

Recommendation Summary

Budget Period: 2015-17

Version: F2 - 060 2015-17 Final 2016 Sup

Budget Level Criteria: ALL

Dollars in Thousands		Agency Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds
CB - Current Biennium						
00	Current Biennium Base	0	4,385.2	854,197	1,274,244	2,128,441
SubTotal CB			4,385.2	854,197	1,274,244	2,128,441
Cumulative Total Thru CB			4,385.2	854,197	1,274,244	2,128,441
M1 - Mandatory Caseload and Enrollment Changes						
93	Mandatory Caseload Adjustments	0	0.0	886	(1,728)	(842)
9N	TANF/WCCC Caseload Adjustment	0	0.0	(10,700)	0	(10,700)
SubTotal M1			0.0	(9,814)	(1,728)	(11,542)
Cumulative Total Thru M1			4,385.2	844,383	1,272,516	2,116,899
M2 - Inflation and Other Rate Changes						
62	ACES Disaster Recovery	0	0.0	3,043	2,029	5,072
8L	Lease Rate Adjustments	0	0.0	276	166	442
8T	Telephony System Replacement	0	0.0	111	66	177
9T	Transfers	0	0.0	(4,552)	(4,418)	(8,970)
A3	SSPS Operations	0	0.0	1,320	364	1,684
AD	Early Start Act	0	0.1	36	0	36
FH	Medicaid Cost Allocation Changes	0	0.0	1,579	(1,579)	0
FS	Unisys Rehosting	0	0.0	1,138	2,059	3,197
FU	WTAP Implementation Issues	0	1.7	608	0	608
FV	Access to HealthPlanFinder	0	0.0	205	204	409
FW	ESAR	0	12.0	4,116	17,621	21,737
WB	One-Time Relocation	0	0.0	605	355	960
WC	Building Access Control System	0	0.0	265	155	420
WK	IT Systems Infrastructure	0	0.0	113	78	191
WM	Technical Corrections	0	0.0	727	257	984
WN	State Data Center Adjustments	0	0.0	344	208	552
WP	MS Office 365	0	0.0	666	400	1,066
WS	Security Infrastructure	0	0.0	1,399	3,912	5,311
WV	Vancouver Furniture COP	0	0.0	264	156	420
XB	DCS Non-Collectible Receivables	0	0.0	1,228	0	1,228
SubTotal M2			13.7	13,491	22,033	35,524
Cumulative Total Thru M2			4,398.9	857,874	1,294,549	2,152,423
PL - Performance Level						
F0	Incr Two-Parent Workfirst Particip	0	0.0	0	0	0
F1	TwoParent Pathway to Employment	0	0.0	0	0	0
F2	WorkFirst Career Services Stipend	0	0.0	0	0	0
F3	ESAR Strategic Modernization	0	0.0	0	0	0
F4	ESAR Architectural Development	0	0.0	0	0	0
F7	Means Testing for Non-Parent Caregi	0	0.1	108	0	108
F8	Child Support Electronic Payments	0	0.5	16	29	45
FZ	SSPS Replacement	0	0.0	0	0	0
SubTotal PL			0.6	124	29	153
Cumulative Total Thru PL			4,399.5	857,998	1,294,578	2,152,576
Total Proposed Budget			4,399.5	857,998	1,294,578	2,152,576

Department of Social and Health Services

DP Code/Title: M1-93 Mandatory Caseload Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests adjustments to funding in order to align with the summer 2015 forecasts for a number of ESA programs. By funding this request, ESA is expected to be properly funded for projected changes in caseloads.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	448,000	438,000	886,000
001-2 General Fund - Basic Account-Federal	(165,000)	(165,000)	(330,000)
001-A General Fund - Basic Account-DSHS Fam Support/Chi	(649,000)	(749,000)	(1,398,000)
Total Cost	(366,000)	(476,000)	(842,000)

Staffing

Package Description:

In the summer of 2015, ESA, the Department of Social and Health Services (DSHS) Central Budget Office, and the Caseload Forecast Council prepared updated forecasts of the caseloads and expected costs per client for the following programs:

- Refugee Cash Assistance (RCA)
- Aged, Blind, or Disabled (ABD)
- Pregnant Women Assistance (PWA)
- Retained Child Support
- Food Assistance for Legal Immigrants (FAP)

RCA provides cash grants to needy refugees who have settled in Washington State. The refugees served by this program are authorized by the United States State Department to immigrate to this country. These refugees are granted permanent residence authorization. The goal of the program is to help refugees attain self-sufficiency. Decreased funding in the amount of \$(165,000) in both Fiscal Years 2016 and 2017 is needed to support the forecasted changes to this caseload.

The ABD program provides cash assistance to low-income adults who are 65 or older, blind, or likely to meet Supplemental Security Income (SSI) disability criteria. The PWA program provides cash assistance to eligible women who are pregnant and ineligible for Temporary Assistance for Needy Families (TANF) and State Family Assistance (SFA) for reasons other than a refusal to cooperate with TANF/SFA requirements. Increased funding of \$386,000 in Fiscal Year 2016 and increased funding of \$382,000 in Fiscal Year 2017 is requested as a result of forecasted changes in the caseload. Additionally, decreased funding in the amount of \$(320,000) in Fiscal Year 2016 and \$(271,000) in Fiscal Year 2017 is required as a result of changes in the amount of ABD expenditures that will be recovered from the Social Security Administration as ABD clients are determined to be eligible for SSI benefits.

The Division of Child Support (DCS) provides support and collection services to custodial parents. Collections for families on public assistance are retained by the state and shared with the federal government. Reduced funding is requested in Fiscal Year 2016 in the amount of \$(1,299,000) and in Fiscal Year 2017 in the amount of \$(1,498,000) for changes in the forecasted amount of child support collections retained by the state.

FAP for Legal Immigrants provides state Basic Food benefits for legal immigrants who are not eligible for federal food benefits due to their immigration status. Increased funding in the amount of \$1,032,000 for Fiscal Year 2016 and \$1,076,000 in Fiscal Year

Department of Social and Health Services

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Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

2017 is needed to support the forecasted changes to this caseload.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ESA expects that by funding this decision package, the agency will continue to provide benefits to clients and assist them in achieving self-sufficiency.

Performance Measure Detail

Agency Level

Activity: F011 Retained Child Support
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Activity: F039 Aged, Blind or Disabled and Pregnant Women Assistance Program
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Activity: F042 Immigrant State Food Assistance
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Activity: F083 Refugee Assistance Income
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

The budget request supports DSHS Goal:

- 1: Health - Each individual and each community will be healthy
- 2: Safety - Each individual and each community will be safe
- 3: Protection - Each individual who is vulnerable will be protected
- 4: Quality of Life - Each individual in need will be supported to attain the highest possible quality of life

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

This decision package supports the Results Washington goals to:

Goal 4: Healthy and Safe Communities - Fostering the health of Washingtonians from a healthy start to a safe and supported future.

Goal 5: Effective, Efficient and Accountable Government - Fostering a Lean culture that drive accountability and results for the people of Washington.

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

Clients will continue to receive benefits and assistance.

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

Department of Social and Health Services

DP Code/Title: M1-93 Mandatory Caseload Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

The June 2015 forecast necessitates a change in the funding provided for the forecast programs.

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

ESA will not be funded at a level to support its forecasted levels.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M1-93 Mandatory Caseload June 2015 2016 Supplemental.xlsx

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

All costs are ongoing and will be carried forward into future biennia based on future caseload forecasts.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(366,000)	(476,000)	(842,000)

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	448,000	438,000	886,000
<i>Total for Fund 001-1</i>	448,000	438,000	886,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
566B Refugee & Entrant Assist-St Admin'd Prog(D)(100%)	(165,000)	(165,000)	(330,000)
<i>Total for Fund 001-2</i>	(165,000)	(165,000)	(330,000)
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi			
<u>Sources Title</u>			
563A Title IV-D Child Support Enforcement (A) (FMAP)	(649,000)	(749,000)	(1,398,000)
<i>Total for Fund 001-A</i>	(649,000)	(749,000)	(1,398,000)
Total Overall Funding	(366,000)	(476,000)	(842,000)

2016 Supplemental Budget - Agency Request
June 2015 Forecast
ESA M1-93 Mandatory Caseload Adjustments

		June 2015 Forecast		
		SFY 2016	SFY 2017	2015-17 Biennial
REFUGEE CASH ASSISTANCE				
		1,572,000	1,572,000	3,144,000
		1,407,000	1,407,000	2,814,000
	001-2 (566B)	(165,000)	(165,000)	(330,000)
AGED, BLIND, DISABLED/PREGNANT WOMENS ASSISTANCE				
		42,453,000	42,053,000	84,506,000
		42,839,000	42,435,000	85,274,000
	001-1	386,000	382,000	768,000
AGED, BLIND, DISABLED RECOVERIES				
		(23,437,000)	(19,585,000)	(43,022,000)
		(23,757,000)	(19,856,000)	(43,613,000)
	001-1	(320,000)	(271,000)	(591,000)
RETAINED CHILD SUPPORT				
		(39,771,000)	(36,288,000)	(76,059,000)
		(41,070,000)	(37,786,000)	(78,856,000)
		(1,299,000)	(1,498,000)	(2,797,000)
	001-1	(650,000)	(749,000)	(1,399,000)
	001-A (563A)	(649,000)	(749,000)	(1,398,000)
FOOD ASSISTANCE PROGRAM				
		19,168,000	19,168,000	38,336,000
		20,200,000	20,244,000	40,444,000
	001-1	1,032,000	1,076,000	2,108,000
TOTAL ML ADJUSTMENT		(366,000)	(476,000)	(842,000)
001-1 GF-State		448,000	438,000	886,000
001-2 (566B) Refugee (100%)		(165,000)	(165,000)	(330,000)
001-A (563A) Title IV-D Child Support Enforcen		(649,000)	(749,000)	(1,398,000)
TOTAL ML ADJUSTMENT		(366,000)	(476,000)	(842,000)

Department of Social and Health Services

DP Code/Title: M1-9N TANF/WCCC Caseload Adjustment
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests adjustments to funding in order to align with the June 2015 forecasts for the Temporary Assistance for Needy Families (TANF) and Working Connections Child Care (WCCC) programs. By funding this request, ESA is expected to be properly funded for projected changes in these caseloads.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(5,289,000)	(5,411,000)	(10,700,000)
Total Cost	(5,289,000)	(5,411,000)	(10,700,000)

Staffing

Package Description:

ESA requests a net reduction of (\$10,700,000) GF- State for the 2016 Supplemental for costs associated with TANF and WCCC caseload changes projected in the June 2015 forecast. In June 2015, the Caseload Forecast Council prepared updated forecasts of the TANF and WCCC caseloads.

TANF helps families with low incomes pay for shelter, clothing, and essential needs while they work or meet WorkFirst participation requirements. Decreased funding in the amount of (\$7,624,000) in Fiscal Year 2016 and (\$8,330,000) in Fiscal Year 2017 is needed to support the forecasted changes in this caseload. This funding will allow these vital assistance programs to be funded at the anticipated level of need.

WCCC helps families with low incomes pay for child care while they work or meet WorkFirst participation requirements. Increased funding in the amount of \$2,335,000 in Fiscal Year 2016 and \$2,919,000 in Fiscal Year 2017 is needed to support the forecasted changes in this caseload.

Agency Contact: Wendy Polzin, (360) 902-8067

Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

These vital assistance programs will be funded at the anticipated level of need.

Performance Measure Detail

Agency Level

Activity: F100 Temporary Assistance for Needy Families (TANF)

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
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0.00	0.00
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Activity: F109 Child Care Subsidy Program

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
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0.00	0.00
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Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Department of Social and Health Services

DP Code/Title: M1-9N TANF/WCCC Caseload Adjustment
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This decision package is essential to implementing ESA's Strategic Objective Goal 4: Quality of Life - Each individual in need will be supported to attain the highest possible quality of life.

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

This decision package supports the Results Washington Goal 4: Healthy and Safe Communities - Fostering the health of Washingtonians for a healthy start to a safe and supported future.

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

By funding this decision package, the amount of funding needed to operate the programs, based on the June 2015 forecast, will be provided.

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

Due to the specific nature of this request, the agency explored no other alternatives.

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

ESA would not be funded at forecasted levels for the TANF and WCCC programs.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M1-9N TANF WCCC Caseload Just 2015 2016 Supplemental.xlsx

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

These costs are ongoing and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(5,289,000)	(5,411,000)	(10,700,000)

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	(5,289,000)	(5,411,000)	(10,700,000)
<i>Total for Fund 001-1</i>	<u>(5,289,000)</u>	<u>(5,411,000)</u>	<u>(10,700,000)</u>
Total Overall Funding	(5,289,000)	(5,411,000)	(10,700,000)

2016 Supplemental Budget - June 2015 Forecast Agency Request M1-9N TANF/WCCC Caseload Adjustment

	FY 2016	FY 2017	Biennium
TANF CASH ASSISTANCE			
Spending Plan 2015-17	157,274,000	151,571,000	308,845,000
June 2015 Forecast	149,650,000	143,241,000	292,891,000
001-1	<u>(7,624,000)</u>	<u>(8,330,000)</u>	<u>(15,954,000)</u>
WORKING CONNECTIONS CHILD CARE			
Child Care Subsidy			
Spending Plan 2015-17	203,025,000	234,559,000	437,584,000
DEL Contribution	75,850,000	75,850,000	151,700,000
Total Funding for WCCC	<u>278,875,000</u>	<u>310,409,000</u>	<u>589,284,000</u>
June 2015 Forecast	281,210,000	313,328,000	594,538,000
001-1	<u>2,335,000</u>	<u>2,919,000</u>	<u>5,254,000</u>
Net Adjustment for DP	001-1	<u>(5,289,000)</u>	<u>(5,411,000)</u>
		<u>(10,700,000)</u>	

Notes

*TANF CASH Assistance includes TANF Grants, Caseload Changes, and Grant Increase

*WCCC includes Child Care Subsidy, Subsidy Caseload, 12 Month Eligibility,
Family Home Collective Bargaining, and Center Parity

*Forecasted amounts from the TANF WCCC Forecast v3, sent by Carl W. on Aug 18, 2015

Department of Social and Health Services

DP Code/Title: M2-62 ACES Disaster Recovery
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$5,072,000 (\$3,043,000 GF-State) to continue the implementation of the disaster recovery (DR) project for the "Automated Client Eligibility System (ACES) Complex" (ACES, Washington Connection (WaConn), Barcode, and Eligibility Service (ES)). These systems support the mission essential functions (MEFs) of cash, food, medical benefits and childcare. ACES is a comprehensive mission critical system supporting up to 8,000 users in over 90 locations throughout the state and controls over \$2 billion in annual client benefits. By funding this request, ESA is expected to be in compliance with federal regulations related to the Medicaid Expansion, Patient Protection and Affordable Care Act (ACA), and minimize the risk of losing client data and disrupting client services.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	1,707,000	1,336,000	3,043,000
001-2 General Fund - Basic Account-Federal	951,000	745,000	1,696,000
001-C General Fund - Basic Account-Medicaid Federal	187,000	146,000	333,000
Total Cost	2,845,000	2,227,000	5,072,000

Staffing

Package Description:

Problem Statement:

DR services minimize service disruption and the loss of client data in the event of a disaster. The loss of client data or a service interruption can result in a delay of benefits being issued to clients who depend on them to meet basic needs. Washington State is required by the federal government to have DR in place, with the ability to perform a system recovery for all MEFs within three business days.

DSHS requested funding in the 2015 Supplemental Budget based on a request for proposal (RFP) for DR services. On May 1, 2014, DSHS contracted with IBM Business Continuity and Resiliency Services (BCRS). It has since been determined that in addition to the DR services outlined in the initial RFP, additional ES MEFs would need to be covered, which increased the vendor cost. In August 2015 the BCRS contract was amended to add DR services to cover the newly acquired, larger mainframe that is housed at the State Data Center. The mainframe supports the ACES Complex and the ES. ESA will also need to upgrade additional hardware and software to facilitate the new DR solution, increase security compliance and increase the agency bandwidth for DR recovery. BCRS has also identified on-going maintenance and operation costs that ESA will need to cover.

ESA's base DR funding of \$600,000 per year (\$360,000 GF-State) is from the DR solution that existed prior to May 2014. This existing funding is not sufficient to fund a DR solution that meets current business needs, which includes the ACES Complex and ES.

Proposed Solution:

ESA requests ongoing funding to address DR requirements including vendor coverage of additional MEFs, the new ACES mainframe; hardware and software costs for upgrading the production environment; increased security compliance, Quality Assurance; and costs from Washington Technology Services for the purchase and maintenance of network equipment for both the recovery and replication lines to transfer data to BCRS.

The DR solution supports federal and state cash, food and medical program requirements; issuance of benefits through Electronic

Department of Social and Health Services

DP Code/Title: M2-62 ACES Disaster Recovery
Program Level - 060 Economic Services Admin

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Benefit Transfer; and the Eligibility Service which is the rules engine that connects to Washington's Health Benefit Exchange to support Healthplanfinder. DR is required by our federal funding partners.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Dianna Wilks (360)725-4524

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this DP positions ESA to ensure recoverability to systems that support MEFs in the event of a disaster. ESA would then be able to continue to issue cash, food, medical and childcare benefits to DSHS, Health Care Authority (HCA), Health Benefit Exchange (HBE) and all impacted state and federal partners clients during the time of a disaster.

Performance Measure Detail

Agency Level

Activity: F006 Automated Client Eligibility Systems (ACES)

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.3: ESA will modernize technology for critical systems and applications (Examples include ESA's Eligibility Service and ACES Remediation and Child Support's Unisys Rehosting effort).

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Fostering a Lean culture that drives accountability and results for the people of Washington.

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

Health Care Authority and Health Benefit Exchange support this proposal as part of Automated Client Eligibility System (ACES), Eligibility Service, Washington Connection (WaConn) and Barcode continued business operations.

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

ESA currently uses an outside vendor to back up data and take off site. In the event of a disaster ESA would contact that vendor, and they would take the data to the out of state recovery center to retrieve the data. ESA's goal is to no longer use the outside vendor to back up the data, it will stream directly to the recovery center. This new process would eliminate additional costs and cut down on recovery time.

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

Not funding this decision package has two major impacts: (1) ESA would need to drastically cut scope and would then not have a viable DR solution that meets federal and state requirements for the MEFs of authorizing cash, food, medical and childcare that the ACES system supports. ACES, ES, WaConn and Barcode are systems vital to providing services to clients, and (2) continuity business operations will be affected for DSHS, HCA and HBE.

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

Department of Social and Health Services

DP Code/Title: M2-62 ACES Disaster Recovery
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M2-62 ACES Disaster Recovery.xlsx

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

One-time and contingency costs are included in this request. One-time costs are estimated at \$701,000 for FY 2016 and \$391,000 for FY 2017.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	1,992,000	1,559,000	3,551,000
J Capital Outlays	853,000	668,000	1,521,000
Total Objects	2,845,000	2,227,000	5,072,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	1,120,000	877,000	1,997,000
GFS2 General Fund State TANF Moe	587,000	459,000	1,046,000
<i>Total for Fund 001-1</i>	1,707,000	1,336,000	3,043,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
576B Refugee Social Services (100%)	18,000	14,000	32,000
E61L Food Stamp Program (50%)	933,000	731,000	1,664,000
<i>Total for Fund 001-2</i>	951,000	745,000	1,696,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19UL Title XIX Admin (50%)	187,000	146,000	333,000
<i>Total for Fund 001-C</i>	187,000	146,000	333,000
Total Overall Funding	2,845,000	2,227,000	5,072,000

2016 Supplemental Request M2-62 ACES Disaster Recovery

Funding Needed

IBM Contract	1,680,000	1,680,000
Hardware/Software/Licenses	331,000	151,000
CTS/WaTech Chargebacks	276,000	199,000
Contingency Costs	457,343	405,926
One-time costs	701,000	391,000
Total Funding Needed	3,445,343	2,826,926

Fund Split

GF-State	2,067,000	1,696,000
GF-Federal	1,378,000	1,131,000
	3,445,000	2,827,000

Base Funding

GF-State	360,000	360,000
GF-Federal	240,000	240,000
Total Base Funding	600,000	600,000

Funding Request

GF-State	1,707,000	1,336,000
GF-Federal	1,138,000	891,000
Total Funding Request	2,845,000	2,227,000

Information Technology Addendum

Recsum Code and Title: M2-62 ACES Disaster Recovery

Brief Description: ACES Disaster Recovery - This investment is essential for ensuring that DSHS is able to fulfill its duty of determining and issuing benefits to the needy families of Washington State in the event of a disaster.

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: The primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

This investment improves business process by moving from a tape-based system to a direct replication system. The tape backup process, including vendor tape pickup and storage, is eliminated. The new direct replication system leverages servers in the State Data Center. In the event of a disaster, the new direct replication system provides reduced data loss, faster recovery time, and increased security of client data.

Risk mitigation: The primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

This investment's risk planning includes budgeting for independent quality assurance and multiple disaster recovery scenarios each year to evaluate preparedness and success.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides "customer-facing value" in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

This investment supports the implementation of a modern, streamlined system which more fully enables the complete recoverability of the expanded mission essential systems. In the event of a disaster, the new direct replication system provides reduced data loss, faster recovery time, and an increased security of client data. This enables DSHS/ESA to more quickly meet its recovery

2016 Supplemental Budget Department of Social and Health Services

objectives in getting the systems up with minimum data loss and resuming the issuance of benefits to the people of the State of Washington.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies. (INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

Not applicable.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable? (INTENT: Award more points for better project and outcome performance measures.)

This investment is to ensure services and benefits are able to be provided to individuals and families in need in the event of a disaster. The systems involved here are not what are visible to the public. The product of these systems (benefits) and their timely issuance are the visible yields.

The project and its goals have been fully vetted within the organization and its stakeholders. The organization is positioned to exercise multiple disaster recovery scenarios each year to evaluate preparedness and success. In the event of an actual disaster, success would be measured by how quickly DSHS/ESA meets the recovery objectives in getting the systems up with minimum data loss and resuming issuance of benefits.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency. (INTENT: Award additional points to projects where intent is to improve the security across an agency.)

The disaster recovery site will mirror the production site and both will follow state IT policies. DSHS/ESA is responsible to encrypt DSHS client data and the disaster recovery vendor does not have access to the data. They provide the location and host the equipment. Security requirements were addressed during contract negotiations to ensure they meet all state and federal security requirements.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy. (INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

2016 Supplemental Budget Department of Social and Health Services

Yes, this investment allows the organization to move from physical tape (data backup) to virtual tape. Aging and inadequate recoverability systems are being replaced with current technology of adequate size and capacity to support all systems judged to be essential.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

The solution is not a mobility initiative. However, in the event of a disaster DSHS/ESA would execute the contract with the disaster recovery vendor and use the 'hot site.' DSHS/ESA would be positioned to resume benefit issuance to the people of the State of Washington more timely than what was previously in place.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

Not applicable. This investment supports a DSHS disaster recovery solution to completely restore DSHS/ESA mission essential systems. In the event of a disaster, this investment is essential for ensuring that DSHS is able to fulfill its duty of determining and issuing benefits to the needy families in the State of Washington.

2016 Supplemental Budget Department of Social and Health Services

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

Not applicable.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

This investment will not reduce expenses. It will, however, implement a modern, streamlined system which more fully enables the complete recoverability of the expanded mission essential systems.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This project leverages federal matching funds and is currently earning the RMTS split.

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests lease rate adjustments to correct funding discrepancies between programs and to fully support lease obligations.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	276,000	276,000
001-2 General Fund - Basic Account-Federal	0	166,000	166,000
Total Cost	0	442,000	442,000

Staffing

Package Description:

Problem Statement

DSHS' 2015-17 agency-wide lease budget requires the following adjustments to eliminate funding discrepancies and shortfalls:
 Everett - OFM Facility Oversight redistributed funds between programs to account for square footage changes that will occur in Fiscal Year 2017 between programs. This duplicated an adjustment that DSHS had already made.
 Tacoma - OFM Facility Oversight removed funding for Fiscal Year 2017 related to an outdated plan to reduce space at the Centennial Complex. The leased space will continue to be needed to house DSHS programs for the foreseeable future.
 The Developmental Disabilities Administration expedited three expansion projects that were scheduled for completion during Fiscal Year 2017. These projects will now be completed in Fiscal Year 2016 to make additional space available for new hires anticipated in Fiscal Year 2017. An exchange of funds between fiscal years will be necessary to meet program need. These projects and the expedited timing were approved by OFM Facility Oversight via the Modified Pre-design process.

Proposed Solution

Everett - Reverse the program redistribution between programs. The net change is an addition of \$24,074 because the Department of Early Learning (DEL), who is also a tenant in this building, was inadvertently included in OFM's calculation.
 Tacoma - Second year funding for the Centennial II facility must be added. The net increase is \$762,892.71. Please see the Lease Rate Adjustment worksheet for amounts by program.
 Developmental Disabilities Administration (DDA) redistribution of funds between fiscal years adds \$280,000 to Fiscal Year 2016 and reduces Fiscal Year 2017 by the same amount.

Agency Contact: Denise Kopel (360)902-7707

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this request will enable DSHS programs to continue serving clients in these existing facilities with adequate lease funding.

Performance Measure Detail

Agency Level

Activity: F078 Program Support

Incremental Changes

FY 1 **FY 2**

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

No measures linked to package

0.00 0.00

Activity: F120 CSD Field Support Services

Incremental Changes

No measures linked to package

FY 1 **FY 2**

0.00 0.00

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

Safety - Each individual and each community will be safe.

Public Trust - Strong management practices will be used to ensure quality and efficiency.

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

This Decision package supports the Result Washington:

Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

This request supports nearly all DSHS programs. Lack of funding will cause programs to overspend their budgets which will negatively impact the clients they serve.

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

No alternatives were explored as the lease space is necessary to house increased staffing with in DSHS.

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

DSHS will be forced to cover these costs as the space is needed. Without additional funding, cuts in service will negatively impact the clients they serve.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: AW M2-8L Lease Adjustment Costs.xlsx

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

These costs are ongoing and will carry forward into future biennia.

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	0	442,000	442,000

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	0	166,000	166,000
GFS2	General Fund State TANF Moe	0	110,000	110,000
<i>Total for Fund 001-1</i>		0	276,000	276,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	0	166,000	166,000
<i>Total for Fund 001-2</i>		0	166,000	166,000
Total Overall Funding		0	442,000	442,000

**2016 Supplemental Budget
M2-8L Lease Adjustments**

Department of Social & Health Services

Program	State			Other			Total		
	2016	2017	Total	2016	2017	Total	2016	2017	Total
010 - CA	\$0	\$672,000	\$672,000	\$0	\$70,000	\$70,000	\$0	\$742,000	\$742,000
020 - JRA	\$0	(\$115,000)	(\$115,000)	\$0	\$0	\$0	\$0	(\$115,000)	(\$115,000)
040 - DDD	\$165,000	(\$247,000)	(\$82,000)	\$115,000	(\$172,000)	(\$57,000)	\$280,000	(\$419,000)	(\$139,000)
050 - LTC	\$46,000	(\$22,000)	\$24,000	(\$46,000)	(\$109,000)	(\$155,000)	\$0	(\$131,000)	(\$131,000)
060 - ESA	\$0	\$276,000	\$276,000	\$0	\$166,000	\$166,000	\$0	\$442,000	\$442,000
100 - DVR	\$0	(\$18,000)	(\$18,000)	\$0	\$0	\$0	\$0	(\$18,000)	(\$18,000)
110 - ADMIN	\$0	\$5,000	\$5,000	\$0	\$1,000	\$1,000	\$0	\$6,000	\$6,000
Total	\$211,000	\$551,000	\$762,000	\$69,000	(\$44,000)	\$25,000	\$280,000	\$507,000	\$787,000

Total Request			
2015-17 Biennium Request (Incremental)			
Program	FY 2016	FY 2017	Total
010 - CA	\$ -	\$ 742,000	\$ 742,000
020 - JRA	\$ -	\$ (115,000)	\$ (115,000)
040 - DDD	\$ 280,000	\$ (419,000)	\$ (139,000)
050 - LTC	\$ -	\$ (131,000)	\$ (131,000)
060 - ESA	\$ -	\$ 442,000	\$ 442,000
100 - DVR	\$ -	\$ (18,000)	\$ (18,000)
110 - ADMIN	\$ -	\$ 6,000	\$ 6,000
Total	\$280,000	\$507,000	\$787,000

2016 Supplemental Budget M2-8L Lease Adjustments

City	Bldg_Address	Use_Primary	Program	Total FY2016	Total FY2017
Everett	840 N Broadway	Office	010	-	457,013.00
Tacoma	2121 S State St	Office	010	-	254,043.27
Tacoma	2121 S State St	Office	010	-	31,327.43
010 Total				-	742,383.70
Everett	840 N Broadway	Office	020	-	(117,757.00)
Tacoma	2121 S State St	Office	020	-	1,061.95
Tacoma	2121 S State St	Office	020	-	1,238.94
020 Total				-	(115,456.12)
Everett	840 N Broadway	Office	040	-	(146,247.00)
Tacoma	2121 S State St	Office	040	-	7,256.64
	See DDA Redistribution	Office	050	280,000.00	(280,000.00)
040 Total				280,000.00	(418,990.36)
Everett	840 N Broadway	Office	050	-	(144,307.00)
Tacoma	2121 S State St	Office	050	-	12,920.35
050 Total				-	(131,386.65)
Everett	840 N Broadway	Office	060	-	42,960.00
Tacoma	2121 S State St	Office	060	-	364,662.72
Tacoma	2121 S State St	Office	060	-	34,690.26
060 Total				-	442,312.97
Everett	840 N Broadway	Office	100	-	(18,279.00)
100 Total				-	(18,279.00)
Everett	840 N Broadway	Office	110	-	(49,309.00)
Tacoma	2121 S State St	Office	110	-	3,814.46
Tacoma	2121 S State St	Office	110	-	51,876.70
110 Total				-	6,382.17
Grand Total				280,000.00	506,966.71

Department of Social and Health Services

DP Code/Title: M2-8T Telephony System Replacement
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding to procure and implement shared telephony systems in order to replace or upgrade failing legacy telephony systems that provide voice and fax services for several of the agency sites. By funding this request, clients will have more consistent access to services, and the Department will be more efficient and effective in its use of shared data and voice networks, reducing operational costs and extended outages while retaining the ability to effectively budget for this service. DSHS Capital Programs will request \$1.2 million in a separate Telecommunications decision package for the 2015 17 Capital Budget.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	44,000	67,000	111,000
001-2 General Fund - Basic Account-Federal	26,000	40,000	66,000
Total Cost	70,000	107,000	177,000

Staffing

Package Description:

Problem:

The programs have a variety of dissimilar systems used to deliver telephone services to agency staff. The systems range from large Private Branch exchange (PBX) telephone systems owned and operated by Washington Technology Solutions (WTS), to small hybrid telephone systems owned by the local office or administration. There is no overall governance for acquisition, operation, or maintenance for these various systems. Many of the small hybrid systems have reached the end of their useful or supportable life, and have no maintenance contracts or replacement plans in place, resulting in emergency corrective maintenance being the norm. This impacts not only agency staff but the department's business partners, clients, and the public when contacting the agency for services. As a result of the agency administrations "owning" their telephony systems, many systems reach end of life or end of support without lifecycle replacement strategies. The consequence is that many of these systems are no longer sustainable. At times, a system has failed with no chance of repair because it is so old that parts are no longer manufactured (often even trying to find a "spare" part here and there fails) and vendors won't touch it because of lack of knowledge and/or fear of responsibilities. End of life telephony equipment is inefficient due to costly repairs and staff downtime. Many end of life systems are no longer supported by vendors or providers and are extremely difficult (and costly) to find technicians who know how to repair an outdated system.

Solution:

The proposed solution is to upgrade or repair outdated telephony systems by contracting with WTS or other vendors. The funding will provide the ability to implement several efficiencies, including expanded local dialing (minimal long distance charges between offices); shared data and voice networks (reducing circuit and equipment costs); consistent system maintenance (decreasing repair costs); standardized systems throughout the agency; consistent security updates, etc. This proposed solution will reduce ongoing operational costs for repairs and hardware/software upgrades.

Working with WTS and other contractors, the upgrades will be designed, procured, and implemented throughout the 2015 17 biennium. The programs goal is to establish a new model of telephony management. The program and/or WTS would own and manage the telephony systems and procure new systems as existing systems enter end of life or end of support. This promotes standardization, consolidation, and maintenance agreement, which avoids future problems and unexpected costs.

Department of Social and Health Services

DP Code/Title: M2-8T Telephony System Replacement
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Agency Contact: Don Petrich 360 902 7831
Program Contact: Carlyle Ludwig, SESA, 360.902 7615

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The budget request supports DSHS Goal 5: Public Trust - Strong management practices will be used to ensure quality and efficiency. The decision package is essential to implementing the Services and Enterprise Support Administration Strategic Objective 5.10: Pursue excellence in the technology services we offer.

This request supports the Results Washington goal to provide effective, efficient, and accountable government:

- By reducing future ongoing costs while improving services.
- By supporting a more productive workforce.
- By keeping the telephony service an efficient, nimble, and frugal resource.
- By improving service and providing increased options to partners and clients.

The upgraded telephony systems support the Results Washington goal to provide effective, efficient, and accountable government by providing the agency with updated, consistent, reliable, easier telephone systems. WTS manages all of the DSHS Call Center applications. DSHS has many stand-alone telephony systems that are not networked with WTS telephony systems. This results in an average of 7,000 abandoned calls per month throughout the agency. The goal is to replace these stand-alone systems with standard WTS managed systems. The various agency Call Centers will then be in a shared data and voice environment and be able to take advantage of upgraded, networked systems. This will allow Call Center staff to be more efficient and effective, responding to and serving clients more quickly.

Performance Measure Detail

Agency Level

Activity: F078 Program Support

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential in implementing strategic objects:

- 5.1: Build work environments that provide equity for all employees and the most competent, effective and culturally responsive services in the state.
- 5.3: Establish and maintain metrics that allow the public and the agency to assess progress in key areas of performance.
- 5.10: Pursue excellence in the technology services we offer.
- 5.11: Establish and provide easy access for the public and staff to information about DSHS.

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

This decision package supports Results Washington Goal 5: Efficient, Effective & Accountable Government - Transparency and Accountability - Ensure efficiency, performance, and accountability to the public by providing transparency and accountability in state agency operations.

Department of Social and Health Services

DP Code/Title: M2-8T Telephony System Replacement
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Upgrades or replacement of systems that are managed to minimize the impact on stakeholders by performing the work during non-business hours, or through planned outages coordinated with the business owners. Stakeholders will benefit from consistent, more reliable, maintainable systems and the benefits it will create to assist clients more efficiently.

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

Continue to let individual sites purchase their own telephony systems and not use WaTech's telephony service. This alternative was not chosen because this leads to no telephony standards, not being able to maintain telephony systems when End of Life/End of Support occurs for these systems, along with not being able to utilize of the numerous telephony features offered by WaTech. An additional reason was the lower cost of WaTech's telephony service.

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

Programs will experience extended telephony outages affect mission critical services that rely on telephony/voice services.

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

Please see attachment M2-8T Telephony System Replacement workbook.

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

Costs are one-time; however, DSHS will request funding in the future to upgrade other DSHS facilities.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	70,000	107,000	177,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	44,000	67,000	111,000
<i>Total for Fund 001-1</i>	44,000	67,000	111,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
E61L Food Stamp Program (50%)	26,000	40,000	66,000
<i>Total for Fund 001-2</i>	26,000	40,000	66,000
Total Overall Funding	70,000	107,000	177,000

Department of Social and Health Service
M2-8T Telephony System Replacement

Program	FY2016	FY2017	Total
010	313,000	477,000	790,000
040	36,000	54,000	90,000
060	70,000	107,000	177,000
Total	419,000	638,000	1,057,000

Program	FY2016 - GFS	FY2016 - FED	FY2016 Total	FY2017 - GFS	FY2017 - FED	FY2017 Total	FY2015-17 GFS	FY2015-17 FED	FY2015-17 Total
010	305,000	8,000	313,000	465,000	12,000	477,000	770,000	20,000	790,000
040	21,000	15,000	36,000	32,000	22,000	54,000	53,000	37,000	90,000
060	44,000	26,000	70,000	67,000	40,000	107,000	111,000	66,000	177,000
Total	370,000	49,000	419,000	564,000	74,000	638,000	934,000	123,000	1,057,000

Information Technology Addendum

Recsum Code and Title: M2-8T Telephony System Replacement

Brief Description: The Department of Social and Health Services requests funding to procure and implement shared telephony systems in order to replace or upgrade failing legacy telephony systems that provide legacy voice and fax services to 5 of 68 agency sites. By funding this request, clients will have more consistent access to services, and the Department will be more efficient and effective in its use of shared data and voice networks, reducing extended outages while retaining the ability to effectively budget for this service.

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

DSHS's goal is to establish a new model of telephony management. The current model, site by site procurement process, has led to highly problematic solutions being left in place past their end of life. The agency and/or WaTech would own and WaTech would manage the telephony systems and procure new systems as existing systems enter end of life or end of support. This promotes standardization, consolidation, and maintenance best practice, which minimizes future problems and unexpected costs.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

Using WaTech's telephony services will reduce the risk with this transformation as WaTech has experience managing this service, and uses current telephony standards for the State of Washington.

M2-8T Telephony Systems Replacement

2016 Supplemental Budget Department of Social and Health Services

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

The various DSHS Call Centers will be in a shared data and voice environment and be able to take advantage of upgraded, networked systems. This will allow Call Center staff to be more efficient and effective, responding to and serving clients more quickly.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.

(INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

N/A

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?

(INTENT: Award more points for better project and outcome performance measures.)

N/A

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

Continuing the current legacy systems frequency of failure (20,000 incidents in a 24 month period) potentially jeopardizes staff and client safety, due to lack of communications at the impacted site during certain incidents. This investment will stabilize and improve communication at these sites, increasing security and life safety at the impacted sites.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

N/A

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

M2-8T Telephony Systems Replacement

2016 Supplemental Budget Department of Social and Health Services

(**INTENT:** Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

N/A

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(**INTENT:** Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

N/A

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

N/A

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

The shift to a newer, managed telephony service is cost neutral as compared to continuing our current practice of purchasing telephony systems on a site by site basis. This will provide for updated technology that is supported and maintained by WaTech and their business partners, and eliminate program tendency to discontinue maintenance to save money.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This project is funded based on individual program area match rates. As an agency, this is approximately a 50% federal match.

M2-8T Telephony Systems Replacement

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests the shift of FTEs and funding among programs in the 2015 17 Biennial Budget. This transfer will align FTEs and funds with the programs where the costs are incurred. The net impact is zero.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(2,371,000)	(2,181,000)	(4,552,000)
001-2 General Fund - Basic Account-Federal	(2,191,000)	(2,227,000)	(4,418,000)
Total Cost	(4,562,000)	(4,408,000)	(8,970,000)

Staffing

Package Description:

DSHS requests internal transfers among several program budgets resulting in a net zero funding change for the department. This request aligns program appropriations with planned expenditures. DSHS requests the following adjustments for the 2015 17 Biennial Budget:

Information System Services Division (ISSD) Compensation Adjustment
(Program 110 to Programs 010, 020, 030, 040, 050, 060, 070, 100, 135):

Program 110 Administration and Supporting Services (ADMIN) will transfer compensation adjustments for staff in the Information Systems Services Division (Program 150) to other DSHS programs. ISSD is a chargeback program where the funding resides in program's Sub Object TZ budget. ADMIN will transfer GF State in the amount of \$468,000 for Fiscal Year 16 (FY16) and \$1,005,000 for FY17 to the other programs. The transfer will realign the funding with the correct DSHS programs to be charged by ISSD.

Communications Manager
(Program 010 to Program 110):

Program 010 Children's Administration will transfer 0.40 of an FTE and \$70,000 in GF State Funding (\$86,000 total) to administration Program 110. This transfer will result in the communications position being funded all from one program.

Consolidated Support Services (CSS) Funding
(Program 030 to Program 040):

When the Compensation Impact Model was developed the staff from CSS were included in the Mental Health Division Program 030. The CSS staff support both Eastern State Hospital and Lakeland Village. Transfer \$381,000 GF State / \$459,000 total funds for the staff providing services to Lakeland Village to the Developmental Disabilities Administration (DDA) Program 040.

DDA to Aging and Long Term Support Administration (ALTSA) Transfer
(Program 040 to Program 050):

Transfer of 17.1 FTEs and \$1,943,000 GF State / \$3,784,000 Total funds from DDA to ALTSA for Individual & Family Services (IFS) / Basic Plus / Community First Choice Option (CFCO) / Mandatory Workload Step as well as IT and Program staff.

DDA Category 2000 to Category 1000 Transfer
(Program 040):

Within DDA transfer three (3) Nursing Care Consultants from Category 2000 to Category 1000 and one (1) training position from Category 1000 to Category 2000. Net transfer between categories is 2.0 FTEs, \$320,000 GF State / \$534,000 total in funding.

Department of Social and Health Services

DP Code/Title: M2-9T Transfers

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

ALTSA to ADMIN Board of Appeals

(Program 050 to Program 110):

When the Health Care Authority (HCA) was created a number of positions were transferred from DSHS to HCA. There were two (2) Review Judges that were transferred from ADMIN, with a Review Judge and Paralegal 2 (50%) remaining that are charged to ALTSA. The work being done by these positions is for all DSHS programs. Transfer 1.5 FTEs and \$177,000 GF State / \$339,000 Total funds from ALTSA to ADMIN for the work that is being performed that benefits all programs within DSHS.

Fleet Rate Reduction

(Program 145 to Programs 010, 020, 030, 040, 050, 060, 070, 100 and 110):

The 2015 17 Biennial Budget included a reduction in funding for Fleet Services. This reduction was placed in the PTOA (Program 145) budget. Fleet Costs are charged to each program using the Fleet Services. The reduction needs to be transferred from PTOA to the affected programs.

Office of the Chief Information Officer (OCIO)

(Programs 010, 020, 030, 040, 050, 060, 070, 100, 110 and 135 to Program 145):

OCIO monthly costs are currently being distributed to all the programs. The 2015 17 Biennial Budget included a reduction for the OCIO costs that was placed in the PTOA budget. When reviewing the reduction and process for the monthly payment, it was determined that the funding should be transferred from all programs to PTOA (Program 145). This is a payment to another state agency so it should reside in the PTOA budget and expenditures.

WaTech

(Programs 010, 020, 030, 040, 050, 060, 070, 100, 110 and 135 to Program 145):

WaTech monthly costs are currently being distributed to all the programs. The 2015 17 Biennial Budget included some adjustments to the WaTech funding that was placed in the PTOA budget. When reviewing the adjustments, as well a change in the monthly invoice process from WaTech, it was determined that the funding should be transferred from all programs to PTOA (Program 145) for Security Gateway, Enterprise Security, Secure File & State Data Network, and HRMS Production Support. This is a payment to another state agency so it should reside in the PTOA budget and expenditures.

ISSD Reorganization

(Programs 010, 020, 030, 040, 050, 060, 070, 100, 110, 135 and 150):

ISSD has reorganized resulting in a transfer of FTEs from ISSD to Admin for the Technology Services Division. This transfer results in a change in the amount of TZ that should be allocated in each program. TZ and other objects are adjusted in Admin and ISSD to reflect this change in ISSD.

These transfers will realign the funding with the DSHS programs to be charged.

Agency Contact: Bill Jordan (360) 902 8183

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

These transfers will realign the funding with the DSHS programs that are charged for the services.

Performance Measure Detail

Agency Level

Activity: F078 Program Support

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Activity: F120 CSD Field Support Services	Incremental Changes	
No measures linked to package	<u>FY 1</u>	<u>FY 2</u>
	0.00	0.00

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

The budget request supports DSHS Goals: Health - Each individual and each community will be healthy, and Public Trust - Strong management practices will be used to ensure quality and efficiency.

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

This decision package supports the Results Washington goals to: Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly, and Goal 5: Efficient, Effective & Accountable Government - Transparency and Accountability - Ensure efficiency, performance, and accountability to the public by providing transparency and accountability in state agency operations.

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 request transfers funding between programs so that the needs can be met within existing resources.

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

These transfers will realign the funding with the DSHS programs that are charged for the services.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment AW M2 9T Transfers.xlsx.

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

The transfer is one-time, and then all costs associated with it will be ongoing and will carry-forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	(3,084,000)	(3,084,000)	(6,168,000)
G Travel	(16,000)	(16,000)	(32,000)
T Intra-Agency Reimbursements	(1,462,000)	(1,308,000)	(2,770,000)
Total Objects	(4,562,000)	(4,408,000)	(8,970,000)

Department of Social and Health Services

DP Code/Title: **M2-9T Transfers**

Program Level - **060 Economic Services Admin**

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	(2,059,000)	(1,941,000)	(4,000,000)
GFS2	General Fund State TANF Moe	(312,000)	(240,000)	(552,000)
<i>Total for Fund 001-1</i>		<u>(2,371,000)</u>	<u>(2,181,000)</u>	<u>(4,552,000)</u>
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	(2,191,000)	(2,227,000)	(4,418,000)
<i>Total for Fund 001-2</i>		<u>(2,191,000)</u>	<u>(2,227,000)</u>	<u>(4,418,000)</u>
Total Overall Funding		<u>(4,562,000)</u>	<u>(4,408,000)</u>	<u>(8,970,000)</u>

**2016 Supplemental Budget
AW M2-9T Transfers**

Program	FTEs			FY 2016										FY 2017										2015-17 Biennium									
	FY16	FY17	Total	A	B	E	ED	G	J	P	TZ	Total	A	B	E	ED	G	J	P	TZ	Total	A	B	E	ED	G	J	P	TZ	Total			
110 Administration & Supporting Services																																	
1. ISSD Compensation Adjustments			0.0		(236,000)						(232,000)	(468,000)		(524,000)							(481,000)	(1,005,000)	0	(760,000)	0	0	0	0	0	(713,000)	(1,473,000)		
2. Communications Manager	0.4	0.4	0.4	32,000	10,000						42,000		33,000	11,000								44,000		65,000	21,000	0	0	0	0	0	0	86,000	
6. ALTA to ADMIN - Board of Appeals	1.5	1.5	1.5	116,000	43,000	8,000					2,000	169,000	116,000	44,000	8,000						2,000	170,000		232,000	87,000	16,000	0	0	0	0	4,000	339,000	
7. Fleet Program Rate Reduction			0.0					(6,000)			(6,000)						(6,000)				(6,000)		0	0	0	0	(12,000)	0	0	0	(12,000)		
8. OCIO Funding Transfer			0.0			(33,000)					(33,000)				(33,000)						(33,000)		0	0	0	0	0	0	0	0	0		
9. WaTech Funding Transfer			0.0			(161,000)					(156,000)				(161,000)						(156,000)		0	0	(66,000)	0	0	0	0	0	(66,000)		
10. ISSD Reorganization	55.8	55.8	55.8	4,142,000	1,324,000	1,070,000			310,000		(3,244,000)	3,602,000	4,509,000	1,516,000	759,000			310,000			(3,380,000)	3,714,000	8,651,000	2,840,000	1,829,000	0	0	620,000	0	(6,624,000)	7,316,000		
110 Total	57.7	57.7	57.7	4,290,000	1,141,000	884,000	0	(6,000)	310,000	0	(3,469,000)	3,150,000	4,658,000	1,047,000	573,000	0	(6,000)	310,000	0	(3,854,000)	2,728,000	8,948,000	2,188,000	1,457,000	0	(12,000)	620,000	0	(7,323,000)	5,878,000			
135 Special Commitment Center																																	
1. ISSD Compensation Adjustments			0.0								7,000	7,000									15,000	15,000	0	0	0	0	0	0	0	22,000	22,000		
8. OCIO Funding Transfer			0.0			(2,000)					(2,000)				(2,000)						(2,000)		0	0	(4,000)	0	0	0	0	0	(4,000)		
9. WaTech Funding Transfer			0.0			(104,000)					3,000	(101,000)			(104,000)						3,000	(101,000)	0	0	(208,000)	0	0	0	0	6,000	(202,000)		
10. ISSD Reorganization			0.0								(73,000)	(73,000)									(73,000)	(73,000)	0	0	0	0	0	0	0	0	(146,000)		
135 Total	0.0	0.0	0.0	0	0	(106,000)	0	0	0	0	(63,000)	(169,000)	0	0	(106,000)	0	0	0	0	(55,000)	(161,000)	0	0	(212,000)	0	0	0	0	(118,000)	(330,000)			
145 Payments to Other Agencies																																	
7. Fleet Program Rate Reduction			0.0			133,000			0			133,000			133,000			0				133,000	0	0	266,000	0	0	0	0	0	266,000		
8. OCIO Funding Transfer			0.0			327,000						327,000			327,000							327,000	0	0	654,000	0	0	0	0	0	654,000		
9. WaTech Funding Transfer			0.0			6,960,000						6,960,000			6,960,000							6,960,000	0	0	13,920,000	0	0	0	0	0	13,920,000		
145 Total	0.0	0.0	0.0	0	0	7,420,000	0	0	0	0	0	7,420,000	0	0	7,420,000	0	0	0	0	0	0	7,420,000	0	0	14,840,000	0	0	0	0	0	14,840,000		
150 Information System Services Division																																	
1. ISSD Compensation Adjustments			0.0		236,000						(236,000)	0		524,000							(524,000)	0	0	760,000	0	0	0	0	0	(760,000)	0		
9. WaTech Funding Transfer			0.0			232,000					(232,000)	0			232,000						(232,000)	0	0	0	464,000	0	0	0	0	0	(464,000)		
10. ISSD Reorganization	(55.8)	(55.8)	(55.8)	(4,142,000)	(1,324,000)	(1,070,000)	0	0	(310,000)	0	6,846,000	0	(4,509,000)	(1,516,000)	(759,000)	0	0	(310,000)	0	0	7,094,000	0	(8,651,000)	(2,840,000)	(1,829,000)	0	0	(620,000)	0	13,940,000	0		
150 Total	(55.8)	(55.8)	(55.8)	(4,142,000)	(1,088,000)	(838,000)	0	0	(310,000)	0	6,378,000	0	(4,509,000)	(992,000)	(527,000)	0	0	(310,000)	0	0	6,338,000	0	(8,651,000)	(2,080,000)	(1,365,000)	0	0	(620,000)	0	12,716,000	0		
160 Consolidated Field Services																																	
160 Total	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Agency-Wide Total:	0	0	0.0	0	0	266,000	0	(266,000)	0	0	0	0	0	0	266,000	0	(266,000)	0	0	0	0	0	0	0	532,000	0	(532,000)	0	0	0	0		

NOTES:

- Information System Services Division (ISSD) compensation adjustments from Administration & Supporting Services (Admin). Item adjusts object TZ costs. No Carry Forward Level (CFL) adjustment needed for the 2017-19 Biennial budget.
- Children's Administration transfer of Communications Manager funding (40%) to Administration and Supporting Services.
- Transfer Compensation Impact Model (CIM) funding from Mental Health Division to Developmental Disabilities Administration for Consolidated Support Services (CSS). All CSS positions were included in the Mental Health Division when the CIM file was created.
- Transfer FTEs and Funding from Developmental Disability Administration (DDA) to Aging and Long-Term Support Administration (ALTA) for IFS / Basic+ / CFCC / Mandatory Workload Step / IT staff and Program Staff.
- Transfer FTEs and Funding from Category 2000 to Category 1000 within the Developmental Disabilities Administration (DDA). Three (3) Nursing Care Consultants from Category 2000 to Category 1000 and One (1) Training position from Category 1000 to Category 2000.
- Transfer FTEs and Funding from Aging and Long-Term Support Administration (ALTA) to Administration and Supporting Services (ADMIN) for the Board of Appeals. This adjustment is needed because of a previous transfer to the Health Care Authority that should have come out of ALTA instead of ADMIN. No CFL Adjustment needed for the 2017-19 Biennial budget.
- Transfer the Fleet Program Rate Reduction from Payments to Other Agencies (PTOA) to all other DSHS Programs.
- Transfer the costs of the Office of the Chief Information Officer (OCIO) from the DSHS Programs to PTOA.
- Transfer the costs for WaTech from DSHS Programs to PTOA.
- ISSD has been reorganized, with a portion of the staff being transferred to Admin. This results in a change of TZ funding at the program level.

Department of Social and Health Services

DP Code/Title: M2-A3 SSPS Operations
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$1,684,000 (\$1,320,000 GF-State) in the 2016 Supplemental Budget for maintenance and operations costs of the Social Service Payment System (SSPS) until such time ESA is able to secure funding and a vendor to replace the SSPS authorization and payment processing functionality. If the SSPS Replacement DP is funded, the Fiscal Year 2017 funding in this request may not be needed.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	408,000	912,000	1,320,000
001-2 General Fund - Basic Account-Federal	96,000	216,000	312,000
001-C General Fund - Basic Account-Medicaid Federal	16,000	36,000	52,000
Total Cost	520,000	1,164,000	1,684,000

Staffing

Package Description:

Problem Statement

Multiple administrations within DSHS utilize SSPS to provide authorization and payment processing for direct services provided to children and families. Each DSHS administration utilizing SSPS is allocated their fair share of the system costs to support SSPS. However, other administrations are phasing out the use of SSPS, leaving ESA with an increased percentage of the maintenance and operations costs. This request is for funding to support the increased share of SSPS costs attributed to ESA.

Problem Statement

ESA requests funding to support the maintenance and operation costs of SSPS until such time as ESA is able to secure funding and a vendor to replace the SSPS authorization and payment processing functionality. SSPS is an antiquated, 40 year old Unisys system that is no longer able to be sustained by DSHS and must be sunset. The system costs and the risks of operating SSPS are increasing due to difficulties in the ability to maintain an obsolete, near end-of life system.

If the SSPS Replacement DP is funded, the Fiscal Year 2017 funding in this request may not be needed.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ESA will continue making payments for various public assistance programs to providers and clients.

Performance Measure Detail

Agency Level

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

Department of Social and Health Services

DP Code/Title: M2-A3 SSPS Operations
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

1.4: Number of Child Protective Services investigations open more than 90 days will decrease.

1.1: The high percentage of alleged child victims seen by a social worker within 24 hours of the intake in emergent cases will be maintained.

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

Goal 4: Healthy & Safe Communities - Safe People - 2.1.a Decrease percentage of children with founded allegation of abuse or neglect.

Goal 4: Healthy & Safe Communities - Safe People - 2.1.b Decrease percentage of children in out-of-home placement 5 years or more.

Goal 4: Healthy & Safe Communities - Safe People - 2.1.c Increase percentage of child victims in emergent Child Protective Service intakes seen by a social worker within 24 hours of the intake.

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

ESA has active key stakeholders. This request is to fund an essential operational function to pay providers for services to children and cash grants to clients.

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

ESA can continue using SSPS until a viable alternative solution is available.

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

Not funding this package would result in reduced funding and service capacity to provide payments to providers.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M2-A3 SSPS Operations.xlsx

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

These costs are ongoing and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
T Intra-Agency Reimbursements	520,000	1,164,000	1,684,000

Department of Social and Health Services

DP Code/Title: M2-A3 SSPS Operations
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	408,000	912,000	1,320,000
<i>Total for Fund 001-1</i>		408,000	912,000	1,320,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	96,000	216,000	312,000
<i>Total for Fund 001-2</i>		96,000	216,000	312,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19UL	Title XIX Admin (50%)	16,000	36,000	52,000
<i>Total for Fund 001-C</i>		16,000	36,000	52,000
Total Overall Funding		520,000	1,164,000	1,684,000

**2016 Supplemental Budget
M2-A3 SSPS Operations**

SSPS - Unisys Costs	SFY 2016				SFY 2017+			
	ESA	CA	Other	Total	ESA*	CA	Other	Total
Current Funding	2,317,589	183,347	650,064	3,151,000	2,259,589	183,347	650,064	3,093,000
Reallocated Costs	2,692,561	373,439	85,000	3,151,000	2,759,961	391,039		3,151,000
Increased Costs - Annual	374,972	190,092	(565,064)	-	500,372	207,692	(650,064)	58,000
Increased Costs - SFY 2016 (6 Months)	187,486	95,046	(282,532)					
SSPS - Other Costs**								
Current Costs	548,000	325,000	1,001,000	1,874,000	548,000	325,000	1,001,000	1,874,000
Reallocated Costs	1,212,000	662,000		1,874,000	1,212,000	662,000		1,874,000
Increased Costs - Annual	664,000	337,000	(1,001,000)	-	664,000	337,000	(1,001,000)	-
Increased Costs - SFY 2016 (6 Months)	332,000	169,000		501,000				
Total Increased Costs - Due to Allocation Shift	519,486	264,046		783,532	1,164,372	544,692		1,709,064

*ESA's Residential Program System (RPS) moving off Unysis. Current funding for RPS is \$58,000.

* *Printing, storage, staffing, etc.

2016 Supplemental Budget
M2-A3 SSPS Operations

Information Technology Addendum

Recsum Code and Title: M2-A3 SSPS Operations
Brief Description: Social Service Payment System Operational Costs

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

BUSINESS TRANSFORMATION – THIS SET OF CRITERIA WILL BE USED TO ASSESS IT PROPOSALS SUPPORTING BUSINESS CHANGES TO IMPROVE SERVICES OR ACCESS TO INFORMATION FOR AGENCY CUSTOMERS OR CITIZENS.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

This request does not transform an agency business process, but maintains an existing one.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

This request only mitigates the risks associated with an increase in SSPS costs attributed to Children’s Administration when ADSA migrates to the PPL system of Provider One for provider payments.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

This request only maintains existing customer facing value by funding the continued operations and maintenance costs of SSPS to generate some 40,000 payments to 14,000 providers monthly.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.

2016 Supplemental Budget M2-A3 SSPS Operations

(**INTENT:** Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

This investment does not make more data available to either the agency or the public.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?
(**INTENT:** Award more points for better project and outcome performance measures.)

This investment continues to utilize an existing system and payment resource.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.
(**INTENT:** Award additional points to projects where intent is to improve the security across an agency.)

This investment does not transform or improve agency security.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.
(**INTENT:** Drive agencies to look more intently at leveraging cloud-based solutions.)

This investment does not produce and cloud first opportunities.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.
(**INTENT:** Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

This investment does not utilize and mobility.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.
(**INTENT:** Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

2016 Supplemental Budget M2-A3 SSPS Operations

This investment will only maintain the existing interoperability between SSPS and FamLink.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

This investment does not generate new revenue..

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

This investment does not reduce costs.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This investment qualifies for up to 25% of Federal matching funds for maintenance and operations costs.

Department of Social and Health Services

DP Code/Title: M2-AD Early Start Act
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$36,000 GF-State and 0.1 FTE in the 2016 Supplemental for Early Start Act implementation for the 2015-17 Biennium. By funding this request ESA is expected to have sufficient FTEs and funding needed to align with the effective date of the Act.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	121,000	(85,000)	36,000
Total Cost	121,000	(85,000)	36,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	1.3	(1.2)	0.1

Package Description:

Problem Statement:

The Early Start Act requires authorization for the Working Connections Child Care (WCCC) program will be effective for 12 months beginning July 1, 2016 and includes assumptions about the Department of Early Learning (DEL) de-enrollment timelines. Staff and funding provided to ESA was based on a prior fiscal note estimate that had an assumed effective date of January 1, 2016. There is a change in the amount of funding needed based on staffing impacts tied to the assumed effective date in the Act.

Proposed Solution:

The Economic Services Administration requests funding and FTEs to align with the effective date in the Act.

Agency Contact: Wendy Polzin, (360) 902-8067
 Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

By funding this DP, ESA would have sufficient funding and FTE to support the Early Start Act implementation for both fiscal years.

Performance Measure Detail

Agency Level

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.1: The percentage of Community Service Division (CSD) clients receiving timely service will increase. This budget proposal requests sufficient administrative capacity to align with the effective date in the Act, thus it supports the ESA's strategic objective of increasing the percentage

Department of Social and Health Services

DP Code/Title: M2-AD Early Start Act
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

of CSD clients receiving timely service.

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

This decision package supports the Results Washington Goal 4: Healthy & Safe Communities - Support People - Help the most vulnerable people become independent and self-sufficient. This budget proposal requests sufficient administrative capacity to align with the effective date in the Act, thus it supports the Results Washington goals to help most vulnerable people become independent and self-sufficient.

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

No stakeholders are expected to have concerns with this request.

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

ESA is requesting funding to match legislative intent with passage of 2E2SHB 1491 of the Early Start Act.

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

ESA requests funding and FTEs to align with the effective date in the Act.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA ML-AD Early Start Act.xlsx

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

These costs are one-time and will not carry forward.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	66,000	(54,000)	12,000
B Employee Benefits	43,000	(21,000)	22,000
E Goods\Other Services	10,000	(9,000)	1,000
T Intra-Agency Reimbursements	2,000	(1,000)	1,000
Total Objects	121,000	(85,000)	36,000

Department of Social and Health Services

DP Code/Title: M2-AD Early Start Act
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
GFS2 General Fund State TANF Moe	121,000	(85,000)	36,000
<i>Total for Fund 001-1</i>	121,000	(85,000)	36,000
Total Overall Funding	121,000	(85,000)	36,000

**2016 Supplemental Budget
M2-AD Early Start Act**

	Fiscal Impact 2E2SHB 1491			Fiscal Impact E2SHB 1491			Early Start Act DP Request		
	July 2016 Implementaion Date			January 2016 Implementaion Date					
	FY16	FY17	15-17 Biennium	FY16	FY17	15-17 Biennium	FY16	FY17	15-17 Biennium
FTE	1.6	-3.6	-1	0.3	-2.4	(1.1)	1.3	(1.2)	0.1
	GF-State	GF-State	GF-State	GF-State	GF-State	GF-State	GF-State	GF-State	GF-State
Salary	98,000	(169,000)	(71,000)	32,000	(115,000)	(83,000)	66000	-54000	12000
Benefit	50,000	(74,000)	(24,000)	7,000	(53,000)	(46,000)	43000	-21000	22000
Goods and Services	12,000	(25,000)	(13,000)	2,000	(16,000)	(14,000)	10000	-9000	1000
Debts	0	(1,000)	(1,000)	0	(1,000)	(1,000)	0	0	0
ISSD	2,000	(5,000)	(3,000)	0	(4,000)	(4,000)	2000	-1000	1000
Total	162,000	(274,000)	(112,000)	41,000	(189,000)	(148,000)	121,000	(85,000)	36,000

Department of Social and Health Services

DP Code/Title: M2-FH Medicaid Cost Allocation Changes
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$1,579,000 GF-State funds to address the amount of Medicaid assumed in the 2015-17 Biennium budget that cannot be earned due to the delay in access from July 1, 2015 to October 1, 2015 to Healthplanfinder (HPF) for ESA staff to perform Medicaid eligibility work.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	1,579,000	0	1,579,000
001-2 General Fund - Basic Account-Federal	573,000	0	573,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	11,000	0	11,000
001-C General Fund - Basic Account-Medicaid Federal	(2,163,000)	0	(2,163,000)
Total Cost	0	0	0

Staffing

Package Description:

Problem Statement:

As a result of the Affordable Care Act (ACA) implementation in Washington, most people now apply for Medicaid using the online HPF, operated by the Health Benefit Exchange (HBE). Individuals requesting help applying for Medicaid through the HPF may also contact the HBE Call Center, or seek assistance from 'Navigators/Assisters' funded through the Health Care Authority (HCA) and the HBE, who are located in a number of community based organizations and health facilities throughout the state. Prior to implementation of the ACA, this eligibility work was done by ESA staff as part of a consolidated application process for clients seeking cash, food and/or medical benefits. After the change, ESA was able to claim significantly less federal Medicaid funds to support the benefits eligibility determination function.

The 2015-17 Biennium budget requires ESA obtain access to the HPF in order to assist applicants and recipients of public assistance in applying for Modified Adjusted Gross Income (MAGI) Medicaid at Community Services Offices (CSOs). The budget included an assumption that with access to the HPF, ESA will be able to earn additional Medicaid funds effective July 1, 2015.

ESA has been working with HBE and HCA to get access to the HPF, complete staff training on the system and perform federally required criminal history background checks for approximately 2,000 CSO staff. As a result, ESA will not be able to begin assisting with MAGI Medicaid applications until October 1, 2015, resulting in a budget shortfall for State Fiscal Year 2016.

Proposed Solution:

ESA requests \$1,579,000 GF-State funds to address the Medicaid shortfall.

Agency Contact: Wendy Polzin, 360-902-8067

Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Department of Social and Health Services

DP Code/Title: M2-FH Medicaid Cost Allocation Changes
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Funding the decision package will bring ESA's budget into alignment with the actual start date of providing CSO staff access to HPF and allow ESA to continue to provide the current level of service for clients at CSOs.

Performance Measure Detail

Agency Level

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

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

This decision package is essential to implementat's ESA's Strategic Objective 5.1: The percentage of Community Service Division (CSD) clients receiving timely service will increase.

Although funding this package will not result in the increase of clients receiving timely services, it will enable ESA to avoid the decrease of clients receiving timely services. Without additional state funds, ESA may have to lay off some eligibility staff to stay within appropriations.

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

Stakeholders and clients will benefit from this request due to the fact that ESA staff will be able to help clients navigate the two separate systems and process applications for cash, food and medical benefits. In addition, stakeholders will support this enhanced level of service in the CSO offices.

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

ESA had multiple conversations with HBE and our federal partners to determine if there were other alternatives to conducting criminal background checks on current ESA staff. The decision that current ESA financial eligibility staff had to conduct background checks was the main reason for the delay in HPF access.

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

Not funding this decision package may force ESA to lay off some eligibility staff to stay within appropriations.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA ML-FH Medicaid Cost Allocation Changes.xlsx

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

Department of Social and Health Services

DP Code/Title: M2-FH Medicaid Cost Allocation Changes
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

These costs are one-time and will not carry forward.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Program Totals			

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	450,000	0	450,000
GFS2 General Fund State TANF Moe	1,129,000	0	1,129,000
<i>Total for Fund 001-1</i>	1,579,000	0	1,579,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
E61L Food Stamp Program (50%)	573,000	0	573,000
<i>Total for Fund 001-2</i>	573,000	0	573,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi			
<u>Sources Title</u>			
556B Title IV Part 2 Family Prev/Supp Svs (100%)	11,000	0	11,000
<i>Total for Fund 001-A</i>	11,000	0	11,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19UL Title XIX Admin (50%)	(2,163,000)	0	(2,163,000)
<i>Total for Fund 001-C</i>	(2,163,000)	0	(2,163,000)
Total Overall Funding	0	0	0

2016 Supplemental Budget M2-FH Medicaid Cost Allocation Changes

2015-17 Enacted Budget (assumes July 1, 2015 Healthplanfinder Access for ESA Staff)
FY16

Fund Source	Total	REVISED TOTAL	Federal	State or Lid
SNAP	\$ 102,795,641	\$ 98,211,876	\$ 49,105,938	\$ 49,105,938
REFUGEE	\$ 992,969	\$ 948,691	\$ 948,691	\$ -
STATE	\$ 53,657,331	\$ 51,264,695	\$ -	\$ 51,264,695
TANF/CCDF	\$ 101,320,485	\$ 96,802,498	\$ -	\$ 96,802,498
CN and MN Medical	\$ 16,440,421	\$ 27,979,088	\$ 20,984,316	\$ 6,994,772
Other TXIX	\$ 299,072	\$ 299,072	\$ 149,536	\$ 149,536
FQHC Need	\$ 654,692	\$ -	\$ -	\$ 654,692
TOTAL	\$ 275,505,920	\$ 275,505,920	\$ 71,188,481	\$ 204,317,439

Revised FY 2016 (assumes October 1, 2015 Healthplanfinder Access for ESA Staff)

Fund Source	Total	REVISED TOTAL	Federal	State or Lid
SNAP	\$ 102,795,641	\$ 99,357,817	\$ 49,678,909	\$ 49,678,909
REFUGEE	\$ 992,969	\$ 959,761	\$ 959,761	\$ -
STATE	\$ 53,657,331	\$ 51,862,854	\$ -	\$ 51,862,854
TANF/CCDF	\$ 101,320,485	\$ 97,931,995	\$ -	\$ 97,931,995
CN and MN Medical	\$ 16,440,421	\$ 25,094,421	\$ 18,820,816	\$ 6,273,605
Other TXIX	\$ 299,072	\$ 299,072	\$ 149,536	\$ 149,536
FQHC Need	\$ 654,692	\$ -	\$ -	\$ 654,692
TOTAL	\$ 275,505,920	\$ 275,505,920	\$ 69,609,022	\$ 205,896,899
				\$ -

Difference

Fund Source	Total	Federal	State or Lid
SNAP	\$ 1,145,941	\$ 572,971	\$ 572,971
REFUGEE	\$ 11,069	\$ 11,069	\$ -
STATE	\$ 598,159	\$ -	\$ 598,159
TANF/CCDF	\$ 1,129,497	\$ -	\$ 1,129,497
CN and MN Medical	\$ (2,884,667)	\$ (2,163,500)	\$ (721,167)
Other TXIX	\$ -	\$ -	\$ -
FQHC Need	\$ -	\$ -	\$ -
TOTAL	\$ 0	\$ (1,579,460)	\$ 1,579,460

Department of Social and Health Services

DP Code/Title: M2-FS Unisys Rehosting
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$3,197,000 (\$1,138,000 GF-State) in order to obtain and migrate to a new mainframe hosting and support solution for the Support Enforcement Management System (SEMS), Client Receivables System (CRS) and Social Service Payment System (SSPS). The mainframe which currently hosts these systems will reach the end of life, end of support on June 30, 2016 and must be replaced. These systems are mission critical systems for the Division of Child Support (DCS) and Office of Financial Recovery (OFR).

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	693,000	445,000	1,138,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	1,160,000	746,000	1,906,000
001-C General Fund - Basic Account-Medicaid Federal	93,000	60,000	153,000
Total Cost	1,946,000	1,251,000	3,197,000

Staffing

Package Description:

Problem Statement:

DSHS' software license and support contract with the Unisys Corporation via Washington Technology Solutions (WaTech) will expire on June 30, 2016. Unisys has verified that the existing mainframe computer will reach end of life and end of support at that time. In addition to the end of life for this mainframe, WaTech will no longer support the Unisys mainframe after June 30, 2016. SEMS, SSPS and CRS are located on this mainframe and will need to be migrated, along with their databases, from this mainframe to a new mainframe prior to June 30, 2016.

This is a mission critical proposal. Without migration, SEMS, SSPS and CRS will operate on an unsupported mainframe system. In the event that this mainframe fails, ESA likely will be unable to continue some business operations. Mainframe failure will jeopardize the operation of these systems which process client payments. These include child support payments, child care subsidy payments, and other payments which facilitate client employment and independence, as well as payments that protect and support vulnerable children and adults. Mainframe failure will also jeopardize ESA's receivables system which is DSHS's centralized collection program.

Proposed Solution

The funding requested in this Decision Package assumes the migration of the systems to a new mainframe is complete by June 30, 2016. This is an aggressive date for completion of the project. Failure to meet this completion date will shift costs from Fiscal Year 2016 to Fiscal Year 2017. Additionally, delays in migration will result in increased costs to extend the life of the existing mainframe, including licensing costs and contractor support. The costs to extend the life of the existing mainframe are estimated at \$1,988,000 in Fiscal Year 2017. This cost would be shared by the two DSHS administrations (ESA and the Children's Administration) with systems hosted on this mainframe.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Scott Reese, (360) 664-5288

Narrative Justification and Impact Statement

Department of Social and Health Services

DP Code/Title: M2-FS Unisys Rehosting
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

What specific performance outcomes does the agency expect?

By funding this request, SEMS, SSPS and CRS will operate on a reliable, supported mainframe and ESA's business operations will continue without risk of critical interruption.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Activity: F016 Office of Financial Recovery
No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.3: ESA will modernize technology for critical systems and applications (Examples include ESA's Eligibility Service and ACES Remediation and Child Support's Unisys Rehosting effort).

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

This decision package supports the Results Washington Goal Goal 4: Healthy & Safe Communities - Support People - Help the most vulnerable people become independent and self-sufficient.

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

Stakeholders will support this request as it ensures continued operation of mission critical programs.

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

This alternative was chosen because operating SEMS, SSPS and CRS on an unsupported mainframe would be too risky.

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

ESA would migrate SEMS, SSPS and CRS to a new mainframe but would have to reduce its budget in other areas, possibly with negative effects on services provided to families in need.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M2-FS Unisys Rehosting.xlsx

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

One-time costs in Fiscal Year 2016 are \$1,946,000 and \$18,000 in Fiscal Year 2017. All remaining costs will carry forward

Department of Social and Health Services

DP Code/Title: M2-FS Unisys Rehosting
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	1,946,000	1,251,000	3,197,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	693,000	445,000	1,138,000
<i>Total for Fund 001-1</i>	693,000	445,000	1,138,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi			
<u>Sources Title</u>			
563I Title IV-D Child Support Enforcement (A) (66%)	1,160,000	746,000	1,906,000
<i>Total for Fund 001-A</i>	1,160,000	746,000	1,906,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19UL Title XIX Admin (50%)	93,000	60,000	153,000
<i>Total for Fund 001-C</i>	93,000	60,000	153,000
Total Overall Funding	1,946,000	1,251,000	3,197,000

**2016 Supplemental Budget
M2-FS Unisys Rehosting**

	SFY 2016			SFY 2017			Total			
	ESA	CA	Total	ESA	CA	Total	ESA	CA	Total	
One Time Costs										
External Quality Assurance	141,000	20,000	161,000	18,000	3,000	21,000	159,000	23,000	182,000	
Migration	1,805,000	250,000	2,055,000			-	1,805,000	250,000	2,055,000	
Total One Time Costs	1,946,000	270,000	2,216,000	18,000	3,000	21,000	1,964,000	273,000	2,237,000	
Ongoing Maintenance and Operating Costs										
Total Annual Costs (5 Year Total = \$22,793,831)				3,992,796	565,971	4,558,766	3,992,796	565,971	4,558,766	22,793,831
Less: Current Funding				(2,259,589)	(183,347)	(2,442,936)	(2,259,589)	(183,347)	(2,442,936)	(3,151,000)
Less: Reallocated Costs - SSPS Operations DP				(500,372)	(207,692)	(708,064)	(500,372)	(207,692)	(708,064)	
Total Maintenance and Operating Costs				1,232,835	174,932	1,407,766	1,232,835	174,932	1,407,766	
Total Costs	1,946,000	270,000	2,216,000	1,250,835	177,932	1,428,766	3,196,835	447,932	3,644,766	

22,793,831 Five Year Cost
(3,151,000) Current Funding Plus
Requested Fund Shift

2016 Supplemental Budget
Department of Social and Health Services

Information Technology Addendum

Recsum Code and Title: M2-FS Unisys Rehosting
Brief Description: This project will provide a solution to replacing the again Unisys Mainframe that runs critical systems for the Children's and Economic Services Administrations.

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

N/A

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

This decision package includes funding for external Quality Assurance. Note that the vendor will also assume some financial liability for risks to budget or schedule including if the implementation extends beyond June 30, 2016.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

While there should be no impact to the customer-facing systems, the new architecture will provide a more comprehensive disaster recovery solution. This solution should result in a quicker recovery time than the current 72-hour anticipated recovery.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.

M2-FS Unisys Rehosting

2016 Supplemental Budget Department of Social and Health Services

(INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

N/A

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?
(INTENT: Award more points for better project and outcome performance measures.)

The statement of work has been clearly defined and the performance outcomes are based solely on successfully re-hosting the existing functionality on the new platform. “Successful implementation” is defined as no negative impact on the users of the systems.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.
(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

While enhancing the security of the existing systems and architecture is not in scope of this project, all federal, state, and agency security policies are being considered within the statement of work. The vendor has indicated they have other customers in their data center with security controls similar to the DSHS requirements.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.
(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

This is a platform-as-a-service (PAAS) procurement, using a private cloud at Unisys’ data center in Salt Lake City. Since SEMS contains IRS data, the service will be on stand-alone architecture to be compliant with IRS 1075 security guidelines. The Department understands that the Unisys mainframe architecture is not a viable long-term solution. A modernization roadmap is under development.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.
(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

N/A

M2-FS Unisys Rehosting

2016 Supplemental Budget Department of Social and Health Services

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

N/A

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

N/A

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

N/A

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

SEMS is currently funded using 66% federal dollars. We do not anticipate any changes.

Department of Social and Health Services

DP Code/Title: M2-FU WTAP Implementation Issues
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests 3.3 FTEs and \$608,000 GF-State to extend the termination date of the Washington Telephone Services Assistance (WTAP) program. By funding this request, ESA will continue to provide local telephone subsidies to eligible families until August 31, 2015 in order to allow proper notice of termination and provide assistance to clients as they transition to the federal Lifeline program until November 2015.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	608,000	0	608,000
Total Cost	608,000	0	608,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	3.3	0.0	1.7

Package Description:

Problem Statement:

The 2015-17 Biennium budget eliminated WTAP with an assumed effective date of June 30, 2015. Due to the late passage of the budget and notification requirements for the program, ESA was unable to end WTAP by the end of June 2015.

WAC 388-458-0030 requires that ESA give notice to WTAP recipients ten days prior to the termination of the benefit. WAC 480-120-194 requires that telephone companies give notices to individual customers thirty days prior to telephone rate changes. Because of the notice requirements, ESA could not terminate the program until the end of August 2015.

Proposed Solution:

ESA requests funding for costs related to maintaining the service until August 31, 2015 and complete shutdown of the program. ESA ended WTAP services on August 31, 2015. However, it requires funding and 5.5 FTE to operate the program through August 2015. It is assumed that WTAP clients will need assistance in the transition to the federal Lifeline program. Assisting clients in this transition will require 5.5 FTE for 5 months after the program ends, which totals 3.3 FTE over a 12 month period.

Agency Contact: Wendy Polzin, (360) 902-8067
 Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this decision package will allow ESA to provide telephone subsidies until proper notifications can be sent and staff can continue assisting clients until the program is fully closed out.

Performance Measure Detail

Agency Level

Activity: **F068 Other Client Services**
 No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Department of Social and Health Services

DP Code/Title: M2-FU WTAP Implementation Issues
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Activity: F078 Program Support

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.2: Racial & ethnic disparities, in terms of access to programs & outcomes, will be recognized & addressed so that all eligible low-income adults & children will have full access to the benefits, services, & opportunities they need to succeed & thrive

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

This decision package supports the Results Washington Goal 4: Healthy & Safe Communities - Support People - Help the most vulnerable people become independent and self-sufficient.

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

This request will enable ESA and the telephone companies to meet the notice time frame as required by WAC 388-458-0030 and WAC 480-120-194. With required notifications in place, ESA does not expect stakeholders will have concerns.

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

There is no alternative to this proposal. There are costs associated with a late end to the WTAP program beyond the assumed June 30 termination date.

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

ESA would overspend their budget.

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

This request has no impact on the capital budget.

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

WAC 388-458-0030 requires that ESA give notices to WTAP recipients ten days prior to the termination of benefit. WAC 480-120-194 requires that telephone companies give notices to individual customers thirty days prior to telephone rate changes. Because of the notice requirements, ESA could not terminate the program until the end of August 2015.

Expenditure and revenue calculations and assumptions

See attachment: ESA ML-FU WTAP Implementation Issues.xlsx

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

These costs are one-time and will not carry forward.

Department of Social and Health Services

DP Code/Title: M2-FU WTAP Implementation Issues

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	136,000	0	136,000
B Employee Benefits	68,000	0	68,000
E Goods\Other Services	19,000	0	19,000
N Grants, Benefits & Client Services	381,000	0	381,000
P Debt Service	1,000	0	1,000
T Intra-Agency Reimbursements	3,000	0	3,000
Total Objects	608,000	0	608,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	608,000	0	608,000
<i>Total for Fund 001-1</i>	608,000	0	608,000
Total Overall Funding	608,000	0	608,000

2016 Supplemental Budget M2-FU WTAP Implementation

WTAP Cost Estimate to End Program on August 31, 2015

Direct Service Costs

Average monthly expenditures for SFY 15	
Telco Admin	3,580
Installation Fee	4,117
Local Usage	<u>182,741</u>
Total average monthly expenditures for SFY 15	190,439
Direct Service Costs for July and August (rounded)	<u><u>381,000</u></u>

Staffing Costs

WTAP was designed as a stand-alone program. Clients use the WTAP toll free number for help and information. WTAP works closely with 23 telephone companies and the clients to make sure they get their discounts.

The termination letters will generate a large number of billing problems that will need resolving. The majority of WTAP clients were grandfathered into the federal Lifeline program using WTAP eligibility criteria. Clients will need to reapply for Lifeline using federal criteria, and will need assistance with the application process. This will require 5.5 FTE for the equivalent of 7 months of Fiscal Year 2016. All records will need archiving to close out the Program.

Number of clients who will receive the notice (based on April 2015)	54,960
Assume approximately 35% will contact ESA at least once	
Number of phone calls	19,236
Average length of time per call (minutes)	11
Time staff assist clients on the phone (hours)	3,527
Assume the calls will happen within the first 5 months after the service ends	
Standard productive hours per month	130
Productive hours for 5 months	650
Number of FTE needed to assist clients on the phone for 5 months	5.43
Annualized FTE needed	3.26
Salary	136,000
Benefit	68,000
Goods & Services	<u>23,000</u>
Staffing costs for 8 months - July - February (rounded)	<u><u>227,000</u></u>
Total Funding Needed (GF-State)	608,000

Department of Social and Health Services

DP Code/Title: M2-FV Access to HealthPlanFinder
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$409,000 (\$205,000 GF-State) to reimburse the Health Benefit Exchange (HBE) for access to Washington Healthplanfinder (HPF) in order to comply with Legislative direction for ESA Community Services Division (CSD) staff to assist clients with obtaining Medicaid eligibility in local CSD offices.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	111,000	94,000	205,000
001-2 General Fund - Basic Account-Federal	111,000	93,000	204,000
Total Cost	222,000	187,000	409,000

Staffing

Package Description:

Problem Statement:

DSHS must pay a portion of one-time and on-going maintenance costs to HBE for the upgrade to the HPF system to accommodate 2,000 additional users. Additionally, all CSD users of the HPF system must have a background check completed with the Washington State Patrol.

Proposed Solution:

ESA requests funding to comply with legislative direction to streamline the process by which ESA clients become eligible for Medicaid by giving 2,000 CSD staff access to the HPF system to assist them, and to comply with associated security standards and training requirements.

Agency Contact: Wendy Polzin, (360) 902-8067
 Program Contact: Dianna Wilks (360)725-4524

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The budget request supports the one-time costs for infrastructure upgrades (\$5,000 total funds in Fiscal Year 2016) and mandatory background checks (\$29,000 in FY16 and \$4,000 in FY17 and beyond) as well as the on-going annual costs for maintenance and user support provided by HBE (\$183,000 per year). HBE will also provide training for CSD staff accessing HPF. It is expected that by allowing CSD staff to enroll clients in HPF, DSHS would increase its federal Medicaid earnings.

Performance Measure Detail

Agency Level

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

Department of Social and Health Services

DP Code/Title: M2-FV Access to HealthPlanFinder
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This decision package is essential to implementing ESA's Strategic Objective 5.1: The percentage of Community Service Division (CSD) clients receiving timely service will increase.

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

This decision package supports the Results Washington Goal 4: Healthy & Safe Communities - Healthy People - Provide access to good medical care to improve people's lives.

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

Health Care Authority and HBE support this proposal in order to comply with legislative direction for CSD staff to streamline the eligibility process to include the facilitation of Medicaid eligibility in local CSD offices.

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

In order to comply with legislative direction to streamline the eligibility process by enabling CSD staff to assist clients to enroll through HPF, no other alternatives are available.

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

Given the legislative requirement for CSD staff to have access to HPF, and the costs of providing this access, not funding this decision package would adversely impact the agency's ability to staff to the level needed to maintain the current level of client services.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M2-FV Access to Healthplanfinder.

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

Costs for HPF and background checks are higher in the first year, but second year costs will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	220,000	187,000	407,000

Department of Social and Health Services

DP Code/Title: M2-FV Access to HealthPlanFinder
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	111,000	94,000	205,000
<i>Total for Fund 001-1</i>		111,000	94,000	205,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	111,000	93,000	204,000
<i>Total for Fund 001-2</i>		111,000	93,000	204,000
Total Overall Funding		222,000	187,000	409,000

2016 Supplemental Budget M2-FV Access to Healthplanfinder

	SFY16	SFY17
Reimburse HPF for the on going user support	\$ 193,000	\$ 183,000
CSD Staff Background Checks	\$ 29,000	\$ 4,000
Total	\$ 222,000	\$ 187,000

By Fund: Assuming this is the 50%/50% split

GFS	\$ 111,000	\$ 94,000
Federal	\$ 111,000	\$ 93,000

By Object

ER	\$ 222,000	\$ 187,000
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Information Technology Addendum

Recsum Code and Title: M2-FV Access to HealthPlanFinder
Brief Description: Access to Healthplanfinder (HPF)

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

The Economics Services Administration (ESA) is making changes to comply with legislative direction. That direction will streamline the process by which ESA clients become eligible for Medicaid by giving 2,000 Community Service Division (CSD) staff access to the HPF system who will assist them with their application and continuing eligibility for Medicaid.

The Health Benefit Exchange (HBE) requires all staff accessing HPF to have a background check. To meet the requirements for access to the HPF, ESA will install document scanners in six locations around the state to provide the staff background check documents to the Background Check Unit over a secure connection. While ESA utilizes this process in other divisions, this is a new process for CSD and IT Solutions Divisions.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

This project will provide CSD staff access the HPF.
CSD staff will require background checks as condition of receiving access to the HPF.
CSD staff will receive HPF system training from HBE staff prior to receiving access to HPF.
CSD has a long history of providing Medicaid eligibility determinations, so organizational risks are minimal.

2016 Supplemental Budget Department of Social and Health Services

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

This change directly impacts some Medicaid clients as they will now be able to find help in using the HPF for their medical applications or when making changes to their current medical plans. Many of these clients will already be DSHS clients so staff will now be able to provide help instead of redirecting the client to other agencies.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.

(INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

No new data will be exposed to the public.

The HPF is a public accessible system. This change will allow CSD staff the ability to help clients enter data into the system and/or view data to facilitate Medicaid eligibility determination.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?

(INTENT: Award more points for better project and outcome performance measures.)

The IT goals are clear; facilitate the secure transfer of staff information to the Background Check Unit.

HBE will make all other needed IT changes to allow staff access to the HPF.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

This does not apply to this project.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

This does not apply to this project

2016 Supplemental Budget Department of Social and Health Services

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

This project does not change how citizens access the HPF, just where they can find help with the system and understanding the eligibility outcomes.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

Data will be exchanged from the scanner locations to the Background Check Unit using the same process and criteria as other organizations that require this service.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

The project will allow DSHS staff to enroll clients in HPF, and to increase its federal Medicaid earnings.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

This does not have IT cost savings.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This project will be cost allocated in line with our regular Medicaid funding. The majority of the costs of this project are to pay for the on-going maintenance and user support provided by HBE.

Department of Social and Health Services

DP Code/Title: M2-FW ESAR

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$21,737,000 (\$4,116,000 GF-State) in the 2016 Supplemental for ongoing maintenance and operations (M&O), which includes Health Benefit Exchange (HBE) change requests, for the Eligibility Service and Automated Client Eligibility System (ACES) Remediation (ESAR). These M&O activities will be supported by the ESAR Project Management Office (PMO) and, per the requirement of both the Office of the Chief Information Officer (OCIO) and Centers for Medicare and Medicaid Services (CMS), will receive independent oversight from Quality Assurance (QA) and Independent Verification and Validation (IV&V) consultants.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	2,054,000	2,062,000	4,116,000
001-2 General Fund - Basic Account-Federal	130,000	130,000	260,000
001-7 General Fund - Basic Account-Private/Local	1,560,000	1,597,000	3,157,000
001-C General Fund - Basic Account-Medicaid Federal	7,066,000	7,138,000	14,204,000
Total Cost	10,810,000	10,927,000	21,737,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	12.0	12.0	12.0

Package Description:

Problem Statement:

With the implementation of the Affordable Care Act (ACA) in Washington State, ESA developed the Eligibility Service (ES). The ES is a key component of Healthplanfinder (HPF) and is required to be available and online to support HPF trial eligibility, and eligibility determinations for medical assistance and coverage in Washington State. The ES requires ongoing maintenance and without funding would not be supported.

In the 2015-17 Biennium Budget, the Legislature funded a proposal to continue work on ESAR Phase 2 and 3, and the M&O associated with operating the ES. Funding for ESAR Phase 2 and 3 M&O was included in the Information Technology Investment Pool (Ch. 4, Laws of 2015, sec. 705).

Proposed Solution:

This decision package requests funding for M&O costs to be appropriated directly in ESA's budget. The ongoing maintenance of the ES is provided through the IBM M&O contract that also supports ACES, aces.online, and Washington Connection. The M&O funds provide contracted technical, development, production control resources, hardware and software, as well as state staff resources for business analysis, testing, problem resolution and analysis and customer support.

Agency Contact: Wendy Polzin, (360) 902-8067

Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The M&O funding for the ESAR project will allow the ES to continue operations to support the transfer of data between the

Department of Social and Health Services

DP Code/Title: M2-FW ESAR

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

ES, ACES, and HPF. Funding this request will maintain the real-time interaction with HPF and other state systems. Additionally, appropriating M&O funds directly to ESA's budget will ensure timely maintenance to the system.

Performance Measure Detail

Agency Level

Activity: F006 Automated Client Eligibility Systems (ACES)

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.3: ESA will modernize technology for critical systems and applications (Examples include ESA's Eligibility Service and ACES Remediation and Child Support's Unisys Rehosting effort).

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

The ES is a critical component to HBE and their HPF application, as well as critical to Health Care Authority (HCA) and the ProviderOne system. In addition to being critical to these organizations, it is the eligibility engine for Modified Adjusted Gross Income (MAGI) and Advanced Premium Tax Credit (APTC) medical and interacts with ACES for non-MAGI medical applications and eligibility determinations which impacts individual and families applying for and receiving public assistance related medical across the state. Maintaining work on the ESAR project will support the missions of ESA, HBE and HCA.

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

There is no alternative to funding M&O for ESAR. Absent additional funding beyond ESA base funding for M&O of the system of record for public assistance programs, ESA will overspend their budget. The ESA funding base provides coverage for approximately 2.5 months of M&O expenditures. ESA spends approximately \$860,000 per month on M&O costs.

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

Without M&O funding, the system would be at risk for failure, and the State would lose enhanced Federal funding seventy-five percent for ES M&O and ninety percent for HBE change requests. Having funding appropriated directly to ESA's budget will ensure timely maintenance to the system.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: ESA M2-FW ESAR.xlsx

Department of Social and Health Services

DP Code/Title: **M2-FW ESAR**

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

These costs are ongoing and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	1,647,000	1,661,000	3,308,000
B Employee Benefits	550,000	554,000	1,104,000
E Goods\Other Services	8,535,000	8,634,000	17,169,000
T Intra-Agency Reimbursements	78,000	78,000	156,000
Total Objects	10,810,000	10,927,000	21,737,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	2,054,000	2,062,000	4,116,000
<i>Total for Fund 001-1</i>	2,054,000	2,062,000	4,116,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
767H Children's Health Ins Prog (CHIP)	130,000	130,000	260,000
<i>Total for Fund 001-2</i>	130,000	130,000	260,000
Fund 001-7, General Fund - Basic Account-Private/Local			
<u>Sources</u> <u>Title</u>			
5417 Contributions & Grants	1,560,000	1,597,000	3,157,000
<i>Total for Fund 001-7</i>	1,560,000	1,597,000	3,157,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources</u> <u>Title</u>			
19UD Title XIX Admin (90%)	1,440,000	1,512,000	2,952,000
19UG Title XIX Admin (75%)	5,626,000	5,626,000	11,252,000
<i>Total for Fund 001-C</i>	7,066,000	7,138,000	14,204,000
Total Overall Funding	10,810,000	10,927,000	21,737,000

**2016 Supplemental Budget
M2-FW ESAR**

15-17 Biennium ESAR M&O Cost By Funds Source

Data Source: FFY16 OAPD and FFY16 IAPD
Assuming SFY17 M&O cost same as FFY16

	SFY16 ESAR O&M				Total	SFY17 ESAR O&M				Total	15-17 Bien				Total
	GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local	
Salaries	331,545	1,103,238	16,555	194,511	1,645,849	332,506	1,111,892	16,555	199,212	1,660,165	664,051	2,215,130	33,110	393,723	3,306,013
Benefits	110,515	367,746	5,518	64,837	548,616	110,835	370,631	5,518	66,404	553,388	221,350	738,377	11,037	131,241	1,102,004
Goods & Services	2,132,226	7,159,273	105,907	1,292,618	10,690,024	2,138,942	7,219,717	105,907	1,325,458	10,790,024	4,271,168	14,378,990	211,814	2,618,075	21,480,048
ISSD	17,524	52,193	928	6,902	77,547	17,524	52,193	928	6,902	77,547	35,048	104,386	1,856	13,803	155,093
Total By Objects	2,591,810	8,682,450	128,908	1,558,867	12,962,036	2,599,808	8,754,432	128,908	1,597,975	13,081,124	5,191,618	17,436,883	257,816	3,156,842	26,043,159

Less M&O in ESA base budget

Data Source: OFM backup--refer to tab: cost SFY15 & Bien 15-17

	SFY16 ESAR O&M				Total	SFY17 ESAR O&M				Total	15-17 Bien				Total
	GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local	
Goods & Services	538,750	1,616,250	-	-	2,155,000	538,750	1,616,250	-	-	2,155,000	1,077,500	3,232,500	-	-	4,310,000
Total By Objects	538,750	1,616,250	-	-	2,155,000	538,750	1,616,250	-	-	2,155,000	1,077,500	3,232,500	-	-	4,310,000

2016 Supplemental ESAR M&O DP Request

Data Source: FFY16 OAPD & IAPD and OFM backup
Assuming SFY17 M&O cost same as FFY16

	SFY16 ESAR O&M				Total	SFY17 ESAR O&M				Total	15-17 Bien				Total
	GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local		GF-State	GF-Federal (T19)	GF-Federal (T21)	GF-Local	
Salaries	332,000	1,103,000	17,000	195,000	1,647,000	333,000	1,112,000	17,000	199,000	1,661,000	665,000	2,215,000	34,000	394,000	3,308,000
Benefits	111,000	368,000	6,000	65,000	550,000	111,000	371,000	6,000	66,000	554,000	222,000	739,000	12,000	131,000	1,104,000
Goods & Services	1,593,000	5,543,000	106,000	1,293,000	8,535,000	1,600,000	5,603,000	106,000	1,325,000	8,634,000	3,193,000	11,146,000	212,000	2,618,000	17,169,000
ISSD	18,000	52,000	1,000	7,000	78,000	18,000	52,000	1,000	7,000	78,000	36,000	104,000	2,000	14,000	156,000
Total By Objects	2,054,000	7,066,000	130,000	1,560,000	10,810,000	2,062,000	7,138,000	130,000	1,597,000	10,927,000	4,116,000	14,204,000	260,000	3,157,000	21,737,000

Information Technology Addendum

Recsum Code and Title: M2-FW ESAR
Brief Description: ESAR Maintenance and Operations (M&O)

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project. (INTENT: Incent agencies to take transformative projects that may include risk.)

The Washington Health Benefit Exchange (HBE) Healthplanfinder (HPF) system and the associated Eligibility Service (ES) systems are guided by the need for compliance with the Centers for Medicare and Medicaid Services (CMS) Medicaid Information Technology Architecture (MITA) Seven Standards and Conditions. This also includes meeting critical success factors for accepting the new single streamlined application, making Modified Adjusted Gross Income (MAGI) based determinations and coordinating with Marketplaces, which began service on October 1, 2013.

The Eligibility Service and Automated Client Eligibility System (ACES) Remediation (ESAR) project team continues to work closely with HBE and Health Care Authority (HCA) so that the ES functions properly using an effective interface with the HPF. These ES maintenance and operations (M&O) efforts include HBE change requests to ensure that the enterprise-wide, multi-agency Information Technology (IT) solution continues to support the MAGI-based enrollment for new clients, as well as Medicaid and Qualified Health Plan (QHP) eligibility rules.

HPF is the entry point for the vast majority of all medical applications for Medicaid and MAGI-based enrollment.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc. (INTENT: Drive business value by encouraging risk taking that is well managed.)

Risk and issue mitigation is conducted throughout the M&O life cycle. All team members that support M&O activities have the responsibility of identifying risks and issues that impact the release cycle, or any aspect of the maintenance services. The risks and issues are recorded and

2016 Supplemental Budget Department of Social and Health Services

tracked to facilitate the management of each, including identifying mitigating strategies, decision making, and appropriate escalation. This requires thorough analysis and understanding of the technical and business environments of all impacted systems and operations. By recognizing risks and issues, the team can plan to avoid or minimize their impact through proper and timely response. The identification and effective resolution of all related risks and issues by the team will increase the success of each release cycle.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

In October, 2013, the HPF, Affordable Care Act (ACA) application, was implemented for MAGI-based enrollment of new clients. This implementation included the coordination of three organizations; 1) HBE, 2) Department of Social and Health Services (DSHS)/Economic Services Administration (ESA), and 3) HCA. These efforts resulted in a multi-agency IT solution. With the implementation of MPS in May, 2015, all three organizations are connected with real-time on-line transactions, coordinated design and development, and integrated testing.

Modifications to the ES based on problem reports and change requests follow an established Change and Release Management processes with stakeholders to cluster and prioritize changes into quarterly software releases to ensure proper impact analysis has been conducted to avoid risk and unintended consequences to applications and systems providing mission essential services.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies. (INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

Not applicable to M&O

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?

(INTENT: Award more points for better project and outcome performance measures.)

The scope of each release is finalized based on estimated development hours and staff availability. Each release is reviewed and approved by impacted stakeholders prior to creating a baseline. In addition to the release work, DSHS/ESA provides testing support to HBE in an integrated testing environment.

Governance is provided utilizing a tri-agency approach involving DSHS/ESA, HCA and HBE and involves multiple joint meetings. These meetings include operational meetings (e.g., Joint Management Team) and strategic meetings (e.g., Business Key Staff and Chief Information Officer Workgroup) that occur at least monthly. The meetings are used to address specific

M2-FW ESAR

2016 Supplemental Budget Department of Social and Health Services

issues, reach consensus, make decisions, and ultimately ensure business needs are met to support each agency's mission and strategic goals.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(**INTENT:** Award additional points to projects where intent is to improve the security across an agency.)

The ES is complying with applicable industry standards and federal Medicaid Information Technology Architecture (MITA) guidelines for secure data handling by leveraging existing state assets such as security endpoints, firewalls, and a layered and secure networking infrastructure. Data in motion as it moves through the Enterprise Service Bus (ESB) is encrypted and transmitted over Secure Sockets Layer (SSL). The ES, in coordination with DSHS and HBE, undergoes Internal Revenue Service (IRS), Health Insurance Portability and Accountability Act (HIPAA), and state security audits.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(**INTENT:** Drive agencies to look more intently at leveraging cloud-based solutions.)

In preparation for developing the ES, DSHS invested in a Business Rules Management System (BRMS), e.g., IBM Operational Decision Management (ODM), which is the core component for the ES. ODM is a business rules engine that supports modularity by allowing high-value business decisions to be externalized from core applications and external to business processes in a human readable format and executable in a system. The ES is reusing existing state and local interfaces currently implemented in the ACES. In addition, the ES utilizes an open Service Oriented Architecture (SOA) that facilitates integration between the open systems and the legacy ACES. The Eligibility Service has adopted the same formal System Development Life Cycle (SDLC) processes currently in use on ACES development projects.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(**INTENT:** Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

Not applicable to M&O

2016 Supplemental Budget Department of Social and Health Services

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

The ES has been architected with tools that comply with open standards, including MITA. At its core platform is a neutral ESB, implemented by the WebSphere MQ Broker, which provides protocol transformation and message formatting to meet the needs of participating entities. The Service Layer supports multiple formats and protocols while complying with the security requirements of the project.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

Not applicable to M&O

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

Not applicable to M&O

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

The budget for the operation of the DSHS ACES system is managed through a Washington State cost allocation process with CMS. CMS provides enhanced funding for M&O problem reports at seventy-five percent (75%) with the State responsible for the remaining twenty-five percent (25%). CMS provides enhanced funding for HBE enhancement change requests at ninety percent (90%) with the State responsible for the remaining ten percent (10%). DSHS/ESA estimates its state share working under the assumption HBE and HCA receive adequate funding to support the ongoing M&O and HBE enhancement activities necessary to continue to support their mission and business drivers.

Department of Social and Health Services

DP Code/Title: M2-WB One-Time Relocation
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding to cover one-time costs associated with relocating three facilities in Seattle to less costly leased space.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	605,000	0	605,000
001-2 General Fund - Basic Account-Federal	355,000	0	355,000
Total Cost	960,000	0	960,000

Staffing

Package Description:

Problem Statement

DSHS planned to renew leases at three locations in Seattle which was supported by the 2015-21 Enacted Six-Year Facilities Plan. However, renewal rates sought by the lessors of these facilities were extremely cost prohibitive making it unfeasible to continue these leases. OFM Facility Oversight approved Modified Predesign requests to relocate these offices to less costly facilities.

Proposed Solution

OFM Facility Oversight has authorized the relocation of three offices currently located in downtown Seattle. Division of Vocational Rehabilitation (DVR) field services office, the Community Services Division (CSD) Regional headquarters and training center, and the Division of Disability Determination Services (DDDS) are affected.

Agency Contact: Denise Kopel (360)902-7707

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this request will enable these programs to relocate to safe and secure facilities within the DSHS approved lease budget.

Performance Measure Detail

Agency Level

Activity: F110 Division of Disability Determination Services

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

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

Health - Each individual and each community will be healthy.

Department of Social and Health Services

DP Code/Title: M2-WB One-Time Relocation
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Safety - Each individual and each community will be safe.

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

This Decision package supports the Result Washington:

Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

Lack of funding will result in these programs remaining in locations that they cannot afford. This will negatively impact the clients they serve as reductions would have to be made elsewhere.

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

The alternative to relocating these programs would have been to remain in three locations with lease rates far above market in the downtown Seattle area. It was more cost effective to relocate all three offices to more reasonably priced leased office space.

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

DSHS will be forced to cover these costs as the space is needed. Without additional funding, cuts in service will negatively impact the clients they serve.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: AW M2-WB One-Time Relocation Costs.xlsx

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

These costs are one-time and will not carry forward.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	960,000	0	960,000

Department of Social and Health Services

DP Code/Title: M2-WB One-Time Relocation
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	484,000	0	484,000
GFS2	General Fund State TANF Moe	121,000	0	121,000
<i>Total for Fund 001-1</i>		605,000	0	605,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
001B	Social Security Disability Ins (100%)	355,000	0	355,000
<i>Total for Fund 001-2</i>		355,000	0	355,000
Total Overall Funding		960,000	0	960,000

**2016 Supplemental Budget
M2-WB One-Time Relocation**

Program	FY 2016			FY 2017			2015-17 Biennium		
	State	Other	Total	State	Other	Total	State	Other	Total
010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
060	\$ 605,000	\$ 355,000	\$ 960,000	\$ -	\$ -	\$ -	\$ 605,000	\$ 355,000	\$ 960,000
070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	\$ 167,000	\$ -	\$ 167,000	\$ -	\$ -	\$ -	\$ 167,000	\$ -	\$ 167,000
110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 772,000	\$ 355,000	\$ 1,127,000	\$ -	\$ -	\$ -	\$ 772,000	\$ 355,000	\$ 1,127,000

Program	FY 2016	FY 2017	2015-17	State %
010	\$ -	\$ -	\$ -	91%
020	\$ -	\$ -	\$ -	100%
040	\$ -	\$ -	\$ -	59%
050	\$ -	\$ -	\$ -	52%
060	\$ 960,000	\$ -	\$ 960,000	63%
070	\$ -	\$ -	\$ -	81%
100	\$ 167,000	\$ -	\$ 167,000	100%
110	\$ -	\$ -	\$ -	82%
Total	\$ 1,127,000	\$ -	\$ 1,127,000	

2016 Supplemental Budget
M2-WB One-Time Relocation

City	ding DSHS Control Number on Lease Matrix	Programs Involved	Project Completion Date	Square Feet	Estimated Staff Count Affected by Project	Building Security & Access Systems	Setup Costs \$500/ Workstation (SETUP ONLY)	Infrastructure \$750/ Workstation (Times 2 For New Facility)	Vendor and Supplies \$350/Person	Tenant Improvements \$10/RSF	Other/ Incentive	Biennium Total	Project Total FY 2016	Project Total FY 2017
Seattle	916	DVR	12/31/2015	7,333	25	\$ 35,000	\$ 25,000	\$ 25,000	\$ 9,000	\$ 73,000	\$ -	\$ 167,000	\$ 167,000	\$ -
Seattle	904	DDDS	6/30/2016	18,942	93	\$ 75,000	\$ 47,000	\$ 93,000	\$ 28,000	\$ 190,000	\$ -	\$ 433,000	\$ 433,000	\$ -
Seattle	394	CSD	11/30/2015	12,228	31	\$ 75,000	\$ 103,000	\$ 155,000	\$ 72,000	\$ 122,000	\$ -	\$ 527,000	\$ 527,000	\$ -
												\$ 1,127,000	\$ -	

Department of Social and Health Services

DP Code/Title: M2-WC Building Access Control System
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests funding to support the upgrade of access control systems, panic alarms and intrusion alarms for multiple leased facilities statewide. DSHS is currently in the process of upgrading 32 sites whose access control systems had been running on the Windows XP operating system. While upgrading these sites with a Windows 7 compliant enterprise wide access control system, it became apparent that wiring needed to also be replaced. Another significant issue that has arisen is the incompatibility of existing panic and intrusion alarms that tie into the access control system. Most of these systems are obsolete and must be replaced.

Funding will be used to pay for two contracts; one for the additional wiring costs for the access control system, and one for the panic and intrusion alarm upgrades. The expected result is optimal security for staff and clients at 32 DSHS leased sites.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	265,000	0	265,000
001-2 General Fund - Basic Account-Federal	155,000	0	155,000
Total Cost	420,000	0	420,000

Staffing

Package Description:

Problem:

By State policy (<https://www.ocio.wa.gov/policies/142-windows-xp-end-life>), all systems running Windows XP must be removed from State offices and from the State network. All remaining Windows XP devices must be removed and replaced with current Windows 7 or later systems.

Existing systems are obsolete and not compatible with Windows 7. Current hardware is failing in a way that jeopardizes both building security as well as posing a potential fire hazard.

Solution:

Procurement of modern security systems will produce continued security even when the network connection is lost as well as mitigate the potential fire hazard; provide management of badges from any of the sites, improving options for support; provide a single, but distributed database, reducing the management of badges for staff who do this in addition to their full time jobs (currently, staff have to be removed from every location they have access to; with this improvement, they only have to be removed or added once).

Agency Contact: Charles Wang (360) 902-8154

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Procurement of modern security systems will:

Produce continued security even when the network connection is lost;

Mitigate the potential fire hazard;

Department of Social and Health Services

DP Code/Title: M2-WC Building Access Control System

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Provide management of badges from any of the sites, improving options for support;

Provide a single, but distributed database, reducing the management of badges for staff who do this in addition to their full time jobs (currently, staff have to be removed from every location they have access to; with this improvement, they only have to be removed or added once);

Addresses DSHS' non compliance with state policy (<https://www.ocio.wa.gov/policies/142-windows-xp-end-life>) by replacing Windows XP devices with Windows 7 or later systems.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

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

Safety - Each individual and each community will be safe.

Public Trust - Strong management practices will be used to ensure quality and efficiency.

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

This Decision package supports the Result Washington:

Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

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

All DSHS programs and management are in support of these upgrades to ensure security for staff and the clients they serve.

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

Existing funding is not available to cover these one-time costs.

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

Existing systems are obsolete and not compatible with Windows 7. Current hardware is failing in a way that jeopardizes both building security as well as posing a potential fire hazard.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

Department of Social and Health Services

DP Code/Title: M2-WC Building Access Control System
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

See attachment: AW M2-WC Building Access Controls.xlsx

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

These costs are one-time and will not carry forward.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	420,000	0	420,000

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	156,000	0	156,000
GFS2	General Fund State TANF Moe	109,000	0	109,000
<i>Total for Fund 001-1</i>		265,000	0	265,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	155,000	0	155,000
<i>Total for Fund 001-2</i>		155,000	0	155,000
Total Overall Funding		420,000	0	420,000

**2016 Supplemental Budget
M2-WC Building Access Controls**

Program	FY 2016			FY 2017			2015-17 Biennium		
	State	Other	Total	State	Other	Total	State	Other	Total
010	\$ 200,000	\$ 20,000	\$ 220,000	\$ -	\$ -	\$ -	\$ 200,000	\$ 20,000	\$ 220,000
020	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
040	\$ 17,000	\$ 12,000	\$ 29,000	\$ -	\$ -	\$ -	\$ 17,000	\$ 12,000	\$ 29,000
050	\$ 33,000	\$ 31,000	\$ 64,000	\$ -	\$ -	\$ -	\$ 33,000	\$ 31,000	\$ 64,000
060	\$ 265,000	\$ 155,000	\$ 420,000	\$ -	\$ -	\$ -	\$ 265,000	\$ 155,000	\$ 420,000
070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
110	\$ 2,000	\$ 1,000	\$ 3,000	\$ -	\$ -	\$ -	\$ 2,000	\$ 1,000	\$ 3,000
Total	\$ 593,000	\$ 219,000	\$ 812,000	\$ -	\$ -	\$ -	\$ 593,000	\$ 219,000	\$ 812,000

Program	FY 2016	FY 2017	2015-17	State %
010	\$ 220,000	\$ -	\$ 220,000	91%
020	\$ 1,000	\$ -	\$ 1,000	100%
040	\$ 29,000	\$ -	\$ 29,000	59%
050	\$ 64,000	\$ -	\$ 64,000	52%
060	\$ 420,000	\$ -	\$ 420,000	63%
070	\$ -	\$ -	\$ -	81%
100	\$ 75,000	\$ -	\$ 75,000	100%
110	\$ 3,000	\$ -	\$ 3,000	82%
Total	\$ 812,000	\$ -	\$ 812,000	

2016 Supplemental Budget
M2-WC Building Access Controls

City	Bldg_Address	Program	Division	Cost
Forks	421 5TH Ave	010	DCFS	\$ 9,655.50
Seattle	3600 S Graham ST	010	DCFS	\$ 21,960.00
Walla Walla	206 -208 W Poplar St	010	DCFS	\$ 15,600.00
Omak	S 126 Main St	010	DCFS	\$ 6,320.00
Kent	1313 W Meeker ST	010	DCFS	\$ 20,328.00
Shelton	2505 Olympic Hwy N Ste 440	010	DCFS	\$ 10,675.00
Mount Vernon	900 E College Way Ste 100	010	DCFS	\$ 4,837.50
South Bend	307 Robert Bush Dr W	010	DCFS	\$ 8,190.00
Port Angeles	201-5 W 1St	010	DCFS	\$ 13,130.00
Arlington	3906 172ND ST NE	010	DCFS	\$ 22,800.00
Tumwater	6840 & 6860 Capitol Blvd Se Bld 2 & 3	010	DCFS	\$ 27,500.00
Long Beach	2601 Pacific Ave NW	010	DCFS	\$ 4,650.00
Monroe	953 Village Way Ste 25	010	DCFS	\$ 25,000.00
Port Townsend	915 Sheridan Ave	010	DCFS	\$ 9,300.00
Bellevue	805 156Th Ave Ne	010	DCFS	\$ 20,304.00
		010 Total		\$ 220,250.00
Bellingham	4101 Meridian St	020	JRA	\$ 881.50
Mount Vernon	900 E College Way Ste 100	020	JRA	\$ 87.50
		020 Total		\$ 969.00
Omak	S 126 Main St	040	DDA	\$ 700.00
Kent	1313 W Meeker ST	040	DDA	\$ 4,116.00
Walla Walla	416 E Main St	040	DDA	\$ 1,988.00
Shelton	2505 Olympic Hwy N Ste 440	040	DDA	\$ 1,775.00
Mount Vernon	900 E College Way Ste 100	040	DDA	\$ 725.00
South Bend	307 Robert Bush Dr W	040	DDA	\$ 330.00
Port Angeles	201-5 W 1St	040	DDA	\$ 2,990.00
Long Beach	2601 Pacific Ave NW	040	DDA	\$ 112.50
Port Townsend	915 Sheridan Ave	040	DDA	\$ 3,075.00
Kennewick	500 N Morain St	040	DDA	\$ 11,275.00
Oak Harbor	275 Pioneer Way Se Ste 101, 201,202 &	040	DDA	\$ 1,650.00
		040 Total		\$ 28,736.50
Tumwater	6639 Capitol Blvd	050	HCS	\$ 5,840.00
Tumwater	6639 Capitol Blvd	050	RCS	\$ 2,220.00
Walla Walla	206 -208 W Poplar St	050	HCS	\$ 4,400.00
Omak	S 126 Main St	050	HCS	\$ 1,260.00
Bremerton	4710 Auto Center Blvd	050	HCS	\$ 9,320.00
Spokane	1313 N Maple St	050	RCS	\$ 225.00
Shelton	2505 Olympic Hwy N Ste 440	050	HCS	\$ 1,775.00
Mount Vernon	900 E College Way Ste 100	050	HCS	\$ 1,612.50
Mount Vernon	900 E College Way Ste 100	050	RCS	\$ 37.50
South Bend	307 Robert Bush Dr W	050	HCS	\$ 330.00
Arlington	3906 172ND ST NE	050	HCS	\$ 8,400.00
Arlington	3906 172ND ST NE	050	RCS	\$ 8,800.00
Long Beach	2601 Pacific Ave NW	050	HCS	\$ 325.00
Port Townsend	915 Sheridan Ave	050	HCS	\$ 1,000.00
Kennewick	500 N Morain St	050	HCS	\$ 13,725.00
Oak Harbor	275 Pioneer Way Se Ste 101, 201,202 &	050	HCS	\$ 4,600.00
		050 Total		\$ 63,870.00
Bellingham	4101 Meridian St	060	CSD	\$ 14,247.50
Bellingham	4101 Meridian St	060	DCS	\$ 1,045.50
Bellingham	4101 Meridian St	060	DEL	\$ 1,148.00
Forks	421 5TH Ave	060	CSO	\$ 10,844.50
Seattle	3600 S Graham ST	060	CSO	\$ 17,680.00
Seattle	2106 Second Ave	060	CSO	\$ 23,000.00
Omak	S 126 Main St	060	CSO	\$ 11,380.00
Bremerton	4710 Auto Center Blvd	060	CSD	\$ 29,440.00

2016 Supplemental Budget
M2-WC Building Access Controls

City	Bldg_Address	Program	Division	Cost
Bremerton	4710 Auto Center Blvd	060	ESA	\$ 1,000.00
Kent	1313 W Meeker ST	060	CSO	\$ 14,070.00
Kent	1313 W Meeker ST	060	DCS	\$ 210.00
Spokane	1313 N Maple St	060	CSO	\$ 22,275.00
Walla Walla	416 E Main St	060	CSO	\$ 10,024.00
Shelton	2505 Olympic Hwy N Ste 440	060	CSO	\$ 9,075.00
Mount Vernon	900 E College Way Ste 100	060	CSO	\$ 4,025.00
Mount Vernon	900 E College Way Ste 100	060	DCS	\$ 225.00
Mount Vernon	900 E College Way Ste 100	060	DEL	\$ 212.50
South Bend	307 Robert Bush Dr W	060	CSO	\$ 5,865.00
Port Angeles	201-5 W 1St	060	CSD	\$ 10,952.50
Port Angeles	201-5 W 1St	060	DEL	\$ 585.00
Renton	500 SW 7th St	060	CSO	\$ 30,177.00
Federal Way	616 S 348Th St	060	CSO	\$ 25,500.00
Tumwater	6840 & 6860 Capitol Blvd Se Bld 2 & 3	060	CSO	\$ 22,500.00
Long Beach	2601 Pacific Ave NW	060	CSO	\$ 7,300.00
Port Townsend	915 Sheridan Ave	060	CSO	\$ 8,625.00
Chehalis	151 NE Hampe Way Ste 151	060	CSO	\$ 10,000.00
Puyallup	201 W Main St	060	CSO	\$ 25,000.00
Seattle	9650 15Th Ave SW	060	CSO	\$ 40,000.00
Bellevue	805 156Th Ave Ne	060	CSO	\$ 19,536.00
Bellevue	805 156Th Ave Ne	060	DEL	\$ 3,744.00
Oak Harbor	275 Pioneer Way Se Ste 101, 201,202 &	060	CSO	\$ 17,650.00
Lakewood	5712 Main St SW	060	CSO	\$ 23,000.00
		060 Total		\$ 420,336.50
Bellingham	4101 Meridian St	100	DVR	\$ 3,177.50
Tumwater	6639 Capitol Blvd	100	DVR	\$ 1,940.00
Kent	1313 W Meeker ST	100	DVR	\$ 3,276.00
Walla Walla	416 E Main St	100	DVR	\$ 1,988.00
Shelton	2505 Olympic Hwy N Ste 440	100	DVR	\$ 1,325.00
Mount Vernon	900 E College Way Ste 100	100	DVR	\$ 650.00
South Bend	307 Robert Bush Dr W	100	DVR	\$ 165.00
Port Angeles	201-5 W 1St	100	DVR	\$ 4,290.00
Long Beach	2601 Pacific Ave NW	100	DVR	\$ 112.50
Port Townsend	915 Sheridan Ave	100	DVR	\$ 3,000.00
Seattle	400 Mercer St STE 508	100	DVR	\$ 12,500.00
Lacey	4565 7Th Ave SE	100	DVR	\$ 23,511.00
Lacey	4565 7Th Ave SE	100	DVR	\$ 994.50
Lacey	4565 7Th Ave SE	100	DVR	\$ 994.50
Silverdale	3888 Randall Way Stes 101 201	100	DVR	\$ 11,500.00
Bellevue	805 156Th Ave Ne	100	DVR	\$ 4,416.00
Oak Harbor	275 Pioneer Way Se Ste 101, 201,202 &	100	DVR	\$ 1,100.00
		100 Total		\$ 74,940.00
Seattle	3600 S Graham ST	110	EM	\$ 360.00
Omak	S 126 Main St	110	OFA	\$ 340.00
Bremerton	4710 Auto Center Blvd	110	OFA	\$ 240.00
Shelton	2505 Olympic Hwy N Ste 440	110	OFA	\$ 375.00
Mount Vernon	900 E College Way Ste 100	110	OFA	\$ 87.50
South Bend	307 Robert Bush Dr W	110	OFA	\$ 120.00
Port Angeles	201-5 W 1St	110	OIP	\$ 552.50
Renton	500 SW 7th St	110	OFA	\$ 1,323.00
		110 Total		\$ 3,398.00
		Grand Total		\$ 812,500.00

Department of Social and Health Services

DP Code/Title: M2-WK IT Systems Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding in the 2016 Supplemental Budget for the replacement of information technology (IT) equipment that has passed end of useable life and provides critical support data network infrastructure needed to maintain data transport across the agency and to business partners in support of DSHS clients. This request is to support the lease-purchase of IT equipment through a certificate of participation (COP).

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	113,000	113,000
001-2 General Fund - Basic Account-Federal	0	78,000	78,000
Total Cost	0	191,000	191,000

Staffing

Package Description:

Problem Statement:

The department requires the replacement of necessary IT infrastructure equipment to meet the day-to-day operational needs of the department. These needs exceed the department's base equipment funding levels. Not replacing this end of life equipment greatly increases risk to the agency in both loss of vendor support for critical IT infrastructure resulting in increased outages and the loss of security updates which provides protection for confidential and sensitive client data. These risks put the agency in jeopardy of failed federal compliance audits and/or lawsuits if confidential client data is compromised. Factors that motivate this project include federal and state laws, statutes and policies such as the following:

- o Federal requirements mandate protection of Federal Tax Information (FTI) under IRS 1075
- o Internal Revenue Code (IRC) 6103 - Confidentiality and disclosure of returns and return information
- o State law (Chapter 19.255 RCW PERSONAL INFORMATION - NOTICE OF SECURITY BREACHES)
- o OCIO Policy 141 - securing Information Technology Assets

Proposed Solution:

Services and Enterprise Support Administration (SESA)

SESA staff and IT systems support mission critical network services of DSHS. SESA requests funding to procure replacement of end of life equipment that supports mission critical network services of DSHS; consisting of the border firewall, servers, routers and switches. This funding request will support data network infrastructure needed to maintain data transport across the agency and business partners supporting and serving citizens of Washington State. This funding request represents DSHS infrastructure needed to integrate with WaTech statewide network shared services, which is used for data transport. One of the components of this request refers to procuring the DSHS enterprise perimeter firewall. This equipment acts as a gatekeeper to control access between the internal DSHS network and the WaTech-managed networks including the State Government Network (SGN) and Inter-government network (IGN) as well as the public Internet. Equipment included in this funding request is: DSHS agency border firewall, statewide routing and switching equipment, and equipment supporting agency wide security authentication. Any disruption in infrastructure services impacts agency staff, business partners, clients, and the public when contacting the agency for services. DSHS will not be able to retire existing end of life systems, which are now at high risk of failure and prevents the department from transforming its service delivery model to one that can improve its service capabilities without continued increases in the cost of providing those services. The result will be compromises and heightened risk to client safety and wellbeing along with case workers diminished ability to serve them as the population at risk increases.

Juvenile Rehabilitation

Department of Social and Health Services

DP Code/Title: M2-WK IT Systems Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This request funds the replacement of necessary IT systems equipment to meet the day-to-day needs of the youth placed into Juvenile Rehabilitation (JR) custody. Requested equipment items are critical to ensure operation of the program case management. Equipment beyond its useful life has been shown to become a risk to client confidentiality. Recovery software is currently used for backup and recovery of two of our virtual hosts, which support the operations and maintenance of our Automated Client Tracking (ACT) system, which supports operations in 24/7 direct care facilities. Renewing these licenses ensures the ability to continue to be able to successfully exercise the disaster recovery plan. Failure to renew these licenses would seriously degrade our ability to exercise our disaster recovery plan, resulting in the long-term outage of the ACT system in the event of a disaster.

The Dell EqualLogic Storage Area Network (SAN) addresses two problems. JR currently has a slower SAN, which is causing a performance bottleneck, which causes database "timeouts" due to deadlocks between transactions. Because the current SAN has limited storage due to increased utilization, the ACT system transferred to the requested faster SAN which would avoid the errors associated with the performance bottleneck of the current SAN, and free up space on the current slower SAN. The additional space is needed to accommodate the ever-increasing size of the application, database and file server backups.

Aging and Long Term Services Administration (ALTSA) and Developmental Disabilities Administration (DDA)
ALTSA and DDA currently have inadequate server capacity to support SharePoint. Currently, they use SharePoint 2007 in a production environment, which is running at near capacity in terms of a Central Processing Unit (CPU), Memory and Storage. If the administrations migrated to SharePoint 2013 without any server/memory/storage increases they will run into performance issues, which will affect applications such as the Comprehensive Assessment Reporting Evaluation (CARE) and Tracking Incidents of Vulnerable Adults (TIVA). The administrations are trying to avoid this by isolating SharePoint 2013 into its own environment. The migration to SharePoint 2013 will start in September 2016.

CARE is the main case management tool, which is used by 4,500+ case managers to intake, assess and authorize services for 60,000+ clients. Performance degradation in CARE could potentially mean clients not getting the services in a timely manner. TIVA is the main Incident Reporting tool, which contains Residential Complaints as well as Adult Protective Services Incidents. Performance degradation in TIVA could potentially mean not being able to get the investigations taken care of in a timely manner.

This request includes personal computers at end of usable life for DDA which would put the program on the same funding stream for personal computers as in ALTSA.

Special Commitment Center (SCC)
SCC provides a specialized mental health treatment program on McNeil Island for civilly committed sex offenders who have completed their prison sentences. The majority of equipment used at the Total Confinement Facility (TCF) and Secure Community Transition Facilities (SCTF) has exceeded its useful life. The IT infrastructure supports institution and island security such as the i.LON server replacement of NCB parts that control communications. This system allows communication between staff through intercom buttons throughout the facility and between residents (in their rooms) to staff in case of personal medical emergency or lockdown. The network switches, laptops and desktops are eight years old and are used to document security, clinical, resident treatment and progress notes as well as administrative tasks.

Agency Contact: Ken Brown (360) 902-7583

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Procurement will involve tracking all levels of this project; deployment schedules, Quality Assurance reviews and post-performance service metric analysis. Funding this request will strengthen the foundation for the current continuum of care and access to client services. Client support systems will continue to operate as designed.

Performance Measure Detail

Agency Level

Department of Social and Health Services

DP Code/Title: M2-WK IT Systems Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Activity: F078 Program Support

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential to implementing SESA's Strategic Objective.

1.1 Provide data, analyses, and information to support innovations that improve the effectiveness of services to clients.

1.3: Fiscal stewardship of programs and activities.

1.1 Provide data, analyses, and information to support innovations that improve the effectiveness of services to clients.

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

This funding request supports the agency and Washington State citizens it serves with updated, consistent and reliable network infrastructure and systems.

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

One alternative is to continue to use systems infrastructure equipment well beyond the end of its usable life. This alternative would greatly increase the risk to the department of system failure and possible breaches in client confidentiality. Repairing equipment, when practical, is an option, but is not always feasible or cost effective. This alternative was chosen because it provides funding for immediate replacement of necessary equipment to maintain safety and security for clients and staff.

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

Failure to provide funding for the replacement of information technology equipment presents a risk to program operations. Programs have already exceeded their base equipment budgets and do not have the capacity to support this need. Insufficient funding for essential equipment exposes clients, staff, and the department to excessive risk.

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 request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: AW M2-WK IT Systems Infrastructure.xlsx

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

These costs are ongoing and carry forward into future biennia.

Department of Social and Health Services

DP Code/Title: M2-WK IT Systems Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
P Debt Service	0	191,000	191,000

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	0	78,000	78,000
GFS2	General Fund State TANF Moe	0	35,000	35,000
<i>Total for Fund 001-1</i>		0	113,000	113,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	0	78,000	78,000
<i>Total for Fund 001-2</i>		0	78,000	78,000
Total Overall Funding		0	191,000	191,000

2016 Supplemental Budget
AW M2-WK IT Systems Infrastructure

Department of Social & Health Services

Program	Year			ISSD - TZ			Total		
	2016	2017	Total	2016	2017	Total	2016	2017	Total
010	\$ -	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 55,000
020	\$ -	\$ 21,000	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000	\$ 21,000
030	\$ -	\$ 39,000	\$ 39,000	\$ -	\$ -	\$ -	\$ -	\$ 39,000	\$ 39,000
040	\$ 470,000	\$ 968,000	\$ 1,438,000	\$ -	\$ -	\$ -	\$ 470,000	\$ 968,000	\$ 1,438,000
050	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
060	\$ -	\$ 191,000	\$ 191,000	\$ -	\$ -	\$ -	\$ -	\$ 191,000	\$ 191,000
070	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
100	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000
110	\$ -	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000
135	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ -	\$ -	\$ -	\$ 52,000	\$ 52,000
160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 470,000	\$ 1,509,000	\$ 1,979,000	\$ -	\$ -	\$ -	\$ 470,000	\$ 1,509,000	\$ 1,979,000

State/Other Split

Program	State			Federal			Total		
	2016	2017	Total	2016	2017	Total	2016	2017	Total
010	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 55,000	\$ 55,000
020	\$ -	\$ 21,000	\$ 21,000	\$ -	\$ -	\$ -	\$ -	\$ 21,000	\$ 21,000
030	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ 4,000	\$ 4,000	\$ -	\$ 39,000	\$ 39,000
040	\$ 282,000	\$ 586,000	\$ 868,000	\$ 188,000	\$ 382,000	\$ 570,000	\$ 470,000	\$ 968,000	\$ 1,438,000
050	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ 100,000	\$ 100,000
060	\$ -	\$ 113,000	\$ 113,000	\$ -	\$ 78,000	\$ 78,000	\$ -	\$ 191,000	\$ 191,000
070	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
100	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000	\$ 12,000
110	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 18,000	\$ 18,000	\$ -	\$ 70,000	\$ 70,000
135	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ -	\$ -	\$ -	\$ 52,000	\$ 52,000
160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 282,000	\$ 962,000	\$ 1,244,000	\$ 188,000	\$ 547,000	\$ 735,000	\$ 470,000	\$ 1,509,000	\$ 1,979,000

Department of Social and Health Services

DP Code/Title: M2-WM Technical Corrections
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests technical corrections in the 2016 Supplemental Budget for the Children's Administration (CA), Rehabilitation Administration (RA), Behavioral Health and Service Integration Administration (BHSIA) Mental Health Division (MHD), Developmental Disability Administration (DDA), Aging & Long Term Support Administration (ALTSA), Economic Services Administration (ESA), Division of Vocational Rehabilitation (DVR), Administration & Supporting Services (Admin), Special Commitment Center (SCC), and Consolidated Field Services (CFS).

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	256,000	471,000	727,000
001-2 General Fund - Basic Account-Federal	90,000	167,000	257,000
Total Cost	346,000	638,000	984,000

Staffing

Package Description:

Research and Data Analysis (RDA) FTEs only
(Program 110):

RDA provides support to DSHS programs as well as other state agencies for special projects needing data and analytical skills. There are Memorandums of Understanding with the programs or other state agencies for the special projects. Funding for the projects is provided by the programs and other state agencies. The costs for projects within DSHS are charged to the program providing the funding. For other state agencies reimbursement is based on monthly invoices sent to the benefiting agency. In either case, the FTE expenditures are not recovered. This request would provide for 16.0 FTEs for the Special Projects.

Admin Special Projects FTEs only
(Program 110):

Funding was provided for Improving Service Delivery. During the Carry Forward Level process the FTEs related to the funding were removed. The funding allows RDA to design, test, implement, maintain and enhance highly complex programming processes integrating disparate data sources into analytical processes that meet legislatively required health care quality and outcome metric reporting requirements. This request would restore the 2.0 FTEs for the program.

Consolidated Field Services (CFS) Regional Business Centers (RBCs) FTE only
(Program 160):

When the CFS budget was determined for the RBCs it was based on funding for 22 FTEs. Only 21 FTEs were transferred from the programs to CFS. This request is for 1.0 FTE to align the number of FTEs with the funding for the RBCs.

DDA Specialized Services
(Program 040):

The 2015 17 Biennial Budget placed all of the funding for Specialized Services in Category 2000. Some of the services are provided by professional services, Budget Unit H54, Category 1000. This request moves the funding between Categories within DDA the net impact is zero.

Reconciliation of Lease Facilities
(Program 010, 060, 100 and 110):

The Total Need for Leases for the 2015 17 Biennium is \$122,180,000. The amount provided in the 2015 17 Biennial Budget was

Department of Social and Health Services

DP Code/Title: M2-WM Technical Corrections
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

\$87,000. This leaves a Carry Forward Level (CFL) of \$122,093,000. The DSHS Agency Request CFL was \$122,040,000. This request is for \$53,000 to bring the funding for Lease Facilities into line with the Total Need for Leases. GF State \$84,000 / GF Federal (\$21,000)

Compensation for New FTEs
(Programs 010, 020, 030, 040, 050, 060 and 135)

There were several steps in the 2015 17 Biennial Budget that either added or removed FTEs and related salaries and benefits to the DSHS programs. These FTE changes are not reflected in the Compensation Impact Model file so any increases in compensation (3% + 1.8%, Health Insurance Premium and Pension Rates) would not have been included in the funding provided to the agency for the FTEs. This request is for \$3,670,000 GF State, \$4,865,000 Total funds.

Compensation Impact Model Correction
(Programs 020, 160):

When reconciling the funding provided to the agency for the various compensation steps (WFSE, Coalition, SEIU, Non Rep, etc.) it was determined that the amount of funding in two programs was incorrect. Working with the Office of Financial Management compensation staff, the following was determined: For JRA there was a reallocation of the Juvenile Rehabilitation classifications. OFM calculated the increase on 572 affected positions. The actual number of positions affected was 649. The JRA request is for \$263,000 for the biennium. In the Admin budget, the amount of funding provided should have been the amount needed for Admin, Information Support Services Division, and CFS. The CFS information was not included in the output that was used to enter the funding into the DSHS budget. The Admin request is for \$764,000 for the biennium. The CFS funding is distributed out to the programs based on the chargeback methodology for CFS. The total request is for \$881,000 GF State, \$1,027,000 Total Funds.

DDA Financial Eligibility
(Program 040):

DDA requests 3.3 FTE and \$571,000 Total Funds, \$144,000 GF State, for financial eligibility workers for new workload due to the caseload increase resulting from implementing the Community First Choice (CFC) Medicaid state plan option. These positions were inadvertently left out of the budget appropriation for DDA to implement the CFC initiative.

MHD Category Correction
(Program 030):

MHD requests the transfer of \$2,000 in FY18 and \$5,000 in FY19, General Fund State funding from Category 1000 to Category 9000. This transfer will correct the category for the Carry Forward Level G05 Biennialize Employee PEBB Rate.

These technical corrections will bring the funding into line with anticipated expenditures throughout the agency.

Agency contact: Bill Jordan 360 902 8183.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this request will prevent any negative impact on client services.

Performance Measure Detail

Agency Level

Activity: F078 Program Support

No measures linked to package

Incremental Changes

FY 1	FY 2
0.00	0.00

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

Department of Social and Health Services

DP Code/Title: M2-WM Technical Corrections
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

The budget request supports DSHS Goals: Health - Each individual and each community will be healthy, and Public Trust - Strong management practices will be used to ensure quality and efficiency.

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

This decision package supports the Results Washington goals to: Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly, and Goal 5: Efficient, Effective & Accountable Government - Transparency and Accountability - Ensure efficiency, performance, and accountability to the public by providing transparency and accountability in state agency operations.

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 request cannot be absorbed within existing resources without reducing the funding for services to clients.

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

Funding this request will prevent any negative impact on client services.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment AW M2 WM Technical Corrections.xlsx.

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

These technical corrections are one time, and then all costs associated with it will be ongoing and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	241,000	410,000	651,000
B Employee Benefits	105,000	215,000	320,000
E Goods\Other Services	0	13,000	13,000
Total Objects	346,000	638,000	984,000

Department of Social and Health Services

DP Code/Title: **M2-WM Technical Corrections**

Program Level - **060 Economic Services Admin**

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	166,000	304,000	470,000
GFS2	General Fund State TANF Moe	90,000	167,000	257,000
<i>Total for Fund 001-1</i>		256,000	471,000	727,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	90,000	167,000	257,000
<i>Total for Fund 001-2</i>		90,000	167,000	257,000
Total Overall Funding		346,000	638,000	984,000

2016 Supplemental Budget
M2-WM Technical Corrections
COMPENSATION FOR NEW FTEs

FY 2016	PROGRAM							TOTAL
	010 CA	020 RA	030 MHD	040 DDA	050 ALTSA	060 ESA	135 SCC	
SALARY	58,000	2,000	343,000	216,000	148,000	196,000	(2,000)	961,000
BENEFITS	32,000	-	194,000	108,000	87,000	105,000	-	526,000
TOTAL	90,000	2,000	537,000	324,000	235,000	301,000	(2,000)	1,487,000
STATE	88,000	2,000	500,000	191,000	122,000	223,000	(2,000)	1,124,000
FEDERAL	2,000	-	37,000	133,000	113,000	78,000	-	363,000
TOTAL	90,000	2,000	537,000	324,000	235,000	301,000	(2,000)	1,487,000

FY 2017	PROGRAM							TOTAL
	010 CA	020 RA	030 MHD	040 DDA	050 ALTSA	060 ESA	135 SCC	
SALARY	118,000	(5,000)	788,000	442,000	369,000	318,000	(9,000)	2,021,000
BENEFITS	78,000	(4,000)	527,000	303,000	245,000	215,000	(7,000)	1,357,000
TOTAL	196,000	(9,000)	1,315,000	745,000	614,000	533,000	(16,000)	3,378,000
STATE	191,000	(9,000)	1,225,000	440,000	320,000	395,000	(16,000)	2,546,000
FEDERAL	5,000	-	90,000	305,000	294,000	138,000	-	832,000
TOTAL	196,000	(9,000)	1,315,000	745,000	614,000	533,000	(16,000)	3,378,000

BIENNIAL TOTAL	PROGRAM							TOTAL
	010 CA	020 RA	030 MHD	040 DDA	050 ALTSA	060 ESA	135 SCC	
SALARY	206,000	(3,000)	1,288,000	633,000	491,000	541,000	(11,000)	3,145,000
BENEFITS	80,000	(4,000)	564,000	436,000	358,000	293,000	(7,000)	1,720,000
TOTAL	286,000	(7,000)	1,852,000	1,069,000	849,000	834,000	(18,000)	4,865,000
STATE	279,000	(7,000)	1,725,000	631,000	442,000	618,000	(18,000)	3,670,000
FEDERAL	7,000	-	127,000	438,000	407,000	216,000	-	1,195,000
TOTAL	286,000	(7,000)	1,852,000	1,069,000	849,000	834,000	(18,000)	4,865,000

Department of Social and Health Services

DP Code/Title: M2-WN State Data Center Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding in the 2016 Supplemental Budget for the increase in facility charges by WaTech for information technology (IT) equipment enclosures in the new State Data Center. Revised Code of Washington (RCW) 43.41A.150 states, "state agencies shall locate all existing and new servers in the State Data Center". The equipment located in the State Data Center provides critical IT infrastructure needed to support and serve DSHS clients.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	172,000	172,000	344,000
001-2 General Fund - Basic Account-Federal	104,000	104,000	208,000
Total Cost	276,000	276,000	552,000

Staffing

Package Description:

Problem:

RCW 43.41A.150 requires all state agencies to locate all existing and new IT equipment into the new State Data Center. The facility costs for locating this equipment in the new State Data Center has significantly increased for DSHS. These increased costs exceed the agency's current funding levels for this service due to this required change. The IT equipment moved into the new State Data Center supports IT infrastructure needed to provide critical support to serve the citizens of Washington State.

Solution:

DSHS recently completed the required migration of moving existing and new Information Technology equipment from the OB2 Data Center to the new State Data Center by the June 30, 2015 deadline to comply with RCW 43.41A.150. The facility costs have increased from \$53,000 for FY15 using the OB2 Data Center to \$511,200 for FY16 and future years (based on current usage) using the new State Data Center.

The new State Data Center rates are based on both enclosure space and electrical usage. The new rate formula is:

- \$1000 per 42 RU enclosures per month @5KW and \$500 per 2.5KW increase up to a maximum of 12.5 KW or

- \$650 per 21 RU maximum per month @2.5KW for a partially filled enclosure.

DSHS has 4 enclosures costing \$650, 20 enclosures costing \$1000, 8 enclosures costing \$1500, and 4 enclosures costing \$2000 per month.

Agency Contact: Don Petrich 360-902-7831

Program Contact: Pat Marsh 360-902-7721

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS is utilizing the new State Data Center in compliance with RCW 43.41A.150. The new State Data Center reduces security risks for state agencies and provides a robust and reliable facility environment for IT equipment providing critical client services. Funding this request will strengthen the foundation for delivering these critical services to citizens in need.

Department of Social and Health Services

DP Code/Title: M2-WN State Data Center Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Performance Measure Detail

Agency Level

Activity: F006 Automated Client Eligibility Systems (ACES)

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

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

This decision package is essential in supporting strategic objects:

- 1.1 Provide data, analyses, and information to support innovations that improve the effectiveness of services to clients.
- 1.3: Fiscal stewardship of programs and activities.

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

This decision package support Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

This funding request supports the agency and Washington State citizens it serves with updated, consistent and reliable information technology infrastructure and systems.

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

DSHS consolidated and virtualized as much of the DSHS information technology equipment as possible prior to the migration from the OB2 Data Center to the new State Data Center to reduce the total costs and footprint at the new State Data Center.

No other alternatives were available as this migration was required by law (RCW 43.41A.150).

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

Failure to provide funding for the increased mandatory costs presents a risk to program operations. Programs have already exceeded their base information technology budgets and do not have the capacity to support this need. Insufficient funding for essential information technology services exposes clients, staff, and the department to excessive risk.

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 request allows DSHS to comply with RCW 43.41A.150 without negatively impacting funding for direct client services.

Expenditure and revenue calculations and assumptions

Please see attached M2-WN State Data Center Adjustment workbook.

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

All costs are one-time; however, if there are adjustments in rates, DSHS will ask for an adjustment to compensate for that future rate adjustment.

Department of Social and Health Services

DP Code/Title: M2-WN State Data Center Adjustments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	173,000	173,000	346,000
T Intra-Agency Reimbursements	103,000	103,000	206,000
Total Objects	276,000	276,000	552,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	104,000	104,000	208,000
GFS2 General Fund State TANF Moe	68,000	68,000	136,000
<i>Total for Fund 001-1</i>	172,000	172,000	344,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
E61L Food Stamp Program (50%)	104,000	104,000	208,000
<i>Total for Fund 001-2</i>	104,000	104,000	208,000
Total Overall Funding	276,000	276,000	552,000

Department of Social and Health Services
M2-WN State Data Center Adjustment Workbook

Program	FY2016	FY2017	Total
010	71,000	71,000	142,000
020	13,000	13,000	26,000
030	11,000	11,000	22,000
040	15,000	15,000	30,000
050	50,000	50,000	100,000
060	276,000	276,000	552,000
070	2,000	2,000	4,000
100	5,000	5,000	10,000
110	12,000	12,000	24,000
135	3,000	3,000	6,000
150	0	0	0
Total	458,000	458,000	916,000

Program	FY2016 EL	FY2016 TZ	FY2017 EL	FY2017 TZ
010	38,000	33,000	38,000	33,000
020	6,000	7,000	6,000	7,000
030	0	11,000	0	11,000
040	0	15,000	0	15,000
050	33,000	17,000	33,000	17,000
060	173,000	103,000	173,000	103,000
070	0	2,000	0	2,000
100	0	5,000	0	5,000
110	0	12,000	0	12,000
135	0	3,000	0	3,000
150	208,000	(208,000)	208,000	(208,000)
Total	458,000	0	458,000	0

Program	FY2016 GFS	FY2016 FED	FY2016 Total	FY2017 GFS	FY2017 FED	FY2017 Total	2015-17 GFS	2015-17 FED	2015-17 Total
010	69,000	2,000	71,000	69,000	2,000	71,000	138,000	4,000	142,000
020	13,000	0	13,000	13,000	0	13,000	26,000	0	26,000
030	10,000	1,000	11,000	10,000	1,000	11,000	20,000	2,000	22,000
040	9,000	6,000	15,000	9,000	6,000	15,000	18,000	12,000	30,000
050	26,000	24,000	50,000	26,000	24,000	50,000	52,000	48,000	100,000
060	172,000	104,000	276,000	172,000	104,000	276,000	344,000	208,000	552,000
070	2,000	0	2,000	2,000	0	2,000	4,000	0	4,000
100	5,000	0	5,000	5,000	0	5,000	10,000	0	10,000
110	10,000	2,000	12,000	10,000	2,000	12,000	20,000	4,000	24,000
135	3,000	0	3,000	3,000	0	3,000	6,000	0	6,000
150	0	0	0	0	0	0	0	0	0
Total	319,000	139,000	458,000	319,000	139,000	458,000	638,000	278,000	916,000

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding in the 2016 Supplemental Budget for the purchase of Microsoft Office 365 and Enterprise CAL Suite software license for the department. By funding this request, the department will be able to improve productivity, reduce legal exposure regarding license tracking, provide enhanced abilities for legal discovery and public disclosure requests, and remain in compliance with federal Health Insurance Portability and Accountability Act (HIPAA) and Internal Revenue Service (IRS) 1075 Category 3 and Category 4 data requirements.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	333,000	333,000	666,000
001-2 General Fund - Basic Account-Federal	113,000	113,000	226,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	87,000	87,000	174,000
Total Cost	533,000	533,000	1,066,000

Staffing

Package Description:

Problem:

DSHS currently operates using minimal basic licenses for the primary business tools used across the Department. Without this critical upgrade, the Department continues to fall further behind in IT advancements which limits capabilities in developing an enterprise cloud strategy to enable the Department to remain in alignment with the broader overall state strategy and direction for information technology. Without needed upgrades to key business tools utilized enterprise-wide, the Department is at risk for federal audit findings in relation to HIPPA and IRS 1075 laws, which could result in significant monetary penalties for crucial federal funding streams. The Department is further at risk to legal exposure around license tracking, legal discovery and public disclosure requests.

The Department currently is unable to utilize such features as delivering key performance indicators on SharePoint dashboards, enhanced search of documents, and automated document routing and approvals, which could reduce time to delivery of services. Currently there is no ability to integrate Office documents and Business Analytics Reporting. This prevents the use of intelligent dashboards for making better business decisions and tracking performance indicators. In addition, the Department will incur additional licensing and other fees for the use of Skype for Business conferencing.

With the upgrade to Microsoft Office 365 and the Enterprise CAL Suite, DSHS Programs can realize the full business productivity features of SharePoint, Office, Skype for Business conferencing and applications developed using the Microsoft environment. This software will always operate on the latest release giving users immediate access to ever-changing technological advancements. Office 365 and the Enterprise CAL Suite moves DSHS from a per device licensing to a per user licensing method for some products. In field offices, this means that fewer licenses are likely to be required. This will position DSHS stakeholders to access critical e-mails, schedules, tasks, etc. from anywhere, thereby increasing productivity from the latest workflow and collaboration based office tools. Platform enhancements will result in zero productivity loss and reduced time to value realization. The Department can save key resources by significantly reducing capital investments and increasing transparency in terms of service cost and improved billing processes.

Solution:

DSHS would upgrade 19,181 user licenses from the current basic license of the Microsoft Enterprise Agreement to the Microsoft

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Office 365 and Enterprise CAL Suite. This upgrade requires no organizational change management requirements, is technically simple, will not require any change in business operations, and will not introduce any new technical complexity into the environment. This will provide new capabilities to improve security across the Department's enterprise, and is designed to significantly modernize a core part of state IT infrastructure using a cloud-based approach with primary goals and outcomes well defined, and results that can be measured immediately upon completion.

Agency Contact: Don Petrich 360-902-7831
Program Contact: Kristine Marree Williams 360-902-8040

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Procurement of the Microsoft Office 365 and Enterprise CAL Suite license offers upgrades to SharePoint, Skype for Business conferencing and other features that provide the ability to implement improvements such as management dashboards tied to key indicators (providing real time decision data), search for documents across all DSHS SharePoint sites (improving ability to locate documents for public disclosure and the like), direct editing of files from SharePoint web pages (improving productivity and reducing duplication of files), and conferencing features (reducing the need for travel costs and time), among many other features.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Activity: F078 Program Support

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Activity: F110 Division of Disability Determination Services

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

Activity: F120 CSD Field Support Services

No measures linked to package

Incremental Changes

FY 1 **FY 2**

0.00 0.00

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

This decision package is essential to implement the following strategic objectives:

- 1.1 Provide data, analyses, and information to support innovations that improve the effectiveness of services to clients.
- 5.14 Ensure technology investments meet current and emerging business needs.

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

This decision package supports the following Result Washington Goals:

Goal 5: Efficient, Effective & Accountable Government - by reducing future ongoing costs while continuously improving services; supporting a more productive workforce and increasing/maintaining the timely delivery of state services; ensuring funding is used responsibly by increasing the percentage of projects with measured improvements in cost, quality, time and customer and employee satisfaction; keeping the Microsoft service platform efficient, nimble, and cost-effective; improving service, and providing increased options to partners and clients.

Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Goal 5: Efficient, Effective & Accountable Government - Transparency and Accountability - Ensure efficiency, performance, and accountability to the public by providing transparency and accountability in state agency operations.

Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

The stakeholders are the DSHS users who will benefit from Microsoft Office 365 and Enterprise CAL Suite. Some of the agencies that DSHS interacts/partners with have developed applications that require Office 365 and the Enterprise CAL Suite to be able to connect and use. WaTech is implementing some communication services that require users to have Office 365. This Office 365 and Enterprise CAL Suite procurement will enhance the work efficiency of our internal stakeholders by providing the ability to use document workflow for initiating, tracking, document review and approval, issue tracking, and signature collection. DSHS stakeholders will also have access to Systems Center data protection manager to secure their desktops.

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

The Department considered the alternative of continuing with minimal basic licenses through the Microsoft Enterprise Agreement and not upgrading to the Microsoft Office 365 and Enterprise CAL Suite software license. However, minimal basic licenses for the primary business tools used across the Department impede productivity, expose the agency to legal and financial risks around license tracking, legal discovery and public disclosure requests, and limit the Department's abilities to move to a shared service cloud model, improve communications and support workflow automation.

By funding this request, the Department will be able to improve productivity, reduce legal exposure regarding license tracking, provide enhanced abilities for legal discovery and public disclosure requests, and remain in compliance with a strategic stance for federal HIPAA and IRS 1075 Category 3 and Category 4 data requirements.

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

Consequences of not funding this package include reduced productivity and increased legal and financial risk around license tracking, legal discovery and public disclosure requests.

Not upgrading the primary business tools used enterprise-wide limits the Department's abilities to move to a shared service cloud model, improve communications and support workflow automation.

Without upgrades to the key business tools utilized enterprise-wide, the Department is also at risk for federal audit findings in relation to HIPAA and IRS 1075 Category 3 and 4 data requirements, which could result in significant monetary penalties and loss of crucial federal funding streams.

Without this upgrade, the Department is also unable to utilize such features as:

- Automated document routing and approval workflows, which could reduce time for delivering services.
- Improved communications between staff and across programs through tools such as Skype for Business conferencing service (without incurring additional licensing and other fees).
- Collaboration between SharePoint and other applications such as Microsoft Dynamics CRM.
- Intelligent dashboards for making better business decisions and tracking performance indicators.
- Enhanced search and electronic discovery of documents for improved efficiencies in work processes and in response to public disclosure and investigative requests.

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

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Please see attached M2-WP MS Office 365 workbook.

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

Costs are one-time but need to continue forward in the 2017-19 Carry Forward Level.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	533,000	533,000	1,066,000

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	122,000	122,000	244,000
GFS2	General Fund State TANF Moe	211,000	211,000	422,000
<i>Total for Fund 001-1</i>		333,000	333,000	666,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
001B	Social Security Disability Ins (100%)	36,000	36,000	72,000
E61L	Food Stamp Program (50%)	77,000	77,000	154,000
<i>Total for Fund 001-2</i>		113,000	113,000	226,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi				
<u>Sources</u>	<u>Title</u>			
563I	Title IV-D Child Support Enforcement (A) (66%)	87,000	87,000	174,000
<i>Total for Fund 001-A</i>		87,000	87,000	174,000
Total Overall Funding		533,000	533,000	1,066,000

Department of Social and Health Services

M2-WP MS Office 365 Workbook

Program	FY2016	FY2017	Total
010	250,000	250,000	500,000
020	99,000	69,000	168,000
030	256,000	184,000	440,000
040	336,000	228,000	564,000
050	125,000	125,000	250,000
060	533,000	533,000	1,066,000
070	7,000	7,000	14,000
100	37,000	37,000	74,000
110	93,000	93,000	186,000
135	62,000	40,000	102,000
Total	1,798,000	1,566,000	3,364,000

Program	FY2016 GFS	FY2016 FED	FY2016 Total	FY2017 GFS	FY2017 FED	FY2017 Total	2015-17 GFS	2015-17 FED	2015-17 Total
010	244,000	6,000	250,000	244,000	6,000	250,000	488,000	12,000	500,000
020	99,000	0	99,000	69,000	0	69,000	168,000	0	168,000
030	239,000	17,000	256,000	171,000	13,000	184,000	410,000	30,000	440,000
040	198,000	138,000	336,000	135,000	93,000	228,000	333,000	231,000	564,000
050	66,000	59,000	125,000	66,000	59,000	125,000	132,000	118,000	250,000
060	333,000	200,000	533,000	333,000	200,000	533,000	666,000	400,000	1,066,000
070	6,000	1,000	7,000	6,000	1,000	7,000	12,000	2,000	14,000
100	37,000	0	37,000	37,000	0	37,000	74,000	0	74,000
110	76,000	17,000	93,000	76,000	17,000	93,000	152,000	34,000	186,000
135	62,000	0	62,000	40,000	0	40,000	102,000	0	102,000
Total	1,360,000	438,000	1,798,000	1,177,000	389,000	1,566,000	2,537,000	827,000	3,364,000

Information Technology Addendum

Recsum Code and Title **Agency Wide – DSHS M2-WP MS Office 365**

Brief Description: The Services and Enterprise Support Administration (SESA) requests funding in the 2016 Supplemental Budget for the purchase of Microsoft Office 365 and Enterprise CAL Suite software license for the Department. By funding this request, the Department will be able to improve productivity, reduce legal exposure regarding license tracking, provide enhanced abilities for legal discovery and public disclosure requests, and remain in compliance with federal HIPAA and IRS 1075 Category 3 and Category 4 data requirements.

If this investment includes the use of servers, do you plan to use the state data center?

- Yes No, waiver received No, waiver not received Does not apply

Business Transformation - This criteria is used to assess the IT proposals supporting business changes made to improve service or access to information for agency customers or citizens.

Business Process Improvement: Primary goal of the proposal is to transform an agency business process -- This criterion will be used to assess the transformative nature of the project (INTENT: to incent agencies to take transformative projects that may include risk).

By moving to the Microsoft Office 365 and Enterprise CAL Suite software license for the Department, we will obtain additional features that will allow us to transform our business processes and enhance our services through the use of enhanced desktop productivity tools across the agency.

- There is an increasing need for the SharePoint ECAL as part of the SharePoint 2013 Project. These features include:
 - Business Intelligence to allow for enterprise wide use of scorecards and trending analysis, using real time data.
 - Enterprise Search features to allow for more efficient response to discovery requests.
 - Could be cost offsets from current BI expenditures.
- As we move towards an Enterprise System Center Configuration Manager solution we will require the System Center Suite CAL, included with the ECAL, which will allow us to better manage workstations and better align with recent OCIO policy and standards for products reaching end of life.
- Exchange Enterprise benefits:
 - Help support the mobility initiative by giving us the ability to apply advanced ActiveSync policies, which will give a higher level of management of mobile devices.

**2016 Supplemental Budget
Department of Social and Health Services**

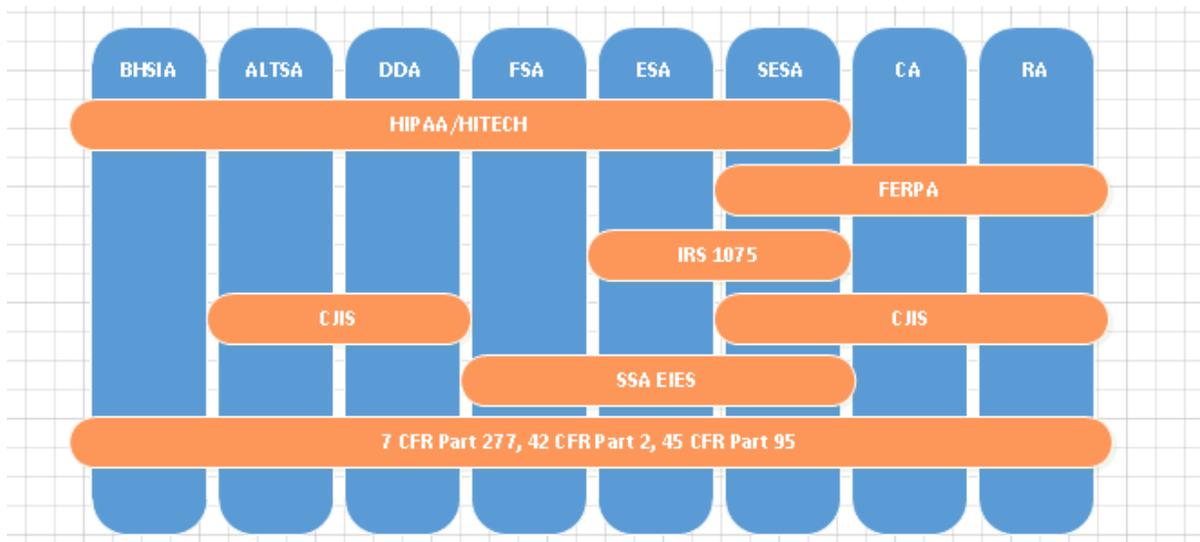
- Data Loss Prevention will provide the Department with the ability to control the release of sensitive data, such as PII, credit cards, or any data determined to be sensitive.

Procurement of the Microsoft Office 365 and Enterprise CAL Suite license offers upgrades to SharePoint, Skype for Business conferencing and other features that provide the ability to transform business processes by implementing improvements such as management dashboards tied to key indicators (providing real time decision data), searching for documents across all DSHS SharePoint sites (improving ability to locate documents for public disclosure and the like), direct editing of files from SharePoint web pages (improving productivity and reducing duplication of files), and conferencing features (reducing the need for travel costs and time), among many other features.

Risk Mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent Quality Assurance, organizational change management, training, staffing, etc. (INTENT: Drive business value by encouraging risk taking that is well managed.)

Without upgrades to the key business tools utilized enterprise-wide, the Department is at risk for federal audit findings in relation to HIPAA and IRS 1075 category 3 and 4 data requirements, which could result in significant monetary penalties and loss of crucial federal funding streams.

DSHS Federal Privacy and Information Security Compliance Requirements



Customer Facing Value: Add value in short increments -- This criterion will be used to determine if the initiative provides “customer-facing value” in small increments, quickly to drive our agile strategy. (INTENT: drive agencies to producing value more quickly and incrementally).

The customers immediately receiving value from this investment are the DSHS users who will quickly benefit from Microsoft Office 365 and Enterprise CAL Suite.

2016 Supplemental Budget Department of Social and Health Services

Procurement of the Microsoft Office 365 and Enterprise CAL Suite license offers upgrades to SharePoint, Skype for Business conferencing and other features that provide customers the ability to implement improvements such as management dashboards tied to key indicators (providing real time decision data), search for documents across all DSHS SharePoint sites (improving ability to locate documents for public disclosure and the like), direct editing of files from SharePoint web pages (improving productivity and reducing duplication of files), and conferencing features (reducing the need for travel costs and time), among many other features.

This Office 365 and Enterprise CAL Suite procurement will enhance the work efficiency of our internal customers by providing the ability to use document workflow for initiating, tracking, document review and approval, issue tracking, and signature collection. DSHS customers will also have access to Systems Center data protection manager to secure their desktops.

As some of the agencies that DSHS interacts/partners with have developed applications that require Office 365 and the Enterprise CAL Suite to be able to connect and use, customers will quickly receive value by being able to use these partners' applications.

Customers will also see value through reduced future ongoing costs and continuously improving services; supporting a more productive workforce and increasing/maintaining the timely delivery of state services; ensuring funding is used responsibly by increasing the percentage of projects with measured improvements in cost, quality, time and customer and employee satisfaction; keeping the Microsoft service platform efficient, nimble, and cost-effective; improving service, and providing increased options to partners and clients

Open Data: New datasets exposed -- This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine readable data from state agencies. (INTENT: to drive agencies to make more data available to citizens. We also value make data available internally for better decision making).

This Office 365 and Enterprise CAL Suite procurement will make data available internally for better decision making.

The Department will be able to take advantage of features such as SharePoint dashboards to speed and improve decision making through delivery of key performance indicators and integration of Office documents and Business Analytics Reporting; enhanced document searches, which would assist in timelier response to legal discovery and public disclosure requests; as well as automated workflows for document routing and approvals, which could speed and improve decisions as well as reduce time to delivery of services.

Transparency/Accountability: Project is clear, measurable, and immediate -- This criterion will be used to assess if the initiative specifies the following: 1. Are the goals articulated? 2. Are performance outcomes identified, quantified and measurable? (INTENT: agency with better project and outcome performance measure get more points).

The investment's goals for procuring Microsoft Office 365 and Enterprise CAL Suite include:

2016 Supplemental Budget Department of Social and Health Services

- reducing future ongoing costs while improving services
- supporting a more productive workforce
- providing enhanced abilities for legal discovery and public disclosure requests
- strengthening compliance with federal HIPAA and IRS 1075 Category 3 and Category 4 data security requirements
- reducing legal exposure regarding license tracking, legal discovery and public disclosure requests
- keeping the Microsoft service platform efficient, nimble, and cost-effective
- improving service and providing increased options to partners and clients

The functionality resulting from productivity software licensing at the Office 365 and Enterprise CAL Suite level includes improved communication, collaboration, presence, synchronous communications (instant messaging), enterprise content management, information rights management, client workstation security, server and Web security, client and server real-time monitoring and updates, conferencing, Web-based forms solutions, and business data connectors, among many other features.

Sample performance outcomes include:

- Time/productivity gains through improved ability to locate documents across current information boundaries and overcome lack of search features across sister organizations (without which documents are unnecessarily duplicated and cause increased IT storage requirements and costs)
- Reduced travel time and associated costs by using multi-point group video conferencing through Skype for Business conferencing, and eliminating the need to pay for additional licenses for WebEx, GoToMeeting, or other conferencing services currently used in the Department
- Better/faster decision-making as a result of access to real-time decision support through key performance indicators highlighted in management dashboards posted on SharePoint webpages or sent via e-mails directly to management wherever they can access Outlook
- Improved collaboration and productivity, and reduced duplication of files, through direct editing of files from SharePoint webpages

Sample performance measures include:

- Improved response times for public disclosure requests as a result of better document search capabilities
- Reduction in IT storage costs for documents as a result of reduced duplication of files
- Reduction in license costs for WebEx, GoToMeeting and other conferencing services as a result of using Skype for Business conferencing included in the Microsoft Enterprise CAL Suite of products.

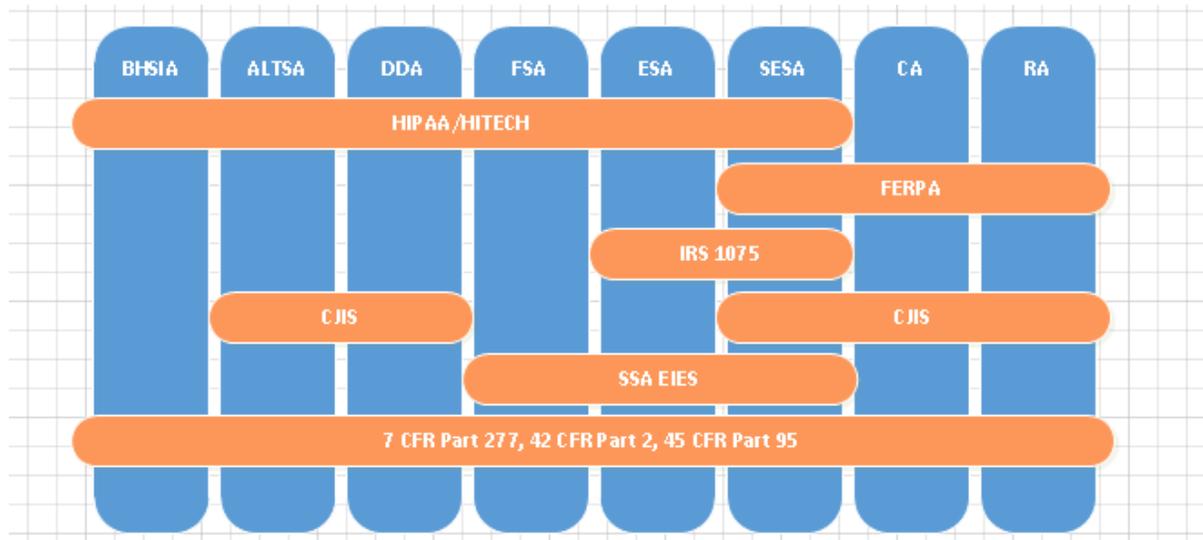
Technology Strategy Alignment – This criteria is used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security - This criterion will be used to assess the improvements to the overall security posture for an agency. (INTENT: to award additional points to projects where intent is to improve the security across an agency).

**2016 Supplemental Budget
Department of Social and Health Services**

The investment enhances the overall security posture for DSHS through the use of key business tools across the enterprise that allow for better protection of Category 3 and Category 4 data covered by regulations such as HIPAA, IRS 1075 and others pictured below. The Department’s data is at risk without the improved infrastructure security provided by these software products.

DSHS Federal Privacy and Information Security Compliance Requirements



Modernization of state government: Cloud first -- This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy. (INTENT: to drive agencies to look more intently at leveraging cloud based solutions).

This will be a key step for DSHS to develop an enterprise cloud strategy in alignment with broader state strategy; to identify and move key workloads to the cloud; to always be on the latest software release, and to allow seamless upgrades as part of service.

This investment allows the Department to move forward in adoption of Cloud services. This Microsoft Office 365 software license helps position the Department to take advantage of Cloud-based business tools and processes, promotes innovative delivery of services by allowing for more Cloud adoption to increase agility and pace of government, and improves security by allowing integration of Cloud technology with the Department’s infrastructure.

This investment will reduce our dependency on legacy systems. It will also enhance and modernize our current desktop productivity tools, allowing for a more efficient and secure computing environment. These enhanced toolsets will increase the availability of business analytical tools to all staff for improved decision making.

Mobility: New mobile services for citizens -- This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce. (INTENT: to drive agencies to look for ways to deliver results and

2016 Supplemental Budget Department of Social and Health Services

services that are accessible to citizen from mobile devices. We value mobility for employees as well but value mobility for citizens more).

This investment does not directly improve mobile access to services for customers.

Interoperability: Adds value in 6 months -- This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes, or exchanges data. (INTENT: drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise).

This investment provides a suite of Microsoft software applications that are interoperable across the state enterprise and promote improved communication, collaboration, presence, synchronous communications (instant messaging), enterprise content management, information rights management, client security, server and Web security, client and server real-time monitoring and updates, conferencing, Web-based forms solutions, and business data connectors, among many other features.

The shared Microsoft platform also enables development of more interoperable applications across the state enterprise.

Financial - This criterion will be used to assess the initiatives financial contribution. The extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criteria is calculated based on the amount of new or unrealized revenue captured by the end of biennium 17-19 as a proportion of total investment. To get the full points in this criteria projects must capture at least 5x the amount of the investment by the end of biennium 17-19.

This investment does not generate new revenue or capture additional revenue left “on the table” by current solutions.

Reduces Costs: This criteria is calculated based on the amount of cost reduction by the end of biennium 17-19 as a proportion of total investment. To get the full points in this criteria projects must reduce costs by at least 2x the amount of the investment by the end of biennium 17-19.

This investment could eliminate the need for additional agreements with other software vendors (McAfee; WebEx) which could result in a cost savings of over \$150,000 per year. This will also reduce the number of CRM licenses required as the Enterprise CAL would allow reports to be generated from CRM data and viewed in SharePoint. Users could view these reports via the SharePoint site, eliminating the need of an explicit CRM license.

Leverages Federal/Grant Funding: This criteria is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

**2016 Supplemental Budget
Department of Social and Health Services**

Many program areas in DSHS receive federal or grant dollars and have requested the expansion of the licensing agreement to support management of documents within their workflow processes, and other features that the Office 365 and Enterprise CAL Suite provide to meet their business needs. We estimate approximately 30% of the cost is expected to be federally funded.

The following chart shows the federal/state funding splits for these licensing costs.

PROJECTED COSTS TO MOVE TO O365												
Program	Number of Users based on Jan 2015 Renewal Counts	Year 1 True Up Payment - Feb 2016 (FY16) One Time Payment - to bring remaining 259 Users to ECAL Suite and readiness for O365 Add On - Covers thru end of term	O365 Increase for Year 2 (March 2016)	O365 Increase for Year 3 (March 2017)	FY16 State	FY16 Federal	FY17 State	FY17 Federal	FY16 State Rounded	FY16 Federal Rounded	FY17 State Rounded	FY17 Federal Rounded
TOTALS	19181	\$233,080.87	\$1,565,896.48	\$1,565,896.48	1,360,814	438,164	1,176,973	388,923	1,360,000	438,000	1,177,000	389,000
010 CA	2878	\$0.00	\$250,558.39	\$250,558.39	244,294	6,264	244,294	6,264	244,000	6,000	244,000	6,000
020 JRA	1108	\$29,697.69	\$69,361.24	\$69,361.24	99,059	0	69,361	0	99,000	0	69,000	0
030 MH HQ	60	\$0.00	\$5,986.20	\$5,986.20	5,577	409	5,577	409	6,000	0	6,000	0
030 MH CSTC	153	\$5,399.58	\$8,897.79	\$8,897.79	13,319	978	8,289	609	13,000	1,000	8,000	1,000
030 MH ESH	706	\$19,798.46	\$43,934.68	\$43,934.68	59,374	4,359	40,930	3,005	59,000	4,000	41,000	3,000
030 MH WSH	1958	\$47,696.29	\$124,917.79	\$124,917.79	160,807	11,807	116,373	8,544	161,000	12,000	116,000	9,000
040 DDA	3749	\$107,990.60	\$227,727.82	\$227,727.82	198,141	137,577	134,405	93,323	198,000	138,000	135,000	93,000
050 AAS	1502	\$0.00	\$123,509.46	\$123,509.46	64,324	59,186	64,324	59,186	64,000	59,000	64,000	59,000
060 ESA	4974	\$0.00	\$533,151.37	\$533,151.37	333,380	199,772	333,380	199,772	333,000	200,000	333,000	200,000
070 DASA	55	\$0.00	\$6,846.70	\$6,846.70	5,548	1,299	5,548	1,299	6,000	1,000	6,000	1,000
100 DVR	321	\$0.00	\$37,051.38	\$37,051.38	37,051	0	37,051	0	37,000	0	37,000	0
050 ODDH	13	\$0.00	\$1,595.19	\$1,595.19	1,595	0	1,595	0	2,000	0	2,000	0
110 /150	1024	\$0.00	\$92,403.47	\$92,403.47	75,891	16,513	75,891	16,513	76,000	17,000	76,000	17,000
135 SCC	680	\$22,498.25	\$39,955.00	\$39,955.00	62,453	0	39,955	0	62,000	0	40,000	0

Department of Social and Health Services

DP Code/Title: M2-WS Security Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests Information Technology (IT) resources to sufficiently address emerging security threats, enhanced security policy and current law. Modernization of the department's security infrastructure will reduce risks of unauthorized access or inadvertent disclosure of this data, which could cause financial loss or hardship for client data and compromise their safety, as well as expose the state to legal liabilities.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	175,000	1,224,000	1,399,000
001-C General Fund - Basic Account-Medicaid Federal	545,000	3,367,000	3,912,000
Total Cost	720,000	4,591,000	5,311,000

Staffing

Package Description:

Problem:

A modern data security solution will address the department's ability to comply with:

- Federal requirement that mandate a protection of Federal Tax Information (FTI) under IRS 1075.
- Internal Revenue Code (IRC) 6103 - Confidentiality and disclosure of returns and return information.
- State law (Chapter 19.255 RCW PERSONAL INFORMATION - NOTICE OF SECURITY BREACHES).
- Office of the Chief Information Officer (OCIO) Policy 141 - Securing IT Assets.

Additionally, the department needs to minimize unauthorized access and inadvertent disclosure of client or provider Social Security Numbers (SSNs) and other sensitive/confidential data. The agency has experienced cases of employee's fraudulent use of this type of data. This includes a recent case of malicious use of such data to commit identity theft and steal thousands of dollars in unclaimed property.

Solution:

A modern data security solution will provide a number of additional privacy and security controls in the technical environment, including but not limited to, data encryption and data masking. The proposed solution will:

- Work with existing common data repositories, such as files and databases, without breaking the repository.
- Dynamically secure content based on a standard set of privacy and security controls.
- Limit the propagation of sensitive data within IT systems by distributing masked data sets for testing, training, and analysis.
- Make it impossible or impractical to reverse engineer masked values back to the original data without special additional information, such as a shared secret or encryption key.

In addition to the technical environment, implementation of the modern data security solution will require ongoing business process improvements.

Agency Contact: Don Petrich 360-902-7831
Program Contact: Jerry Britcher 360-902-7550

Narrative Justification and Impact Statement

Department of Social and Health Services

DP Code/Title: M2-WS Security Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

What specific performance outcomes does the agency expect?

The expected results include enhanced security around clients' and partners' SSN and banking information through deployment of complex data masking and encryption software and hardware, business process improvement, and implementation of various governance and controls. The implementation of the proposed solution will reduce the risk of exposure of SSNs and banking information and better protect the privacy of DSHS' clients. Sample performance measures include:

- Reduction in risk of unauthorized access to SSNs and banking information captured and stored by DSHS.
- Reduction in risk of inadvertent disclosure of SSNs and banking information by DSHS.
- Reduction in financial liability for unauthorized access or inadvertent disclosure of SSNs and banking information by DSHS.

Performance Measure Detail

Agency Level

Activity: F078 Program Support

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential to implement the following strategic objectives:

- 5.5 Ensure public benefits are used by right people, right time, right purpose.
- 5.7 Increase the total cost avoidance dollar amount per fiscal year.
- 5.10 Protect clients' confidential data and records.
- 5.13 Improve the quality of DSHS services through continuous improvement and Lean culture.
- 5.14 Ensure technology investments meet current and emerging business needs.

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

This decision package supports the Result Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

This project will deliver customer-facing value by minimizing the chances for client and/or provider identity theft, or other illegal or inappropriate access of customer data. This is accomplished by masking SSNs and banking information from unauthorized access or inadvertent disclosure. This project will also implement encryption that will secure and protect customers' data at rest and in transit.

Once fully implemented, this project will provide stronger security around the SSNs and banking information captured and stored by DSHS for its clients and business partners. By implementing this complex data masking and encryption solution, the Department will enhance security around the private and confidential information of Washingtonians by reducing the risk of exposure of SSNs and banking information, protecting the privacy of DSHS' clients, and building/protecting public trust in government.

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

Modification of individual systems on a system by system basis. This is both more costly, and the results can be inconsistent.

Department of Social and Health Services

DP Code/Title: M2-WS Security Infrastructure
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Systems will be modified on a system by system basis, without the benefit of 75% FFP for the base investment.

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

Please see attached M2-WS Security Systems Modernization workbook.

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

Project Management costs are one-time. IT Tech and security tools are on-going.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
T Intra-Agency Reimbursements	720,000	4,591,000	5,311,000

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	175,000	1,224,000	1,399,000
<i>Total for Fund 001-1</i>		175,000	1,224,000	1,399,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19UD	Title XIX Admin (90%)	232,000	0	232,000
19UG	Title XIX Admin (75%)	313,000	3,367,000	3,680,000
<i>Total for Fund 001-C</i>		545,000	3,367,000	3,912,000
Total Overall Funding		720,000	4,591,000	5,311,000

**2016 Supplemental Budget
M2-WS Security Infrastructure Modern**

Program	Description	GFS %	FED %	FY2016 GFS	FY2016 FED	FY2017 GFS	FY2017 FED	FY2016 Total	FY2017 Total
Children's Administration	Security Tool(s)	97.50%	2.50%	\$0	\$0	\$195,000	\$5,000	\$0	\$200,000
Economic Services Administration	Project Management	10.00%	90.00%	\$19,000	\$169,000	\$0	\$0	\$260,000	\$240,000
		25.00%	75.00%	\$12,000	\$36,000	\$60,000	\$180,000		
		100.00%	0.00%	\$24,000	\$0	\$0	\$0		
	ESA Tech/ITS6	10.00%	90.00%	\$7,000	\$63,000	\$0	\$0	\$110,000	\$201,000
		25.00%	75.00%	\$5,000	\$15,000	\$25,000	\$75,000		
		100.00%	0.00%	\$20,000	\$0	\$101,000	\$0		
Security Tool(s)	25.00%	75.00%	\$88,000	\$262,000	\$1,038,000	\$3,112,000	\$350,000	\$4,150,000	
Administration & Supporting Services	Security Tool(s)	82.13%	17.87%	\$0	\$0	\$246,000	\$54,000	\$0	\$300,000
Total				\$175,000	\$545,000	\$1,665,000	\$3,426,000	\$720,000	\$5,091,000

2016 Supplemental Budget
M2-WS Security Infrastructure Modern

Please see 'comment' boxes for each of the items (e.g. "Project Management" or "ESA Tech/ITS6", etc)

FY16 TOTAL

FY16 State: 174,297
 FY16 FFP: 546,043
 720,340

FY17 TOTAL

FY17 State: 1,664,440
 FY17 FFP: 3,426,440
 5,090,880



	FY16 Planning												FY16 Implementation		FY17 Implementation												FY17 Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY16 Total	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY17 Total	
Project Management	6,282	17,574	24,000	24,000	22,000	22,000	24,000	24,000	24,000	24,000	24,000	24,000	259,856	Project Management	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	240,000
State 100%	6,282	17,574											23,856	State 100%													0
FFP 90%			21,600	21,600	19,800	19,800	21,600	21,600	21,600	21,600			169,200	FFP 90%													0
State 10%			2,400	2,400	2,200	2,200	2,400	2,400	2,400	2,400			18,800	State 10%													0
FFP 75%													18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	180,000		
State 25%													6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60,000		
													FY16 State: 54,656														FY17 State: 60,000
													FY16 FFP: 205,200														FY17 FFP: 180,000
													259,856														240,000
ESA Tech/ITS6 (FTE = 1.0)			10,044	10,044	10,044	10,044	10,044	10,044	10,044	20,088	20,088	110,484	ESA Tech/ITS6 (FTE = 1.0)	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	20,088	200,880	
State 100%										10,044	10,044	20,088	State 100%	10,044	10,044	10,044	10,044	10,044	10,044	10,044	10,044	10,044	10,044	10,044	10,044	100,440	
FFP 90%			9,040	9,040	9,040	9,040	9,040	9,040	9,040			63,277	FFP 90%														0
State 10%			1,004	1,004	1,004	1,004	1,004	1,004	1,004			7,031	State 10%													0	
FFP 75%										7,533	7,533	15,066	FFP 75%	7,533	7,533	7,533	7,533	7,533	7,533	7,533	7,533	7,533	7,533	7,533	7,533	75,330	
State 25%										2,511	2,511	5,022	State 25%	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	2,511	25,110	
													FY16 State: 32,141														FY17 State: 125,550
													FY16 FFP: 78,343														FY17 FFP: 25,330
													110,484														200,880
Security Tool(s) - ESA																											
Data Masking												200,000	200,000	Data Masking			800,000	800,000	800,000	800,000	400,000					2,800,000	
Data Encryption												90,000	90,000	Data Encryption			250,000	250,000	250,000	250,000	125,000					875,000	
Encryption Key Manager												60,000	60,000	Encryption Key Manager			75,000									75,000	
Web Inspection														Web Inspection			150,000										150,000
DB Activity Monitor														DB Activity Monitor				125,000									125,000
File Activity Monitor														File Activity Monitor				125,000									125,000
Total:												350,000	350,000	Total:	1,275,000	250,000	1,050,000	1,050,000	525,000							4,150,000	
FFP 75%												262,500	262,500	FFP 75%	956,250	187,500	787,500	787,500	787,500	393,750							3,112,500
State 25%												87,500	87,500	State 25%	318,750	62,500	262,500	262,500	262,500	131,250							1,037,500
													FY16 State: 87,500														FY17 State: 1,037,500
													FY16 FFP: 262,500														FY17 FFP: 3,112,500
													350,000														4,150,000
Security Tool(s) - CA																											
Data Masking														Data Masking			150,000										150,000
Data Encryption														Data Encryption			50,000										50,000
Total:														Total:	200,000												200,000
FFP 2.50%														FFP 2.50%	5,000												5,000
State 97.50%														State 97.50%	195,000												195,000
																											FY17 State: 195,000
																											FY17 FFP: 5,000
																											200,000
Security Tool(s) - SESA																											
Data Masking														Data Masking			225,000										225,000
Data Encryption														Data Encryption			75,000										75,000
Total:														Total:	300,000												300,000
FFP 17.87%														FFP 17.87%	53,610												53,610
State 82.13%														State 82.13%	246,390												246,390
																											FY17 State: 246,390
																											FY17 FFP: 53,610
																											300,000

Information Technology Addendum

Recsum Code and Title: M2-WS Security Infrastructure Modern

Brief Description: The Department of Social and Health Services operates many programs and systems that capture, store and provide access to confidential data such as social security numbers and banking/financial information. Protection of this data is mandated by federal and state laws and statutes. At present, DSHS does not have the necessary resources to sufficiently address emerging security threats, enhanced security policy and current law. DSHS risks unauthorized access or inadvertent disclosure of this data, which could cause financial loss or hardship for clients and compromise their safety, as well as expose the State to legal liabilities.

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

The primary goal of the DSHS Security Infrastructure Modernization (DSIM) project is to implement additional security and privacy controls to prevent unauthorized access and inadvertent disclosure of confidential client data (e.g. SSN and banking information). The agency operates many programs and systems that capture, store and provide access to confidential client data such as social security numbers and banking information. Protection of this data is mandated by federal and state laws and statutes. At present, DSHS does not have the necessary resources to sufficiently address emerging security threats, enhanced security policy and current law. The modernization of DSHS' security infrastructure will require the implementation of new technical tools, as well as business process improvement where confidential client data is required to conduct agency business. The implementation of new privacy and security controls sets up the agency for continuous process improvement across the enterprise.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

2016 Supplemental Budget Department of Social and Health Services

The DSHS Security Infrastructure Modernization (DSIM) project structured to effectively manage and mitigate potential risks. The project has a dedicated Project Manager that is certified by the Project Management Institute (PMI) and has demonstrated experience in successfully managing risks for complex Level 3 projects. Risk management (identification, tracking, and mitigation) is led by the Project Manager and supported by the Project Sponsor and Subject Matter Experts. The project has a formal Risk Mitigation Plan that outlines the risk management processes and adheres to the principles of PMI's Project Management Body of Knowledge (PMBOK) to identify, track, and mitigate project

***Customer-facing value:* Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.
(INTENT: Drive agencies to producing value more quickly and incrementally.)**

The DSHS Security Infrastructure Modernization (DSIM) project will deliver customer-facing value by minimizing the chances for client identity theft, or other illegal or inappropriate access of client data. This will be accomplished by masking client SSNs and banking information from unauthorized access or inadvertent disclosure. Data encryption technologies will be implemented to secure and protect customers' data at rest and in transit. In addition, the project will implement discrete tools such encryption key management, and web inspection. This project will reduce the risk of unauthorized access and inadvertent disclosure of client SSNs and banking information, protecting the privacy of DSHS' clients, and building/protecting public trust in government

***Open data:* New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.
(INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)**

[Click here to enter text.](#)

***Transparency/accountability:* Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?
(INTENT: Award more points for better project and outcome performance measures.)**

The DSHS Security Infrastructure Modernization (DSIM) project has clear and measurable performance measures that are quantifiable immediately upon project completion. The project's performance measures include:

- Confidential data is only collected, stored, and made visible when absolutely necessary for the fulfillment of Department business processes
- Confidential data is obfuscated for display, when appropriate
- Confidential data is encrypted in the database
- Confidential data is secured to comply with federal and state law, as well as industry standard best practice
- When no longer required, confidential data is removed so that it can no longer be retrieved

**2016 Supplemental Budget
Department of Social and Health Services**

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

The primary purpose of the DSHS Security Infrastructure Modernization (DSIM) project is to introduce new capabilities to improve the security of confidential client data across the agency. The agency operates many programs and systems that capture, store and provide access to confidential data such as social security numbers and banking/financial information. Protection of this data is mandated by federal and state laws and statutes. At present, DSHS does not have the necessary resources to sufficiently address emerging security threats, enhanced security policy and current law. DSHS risks unauthorized access or inadvertent disclosure of this data, which could cause financial loss or hardship for clients and compromise their safety, as well as expose the State to legal liabilities. The project will introduce a new security solution/tool that can be used on all of the various database platforms with the agency, and improve business processes to better protect confidential client data across the agency.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

Existing DSHS solutions that house client confidential data are upwards of 35 years old, with the majority being 10 or more years old. This project will modernize and replace legacy technology currently used to manage access to this data. Some of the components of this new defense in depth strategy are offered as SaaS, which will be used when legally compliant.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

Click here to enter text.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

2016 Supplemental Budget Department of Social and Health Services

The DSHS Security Infrastructure Modernization (DSIM) project will implement a modern data security solution/tool(s) that is interoperable among DSHS systems and is not dependent upon a specific system or platform. The solution is expected to provide data masking and data encryption capabilities by providing a security layer between DSHS applications/databases and the end user. The data masking and data encryption solution/tool will be used across the enterprise without requiring changes to system application functionality or data storage facilities

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

[Click here to enter text.](#)

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

The DSHS Security Infrastructure Modernization (DSIM) project avoids a number of potential costs:

- Cost Avoidance - The agency has experienced cases of employee’s fraudulent use of this type of data. This includes a recent case of malicious use of such data to commit identity theft and steal thousands of dollars in unclaimed property.
- Cost Avoidance - At present, DSHS does not have the necessary resources to sufficiently address emerging security threats, enhanced security policy and current law. DSHS risks unauthorized access or inadvertent disclosure of this data, which could cause financial loss or hardship for clients and compromise their safety, as well as expose the State to legal liabilities.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

The DSHS Security Infrastructure Modernization (DSIM) project will leverage Federal Financial Participation (FFP) from the Centers for Medicare/Medicaid Services (CMS). This DP combined with Federal Financial Participation supports Phase 1 of the project to implement the appropriate privacy and controls to secure confidential client data within Medicaid/CHIP Eligibility and Enrollment business processes and systems. The project’s FFP match rate for planning the project and developing the competitive procurement documents is 90% federal and 10% state. The expected match rate for acquisition of security tools and their implementation in the DSHS environment is expected to be 75% federal and 25% state.

Department of Social and Health Services

DP Code/Title: M2-WV Vancouver Furniture COP
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding to cover the ongoing costs of a Certificate of Participation (COP) for new furnishings purchased for the new leased facility in Vancouver which opened November 1, 2014.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	132,000	132,000	264,000
001-2 General Fund - Basic Account-Federal	28,000	28,000	56,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	50,000	50,000	100,000
Total Cost	210,000	210,000	420,000

Staffing

Package Description:

Problem Statement

DSHS requested one-time relocation costs for Fiscal Year 2015 in the 2014 Supplemental Budget to cover the first of seven annual COP payments for furniture at the new Vancouver site. The department planned on including the six remaining annual COP payments in the agency's ongoing lease budget. While OFM Facility Oversight supported the furniture purchase and funding request, they determined that the ongoing lease budget was not the appropriate place to make a request for furniture financing. Subsequently, OFM Facility Oversight removed the amount from DSHS' lease adjustment request prior to making their recommendation in the Governor's budget.

Proposed Solution

DSHS is committed to six annual payments to the State Treasurer of \$301,500 beginning Fiscal Year 2016 and ending Fiscal Year 2021. This cost cannot be absorbed within existing resources without a negative impact to client services. New funding will be necessary.

Agency Contact: Denise Kopel (360)902-7707

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding this request will allow DSHS to meet its financial obligation to the State Treasurer.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement
 No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Activity: F120 CSD Field Support Services
 No measures linked to package

Incremental Changes	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Department of Social and Health Services

DP Code/Title: M2-WV Vancouver Furniture COP
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Health - Each individual and each community will be healthy.

Safety - Each individual and each community will be safe.

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

This Decision package supports the Result Washington:

Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

Goal 5: Efficient, Effective & Accountable Government - Customer Satisfaction and Confidence - 1.1 Increase customer services.

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

Lack of funding will negatively impact client services.

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

DSHS considered used and/or pre-owned systems furniture for this facility. The availability was insufficient to provide the clean and uniform appearance for 387 workstations. While DSHS will most likely occupy this newly constructed facility for twenty or more years, this was a prime opportunity to introduce new furnishings into the agency inventory and dispose of old broken furniture systems.

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

DSHS will not meet its financial obligation to the State Treasurer without overspending program budgets or cutting services to clients.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

See attachment: AW M2-WV Vancouver Furniture COP.xlsx

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

These costs are financed over six years and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
P Debt Service	210,000	210,000	420,000

Department of Social and Health Services

DP Code/Title: M2-WV Vancouver Furniture COP
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	53,000	53,000	106,000
GFS2	General Fund State TANF Moe	79,000	79,000	158,000
<i>Total for Fund 001-1</i>		132,000	132,000	264,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
E61L	Food Stamp Program (50%)	28,000	28,000	56,000
<i>Total for Fund 001-2</i>		28,000	28,000	56,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi				
<u>Sources</u>	<u>Title</u>			
563I	Title IV-D Child Support Enforcement (A) (66%)	50,000	50,000	100,000
<i>Total for Fund 001-A</i>		50,000	50,000	100,000
Total Overall Funding		210,000	210,000	420,000

**2016 Supplemental Budget
M2-WV Vancouver Furniture COP**

Furniture Certificate of Participation for Vancouver Facility

Program	State			Other Funds			Total		
	2016	2017	Total	2016	2017	Total	2016	2017	Total
050 - LTC	\$ 41,000	\$ 41,000	\$ 82,000	\$ 38,000	\$ 38,000	\$ 76,000	\$ 79,000	\$ 79,000	\$ 158,000
060 - ESA	\$ 132,000	\$ 132,000	\$ 264,000	\$ 78,000	\$ 78,000	\$ 156,000	\$ 210,000	\$ 210,000	\$ 420,000
100 - DVR	\$ 8,000	\$ 8,000	\$ 16,000	\$ 4,000	\$ 4,000	\$ 8,000	\$ 12,000	\$ 12,000	\$ 24,000
TOTAL	\$ 181,000	\$ 181,000	\$ 362,000	\$ 120,000	\$ 120,000	\$ 240,000	\$ 301,000	\$ 301,000	\$ 602,000

Financed Amount is \$1,606,353 over six years (FY2016-FY2021)

**2016 Supplemental Budget
M2-WV Vancouver Furniture COP**

Furniture Certificate of Participation for Vancouver DSHS Collocation

Division	Program	Fund	Approp	SProgram	Org Code	Allocation	Total		
							2016	2017	Total
HCS 77%	050	001	EA*	E4391	E43X	9533	\$ 61,188	\$ 61,188	\$ 122,376
RCS 23%	050	001	EA*	E3729	E73X	9529	\$ 18,277	\$ 18,277	\$ 36,554
TOTAL 050							\$ 79,465	\$ 79,465	\$ 158,930
DCS	060	001	FA*	F4211	M6B0	9999	\$ 75,570	\$ 75,570	\$ 151,140
CSD	060	001	FA*	F9711	R6E1	9999	\$ 134,779	\$ 134,779	\$ 269,558
TOTAL 060							\$ 210,349	\$ 210,349	\$ 420,698
DVR	100	001	KA*	J1811	J607	P26B	\$ 11,686	\$ 11,686	\$ 23,372
TOTAL 100							\$ 11,686	\$ 11,686	\$ 23,372
TOTAL OBJECT P							\$ 301,500	\$ 301,500	\$ 603,000

Financed Amount is \$1,606,353 over six years (FY2016-FY2021)

Department of Social and Health Services

DP Code/Title: M2-XB DCS Non-Collectible Receivables
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests \$1,228,000 GF-State funding in order to manage non-collectible receivables related to child support enforcement. Dishonored checks, IRS payment adjustments, and misapplied payments result in an amount owed to the ESA Division of Child Support (DCS). These receivables reduce the balance of the DCS local bank account where child support enforcement collections are deposited and paid out. By funding this request, ESA expects to maintain a sustainable fund balance, avoid overdraft charges and penalties, and adhere to the federal requirement for disbursing payments within two days.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	614,000	614,000	1,228,000
Total Cost	614,000	614,000	1,228,000

Staffing

Package Description:

Problem Statement:

Each month, DCS collects and quickly disburses between \$50 and \$67 million dollars pursuant to federal requirements. Each day, collections are deposited in a DCS local bank account at the Bank of America, known as "Fund 753." Federal regulations require these collections be distributed to custodial parents within two business days of collection. DCS is not allowed to hold payments longer than two business days except in certain limited circumstances.

Because of this quick turnaround, receivables can be created. Receivables are created when a support collection is distributed to a custodial parent and one of the following occurs:

- Collected support payments are returned by the bank as having non-sufficient funds (NSFs), 15% of all receivables.
- The collection is Federal Tax Refund Offset (FTRO) from the Internal Revenue Service (IRS) and later the IRS adjusts the amount of the FTRO and withholds the difference from the next disbursement to DCS (38% of all receivables). IRS adjustments arise from appeals by spouses of the non-custodial parent for a share of the refunds, errors in the IRS intercept, and amended tax returns.
- The case involves a misapplied payment or debt error (47% of all receivables). Misapplied and debt errors occur when a custodial parent (CP) receives a payment in error or for which they are not eligible. Misapplied payments can be due to an input error, erroneous information received from the sender, or illegible handwriting. Debt errors occur if circumstances have changed making the CP ineligible for the payment such as emancipation, custody changes, court order modifications, invalid orders, and statute of limitations.

The depleted account balance is masked by a "bank float," which occurs between the time the child support collection is deposited to the bank account and the time that DCS distributes the payment to the CP. Eventually, however, the receivables will be greater than the float and the account will not have sufficient funds available to distribute current collections.

During the period from Fiscal Year 2013 to Fiscal Year 2015, DCS added an average of approximately \$269,400 in new receivables each month. As of July 2015, DCS had a net receivable balance of \$5.6 million, an amount that has accumulated over the past 18 years.

Proposed Solution:

DCS has taken measures to mitigate receivables, but the limited collection remedies available cannot totally eliminate receivables. DCS staff work to minimize the creation of receivables and maximize the collection of receivables.

Department of Social and Health Services

DP Code/Title: M2-XB DCS Non-Collectible Receivables

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

In July 2014, DCS completed a review of all open receivable cases to determine the percentage of receivables that are collectible. Based on that review, DCS estimates 81 percent of the outstanding receivables are potentially collectible and 19 percent are likely to be non-collectible. Based on an average of \$269,400 in new receivables established per month over the past three state fiscal years, DCS estimates it will be unable to collect \$51,200 per month or \$1,228,000 per biennium.

Maintaining a positive balance in the DCS local bank account is expected to require an ongoing appropriation. DCS requests an ongoing appropriation of \$1,228,000 GF-State per biennium. The federal government precludes federal funding to be used for losses from uncollectible accounts so the funds requested are GF-State.

Agency Contact: Wendy Polzin, (360) 902-8067

Program Contact: Loan Tran (360) 664-5325

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ESA expects to maintain a sustainable fund balances, avoid overdraft charges and penalties, and adhere to the federal requirements for disbursing payments within two days.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

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

This decision package is essential to implementing DSHS's Strategic Objective Objective 5: Public Trust - Strong management practices will be used to ensure quality and efficiency.

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

The State Plan under Title IV-D of the Social Security Act requires DCS to disburse funds collected on behalf of CPs within two days of receipt. In order to comply with this two-day rule, the Fund 753 balance must stay positive so that the funds are available to meet this disbursement requirement. Failure to comply with the DCS State Plan could jeopardize federal funding for the child support program. A federally-approved child support program is a requirement of the federal TANF program. Any loss of child support and TANF funding would significantly impact families needing these services.

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

DCS worked on and implemented procedures to reduce misapplied payments and debt errors. However, receivables cannot be eliminated. In addition, OFM will not allow DCS to use part of its annual budget to cover receivables. Therefore, it is necessary to receive an ongoing appropriation to cover this bank account depletion.

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

As the amount of receivables increases, there will come a point where the bank float will not cover the bank account deficiency, resulting in bank fees and jeopardizing child support operations.

Department of Social and Health Services

DP Code/Title: M2-XB DCS Non-Collectible Receivables
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

DCS completed a review of all open receivables cases to determine the percentage of receivables that are collectable. Based on that review, DCS estimates 81 percent of the outstanding receivables are potentially collectible and 19 percent are likely to be -non-collectable. Bases on a average of \$215,395 new receivables per month in Fiscal Year 2015, DCS estimates it will be unable to collect \$52,167 per month, or \$614,000 per fiscal year.

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

These costs are ongoing and will carry forward into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	614,000	614,000	1,228,000

DSHS Source Code Detail

		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding				
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	614,000	614,000	1,228,000
<i>Total for Fund 001-1</i>		614,000	614,000	1,228,000
Total Overall Funding		614,000	614,000	1,228,000

Department of Social and Health Services

DP Code/Title: PL-F0 Incr Two-Parent Workfirst Particip
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests funding and FTEs in order to support a change in work participation requirements for Temporary Assistance for Needy Families (TANF) two-parent families. ESA proposes to require both parents in a two parent TANF family be required to participate in activities that are designed to assist the family in achieving and sustaining self-sufficiency. By funding this request, ESA is expected to increase Washington's work participation rates while still providing basic assistance and services to needy families in order to address failure of the rate in Federal Fiscal Year (FFY) 2012 and the potential failure for subsequent years.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

The federal Department of Health and Human Services (HHS) Administration for Children and Families (ACF) notified Secretary Quigley on May 28, 2015 that the state's Temporary Assistance for Needy Families (TANF) program did not meet required performance targets in FFY 2012 (Oct 2011-Sep 2012). The state has several options in response to this notification, including entering into a Corrective Compliance Plan (CCP) with ACF that will result in the state meeting the Work Participation Requirements (WPR).

Under Federal TANF rules, adults in a family receiving a TANF grant are required to participate in activities that are intended to move the family to self-sufficiency. Each state must meet two participation rate targets ('all family' and 'two-parent families') as measure of its success in engaging adults in required activities.

Washington State currently requires the parents in a two-parent TANF family to have at least 35 hours of participation per week. A household can choose to have one parent opt out of participation provided the other parent agrees to participate 35 hours per week or both parents can split the 35 hours per week participation requirement.

Washington State has not achieved the federally required TANF work participation target rates for FFY 2012 for either the all family or the two-parent family caseload. A review of work participation data shows that while sufficient numbers of TANF two-parent families are engaged in activities, not enough parents in these families are participating in enough hours to meet participation requirements.

A state's failure to meet federal TANF work participation requirements results in a penalty to the state. In the first year that a state fails to meet both rates or fails just the 'all family' rate, the penalty is five percent of the federal TANF Block Grant for that year. For FFY 2012, this would be a penalty of approximately \$13.4 million. If a state fails only the two-parent target, the penalty is reduced to the ratio of the two-parent caseload compared to the all family caseload. For FFY 2012, this penalty would be an estimated \$1.5 million, for a total penalty of \$14.9 million. The penalty amount increases by 2 percent with each successive year of failure, up to a maximum of 21 percent of the federal TANF Block Grant.

Proposed Solution

Department of Social and Health Services

DP Code/Title: PL-F0 Incr Two-Parent Workfirst Particip
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS proposes to increase work participation requirements for each parent in a two-parent TANF household to full-time (32-40 hours per week). Unless exempt, both parents will be required to participate at 32-40 hours per week.

Staffing requirements include contacting parents who had opted out of the two-parent participation requirement and engaging with them in developing Individual Responsibility Plans (IRP) based on their needs and goals. Case managers would begin referring them to agreed upon and needed activities, child care, and tracking their participation. Should these parents choose not to comply with the new participation requirements, without cause, the sanction process would be initiated.

Additional WorkFirst services funding will be needed and used to provide supports such as transportation, work clothing, and tools to parents who are required to participate under this proposal. These services remove barriers to employment or participation. Based on the results of ESA's comprehensive evaluation, services will also be available to help clients look for work and get job experience or education. With both parents engaged, child care will also be available to these two-parent households. This is the same array of supports and services that all WorkFirst parents receive in order to support their efforts toward self-sufficiency. Without providing these supports, it is not feasible to require parents who are not currently required to participate to do so.

Agency Contact: Wendy Polzin, (360) 902-8067

Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The outcome of this decision package will be to support needy TANF families as they move toward self-sufficiency and end their dependence on public assistance, as well as improve Washington's WPR.

Performance Measure Detail

Agency Level

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

This decision package is essential to implementing ESA's Strategic Objective 3.2: The percentage of WorkFirst parents currently deferred from participation who are engaged in meaningful pathway activities within their capacities will increase.

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

This decision package supports the Results Washington Goal 4: Healthy & Safe Communities - Support People - Help the most vulnerable people become independent and self-sufficient.

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

The advocate community may not support this initiative, due to the additional requirements on WorkFirst families as outlined in this proposal.

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

Funding for additional supports and child care services is necessary in order to enhance the likelihood of Washington meeting the federal two-parent participation rate. There are additional proposals to address work participation in the 2016 Supplemental ESA request.

Department of Social and Health Services

DP Code/Title: PL-F0 Incr Two-Parent Workfirst Particip
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Washington State will continue to fail the two-parent work participation rate.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

This is a placeholder request.

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

This is a placeholder request.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Program Totals			

<u>DSHS Source Code Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Fund ,			
<u>Sources</u> <u>Title</u>			

Total for Fund

Total Overall Funding

Totals for all funds

Department of Social and Health Services

DP Code/Title: PL-F1 TwoParent Pathway to Employment
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests funding and FTEs in order to state fund benefits and services to two parent Temporary Assistance for Needy Families (TANF) families that contain a pregnant parent or infant less than 12 months of age. By funding this request, ESA is expected to improve Washington's federal work participation rates while still providing basic assistance and services to needy two-parent families.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

The federal Department of Health and Human Services (HHS), Administration for Children and Families (ACF) notified Secretary Quigley on May 28, 2015 that the State TANF program did not meet required work participation targets in Federal Fiscal Year (FFY) 2012 (Oct 2011-Sep 2012). The state has several options in response to this notification, including entering into a Corrective Compliance Plan (CCP) with ACF that will result in the state meeting the Work Participation Requirements (WPR).

Under Federal TANF rules, adults in a family receiving a TANF grant are required to participate in activities that are intended to move the family to self-sufficiency. Each state must meet two participation rate targets ('all family' and 'two-parent families') as measures of its success in engaging adults in required activities.

TANF code of federal regulations 45 CFR 261.22 specifically allows states to exempt parents in a single parent household from TANF work requirements, for a maximum of 12 months, while they are caring for a child under one year of age. No such federal provision is made for parents in a two parent household. State law allows parents who are caring for a child under one to opt out of WorkFirst participation requirements for a maximum of twelve months. No distinction is made in state law between single and two parent families. All two parent families who meet state WorkFirst exemption criteria due to pregnancy or parenting an infant continue to be counted in the federal WPR as a work eligible individual. By state funding two parent households in the Pregnancy to Employment pathway, Washington can maintain its equitable treatment of families under state law while avoiding the negative WPR consequences of this state-only exemption from work activity.

Washington State has not achieved the federally required TANF work participation target rates for FFY 2012. A review of work participation data shows that while sufficient numbers of TANF two-parent families are engaged in activities, not enough parents in these families are participating enough hours to meet participation requirements.

A state's failure to meet federal TANF work participation requirements results in a penalty to the state. In the first year that a state fails to meet both rates or fails just the 'all family' rate, the penalty is five percent of the federal TANF Block Grant for that year. For FFY 2012, this would be a penalty of approximately \$13.4 million. If a state fails only the two-parent target, the penalty is reduced to the ratio of the two-parent caseload compared to the all family caseload. For FFY 2012, this penalty would be an estimated \$1.5 million, for a total penalty of \$14.9 million. The penalty amount increases by 2 percent with each successive year of failure, up to a maximum of 21 percent of the federal TANF Block Grant.

Department of Social and Health Services

DP Code/Title: PL-F1 TwoParent Pathway to Employment
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Proposed Solution

This request proposes a solely state funded program for a segment of the two parent caseload as one element of a Compliance Plan specifically targeted at improving the two parent participation rate. Creating a solely state funded program for two parents that contain a pregnant parent or infant less than 12 months of age would allow Washington to exclude these households from the count of two parent work eligible individuals. Two parent households initially issued assistance under the new state funded program, but who are later determined to have met the work participation requirements in any given month, will be included in the two parent WPR and federal funding claim. This process will allow Washington to maximize participation and minimize state-only funding costs, while maintaining the current policy of exempting parents who are pregnant or caring for a child under 1 year of age.

Agency Contact: Wendy Polzin, (360) 902-8067

Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ESA anticipates this proposal would increase the two parent WPR and in conjunction with other CCP options would allow the state to meet the two parent WPR target.

Performance Measure Detail

Agency Level

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

This decision package is essential to implementing DSHS's Strategic Objective Quality of Life - Each individual in need will be supported to attain the highest possible quality of life.

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

Results Washington Goal 4: Healthy & Safe Communities - Support People - 3.1.a Increase percentage who leave public assistance (TANF) due to increased income.

Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

ESA believes the advocate community will support this proposal.

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

The agency is exploring several options for improving the TANF work participation rates. The Secretary has indicated that he approves this proposal as instrumental in improving our work participation rates.

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

Not funding this package will adversely affect Washington State's ability to improve the TANF work participation rate needed to avoid federal penalties. This will also have an adverse effect on our request for a CCP with the federal ACF.

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

Department of Social and Health Services

DP Code/Title: PL-F2 WorkFirst Career Services Stipend
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests funding and FTEs to implement a supplemental assistance benefit for families that exit the Temporary Assistance for Needy Families (TANF) program because of employment and for working families that receive Supplemental Nutrition Assistance Program (SNAP) benefits. By funding this request, ESA is expected to improve Washington State's federal work participation rates (WPR) while still providing basic assistance and services to needy families.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

The federal Department of Health and Human Services (HHS), Administration for Children and Families (ACF) notified Secretary Quigley on May 28, 2015 that the State TANF program did not meet required performance targets in Federal Fiscal Year (FFY) 2012 (Oct 2011-Sep 2012). The state has several options in response to this notification, including entering into a Corrective Compliance Plan (CCP) that will result in the state meeting the WPR.

Under Federal TANF rules, adults in a family receiving a TANF grant are required to participate in activities that are intended to move the family to self-sufficiency. Each state must meet two participation rate targets ('all family' and 'two-parent families') as measure of its success in engaging adults in required activities.

Washington State has not achieved the federally required TANF work participation target rates for FFY 2012. A review of work participation data shows that while sufficient numbers of TANF two-parent families are engaged in activities, not enough parents in these families are participating enough hours to meet participation requirements.

A state's failure to meet federal TANF work participation requirements results in a penalty to the state. In the first year that a state fails to meet both rates or fails just the 'all family' rate, the penalty is five percent of the federal TANF Block Grant for that year. For FFY 2012, this would be a penalty of approximately \$13.4 million. If a state fails only the two-parent target, the penalty is reduced to the ratio of the two-parent caseload compared to the all family caseload. For FFY 2012, this penalty would be an estimated \$1.5 million, for a total penalty of \$14.9 million. The penalty amount increases by 2 percent with each successive year of failure, up to a maximum of 21 percent of the federal TANF Block Grant.

Proposed Solution

This request proposes a separate state funded program for families that exit TANF because of employment and for employed families that are receiving SNAP benefits. This program would become an element of a designed CCP to improve the TANF work participation rates. Creating a separate state funded program for families that exit TANF because of employment and for working families that receive SNAP benefits with incomes at or below 130% of the Federal Poverty Level (FPL) would allow the state to count working families who are meeting the required number of hours in the WPR calculations. This program would provide much needed supports to families trying to achieve self-sufficiency while improving Washington State's work participation rates.

Department of Social and Health Services

DP Code/Title: PL-F2 WorkFirst Career Services Stipend
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This proposal will increase the TANF All-Family and Two-Parent work participation rates to levels that will meet the federal WPR requirements and thereby avoid financial penalties.

Performance Measure Detail

Agency Level

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

This decision package is essential to implementing DSHS's Goal Quality of Life - Each individual in need will be supported to attain the highest possible quality of life.

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

Results Washington Goal 4: Healthy & Safe Communities - Support People - 3.1.a Increase percentage who leave public assistance (TANF) due to increased income.

Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

ESA believes the advocate community will support this proposal.

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

The agency is exploring several options for improving the TANF work participation rates. The Secretary has indicated that he approves this proposal as instrumental in improving our work participation rates.

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

Not funding this package will adversely affect Washington State's ability to improve the TANF work participation rate needed to avoid federal penalties. This will also have an adverse effect on our request for a CCP with the federal Administration for Children and Families (ACF).

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

Department of Social and Health Services

DP Code/Title: PL-F2 WorkFirst Career Services Stipend
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This is a placeholder request.

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

This is a placeholder request.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Program Totals			

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund ,			
<u>Sources Title</u>			

Total for Fund

Total Overall Funding

Totals for all funds

Department of Social and Health Services

DP Code/Title: PL-F3 ESAR Strategic Modernization
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests funding for Eligibility Service and Automated Client Eligibility Service (ACES) Remediation (ESAR) Strategic Modernization, which includes an Enterprise Architecture (EA) assessment, an Applications Lifecycle Management (ALM) tool suite, to support all of the ESAR components. This is necessary to ensure a strong foundation for federally funded rules development and modernization. These Strategic Modernization activities will be supported by the ESAR Project Management Office (PMO) and, per the requirement of both the Office of the Chief Information Officer (OCIO) and Centers for Medicare and Medicaid Services (CMS), will receive independent oversight from Quality Assurance (QA) and Independent Verification and Validation (IV&V) consultants. By funding this request, ESA is expected to develop a strategic EA roadmap that aligns with the statewide EA initiative, procure and implement an ALM tool suite that will support longevity and sustainability of ESA applications.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

The Affordable Care Act (ACA) gave states the option to develop a state-based exchange for health care insurance purchasing or use the federal exchange. The state of Washington elected to develop a state-based exchange. To comply with the federal Center for Medicare and Medicaid Services (CMS) requirements for a state-based exchange, the existing eligibility system (ACES) has to be modified and enhanced. The effort to do this has three phases:

In Phase 1 of the ESAR project, a new eligibility service was designed and implemented to allow clients who are eligible for Medicaid, based on their Modified Adjusted Gross Income (MAGI), to submit applications through the Health Benefit Exchange (HBE) HealthPlanFinder (HPF) software. HPF and ACES share common data and clients and must work in synchronization so that ACES can fulfill its function as the "system of record" for all Medicaid recipients including those who now apply through HPF. ESAR Phase 1 work included establishing these linkages as well as removing from ACES medical assistance forms now provided via HPF. This phase of the ESAR project was completed on schedule to meet the October 1, 2013 deadline.

ESAR Phases 2 and 3, funded in the 2015-17 Biennium Budget (Ch. 4, Laws of 2015, Sec 705), were intended to build on the success of Phase 1 and continue the work of modernizing ACES, including the Eligibility Rules Migration (ERM). During ESAR Phase 2 and 3 Discovery, a number of questions arose as to whether the current design of the system would provide adequate performance once all human services eligibility rules for cash, medical, and food programs were moved from Common Business Oriented Language (COBOL) to the new Operation Decision Manager (ODM) rules engine. ESA management decided the ESAR project must perform a technology architecture assessment to ensure a strong foundation for the rules development. An Independent Verification & Validation (IV&V) vendor conducted this assessment from May through July 2015. The resulting Technical Assessment identified risks and corresponding recommendations.

On July 28, 2015, the ESA management, in conjunction with the Office of the Chief Information Officer (CIO), made the decision to stop work on the ERM portion of the ESAR project. Instead, focus shifted to developing a plan to address the IV&V vendor's recommendations and related Medicaid Information Technology Architecture (MITA) compliance. By completing this work prior

Department of Social and Health Services

DP Code/Title: PL-F3 ESAR Strategic Modernization

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

to the ERM planned for Phases 2 and 3, ESA will improve operations through infrastructure changes that are consistent with new IT standards (including data security standards) and state and federal requirements.

Without first strengthening the foundation of the ACES complex in preparation for federally funded ERM, ACES faces a sharp increase in maintenance and operation costs as the availability of staff and contractors with the knowledge of legacy systems retire. In addition, ACES would be increasingly out of sync with state and federal IT standards. Completing this foundational work now will allow the state of Washington to take advantage of enhanced federal cost-sharing rates.

Proposed Solution

Implementing ESAR Strategic Modernization will include the following:

- Acquisition of an EA consultant to aid in documenting the DSHS/ESA Information Technology modernization roadmap
- Acquisition and implementation of an Application Lifecycle Management (ALM) tool suite to meet federally required best practices and standards for requirements management, traceability and testing

Funding will pay for state staff, eligibility vendor and contracted staff necessary to support the above activities. The planning phase will determine the specific course of action and timeframe. Implementing ESAR Strategic Modernization will push out the completion date for ESAR Phases 2 and 3.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS/ESA desires the following outcomes as a result of ESAR Strategic Modernization:

- DSHS/ESA IT modernization roadmap
- A fully integrated ALM tool suite that meets federally required standards and the in-house knowledge and skills necessary to utilize the applications
- Implementation of federally mandated ACA requirements to the ES

Performance Measure Detail

Agency Level

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

Strategic Objective 1.1: People below 125 percent of the Federal Poverty Level (FPL) will have greater access to Basic Food assistance.

Strategic Objective 5.1: The percentage of Community Service Division (CSD) clients receiving timely service will increase.

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

This decision package supports the Results Washington Goal Goal 5: Efficient, Effective & Accountable Government - Fostering a Lean culture that drives accountability and results for the people of Washington.

Department of Social and Health Services

DP Code/Title: PL-F3 ESAR Strategic Modernization
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

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

Stakeholders will be kept apprised of all ESAR project activity through regular communication adhering to project management best practices. DSHS/ESA does not anticipate any customer-facing changes as a result of the ESAR project.

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

ESA considered moving forward with ESAR Phases 2 and 3 as planned, and funded in the 2015-17 Biennium budget. However, this option was deemed unworkable because of the risks to critical systems if findings from the modernization work described above is not completed. ESAR Strategic Modernization is the continuation of alternatives analysis from above.

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

If ESAR Strategic Modernization is not funded, DSHS/ESA will not have an IT modernization roadmap from which to ensure alignment with DSHS enterprise-level roadmap. The ALM tool suite currently supporting the ACES complex will reach its end of life in April 2016. Additionally, the state will not be compliant with the federally mandated ACA requirements.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

This is a placeholder request.

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

This is a placeholder request.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Program Totals			

<u>DSHS Source Code Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Fund ,			
<u>Sources</u> <u>Title</u>			

Total for Fund

Total Overall Funding

Totals for all funds

Information Technology Addendum

Recsum Code and Title: PL-F3 ESAR Strategic Modernization
Brief Description: ESAR Strategic Modernization

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project. (INTENT: Incent agencies to take transformative projects that may include risk.)

The ESAR Strategic Modernization project scope includes:

1. Application Lifecycle Management (ALM) Tool Suite
2. Enterprise Architecture Strategic Roadmap

During the Discovery Phase of the Eligibility Service (ES) and Automated Client Eligibility System (ACES) Remediation (ESAR) Phase 2/3 project, a number of questions arose as to whether the current design of the system would adequately perform once all human services eligibility rules for cash, medical, and food programs were moved from Common Business Oriented Language (COBOL) to the Operation Decision Manager (ODM) rules engine given some of the current performance issues. The Economic Services Administration (ESA) management decided the project must perform a technology architecture assessment to ensure a strong foundation for the rules development.

ESAR leadership and DSHS oversight determined that ESA could benefit by leveraging WaTech Health and Human Services' Enterprise Architecture (EA) Initiative in the development of an ACES complex Information Technology (IT) strategic modernization roadmap. Additionally, an Application Lifecycle Management (ALM) tool suite is needed to provide further modernization process improvements.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc. (INTENT: Drive business value by encouraging risk taking that is well managed.)

2016 Supplemental Budget Department of Social and Health Services

The project management approach includes the planning, executing, reporting, and controlling of work; the identification, tracking, and resolution of problems and issues; proactive risk management, tracking, and mitigation; and the communication and leadership necessary to ensure project success. The project management resources contracted by DSHS/ESA Information Technology Solutions (ITS) work cooperatively with the state project teams to keep the project on schedule, within scope, and on budget.

Independent Verification and Validation (IV&V) services have been procured through a request for proposal (RFP) process and contracted through 2017 with a two-year renewal option. The deliverables based contract provides for the technical, architectural and product oversight required to ensure that the project meets the standards established for Medicaid systems.

Quality Assurance (QA) services were also procured through an RFP process and contracted through 2015. As the extensions on the existing contract have been fully utilized, a new procurement is planned to ensure a, contiguous, independent view of quality management throughout the project life.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

Not applicable to the ESAR Strategic Modernization effort at this time. The ESAR project supports the sustainability and longevity of the ACES complex.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies.

(INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

Not applicable to the ESAR Strategic Modernization effort at this time.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?

(INTENT: Award more points for better project and outcome performance measures.)

Formal planning and ongoing tracking serves as the foundation of the project management methodology. This project utilizes the Project Charter and other key project management documents (e.g., Project Governance, Project Communication Plan) to define project goals, tasks, and resources. The project schedule is updated weekly to accurately reflect the status of the project as scope, schedule, and task resources change. The project management approach encompasses communication, risk, issue, scope, change and deliverables management. The approach also includes the detailed work plan, organization and staffing plans, and assumptions supporting the project.

2016 Supplemental Budget Department of Social and Health Services

The Office of the Chief Information Officer (OCIO) and DSHS CIO are part of the governance structure providing oversight through recurring meetings. As a Level 3 IT project, applicable project artifacts are posted on the publicly facing OCIO Dashboard. Additionally, regular meetings are held including Steering Committee meetings and monthly conference calls with the Centers for Medicare and Medicaid Services (CMS) in support of open communication and project management best practices.

Regular and ad-hoc meetings are held with project participants to assess progress, issues, and risks. Through continued coordination with the project teams, the project management team evaluates the progress being made on individual tasks of the project. All of the information gathered as a result of these reviews and assessments is used to continually evaluate and report on the progress of the project. Independent project management, QA, and IV&V teams oversee and provide separate monthly reports to management regarding the state of the project.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

The ES is complying with applicable industry standards and federal Medicaid Information Technology Architecture (MITA) guidelines for secure data handling by leveraging existing state assets such as security endpoints, firewalls, and a layered and secure networking infrastructure. Data in motion as it moves through the Enterprise Service Bus (ESB) is encrypted and transmitted over Secure Sockets Layer (SSL). The ES, in coordination with DSHS and HBE, complies with Internal Revenue Service (IRS), Health Insurance Portability and Accountability Act (HIPAA), and Minimum Acceptable Risk Standards for Exchanges (MARS-E) security requirements.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

In preparation for developing the ES, DSHS invested in a Business Rules Management System (BRMS), e.g., IBM Operational Decision Management (ODM), which is the core component for the ES. In alignment with the MITA framework, the rules engine supports modularity by allowing high-value business decisions to be externalized from core applications and external to business process in a human readable format and executable in a system. The ES is reusing existing state and local interfaces currently implemented in the ACES system. In addition, the ES will utilize an open Service Oriented Architecture (SOA) that will facilitate integration between the open systems and the legacy ACES system. The ES has adopted the same formal

2016 Supplemental Budget Department of Social and Health Services

system development life cycle (SDLC) processes currently in use on all ACES development projects.

As part of the ESAR Strategic Modernization effort, planning will include management and impacted business stakeholders and support for the implementation of an ACES complex IT modernization roadmap.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

Not applicable to the ESAR Strategic Modernization effort at this time.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

The Eligibility Service has been architected with tools that comply with open standards. At its core platform is a neutral ESB, implemented using the WebSphere MQ Broker, which provides protocol transformation and message formatting to meet the needs of participating entities. The Service Layer supports multiple formats and protocols while complying with the security requirements of the project.

As part of the ESAR Strategic Modernization effort, planning will be included that further supports interoperability.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

Not applicable to the ESAR Strategic Modernization effort at this time.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

2016 Supplemental Budget Department of Social and Health Services

Not applicable at this time; however, further analysis will be included as part of ESAR Strategic Modernization planning.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

The budget for the ESAR Strategic Modernization effort is managed through a Washington State cost allocation process with CMS and other funding partners (e.g., HBE). CMS provides enhanced funding at various funding percentages depending upon the type of work being performed.

Department of Social and Health Services

DP Code/Title: PL-F4 ESAR Architectural Development
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests funding for Eligibility Service and Automated Client Eligibility System (ACES) Remediation Architectural Development, which includes planning and implementation of the Independent Verification & Validation (IV&V) recommendations, project management and oversight, plus training to support the knowledge and skills necessary to support the longevity and sustainability of the ACES complex. These Architectural Development activities will be supported by the ESAR Project Management Office (PMO) and, per the requirement of both the Office of the Chief Information Officer (OCIO) and Centers for Medicare and Medicaid Services (CMS), will receive independent oversight from Quality Assurance (QA) and IV&V consultants. By funding this request, ESA is expected to strengthen the architectural foundation of the ACES complex and build a strong foundation for federally funded rules development and modernization.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

The Affordable Care Act (ACA) gave states the option to develop a state-based exchange for health care insurance purchasing or use the federal exchange. The State of Washington elected to develop a state-based exchange. To comply with the federal Center for Medicare and Medicaid Services (CMS) requirements for a state-based exchange, the existing eligibility system (ACES) has to be modified and enhanced. The effort to do this has three phases:

In Phase 1 of the Eligibility Service and Automated Client Eligibility System Remediation (ESAR) project, a new Eligibility Service (ES) was designed and implemented to allow clients who are eligible for Medicaid based on their Modified Adjusted Gross Income (MAGI) to submit applications through the Health Benefit Exchange (HBE) HealthPlanFinder (HPF) system. ESA's ACES and HPF share common data and clients and must work in synchronization so that ACES can fulfill its function as the "system of record" for all Medicaid recipients including those who now apply through the HPF. Phase 1 work included establishing these linkages as well as removing from ACES medical assistance forms now provided via HPF. This phase of the ESAR project was completed on schedule to meet the October 1, 2013 deadline.

ESAR Phases 2 and 3, funded in the 2015-17 Biennium Budget (Ch. 4, Laws of 2015, sec. 705), were intended to build on the success of Phase 1 and continue the work of modernizing ACES, including the Eligibility Rules Migration (ERM) project. During ESAR Phase 2 and 3 Discovery, a number of questions arose as to whether the current design of the system would adequately perform once all human services eligibility rules for cash, medical, and food programs were moved from Common Business Oriented Language (COBOL) to the new Operation Decision Manager (ODM) rules engine given current performance issues. ESA management decided the ESAR project must perform a technology architecture assessment to ensure a strong foundation for the rules development. An Independent Verification & Validation (IV&V) vendor conducted the assessment from May through July 2015. The resulting assessment identified risks, and corresponding recommendations.

On July 28, 2015, the ESA management, in conjunction with the Office of the Chief Information Officer (CIO), made the decision to stop work on the ERM portion of the ESAR project. Instead, focus was shifted to developing a plan to address the IV&V vendor's recommendations and related Medicaid Information Technology Architecture (MITA) compliance. By completing these

Department of Social and Health Services

DP Code/Title: PL-F4 ESAR Architectural Development

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

two projects prior to the ERM planned for Phases 2 and 3 ESA will improve operations through infrastructure changes that are consistent with new IT standards (including data security standards) and state and federal requirements.

Without first strengthening the foundation of the ACES complex in preparation for federally funded ERM, ACES faces a sharp increase in maintenance and operation costs as the availability of staff and contractors with the knowledge of legacy systems retire. In addition, ACES would be increasingly out of sync with state and federal IT standards. Completing this foundational work now will allow Washington to take advantage of enhanced federal cost-sharing rates.

Proposed Solution

Implementing ESAR Architectural Development now will include the planning, prioritization, and implementation of the IV&V recommendations and training to support the knowledge and skills necessary to support the longevity and sustainability of the ACES complex. The ESAR Architectural Development planning phase will assess IV&V recommendations, such as:

- Data replication between databases
- Database architecture and integrity
- Optimization of currently implemented MAGI rules
- Asynchronous transactions
- MITA Compliance

Funding will pay for the state, eligibility vendor, and additional contracted staff necessary to support the planning, prioritization, and implementation of IV&V recommendations and associated training. Planning will determine the specific course of action and timeframe. Implementing ESAR Architectural Development will push out the completion date for ESAR Phases 2 and 3.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS/ESA desires the following outcomes as a result of ESAR Architectural Development:

- 1: The stable architectural foundation necessary to continue implementation of the ERM
- 2: Architectural modernization to meet enterprise architecture and MITA compliance standards
- 3: In-house knowledge and skills necessary to support the longevity and sustainability of the ACES complex

There will be no change in system output and no impact to clients, citizens or other agencies.

Performance Measure Detail

Agency Level

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

Strategic Objective 1.1: People below 125 percent of the Federal Poverty Level (FPL) will have greater access to Basic Food assistance.

Strategic Objective 5.1: The percentage of Community Service Division (CSD) clients receiving timely service will increase.

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

Department of Social and Health Services

DP Code/Title: PL-F4 ESAR Architectural Development
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Fostering a Lean culture that drives accountability and results for the people of Washington.

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

Stakeholders will be kept apprised of all ESAR project activity through regular communication adhering to project management best practices. DSHS/ESA does not anticipate any customer-facing changes as a result of the ESAR project.

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

ESA considered moving forward with ESAR Phases 2 and 3 as planned, and funded in the 2015-17 Biennium budget. However, this option was deemed unworkable because of the risks to critical systems if findings from the IV&V are not addressed. ESAR Architectural Development is a result of the IV&V Technical Assessment detailed above.

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

If ESAR Architectural Development is not funded, the IV&V operational performance recommendations will not be addressed and a proper foundation for the eligibility rules migration project will not be established. Additionally, the eligibility service may not continue to meet federal MITA requirements for funding.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

This is a placeholder request.

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

This is a placeholder request.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	Program Totals		

Department of Social and Health Services

DP Code/Title: PL-F4 ESAR Architectural Development

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund ,			
<u>Sources</u> <u>Title</u>			

Total for Fund

Total Overall Funding

Totals for all funds

Information Technology Addendum

Recsum Code and Title: PI-F4 ESAR Architectural Development
Brief Description: ESAR Architectural Development

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

Business Transformation – This set of criteria will be used to assess IT proposals supporting business changes to improve services or access to information for agency customers or citizens.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project. (INTENT: Incent agencies to take transformative projects that may include risk.)

The ESAR Architectural Development project scope includes:

1. Independent Verification and Validation (IV&V) Recommendations
2. Project Management Office (PMO) and Oversight (IV&V and Quality Assurance)

During the Discovery Phase of the Eligibility Service and Automated Client Eligibility System (ACES) Remediation (ESAR) Phase 2/3 project, a number of questions arose as to whether the current design of the system would adequately perform once all human services eligibility rules for cash, medical, and food programs were moved from Common Business Oriented Language (COBOL) to the Operation Decision Manager (ODM) rules engine given some of the current performance issues. Economic Services Administration (ESA) management decided the project must perform a technology architecture assessment to ensure a strong foundation for the rules development. The Independent Verification & Validation (IV&V) vendor conducted this assessment from May through July 2015. The resulting Technical Assessment identified risks, and corresponding recommendations. On July 28, 2015, the ESA management, in conjunction with the Office of the Chief Information Officer (CIO), made the decision to stop work on the Eligibility Rules Migration (ERM) portion of the ESAR project while developing a plan to address the IV&V vendor's recommendations and related Medicaid Information Technology Architecture (MITA) compliance criteria.

ESA's strategy is to create an action plan for implementation of the IV&V vendor's recommendations, including training to support the knowledge and skills necessary to support the longevity and sustainability of the ACES complex.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate

2016 Supplemental Budget Department of Social and Health Services

risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc. (INTENT: Drive business value by encouraging risk taking that is well managed.)

The project management approach includes the planning, executing, reporting, and controlling of work; the identification, tracking, and resolution of problems and issues; proactive risk management, tracking, and mitigation; and the communication and leadership necessary to ensure project success. The project management resources contracted by DSHS/ESA Information Technology Solutions (ITS) work cooperatively with the state project teams to keep the project on schedule, within scope, and on budget.

IV&V services have been procured through a request for proposal (RFP) process and contracted through 2017 with a two-year renewal option. The deliverables based contract provides for the technical, architectural and product oversight required to ensure that the project meets the standards established for Medicaid systems.

Quality Assurance (QA) services were also procured through an RFP process and contracted through 2015. As the extensions on the existing contract have been fully utilized, a new procurement is planned to ensure a, contiguous, independent view of quality management throughout the project life.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

Not applicable as these efforts apply to the architectural foundation of the eligibility service. The ESAR project supports the sustainability and longevity of the ACES complex.

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies. (INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

Not applicable to the ESAR Architectural Development effort at this time.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable?

(INTENT: Award more points for better project and outcome performance measures.)

Formal planning and ongoing tracking serves as the foundation of the project management methodology. This project utilizes the Project Charter and other key project management documents (e.g., Project Governance, Project Communication Plan) to define project goals, tasks, and resources. The project schedule is updated weekly to accurately reflect the status of the project as scope, schedule, and task resources change. The project management approach encompasses communication, risk, issue, scope, change and deliverables management. The

2016 Supplemental Budget Department of Social and Health Services

approach also includes the detailed work plan, organization and staffing plans, and assumptions supporting the project.

Regular and ad-hoc meetings are held with project participants to assess progress, issues, and risks. Through continued coordination with the project teams, the project management team evaluates the progress being made on individual tasks of the project. All of the information gathered as a result of these reviews and assessments is used to continually evaluate and report on the progress of the project. Independent project management, QA, and IV&V teams oversee and provide separate monthly reports to management regarding the state of the project.

The Office of the Chief Information Officer (OCIO) and DSHS CIO are part of the governance structure providing oversight through recurring meetings. As a Level 3 IT project, applicable project artifacts are posted on the publicly facing OCIO Dashboard.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency.

(INTENT: Award additional points to projects where intent is to improve the security across an agency.)

The ES is complying with applicable industry standards and federal Medicaid Information Technology Architecture (MITA) guidelines for secure data handling by leveraging existing state assets such as security endpoints, firewalls, and a layered and secure networking infrastructure. Data in motion as it moves through the Enterprise Service Bus (ESB) is encrypted and transmitted over Secure Sockets Layer (SSL). The ES, in coordination with DSHS and HBE, complies with Internal Revenue Service (IRS), Health Insurance Portability and Accountability Act (HIPAA), and Minimum Acceptable Risk Standards for Exchanges (MARS-E) security requirements.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy.

(INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

In preparation for developing the ES, DSHS invested in a Business Rules Management System (BRMS), e.g., IBM Operational Decision Management (ODM), which is the core component for the ES. In alignment with the MITA framework, the rules engine supports modularity by allowing high-value business decisions to be externalized from core applications and external to business process in a human readable format and executable in a system. The ES is reusing existing state and local interfaces currently implemented in the ACES system. In addition, the ES will utilize an open Service Oriented Architecture (SOA) that will facilitate integration between the open systems and the legacy ACES system. The ES has adopted the same formal

2016 Supplemental Budget Department of Social and Health Services

system development life cycle (SDLC) processes currently in use on all ACES development projects.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce.

(INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

Not applicable to the ESAR Architectural Development effort at this time.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

The Eligibility Service has been architected with tools that comply with open standards. At its core platform is a neutral Enterprise Service Bus (ESB), implemented using the WebSphere MQ Broker, which provides protocol transformation and message formatting to meet the needs of participating entities. The Service Layer supports multiple formats and protocols while complying with the security requirements of the project.

As part of the IV&V recommendations, an action plan will be developed that further supports interoperability.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

Not applicable to the ESAR Architectural Development effort at this time.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

Not applicable at this time; however, further analysis will be included as part of the ESAR Architectural Development action plan.

2016 Supplemental Budget Department of Social and Health Services

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

The budget for the ESAR Architectural Development project is managed through a Washington State cost allocation process with Centers for Medicare and Medicaid Services (CMS). CMS provides enhanced funding at ninety (90) percent with the State responsible for the remaining ten (10) percent.

Department of Social and Health Services

**DP Code/Title: PL-F7 Means Testing for Non-Parent Caregi
 Program Level - 060 Economic Services Admin**

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests increased funding of \$108,000 GF-State for Temporary Assistance for Needy Families (TANF) grants in order to implement a 100 percent unearned income disregard for means-tested child only cases. By funding this request, TANF eligibility requirements for child-only cases with caregivers who live on a fixed income will be more consistent with those of child-only cases with caregivers who are employed.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	108,000	108,000
Total Cost	0	108,000	108,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	0.1	0.1

Package Description:

Problem Statement:

Effective November 1, 2011, ESSB 5921 established new means-testing rules (RCW 74.12.037) for non-parental caregivers who receive a TANF child-only grant. Under these new rules, most caregivers with incomes above 300 percent of the Federal Poverty Level (FPL) were ineligible to receive a TANF grant to help provide for the children in their care. Non-parental caregivers with incomes between 200 and 300 percent of FPL receive a reduced TANF grant. Caregivers of children who have been placed by a state or tribal child welfare agency where the case is still active are not subject to means testing.

Implementing this policy created an unintended consequence of adversely affecting the ability and willingness of non-parental caregivers to care for vulnerable children in need of safe and stable homes.

Proposed Solution:

This proposal repeals the means-test policy so that the income of non-parental caregivers will not be used to determine the eligibility of the needy children in their care. By doing so, caregivers living on fixed income would not be financially penalized for caring for needy children who are not their financial responsibility.

Agency Contact: Wendy Polzin, (360) 902-8067
 Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This proposal is expected to encourage non-parental caregiving and ease the financial burden for families living on fixed income by making additional resources available to care for vulnerable children.

Performance Measure Detail

Agency Level

Activity: F100 Temporary Assistance for Needy Families (TANF)

Incremental Changes

FY 1 FY 2

Department of Social and Health Services

**DP Code/Title: PL-F7 Means Testing for Non-Parent Caregi
Program Level - 060 Economic Services Admin**

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

No measures linked to package

0.00 0.00

Incremental Changes

Activity: F120 CSD Field Support Services

FY 1 FY 2

No measures linked to package

0.00 0.00

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

This decision package is essential to implementing ESA's Strategic Objective 5.2: Racial & ethnic disparities, in terms of access to programs & outcomes, will be recognized & addressed so that all eligible low-income adults & children will have full access to the benefits, services, & opportunities they need to succeed & thrive.

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

This decision package supports the Results Washington Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

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

The advocate community will support this proposal.

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

The request cannot be absorbed due to the TANF block grant being fully committed to the current forecasted caseloads and related client services.

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

TANF eligibility requirements for child-only cases with caregivers who live on a fixed income will continue to be inconsistent with those of child-only cases with caregivers who are employed.

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 74.12.037 and WAC 388-450-0015 will need to be amended to incorporate a 50 percent unearned disregard for child-only TANF cases. There is request legislation related to this decision package.

Expenditure and revenue calculations and assumptions

See attachment: ESA PL-F7 Means Testing for Non-Parent Caregivers.xlsx

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

The costs are ongoing and will carry forward into future biennia.

Department of Social and Health Services

**DP Code/Title: PL-F7 Means Testing for Non-Parent Caregi
 Program Level - 060 Economic Services Admin**

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	5,000	5,000
B Employee Benefits	0	9,000	9,000
E Goods\Other Services	0	1,000	1,000
N Grants, Benefits & Client Services	0	93,000	93,000
Total Objects	0	108,000	108,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
GFS2 General Fund State TANF Moe	0	108,000	108,000
<i>Total for Fund 001-1</i>	0	108,000	108,000
Total Overall Funding	0	108,000	108,000

2016 Supplemental Budget PL-F7 Means Testing for Non-Parent Caregivers

Initiated: 7/13/2015

Updated: 8/18/2015

Proposal: Eliminate means-testing for non-parental caregivers in TANF child-only cases.

Assumptions

Caseload & Grant Cost Impacts

1. It is assumed that cases which were closed or denied under the prior policy would become eligible under this policy.
2. Estimated new cases are based on most recent 12-month period for which stable data is available.
3. Source data provided by EMAPS.
4. Assumes SFY 2017 would be earliest program change could be instituted.

	Denied Cases	Closed Cases	Total Additional Cases	Avg. Cost per Case	Estimated Additional Monthly Cost	Estimated Annual Cost	Estimated Partial Year Cost: Implementation 09-01-2016
Total	159	179	338	\$ 328.59	\$ 9,255.16	\$ 111,062	\$ 92,552
Monthly Averages	13	15	28	\$ 328.42	\$ 9,250.53	\$ 111,006	

	Partial Year SFY 2017	Full Year SFY 2018	Total
Estimated Annual Grant Costs	\$ 93,000	\$ 111,000	\$ 204,000
Staffing Impacts	SFY 2017	SFY 2018	
Estimated monthly caseload increase due to elimination of means test for non-parental caregivers.	28	28	
Estimated Staff Effort per month X .5 hour per month per case for TANF Adult	14	14	
Estimated total Staff Effort in hours	169	169	
Estimated Number of FTE's	0.1	0.1	Total
Estimated Annual Cost - Program Eligibility - see tab "Staff Costs"	\$ 15,000	\$ 18,000	\$ 33,000
Total Estimated Staff Costs	\$ 15,000	\$ 18,000	
	SFY 2017	SFY 2018	Total
TOTAL ESTIMATED COSTS	\$ 108,000	\$ 129,000	\$ 237,000

Department of Social and Health Services

DP Code/Title: PL-F8 Child Support Electronic Payments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) proposes legislative changes and requests 1.0 FTE and \$45,000 (\$16,000 GF-State) in Fiscal Year 2017 (FY) in order to implement and increase efficiencies and enhance its processes for collecting child support by requiring employers with ten or more employees to remit withheld child support by electronic means when possible. This proposal will result in cost savings starting in FY 2018.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	16,000	16,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	0	29,000	29,000
Total Cost	0	45,000	45,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	1.0	0.5

Package Description:

Problem Statement

ESA's Division of Child Support (DCS) offers a variety of electronic funds transfer/electronic data interchange (EFT/EDI) options, which can assist both small and large employers in remitting child support payments. Among those payment methods are the DCSONline (Child Support Internet Payment Service), Repetitive Automated Clearing House (ACH) debit, and ACH Credit. With these methods, employers and their payroll providers can remit withholding payments to DCS electronically with little effort, as well as ensure timeliness and accuracy in the processing of those payments. Electronic payments also provide added security by keeping backing information confidential and they cannot get lost or stolen in the mail.

Although an average of 60 percent of employers and businesses used EDI for payments between December 2013 and May 2014, a significant number continue to remit payment by check. DCS estimates that it costs \$2.55 to process a check and \$1.59 to process an EFT or approximately a dollar more to process a check than to process an EFT. DCS does not have statutory authority to mandate that employers and businesses (or their payroll processors) use the less expensive, more efficient electronic processes for remitting support payments.

Proposed Solution

ESA DCS proposes amendments to Chapter 26.23 RCW to mandate that employers who withhold child support from their employees must remit those funds to the Washington State Support Registry (WSSR) by electronic means. Those employers who use payroll processing services would be required to do so as well. ESA DCS believes that this proposal will increase government efficiency and reduce the amount of resources used to process payments, as well as benefit employers with cost savings and added security.

Following the lead of other states which have adopted such a requirement, ESA has determined it best that time be allowed for employers and businesses to develop the necessary technology. ESA DCS assumes an effective date of January 1, 2017 for this change.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Loan Tran, (360) 664-5325

Department of Social and Health Services

DP Code/Title: PL-F8 Child Support Electronic Payments

Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Based on the experience of other states, DCS expects to increase the percentage of employer-submitted payments from around 60% currently to approximately 70% within 18 months of implementation. Based on current averages, this is estimated to result in cost savings of approximately \$228,000 (\$78,000 GF-State) in FY 2018 and \$273,000 (\$93,000 GF-State) beginning in FY 2019.

Performance Measure Detail

Agency Level

Activity: F010 Child Support Enforcement

No measures linked to package

Incremental Changes

FY 1

FY 2

0.00

0.00

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

This decision package is essential to implementing ESA's Strategic Objective 2.1: The percentage of child support collected by ESA will increase.

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

This decision package supports the Results Washington Goal 5: Efficient, Effective & Accountable Government - Resource Stewardship - Ensure that funding is used responsibly.

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

ESA has done preliminary stakeholder work with many employers and businesses, both by direct contact and with those employers who attend DCS employer training sessions. DCS has also worked with groups such as the American Payroll Association, the Association of Washington Business, the Washington Association of School Business Offices and the Washington Restaurant Association. In general, the response has been positive; most of the concerns expressed were relating to possible implementation time and waivers for employers and businesses that did not have the capacity to remit payments electronically. Businesses have also requested technical support, which ESA DCS has offered and is prepared to continue to offer.

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

ESA DCS has offered a variety of electronic funds transfer/electronic data interchange options to assist large and small employers in remitting child support payments. However, many of them continue to choose to send in paper checks. This alternative was chosen to close the gap and create more efficiencies in the process.

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

If this proposed legislation does not pass, ESA DCS will continue working with employers and other businesses to encourage the voluntary use of electronic means for remitting child support funds.

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

This request has no impact on the capital budget.

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

Department of Social and Health Services

DP Code/Title: PL-F8 Child Support Electronic Payments
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Chapter 26.23 RCW will need to be amended to implement this request. ESA will submit request legislation related to this decision package.

Expenditure and revenue calculations and assumptions

See attachment: ESA PL-F8 Child Support Electronic Payments.xlsx

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

In FY 2017, \$13,000 are one time costs as a result of changing forms and producing an explanatory video.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	65,000	65,000
B Employee Benefits	0	24,000	24,000
E Goods\Other Services	0	(51,000)	(51,000)
J Capital Outlays	0	6,000	6,000
T Intra-Agency Reimbursements	0	1,000	1,000
Total Objects	0	45,000	45,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	0	16,000	16,000
<i>Total for Fund 001-1</i>	0	16,000	16,000
Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi			
<u>Sources Title</u>			
5631 Title IV-D Child Support Enforcement (A) (66%)	0	29,000	29,000
<i>Total for Fund 001-A</i>	0	29,000	29,000
Total Overall Funding	0	45,000	45,000

2016 Supplemental Budget
PL - F8 Child Support Electronic Payments

Employer Payments, December 2013 through May 2014							
	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Averages
# Total Payments	255,732	237,769	220,746	243,877	237,184	238,157	238,911
# EDI Payments	153,678	141,995	134,387	144,094	142,277	144,615	143,508
% EDI Payments	60.1%	59.7%	60.9%	59.1%	60.0%	60.7%	60.1%

Estimated Cost Savings for First Two Years				
Month	%EDI Payments	#EDI Payments	Deviation from Current Average	Estimated Cost Savings
Jan-17	65.0%	155,292	11,784	\$11,313
Feb-17	65.5%	156,487	12,979	\$12,460
Mar-17	66.0%	157,681	14,173	\$13,607
Apr-17	66.5%	158,876	15,368	\$14,753
May-17	67.0%	160,070	16,563	\$15,900
Jun-17	67.5%	161,265	17,757	\$17,047
Total Cost Savings, SFY 2017				\$85,080
Jul-17	67.5%	161,265	17,757	\$17,047
Aug-17	68.0%	162,459	18,952	\$18,194
Sep-17	68.0%	162,459	18,952	\$18,194
Oct-17	68.5%	163,654	20,146	\$19,340
Nov-17	68.5%	163,654	20,146	\$19,340
Dec-17	69.0%	164,848	21,341	\$20,487
Jan-18	69.0%	164,848	21,341	\$20,487
Feb-18	69.0%	164,848	21,341	\$20,487
Mar-18	69.5%	166,043	22,535	\$21,634
Apr-18	69.5%	166,043	22,535	\$21,634
May-18	69.5%	166,043	22,535	\$21,634
Jun-18	70.0%	167,238	23,730	\$22,781
Total Cost Savings, SFY 2018				\$241,259
Total Cost Savings				\$326,339

Estimated Cost Savings Per Year after First Two Years					
Time Period	%EDI Payments	#EDI Payments/Month	Deviation from Current Average	Estimated Cost Savings/Month	Estimated Total Savings
SFY19 and After	70.0%	167,238	23,730	\$22,781	\$273,000
Total Cost Savings					\$273,000

2016 Supplemental Budget
PL - F8 Child Support Electronic Payments

Estimated Cost Savings by Fund Types					
Description	SFY 2017	2015-17 Biennium	SFY 2018	SFY 2019	2017-19 Biennium
Cost Savings	(\$85,000)	(\$85,000)	(\$241,000)	(\$273,000)	(\$514,000)
Total:	(\$85,000)	(\$85,000)	(\$241,000)	(\$273,000)	(\$514,000)
GF-State:	(\$29,000)	(\$29,000)	(\$82,000)	(\$93,000)	(\$175,000)
GF-Federal:	(\$56,000)	(\$56,000)	(\$159,000)	(\$180,000)	(\$339,000)

Staff Costs (Budget Unit B41)					
CSPA	SFY 2017	2015-17 Biennium	SFY 2018	SFY 2019	2017-19 Biennium
FTE	1.0	0.5	0.0	0.0	0.0
Dollars	\$ 102,000	\$ 102,000	\$0	\$0	\$0

Other Goods and Service Costs (Budget Unit B41)					
Description	SFY 2017	2015-17 Biennium	SFY 2018	SFY 2019	2017-19 Biennium
Form changes (\$1,000 per form) - 10 forms	\$10,000	\$10,000	\$0	\$0	\$0
Video production services	\$5,000	\$5,000	\$0	\$0	\$0
Pamphlet and other employer outreach written materials	\$13,000	\$13,000	\$13,000	\$0	\$13,000
Total:	\$28,000	\$28,000	\$13,000	\$0	\$13,000
GF-State:	\$10,000	\$10,000	\$4,000	\$0	\$4,000
GF-Federal:	\$18,000	\$18,000	\$9,000	\$0	\$9,000

TOTAL COSTS (Budget Unit B41)					
Fund Type	SFY 2017	2015-17 Biennium	SFY 2018	SFY 2019	2017-19 Biennium
Total Cost:	\$45,000	\$45,000	(\$228,000)	(\$273,000)	(\$501,000)
GF-State:	\$15,680	\$15,680	(\$78,000)	(\$93,000)	(\$171,000)
GF-Federal:	\$29,320	\$29,320	(\$150,000)	(\$180,000)	(\$330,000)

Fund Type	SFY 2017	2015-17 Biennium	SFY 2018	SFY 2019	2017-19 Biennium
FTE	1.0	0.5	0.0	0.0	0.0
A - Salaries and Wages	\$65,000	\$65,000	\$0	\$0	\$0
B - Employee Benefits	\$24,000	\$24,000	\$0	\$0	\$0
C - Professional Services	\$0	\$0	\$0	\$0	\$0
E - Goods and Services	(\$51,000)	(\$51,000)	(\$228,000)	(\$273,000)	(\$501,000)
J - Capital Outlays	\$6,000	\$6,000	\$0	\$0	\$0
G - Travel	\$0	\$0	\$0	\$0	\$0
T - Intra-agency Reimb	\$1,000	\$1,000	\$0	\$0	\$0
TOTAL:	\$45,000	\$45,000	(\$228,000)	(\$273,000)	(\$501,000)

Department of Social and Health Services

DP Code/Title: PL-FZ SSPS Replacement
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Economic Services Administration (ESA) requests a PLACEHOLDER for funding in the 2016 Supplemental Budget for a payment replacement solution provider replacement to the Social Service Payment System (SSPS).

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	<i>Program Cost</i>		
	Total Cost		

Staffing

Package Description:

Problem Statement

SSPS is an antiquated, 40 year old Unisys system that is no longer able to be sustained by DSHS and must be sunset. The system costs and the risks of operating SSPS are increasing due to difficulties in the ability to maintain an obsolete, near end-of life system. SSPS makes payments for Working Connections Child Care (WCCC), Seasonal Child Care, payments to outside providers to support Supplemental Security Income (SSI) facilitation and other ESA programs. WCCC subsidy payments are assumed to be moving to a new system to be developed by the Department of Early Learning in the future, leaving the smaller payment public assistance programs on the aging system.

SSPS processes ESA provider payments and is essential to supporting mission critical public assistance programs. ESA's payments represent approximately 35 percent of all SSPS payments in a fiscal year. ESA processes approximately \$21,358,000 in payments through SSPS each month to 8,085 providers. Failure of SSPS would jeopardize payments to providers.

Proposed Solution

ESA proposes to begin work on purchasing or developing a replacement payment option to continue providing payments that support ESA programs that also meet with federal privacy requirements.

Agency Contact: Wendy Polzin, (360) 902-8067
Program Contact: Jie Tang, (360) 725-4509

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

ESA will move to a modern payment system and continue making payments for its public assistance programs.

Performance Measure Detail

Agency Level

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

Department of Social and Health Services

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This decision package is essential to implementing ESA's Strategic Objective 5.3: ESA will modernize technology for critical systems and applications (Examples include ESA's Eligibility Service and ACES Remediation and Child Support's Unisys Rehosting effort).

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

This decision package supports the Results Washington Goal Goal 4: Healthy & Safe Communities - Safe People - Help keep people safe in their homes, on their jobs, and in their communities.

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

ESA expects that stakeholders will support moving to a more modern, operational system to provide assistance to clients.

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

ESA can continue using SSPS until a viable alternative solution is available. Risks and costs increase the longer ESA continues to utilize SSPS.

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

Not funding this package would increase costs and risks to ESA by continuing to rely on a 40 year old system.

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

This request has no impact on the capital budget.

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

This request has no impact to existing statutes, rules or contracts.

Expenditure and revenue calculations and assumptions

This is a placeholder request.

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

This is a placeholder request.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
Program Totals			

Department of Social and Health Services

DP Code/Title: PL-FZ SSPS Replacement
Program Level - 060 Economic Services Admin

Budget Period: 2015-17 Version: F2 060 2015-17 Final 2016 Sup

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund ,			
<u>Sources</u> <u>Title</u>			

Total for Fund

Total Overall Funding

Totals for all funds

Information Technology Addendum

Recsum Code and Title: PL-FZ - SSPS Replacement
Brief Description: Social Service Payment System Replacement (Placeholder)

If this investment includes the use of servers, do you plan to use the state data center?

Yes No, waiver received No, waiver not received Does not apply

BUSINESS TRANSFORMATION – THIS SET OF CRITERIA WILL BE USED TO ASSESS IT PROPOSALS SUPPORTING BUSINESS CHANGES TO IMPROVE SERVICES OR ACCESS TO INFORMATION FOR AGENCY CUSTOMERS OR CITIZENS.

Business process improvement: Primary goal of the proposal is to transform an agency business process. This criterion will be used to assess the transformative nature of the project.

(INTENT: Incent agencies to take transformative projects that may include risk.)

This request has the ability to transform, simplify and improve the current process for making payments to Economic Services Administration service providers. Numerous options exist for a payment replacement solution that would enable much more efficient, accurate and convenient processes for the Administration and our providers.

Risk mitigation: Primary goal is to mitigate risks associated with transformative initiatives. This criterion will be used to determine if the initiative provides adequate resources to mitigate risks associated with a transformative initiative. Risk planning may include budgeting for independent quality assurance, organizational change management, training, staffing, etc.

(INTENT: Drive business value by encouraging risk taking that is well managed.)

This placeholder is requested to identify a provider or other option for making payments to our providers.

Customer-facing value: Add value in short increments. This criterion will be used to determine if the initiative provides “customer-facing value” in small increments quickly to drive agile strategy.

(INTENT: Drive agencies to producing value more quickly and incrementally.)

This request has the potential of improving customer facing value by providing potential features that would benefit agency users and providers.

PL-FZ SSPS Replacement

2016 Supplemental Budget Department of Social and Health Services

Open data: New datasets exposed. This criterion will be used to assess if the initiative will increase public access to searchable, consumable machine-readable data from agencies. (INTENT: Drive agencies to make more data available to citizens. We also value making data available internally for better decision making.)

This investment does have the potential to make more data available to the agency and Administration in a more timely, concise and flexible manner. This will enable the Administration to better evaluate costs for service delivery and better use data to make decisions about the effectiveness of services it provides to clients.

Transparency/accountability: Project is clear, measurable, and immediate. This criterion will be used to assess if the initiative specifies the following: (1) Are the goals articulated? (2) Are performance outcomes identified, quantified and measurable? (INTENT: Award more points for better project and outcome performance measures.)

This replacement will provide a much more modern and simple approach to our current provider payment subsystem.

Technology Strategy Alignment – This set of criteria will be used to assess the alignment of the request to the larger technology strategy of the state.

Security: Improve agency security. This criterion will be used to assess the improvements to the overall security posture for an agency. (INTENT: Award additional points to projects where intent is to improve the security across an agency.)

This investment does not transform or improve agency security.

Modernization of state government: Cloud first. This criterion will be used to assess if the initiative will result in replacing legacy systems with contemporary solutions that drive our cloud-first strategy. (INTENT: Drive agencies to look more intently at leveraging cloud-based solutions.)

This investment could utilize a cloud first solution dependent upon the approach taken by ESA in establishing a new payment system.

Mobility: New mobile services for citizens. This criterion will be used to assess the contribution of the initiative to support mobile government services for citizens and a mobile workforce. (INTENT: Drive agencies to look for ways to deliver results and services that are accessible to citizens from mobile devices. While we also value mobility for employees, we place greater value on mobility for citizens.)

PL-FZ SSPS Replacement

2016 Supplemental Budget Department of Social and Health Services

This investment could provide a mobile component for providers to invoice, track and verify payments for their services.

Interoperability: Adds value in six months. This criterion will be used to determine if the initiative provides a technology system or software application that distributes, consumes or exchanges data.

(INTENT: Drive agencies to acquiring and/or developing systems that are interoperable across the state enterprise.)

This investment would add immediate value and continue critical provider payments as authorized by ESA.

Financial – This set of criteria will be used to assess the initiative’s financial contribution, including the extent the initiative uses other fund sources, reduces cost for the state, or captures new or unrealized revenue.

Captures new or unrealized revenue: This criterion is calculated based on the amount of new or unrealized revenue captured by the end of the 2017-19 biennium as a proportion of total investment. To get the full points in this category, projects must capture at least five times the amount of the investment by the end of the 2017-19 biennium.

This investment does not generate new revenue.

Reduces costs: This criterion is calculated based on the amount of cost reduction by the end of the 2017-19 biennium as a proportion of total investment. To get the full points for this criterion, projects must reduce costs by at least two times the amount of the investment by the end of the 2017-19 biennium.

This investment does not reduce costs.

Leverages federal/grant funding: This criterion is to calculate the degree in which projects are funded by federal or grant dollars. Projects that are fully funded by federal or grant sources receive full points.

This project would not qualify for enhanced federal funding.