



# JOHN R. KASICH

GOVERNOR • STATE OF OHIO

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## Communication Department

### AGENCY COST SAVINGS

#### *Using Innovation and New Efficiencies to Reduce Overhead*

Under Gov. Kasich's directive to identify efficiencies and streamline state agencies, the size of government has continued to shrink over the past year. Between 2011 and 2012, non-Medicaid spending from the General Revenue Fund (GRF) has been reduced 5.8 percent, and state operating and administrative expenditures have decreased by 2.4 percent (All Funds). Additionally, state agencies have seen staff levels reduce by 7.6 percent without hindering the delivery of services to Ohioans.

#### **Examples of savings include:**

*Department of Agriculture* saved \$109,000 in salary, benefits and contract costs by transferring all legal responsibilities of the Office of Farmland Preservation and the Division of Livestock Environmental Permitting to the agency's in-house legal counsel.

*Department of Health* saved \$4.7 million in payroll costs in 2012 and achieved additional cost savings of \$225,000 by creating a new web-based, on-demand training program.

*Department of Alcohol and Drug Addiction Services* reduced payroll costs in fiscal year 2012 by at least \$400,000.

*Ohio Environmental Protection Agency* redesigned workflows and automated systems, allowing the agency to save \$1.5 million by not filling vacancies.

*Department of Taxation* achieved approximately \$15 million in payroll savings over the past two years from the closure of seven Regional Taxpayer Services Centers.

*Department of Rehabilitation and Correction* increased recycling revenue nearly 150 percent over the past year, up from \$134,000 in fiscal year 2011 to \$335,000 in fiscal year 2012. The agency also reduced utility spending by more than 10 percent or nearly \$5 million in 2012.

*Rehabilitation Services Commission* has achieved a savings of \$6.5 million from staff reductions over the past two years.

*Department of Rehabilitation and Correction* has achieved \$27 million in savings through the reduction of administrative staff positions at its operations support center, as well as within prisons and the Division of Parole and Community Services. In addition, the agency outsourced allied-health medical positions for a savings of \$5.8 million. The Lake Erie Correctional Institution was sold to the Corrections Corporation of America for \$72.7 million.

By relocating the *Department of Youth Services'* Training Academy to the *Department of Rehabilitation and Correction's* Orient Corrections Training Academy resulted in annual savings of \$300,000.

In total, all state agencies are now realizing an estimated annual savings of \$2.7 million through implementation of centralized printing services.

*Department of Job and Family Services* has teamed up seven of its regional offices in northern Ohio to jointly process applications, food assistance and Medicaid for a savings of nearly \$2 million.

*Rehabilitation Services Commission* saved \$1.2 million by reducing costs in office space rent by embedding staff in the communities they serve. This change also allows counselors to be in more direct contact with individuals they serve.

*Department of Job and Family Services* offices in three southern Ohio counties have merged their child support enforcement and public children's services functions, saving \$500,000.

The state departments of *Health, Public Safety, and Job and Family Services* have combined their efforts for invoicing and collecting fees from the sale of birth and death certificates, saving \$500,000 in 2012 and \$150,000 in subsequent years.

**Partnering to Reduce Computer Network Expenses:** State government has traditionally been inefficient in the way it handles computer infrastructure needs, forcing many agencies to incur significant costs to maintain their own, independent computer networks. Over the past year, a number of agencies partnered on key computer and infrastructure projects, saving millions of dollars. Examples include:

*OH-TECH*, the new Ohio Technology consortium, created by the *Ohio Board of Regents*, merges personnel and resources of the Ohio Academic Resources Network, Ohio Supercomputer Center and Ohio Learning Network. By reducing duplication and inefficiencies, the consortium will generate an estimated savings of \$850,000 per year.

*Bureau of Workers Compensation, Department of Taxation, Development Services Agency and Ohio Environmental Protection Agency* each moved its independent computer storage to the State of Ohio Computer Center, achieving a savings of \$500,000 per year for each agency.

*Department of Administrative Services* is consolidating nearly 20 separate e-mail platforms maintained by agencies across state government into a single, centralized email service. The result will be more efficient interagency communications and an annual savings estimated at \$2.7 million.

*Department of Transportation* utilized an existing state contract with a web-based time-management/payroll system, which saved the state more than \$1 million.

*Department of Commerce's* Division of Industrial Compliance is saving \$80,000 per year by the use of more efficient planning tools such as geocoding, which allow inspectors to complete tasks faster and more efficiently.

*Ohio Environmental Protection Agency* is now using Internet-based phone lines, saving \$37,000. A similar measure by the *Department of Natural Resources* is saving at least \$15,000 a year.

By communicating with its stakeholders through e-mail and the Internet, the *Ohio Environmental Protection Agency* is saving \$650,000 each year.

*Department of Natural Resources* is saving nearly \$300,000 by consolidating its network and Internet security systems with other agencies,

*Department of Public Safety* migrated its computer system to a new server to eliminate \$1.6 million in vendor maintenance costs.

*Public Utilities Commission* is in the process of virtualizing its 30 servers to save \$60,000.

**Renegotiating Contracts to Achieve Lower Costs**: State agencies experienced significant success in 2012 working with vendors to restructure contracts to best fit the agencies' operational needs. These renegotiated contracts are providing considerable savings to Ohio taxpayers. Examples include:

*Department of Rehabilitation and Correction* renegotiated dental contracts and consolidated dental services with the *Department of Youth Services*, saving \$1.2 million.

Under the leadership of the *Department of Administrative Services*, agencies across state government have realized an estimated collective savings of \$2.1 million by consolidating software licensing that improves volume discounts and promotes standardization and increases utilization of standardized software.

*Department of Administrative Services* has renegotiated its contracts for Internet services, at lower rates, for an estimated annual savings of \$500,000.

*Department of Rehabilitation and Correction* renegotiated a hospital contract to save \$8.3 million for inpatient hospital stays.

*Department of Administrative Services* consolidated management for the major state office buildings through a single entity, resulting in a \$2 million savings.

The *Ohio Facilities Construction Commission*, formed by consolidation of the *School Facilities Commission* and the *State Architect's Office*, will provide more efficient implementation new construction reform measures which could save the state as much as \$100 million annually.

*Development Services Agency*, formerly the Department of Development, saved \$150,000 by reducing office-space rental costs rent by 16 percent through floor consolidation.

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