

CENTRAL SERVICES

Welcome to central services! As of the 2022 supplemental budget, over \$1.4 billion was provided to over 100 state agencies to pay for 36 services (see table at the end of this chapter for more information). This chapter will increase understanding of central services and their requirements for budget submittal. If you have questions on your agency's budget submittal requirements concerning central services, please contact your [OFM analyst](#) along with the OFM analyst responsible for the central services model (CSM). We're always happy to help.

What are central services?

Central services (CS) are core services provided by a centralized agency to support other state agencies in conducting their operations and missions. These are services such as administrative hearings, auditing, information technology, legal, statewide financial systems, and worker's compensation, as well as some financial, human resources, and IT services tailored for smaller agencies. By having agencies specialize in the delivery, compliance, and programming of certain services, the services become more cost effective, efficient, and consistent for the entire state. For example, by having a single state internet network for all state agencies to use monitored by a team of cyber security professionals, we prevent the need for every state agency to setup their own internet network and cyber security team, which creates efficiencies and economies of scale.

What is the central services model?

The CSM is a budgeting tool to estimate the spread of funding and costs for central services across state agencies based on CS provider [methodologies](#).

Which agencies are CS providers?

For this chapter's purposes, eight agencies are considered CS providers. The specific central services funded through the state CSM are located at the end of this chapter. In addition to those central services, these agencies provide many other services to achieve their agency missions.

- Attorney General's Office
- Consolidated Technology Services
- Department of Enterprise Services
- Department of Labor and Industries
- Office of Administrative Hearings
- Office of Financial Management
- Office of the Secretary of State
- State Auditor's Office

Are there CS provider charges not included in the CSM?

Yes, agencies do not receive funding for all activities and services that CS providers offer, particularly for items where the agency has a choice in how much to use the service. Some of the services that fall into this category are usage based so costs can sometimes escalate quickly. A list of examples of these charges is below; however, the list is not all-inclusive. If there is any question regarding invoices, please contact the CS provider for additional information. Budgeting for these charges is the responsibility of the agency receiving the service.

Examples of frequently asked about fee-for-service offerings **not** funded through CS:

AGENCY	CHARGE
Attorney General's Office	Short-term attorney services. One-time legal representation is typically funded directly in the agency's budget. Agencies can request and obtain additional representation funded outside of the CSM.
Consolidated Technology Services	State data center usage. While the cost of the debt service of the state data center and its general operations are funded through the CSM, the fees charged for server enclosure, power consumed, and related items at the state data center are not funded through the CSM.
Department of Enterprise Services	Motor pool. Agencies use the state's centralized fleet service instead of owning their own vehicles. Agencies can decide how much of this service to use; therefore, it is not funded through central services.
Department of Enterprise Services	Consolidated mail services. Agencies use the state's centralized mail services to deliver mail instead of doing it themselves. Agencies can decide how much of this service to use; therefore, it is not funded through central services.
Office of Financial Management	Personnel services charge. This charge funds many statewide human resources services such as classification, compensation, workforce data, civil service rules, recruitment, and other policy functions. Agencies with classified positions must pay this charge.
Office of Financial Management	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.

Does my agency receive funding for central services? If so, in which budgets?
 State agencies in the legislative, judicial, and executive branches, as well as universities, community, and technical colleges, receive funding in the operating and transportation biennial, first supplemental and carry forward budgets. The capital budget is not adjusted.

Where in the budget would I find my central services amounts?
 After the release of the Governor's proposed budget and the enacted legislative budget, OFM posts a report on the [OFM website](#) of updated CS funding levels that include each individual agency and a statewide roll-up.

Within the budget, each CS provider agency has their own dedicated budget item code. New funding is found by these budget item codes. Some budget item codes include multiple central services.

Code	Budget Item Title	Central Service Agency
92A	State Data Center Debt Service	Consolidated Technology Services
92C	Archives/Records Management	Secretary of State
92D	Audit Services	State Auditor's Office
92E	Attorney General	Attorney General's Office
92G	Administrative Hearings	Office of Administrative Hearings
92J	CTS Central Service	Consolidated Technology Services
92K	DES Central Services	Department of Enterprise Services
92R	OFM Central Services	Office of Financial Management
92S	Worker's Comp	Department of Labor and Industries
92X	Self-Insurance Premium	Department of Enterprise Services

When are these calculated and when do I receive funding?

The legislative budgets distribute funding to agencies for changes in central services. Central service funding at the end of each budget becomes the new base for the next budget. Funding for central services is adjusted in the biennial, first supplemental budgets, and carry forward budgets but it is **not** adjusted in the second supplemental. At the end of the biennium, an agency could have a positive or negative variance as some CS are allocated estimates and not directly tied to actual usage and cost.

How is my CS budget amount determined?

Each CS has a methodology in how the funding is estimated and distributed through the Central Service Model. Some CS are allocated based on a statewide data point provided by OFM such as the number of staff in Thurston County. Other CS are allocated based on CS provider methodology based on data points such as historical usage or anticipated audits. This creates what is known in the Central Service Model as the Allocation Split. This represents how OFM and the legislature will allocate CS funding and costs among agencies. A table showing the methodology used to distribute each CSM is available at the [end of this chapter](#).

Actual invoices, however, are based on usage and may vary from these estimates. Agencies shall pay these invoices in a timely manner and in full as they would pay any other vendor.

Why are charges spread this way?

Costs for services delivered by the CS provider must be paid in some manner and the methodology used is the CS provider's best way to estimate a fair way to charge.

What if my agency estimates overspending our allocation split amount?

Agencies that anticipate requiring an extraordinary level of service should contact that CS provider to discuss the nature and scope of the need as promptly as possible. This will allow time for consideration before budget decisions are made for both agencies to appropriately cover the costs of the expected services.

When does my agency submit a fund split for CS? Where is the form I use?

Leading up to the biennial budget submittal, OFM will send out a template that agencies must use. Currently, that document is a Microsoft Excel worksheet, and it is important that agencies submit their fund split using this template as it has macros that help compile the data to load into the CSM. Agencies must review the fund splits against how the agency paid the CSM bills and update the spreadsheet as necessary. If there are significant changes from your previous fund split or if they do not align with past expenditures, please include reasoning when submitting. Fiscal staff from the legislature and OFM will review your update, looking for significant changes or instances where your past expenditures are different from your update request, and may contact you with questions. Even if your agency's fund split has not changed, OFM still requires written confirmation of the desired fund splits during the biennial budget submittal. Please send updated fund split information to your assigned budget [analyst](#) with a copy to [Tyler Lentz](#).

For the supplemental budgets, fund splits are not updated; however, please contact your agency's [OFM analyst](#) if you have identified an issue or need to update. OFM and the legislature use the information to ensure that the funding adjustments made in the budget are reflective of the percentages each agency must use for these costs.

How does the Central Service Model work?

The CSM is budgeting tool to spread out costs for CS to align with who is or who is eligible to use the services. It uses the Allocation Split from the CS provider and the Fund Split from the agency to spread out funding for central service items.

For an example, let's say \$100 was appropriated to Consolidated Technology Services for an IT training program to serve statewide IT staff. In this case, the methodology of the Allocation Split is the percentage of statewide IT Staff. Therefore, the Department of Social and Health Services would receive \$18, because they have 18% of the statewide IT staff. And the funding source of that \$18 would be informed by the Fund Split form submitted by the agency during the biennial budget submittal. If the Fund Split submitted was split 50% General Fund State and 50% General Fund Federal DSHS would receive appropriation for \$9 GFS and \$9 GFF for this item, and so on.

How can I see my base funding and amount by fiscal year?

Unfortunately, the CSM carries forward biennial amounts by state agency but not detail by fiscal year so this data point is not available. OFM and legislative staff are working to make this available in the future. During the allotment process, customer agencies are encouraged to make their best guess based on what they know about how their agency uses or consumes a service and may want to consider evenly splitting funds by fiscal year in events where it is unknown and the fund sources are not restricted to a particular fiscal year.

How can my agency receive funding for a new central service?

Sometimes agencies want to join a service that receives funding through the CSM, such as the small agency IT service that Consolidated Technology Services offers. In these instances, please reach out to the CS provider and your OFM budget analyst about becoming a new customer.

My agency's consumption of a service didn't change but we received additional funding. Why?

Like all state agencies, CS providers receive funding for things above their existing base budget such as the global compensation items that all agencies receive. Additionally, there are other services that

must be paid for that benefit state agencies and the public. These costs are distributed to state agencies using a prescribed methodology.

For another example, let's say statewide human resource staff receive a targeted class wage increase that will cause OFM and DES statewide human resource efforts to cost \$100 more. In this case, the methodology of the Allocation Split is the percentage of total statewide staff. Therefore, the Department of Corrections would receive \$12 because they have 12% of the total statewide staff. And the funding source of that \$12 would be informed by the Fund Split form submitted by the agency during the biennial budget submittal. If the Fund Split submitted was 100% GFS, DOC would receive appropriation for \$12 GFS for this item, and so on.

Risk management and self-insurance premiums

DES administers the state's enterprise risk management (ERM) and self-insurance liability programs. For more information about these programs, please contact [DES Risk Management](#).

How are self-insurance premiums calculated?

Actuaries prepare estimates for self-insurance premiums and will be shared when available. Agencies do not need to submit decision packages for routine self-insurance premium adjustments as any cost adjustment will be handled through the central service model and distributed appropriately to agency budgets as necessary.

What if your agency anticipates an extraordinary risk management cost?

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

If your agency anticipates extraordinary ERM costs, are their other requirements in addition to drafting and submitting a decision package?

Yes, agencies must submit an ERM update with their budget submittal after first submitting it to DES' Office of Risk Management (ORM). The update should be a one-page submittal describing three major risks that could affect 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 a request concerning enterprise risk management, please do **not** include confidential information related to specific claims or lawsuits. Agencies must seek advice from agency legal staff if there are questions about confidentiality issues. Email a copy of the update to [ORM](#) prior to submitting your agency's budget request.

Resources

ORM can provide a loss history profile of agency losses, including pending claims. For additional risk management information and resources, visit the ORM [website](#). ORM staff members are available to assist you with interpreting loss trends and developing risk management goals at 360-407-9199.

Worker's compensation premiums

The Department of Labor and Industries administers the statewide worker's compensation program. Actuaries prepare estimates used to determine premiums and funding for agencies to pay worker's compensation premiums through the central service model. Premium adjustments will be processed through the central service model and distributed to agencies accordingly. For more information

about these rates, please visit their frequently asked questions [website](#) or reach out directly to the agency.

How to determine if any charges impact your agency?

Agency financial records would show payments made for services. In addition, some agencies have invoices publicly available at the following websites:

Consolidated Technology Services	https://apps.des.wa.gov/watechar/
Department of Enterprise Services	https://apps.des.wa.gov/ar/
Office of Financial Management	https://apps.des.wa.gov/ofmar/

If my agency is a central service provider, what information is required?

CS providers must maintain properly documented methodologies for each service they provide, including detail about how the methodology billing was determined. Total revenues must match estimated billing costs. Agencies that administer central service fees must provide OFM with a worksheet detailing proposed charges by agency and a detailed explanation of significant changes that have occurred since the last adjustment to the model.

For accounts where the central service fee is the only funding source, total revenues must match estimated billing costs. OFM will provide a formatted spreadsheet and instructions to CS providers for their use in preparing this list.

Who to contact with questions about central services?

If the question is regarding invoicing or a specific service, reach out to the agency contact provided on the invoice of the service. If the question is about the broader funding of the CSM, reach out to your OFM analyst and the OFM budget assistant for the CSM, Tyler Lentz, 360-790-0055 or tyler.lentz@ofm.wa.gov.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Attorney General's Office	Legal services. Used to provide funding for agencies requiring long-term representation on legal issues. Funding for short-term needs is typically provided directly in the customer agency's budget.	Fee-for-Service	The Attorney General's Office provides an estimate of anticipated workload using various factors. Agencies requiring funding for legal representation must coordinate their budget submittal with the Attorney General's Office.
Consolidated Technology Services	Central Services. Adjustment for lease costs at 1500 Jefferson office building that are above market rates.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Consolidated Technology Services	Enterprise Security Infrastructure. Hardware and software vulnerability scanning platform that enables agency security teams to identify where vulnerabilities reside across their information technology network.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Consolidated Technology Services	Enterprise System Rates. Includes secure file transfer, mainframe, and Access Washington.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Consolidated Technology Services	Global Information Systems. Provides agencies a shared geospatial portal; does not fund the Washington Master Addressing Service (WAMAS) or Washington Geographic Information Council (WAGIC).	Allocation	The agency provides a recommendation based on estimated or anticipated agency use.
Consolidated Technology Services	Office of the Chief Information Officer. Sets statewide policy and strategic direction concerning information technology, data privacy, technology business management, and open data. Manages major information technology projects.	Allocation	Charge allocated based on agency IT FTEs. For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted. Instructional staff, hospital staff, and other non-administrative portions of the agencies are exempted from the FTE counts. OFM maintains the source data for budgeted FTEs.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Consolidated Technology Services	Office of Cyber Security. Sets statewide information technology standards and policy, monitors the state network to detect, prevent, and respond to cyber attacks, notifies affected agencies in the event of a cyber attack, assists in system recovery, and performs security design reviews and risk assessments.	Allocation	Agencies with 50+ FTEs pay a yearly base fee of \$2000. The remaining cost of the office is allocated based on the agency's number of budgeted FTEs.
Consolidated Technology Services	Enterprise Cloud Services. New central service item created in the 2022 Supplemental budget to establish the Cloud Services Broker and Cloud Training programs.	Allocation	Cloud Services Broker funding was allocated to agencies based on total agency IT spend. Cloud Training funding was allocated based on agency IT FTEs.
Consolidated Technology Services	Security gateway. Includes Secure Access Washington, web application firewall services, reverse proxy services, adaptive authentication, and security certificates. Knowledge-based authentication is not included in this allocation.	Allocation	All agencies with more than 50 FTEs pay a base fee of \$1,500 plus a per FTE fee and a per application fee.
Consolidated Technology Services	Small Agency IT Services. Provides tailored supports to meet the information technology needs of small agencies, including full desktop support, server support, Chief Technology Officer, and cyber security.	Allocation	Total service cost divided by each participating agency's percentage of FTEs.
Consolidated Technology Services	State Data Center Debt Service. Debt service for the SDC shared by state agencies. Not eligible for Federal Match.	Allocation	Funding for the State Data Center is based on total agency IT spend. Agencies document their IT expenditures by coding transactions as project type X or Y in AFRS.
Consolidated Technology Services	State network. Provides staffing, equipment, and maintenance for the state network.	Allocation	Annual cost to support the network core is the cost divided by each agency's percentage of statewide FTEs and transport support is based on each agency's connectivity fee schedule.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Department of Enterprise Services	Campus contracts. This fee funds the cost of fire services provided by the Olympia Fire Department and elevator maintenance for buildings located on the capital campus.	Allocation	Agency percentage of total Thurston County FTEs and agency occupancy in DES managed buildings.
Department of Enterprise Services	Campus rent. This fee now covers utilities and supports the operations and maintenance of facilities located on the capital campus.	Allocation	Agency occupancy in DES managed buildings.
Department of Enterprise Services	Campus parking. This fee supports the operations and maintenance of the parking facilities on campus.	Allocation	Agency occupancy in DES managed buildings.
Department of Enterprise Services	Capital Campus Childcare. Owned by DES and operated by a non-profit organization, this allocation funds the maintenance of the new capital campus childcare center on Maple Park Avenue.	Allocation	Agency percentage of total Thurston County FTEs.
Department of Enterprise Services	Capital project surcharge. This surcharge supports the cost capital projects.	Allocation	Agency occupancy in DES managed buildings in Thurston County.
Department of Enterprise Services	Enterprise applications fee. This fee covers the cost of enterprise systems that support all agencies.	Allocation	Agency percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Department of Enterprise Services	Financing cost recovery. This service item funds the debt service related to the construction, renovation, and occupancy of certain space owned and managed by DES. Not eligible for federal match.	Allocation	Agency occupancy in DES managed buildings that incur debt financing.
Department of Enterprise Services	Perry Street Day Care. Owned by DES and operated by a non-profit organization, this allocation funds the maintenance of the capital campus childcare center.	Allocation	Agency percentage of total Thurston County FTEs.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Department of Enterprise Services	Personnel services. This service item funds statewide human resource efforts such as the Employee Assistance Program (EAP), recruitment and training.	Allocation	Agency percentage of total statewide FTEs (executive branch agencies only).
Department of Enterprise Services	Public and historic facilities. This service item funds the maintenance and operations of the public spaces on capital campus. A small portion of this item also supports the capitol campus visitor services and civic education program.	Allocation	Agency percentage of total Thurston County FTEs.
Department of Enterprise Services	Real estate services. This service item funds lease renewal services to agencies.	Allocation	Weighted three-part index based on number, square footage, and value of leases.
Department of Enterprise Services	Risk management administration. The administrative fee supports statewide risk management activities and the staff who provide these services as well reviewing and processing tort claims.	Allocation	Based on actuary study (\$2,000 minimum).
Department of Enterprise Services	Self-Insurance Liability Account. Pays for tort claims filed against the state and related legal costs.	Allocation	Based on actuary study (\$2,000 minimum).
Department of Enterprise Services	Security on Campus. This service item funds the campus security contract with the Washington State Patrol (formerly in campus contracts) and a Security Operations Center.	Allocation	Agency percentage of total Thurston County FTEs and agency occupancy in DES Managed buildings.
Department of Enterprise Services	Small agency financial services. DES provides small agencies with budget, accounting, and payroll services.	Allocation	Payroll - Agency percentage of total FTEs served. Budget - Two-part index; budget size and complexity. Accounts Payable/Receivable - Agency percentage of total number of transactions processed.
Department of Enterprise Services	Small agency human resources. DES provides small agencies with human resource services.	Allocation	Agency percentage of total FTEs served.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Department of Labor and Industries	Workers' compensation. Type of insurance providing wage replacement and medical benefits to employees injured in the course of their employment.	Allocation	Actuaries prepare cost estimates for this item. The agency sends this information to OFM.
Office of Administrative Hearings	Administrative hearings. Acts as our state's "central panel" organization; provides judges independent from state agencies that adjudicate claims or disputes involving administrative law.	Fee-for-Service	Estimates prepared by the agency of anticipated workload for the biennium. Uses a three-tiered billing model to charge for costs. The agency sends this information to OFM.
Office of Financial Management	Central service. Covers certain agency facing services at OFM.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of Financial Management	Enterprise systems rates. Access and support for statewide financial, budget, contract, procurement, reporting and payroll systems.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of Financial Management	ERP Financing. Costs for the One Washington program which encompasses the replacement of the state's enterprise financial systems.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Secretary of State	Archives and records management. Provides document storage within the state archives.	Both	Composite index of box fees and statewide FTEs.
State Auditor's Office	Auditing services. Performs audits of state agencies and local governments.	Fee-for-Service	Based on agency's projected work plan as well as additional work to be performed, such as adding an agency to the audit plan).