

State of Ohio
Workforce Development Computer Purchase Plan

Executive Summary

The state of Ohio, in partnership with the Ohio Civil Service Employees Association / **AFSCME** Local 11 (OCSEA), has implemented a statewide computer Purchase Plan as an initiative of Workforce Development. The purpose is to increase access to technology; encourage employees to develop and expand technical skills; and to attend educational programs including distance education. A Collective Bargaining Agreement effective July 1, 1997, provided a fund to develop and support educational programs for OCSEA represented state employees. The workforce Development Steering Committee, consisting of four union representatives and four management representatives, was established to oversee the development and implementation of programs that support individual and organizational growth to create a high performance workplace in the state of Ohio.

As one of Workforce Development's initiatives, the Computer Purchase Plan allows permanent part-time and full-time OCSEA bargaining unit employees to borrow up to \$2500.00 for the purchase of new computer equipment and educational or business software. Employees receive no-interest loans and repay through payroll deduction for up to 24 months. The minimum loan is \$300.00 and eligibility is limited to one loan at a time. Any equipment purchased may not be sold or transferred during the term of the loan agreement.

No limitations are placed on employee choice of equipment except a requirement that the purchase be for business or educational purposes. Employees may purchase any computer from any vendor willing to accept a Workforce Development payment order. The employee obtains an itemized cost estimate from the vendor and submits it to Workforce Development with a loan application and assignment agreement. Workforce Development staff review the application and issue a payment order to the employee. The employee takes the payment order to the retailer and the purchase is made. The retailer then invoices Workforce Development. When invoice is paid, the state initiates payroll deduction. Major vendors were initially reluctant to grant a credit line sufficient to handle the program's volume, but by educating the vendors about the significance of this program, they quickly realized that the business and exposure was also of great benefit to them.

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Written Justifications

a. Description of the program and relative significance to the improvement of the operation and/or efficiency of state

government. The statewide computer purchase program enables employees represented by OCSEA to borrow up to \$2500 for purchase of new computer equipment and educational or business software. The plan is described in the Executive Summary and materials, which accompany this application.

The program will improve the operations and efficiency of state government by providing employees, who do not have daily on-the-job access to technology, with computers. Technology will change and people with computer skills will be better prepared for the future. It is desirable to retain current employees and their knowledge of government by helping them gain technology skills rather than hiring new people with skills but without the knowledge of government. This program saves employees money on interest that they would otherwise be required to pay. It helps them develop job skills; encourages continuing training and education; and allows employees to increase their employment security within state government.

b. Calculation of actual savings in the short term and / or long term. Actual savings to individual employees can be calculated by taking an average credit card or short term loan interest rate of 18.5% for the 4147 employees who have

purchased computers in the program. To date, the amount of interest saved by would equal savings of \$427.68 per employee or a total of \$1,773,588.95.

The program is cost effective because funds repaid through payroll deduction are recycled into additional loans.

Program benefits are:

1. providing employees, who do not use computers on the job, access to personal computers so that they can develop skills to qualify for higher skilled jobs;
2. helping employees develop, retain and utilize more advanced technical skills resulting in enhanced on-the-job performance, thus better service to the citizens of Ohio.
3. encouraging employees to take advantage of educational opportunities provided by the fund, particularly online classes; and
4. building the computer skills of the next generation by providing access to computers to children who have not previously had them at home.

Costs are lost interest on the amount of the loans and the cost of one full-time staff person who processes an average of 40 applications daily along with paying vendor invoices. Presently, \$7.5 million has been set aside to provide loans to 35,000 state employees. Approximately \$110,000 is returned every two weeks via payroll deduction on approximately 5,000 loans. Costs are minimal given the benefits of building a more qualified, educated, motivated and technically proficient workforce.

C. Quantitative benefits realized by service recipients, taxpayers, agencies and/or the state. Per our answer in Paragraph b, above, savings to employees can be calculated to save \$427.68 per employee or a total of \$1,773,588.96. To date

4,147 employees have purchased computers. Another 1,425 have applied, been approved and are awaiting loans.

There are 4,147 employees who now have new computers in their homes and to be able to further their education and advance their technical skills. The number of request for computer training increased by 67% in the four months following the introduction of the Computer Purchase Plan. Workforce development managers believe that the program helps remove some barriers that keep employees from utilizing other educational benefits such as tuition assistance. OCSEA is proud to be able to offer a method to help their members maintain employment security. The Department of Administrative Services is proud to be involved in this labor/management partnership to build a more qualified pool of workers for the future.

d. Relevancy of use by other state, local, and federal governments. This program would be feasible in other state, local and federal governments. Creativity and innovation must be exercised to develop funding mechanisms and to address purchasing and legal requirements. Ohio was required to develop the purchase agreement, the assignment of right to send the payment to the vendor, and the payroll deduction plan. It is significant that the plan is flexible enough to allow employees to use any retailer. An extremely understandable and comprehensive *Guide to Buying a New Computer* was developed explaining hardware components and answering frequently asked questions. A quick reference table allows a new computer purchaser to easily prioritize the type of computer best suited to meet his or her needs

The most significant obstacle was devising the process to meet legal and administrative requirements so that the employee rather than the state purchased the equipment. It must be clear that the state is not responsible for warranties or customer satisfaction. Other challenges included staffing the administrative office for the first two months, which required two full-time temporary staff to handle the initial influx of applications.