

**Department of Social and Health Services**  
**2012 Reduction Options and Supplemental Budget Request**  
**Vocational Rehabilitation**

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## Recommendation Summary

Version: J2 - 100 - 2012 Sup Agency Request

Budget Period: 2011-13  
Budget Level Criteria: ALL

Dollars in Thousands	Program Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds	
<b>Program 100 - Vocational Rehabilitation</b>						
<b>CB - Current Biennium</b>						
00	Current Biennium Base	0	322.1	21,713	105,388	127,101
	<b>SubTotal CB</b>		<b>322.1</b>	<b>21,713</b>	<b>105,388</b>	<b>127,101</b>
	<b>Cumulative Total Thru CB</b>		<b>322.1</b>	<b>21,713</b>	<b>105,388</b>	<b>127,101</b>
<b>M2 - Inflation and Other Rate Changes</b>						
9T	Transfers	0	0.0	32	(27)	5
JG	Leveraging Federal Revenue	0	0.0	0	2,500	2,500
ZZ	Unemployment	0	0.0	55	0	55
	<b>SubTotal M2</b>		<b>0.0</b>	<b>87</b>	<b>2,473</b>	<b>2,560</b>
	<b>Cumulative Total Thru M2</b>		<b>322.1</b>	<b>21,800</b>	<b>107,861</b>	<b>129,661</b>
<b>PL - Performance Level</b>						
JA	Reduce Basic Support Grant	0	0.0	(2,171)	0	(2,171)
PF	State Data Center Equipment	0	0.0	1	9	10
	<b>SubTotal PL</b>		<b>0.0</b>	<b>(2,170)</b>	<b>9</b>	<b>(2,161)</b>
	<b>Cumulative Total Thru PL</b>		<b>322.1</b>	<b>19,630</b>	<b>107,870</b>	<b>127,500</b>
<b>Total Proposed Budget for Program 100 - Vocational Rehabilitation</b>			<b>322.1</b>	<b>19,630</b>	<b>107,870</b>	<b>127,500</b>

### Recommendation Summary Text

#### 9T - Transfers

(M2) The Department of Social and Health Services (DSHS) requests to shift FTEs and funding among programs in the 2012 Supplemental Budget. This transfer will align FTEs and funds within the programs where the costs are incurred. The net impact is zero.

#### JA - Reduce Basic Support Grant

(PL) The Department of Social and Health Services (DSHS), Division of Vocational Rehabilitation (DVR), reduces (\$2,171,300) GF-State in the 2012 Supplemental Budget.

#### JG - Leveraging Federal Revenue

(M2) The Department of Social and Health Services (DSHS), Division of Vocational Rehabilitation (DVR), requests \$2.5 million of Federal American Recovery Reinvestment Act (ARRA) appropriation in Fiscal Year 2012 to cover anticipated expenditures.

#### PF - State Data Center Equipment

(PL) The Department of Social and Health Services (DSHS), Information System Services Division (ISSD), requests \$512,000 (\$291,000 GF-State) in the 2012 Supplemental Budget for startup equipment required to migrate systems from the Office Building 2 (OB2) to the new State Data Center (SDC) located in the 1500 Jefferson Building.

#### ZZ - Unemployment

(M2) The Department of Social and Health Services (DSHS) requests \$2,893,000 (\$2,245,000 GF-State) in the 2012 Supplemental

# Recommendation Summary

Budget Period: 2011-13  
Budget Level Criteria: ALL

Version: J2 - 100 - 2012 Sup Agency Request

Dollars in Thousands	Program Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds
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**ZZ - Unemployment**

Budget to offset increased Unemployment Insurance reimbursement to the Employment Security Department (ESD).

Department of Social and Health Services

**DP Code/Title: M2-9T Transfers**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

**Recommendation Summary Text:**

The Department of Social and Health Services (DSHS) requests to shift FTEs and funding among programs in the 2012 Supplemental Budget. This transfer will align FTEs and funds within the programs where the costs are incurred. The net impact is zero.

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Program 100</b>			
001-1 General Fund - Basic Account-State	25,000	7,000	32,000
001-2 General Fund - Basic Account-Federal	(13,000)	(14,000)	(27,000)
<b>Total Cost</b>	<b>12,000</b>	<b>(7,000)</b>	<b>5,000</b>

**Staffing**

**Package Description:**

DSHS requests an internal transfer among several program budgets resulting in a net zero funding change for the department. To align program appropriations with planned expenditures for the current budget, DSHS requests the following adjustments:

Information System Services Division (ISSD) Compensation Adjustment (110 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150): Administration and Supporting Services (Administration) will transfer compensation costs for staff in ISSD to other DSHS programs. Compensation steps associated with staff in ISSD are routinely included within the budget steps for Administration. Administration will distribute \$383,000 (\$303,000 GF-State) of ISSD's costs to the programs. These steps include: 1) savings from ending automatic benefit increases from the Public Employees' Retirement System Plan 1; 2) health insurance decrease in Fiscal Year 2013 to reflect the expected decrease of state employees in 2011-13, (the decrease in the carry forward level has already been adjusted in Fiscal Year 2012); 3) 3 percent cost savings in employee salaries; and 4) employer contributions adjusted to levels adopted by the Pension Funding Council. ISSD's budget resides in programs' budgets at Sub-Object TZ.

Department of Information Services (DIS) Rate Reduction (145 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150): Payments to Other Agencies (PTOA) will distribute \$2,130,000 (\$1,494,000 GF-State) of DIS rate adjustment costs to the various programs. DIS reduced their 2011-13 rates in technology leasing services, storage, and mainframe computing. Also, the Central Service Model reduced the department's funding for DIS services. PTOA does not pay these DIS costs for the entire department; rather, they are paid out of the programs' budgets at the Sub-Object EL levels.

Medicaid Purchasing Administration (MPA) Funding (110 to 010, 020, 030, 040, 050, 060, 070, 100, 135): Administration will distribute \$456,000 (\$296,000 GF-State) in costs to DSHS programs for the funding of positions that were transferred to the Health Care Authority (HCA). The negotiation for the DSHS and MPA transfer required DSHS to provide additional staff funding to HCA. Administration distributes this cost to the programs in this request. (Economic Services Administration (ESA) agreed to provide 3.0 FTEs, which were transferred out of the ESA 2011-13 Biennial Budget.) This distribution will give each program a share of the cost without Administration carrying the full cost as this was the original intent.

Department of Labor and Industries (L&I) Funding from PTOA to Programs (145 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150): L&I funding for the various DSHS programs was provided in PTOA's budget and will need to transfer to the respective programs. PTOA will transfer \$9,341,000 (\$6,725,000 GF-State) to the programs.

ISSD Transfer of Email and Blackberry services to DIS (All DSHS Programs): ISSD will no longer provide email and blackberry services for the department and will transfer these services to DIS. Program's

Department of Social and Health Services

**DP Code/Title: M2-9T Transfers**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

funding for these services are in Sub-Object TZ and will need to transfer to Sub-Object EL. The estimated transfer amount is \$624,000 total funds for Fiscal Year 2012 and \$1,208,000 total funds for Fiscal Year 2013. Amounts in the first year are estimates because the transfer timeline may change.

ISSD Staff Transfer to Administration (150 or 020, 030, 040, 050, 060, 070, 100, 135 to 110):  
ISSD will transfer 1.0 FTE and \$216,000 (\$126,000 GF-State) to Administration, which fits with the current organizational reporting structure. As mentioned above, because of ISSD's budget residing in the programs' Sub-Object TZ costs, programs will transfer \$176,000 of their ISSD's costs to Administration, which will also reduce their share of ISSD's costs by \$40,000.

Mental Health Category Transfers (030 8000 to 030 9000):  
DSHS, Mental Health (MH), is a categorically appropriated program. Thus, MH requests to move 8.6 FTEs and \$671,000 (\$74,000 GF-State) from Category 8000 to Category 9000 to align appropriations where costs are incurred.

Consolidated Field Services FTE Transfer (010, 020, 030, 040, 050, 060, 135 to 110 & 160):  
Program 160 - Consolidated Field Services (CFS) will consolidate 343.1 FTEs in Fiscal Year 2012 and 540.2 FTEs in Fiscal Year 2013 from various DSHS Programs, which is designed to centralize services and maximize efficiencies in order to support business functions and maintenance for the regional centers and the institutions. CFS will operate as a chargeback to programs in order to maintain the maximum federal participation rate that DSHS Programs receive. Part of this consolidation is a transfer of 8.0 FTEs and \$704,000 (\$490,000 GF-State) in Fiscal Year 2012 and 13.0 FTEs and \$1,021,000 (\$714,000 GF-State) in Fiscal Year 2013 for payroll staff, Facility Planners and a Fiscal Coordinator from the various programs to Program 110. The consolidation will phase in from November 1, 2011, through March 1, 2012, and has been approved by the Legislative Evaluation and Accountability Program (LEAP) Committee.

These transfers will realign the funding with the DSHS programs to be charged.

Agency contact: Tula Habb (360) 902-8182

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

DSHS accounts for the wise use of public dollars by maximizing federal funding sources.

**Performance Measure Detail**

**Program: 100**

**Activity: J105 Vocational Rehabilitation Direct Client Services**

No measures linked to package

**Incremental Changes**

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Yes. This request supports our goal to improve health care quality and access and to improve internal and external partnerships.

*Does this decision package provide essential support to one of the Governor's priorities?*

Yes. This request supports the Governor's priority associated with efficient state government services for the people of Washington State.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

**Department of Social and Health Services**

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Yes. This request makes key contributions to the Governor's statewide results to "strengthen government's ability to achieve results efficiently and effectively."

This package will rate high in the Priorities of Government (POG) process as it will assist us in ensuring that needed support and funds are in the correct programs. In addition, it will allow DSHS to monitor costs and services efficiently and effectively.

*What are the other important connections or impacts related to this proposal?*

None

*What alternatives were explored by the agency, and why was this alternative chosen?*

None

*What are the consequences of not funding this package?*

If the funding authority is not transferred between programs, DSHS would be required to develop internal mechanisms to track and transfer costs resulting in reduced efficiency.

*What is the relationship, if any, to the state's capital budget?*

None

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None

*Expenditure and revenue calculations and assumptions*

See attachment: AW M2-9T Transfers.xlsx

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

The transfer is one-time resulting in the funding being in the correct programs. Then, all costs associated with these transfers will be ongoing and will carry-forward into future biennia.

<b>Object Detail</b>	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Program 100 Objects</b>			
B Employee Benefits	30,000	12,000	42,000
E Goods And Services	6,000	23,000	29,000
T Intra-Agency Reimbursements	(24,000)	(42,000)	(66,000)
<b>Total Objects</b>	<b>12,000</b>	<b>(7,000)</b>	<b>5,000</b>

**Department of Social and Health Services**

**DP Code/Title: M2-9T Transfers**

**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

**DSHS Source Code Detail**

<b>Program 100</b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Fund 001-1, General Fund - Basic Account-State</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
0011	General Fund State	25,000	7,000	32,000
	<i>Total for Fund 001-1</i>	25,000	7,000	32,000
<b>Fund 001-2, General Fund - Basic Account-Federal</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
126F	Rehabilitation Svs - Basic Supp (A) (78.7%)	(13,000)	(14,000)	(27,000)
	<i>Total for Fund 001-2</i>	(13,000)	(14,000)	(27,000)
	<b>Total Program 100</b>	<b>12,000</b>	<b>(7,000)</b>	<b>5,000</b>

**2012 Supplemental Budget  
M2-9T Transfers**

	Program	FTEs			FY 2012			FY 2013			2011-13 Biennium		
		FY12	FY13	Total	001-1	Other	Total	001-1	Other	Total	001-1	Other	Total
<b>010</b>	<b>Children's Administration</b>												
	ISSD compensation adjustments from Admin			0.0	(19,000)	(9,000)	(28,000)	(23,000)	(13,000)	(36,000)	(42,000)	(22,000)	(64,000)
	DIS reductions from PTOA			0.0	(103,000)	(44,000)	(147,000)	(100,000)	(43,000)	(143,000)	(203,000)	(87,000)	(290,000)
	MPA costs from Admin			0.0	(24,000)	(13,000)	(37,000)	(24,000)	(13,000)	(37,000)	(48,000)	(26,000)	(74,000)
	L&I Funding from PTOA			0.0	192,000	63,000	255,000	80,000	26,000	106,000	272,000	89,000	361,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(6,000)	(9,000)	(15,000)	(6,000)	(9,000)	(15,000)	(12,000)	(18,000)	(30,000)
	FTE Consolidation Transfer	(10.9)	(26.2)	(18.6)	(37,000)	(41,000)	(78,000)	(52,000)	(59,000)	(111,000)	(89,000)	(100,000)	(189,000)
				0.0			0			0			0
	<b>010 Total</b>	<b>(10.9)</b>	<b>(26.2)</b>	<b>(18.6)</b>	<b>3,000</b>	<b>(53,000)</b>	<b>(50,000)</b>	<b>(125,000)</b>	<b>(111,000)</b>	<b>(236,000)</b>	<b>(122,000)</b>	<b>(164,000)</b>	<b>(286,000)</b>
<b>020</b>	<b>Juvenile Rehabilitation</b>												
	ISSD compensation adjustments from Admin			0.0	(5,000)		(5,000)	(7,000)		(7,000)	(12,000)	0	(12,000)
	DIS reductions from PTOA			0.0	(8,000)		(8,000)	(8,000)		(8,000)	(16,000)	0	(16,000)
	MPA costs from Admin			0.0	(8,000)	(4,000)	(12,000)	(8,000)	(4,000)	(12,000)	(16,000)	(8,000)	(24,000)
	L&I Funding from PTOA			0.0	382,000		382,000	179,000		179,000	561,000	0	561,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(3,000)	0	(3,000)	(3,000)	0	(3,000)	(6,000)	0	(6,000)
	FTE Consolidation Transfer	(36.0)	(55.1)	(45.6)	(11,000)	0	(11,000)	(15,000)	0	(15,000)	(26,000)	0	(26,000)
				0.0			0			0			0
	<b>020 Total</b>	<b>(36.0)</b>	<b>(55.1)</b>	<b>(45.6)</b>	<b>347,000</b>	<b>(4,000)</b>	<b>343,000</b>	<b>138,000</b>	<b>(4,000)</b>	<b>134,000</b>	<b>485,000</b>	<b>(8,000)</b>	<b>477,000</b>
<b>030</b>	<b>Mental Health</b>												
	ISSD compensation adjustments from Admin			0.0	(12,000)	1,000	(11,000)	(15,000)	1,000	(14,000)	(27,000)	2,000	(25,000)
	DIS reductions from PTOA			0.0	(19,000)	4,000	(15,000)	(18,000)	4,000	(14,000)	(37,000)	8,000	(29,000)
	MPA costs from Admin			0.0	(26,000)	(14,000)	(40,000)	(26,000)	(14,000)	(40,000)	(52,000)	(28,000)	(80,000)
	L&I Funding from PTOA			0.0	2,011,000	249,000	2,260,000	893,000	110,000	1,003,000	2,904,000	359,000	3,263,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(6,000)	0	(6,000)	(6,000)	0	(6,000)	(12,000)	0	(12,000)
	Category 8000	(8.6)	(8.6)	(8.6)	(296,000)	(38,000)	(334,000)	(301,000)	(36,000)	(337,000)	(597,000)	(74,000)	(671,000)
	Category 9000	8.6	8.6	8.6	296,000	38,000	334,000	301,000	36,000	337,000	597,000	74,000	671,000
	FTE Consolidation Transfer	(119.2)	(178.9)	(149.1)	(239,000)	0	(239,000)	(353,000)	0	(353,000)	(592,000)	0	(592,000)
				0.0			0			0			0
	<b>030 Total</b>	<b>(119.2)</b>	<b>(178.9)</b>	<b>(149.1)</b>	<b>1,709,000</b>	<b>240,000</b>	<b>1,949,000</b>	<b>475,000</b>	<b>101,000</b>	<b>576,000</b>	<b>2,184,000</b>	<b>341,000</b>	<b>2,525,000</b>
<b>040</b>	<b>Division of Developmental Disabilities</b>												
	ISSD compensation adjustments from Admin			0.0	(9,000)	(2,000)	(11,000)	(10,000)	(3,000)	(13,000)	(19,000)	(5,000)	(24,000)
	DIS reductions from PTOA			0.0	(27,000)	(1,000)	(28,000)	(26,000)		(26,000)	(53,000)	(1,000)	(54,000)
	MPA costs from Admin			0.0	(31,000)	(17,000)	(48,000)	(31,000)	(17,000)	(48,000)	(62,000)	(34,000)	(96,000)
	L&I Funding from PTOA			0.0	1,366,000	1,311,000	2,677,000	670,000	644,000	1,314,000	2,036,000	1,955,000	3,991,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(5,000)	(1,000)	(6,000)	(5,000)	(1,000)	(6,000)	(10,000)	(2,000)	(12,000)
	FTE Consolidation Transfer	(144.9)	(219.7)	(182.3)	(62,000)	(105,000)	(167,000)	(92,000)	(152,000)	(244,000)	(154,000)	(257,000)	(411,000)
				0.0			0			0			0
	<b>040 Total</b>	<b>(144.9)</b>	<b>(219.7)</b>	<b>(182.3)</b>	<b>1,232,000</b>	<b>1,185,000</b>	<b>2,417,000</b>	<b>506,000</b>	<b>471,000</b>	<b>977,000</b>	<b>1,738,000</b>	<b>1,656,000</b>	<b>3,394,000</b>
<b>050</b>	<b>Long Term Care</b>												
	ISSD compensation adjustments from Admin			0.0	(11,000)	(3,000)	(14,000)	(14,000)	(4,000)	(18,000)	(25,000)	(7,000)	(32,000)
	DIS reductions from PTOA			0.0	(44,000)	(15,000)	(59,000)	(44,000)	(14,000)	(58,000)	(88,000)	(29,000)	(117,000)
	MPA costs from Admin			0.0	(12,000)	(7,000)	(19,000)	(12,000)	(7,000)	(19,000)	(24,000)	(14,000)	(38,000)
	L&I Funding from PTOA			0.0	77,000	51,000	128,000	33,000	21,000	54,000	110,000	72,000	182,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(4,000)	(3,000)	(7,000)	(4,000)	(3,000)	(7,000)	(8,000)	(6,000)	(14,000)
	FTE Consolidation Transfer	(3.9)	(9.1)	(6.5)	(15,000)	(13,000)	(28,000)	(22,000)	(18,000)	(40,000)	(37,000)	(31,000)	(68,000)
				0.0			0			0			0
	<b>050 Total</b>	<b>(3.9)</b>	<b>(9.1)</b>	<b>(6.5)</b>	<b>(9,000)</b>	<b>10,000</b>	<b>1,000</b>	<b>(63,000)</b>	<b>(25,000)</b>	<b>(88,000)</b>	<b>(72,000)</b>	<b>(15,000)</b>	<b>(87,000)</b>
<b>060</b>	<b>Economic Services Administration</b>												
	ISSD compensation adjustments from Admin			0.0	(76,000)	(16,000)	(92,000)	(91,000)	(27,000)	(118,000)	(167,000)	(43,000)	(210,000)
	DIS reductions from PTOA			0.0	(530,000)	(260,000)	(790,000)	(519,000)	(255,000)	(774,000)	(1,049,000)	(515,000)	(1,564,000)
	MPA costs from Admin			0.0	(39,000)	(21,000)	(60,000)	(39,000)	(21,000)	(60,000)	(78,000)	(42,000)	(120,000)
	L&I Funding from PTOA			0.0	325,000	90,000	415,000	140,000	39,000	179,000	465,000	129,000	594,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(25,000)	(22,000)	(47,000)	(25,000)	(22,000)	(47,000)	(50,000)	(44,000)	(94,000)
	FTE Consolidation Transfer	(11.5)	(27.2)	(19.4)	(72,000)	(55,000)	(127,000)	(101,000)	(78,000)	(179,000)	(173,000)	(133,000)	(306,000)
				0.0			0			0			0
	<b>060 Total</b>	<b>(11.5)</b>	<b>(27.2)</b>	<b>(19.4)</b>	<b>(417,000)</b>	<b>(284,000)</b>	<b>(701,000)</b>	<b>(635,000)</b>	<b>(364,000)</b>	<b>(999,000)</b>	<b>(1,052,000)</b>	<b>(648,000)</b>	<b>(1,700,000)</b>
<b>070</b>	<b>Division of Alcohol and Substance Abuse</b>												
	ISSD compensation adjustments from Admin			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
	DIS reductions from PTOA			0.0		(1,000)	(1,000)		(1,000)	(1,000)	0	(2,000)	(2,000)
	MPA costs from Admin			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
	L&I Funding from PTOA			0.0	6,000	1,000	7,000	3,000		3,000	9,000	1,000	10,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(1,000)	0	(1,000)	(1,000)	0	(1,000)	(2,000)		(2,000)
				0.0			0			0			0
	<b>070 Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>3,000</b>	<b>(1,000)</b>	<b>2,000</b>



**2012 Supplemental Budget  
M2-9T Transfers**

	Program	FTEs			FY 2012			FY 2013			2011-13 Biennium		
		FY12	FY13	Total	001-1	Other	Total	001-1	Other	Total	001-1	Other	Total
<b>100</b>	<b>Division of Voc. Rehabilitation</b>												
	ISSD compensation adjustments from Admin			0.0	(2,000)	(2,000)	(4,000)	(2,000)	(3,000)	(5,000)	(4,000)	(5,000)	(9,000)
	DIS reductions from PTOA			0.0	(2,000)	(5,000)	(7,000)	(2,000)	(5,000)	(7,000)	(4,000)	(10,000)	(14,000)
	MPA costs from Admin			0.0	(1,000)	(4,000)	(5,000)	(1,000)	(4,000)	(5,000)	(2,000)	(8,000)	(10,000)
	L&I Funding from PTOA			0.0	30,000		30,000	12,000		12,000	42,000	0	42,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	0	(2,000)	(2,000)	0	(2,000)	(2,000)	0	(4,000)	(4,000)
				0.0			0			0	0	0	0
	<b>100 Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25,000</b>	<b>(13,000)</b>	<b>12,000</b>	<b>7,000</b>	<b>(14,000)</b>	<b>(7,000)</b>	<b>32,000</b>	<b>(27,000)</b>	<b>5,000</b>
<b>110</b>	<b>Administration &amp; Supporting Services</b>												
	ISSD compensation adjustments from Admin			0.0	137,000	31,000	168,000	166,000	49,000	215,000	303,000	80,000	383,000
	DIS reductions from PTOA			0.0	(21,000)		(21,000)	(21,000)		(21,000)	(42,000)	0	(42,000)
	MPA costs from Admin			0.0	148,000	80,000	228,000	148,000	80,000	228,000	296,000	160,000	456,000
	L&I Funding from PTOA			0.0	37,000	8,000	45,000	16,000	3,000	19,000	53,000	11,000	64,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			1.0	51,000	37,000	88,000	51,000	37,000	88,000	102,000	74,000	176,000
	FTE Consolidation Transfer	8.0	13.0	10.5	490,000	214,000	704,000	714,000	307,000	1,021,000	1,204,000	521,000	1,725,000
				0.0			0			0	0	0	0
	<b>110 Total</b>	<b>9.0</b>	<b>14.0</b>	<b>11.5</b>	<b>842,000</b>	<b>370,000</b>	<b>1,212,000</b>	<b>1,074,000</b>	<b>476,000</b>	<b>1,550,000</b>	<b>1,916,000</b>	<b>846,000</b>	<b>2,762,000</b>
<b>135</b>	<b>Special Commitment Center</b>												
	ISSD compensation adjustments from Admin			0.0	(2,000)		(2,000)	(3,000)		(3,000)	(5,000)	0	(5,000)
	DIS reductions from PTOA			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
	MPA costs from Admin			0.0	(6,000)		(6,000)	(6,000)		(6,000)	(12,000)	0	(12,000)
	L&I Funding from PTOA			0.0	183,000		183,000	90,000		90,000	273,000	0	273,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(1,000)	0	(1,000)	(1,000)	0	(1,000)	(2,000)	0	(2,000)
	FTE Consolidation Transfer	(24.7)	(37.0)	(30.9)	(54,000)	0	(54,000)	(79,000)	0	(79,000)	(133,000)	0	(133,000)
				0.0			0			0	0	0	0
	<b>135 Total</b>	<b>(24.7)</b>	<b>(37.0)</b>	<b>(30.9)</b>	<b>119,000</b>	<b>0</b>	<b>119,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119,000</b>	<b>0</b>	<b>119,000</b>
<b>145</b>	<b>Payments to Other Agencies</b>												
	DIS reductions from PTOA			0.0	755,000	322,000	1,077,000	739,000	314,000	1,053,000	1,494,000	636,000	2,130,000
	L&I Funding from PTOA			0.0	(4,609,000)	(1,773,000)	(6,382,000)	(2,116,000)	(843,000)	(2,959,000)	(6,725,000)	(2,616,000)	(9,341,000)
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	<b>145 Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(3,854,000)</b>	<b>(1,451,000)</b>	<b>(5,305,000)</b>	<b>(1,377,000)</b>	<b>(529,000)</b>	<b>(1,906,000)</b>	<b>(5,231,000)</b>	<b>(1,980,000)</b>	<b>(7,211,000)</b>
<b>150</b>	<b>Information System Services Division</b>												
	Email & BB to DIS from ISSD	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin	(1.0)	(1.0)	(1.0)	0	0	0	0	0	0	0	0	0
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	<b>145 Total</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>160</b>	<b>Consolidated Field Services</b>												
	FTE Consolidation Transfer	343.1	540.2	441.7	0	0	0	0	0	0	0	0	0
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	<b>150 Total</b>	<b>343.1</b>	<b>540.2</b>	<b>441.7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Agency-Wide:</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**notes:**

- Information System Services Division (ISSD) compensation adjustments from Administration & Supporting Services (Admin).
- Department of Information Services (DIS) rate & central service reductions from Payments to Other Agencies (PTOA).
- Additional Medicaid Purchasing Administration (MPA) costs to transfer from Admin.
- L&I funding from PTOA to programs.
- Email and Blackberry (BB) services transfer from ISSD to DIS. Net impact to the programs is zero; however, ISSD's funding will decrease by the amount programs reduce/transfer their TZ costs.
- ISSD Staff Transfer to Admin.
- In Mental Health, move FTEs and funding from Category 8000 to 9000 to align appropriations where costs are incurred.
- FTE Transfer related to the Regional Business Centers, Institutional Business Offices, and Maintenance Operations are consolidated in Program 160.

**Department of Social and Health Services**

**DP Code/Title: M2-JG Leveraging Federal Revenue**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13    Version: J2 100 - 2012 Sup Agency Request

**Recommendation Summary Text:**

The Department of Social and Health Services (DSHS), Division of Vocational Rehabilitation (DVR), requests \$2.5 million of Federal American Recovery Reinvestment Act (ARRA) appropriation in Fiscal Year 2012 to cover anticipated expenditures.

**Fiscal Detail:**

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-2 General Fund - Basic Account-Federal	2,500,000	0	2,500,000
<b>Total Cost</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>

**Staffing**

**Package Description:**

DSHS, DVR, requests \$2.5 million of Federal ARRA appropriation in Fiscal Year 2012.

Agency Contact: Dan Winkley (360) 902-8179  
Program Contact: Lorie Christoferson (360) 725-3615

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

DVR is currently serving approximately 14,000 individuals per year. DVR develops approximately 5,700 Individual Employment plans per year and assists 2,700 individuals with disabilities into employment within community-based settings, reducing their dependence on public assistance.

***Performance Measure Detail***

**Agency Level**

**Activity: J105 Vocational Rehabilitation Direct Client Services**  
No measures linked to package

<b>Incremental Changes</b>	
<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Yes, this request supports Goal 2 - Improve economic stability, employment and self-sufficiency.

*Does this decision package provide essential support to one of the Governor's priorities?*

Yes, this request supports the priority of increasing employment and self-sufficiency.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

Yes, this request contributes to the statewide result Economic Vitality by increasing the percentage of people employed.

Department of Social and Health Services

**DP Code/Title: M2-JG Leveraging Federal Revenue**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

*What are the other important connections or impacts related to this proposal?*

This proposal impacts other DSHS programs and state agencies who receive DVR federal stimulus dollars through contracts.

*What alternatives were explored by the agency, and why was this alternative chosen?*

No other alternative was considered.

*What are the consequences of not funding this package?*

The division will not spend down the remaining available federal stimulus grant funds.

*What is the relationship, if any, to the state's capital budget?*

None

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

Not applicable

*Expenditure and revenue calculations and assumptions*

The division received \$8.9 in federal stimulus grant funds to provide accelerated services to individuals with disabilities impacted by the current economic downturn. The current appropriation authority of \$2,500,000 will not cover DVRs anticipated level of expenditures.

Of the \$8.9 million federal stimulus grant dollars, DVR spent approximately \$2 million during state Fiscal Year 2010 and \$1.9 million during state Fiscal Year 2011 leaving a balance of approximately \$5 million. DVRs federal stimulus grant dollars must be spent by December 31, 2011. An additional \$2.5 million of appropriation will allow DVR to spend down the remaining available federal stimulus grant.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

These costs are one-time.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
N Grants, Benefits & Client Services	2,500,000	0	2,500,000

**DSHS Source Code Detail**

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
126F Rehabilitation Svs - Basic Supp (A) (78.7%)	2,500,000	0	2,500,000
<i>Total for Fund 001-2</i>	<u>2,500,000</u>	<u>0</u>	<u>2,500,000</u>
<b>Total Overall Funding</b>	<b>2,500,000</b>	<b>0</b>	<b>2,500,000</b>

Department of Social and Health Services

**DP Code/Title: M2-ZZ Unemployment**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13    Version: J2 100 - 2012 Sup Agency Request

**Recommendation Summary Text:**

The Department of Social and Health Services (DSHS) requests \$2,893,000 (\$2,245,000 GF-State) in the 2012 Supplemental Budget to offset increased Unemployment Insurance reimbursement to the Employment Security Department (ESD).

**Fiscal Detail:**

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-1 General Fund - Basic Account-State	33,000	22,000	55,000
<b>Total Cost</b>	<b>33,000</b>	<b>22,000</b>	<b>55,000</b>

**Staffing**

**Package Description:**

Unemployment expenditures have increased significantly since 2008. DSHS has not been funded for this increase costs attributed to reductions to overall staffing levels. This decision package request funds related to the increase from 2008 which cannot be absorbed.

DSHS is self-insured for its unemployment insurance obligations, reimbursing the ESD for all unemployment benefits paid out to former employees. As DSHS has reduced its staffing level, its most current ESD quarterly bill, 2nd Quarter Calendar Year 2011, shows a 60 percent increase above its average quarterly ESD reimbursement from State Fiscal Year 2008. DSHS has reduced its FTEs by 2,400 or 13 percent since 2008 with no additional funding provided for its unemployment insurance obligations.

Agency contact: Edd Giger (360) 902-8067

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

This request is necessary to ensure DSHS has adequate funds to reimburse the ESD for increased Unemployment Insurance billings due to mandated staff reduction.

***Performance Measure Detail***

***Agency Level***

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This request contributes to the agency goal of strong management to increase public trust.

*Does this decision package provide essential support to one of the Governor's priorities?*

Yes. This request supports priority for economic security to promote practices and programs that protect workers.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This decision package makes key contributions to the following statewide results: Commitment to promote practices and programs that protect workers.

**Department of Social and Health Services**

**DP Code/Title: M2-ZZ Unemployment**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

*What are the other important connections or impacts related to this proposal?*

All DSHS programs are impacted by this request.

*What alternatives were explored by the agency, and why was this alternative chosen?*

None. Given the large reductions undertaken by DSHS, the department is no longer able to absorb the increase costs associated with unemployment insurance compensation above funded levels.

*What are the consequences of not funding this package?*

If this decision package is not funded, then DSHS will have to divert funds for client services to offset this expense.

*What is the relationship, if any, to the state's capital budget?*

None

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None

*Expenditure and revenue calculations and assumptions*

See attachment: AW M2 - ZZ Unemployment.xls

To develop the Unemployment model, the department looked at the Unemployment Rate Forecast completed by the state of Washington Revenue Forecast Council. The Unemployment Rate Forecast predicts unemployment will decline by an average of 0.6 percent each year. The department assumption is to dampened the trend by 75 percent given the current unemployment rate and the potential of additional reductions in Fiscal Year 2012 and Fiscal Year 2013.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

These costs are ongoing.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
B Employee Benefits	33,000	22,000	55,000
 <b><u>DSHS Source Code Detail</u></b>			
<b>Overall Funding</b>			
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	33,000	22,000	55,000
<i>Total for Fund 001-1</i>	33,000	22,000	55,000
<b>Total Overall Funding</b>	33,000	22,000	55,000

2012 Supplemental Budget  
M2-ZZ Unemployment

Program	2012			2013			BIENNIUM 2011-13			
	State	Federal	Total	State	Federal	Total	State	Federal	Total	Total
	010	\$ 254,000	\$ 85,000	\$ 339,000	\$ 174,000	\$ 58,000	\$ 232,000	\$ 428,000	\$ 143,000	\$ 571,000
020	\$ 337,000	\$ -	\$ 337,000	\$ 248,000	\$ -	\$ 248,000	\$ 585,000	\$ -	\$ 585,000	\$ 585,000
030	\$ 199,000	\$ 24,000	\$ 223,000	\$ 107,000	\$ 13,000	\$ 120,000	\$ 306,000	\$ 37,000	\$ 343,000	\$ 343,000
030 - 2000	\$ 197,000	\$ 24,000	\$ 221,000	\$ 106,000	\$ 13,000	\$ 119,000	\$ 303,000	\$ 37,000	\$ 340,000	\$ 340,000
030 - 9000	\$ 2,000	\$ -	\$ 2,000	\$ 1,000	\$ -	\$ 1,000	\$ 3,000	\$ -	\$ 3,000	\$ 3,000
040	\$ 258,000	\$ 233,000	\$ 491,000	\$ 180,000	\$ 162,000	\$ 342,000	\$ 438,000	\$ 395,000	\$ 833,000	\$ 833,000
040 - 1000	\$ 53,000	\$ 35,000	\$ 88,000	\$ 37,000	\$ 25,000	\$ 62,000	\$ 90,000	\$ 60,000	\$ 150,000	\$ 150,000
040 - 2000	\$ 203,000	\$ 195,000	\$ 398,000	\$ 141,000	\$ 136,000	\$ 277,000	\$ 344,000	\$ 331,000	\$ 675,000	\$ 675,000
040 - 9000	\$ 3,000	\$ 2,000	\$ 5,000	\$ 2,000	\$ 2,000	\$ 4,000	\$ 5,000	\$ 4,000	\$ 9,000	\$ 9,000
050	\$ 9,000	\$ 6,000	\$ 15,000	\$ (3,000)	\$ (2,000)	\$ (5,000)	\$ 6,000	\$ 4,000	\$ 10,000	\$ 10,000
060	\$ 28,000	\$ 23,000	\$ 51,000	\$ (18,000)	\$ (15,000)	\$ (33,000)	\$ 10,000	\$ 8,000	\$ 18,000	\$ 18,000
070	\$ 15,000	\$ 2,000	\$ 17,000	\$ 11,000	\$ 2,000	\$ 13,000	\$ 26,000	\$ 4,000	\$ 30,000	\$ 30,000
100	\$ 33,000	\$ -	\$ 33,000	\$ 22,000	\$ -	\$ 22,000	\$ 55,000	\$ -	\$ 55,000	\$ 55,000
110	\$ 139,000	\$ 33,000	\$ 172,000	\$ 104,000	\$ 24,000	\$ 128,000	\$ 243,000	\$ 57,000	\$ 300,000	\$ 300,000
135	\$ 91,000	\$ -	\$ 91,000	\$ 57,000	\$ -	\$ 57,000	\$ 148,000	\$ -	\$ 148,000	\$ 148,000
<b>Total</b>	<b>\$ 1,363,000</b>	<b>\$ 406,000</b>	<b>\$ 1,769,000</b>	<b>\$ 882,000</b>	<b>\$ 242,000</b>	<b>\$ 1,124,000</b>	<b>\$ 2,245,000</b>	<b>\$ 648,000</b>	<b>\$ 2,893,000</b>	<b>\$ 2,893,000</b>

**Department of Social and Health Services**

**DP Code/Title: PL-JA Reduce Basic Support Grant**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

**Recommendation Summary Text:**

The Department of Social and Health Services (DSHS), Division of Vocational Rehabilitation (DVR), reduces (\$2,171,300) GF-State in the 2012 Supplemental Budget.

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-1 General Fund - Basic Account-State	(1,085,000)	(1,086,000)	(2,171,000)
<b>Total Cost</b>	<b>(1,085,000)</b>	<b>(1,086,000)</b>	<b>(2,171,000)</b>

**Staffing**

**Package Description:**

DSHS, DVR, reduces (\$2,171,300) GF-State for the Basic Support Grant.

DVR provides vocational rehabilitation services which contribute to the success of county developmental disability (CDD) programs and Behavioral Health Regional Support Networks (RSN) that provide pre-employment services and long term employment supports. DVR coordinates service delivery with these programs by providing job placement and retention services that enable their clients to obtain employment. This allows CDDs and RSNs to use their resources to provide the long term employment support that clients need after their DVR case is closed. The clients DVR serve have a primary disability as follows: Mobility impairment (orthopedic/neurological) 21%, cognitive disabilities (not DD) 27%, mental illness 24%, developmental disabilities 15%, hearing and/or site 8%, other disability 5%.

The reduction in GF-State to the DVR program over recent years has left insufficient GF-State funds necessary to fully match the Federal Fiscal Year (FFY) 2011 and 2012 Basic Support grant. DVR will not be able to match approximately \$4 million in federal grant funds.

Additionally, DVR will not meet the Maintenance of Effort (MOE) requirement for FFY 2012 by \$1.5 million. A MOE waiver will be requested during July/August of 2012 when the fourth quarter award is received. To receive a full or partial waiver the state must show that DVR reductions are not more than the states average reduction. If DVR is denied a MOE waiver, a dollar-for-dollar penalty will be assessed in the subsequent FFY.

Agency Contact: Dan Winkley (360) 902-8179  
Program Contact: Lorie Christoferson (360) 725-3615

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

To achieve savings to help the agency meet the 10 percent reduction targets set by the Office of Financial Mangement (OFM) for the 2012 Supplemental Budget.

**Performance Measure Detail**

**Agency Level**

Activity: **J105 Vocational Rehabilitation Direct Client Services**

**Outcome Measures**

Incremental Changes  
FY 1                      FY 2

Department of Social and Health Services

**DP Code/Title: PL-JA Reduce Basic Support Grant**  
**Program Level - 100 Vocational Rehabilitation**

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Budget Period: 2011-13    Version: J2 100 - 2012 Sup Agency Request

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001310	Number of individuals achieving employment outcomes	0.00	0.00
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*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

No

*Does this decision package provide essential support to one of the Governor's priorities?*

Yes, this decision package helps the agency meet the 10 percent reduction targets set by OFM for the 2012 Supplemental Budget.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

No

*What are the other important connections or impacts related to this proposal?*

DVR will not meet the Maintenance Of Effort (MOE) requirement for Federal Fiscal Year 2012 by approximately \$1.5 million. A MOE waiver will be requested during July/Aug of 2012 when the fourth quarter award is received. To receive a full or partial MOE Waiver the state must show that the Vocational Rehabilitation program reductions are not more than the states average reduction. If denied, a dollar-for-dollar penalty will be assessed, in addition to the reversion of the federal dollars.

*What alternatives were explored by the agency, and why was this alternative chosen?*

No other alternative was considered.

*What are the consequences of not funding this package?*

The agency will not be able to meet its budget reduction targets.

*What is the relationship, if any, to the state's capital budget?*

Not applicable

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None

*Expenditure and revenue calculations and assumptions*

This reduction represents 10 percent of DVRs 2011-2013 GF-State enacted budget.

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

These costs are ongoing.



**Department of Social and Health Services**

**DP Code/Title: PL-JA Reduce Basic Support Grant**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
N Grants, Benefits & Client Services	(1,085,000)	(1,086,000)	(2,171,000)

**DSHS Source Code Detail**

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	(1,085,000)	(1,086,000)	(2,171,000)
<i>Total for Fund 001-1</i>	<u>(1,085,000)</u>	<u>(1,086,000)</u>	<u>(2,171,000)</u>
<b>Total Overall Funding</b>	<b>(1,085,000)</b>	<b>(1,086,000)</b>	<b>(2,171,000)</b>

Department of Social and Health Services

**DP Code/Title: PL-PF State Data Center Equipment**  
**Program Level - 100 Vocational Rehabilitation**

Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

**Recommendation Summary Text:**

The Department of Social and Health Services (DSHS), Information System Services Division (ISSD), requests \$512,000 (\$291,000 GF-State) in the 2012 Supplemental Budget for startup equipment required to migrate systems from the Office Building 2 (OB2) to the new State Data Center (SDC) located in the 1500 Jefferson Building.

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Program 100</b>			
001-1 General Fund - Basic Account-State	0	1,000	1,000
001-2 General Fund - Basic Account-Federal	4,000	5,000	9,000
<b>Total Cost</b>	<b>4,000</b>	<b>6,000</b>	<b>10,000</b>

**Staffing**

**Package Description:**

The Washington State Legislature enacted Engrossed Substitute Senate Bill 5931, during the 2011 Legislative Session, to address the high costs of Information Technology (IT) services. This legislation requires certain IT equipment to be housed in the new SDC located in the 1500 Jefferson Building complex. This investment facilitates the migration and consolidation of IT assets into the SDC in support of this legislation and the Governor's directive to consolidate data centers.

DSHS has a large computer equipment presence in the OB2 Data Center (approximately 85 server racks with 600 devices). Migrating this equipment to the new SDC building located in the 1500 Jefferson Building complex is part of a statewide initiative in support of the legislation.

To enable the migration of some systems, startup equipment is necessary. This startup equipment supports network operations and provides a landing pad for systems in the SDC. Existing equipment supporting these systems cannot be shutdown and physically moved for various reasons:

1. Shutting down and moving the hardware has a high risk of long outages of critical systems.
2. Data storage shared across many systems cannot be shut down and moved without significant system outages. These systems are critical to business operations and impact service to citizens.
3. Virtual host platforms need a starting point (e.g., landing pad) in the State Data Center. This equipment would be supplemented with existing hardware as virtual systems are migrated off the hardware freeing up capacity. Initial servers are needed to start the process.
4. Network components are needed to maintain performance and operations. These network components are needed during the migration period of dual operations and will be used ongoing after the migration.

The funding provides servers, storage and network equipment. DSHS has evaluated existing equipment and is only requesting new equipment where existing equipment will not work or makes business/financial sense (too old, not enough capacity, incompatible, etc.). The vast majority of existing DSHS equipment will be used or replaced by virtual capacity without additional funding. This request represents the exceptions where existing equipment is either not available or impractical to use.

The implementation schedule is driven by the Consolidated Technology Services OB2 Move project. This equipment is targeted for procurement approximately June 2012.

If the funding request is not approved, then more of the computer systems and equipment will be dependent on a Physical Move approach, which will increase the duration and risk of outages. There will be a higher probability that application availability will be impacted by the migration.

Department of Social and Health Services

**DP Code/Title: PL-PF State Data Center Equipment**  
**Program Level - 100 Vocational Rehabilitation**

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Budget Period: 2011-13 Version: J2 100 - 2012 Sup Agency Request

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Agency contact: Tula Habb (360) 902-8182  
Program contact: Cheryl Adams (360) 902-7551

**Narrative Justification and Impact Statement**

*What specific performance outcomes does the agency expect?*

Desired Results:

1. The computer servers and storage equipment will allow the agency to increase the number of systems using a virtual to virtual migration approach. This approach is significantly quicker and less risky than physically moving equipment, which can impact services to clients/citizens.
2. The network equipment supports optimization, monitoring and trouble shooting. The desired result of the optimization is to keep network traffic, for 35 DSHS field offices across the state, flowing with the same performance as completed currently. Without this equipment, the network lines will become saturated causing work slowdowns and stoppages.
3. The desired results of the equipment for monitoring and trouble shooting is to resolve system problems quickly. In many cases, problems can be resolved before they become major problems causing work stoppage. Without tools to monitor and trouble shoot production problems, work stoppages will increase in duration causing productivity loss and service impacts to clients/citizens.

Overall, this funding will minimize business disruption (unplanned outages) caused from moving systems and equipment from OB2 to the SDC.

Negative Consequences, if this request is not funded:

1. Without computer servers and storage, systems will require longer outages to move to the SDC causing impacts to worker productivity and service to clients/citizens.
2. Without optimization equipment, the network lines will become saturated causing work slowdowns and stoppages.
3. Without tools to monitor and trouble shoot production problems, work stoppages will increase in duration causing productivity loss and service impacts to clients/citizens.
4. Impact to clients and citizens.
5. Moving equipment into the SDC has positive impacts including:
  - a. Leveraging a state-of-the-art facility.
  - b. Leveraging new shared services.
  - c. Reducing the cost of IT.

***Performance Measure Detail***

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

This decision package supports the agency's strategic plan as follows:

Goal H: Reinforce strong management to increase public trust

Objective 1: Improve information technology capacity to support management needs

Strategy: Maintain and update existing or implement new core applications, systems, and infrastructure to meet changing

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needs and take advantage of changes in technology (DSHS).

The funding obtained by this decision package will allow the department to minimize impacts to existing systems performance and operations. Moving into the SDC will take advantage of a state-of-the-art facility and position the department to take advantage of future shared services.

*Does this decision package provide essential support to one of the Governor's priorities?*

This funding supports the new legislation and the consolidation of data centers into the SDC. This supports the statewide result to "improve state government efficiency" by reducing the overall cost of information technology.

The OB2 Move project is one of several phases in Washington State's IT Transformation Initiative. The other components of the IT initiative include implementation of shared services and data center consolidation.

*Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?*

This decision package supports the Priorities of Government (POG) critical value statement to improve state government efficiency. SDC has three mandated outcomes that align with this statewide result:

1. Improve security.
2. Reduce operational costs.
3. Improve service quality, availability, and performance.

*What are the other important connections or impacts related to this proposal?*

This is related to new Legislation, ESSB 5931, requiring consolidation of data centers and moving all servers into the SDC building.

*What alternatives were explored by the agency, and why was this alternative chosen?*

The department is using multiple options for migrating computer equipment and systems from OB2 to SDC. These are listed below and align with a study performed by INX Metagyre Inc. (INX) for DIS. The INX study included an analysis of alternatives for moving equipment out of OB2. One alternative looked at Physical Relocation of all systems. This alternative was dismissed due to the long system outage it would require and the risks of breaking systems. The other alternative looked at Individualize System Moves based on each system's requirements and interrelationships. This alternative was recommended as it has the least risk and allows better management of risks, resources, testing, problem resolution, and ability to fallback.

The three primary move scenarios that DSHS will use include:

1. Virtual to Virtual: Migrating virtual systems in OB2 to a virtual platform in the SDC. This requires seed equipment or some form of existing hardware platform (e.g., landing pad) in the SDC to work.
2. Physical Move: Unplugging existing equipment, moving, and installing it in the SDC. This is higher risk and requires a system outage.
3. Logical Move: Installing startup equipment in the SDC, loading systems on the equipment, and doing a cut-over. This is lower risk and can be done quicker than a physical move. This option requires startup equipment.

Each system is examined to determine which migration option best meets the business need and level of risk. The agency also put stringent requirements around what could be requested in this decision package. Equipment at end-of-life was not allowed on the funding list as these should already have a funding source for them (required regardless of the move). Only items required to make the move happen without a funding source were put on the list.

**Department of Social and Health Services**

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*What are the consequences of not funding this package?*

If the funding request is not approved, then more of the computer systems and equipment will be dependent on a Physical Move approach, which will increase the duration and risk of system outages. These would cause work stoppages and impact service to clients/citizens.

*What is the relationship, if any, to the state's capital budget?*

None

*What changes would be required to existing statutes, rules, or contracts, in order to implement the change?*

None

*Expenditure and revenue calculations and assumptions*

Costs estimates are based on vendor budgetary quotes.

See attachments: ISSD PL-PF State Data Center equipment.xlsx and ISSD PL PF State Data Center Transition IT Addendum.doc

*Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?*

The costs are one-time costs. Once equipment reaches end-of-life, the agency intends to migrate to a statewide shared service to provide this function.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Program 100 Objects</b>			
T Intra-Agency Reimbursements	4,000	6,000	10,000
<b><u>DSHS Source Code Detail</u></b>			
<b>Program 100</b>			
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	0	1,000	1,000
<i>Total for Fund 001-1</i>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources Title</u>			
126F Rehabilitation Svs - Basic Supp (A) (78.7%)	4,000	5,000	9,000
<i>Total for Fund 001-2</i>	<u>4,000</u>	<u>5,000</u>	<u>9,000</u>
<b>Total Program 100</b>	<u>4,000</u>	<u>6,000</u>	<u>10,000</u>

**2012 Supplemental Budget  
PL-PF State Data Center equipment**

**Department of Social & Health Services  
COST SUMMARY**

	FY 2012	FY 2013	TOTAL
STORAGE		\$250,000	\$250,000
SERVERS		\$75,000	\$75,000
NETWORK	\$187,000		\$187,000
TOTAL	\$187,000	\$325,000	\$512,000

Total Funds	State	Federal
\$512,000	\$291,000	\$221,000

Biennial Total		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	30,000	41,000	71,000	-	-	-	30,000	41,000	71,000
020	JRA	13,000	-	13,000	-	-	-	13,000	-	13,000
030	MH	27,000	-	27,000	-	-	-	27,000	-	27,000
040	DD	21,000	6,000	27,000	-	-	-	21,000	6,000	27,000
050	LTC	17,000	16,000	33,000	-	-	-	17,000	16,000	33,000
060	ESA	119,000	107,000	226,000	-	-	-	119,000	107,000	226,000
070	ASA	2,000	1,000	3,000	-	-	-	2,000	1,000	3,000
100	VR	1,000	9,000	10,000	-	-	-	1,000	9,000	10,000
110	ADMIN	57,000	41,000	98,000	-	-	-	57,000	41,000	98,000
135	SCC	4,000	-	4,000	-	-	-	4,000	-	4,000
150	ISSD	-	-	-	-	-	-	-	-	-
		291,000	221,000	512,000	512,000	-	512,000	(512,000)	-	(512,000)
		57%	43%							

Total Funds	State	Federal
\$187,000	\$106,000	\$81,000

FY 2012		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	11,000	15,000	26,000	-	-	-	11,000	15,000	26,000
020	JRA	5,000	-	5,000	-	-	-	5,000	-	5,000
030	MH	10,000	-	10,000	-	-	-	10,000	-	10,000
040	DD	8,000	2,000	10,000	-	-	-	8,000	2,000	10,000
050	LTC	6,000	6,000	12,000	-	-	-	6,000	6,000	12,000
060	ESA	43,000	39,000	82,000	-	-	-	43,000	39,000	82,000
070	ASA	1,000	-	1,000	-	-	-	1,000	-	1,000
100	VR	-	4,000	4,000	-	-	-	-	4,000	4,000
110	ADMIN	21,000	15,000	36,000	-	-	-	21,000	15,000	36,000
135	SCC	1,000	-	1,000	-	-	-	1,000	-	1,000
150	ISSD	-	-	-	-	-	-	-	-	-
		106,000	81,000	187,000	187,000	-	187,000	(187,000)	-	(187,000)
		57%	43%							

Total Funds	State	Federal
\$325,000	\$185,000	\$140,000

FY 2013		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	19,000	26,000	45,000	-	-	-	19,000	26,000	45,000
020	JRA	8,000	-	8,000	-	-	-	8,000	-	8,000
030	MH	17,000	-	17,000	-	-	-	17,000	-	17,000
040	DD	13,000	4,000	17,000	-	-	-	13,000	4,000	17,000
050	LTC	11,000	10,000	21,000	-	-	-	11,000	10,000	21,000
060	ESA	76,000	68,000	144,000	-	-	-	76,000	68,000	144,000
070	ASA	1,000	1,000	2,000	-	-	-	1,000	1,000	2,000
100	VR	1,000	5,000	6,000	-	-	-	1,000	5,000	6,000
110	ADMIN	36,000	26,000	62,000	-	-	-	36,000	26,000	62,000
135	SCC	3,000	-	3,000	-	-	-	3,000	-	3,000
150	ISSD	-	-	-	-	-	-	-	-	-
		185,000	140,000	325,000	325,000	-	325,000	(325,000)	-	(325,000)
		57%	43%							

**2012 Supplemental Budget**  
**PL-PF State Data Center equipment**  
**Department of Social & Health Services**  
**Estimated Costs Breakout**

Item	Area	Description	Total
1	ISSD Storage	This device will replicate the Storage Area Network (SAN) used by the Information Systems Services Division (ISSD). The existing Net App storage device cannot be moved to the State Data Center (SDC) until all the systems data is migrated off the device. Once all the systems data is migrated, the existing equipment can be repurposed by another group to avoid another purchase.	\$250,000
2	ISSD Servers	Three physical servers are needed to support the initial virtual platform at the SDC. Once virtual servers in the A-la-Carte 2 computer room are migrated to the SDC, the existing compute infrastructure (physical servers) can be used (i.e. repurposed) for the next round of system migrations.	\$45,000
3	ISSD Shared SQL database	Two servers are needed to support the ISSD Shared SQL environment. One for Production and one for the Quality Assurance (QA) environment.	\$30,000
4	ISSD Network	One Steelhead device to support Wide Area Network (WAN) optimization. This is a second device that will support the migration to the SDC reducing risk to local office disruption. This will also provide some redundancy in the architecture.	\$127,000
5	ISSD Network	Devices that tap into networks in support of network traffic monitoring (also known as TAPs), are needed to support DSHS network operations during the migration. Some of the existing TAPs equipment needs to remain attached to the DSHS Core network in OB2 during the migration. DSHS needs additional TAP equipment to monitor components on the SDC side of the network.	\$60,000
	<b>TOTAL</b>		<b>\$512,000</b>