PERFORMANCE REPORT CARD: Fourth Quarter, FY20

General Services Department

The General Services Department (GSD) has made significant progress in addressing the most pressing challenges facing the department from master planning efforts at the facilities management division to reconstituting the risk management advisory board to provide greater transparency and accountability in the state's insurance program. However, performance measures often overlook these critical areas. For example, the report does not include measures of square footage per employee to better determine what facilities are over- or under-utilized and the group health benefits measures do not focus on program cost containment or identify drivers of medical expense despite a projected FY21 deficit of nearly $30 million in the program.

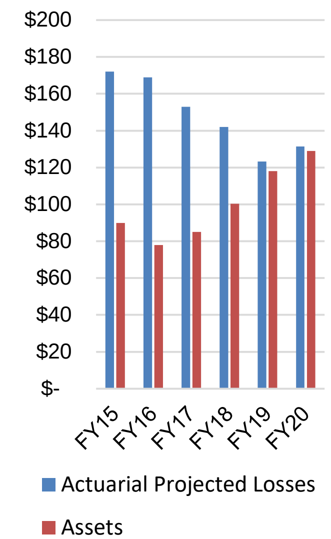
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Risk Management

The property, liability, and workers' compensation funds had a combined balance of $129 million at the close of FY20, up from $118 million in FY19. The risk management program has a goal of maintaining sufficient fund balance to cover 50 percent of liability losses. The public liability fund is fully funded with assets of $72 million and liabilities of $70 million. The public property fund has assets of $21.4 million and liabilities of $2.9 million. The strong financial positions of the risk funds over the past several years show rates are more than sufficient to cover liabilities.

Assets vs. Actuarial Projected Losses for Major Risk Funds (in millions)



Source: GSD and LFC Files

Budget: $8,870,700 **FTE: 59**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Projected financial position of the public property fund*	697%	581%	N/A	736%	G
Projected financial position of the workers' compensation fund*	54%	52%	N/A	60%	G
Projected financial position of the public liability fund*	51%	89%	N/A	103%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Group Health Benefits

Health benefits spending was reduced significantly in the fourth quarter as a result of cancellations of elective procedures due to COVID-19. The group health benefits program reported a medical cost trend of -2.5 percent on a per member, per month basis. Despite the reduction, the program continues to face significant revenue shortfalls and ended the FY20 fiscal year with a balance of $5.6 million, significantly less than the industry-recommended fund balance of at least $31 million, or approximately on month's worth of claims. Projections show the program on track for a $30 million deficit at the end of FY21, however, decreased utilization resulting from COVID may have a positive impact on the fund as fewer people receive care.

Premium revenue collected by the group health benefits program is not sufficient to cover the costs of providing medical care for the insured population. Additionally, the program lacks performance measures focusing on tracking the health of the fund and cost containment strategies.

Budget: $385,147,000 **FTE: 0**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
State group prescriptions filled with generic drugs	89%	88%	90%	87.2%	Y
Change in premium (Approx. $14million increase)	4%	4%	4%	4%	G
Change in average per member per month total healthcare cost	2%	0.4%	<5%	-2.5%	Y

Increase in the number of members designating the Stay Well Health Center as their primary care provider	NEW	2.7%	>3%	7.2%	G
Program Rating	Y	R			G

Facilities Management

COVID-19 has dramatically changed the way state agencies perform their work; state facilities sit empty as government employees work remotely. Some agencies have found telework arrangements are improving efficiency and are well-liked by employees. The facilities management division (FMD) began working with other agencies to determine the extent to which telecommuting will continue after the pandemic and how that will impact the need for space. FMD is attempting to reduce the state's facility footprint by moving employees from leased space to state-owned facilities and reducing occupied square footage to account for telework.

Appropriations to GSD for Building Repair and Maintenance

FY20	$5,000,000
FY19	$1,500,000
FY18	$0
FY17	$4,000,000
FY16	$3,500,000
FY15	$0
FY14	$4,500,000
FY13	$500,000

Source: LFC Files

FMD approved six new facility leases in the fourth quarter, all of which met the space standard of 215 square feet per employee. While the department has made progress in keeping new leases within the space guidelines, there are no measures capturing cost containment in the program. For example, LFC analysis found 29 facilities with cost per square foot over 20 percent higher than the average for the county in which the facility is located. The department should consider additional measures to track spending on a per square foot basis to ensure that lease costs are competitive.

GSD reports that 73 of the 579 state facilities measured had a facility condition index of 65 or greater meaning it would be more cost effective to demolish and rebuild a facility than to repair it.

Budget: $13,970,900 **FTE: 142**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Capital projects completed on schedule	97%	98%	97%	96%	G
Preventive maintenance completed on time	92%	57%	95%	75%	R
New office leases meeting space standards	64%	86%	75%	93%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

FY20 Leased and State-Owned Office Space by Square Foot and FTE

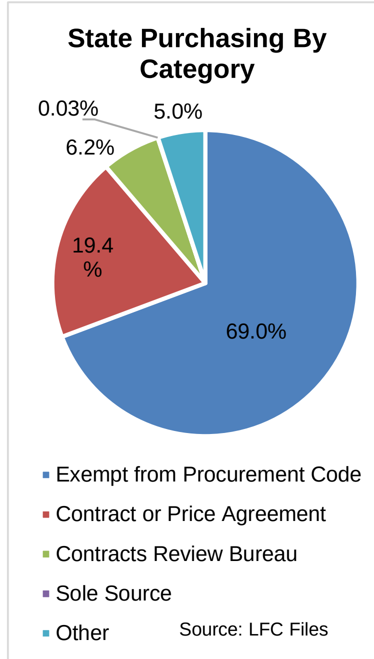
Department	Leased Space	State-Owned Space	Total Space	Total FTE	Sq. Ft. Per FTE
Aging and Long-Term Services	38,780	32,403	71,183	196	363
Department of Environment	123,659	67,822	191,481	515	372
Department of Health	284,734	1,230,263	1,514,997	3,067	494
Human Services Department	677,575	115,720	793,295	1,705	465
Public Education Department	13,407	61,613	75,020	219	343
Regulation and Licensing Department	24,188	58,473	82,661	247	335
State Engineer	63,251	89,967	153,218	271	565
Superintendent of Insurance	7,270	26,918	34,188	85	402
Taxation and Revenue Department	207,582	171,526	379,108	808	469
Workers Compensation Administration	9,865	44,886	54,751	108	507
Other	649,979	3,279,802	3,929,781	5,450	721
Total	**2,100,290**	**5,179,393**	**7,279,683**	**12,671**	**575**

Source: LFC Files and GSD

State Purchasing

Many of GSD's performance measures are relative to prior fiscal years resulting in targets becoming unattainable over time. For example, requiring 20 percent year-over-year growth in best value procurements is unsustainable in the long term. GSD should consider other metrics that would better capture program efficiency and effectiveness.

Agency purchasing slowed significantly in the fourth quarter as a result of the COVID pandemic. There were four best value procurements in the fourth quarter, down from nine in the fourth quarter of FY19, a decrease of 34 percent for the quarter and 2 percent for the year.



Budget: $2,351,100 **FTE: 28**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Procurement code violators receiving procurement code training, as compared to previous fiscal year	TBD	99%	90%	113%	G
Agencies with certified procurement officers	97%	91%	95%	92%	G
Percent increase in best value procurements, as compared to the previous fiscal year	23%	2.3%	20%	-2.0%	R
Program Rating	G	Y			Y

*Measure is classified as explanatory and does not have a target.

Transportation Services

Of the 1,977 vehicles in the state fleet, 357 met or exceeded 750 miles per month or were used daily. The reduction in the percent of vehicles meeting target use is due to travel limitations imposed as a result of the COVID-19 pandemic. The program was rated as red for failure to meet the target, though the performance outcome was out of the control of the agency.

Budget: $8,866,400 **FTE: 33**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Vehicle operational cost per mile	$0.46	$0.49	<$0.59	$0.48	G
Vehicles used 750 miles per month	61%	65%	70%	56%	R
Program Rating	Y	G			Y

*Measure is classified as explanatory and does not have a target.

State Printing

The state printing program reports revenues exceeded expenses by $157 thousand, or 5 percent in FY20. The increase in sales revenue was well below the target, but the program continues to report high on-time deliveries and short project turnaround.

Budget: $1,750,300 **FTE: 9**

	FY18 Actual	FY19 Actual	FY20 Target	FY20 Actual	Rating
Revenue exceeding expenditures	NEW	NEW	5%	5%	G
Sales growth in revenue	36%	31%	15%	8.6%	R
Program Rating	G	G			Y

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