



**F** OFFICE OF  
INANCIAL **M**ANAGEMENT

# 2018 RATE DAY

June 13, 2018

# Rate Day Agenda

2:00 - 2:10	Welcome by the Office of Financial Management
2:10 – 2:20	Office of Administrative Hearings
2:20 – 2:30	Secretary of State
2:30 – 2:45	State Auditor
<i>2:45 – 3:00</i>	<i>Break for cookies/coffee</i>
3:00 – 3:20	Attorney General
3:20 – 3:30	Office of Financial Management
3:30 – 3:45	Consolidated Technology Services (WaTech)
3:45 – 4:00	Department of Enterprise Services
<i>4:00 - 4:30</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 2019-21 Budget

- » After several years of grappling with multi-billion-dollar McCleary solution, there are many pent-up demands for increased spending.
- » There are projected increases in “budget driver” populations such as Long-Term Care for the aged (6%), Juvenile Rehabilitation (5.4%), Medical Assistance (4.2%), TANF (3.7%), K-12 (3.6%) that may require significant maintenance level spending.
- » Forecasted revenue growth is not likely to meet current demands. Washington continues to face a structural budget gap because the state’s tax and revenue system does not keep pace with the increasing demands for services of a growing population.
- » Resources will once again be limited and agencies should be prepared to manage with minimal or no funding increases.

# What are Central Services?

- » Core 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
  - › Campus 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 customer agencies. Funding is provided to your budgets to cover cost changes for allocations.

## » Fee for Service

- › Agencies can choose their level of service and pay based on use, usually with no additional funding provided.

## » 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
  - › 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 (double check HRMS)
- » Use the centralized service
- » Establish efficient business processes



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For more information, please visit:  
*[ofm.wa.gov](http://ofm.wa.gov)*