



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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April 18, 2014

TO: Agency Directors

FROM: David Schumacher
Director

**SUBJECT: ALLOTMENT REDUCTION FOR CENTRAL SERVICE AGENCY
EXPENDITURES**

Section 718 of 3ESSB 5034 (Chapter 4, Laws of 2013, 2nd Special Session) directs the Office of Financial Management to reduce General Fund-State allotments for all agencies by \$5.0 million for the 2013-15 biennium to “reflect (1) available fund balance in dedicated revolving funds used for central services to state agencies and (2) more efficient delivery of consolidated central services to state agencies.”

OFM calculated the allotment reduction as follows:

- To comply with federal cost allocation rules, any central service agency billing reduction must be applied to all fund sources, not just General Fund-State. The \$5 million GF-S reduction therefore translates to about a \$12.1 million total funds reduction for all central service provider agencies.
- In most cases, central service provider agencies (including separately elected officials) were asked to implement temporary billing reductions or rate holidays using any available fund balance, including reducing recommended working capital reserves.
- To the extent possible, central service provider agencies will use fund balance to support current expenditures without reducing services to agencies.
- OFM applied the fund splits used in the central services model to estimate the General Fund-State reduction for each agency for all central service billings.

Below is a summary of how central service provider agencies plan to modify their billings and rates over the remainder of the 2013-15 biennium to meet the GF-S savings target:

- The Secretary of State will use fund balance to reduce billings over the remainder of the biennium beginning with the fourth quarter of FY 2014.
- The State Auditor will use fund balance to reduce billings for selected agencies over the remainder of the biennium.
- The Attorney General will use fund balance to reduce billings over the remainder of the biennium beginning with the April 2014 bill.

- The Office of Administrative Hearings will work with affected client agencies to manage the hearing workload to reduce OAH charges while maintaining timeliness and compliance with federal and state requirements.
- Consolidated Technology Services will reduce the charges for security infrastructure in FY 2014.
- The Department of Enterprise Services will reduce agency billings over the remainder of the biennium.
- The Office of Financial Management will use fund balance to:
 - Not bill for the personnel services fee for the fourth quarter of FY 2014 and issue rebates for previous FY 2014 charges.
 - Issue rebates for the Labor Relations Division charge for previous FY 2014 charges (including any fourth quarter FY 2014 charges already paid).
 - Reduce charges for the Office of the Chief Information Officer over the remainder of the biennium beginning in May 2014.

Attached is an agency breakdown of allotment reductions to fulfill the requirements of Section 718. Please submit an allotment packet by May 15, 2014, using a packet purpose type of “Operating Legislative Allotment Reductions” to place your reduction in reserve.

Questions related to specific amounts of central service billing reductions should be addressed to your central service provider agency contact.

Questions on allotment packet submission should be directed to your [assigned budget analyst](#).

cc: Agency Budget Officers

Attachment

**Central Service Efficiency Reduction
(General Fund-State Only)**

Dollars in Thousands

	Agency	FY 2014	FY 2015
011	House	(10)	(70)
012	Senate	(10)	(72)
014	JLARC	-	-
037	Leg Support Services	-	(4)
038	Leg Systems	(1)	(5)
040	Statute Law Committee	(1)	(7)
045	Supreme Court	(2)	(18)
046	State Law Library	(1)	(7)
048	Court of Appeals	-	(6)
050	Judicial Conduct Commission	-	(3)
055	Administrative Office of the Courts	(19)	(19)
075	Office of the Governor	(2)	(11)
080	Office of Lieutenant Governor	-	(2)
082	Public Disclosure Commission	(2)	(2)
085	Secretary of State	(12)	(18)
086	Office of Indian Affairs	-	(1)
100	Office of Attorney General	(1)	-
101	Caseload Forecast Council	(0)	-
103	Department of Commerce	(15)	(13)
104	Economic and Revenue Forecast Council	-	-
105	Office of Financial Management	(19)	(45)
107	Health Care Authority	(45)	(57)
120	Human Rights Commission	(4)	(3)
135	Innovate Washington	-	-
140	Department of Revenue	(121)	(74)
142	Board of Tax Appeals	(0)	-
179	Department of Enterprise Services	(1)	-
225	Washington State Patrol	(45)	(37)
227	Criminal Justice Training Commission	(3)	(3)
235	Department of Labor and Industries	(9)	(14)
240	Department of Licensing	(1)	(1)
245	Military Department	(4)	-
275	Public Employee Relations Commission	(2)	(2)
300	Dept. of Social & Health Services	(1,085)	(1,020)
303	Department of Health	(48)	(23)
305	Department of Veterans Affairs	(6)	(3)
310	Department of Corrections	(766)	(404)

	Agency	FY 2014	FY 2015
315	Department of Services for the Blind	(3)	(1)
340	Student Achievement Council	(1)	(2)
350	Superintendent of Public Instruction	(37)	(93)
351	School for the Blind	(4)	(2)
353	Center for Childhood Deafness & Hearing Loss	(5)	(4)
354	Workforce Training & Education Coordinating Board	(1)	-
355	Dept. of Archeology and Historic Preservation	-	(1)
357	Department of Early Learning	(3)	(3)
359	Charter Schools Commission	(1)	(2)
360	University of Washington	(32)	(139)
365	Washington State University	(13)	(59)
370	Eastern Washington University	(3)	(18)
375	Central Washington University	(3)	(18)
376	The Evergreen State College	(1)	(10)
380	Western Washington University	(3)	(18)
387	Washington State Arts Commission	(0)	(1)
395	Eastern Washington State Historical Society	-	(1)
460	Columbia River Gorge Commission	-	-
461	Department of Ecology	(51)	(41)
465	State Parks and Recreation Commission	(5)	-
467	Recreation & Conservation Funding Board	(5)	(2)
468	Environmental Hearings Office	-	(1)
471	Conservation Commission	(1)	(1)
477	Department of Fish and Wildlife	(36)	(24)
478	Puget Sound Partnership	(0)	(1)
490	Department of Natural Resources	(40)	(44)
495	Department of Agriculture	(11)	(11)
699	Community and Technical Colleges	(7)	(59)
	Total	\$ (2,500)	\$ (2,500)