



OFFICE OF
FINANCIAL MANAGEMENT

2016 RATE DAY

June 22, 2016

Rate Day Agenda

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|----------------------|---|
| 9:00 - 9:10 | Welcome by the Office of Financial Management |
| 9:10 – 9:20 | Office of Administrative Hearings |
| 9:20 – 9:35 | Secretary of State |
| 9:35 – 9:45 | State Auditor |
| <i>9:45 – 10:00</i> | <i>Break for cookies/coffee</i> |
| 10:00 – 10:20 | Attorney General |
| 10:20 – 10:30 | Office of Financial Management |
| 10:30 – 11:00 | Consolidated Technology Services (WaTech) |
| 11:00 – 11:30 | Department of Enterprise Services |
| <i>11:30 - 12:00</i> | <i>Additional time to visit agency booths</i> |

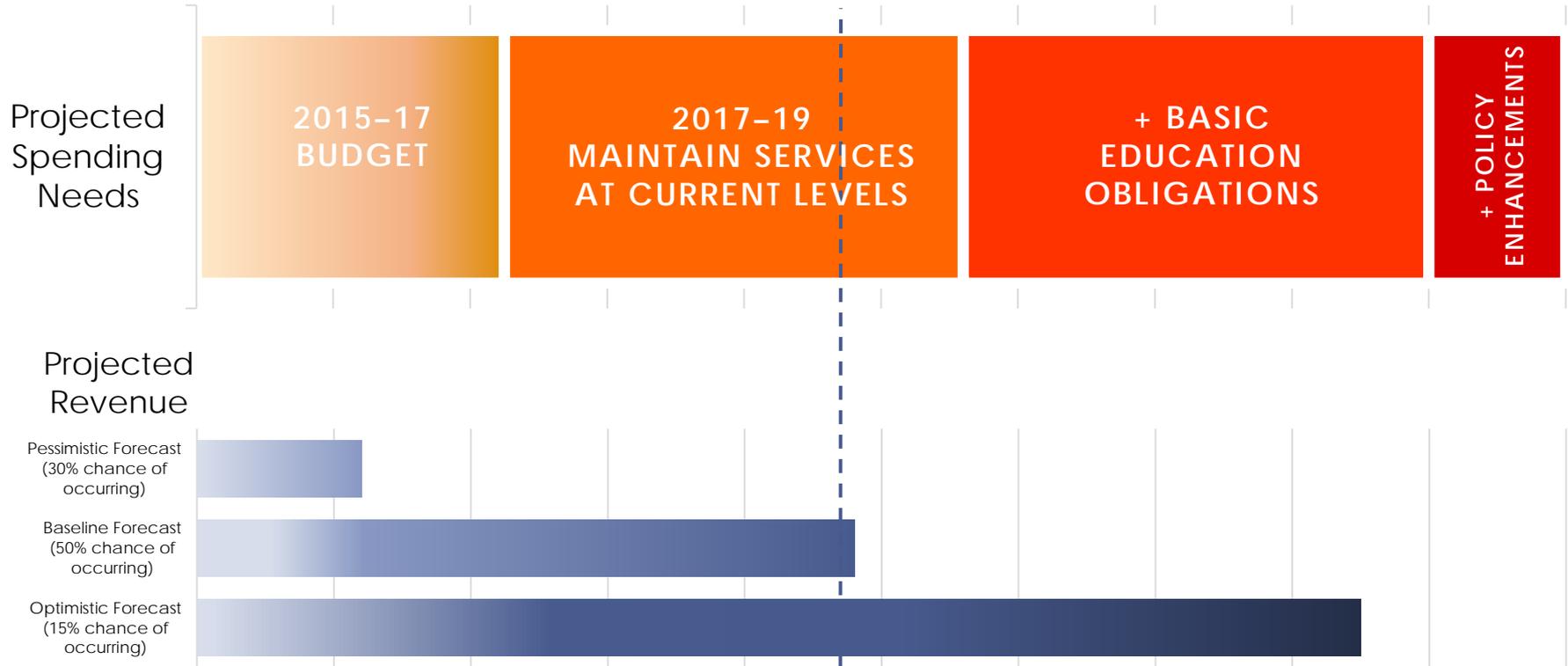
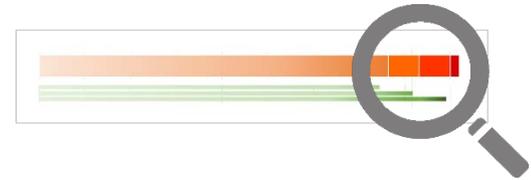
A Few Administrative Notes...

- » Emergency exits
- » Cookies
- » If you need a more robust snack, check out the Dome Deli
- » Visit agencies' booths with your questions
- » All presentations and materials will be posted on the OFM website

What to Expect for the 2017-19 Budget

- » Solving McCleary is priority No. 1
- » All state agencies must find ways to manage budgets without increased funding
- » Solutions may include consolidating or eliminating services

Our budget needs, obligations and revenue projections



What are Central Services?

- » Services provided to other state agencies
 - › For a charge
- » Costs incurred for goods and services on behalf of the enterprise
- » Includes things like:
 - › Core IT infrastructure
 - › Rent and utilities
 - › Legal services

The Central Services Model

- » A tool for calculating the impact to clients
 - › If a central service agency is authorized to spend \$1,000,000...
 - › The cost for providing that service is spread across client agencies
 - › Agencies pay from their various fund sources
- » Agencies can request to change their central services fund split
 - › Send the request with your budget submission in September

How Are They Billed?

» Allocations

- › Fixed total cost divided among the users

» Fee for Service

- › Agencies can choose their level of service and pay based on use

» Hybrid

- › Agencies rates are fixed, but agencies have some control over future costs

Central Services Model – Allocation Examples

- » Consolidated Technology Services (WaTech) core IT functions
 - › State network
 - › Network security
 - › State data center debt service
 - › Office of the Chief Information Officer (OCIO)
 - › Enterprise Systems Fee

- » Department of Enterprise Services (DES) – various fixed charges
 - › Campus rent, utilities, and parking
 - › Capital project surcharge
 - › Financing cost recovery
 - › Public and historic facilities charge

Central Services Model – Usage Estimates

- » For these charges, the “Model” calculates the estimated impact to each client agency based on the amount of the service we predict you will use.
 - › Office of Administrative Hearings
 - › Office of the Attorney General Legal Services
 - › Office of the State Auditor
 - › Office of the Secretary of State – Archives and Records Management
- » Client agencies are still required to pay for the services based on their actual use
- » If you anticipate your usage will increase, you can request additional expenditure authority through the budget process

Central Services Model - Hybrid

» Examples:

- › Workers Compensation - Labor and Industries
- › Self Insurance Liability Premium (SILA) – DES

» Your agencies' actions and behavior this biennium will affect your rates next biennium

How Can I Control My Costs?

- » Accurate FTE control numbers
- » Use the centralized service
- » Establish efficient business processes



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For more information, please visit:

ofm.wa.gov