

Agency: 357 Department of Early Learning
Decision Package Code/Title: FL FamLink Rate Increase
Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Department of Early Learning (DEL) requests \$146,928 per fiscal year to pay the Department of Social and Health Services (DSHS) for increased charges related to DEL's use of the FamLink application, the primary case management system for childcare licensing which is provided to DEL by the DSHS Children's Administration (CA). Due to a reallocation of overall system costs from DSHS to DEL, the projected cost increase (based on fiscal year 2015 invoices from DSHS) for DEL is anticipated to be 97 percent higher compared to the same months in fiscal year 2014, while DSHS will experience a savings of the same amount .

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	146,928	146,928	293,856
Total Cost	146,928	146,928	293,856

Package Description:

DEL was recently notified by DSHS that DEL's proportionate share of costs to operate the FamLink application will be increasing by approximately 97 percent in fiscal year 2016 based on two factors: 1) DSHS CA reduced the number of active logins for DSHS CA which, in turn, increased the DEL cost allocation rate and 2) an increase in DSHS CA Information Technology staffing levels . Because of a reallocation of costs from DSHS to DEL, there is no increase in total costs to maintain FamLink - DEL is simply charged more while DSHS is charged less.

The current cost allocation rate is weighted by the number of active logins . DEL's allocation rate for the overall maintenance and operations costs increased from 3.69 percent to 5.21 percent in fiscal year 2015 as a result of this change. At the same time, CA increased the information technology staff allocated under the rate structure to support the FamLink application (25 staff in June 2014 to 49 staff in June 2015), increasing maintenance and operations charges to DEL . These two factors caused the annual charges for FamLink to nearly double. CA is continuing to hire staff in fiscal year 2016; per the July 2015 invoice, CA indicated that 51 IT staff will be supporting the FamLink application this biennium.

While CA and DEL worked together to arrange a one-time \$100,000 discount for cost increases to DEL in fiscal year 2015 that DEL was notified of in April 2015, that discount does not extend into fiscal year 2016 and beyond .

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Access to FamLink is critical to DEL's ability to ensure high quality, safe and healthy learning environments. Examples of the information accessed in the system include access to case management information input by DEL staff, information about child abuse founded findings, access to information to provide to families through Child Care Check regarding prospective providers' monitoring results, noncompliance findings, ratings of the providers, information necessary to allow DEL and DSHS to collaborate on foster care in child care placements, Division of Licensed Resources issues of suspected incidences of fraud or overpayment, and complaint investigation processes.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

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

Without additional funding to cover the rate increase, funding will need to be pulled from other programs which will impact DEL's ability to meet the following objectives in the strategic plan:

- Objective 1.3: Support healthy development in strong families through DEL programs and policies;
- Objective 2.1: Enhance access to high quality professional development opportunities;
- Objective 3.3: Strengthen capacity of families and communities to advise, inform and advocate for statewide early licensing policies;
- Objective 4.1: Ensure DEL staff has access to training and resources; and
- Objective 4.3: Support employee growth and satisfaction.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

If additional funding is not provided to cover the rate increase, that money will need to be pulled from other programs, which may impact DEL's ability to meet Goal #1, Governor Inslee's world class education priority. Funding this decision package would allow DEL to continue supporting providers working towards higher quality programs for children.

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

Any impacts to the FamLink system can impact providers by decreasing speed or quality of service. If funding needs to be pulled from elsewhere in the department's budget, other groups of clients, providers, or stakeholders involved in other DEL programs may be adversely affected.

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

DEL and DSHS have made attempts to renegotiate the cost allocation for the FamLink system for fiscal year 2016, but an agreement has not yet been reached.

The agency briefly explored purchasing a licensed childcare case management system, asking CA to provide a copy of the FamLink application to DEL, moving the licensed childcare case management features of FamLink into existing DEL systems, but found these alternatives would not work due to the amount of time required to implement systems/program changes and the cost to do so.

The request for funding the rate increase was selected because it is the cheapest and most efficient option available.

What are the consequences of adopting or not adopting this package?

Without an increase in funding to pay the higher costs to use the FamLink system, budgeted funding will have to be cut in other parts

of the agency in order to pay for those costs. It is unknown at this time which programs at DEL might be affected.

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

Goods and Services: \$146,928 in each of fiscal years 2016 and 2017. Based on estimated billing from DSHS to DEL in fiscal year 2016, increased costs (as compared to fiscal year 2014) are estimated to be approximately \$12,244 per month. Charges for fiscal years 2014 and 2015 as well as projections for fiscal year 2016 are attached. Please see the attached "FamLink Charge Methodology" for a detailed explanation of how FamLink charges are developed by DSHS.

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

All costs are ongoing starting in fiscal year 2016.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E Goods\Other Services	146,928	146,928	293,856

FamLink Charge Methodology:

Chargebacks for FamLink are currently calculated as follows:

- **DEL Cost Allocation Rate** – calculated as the Number of DEL staff with active FamLink Login IDs / Number of total active FamLink Login IDs X 1%.
- **FamLink Maintenance and Operations Costs (Tier 2)** - The proportionate share of CA FTEs to provide FamLink Maintenance and Operations support will be calculated every month based on the actual costs of the FamLink Maintenance and Operations FTEs and the actual number of FamLink login IDs of DEL staff. The chargeback formula is: *DEL cost allocation rate* x FamLink Maintenance and Operations FTE costs.
- **DSHS ISSD SACWIS Support Costs** – DSHS Information Systems Services Division (ISSD) provides services including but not limited to production control, data control, production services, and indirect administrative services to maintain, support, and enhance the FamLink application. The proportionate share of ISSD SACWIS costs will be calculated every month through this formula: (Total ISSD SACWIS charges – 10% reduction for data warehouse charges) x *DEL cost allocation rate*.
- **Service Desk Support Costs (non-co-located users)** – The CA Service Desks provides Tier 1 support for FamLink. The Service Desk is currently staffed by two (2) concurrent FTEs from the hours of 8am-5pm working nine (9) hours per day or forty-five (45) hours per week each. Service Desk support is done on rotation.
 - CA IT staff that is providing co-located field support is not to be included in the Service Desk charges.
 - The proportionate share of Service Desk Support Costs (non-co-located users) costs will be calculated every month through this formula: *DEL cost allocation rate* x Field Support without Co-Located DEL Staff FTE Costs x % Time on Service Desk Rotation.
- **FamLink Change Requests** - In the Impact Analysis Plan (IAP), workload is broken down to work done by DSHS Staff. DEL will be responsible for covering their negotiated portion of the costs for work. The current blended hourly rates are as follows (subject to change over time):
DSHS = \$55.00 per hour
- **Business Continuity/Disaster Recovery** - Disaster recovery issues due to unforeseen or man-made disaster from DEL activities, CA will charge DEL the DSHS change request rate of \$55.00 per hour per resource to repair.

DSHS Charges

FY 14 Actuals

Service Name	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Average
CA FamLink Support	\$ 8,209.04	\$ 7,756.82	\$ 7,829.97	\$ 8,443.16	\$ 7,246.79	\$ 7,186.03	\$ 7,204.62	\$ 7,205.23	\$ 7,670.18	\$ 8,340.44	\$ 8,330.08	\$ 8,685.93	\$ 7,842.36
Field Support-SD/User Support (Co-Located)	\$ 2,377.35	\$ 2,198.72	\$ 2,001.03	\$ 1,997.90	\$ 1,997.55	\$ 1,999.58	\$ 2,007.12	\$ 2,000.76	\$ 1,617.15	\$ 1,606.53	\$ 1,976.66	\$ 1,971.30	\$ 1,979.30
Field Support-SD Support (Non-Co-Located)	\$ 395.79	\$ 394.68	\$ 408.51	\$ 339.63	\$ 437.75	\$ 439.84	\$ 441.39	\$ 441.32	\$ 405.77	\$ 360.27	\$ 358.30	\$ 352.08	\$ 397.94
CA FamLink ISSD/DIS	\$ 3,010.04	\$ 2,582.62	\$ 2,622.48	\$ 2,537.87	\$ 2,544.93	\$ 2,486.95	\$ 2,193.57	\$ 2,164.31	\$ 2,145.56	\$ 2,241.99	\$ 2,192.12	\$ 2,163.98	\$ 28,886.42
Total	\$ 13,992.22	\$ 12,932.84	\$ 12,861.99	\$ 13,318.56	\$ 12,227.02	\$ 12,112.40	\$ 11,846.70	\$ 11,811.62	\$ 11,838.66	\$ 12,549.23	\$ 12,857.16	\$ 13,173.29	\$ 12,626.81
DEL Share of FamLink	3.67%	3.67%	3.80%	3.68%	3.67%	3.68%	3.69%	3.65%	3.63%	3.70%	3.69%	3.65%	3.68%

FY 15 Actuals

Service Name	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Average
CA FamLink Support	\$ 16,143.42	\$ 15,347.23	\$ 11,814.91	\$ 18,953.28	\$ 15,423.84	\$ 14,723.40	\$ 15,451.43	\$ 16,689.16	\$ 16,553.00	\$ 19,254.68	\$ 20,097.34	\$ 19,707.22	\$ 16,679.91
Field Support-SD/User Support (Co-Located)	\$ 1,847.79	\$ 1,789.83	\$ 994.30	\$ 1,007.34	\$ 998.28	\$ 1,007.30	\$ 998.22	\$ 1,013.15	\$ 600.20	\$ 199.83	\$ 314.09	\$ 202.86	\$ 914.43
Field Support-SD Support (Non-Co-Located)	\$ 326.47	\$ 316.88	\$ 409.33	\$ 487.99	\$ 482.60	\$ 487.74	\$ 544.25	\$ 552.76	\$ 555.40	\$ 568.83	\$ 567.35	\$ 575.34	\$ 489.58
CA FamLink ISSD/DIS	\$ 3,069.71	\$ 2,942.91	\$ 2,938.76	\$ 3,577.24	\$ 3,590.60	\$ 3,002.87	\$ 3,113.71	\$ 3,319.82	\$ 3,326.13	\$ 3,167.47	\$ 3,507.56	\$ 468.90	\$ 3,002.14
Total	\$ 21,387.39	\$ 20,396.85	\$ 16,157.30	\$ 24,025.85	\$ 20,495.32	\$ 19,221.31	\$ 20,107.61	\$ 21,574.89	\$ 21,034.73	\$ 23,190.81	\$ 24,486.34	\$ 20,954.32	\$ 21,086.06
DEL Share of FamLink	5.18%	5.12%	5.12%	5.12%	5.16%	5.16%	5.14%	5.26%	5.27%	5.37%	5.36%	5.21%	5.21%

Variance from FY 14	\$ 7,395.17	\$ 7,464.01	\$ 3,295.31	\$ 10,707.29	\$ 8,268.30	\$ 7,108.91	\$ 8,260.91	\$ 9,763.27	\$ 9,196.07	\$ 10,641.58	\$ 11,629.18	\$ 7,781.03	\$ 8,459.25
% of Change	52.9%	57.7%	25.6%	80.4%	67.6%	58.7%	69.7%	82.7%	77.7%	84.8%	90.4%	59.1%	67.3%

DSHS FY 16 Projected

Service Name	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Average
vacant staffing estimates				\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 1,940.86	\$ 17,467.74
CA FamLink Support (Staffing)	\$ 21,577.94	\$ 21,487.81	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00	\$ 258,065.75
CA Field Support-SD/User Support (Co-Located)	\$ 214.32	\$ 213.54	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 2,677.86
CA Field Support-SD Support (Non-Co-Located)	\$ 529.29	\$ 531.91	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 575.00	\$ 6,811.20
CA FamLink (IT Infrastructure Costs - CATS)	\$ 1,115.52	\$ 1,111.26	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 1,120.00	\$ 13,426.78
Total	\$ 23,437.07	\$ 23,344.52	\$ 23,420.00	\$ 25,360.86	\$ 24,870.78								

Variance from FY 14	\$ 9,444.85	\$ 10,411.68	\$ 10,558.01	\$ 12,042.30	\$ 13,133.84	\$ 13,248.46	\$ 13,514.16	\$ 13,549.24	\$ 13,522.20	\$ 12,811.63	\$ 12,503.70	\$ 12,187.57	\$ 12,243.97
% of Change	67.5%	80.5%	82.1%	90.4%	107.4%	109.4%	114.1%	114.7%	114.2%	102.1%	97.3%	92.5%	97.7%