

Superintendent McCulloch's Request

Madame Chair, members of the committee, Julia Dilly with the Office of Public Instruction. The last request I'd like to speak to you about is listed on page 2 of the OPI agenda under Roman numeral V, letter h. – SABHRS Fixed Costs.

SUPERINTENDENT'S REQUEST - SABHRS FIXED COST

This request was submitted for consideration by the Superintendent and does not appear in the executive budget. This request is for funding of \$73,176 each year of the next biennium to pay OPI's share of the Statewide Budgeting and Human Resource System better known as SABHRS, Fixed cost assessed by the Dept. of Administration to agencies annually. Last year OPI paid \$49,435 for SABHRS costs. These costs are currently paid out of the Indirect Cost Pool, which I will explain under Proprietary Fund Rates following this request. SABHRS costs will increase 48% or about \$24,000. Revenues in the indirect cost pool are not keeping pace with expenditures, largely because of increases in "fixed costs". Those are the services that other agencies charge us for, such as rent, grounds maintenance, computer network fees and payroll processing. Our next audit will cost almost \$80,000 or \$15,000 more than our last one. Some fixed costs are going down and some are going up but result in a net increase of over \$38,000 from FY 2004. Pay raises will result in increased personal services cost for positions paid out of the indirect cost pool. In fiscal year 2004 revenues in the pool only increased by about \$50,000. If the SABHRS fixed cost is paid from the pool in the next biennium we will be paying it out of its fund balance, and its fund balance is dangerously low.

Madame Chair, should the decision packages that you are being presented with today, pass out of this committee, then OPI will withdraw this request. Because, the indirect costs recovered from those requests will be adequate to raise the revenues in the pool to pay the increased fixed costs.