OBM

Memorandum

TO: Agency, Board and Commission Fiscal Officers

FROM: David Ellis, Assistant Director DAE

RE: OAKS System User Fees

DATE: May 9, 2007

This memorandum serves to clarify the agency costs associated with the operations of the new OAKS system effective fiscal year 2008.

Consideration of the Impact of the OAKS Rates on Agency Budgets

As you know, the implementation of new OAKS rates was considered in the development of the FY 2008-2009 Executive budget recommendations. Since then, we have learned that certain payroll-related surcharge estimates provided in the budget submission guidance and used in the development of agency budget requests will be less than projected, providing agencies with some flexibility to offset these costs.

Specifically, FY 2008 rates for healthcare plans are approximately 6.4% (or $23 million) lower than estimated statewide, thus offsetting the new OAKS-related charges. The actual FY 2008 healthcare rates establish a lower base than those published in the operating budget submission guidance to which the FY 2009 increases will apply. OBM also anticipates other payroll surcharges that have not yet been finalized will be less than the estimates published in the operating budget submission guidance to further offset the new OAKS-related charges.

OAKS System User Fees

Beginning July 1, 2007, two new payroll surcharges will be implemented: one to support operating costs associated with the OAKS Human Capital Management system (DAS charge) and the other to support costs associated with the Financial system (OBM charge).

The maximum rates for each year of the biennium, based upon a total recovery of $18 million and final FY 2006 staffing levels, are as follows.

DAS Human Resources Division Rate Estimate
$5.62/headcount/pay period
* Will recover $9 million in FY 2008

OBM Accounting & Budget Services Rate Estimate
0.2781% of payroll expenditures/pay period
* Will recover $9 million in FY 2008

Your OBM budget analyst can provide you with calculations of your agency's estimated share of the total cost. Should you have any questions regarding the OAKS support organization rates, please contact your assigned OBM budget analyst.

C: David White, OAKS Project Director
OBM Analysts