

State of Washington
Department of Social and Health Services
Recommendation Summary

Budget Period: 2015-17
 Budget Level Criteria: ALL

Version: K2 - 110 2015-17 Final 2016 Sup

Dollars in Thousands		Agency Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds
CB - Current Biennium						
00	Current Biennium Base	0	493.4	66,335	38,936	105,271
SubTotal CB			493.4	66,335	38,936	105,271
Cumulative Total Thru CB			493.4	66,335	38,936	105,271
M2 - Inflation and Other Rate Changes						
8L	Lease Rate Adjustments	0	0.0	5	1	6
9T	Transfers	0	57.7	2,926	2,952	5,878
WC	Building Access Control System	0	0.0	2	1	3
WK	IT Systems Infrastructure	0	0.0	52	18	70
WM	Technical Corrections	0	18.0	(116)	(26)	(142)
WN	State Data Center Adjustments	0	0.0	20	4	24
WP	MS Office 365	0	0.0	152	34	186
WS	Security Infrastructure	0	0.0	246	54	300
SubTotal M2			75.7	3,287	3,038	6,325
Cumulative Total Thru M2			569.1	69,622	41,974	111,596
PL - Performance Level						
KD	Enhance OMWBE Outreach	0	1.0	218	48	266
KE	Improve HR Investigations	0	3.0	530	115	645
KF	Safety Staff	0	1.5	258	57	315
KG	Auding Staff	0	3.0	589	128	717
KH	Lean Capacity	0	2.5	640	139	779
KI	TRACKS	0	3.0	3,484	758	4,242
WR	After Action Reviews	0	0.5	89	19	108
SubTotal PL			14.5	5,808	1,264	7,072
Cumulative Total Thru PL			583.6	75,430	43,238	118,668
Total Proposed Budget			583.6	75,430	43,238	118,668

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	5,000	5,000
001-2 General Fund - Basic Account-Federal	0	1,000	1,000
Total Cost	0	6,000	6,000

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Tacoma - OFM Facility Oversight removed funding for Fiscal Year 2017 related to an outdated plan to reduce space at the Centennial Complex.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 Predesign 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: K001 Administration and Supporting Services

Incremental Changes

FY 1 **FY 2**

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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?

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.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods\Other Services	0	6,000	6,000

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	0	5,000	5,000
<i>Total for Fund 001-1</i>		0	5,000	5,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u> <u>Title</u>				
FLIV	Fed Entered as Lidded (various%s)	0	1,000	1,000
<i>Total for Fund 001-2</i>		0	1,000	1,000
Total Overall Funding		0	6,000	6,000

**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: M2-9T Transfers
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	1,696,000	1,230,000	2,926,000
001-2 General Fund - Basic Account-Federal	1,454,000	1,498,000	2,952,000
Total Cost	3,150,000	2,728,000	5,878,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	57.7	57.7	57.7

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 (AL TSA) 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 AL TSA 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

Department of Social and Health Services

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

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Category 1000 to Category 2000. Net transfer between categories is 2.0 FTEs, \$320,000 GF State / \$534,000 total in funding.

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: K001 Administration and Supporting 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: M2-9T Transfers
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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			
A Salaries And Wages	4,290,000	4,658,000	8,948,000
B Employee Benefits	1,141,000	1,047,000	2,188,000
E Goods\Other Services	884,000	573,000	1,457,000
G Travel	(6,000)	(6,000)	(12,000)
J Capital Outlays	310,000	310,000	620,000
T Intra-Agency Reimbursements	(3,469,000)	(3,854,000)	(7,323,000)
Total Objects	3,150,000	2,728,000	5,878,000

Department of Social and Health Services

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

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	1,696,000	1,230,000	2,926,000
<i>Total for Fund 001-1</i>		1,696,000	1,230,000	2,926,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
FLIV	Fed Entered as Lidded (various%s)	1,454,000	1,498,000	2,952,000
<i>Total for Fund 001-2</i>		1,454,000	1,498,000	2,952,000
Total Overall Funding		3,150,000	2,728,000	5,878,000

**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	42,000	33,000	11,000								44,000	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	0	4,000	339,000	
7. Fleet Program Rate Reduction			0.0					(6,000)			(6,000)	(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)						(33,000)	(33,000)	0	0	(66,000)	0	0	0	0	0	(66,000)		
9. WaTech Funding Transfer			0.0			(161,000)					(156,000)	(156,000)			(161,000)						(156,000)	(156,000)	0	0	(322,000)	0	0	0	0	0	(312,000)		
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)						(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	(146,000)	(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	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							133,000	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	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	6,960,000	0	0	13,920,000	0	0	0	0	0	13,920,000	
10. ISSD Reorganization			0.0									0										0	0	0	0	0	0	0	0	0	0	0	
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	(464,000)	0		
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-WC Building Access Control System
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	2,000	0	2,000
001-2 General Fund - Basic Account-Federal	1,000	0	1,000
Total Cost	3,000	0	3,000

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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: K001 Administration and Supporting 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?

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

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

Department of Social and Health Services

DP Code/Title: M2-WC Building Access Control System
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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 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	3,000	0	3,000

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	2,000	0	2,000
<i>Total for Fund 001-1</i>	2,000	0	2,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	1,000	0	1,000
<i>Total for Fund 001-2</i>	1,000	0	1,000
Total Overall Funding	3,000	0	3,000

**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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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:

<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	52,000	52,000
001-2 General Fund - Basic Account-Federal	0	18,000	18,000
Total Cost	0	70,000	70,000

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.

Department of Social and Health Services

DP Code/Title: M2-WK IT Systems Infrastructure
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Activity: K001 Administration and Supporting 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 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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	70,000	70,000

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	52,000	52,000
<i>Total for Fund 001-1</i>		0	52,000	52,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
FLIV	Fed Entered as Lidded (various%s)	0	18,000	18,000
<i>Total for Fund 001-2</i>		0	18,000	18,000
Total Overall Funding		0	70,000	70,000

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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 (AL TSA), 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	(58,000)	(58,000)	(116,000)
001-2 General Fund - Basic Account-Federal	(13,000)	(13,000)	(26,000)
Total Cost	(71,000)	(71,000)	(142,000)

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	18.0	18.0	18.0

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):

Department of Social and Health Services

DP Code/Title: M2-WM Technical Corrections
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

The Total Need for Leases for the 2015 17 Biennium is \$122,180,000. The amount provided in the 2015 17 Biennial Budget was \$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: K001 Administration and Supporting 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-WM Technical Corrections
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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			
E Goods\Other Services	(71,000)	(71,000)	(142,000)

Department of Social and Health Services

DP Code/Title: M2-WM Technical Corrections
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	(58,000)	(58,000)	(116,000)
<i>Total for Fund 001-1</i>	(58,000)	(58,000)	(116,000)
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	(13,000)	(13,000)	(26,000)
<i>Total for Fund 001-2</i>	(13,000)	(13,000)	(26,000)
Total Overall Funding	(71,000)	(71,000)	(142,000)

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	10,000	10,000	20,000
001-2 General Fund - Basic Account-Federal	2,000	2,000	4,000
Total Cost	12,000	12,000	24,000

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Performance Measure Detail

Agency Level

Activity: K001 Administration and Supporting 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 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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
T Intra-Agency Reimbursements	12,000	12,000	24,000

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	10,000	10,000	20,000
<i>Total for Fund 001-1</i>	10,000	10,000	20,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	2,000	2,000	4,000
<i>Total for Fund 001-2</i>	2,000	2,000	4,000
Total Overall Funding	12,000	12,000	24,000

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	76,000	76,000	152,000
001-2 General Fund - Basic Account-Federal	17,000	17,000	34,000
Total Cost	93,000	93,000	186,000

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 Office 365 and Enterprise CAL Suite. This upgrade requires no organizational change management requirements, is technically

Department of Social and Health Services

DP Code/Title: **M2-WP MS Office 365**

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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: K001 Administration and Supporting 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.

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.

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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?

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

Department of Social and Health Services

DP Code/Title: M2-WP MS Office 365

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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	93,000	93,000	186,000

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	76,000	76,000	152,000
<i>Total for Fund 001-1</i>	76,000	76,000	152,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
FLIV Fed Entered as Lidded (various%s)	17,000	17,000	34,000
<i>Total for Fund 001-2</i>	17,000	17,000	34,000
Total Overall Funding	93,000	93,000	186,000

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**

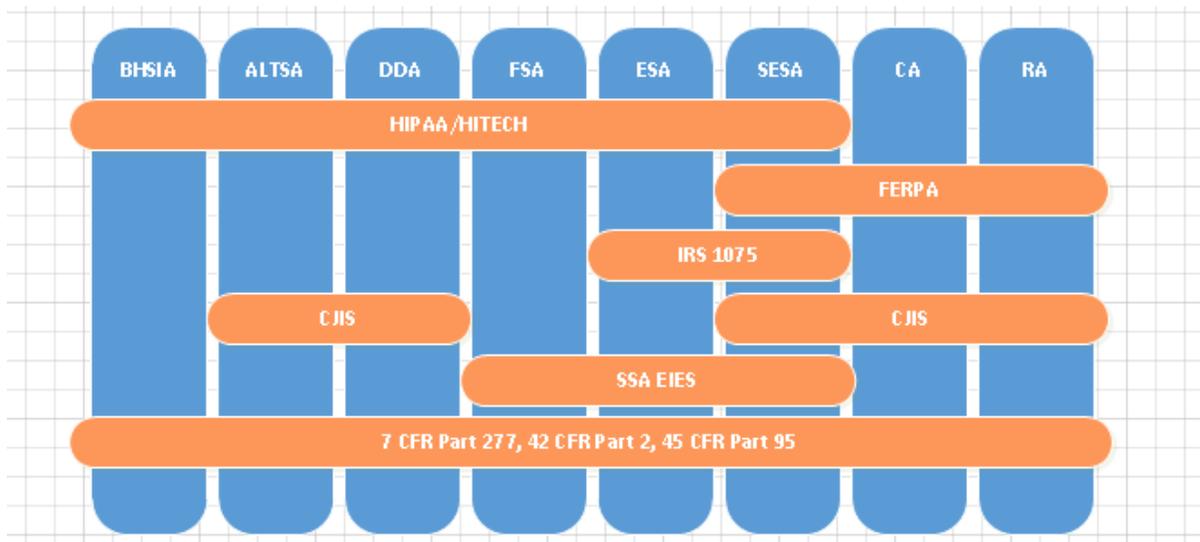
- Data Loss Prevention will provide the Department with the ability to control the release of sensitive data, such as PII, credit cards, or any data determined to be sensitive.

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.

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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:

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- 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.

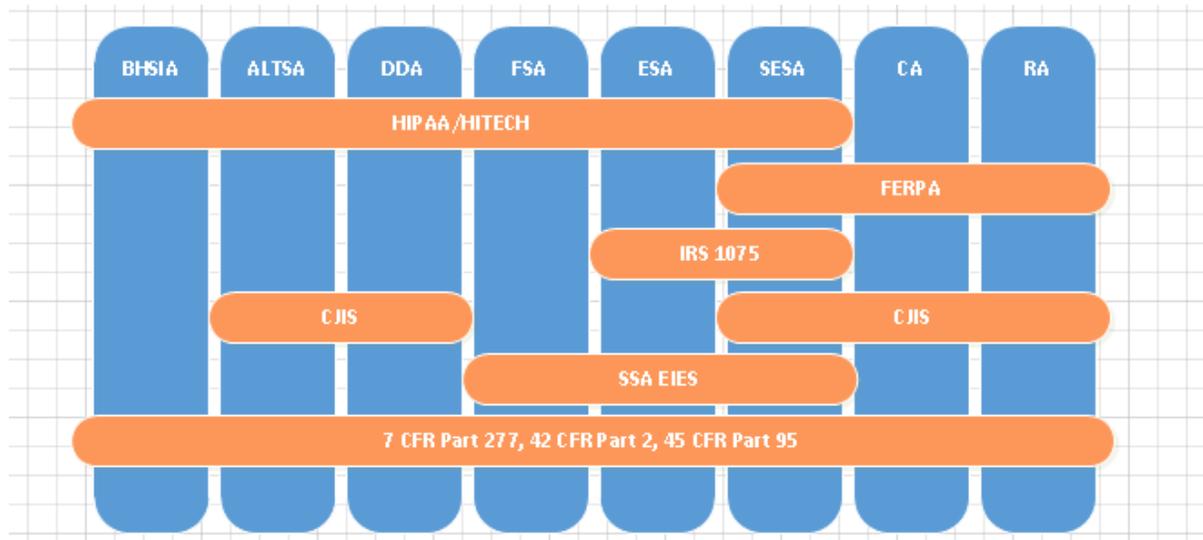
Technology Strategy Alignment – This criteria is used to assess the alignment of the request to the larger technology strategy of the state.

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).

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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

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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.

Program	Number of Users based on Jan 2015 Renewal Counts	PROJECTED COSTS TO MOVE TO O365			FY16 State	FY16 Federal	FY17 State	FY17 Federal	FY16 State Rounded	FY16 Federal Rounded	FY17 State Rounded	FY17 Federal Rounded
		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)								
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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	0	246,000	246,000
001-2 General Fund - Basic Account-Federal	0	54,000	54,000
Total Cost	0	300,000	300,000

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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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: K001 Administration and Supporting 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:

- 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 - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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			
E Goods\Other Services	0	300,000	300,000

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	246,000	246,000
<i>Total for Fund 001-1</i>	0	246,000	246,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	0	54,000	54,000
<i>Total for Fund 001-2</i>	0	54,000	54,000
Total Overall Funding	0	300,000	300,000

**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		
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	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	36,000	FFP 75%	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	12,000	State 25%	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	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	100,440		
FFP 90%				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	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	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														Security Tool(s) - ESA													
Data Masking										200,000		200,000	Data Masking		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		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		393,750					3,112,500		
State 25%										87,500		87,500	State 25%	318,750	62,500	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													Security Tool(s) - CA			150,000											
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													Security Tool(s) - SESA			225,000											
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.)

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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

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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.)

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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: PL-KD Enhance OMWBE Outreach
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Services and Enterprise Support Administration (SESA) requests funding to support 2 full-time staff to ensure access to appropriate high quality services to diverse client populations. By funding this request, SESA is expected to generate service providers in small and diverse vendor communities and improve overall outcomes for 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	0	218,000	218,000
001-2 General Fund - Basic Account-Federal	0	48,000	48,000
Total Cost	0	266,000	266,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	2.0	1.0

Package Description:

Problem:

The department serves a very diverse population that requires unique services to meet their varied ethnic, racial, and socio-economic needs. In order to ensure that services are appropriate and timely it is necessary to attract and retain a diverse vendor and service provider network that is available to serve clients. DSHS vendor outreach is limited but has the potential to expand in diverse communities resulting in increased customer satisfaction and economic impact in minority communities.

By having a set of individuals who become familiar with communities within the state and who develop a stronger understanding of the agencies and companies that exist throughout the state; DSHS will improve its ability to interest these organizations in contracting with DSHS. The same set of individuals will be able to assist new providers in navigating the complexity of becoming a service provider to the state. In the long run the diverse set of clients served by DSHS will likely experience improved outcomes from receiving services from organizations that understand their background.

Solution:

Funding will provide two staff members to expand outreach and vendor services to attract and retain diverse service providers dedicated to a singular purpose, centrally managed and available to enhance the network of diverse providers available to DSHS. Cumulatively these staff will improve the department's ability to provide diverse and timely services to our clients.

Staff dedicated to identifying and supporting diverse, small and veteran businesses to become vendor partners with DSHS would result in better client satisfaction through more culturally relevant services, increased economic impact in minority communities and broader appeal for small business interaction with state government. Current staffing levels do not allow for dedication to expand these business relationships.

Agency Contact: Don Petrich 360-902-7831
Program Contact: Patricia Lashway 360-902-7812

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Department of Social and Health Services

DP Code/Title: PL-KD Enhance OMWBE Outreach
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Business with a more diverse group of vendors will result in improved culturally appropriate services to clients, greater vendor competition, and increased socio-economic impact in diverse communities where many DSHS clients reside. Stronger communities benefit all residents.

Performance Measure Detail

Agency Level

Activity: K001 Administration and Supporting 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 strategic objective 4.1 Promote opportunities with minority, women and veterans' owned businesses. Having a diverse set of service providers for DSHS that reflect the diversity of DSHS clients will promote positive outcomes for clients and the community.

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

This decision package supports the following Results Washington Goals:

Goal 4: Healthy and Safe Communities - Fostering the health of Washingtonians for a healthy start to a safe and supported future. A broad and diverse set of providers serving DSHS clients will improve client engagement in programs and result in improved longer term outcomes.

Goal 5: Efficient, Effective & Accountable Government - Fostering a Lean culture that drives accountability and results for the people of Washington. Having high quality and diverse contracted services promote results for the people of Washington.

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

Advocate groups that speak in support of DSHS clients and services will support this change.

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

DSHS for many years has done outreach at the local level to increase the diverse pool of providers that provide services to DSHS without making significant strides in the diversity of providers. Existing staff that are trained on supplier diversity or investigation do not have sufficient time to do a thorough job of outreach and engagement with potential service providers.

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

Status quo. DSHS will continue to have too little engagement with providers that come from a diverse background and additional organizations that could serve DSHS clients will not enter into contracts with DSHS.

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

Department of Social and Health Services

DP Code/Title: PL-KD Enhance OMWBE Outreach
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

WMS1 costs were calculated using the DSHS Staffing Model.

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

All costs are ongoing into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	168,000	168,000
B Employee Benefits	0	56,000	56,000
E Goods\Other Services	0	26,000	26,000
G Travel	0	1,000	1,000
J Capital Outlays	0	12,000	12,000
P Debt Service	0	1,000	1,000
T Intra-Agency Reimbursements	0	2,000	2,000
Total Objects	0	266,000	266,000

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	0	218,000	218,000
<i>Total for Fund 001-1</i>	0	218,000	218,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	0	48,000	48,000
<i>Total for Fund 001-2</i>	0	48,000	48,000
Total Overall Funding	0	266,000	266,000

Department of Social and Health Services

DP Code/Title: PL-KE Improve HR Investigations
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Services and Enterprise Support Administration (SESA) requests funding to support 6 (six) full-time investigators. By funding this request, SESA is expected to reduce the average time to open, conduct and close employee investigations to 30 days or fewer.

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	530,000	530,000
001-2 General Fund - Basic Account-Federal	0	115,000	115,000
Total Cost	0	645,000	645,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	6.0	3.0

Package Description:

Problem:

Conducting fair, thorough and timely internal employee investigations is a critical function to ensure our employees meet the highest ethical and professional standard of conduct. DSHS investigates more than 500 complaints of employee behavior or performance per year. Employees are often assigned alternate work duties during investigations, requiring backfill or substitution, costing valuable program dollars. Completing investigations and returning staff to their regular job assignments, or taking timely and defensible corrective action, is of highest priority to preserve program funding and remove or reassign employees whose behavior or performance cannot be corrected.

Recent legislation directed at Childrens' Administration (Aiden's Act, Ch. 298, L. 2015) requires After Action Review processes for all child-fatalities and near-fatalities be complete within 180 days from occurrence, including any employee investigation required.

Solution:

Funding will provide 6 staff members who are trained investigators, dedicated to that singular purpose, centrally managed and available to conduct, support or consult on any investigative need.

The least effective solution is provided by a team of 3 dedicated investigators to augment the existing team of Civil Rights investigators. That team of 3 does not have the capacity to assume responsibility for conduct and performance investigations in addition to civil rights investigations. Six investigators, deployed statewide, provides optimal coverage and availability of investigative services and consultation. Ideally, six investigators would be hired at the same time, trained and oriented at the same time.

Agency Contact: Don Petrich 360-902-7831
Program Contact: Patricia Lashway 360-902-7812

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Department of Social and Health Services

DP Code/Title: PL-KE Improve HR Investigations
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Employee investigations will be completed within 30 calendar days by trained and qualified professionals. Costs associated with alternate work assignments for employees who are subjects of investigation will be reduced.

More than half of DSHS internal investigations depend on program staff. These staff do not regularly conduct investigations and schedule investigatory work secondary to regular duties, protracting the completion of investigations. Since nearly all cases investigated involve placing employees into alternate work assignments which results in customer-or patient-focused employees working for long periods of time in kitchens, laundries, or performing clerical work while paid at higher rates of pay. Programs have to fill behind them with non-perms or overtime until/if they can return to regular duty, resulting in unanticipated expenses. In addition, these delays cause irreparable damage to the morale and disruption of work units. The existing Human Resources Investigations Unit (IU), responsible for conducting civil rights investigations, also assumes complex employee misconduct cases as staff resources are available. The unit is currently staffed with three full-time investigators, each averaging 7-10 cases (not including consultations, triaging, and reviewing investigative reports from program staff.) The IU completes employee investigations in 12 to 30 days, whereas the average length of time for investigations conducted by program staff is currently is 48 days.

In 2015, Aiden's Act (Ch. 298, L. 2015) enacted a requirement that fatalities and near fatalities involving enrolled children be investigated, including a required employee investigation if circumstances dictated. The investigations are not new, however the Act imposes a 180 time limit on the entire after action review, including any employee investigation. Brevity is key to compliance. The objective is to have all employee investigations complete in 30 days or fewer.

Performance Measure Detail

Agency Level

Activity: K001 Administration and Supporting 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 strategic objective 5.7 Increase the total cost avoidance dollar amount per fiscal year. Protracted and lengthy employee investigations increases the cost of providing public services. Returning staff to their regular job assignments reduces the costs of substitute employees.

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

This decision package supports the following Results Washington Goals:

Goal 4: Healthy and Safe Communities - Fostering the health of Washingtonians for a healthy start to a safe and supported future. Holding accountable staff who are responsible for ensuring the safety of children and vulnerable adults is essential.

Goal 5: Efficient, Effective & Accountable Government - Fostering a Lean culture that drives accountability and results for the people of Washington. Completing investigations and returning staff to their regular job assignments, or taking timely and defensible corrective action, is of the highest priority in ensuring quality and efficient government services.

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

The Office of the Family and Children's Ombuds testimony on Aiden's Act would support this decision package.

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

Administrations have assigned investigative duties to members of their respective staffs, however those investigators are available only occasionally, and are seldom available across administrations long enough to complete complex

Department of Social and Health Services

DP Code/Title: PL-KE Improve HR Investigations
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

investigations.

Supervisors, trained to investigate performance-related allegations, also do not have sufficient time to initiate and complete complex employee investigations outside their immediate program area, and may need to recuse themselves inside their program area.

Status quo is not an effective alternative as investigations are often lengthy, avoid no related costs and does not shorten the duration of employee investigations.

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

Status quo. In addition to continuing lengthier investigation timelines and increased personal services expenses, DSHS risks noncompliance with Aiden's Act reporting requirements.

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

Staff costs are calculated using the DSHS Staffing Model.

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

All costs are ongoing into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	372,000	372,000
B Employee Benefits	0	141,000	141,000
E Goods\Other Services	0	75,000	75,000
G Travel	0	22,000	22,000
J Capital Outlays	0	27,000	27,000
P Debt Service	0	2,000	2,000
T Intra-Agency Reimbursements	0	6,000	6,000
Total Objects	0	645,000	645,000

Department of Social and Health Services

DP Code/Title: PL-KE Improve HR Investigations
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	0	530,000	530,000
<i>Total for Fund 001-1</i>		0	530,000	530,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
FLIV	Fed Entered as Lidded (various%s)	0	115,000	115,000
<i>Total for Fund 001-2</i>		0	115,000	115,000
Total Overall Funding		0	645,000	645,000

Department of Social and Health Services

DP Code/Title: PL-KF Safety Staff
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

The DSHS Financial Service Administration (FSA) requests funding to hire three Full Time Equivalent (FTE) employees, all of which would be Safety Officer 3 positions. Two of the Safety Officer 3 positions would be to provide direct, more responsive safety support to the Department's thousands of employees located at dozens of institutions and regional / field office sites in Eastern Washington. These positions would also provide assault investigation support to Eastern State Hospital as a part of a critical settlement effort and partnership with Labor and Industries. The third Safety Officer 3 position would be qualified to address on an enterprise level ever-increasing industrial hygiene and infectious disease issues, such as: air quality, mold concerns, asbestos certification, blood-borne pathogens, infectious diseases, and hazardous material maintenance and disposal for DSHS's eleven residential facilities, eight community facilities and 200-plus office 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	0	258,000	258,000
001-2 General Fund - Basic Account-Federal	0	57,000	57,000
Total Cost	0	315,000	315,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	3.0	1.5

Package Description:

Problem:

Employee safety services for locations in Eastern Washington are being met sporadically by Safety Officers assigned to the Western side of the State. Absorbent travel time and travel costs preclude effective or timely safety training, consultation, investigatory or compliance services to the thousands of DSHS staff working in Eastern Washington who deserve as good as service as required in the more populous Puget Sound Basin. Currently, the increased travel also poses an increased safety hazard to current staff pressured to meet and ever-increasing need for safety support on the Eastside, particularly in the winter months. Additionally, there is a growing requirement to conduct timely assault investigations at all facilities throughout the Department. This demands an ongoing presence of additional Safety Officer support for the Spokane area in order to respond swiftly to assaults at Medical Lake facilities in order to help determine root causes and strategic mitigation.

Industrial Hygiene and infectious disease concerns are considerable throughout DSHS and require full time expertise. This is reflected in the State's Collective Bargaining Agreements attention to ergonomic and air quality concerns of all the unions. It is evident by the State's increasing concern for the proper use, transportation and disposal of hazardous and toxic materials, as well as the safeguarding of employees routinely handling potentially toxic drugs as they do in our facilities. It can also be demonstrated by the concerns for infectious disease issues as experienced recently in global Ebola and Bird-flu events. Air quality and potential mold issues are raised by staff each year requiring expert attention. Similarly, the potential presence of asbestos materials in numbers of our aging structures demands proper, professional oversight and disposition. Moreover, the department requires expert oversight for: all DSHS's infectious disease / blood-borne pathogen programs; all location's hazardous materials / communications milieu; confined space /gas free engineering policies and plans; and expertise in vermin control.

Solution:

FSA intends to hire to three positions, all Safety Officer 3, to be managed by the Department's Central Safety Office in ERMO. One position will reside in Olympia and the two of the Safety Officer positions will reside at the Medical Lake complex.

Department of Social and Health Services

DP Code/Title: PL-KF Safety Staff

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Agency Contact: Don Petrich 360-902-7831

Program Contact: Kevin Doty 360-902-8051

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

It is expected that by incorporating professional industrial hygienist and the added Safety Officer support east of the mountains, the entire Department will positively impacted by: making DSHS a more satisfying and safer environment for every employee; increase the occupational health posture of the Department; provide greater, more cost effective monitoring and oversight of the Department's safety and occupational health programs; help to decrease safety incidents and employee risk ratings; reduce Worker's Compensation premium payouts in future years; decrease complaint visits and possible violations/penalties issued by the Department of Labor and Industries; and increase the Department's state and national reputation as a leader in safety and occupational health.

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 implement the following strategic objectives:

2.1: Reduce workplace injuries.

5.10: Reduce average number of open Workers' Compensation claims for DSHS staff.

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

This decision package supports the following Results Washington Goals:

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

Goal 4: Healthy & Safe Communities - Safe People - Worker Safety - 2.5 Decrease workplace injury rates that result in missing three or more days from work.

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?

It is anticipated that the legislature, employee unions, and the Department of Labor and Industries will favorably endorse the Department's expanded efforts to concentrate qualified, professional expertise at the critical issue of safety and occupational health.

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

The Department has continued to increase its safety posture through continued, ongoing positive contact with managers and employees, and by providing comprehensive safety service to all. We have explored using external resources for as well as expanding travel to current resources to deliver the same expected services, but find that the addition of an added FTE to the eastern portion of state and the specialized expertise of industrial health is most cost-effective.

Department of Social and Health Services

DP Code/Title: PL-KF Safety Staff
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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

- A continued lack of industrial hygiene expertise / oversight for DSHS, the largest, most functionally diverse Department in the State.
- Reduced safety engagements, trainings, consultations and overview inspections, particularly to assets on the east side.

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

Staffing costs are calculated using the DSHS Staffing Model.

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

All costs are on-going.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	236,000	236,000
B Employee Benefits	0	76,000	76,000
T Intra-Agency Reimbursements	0	3,000	3,000
Total Objects	0	315,000	315,000

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	258,000	258,000
<i>Total for Fund 001-1</i>		0	258,000	258,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
FLIV	Fed Entered as Lidded (various%s)	0	57,000	57,000
<i>Total for Fund 001-2</i>		0	57,000	57,000
Total Overall Funding		0	315,000	315,000

Department of Social and Health Services

DP Code/Title: PL-KG Auditing Staff
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS FSA requests funding to hire five Internal Auditor FTEs and one Information Technology Auditor to be specifically charged with assisting the Chief Audit Executive to conduct internal audits as referenced in RCW43.88.160, SAAM20.40.40 and IIA Standard 2000. Internal Audit derives its authority from the Audit Committee.

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	589,000	589,000
001-2 General Fund - Basic Account-Federal	0	128,000	128,000
Total Cost	0	717,000	717,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	6.0	3.0

Package Description:

Problem:

The Internal Audit Department has decreased in FTEs from 41 in 1988 to its current staffing level of 8.5. The number of audit staff per DSHS employee (based on 17,500 DSHS employees) is 2,059. There are approximately 250 identified audit areas on the Internal Audit universe which is constantly expanding. Internal Audit will conduct audits of these areas to ensure that assets are safeguarded, policies and procedures are followed, there is accuracy and reliability of its accounting data, client health and safety procedures for residents are followed and operational efficiency is promoted. Background Checks, Client Resident Funds, Contracts Administration and Monitoring are significant risk areas to DSHS and should be audited frequently. There are currently 77,209 contracts valued at \$490 Million at DSHS. In addition to the approved annual audit plan each fiscal year, Internal Audit has done significant work in areas of fraud investigation and consultation engagements. It is increasingly difficult, if not impossible, to meet all of the audit and consultation demands in a timely manner.

Special Projects: Administrations often request additional work to be completed during the course of the audit year. During the FY15 Audit Year there were 10 special projects not identified on Audit Plan for a total of 3,457 hours worked by Internal Audit that were requested from the Secretary or executive management.

Institutions: There is currently a combination of 24 locations including mental hospitals, institutions, schools, state operated living alternatives (SOLA) and juvenile rehabilitation community facilities in our audit universe. Internal Audit's goal is to audit these type facilities once every three years. Currently, there are 16 facilities that haven't been audited in over three years. Of the 16 facilities, 13 have not been audited in over five years.

Additionally, four of the five SOLA locations have never been audited and eight of the nine juvenile community facilities have not been audited in over nine years. These facilities have not been audited due to other demands placed on the Internal Audit Department.

Community Service Offices / Division Child Support Offices: Currently, Internal Audit does not have on the FY16 Audit and Consultation Plan, audits of Economic Services Administration's 58 Community Service Offices (CSO) and nine Division of Child Support (DCS) offices located across the state. This is due to lack of Internal Audit staffing. To enhance internal control, Internal Audit has worked with ESA to develop a Change of Administrator self-assessment tool used for new CSO Administrators. However, Internal Audit does not perform these audits. Internal Audit would provide internal audits of the CSOs and the DCS Offices on a rotational basis with additional staffing, working towards a goal of once every three years.

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DP Code/Title: PL-KG Auding Staff

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Children's Administration Offices: There are 42 DCFS Offices and six Regional Offices in Children's Administration. Internal Audit has not audited a DCFS or Regional Office in over nine years.

AL TSA Residential Care Services: Internal Audit has not audited the eight RCS Regional Offices.

Central Maintenance Operations: Internal Audit has never completed an audit or consultation of these 11 facilities.

CIBS & RBCs: Internal Audit conducted a consultation of the three Regional Business Centers in 2012. The CIBS Central Office was audited in 2012 in conjunction with the audit of Western State Hospital. CIBS and RBCs handle the accounting administration for the various offices and institutions across the state.

Budgeted Hours: The following shows the number of budgeted Internal Audit hours per facility audits:

Facility Type	Number Locations	Budgeted Hours Per Location Type	Total Hours
Hospital, School, Institution	11	2,400	26,400
RA Community Facility	8	700	5,600
DDA SOLA	5	600	3,000
CSOs	58	500	29,000
DCS Offices	9	500	4,500
CA DCFS & Regional Offices	48	500	24,000
RCS District Offices	8	500	4,000
CMO Locations	11	1,000	11,000
CIBS & RBCs Locations	4	2,000	8,000
Totals	162	8,700	115,500

- Hospital, Schools, Institutions include: BHSIA (WSH, ESH, CSTC), DDA (Fircrest, Rainier, YVS, Lakeland), RA (GHS, EG, NYC, SCC).

- RA Community Facilities include: Oakridge, Woodinville, Twin Rivers, Canyon View, Parke Creek, Ridgeview, Sunrise, and Touchtone.

- DDA SOLAs include: Bremerton, Tacoma, Seattle, Yakima and Spokane.

- CSOs include: 58 offices located across the state

DCS Offices include: Seattle, Tacoma, Everett, Yakima, Spokane, Olympia, Wenatchee, Vancouver and Kennewick.

- CA Offices include: 48 offices located across the state

RCS District Offices: Spokane, Yakima, Arlington, Kent, Lakewood, Vancouver, Lacey and Tumwater.

- CIBS & RBCs: 1 CIBS Central Office located at Western State Hospital and 3 RBCs located in Spokane, Seattle and Tacoma.

The number of Internal Audit hours allocated by year is outlined below:

- Audit each facility every year is 115,500 audit hours.

- Audit each facility every two years is 57,750 audit hours.

- Audit each facility every three years is 38,500 audit hours.

- Audit each facility every four years is 28,875 audit hours.

- Audit each facility every five years is 23,100 audit hours.

Internal Audit's goal is to have each facility audited every three years. However, with 162 various locations covering several administrations, the likelihood of this goal being accomplished would be difficult to achieve. In addition, new Internal Audit staff would also work on Administrative audits and consultations. We will adjust based on staffing to achieve a goal of auditing the facilities every four to five years. The number of audits and consultations scheduled to be completed each year with the addition of five internal auditors are as follows. These audits and consultations may be adjusted to other facility types as needed.

	Number	Hours
Additional institutions completed each year	1	2,400

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Additional CA Offices completed each year	1	500
Additional DCS Offices completed each year	1	500
Additional CIBS / RBCs completed each year	1	2,000
Additional Administrative completed each year	1	2,280
Total Additional Audits and Hours	5	7,680

The total amount of hours is based on 2,080 less 25% for Administration time leaving a balance of 1,560 hours of chargeable time to projects for each auditor. A total of 7,680 hours is projected to be allocated to additional projects. The audits listed in the above table can be allocated differently to increase the number of projects completed.

Information Systems Risk Assessments: The requirements by the Office of Civil Rights and the Code of Federal Regulations (CFR) 164.308 (A) states, "A Risk analysis is required. Conduct an accurate and thorough assessment of the potential risk and vulnerabilities to the confidentiality, integrity and availability of electronic protected health information held by the covered entity or business associate".

Currently, there are 87 systems in which a risk analysis has been completed by the Security Rules Office. Internal Audit has coordinated with the Security Rule Program Manager to conduct audits of the completed risk analysis for each system to satisfy requirements. Internal Audit has one system on the FY16 Audit and Consultation Plan scheduled in January 2016. However, lack of Internal Audit IT Staff will prohibit the completion of this project in its entirety for the 87 systems in the near term. As the Security Rule Program Manager continues to expand the number of systems that will require a risk assessment, the number of required audit hours will continue to be of demand.

Budgeted hours for each system	400
Number of systems	87
Total Hours Required for Completion	34,800

Internal Audit would complete two risk assessment audits per year with the addition of one Information Technology Auditor. In addition, two more information technology audits or consultations will be completed by the IT Auditor.

Administration Audits & Consultations: Internal Audit conducts audits and consultations of various administrations business processes and contracts to make recommendations to enhance efficiencies. For example, a consultation of the ESA IBM Information Technology Contract identified a recovery of \$745,000 from a sales tax overcharge. Added staff in this area would allow more business process and contract reviews.

Information Technology Audits & Consultations: Aside from the IT Risk Assessment Audits that are being completed, Internal Audit works in various areas of the Department as it relates to IT and IT Security. In addition, Internal Audit has ACL data analytic software that is used for various audits. For example, an audit of AFRS Duplicate Payments has been completed which produced recoveries to the Department. Other audits and consultations conducted by the IT Auditor have been Safe Disposal of Hard Drives.

Quality Assurance Review: Internal Audit recently completed a Quality Assurance Review (QAR) by an independent external assessor as required by the Institute of Internal Auditors Professional Standards. This is required every five years. The last review prior to Internal Audit's 2014 QAR was completed in 2006. One of the findings in the report was the following: "DSHS Executive Management recognizes the need and budgets for a larger, well qualified internal audit staff over the next several biennia. A staff that is suitable to the whole agency and can audit more strategically, has an in depth knowledge of current business and management practices, uses data analytics and IT audits, uses advanced risk assessment and program performance outcomes to increase Internal Audit's value to the whole agency".

Solution:

FSA intends to hire five Internal Auditors and one Information Technology positions to be managed by the ERMO Operation

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Review and Consultation's Internal Audit Manager. These positions will provide statewide coverage. They will be assigned internal audit and consultation engagements outlined on the annual audit plan as directed by the Internal Audit Manager and the Institute of Internal Auditor Standards and described in RCW 43.88.160 (4).

The six Auditors will provide an independent and objective review of internal controls of an assigned audit or consultation engagement with respect to safeguarding of assets, compliance with policies and procedures, accuracy and reliability of its accounting data and promoting operational efficiency. This could potentially lead to cost savings and cost avoidance.

Historically, Internal Audit has not completed performance type audits. We have found that Internal Audit is evolving to complete a number of these performance-based audits in addition to compliance based audits. These performance audits will have high value and could potentially yield both improved processes and a decrease in expenditures. For example, Internal Audit is currently conducting a performance review of "Client Resident Funds Best Practices".

Agency Contact: Don Petrich 360-902-7831
Program Contact: Kevin Doty 360-902-8051

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The budget request for the additional FTEs supports FSA and DSHS Goals. For example, Internal Audit has included within their institutional audit guides many attributes that will support the DSHS goals. Health, Safety, Protection, Quality of Life and Public Trust are part of Internal Audit's guides for state hospitals, institutions, state operated living alternatives and group homes. The protection of vulnerable clients is reviewed by Internal Audit in our audit programs from not only health and safety but from a financial perspective to ensure there is proper administration of client resident funds.

Both internal audits and consultations can assist executive and mid-level management to ensure proper internal controls are in place to support the strategic goals of each administration. Internal Audit can provide an independent, objective assurance and consulting activity designed to add value and improve DSHS's operations. Internal Audit can help DSHS accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and their governance processes.

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 implement the following strategic objectives:

5.5: Increase accuracy of payments to employees.

5.6: Update local funds financial system and policies.

5.8: Reduce the amount of losses identified through annual inventory of tagged assets.

- Strengthening the Department's internal controls
- Safeguarding the Department's resources
- Identifying performance improvements.

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

This decision package supports the following Results Washington Goals:

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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 - Resource Stewardship - Ensure that funding is used responsibly.

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

It is anticipated that there would be only positive reinforcement related to the proposed investment from stakeholders. The increase of six FTEs will give increased internal audit coverage, align with both DSHS and FSA's strategic plan and add value to DSHS. They will assist executive and mid-level management in safeguarding assets, following policies and procedures and promoting efficiencies as outlined in RCW 43.88.160(4) and the Institute of Internal Auditors Standards.

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

DSHS could contract with SAO (or external consultants) to perform audit engagements. However, they are not as familiar with DSHS services and business practices as our internal audit team.

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

- Weakness in internal controls for business units.
- Loss of funding (disallowances, fines).
- Loss of certification (for non-compliance).
- Foregoing efficiencies and performance management opportunities.

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

Staffing costs are calculated using the DSHS Staffing Model.

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

All costs are on-going.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	539,000	539,000
B Employee Benefits	0	172,000	172,000
T Intra-Agency Reimbursements	0	6,000	6,000
Total Objects	0	717,000	717,000

Department of Social and Health Services

DP Code/Title: **PL-KG Auding Staff**

Program Level - **110 Administrative & Supporting Services**

Budget Period: 2015-17 Version: K2 110 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	0	589,000	589,000
<i>Total for Fund 001-1</i>		0	589,000	589,000
Fund 001-2, General Fund - Basic Account-Federal				
<u>Sources</u>	<u>Title</u>			
FLIV	Fed Entered as Lidded (various%s)	0	128,000	128,000
<i>Total for Fund 001-2</i>		0	128,000	128,000
Total Overall Funding		0	717,000	717,000

Department of Social and Health Services

DP Code/Title: PL-KH Lean Capacity
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Services and Enterprise Support Administration (SESA) requests funding for five staff, and training materials and related travel expenses, to carry out Governor Inslee's directive in Executive Order 13-04 to, "build capacity for Lean while embedding Lean in the Department's culture." By funding this request, SESA is expected to train 120 Lean practitioners and conduct workshops for nearly 2,000 leaders.

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	640,000	640,000
001-2 General Fund - Basic Account-Federal	0	139,000	139,000
Total Cost	0	779,000	779,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	5.0	2.5

Package Description:

Problem:

As Washington state's largest agency, DSHS has more than 17,800 employees in eight Administrations carrying out hundreds of business processes serving 2.5 million diverse clients across the state. DSHS has not been funded for the centralized capacity to carry out the Governor Inslee's directives in EO 13-04 to, "build capacity for Lean, while embedding Lean in the Department's culture," to improve service to clients.

Solution:

Fund a Continuous Improvement Office (5.0 FTE) to systematically build knowledge about continuous improvement principles, develop staff, coordinate knowledge, establish consistent practices for conducting process improvements, and develop a culture of authentic leadership. The Office would include a Director, Continuous Improvement Manager, Project Manager, Engagement Specialist and Management Analyst. The investment would also include travel, print materials and facility rentals to enable 144 Lean trainings, 10 Project Lead classes, and 60 Leadership workshops by the end of FY 2017.

Agency Contact: Don Petrich 360-902-7831

Program Contact: Linda Kleingartner 360-902-0787

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

120 staff will receive training as Lean practitioners so they can support ongoing continuous improvement efforts in agency business processes. 100 staff will be trained as Project Leads to ensure that action plans from Lean events are properly implemented. 2,000 leaders, managers, and supervisors will be engaged in multi-day workshops to ensure common understanding and expectation of DSHS leadership. The Department will have consistent, standardized Lean activities, policy development, and implementation of improvement efforts.

Department of Social and Health Services

DP Code/Title: PL-KH Lean Capacity
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

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 implement strategic objective 5.13: Improve the quality of DSHS services through continuous improvement and Lean culture.

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

This decision package supports the following Results Washington Goals:

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

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 for this decision package are the employees of the eight DSHS Administrations, and indirectly the 2.5 million clients they serve annually. DSHS Administrations will receive effective training, clear policy, and standardized approaches to implementing Lean which will lead to improved efficiency. In turn, this will result in organizational capacity to improve business processes which deliver services. 2.5 million DSHS clients can benefit from improved services resulting from a consistent framework to Lean implementation, effective project management, and quality assurance within the department.

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

DSHS has not been funded for the centralized capacity to carry out Governor Inslee's directives in Executive Order 13-04, so the status quo has been using staff borrowed from other programs which affects their ability to deliver results. As the largest agency in Washington Government, with almost one-third of the state's employees operating across the state, DSHS plays a critical role in Washington State's success in implementing Lean and developing a Lean culture.

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

Status quo. Staffing to commit to effective state-wide processes could be eliminated, which would impact the agency's ability to build capacity and embed Lean and other continuous improvement processes into the Department's culture. Cross-agency coordination among Administrations to build consistent practices could cease. We could be at risk to have disparate Lean transformation between headquarters and field staff.

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

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DP Code/Title: PL-KH Lean Capacity
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Staffing costs are calculated using the DSHS Staffing Model.

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

All costs are on-going.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	0	586,000	586,000
B Employee Benefits	0	188,000	188,000
T Intra-Agency Reimbursements	0	5,000	5,000
Total Objects	0	779,000	779,000

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	0	640,000	640,000
<i>Total for Fund 001-1</i>	0	640,000	640,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
FLIV Fed Entered as Lidded (various%s)	0	139,000	139,000
<i>Total for Fund 001-2</i>	0	139,000	139,000
Total Overall Funding	0	779,000	779,000

Department of Social and Health Services

DP Code/Title: PL-KI TRACKS
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Operations and Support Services Division (OSSD) requests \$4,242,000 for 4.0 FTE and services and software in order to replace its legacy e-Purchasing and Asset Management System (Tracks). By funding this request, OSSD is expected to purchase or build an e-Purchasing and Asset management system to comply with Procurement Reform Act (RCW 39.26), additional OFM requirements, and automate costly work-arounds.

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	1,124,000	2,360,000	3,484,000
001-2 General Fund - Basic Account-Federal	245,000	513,000	758,000
Total Cost	1,369,000	2,873,000	4,242,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	2.0	4.0	3.0

Package Description:

Problem:

For almost 20 years, DSHS has used a legacy e-Purchasing and Asset Management system (Tracks) for processing purchase requests into purchase orders and managing assets and vehicles. Due to the aging nature of this system, along with new regulatory and business demands, this system is no longer suitable for DSHS needs. As a result, DSHS is requesting funding to purchase a Software as a Service (SaaS), Commercial off the Shelf (COTS), or contracting to build a custom e-Purchasing and Asset management system to comply with Procurement Reform Act (RCW 39.26), additional OFM requirements, and automate costly work-arounds.

- This Decision Package is only capturing the 18 months costs for implementation. We expect there will be subsequent Maintenance and Operation costs over a five year cycle.
- DSHS has not determined the implementation approach at this time.
- The State portion is 82% based on an assumed 18% Federal match.

DSHS uses the legacy e-Purchasing and Asset Management system to process over 27,000 purchases annually totaling over \$73 million, and to manage assets valued over \$85 million in 30 cost centers. The existing legacy system is antiquated, built over several years starting in 1996, using VB6 and SQL. The system has since been piece-meal enhanced over the years using NET, C#, VB6, and classic ASP. This approach has made the system expensive and challenging to maintain and enhance. The following are known problems with the current system:

- The legacy system does not meet the department's needs in four key areas: (1) compliance with procurement reform laws, (2) necessary detail on purchase card spend (3) lack of flexibility to meet organizational change and business consolidation needs, and (4) accurate purchasing data.
- The legacy system does not meet OFM requirements in that it does not calculate depreciation, allow asset category code changes to reflect current OFM SAAM Chapter 30 requirements, include the full value of asset (taxes, shipping, subsidiary components), or accept direct entry of non-DSHS transferred assets into the DSHS system.
- The legacy system contains numerous entries of protected health information for DSHS clients. The system was not originally designed to contain this information and consequently does not have adequate protections in place to manage and secure this type of data.
- The lack of flexibility and inefficiencies of the system creates hours of manual workarounds for staff as the legacy system does not allow changes to organizational identifiers due to DSHS reorganization. (refer to the Information Technology Addendum and Appendix B-Concept Briefing for further problem details).

Department of Social and Health Services

DP Code/Title: PL-KI TRACKS

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Solution:

DSHS is seeking input from vendors capable of delivering a SaaS, COTS, or a custom built solution. The DSHS e-Purchasing and Asset Management Replacement project is intended to replace the outdated legacy purchasing and asset inventory system and meet procurement reform law.

DSHS is in the discovery/market analysis stage, analyzing alternatives for the implementation approach. Activities include:

- Completed research of Washington state agencies and other jurisdictions.
- Completed initial research of Purchase to Pay (P2P) systems from Gartner Magic Quadrant which included several phone discussions and vendor demonstrations.
- Planning to release a Request for Information (RFI) at the end of September 2015 seeking responses at the end of October for a SaaS, COTS, or custom built solution with vendor demonstrations to follow.
- Plan to complete Business Case document with solutions alternatives and recommended approach for executive management by end of December 2015.
- If this Decision Package is approved, DSHS would release an RFP to determine the best vendor to meet DSHS's need.

DSHS is looking at several approaches to replace our legacy system with a significant focus on a SaaS or COTS solution that offer a cloud-based option. Those vendors will be evaluated on their ability to meet DSHS business requirements and provide a secure solution which meets OCIO security policy and standards. For the purposes of this decision package, both DSHS and CTS hosting solutions are being considered.

The FTEs will do the following:

1. 1 IT Business Analyst - Liaison between the vendor and business validating business requirements and solution, facilitating configuration management and user acceptance testing.
2. 1 IT Developer - Liaison with the vendor to validate DSHS security and other technical requirements, develop solution to authenticate users to cloud Active Directory (AD), assist vendor with data migration and conversion, and implement coding and unit testing as may be needed.
3. 1 Program Specialist 5 - Act as CPU's main point-of-contact as the system business owner, and provide input, guidance, and support to IT Business Analyst and contractor team to configure contractor's system solution to meet DSHS organization structure; request-to-purchase management approval requirements; consolidated business office functions; Cost Center and Location Code identifier associations; partner with DES on master contract catalog development; and compliance with DES laws and DSHS decentralized delegated authority across the state.
4. 1 Program Specialist 5 - Liaison with Administration, Headquarter, Division, and Local Office stakeholders to assess current process and needed changes driven by new system. Act as lead to develop new system training curriculum; revise Administrative Policies (as needed); update CPU instructions, links, and SharePoint resources; plan for multi-month statewide training roll-out; provide statewide system training; and assist with other system implementation projects.

Agency Contact: Don Petrich 360-902-7831
Program Contact: Sheila Anderson 360-664-6023

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS expects the new system will eliminate waste and duplicative processes, and maximize effectiveness and efficiencies. This will address the problems explained above and will ensure compliance with the Procurement Reform Act, IT Security standards, DSHS policies and procedures, and Performance Based Contracting/Monitoring requirements. Further it will

Department of Social and Health Services

DP Code/Title: PL-KI TRACKS

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

reduce risk of delays and errors, allow for continuous improvements and efficiencies including the following:

- Compliance with Purchasing and Asset Management rules: Implement controls that will prevent or detect actions that violate state and DSHS purchasing and asset management rules. Prevention is preferred. Measures include: 1) Non-compliant or fraudulent purchases are prevented or detected. 2) Lower risk rating from DES
- Robust enterprise reporting for Agency Executive Management, State Auditors, Legislature and the Governor's office. This includes ability to pull and report on any (or all) of Tracks data fields. Measures include: Management is able to get the reports they need from the system directly and immediately.
- Remove waste and streamline purchasing and asset management. Measures include: 1) Cost per PO target 2) Request to PO lead time target.
- Easy to use and intuitive system. Measures include: 1) Users are able to use the system properly with minimal training 2) Usability ratings meet or exceed those of Scan KB, AppTracker and HARTS.
- System of record for purchases of operational goods and services and management of inventorial assets. Measures include: Users are able to get accurate information about purchases and assets (historical and current).
- Flexible and responsive to changing organizations and organizational needs. Measures include: Easily able to adjust to yearly Delegation Memo changes, along with DSHS organizational changes.
- Potential Statewide Enterprise Pilot which could provide a viable, scalable solution with the potential for a future bridge with the OneWashington enterprise procurement system.

Performance Measure Detail

Agency Level

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

The Tracks system replacement project was initially part of the FSA Strategic Plan, but removed from the FSA plan with the understanding this would be part of the ISSD Enterprise Plan, as ISSD is leading the system replacement effort.

The FSA Strategic Plan includes Objective 5.8, "Reduce the amount of losses indentified through annual inventory of tagged assets". Although this objective does not encompass the entire Tracks Replacement project, implementation of a new system solution will improve the management and valuation of tagged DSHS assets.

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

This decision package provides essential support to 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.

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

Inefficiencies cause stakeholders to struggle in usage of the existing system and unnecessary work. In addition, administrations and divisions resort to creating internal tracking systems, which leads to data captured in multiple systems and tools. The new system would have a significantly positive impact on stakeholders, improving, simplifying and standardizing processes. This would allow purchasing staff to efficiently and expeditiously process requests, getting necessary items and services in support of DSHS operations to include care for clients and residents. Stakeholders could be assured their purchases comply with laws, rules, policies, and procedures.

Project planing includes strong DSHS executive management support and active user participation.

The greater impact is having demonstrative ability to ensure purchasing actions are compliant with RCW 39.26, DES, and DSHS purchasing rules and policies. This will enable DSHS to receive a lower risk rating and instill confidence with DES and other stakeholders.

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

Department of Social and Health Services

DP Code/Title: PL-KI TRACKS

Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

DSHS is looking at several approaches to replace our legacy system with a significant focus on SaaS vendor solutions that offer a cloud-based option. Those vendors will be evaluated on their ability to meet DSHS business requirements and provide a secure solution which meets OCIO security policy and standards.

DSHS has contacted the following Washington state and local government agencies and discovered that there are no viable enterprise solutions available at this time:

- Department of Agriculture
- Department of Enterprise Services
- Office of Financial Management
- State Board for Community and Technical Colleges
- Department of Corrections
- Pierce County
- Department of Licensing
- Department of Transportation

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

Due to the aging nature of this DSHS legacy e-Purchasing and Asset Management System, along with new regulatory, business and security demands, the system no longer meets DSHS needs. If the project isn't funded, the following issues would not be addressed:

- The legacy system does not meet the department's needs in four key areas: (1) compliance with procurement reform laws, (2) necessary detail on purchase card spend (3) lack of flexibility to meet organizational changing needs and business consolidations, and (4) accurate purchasing data.
- The legacy system does not meet OFM requirements in that it does not calculate depreciation on a per asset basis, allow asset category code changes to reflect current OFM SAAM Chapter 30 requirements, include the full value of asset (taxes, shipping, subsidiary components), or accept direct entry of non-DSHS transferred assets into the DSHS system.
- The legacy system contains numerous entries of protected health information for DSHS clients. The system was not originally designed to contain this information and consequently does not have adequate protections in place to manage and secure this type of data.
- The lack of flexibility and inefficiencies of the system creates hours of manual workarounds for staff, along with the creation of stand-alone, local office spreadsheets and databases to track purchasing, asset, and vehicle information.
- The legacy system does not allow changes without extensive and costly programming, when DSHS makes organizational changes.

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 the ASD PL-KH TRACKS Replacement workbook.

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

There are no ongoing staffing costs.

If the system is software as a service solution, there would be ongoing maintenance costs.

Department of Social and Health Services

DP Code/Title: PL-KI TRACKS
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 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	155,000	316,000	471,000
B Employee Benefits	52,000	107,000	159,000
E Goods\Other Services	1,159,000	2,445,000	3,604,000
G Travel	1,000	1,000	2,000
T Intra-Agency Reimbursements	2,000	4,000	6,000
Total Objects	1,369,000	2,873,000	4,242,000

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	1,124,000	2,360,000	3,484,000
<i>Total for Fund 001-1</i>	1,124,000	2,360,000	3,484,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
FLIV Fed Entered as Lidded (various%s)	245,000	513,000	758,000
<i>Total for Fund 001-2</i>	245,000	513,000	758,000
Total Overall Funding	1,369,000	2,873,000	4,242,000

2016 Supplemental Budget ASD PL-KI TRACKS Replacement

Cost by Type

	FY2016	FY2017	2015-17
FTE	2.0	4.0	3.0
FTE Costs	222,000	453,000	675,000
Contractor	1,147,000	2,420,000	3,567,000
Total	1,369,000	2,873,000	4,242,000

Cost by Fund

	FY2016	FY2017	2015-17
GFS	1,124,000	2,360,000	3,484,000
Federal	245,000	513,000	758,000
Total	1,369,000	2,873,000	4,242,000

Information Technology Addendum

Recsum Code and Title: PL-KI Tracks Replacement

Brief Description: Due to the aging nature of this DSHS legacy e-Purchasing and Asset Management System, along with new regulatory, business and security demands, the system no longer meets DSHS needs. Built in 1996, the system (a.k.a. TRACKS) is a web and client/server application with a SQL 2008 database on the backend. It contains multiple modules (E-Purchasing, Fixed Asset, and Vehicle) that have been built as separate add on components over the years with a mix of technologies including .NET Framework 4.0, C#, Visual Basic 6, and Classic ASP.

We are in the discovery/market analysis stage, analyzing alternatives for the implementation approach. Activities include:

- Completed research of Washington state agencies and other jurisdictions
- Completed initial research of Purchase to Pay (P2P) systems from Gartner Magic Quadrant which included several phone discussions and vendor demonstrations
- Planning to release a Request for Information (RFI) at the end of September 2015 seeking responses at the end of October for SaaS/COTs and custom solutions with vendor demonstrations to follow
- Plan to complete Business Case document with solutions alternatives and recommended approach for executive management by end of December 2015.
- If this Decision Package is approved, DSHS would release an RFP to determine the best vendor to meet DSHS's need.

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 e-Purchasing and Asset Management Replacement Project will deliver customer-facing value by streamlining the procurement process and enforcing strict adherence to procurement rules, policies, and procedures. This will be accomplished by replacing existing 20+ year old legacy technologies with a modern e-purchasing solution. This new solution will streamline the following activities:

- Generation of purchase request and purchase order

PL-KI TRACKS

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- Provide custom request purchase request and purchase order approval processing to meet ever changing purchasing rules and guidelines; i.e. procurement reform law
- Simplify purchase request generation through the use of online catalogs tailored to state contracts
- Provide accurate and detailed analytics reporting capability to support better procurement decisions and compliance verification
- Provides flexible framework to support changes required by legislative mandates and OFM rule changes
- Provides enhanced security that meets new OCIO, DSHS and federal security policies and standards in order to protect the integrity of the system data and privacy of DSHS' clients, and building/protecting public trust in government
- Address compliance issues with inventory depreciation reporting to OFM.

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 plan and budget includes the following mitigations and considerations:

- strong DSHS executive management support
- active user participation
- dedicated Project Management, both vendor and state
- independent quality assurance
- vendor led implementation effort
 - business process change review
 - vendor developed and led training
- a 15% contingency.

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.

(INTEN

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

As part of our research and analysis we are asking the vendor community through an RFI for recommendations for implementing incremental business and/or system changes.

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.)

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This is not a public facing system.

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.)

- **Compliance with Purchasing and Asset Management rules:** Implement controls that will prevent or detect actions that violate state and DSHS purchasing and asset management rules. Prevention is preferred. *Measures include:* 1) Non-compliant or fraudulent purchases are prevented or detected. 2) Lower risk rating from DES
- **Robust enterprise reporting** for Agency Executive Management, State Auditors, Legislature and the Governor's office. This includes ability to pull and report on any (or all) of Tracks data fields. *Measures include:* Management is able to get the reports they need from the system directly and immediately.
- **Remove waste and streamline purchasing and asset management.** *Measures include:* 1) Cost per PO target 2) Request to PO lead time target
- **Easy to use and intuitive system.** *Measures include:* 1) Users are able to use the system properly with minimal or no training 2) Usability ratings meet or exceed those of Scan KB, AppTracker and HARTS.
- **System of record for purchases of operational goods and services and management of inventorial assets.** *Measures include:* Users are able to get accurate information about purchases and assets (historical and current.)
- **Flexible and responsive** to changing organizations and organizational needs. *Measures include:* Easily able to adjust to Delegation Memo changes.

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 project will eliminate the reliance on the legacy Visual Basic and Classic ASP technologies which are no longer supported and contain numerous security flaws. This will eliminate the reliance on the legacy user name/password user authentication model supported by the solution and its related high security and maintenance risk.

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- The legacy system contains numerous entries of protected health information for DSHS clients. The system was not originally designed to contain this information and consequently does not have adequate protections in place to manage and secure this type of data.

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.)

DSHS is looking at several approaches to replace our legacy system with a significant focus on SaaS vendor solutions that offer a cloud-based option. Those vendors will be evaluated on their ability to meet DSHS business requirements and provide a secure solution which meets OCIO security policy and standards.

DSHS has contacted the following Washington state and local government agencies and discovered that there are no viable enterprise solutions available at this time:

- Department of Agriculture
- Department of Enterprise Services
- Office of Financial Management
- State Board for Community and Technical Colleges
- Department of Corrections
- Pierce County
- Department of Licensing
- Department of Transportation

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.)

Although citizens will not access this solution, mobile services is relevant for staff as this is currently an internal agency application. Potential vendors appear to have mobile features built into their solutions.

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.)

One of the key requirements is the availability of web service APIs to allow for greater integration of internal systems as needs arise.

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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.

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.

Although the amount of cost reduction is not known, the new e-Purchasing and Asset Management solution is envisioned to save costs by automating currently manual tasks, e.g.

Currently the average cost of producing a Purchase Order (PO) is over \$100. That is, the process for creating a purchase request, routing it for approvals, converting it to a PO and delivering it to a vendor, costs DSHS over \$100 in staff time. With the incomplete current system, staff perform extensive manual work to properly complete purchases, including:

- Manual routing of purchase requests for processing and approval.
- Manual sourcing (no help from Tracks in finding and selecting suitable contracts and vendor products/services).
- Central review of every PO for compliance and proper sourcing.
- Manual printing, scanning, faxing and delivery of PO to vendors.
- Manual tracking of received items.
- Manual processing of tag requests.

With our volume (approximately 28,000 POs processed in 2014) and scope of purchasing and asset activity, DSHS currently pays a high price for the missing pieces in the current system.

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 e-Purchasing and Asset Management Project will leverage state and federal participation. This Decision Package combined with Federal Financial Participation (FFP) funds the project. The project’s FFP match rate is approximately 82% state and 18% federal.

Department of Social and Health Services

DP Code/Title: PL-WR After Action Reviews
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Recommendation Summary Text:

DSHS requests funding and FTEs to support legislation calling for a uniform process for conducting After Action Reviews (AAR) for fatalities, near-fatalities, and other specific instances for children or vulnerable adults in the care of, or receiving services, by the department. The AAR will provide a comprehensive, objective system review, including whether abuse, neglect or other factors contributed to the client's death or near-fatality. The Assistant Secretary will be provided a case report of the lessons learned, findings and recommendations related to changes in policies or procedures, laws, or service delivery. The AAR evaluation also includes identifying triggers for when an employee investigation must be conducted.

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	89,000	89,000
001-2 General Fund - Basic Account-Federal	0	19,000	19,000
Total Cost	0	108,000	108,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.0	1.0	0.5

Package Description:

Problem Statement

2SSB 5888, known as Aiden's Act, establishes key requirements for review of near-fatality incidents involving a child in the care of or receiving services from the department or a supervising agency or who has previously been in the care of or received such services. While this act establishes some key requirements pertinent to CA, a consistent approach can be applied to other areas of service within the department. In order to develop an enterprise system approach to reviews for these cases, further work needs to be done to:

- Define clear violations-develop a "Bright line" list of what violations are to be included
- Establish a consistent process for establishing disciplinary action

Consequently, request legislation is being introduced to require a uniform, consistent process by which after action reviews are conducted that identifies lessons learned from the case review and integrates an employee performance component into the process.

Proposed Solution

Funding is requested to provide staffing necessary to facilitate the reviews, draft reports, change service delivery or practice requirements, and conduct employee investigations as necessary.

DSHS administrations have been queried to estimate the workload impact of conducting these reviews under the proposed policy, preparing after action individual case reports, revising policies and practices, and investigating employees when the department suspects that the employee has violated policy, practice, codes of conduct, or law.

Agency Contact: Bryan Way 360-902-7769
Program Contact: Rene Newkirk 360-902-7946

Department of Social and Health Services

DP Code/Title: PL-WR After Action Reviews
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS anticipates changing policies, procedures and accountability following after action reviews, will improve safety and service delivery for our clients. DSHS anticipates fewer client fatality and near fatalities and, as a result, fewer tort claims and settlements/judgment payouts. DSHS expects that these reviews will demonstrate greater accountability to our clients and taxpayers alike.

Performance Measure Detail

Agency Level

Activity: K001 Administration and Supporting 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?

The budget request supports DSHS Goals:

- Safety - Each individual and each community will be safe.
- Protection - Each individual who is vulnerable will be protected.
- Health - Each individual and each community will be healthy.
- 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 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 - 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?

Not applicable

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

None

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

DSHS will not be able to conduct complete structure after action reviews without incurring high levels of liability risk.

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

This request has no relationship to the capital budget.

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

This request supports agency request legislation that would modify RCWs 74.34.300, 71A.12, in addition to others.

Department of Social and Health Services

DP Code/Title: PL-WR After Action Reviews
Program Level - 110 Administrative & Supporting Services

Budget Period: 2015-17 Version: K2 110 2015-17 Final 2016 Sup

Expenditure and revenue calculations and assumptions

See attachment PL WR After Action Reviews for calculations and assumptions.

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	0	82,000	82,000
B Employee Benefits	0	25,000	25,000
T Intra-Agency Reimbursements	0	1,000	1,000
Total Objects	0	108,000	108,000

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	0	89,000	89,000
<i>Total for Fund 001-1</i>	0	89,000	89,000
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
FLIV Fed Entered as Lidded (various%s)	0	19,000	19,000
<i>Total for Fund 001-2</i>	0	19,000	19,000
Total Overall Funding	0	108,000	108,000

**2016 Supplemental Budget
PL WR After Action Reviews**

STAFFING	FY 2017 & Ongoing		
	FTE	GF-STATE	TOTAL
Children's Administration	1.8	186,000	190,000
Rehabilitation Admin	0.5	52,000	52,000
Behavioral Health and Service Integration	2.0	153,000	255,000
Aging and Long-Term Support Admin	3.0	\$ 168,000	\$ 335,000
Developmental Disabilities Admin	2.0	137,000	228,000
110/Human Resources Division	1.0	89,000	108,000
TOTAL	10.3	\$ 785,000	\$ 1,168,000