

Agency: 105 Office of Financial Management
Decision Package Code/Title: 8D Budget Structure Changes

Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

ERDC received funding for three positions in 2014 that were necessary to meet the increasing customer demands for education data, add additional data sources, continue linkages of data across systems through identity matching procedures, promote open government by distributing education data to the public through dashboards and interactive tools, and analyze longitudinal educational data across multiple education, workforce, and human service programs. Some of the skillsets to accomplish this work are very unique and currently not provided anywhere in the state system.

The intent of the FTEs was to be ongoing, however the initial funding mechanism wasn't optimal for ongoing operations. This request is to identify an ongoing funding source so services can be continued. Below is the 2014 Legislative Budget Note:

Education Research Data Center - Funding is provided to the Education Research and Data Center (ERDC) within the Forecasting and Research Division of the Office of Financial Management (OFM) to retain three staff positions currently funded by a federal grant ending June 30, 2014. These positions are necessary to meet customer demand for data sets, add data sources, continue identity matching, prepare dashboards, and analyze longitudinal education data across multiple education and human service programs. (Data Processing Revolving Account-State)

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	316,000	316,000	632,000
Total Cost	316,000	316,000	632,000
 Staffing	 <u>FY 2016</u>	 <u>FY 2017</u>	 <u>Annual Average</u>
FTEs	3.0	3.0	3.0

Package Description:

Moving three ERDC staff from Fund 419 to GFS maintenance level.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Agency: 105 Office of Financial Management
Decision Package Code/Title: 8D Budget Structure Changes

Most of the work of the ERDC is creation of data sets for agencies, external researchers, and education providers. These positions will increase the timeliness, volume, and accuracy of data request. These datasets also feed several customer data reports. These will be maintain annually, and content adjusted based on customer feedback.

Create annual dataset identifying the percentage of high school graduates enrolled in postsecondary education and their college and coursetaking characteristics.

Create annual dataset identifying the characteristics of new students in postsecondary institutions.

Create annual dataset identifying workforce outcomes for high school and postsecondary students.

Provide linking necessary to perform cross-sector analysis of education and workforce in support of P-20w data systems.

Update and add additional data to the P-20w data warehouse.

Collaborate with data providers and customers to create and distribute reports and data based on the datasets above.

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The primary mission of OFM is better data and better decisions. These positions specifically relate to the Forecasting and Research goal of providing vastly expanded use of education data.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Directly supporting Goal One (education). Data from the ERDC warehouse informs Goals Two (economy) and Five (accountable government).

What are the other important connections or impacts related to this proposal?

These positions were created in relation to the on-going education data warehouse work. They allow the ERDC to add additional data sources to the warehouse, match identities for analysis, and produce data outputs without relying entirely on Department of Enterprise Services staff.

What alternatives were explored by the agency, and why was this alternative chosen?

These positions represent some of the positions that were originally funded under a federal grant. We identified functions that would not be continued after the grant. We received year-end funding last year for the three necessary positions. This Decision Package is acknowledgement that this work needs to continue.

What are the consequences of adopting or not adopting this package?

Agency: 105 Office of Financial Management
Decision Package Code/Title: 8D Budget Structure Changes

We face a substantial backlog of data requests and the demand is growing constantly. We have created a management information dashboard that tracks the growth in demand for our services. The timeliness of data availability for customers will suffer. We are particularly concerned about the backlog of data that needs to be loaded into the warehouse.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

This continues a current practice.

Expenditure and revenue calculations and assumptions

Based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Costs will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	237,000	237,000	474,000
B Employee Benefits	54,000	54,000	108,000
E Goods\Other Services	25,000	25,000	50,000
Total Objects	316,000	316,000	632,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: 9F Federal Funding Adjustment

Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

OFM previously had appropriation authority of approximately 3 million dollars. Because the project spending was slower than expected, the funding was backed out of CFL. This package restores this authority.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>	
001-2 General Fund - Basic Account-Federal	2,811,365	2,811,365	5,622,730	
Total Cost	2,811,365	2,811,365	5,622,730	
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>	
FTEs	1.0	1.0	1.0	
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001 General Fund	0393 Health & Human Svc	2,811,365	2,811,365	5,622,730
Total Revenue		2,811,365	2,811,365	5,622,730

Package Description:

This package restores the appropriation authority for the Health Care Pricing Cycle Grant.

The project objective is to build upon existing infrastructure to improve and expand medical claims data collection, analysis and reporting on quality and cost of health care in Washington. Additionally, the project intends to:

Establish medical claim data reporting requirements and processes by public and private purchasers, including state government, self-funded employers and regulated issuers on a voluntary and/or mandatory basis.

Expand data dissemination and transparency to purchasers, providers, regulators, issuers and the public.

Improve IT infrastructure to enable robust statewide reporting and access to aggregated data.

Establish protocols for access and use of the medical claim data which fosters health improvement and quality outcomes, academic research, and insurance health insurance rate review while minimizing anti-competitive behaviors by issuers and health care providers.

Agency: 105 Office of Financial Management
Decision Package Code/Title: 9F Federal Funding Adjustment

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. A key objective is to make informed decisions and enabling cross-agency data linkages.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This supports Goal 4 - Healthy & Safe Communities. Specifically, Goal Topic", which is to provide access to good medical care to improve people's lives.

What are the other important connections or impacts related to this proposal?

Related to E2SHB 2572 from the 2014 session.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Potential loss of federal funds.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Agency: 105 Office of Financial Management
Decision Package Code/Title: 9F Federal Funding Adjustment

Expenditure and revenue calculations and assumptions

Based on approved grant award.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Costs are ongoing through end of grant period.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	106,044	106,044	212,088
B Employee Benefits	28,488	28,488	56,976
C Professional Svc Contracts	2,676,833	2,676,833	5,353,666
Total Objects	2,811,365	2,811,365	5,622,730

Agency: 105 Office of Financial Management
Decision Package Code/Title: A0 Reduction of leased space

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Reduction of leased space.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(250,000)	(250,000)	(500,000)
Total Cost	(250,000)	(250,000)	(500,000)

Package Description:

OFM will consolidate staff into assigned state-owned facility space and terminate current leases which will save approximately \$250,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: A0 Reduction of leased space

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By consolidating into state-owned facility space and terminating current leases, this will save approximately \$250,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(250,000)	(250,000)	(500,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A1 Eliminate the JINDEX program

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This recommendation is to move the JINDEX program out of the Office of the CIO (OCIO) to a stakeholder agency and identify a more appropriate fund source than GFS for funding the program which consist of one FTE and services purchased from DES. The services purchased from DES include hardware, software licenses, CTS hosting, and resources that operate the systems. JINDEX is 100% GFS and discontinueing the service would result in a \$1,017,564 savings. In addition, the OCIO expects that moving the technology to leverage virtualized infrastructure would also result in savings but the amount is not yet known.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(500,000)	(500,000)	(1,000,000)
Total Cost	(500,000)	(500,000)	(1,000,000)

Package Description:

In 2006, the Traffic Records Committee received a federal grant to build a Justice Information Data Exchange (JINDEX) system that would allow the sharing of electronic citations, infractions, and collision reports between local law enforcement, Washington State Department of Transportation, Department of Licensing, Washington State Patrol, and the Administrative Office of the Courts. This reduces operational costs by the participating agencies as well as quicker delivery and essential records between them. The ongoing operations and maintenance of the system is now administered by the Office of the CIO (OCIO) with one FTE and leveraging DES shared services.

The JINDEX program, although important for the criminal justice agencies, is not part of the OCIO statute and therefore not core to the mission of the OCIO. This combined with the fact that the operations of JINDEX is 100% funded by the General Fund, the OCIO is recommending moving the program to a more appropriate home and fund source as part of a 15% reduction target.

Executive Summary

Move the JINDEX program to another fund source and assign to a different stakeholder agency. This would result in a \$1,017,564 reduction of GFS.

Narrative Justification and Impact Statement

Agency: 105 Office of Financial Management
Decision Package Code/Title: A1 Eliminate the JINDEX program

What specific performance outcomes does the agency expect?

- Moving JINDEX to another fund source may create an opportunity cost for agencies using that fund without any new revenue to offset the impact
- The OCIO currently acts as an impartial 3rd party for the Traffic Records Committee. Placing the program in one of the stakeholder agencies may create conflicts, bias, or inequity for the other stakeholders.

Performance Measure Detail

Activity: A409 Office of the Chief Information Officer (OCIO)

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By moving the JINDEX program out of the Office of the CIO (OCIO) to a stakeholder agency and identify a more appropriate fund source, there is a savings of approximately \$500,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

This is a reduction package presented as a transfer to another fund source and managing agency. Other options for reduction are less desirable from the perspective of the OCIO.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Agency: 105 Office of Financial Management
Decision Package Code/Title: A1 Eliminate the JINDEX program

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(95,000)	(95,000)	(190,000)
B Employee Benefits	(25,000)	(25,000)	(50,000)
E Goods\Other Services	(380,000)	(380,000)	(760,000)
Total Objects	(500,000)	(500,000)	(1,000,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A2 Eliminate the LID program

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Eliminate the LID program

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(150,000)	(150,000)	(300,000)
Total Cost	(150,000)	(150,000)	(300,000)

Package Description:

RCW 79.44 requires OFM to pay assessments against state owned lands. Costs would be paid by the property owners. The majority of the properties are owned by State Parks and the Washington State Patrol. Savings is approximately \$150,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A003 Assessment Payments on State Lands

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: A2 Eliminate the LID program

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. This elimination of the program would save approximately \$150,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

RCW 79.44

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	(150,000)	(150,000)	(300,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A3 Director's Off/Admin Savings

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Director's Office/Administrative Savings

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(112,000)	(112,000)	(224,000)
Total Cost	(112,000)	(112,000)	(224,000)

Package Description:

The savings would result from only filling an Administrative Assistant position for six months of the year, eliminating a legal subscription and salary savings. In addition, Serve Washington will reduce costs related to contracts, meeting and training events, travel, and contingency funds designated for sub grantee federal match. Savings is approximately \$112,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

Agency: 105 Office of Financial Management

Decision Package Code/Title: A3 Director's Off/Admin Savings

No measures submitted for package

Activity: A016 Washington Commission for National and Community Service

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By filling an Administrative Assistant position for six months of the year; eliminating a legal subscription; Serve Washington reduces costs related to contracts, meeting and training events, travel, and contingency funds designated for sub grantee federal match- this will save approximately \$112,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

Agency: 105 Office of Financial Management
Decision Package Code/Title: A3 Director's Off/Admin Savings

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(30,000)	(30,000)	(60,000)
E Goods\Other Services	(82,000)	(82,000)	(164,000)
Total Objects	(112,000)	(112,000)	(224,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A4 Reduce Aerospace office funding

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Reduce funding for the Governor's Office of Aerospace

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(100,000)	(100,000)	(200,000)
Total Cost	(100,000)	(100,000)	(200,000)

Package Description:

Funding will be reduced for consulting services and travel. Savings is approximately \$100,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: A4 Reduce Aerospace office funding

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By eliminating the Governor's Office of Aerospace, there is a savings of approximately \$100,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
C Professional Svc Contracts	(80,000)	(80,000)	(160,000)
G Travel	(20,000)	(20,000)	(40,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A4 Reduce Aerospace office funding

Total Objects	(100,000)	(100,000)	(200,000)
----------------------	------------------	------------------	------------------

Agency: 105 Office of Financial Management
Decision Package Code/Title: A5 Make Results WA FTE self-funded

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Make Results Washington FTE self-funded

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(60,000)	(60,000)	(120,000)
Total Cost	(60,000)	(60,000)	(120,000)

Package Description:

The majority of the work of one FTE in Results Washington relates to the coordination of events which support the state as a whole. These events are funded through outside grants and donations. The proposal would be to build the cost of this FTE into the overall event costs, so that the grants and donations cover it. Savings is approximately \$60,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A018 Results Washington Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: A5 Make Results WA FTE self-funded

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By building the cost of this FTE into the overall event costs, so that the grants and donations cover it; there is a savings of approximately \$60,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(40,000)	(40,000)	(80,000)
B Employee Benefits	(20,000)	(20,000)	(40,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A5 Make Results WA FTE self-funded

Total Objects	(60,000)	(60,000)	(120,000)
----------------------	-----------------	-----------------	------------------

Agency: 105 Office of Financial Management
Decision Package Code/Title: A6 Restore original funding for 4 FTEs

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore original funding for 4 FTEs

Fiscal Detail

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
Operating Expenditures			
001-1 General Fund - Basic Account-State	(410,000)	(410,000)	(820,000)
419-1 Data Processing Revolving Account-State	257,500	257,500	515,000
553-1 Performance Audits of Government-State	152,500	152,500	305,000
Total Cost			

Package Description:

In past biennia, OFM had 3 FTEs funded by the Data Process Revolving Account and one FTE funded by the Performance Audit Account. The funding for these FTEs has been changed to General Fund - State, and we are proposing changing it back. Savings is approximately \$410,000 per fiscal year in GF-S.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: A6 Restore original funding for 4 FTEs

No measures submitted for package

Activity: A013 Statewide Accounting Policies and Reporting

Incremental Changes

No measures submitted for package

Activity: A018 Results Washington

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By changing the funding back to the Data Process Revolving Account and Performance Audit Account, this saves approximately \$410,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Agency: 105 Office of Financial Management
Decision Package Code/Title: A6 Restore original funding for 4 FTEs

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

Agency: 105 Office of Financial Management
Decision Package Code/Title: A7 Fund shift for a Policy Advisor

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Fund shift for a Policy Advisor

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(80,000)	(80,000)	(160,000)
108-1 Motor Vehicle Account-State	80,000	80,000	160,000
Total Cost			

Package Description:

The majority of the duties for one of the Policy Advisor FTEs relate to transportation issues. The proposal would be to shift the salary and benefit costs from GF-S to the Motor Vehicle Account. Savings is approximately \$85,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: A7 Fund shift for a Policy Advisor

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. By shifting the the salary and benefit costs from GF-S to the Motor Vehicle Account, there would be a savings of approximately \$85,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

Agency: 105 Office of Financial Management
Decision Package Code/Title: A8 FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

FTE reductions in Fiscal & Operations Support Unit and the Accounting Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(150,000)	(150,000)	(300,000)
Total Cost	(150,000)	(150,000)	(300,000)
 Staffing	 <u>FY 2016</u>	 <u>FY 2017</u>	 <u>Annual Average</u>
FTEs	-2.0	-2.0	-2.0

Package Description:

A review and restructuring of the work in the Fiscal & Operations Support Unit and the Accounting Division will be done in order to reduce 2 FTEs. Savings is approximately \$150,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A013 Statewide Accounting Policies and Reporting

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: A8 FTE reductions

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. A restructuring of working in the two divisions, eliminates 2 FTEs for a savings of approximately \$150,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(113,000)	(113,000)	(226,000)
B Employee Benefits	(37,000)	(37,000)	(74,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: A8 FTE reductions

Total Objects	(150,000)	(150,000)	(300,000)
---------------	-----------	-----------	-----------

Agency: 105 Office of Financial Management
Decision Package Code/Title: A9 FTE Reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

FTE reductions in the Office of Regulatory and Innovation Assistance, the Forecasting Division, and the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(290,000)	(290,000)	(580,000)
Total Cost	(290,000)	(290,000)	(580,000)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	-3.0	-3.0	-3.0

Package Description:

A review and restructuring of the work in the Office of Regulatory and Innovation Assistance, the Forecasting Division, and the Budget Division will be done in order to reduce 3 FTEs. Savings is approximately \$290,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management**Decision Package Code/Title: A9 FTE Reductions****Activity: A008 Governor's Budget Development**

Incremental Changes

No measures submitted for package

Activity: A009 Governor's Office for Regulatory Innovation and Assistance (ORIA)

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. Restructuring of the work in the Office of Regulatory and Innovation Assistance, the Forecasting Division, and the Budget Division will be done in order to reduce 3 FTEs will save approximately \$290,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Agency: **105 Office of Financial Management**Decision Package Code/Title: **A9 FTE Reductions***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(218,000)	(218,000)	(436,000)
B Employee Benefits	(72,000)	(72,000)	(144,000)
Total Objects	(290,000)	(290,000)	(580,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B0 FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

FTE reductions in the Executive Policy Office, the Forecasting Division, and the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(282,000)	(282,000)	(564,000)
Total Cost	(282,000)	(282,000)	(564,000)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	-3.0	-3.0	-3.0

Package Description:

A review and restructuring of the work in the Executive Policy Office, the Forecasting Division, and the Budget Division will be done in order to reduce 3 FTEs. Savings is approximately \$282,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management

Decision Package Code/Title: B0 FTE reductions

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. Restructuring of the work in the Executive Policy Office, the Forecasting Division, and the Budget Division will be done in order to reduce 3 FTEs, which will save approximately \$282,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Agency: **105 Office of Financial Management**Decision Package Code/Title: **B0 FTE reductions**

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(212,000)	(212,000)	(424,000)
B Employee Benefits	(70,000)	(70,000)	(140,000)
Total Objects	(282,000)	(282,000)	(564,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B1 FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

FTE reductions in the Executive Policy Office, the Forecasting Division, and the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(352,000)	(352,000)	(704,000)
Total Cost	(352,000)	(352,000)	(704,000)
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	-3.0	-3.0	-3.0

Package Description:

A review and restructuring of the work in the Executive Policy Office, the Forecasting Division, and the Budget Division will be done in order to reduce 3 of FTEs. Savings is approximately \$352,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management

Decision Package Code/Title: B1 FTE reductions

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. Restructuring of the work in the Executive Policy Office, the Forecasting Division, and the Budget Division will be done in order to reduce 3 of FTEs, which will save approximately \$352,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Agency: 105 Office of Financial Management

Decision Package Code/Title: B1 FTE reductions

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(264,000)	(264,000)	(528,000)
B Employee Benefits	(88,000)	(88,000)	(176,000)
Total Objects	(352,000)	(352,000)	(704,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B2 FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

FTE reduction in Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	(110,000)	(110,000)	(220,000)
Total Cost	(110,000)	(110,000)	(220,000)
 Staffing	 <u>FY 2016</u>	 <u>FY 2017</u>	 <u>Annual Average</u>
FTEs	-1.0	-1.0	-1.0

Package Description:

A review and restructuring of the work in the Budget Division will be done in order to reduce 1 FTE. Savings is approximately \$110,000 per fiscal year.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: B2 FTE reductions

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Introducing a balanced budget.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None. Restructuring of the work in the Budget Division will be done in order to reduce 1 FTE, which will save approximately \$110,000 per fiscal year.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(85,000)	(85,000)	(170,000)
B Employee Benefits	(25,000)	(25,000)	(50,000)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B2 FTE reductions

Total Objects	(110,000)	(110,000)	(220,000)
----------------------	------------------	------------------	------------------

Agency: 105 Office of Financial Management
Decision Package Code/Title: B3 Discontinue Techn. Business Mgmt.

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This recommendation is to discontinue the Technology Business Management (TBM) program which consists of one FTE and to make the necessary changes to RCW, specifically RCW 43.41A.025(1)(g) to reflect the reduction and remove the statutory requirement. This would also result in a \$1.39M biennial cost avoidance by not renewing the software licensing managed by the Department of Enterprise Services for the Apptio product.

OCIO expect savings, through reduction of one FTE.

Reporting agencies can also expect to realize some savings in the form of opportunity costs as the collection and reporting of Apptio data is no longer needed, but in the majority of agencies this was not accomplished by any additional FTEs or dedicated expenses. Some agencies already collect this data for internal tracking so savings are difficult to quantify.

The enterprise would lose the insights gained by having IT spend and utilization data across the Executive Branch and the ability to readily report, analyze and compare this data with IT benchmarks across the industry. In addition, University of Washington is leveraging the State's contract for their TBM program. Eliminating the Apptio contract would impact the work the University of Washington is doing with Technology Business Management.

Immediate impact would be the inability to:

- readily report on IT costs by agency or across the enterprise in a meaningful way
- compare costs between agencies
- compare State technology expenditures to industry benchmarks or across agencies
- reduced transparency and cost accountability

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-1 Data Processing Revolving Account-State		(145,681)	(145,681)	(291,362)
Total Cost		(145,681)	(145,681)	(291,362)
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs		-1.0	-1.0	-1.0
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	(145,681)	(145,681)	(291,362)
Total Revenue		(145,681)	(145,681)	(291,362)

Package Description:

Agency: 105 Office of Financial Management
Decision Package Code/Title: B3 Discontinue Techn. Business Mgmt.

We propose cutting the TBM activity and removing the statutory requirement for a TBM program from the OCIO statute.

Executive Summary

Apptio is used to track the State's IT investments across multiple agencies. Executive branch agencies with greater than \$250,000 in FY13 IT spend are required to have a presence in Apptio. There are 44 agencies that meet this criteria representing approximately 95% of IT spend.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A409 Office of the Chief Information Officer (OCIO)

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No. The reduction would impact the transparency pillar of the OCIO strategic plan.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. The reduction would inhibit the governor's priority on financial transparency.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

The OCIO has three main categories of activities: 1) measuring and monitoring the current state, 2) improving the current state to transform the State, 3) manage other specific enterprise programs as directed by the legislature. The third category doesn't have items that could be realistically reduced although we are proposing fund shifts for one of the programs. The second activity is more helpful to the agencies in delivering their mission. The first category, although valuable from an enterprise perspective, does less to help an agency deliver its mission. The TBM program represents the largest activity in this category from a total cost perspective.

What are the consequences of adopting or not adopting this package?

Agency: 105 Office of Financial Management
Decision Package Code/Title: B3 Discontinue Techn. Business Mgmt.

This is a reduction package and not really desirable from the perspective of the OCIO but represents the least impactful of all the bad options.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Yes. RCW 43.41A.025(1)(g) of the OCIO statute and of the OFM statute would need to be repealed.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

There are no one time or ongoing costs for OCIO if the reduction is accepted.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(96,408)	(96,408)	(192,816)
B Employee Benefits	(24,421)	(24,421)	(48,842)
E Goods\Other Services	(4,600)	(4,600)	(9,200)
J Capital Outlays	(1,300)	(1,300)	(2,600)
T Intra-Agency Reimbursements	(18,952)	(18,952)	(37,904)
Total Objects	(145,681)	(145,681)	(291,362)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B4 Fund 415/455 15% Reduction

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Under the fifteen percent budget reduction exercise, State Human Resources would have to cut statewide HR contracts and subscriptions and eliminate seven positions in order to attain the requested reduction. This reduction will result in decreased service to the Governor, OFM and state agencies as well as a reduction in the effectiveness of the remaining team. A full review of the work will need to be completed in order to identify the specific bodies of work that will not be performed as a result of these reductions.

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
415-1	Personnel Service Account-State	(639,110)	(643,730)	(1,282,840)
455-1	Higher Education Personnel Services-State	(112,250)	(112,250)	(224,500)
Total Cost		(751,360)	(755,980)	(1,507,340)
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
	FTEs	-7.0	-7.0	-7.0
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
415 Personnel Sv Acct	0420 Charges for Services	(639,110)	(643,730)	(1,282,840)
455 HI ED Personnel Serv	0420 Charges for Services	(112,250)	(112,250)	(224,500)
Total Revenue		(751,360)	(755,980)	(1,507,340)

Package Description:

Fifteen percent reduction for funds 415 and 455..

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Agency: 105 Office of Financial Management**Decision Package Code/Title: B4 Fund 415/455 15% Reduction****Performance Measure Detail****Activity: A101 State Human Resources****Incremental Changes**

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

It will impede the division's ability to affect Governors priorities most specifically the goal 5 and the employer of choice efforts.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Support for the employer of choice, goal 5.

What are the other important connections or impacts related to this proposal?

Reduces service to the Governor , OFM and state agencies. Specific program services and bodies of work that will be cut have not yet been identified.

What alternatives were explored by the agency, and why was this alternative chosen?

Alternative revenue sources (switching from one appropriated account to another appropriated account) were explored but timing necessitated that cuts be offered prior to that option being fully investigated.

What are the consequences of adopting or not adopting this package?

There will be cuts in services performed by State HR to the Governor, OFM and state agencies.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Based on current appropriations and revenues

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Agency: 105 Office of Financial Management
Decision Package Code/Title: B4 Fund 415/455 15% Reduction

Unless funds are restored in future budgets, the reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(444,288)	(444,288)	(888,576)
B Employee Benefits	(162,072)	(166,692)	(328,764)
C Professional Svc Contracts	(95,000)	(95,000)	(190,000)
E Goods\Other Services	(50,000)	(50,000)	(100,000)
Total Objects	(751,360)	(755,980)	(1,507,340)

Agency: 105 Office of Financial Management
Decision Package Code/Title: B5 Fund 436 15% Reduction

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Under the fifteen percent budget reduction exercise, State Human Resources would have to eliminate three and a half positions in order to attain the requested reduction in the Labor Relations Account. This reduction will result in decreased service to the Governor, OFM and state agencies as well as decreasing the effectiveness of the remaining team. A full review of the work will need to be completed in order to identify the specific bodies of work that will not be performed as a result of these reductions.

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
436-6 OFM Labor Relations Service Account-Non-Ap		(381,115)	(383,755)	(764,870)
Total Cost		(381,115)	(383,755)	(764,870)
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs		-3.5	-3.5	-3.5
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
436 OFM Labor Relations	0420 Charges for Services	(381,115)	(383,755)	(764,870)
Total Revenue		(381,115)	(383,755)	(764,870)

Package Description:

Fifteen percent reduction in fund 436.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Agency: 105 Office of Financial Management**Decision Package Code/Title: B5 Fund 436 15% Reduction**

Activity: A006 Collective Bargaining**Incremental Changes**

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

It will impede the division's ability to affect Governors priorities most specifically the goal 5 and the employer of choice efforts.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Support for the employer of choice, goal 5.

What are the other important connections or impacts related to this proposal?

Reduces service to the Governor, OFM and state agencies. Specific program services and bodies of work that will be cut have not yet been identified.

What alternatives were explored by the agency, and why was this alternative chosen?

Alternative revenue sources (switching from one appropriated account to another appropriated account) were explored but timing necessitated that cuts be offered prior to that option being fully investigated.

What are the consequences of adopting or not adopting this package?

There will be cuts in services performed by State HR to the Governor, OFM and state agencies.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Based on current appropriations and revenues

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored in future budgets, the reductions will be ongoing.

Agency: 105 Office of Financial Management**Decision Package Code/Title: B5 Fund 436 15% Reduction**

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	(283,060)	(283,060)	(566,120)
B Employee Benefits	(98,055)	(100,695)	(198,750)
Total Objects	(381,115)	(383,755)	(764,870)

Agency: 105 Office of Financial Management
Decision Package Code/Title: N0 Restore FTE reduction

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the FTE reduction in the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	110,000	110,000	220,000
Total Cost	110,000	110,000	220,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	1.0	1.0	1.0

Package Description:

Restore FTE reduction in Budget Division.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N0 Restore FTE reduction

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The Office of Financial Management's mission is to provide leadership, direction and information to support and improve government on behalf of the people of Washington. Restoration of the FTEs will improve OFM's ability to fulfill this mission.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

The Budget Division's work directly supports the Results Washington's Goal 5 Priority of Effective, Efficient and Accountable Government and the goals of Customer Satisfaction and Confidence, Resource Stewardship, and Transparency and Accountability. The Budget Division services also directly impact OFM's support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas.

What are the other important connections or impacts related to this proposal?

Restoring the Budget Division staffing would improve the depth and timeliness of budget development, implementation, monitoring and communication work conducted for the Governor and for state agencies, legislative partners and the public. The Budget Division work directly supports the Governor in fulfilling the Executive's fiscal responsibilities.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Services to the Governor, state agencies, legislative partners and the public will be reduced.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

If restored, the costs will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	85,000	85,000	170,000

State of Washington
Decision Package

FINAL

Agency: 105 Office of Financial Management
Decision Package Code/Title: N0 Restore FTE reduction

B	Employee Benefits	25,000	25,000	50,000
Total Objects		110,000	110,000	220,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N1 Restore FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore FTE reductions in the Executive Policy Office, the Forecasting Division, and the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	352,000	352,000	704,000
Total Cost	352,000	352,000	704,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	3.0	3.0	3.0

Package Description:

This package restores the FTE reductions in the Executive Policy Office, the Forecasting Division, and the Budget Division.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management

Decision Package Code/Title: N1 Restore FTE reductions

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The Office of Financial Management's mission is to provide leadership, direction and information to support and improve government on behalf of the people of Washington. Restoration of the FTEs will improve OFM's ability to fulfill this mission.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Forecasting and Research provides significant support to three Results Washington goal areas: Goal One (education), Goal Two (economy) and Goal 5 (government effectiveness).

The Budget Division's work directly supports the Results Washington's Goal 5 Priority of Effective, Efficient and Accountable Government and the goals of Customer Satisfaction and Confidence, Resource Stewardship, and Transparency and Accountability. Budget services also directly impact OFM's support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas.

Policy Office staff provides broad support to all goal teams. Staff reductions will impact their ability to support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas.

What are the other important connections or impacts related to this proposal?

Restoring the staffing in Forecasting and Research will impact the Governor's office, agencies and local governments that rely on our estimates, analysis, and data. Without restoring the staff, timeliness will be affected and some products will be discontinued.

Restoring the staffing in the Policy Office increases services to the Governor and Executive Team, the effectiveness of the remaining team and increases response time to citizen inquiries.

Restoring the Budget Division staffing would improve the depth and timeliness of budget development, implementation, monitoring and communication work conducted for the Governor and for state agencies, legislative partners and the public. The Budget Division work directly supports the Governor in fulfilling the Executive's fiscal responsibilities.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Services to the Governor, state agencies, legislative partners and the public will be reduced.

Agency: 105 Office of Financial Management

Decision Package Code/Title: N1 Restore FTE reductions

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

If restored, the costs will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	264,000	264,000	528,000
B Employee Benefits	88,000	88,000	176,000
Total Objects	352,000	352,000	704,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N2 Restore FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restores FTE reductions in the Executive Policy Office, the Forecasting Division, and the Budget Division

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	282,000	282,000	564,000
Total Cost	282,000	282,000	564,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	3.0	3.0	3.0

Package Description:

This package restores the FTE reductions in Executive Policy Office, the Forecasting Division, and the Budget Division.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management

Decision Package Code/Title: N2 Restore FTE reductions

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The Office of Financial Management's mission is to provide leadership, direction and information to support and improve government on behalf of the people of Washington. Restoration of the FTEs will improve OFM's ability to fulfill this mission.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Forecasting and Research provides significant support to three Results Washington goal areas: Goal One (education), Goal Two (economy) and Goal 5 (government effectiveness).

The Division's work directly supports the Results Washington's Goal 5 Priority of Effective, Efficient and Accountable Government and the goals of Customer Satisfaction and Confidence, Resource Stewardship, and Transparency and Accountability. Budget services also directly impact OFM's support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas.

Policy Office staff provides broad support to all goal teams. Staff reductions will impact their ability to support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas..

What are the other important connections or impacts related to this proposal?

Restoring the staffing in Forecasting and Research will impact the Governor's office, agencies and local governments that rely on our estimates, analysis, and data. Without restoring the staff, timeliness will be affected and some products will be discontinued.

Restoring the staffing in the Policy Office increases services to the Governor and Executive Team, the effectiveness of the remaining team and increases response time to citizen inquiries.

Restoring the Budget Division staffing would improve the depth and timeliness of budget development, implementation, monitoring and communication work conducted for the Governor and for state agencies, legislative partners and the public. The Budget Division work directly supports the Governor in fulfilling the Executive's fiscal responsibilities.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Services to the Governor, state agencies, legislative partners and the public will be reduced.

Agency: 105 Office of Financial Management

Decision Package Code/Title: N2 Restore FTE reductions

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual cots.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

If restored, the costs will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	212,000	212,000	424,000
B Employee Benefits	70,000	70,000	140,000
Total Objects	282,000	282,000	564,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N3 Restore FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the FTE reductions in the Office of Regulatory and Innovation Assistance, the Forecasting Division, and the Budget Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	290,000	290,000	580,000
Total Cost	290,000	290,000	580,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	3.0	3.0	3.0

Package Description:

This package restores the FTE reductions in the Office of Regulatory and Innovation Assistance, the Forecasting Division, and the Budget Division.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A004 Forecasting and Research

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management

Decision Package Code/Title: N3 Restore FTE reductions

Activity: A008 Governor's Budget Development

Incremental Changes

No measures submitted for package

Activity: A009 Governor's Office for Regulatory Innovation and Assistance (ORIA)

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The Office of Financial Management's mission is to provide leadership, direction and information to support and improve government on behalf of the people of Washington. Restoration of the FTEs will improve OFM's ability to fulfill this mission.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Forecasting and Research provides significant support to three Results Washington goal areas: Goal One (education), Goal Two (economy) and Goal 5 (government effectiveness).

The Budget Division's work directly supports the Results Washington's Goal 5 Priority of Effective, Efficient and Accountable Government and the goals of Customer Satisfaction and Confidence, Resource Stewardship, and Transparency and Accountability. Budget services also directly impact OFM's support role in the administration's pursuit of improved outcomes across all of Results Washington goal areas.

One of Governor Inslee's five goals for the State of Washington in his administration is Goal 2 - Prosperous Economy. Making Washington a place that attracts small and large businesses is what produces a prosperous economy where businesses find it easy to do business in Washington. ORIA plays a significant part in the "red tape index", one of the leading indicators in Results Washington, focusing on business and regulatory improvements with the goal of making it easier for business to navigate through the State's system in obtaining the necessary licenses and permits. The Governor and the State Legislature has also named ORIA as the responsible agency for facilitating business and regulatory improvement coordinating with State Agencies and external governmental entities in projects such as the Washington Shellfish Initiative and the Kinross Gold Corporation's Kettle River-Buckhorn Gold Mine. ORIA's Innovation Center reflects Governor Inslee's interest in pursuing innovation solutions to business and regulatory process improvements.

What are the other important connections or impacts related to this proposal?

Restoring the Regulatory Improvement Consultant FTE will have a significant impact on ORIA's Innovation Center which was created to understand and measure the business industry's frustration with regard to regulatory compliance requirements and process. The goal is to implement the process improvements that will assist the business industry by reducing the administrative burden, predictability and clarity of regulatory requirements. The FTE will increase the service capacity to carry forth the mission of the organization.

Restoring the staffing in Forecasting and Research will impact the Governor's office, agencies and local governments that rely on our estimates, analysis, and data. Without restoring the staff, timeliness will be affected and some products will be discontinued.

Restoring the Budget Division staffing would improve the depth and timeliness of budget development, implementation, monitoring and communication work conducted for the Governor and for state agencies, legislative partners and the public. The Budget Division work directly supports the Governor in fulfilling the Executive's fiscal responsibilities.

What alternatives were explored by the agency, and why was this alternative chosen?

Agency: 105 Office of Financial Management
Decision Package Code/Title: N3 Restore FTE reductions

None.

What are the consequences of adopting or not adopting this package?

Services to the Governor, state agencies, legislative partners and the public will be reduced.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Unless funds are restored, these reductions will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	218,000	218,000	436,000
B Employee Benefits	72,000	72,000	144,000
Total Objects	290,000	290,000	580,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N4 Restore FTE reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the FTE reductions in the Fiscal & Operations Support Unit and the Accounting Division.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	150,000	150,000	300,000
Total Cost	150,000	150,000	300,000
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	2.0	2.0	2.0

Package Description:

This package restores the FTE reductions in the Fiscal & Operations Support Unit and the Accounting Division.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A013 Statewide Accounting Policies and Reporting

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N4 Restore FTE reductions

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. The Office of Financial Management's mission is to provide leadership, direction and information to support and improve government on behalf of the people of Washington. Restoration of the FTEs will improve OFM's ability to fulfill this mission.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

The Accounting Division directly supports the Results Washington's Goal 5 Priority of Effective, Efficient, and Accountable Government by providing fiscal and administrative leadership, direction and support to state agencies to increase the accuracy of accounting data and compliance with applicable laws and regulations. OFM Accounting also promotes accountability and transparency of accounting data by partnering with DES to maintain/upgrade accounting systems and producing accurate, timely reports in response to requests for information and legal requirements.

What are the other important connections or impacts related to this proposal?

Restoring the FTE in the Accounting Division will directly impact their work with DES on system maintenance and enhancement initiatives related to statewide accounting applications. Without restoring the FTE, the downstream impact is to system users who will see more wait time for bug fixes and system enhancements.

Restoring the FTE in the Fiscal and Operations Support Unit will impact the services provided internally to OFM staff.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Services to the Governor, state agencies, legislative partners and the public will be reduced.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

Agency: 105 Office of Financial Management**Decision Package Code/Title: N4 Restore FTE reductions**

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	113,000	113,000	226,000
B Employee Benefits	37,000	37,000	74,000
Total Objects	150,000	150,000	300,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N5 Restore Aerospace Office

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores funding to the Governor's Office of Aerospace. Funds will be used to conduct analysis and to develop and implement strategies to retain and grow aerospace-related jobs, including future commercial airplane assembly lines and components.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	100,000	100,000	200,000
Total Cost	100,000	100,000	200,000

Package Description:

This package restores funding to the Governor's Office of Aerospace.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N5 Restore Aerospace Office

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This package supports Goal 2 - Prosperous Economy. It supports the goal topics related to "Business Vitality" and "Thriving Washingtonians".

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Competitiveness in the aerospace industry may be weakened.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
C Professional Svc Contracts	80,000	80,000	160,000
G Travel	20,000	20,000	40,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N5 Restore Aerospace Office

Total Objects	100,000	100,000	200,000
----------------------	----------------	----------------	----------------

Agency: 105 Office of Financial Management
Decision Package Code/Title: N6 Restore leased space reduction

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore leased space reduction.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	250,000	250,000	500,000
Total Cost	250,000	250,000	500,000

Package Description:

This package restores the leased space reduction.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N6 Restore leased space reduction

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	250,000	250,000	500,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N7 Restore elimination of JINDEX prog

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore the elimination of JINDEX program

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	500,000	500,000	1,000,000
Total Cost	500,000	500,000	1,000,000

Package Description:

This package restores the JINDEX program elimination. In 2006, the Traffic Records Committee received a federal grant to build a Justice Information Data Exchange (JINDEX) system that would allow the sharing of electronic citations, infractions, and collision reports between local law enforcement, Washington State Department of Transportation, Department of Licensing, Washington State Patrol, and the Administrative Office of the Courts. This reduces operational costs by the participating agencies as well as quicker delivery and essential records between them. The ongoing operations and maintenance of the system is now administered by the Office of the CIO (OCIO) with one FTE and leveraging DES shared services

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Agency: 105 Office of Financial Management

Decision Package Code/Title: N7 Restore elimination of JINDEX prog

Activity: A409 Office of the Chief Information Officer (OCIO)

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

State of Washington
Decision Package

FINAL

Agency: **105 Office of Financial Management**Decision Package Code/Title: **N7 Restore elimination of JINDEX prog**

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	95,000	95,000	190,000
B Employee Benefits	25,000	25,000	50,000
E Goods\Other Services	380,000	380,000	760,000
Total Objects	500,000	500,000	1,000,000

Agency: 105 Office of Financial Management

Decision Package Code/Title: N8 Restore Admin to FT

Budget Period: 2015-17

Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore administrative position reduction.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	82,000	82,000	164,000
Total Cost	82,000	82,000	164,000

Package Description:

This package restores the administrative position to full time.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N8 Restore Admin to FT

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No

What are the other important connections or impacts related to this proposal?

This position provides front line customer service to OFM clients.

What alternatives were explored by the agency, and why was this alternative chosen?

Keep position half time. Restoring the position to full time improves customer services.

What are the consequences of adopting or not adopting this package?

Services to the governor, state agencies and the public will be reduced.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	30,000	30,000	60,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: N9 Restore LID program

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the LID program.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	150,000	150,000	300,000
Total Cost	150,000	150,000	300,000

Package Description:

Restore LID program funding.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A003 Assessment Payments on State Lands

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: N9 Restore LID program

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	150,000	150,000	300,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: 00 Restore Administrative Savings

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore Serve Washington reductions.

Fiscal Detail

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
Operating Expenditures			
001-1 General Fund - Basic Account-State	(82,000)	82,000	0
Total Cost	(82,000)	82,000	

Package Description:

This package restores administrative costs from Serve Washington.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A016 Washington Commission for National and Community Service

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: 00 Restore Administrative Savings

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	82,000	82,000	164,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: O1 Restore Results WA FTE

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the funding for one Results Washington FTE position back to General Fund - State.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	60,000	60,000	120,000
Total Cost	60,000	60,000	120,000

Package Description:

This package restores the funding for one Results Washington FTE position back to General Fund - State.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A018 Results Washington

Incremental Changes

No measures submitted for package

Agency: 105 Office of Financial Management
Decision Package Code/Title: O1 Restore Results WA FTE

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

No.

What are the other important connections or impacts related to this proposal?

This position provides support to the rest of the Results Washington staff.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual acosts.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	40,000	40,000	80,000
B Employee Benefits	20,000	20,000	40,000

Agency: 105 Office of Financial Management
Decision Package Code/Title: O1 Restore Results WA FTE

Total Objects	60,000	60,000	120,000
----------------------	---------------	---------------	----------------

Agency: 105 Office of Financial Management
Decision Package Code/Title: O2 Restore fund shift policy advisor

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the fund shift for one Policy Advisor FTE back to General Fund - State..

Fiscal Detail

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
Operating Expenditures			
001-1 General Fund - Basic Account-State	80,000	80,000	160,000
108-1 Motor Vehicle Account-State	(80,000)	(80,000)	(160,000)
Total Cost			

Package Description:

This package restores the fund shift for one Policy Advisor FTE back to General Fund - State..

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A015 Statewide Policy Development for Governor's Office

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: O2 Restore fund shift policy advisor

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Policy Office staff provides broad support to all goal teams.

What are the other important connections or impacts related to this proposal?

Restoring the staffing in the Policy Office increases services to the Governor and Executive Team, the effectiveness of the remaining team and increases response time to citizen inquiries.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

Agency: 105 Office of Financial Management
Decision Package Code/Title: O3 Restore current funding for 4 FTEs

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the funding of 4 current FTEs back to General Fund - State..

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	410,000	410,000	820,000
419-1 Data Processing Revolving Account-State	(305,000)	(305,000)	(610,000)
553-1 Performance Audits of Government-State	(105,000)	(105,000)	(210,000)
Total Cost			

Package Description:

Restore funding for 4 FTEs back to General Fund - State.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A002 Administrative Activity

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: O3 Restore current funding for 4 FTEs

No measures submitted for package

Activity: A013 Statewide Accounting Policies and Reporting

Incremental Changes

No measures submitted for package

Activity: A018 Results Washington

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. All four FTEs support the mission of OFM.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

The FTEs directly supports the Results Washington's Goal 5 Priority of Effective, Efficient, and Accountable Government by providing fiscal and administrative leadership, direction and support to state agencies to increase the accuracy of accounting data and compliance with applicable laws and regulations. They also promote accountability and transparency of accounting data by partnering with DES to maintain/upgrade accounting systems and producing accurate, timely reports in response to requests for information and legal requirements.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Agency: 105 Office of Financial Management
Decision Package Code/Title: O3 Restore current funding for 4 FTEs

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

Agency: 105 Office of Financial Management
Decision Package Code/Title: O4 Restore Technology Bus. Mgmt.

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the TBM program and one FTE in the Office of Chief Information Officer.

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-1 Data Processing Revolving Account-State		145,681	145,681	291,362
Total Cost		145,681	145,681	291,362
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs		1.0	1.0	1.0
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419 Data Processing Rev	0420 Charges for Services	145,681	145,681	291,362
Total Revenue		145,681	145,681	291,362

Package Description:

Restore the Technology Business Management (TBM) program, consisting of one FTE.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A409 Office of the Chief Information Officer (OCIO)

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: O4 Restore Technology Bus. Mgmt.

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Transparency is a key component of the OCIO strategic plan.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This improves financial transparency.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

Reductions would need to be taken in other areas.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

RCW 43.41A.025(1)(g) of the OCIO statute speak to TBM and IT cost transparency.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

There are no start-up costs required so all costs are on-going.

Agency: 105 Office of Financial Management**Decision Package Code/Title: O4 Restore Technology Bus. Mgmt.**

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	96,408	96,408	192,816
B Employee Benefits	24,421	24,421	48,842
E Goods\Other Services	4,600	4,600	9,200
J Capital Outlays	1,300	1,300	2,600
T Intra-Agency Reimbursements	18,952	18,952	37,904
Total Objects	145,681	145,681	291,362

Agency: 105 Office of Financial Management
Decision Package Code/Title: O5 Restore 415/455 reductions

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Restore 15% reduction to funds 415 and 455.

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
415-1	Personnel Service Account-State	639,110	643,730	1,282,840
455-1	Higher Education Personnel Services-State	112,250	112,250	224,500
Total Cost		751,360	755,980	1,507,340

Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs		7.0	7.0	7.0

Revenue		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
<u>Fund</u>	<u>Source</u>			
415 Personnel Sv Acct	0420 Charges for Services	639,110	643,730	1,282,840
455 HI ED Personnel Serv	0420 Charges for Services	112,250	112,250	224,500
Total Revenue		751,360	755,980	1,507,340

Package Description:

Restore Fifteen percent reduction to funds 415 and 455.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Agency: 105 Office of Financial Management

Decision Package Code/Title: 05 Restore 415/455 reductions

Activity: A101 State Human Resources

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Improves the division's ability to affect Governor's priorities most specifically the goal 5 and the employer of choice efforts.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Support for the employer of choice, goal 5.

What are the other important connections or impacts related to this proposal?

Improves service to the Governor, OFM and state agencies.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

It will impede the division's ability to affect Governors priorities most specifically the goal 5 and the employer of choice efforts. It also reduces service to the Governor, OFM and state agencies. Specific program services and bodies of work that will be cut have not yet been identified.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

State of Washington
Decision Package

FINAL

Agency: 105 Office of Financial Management

Decision Package Code/Title: 05 Restore 415/455 reductions

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	444,288	444,288	888,576
B Employee Benefits	162,072	166,692	328,764
C Professional Svc Contracts	95,000	95,000	190,000
E Goods\Other Services	50,000	50,000	100,000
Total Objects	751,360	755,980	1,507,340

Agency: 105 Office of Financial Management
Decision Package Code/Title: O6 Restore Fund 436 reduction

Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This package restores the Fund 436 reduction.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
436-6 OFM Labor Relations Service Account-Non-Ap	381,115	383,755	764,870
Total Cost	381,115	383,755	764,870

Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	3.5	3.5	3.5

Revenue		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
<u>Fund</u>	<u>Source</u>			
436 OFM Labor Relations	0420 Charges for Services	381,115	383,755	764,870
Total Revenue		381,115	383,755	764,870

Package Description:

Restore 15% reduction to Fund 436.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Performance Measure Detail

Activity: A006 Collective Bargaining

Incremental Changes

Agency: 105 Office of Financial Management
Decision Package Code/Title: O6 Restore Fund 436 reduction

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Improves the division's ability to affect Governor's priorities most specifically the goal 5 and the employer of choice efforts.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. Support for the employer of choice, goal 5.

What are the other important connections or impacts related to this proposal?

None.

What alternatives were explored by the agency, and why was this alternative chosen?

None.

What are the consequences of adopting or not adopting this package?

It will impede the division's ability to affect Governors priorities most specifically the goal 5 and the employer of choice efforts. It also reduces service to the Governor , OFM and state agencies.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Amounts are based on actual costs.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Amounts will be ongoing.

Agency: 105 Office of Financial Management**Decision Package Code/Title: O6 Restore Fund 436 reduction**

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	283,060	283,060	566,120
B Employee Benefits	98,055	100,695	198,750
Total Objects	381,115	383,755	764,870

Agency: 105 Office of Financial Management
Decision Package Code/Title: W0 Washington Business One Stop
Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

Reduce the time business owners and prospective business owners currently spend to fulfill state and local regulatory requirements through an online consolidated service center. Simplify interactions with the state to increase compliance and reduce regulatory errors by businesses.

Fiscal Detail

Operating Expenditures		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-1	Data Processing Revolving Account-State	1,311,709	1,577,758	2,889,467
Total Cost		1,311,709	1,577,758	2,889,467
Staffing		<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
	FTEs	5.5	6.0	5.8
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419	Data Processing Rev 0420 Charges for Services	1,311,709	1,577,758	2,889,467
Total Revenue		1,311,709	1,577,758	2,889,467

Package Description:

Senate Bill 5718, passed in 2013, found that "regulatory agencies were directed through an executive order in 2006 to develop a one stop business portal, but that a one stop business portal has not yet been developed." In response, the legislature directed the Office of the Chief Information Officer (OCIO) to develop a one-stop portal, with a benchmark for initial implementation defined as: "development of a system backbone; connection of the Department of Revenue, the Department of Labor and Industries, the Secretary of State, and the Employment Security Department to the backbone; and the development of a public-facing portal.

Driven by the Customer:

The first action taken by the Business One Stop initiative was to interview 160+ Washington businesses between May and August 2014, in order to set priorities for product and service development. This has been the most far-reaching and thorough customer research effort since 1977. Interviews focused on the business owner's relationship with state regulatory agencies, with the goal of identifying the most prevalent problems business owners face, and testing specific methods of solving them. This research generated 2,700 individual quotes, which were grouped into 53 insights.

The Business One Stop team then took this customer data and prioritized the deliverables for the rest of FY2014 to ensure the highest value items were built. These include:

- a public-facing website;

- a public-facing and state employee-facing cross-agency knowledge base;
- an API-based system integration increment;
- a recommended high-level enterprise architecture and feature set for finishing the initial implementation of a business one-stop portal as defined by the legislature over the 2015-17 biennium.

This 2015-17 Biennium decision package represents the highest value items we can provide for Washington businesses, as defined by the businesses themselves and reviewed with state agencies to assess viability and feasibility.

Based on Agile development principles, this decision package is also largely modular, allowing the Governor and the state legislature to pick and choose the increments of customer-facing value they wish to fund.

Current Situation:

Over the summer of 2014, over 160 business owners shared the negative impacts on their businesses resulting from a confusing, fragmented and burdensome experience dealing with regulatory agencies at the state. Echoing the sentiments of many, one business owner remarked "it feels like the state is working against us, not for us" regarding the many sources for requirements and regulatory interactions. These negative impacts are felt more acutely by business owners at the most fragile times for their business: at formation and immediately after. This negatively impacts business owner's ability to build their business, create jobs, and contribute to a better economic climate for Washington.

Most alarmingly, if immediate action is not taken to simplify Washington's regulation of business activity, this problem will become much worse. Currently, the four major regulatory agencies for businesses - DOR, OSOS, L&I and ESD - are in varying stages of redesigning their legacy systems and interaction processes with businesses. While this will likely result in positive improvements within agency-specific silos, a lack of coordination at the development and architecture level between these systems will exacerbate the confusion business owners feel overall. Business will still have a confusing, fragmented and burdensome experience while attempting to navigate the state overall. Only now these negative impacts will become even more entrenched within the new systems.

There is a window of opportunity this biennium to build an enterprise business portal that will satisfy the legislature's original requirements mandated in 2006. With four major customer-facing systems in development among the four main UBI agencies, the state must act now to provide a common experience which spans these systems while they are still under development. This timing will help keep costs down, as there is an opportunity to influence the development of these four systems.

Proposed solution:

The state should provide business owners what they have told us they need the most: a simplified and clearer experience for fulfilling their regulatory obligations across agencies.

In service of this solution, the Business One Stop team has prioritized a list of items based on customer value they provide, for business owners and prospective business owners, but also for state agencies.

This suite of product and service offerings is significantly more cost-effective than other states that have constructed similar Business One Stops. Kentucky operates with a \$28 million budget. Ohio and Michigan have spent similar amounts.

The primary reason Washington is able to keep costs lower than other states is our adherence to Service Oriented Architecture (SOA), and the creation of APIs for agencies to communicate. This lessens the need for an expensive orchestration layer or similar large IT system.

An API-based web services architecture is how Amazon organizes itself, which makes it modular and gives Amazon the capability to pivot and rearrange their business without incurring exorbitant IT costs to reconfigure systems.

Comparatively, Washington's business regulatory agencies, by embracing APIs and web services in their system redesigns, will gain the capability to share information much easier than before, and be responsive to customer needs by being able to develop new services without being constrained by the large costs of bringing up costly IT systems to connect to and manage data.

This particular implementation of the One Stop "backbone" also allows the state to save millions in cost avoidance, as agencies will not have to recreate and maintain the intricate network of unique inter-process communications and back-door connections that exist today, once the new systems come online at DOR, OSOS, L&I and ESD. Instead, these will be replaced by a clean, simple, easy-to-use and maintain API and architecture.

Mitigation Plan: In the event this package is not funded, it is necessary to continue partial funding of activities to coordinate

development between the four systems to realize the multiple millions in cost avoidance through a common architectural approach. Also ensures a base level of business.wa.gov and cross-agency content maintenance. This can be accomplished through retaining the 2 FTE's + web development resources, funded at \$497,291 over the 15-17 biennium through agency allocation.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Businesses will spend less time trying to figure out the state, and more time building their businesses. Compliance rates will go up. The state will collect more registration, license, permit and other associated fees.

State agencies will be able to access business data more seamlessly, and avoid costs from having to connect and share data on a one-off basis.

Business One Stop performance measures shall include:

Business Owner Benefits:

- Reduction in time the business owner spends interacting with the state (clearer path for information, more relevant/meaningful search results, more understandable language)
- Increase in regulatory compliance
- Decrease in mistakes made during formation process
- Decrease in mistakes made during initial operating process (0-2 years) and through regulatory "firsts" including tax payments, license registrations and first renewals, quarterly filings, etc.

State Agency Benefits:

- Reduction of corporations who fail to register at both DOR and OSOS
- More complete assessment and collection of fees associated with regulatory compliance
- Single record for business entities which spans across agencies
- Better visibility and usability into other agencies' information
- Cost savings from not having to build custom point-to-point interfaces between different agencies' data sets

Usage Details:

- Number of visitors to business.wa.gov
- Amount of duplicate content taken down by agencies and centralized to business.wa.gov
- Number of signups to Business Dashboard

Other performance metrics will be added over the 2014 fiscal year.

Performance Measure Detail

Activity: **A409Office of the Chief Information Officer (OCIO)**

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. This proposal supports Results Washington's Goal 2: Prosperous Economy. Specifically, the Business Vitality metric. Business owners identified that they spend an unacceptably high amount of resources trying to figure out how they can be compliant with our state's regulatory agencies. Especially new businesses. By helping reduce the resources businesses spend on regulatory compliance, we can liberate those resources to directly contribute to economic growth activities.

What are the other important connections or impacts related to this proposal?

This proposal is in-line with Federal Government API Standards, which are commonplace in modern companies from the startup to the enterprise level.

This proposal advances Service Oriented Architecture in the state, which will reduce the cost of change for agencies by making it easier for both old and new systems to talk to each other through APIs and web services. The cascading effects of this approach throughout the enterprise can transform how the state approaches legacy system mitigation, helping better manage modernization by containing old mainframe systems - this helps agencies both innovate in a mainframe environment, and mitigate the impact of mainframe replacement on partner agency systems (they'll be interfacing with the API with no need to know what is behind it).

Impact on other state programs:

- Agencies will be able to work across agency boundaries to align and simplify business processes and implement these improvements
- Reduce duplication of efforts across agencies
- Reduce manual time expenditures within agencies through better information sharing
- Cooperative governance structure will ensure that impacts to agencies are not severe.

This decision package will also directly impact current and new systems in DOR, OSOS, ESD and L&I. This is a good thing, as it impacts them in a way that advances modern architectural choices that will save money, and will make it easier to deliver new services in the future. These include:

- Service Oriented Architecture, which provides a common way for systems to talk to each other through API's and web services
- CRM system provides a lightweight, easy to access central data layer for agencies to share common information regarding a business.
- Reduce risk by scaling backbone commensurate with increment of value delivered to customers (internal and external).

While building a backbone that can adapt to changing business needs necessitates the creation of API's, this cannot be done without directly impacting staff within agencies. Asking agencies to allocate resources to assist with API wrapper creation will impact agencies, but we hope to offset this by: a) funding paerial API construction through WABOS project budget, and b) providing cost reduction opportunities for agencies, as they will not have to recreate point-to-point interfaces for their future systems.

What alternatives were explored by the agency, and why was this alternative chosen?

This package rejected the following alternatives:

- Consistent look and feel across all agency websites which deal with businesses. Cost of this change was too high, and after several years businesses tend to become acclimated to our current regulatory environment and varied branding between agencies. The package we prefer instead creates a stronger, more unified spaces (business.wa.gov and a shared knowledge base) to best facilitate acclimation.
- Orchestration layer between agencies. Standing up a new system of record which would store and integrate agency data was too costly, too risky, and didn't provide acceptably more value than the lightweight solution proposed in this package.

What are the consequences of adopting or not adopting this package?

Costly concequences for both state business owners and state agencies.

For business owners: it will remain difficult to comply with our regulatory requirements, as the overall experience for businesses will not get simpler or less time intensive. The problems businesses have with our disjointed regulatory structure will get worse. Each of the system redesigns in DOR, OSOS, ESD and L&I will further balkanize the experience business owners struggle with today, even if the experience may be better within the confines of one agency.

It also becomes more expensive to tackle this problem at a later date, when each of the four agency systems are built and in production. Much more efficient to tackle this now when we can best drive alignment between these systems.

For state agencies: without a common architecture and set of APIs, they will be forced to recreate costly custom point-to-point data

connections between their systems just to recreate the minimal cross-agency system collaboration in service today. The state will miss out on the opportunity to realize multiple millions in cost savings from moving to a standard API, and will not realize the additional benefits in streamlining processes that will come with more readily available connections between agencies through APIs.

Mitigation Plan: In the event this package is not funded, it is necessary to continue partial funding of activities to coordinate development between the four systems to realize the multiple millions in cost avoidance through a common architectural approach. Also ensures a base level of business.wa.gov and cross-agency content maintenance. This can be accomplished through retaining the 2 FTE's + web development resources, funded at \$497,291 over the 15-17 biennium through agency allocation.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and revenue calculations and assumptions

Revenue Assumptions:

To be determined.

For full or partial funding, examining self funding options

For minimal funding, assuming \$497,291 agency allocation to support minimal activity.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

To be determined. Most costs are project related.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	544,081	593,038	1,137,119
B Employee Benefits	108,816	118,608	227,424
C Professional Svc Contracts	485,000	660,000	1,145,000
E Goods\Other Services	60,100	62,400	122,500
T Intra-Agency Reimbursements	113,712	143,712	257,424
Total Objects	1,311,709	1,577,758	2,889,467

Agency: 105 Office of Financial Management
Decision Package Code/Title: W1 Core Financial Systems Replacement
Budget Period: 2015-17
Budget Level: PL - Performance Level

Recommendation Summary Text:

This proposal provides resources for the continued planning and implementation work necessary to transform and modernize enterprise reporting and planning systems (ERP). Funding will pay for project oversight by the Office of Financial Management (OFM), start the process of replacing the state's procurement system, and embark on business process redesign work to prepare for full ERP replacement. This package also lays out the proposed plan and estimated costs for full ERP replacement in subsequent biennia.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
419-6 Data Processing Revolving Account-Non-Appropriated	1,483,998	1,776,802	3,260,800
Total Cost	1,483,998	1,776,802	3,260,800
Staffing	<u>FY 2016</u>	<u>FY 2017</u>	<u>Annual Average</u>
FTEs	5.0	5.0	5.0

Package Description:

A. The Problem and Opportunity

The 2013-15 operating budget provided resources to develop a plan and strategy for replacement of the state's enterprise reporting and planning (ERP) systems. The One Washington project was established to perform the strategy and planning. The One Washington team worked with 16 state agencies representing a cross-section of state government. The state contracted with the management consulting firm Accenture to perform assessments and develop a business case for transforming processes and replacing the core financial systems. The Accenture team included individuals with experience in state business management and ERP implementation. Project deliverables including the final report are available at <http://one.wa.gov/project-documents/>.

Accenture identified numerous different applications that perform the functions of an ERP system. These applications support budgeting, accounting, payroll, revenue, expenditures, and assets. They are joined together using a combination of aging technology, out of date computer coding, and significant effort by state employees to translate and integrate information. The core general ledger system has been in operation for 30 years, other applications have been implemented over the past three decades. However, some critical government business processes, such as grant accounting are not supported by enterprise applications; other functions like procurement are incomplete with applications serving very specific purposes, but no application supporting the entire procurement process. As a result, agencies solve problems with workarounds such as developing agency specific databases, spreadsheets or specialized in-house applications. The current collection of applications are aging, not well integrated with one another, do not readily produce needed information, and require heroic efforts by staff to function. What is lost is the power of enterprise data, consistent business processes and effective use of resources.

Of the 170 systems identified, 138 can be decommissioned once modern finance and procurement systems are implemented. The ERP system replacement is critical for the following reasons:

- OFM no longer provides a modern, complete accounting system as required by law. This is a significant barrier to transformation.
- The state's approach to supporting financial management processes is no longer modern.
- The enterprise financial system suite is incomplete, leading to system duplication, workarounds and manual processes.
- It is costly and difficult to meet today's demands for decision-support and transparency information.

B. Building the strategy and action plan

Assessments

Accenture completed several assessments that built the foundation for the business case including assessments of:

- Current business processes,
- Current financial systems, and
- Readiness for replacing the core financial systems.

Within the business process assessment, Accenture examined finance, procurement, and human resources (specifically travel and expense management and time administration). The result of this assessment was the scope of processes to be included in the ERP solution and identifying possible transformational opportunities.

The financial system assessment compiled considerable information about the technical and functional health of these systems. Of the 170 systems identified, 138 could be replaced with a new ERP system. Nineteen of the remaining systems would need to interface with the ERP, 5 have already been decommissioned and 8 will be replaced by the state's Time, Leave and Attendance System.

In the readiness assessment, Accenture ranked the state overall orange on a scale ranging from green (ready for change) to red (not ready for change). The rating is not surprising since system replacement has not been authorized and no change management activities have taken place. Extensive change management is needed, especially frequent training and communications throughout the project. To prepare for implementation, very targeted activities should begin at least 6 to 8 months prior to "go-live" dates.

Building the Business Case

The business case for the project includes costs, benefits and mission impacts. The cost estimates span the entire project life cycle from planning through business process redesign, implementation and at least 5 years of post-implementation routine support and management. Hard dollar benefits include estimates of cost reductions and increases in accounts receivable collections possible because of system functionality and business process improvements. The goal was to develop realistic costs and achievable benefits. In addition, mission impacts were identified. These include both positive and negative impacts on the organization that are not quantifiable.

The business case builds on the results of the assessments and a series of decisions about the timing of software deployment. Three different scenarios were chosen for the business case analysis.

Scenario 1 - Managed Services ERP with all finance and procurement functions combined into one integrated ERP system. Post-implementation support would be provided through a vendor managed services model in which the state owns the software but its operation is managed by a third party vendor.

Scenario 2 - Best-of-Breed e-Procurement with Managed Services ERP financials. In this scenario, an e-Procurement system is selected and implemented first, followed by a separate implementation of the finance functions from an ERP system. This is essentially two separate projects with separate procurements, planning, implementation and post-implementation support.

Scenario 3 - Best-of-Breed e-Procurement with Software-as-a-Service (SaaS) for ERP financials (where the software application is leased rather than owned). – Similar to Scenario 2, there are two separate projects. The difference is that the software is leased rather than owned. A third party vendor would provide all hardware and software capabilities and control the timing and content of all system upgrades. The Software-as-a-Service vendors are working to provide the functionality and services required by state governments, but actual experience is limited.

For each scenario, an overall timeline was put together using Accenture's knowledge and experience implementing ERP and the One Washington team's understanding of the state. Factors considered:

- Agency groupings,
- System modules or functionality,
- Integration needs,
- Change management needs, and
- Risk.

There were multiple iterations and adjustments made before the phasing and deployment decisions were final. For each timeline, Accenture was then able to use their modeling tools built from real-life experience on hundreds of ERP projects to estimate staffing needs and a range of costs.

Hard-dollar benefits were identified for the project and then estimated for each scenario. The estimates used are the middle of a range of possible benefits. The categories of hard-dollar benefits include both possible reductions in expenditures and offsets of the cost of replacing the core financial systems. The hard-dollar benefits identified, include

- Strategic sourcing of purchases,
- Prompt payment discounts,
- Increased accounts receivable collections,
- Purchase card rebates,
- Reduced printing,
- Vendor fees, and
- Termination of legacy system maintenance costs.

The key for strategic sourcing is the development of enterprise data which allows the Department of Enterprise Services (DES) to determine where additional master contracts can result in additional benefits. For prompt pay discounts and purchase card rebates, the state already does a good job, but a modern ERP system can allow for the systematic payment of bills to take advantage of any discounts allowed. Additionally, with this functionality, purchasing staff at DES can negotiate additional contracts with prompt pay discounts. There are some relatively small additional savings to be leveraged from purchase card rebates. The assumption on printing reduction is based on the ability of modern systems to store documents electronically. Staff would not need to print these documents and the state can avoid those costs. Overall a modern system provides the tools to better manage expenditures. Achieving the hard-dollar benefits will require considerable effort

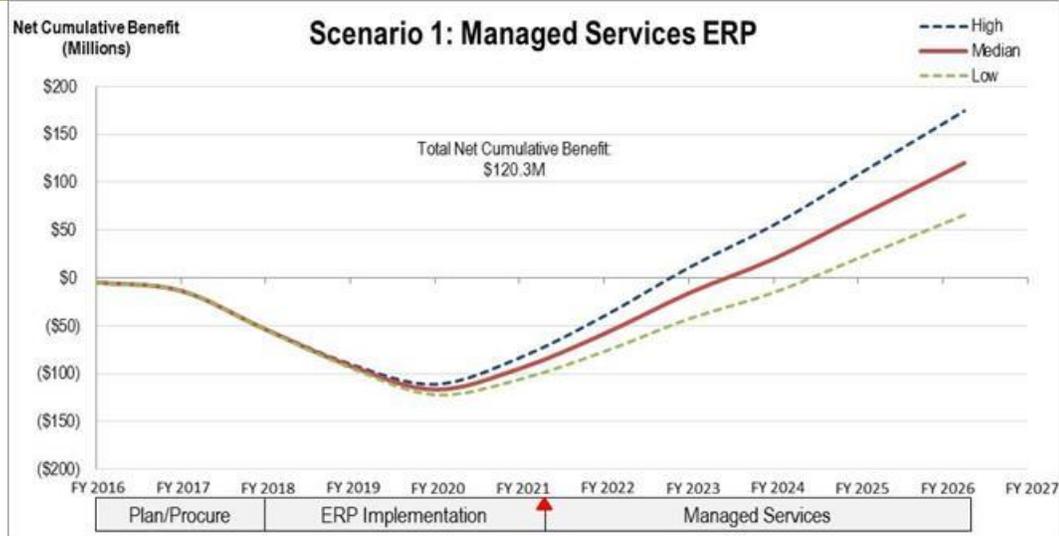
The last two hard dollar benefits include vendor fees and termination of legacy system maintenance costs. Vendor fees represent one of the funding mechanisms of the systems. It is assumed that vendors could be charged for new functionality, such as providing the ability to post catalogs with contract pricing on the system, benefiting both the vendor and the purchaser. In the case of legacy system maintenance costs, these are offsets of new fees related to managed services in Scenario 1 or 2 or through leasing the software in Scenario 3.

The biennial summary of the total cost of ownership and possible benefits for each scenario is presented below. The costs and benefits are shown in nominal dollars, as they have not been adjusted for inflation. The same time frame was used for all three scenarios and includes at least five years of post-implementation support. As a result, FY 26-FY27 includes costs and benefits through the first quarter of FY27. Red arrows on the timeline show when functionality is fully implemented. The cost development approach for Scenario 3 was different than the other scenarios because there is little SaaS ERP experience in state governments. In this case, high-level cost estimates were developed to reflect the differences from the other scenarios. The graph is presented for illustrative purposes.

Scenario 1

The break-even point for Scenario 1 occurs toward the middle of FY 2023. Over the next six biennia, total benefits exceed total costs by \$120.3 million.

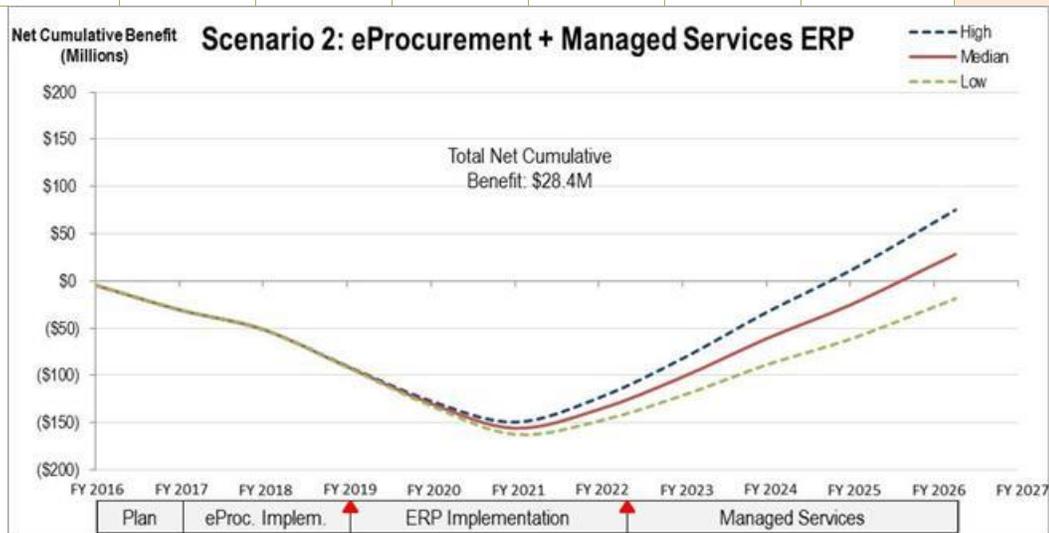
	FY 16-17	FY 18-19	FY 20-21	FY 22-23	FY 24-25	FY 26-27*	Total
Costs	\$ 13.3	\$ 91.6	\$ 64.9	\$ 24.5	\$ 33.2	\$ 15.2	\$ 242.7 M
Benefits	-	13.0	62.1	103.4	113.5	71.0	\$ 363.0 M



Scenario 2

The break-even point for Scenario 2 occurs towards the middle of FY 2025. Over the next six biennia, total benefits exceed total costs by \$28.4 million.

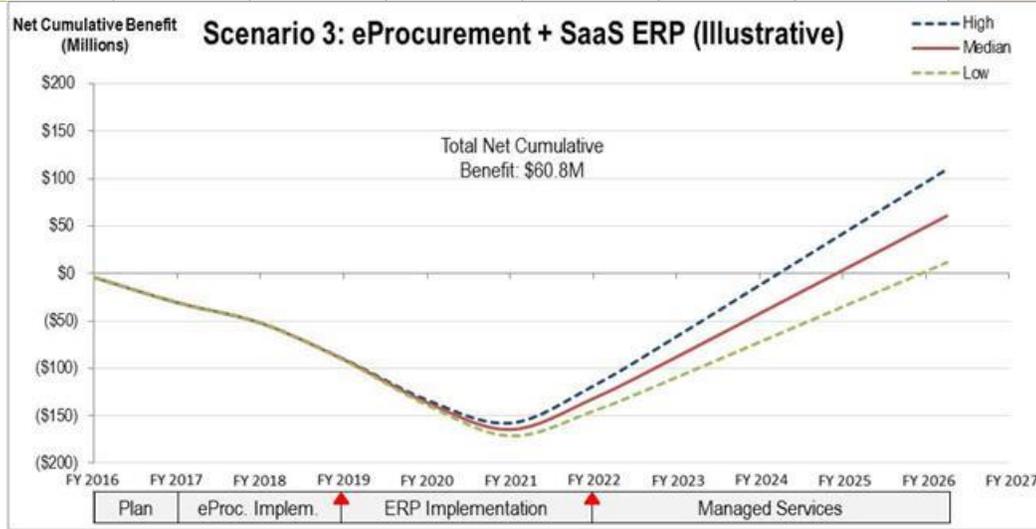
	FY 16-17	FY 18-19	FY 20-21	FY 22-23	FY 24-25	FY 26-27*	Total
Costs	\$ 30.4	\$ 64.1	\$ 104.4	\$ 32.9	\$ 35.1	\$ 17.5	\$ 284.4 M
Benefits	-	3.9	39.3	87.2	111.5	70.9	\$ 312.8 M



Scenario 3

The break-even point for Scenario 3 occurs at the end of FY 2024. Over the next six biennia, total benefits exceed total costs by approximately \$60.8 million.

	FY 16-17	FY 18-19	FY 20-21	FY 22-23	FY 24-25	FY 26-27*	Total
Costs							\$ 267.0 M
Benefits	\$ -	\$ 3.9	\$ 41.1	\$ 98.4	\$ 113.5	\$ 70.9	\$ 327.8 M



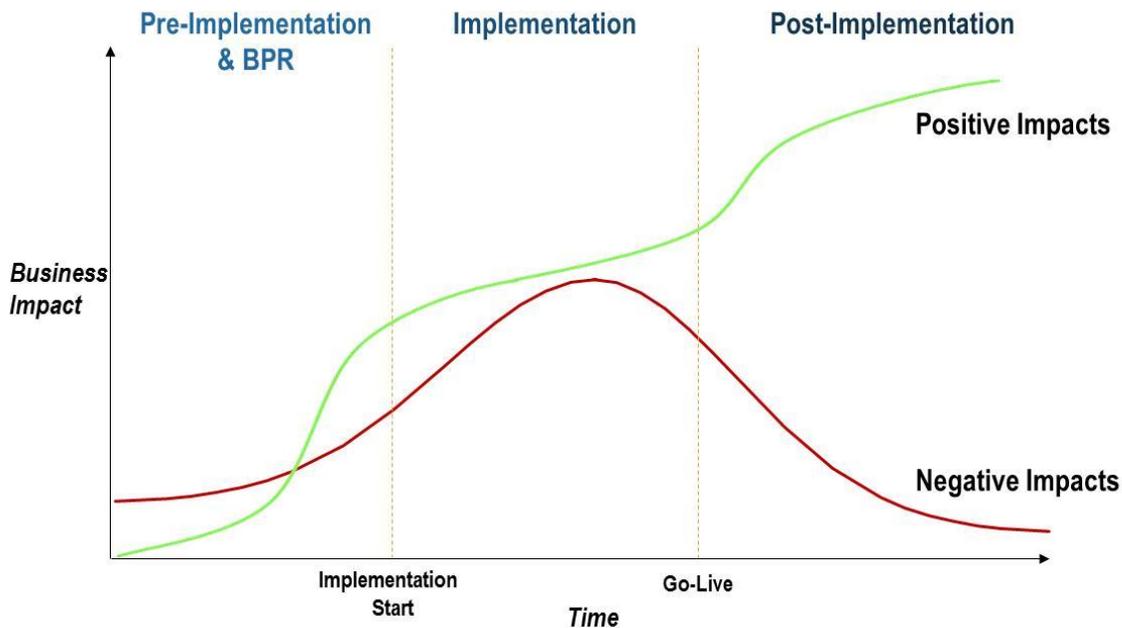
The final element of the business case is mission impacts. These are comprised of the impacts on the mission of state government resulting from the project that cannot be quantified. Positive impacts include:

- Redesigning business processes through lean,
- Winning the war for talent,
- Converting data to insights for decision making,
- Shifting from system maintenance to program support,
- Reducing risk of system failures,
- Standardizing payee and customer data,
- Making travel reimbursement self-service,
- Facilitating budget planning,
- Gaining needed capabilities,
- Accounting for results via a chart of accounts and outcomes,
- Reporting the right information at the right time to the right people, and
- Meeting and exceeding public expectations.

Negative mission impacts include:

- Increased vigilance to avoid project and system failure,
- Staff productivity loss during transition,
- Culture change to accomplish enterprise-wide governance,
- Workforce turnover,
- Deluge of data,
- Changes in job descriptions and functions, and
- Managing the workload related to heightened public expectations for open data.

The mission impacts vary during the course of the project. Positive benefits slowly increase through post-implementation. Negative impacts peak during implementation and fall during post-implementation.



Accenture concluded in its final report that "meeting today's challenges of increased demands for services, rising costs, and limited resources requires an operating design, business processes, and IT systems designed for this new era. One Washington provides all three. It is a good business decision and a good mission decision."

C. What we propose to do

This proposal represents an overall approach to transforming business processes and modernizing core financial systems for procurement and finance functions. There will also be opportunities in the future to migrate other core systems into the ERP. We propose to create two projects, implementing a procurement application first followed by the ERP. This addresses the most significant business challenges and provides early business value.

We propose to produce business value incrementally and establish a gated approach for the overall project. The gated approach breaks the project into small chunks of work with discrete objectives and value. Once the value and objectives are met, then funding for the next body of work will be made available.

D. What this proposal would buy

This budget proposal shows both the request for the 2015-2017 biennium and then provides the plan ensuring four future biennia. This approach lays out the complete vision and scope of the project in seven phases. Due to the complexity and inherent nature of a large transformation initiative of this types, we will learn new information in every phase of the project. The requirements and design phases will provide further clarification of the scope and related costs. We are proposing some modifications to better prepare the project for success.

Scenario 2 with some modifications was used as the basis for developing this proposal. Modifications made to Accenture's Scenario 2:

First biennium (2015-17) work is in preparation for project implementation, establishing the needed infrastructure and increasing understanding of the current state of the procurement process.

- The payee data standards work is shifted to the first biennium which also shifts those costs.
- The overall effect on timelines is a two year extension.
- The overall effect on costs is an increase of \$2,032,000.

First Biennium

This proposal would buy the resources necessary to establish a solid foundation for two projects, implementation of a procurement system, followed by an ERP system for financial functionality. Objectives include:

- Establishment of the Enterprise Business Projects Office, which will focus on developing expertise on enterprise system business projects and establishing repeatable processes.
- Creation of an enterprise governance structure for data and the overall project to develop a process timely project decision making and potential oversight of other enterprise systems.
- Development of data standards for all state payees. The data standards provides the foundation for the procurement system and as part of the ERP project these standards will help facilitate debt offset when implementation of both projects are complete.
- Application of lean techniques to document current procurement processes to gain a clear understanding of the current state and users. Additionally, there will be opportunities identified to eliminate waste, such as waiting time, in the current systems and improve service to operations.
- Preparation of the necessary Requests for Proposal (RFP) documents for the procurement system and related services. The RFPs would not be released until all other objectives have been met and funding is appropriated in the second biennium.

Second Biennium

Foundation work would continue including developing a new chart of accounts, reporting strategy and the data standards for all organizations and individuals paid by the state.

The RFPs would be completed then issued, contracts awarded and negotiated for procurement system software and implementation services. The universal design for all state agencies would be developed, including interfaces to AFRS. The configuration and programming would be completed. Change management activities including communication and training begin this biennium through the waves of implementation. Implementation of Phase 1, the first set of state agencies would be completed. Work would begin on Phase 2, the second and final set of state agencies, and it would extend into the third biennium.

The initial work on the financial ERP begins with development of requirements and RFPs for software, integration services, quality assurance and management of the hardware and software of the ERP.

Third Biennium

Implementation of procurement software is completed for the second and final set of state agencies. Post-implementation and routine system support begins.

Contracts for the ERP software application and services are awarded and the universal design for all state agencies is completed. Business process innovation begins and extends into the fourth biennium. This includes the work that will yield the hard dollar savings including strategic sourcing, prompt pay discounts and accounts receivable collections. The business process innovation will also yield mission benefits through activities such as developing a strategy for the procurement to payment process, internal customer satisfaction and vendor relationship strategy. The implementation of Phase 3 occurs and includes the basic functionality of the general ledger, accounts payable, accounts receivable and asset accounting for five to ten state agencies.

Fourth Biennium

Phase 4 implementation completes the financial functionality including grants accounting and project accounting to the same small group of agencies. This is followed implementation of Phases 5 and 6 which include all financial functionality to the remainder of state agencies. Post-implementation and routine system support begins. The work related to decommissioning and archiving current systems and data also begins.

Finally, phase 7 includes the possible implementation of the budget module in time for the budget development of the following biennium. While implementation of a budget system with the ERP is a possible solution, it is not the only viable approach to replacing or modernizing the suite of current budget systems.

E. Other significant items of note

This is a business process transformation project

The ERP is first and foremost a business transformation project, not just an information technology project. It will be both challenging and difficult. The majority of the effort, cost, frustration, changes and benefits will be related to the redesign of the state's business process for procurement and financial activities. To be successful, the project must put a high priority on change management, training and communication throughout the effort.

Standardization provides both opportunities and challenges

Standardizing business processes provides mission benefits for the state. By standardizing processes, it will be easier for staff to transfer from one agency to another and be productive right away. The result is that agencies will not have to spend as much time training staff. There will also be challenges because of the nature of the state. The culture of state government is federated and supports independence in decision making and processes. Changing organizational culture is challenging and takes time. For success, the commitment of key leaders will need to be shared and unwavering over the course of the project.

New governance bodies will be needed

This project affects every agency in all three branches of state government and the financial systems of record. Effective governance and stakeholder engagement will be critical to success. Development and implementation of enterprise business governance and enterprise data governance is included in the 2015-2017 biennium request. Project governance is critical to support timely decision making.

New chart of accounts and data standards present opportunities

The state will have an opportunity to design a new chart of accounts that can better meet the state's needs today. The current structure has constraints that limit the ability to meet today's needs for information. The result is staff pull together information from many different sources rather from a single source which is also the system of record. Modern ERP systems provide opportunities to be more comprehensive and include data elements that are lacking today. Designing a new chart of accounts will be a significant task. The state may have to let go of codes and titles that have been used for thirty years, but in the end gain important new capabilities.

Achieving benefits will require some compromise and loss

While revamping the chart of accounts and standardizing business processes with the support of new technology will provide opportunities for improvements in data, analysis and reporting, there are tradeoffs any time you move from long-used or custom built systems. These tradeoffs are likely to be most pronounced in agencies that are converting from custom-built, in-house systems that are tailored specifically to their business needs. Some functions may require new ways of working, which can lead to some staff frustration. Implementing standardized leading practices may be more work in one part of the business process, but less in other areas.

During the project, some of the critical staff for agencies will be working on the project team. Also, there will be significant efforts such as data clean-up and development of new processes underway which will affect the ability of agencies to complete their normal work efficiently and effectively.

The benefits enabled with a modern ERP will take years to achieve

Investment in the system comes first followed by the benefits of the innovation. While there are both hard dollar benefits and mission benefits that modern systems can enable, the benefits necessarily come after implementation.

This will be a significant commitment of time and energy

The project will be the most significant and challenging financial project in a generation. Budget estimates cannot fully capture the contribution of time and energy that state employees will make to this significant and transformative change. The budget proposal includes costs for a central project team which allows agencies to back-fill for those individuals who will be on the project full time. Other agency efforts include data clean-up and development of direct interfaces with the ERP and procurement systems. Any changes to interfaces with systems that are not directly connected with the ERP are unknown and as such no budget estimate is included.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This long-term strategic transformation and modernization effort will provide hard-dollar saving by avoiding costs and increasing accounts receivable collections, increasing business value through mission benefits and enabling agencies to enhance their management of administrative processes with data.

Estimated hard-dollar benefits include cost savings in the procure to pay process by:

- Utilizing enterprise data to extend strategic sourcing efforts and new master contracts;
- Systematic scheduling of vendor payments to take advantage of prompt payment discounts and negotiating additional contracts with such discounts;

- Maximizing purchase card rebates; and
- Generating vendor fees from companies that post their catalogs on the new procurement system.

Other hard-dollar benefits include:

- Increasing accounts receivable collections by utilizing system offset capabilities;
- Reducing printing through system electronic storage of documents; and
- Terminating legacy system maintenance costs.

Key mission benefits include:

- Increasing analytic capabilities;
- Updating the chart of accounts and standardizing data for the purpose of improving enterprise data through consistency; and
- Providing decision makers and agency management with needed analysis and information;

Performance Measure Detail

Activity: A002Administrative Activity

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This proposal supports OFM Goal 4, Drive Transformation, which includes the key objective to "modernize financial and administrative systems."

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

This package supports Goal 5, Efficient, Effective and Accountable Government. Adopting leading business practices will improve the effectiveness of government. Accountability will be improved through improved consistency in the use of the chart of accounts and data standards. Government transparency can be improved by reducing the number of systems making it easier to share consistent, accurate information.

What are the other important connections or impacts related to this proposal?

Other studies have recommended that the state pursue an ERP, including:

- Roadmap Feasibility Study (Volume1)
- Roadmap Feasibility Study (Volume 2)
- Roadmap Feasibility Study (Next Steps for Consideration)
- "2005 Critical Applications Modernization & Integration Strategy Department of Transportation"
- "2009 Critical Applications Implementations - Feasibility Study, Department of Transportation"
- "Creating a 21st-century Financial Management System in Washington" Office of State Auditor, May 2013

What alternatives were explored by the agency, and why was this alternative chosen?

Three alternatives were analyzed as part of the business case. The recommended approach is implementing a Best-of-Breed Procurement system first, followed by an ERP application for financial functionality. The decision regarding ownership or leasing the ERP can be deferred for a biennium.

Key factors considered include:

- Producing business value sooner. The opportunity to develop business value including hard dollar benefits from procurement are significant. Strategic sourcing is enabled by development of enterprise data and negotiating additional master contracts. Other business value is created through establishment of standard processes which makes it easier to train staff, elimination of manual work,
- Providing tools where they are needed the most. The most challenging business process is procurement because of the lack of an end to end enterprise system. The result is inconsistency, manual work and development of many workarounds.
- Sizing the project for enterprise capacity. Post-recession administrative staffing for agencies is limited making significant projects especially challenging. Implementing the project incrementally is more likely to produce success.

- Minimizing the initial investment. The economic realities of slow revenue growth and significant obligations make an incremental approach more viable.
- Building repeatable processes and tools. Implementing functionality incrementally provides the opportunity to apply lean and project management methodology and then improve those skills before the next implementation.
- Providing critically needed enterprise data. Information is a critical tool for managing the business of state government. Enterprise data provides the basis for hard dollar benefits by enabling the state to identify additional opportunity for master contracts and benefit from cost savings.
- Recognizing the impact of other major projects. Other major projects underway such as the Department of Revenue replacement of the Tax and Licensing System will be a significant drain on Information Technology staff during the same general timeframe. Implementing procurement first minimizes the impact.

What are the consequences of adopting or not adopting this package?

No computer system lasts forever, and it is a question of when these systems are replaced, rather than if they will be replaced. Modernizing the financial and procurement systems and transforming the related state business processes requires several years of effort and significant funding. Any effort will be unsuccessful without a dedicated, staffed project to do so. That work will only be successful with dedicated capacity for project management, governance, change management, training, and communication.

Process improvements can be made with smaller scale enhancements to current systems. While this could support limited improvement it would not truly modernize the systems and transform business process. Few of today's enterprise financial systems provide true process support. It would not be a matter of improving a piece of the single enterprise business process -that single process does not exist. It can also be difficult and expensive to coax older technology systems and databases to behave in more modern ways.

We can continue with our current financial systems, but risks grow each year. If there is a serious system failure, it could be a disaster for the state of Washington. When there is a financial system failure, organizations such as bonding companies notice and our rating and the cost of borrowing for the state will be affected. Even if there is not a major failure, as the years pass, more systems will lose their vendor support. It will take more work and money to keep the non-modern parts of our systems working well with new technologies. Most systems are not at risk of imminent technical failure (though some are), but they are failing to meet the business needs of decision makers, agency management and citizens. The gap between system capabilities and the expected outputs and productivity of state employees will continue to widen. This gap is hard to accept and agencies will strive to find solutions by creating workarounds such as spreadsheets and databases so they can to meet expectations. Duplicate and parallel systems will continue and proliferate. More resources than necessary will be spent supporting financial processes.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None for the 2015-2017 biennium.

Expenditure and revenue calculations and assumptions

Please refer to the detailed cost estimation workbook which provides all the detailed assumptions for the estimated staff costs. This section will provide highlights of these assumptions for work proposed for the 2015-2017 biennium.

Overall Project

The staffing of the Enterprise Business Projects Office within the Office of Financial Management includes a Project Director, a contracted Project Manager and a support staff. These individuals would be responsible for establishing the direction and project management. In addition, they would directly work on the project governance and other efforts. The costs related to the Projects Office would continue into future biennia.

Procurement Team

A procurement leader and business analyst would form the core team for the 2015-2017 biennium. These individuals would work on lean process mapping activities and begin to work on the RFPs for software and implementation services. The Procurement Team would continue and expand in 2017-2019.

Business Process Redesign - Payee Data Team

This effort would be lead by a contractor and staffed by six state employees for a period of 6 months. This work would begin in the fourth quarter of FY 2016 and be completed in the first quarter of FY 2017. Other six month work groups would operate in 2017-2019 includes the Customer Data Team, the Chart of Accounts Team and the Reporting Team. Though it individuals involved would be different, the cost would continue and expand to include the additional teams.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Only the Enterprise Business Project Management Office would be on-going. This includes the costs related to two FTE's.

On-Going Costs

Obj.	Description	FY 2016	FY 2017	Total
A	Salaries and Wages	164,563	186,708	351,271
B	Employee Benefits	40,181	47,616	87,797
C	Personal Service Contracts			
E	Goods and Services	38,000	48,000	86,000
G	Travel	3,800	4,800	8,600
J	Equipment			
	Totals	246,544	287,124	533,668

Estimated costs for future biennia include:

	One-time Costs	On-going Maintenance & Operations	Total Costs	Comparison with Scenario 2
2017-2019 biennium	28,486,466	1,150,000	29,636,466	Same as 2015-2017 biennium in Scenario 2 except \$748,800 for the development of state payee data standards are included in 2015-2017 which results in a lower cost than Scenario 2.
2019-2021 biennium	55,767,884	8,303,600	64,071,484	Same as 2017-2019 biennium in Scenario 2
2021-2023 biennium	85,807,750	18,551,000	104,358,750	Same as 2019-2021 biennium in Scenario 2
2023-2025 biennium	6,134,938	26,782,500	32,917,438	Same as 2021-2023 biennium in Scenario 2
2025-2027 biennium	6,381,500	28,743,000	35,124,500	Same as 2023-2025 biennium in Scenario 2
2027-2029 biennium		17,515,500	17,515,500	Same as 2025-2027 biennium in Scenario 2

This chart reflects nominal costs that are not adjusted for inflation.

Costs for the project timeframe include at least 5 years of post implementation support which results in the 2027-2029 biennium costs including FY28 and the first quarter of FY29 to be consistent with the Accenture analysis.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages	407,502	517,464	924,966
B Employee Benefits	101,951	138,993	240,944
C Professional Svc Contracts	849,545	903,845	1,753,390
E Goods\Other Services	100,000	200,000	300,000
G Travel	10,000	15,000	25,000
J Capital Outlays	15,000	1,500	16,500
Total Objects	1,483,998	1,776,802	3,260,800

2013-2015 STAFF AND SUPPORT COST ESTIMATES

10/15/2014

One Washington 2015-2017 Decision Package One Washington 2015-17 Decision Package Costs															SFY 16 YEARS TOTALS
TITLE	RANGE	SALARIES	JUL 15	AUG 15	SEPT 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16	APR 16	MAY 16	JUN 16	
Project Director - Exempt	Exempt	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	133,560
AA5	50, L	4,429	0	0	0	0	0	4,429	4,429	4,429	4,429	4,429	4,429	4,429	31,003
Procurement Lead - Exempt	Exempt	8,333	0	0	0	0	0	8,333	8,333	8,333	8,333	8,333	8,333	8,333	58,331
Procurement Bus. Analyst	Exempt	7,692	0	0	0	0	0	0	7,692	7,692	7,692	7,692	7,692	7,692	46,152
BPR Bus. Analyst	Exempt	7,692	0	0	0	0	0	0	0	0	0	46,152	46,152	46,152	138,456
			0	0	0	0	0	0	0	0	0	0	0	0	0
STAFF MONTH TOTAL			1.00	1.00	1.00	1.00	1.00	3.00	4.00	4.00	4.00	10.00	10.00	10.00	50.00
Staff Bodies															4.17
SALARIES TOTAL	A		11,130	11,130	11,130	11,130	11,130	23,892	31,584	31,584	31,584	77,736	77,736	77,736	407,502
BENEFITS															
OASI .0765 \$72,900-00, \$75,600-01 (.0620 OASI, .0145 MEDICARE)			851	851	851	851	851	1,828	2,416	2,416	2,416	5,947	5,947	5,947	31,172
RETIREMENT .0721 SFY14, .0721 SFY15			802	802	802	802	802	1,723	2,277	2,277	2,277	5,605	5,605	5,605	29,379
HEALTH \$800 IN SFY14, \$800 IN SFY15 PER STAFF MONTH			800	800	800	800	800	2,400	3,200	3,200	3,200	8,000	8,000	8,000	40,000
IND. INS./MED. AID PER STAFF MONTH		28.00	28	28	28	28	28	84	112	112	112	280	280	280	1,400
BENEFITS TOTAL	B		2,481	2,481	2,481	2,481	2,481	6,035	8,005	8,005	8,005	19,832	19,832	19,832	101,951
GOODS & SERVICES PER STAFF MONTH		1,000	1,000	1,000	1,000	1,000	1,000	3,000	4,000	4,000	4,000	10,000	10,000	10,000	50,000
LEASE COSTS PER PERSON PER MONTH		1,000	1,000	1,000	1,000	1,000	1,000	3,000	4,000	4,000	4,000	10,000	10,000	10,000	50,000
GOODS AND SERVICES TOTAL	E		2,000	2,000	2,000	2,000	2,000	6,000	8,000	8,000	8,000	20,000	20,000	20,000	100,000
TRAVEL PER STAFF MONTH		200	200	200	200	200	200	600	800	800	800	2,000	2,000	2,000	10,000
TRAVEL TOTAL	G		200	200	200	200	200	600	800	800	800	2,000	2,000	2,000	10,000
EQUIPMENT COSTS ONE TIME CHARGE		1,500	15,000	0	0	0	0	0	0	0	0	0	0	0	15,000
EQUIPMENT TOTAL	J		15,000	0	0	0	0	0	0	0	0	0	0	0	15,000
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.00		0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													634,453
FEDERAL		0.00%													0
LOCAL		0.00%													0
TOTAL FUNDS			30,811	15,811	15,811	15,811	15,811	36,527	48,389	48,389	48,389	119,568	119,568	119,568	634,453
STAFF MONTHS															
Project Director - Exempt			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
AA5			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Procurement Lead - Exempt			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Procurement Bus. Analyst			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
BPR Bus. Analyst			6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00

2013-2015 STAFF AND SUPPORT COST ESTIMATES

10/15/2014

One Washington 2015-2017 Decision Package One Washington 2015-17 Decision Package Costs															SFY 17 YEARS TOTALS	15/17 BIEN TOTALS	15/17 BIEN TOTALS
TITLE	RANGE	SALARIES	JUL 16	AUG 16	SEPT 16	OCT 16	NOV 16	DEC 16	JAN 17	FEB 17	MAR 17	APR 17	MAY 17	JUN 17			
Project Director - Exempt	Exempt	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	11,130	133,560	267,120	267,120
AA5	50, L	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	4,429	53,148	84,151	106,296
Procurement Lead - Exempt	Exempt	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	99,996	158,327	199,992
Procurement Bus. Analyst	Exempt	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	7,692	92,304	138,456	184,608
BPR Bus. Analyst	Exempt	7,692	46,152	46,152	46,152	0	0	0	0	0	0	0	0	0	138,456	276,912	0
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STAFF MONTH TOTAL			10.00	10.00	10.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	75.00	125.00	120.00
Staff Bodies															6.25	10.42	10.00
SALARIES TOTAL	A		77,736	77,736	77,736	31,584	517,464	924,966	758,016								
BENEFITS																	
OASI .0765 \$72,900-00, \$75,600-01 (.0620 OASI, .0145 MEDICARE)			5,947	5,947	5,947	2,416	2,416	2,416	2,416	2,416	2,416	2,416	2,416	2,416	39,585	70,757	57,984
RETIREMENT .0721 SFY14, .0721 SFY15			5,605	5,605	5,605	2,277	2,277	2,277	2,277	2,277	2,277	2,277	2,277	2,277	37,308	66,687	54,648
HEALTH \$800 IN SFY14, \$800 IN SFY15 PER STAFF MONTH			8,000	8,000	8,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	60,000	100,000	96,000
IND. INS./MED. AID PER STAFF MONTH		28.00	280	280	280	140	140	140	140	140	140	140	140	140	2,100	3,500	3,360
BENEFITS TOTAL	B		19,832	19,832	19,832	8,833	138,993	240,944	211,992								
GOODS & SERVICES PER STAFF MONTH		1,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	75,000	125,000	120,000
LEASE COSTS PER PERSON PER MONTH		1,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	75,000	125,000	120,000
GOODS AND SERVICES TOTAL	E		20,000	20,000	20,000	10,000	150,000	250,000	240,000								
TRAVEL PER STAFF MONTH		200	2,000	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	15,000	25,000	24,000
TRAVEL TOTAL	G		2,000	2,000	2,000	1,000	15,000	25,000	24,000								
EQUIPMENT COSTS ONE TIME CHARGE		1,500	1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	16,500	0
EQUIPMENT TOTAL	J		1,500	0	0	0	0	0	0	0	0	0	0	0	1,500	16,500	0
0.00			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.00		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
STATE		100.00%													822,957	1,457,410	1,234,008
FEDERAL		0.00%													0	0	0
LOCAL		0.00%													0	0	0
TOTAL FUNDS			121,068	119,568	119,568	51,417	822,957	1,457,410	1,234,008								
STAFF MONTHS																	
Project Director - Exempt			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
AA5			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Procurement Lead - Exempt			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Procurement Bus. Analyst			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
BPR Bus. Analyst			6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00