

Chapter 13

Central Service Agency Charges, Risk Management and Self-Insurance Premiums

13.1 CENTRAL SERVICE CHARGES HANDLED BY OFM

Central service charges listed in the table below are globally handled by OFM when building the Governor's proposed budget. **OFM will determine maintenance level (ML) updates** to agency budgets. **Agencies do not need to submit separate decision packages for incremental ML changes to these charges.**



Agency	Charge	Service Provided
SOS	Archives and Records Management	Archival and records management services provided by the Secretary of State.
SAO	Auditing Services	Audit services provided by the State Auditor.
AGO	Legal Services	Legal services provided by the Attorney General.
OCIO	OCIO Services	Statewide information technology policies and oversight provided by the state Chief Information Officer.
OAH	Administrative Hearings	Administrative hearings services provided by the Office of Administrative Hearings.
CTS	Security Gateway	This service provides secure access to state government network (SGN) websites.
CTS	Security Infrastructure	This service protects the SGN from hackers and viruses.
CTS	Secure File Transfer	This service transfers data securely between any two online locations.
DES	Access Washington	The Department of Enterprise Services (DES) maintains the state's Access/Inside Washington website.
DES	Campus Rent, Utilities, and Parking	DES charges state agencies for maintenance and operation of state-owned buildings, and a small portion of the costs to maintain employee parking spaces.
DES	Capital Project Surcharge	A surcharge to cover the cost of DES-managed capital projects based in Thurston County.
DES	Financing Cost Recovery	Charges related to the construction, renovation and occupancy of certain space owned and managed by DES in Thurston County.
DES	HRMS Debt Service (formerly called "HRMS Production Support")	This charge covers the debt service related to the Human Resource Management System (HRMS).
DES	Public and Historic Facilities and Visitor Services	DES manages public areas of the Capitol Campus and operates the Visitor Services Office.
DES	Lease Renewal Services	DES provides lease renewal services to client agencies.
DES	Risk Management Services	DES administers the state self-insurance liability program and charges an administration fee.

Agency	Charge	Service Provided
DES	Small Agency Client Services	DES provides small agencies with financial and human resources management services, such as accounting, payroll, etc.
DES	Enterprise Systems Fee	This fee includes access and support for the statewide financial, budget, contract, procurement, reporting and payroll systems.
DES	GIS Rate	DES provides geographic information system services to clients for a fee.
DES	Personnel Services	DES provides personnel services to state employees such as training, layoff resources, and the Employee Assistance Program.
DES	Perry Street Day Care	This charge is used for the maintenance of a facility contracted out by DES to a licensed child care provider for use by state employees.

Performance level change requests for services must be in both client and provider agency budget requests.

If a client and service provider agency determine a need to increase the type or utilization level of service, both the client and provider agency must include a performance level request for the increase in their budget submittal. This is important to help OFM keep these requests synchronized in the budget.

Central service agency amounts are estimates.

Central service agency amounts included in client agency budgets are estimates, and the actual billings from the service agencies will be based on services rendered. It is expected that client agencies will pay these billings in a timely manner and in full as they would pay bills from other vendors.

Notify service provider agencies about extraordinary service needs.

Agencies that anticipate requiring an unusual or extraordinary level of service should contact the appropriate service agency to discuss the anticipated nature and scope of the need. This approach will enable service agencies to include an appropriate estimate and cost of the service to be provided.

13.2 CENTRAL SERVICE CHARGES NOT HANDLED BY OFM

The following central service charges are **not** handled by OFM. Budgeting for these charges is the responsibility of the client agency:

Agency	Charge	Service Provided
OFM	Personnel Services Charge	This charge is used to fund many of the statewide human resources services. Agencies with classified positions must pay this charge.
OFM	Labor Relations Fees	Fees charged by the Labor Relations unit are for labor relations services, such as biennial contract negotiations and bargaining on grievances and other union issues.
DES/CTS	Fee-for-Service Charges	DES and CTS provide a wide array of other services to agencies for a use fee, charged when the service is used.

13.3 FUND SPLIT ADJUSTMENTS FOR THE CENTRAL SERVICE MODEL

Fund splits represent how OFM and the Legislature will allocate central service costs among different agency funds. Some agencies may need to adjust fund splits for the 2015-17 central service model.

OFM will provide agencies with a spreadsheet with the latest fund split information and information about recent legislative changes that may impact fund splits. Update the spreadsheet and provide a short description explaining proposed updates. Fund split adjustments are due at the same time as the agency budget submittal.

Regardless of whether fund splits are changing or remaining the same between 2013-15 and 2015-17, OFM still requires written confirmation. Send updated fund split information to your [Assigned Budget Analyst](#) with a copy to Christopher.Stanley@ofm.wa.gov.

13.4 OTHER INFORMATION REQUIRED OF CENTRAL SERVICE PROVIDER AGENCIES

Central service agencies must provide an agency billing list for the current biennium and for the proposed 2015-17 budget. This list should include the estimated annual amounts to be charged each user agency, and, if a direct staff service, the FTE staff involved with each user agency. In addition, each maintenance or performance level decision package must provide an example of the increased charges to small, medium, and large agencies. This will help OFM evaluate the cost implications of the decision package on other agencies. The total billing amount must be reconcilable to the agency's revenue estimate submitted in the budget.

OFM will provide a formatted spreadsheet and instructions to the central service agencies for their use in preparing this list.

13.5 RISK MANAGEMENT AND SELF-INSURANCE PREMIUMS

Risk management is a key strategy for reducing costs and improving outcomes.

Risk is defined as anything that poses a potential barrier to an agency achieving its mandated and strategic objectives/goals on time. Risk management refers to the practices an agency uses to manage its risks.

Enterprise Risk Management (ERM) is a coordinated method of performing risk management that considers all risks that affect an agency's goals across all parts of the agency. ERM allows an agency to identify, measure, prioritize, and respond to its risks. This approach can create cost savings and enhance efficiency by identifying resources and linking them to agency goals and action plans. This section of the budget submittal offers a means to describe agency ERM strategies, programs, activities, and needs.

Self-Insurance Premiums.

When available, preliminary estimates for self-insurance premium cost changes for 2015-17 will be posted at: <http://des.wa.gov/services/Risk/AboutRM/Pages/agencyBudgetRiskManagement.aspx>

Agencies do not submit self-insurance premium decision packages for self-insurance premium adjustments. OFM will update agency budgets for self-insurance premium adjustments in the fall when those costs are finalized.



Request extraordinary risk management funding separately.

Request other extraordinary ERM-related costs (e.g., unexpected costs related to implementing ERM programs, or unexpected costs related to specific risks and their associated treatment plans) in a separate policy-level decision package.

An enterprise risk management update must be submitted.

Agencies must submit an enterprise risk management update with their budget submittal and to the Department of Enterprise Services' Office of Risk Management (ORM). The update should be a one-page submittal describing three major risks that could impact the agency's ability to achieve its strategic objectives/goals on time and any existing or proposed initiatives the agency has to address these risks.

When submitting the enterprise risk management update, do not include confidential information related to specific claims or lawsuits. Seek advice from agency legal staff if there are questions about confidentiality issues.

Email a copy of the update to ORM at desmiriskmanagement@des.wa.gov.

Resources.

- The Department of Enterprise Services' Office of Risk Management can provide a loss history profile of agency losses, including pending claims. For additional risk management information and resources, visit the ORM website at: <http://des.wa.gov/services/Risk/AboutRM/Pages/agencyBudgetRiskManagement.aspx>.
- ORM staff members are available to assist you with interpreting loss trends and developing risk management goals. Contact ORM at (360) 407-9199.