

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2197 S HB	<b>Title:</b> Abolishing DSHS
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## Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	212,384	0	1,911,458	0	1,805,266
Office of Financial Management	0	(641,000)	0	10,873,845,000	0	10,873,845,000
Department of Personnel	0	168,480	0	0	0	0
Department of Social and Health Services	699,000	699,000	(5,719,630,000)	(5,804,682,000)	(10,598,630,000)	(10,768,452,000)
<b>Total \$</b>	<b>699,000</b>	<b>438,864</b>	<b>(5,719,630,000)</b>	<b>5,071,074,458</b>	<b>(10,598,630,000)</b>	<b>107,198,266</b>

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.8	0	212,384	7.1	0	1,911,458	6.8	0	1,805,266
Office of Financial Management	.5	133,372	133,372	10312.5	4,562,060,500	10,247,730,000	17795.0	8,776,014,000	19,629,609,000
Department of Personnel	.0	0	168,480	.0	0	0	.0	0	0
Department of Social and Health Services	6.5	795,000	1,494,000	(10301.8)	(4,391,846,000)	(10,247,730,000)	(17786.7)	(8,776,014,000)	(19,629,609,000)
<b>Total</b>	<b>7.8</b>	<b>\$928,372</b>	<b>\$2,008,236</b>	<b>17.8</b>	<b>\$170,214,500</b>	<b>\$1,911,458</b>	<b>15.1</b>	<b>\$0</b>	<b>\$1,805,266</b>

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

## Estimated Capital Budget Impact

Agency Name	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Department of Social and Health Services						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Office of Attorney General						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Office of Financial Management						
Acquisition	0	0	0	0	0	0
Construction	0	0	25,000,000	5,000,000	35,000,000	5,000,000
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000,000</b>	<b>\$5,000,000</b>	<b>\$35,000,000</b>	<b>\$5,000,000</b>

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<b>Prepared by:</b> Eric Mandt, OFM	<b>Phone:</b> 360-902-0543	<b>Date Published:</b> Final
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 26639

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2197 S HB	<b>Title:</b> Abolishing DSHS	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
Legal Services Revolving Account-State 405-1		212,384	212,384	1,911,458	1,805,266
<b>Total \$</b>		212,384	212,384	1,911,458	1,805,266

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	1.7	0.8	7.1	6.8
<b>Account</b>					
Legal Services Revolving Account-State 405-1	0	212,384	212,384	1,911,458	1,805,266
<b>Total \$</b>	0	212,384	212,384	1,911,458	1,805,266

### Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/10/2010
Agency Preparation: Tina Kondo	Phone: (206) 464-6293	Date: 02/18/2010
Agency Approval: Sarian Scott	Phone: (360) 586-2104	Date: 02/18/2010
OFM Review: Matthew Bridges	Phone: (360) 902-0575	Date: 02/19/2010

Request # 10-118-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 declares the intent to restructure the Department of Social and Health Services (DSHS).

Section 101 restructures DSHS and transfers powers to a transition team, which will in turn transfer power to various departments. DSHS retains administrative functions.

Section 201 creates the Department of Economic Services. Among other things, it is empowered to promulgate rules as necessary to entitle the state to participate in federal funding programs and appoint deputy and assistant directors.

Section 301 creates the Department of Medical Assistance. Among other things, the department can promulgate rules as necessary to entitle the state to participate in federal funding programs and appoint deputy and assistant directors.

Section 401 creates the Department of Health and Rehabilitative Services. Among other things, the department can promulgate rules as necessary to entitle the state to participate in federal funding programs and appoint deputy and assistant directors.

Section 501 creates the Department of Children's Services. Among other things, the department can promulgate rules as necessary to entitle the state to participate in federal funding programs and appoint deputy and assistant directors.

Section 601 through 603 are technical amendments recognizing the creation of the new agencies under RCW 43.17 and RCW 42.17.

Section 604 creates a Realignment Team by July 1, 2010 to administer this act. The section outlines the method by which the team will be appointed, and their relative functions.

Section 605 requires the Realignment Team to submit a plan and the necessary implementing legislation by Dec 1, 2010. The plan shall make the new Department of Children's Services operational by July 1, 2011, and the others operating by July 1, 2012.

Section 610 is the emergency clause for section 604.

Section 611 says other sections take effect July 1, 2011.

Section 612 is the severability clause.

The Attorney General's Office (AGO) estimates a workload impact of 0.5 Assistant Attorney General (AAG) and 0.3 Legal Assistant (LA) from July 1, 2010 through December 31, 2010, and 1.5 AAG and 1.0 LA from January 1, 2011 through June 30, 2011 at a cost of \$212,384 in Fiscal Year (FY) 2011; 4.5 AAG and 2.6 LA at a cost of \$955,789 in FY2012 through 2014; and 4.0 AAG and 2.4 LA at a cost of \$849,537 in FY2015 and each FY thereafter. The increase in staffing is to provide legal support to the Realignment Team as it develops the plans, for advice, and for the

assignments of Chief Counsel and staff for new divisions.

This bill is assumed effective July 1, 2010, with an emergency clause for section 604 (creation of the Realignment Team) which is assumed to be effective immediately.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Funds are assumed to be Legal Service Revolving Account dollars. Legal services costs incurred by the AGO will be billed through the revolving fund to the client agency.

The client agency is assumed to be DSHS.

Please note that these cash receipts represent the AGO authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies fiscal note.

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The AGO estimates a workload impact of 0.5 AAG and 0.3 LA from July 1, 2010 through December 31, 2010, and 1.5 AAG and 1.0 LA from January 1, 2011 through June 30, 2011 at a cost of \$212,384 in FY2011; 4.5 AAG and 2.6 LA at a cost of \$955,789 in FY2012 through 2014; and 4.0 AAG and 2.4 LA at a cost of \$849,537 in FY2015 and each FY thereafter.

### **Assumptions**

1. We assume that there will be AAG positions required based upon our experience with the significant legal support needs when the Department of Early Learning was created primarily from DSHS.
2. We assume the clients will require legal support at the top executive level in addition to the casework needs which will continue at the current legal support levels. We assume the need for a Chief Counsel for each new agency.
3. During the first two years, a higher level of legal service need is anticipated due to one-time start-up efforts to include establishing all required agency Washington Administrative Code requirements.
4. We assume 0.5 AAG will provide legal services for the spike in work associated with the establishment of new state agencies through FY2014.
5. We assume a decrease of 0.5 AAG in necessary legal support in FY2015 as the stabilization of new agencies occurs.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		1.7	0.8	7.1	6.8
A-Salaries and Wages		113,891	113,891	997,330	941,449
B-Employee Benefits		15,945	15,945	279,252	263,606
C-Personal Service Contracts					
E-Goods and Services		59,499	59,499	548,926	519,086
G-Travel		9,849	9,849	43,350	40,925
J-Capital Outlays		13,200	13,200	42,600	40,200
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$212,384	\$212,384	\$1,911,458	\$1,805,266

#### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Assistant Attorney General	86,208		1.0	0.5	4.5	4.3
Legal Assistant 2	42,588		0.7	0.3	2.6	2.5
<b>Total FTE's</b>	128,796		1.7	0.8	7.1	6.8

#### III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Social and Health Services (All) (SHS) (SHO)		212,384	212,384	1,911,578	1,805,326
<b>Total \$</b>		212,384	212,384	1,911,578	1,805,326

### Part IV: Capital Budget Impact

None

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2197 S HB	<b>Title:</b> Abolishing DSHS	<b>Agency:</b> 105-Office of Financial Management
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-Federal 001-2		(641,000)	(641,000)	10,702,497,000	10,702,497,000
General Fund-Private/Local 001-7				171,348,000	171,348,000
<b>Total \$</b>		(641,000)	(641,000)	10,873,845,000	10,873,845,000

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	1.0	0.5	10,312.5	17,795.0
<b>Account</b>					
General Fund-State 001-1	0	133,372	133,372	4,562,060,500	8,776,014,000
General Fund-Federal 001-2	0	0	0	5,551,239,500	10,595,829,000
General Fund-Private/Local 001-7	0	0	0	85,325,000	169,822,000
Emergency Medical Services and Trauma Care Systems Trust Account-State 03c-1	0	0	0	7,538,000	15,076,000
Criminal Justice Treatment Account-State 05c-1	0	0	0	8,873,500	17,747,000
Domestic Violence Prevention Account-State 07w-1	0	0	0	1,154,000	1,154,000
Education Legacy Trust Account-State 08a-1	0	0	0	724,500	725,000
Problem Gambling Account-State 08k-1	0	0	0	729,500	1,459,000
Home Security Fund Account-State 10b-1	0	0	0	8,388,500	8,389,000
Washington Auto Theft Prevention Authority Account-State 11k-1	0	0	0	1,948,000	3,896,000
Administrative Contingency Account-State 120-1	0	0	0	14,568,000	29,136,000
Traumatic Brain Injury Account-State 12t-1	0	0	0	908,000	1,816,000
Juvenile Accountability Incentive Account-Federal 283-2	0	0	0	1,400,500	2,801,000
Telecommunications Devices for the Hearing and Speech Impaired-State 540-1	0	0	0	989,500	1,979,000
Tobacco Prevention and Control Account-State 828-1	0	0	0	1,883,000	3,766,000
<b>Total \$</b>	0	133,372	133,372	10,247,730,000	19,629,609,000

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**Estimated Capital Budget Impact:**

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	25,000,000	5,000,000	35,000,000	5,000,000
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000,000</b>	<b>\$5,000,000</b>	<b>\$35,000,000</b>	<b>\$5,000,000</b>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

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- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Chris Blake	Phone: 360-786-7392	Date: 02/10/2010
Agency Preparation:	Stephanie Lidren	Phone: 360-902-3056	Date: 02/22/2010
Agency Approval:	Aaron Butcher	Phone: 360-902-0406	Date: 02/22/2010
OFM Review:	Cheri Keller	Phone: 360-902-0563	Date: 02/23/2010

Request # 078-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill restructures the Department of Social and Health Services and creates the following four agencies:

- (a) The department of economic services;
- (b) the department of medical assistance;
- (c) the department of health and rehabilitative services; and
- (d) the department of children's services.

All administrative functions are retained by DSHS and shall be performed for the newly formed departments.

A realignment team is to be formed by July 1, 2010, and is to include representatives from the Office of Financial Management and the divisions of the Department of Social and Health Services. The realignment team shall submit a plan and necessary implementing legislation to the legislature by December 1, 2010.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Revenue for FY 2010 and FY 2011 will be based on the allocation plans of the various participants. The sources could include Title IV, Title XIX, and Food Stamps.

The reduction of revenue for FY 2012 - FY 2015 is for illustrative purposes due to the abolishment of DSHS. The newly created departments would take on this function and should not result in a loss of federal revenue to the state. As the federal government only recognizes a single state agency for the recipient of funds, this creates a new workload for the various departments to enter into agreements for the accounting and reconciliation of federal funds.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

This bill requires the realignment team consisting of representatives from the Office of Financial Management and the Department of Social and Health Services to develop a plan to implement this act and report to the legislature by December 1, 2010.

The plan shall include, but is not limited to, the following elements:

- (a) Strategies for dividing the existing functions and responsibilities of the department into the appropriate new agency including a strategic plan for each new agency created in this act that includes implementation steps, performance measures, evaluation measures, and methods for collaboration among programs;
- (b) Recommendations for changes in existing programs and functions of the department of social and health services; and
- (c) Implementation steps necessary to bring about operation of the new agencies.

We assume it will require one additional FTE (budget analyst) July 1, 2010-June 30, 2011 to develop the implementation

plan required in section 1, and participate on the transition team identified in section 604.

Below are the proposed new agencies with the associated DSHS programs:

Department of Economic Services (DES)

- Economic Services Administration

Department of Medical Assistance (DMA)

- Medical Assistance

Department of Health and Rehabilitation Services (DHRS)

- Mental Health
- Developmental Disabilities Division
- Long-Term Care
- Division of Alcohol and Substance Abuse
- Division of Vocational-Rehabilitation
- Special Commitment Center
- Office of the Deaf and Hard of Hearing

Department of Children's Services (DCS)

- Children's Administration
- Juvenile Rehabilitation Administration

The Department of Children's Services will be operating by July 1, 2011, and the remaining departments will be operating by July 1, 2012.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		1.0	0.5	10,312.5	17,795.0
A-Salaries and Wages		80,340	80,340	1,011,665,381	1,733,068,762
B-Employee Benefits		19,632	19,632	336,444,720	584,975,440
C-Personal Service Contracts				15,995,000	31,306,000
E-Goods and Services		24,000	24,000	529,809,222	986,838,443
G-Travel		2,400	2,400	16,662,300	22,148,600
J-Capital Outlays		7,000	7,000	11,474,796	17,869,592
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				8,300,027,831	16,209,908,663
P-Debt Service				3,057,250	5,666,500
S-Interagency Reimbursements				(1,662,500)	(3,325,000)
T-Intra-Agency Reimbursements				24,256,000	41,152,000
9-					
<b>Total:</b>	\$0	\$133,372	\$133,372	\$10,247,730,000	\$19,629,609,000

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
Admin & Supporting Services (distrib)						
Alcohol and Substance Abuse (DHRS)					46.5	93.0
Budget Analyst (Transition Team)	78,000		1.0	0.5		
Children's Administration (DCS)					2,830.0	2,830.0
Developmental Disabilities (DHRS)					646.5	1,293.0
Economic Services Administration (DES)					2,108.5	4,217.0
Information Systems Services Division (distrib)						
Juvenile Rehabilitation Administration (DCS)					522.0	1,044.0
Long-Term Care (DHRS)					1,740.5	3,481.0
Medical Assistance (DMA)					562.0	1,124.0
Mental Health (DHRS)					1,458.0	2,916.0
Special Commitment (DHRS)					233.5	467.0
Transition Team						
Vocational Rehabilitation (DHRS)					165.0	330.0
<b>Total FTE's</b>	78,000		1.0	0.5	10,312.5	17,795.0

**Part IV: Capital Budget Impact**

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2010	FY 2011	2009-11	2011-13	2013-15
Acquisition					
Construction				30,000,000	40,000,000
Other					
<b>Total \$</b>				30,000,000	40,000,000

**Part V: New Rule Making Required**

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Rules will need to be modified to reflect the abolishment of DSHS and the creation of four new departments.

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2197 S HB	<b>Title:</b> Abolishing DSHS	<b>Agency:</b> 111-Department of Personnel
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**Part I: Estimates**

No Fiscal Impact

**Estimated Cash Receipts to:**

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
Data Processing Revolving Account-Non-Appropriated 419-6	168,480		168,480		
<b>Total \$</b>	168,480		168,480		

**Estimated Expenditures from:**

Account	FY 2010	FY 2011	2009-11	2011-13	2013-15
Data Processing Revolving Account-Non-Appropriated -6 419	168,480	0	168,480	0	0
<b>Total \$</b>	168,480	0	168,480	0	0

**Estimated Capital Budget Impact:**

Account	FY 2010	FY 2011	2009-11	2011-13	2013-15
<b>Total \$</b>					

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/10/2010
Agency Preparation: Kelly Moore	Phone: 360-664-6314	Date: 02/23/2010
Agency Approval: Kelly Moore	Phone: 360-664-6314	Date: 02/23/2010
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 02/23/2010

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

This bill restructures the Department of Social and Health Services (DSHS) to transfer authority regarding direct client services to four new agencies while retaining authority for the administrative functions over those activities.

Creates a realignment team to submit a plan for restructuring the DSHS to the Legislature by December 1, 2010

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

DOP's information services division which supports HRMS is funded through the Data Processing Revolving Fund (419). Costs are recovered through charges to agencies.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Passage of the bill would require the Department of Personnel (DOP) to modify the Human Resource Management System (HRMS).

DOP would be required to:

Configure a new business area, personnel area, personnel sub areas, and tax company with the new agency name, address, and contact information for each of the four new agencies - Estimated 9 hours for each new agency- Total 36 hours

Configure any time management related tables for quotas, absences, work schedules, time quota compensation and shared leave pool functionality to reflect the new Personnel Area/Personnel Sub Area grouping. 4.5 hrs for each new agency - Total 18.0 hours

Configure the new tax companies to include the new Federal Employer's Identification Number (FEIN) and registration of the new agencies with the Electronic Federal Tax Payment System (EFTPS) - Estimated 4.0 hours for each new agency - Total 16 hours

Configure the Labor and Industries Firm Number and the associated Labor and Industries (medical aid) rates within the system. Estimated 8 hours for each new agency - Total 32 hours

Configure the new agencies' retirement department numbers. Estimated 2 hours for each new agency - Total 8 hours

Configure the Employment Security firm number for unemployment insurance reporting. Estimated 8 hours for each new agency - Total 32 hours

Configure the new agencies in E-Recruiting - Estimated 14.5 hours per agency - Total 58 hours

Configure any financial reporting information as needed. Estimated 4 hours for each new agency - Total 16 hours

Establish the new agencies for the Health Care Authority (HCA) insurance system. Estimated 1 hour for each new agency - Total 4 hours

Configure agency security for the new agencies' security administrators for HRMS and HCA's insurance system and any security access needed to assign roles for the employees needing access to HRMS. Estimated at 80 hours for each new agency - Total 320 hours

Configure the new agencies for payroll batch processing (setting up payroll variants). Estimated 8 hours for each new agency - Total 32 hours

Configure any reporting changes as needed for the new agencies. Estimated 7 hours for each new agency - Total 28 hours

System testing of the configuration changes to add the new agencies -12 hours for each agency -Total 48 hours

Total estimate to add one new agency 162 hours times 4 new agencies = 648 hours

This bill would cause one time configuration changes to create the new agencies as outlined above, as well as testing, training, coordination and communication. A total of 648 hours is estimated to implement the changes in this legislation. It would require contractor hours to implement the bill at a cost of \$260 per hour (One time). Cost impact – 648 hrs @ \$260 per hr = \$168,480

The above cost estimates were based on the creation of a new agency, Department of Early Learning in 2007 at a cost of 171 hours X \$250 per hr = \$42,750.

Due to the size of the new agencies, it is possible they may request assistance with transferring positions and possibly transferring employees. DOP/Information Services Division would need to work closely with the new agencies to determine if any assistance is needed and what could be done systematically to transfer positions/appointments. A total cost of 350 hours is estimated to assist with the implementation of the required changes (one time). Cost impact – 350 hrs @ \$260 per hr = \$91,000. This cost estimate is not included in the expenditure impact.

In addition to the payroll system impact, DOP believes there could be some onetime expenses for classification and compensation work necessary to staff the new agencies.

The following sections state that the director of each new agency shall appoint a deputy director as well as assistant

directors.

Part II - Department of Economic Services, Section 205

Part III - Department of Medical Assistance, Section 305

Part IV - Department of Health and Rehabilitative Services, Section 405

Part V - Department of Children's Services, Section 505

Total Deputy Directors = 4

DOP assumes there would be three principal policy assistants for each new agency = 4 agencies x 3 policy assistants = 12 total new policy assistants

The following Major Unique Class Series may be impacted:

- 1) Social Worker 1-4: Four (4) proposals
- 2) Social and Health Program Consultant 1-4: Four (4) proposals
- 3) Financial Services Specialist 1-5: Five (5)

DOP assumes these classes will be shared by more than one administration.

Total unique classes = 13

Total possible affected job classification proposals: 29 proposals

The average cost to do the work for one compensation and classification proposal is \$1,824.24 and involves .26 FTE from the following job classes:

Human Resource Consultant 1

Human Resource Consultant 3

Human Resource Consultant 4

Classification and Pay Team Manager

Classification and Compensation Manager

Total estimated cost for compensation and classification revisions = 29 x \$1,824.24 = \$52,902.

Classification and Compensation work would be absorbed by DOP through the Personnel Service Charge Fund 415 however, this amount of classification work could delay other classification work that is currently being done.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services	168,480		168,480		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$168,480	\$0	\$168,480	\$0	\$0

### Part IV: Capital Budget Impact

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2197 S HB	<b>Title:</b> Abolishing DSHS	<b>Agency:</b> 300-Dept of Social and Health Services
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-State 001-1		699,000	699,000	(5,719,630,000)	(10,598,630,000)
General Fund-Private/Local 001-7				(85,052,000)	(169,822,000)
<b>Total \$</b>		699,000	699,000	(5,804,682,000)	(10,768,452,000)

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years	0.0	13.0	6.5	(10,301.8)	(17,786.7)
<b>Account</b>					
General Fund-State 001-1	0	795,000	795,000	(4,391,846,000)	(8,776,014,000)
General Fund-Federal 001-2	0	699,000	699,000	(5,718,230,000)	(10,595,829,000)
General Fund-Private/Local 001-7	0	0	0	(85,052,000)	(169,822,000)
Emergency Medical Services and Trauma Care Systems Trust Account-State 03C-1	0	0	0	(7,538,000)	(15,076,000)
Criminal Justice Treatment Account-State 05C-1	0	0	0	(8,873,000)	(17,747,000)
Domestic Violence Prevention Account-State 07W-1	0	0	0	(1,154,000)	(1,154,000)
Education Legacy Trust Account-State 08A-1	0	0	0	(725,000)	(725,000)
Problem Gambling Account-State 08K-1	0	0	0	(729,000)	(1,459,000)
Home Security Fund Account-State 10B-1	0	0	0	(8,389,000)	(8,389,000)
Washington Auto Theft Prevention Authority Account-State 11K-1	0	0	0	(1,948,000)	(3,896,000)
Administrative Contingency Account-State 120-1	0	0	0	(18,068,000)	(29,136,000)
Traumatic Brain Injury Account-State 12T-1	0	0	0	(908,000)	(1,816,000)
Juvenile Accountability Incentive Account-Federal 283-2	0	0	0	(1,400,000)	(2,801,000)
Telecommunications Devices for the Hearing and Speech Impaired-State 540-1	0	0	0	(987,000)	(1,979,000)
Tobacco Prevention and Control Account-State 828-1	0	0	0	(1,883,000)	(3,766,000)
<b>Total \$</b>	0	1,494,000	1,494,000	(10,247,730,000)	(19,629,609,000)

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**Estimated Capital Budget Impact:**

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total \$</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Chris Blake	Phone: 360-786-7392	Date: 02/10/2010
Agency Preparation: Tula Habb	Phone: 360-902-8182	Date: 02/19/2010
Agency Approval: Ken Brown	Phone: 360-902-7583	Date: 02/19/2010
OFM Review: Eric Mandt	Phone: 360-902-0543	Date: 02/19/2010

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Sec. 101. This bill restructures the Department of Social and Health Services (DSHS) and creates four new departments including the Department of Economic Services, Department of Medical Assistance, Department of Health and Rehabilitative Services, and Department of Children's services. A transition team is established in Sec. 604 of this act. DSHS will still exist. All administrative functions shall be retained by DSHS to be performed for the four new departments. All employees of DSHS are transferred to the jurisdiction of the transition team. Administrative functions relating to HR, legal services, IT, procurement, accounting; auditing and other functions identified by the transition team are retained by DSHS and shall be performed for the newly formed departments.

Sections. 201, 301,401, & 501. Establishes the four new departments and identifies the basic structure to include a Director appointed by the Governor, with consent of the senate.

Sections. 204, 304,404, & 504. The new Director may create such administrative structures as appropriate to administer the department. The Director may employ such assistants and personnel as necessary for the general administration of the department.

Sections. 205, 305,405, & 505. The new Director shall appoint a Deputy Director and such Assistant Directors as may be needed to administer the department.

Sections. 207, 307,407, & 507. Rules as required for the new departments to participate in federal funds will be adopted.

Section. 604. A realignment team shall be formed by July 1, 2010 to direct the details of administration of this act. The Governor shall appoint representatives from OFM, the divisions of DSHS, and other agency representatives as warranted. Leadership from each of the two caucuses in the House and Senate shall appoint a member to the realignment team.

The realignment team shall divide the functions of the DSHS that are being transferred into the departments.

The realignment team shall fully involve the State Auditor and relevant stakeholders and consult regularly with the chairs and ranking minority members of the relevant policy and fiscal committees.

Section. 605. The realignment team shall by December 1, 2010 submit a plan and necessary implementing legislation to the legislature for the restructuring of DSHS. The plan will be designed so that the Department of Children's Services will be operating by July 1, 2011 and the remaining departments will be operating by July 1, 2012.

Section. 610. Section 604 of this act takes effect immediately.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Revenue for FY 2010 and FY 2011 will be based on the allocation plans of the various participants. The sources could include Title IV, Title XIX, Food Stamps, and Federal Stimulus.

The reduction of revenue for FY 2012 - FY 2015 is for illustrative purposes due to the realignment of DSHS. The newly created departments would take on this function and should not result in a loss of federal revenue to the state.

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Section 101. This bill restructures the Department of Social and Health Services (DSHS) and creates four new departments including the Department of Economic Services, Department of Medical Assistance, Department of Health and Rehabilitative Services, and Department of Children's services.

DSHS assumes there will be five agencies. As addressed in the bill, administrative functions relating to HR, legal services, IT, procurement, accounting; auditing and other functions identified by the transition team are retained by DSHS and shall be performed for the newly formed departments. DSHS itself would consist of Administration and Supporting Services and Capital programs, Payments to Other Agencies, and Information Systems Services and these three programs will continue to support the four newly created agencies.

The reductions identified in FY 2012 through FY 2015 represent the amount of funding identified for DSHS at the 2009-2011 enacted budget level. This is the amount available to the transition team to distribute to the new agencies. Some existing administrations are not specifically mentioned in the bill. Following the pattern of the previous fiscal note, DSHS assumes the distribution of programs (other than those retained for administration) as follows:

### Department of Economic Services

- Economic Services Administration (Program 060)

### Department of Medical Assistance

- Medical Assistance (Program 080)

### Department of Health and Rehabilitation Services

- Mental Health (Program 030)
- Developmental Disabilities Division (Program 040)
- Long-Term Care (Program 050)
- Division of Alcohol and Substance Abuse (Program 070)
- Division of Vocational-Rehabilitation (Program 100)
- Special Commitment Center (Program 135)
- Office of the Deaf and Hard of Hearing (Program 850)

Department of Children's Services

- Children's Administration (Program 010)
- Juvenile Rehabilitation Administration (Program 020)

Sections 201, 301,401, & 501. Establishes the four new departments and identifies the basic structure to include a Director appointed by the Governor. DSHS assumes that four Directors will be appointed. Including each Director's Confidential Secretary, cost in year one is \$1,198,000 and \$1,161,000 in ensuing years.

Sections 204, 304, 404, & 504. Each new Director may create such administrative structures as appropriate to administer the department. Each Director may employ such assistants and personnel as necessary for the general administration of the department.

Sections 205, 305, 405, & 505. The new Director shall appoint a Deputy Director and such Assistant Directors as may be needed to administer the department. DSHS assumes that current Assistant Secretaries and their current program directors will assume this role.

Section 604. A realignment team shall be formed by July 1, 2010 to direct the details of administration of this act. Costs for DSHS will be limited to providing staff for in-depth information necessary to develop the realignment plan, strategies for dividing-up existing resources, strategic plans, any necessary legislative changes, and other items that may develop as the realignment team works through the process. It is anticipated that these staff will begin working by July 1, 2010 and be available through July 1, 2011. For ease in calculations all staff are assumed to be at the WMS 2 level and earn \$75,000 per year. Staffing levels may need to be adjusted (decreased/increased) as the team works through the realignment development plan. DSHS assumes that 13 team members to represent each DSHS administration/program will take part at a fiscal year 2011 cost of 13.0 FTEs and \$1,282,000.

Section 605. The realignment team shall by December 1, 2010 submit a plan and necessary implementing legislation to the legislature. The Department of Children's services will begin operation July 1, 2011 and the other three new agencies will begin operation on July 1, 2012.

The Attorney General's Office (AGO) estimates a workload impact of 0.5 Assistant Attorney General (AAG) and 0.3 Legal Assistant (LA) from July 1, 2010 through December 31, 2010, and 1.5 AAG and 1.0 LA from January 1, 2011 through June 30, 2011 at a cost of \$212,384 in Fiscal Year (FY) 2011; 4.5 AAG and 2.6 LA at a cost of \$955,789 in FY2012 through 2014; and 4.0 AAG and 2.4 LA at a cost of \$849,537 in FY2015 and each FY thereafter. The increase in staffing is to provide legal support to the Realignment Team as it develops the plans, for advice, and for the assignments of Chief Counsel and staff for new divisions. These costs are shown in Program 145 Payments to Other Agencies.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years		13.0	6.5	(10,301.8)	(17,786.7)
A-Salaries and Wages		975,000	975,000	(1,010,833,041)	(1,733,068,762)
B-Employee Benefits		285,000	285,000	(335,600,733)	(584,975,440)
C-Personal Service Contracts		22,000	22,000	(15,959,000)	(31,306,000)
E-Goods and Services		212,000	212,000	(535,347,533)	(986,838,443)
G-Travel				(16,411,800)	(22,148,600)
J-Capital Outlays				(11,365,296)	(17,869,592)
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				(8,296,439,347)	(16,209,908,663)
P-Debt Service				(3,013,250)	(5,666,500)
S-Interagency Reimbursements				1,936,000	3,325,000
T-Intra-Agency Reimbursements				(24,696,000)	(41,152,000)
9-					
<b>Total:</b>	\$0	\$1,494,000	\$1,494,000	(\$10,247,730,000)	\$(19,629,609,000)

#### III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2010	FY 2011	2009-11	2011-13	2013-15
010 Children's Administration					(2,830.3)	(2,830.3)
020 Juvenile Rehabilitation					(525.2)	(1,044.2)
030 Mental Health					(1,465.0)	(2,916.0)
040 Developmental Disabilities					(1,735.9)	(3,480.6)
050 Long Term care					(635.5)	(1,293.2)
060 Economic Services					(2,108.2)	(4,217.0)
070 Alcohol and Substance Abuse					(47.5)	(92.8)
080 Medical Assistance					(558.5)	(1,124.2)
100 Vocational Rehabilitation					(165.0)	(330.1)
135 Special Commitment Program					(235.8)	(466.5)
Add Directors and Confidential Secretaries					5.0	8.0
New Realignment Team			13.0	6.5		
<b>Total FTE's</b>			13.0	6.5	(10,301.8)	(17,786.7)

#### III. C - Expenditures By Program (optional)

Program	FY 2010	FY 2011	2009-11	2011-13	2013-15
Children's Administration (010)				(1,140,094,000)	(1,140,094,000)
Juvenile Rehabilitation (020)				(112,613,000)	(213,113,000)
Mental Health (030)				(754,423,000)	(1,525,591,000)
Developmental Disabilities (040)				(947,115,000)	(1,918,891,000)
Long Term Care (050)				(1,527,399,000)	(3,120,577,000)
Economic Services (060)				(1,200,330,000)	(2,343,330,000)
Alcohol and Substance Abuse (070)				(171,668,000)	(334,485,000)
Medical Assistance (080)				(4,288,144,000)	(8,824,601,000)
Vocational Rehabilitation (100)				(55,428,000)	(106,111,000)
Special Commitment Program (135)				(54,027,000)	(107,164,000)
Payments to Other Agencies (145)		212,000	212,000	1,912,000	1,806,000
Directors and Confidential Secretaries (Add)				1,599,000	2,542,000
Realignment Team (New)		1,282,000	1,282,000		
<b>Total \$</b>		1,494,000	1,494,000	(10,247,730,000)	(19,629,609,000)

## **Part IV: Capital Budget Impact**

We assume the Capital Program will remain in DSHS; therefore, no impact is identified.

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Rules will need to be modified to reflect the realignment of DSHS and the creation of the four departments.