

2017-19 Biennium Budget Decision Package

Agency: 315 Department of Services for the Blind

Decision Package Code/Title: Maintenance Level Adjustments

Budget Period: 2017-19

Budget Level: M2 Maintenance Level Adjustments

Agency Recommendation Summary Text:

The Department of Services for the Blind (DSB) requests an increase in general fund – state resources and non-state expenditure authority in response to an increase in grant fund split with the Department of Social and Health Services/Division of Vocational Rehabilitation (DSHS/DVR). Funding will be utilized to maximize available federal grant resources and to continue to address participant needs not being met from other sources. The net impact to the state will be zero since the grant split increased for DSB, but decreased proportionately for DSHS/DVR.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	105,000	138,000	105,000	138,000
Fund 001-2	494,000	649,000	494,000	649,000
Total Cost	599,000	787,000	599,000	787,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.00	0.00	0.00	0.00
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	0.00	0.00	0.00	0.00
Fund 001-2	494,000	649,000	494,000	649,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N	599,000	787,000	599,000	787,000

Package Description

The primary source of operating funds for the Department of Services for the Blind (DSB) is through federal grants. This package is a request to expand federal spending authority and in the general fund state resources to meet the estimated federal funding and to recast funding based on activity needs. A proportionate reduction is requested by the Department of Social and Health Services/Division of Vocational Rehabilitation (DSHS/DVR) so the net impact to the state is zero.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Federal grant projections are provided by the US Department of Education. The projections at the increase in grant fund split exceed our current federal expenditure authority and state general funds.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Maintenance of the existing caseload and a continued increase to the average wages for successful placements.

Performance Measure detail:

No measures submitted for this package

Fully describe and quantify expected impacts on state residents and specific populations served.

There will not be significant impacts state residents and specific populations served. DSB and DSHS/DVR share the US Department of Education's Vocational Rehabilitation grant which serves the same population. The increase request to DSB's State General Funds and Federal Spending Authority is proportionate to DSHS/DVR's decrease request resulting in a zero net impact.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: Department of Social and Health Services/Division of Vocational Rehabilitation (DSHS/DVR)
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

DSB and DSHS/DVR share a state grant from the US Department of Education. After a review of each agency's current needs and funding, it was mutually decided that DSB should receive a .5% increase in the federal grant fund split and DSHS/DVR should receive a .5% reduction.

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

DSB and DSHS/DVR considered leaving the US Department of Education grant split as it had been for many years, but a review of current funding and future resource needs showed that a small increase in percentage to DSB and a small decrease to DSHS/DVR would share the resources fairly.

What are the consequences of not funding this request?

DSB would not have the state general fund resources or the federal spending authority needed to maximize the use of federal grants.

How has or can the agency address the issue or need in its current appropriation level?

DSB cannot continue to meet its obligations under the current appropriation levels.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 315 Department of Services for the Blind

Decision Package Code/Title: The Business Management System Replacement Project

Budget Period: 2017-19

Budget Level: Performance Level 6

Agency Recommendation Summary Text: A business management system is a critical component to the Department of Services for the Blind's delivery of services. In addition to providing efficient management of participant information, the system supports the agency's compliance with state and federal statute and provides the data to support funding and reporting. In November 2015 the agency's current business management vendor provided notice that they will no longer support the existing solution. This leaves the agency with less than 2 years to implement an alternative solution. DSB has assembled a team, conducted an RFI, gathered requirements and is prepared to successfully implement a replacement.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 2 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General State Fund	2,028,792	1,177,459	-	-
Total Cost	1,985,533	1,134,200	-	-
Staffing	FY 2018	FY 2019		
FTEs	3.25	3.25	-	-
Revenue	FY 2018	FY 2019		
	-	-	-	-
Object of Expenditure	FY 2018	FY 2019		
Obj. A – Salary and Wages	248,937	248,937	-	-
Obj. B – Employee Benefits	81,522	81,522	-	-
Obj. C – Personal Service Contracts	533,000	266,500	-	-
Obj. E – Goods and Services	1,031,333	508,500	-	-
Obj. G – Travel	30,000	20,000	-	-
Obj. J – Capital Outlays	-	-	-	-
Obj. T – Inter-Agency Agreements	104,000	52,000	-	-

Package Description

At the Department of Services for the Blind (DSB), our mission is: Inclusion, Independence, and Economic Vitality for People with Visual Disabilities. Our services rely on best practices, continuous improvement, and reinvention.

We create outstanding outcomes for our participants by meeting the full-range of their needs with the highest level of customer service. People who are blind and have low vision go to work in careers of their choice. Customers exit with the skills needed to manage their lives, pursue or excel in their careers, and participate in their communities.

For example: In FY16 from application to case closure, our customers realized an average of (99%) increase in hourly pay.

The Agency Business Management System is a critical component to the DSB's delivery of services. In addition to providing efficient management of participant information, the system supports the agency's compliance with state and federal statute and provides the data to support funding and reporting.

The current agency business management solution provider notified DSB in November 2015 that they will no longer support the vocational rehabilitation application and other key components of its solution. They have provided only a limited time (December 2017) for the agency to fully migrate to a new solution. After this date, the vendor will no longer support their solution.

As a result, the Washington State Department of Services for the Blind (DSB) must move its program areas to a new system.

Immediately upon learning this, DSB assembled a team to identify and implement a new solution. This includes a project director who was the project manager for the current solution, an experienced business analyst, contracted project resources that are highly knowledgeable of the agency's business processes, have performed implementations of similar solutions, and are familiar with the current solutions in the marketplace. The team has documented the business requirements, performed market research, conducted an RFI and have outlined the change management strategy for the upcoming project. This decision package reflects the results of this work and the resources required to implement the new solution.

The scope of the new Agency Business Management System includes supporting the following business processes and functions: Fiscal, Administration, Contracts, Vocational Rehabilitation, Business Enterprise Program, Youth Programs, and the Orientation and Training Center Program. We have identified at least one vendor who can meet the requirements to support these business processes.

This request will fund a project to implement the new solution. This includes the contracted resources, vendor resources and services, internal staff backfill, services for software and hosting, and external agency support (WaTech.)

Implementing this solution is emergent for DSB. State and federal regulatory and reporting requirements (e.g. RSA 2014, WIOA) change frequently and require the Agency Business Management System to be configured to stay in compliance. Without a supported business management solution DSB is at risk of losing funding which impacts our delivery of services. The agency may also be found out of compliance or be required to redirect resources currently providing services to participants for manual data management tasks.

If the project is not funded, DSB will be using a system that has no vendor support within the next biennium. As state and federal regulations change, DSB will not have the ability to reconfigure the solution to meet these new standards. This could result in the loss of funding or redirecting resources from service delivery to manual data management which would impact the number of participants and the quality of service we are able to provide.

Other risks of not implementing this project in the 2017-19 biennium include:

- Unable to meet federal funding reporting requirements
- Inaccurate transfers of payments to participants and other agencies.
- Services to participants are reduced and we are unable to achieve our target outcomes which will impact our funding and further reduce our services to participants.
- Increased audit findings on internal agency business processes.
- Inability to change or update the current configuration to meet the changing needs of our participants.
- Current system could fail without any assistance to restore the system.
- Risk of security breaches due to the lack of vendor support.

Approximately 25% of DSB's employees utilize assistive technologies for blind, visually impaired, and hearing impaired individuals. It is imperative that DSB procure a system that is accessible for all users.

Finally, program caseloads and service delivery costs are growing steadily. Without major reductions in support expenses and increased efficiency in case management, the Vocational Rehabilitation (VR) program will be forced into an Order of Selection by FY17, placing participants on a waiting list and adding administrative burden across the agency.

This project aligns with the following State Strategic Objectives:

Governor's Goal 1: World-class education

- The new system will assist the Department of Services for the Blind's (DSB) work with children, youth and transition programs to ensure our clients are receiving the services and tools necessary to ensure their success in state education programs.

Governor's Goal 2: Prosperous economy

- The new system will help DSB improve caseload success rates and employment outcomes which should reduce participant reliance on public services and help improve the economic outlook for the state.

Governor's Goal 3: Sustainable and Clean Energy

- The new system will improve the mobility of our staff and in turn reduce the amount of travel required which will assist in the reduction of greenhouse gas emissions.

Governor's Goal 4: Healthy & Safe Communities

- The new system will help improve the safety of our clients by ensuring necessary services are procured to provide Mental Health Services and Medical Assistance when needed.

Governor's Goal 5: Efficient, Effective & Accountable Government

- The new system will provide a more efficient Agency Business Management System and should improve agency customer satisfaction and timeliness of service.
- Agency staff system satisfaction will increase when errors and issues are reduced.

OCIO Objective 1: Business Alignment

- The new system will advance the mission of the Department of Services for the Blind by integrating our case management and business management functions in an attempt to streamline our processes and enhance the services we provide to our clients.

OCIO Objective 2: Security

- The new system will improve the overall security posture of the Department of Services for the Blind by providing a consistently secure system with routine code reviews and a secure cloud infrastructure.

OCIO Objective 3: Modernization

- The new system will provide a contemporary technology solution that will be hosted in the cloud and will provide a flexible infrastructure allowing multiple configuration options.

OCIO Objective 4: Mobility

- The new system will improve the mobility and flexibility of our staff. Staff will have the ability to review records while in the field via various devices such as laptops, tablets and iPhones/iPads.

OCIO Objective 5: Open Data

- The new system will provide comprehensive reporting options, improving the agency's ability to provide data of interest to the state's citizens.

OCIO Objective 6: Transparency

- The new system will have costs clearly identified and will provide a long term cost effective technology solution for managing agency data.

OCIO Objective 7: Agile Value

- The new system will produce customer facing value quickly and incrementally by implementing the solution in a phased approach. For example, the agency may choose

to implement optional modules at a later date to reduce the initial cost and ease the implementation plan.

OCIO Objective 8: Cultural Readiness

- Agency staff are excited at the potential for an improved business management solution. DSB staff and management have experience with business management system implementations – the majority were involved with the initial replacement of our legacy system ten years prior. This experience will help ensure the success of our current project.

OCIO Objective 9: Interoperability

- The new system will integrate agency business management and processes from various programs within the agency: Fiscal, Administration, Contracts, Vocational Rehabilitation, Business Enterprise Program, Youth Programs, and the Orientation and Training Center program.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

DSB requires a one-time General Fund State investment for Fiscal Years 2018 and 2019 of \$\$3,119,733 for:

- Contract with a vendor for the implementation of a business management solution (\$1,589,833 object E)
- Project management services contract (\$386,100 object C)
- Change management/training contract (\$288,600 object C)
- External Quality Assurance Services contract (\$124,800 object C)
- Inter-agency agreement with WaTech for services (\$156,000 object T)
- One-time salary, benefits, and associated staff costs (\$660,918):
 - o .5 FTE IT SPECIALIST 6 (Project Director) to serve as the Project Director for this initiative.
 - o .75 FTE MANAGEMENT ANALYST (Business Analyst) to support the project by documenting requirements, supporting design, facilitating testing and supporting cutover.
 - o .5 Accounting Manager to support the requirements development, validate the design and perform testing activities related to the administrative and fiscal functionality.
 - o .5 Chief Financial Officer to support the requirements development, validate the design and perform testing activities related to the administrative and fiscal functionality.
 - o .5 FTE REGIONAL PROGRAM MANAGER to support the requirements development, validate design, perform testing, support training and perform cutover activities.
 - o .5 FTE VR REGIONAL AREA MANAGER to support the requirements development, validate design, perform testing, support training and perform cutover activities.

Ongoing annual maintenance costs for the system of \$165,000 will be allocated across DSB accounts for:

- Contractual Software as a Service hosting, service and maintenance costs (\$161,000 object E)
- .5 FTE Management Analyst who will manage the vendor build/release process by evaluating and testing the impacts to DSB's configuration, updating product documentation and training materials related to the changes, and communicating with end users. This position will also research and fix system issues; support the business teams; create, assign and update configuration in the system; coordinate with WATech, DES, and others on updates and interfaces between systems; and other technical support as needed.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Outcome: DSB remains in compliance with state and federal regulatory requirements.

Measured by:

- *1 year after implementation DSB has no compliance-related audit findings.*

Outcome: DSB maintains current levels of federal funding/reimbursement by continuing to provide accurate data and reports to funding sources.

Measured by:

- *1 year after implementation federal funding is maintained through the accurate reporting of data.*

Outcome: DSB achieves its plan to provide services to more than 1341 participants (based on the number of participants served in FFY15.)

Measured by:

- *No loss of service to participants based on the reallocation of resources to address the lack of system capabilities.*

Outcome: Agency client success rates will increase since DSB staff will have a more efficient system - improving their ability to manage their caseloads as well as providing more time for them to interact with clients.

Measured by:

- *Monitoring caseload statistics to see if caseload success rates are increased post deployment.*
- *Agency client satisfaction survey results are improved.*

Outcome: Agency management will have enhanced reporting options which will help them identify customers needing more support to achieve target outcomes as well as improved ability to track staff and program effectiveness.

Measured by:

- *The ability of the new system to provide relevant and accurate reporting data.*
- *Reduced time to complete annual program evaluations and program reviews.*

Outcome: Improved Accessibility for visually impaired staff

Measured by:

- *A reduction in the number of accessibility-related issues reported by visually impaired users.*
- *Agency visually impaired users are able to efficiently navigate all screens in the new system.*

Outcome: Fewer system/data errors in the Agency Business Management System are reported.

Measured by:

- *A reduction in the number of help desk requests related to the business management system.*
- *Agency staff satisfaction with the system improves.*
- *System reports are accurate and do not require further analysis.*

Fully describe and quantify expected impacts on state residents and specific populations served.

If a new solution is not implemented the agency may be required to reduce services to Washington State constituents. This may be a result of reduced funding due to the inability to capture and report on the required data elements, or by the redirecting of resources providing client services to manual data management tasks.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

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

The agency researched all potential options to meet the agency business requirements for a solution. This includes: meeting with other agencies, surveys, an RFI and contracting with resources with knowledge of this marketplace.

The options evaluated include:

Option 1: Attempting to maintain the current system without vendor support

This alternative would require additional technical resources including: infrastructure, development, database management, business analysis, configuration and testing to maintain the system to support the changing reporting requirements. Even with these additional resources it would still be challenging to meet the federal reporting requirements and maintain the compliance required for funding. As a result, it was determined that this alternative is cost prohibitive, does not significantly reduce our risk, and is not in line with the mission of the agency.

Option 2: Adopting a system in use by another state agency with similar requirements

After some analysis it was determined that it would require significant resources to implement and support this solution. In addition, the solution reviewed has accessibility issues that would make implementation at our agency challenging. It was determined that this alternative is not viable.

Option 3: Developing a custom solution

This solution required extensive development support and on-going support beyond the funding ability of the agency. The solution would take longer, require more resources and is not aligned with the state IT strategic objectives.

Option 4: Implementing a Commercial Off The Shelf (COTS) solution in use by other VR agencies

After performing market research, the agency has identified vendors in the marketplace that provide solutions for other states that have similar business processes and functions. These vendors offer solutions that are constantly updated and maintained to meet federal regulatory requirements requiring very little agency staff time. They also provide implementation support services and can provide software-as-a-service solutions which will help minimize the implementation timeline which is critical for our project. This alternative was selected by the agency.

What are the consequences of not funding this request?

If the project is not funded, DSB will be using a system that has no vendor support within the next biennium. As state and federal regulations change (which occurs at least annually), DSB will not have the ability to reconfigure the solution to meet these new standards. This could result in the loss of funding or require we redirect resources from service delivery to manual data management which would impact the number of clients we are able to serve.

Other risks of not getting funding include:

- Unable to comply with state and federal regulations
- Unable to Meet federal funding reporting requirements
- Inaccurate transfers of payments to clients and other agencies.
- Services to participants are reduced and we are unable to achieve our target outcomes which will impact our funding and further reduce our services to clients.
- Increased audit findings on internal agency business processes.
- Inability to change or update the current configuration to meet the changing needs of our participants.
- Current system could fail without any assistance to restore the system.
- Risk of security breaches due to the lack of vendor support.

How has or can the agency address the issue or need in its current appropriation level?

DSB is unable to address this issue without additional funding.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Project Management Services	\$257,400	\$128,700	-	-
External Quality Assurance Services	\$83,200	\$41,600	-	-
Inter-agency Agreement with WaTech for Services	\$104,000	\$52,000	-	-
Internal IT Staffing Costs	\$45,750	\$45,750	-	-
Vendor Project Manager	\$182,300	\$91,000	-	-
Vendor Implementation Consultants	\$364,000	\$91,000	-	-
Vendor Application Consultants	\$242,667	\$91,000	-	-
Vendor Reporting Lead	\$60,667	\$45,500	-	-
Vendor Data Conversion	\$182,000	-	-	-
Vendor Software Maintenance Agreement	-	\$65,000	\$65,000	\$65,000
Managed Services (Hosted in Government Cloud)	-	\$125,000	\$125,000	\$125,000
Total Cost	\$1,521,984	\$776,550		

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

- Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
- Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
- Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to *any* of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.