



utah  
**govops**

UTAH DEPARTMENT OF GOVERNMENT OPERATIONS

---

# FY2027 ISF Rate Committee Meeting

**Date: September 11, 2025**

# What is an Internal Service Fund?

The State of Utah uses Internal Service Funds (ISF) to account for the financing of goods and services provided by one state agency to another state agency or entity (Utah code 63J-1-410).

- Purpose of the ISFs are to centralize services that are more efficiently provided by a central department rather than having each department duplicate them.
- Benefits of an ISF are ultimately to improve efficiency and create standardization across the state.
- Funding and the goal of the rate process is to set the ISF rates in order to recover costs of the services provided by the programs. Funding comes from charging customers for actual/estimated cost at an estimated zero-based budget. Our goal is to match estimated revenues with estimated costs.
- Calculation 
$$ISF\ Rate = \frac{Annual\ budgeted\ expenses\ per\ service}{Projected\ consumption}$$



# Rate Setting Process

- **April - June** - Divisions analyze program costs and work with vendors and other service providers in order to forecast potential costs that need to be included in rates.
- **July - August** - Divisions work both internally and with executive leadership to analyze cost drivers and implement reductions to minimize rate impacts as much as possible.
- **September** - Present rate recommendations to the Rate Committee;
  - Committee recommends rates for approval during committee meetings, which are then submitted in fee prep to GOPB,
  - Submit final rate impact to GOPB to apply funding spreads to increase/decrease impacts to agency funding based on changes to rates.
- **October - December** - Work with agencies, GOPB, and LFA to finalize rate numbers and appropriations to align with Governor's budget and the legislative appropriation subcommittee presentations.
- **January** - GovOps presents and seeks rate recommendation approval from the appropriations subcommittee for submission into the fee bill.
- **March** - Fee Bill is approved by legislature;
  - Provides final rate approval,
  - Provides funding appropriations through state general funding or other funding sources.



# Division Presentations

As an agency, GovOps has eight ISF programs that will be presenting rates for your consideration and approval.

## Divisions Requesting Rate Revisions:

- Division of Facilities Construction and Maintenance
- Division of Technology Services
- Division of Purchasing and General Services
- Division of Human Resource Management
- Enterprise Solutions Office
- Division of Risk Management
- Division of Finance

## Division Not Requesting Rate Revisions:

- Division of Fleet Operations

Presentation from all divisions will include a summary of program services, performance, discussion around retained earnings balances, discussion regarding program challenges, and cost drivers built into the rates.

- Compensation assumptions are not included in the rate proposals. Once the session is over and if funding is set aside by the legislature, we will be holding a 2nd rate hearing in June 2026.



# Division of Facilities Construction and Management



Brandon Andersen  
Assistant Director  
Facilities Management

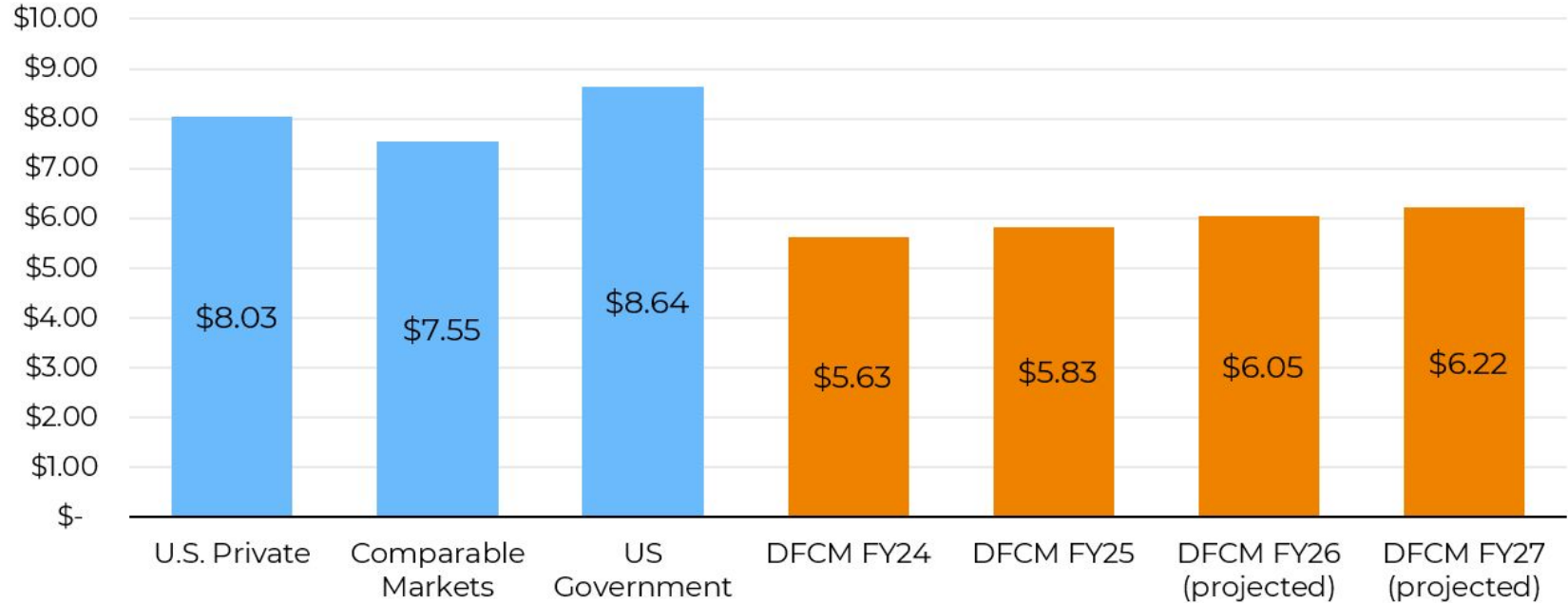
# DFCM Facilities Management

- 7,919,578 square feet of managed space (as of end of FY25)
- \$41,084,115 in annual revenue for FY25 to support building operations
- 157 current FTEs statewide
- Mission: Provide full kit building maintenance and operations to state agency partners at a high value that includes trade services, service contract management, landscaping and grounds care, 24/7 emergency response
- We continue to provide services at a value - square footage costs average less than the private sector and US government



# Cost Per Square Foot Comparison

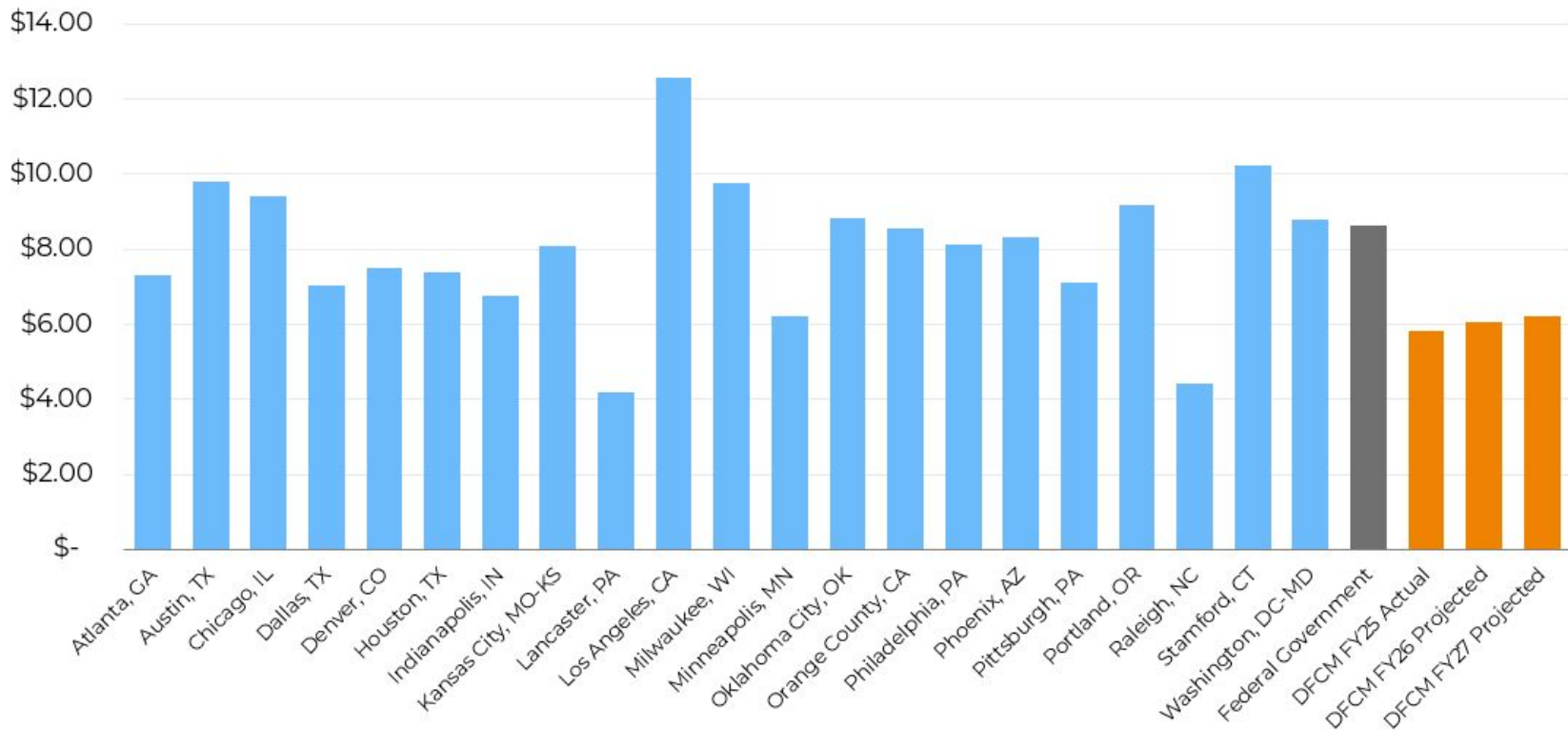
Based on Institute of Real Estate Management (IREM) Data  
Calendar Year 2023 Information



Note: We are using the Institute of Real Estate Management (IREM) for US Private and General Services Admin (GSA.gov) for Federal. IREM's report runs in the third quarter so we are using 2023 data.

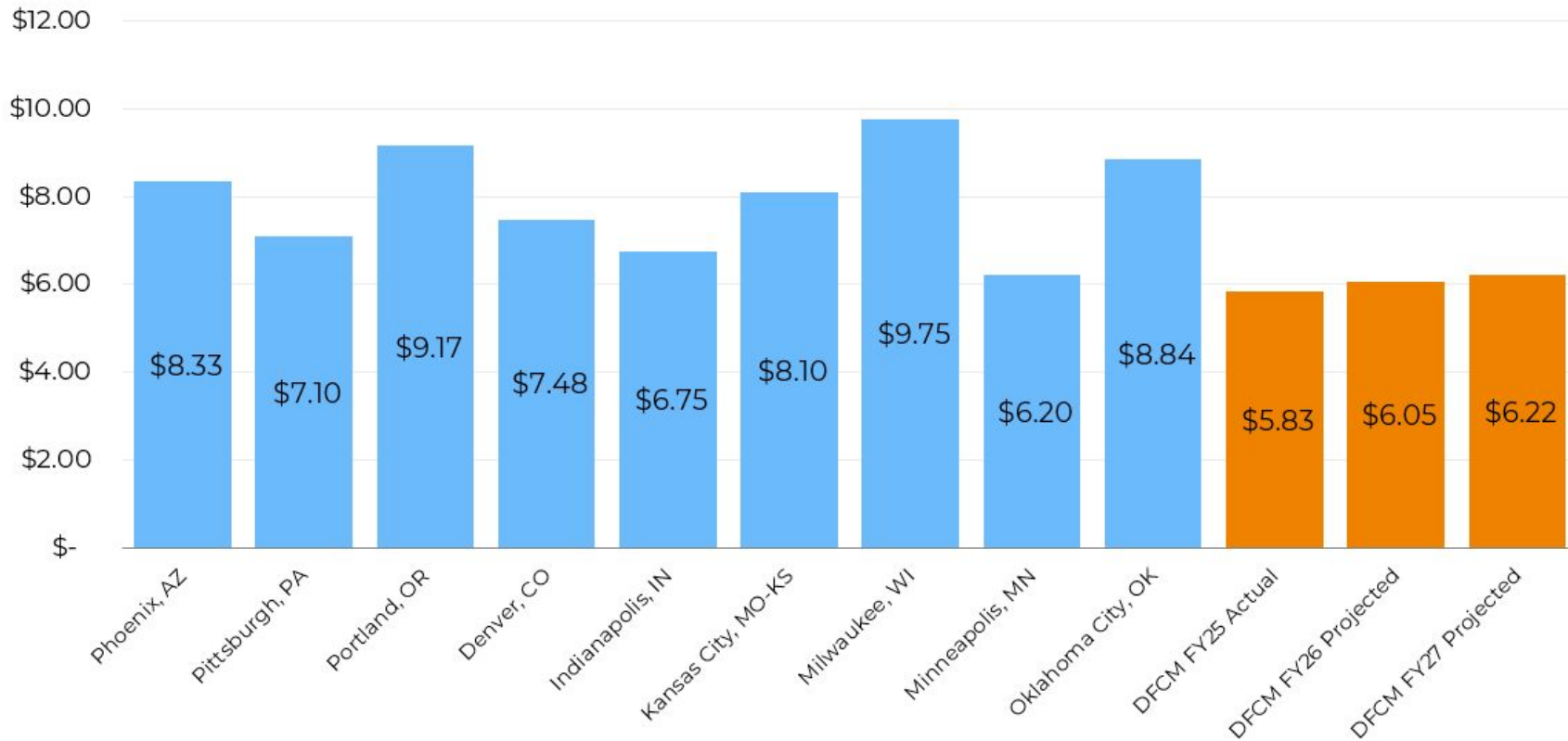


# Private Sector O&M Costs for FY'23 | Nationwide





# Private Sector O&M Costs for FY'23 | Similar Markets



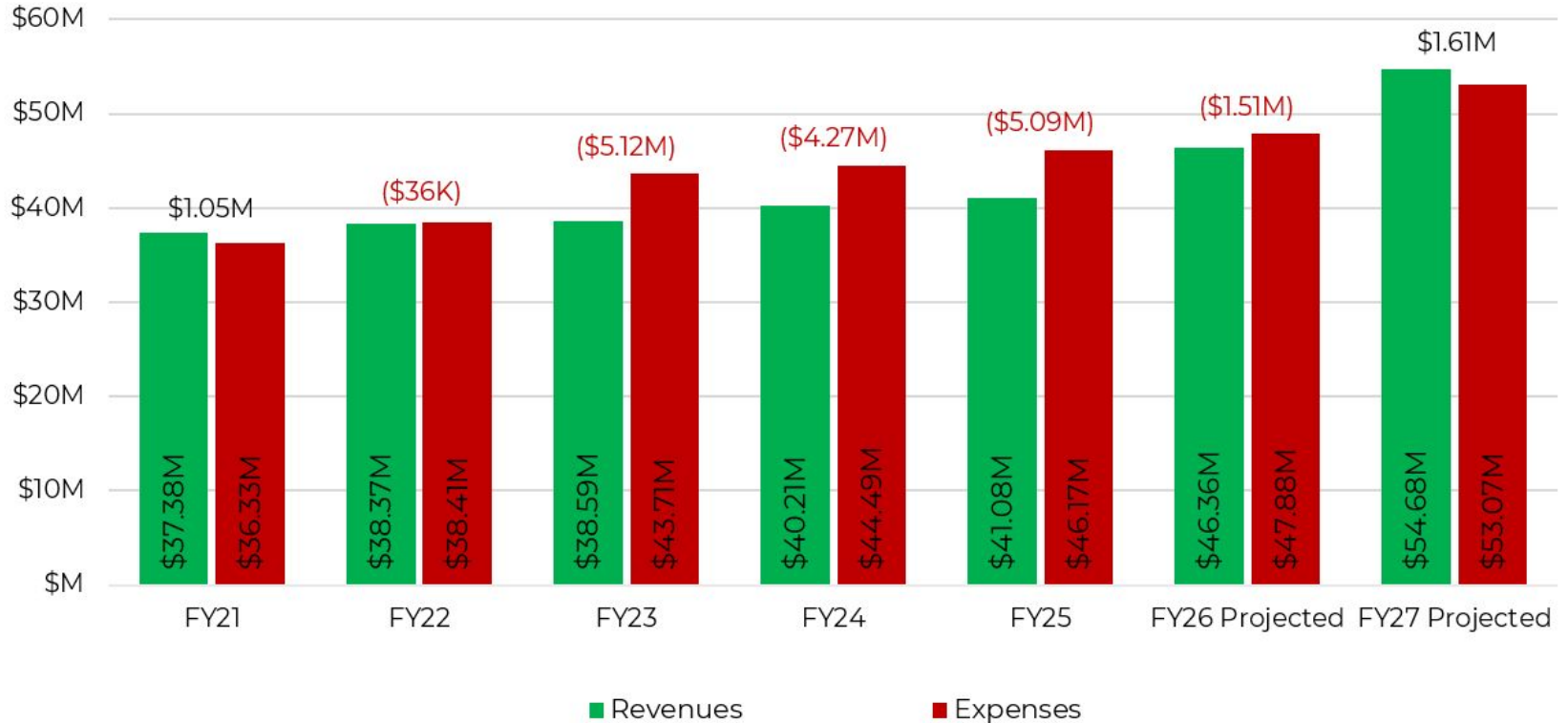
# FY2025 at a glance

- Beginning FY23 with a \$5.6M RE balance, DFCM assisted agencies with projects, increased compensation as authorized by the legislature, funded the customer request portal, upgraded essential radio equipment, and launched a strategic plan.
- The net operating loss in FY24 was \$4,278,424 and FY25 was \$5,083,972. Total revenues increased from FY24 to FY25 by \$872,358 and total expenses increased from FY24 to FY25 by \$1,677,906.
- At the end of FY25 DFCM's retained earnings deficit reached \$8,845,242.
- Primary drivers of increased costs were personnel expense, utilities expense (excluding natural gas), and insurance expense. The increased costs were partly offset by decreased janitorial expense, decreased building/grounds maintenance expense, and decreased natural gas expense.

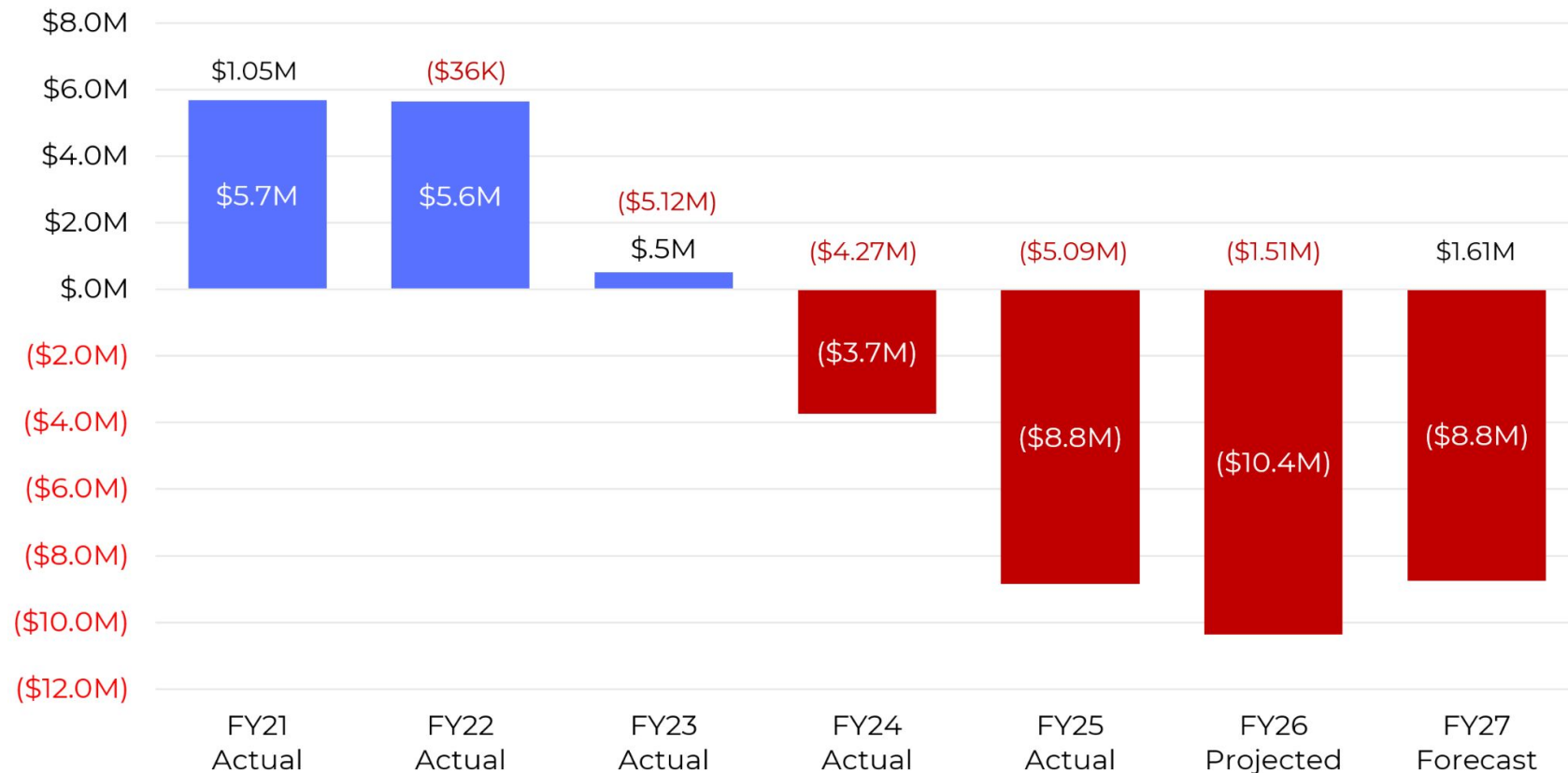


# DFCM ISF Revenue vs. Expenses

## FY21 – FY25



# Facilities Management Retained Earnings Balance

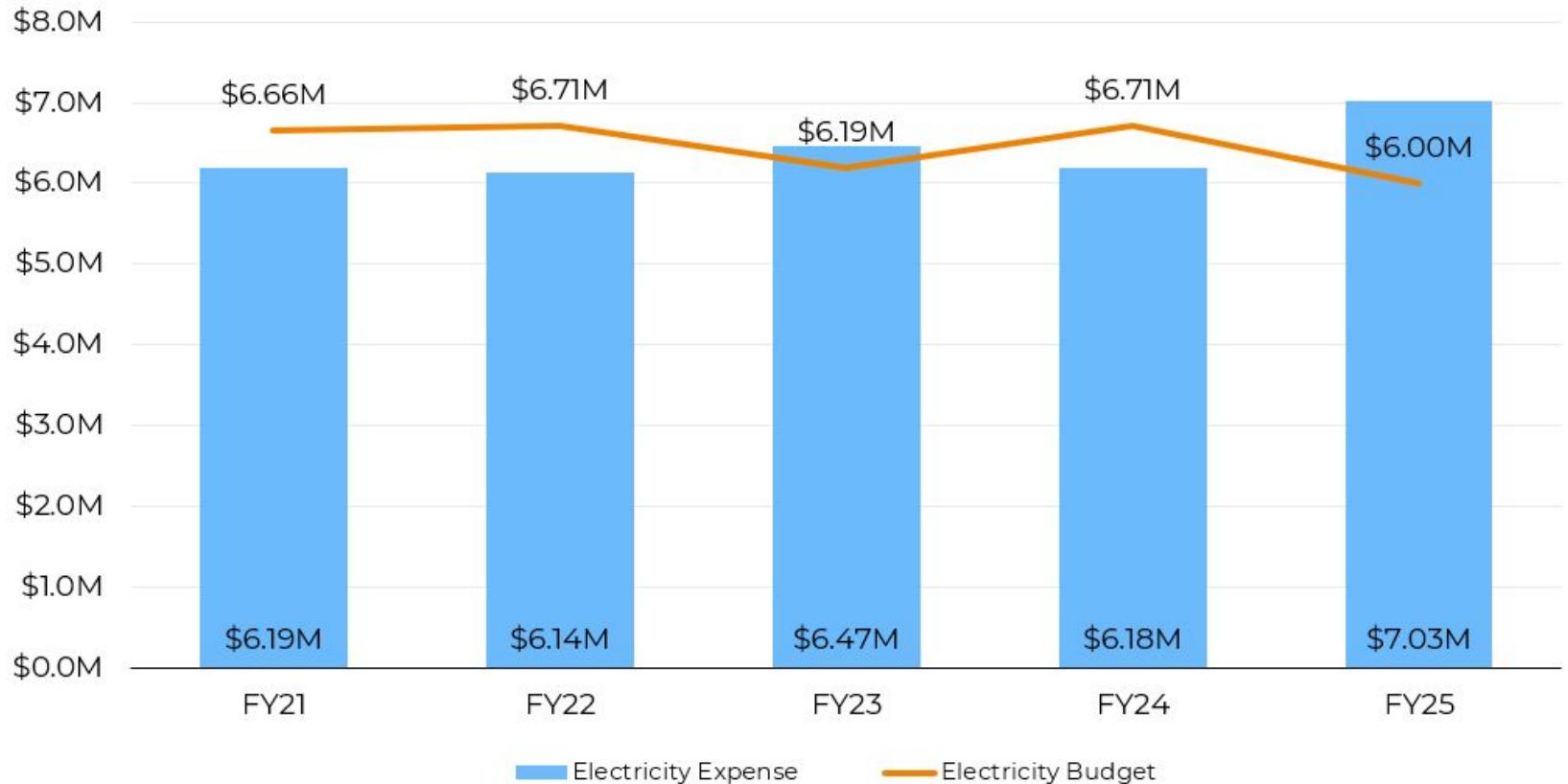


# Contributors to Retained Earnings Deficit

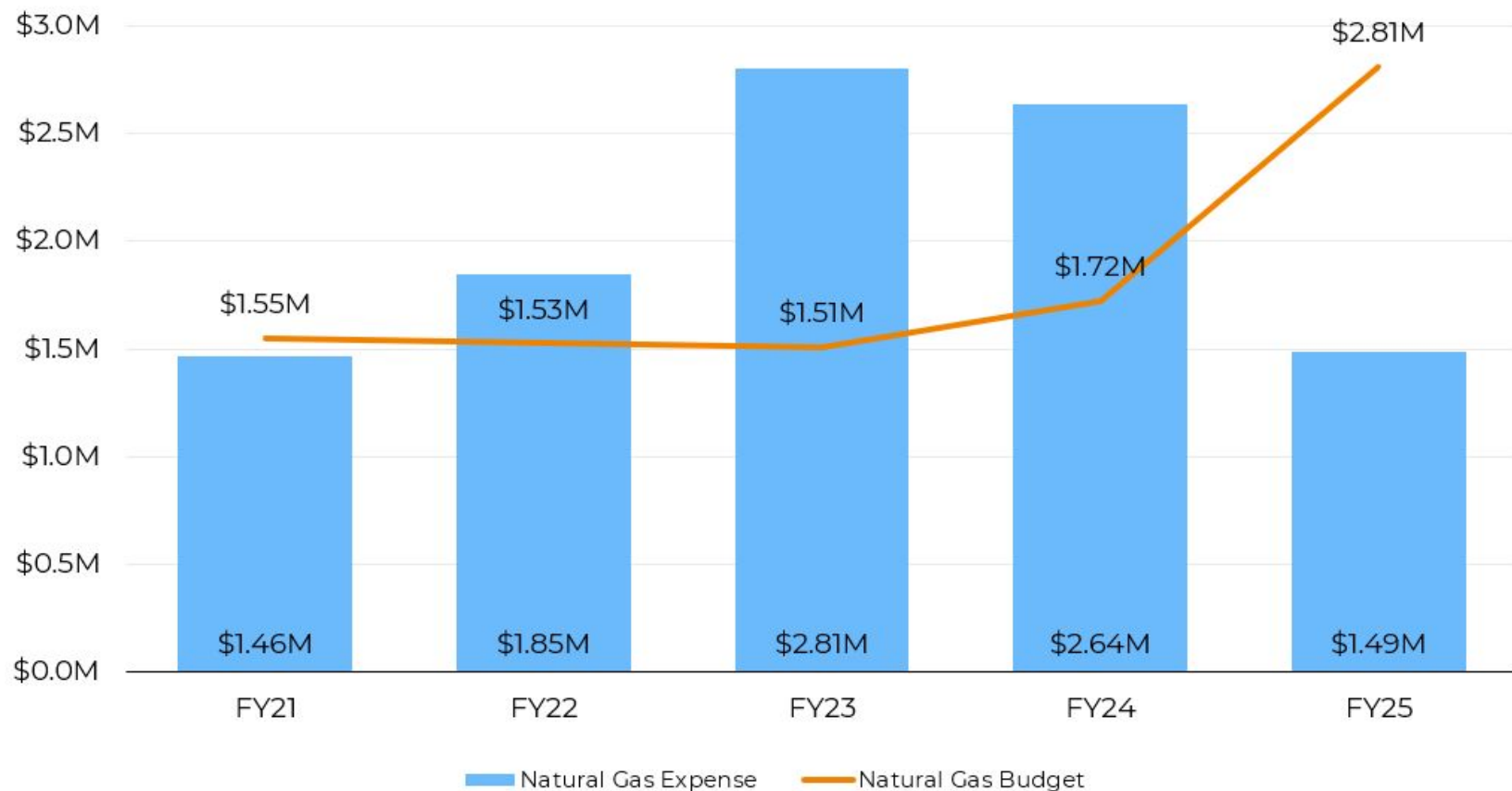
YEAR	CONTRIBUTING FACTOR	COST
FY23	Personnel Expenses (Including Wages, COLA, PFP, Benefits, etc.)	\$1,798,000
FY23	Janitorial Services	\$654,000
FY23	Buildings & Grounds - Supplies, Maint & Repairs	\$1,012,000
FY23	Household Laundry & Janitorial Supplies	\$118,000
FY23	Utilities - Natural Gas	\$960,000
FY23	Utilities - Electricity	\$331,000
FY23	Insurance	\$277,000
FY23	Data Processing Charges	\$101,000
FY23	Vacant Space (rent not collected)	\$667,000
FY24	Personnel Expenses (Including Wages, COLA, PFP, Benefits, etc.)	\$1,261,000
FY24	Security	\$688,000
FY24	Other Small Equipment & Supplies	\$235,000
FY24	Utilities - Water	\$114,000
FY24	Insurance	\$455,000
FY24	Data Processing Charges	\$128,000
FY24	Vacant Space (rent not collected)	\$574,000
FY25	Personnel Expenses (Including Wages, COLA, PFP, Benefits, etc.)	\$1,038,000
FY25	Insurance	\$2,082,000
FY25	Utilities - Electricity	\$844,000
FY25	Utilities - Water	\$187,000
FY25	Utilities - Sewer	\$132,000
FY25	Vacant Space (rent not collected)	\$411,000
<b>Total</b>		<b>\$14,067,000</b>



# Electricity Budget vs Expense



# Natural Gas Budget vs Expense

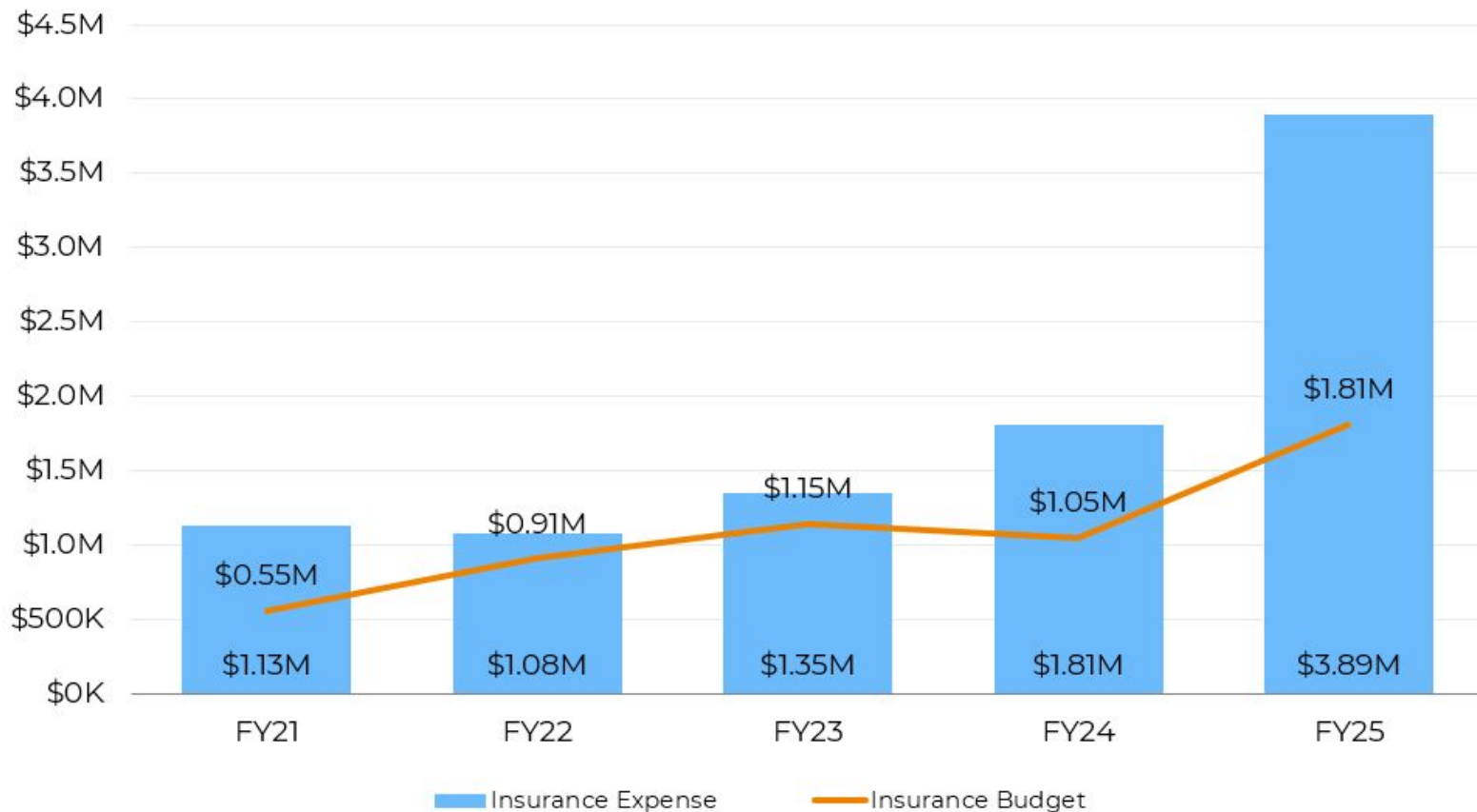


# Security Budget vs Expense

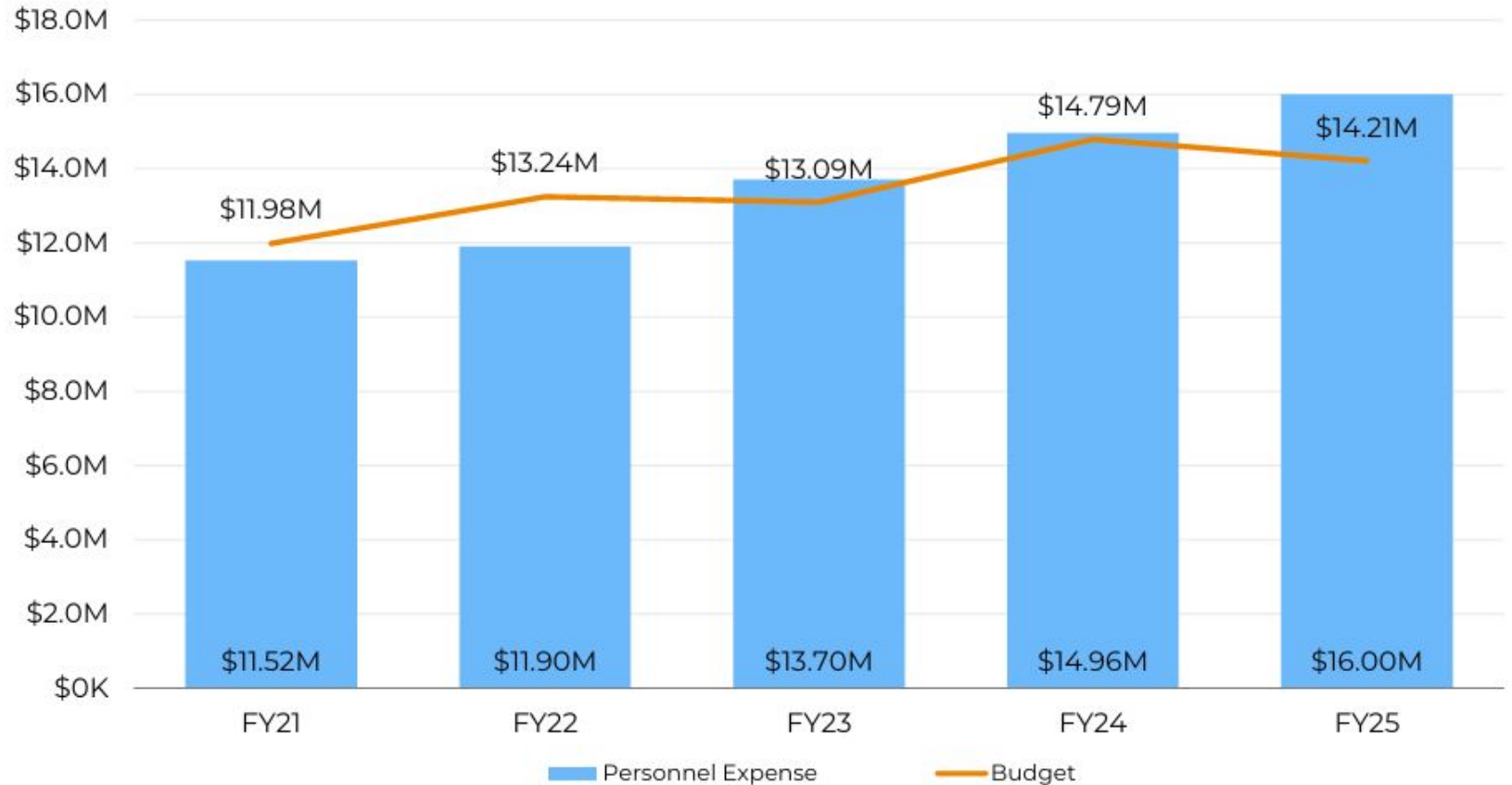




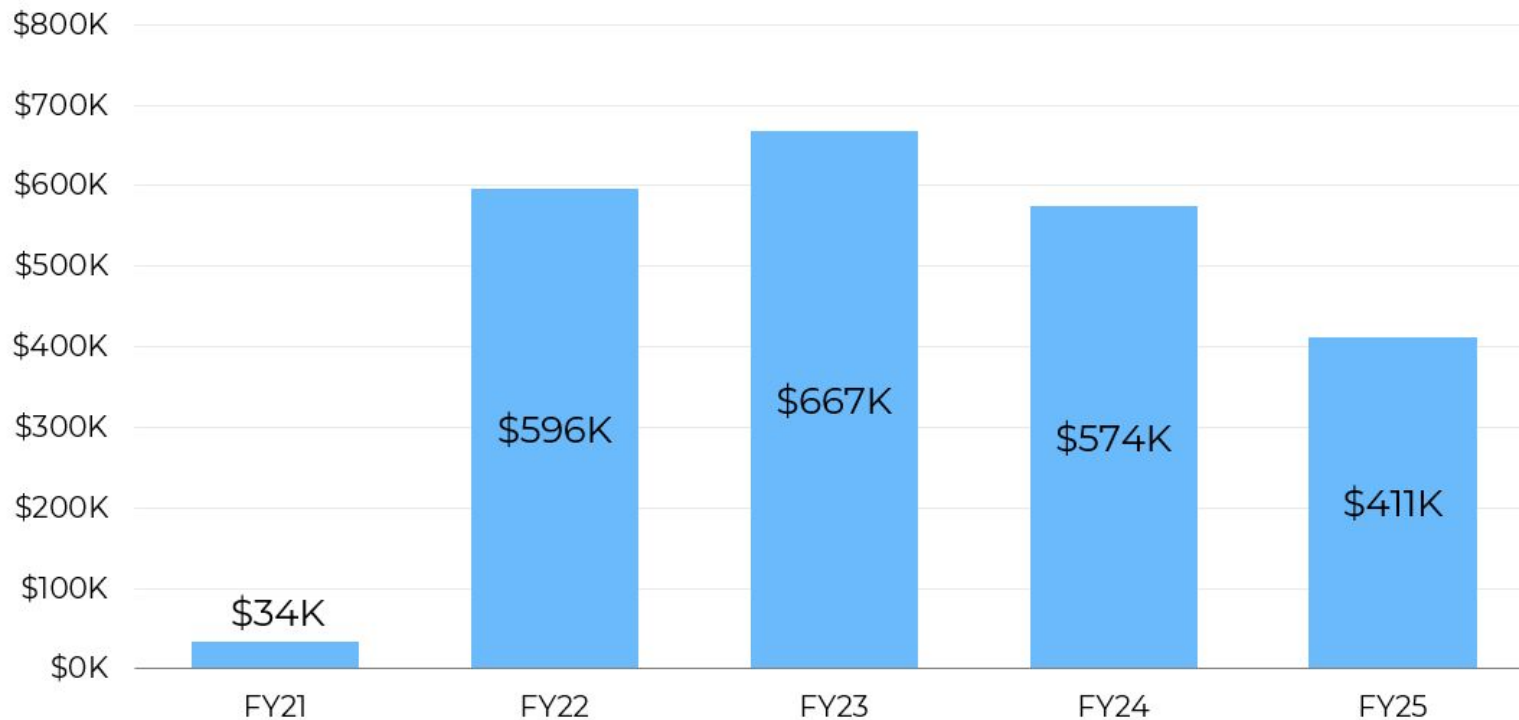
# Insurance Budget vs Expense



# Personnel Budget vs Expense



# Revenue Reduction Due to Cancelled Leases FY21 – FY25



# FY27 Proposed Rate Adjustments for New & Existing Programs

\$4,906,043

Facility		Cost
DGO Fleet & Surplus (Taylorsville)		\$152,996
Lone Peak F&F Admin		\$101,675
Lone Peak F&F Cache		\$21,403
Richfield DNR Cache Warehouse		\$24,606
Manti Courthouse		\$219,737
Manti Bishop's Storehouse		\$10,150
DAQ Vernal		\$18,555
DABS Moab		\$52,520
DABS Roy		\$51,680
DABS Marriott-Slaterville		\$52,520
		\$156,720
<b>TOTAL</b>		<b>\$705,842</b>



# Proposed Corrections Centers

## Proposed New Program Acquisitions in FY27

\$3,407,056

### New Program Acquisitions

Facility	Square Feet	Cost
Community Corrections Centers	341,514	\$3,407,056
<b>TOTAL</b>	<b>341,514</b>	<b>\$3,407,056</b>

# FY27 Rate Cost Drivers

<b>Total Rate Impact</b>	<b>\$8,313,099</b>
New buildings which DFCM will be taking or have taken over their maintenance	\$ 4,030,099
Personnel costs (including unfunded 2025 P4P) increased in FY25 compared to FY24	\$ 1,038,000
Property insurance costs increased 115% in FY25 compared to FY24	\$ 2,082,000
Electricity costs have increased in FY25 compared to FY24	\$ 844,000
Water and sewer costs have increased by 26% in FY25 compared to FY24	\$319,000
<b>Rate Cost Drivers</b>	<b>\$ 8,313,099</b>



# FY2027 Rate Recommendation

## Facility Management

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Department of Government Operations Fleet & Surplus Property (Taylorsville)	Per building	\$ 152,996.00	\$ -	\$ 152,996.00
Lone Peak Forestry & Fire Admin Building	Per building	\$ 101,675.00	\$ -	\$ 101,675.00
Lone Peak Forestry & Fire Cache Logistics	Per building	\$ 21,403.00	\$ -	\$ 21,403.00
Richfield DNR Cache Warehouse	Per building	\$ 24,606.44	\$ -	\$ 24,606.44
Manti Courthouse	Per building	\$ 219,737.00	\$ -	\$ 219,737.00
Manti Bishop's Storehouse	Per building	\$ 10,150.00	\$ -	\$ 10,150.00
DWS St. George	Per building	\$ 96,452.00	\$ 86,452.00	\$ 10,000.00
Dixie Drivers License	Per building	\$ 77,928.00	\$ 72,928.00	\$ 5,000.00
St. George Tax Commission	Per building	\$ 79,224.00	\$ 64,224.00	\$ 15,000.00
St. George Courts	Per building	\$ 843,938.00	\$ 749,135.17 *	\$ 94,802.83
DNR Cedar City	Per building	\$ 122,790.16	\$ 77,790.16	\$ 45,000.00
Provo Regional Center	Per building	\$ 940,462.06	\$ 839,011.10	\$ 101,450.96
Orem Public Safety	Per building	\$ 150,640.00	\$ 130,640.00	\$ 20,000.00
DNR Price	Per building	\$ 167,625.00	\$ 134,000.61 *	\$ 33,624.39
Price Public Safety	Per building	\$ 110,897.00	\$ 90,897.00	\$ 20,000.00
Payson VA Nursing Home	Per building	\$ 269,105.70	\$ 189,105.70	\$ 80,000.00
West Jordan Courts	Per building	\$ 677,835.00	\$ 557,835.00	\$ 120,000.00
DWS Administration	Per building	\$ 869,317.00	\$ 724,674.02 *	\$ 144,642.98
DWS/DHS - 1385 South State	Per building	\$ 608,430.70	\$ 408,430.70	\$ 200,000.00
Utah State Office of Education	Per building	\$ 535,309.00	\$ 459,650.81 *	\$ 75,658.19
Alcoholic Beverage Services Administration	Per building	\$ 1,079,951.92	\$ 954,951.92	\$ 125,000.00
Vernal Department of Air Quality Building	Per building	\$ 18,555.00	\$ -	\$ 18,555.00
Office of Rehabilitation Services	Per building	\$ 337,416.00	\$ 242,876.23 *	\$ 94,539.77
Cannon Health	Per building	\$ 1,010,515.00	\$ 860,515.00	\$ 150,000.00



# FY2027 Rate Recommendation

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
State Library	Per building	\$ 286,749.53	\$ 221,121.80	\$ 65,627.73
State Library Visually Impaired	Per building	\$ 161,243.29	\$ 137,538.65	\$ 23,704.64
State Library State Mail	Per building	\$ 173,009.18	\$ 162,341.55	\$ 10,667.63
Utah State Tax Commission	Per building	\$ 1,200,200.00	\$ 970,200.00	\$ 230,000.00
Tooele Courts	Per building	\$ 419,051.00	\$ 354,051.00	\$ 65,000.00
Salt Lake Government Building #1	Per building	\$ 1,132,934.00	\$ 972,934.00	\$ 160,000.00
Salt Lake Regional Center - 1950 West	Per building	\$ 323,889.98	\$ 250,492.00	\$ 73,397.98
Natural Resources Complex	Per building	\$ 1,055,458.00	\$ 817,296.92 *	\$ 238,161.08
Capitol Hill Complex	Per building	\$ 5,152,052.07	\$ 4,376,080.44 *	\$ 775,971.63
DHHS Ogden - Academy Square	Per building	\$ 519,285.00	\$ 423,780.40 *	\$ 95,504.60
Ogden Courts	Per building	\$ 844,688.00	\$ 651,211.00 *	\$ 193,477.00
DWS Ogden	Per building	\$ 226,748.00	\$ 203,748.00	\$ 23,000.00
Public Safety Depot Ogden	Per building	\$ 46,822.00	\$ 34,822.00	\$ 12,000.00
DPS Crime Lab	Per building	\$ 53,325.00	\$ 48,871.85 *	\$ 4,453.15
Layton Courts	Per building	\$ 215,896.00	\$ 165,896.00	\$ 50,000.00
DHS Clearfield East	Per building	\$ 187,306.00	\$ 127,306.00	\$ 60,000.00
DWS Clearfield/Davis County	Per building	\$ 268,045.29	\$ 202,043.96 *	\$ 60,295.55
Farmington 2nd District Courts	Per building	\$ 781,796.00	\$ 636,388.35 *	\$ 145,407.65
Ogden Public Safety	Per building	\$ 136,964.00	\$ 111,964.00	\$ 25,000.00
Clearfield Warehouse C6 - Archives	Per building	\$ 215,411.40	\$ 182,250.98 *	\$ 33,160.42
Ogden Juvenile Courts	Per building	\$ 702,940.00	\$ 507,880.22	\$ 195,059.78
Box Elder Brigham City Public Safety	Per building	\$ 146,705.00	\$ 71,705.00 *	\$ 75,000.00
Utah State Developmental Center	Per building	\$ 3,348,950.00	\$ 3,098,357.00	\$ 250,593.00
Alcoholic Beverage Services Stores	Per building	\$ 2,754,414.00	\$ 2,597,694.00	\$ 156,720.00

**\$4,906,043**

\* FY26 revised rate approved in June 2025 due to the compensation adjustment





# FY2027 Rate Recommendation

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
UDC Admin Building (includes water tank)	Per building	\$ 817,299.00	\$ -	\$ 817,299.00
UDC Fred House	Per building	\$ 188,248.00	\$ -	\$ 188,248.00
UDC Atherton CTC	Per building	\$ 181,262.00	\$ -	\$ 181,262.00
UDC Bonneville CCC	Per building	\$ 298,846.00	\$ -	\$ 298,846.00
UDC Fortitude TC	Per building	\$ 496,224.00	\$ -	\$ 496,224.00
UDC Northern Utah CCC	Per building	\$ 430,220.00	\$ -	\$ 430,220.00
UDC Orange Street CCC	Per building	\$ 212,613.00	\$ -	\$ 212,613.00
UDC Timpanogos TC	Per building	\$ 336,057.00	\$ -	\$ 336,057.00
UDC Central Valley Office	Per building	\$ 269,358.00	\$ -	\$ 269,358.00
UDC Behavioral Health Treatment Center	Per building	\$ 176,929.00	\$ -	\$ 176,929.00

---

**\$3,407,056**



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Rate Adjustments for 50 programs	Slide 23-24	\$4,906,043
Approve rates for new program acquisition	Slide 25	\$3,407,056
Approve all other existing rates	2025 SB0008S01, Lines 8591- 8729	–



# Secondary Discussion

## Utah Correctional Facilities

Facility	Square Feet	Cost
Utah State Correctional Facility	1,261,763	\$12,602,254
Central Utah Correctional Facility	581,936	\$7,986,814
<b>TOTAL</b>	<b>1,843,699</b>	<b>\$20,589,068</b>

# Division of Technology Services



Alan Fuller Brandi Frandsen  
Chief Information Officer Finance Director  
DGO Technology Services

# DTS Service Performance

- ▷ Application development and support and online services for residents
  - Over 1,200 applications
- ▷ Cybersecurity and data security
  - Whole of state cybersecurity plan
- ▷ State network and wifi
  - Over 450 locations
- ▷ Data center and servers, cloud hosting
  - 3,400 servers: 2,600 cloud and 800 on-premise
- ▷ Computer support for state employees
  - Over 22,000 computers
- ▷ Mapping and GIS services
  - Over 6 million requests per month for geospatial data



# Challenges

- ▷ Security threats
- ▷ Inflation - rising costs
- ▷ Legacy applications and technical debt
- ▷ Changes in agency consumption patterns
- ▷ Federal uncertainty
- ▷ Retained Earnings
- ▷ Compensation increases
- ▷ Staggered pricing in contracts (receiving less discounts in current contract years)
- ▷ Declining consumption of printing, wired communication, and on-premise hosting services



# 2020-2025 Inflation

24.69% CPI

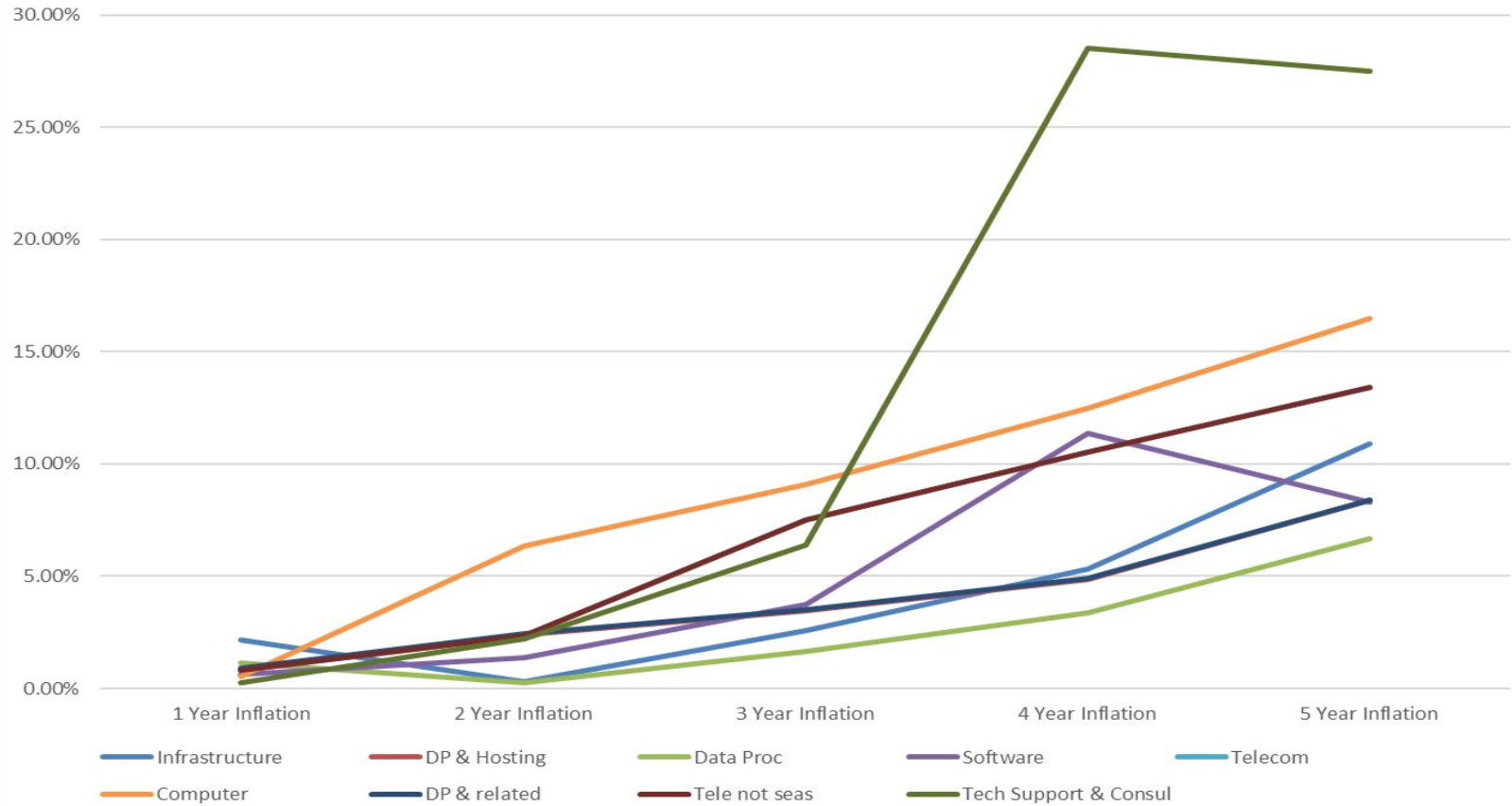
\*Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL)  
<https://fred.stlouisfed.org/series/CPIAUCSL>

27.48% Producer Price Index for Technology

\*Producer Price Index by Commodity: Professional Services (Partial): Information Technology (IT) Technical Support and Consulting Services (Partial) <https://fred.stlouisfed.org/series/WPU45610101>



### 5 Year Inflation (2020-2025)



Source: U.S. Federal Reserve



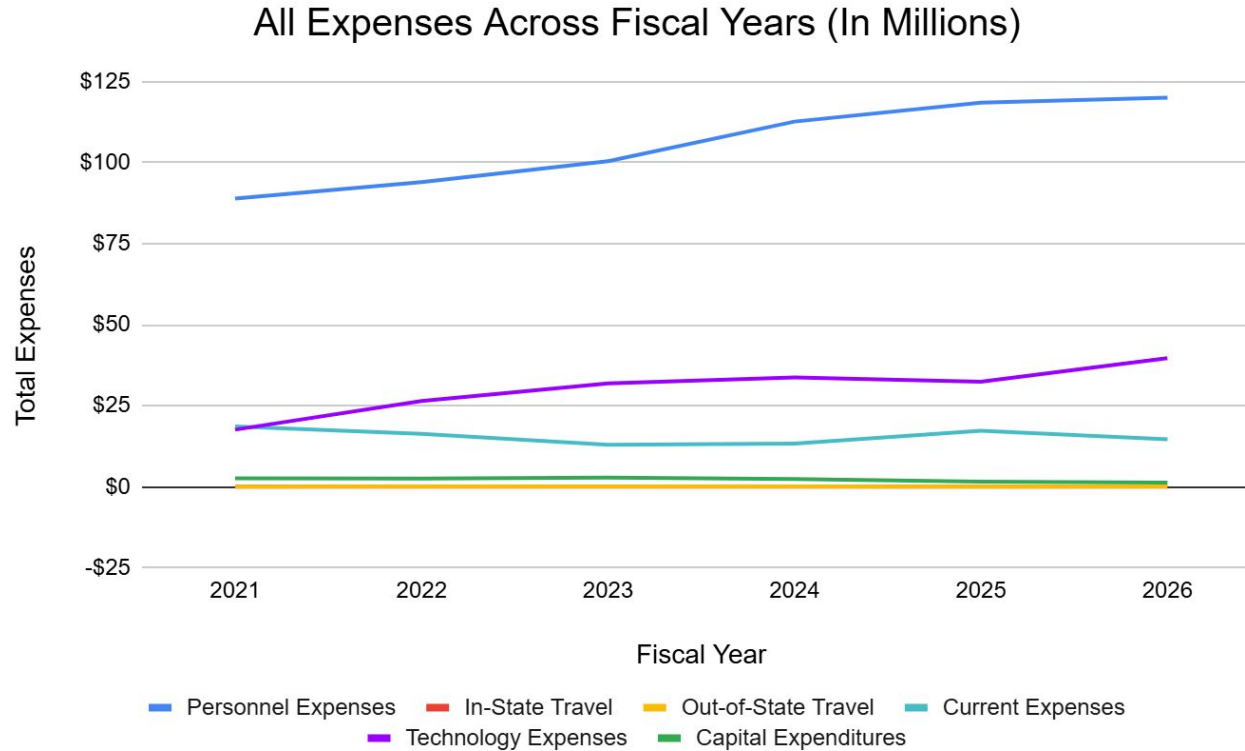


# ISF- \$189 Million

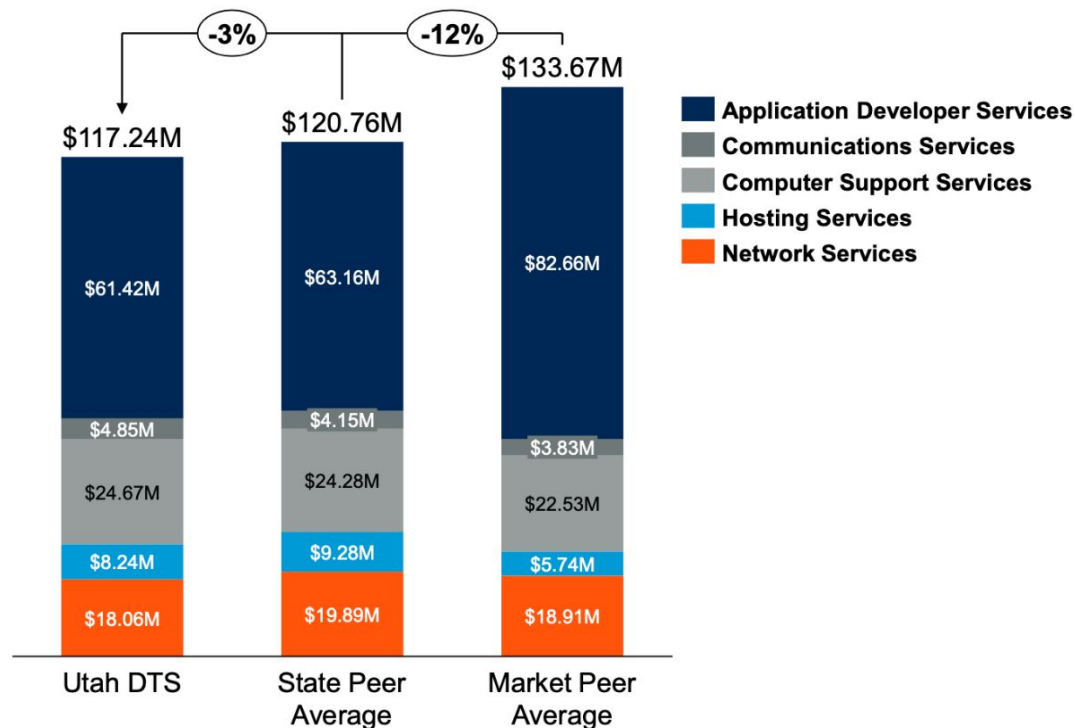
▷ Application	\$66.8 million
▷ Edge	\$28.6 million
▷ Network/Voice	\$26.8 million
▷ Hosting	\$18.5 million
▷ Security	\$17.4 million
▷ Admin	\$7.4 million
▷ Finance	\$2.9 million
▷ Enterprise Products	\$7.6 million
▷ Enter. Software	\$6.6 million
▷ IT Directors other overhead	\$4.1 million
▷ Data Centers/Print	\$2.9 million



# Expenses (in millions)



## DTS rates are below State and Market comparisons for the in-scope benchmarked metrics



- DTS Application Developer spending is the largest area of cost recovery in scope and is below State and Market Peer Average.
- Communications Services and Computer Support Services are higher than State and Market Peer Average.
- Hosting Services are lower than State Peer Average but higher than Market Peer Average. Within Hosting Services, Rack Space Services are lower than State and Market Peer Average.
- Network Services are slightly lower than State and Market Peer Average.

RESTRICTED

# DTS Cost Savings Actions

We have tightened our belts to reduce expenses as much as possible:

- ▷ Maintained FTE
- ▷ Reduced other expenses
  - Palo Alto discount (\$334K)
  - Increase in AWS savings (\$382K)
  - DaaS Citrix / Patch my PC contract change (\$238K)
  - Removing GVCE maintenance (\$208K)
  - Fortinet and MS SQL licensing decreases (\$207K)
  - Training / Travel / Conventions / Peripherals reductions



---

# Retained Earnings

# Retained Earnings

- ▷ Retained earnings types
  - Retained earnings recorded on balance sheet eligible for general use
    - Federal: Retained earnings adjusted for allowable costs per federal rule
- ▷ Retained earnings are constrained by federal rules
  - DTS is allowed to keep 45 days of operating expenses
- ▷ Use retained earnings for:
  - Rate shortfalls, since they are set 1.5 years in advance
  - Cost variability
  - Demand changes
- ▷ If no retained earnings, DTS must borrow against general fund
  - Borrowing capability is restricted



# Retained Earnings FY2025

DTS Service	Fed Allowed Amount	DTS Federal Amount (est)	Under/ <b>Over</b> Fed. Amount		Balance Sheet Retained Earnings
Desktop	\$4.6M	\$(0.34) M	\$5.0M		\$0.3 M
Hosting	\$2.6 M	\$1.16 M	\$1.5 M		\$1.7 M
Application Development	\$9.9 M	\$(4.2) M	\$14.1 M		\$(2.7) M
Printing	\$0.9M	\$(0.05) M	\$0.14 M		\$(0.04) M
Communication	\$ 1.1M	\$2.6M	<b>\$1.48 M</b>		<b>\$2.8 M</b>
Network	\$2.6 M	\$(2.1) M	\$4.7 M		\$(2.0) M
Security (Forgerock)	\$1.7 M	\$6.0 M	<b>\$4.3 M</b>		<b>\$6.5 M</b>



# Retained Earnings Comparison 2024-2025

DTS Service	FY24 RE	FY25 RE (estimated)
Desktop	\$2,147,832	\$285,933
Hosting	\$1,098,302	\$1,718,267
Application Development	\$112,811	\$(2,747,821)
Printing	\$95,330	\$(37,126)
Communication	\$2,687,081	\$2,812,909
Network	\$94,951	\$(2,043,478)
Security (Forgerock)	\$4,413,289	\$6,532,390





# Retained Earnings

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25 (est)</b>
Vantage RE	\$17,040,439	\$15,537,578	\$15,751,465	\$10,649,595	\$6,521,074
FY 26-27 Forgerock Obligation					(\$4,200,000)
<b>TOTAL</b>					<b>\$2,321,074</b>



---

# FY2027 Proposed Rates

# FY2027 Rates

[See Rate Sheet](#)

2.2% overall increase



# What's included in the User Rate?

- Google Email and Collaboration Tools
- Security Support (Authentication Services)
- Adobe Pro/Sign
- Active Directory License



# User Rate

FY2026 approved rate: \$40.93

FY2027 proposed rate: \$47.10

Microsoft EMS G3 / G5	\$0.72
Google Workspace contract	\$2.28
Adobe Pro/Sign Usage Increase	\$0.84
Other increases (Forgerock, Silverfort, Twilio, Virtu, Identity Manager)	\$1.67
Organization changes and FTE realignment	\$0.94
Change in counts	\$0.15
Turnover savings	\$-0.50
Misc changes	\$0.07
<i>Total</i>	<i>\$6.17</i>



# What's included in the Device Rate?

- Computer and Helpdesk Support
- Network Connection (internet service provider, system service provider, virtual private network)
- Security Support
- Security Assessment and Remediation
- System Center Configuration Manager (SCCM) License



# Device Rate

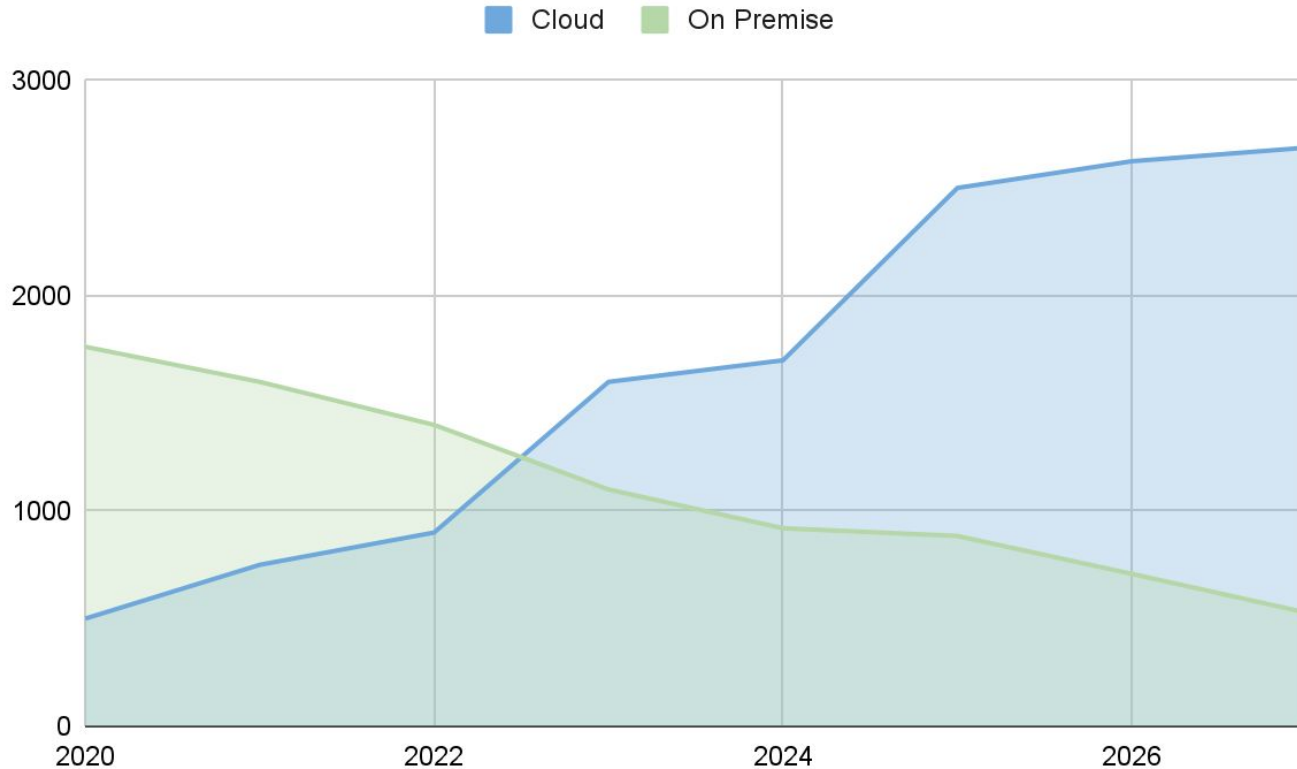
FY2026 approved rate: \$203.87

FY2027 proposed rate: \$206.20

Organization changes and FTE realignment	\$-4.64
Software increases (Microsoft EMS G3, InfoBlox, CVE, Forescout, etc.)	\$5.22
Security Assessment & Remediation, Absolute & Proactive Insights	\$2.90
Tonaquint Data Center & hardware refreshes	\$1.48
Overhead & allocation	\$4.08
Device count change	-\$1.40
Turnover savings	-\$4.70
Misc changes	-\$0.61
<i>Total</i>	<i>\$2.33</i>



# Migration to the Cloud





# Hosting Rate - CPU

FY2026 approved rate: \$38.47

FY2027 proposed rate: \$52.94

Counts Changes	\$18.17
Software Changes	-\$0.65
On-Premise Hardware Replacement	\$2.19
Other Expense Changes	-\$4.54
Turnover Savings	-\$0.70
<i>Total</i>	<i>\$14.47</i>



# Hosting Rate - Storage

FY2026 approved rate: \$0.0341

FY2027 proposed rate: \$0.0703

Counts Changes	\$0.0212
Software Changes	\$0.0036
Nimble Capital Purchase	\$0.0097
Other Expense Changes	-\$0.0005
Previous Year RE Changes	\$0.0033
Turnover Savings	-\$0.0011
<i>Total</i>	<i>\$0.0362</i>



# Rate Cost Drivers

<b>Total Rate Impact</b>	<b>\$ 4,159,400</b>
ServiceNow expense moved to Citizen Portal	(\$873,900)
Internal billing elimination	(\$857,300)
Cloud expense adjustments based on agency demand	(\$475,800)
Increase in AWS savings plan budget	(\$382,000)
Removed GCVE maintenance from budget	(\$208,300)
CenturyLink rates decreased for toll-free usage	(\$205,000)
DaaS Citrix RDS contract renegotiation	(\$137,400)
Consolidated ConvergeOne contract	(\$124,100)
Removed Fortinet licensing from budget	(\$115,500)
Patch my PC contract change	(\$101,000)
Variable expense decrease including peripherals, bus pass, travel, and other current expense	(\$97,400)
DTS VoIP reductions	(\$74,500)
Cancellation Mobichord Consulting	(\$40,000)
Server maintenance for offsite servers	(\$22,000)



## Rate Cost Drivers (Continue)

Added Journey Team to UEM budget	\$30,000
Hosting increases for Forgerock migration	\$66,100
Oracle price increases	\$101,200
Increase in Twilio SMS and SMTP	\$114,700
Increase in Forescout hardware/software support	\$120,400
Operations and Management ISF increases	\$121,700
Gartner Technical Professional Licensing	\$123,200
Proactive Insights	\$124,300
New F5 environment	\$130,000
Increase in Forgerock identity and access management platform	\$140,800
On-prem replacement server hardware	\$174,300
Increase to technology data processing costs	\$195,400
InfoBlox contract renewal with increased expense	\$202,200
Increase cost estimates for SWCAP	\$220,300



## Rate Cost Drivers (Continue)

New capital purchases for network hardware refresh	\$223,600
Rubrik maintenance upgrade	\$228,000
Cost increase due to Adobe Pro/Sign usage	\$252,500
Absolute security software	\$259,300
Tonaquint Data Center Space/Power Costs	\$290,000
Increase in CVE SmartNet (Cisco Support Services) for growth	\$294,500
Department Overhead Allocation Increase	\$299,400
Security Assessment and Remediation Tools	\$400,000
Other software/hardware maint changes under \$100k (120+ changes)	\$589,300
Microsoft EMS G3 / G5 contract changes	\$633,300
Google Workspace contract renewal with increased expense	\$680,700
Enterprise Software Cleanup	\$750,500
Large users migrating off of on-premise hosting causing significant drop in counts	\$1,107,900
<b>Total Cost Drivers</b>	<b>\$4,159,400</b>



# FY2027 Rate Recommendation

## Seat Rates

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
User Rate	Email/Month	\$47.10		\$40.93	*	\$6.17
Device Rate	Device/Month	\$206.20		\$203.87	*	\$2.33

## Application Developer Rates

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
Tier 1	Hour	\$91.02		\$91.02	*	\$0.00
Tier 2	Hour	\$105.01		\$105.01	*	\$0.00
Tier 3	Hour	\$126.45		\$126.45	*	\$0.00
Tier 4	Hour	\$144.37		\$144.37	*	\$0.00
Intern	Hour	\$25.50		\$25.50	*	\$0.00



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# FY2027 Rate Recommendation

## Communication and Phone Services

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
Business Phone Line VoIP	Line/Month	\$23.35		\$25.57	*	(\$2.22)
Toll Free Usage	Minute	\$0.0246		\$0.0338	*	(\$0.0092)
Contact Center	Core License/Month	\$45.31		\$45.67	*	(\$0.36)
Mobile Technician Labor	Hour	\$106.50		\$106.32	*	\$0.18

## Computer Support Services

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
DaaS AWS	Cost Plus 10%	Cost Plus 10%		Cost Plus 10%		\$0.00
DaaS Citrix/GCP	Device/Month	\$59.28		\$53.68	*	\$5.60
On-Call Support	SBA	SBA		SBA		\$0.00

## Database Services

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
OracleDatabaseHostingCoreModel	SBA	SBA		SBA		\$0.00
OracleDatabaseHostingSharedModel	SBA	SBA		SBA		\$0.00
Database SQL	GB/Month	\$11.80		\$10.19	*	\$1.61



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# FY2027 Rate Recommendation

## Hosting Services - Private Cloud

Rate Name	Service Unit	FY2027 Proposed	FY2026 Approved		Amount Change
		Rate	Rate		
Processing CPU	CPU/Month	\$52.94	\$38.47	*	\$14.47
Memory	GB/Month	\$9.17	\$7.46	*	\$1.71
General Purpose Storage	GB/Month	\$0.0703	\$0.0341	*	\$0.0362
Back-up Services	GB/Month	\$0.1202	\$0.0968	*	\$0.0234
Data Center Rack Space - Full Rack	Rack/Month	\$936.86	\$936.86		\$0.00
Data Center Rack Space - Rack U	Rack U/Month	\$31.23	\$31.23		\$0.00
Cloud Hosting and Storage Services	Actual Cost	Actual Cost	Actual Cost		\$0.00
Cloud Infrastructure	Hour	\$2.69	\$2.93	*	(\$0.24)

## Network Services

Rate Name	Service Unit	FY2027 Proposed	FY2026 Approved		Amount Change
		Rate	Rate		
Network Services - IoT	Connection/Month	\$9.82	\$9.82		\$0.00
Network Services - 10GB	Connection/Month	\$341.96	\$329.12	*	\$12.84

## Print Services

Rate Name	Service Unit	FY2027 Proposed	FY2026 Approved		Amount Change
		Rate	Rate		
Secure Application Print	Image	\$0.0411	\$0.0332	*	\$0.0079



\* FY26 revised rate approved in June 2025 due to the compensation adjustment



# FY2027 Rate Recommendation

## Miscellaneous Services

Rate Name	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
DTS Consulting Charge	Hour	See Application Developer Table Above	See Application Developer Table Above *	\$0.00
Consultant Services (Managed Service Provider)	N/A	Cost + 3%	Cost + 3%	\$0.00
Enterprise Software (Adobe, Microsoft, Salesforce, ServiceNow, etc.)	N/A	Cost + 10%	Cost + 10%	\$0.00
Other Technical Services	N/A	Cost + 10%	Cost + 10%	\$0.00
Integration Hub - Apigee	SBA	SBA	SBA	\$0.00
Website Hosting and Maintenance	Website/Month	\$425.00	\$425.00	\$0.00

## UGRC Services

Rate Name	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
GPS Subscriptions	Subscription/Year	\$600.00	\$600.00	\$0.00
GIT Professional Labor	Hour	See Application Developer Table Above	See Application Developer Table Above *	\$0.00
Sub-Contractor Imagery Data Usage Fee **User/Year		\$125.00	\$0.00	\$125.00



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# FY2027 Rate Recommendation

## Special Billing Rates for Other Entities

Rate Name	Service Unit	FY2027 Proposed		FY2026 Approved		Amount Change
		Rate		Rate		
Computer & Helpdesk	Device/Month	\$89.86		\$88.76	*	\$1.10
AD P1 Licenses	License/Month	\$4.54		\$4.54		\$0.00
Adobe Pro/Sign	Device/Month	\$3.80		\$2.94		\$0.86
Google Email and Collaboration Tools	Account/Month	\$14.90		\$11.57	*	\$3.33
Network Connection	Device/Month	\$85.49		\$82.28	*	\$3.21
Security Support/IAM	Device/Month	\$64.24	✓	\$58.07	*	\$6.17
Cyber Liability Insurance	Monthly Cost	\$297.08		\$297.08		\$0.00
Network Connection - Non-Cabinet Agen	Device/Month	\$101.55		\$96.80	*	\$4.75



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Rate Adjustments	Slide 54-58	\$4,159,400
Approve all other existing rates	2025 SB0008S01, Lines 6507- 6570	–



# Division of Purchasing & General Services



Windy Aphayrath  
Division Director  
Division of Purchasing & General Services

# Purchasing & General Services

Is made up of:

- ▷ Cooperative Contracts
- ▷ Print Services
- ▷ State and Federal Surplus Property
- ▷ Mail and Distribution Services



# Cooperative Contracts

FY 2025

Average  
Discount on  
Cooperative  
Contracts

Actual  
28%

Target: 40%

Total Number of  
Cooperative  
Contracts

Actual  
1,256

Target: 1,000

Total Spend on  
Cooperative  
Contracts

Actual  
\$1.2  
Billion

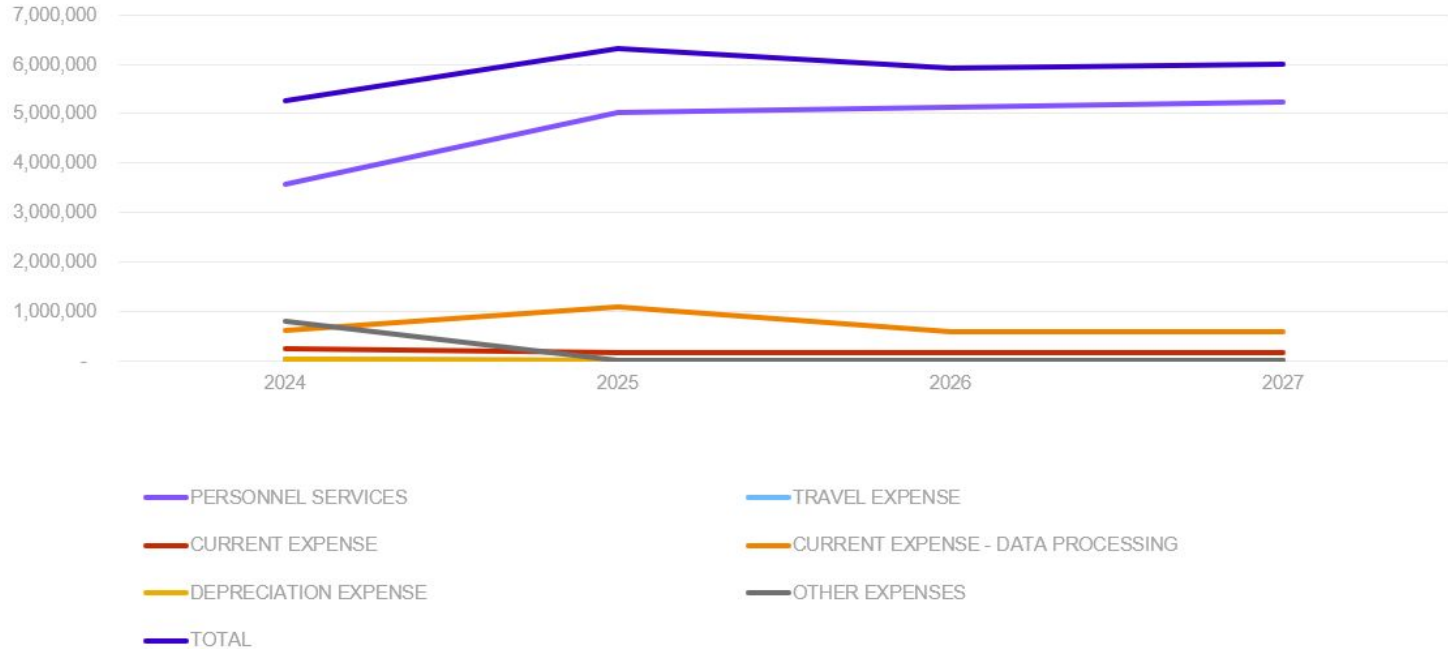
Target: \$900  
Million



# Cooperative Contracts: Retained Earnings, Net Income, and Operating Capital



# Cooperative Contracts: Expenses





# FY2027 Rate Recommendation

---

## Cooperative Contracts

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Administrative Fee	Per Contract/Per Quarter	Up to 1%	Up to 1%	\$0.00



# Print Services Program: Copier Lease and State Copy Center

Copier Lease  
Program

25,724,892  
impressions

Copier Lease  
Program

716 copiers  
in the  
program

24% decrease

State Copy  
Center

1,857,004  
impressions  
\*\*Only copies  
from before  
contract  
renewal

State Copy  
Center

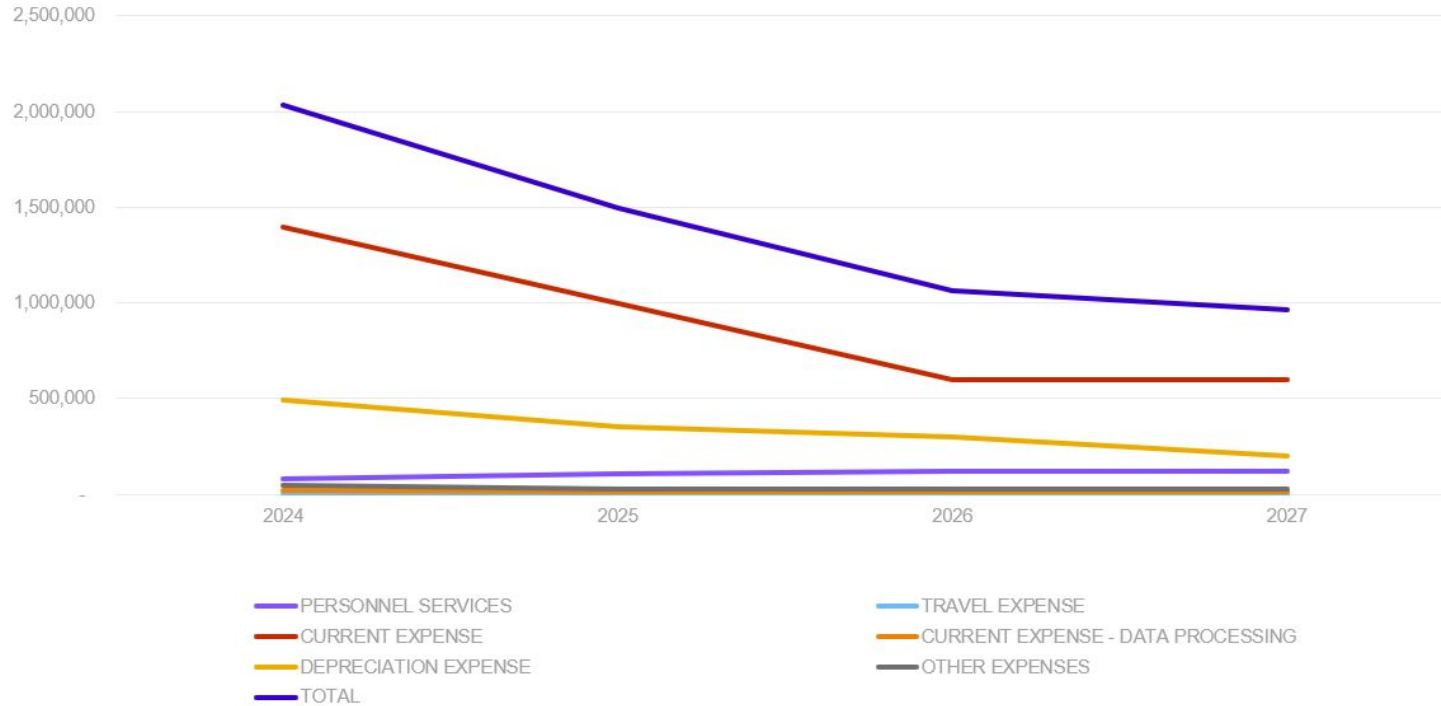
Managed by  
Xerox



# Print Services: Retained Earnings, Net Income, and Operating Capital



# Print Services Expenses



# FY2027 Rate Recommendation

## Print Services

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Self Service Copy Contract Management	Per Copy	\$0.004	\$0.004	\$0.00



# Print Services Program: Rates

## Considerations:

- Continued work to sunset Copier Lease program
- Anticipated shut down date is 6/30/2027
- New contract for contracted copy center – implemented 12/1/2024. Billing is now direct to customer.



# State/Federal Surplus Property Programs

FY 2025



\$3,946,069  
Returned to  
agencies through  
the state surplus  
program



\$2,121,278  
Saved Utah law  
enforcement  
agencies through  
the 1033 program



\$438,095  
saved Utah donees  
through the Federal  
Donation Program

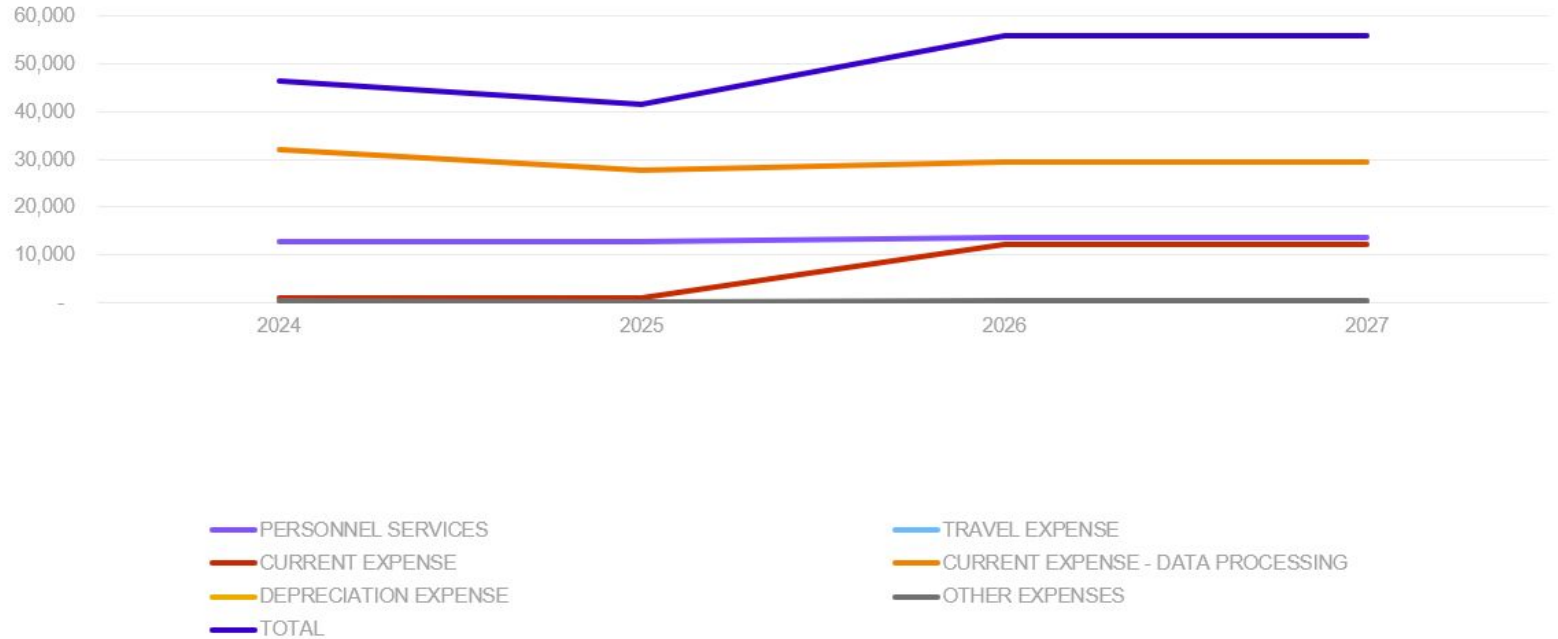


# Federal Surplus: Retained Earnings, Net Income, and Operating Capital





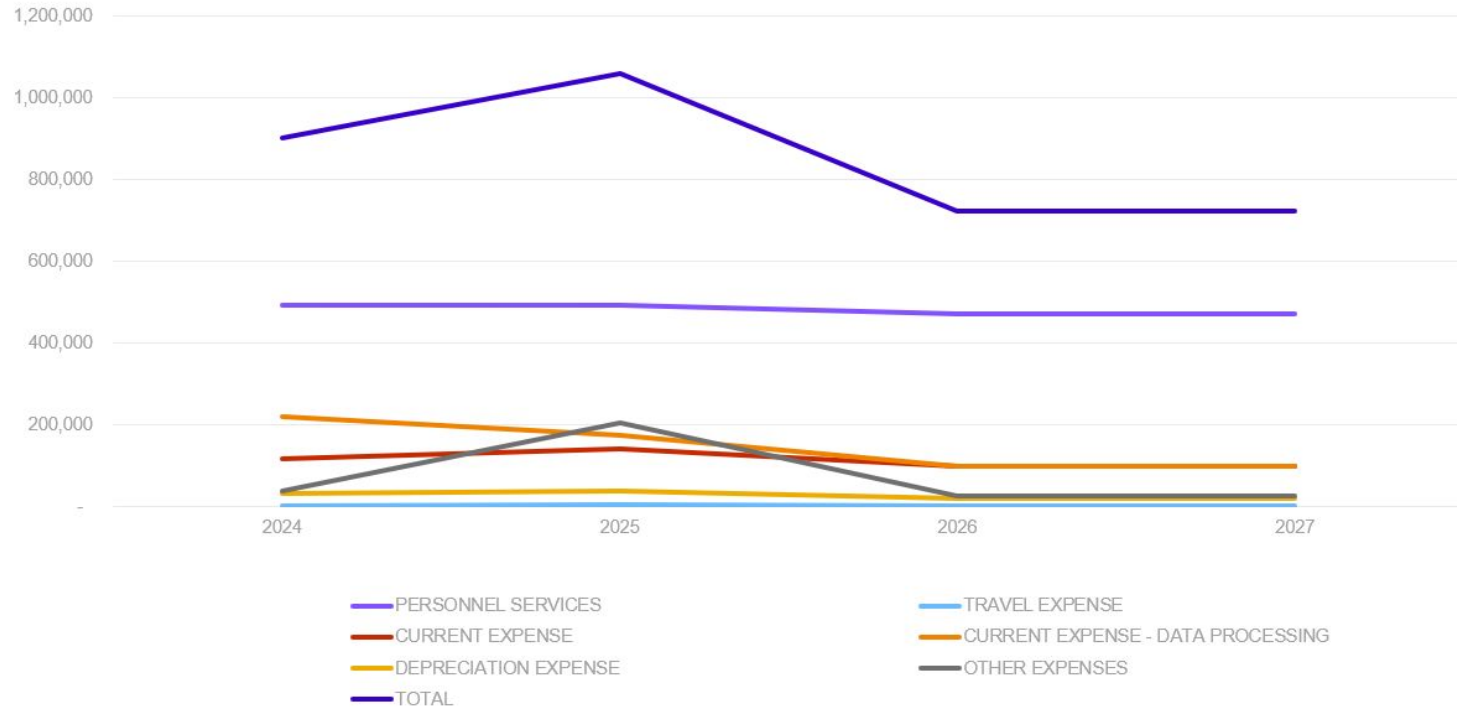
# Federal Surplus Expenses



# State Surplus: Retained Earnings, Net Income, and Operating Capital



# State Surplus Expenses



# FY2027 Rate Recommendation

## Federal Surplus

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Shipping & Handling Charges	Per Service	NTE 20% of acquisition cost	NTE 20% of acquisition cost	\$0.00
A/R Late Fees (30 days)	Per Unit	5% of Balance	5% of Balance	\$0.00
A/R Late Fees (60 days)	Per Unit	10% of Balance	10% of Balance	\$0.00



# FY2027 Rate Recommendation

## State Surplus

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Surcharge for Use of Credit Card	Per Transaction	Up to 3%	Up to 3%	\$0.00
Online Sale – Non-Vehicle	Per Transaction	50% of net proceeds	50% of net proceeds	\$0.00
Total Sales Proceeds	Per Transaction	See formula	See formula	\$0.00
Handheld Devices - Less than 1-Year Old	Per Transaction	75% of actual cost	75% of actual cost	\$0.00
Handheld Devices - 1 Year and Older	Per Transaction	50% of cost - \$30 minimum	50% of cost - \$30 minimum	\$0.00
Unique Property Processing	Per Transaction	Negotiated % of sales price - \$25 minimum	Negotiated % of sales price - \$25 minimum	\$0.00
Electronic/Hazardous Waste Recycling	Per Transaction	Actual cost + 10%	Actual cost + 10%	\$0.00
Vehicles and Heavy Equipment	Per Transaction	6.5% of Net Sale + \$100/vehicle	6.5% of Net Sale + \$100/vehicle	\$0.00
Default Auction Bids	Per Transaction	10% of sales price	10% of sales price	\$0.00
Labor	Per hour	\$26	\$26	\$0.00
Copy Rates	Per copy	\$0.10	\$0.10	\$0.00
Semi Truck and Trailer Service	Per mile	\$1.08	\$1.08	\$0.00
Two-ton Flat Bed Service	Per mile	\$0.61	\$0.61	\$0.00
Forklift Service	Per hour	\$23.00	\$23.00	\$0.00
On-site sale away from Surplus Property yard	Per Transaction	7% of net sale price	7% of net sale price	\$0.00
Disposal Rate	Per Transaction	Actual cost + 10% dumpster fee	Actual cost + 10% dumpster fee	\$0.00
Past due 30 days	Per Transaction	5% of balance	5% of balance	\$0.00
Past due 60 days	Per Transaction	10% of balance	10% of balance	\$0.00
Building - Storage	Per item stored	\$0.43	\$0.43	\$0.00
Fenced lot - Storage	Per item stored	\$0.23	\$0.23	\$0.00



# State and Federal Surplus Property Programs: Rates

## Considerations:

- Current rate system does not reflect true cost of service provided.
- Recommend adjustments to allow operation closer to break even point after move.
- Move to new building completed May 2025. Rates to be assessed after program is fully operational in new location.



# Mail and Distribution Services Program

FY 2025



\$1,999,141 cost  
avoidance by  
State Mail for  
processing mail  
for USPS



17,506,434  
pieces of mail  
processed



56,960,827  
billable  
production tasks  
completed



# Mail and Distribution Services Program: Retained Earnings, Net Income, and Operating Capital





# Mail and Distribution Services Courier Expenses



# Rate Cost Drivers

<b>Total Rate Impact</b>	<b>\$ 350,548.24</b>
Due to increases in both vehicle and personnel costs, the unit cost per minute and per mile for our courier services has risen. The unit cost has risen from \$0.35/minute and \$0.40/mile to \$0.44/minute and \$0.58/mile.	\$ 350,548.24
<b>Total Cost Drivers</b>	<b>\$ 350,548.24</b>



# FY2027 Rate Recommendation

## State Mail

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Courier - Zone 1	Per Stop	\$3.29	\$2.26	\$1.03
Courier - Zone 2	Per Stop	\$7.70	\$3.88	\$3.82
Courier - Zone 3	Per Stop	\$11.40	\$8.04	\$3.36
Courier - Zone 4	Per Stop	\$15.66	\$9.70	\$5.96
Courier - Zone 5	Per Stop	\$19.85	\$14.35	\$5.50
Courier - Zone 6	Per Stop	\$23.61	\$17.79	\$5.82
Courier - Zone 7	Per Stop	\$30.14	\$21.73	\$8.41
Courier - Zone 8	Per Stop	\$36.12	\$26.42	\$9.70
Courier - Zone 9	Per Stop	\$39.96	\$28.49	\$11.47
Courier - Zone 10	Per Stop	\$42.39	\$33.22	\$9.17
Courier - Zone 11	Per Stop	\$49.50	\$36.02	\$13.48
Courier - Zone 12	Per Stop	\$56.61	\$39.87	\$16.74



# FY2027 Rate Recommendation

## State Mail

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Incoming Optical Character Recognition Sort	Per Piece	\$0.01	\$0.01	\$0.00
Business Reply/Postage Due	Per Piece	\$0.54	\$0.54	\$0.00
Special Handling/Labor	Service	\$85.00	\$85.00	\$0.00
Auto Fold	Per Piece	\$0.02	\$0.02	\$0.00
Label Generate	Per Piece	\$0.08	\$0.08	\$0.00
Label Apply	Per Piece	\$0.06	\$0.06	\$0.00
Auto Tab	Per Piece	\$0.10	\$0.10	\$0.00
Meter/Seal	Per Piece	\$0.04	\$0.04	\$0.00
Optical Character Reader	Per Piece	\$0.03	\$0.03	\$0.00
Additional Insert	Per Piece	\$0.01	\$0.01	\$0.00
Accountable Mail	Per Piece	\$1.45	\$1.45	\$0.00
Intelligent Inserting	Per Piece	\$0.03	\$0.03	\$0.00
Priority Meter/Seal	Per Piece	\$2.00	\$2.00	\$0.00



# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Mail Task: Courier Rate Adjustments	Slide 83-84	\$350,548
Approve all other Purchasing & General Services existing rates	2025 SB0008S01, Lines 5838-5919	–



# Division of Fleet Operations



Cory Weeks  
Division Director  
Division of Fleet Operations

# Internal Service Funds

- ▷ Motor Pool
- ▷ Fuel Network



# Motor Pool Background & Performance Update

- ▶ The State Motor Pool ISF provides vehicles, vehicle lifecycle management, maintenance, and statutory reporting compliance to all state agencies and higher education institutions.
- ▶ FY24 and FY25 has been a time of catching up with new vehicle replacements. In FY26, we are on track to return to normal cycles; however, vehicle prices and maintenance costs remain extremely high post Covid.
- ▶ Motor Pool has four shared motor pools, which will allow better vehicle sharing between agencies.
  - Ogden, MASOB, TSOB, and Provo.
- ▶ Major concerns exist with vehicle upfitting and the cost of vehicle maintenance.

Fleet anticipates that Federal tariffs increases will have a major impact on fleet expenses in FY26 and FY27.





# Addressing Motor Pool Concerns

## Vehicle Upfitting

- ▷ Primarily affects law enforcement and specialized trucks.
- ▷ Small market for qualified upfitters leads to long turn around times before a vehicle can be placed in service.
- ▷ In FY25, Fleet began working with new vendors in the market and is moving vehicles through the upfit bottleneck faster.

## Vehicle Maintenance Costs

- ▷ In FY25, Fleet implemented five-year contracts with stipulated pricing.
- ▷ Fleet is working to shorten vehicle lifecycles in an effort to lower maintenance expenses and improve the total cost of ownership.
- ▷ In FY26, the vehicle maintenance rate moved from a per mile to a flat rate.

## Tariff Related Costs

- ▷ Implemented a Buyers Guide to control vehicle costs by focusing on Total Cost of Ownership and vehicles built in America.
- ▷ Reducing the vehicle lifecycle to ensure most repairs will be covered by the vehicle warranty.



# Fuel Network Background & Performance Update

- ▶ The State Fuel Network ISF provides fuel, fuel site management, and fuel card management services to all state agencies, all higher education institutions, and over 250 other political subdivisions.
- ▶ State agencies and higher education are required to participate.
- ▶ Other political subdivisions can opt-in to the program.
- ▶ 17.48M gallons of fuel in FY26, 46% through fuel network “state” sites.
- ▶ 240 fuel sites managed by the fuel network.
- ▶ The major concern with the fuel network is that we’ve seen a shift away from state fuel network usage.



# Addressing Fuel Network Concerns

## Encouraging State Fuel Usage

- ▷ Fleet is proactively keeping sites attractive by regularly cleaning locations and painting tanks and bollards as part of our maintenance.
- ▷ Estimated savings is an average of \$0.40 per gallon.
- ▷ For required participants, Fleet will continue emphasizing the potential savings to agencies by using the fuel network.
  - In 2021, DPS implemented a requirement to use state fuel more and saved significant budget.
    - CY24: nearly 80% came from the fuel network sites.
    - About \$76,000 savings compared to state average.
  - DNR has made state fuel site usage a component of their GRIT initiative.



---

# Market Comparisons

# Market Comparison

In accordance with **Utah title 63A-9-401(1)(j)**:

*... the Division of Fleet Operations shall "conduct an annual market analysis of proposed rates and fees, which analysis shall include a comparison of the division's rates and fees with the fees of other public or private sector providers where comparable services and rates are reasonably available."*



# Motor Pool Market Comparison

## Daily Motorpool Rates SFY27

Vehicle Class	Utah DFO	Colorado	Nevada	Oregon	Enterprise	Most Affordable
Small Sedans	\$33.33	\$45.00	\$37.34	\$50.00	\$35.00	Utah DFO
Midsized Sedans	\$35.10	\$45.00	\$38.84	\$50.00	\$36.84	Utah DFO
Full-size Sedans	\$37.88	\$45.00	\$43.32	\$50.00	\$39.76	Utah DFO
Police Vehicles	N/A	N/A	N/A	N/A	N/A	N/A
Minivan	\$65.65	\$65.00	N/A	\$70.00	\$68.93	Colorado
SUV	\$86.86	\$70.00	N/A	\$70.00	\$91.20	Colorado & Oregon
Light Duty Truck	\$75.75	N/A	N/A	\$70.00	\$79.54	Oregon



# Vehicle M&R Market Comparison

## Maintenance and Repair Rate Comparisons FY27

Vehicle Class	Utah DFO	Illinois	Wyoming	New Mexico	California	Holman	Wheels Inc.	Enterprise	Most Affordable
	Total per vehicle per month	Total Per Month Per Vehicle	For the first 650 miles per month per vehicle	Total Per Month Per Vehicle					
Small Sedans	\$100	\$250	\$208	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$35.00/Day	Utah DFO
Midsize Sedans	\$100	\$250	\$208	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$36.84/Day	Utah DFO
Full-size Sedans	\$100	\$250	\$208	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$39.76/Day	Utah DFO
Emergency Sedans	\$270	\$250	\$310	N/A	N/A	N/A	N/A	N/A	Illinois
Minivan	\$100	\$250	\$241	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$68.93/Day	Utah DFO
SUV	\$100	\$250	\$299	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$91.20/Day	Utah DFO
Light Duty Truck	\$100	\$250	\$325	\$118	\$0.10 per mile +1.80% of vehicle's total monthly expense	Actual M&R Balance + \$12 Monthly Fee/Vehicle	Actual Cost + Monthly Fee/vehicle	Included in Rental Rate of \$79.54/Day	Utah DFO



# Fuel Network Market Comparison

<i>Current Ratio of Fuel Spend at State Sites</i>		Per Gallon	Total Cost	Net Savings
Fuel Network vs.		2.68	22,083,233.80	
	Street Price	3.03	24,926,038.15	2,842,804.35
	WEX Fuel Card	2.97	24,437,199.41	2,353,965.60
	Sinclair Fuel Card	2.99	24,596,437.65	2,513,203.85
	US Bank Purchase Card	2.97	24,437,199.41	2,353,965.60
<i>Assuming Fuel Network could convert 55% of retail purchases to Fuel Network</i>				
Fuel Network vs.		2.68	25,969,165.26	
	Street Price	3.03	29,312,210.79	3,343,045.53
	WEX	2.97	28,737,352.30	2,768,187.05
	Sinclair	2.99	28,924,611.30	2,955,446.05
	US Bank	2.97	28,737,352.30	2,768,187.05
<i>Assuming Fuel Network liquidated assets and fully privatized</i>				
Fuel Network Administration Cost (1 FTE)			\$150,000	
		Fuel Cost		Program Cost
Street Price	3.03	53,294,928.70		53,444,928.70
Current WEX Rate	2.97	52,249,731.46		52,399,731.46
Sinclair	2.99	52,590,202.37		52,740,202.37
US Bank	2.97	52,249,731.46		52,399,731.46
v TOTAL STATE COST @ current fuel ratios				51,396,269.16
v TOTAL STATE COST @ 55% retail conversion				50,750,051.81

*\*Market Comparisons reflect the portion of statewide fuel gallons from state fuel network locations.*

*\*55% analysis does not take into account decreased rates due to economies of scale.*





---

# Pro Forma Financials

# Division Financial Highlights

## Fleet Operations Financial Summary:

### Motor Pool:

		<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Net Income	\$	(1,448,615)	\$ (1,193,676)	\$ 1,055,984	\$ 9,193,294	\$ 1,789,272	\$ (1,125,961)
Retained Earnings (Subject to Federal Rules)	\$	(3,575,364)	\$ (4,487,728)	\$ (3,166,481)	\$ 6,026,813	\$ 7,816,085	\$ 6,690,124
Retained Earnings (Not Subject to Federal Rules)	\$	6,989,233	\$ 6,989,233	\$ 6,989,233	\$ 6,989,233	\$ 6,989,233	\$ 6,989,233
60 days Working Capital Limit	\$	1,641,262	\$ 1,761,519	\$ 2,365,020	\$ 2,578,563	\$ 2,645,753	\$ 2,714,958
Days of Working Capital		(130.7)	(152.9)	(80.3)	140.2	177.3	147.9
% of Max Allowable Debt		11.5%	30.3%	38.1%	32.2%	34.9%	39.3%
Cash/(Debt to General Fund)	\$	(8,814,410)	\$ (23,052,313)	\$ (34,411,594)	\$ (32,161,305)	\$ (37,372,305)	\$ (44,498,266)

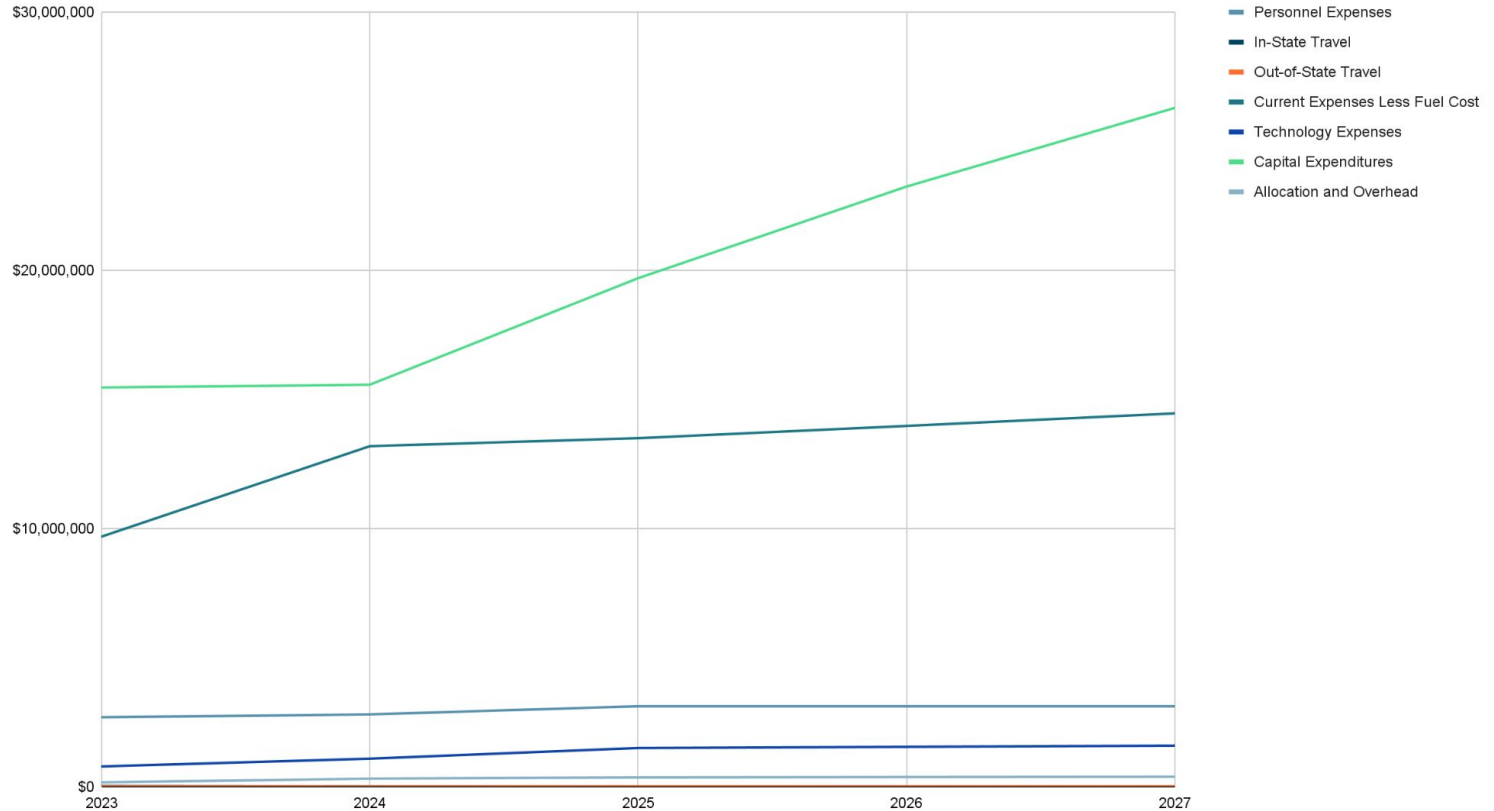
### Fuel Network:

		<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Net Income	\$	(214,281)	\$ 2,886,998	\$ 980,539	\$ 732,592	\$ 553,333	\$ 373,196
Retained Earnings (Subject to Federal Rules)	\$	(3,397,035)	\$ (510,037)	\$ 470,502	\$ 1,203,094	\$ 1,756,427	\$ 2,129,623
Retained Earnings (Not Subject to Federal Rules)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
60 days Working Capital Limit	\$	10,201,312	\$ 10,522,836	\$ 9,765,604	\$ 8,406,327	\$ 8,427,870	\$ 8,449,560
Days of Working Capital		(20.0)	(2.9)	2.9	8.6	12.5	15.1
% of Max Allowable Debt		-72.7%	-120.6%	-110.1%	-114.8%	-97.9%	-83.1%
Cash/(Debt to General Fund)	\$	(7,786,744)	\$ (3,682,704)	\$ (3,587,552)	\$ (1,841,787)	\$ (2,080,201)	\$ (2,448,752)

% of Max Allowable Debt = (Total Current Assets - Debts to General Fund) / (Total Capital Assets \* 90%)



## Fleet Expenses



\*Current Expense does not include the cost of fuel pass-through.



---

# Rate Changes



## FY27 DFO Proposed Rate Adjustments

**None**

- ▶ **Fleet Operations Internal Savings**
  - M&R Contracts to lower shop labor rates.
  - Fuel Tank Painting performed in-house.
  - Decreasing size of state fleet by removing aging vehicles, which will lower maintenance and replacement costs.
  
- ▶ The SFY26 Maintenance Rate Changes have started and we need one year to compile and analyze historical data before recommending any adjustments.





# FY27 DFO Proposed Rate Adjustments

## Division of Fleet Operations

Rate Name	Service Charge	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount of Change
Invoice Late Fees - 30 Days	Percent of Balance	5%	5%	0%
Invoice Late Fees - 60 Days	Percent of Balance	10%	10%	0%
Invoice Late Fees - 90 Days	Percent of Balance	15%	15%	0%





## FY27 DFO Proposed Rate Adjustments

### Motor Pool

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Administration Rate - Full Service	Per Vehicle	\$41	\$41 *	\$0.00
Administration Rate - Capital and Owned	Per Vehicle	\$18	\$18	\$0.00
Additional Services and Research	Per Instance	\$50	\$50	\$0.00
Short Term/Already Replaced Vehicles	Per Vehicle	\$155	\$155	\$0.00
Vehicle Service Center work orders	Per Work Order	\$10	\$10 *	\$0.00
Telematics	Pass-through			
Small Vehicle Upgrades	Pass-through			
Shared Regional Motorpool - Fuelings	Pass-through			
Shared Regional Motorpool - Rentals	Pass-through			
Operator Negligence, Vehicle Abuse, Past PM	Pass-through			
Accident Deductible	Pass-through			

\* FY26 revised rate approved in June 2025 due to the compensation adjustment





# FY27 DFO Proposed Rate Adjustments

## Motor Pool

Maintenance & Repair Fees	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Maintenance and Repair - Bus	Per Vehicle	\$360	\$360	\$0.00
Maintenance and Repair - Light Duty Off Road	Per Vehicle	\$120	\$120	\$0.00
Maintenance and Repair - Light Duty On Road	Per Vehicle	\$100	\$100	\$0.00
Maintenance and Repair - Medium Duty On Road	Per Vehicle	\$210	\$210	\$0.00
Maintenance and Repair - Medium Duty Off Road	Per Vehicle	\$250	\$250	\$0.00
Maintenance and Repair - Heavy Duty On Road	Per Vehicle	\$650	\$650	\$0.00
Maintenance and Repair - Heavy Duty Off Road	Per Vehicle	\$470	\$470	\$0.00
Maintenance and Repair - Motorcycle	Per Vehicle	\$180	\$180	\$0.00
Maintenance and Repair - Police Pursuit	Per Vehicle	\$270	\$270	\$0.00







# FY27 DFO Proposed Rate Adjustments

## Fuel Network

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Tank Monitoring	Per Tank	\$100.00	\$100.00	\$0.00
Low-Use Generator Service Calls	Per Hour	\$70.00	\$70.00	\$0.00
State-Owned Fueling Sites	Per Gallon	\$0.28	\$0.28	\$0.00
Retail-Owned Fueling Sites	Per Gallon	\$0.16	\$0.16 *	\$0.00
Electric Vehicle Charging	Per Charge	3% markup	3% markup	0%
Non-Fuel Purchases	Per Purchase	3% markup	3% markup	0%
Petroleum Storage Tank Fund Payments	Pass-through			



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve all existing rates	2025 SB0008S01, Lines 5797-5837	–



# Division of Human Resource Management



Greg Hargis  
Assistant Director  
Division of Human Resource Management

# DHRM Vision and Values

**Evolve** then **elevate** the **employee\*** experience



S	Customer Service
	Public Service
	Peer-to-Peer Service
E	Purpose & Meaning
	Empowerment
	Adaptability
A	Results
	Clarity
	Growth
T	Transparency
	Integrity
	Credibility

## Outside In Customer Service

- Start and end with the customer in mind
- Address the concern with their success and efficiency as goal

## Data Driven Mindset

- Seeks to understand key indicators, baselines, and changes in identified variables within agency human capital
- Able to identify changes in workflow, outcomes, agency requests
- Build insights based on analytics that drives value added recommendations

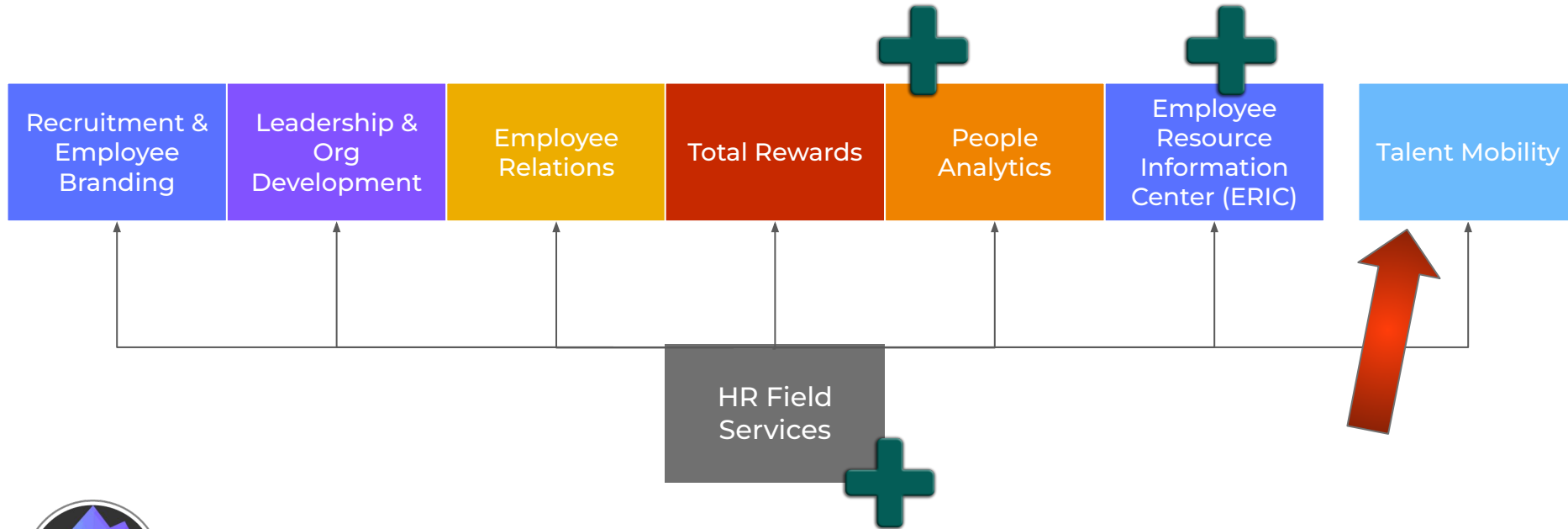
## Digitalization Ownership

- Takes ownership in looking for an updated process that can be solved with technology
- Active participant in HCM systems integration to set up customer agencies with a stronger operational flow than what currently exists
- Manage the change through change management (training, over communication, touchpoints)

## Agile Service Delivery

- Fluid and flexible
- Understanding & clarity of prioritization of projects
- Able to communicate to other stakeholders about shift in priorities
- Willingness to fail (risk of improvement wins), recklessly good

# DHRM Product and Service Lines



# GRIT: Central Strength in Recruiting

Problem statement: The State of Utah faces significant challenges in managing high volume and/or hard-to-fill recruitments.



## Reduce Time-to-Fill

Implement strategies to decrease average time taken to fill high volume and hard-to-fill positions.



## Improve Candidate Quality

Enhance the quality of candidates by refining sourcing methods and selection processes, aiming for an increase in the satisfaction rate of hiring managers.



## Enhance Candidate Experience

Improve the candidate experience to attract top talent and maintain a positive employer brand as measured by positive feedback from candidates.

## Data Analysis

Evaluate time-to-fill metrics, vacancy rates, turnover rates, and volume of job postings to identify high volume and hard-to-fill jobs. Identify jobs, job families, or occupations to focus pilot efforts on.

## Process Analysis & Redesign

Conduct a comprehensive analysis of the current recruitment process to identify bottlenecks and inefficiencies. Redesign the process to eliminate redundancies and incorporate best practices.

## Technology Integration

Leverage recruitment automation tools, applicant tracking system, and AI-driven sourcing solutions to enhance efficiency and accuracy in candidate selection.

## Data-Driven Strategies

Utilize data analytics to gain insights into recruitment performance, candidate behaviors, and market trends. Develop strategies based on these insights to improve recruitment outcomes.

## Employee Training & Development

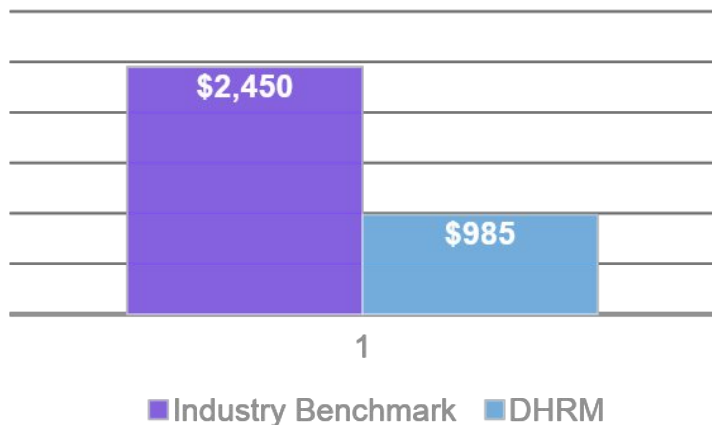
Provide training for recruiters on new technologies, methodologies, and best practices to ensure successful implementation of the improved processes.

## Partnerships & Networks

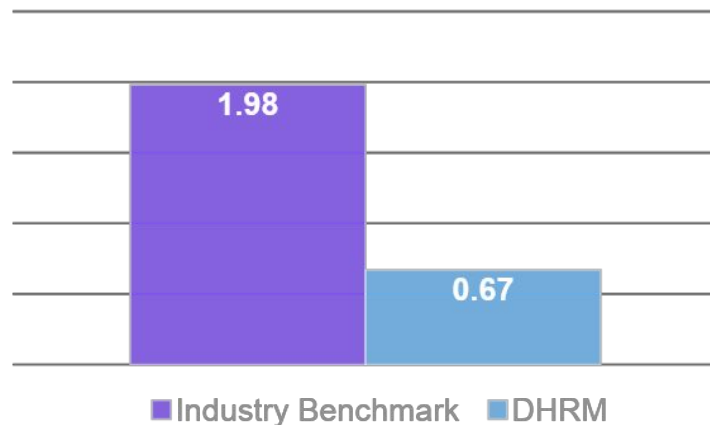
Establish partnerships with educational institutions, professional associations, and industry networks to create a talent pipeline for high volume and/or hard-to-fill positions.

# Market Comparison

## Cost per FTE



## HR to Employee Ratio



**Source:** 2025 CHRO Benchmarking: Insights to Power People Strategy, SHRM, 2025

# FY2027 Rate Recommendation

## ISF Services

Rate Name	Service Unit	FY27 Proposed Rate	FY26 Approved Rate	Amount Change
Field Services	Per Headcount	\$633.32	\$707.37 *	(\$74.05)
Core Services	Per Headcount	\$87.67	\$87.67 *	\$0.00
P4P Services	Per Headcount	\$37.37	\$37.37 *	\$0.00
Notary Background Check	Per BCI	\$1.50	\$3.25	(\$1.75)



\* FY26 revised rate approved in June 2025 due to the compensation adjustment



# Rate Committee Action

Action to Approve Modified FY26 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Rate Adjustments	Slide 112	(\$1,742,176.41)
Approve all other existing rates	2025 SB0008S01 Lines 6571-6581	–



# Enterprise Solutions Office



Jake Hennessy  
Executive Finance Director  
Department of Government Operations



## Human Capital Management / Payroll

- ▶ We are updating and modernizing the state's 20+ year old SAP payroll system and homegrown HR system and replacing them with a single vendor platform that can handle:
  - Time Entry, Benefits & Deductions, Payroll Processing, Recruitments, Onboarding, Performance Management, Reporting, etc.
  - Will go live for all employees December 2025



# Benefits

## **Streamline Operations**

- ▷ Align processes with industry best practices

## **Centralized Data**

- ▷ Establish accurate and timely reporting with a central data set

## **Employee Self-Service**

- ▷ Minimize administrative overhead with self-service features

## **Improved Effectiveness**

- ▷ Reduce reliance on secondary applications

## **Enhanced Productivity**

- ▷ Reduce the number of systems used

## **Increased Accessibility**

- ▷ Support diverse devices and browsers



# Rate Cost Drivers

<b>Total Rate Impact</b>	<b>\$1,254,969.53</b>
CGI Annual SaaS and Consulting Costs	\$ 1,325,000.00
<b>Total Cost Drivers</b>	<b>\$ 1,325,000.00</b>



# FY2027 Rate Recommendation

---

## Enterprise Solutions Office

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Vantage	Per Headcount	\$208.19	\$189.26 *	\$18.93
Vantage Plus Payroll	Per Headcount	\$61.86	\$56.28 *	\$5.58



\* FY26 revised rate approved in June 2025 due to the compensation adjustment

# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Rate Adjustments	Slide 118	\$1,254,970
Approve all other existing rates	2025 SB0008S01, Lines 5664,5666	–



# Division of Risk Management



Rachel G. Terry  
Division Director  
Risk Management



# FY2025 Accomplishments



- ▶ Implemented property captives
  - **Captive program reduced premiums by \$6M for FY2025 and \$7.3M for FY2026**
- ▶ Increased earthquake coverage to \$640M from \$525M
- ▶ Saved additional \$800k on property
- ▶ Improved efficiency on property claims
- ▶ Developed improved loss control protocols
- ▶ Improved collaboration and coordination with covered entities and partners
- ▶ Conducted market analysis (63A-4-102(4))





STATE OF UTAH - DIVISION OF RISK MANAGEMENT

# Commercial Insurance Program Success

## Report Key Findings

**Risk's coverage is broader than what is typical in the market.**

The Fund's relatively broad coverage provided through "manuscript" insurance policies has added a value component that is difficult to replicate in the commercial market. (Example: in the State's manuscript Property policy is coverage for code upgrades. This is not standard in all property insurance policy forms and likely saved the State millions of dollars in the recent earthquake property loss.)

**Captive insurance use helps the state navigate market volatility.**

The Division of Risk Management's ("DRM") use of captive insurance companies is intended to keep the rates reasonable and low. It is still too early to calculate the impact of the captive on Fund rates vs market rates, but to-date, the use of the captive has helped keep rates steady.

**Market rate comparison shows the fund has competitive rates.**

The State of Utah Risk Fund's ("Fund") rates are highly competitive relative to the commercial market, and the premiums are fairly distributed to its insureds.

**The DRM's operational efficiency means insurance dollars are going further.**

Overhead costs to administer the Fund are relatively low and highly competitive when compared to the commercial market. Value-added loss control services (provided at no cost to the Fund's insureds) help them manage the risks attendant in their respective operations. These services are an important benefit to the individual insureds and to the Fund as a whole, paying for themselves many times over in terms of lives saved, property preserved, and liabilities, damage, and injuries minimized or eliminated.



## Operational Efficiency of the Division of Risk Management

Overhead costs to administer the Fund are relatively low and highly competitive when compared to the commercial market. An important concept that underlies any discussion of insurance ratemaking and rate adequacy is the "Insurance Dollar." This can be depicted as follows:



### Typical Insurance Program Dollar Split

#### Fixed Costs (30%)

- Audit, Acquisition, Administration
- Boards, Bureaus, Fees
- Insurance/Reinsurance
- Claims Management
- Profit

#### Provision for Losses (70%)

- Direct claims costs/payouts
- Allocated claims expenses (e.g. attorney's fees)



### The Fund's Insurance Program Dollar Split

#### Fixed Costs (11.4%)

- Administration
- Claims Management

#### Provision for Losses (88.6%)

- Direct claims costs/payouts
- Allocated claims expenses (e.g. attorney's fees)

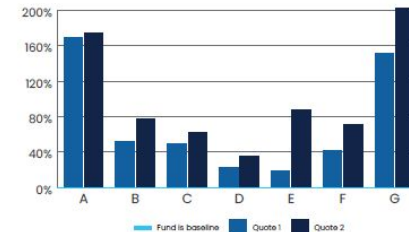
## The Fund's Premium Rates Compared to The Market

Contained herein are quotes provided from two different sources for Property, Liability, and Auto. These are compared to the Fund's premiums charged for these assets. The variance is undeniably very significant in the Fund's favor.

### Property Quote Examples

Note that these premium comparisons for Property are contemplating full replacement cost coverage to the Covered Entity's Total Insurable Values, including earthquake coverage capped at \$50M.

Covered Entity	Total Insurable Value	Fund Premium	Market Premium 1	Variance	Market Premium 2	Variance
A	\$107,966,000	\$79,560	\$214,744	-170%	\$219,063	-175%
B	\$2,739,996,000	\$1,072,940	\$1,628,390	-52%	\$1,907,448	-77%
C	\$443,171,000	\$391,140	\$582,262	-49%	\$632,874	-62%
D	\$65,120,000	\$30,000	\$35,784	-19%	\$56,450	-88%
E	\$611,889,000	\$357,970	\$506,820	-42%	\$611,000	-71%
F	\$17,855,000	\$15,510	\$39,064	-152%	\$47,000	-203%



This chart shows the variance between the premium that would be charged to the Fund for the same Total Insurable Value based on the two market premium quotes obtained as examples.

These ratios represent how much **more expensive** the coverage could be, and the State is getting huge savings with the program in place.

# Rate Cost Drivers

<b>Total Rate Impact</b>	<b>\$ 3,155,660.00</b>
Auto - Inflationary increases in repair and replacement costs.	\$ 1,183,340.00
Aviation - Fleet expansion and market exposure. This is a pass-through expense from excess carriers.	\$ 57,780.00
Cyber Liability - Increased exposure and driven by market . This is a pass-through expense from excess carrier.	\$ 514,585.00
Liability - Increased exposure, claim costs, and driven by market.	\$ 1,321,951.00
Property - Increased exposure, claim costs, and driven by market.	\$ 3,970.00
Commercial Auto - Fleet expansion and market exposure. This is a pass-through expense from excess carriers.	\$ 74,034.00
<b>Total Cost Drivers</b>	<b>\$ 3,155,660.00</b>



---

# Property Program

# FY2027 Rates\*

Proposed Rate: \$44M

- \$2M Administrative costs (allocating 40% of admin costs, up from previous years because we will be handling more property claims)
- \$34M Excess Premiums
- \$1M deductibles
- \$7M fund the captive



# The Good News!

## What?

- Total Insured Values Increased by 5%, but total cost to covered entities is the same as FY2026. **This represents a \$1.7M benefit to the State.**
- Able to increase earthquake insurance from \$525M to \$640M.

## How?

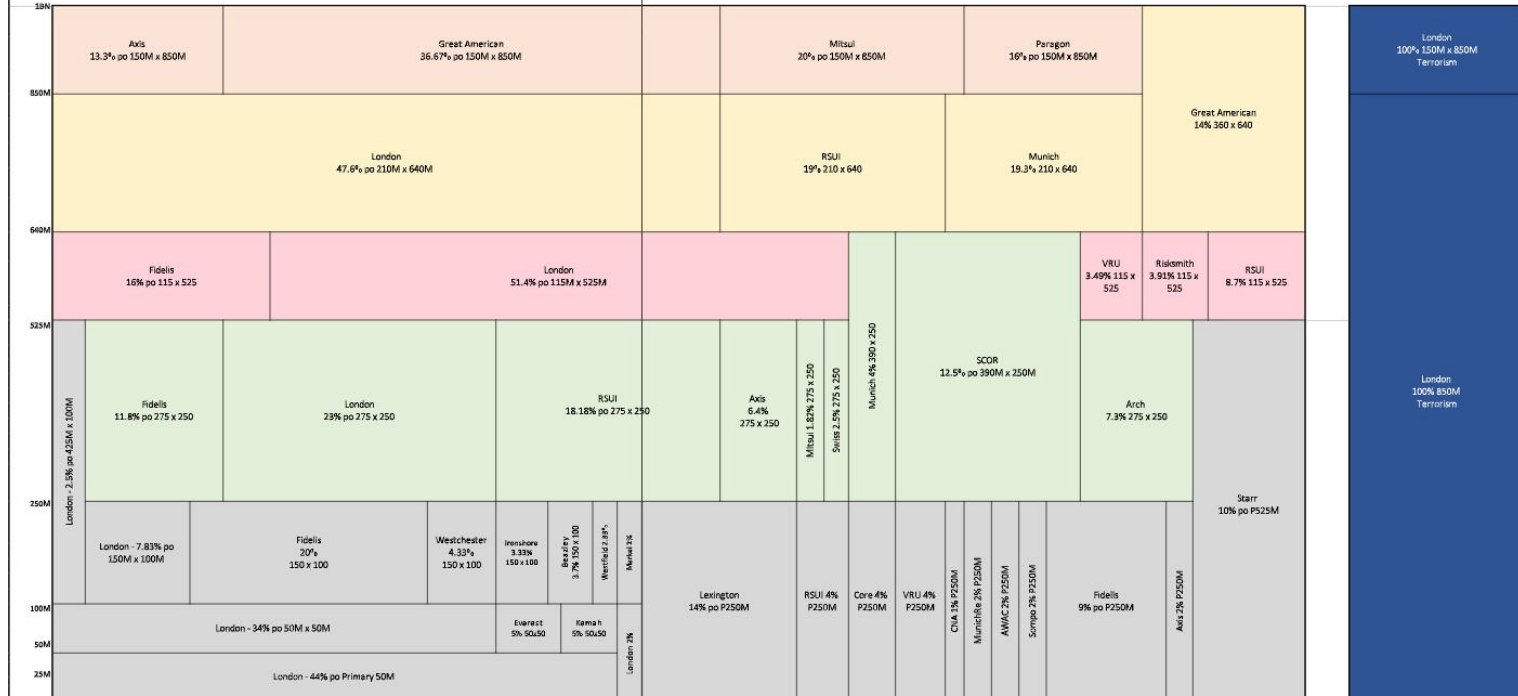
- Market recognizes and rewarded captive structure
- Market conditions improved.
- Negotiated reduction in end of the year “true up”
- Improved management of property claims.



# FY2026 Property Program: \$640M\* EQ/\$1B AOP

AMWINS™  
BROKERAGE

State of Utah Property Mud Map  
July 1, 2025 to July 1, 2026



\*Increased from \$525M

# FY2027 Rate Recommendation

## Division of Risk Management

Property	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Charter Schools	Insured Value	\$ 897,210	\$ 732,810	\$ 164,400
School Districts	Insured Value	\$ 15,986,940	\$ 15,375,970	\$ 610,970
Higher Education	Insured Value	\$ 20,166,900	\$ 20,783,690	\$ (616,790)
State/Other Agencies	Insured Value	\$ 6,948,950	\$ 7,103,560	\$ (154,610)





# FY2027 Rate Recommendation

---

## Division of Risk Management

<b>Builder's Risk</b> (part of property, but billed separately)	<b>Service Unit</b>	<b>FY2027 Proposed Rate</b>	<b>FY2026 Approved Rate</b>	<b>Amount Change</b>
All Covered Entities	Per \$1,000 Insured	\$ 2.15	\$ 2.15	\$ -



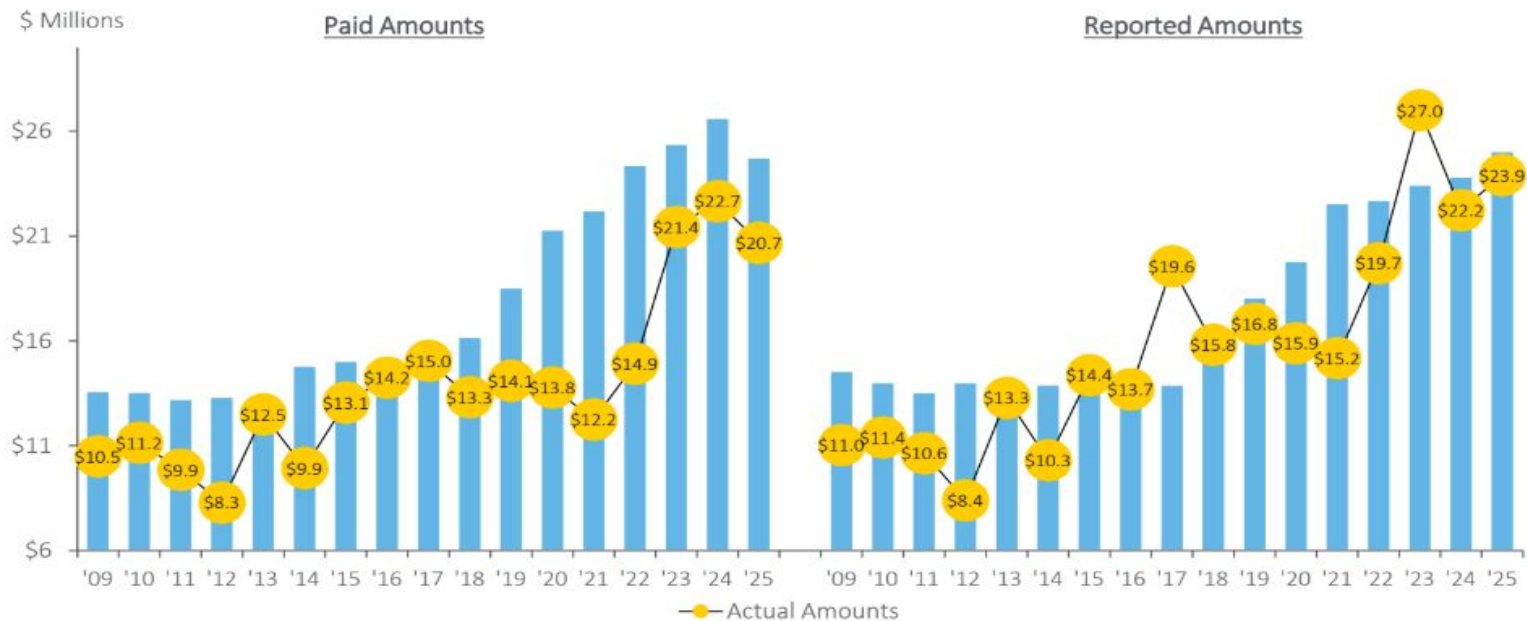
---

# Liability Program

# STATE OF UTAH GENERAL LIABILITY CAPTIVE

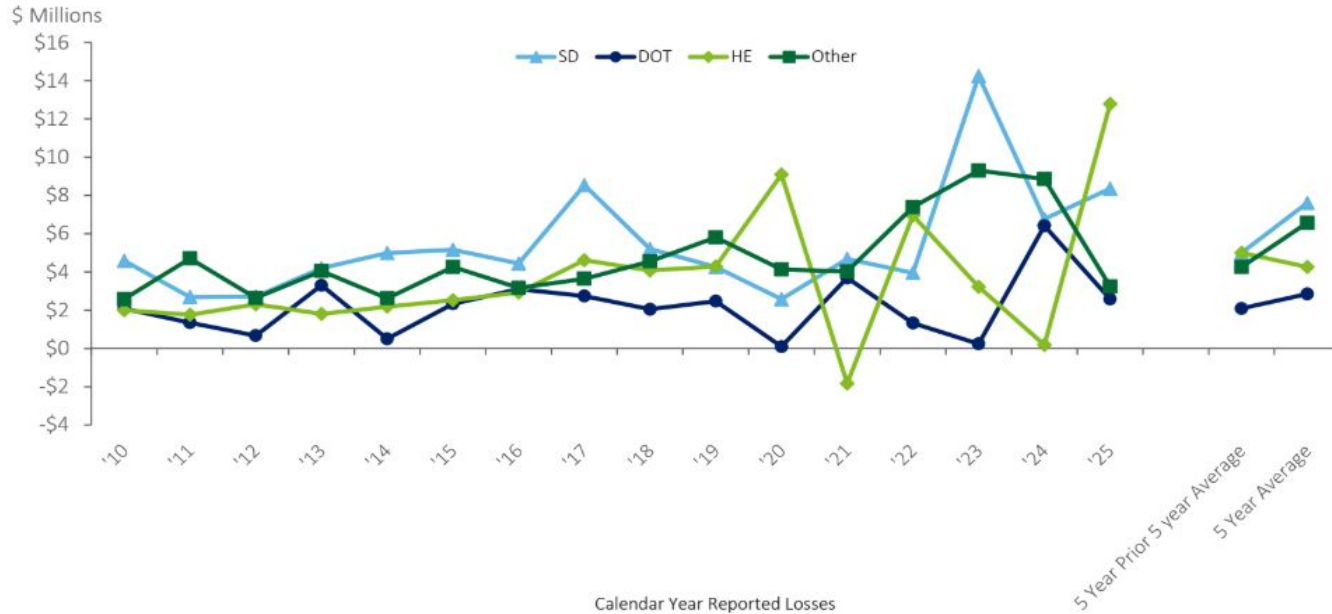


# Actual vs. Expected Emergence (Historical View) – “Liability Program” Retrospective Tests based on Deloitte Consulting’s current and prior estimates



# Calendar Year Reported Losses

Trend in reported losses by liability program



- Although reported losses from year to year can be volatile, the average is moving up sharply over the past five years compared to the previous five years
- Higher Ed is the only group that where the 5-year average dropped but also experienced its highest year by far in fiscal year 2025



# FY2027 Rate Recommendation

## Division of Risk Management

Liability	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Charter Schools	Students	\$ 652,050	\$ 622,190	\$ 29,860
School Districts	Students	\$ 11,102,870	\$ 10,823,070	\$ 279,800
Higher Education	Expense Budget	\$ 7,888,600	\$ 6,615,830	\$ 1,272,770
State/Other Agencies	FT Employees	\$ 14,891,321	\$ 15,151,800	\$ (260,479)



---

# Auto Program

# Auto Physical Damage Rate Changes

---

## Annual Base Fee for Vehicle Types

<b>FY</b>	<b>Personal Vehicle</b>	<b>Law Enforcement</b>	<b>School Bus</b>	<b>Heavy Equipment</b>
2026	\$212.00	\$530.00	\$742.00	\$742.00
2027	\$246.00	\$615.00	\$861.00	\$861.00





# FY2027 Rate Recommendation

## Division of Risk Management

Auto	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Charter Schools	Vehicle	\$ 70,210	\$ 53,500	\$ 16,710
School Districts	Vehicle	\$ 3,286,100	\$ 2,744,830	\$ 541,270
Higher Education	Vehicle	\$ 593,820	\$ 510,880	\$ 82,940
State/Other Agencies	Vehicle	\$ 3,265,530	\$ 2,723,110	\$ 542,420



---

# Workers' Compensation Program

# FY2027 Rate Recommendation

## Division of Risk Management

Workers' Compensation	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
5509-Road Construction Crew	\$100 of Payroll	\$ 1.37	\$ 1.37	\$ -
7403-Aviation: Pilot	\$100 of Payroll	\$ 3.06	\$ 3.06	\$ -
7421-Aviation: Crew	\$100 of Payroll	\$ 1.46	\$ 1.46	\$ -
7425-Aviation: Helicopter Crew	\$100 of Payroll	\$ 1.46	\$ 1.46	\$ -
9415-State Worker: Office Work	\$100 of Payroll	\$ 0.45	\$ 0.45	\$ -



---

# Aviation Program

# FY2027 Rate Recommendation

---

## Division of Risk Management

Aviation	Service Unit	FY2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Higher Education	Total Insured Value	\$ 2,125,405	\$ 2,087,178	\$ 38,227
State Agencies	Total Insured Value	\$ 499,630	\$ 480,076	\$ 19,554



---

# Cyber Liability Program

# FY2027 Rate Recommendation

---

## Division of Risk Management

### Cyber Liability

### Service Unit

**FY2027  
Proposed Rate**

**FY2026  
Approved Rate**

**Amount  
Change**

All Covered Entities

Unit

\$	2,666,084	\$	2,151,498	\$	514,586
----	-----------	----	-----------	----	---------



---

# Commercial Auto Program



# FY2027 Rate Recommendation

## Division of Risk Management

Commercial Auto	Service Unit	FY2027		FY2026		Amount Change
		Proposed Rate	Approved Rate	Proposed Rate	Approved Rate	
Higher Education	Vehicles	\$ 102,708	\$ 103,675	\$ 103,675	\$ 103,675	(967)
State Agencies	Vehicles	\$ 86,166	\$ 11,165	\$ 11,165	\$ 11,165	75,001



---

# Risk Management Requests

# Rate Committee Actions

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve Rate Adjustments	Slide 128, 129, 134, 137, 139, 141, 143, 145	\$3,155,660
Approve all other existing rates	2025 SB0008S01, Lines 5920 - 6506	–



# Division of Finance

## Travel and P-Card Programs



Van Christensen  
Division Director  
Division of Finance

# Program Updates

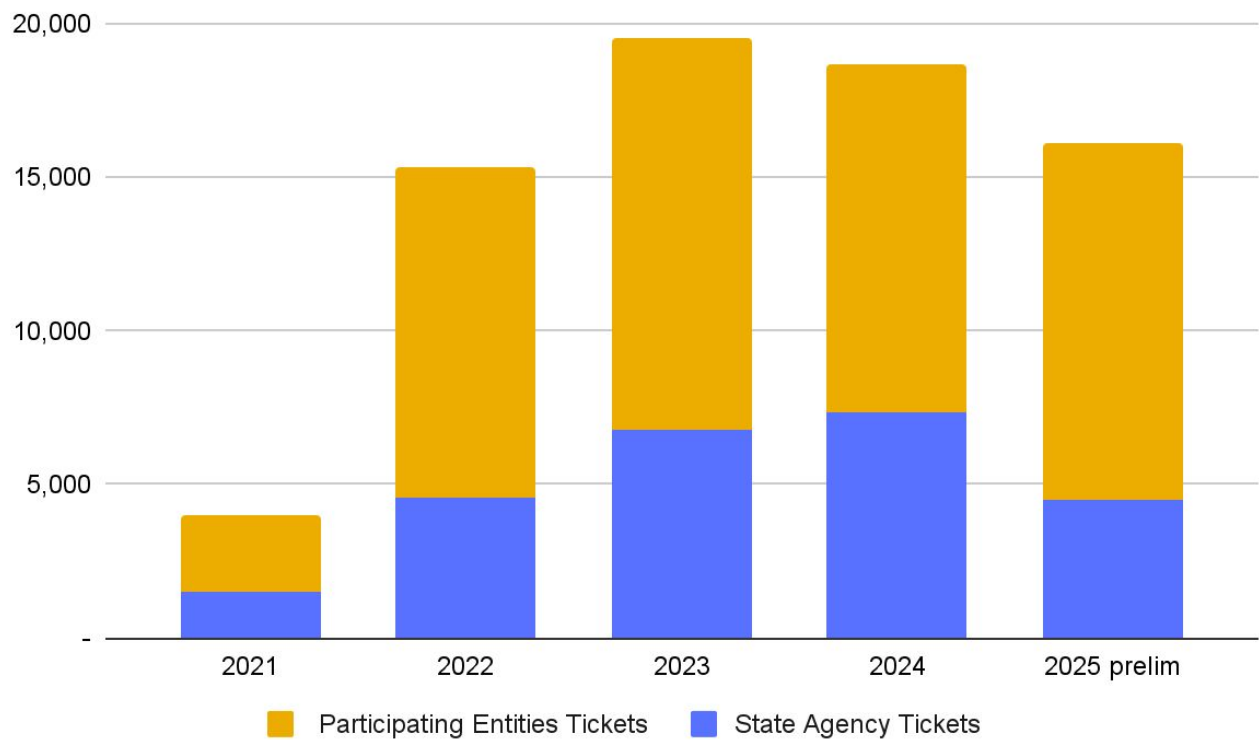
- ▷ The Concur travel system has been live for all agencies for a year
- ▷ Working with SAP Concur to improve product based on feedback from agencies. Some priorities include:
  - ▷ Approver ability to modify coding in workflow (more to come on this)
  - ▷ New expense policies (e.g. mileage only, other employee reimbursements)
- ▷ Monitoring travel and p-card spend and compliance across the state through post audit program
- ▷ Working through procurement(s) for travel & expense reporting system and the travel management company to ensure the state is receiving the best value.
- ▷ Proposed changes for FY 2027
  - ▷ Exception from State Purchasing to book in-state hotels directly
  - ▷ Determining long term strategies that will allow for greater flexibility and autonomy across the state





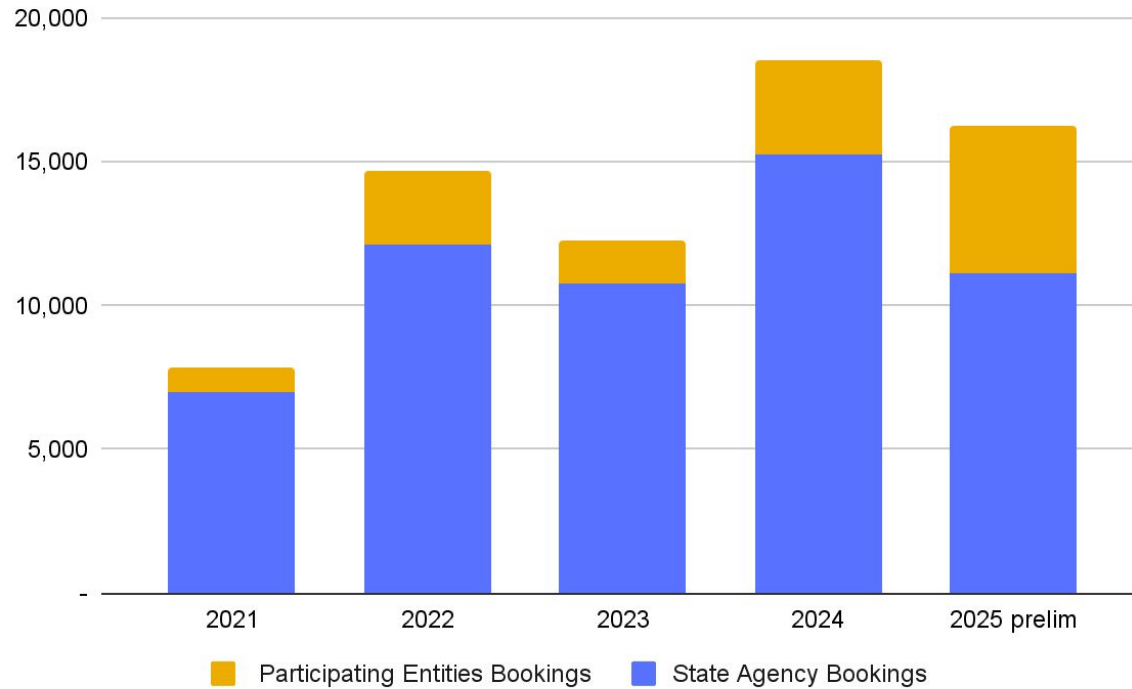
State Travel Office

# Travel - Airline Tickets





# Travel - Car / Hotel Bookings

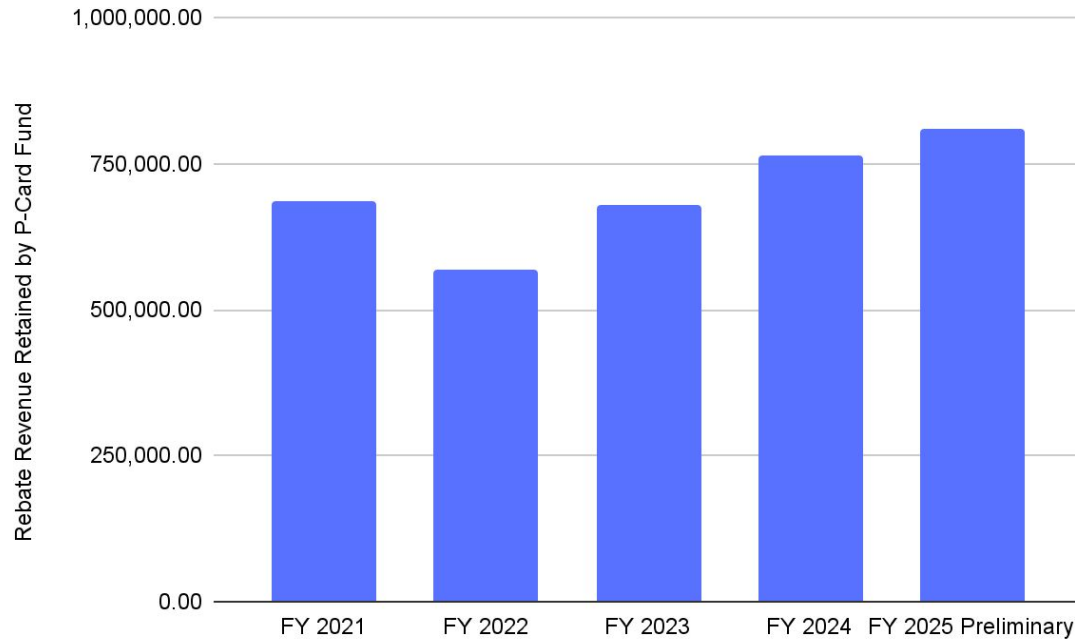




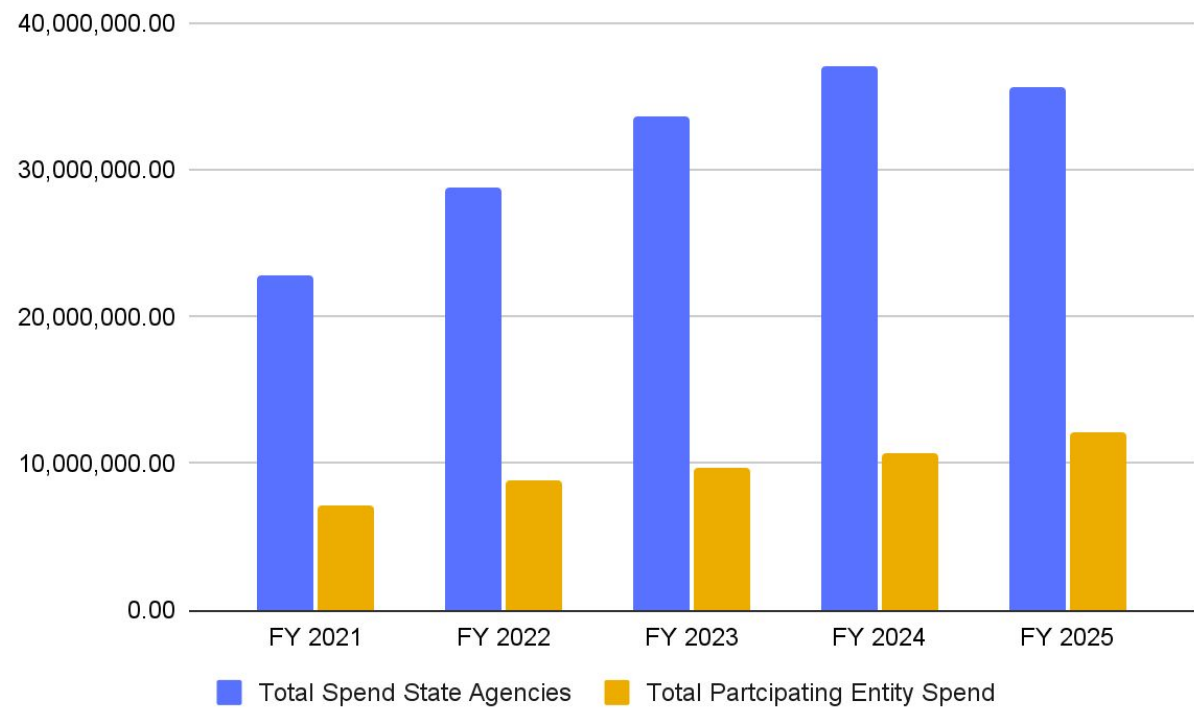
# State Purchasing Card Program



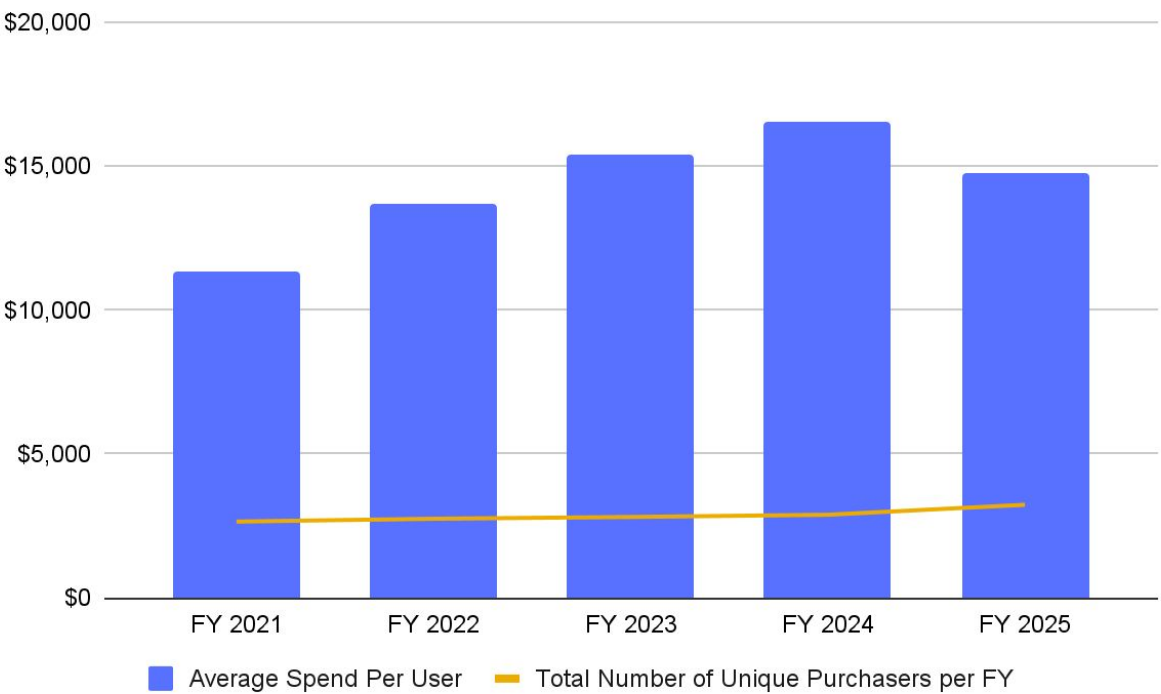
# P-Card Rebates - Based on Card Spend



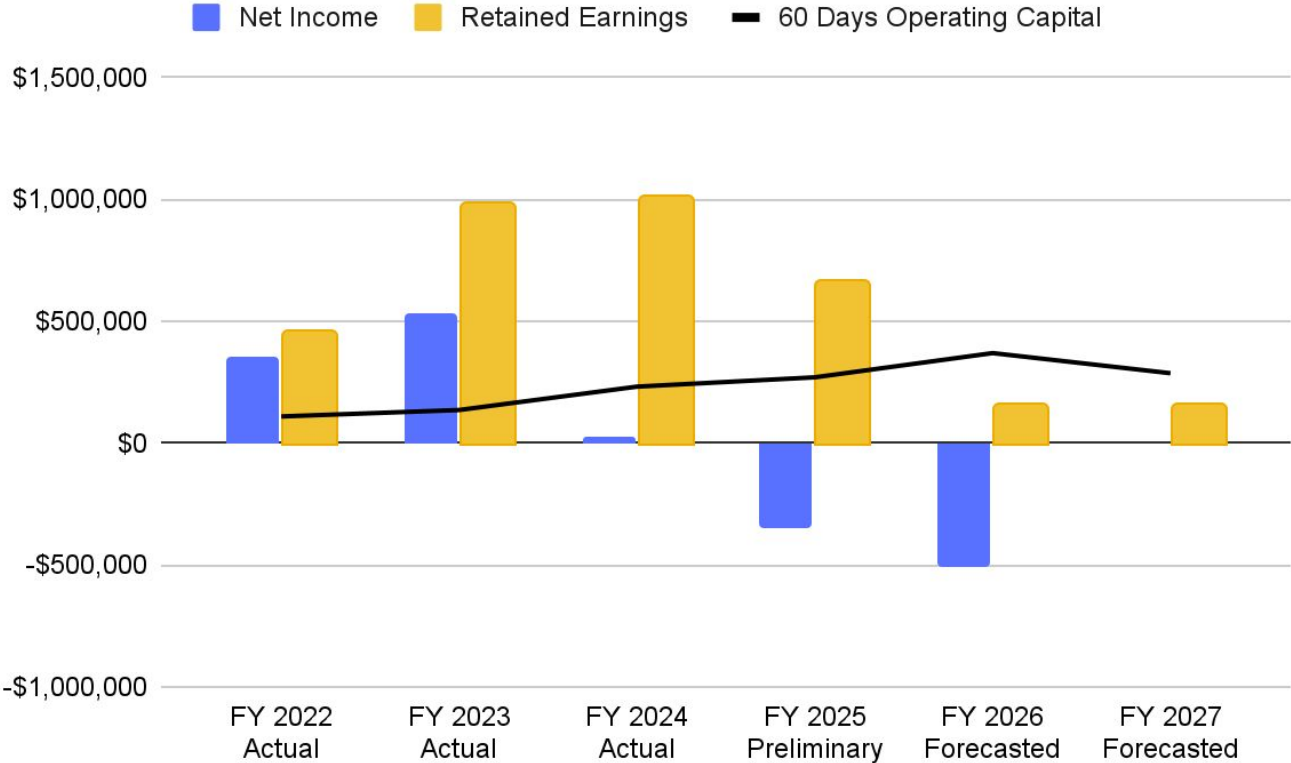
# P-Card Spend



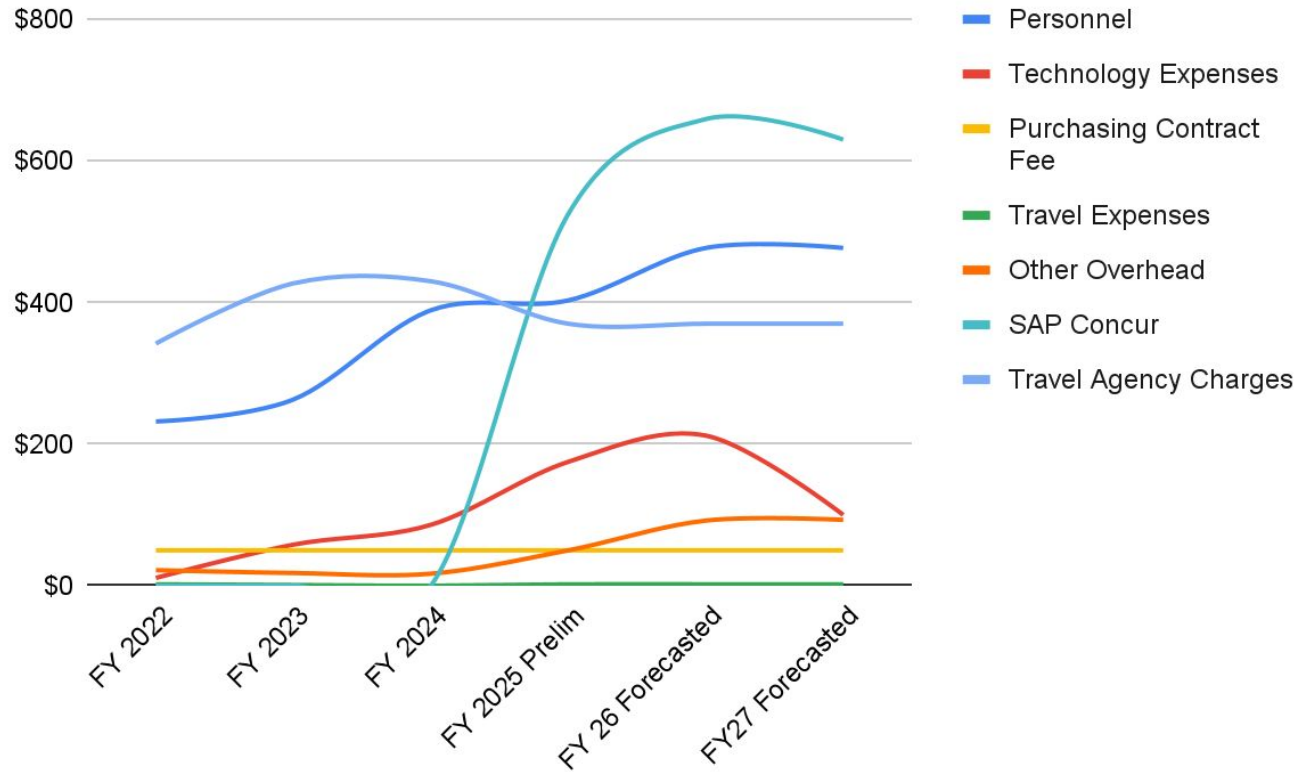
# Average P-Card Spend Per User



# Retained Earnings, Net Income, and Operating Capital



# Program Expenses (in thousands)



This excludes depreciation expense for the initial contract period of SAP Concur, which skewed the line chart.

# Contacts

Van Christensen - Director, Division of Finance - [vhchristensen@utah.gov](mailto:vhchristensen@utah.gov)

Ally Branch - Assistant Director, Division of Finance - [abbranch@utah.gov](mailto:abbranch@utah.gov)

SAP Concur Questions - [concur@utah.gov](mailto:concur@utah.gov)



# Recommendations





# Shift in Strategy

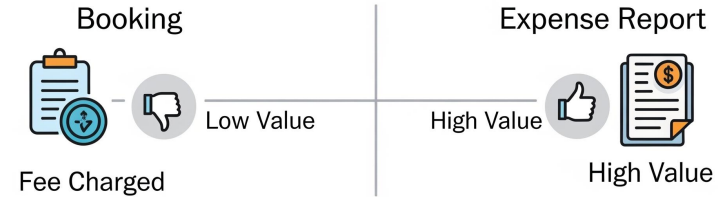
## ▸ Aligning the Rate with Value

- **The Core Issue:** Agencies feel the rate (e.g., \$26) is charged for a low-value booking service, especially for in-state hotels they can book cheaper themselves.
- **The Perception:** This creates a feeling of paying more for less.



# Where the Value Mismatch Occurs

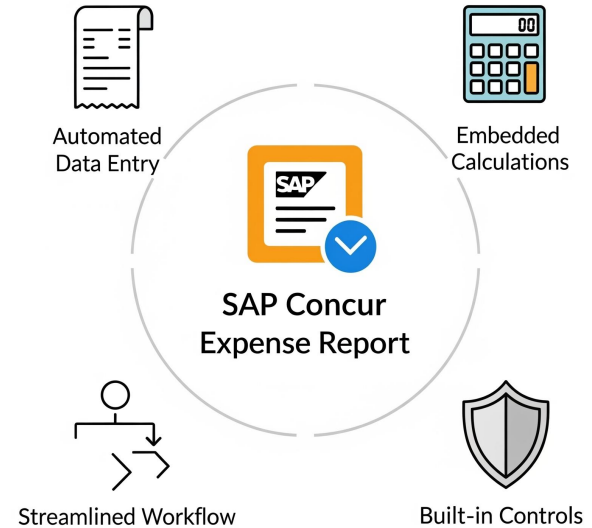
- ▷ **Current Process:** The rate is charged at the time of booking.
- ▷ **The Mismatch:**
  - **Booking:** Perceived as low-value, sometimes costing more than booking direct.
  - **Expense Reporting:** The system's true value is delivered after the trip, saving time and ensuring compliance.



# The Real Value: The Expense Report

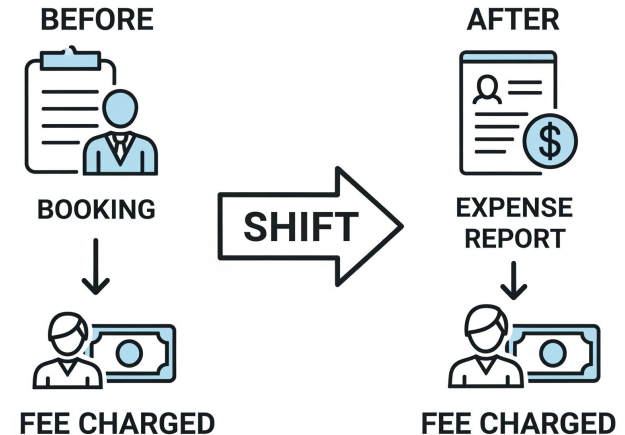
The system's primary value is saving time, ensuring compliance, and reducing risk during expense reporting.

- ▶ **Automated Data:** Compiles receipts and card charges.
- ▶ **Embedded Calculations:** Applies correct per diem and mileage rates.
- ▶ **Streamlined Workflow:** Automatically routes reports for approval.
- ▶ **Built-in Controls:** Protects public funds by minimizing fraud and errors.



# The Proposal: Align Fee with Value

- ▶ **Our Solution:** Move the rate from the booking event to the creation of the expense report in SAP Concur.
- ▶ **The Logic:** This connects the cost directly to the high-value services of reconciliation, compliance, and workflow management.



# Clarifying the Fees

It's important to distinguish between two separate rates within the system.

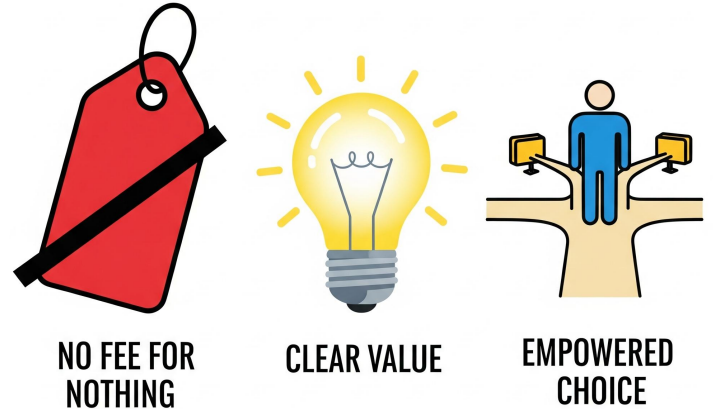
1. Christopherson Business Travel (CBT) Rate:
  - What it is: A rate for using the travel booking tool (flights, hotels, etc.) inside SAP Concur.
  - When it's charged: When a booking is made through SAP Concur.
  - Fee becomes pass through of prices agreed to in the Statewide Contract.
2. Division of Finance (DOF) Rate:
  - What it is: A rate to operate and maintain the travel and card program.
  - When it's charged (Proposed): When an expense report is created in SAP Concur.

This change empowers agencies to make the most cost-effective choice. If a traveler finds a cheaper in-state hotel outside the system, they can book it directly, avoid the CBT rate, and still get the full value of the expense reporting tool, where only our DOF rate will apply.



# What This Change Means for You

- ▶ **Clear Value:** The rate is tied to the expense management and control process.
- ▶ **Empowered Choice:** You can seek the most cost-effective booking options while still using the system for its core expense reporting strengths.



# Summary & Path Forward

## A Partnership Focused on Value

- ▷ **The Problem:** The rate is currently misaligned with the value agencies receive.
- ▷ **The Solution:** Shift the rate from the booking event to the expense reporting process.
- ▷ **The Benefit:** This creates a more logical, transparent, and fair system that correctly reflects the services rendered.



# FY2027 Rate Recommendation

---

## P-Card

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Contract Rebates	Per Unit	Variable	Variable	\$0.00





# FY2027 Rate Recommendation

## Travel - State Agency

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Car/Hotel Only	Per Unit	\$8.00	\$26.00	-\$18.00
Regular Agent	Per Unit	\$18.00	\$36.00	-\$18.00
Online	Per Unit	\$6.00	\$24.00	-\$18.00
Group Rates (per person)				
10-25	Per Unit	\$17.50	\$35.50	-\$18.00
26-50	Per Unit	\$17.00	\$35.00	-\$18.00
51-99	Per Unit	\$16.50	\$34.50	-\$18.00
100+	Per Unit	\$16.00	\$34.00	-\$18.00
<b>Per Expense Report processed</b>	<b>Per Unit</b>	<b>\$6.00</b>	<b>\$0.00</b>	<b>\$6.00</b>
Per Expense Report processed in excess of allowable reports per contract (58,000 annually)	Per Unit	\$8.79	\$8.79	\$0.00



# FY2027 Rate Recommendation

## Travel - Participating Entity

Rate Name	Service Unit	FY 2027 Proposed Rate	FY2026 Approved Rate	Amount Change
Car/Hotel Only	Per Unit	\$18.00	\$18.00	\$0.00
Regular Agent	Per Unit	\$28.00	\$28.00	\$0.00
Online	Per Unit	\$16.00	\$16.00	\$0.00
State Agent	Per Unit	\$14.00	\$14.00	\$0.00
Group Rates (per person)				
10-25	Per Unit	\$27.50	\$27.50	\$0.00
26-50	Per Unit	\$27.00	\$27.00	\$0.00
51-99	Per Unit	\$26.50	\$26.50	\$0.00
100+	Per Unit	\$26.00	\$26.00	\$0.00
School District Agent	Per Unit	\$14.00	\$14.00	\$0.00

# Rate Committee Action

Action to Approve FY27 ISF Rates	Slide Number or Reference	Change (rounded)
Approve the proposed rates for Travel Program	Slide 169-170	\$(81,605)
Approve all other existing rates	2025 SB0008S01, Lines 5774-5796	-

