a percent of GSA costs.** The percent of DGS cleaning, repairs and maintenance cost per usable square foot compared to the General Services Administration (GSA). A comparison to the average costs of other similar governmental buildings is a general efficiency performance measure. DGS contracted with PSFEI for assistance in calculating this measure for FY 2016-17 and will continue to work with PSFEI and internal resources to track this metric at minimum, every other year.

- **Total dollar value of deferred maintenance projects under \$300,000.** The total dollar value of deferred maintenance projects under \$300,000, which is the limit above which a project is treated as a capital project. This measure could be used by policymakers to determine if adequate resources are available to keep the number and amount of deferred maintenance projects within an acceptable level.

Benchmarks

The Penn State Facilities Engineering Institute (PSFEI) completed a study for DGS that provides Facility Management Benchmarking for FY 2016-17.⁴ The Department collected facility management cost information that the PSFEI compared to benchmarks from two national sources – the Building Owners and Managers Association (BOMA) and the U.S. GSA. Two of the recommended performance measures were selected from this study.

Recommendations

Benchmark facilities maintenance costs. This review recommends that DGS work towards implementing Penn State Facilities Engineering Institute recommendations, including:

- Utilize General Services Administration benchmarking data as a comparison for DGS.
- Develop or adopt standard specifications for cleaning and repair and maintenance that are in line with industry standards and meet regulatory requirements.
- Once standards are adopted, track detailed repair and maintenance costs and integrate data with existing enterprise financial, human resources and procurement data.
- Perform a detailed analysis to benchmark facility management labor costs and evaluate options to reduce those costs.
- Perform a facility condition assessment of historic buildings to develop a preservation roadmap.

Review cost allocation of facility and rental expenses. This review recommends that DGS, in conjunction with the Budget Office, review the allocation of facility management costs, utility costs and lease/rental payments across all occupied space managed by DGS. The review should consider whether the Commonwealth would benefit from adopting a billing model to charge agencies for a share of facility and rental expenses, similar to the billing models used for procurement and fleet management. Rental charges would be based on market rates for comparable space. Such a model could have the following benefits, which may not be fully realized under current methods of cost allocation:

- Charging the full cost of occupied space to all users would incentivize agencies to use space more efficiently and potentially free up space in Commonwealth-owned buildings for other agencies to use instead of leasing additional square footage nearby.
- Spreading the utility, facility management and maintenance costs of Commonwealth-owned buildings across all user funding sources would allow agencies to allocate portions of rental charges, utility and facility maintenance costs to other funding sources including special funds and federal funds, which may reduce General Fund appropriations required to pay for these costs.

⁴ "Facility Management Benchmarking Fiscal Year 2016-2017," prepared for the Commonwealth of Pennsylvania DGS by The Pennsylvania State University Penn State Facilities Engineering Institute (January 2018).

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Activity 8: Real Estate Management

The Department purchases property when needed for capital projects and sells property determined to be surplus. Legislative approval is required to sell, transfer or convey the property. The Department also leases commercial, office, warehouse, parking and hanger space when Commonwealth-owned property is not available. The Department manages the process that state agencies use to lease office, liquor store and warehouse space. This activity is closely tied to Activity 7: Facilities and Energy Management.

Goals and Outcomes

The goals of this activity are to minimize the number of surplus properties held and to manage leases in a cost-effective manner. The attainment of those goals will be reflected through modest growth in lease expenses and cost savings relative to private alternatives.

Resources

Real Estate Management Expenditures by Fiscal Year and Filled FTE Positions						
	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	18-19 Budget
Expenditures by Object						
Personnel Services	\$1.89	\$2.19	\$2.25	\$2.27	\$2.71	n.a.
Operational Expenses	46.96	47.35	50.93	53.60	54.15	n.a.
Grants	0.74	0.63	0.36	0.64	0.22	n.a.
Fixed Assets Expense	0.00	0.00	0.03	0.00	0.00	n.a.
Non-Expense Items	-0.04	0.00	0.00	0.00	0.00	n.a.
Total¹	49.55	50.16	53.57	56.51	57.08	62.51
Expenditures by Fund						
General Fund ¹	\$23.45	\$25.25	\$27.10	\$27.46	\$27.99	\$33.29
General Fund Augmentations	24.62	23.90	25.71	28.06	28.67	28.83
PA Gaming Economic Development	0.74	0.63	0.36	0.64	0.22	0.00
Motor License Fund	0.28	0.28	0.30	0.26	0.29	0.39
Purchasing Fund	0.45	0.11	0.11	0.09	-0.10	0.00
Total	49.55	50.16	53.57	56.51	57.08	62.51
Average Weekly FTE Positions	21	22	21	22	25	25
Personnel Cost/FTE (\$ thousands)	\$90.2	\$99.4	\$107.3	\$103.0	\$108.3	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

¹ Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.

Data and Performance Measures

Real Estate Management						
	13-14	14-15	15-16	16-17	17-18	18-19
Leased office space cost per sq. ft. (non-LCB)	n.a.	n.a.	n.a.	n.a.	n.a.	\$19.39
Leased office space per sq. ft. (non-LCB) as a % of statewide market comparable ¹	n.a.	n.a.	n.a.	n.a.	n.a.	89.7%
Number of surplus properties	31	n.a.	28	24	18	24
Surplus property carrying costs (\$ millions)	\$10.51	n.a.	\$7.63	\$5.55	\$6.02	\$7.80

Note: LCB stands for Liquor Control Board.

¹ Statewide market comparables for office space are provided by "COSTAR," a product for commercial real estate, similar to what MLS is for residential real estate. It considers all commercial real estate transactions to calculate market comparables.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Leased office space cost per square foot (non-LCB).** The lease cost per square foot of non-LCB office space. Although DGS leases many types of space, over 60 percent of leased space is non-LCB office space.
- **Leased office space cost per square foot (non-LCB) as a percent of the statewide market comparable.** The lease cost per square foot of non-LCB office space as a percent of the statewide market comparable (see benchmark section below) to provide an understanding of how the non-LCB office space cost per square foot compares with market rates.
- **Number of surplus properties.** The number of properties not currently in use. Sale of surplus properties requires legislative approval, and a significant inventory may signal the need for legislative action.
- **Surplus property carrying costs.** Total surplus property carrying costs which include utilities, maintenance and upkeep.

Benchmarks

The table on the next page displays the current square footage of space leased by the Commonwealth, the current average cost per square foot and 2018 comparable statewide cost per square foot by type of property. With the exception of warehouse space, DGS leases are on average less expensive than the market comparison rates.

Real Estate Management-Leased Space

2018 Leased Space by Type	Leased Space (thousand sq.ft.)	Average Cost (per sq. ft.)	2018 Comparable Statewide Average ¹
Non-LCB office	6,677	\$19.39	\$21.61
LCB retail	2,931	15.22	18.67
Police station	550	17.49	n.a.
Laboratory	139	33.14	n.a.
Non-LCB warehouse	135	7.58	5.17
LCB warehouse	133	8.07	5.17
LCB office	124	14.62	21.61
Other	303	n.a.	n.a.

¹ Statewide market comparables are provided by "COSTAR," a product for commercial real estate, similar to what MLS is for residential real estate. It considers all commercial real estate transactions to calculate market comparables.

Recommendations

Develop an occupancy report. This review recommends that DGS develop a report that shows the percent occupancy of state-owned and leased office space and the percent usage of state-owned and leased warehouse space. These metrics would be useful for occupancy planning purposes as leases expire. A 2016 Joint State Government Commission Report recommended that DGS prioritize "updates to the state inventory system and calculating utilization rates for state office buildings to provide a more comprehensive and transparent picture of the real estate system."⁵

Review cost allocation of facility and rental expenses. The recommendation included under Facilities and Energy Management (Activity 7) applies to Real Estate Management as well.

⁵ "Office Space Management in Pennsylvania State Government," Joint State Government Commission (November 2016).

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Activity 9: Risk and Insurance Management

The Department manages the Commonwealth's self-insurance program and contracts for additional third-party insurance when required by state agencies and state system universities. The Department also reviews, investigates, adjudicates and pays tort claims and lawsuits against the Commonwealth and employees. The Commonwealth's tort self-insurance program includes four separate programs. Auto Liability Self-Insurance Program (ALSIP) covers any claim arising from the use of a vehicle owned by the Commonwealth. Employee Liability Self-Insurance Program (ELSIP) covers claims or suits against specific officials or employees. General torts covers liability claims for agencies other than PennDOT. Transportation torts cover claims against PennDOT excluding those caused by PennDot vehicles which are covered by ALSIP.

Goals and Outcomes

In order to reduce overall risk of financial loss to the Commonwealth, DGS manages and administers several self-insurance programs. Self-insurance supplemented by purchased insurance for excess coverage can be the most cost-effective method to address overall risk in a large organization.

Resources

Risk and Insurance Management						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$1.80	\$1.76	\$1.85	\$1.80	\$1.60	n.a.
Operational Expenses	3.58	3.18	4.57	2.95	4.43	n.a.
Non-Expense Items ¹	<u>7.87</u>	<u>6.88</u>	<u>4.78</u>	<u>6.13</u>	<u>6.52</u>	<u>n.a.</u>
Total²	13.25	11.82	11.20	10.88	12.55	12.29
Expenditures by Fund						
General Fund	\$2.77	\$2.82	\$2.90	\$2.88	\$2.76	\$2.90
General Fund Augmentations	0.42	0.41	0.42	0.42	0.37	0.39
Motor License Fund ²	8.60	7.58	5.51	6.49	7.33	9.00
State Insurance Fund ²	1.58	1.01	2.36	1.08	2.09	0.00
Purchasing Fund	<u>-0.12</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	13.25	11.82	11.20	10.88	12.55	12.29
Average Weekly FTE Positions	20	18	18	17	14	13
Personnel Cost/FTE(\$ thousands)	\$89.9	\$97.8	\$102.7	\$105.6	\$114.1	n.a.
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
¹ Primarily includes tort claim payments from the Motor License Fund.						
² Funding includes pass-through dollars allocated to DGS for payment of customer agency/entity expenses.						

Data and Performance Measures

Risk and Insurance Management						
	13-14	14-15	15-16	16-17	17-18	18-19
Premium/\$100 property value (program rate in cents)	1.420	1.420	1.493	1.498	1.449	n.a.
Paid settlements plus related expenses (ALSIP, ELSIP and Torts) (\$ thousands)	\$9,344	\$10,846	\$11,399	\$7,240	\$11,079	n.a.
Claims settled plus denied (ALSIP, ELSIP, Torts)	3,532	3,014	2,570	2,508	3,679	n.a.
Days for an ALSIP claim to close	33	62	102	94	77	n.a.

The State Insurance Fund pays for damages to Commonwealth-owned property up to \$1 million. Claims over \$1 million are covered through the Commonwealth's excess property insurance policy which covers losses over \$1 million up to \$1 billion. Property includes items purchased with Commonwealth funds other than vehicles. Leased property such as copiers, computers, etc. are not covered. If damage is caused by a third-party, estimates are submitted to the other party's insurance for reimbursement to the Commonwealth.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Premium per \$100 in property value.** The excess property insurance premium per \$100 of insured property value. This is referred to as the program rate and is the industry standard method used to identify fluctuations in rate.
- **Paid settlements and related expenses.** The value of claims settled or denied during the fiscal year presented, regardless of event date (date damage incurred) or claim date for the three non-transportation self-insurance programs: ALSIP (Automotive Liability Self-Insurance Program); ELSIP (Employee Liability Self-Insurance Program); Torts (self-insurance for civil wrongs).
- **Claims settled and denied.** The total claims processed during the fiscal year, regardless of whether the claim was settled or denied, and regardless of the event date or claim date, for the three non-transportation self-insurance programs.
- **Days for an ALSIP claim to close.** The average number of days for a claim against the Automotive Liability Self-Insurance Program to be resolved.

Activity 10: Diversity, Inclusion and Small Business Opportunities

The Department provides registration, certification and verification services for program participants as well as contract compliance and contract review for all Commonwealth purchases where commitments to small and small and diverse businesses are contractually required. The agency provides assistance to program applicants including Minority Business Enterprises, Women Business Enterprises, Veteran Business Enterprises, Service-Disabled Veteran Business Enterprises, Disability-Owned Business Enterprises and LGBT Business Enterprises in competing for Commonwealth contracting opportunities.

Goals and Outcomes

The goal of this activity is to promote the economic growth and success of small and diverse businesses by providing assistance in competing for Commonwealth contracts. The outcomes are measured by the number of certified participants and the share of expenditures under Commonwealth contracts made to eligible participants.

Resources

Diversity, Inclusion and Small Business Opportunities						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$1.16	\$1.23	\$1.24	\$1.44	\$1.55	n.a.
Operational Expenses	<u>0.05</u>	<u>0.06</u>	<u>0.05</u>	<u>0.06</u>	<u>0.84</u>	<u>n.a.</u>
Total	1.21	1.29	1.29	1.50	2.39	1.84
Expenditures by Fund						
General Fund	\$1.21	\$1.29	\$1.34	\$1.45	\$2.39	\$1.84
General Fund Augmentations	<u>0.00</u>	<u>0.00</u>	<u>-0.05</u>	<u>0.05</u>	<u>0.00</u>	<u>0.00</u>
Total	1.21	1.29	1.29	1.50	2.39	1.84
Average Weekly FTE Positions	14	13	13	14	13	13
Personnel Cost/FTE (\$ thousands)	\$82.7	\$94.7	\$95.5	\$103.1	\$118.9	n.a.

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Diversity, Inclusion and Small Business Opportunities						
	13-14	14-15	15-16	16-17	17-18	18-19
% of Commonwealth expenditures awarded to small and small diverse businesses	8.0%	8.1%	7.6%	8.5%	11.3%	n.a.
% awarded to small diverse businesses	4.4%	5.8%	5.3%	5.1%	7.0%	n.a.
% awarded to small businesses	3.5%	2.3%	2.3%	3.4%	4.4%	n.a.
Small and small diverse businesses	949	2,068	4,772	5,091	5,178	n.a.
Self-certified Pennsylvania small businesses	n.a.	984	3,523	3,835	3,842	n.a.
Verified Pennsylvania small diverse businesses	949	1,084	1,249	1,256	1,336	n.a.

Pennsylvania's definition of a small business is limited to firms with no more than 100 employees in addition to a limitation on gross revenues. Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Percent of Commonwealth expenditures awarded to small and small diverse businesses.** DGS measures the percent of Commonwealth expenditures awarded to small and small diverse businesses as a percent of total expenditures under contracts managed by DGS.
- **Percent awarded to small diverse businesses.** The percent of Commonwealth expenditures under contracts managed by DGS that are awarded to verified Pennsylvania small diverse businesses.
- **Percent awarded to small businesses.** The percent of Commonwealth expenditures under contracts managed by DGS that are awarded to self-certified Pennsylvania small businesses.
- **Small and small diverse businesses.** The sum of the certified small businesses and the verified small diverse businesses registered with the Commonwealth. This measure was computed by the IFO based on data supplied by DGS.
- **Self-certified Pennsylvania small businesses.** The total number of self-certified Pennsylvania small businesses participating in the Pennsylvania Small Business Contracting Program. To participate in this program, a business must register and self-certify with DGS and meet the following requirements:
 - The business must be a for-profit, United States business.
 - The business must be independently owned.
 - The business may not be dominant in its field of operation.
 - The business may not employ more than 100 full-time equivalent employees.
 - The business may not exceed three-year average gross revenues of \$38.5 million, regardless of business type (effective 11/1/2018).
- **Verified Pennsylvania small diverse businesses.** The total number of verified Pennsylvania businesses within the Small Diverse Businesses Program. DGS verifies self-certified Small Businesses that wish to participate as minority, woman, veteran, service disabled veteran, LGBT and disability-owned business enterprises through the Small Diverse Businesses program. Eligible small business must hold certifications as diverse businesses with one of the Department's approved

third-party certification entities:

- Unified Certification Program (UCP)
- Woman's Business Enterprise National Council (WBENC)
- National Minority Supplier Development Council (NMSDC)
- United States Small Business Administration (SBA) 8(a) Program
- Vets First Verification Program at vetbiz.gov
- US Business Leadership Network (USBLN)
- National Gay & Lesbian Chamber of Commerce (NGLCC)

Benchmarks

	13-14	14-15	15-16	16-17	17-18	18-19
Maryland	24.4%	27.3%	26.2%	20.2%	21.0%	n.a.
New York	25.1%	23.2%	25.1%	27.2%	28.6%	n.a.
Pennsylvania	4.4%	5.8%	5.3%	5.1%	7.0%	n.a.

Note: Both New York State and Maryland have different definitions of small and diverse businesses, so these percentages may not be comparable to Pennsylvania. Data provided by DGS.

New York defines a small business as one that has fewer than 100 employees and is independently-owned and operated. In Pennsylvania, DGS policy imposes a limit on the three-year average gross revenues, which is \$38.5 million.

Maryland's criteria for a small business are more restrictive than Pennsylvania. Maryland establishes a maximum number of employees ranging from 25 to 100 and a maximum average annual gross sales ranging from \$2 million to \$10 million depending on the type of business.

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Activity 11: Metrology

The Pennsylvania Standards Laboratory (PSL) provides metrological traceable calibrations of artifacts relating to mass, volume, length, time and force. Services are available to the weights and measures community, private industry, service companies, municipal governments, and other state government agencies.

Goals and Outcomes

To provide accurate calibrations and certifications throughout the state.

Resources

Metrology						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$0.38	\$0.46	\$0.50	\$0.72	\$0.64	n.a.
Operational Expenses	0.03	0.05	0.05	0.04	0.04	n.a.
Total	0.41	0.51	0.55	0.76	0.68	0.67
Expenditures by Fund						
General Fund Augmentations	\$0.41	\$0.51	\$0.55	\$0.76	\$0.68	\$0.67
Total	0.41	0.51	0.55	0.76	0.68	0.67
Average Weekly FTE Positions	4	5	6	6	6	6

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

Data and Performance Measures

Metrology						
	13-14	14-15	15-16	16-17	17-18	18-19
Certifications/calibrations provided	1,584	1,648	1,551	1,570	1,500	1,588
Shortfall between program funding and costs (\$ thousands)	-\$278	-\$319	-\$293	-\$379	-\$548	n.a.

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Certifications/calibrations provided.** The number of certifications/calibrations performed by DGS.
- **Shortfall between program funding and costs.** The difference between the program costs and the revenue derived from the current fee schedule. The data reveal that current metrology fees do not cover the program costs.

Benchmarks

	Metrology Fee Schedule	NCSL State Laboratory Avg. Fee	Metrology vs. NCSL State Laboratory Avg. Fee
Mass Echelon II (21 weights, 100 g -1 mg ASTM Class 2)	\$30.00	\$32.00	93.8%
Mass Echelon III (22 weights, 31 lb. Class F Kit)	\$6.00	\$9.27	64.7%
Mass Echelon III (5000 lb. Weight Cart)	\$180.00	\$205.01	87.8%
24 - 1000 lb. (5 Adjusted)	\$580.00	\$820.06	70.7%
20 - 50 lb. (5 Adjusted)	\$250.00	\$351.98	71.0%
5 Gallon Test Measure using Volume Transfer	\$45.00	\$67.07	67.1%
5 Gallon Test Measure using Gravimetric Method	\$180.00	\$241.46	74.5%
100 Gallon Prover using Volume Transfer	\$150.00	\$224.16	66.9%
100 Gallon Prover using Gravimetric Method	\$1,125.00	\$854.29	131.7%
1 - 100 Foot Tape (19 points)	\$285.00	\$200.71	142.0%

Source: Table provided by DGS.

This table compares Pennsylvania’s average laboratory fees to various state fees reported by the National Conference of State Legislatures (NCSL). With the exception of two listed fees, all of Pennsylvania’s fees listed in the table are significantly lower than the NCSL average.

Metrology is currently supplemented by augmentations from procurement to cover any shortage between actual expenditures and metrology fees collected. DGS recently submitted a new, increased fee schedule proposal to the Independent Regulatory Review Commission (IRRC).

Activity 12: Administration

The Administration activity provides the organizational leadership and core support services for operations of DGS. It includes the executive leadership functions associated with the Secretary, Deputy Secretaries, and the legal, legislative, communications and policy offices. It also includes human resources, information technology and financial management services, including management of the bond proceeds that support public works (beginning in 2016).

Goals and Outcomes

This activity provides the leadership, support and oversight necessary for effective and efficient operations of DGS. Effective management could be reflected in relatively low levels of human resource and overtime costs, as well as staff turnover rates. Established research finds higher employee satisfaction, and lower turnover, if leadership effectively communicates the agency's mission and vision, and empowers employees to have input into the decision-making process and daily operations of the agency. In turn, lower turnover improves efficiency and should result in lower agency operational expenses.

Resources

Administration						
Expenditures by Fiscal Year and Filled FTE Positions						
	13-14	14-15	15-16	16-17	17-18	18-19
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$8.48	\$8.10	\$8.22	\$7.88	\$8.29	n.a.
Operational Expenses	5.32	5.77	6.93	9.37	10.20	n.a.
Fixed Assets Expense	0.00	0.00	0.01	0.03	0.02	n.a.
Non-Expense Items	-0.61	-0.45	-0.48	-0.42	-0.39	n.a.
Total	13.19	13.42	14.69	16.86	18.12	12.34
Expenditures by Fund						
General Fund	\$13.97	\$14.26	\$15.06	\$13.43	\$16.92	\$9.78
General Fund Augmentations	0.14	0.10	0.09	2.37	2.45	2.56
Purchasing Fund	-0.99	-1.02	-0.54	0.95	-1.55	0.00
State Restaurant Fund	0.06	0.08	0.07	0.10	0.31	0.00
Total¹	13.19	13.42	14.69	16.86	18.12	12.34
Average Weekly FTE Positions	89	83	72	68	65	58
Personnel Cost/FTE(\$ thousands)	\$95.2	\$97.6	\$114.2	\$115.9	\$127.5	n.a.
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
¹ Includes nominal amounts from other funds (-\$5,000 per year).						

Data and Performance Measures

Administration						
	13-14	14-15	15-16	16-17	17-18	18-19
HR costs per agency FTE ¹	\$863	\$1,039	\$1,107	\$1,076	\$1,145	\$1,074
IT costs per agency FTE ¹	\$613	\$692	\$786	\$842	\$805	\$2,104
DGS overtime (\$ thousands)	\$1,083	\$1,011	\$1,176	\$1,409	\$1,307	\$1,500
DGS overtime costs per agency FTE	\$1,133	\$1,083	\$1,311	\$1,612	\$1,536	\$1,765
Staff turnover rate	9.1%	9.8%	12.2%	9.5%	11.6%	n.a.

¹ In FY 2018-19, DGS received additional appropriations to offset increased HR services and IT costs resulting from the HR and IT shared services consolidation. These amounts (\$55,000 for HR services and \$529,000 for IT costs) were previously appropriated to the Office of Administration (OA).

Selected measures are as follows. Unless noted otherwise, all measures are computed by DGS.

- **Human resources (HR) costs per agency FTE.** Calculated by the IFO based on HR services costs divided by the number of agency FTEs. Beginning FY 2018-19, agencies are billed for these costs as noted below under Recent Administrative Actions.
- **Information technology (IT) costs per agency FTE.** Calculated by the IFO based on IT costs divided by the number of agency FTEs. Beginning FY 2018-19, agencies are billed for these costs as noted below under Recent Administrative Actions.
- **DGS overtime.** DGS overtime represents the overtime costs for the entire Department.
- **DGS overtime per agency FTE.** Calculated by the IFO based on DGS overtime costs divided by number of agency FTEs.
- **Staff turnover rate.** Staff turnover includes all individuals who depart the agency due to retirement, job transfer or release.

Recent Administrative Actions

In FY 2017-18, executive agency HR services and IT complement were consolidated under the Office of Administration (OA). During this transitional year, executive agencies continued to pay the personnel costs associated with the HR and IT complement transferred to OA. Beginning in FY 2018-19, agencies are billed for these services as well as for a portion of the HR and IT enterprise budget previously appropriated to OA.

Appendix

Performance-Based Budgeting and Tax Credit Review Schedule

Performance-Based Budgeting and Tax Credit Review Schedule

Year		Performance-Based Budgets				
1	Corrections	Board of Probation and Parole	PA Commission on Crime & Delinquency	Juvenile Court Judges' Commission	Banking and Securities	General Services
2	Economic & Community Development	Human Services – Part 1	Health	Environmental Protection	PA Emergency Management Agency	State
3	PennDOT	Human Services – Part 2	State Police	Military & Veterans Affairs	State Civil Service Commission	
4	Education	Human Services – Part 3	Aging	PA Historical & Museum Commission	Agriculture	Labor and Industry
5	Drug and Alcohol Programs	Insurance	Revenue	Executive Offices	Environmental Hearing Board	Conservation and Natural Resources
Year		Tax Credits				
1	Film Production	New Jobs	Historic Preservation Incentive			
2	Research and Development	Keystone Innovation Zones	Mobile Telecom and Broadband	Organ and Bone Marrow		
3	Neighborhood Assistance	Resource Enhancement and Protections (REAP)	Entertainment & Economic Enhancement	Video Game Production	Keystone Special Development Zones	
4	Educational Tax Credits	Coal Refuse and Reclamation	Mixed Use	Community-Based Services		
5	Resource Manufacturing	Brewers'	Computer Data Center	Manufacturing and Investment	Waterfront Development	Rural Jobs and Investment

