

OFFICE OF
management
+ budget

Office of the Director

November 14, 2022

Good morning Director Cade, Budget Director Carla Cassell-Carter, and Budget Development staff and analysts. Thank you for the opportunity to discuss the Office of Management and Budget's Fiscal Year 2024 budget requests.

I want to personally thank the division directors I've been privileged to work with, as well as the teams of employees they have working with them. I have been at OMB about a year and half, and I continue to be impressed with the dedication of our OMB teammates.

OMB's responsibilities are far-reaching, yet most of the work we do takes place behind the scenes and plays a vital role in the operations of state government. The Office of Management and Budget is a central service organization. Our customers are state employees and retirees. As state government has grown, so has the demands being placed on our teams of employees. Our general fund operating budget requests are modest and are necessary for this department to continue to provide the high level of customer service that our employees, retirees, and citizens have come to know and deserve.

We have several door opener expenses:

- \$1,365,800 for the Closed State Police Plan. The Closed State Police (CSP) Pension Plan is a pay-go pension plan, and this request will fund the plan's cost of living adjustment that is based on the consumer price index.
- \$256,400 for PHRST's HPUX migration to a Linux server. The ERP systems currently runs off a HP Unix Server. The server is at the end of life and will no longer be supported. These funds will allow the server to be migrated to its new platform.
- \$478,200 for operational costs associated with new State facilities. This request is related to increased Division of Facilities Management operational expenses due to the acquisition of several new properties in order to reduce the State's lease footprint. Some state agencies have experienced significant growth in the number of FTEs in their budget related to recently passed legislation and this is an effort to mitigate new lease expenses on the state's general fund. DFMs request for the operational costs associated with managing these buildings is significantly less than the ongoing lease expense would be.
- \$18,700 for ongoing software expenses related to the Shooter Detection system that was installed at the Carvel State Office Building.
- \$1,979,400 in personnel expenses to cover dual incumbered positions across multiple departments related to the State's ERP modernization project. The ERP modernization project includes replacement of legacy on premise payroll, financial, and pension system applications. This upgrade will create system efficiencies, reduce downtime, and most

importantly - will address the end-of-life cycle for the on-premise application. This request represents the operational costs of dual incumbered positions needed to support this IT project.

- \$1,115,400 in personnel dollars that will be spread throughout the department to cover the pay policy that was enacted in the fiscal year 2023 budget.

As part of the budget process, OMB was allowed to request a 1% growth target which equated to \$632,900. As part of that budget target, we made the following requests:

- \$367,500 to fund contractual increases in our janitorial contracts. These are mandatory contractual increases and without an increase in our operating budget we will be unable to provide the same high level of janitorial services across state buildings that our employees and visitors have come to know and expect.
- \$19,700 to fund increases in materials and supplies for our Division of Facilities Management.
- \$137,400 to fund two new positions for PHRST. PHRST is requesting a new Human Resource Information Specialist (HRIS) Lead position to support the tasks associated with union covered positions. One position was allocated to PHRST for this effort in FY20, however the workload has significantly increased. PHRST is also requesting an additional training resource that will be dedicated to managing PHRST's internal training program and associated curriculum.
- \$108,300 for 2 new state contract procurement officers for Government Support Services. Given new responsibilities that we have asked our procurement officers to take on and the longer negotiation cycles, the need for trained contract resource officers is increasing.

OMB also has a handful of appropriated spending authority requests:

- \$415,000 in appropriated spending authority increases in our various personnel lines throughout the Department. This request is the ASF related side to the pay policy changes that were enacted in FY 2023.
- \$60,000 in ASF personnel authority for 2 new positions that the Pension Office received in the FY 2023 budget.
- \$56,200 in ASF authority related to increased lease expense for the Pension Office.
- \$184,000 in ASF authority for the Pension Office's server migration.
- \$108,300 for 2 new positions for the Pension Office to keep up the increase in workload related to retirements and completing vested pension applications.
- \$54,100 for a new equipment manager position for Fleet Services to oversee additional tasks that are required for specialty vehicles. When Fleet Services originally accepted responsibility for upfitting vehicles, there were 2 dozen vehicles. Now, Fleet manages over 450 specialty vehicles across many departments.
- \$948,000 in appropriated spending authority to cover expenses related to eStar and eMarketplace. In years past, OMB has had to transfer spending authority from other appropriations to cover these expenses. This request is simply to true-up the ASF contractual appropriation in order to pay the eStar and eMarketplace vendors.

Moving now to our capital budget requests. The State of Delaware has seen several record-breaking capital budgets over the past few years and the Division of Facilities Management has been able to move several projects through the design phase and into construction. These projects benefit our employees and citizens of the State.

Our capital budget request consists of OMB's routine maintenance requests such as:

- \$8,000,000 in minor capital improvement funds;
- \$1,500,000 in environmental compliance funding which is used for the remediation of non-compliant underground storage tanks, mold remediation and to manage asbestos abatement projects in both state facilities and public schools;
- \$150,000 for architectural barrier removal;
- \$5,000,000 in roof replacements for state buildings; and
- \$8,950,000 in deferred maintenance.

Our fiscal year 2024 capital requests also includes several ongoing projects such as:

- \$1,500,000 for the continued renovation of escalators throughout the Leonard L. Williams Justice Center.
- \$22,000,000 for the continued enhancement of the Carvel building. This request will fund the replacement and glazing of all the windows throughout the building.
- \$8,000,000 for mechanical and HVAC upgrades on the first and second floor of the Carvel building.
- \$2,200,000 to replace all of the heat pumps at 900 King Street.
- \$3,700,000 to fix a water intrusion issue at the Fire Marshalls Office. This request includes funding for grading around the building, waterproofing the foundation, and replacement of the heat pumps throughout the building.
- \$25,000,000 for the State's ERP Cloud migration project.
- \$750,000 in minor capital improvement funds dedicated to Legislative Hall.
- \$3,500,000 to complete the drainage project at the Absalom Jones Building.
- \$1,250,000 to begin work on repurposing the former Troop 7.
- \$2,000,000 to complete a Statewide Space Utilization Study across all agencies. This study will be used to help agencies identify existing space gaps in order to reduce their leased footprint and better use their state allocated space. Additionally, this study will create a playbook that Facilities Management can utilize in managing all State space efficiently.
- \$60,000,000 in market pressure funding to maintain scheduling and quality commitments due to the rise in design and construction costs.
- \$12,000,000 in land and building acquisition funding that will give the Division of Facilities Management flexibility to purchase properties in order to reduce the State's leased footprint if it makes financial sense.
- \$25,000,000 to begin the Legislative Hall expansion project. These funds will be used to pay for Architectural and Engineering expenses for the project, as well as the parking garage that will be needed for further site expansion.
- \$2,200,000 for window replacement for Legislative Hall.

As this list shows, we have an aggressive list of projects that we need to tackle in order to ensure that State of Delaware employees have safe and enjoyable workspaces.

I appreciate and understand the challenging decisions that you and the Budget Development Team will need to make over the course of the next few weeks. Thank you for your time this morning.