

Multiple Agency Fiscal Note Summary

Bill Number: 6583 SB	Title: DOC performance management
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Auditor	1.6	0	324,366	1.6	0	324,366	.0	0	0
Department of Corrections	4.5	2,172,296	2,172,296	9.0	2,420,446	2,420,446	9.0	2,720,416	2,720,416
Total	6.1	\$2,172,296	\$2,496,662	10.6	\$2,420,446	\$2,744,812	9.0	\$2,720,416	\$2,720,416

Estimated Capital Budget Impact

NONE

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

** See local government fiscal note

FNPID: 44177

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6583 SB	Title: DOC performance management	Agency: 095-Office of State Auditor
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	3.1	1.6	1.6	0.0
Account					
Performance Audits of Government Account-Non-Appropriated 553-6	0	324,366	324,366	324,366	0
Total \$	0	324,366	324,366	324,366	0

Estimated Capital Budget Impact:

NONE

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: Karen Barrett	Phone: 360-786-7413	Date: 01/26/2016
Agency Preparation: Janel Roper	Phone: 360-725-5600	Date: 02/02/2016
Agency Approval: Janel Roper	Phone: 360-725-5600	Date: 02/02/2016
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/02/2016

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 (8) Requires the State Auditor to conduct a performance audit of the Department of Corrections' management and metrics system as outlined in the bill, one year after implementation of the system.

Section 3 Requires the State Auditor to conduct an immediate performance audit of the Department of Corrections' management system currently in place and report the findings to the Governor and appropriate legislative committees.

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.

There would be no cash receipts as these audits would be funded through the Performance Audits of Government Account.

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 State Auditor would perform an immediate performance audit of the Department's current performance management system during Fiscal Year 2017

The State Auditor would perform a second performance audit one year after the Department implements a performance management system as outlined in the bill. The State Auditor estimates that the second performance audit would be completed during Fiscal Year 2018.

Considering previous performance audits conducted by the State Auditor, the State Auditor's Office estimates that each audit would require:

A part time Principal Performance Auditor
One Senior Performance Auditor
One Performance Audit staff and
A part time administrative staff person

The State Auditor's Office has also factored in overhead to develop the full cost estimate.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		3.1	1.6	1.6	
A-Salaries and Wages		163,485	163,485	163,485	
B-Employee Benefits		66,118	66,118	66,118	
C-Professional Service Contracts					
E-Goods and Other Services		41,329	41,329	41,329	
G-Travel		100	100	100	
J-Capital Outlays		13,500	13,500	13,500	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		39,834	39,834	39,834	
9-					
Total:	\$0	\$324,366	\$324,366	\$324,366	\$0

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 2016	FY 2017	2015-17	2017-19	2019-21
Administrative support	56,040		0.5	0.3	0.3	
Performance audit staff	65,088		1.0	0.5	0.5	
Principal performance auditor	102,456		0.6	0.3	0.3	
Senior performance auditor	89,040		1.0	0.5	0.5	
Total FTE's	312,624		3.1	1.6	1.6	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

Bill Number: 6583 SB	Title: DOC performance management	Agency: 310-Department of Corrections
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	9.0	4.5	9.0	9.0
Account					
General Fund-State 001-1	0	2,172,296	2,172,296	2,420,446	2,720,416
Total \$	0	2,172,296	2,172,296	2,420,446	2,720,416

Estimated Capital Budget Impact:

NONE

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: Karen Barrett	Phone: 360-786-7413	Date: 01/26/2016
Agency Preparation: Sandra Leigh	Phone: (360) 725-8305	Date: 02/22/2016
Agency Approval: Sarian Scott	Phone: (360) 725-8270	Date: 02/22/2016
OFM Review: Trisha Newport	Phone: (360) 902-0417	Date: 02/22/2016

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 requires the Department of Corrections (DOC) to develop a lean performance plan using the Baldrige framework.

Section 1 adds a new chapter to RCW 72.09.

Section 1(1) requires DOC to develop a lean performance plan to aid in the standardizations of practices between correctional facilities.

Section 1(2) references DOC will use the Baldrige excellence framework to develop the performance management plan. DOC must report clear timelines related to the plan to results Washington and policy and fiscal committees of the legislature within 60 days.

Section 1(3) indicates that the performance plan must align with the mission and strategic plan of DOC.

Section 1(4) directs DOC to undergo a Baldrige assessment every two (2) years until a 60% assessment score is reached. The completed assessments and feedback must be shared with the Office of Financial Management (OFM) and policy and fiscal committees of the Legislature.

Section 1(5) calls for DOC to establish a plan to reach 60% assessment score within seven (7) years of the first assessment. After the 60% score has been achieved DOC must apply for a Malcom Baldrige national quality award under 15. U.S.C. Sec. 711a. If unable to achieve the 60% goal, than DOC must strive to achieve receive certification under an internationally recognized management system and references ISO 9001 or an equivalent.

Section 1(6) specifies DOC must create a real time web based tracking and reporting system of its performance management activities.

Section 1(7) directs DOC to produce reports form the performance management system plan including but not limited to goals approved for the reporting period, results of the audits or assessments, progress of the objectives, and any fiscal savings achieved through the plan. All reports must be made available to policy and fiscal committees of the legislature. As part of the submission under subsection 2 DOC may propose a timeline of the periodic report that will be due.

Section 1(8) requires the state auditor to conduct a review of the performance of DOC management systems one (1) year after implementation.

Section 2 adds a new section to RCW 72.09. By December 1, 2016 the department shall study the Baldrige Excellence framework or a similar performance management system and report findings to the policy and fiscal committees of the legislature.

Section 3 adds a new section pursuant to RCW 43.09 and directs the state auditor to conduct an immediate review of DOC's current performance management system.

Section 4 is a new section and makes section 3 effective immediately.

Effective date is assumed 90 days after adjournment of session in which the bill is passed.

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.

None. Our impacts are general fund 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.

The proposed legislation requires the Department of Corrections (DOC) to create and implement a performance management system using the Baldrige excellence framework. We estimate the cost at 9.0 Full Time Equivalents (FTE) and \$2,172,296 in Fiscal Year (FY) 2017, 9.0 FTE's and \$1,171,043 in FY2018, 9.0 FTE's and \$1,249,403 in FY2019, 9.0 FTE's and \$1,171,043 in FY2020, 9.0 FTE's and \$1,549,403 in FY2021.

The following sections layout the timelines and requirements DOC must adhere to in implementing a new performance managements system. In order to successfully implement a new performance management system DOC will need resources in the following areas: technology, staffing, and Baldrige application costs.

TECHNOLOGY SOLUTION

SOFTWARE (SAS and SOCRATA)

To comply with the requirements in Section 1(6) DOC proposes to contract with SAS to create a seamless data management and analytic environment. With the addition of SAS Data management products, DOC will reduce duplicative Extract Transform Load (ETL) and data quality efforts, reduce single points of failure, speed up processing times, document/audit the entire ETL process and provide improved data security.

The SAS cost estimate to DOC is \$659,380 in FY2017 and \$119,327 in FY2018 and each FY thereafter for maintenance and licensing. A SAS solution affords:

- Office analytics would provide DOC to be able to gather and manage data quickly to perform meaningful analyses and share results using familiar Microsoft Applications such as, but not limited to, Excel, Word, and PowerPoint.
- Visual analytics would give DOC the ability to create a dashboard product that would create meaningful reports that can be shared with mobile devices, web browsers, and Microsoft Office applications.
- Data quality services include the installation, configuration, and training of the new SAS system.

In addition, the GovStat solution from Socrata would allow DOC to interface with Results Washington with ease, as it is currently the same software they use. The estimated cost for the Socrata software is \$110,000 in FY2017 and \$100,000 in FY2018 and each FY thereafter.

HARDWARE

To create a rich data analytic environment we will need additional hardware. The DOC IT team anticipates the need for three (3) physical servers, which includes a year of software licensing. The servers have a five (5) year lifespan and will need to be replaced by FY2021 (\$300,000). The software, server backup and licensing costs for FY2017 is \$57,428 and \$67,588 in FY2018 and each FY thereafter.

STAFFING

To meet the demands of this bill, we will need 9.0 FTE's and \$940,128 in FY2017 and 9.0 FTE's and \$884,128 in FY2018 and each FY thereafter. The staff workload includes a SAS Data Manager to maintain the new system, and staff who will design and maintain the architecture of the data warehouse; create and produce reports; research, analyze, and provide data to external and internal resources; be responsible for consistent and clear counting rules; maintain the required reporting needs associated with the performance management system; design and establish outcome measures related to the new system; track and report the savings attributable to performance management projects; provide data measurement; train, manage, and coach; and participate in focus groups.

BALDRIGE APPLICATION COSTS

The DOC would need an estimated \$78,360 in FY2017 and every other FY thereafter for all cost associated with the application fee (\$18,000), eligibility certificate (\$360), and site visit fee (\$60,000) for agencies that have over 500 employees.

ASSUMPTIONS:

1. Section 1(8) and Section 3 refer to performance audits to be performed by the State Auditor. The DOC assumes that the all costs associated with the performance audits will be paid by the State Auditors and not billed to DOC.
2. SAS Software prices are discounted and require a three (3) year commitment to lock in renewal rates.
3. Average staffing assumptions were used to calculate salaries and benefits for all FTE's.
4. All related Travel, Goods & Services, Training, and non IT Equipment is built into the staffing assumptions.
5. Inflation rates not included for IT Equipment, nor in the software maintenance contractual cost.
6. IT system solution may require additional resources as we reach a deeper understanding of requirements.
7. We will true up resource needs in staffing as we reach a deeper understanding of workload needed to ensure a successful solution.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years		9.0	4.5	9.0	9.0
A-Salaries and Wages		613,182	613,182	1,226,364	1,226,364
B-Employee Benefits		216,946	216,946	433,892	433,892
C-Professional Service Contracts		769,380	769,380	438,654	438,654
E-Goods and Other Services		200,788	200,788	249,536	249,506
G-Travel		36,000	36,000	72,000	72,000
J-Capital Outlays		336,000	336,000		300,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$2,172,296	\$2,172,296	\$2,420,446	\$2,720,416

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 2016	FY 2017	2015-17	2017-19	2019-21
Administrative Assistant 3			1.0	0.5	1.0	1.0
Budget Analyst 4			2.0	1.0	2.0	2.0
Information Technology Specialist 5			2.0	1.0	2.0	2.0
Management Analyst			2.0	1.0	2.0	2.0
Performance Consultant			2.0	1.0	2.0	2.0
Total FTE's			9.0	4.5	9.0	9.0

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Administrative Support (100)		1,492,916	1,492,916	2,181,792	2,481,792
Interagency Payments (600)		679,380	679,380	238,654	238,654
Total \$		2,172,296	2,172,296	2,420,446	2,720,446

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.