




## Chapter 13

# Central Service Agency Charges, Risk Management and Self-Insurance Premiums

## 13.1 CENTRAL SERVICE CHARGES HANDLED BY OFM

Central service charges listed in the table below are globally handled by OFM when building the Governor’s proposed budget. OFM will determine maintenance level updates to agency budgets. Agencies do *not* need to submit separate decision packages for incremental maintenance level changes to these charges.

Agency	Charge	Service Provided
SOS	Archives and Records Management	Archival and records management services provided by the Secretary of State.
SAO	Auditing Services	Audit services provided by the State Auditor.
AGO	Legal Services	Legal services provided by the Attorney General.
OAH	Administrative Hearings	Administrative hearings services provided by the Office of Administrative Hearings.
WaTech/CTS	Office of the Chief Information Officer	The state Chief Information Officer sets statewide IT policies and oversees major IT projects.
WaTech/CTS	Enterprise Systems Fee	This fee includes access and support for the statewide financial, budget, contract, procurement, reporting and payroll systems.
WaTech/CTS	State Network	This service funds maintenance, operations and improvements to the state network. 
WaTech/CTS	State Data Center	The cost of the debt service for the State Data Center shared by state agencies.
WaTech/CTS	Security Gateway	This service provides secure access to state government network (SGN) websites.
WaTech/CTS	Security Infrastructure	This service protects the SGN from hackers and viruses.
WaTech/CTS	Secure File Transfer	This service transfers data securely between any two online locations.
WaTech/CTS	Access Washington	WaTech/CTS maintains the state’s Access/Inside Washington website.
WaTech/CTS	GIS Rate	WaTech/CTS provides the state’s shared geographic information system services.
DES	Campus Rent, Utilities and Parking	DES charges state agencies for maintenance and operation of state-owned buildings and a small portion of the costs to maintain employee parking spaces.
DES	Capital Project Surcharge	A surcharge to cover the cost of DES-managed capital projects based in Thurston County.

Agency	Charge	Service Provided
DES	Financing Cost Recovery	Charges related to the construction, renovation and occupancy of certain space owned and managed by DES in Thurston County.
DES	Public and Historic Facilities and Visitor Services	DES manages public areas of the Capitol Campus and operates the Visitor Services Office.
DES	Lease Renewal Services	DES provides lease renewal services to client agencies.
DES	Risk Management Administration and SILA premiums	DES administers the state self-insurance liability program and charges an administration fee.
DES	Small Agency Client Services	DES provides small agencies with budget, accounting, payroll, accounts receivable and accounts payable services.
DES	Personnel Services	DES provides personnel services to state employees such as training, layoff resources and the Employee Assistance Program.
DES	Perry Street Day Care	This charge is used for the maintenance of a facility contracted out by DES to a licensed child care provider for use by state employees.
LNI	Workers' Compensation	LNI charges agencies for workers compensation insurance. 
OFM	Enterprise Resource Planning	OFM is leading the initiative to replace the state's core financial system. 

### **Performance level change requests for services must be in both client and provider agency budget requests**

If a client and service provider agency determine a need to increase the type or utilization level of service, both the client and service provider agency must include a performance level request for the increase in their budget submittal. This is important to help OFM keep these requests synchronized in the budget. In particular, provider and client agencies should submit performance level decision packages to request changes to their expected use of services provided by the Office of the Attorney General, the State Auditor and the Office of Administrative Hearings.

### **Central service agency amounts are estimates**


Central service agency amounts included in client agency budgets are estimates, and the actual billings from the service agencies will be based on services rendered. It is expected that client agencies will pay these billings in a timely manner and in full as they would pay bills from other vendors.

### **Notify service provider agencies about extraordinary service needs**

Agencies that anticipate requiring an unusual or extraordinary level of service should contact the appropriate service agency to discuss the anticipated nature and scope of the need. This approach will enable service agencies to include an appropriate estimate and cost of the service to be provided.

## 13.2 CENTRAL SERVICE CHARGES *NOT* HANDLED BY OFM

The following central service charges are *not* handled by OFM. Budgeting for these charges is the responsibility of the client agency:

Agency	Charge	Service Provided
OFM	Personnel Services Charge	This charge is used to fund many of the statewide human resources services. Agencies with classified positions must pay this charge.
OFM	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.
DES/CTS	Fee-for-Service Charges	DES and CTS provide a wide array of other services to agencies for a use fee, charged when the service is used.
DES	Small Agency Human Resources	DES provides small agencies with human resource services. 

## 13.3 FUND SPLIT ADJUSTMENTS FOR THE CENTRAL SERVICE MODEL

Fund splits represent how OFM and the Legislature will allocate central service costs among different agency funds. Some agencies may need to adjust fund splits for the 2017–19 central service model.

OFM will provide agencies with a spreadsheet with the latest fund split information and information about recent legislative changes that may impact fund splits. Update the spreadsheet and provide a short description explaining proposed updates. Fund split adjustments are due at the same time as the agency budget submittal.

Regardless of whether fund splits are changing or remaining the same from 2015–17 to 2017–19, OFM still requires written confirmation. Send updated fund split information to your [assigned budget analyst](#) with a copy to [Regan.Hesse@ofm.wa.gov](mailto:Regan.Hesse@ofm.wa.gov).

## 13.4 OTHER INFORMATION REQUIRED OF CENTRAL SERVICE PROVIDER AGENCIES

Central service agencies must provide an agency billing list for the current biennium and for the proposed 2017–19 budget. This list should include the estimated annual amounts to be charged each user agency, and, if a direct staff service, the FTE staff involved with each user agency. In addition, each maintenance or performance level decision package must provide an example of the increased charges to small, medium and large agencies. This will help OFM evaluate the cost implications of the decision package on other agencies. The total billing amount must be reconcilable to the agency's revenue estimate submitted in the budget.

**Note:** OFM will provide a formatted spreadsheet and instructions to the central service agencies for their use in preparing this list.

## 13.5 RISK MANAGEMENT AND SELF-INSURANCE PREMIUMS

---

### Risk management is a key strategy for reducing costs and improving outcomes

Risk is defined as anything that poses a potential barrier to an agency achieving its mandated and strategic objectives/goals on time. Risk management refers to the practices an agency uses to manage its risks.

Enterprise risk management (ERM) is a coordinated method of performing risk management that considers all risks that affect an agency's goals across all parts of the agency. ERM allows an agency to identify, measure, prioritize and respond to its risks. This approach can create cost savings and enhance efficiency by identifying resources and linking them to agency goals and action plans. This section of the budget submittal offers a means to describe agency ERM strategies, programs, activities and needs.

### Self-Insurance Premiums

When available, preliminary estimates for self-insurance premium cost changes for 2017–19 will be posted at <http://des.wa.gov/services/Risk/AboutRM/Pages/agencyBudgetRiskManagement.aspx>.

**Agencies do not submit self-insurance premium decision packages for self-insurance premium adjustments.** OFM will update agency budgets for self-insurance premium adjustments in the fall when those costs are finalized.

### Request extraordinary enterprise risk management funding separately

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

### An enterprise risk management update must be submitted

Agencies must submit an ERM update with their budget submittal and to the Department of Enterprise Services' Office of Risk Management (ORM). The update should be a one-page submittal describing three major risks that could impact 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 the enterprise risk management update, *do not* include confidential information related to specific claims or lawsuits. Seek advice from agency legal staff if there are questions about confidentiality issues.

Email a copy of the update to ORM at [desmiriskmanagement@des.wa.gov](mailto:desmiriskmanagement@des.wa.gov).

### 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 at <http://des.wa.gov/services/Risk/AboutRM/Pages/agencyBudgetRiskManagement.aspx>.
- ORM staff members are available to assist you with interpreting loss trends and developing risk management goals at 360-407-9199.