

2017-19 Biennium Budget Decision Package

Agency: 110 Office of Administrative Hearings

Decision Package Code/Title: 9Q Equipment Maintenance/Software Licenses

Budget Period: 2017-19

Budget Level: ML2 – Maintenance Level

Agency Recommendation Summary Text:

The Office of Administrative Hearings (OAH) is requesting funding to lease network equipment and network management software. The request is needed to provide reliable local network connectivity to each OAH office and allow OAH employees to connect to the applications and data needed to perform their job.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	40,017	40,017	40,017	40,017
Total Cost	40,017	40,017	40,017	40,017
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	40,017	40,017	40,017	40,017
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	40,017	40,017	40,017	40,017

Package Description

The Office of Administrative Hearings (OAH) is requesting funding to lease Cisco Routers, Dell KACE and Cisco Switches through Department of Enterprise Services, Technology Leasing Services.

The Network Infrastructure Routers originally purchased October 2009 will reach end of life October 2016, therefore Maintenance and Support coverage cannot be purchased and no longer supported by the vendor. The Dell KACE Management Server Appliance purchased June 2013 reached end of life May 2016, therefore Maintenance and Support coverage cannot be purchase unless the appliance hardware is replaced. The system will no longer be supported by the

manufacture, so any break down would result in work stoppage until replacement hardware can be purchased and replaced. The Switches will reach their end of life April 2018 in the Olympia location, October 2019 for remaining locations and will no longer be supported by the vendor.

Without the Routers OAH teleworkers cannot connect to OAH network and resources. The KACE appliance is used to push security patches, deploy software and remote trouble shooting tools. This allows connectivity to OAH networks from Remote locations. Failure of this hardware will result in work stoppage for the entire OAH location and associated teleworkers seeking to connect to OAH needed resources on the OAH network. 54% of OAH employees' are authorized to telework and any interruption would result in work stoppage.

The Switches provide local network connectivity to each OAH office and allows OAH employees to connect to the applications and data needed to perform their job. This new hardware will replace existing hardware that will reach its end-of-life date of April 2018, October 2019.

The Dell KACE appliance streamlines IT processes and allows the management of IT assets. The Dell KACE Appliance allows IT to remotely install software to connected IT assets, collects software and hardware inventory, perform remote assistance for user training and troubleshooting, and performs security updates to comply with OCIO security standard [141.10 Securing Information Technology Assets Standards](#).

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. *Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).*

Not applicable

Decision Package expenditure, FTE and revenue assumptions, calculations and details: *Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.*

Equipment costs are based on lease amounts identified the lease quote provided by DES.

Revenues to the 484-1 revolving fund are assumed to match expenditures and recovered through an OFM approved rate methodology to be paid by agencies using OAH services.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Reliable and higher performing equipment with continued operations. This enables continuity of operations by providing expedited hardware replacement in case of failure reducing work stoppage due to network down time.

This solution will provide maintenance and support throughout the lease life cycle. In the event of a hardware failure, recovery from a work stoppage is accelerated through maintenance and support agreement for expedited hardware replacement.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

Through the administrative hearings process, citizens and agencies are impacted by the decisions made by OAH ALJs. Again, decisions impact those relying on public assistance and unemployment insurance, child support, business and professional licensing, child and vulnerable adult abuse, and many others. This solution also provides easier, quicker, and better access to government uses of shared systems.

OAH cannot efficiently accomplish a fair hearing process that complies with state and federal law if it lacks the necessary IT capabilities. A large percent (54%) of OAHs employees' have the capability to telework. This decision package is essential as it directly impacts OAH's mission: to independently resolve administrative disputes through accessible, fair, prompt processes and issue sound decisions.

The current systems present an "unacceptable level of risk". Risks include loss of data, incomplete data, and loss of operational control. Further stating "Failure would effectively put OAH out of business until a replacement was implemented."

What are other important connections or impacts related to this proposal? *Please complete the following table and provide detailed explanations or information below:*

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: OAH would not be able to meet its obligations to provide services and would not be able to meet the Data Security Requirements outlined in our interagency agreements with agencies such as DSHS, HCA and ESD.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	Yes	Identify: Noncompliance with OCIO 141.10 security patching.
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

OAH's role is integrated in the appeal processes of many agencies. If OAH was unable to perform its role, multiple agencies would face a disruption in their appeal processes and put at risk their compliance with federal and state laws.

In regard to meeting statewide IT requirements and OAH would not be able to meet its obligations to provide services nor be able to meet the Data Security Requirements outlined in our interagency agreements with agencies such as DSHS, HCA and ESD.

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

The agency considered direct purchase of equipment but lacks the resources to do so and would miss the opportunity provided by leasing to "smooth" the expenditure pattern to match the useful life of the equipment resulting in large swings in equipment costs in the future.

What are the consequences of not funding this request?

- Not funding would present an unacceptable level of risk to OAH operations. Risks include loss of data, incomplete data, and loss of operational control. Should failure occur, OAH would effectively be out of business until a replacement was implemented.
- OAH would not be upholding Data Security Requirements outlined in our interagency agreements with agencies such as DSHS, HCA and ESD.
- Noncompliance with OCIO 141.10 security patching. Without replacing the Dell KACE appliance OAH will not be able to comply with the standard of patching servers, workstations and third party software.

How has or can the agency address the issue or need in its current appropriation level?

No, OAH had purchased the Router, KACE and Switches in a prior biennium and the appropriation was not carried forward as part of our base. There will be new ongoing costs associated with this request.

Other supporting materials: *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 IT Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Cisco Router Bundles	6,784	6,784	6,784	5,879
Dell KACE Appliance	1,238	1,238	1,238	1,032
Cisco Switches	31,995	31,995	31,995	31,995
Total Cost	40,017	40,017	40,017	40,017

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service? Yes No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Yes No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).) Yes No

If you answered “yes” to any of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

2017-19 Biennium Budget Decision Package

Agency: 110 Office of Administrative Hearings

Decision Package Code/Title: M2-G1 Reduce Expenditures to Billing Authority

Budget Period: 2017-19

Budget Level: ML2 – Maintenance Level

Agency Recommendation Summary Text:

The Office of Administrative Hearings (OAH) is requesting an appropriation adjustment to align with the forecasted level of workload. The OAH forecast of demand for OAH services for FY17-19 warrants a reduction in the appropriation level by \$1.7 million, down from \$38.5 million to \$37.0 million at maintenance level. It is important to note that the conditions underlying the forecast are subject to substantial variation over the course of a biennium. The variables include state agency programmatic and policy changes as well as general economic factors affecting caseloads. OAH's billing model does not charge agencies for services based on the forecast but it does provide a foundation for estimating the appropriation levels agencies need to pay for charges for the actual services provided.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$(838,649)	\$(838,649)	\$(838,649)	\$(838,649)
Total Cost				
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$(838,649)	\$(838,649)	\$(838,649)	\$(838,649)
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	(606,871)	(606,871)	(606,871)	(606,871)
Obj. B	(204,736)	(204,736)	(204,736)	(204,736)
Obj. C	(115)	(115)	(115)	(115)
Obj. E	(23,668)	(23,668)	(23,668)	(23,668)
Obj. G	(3,259)	(3,259)	(3,259)	(3,259)

Package Description

The Office of Administrative Hearings (OAH) is requesting an appropriation adjustment to align with the forecasted level of workload. The OAH forecast of demand for OAH services for FY17-19 indicates a reduction in the appropriation level by \$1.7 million, down from \$38.5 million to \$37.0 million at maintenance level. It is important to note that the conditions underlying the forecast are subject to substantial variation over the course of a biennium based on many state agency programmatic, policy and economic factors. OAH's billing model does not charge agencies for services based on the forecast but it does provide a foundation for estimating the appropriation levels agencies need to pay for charges for the actual services provided.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. *Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).*

Not applicable

Decision Package expenditure, FTE and revenue assumptions, calculations and details: *Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.*

OAH's forecast foundation is the actual workload and costs from FY16 that is adjusted by known forecasts. For example, the TANF caseload forecast and ESD's Initial U.I. Claims forecast are applied to the FY16 levels. In addition, known policy and procedural changes, such as DOT changing its use of OAH, DEL increasing OAH use for final orders or agency agreements to meet timeliness of hearings is factored in.

Objects are spread primarily to salaries (A) and benefits (B). Caseload changes normally do not affect fixed costs for object E items like facilities and IT equipment but generally do affect object E costs for interpreters and postage. The changes proposed reflect this object distribution dynamic.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Adequate resources to meet the agency's statutory duties primarily on behalf of Washington state agencies.

Performance Measure detail: NA

Fully describe and quantify expected impacts on state residents and specific populations served.

Through the administrative hearings process, citizens and agencies are impacted by the decisions made by OAH ALJs. Again, decisions impact those relying on public assistance and unemployment insurance, child support, business and professional licensing, child and vulnerable adult abuse, and many others. Adequate funding is necessary to meet these results.

What are other important connections or impacts related to this proposal? *Please complete the following table and provide detailed explanations or information below:*

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: State agencies will receive the services agreed to through interagency agreements.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	Yes	Identify: Noncompliance with OCIO 141.10 security patching.
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

OAH's role is integrated in the appeal processes of many agencies. If OAH was unable to perform its role, multiple agencies would face a disruption in their appeal processes and put at risk their compliance with federal and state laws.

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

There are no other alternatives relevant to this request.

What are the consequences of not funding this request?

OAH's appropriation would be out of alignment with the forecasted workload. Depending upon how caseloads occur during the course of the next biennium it would be more likely to "right size" the appropriation. That could necessitate supplemental budget changes, a needless over-appropriation or a service disrupting shortfall.

How has or can the agency address the issue or need in its current appropriation level?

NA

Other supporting materials: *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 110 Office of Administrative Hearings

Decision Package Code/Title: A1 ALJ Recruitment and Retention

Budget Period: 2017-19

Budget Level: PL2 – Performance Level

Agency Recommendation Summary Text:

The Office of Administrative Hearings (OAH) requests \$183,677 in FY2018 and \$412,698 in FY19 to provide for salary increases for Administrative Law Judges (ALJs) to address recruitment and retention problems. This request affects OAH ALJs who, but for their exempt civil service status, would have received regular step increases. The increased difficulty recruiting and retaining well-qualified judges jeopardizes the mission that OAH performs for the benefit of state and local government agencies, businesses and the public.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$183,677	\$412,698	\$419,019	\$427,939
Total Cost				
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$183,677	\$412,698	\$419,019	\$427,939
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	151,957	349,914	355,272	362,836
Obj. B	31,720	62,784	63,747	65,103

Package Description

OAH requests funding of \$183,677 in FY2018 and \$412,698 in FY19 to attract and retain well-qualified Administrative Law Judges who conduct hearings for individuals, families, businesses and referring agencies.

Attract ALJs

In order to attract qualified candidates who meet five years of legal experience (OAH's recruitment standard), OAH has identified a target starting salary for newly recruited judges at \$80,000. All non-supervising judges would receive a five percent salary increase annually on their OAH hire date until reaching the top of the salary band (\$89,130 for all Line ALJs, and \$94,370 for Lead ALJs). This means that after one year on the job, our new recruits would earn \$84,000, and upon the second year, \$88,200, with room to move up to the top of the salary band, or promote to Lead ALJ when there are vacancies.

This starting salary is part of a recruitment strategy which brings OAH's Line ALJ salaries to be more competitive with the Industrial Insurance Appeals Judge 3 job classification used by the Board of Industrial Insurance Appeals (BIIA). BIIA has a practice of offering starting salaries to qualified judges of \$86,916 (Range 68 Step L). In past few years, BIIA has been able to recruit six former OAH ALJs with this offer of a higher salary.

Market Rate for Legal Talent in Public Service (unable to fill vacant positions)

Currently, OAH has 65 filled full-time ALJs in non-supervisory positions. We need to fill an additional 4 vacancies to adequately address our current caseload needs. We have been actively recruiting for these positions and we have been unable to fill all of them. In this calendar year, job offers have been declined, and other recruitments did not result in finding suitable candidates to be able to offer jobs. Offering a competitive salary for public servants is critical in order for us to fill these positions.

The table below outlines how OAH non-supervisory judges' salaries compare with BIIA non-supervisory judges' salaries.

	OAH Line ALJ	BIIA IIAJ 3 (Range 68)	OAH Lead ALJ	BIIA IIAJ4 (Range 71)
Desired Starting Salary	\$80,000	\$86,916	\$85,000	\$91,332
Salary after 1 year	\$84,000	\$86,916	\$89,250	\$93,612
Salary after 2 years	\$88,200	\$86,916	\$93,712	\$93,612
Maximum Salary	\$89,130	\$89,100	\$94,370	\$95,964

In addition to BIIA, we surveyed the Utilities and Transportation Commission (whose workload used to be performed by OAH ALJs). Though UTC judges are also exempt, they do not have the same rate and central service model limitations as OAH and they earn an average of \$96,667.

The federal Social Security Administration offers starting salaries to ALJs of \$105,900. OAH has been a virtual training ground for federal ALJ positions. As testimony to the value of OAH experience and training, thirteen OAH ALJs have been hired by the federal government since 2009. It is important to note that taking a federal position usually includes the disruption of relocating to other states.

Retain ALJs

Meeting OAH's mission depends upon the availability, competence and proficiency of our ALJs. This request addresses the effects of the disparity caused by sustained salary freezes on our ALJs who, but for their exempt civil service status, would have received regular step increases.

Currently 68% of our workforce is earning less than the market rate \$86,916; 30% earn \$80,000 or less, with an average annual salary of \$76,840. For managerial ALJs, OAH salaries are significantly lower than comparable BIIA positions. OAH front-line supervisory positions (Senior ALJs) earn an average annual salary of \$90,977; the top of salary band is \$99,610 for these positions. Funding is needed to provide a 5% annual increase to ALJs in order to retain the experienced, competent and proficient ALJs at OAH.

This adjustment is necessary for the following reasons:

1. During the Great Recession OAH hired very well-qualified applicants at below current market rates. In the current improved economy and job market, hiring qualified applicants requires paying the new hires at rates higher than current experienced and proven judges receive.
2. Current OAH judges have fallen behind the pay level of comparable positions in other governmental agencies. Current ALJs who were here as of July 2007 had not received a salary increase until the 3% General Wage Adjustment in July 2015. As a group, relative to similar non-exempt positions in other state agencies, OAH ALJs have had their salaries frozen for eight years while other state agencies' personnel with similar responsibilities in classified positions were able to receive periodic step increases.
3. External policies for exempt employees as well as OAH's central service model fee recovery funding structure did not enable OAH judges to receive regular increases to stay competitive.
4. Well-qualified, trained and experienced OAH judges find they can only receive a pay increase if they leave OAH to go to another state, local government, or federal agency. As leaving OAH becomes the path to catch-up with the years of salary freezes, turnover increases and productivity suffers.
5. OAH is behind the legal market for competitive salaries; more jobs are available in the current legal market than in the last five years of the Great Recession. OAH has not kept up with the competition and is now experiencing additional cost of rehiring including recruitment, training, and lost productivity.
6. This increased turnover drives the need for more recruitment and reduces overall productivity and efficiency.

35% Turnover Rate

OAH is experiencing a high rate of turnover in our ALJ positions. Between July 2014 and June 2016, 22 Line and Lead ALJs have left the agency, equaling a 35% turnover rate. Of this number, 17 ALJs left state service completely, resulting in a 24.2% turnover rate due to resignation. ALJs who have left OAH stated in their exit interviews that salary was a key factor in their decision to leave.

From an agency mission and statewide goals perspective, it is important to note that the result of this continuing cycle is that OAH and our client agencies will experience progressively declining quality and ultimately higher costs. New ALJs typically take 12-24 months to learn and master the complex laws and regulations for the variety of cases that OAH adjudicates. During this training period, more seasoned ALJs experience a drop in their own caseload productivity as they are called upon to mentor the new ALJs in case analysis, writing legal orders and the hearing management skills required of an ALJ.

Benefits of Exempt Status

OAH ALJs' exempt status has contributed to this compensation problem but not because it is a flawed structural characteristic of OAH's legislative charter but because the way exempt status employment have been treated in the budget process. Indeed, the ALJs' exempt status is part of a deliberate legislative intent to further OAH's independence in judicial decision making in fact and in appearance. When OAH was created in 1981, the Legislature structured OAH with features to foster independence by:

1. Establishing that OAH ALJs are exempt from civil service.
2. Extending the rights of ALJs, unlike other state employees, to appeal employment termination directly to Superior Court.
3. Setting the Chief ALJ term to five years, deliberately not synchronized with the Governor's four-year term.
4. Limiting the Chief ALJ termination to a "for cause" standard.
5. Providing OAH with a dedicated account for funding its activities that serves to insulate OAH from client (state) agency budget decisions.

OAH employs approximately 65 exempt non-supervising ALJs who provide independent decisions to the public regarding appeals from determinations made by state and local government agencies. Our ALJs' exempt status promotes public trust and confidence in their independence. Unfortunately, this exempt employment structure provides no regular, annual salary increases like those provided in the classified employment structure.

Fulfilling the Mission

The single most important success factor for accomplishing OAH's mission is the quality of our judges. Beyond any other input (facilities, technology or support staff) OAH's mission is dependent upon our judges. A judge must possess the legal knowledge of the Administrative Procedure Act and multiple state agencies' laws and rules, and have the ability to conduct hearings with a demeanor and level of communication that provides access to justice for appellants. People in OAH hearings are often highly distressed and emotional, and they are usually representing themselves without attorneys. Oftentimes, they are not familiar with the procedures or the legal issues involved in the dispute. Consequently, OAH ALJs must have the skills to handle these situations while also complying with stringent legal requirements that may be subject to further judicial review and scrutiny.

After the hearing, the ALJ must research, write and issue a legally sound order that meets external and internal standards for quality, often with very short writing deadlines. Finally, to control costs, our ALJs are trained to conduct hearings in a way that makes efficient use of their time while providing the parties to the hearing an opportunity to be heard and establish a complete record of the factual circumstances of the dispute.

Unlike many government business processes, the ALJ's performance during the conduct of a hearing is a singular exercise of professional talent and is the most important element in the customers' (i.e., the parties to the case) experience. An experienced OAH ALJ is able to strike the proper balance between the requirements of due process while efficiently managing their daily docket of cases.

Morale, while difficult to measure, is also a consideration and a window to understanding the nature of the job of the administrative law judge. OAH job entry and exit interviews show that the purpose of serving the public is one of the motivational factors for OAH ALJ recruitment and retention. However, while OAH may be able to attract legal talent at below the overall market rate because of the appeal of the mission, other government agencies can provide that same sense of public purpose in the delivery of justice but also have the ability to pay higher salaries and provide regular step increases. From a recent exit interview, OAH was told by an ALJ who left OAH for other state employment that even a modest salary increase would have kept him from looking for other work opportunities. The statewide 2015 employee survey results indicated high dissatisfaction and the internal agency follow-up survey pointed to compensation as a major issue. Earlier this year, a petition was filed to unionize the ALJs.

System Issue

OAH responded to the increased demand for our services from state and local government agencies during the great economic recession by hiring ALJs during a time when legal talent was facing a tough job market. This allowed OAH to hire ALJs at lower than typical salaries which saved the state money. Since the economic recovery, more jobs are available in the legal market and our significantly underpaid ALJs face a serious parity issue. Rather than experiencing additional turnover, OAH is asking for additional money to fund salary increases. These salary increases are minimal and comparable to civil service step increases at 5 percent each year.

OAH's funding model, which requires rate approvals and central service model coordinated budget changes preclude OAH from funding efforts to resolve the inequity. The result is that some of the more experienced ALJs (who were hired at low salaries during low-demand markets) find moving to other state agencies more attractive.

This decision package would set OAH on the path to reduce the degree of internal pay inequity among judges over time. The issue OAH is facing is not about individuals but with the system. This decision package is a means of changing the OAH system for the benefit of state agencies and the public within the framework of the state's funding model.

The OAH contact for this request is Larry Dzieza, Finance Director, (360) 407-2717.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. *Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).*
N/A

Decision Package expenditure, FTE and revenue assumptions, calculations and details: *Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.*

The salary and benefit increases were estimated based on the Salary Projection System using salaries in place as of July of 2016. Judges salaries were adjusted in SPS for a five percent salary increase annually on their OAH hire date until reaching the top of the salary band (\$89,130 for all Line ALJs, and \$94,370 for Lead ALJs). A five-percent salary increase annually was also included for managerial ALJs until reaching the top of the salary band (\$99,610 for Senior ALJs and \$104,855 for Assistant and Division Chiefs).

Revenues to the 484-1 revolving fund are assumed to match expenditures and recovered through an OFM approved rate methodology to be paid by agencies using OAH services.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

We expect to reduce turnover and hire well-qualified Administrative Law Judges (ALJs), which will allow us to maintain timely and quality decisions for the parties to the appeals.

The public has a right under the law to be heard by an independent, fair and impartial administrative hearing system that OAH provides. OAH builds public confidence in government by independently, fairly and timely applying the law. The 28 agencies we serve rely on OAH to provide expertise on over 210 programs regarding the Administrative Procedure Act (APA) and the applicable substantive law. This service is provided directly by our well-trained and highly-skilled ALJs. In order to continue responding in a timely manner to this public right, we must be able to retain the current workforce and compete in the legal market. Our ALJ workforce adjudicates over 40,000 cases each year. When a seasoned ALJ exits, OAH loses the breadth and depth of their knowledge, which takes approximately three to five years for a new ALJ to acquire.

Without addressing this compensation issue we will see the exit of experienced and productive ALJs. This creates backlogs of unresolved cases for Washingtonians as well as the agencies, many of which have timeliness targets required by federal law. Delays in processing cases can also have a negative revenue impact as recovery of state and federal dollars may be delayed or reduced, or the state is required to continue to pay benefits while appellants are awaiting their hearings. OAH is a value-driven agency, meaning that some agencies are not required to use OAH services. They choose to do so because of the value we offer for quality, timely and independent hearings. The value we offer will be diminished if we do not address the recruitment, retention, and parity issues.

Performance Measure detail:

OAH expects turnover rates to decrease to or below the state average of 10 percent as reported in the statewide HR manager report.

Fully describe and quantify expected impacts on state residents and specific populations served.

Results Washington Goal 5’s efficient, effective and accountable government is supported when OAH can maintain a stable workforce of experienced ALJs to provide independent, fair and impartial hearings, resolving disputes when Washingtonians disagree with and appeal government actions that negatively affect their lives.

“Justice delayed is justice denied.” OAH’s customer value proposition will be diminished if OAH continues to experience the high rate of turnover causing slower turnaround times for the participants (customers) in the hearings OAH holds to resolve a wide variety of disputes.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov’t impacts?	Yes	Identify: Delays in resolving whistleblower complaints when these cases are referred to OAH for adjudication by local government agencies.
Tribal gov’t impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: Delays in meeting agencies’ statutory (federal and state) deadlines would be at risk (such as unemployment insurance and Medicaid appeals).
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	Yes	Identify: These are exempt positions that would be given a salary increase.
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:

Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

N/A

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

OAH has tried alternatives to reduce turnover and increase our attractiveness to new hires by:

- Allowing work from home
- Flexible work schedules
- Education opportunities with in-house legal training and engagement in Lean efforts
- Internal promotions

OAH has implemented process improvements, lower cost technologies, closed an office and reduced facility size. However, the savings from these operational changes were largely eliminated through budget changes and increased costs in other areas. Anticipated savings from potential operational efficiencies in the future will not be sufficient to address this salary issue.

OAH has achieved significant efficiencies that, had it not moved to a billable hour approach for funding, would have been available for salary increases. However, OAH's unique funding structure automatically passes efficiencies on to our client agencies.

In addition, because the effect on fixed costs of fewer hours billed due to efficiencies and caseload reductions, the rate recovery and appropriations calculation actually reduces OAH's capacity beyond the efficiencies achieved.

For example, had OAH maintained the billing approach it had during the first 30 years of operation, Employment Security Department (ESD) would have paid a fixed amount for the assumed number of judges and support staff; OAH would not have been compelled to quickly adjust staffing levels downward. Prior to July 2013, ESD was billed a quarter in advance for a pre-determined estimate of expenditures and OAH staffed accordingly. Instead, the "automatic" and transparent effect of the revised, current billable hours model meant that ESD has been receiving immediate benefits from lower billing amount; OAH had to reduce its staffing and other costs in an attempt to keep pace with the reduced revenues. Changing back to the old approach to billing state agencies would provide the capacity to fund salary increases but at a loss of transparency and confidence in OAH's management.

Evidence of OAH stepping up to the challenge of managing staffing under this new business dynamic, OAH has been able to meet and exceed ESD's federally required timeliness standards while reducing charges to ESD by millions of dollars.

What are the consequences of not funding this request?

OAH's ability to meet its statutory mission is undermined when we are increasingly unable to hire well-qualified candidates and retain experienced ALJs because the salaries are too low to be competitive with other opportunities. The consequences are a higher rate of turnover, which results in lost productivity due to recruitment and the training required for new ALJs to become fully capable in the use of our systems and competent in the many substantive areas of law that OAH hearings involve. The average new ALJ takes two years to become fully trained in our major caseloads. Training a new ALJ includes (1) approximately 72 hours in the classroom attending formal in-house Continuing Legal Education courses accredited by the Washington State Bar Association, (2) 8-12 months of mentorship, and (3) concentrated time by supervising ALJs.

Although difficult to quantify, there are costs that will occur if the decision package is not funded due to the increased number of hours to complete cases when we are forced to rely on less experienced judges. Finally, there are statewide costs that come from results that are less timely and of lower quality.

How has or can the agency address the issue or need in its current appropriation level?

The agency has tried to find savings within the current appropriation to increase recruitment salaries, salary compression and address some of the most severe disparities of similar positions doing the same work at significantly less pay by reducing the management level staff and eliminating a case management system's software maintenance cost. This has lowered the amount we are requesting for the 17-19 biennium. There are no other viable options available to us going forward to the next biennium.

Other supporting materials: *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 110 Office of Administrative Hearings

Decision Package Code/Title: PL-A4 Meet Public Records Law Requirements

Budget Period: 2017-19

Budget Level: ML2 – Maintenance Level

Agency Recommendation Summary Text:

The Office of Administrative Hearings (OAH) is requesting funding for a Public Records Officer position so that OAH can meet its obligations to the public as outlined in RCW 42.56 and WAC 10-04. It also anticipates a follow-on decision package for software to create a more efficient and effective response to requests.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	66,565	69,388	72,283	73,780
Total Cost				
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	1.0	1.0	1.0	1.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	66,565	69,388	72,283	73,780
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	45,684	48,060	50,496	51,756
Obj. B	19,831	20,278	20,737	20,974
Obj. E	300	300	300	300
Obj. G	750	750	750	750

Package Description

In order to meet our legal obligations and manage risk, we need a full-time staff person to meet the increased workload for public disclosure. Today the duties are being performed by a variety of staff as directed by the agency’s executive assistant who is diverted from their core duties.

OAH requires additional resources to meet our statutory needs and manage risk associated with PRR. As a recent State Auditor report noted: “Without the resources, practices and tools that help

reduce inefficiencies in the records management process, governments, requesters and taxpayers are all subject to a less efficient and more expensive records disclosure process.”¹

Requests to OAH have nearly tripled from in 2013 (37) to 2015 (84). Public Records Requests (PRR) for OAH are often highly complex. They can involve thousands of documents and cover long time periods. They require research in paper and electronic files that reside in multiple locations. OAH handles sensitive information related to HIPPA and non-disclosable information that must be carefully redacted for child support and protective services cases.

OAH finds itself representative of the need described in the State Auditors report:

“For governments without dedicated staff and resources to automate searches for data and to review and redact information, complex requests can unduly interfere with providing other essential government functions, as employees are pulled away from other duties to help search for, review, redact or copy documents. The larger the volume and the more complex the requests, the more challenging it becomes for governments to provide essential services to the public while meeting requests for records.”

Requests come from employees, litigants, attorney/representatives, reporters and other types of requestors and can be received through a variety of ways and by multiple OAH employees in various locations.

OAH has had several lawsuits related to our PRR performance. This decision package will address our ongoing and increasing risks related to PRR.

Currently the agency’s Executive Assistant performs the role of responding to public records requests but the workload and importance of PRR has exceeded the ability to meet all the requirements for which the position is responsible. This includes:

Executive Assistant to Chief Administrative Law Judge, Public Records Officer, Records Management Officer, Policy Coordinator, Reports Coordinator, Rules Coordinator, Case Quality Review Coordinator, Delegation (Signature Authority) Coordinator, HQ Attendance Keeper, Incise OAH Governance Team Member, Public Records Webpage Content Owner, Public Information Officer (backup).

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. *Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).*
NA

Decision Package expenditure, FTE and revenue assumptions, calculations and details: *Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.*

A Forms and Records Analyst 3 at Step G is the basis for the salaries and benefits request. Additional funding for training and equipment is also requested.

¹ August 29, 2016, “The Effect of Public Records Requests on State and Local Governments”, Report Number: 1017396

Revenues to the 484-1 revolving fund are assumed to match expenditures and recovered through an OFM approved rate methodology to be paid by agencies using OAH services.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

In the past, the agency has had difficulty meeting PRR requirements and has taken longer to respond to requests than is appropriate. What should be responded to in days can take weeks or months. We expect that this funding will improve our response time by 50%.

We also will now provide annual PRR training throughout the agency to increase the awareness and responsiveness to request. We will conduct annual trainings at all five OAH locations.

Performance Measure detail:

OAH will improve is speed in responding to requests by 50%
Annual staff PRR training will increase from 0 to 1.

Fully describe and quantify expected impacts on state residents and specific populations served.

In order to comply with the legal requirements for responsiveness and completeness, this position will oversee public records which are high risk to the agency and state with potential for significant financial impacts for failure to comply.

The capacity to handle the increased requests does not exist with current staffing. The work of this position is essential to ensure transparency and accountability of the agency through compliance with public records laws and will work on the agency’s website to improve the PRR process. This position will also review and implement process improvements throughout the agency related to staff awareness and procedures for compliance.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:

Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	Yes	Identify: 10.04.04.0 that specifically identifies the executive assistant as the public records officer would be need to be updated.
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

OAH's WAC would be changed to eliminate the title of "executive assistant" as the public records officer and instead be a duty assigned through policy to a specific individual by the Chief Administrative Law Judge.

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

Hiring a new attorney or reallocating an existing attorney to perform the duties. Attorney skill sets were considered unnecessary to meet the needs of the agency and using an existing attorney who conducts hearings on behalf of state agencies would have the same effect as hiring a new dedicated attorney for public disclosure.

What are the consequences of not funding this request?

Failing to fill this position would continue to put OAH at risk of meeting our PRR and other agency requirements. Failures have resulted in litigation that incurs attorney general costs and potential court penalties. In addition, the reputation of the agency and the state regarding transparency and trust would be put at risk.

How has or can the agency address the issue or need in its current appropriation level?

The agency requires additional funding in our appropriation to spend and recognition by OFM of this change as part of the base for rate development.

Other supporting materials: *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 110 Office of Administrative Hearings

Decision Package Code/Title: A5 Increase Facility Efficiency

Budget Period: 2017-19

Budget Level: PL2 – Performance Level

Agency Recommendation Summary Text:

The Office of Administrative Hearings (OAH) requests \$339,180 in FY2018 and ongoing increases of \$89,180 per year for expenses required to upgrade the space currently occupied by the Headquarters and Olympia field office. OAH has been in the same Olympia location since 2005 and the existing design of the building does not allow for any increase in administrative hearing space, increase in staff, nor does it meet expectations for a modern workforce. OAH plans to upgrade the existing location, maintaining the same gross square footage, making it more functional. This plan would create 37% more offices to house Administrative Law Judges (ALJs). Having a more modern workspace would allow employees to be more flexible, mobile and collaborative. It would allow the agency to better take advantage of flexible spaces, work schedules, and be better aligned with our agency mission. It may also help with agency staff retention.

In addition, the space would be designed to create additional administrative hearing and meeting rooms, and would enable the rationalizing business processes to support increased centralization. When fully realized, the changes will consolidate specific processes now performed in multiple offices to the Olympia office. These changes will reduce costs, achieve efficiencies and take advantage of new customer-facing technologies that will keep pace with the expectations of hearing participants.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$339,180	\$89,180	\$89,180	\$89,180
Total Cost				
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 484-1	\$339,180	\$89,180	\$89,180	\$89,180
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	\$339,180	\$89,180	\$89,180	\$89,180

Package Description

OAH requests funding to upgrade and reconfigure the current Headquarters and Olympia field office in order to create more value from the existing leased space and improve current and future business operations.

This request was developed in close coordination with OAH's strategic plan which considered current and future technology capabilities, the changing expectations of our workforce and attention to the need to create greater value from existing resources. That plan contains several key elements that have been considered in this request:

- The upgrade and reconfiguration makes needed changes to expand the agency's call center and enable centralized production activities.
- Leveraging technology to remove reliance upon paper. OAH, working closely with the Employment Security Department, has proven that this can be accomplished and result in efficiencies to both agencies.
- Improving efficiency. Where paper production and mailing is required, consolidating the activity to take advantages of economy of scale and investment in cost-effective equipment (e.g., a machine driven folding and inserting of letters; single pass printing of addresses and postage).
- "Keeping digital data, digital". Collaboration with other state agencies and other hearing participants to avoid the rekeying of data.
- Improving customer service. Enable new channels of service to appellants to post and receive hearing materials to a secure portal which will add convenience and save costs to appellants choosing this option and reduce workload on OAH and referring agencies.
- Enabling a modern workforce. Facilitate a more flexible distribution of work among judges and locations by not requiring boxes of paper files to be received, transported and managed by judges at various locations. This will further facilitate a mobile workforce of judges that includes a smaller office footprint and commute trip savings.
- Simplifying interactions with the public. Having one phone number and one mailing address for interacting with OAH will reduce confusion and errors in doing business with OAH.
- Reducing costs. Downsizing and reconfiguring of existing OAH facilities are anticipated as production related work shifts to a central location and workspaces and storage dedicated to managing paper is reduced.

The OAH contact for this request is Larry Dzieza, Finance Director, and he can be reached at (360) 407-2717.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. *Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).*

NA

Decision Package expenditure, FTE and revenue assumptions, calculations and details: *Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.*

This request assumes the cost for improvements to be \$4.50 per square foot, which is the mid-point of the preliminary estimate received from DES. This additional cost is multiplied by the existing square footage, resulting in a total lease cost increase of \$6,689 a month or \$80,262 a year. In

addition, DES assumes a base rate increase for the building of \$0.50 a square foot, to \$17.00 a square foot. This is an increase of \$743 a month. In total, the request is an additional \$7,431.67 a month and or \$89,180 a year. It is important to note that DES is responsible for negotiating the lease changes with the current lessor, and that the amounts included in this budget request will be subject to change.

In addition, OAH is asking for \$250,000 for one-time costs to upgrade workstations, furniture and equipment. The figures for these one-time costs were estimates based on information provided from Correctional Industries. OAH has never operated with standard workstations. Our offices are furnished with outdated, non-ergonomic, industrial furniture -- most of which has been obtained through surplus operations. This funding would allow the agency to standardize work stations that are both ergonomic and flexible. This amount also includes a 20% contingency factor, as we are still finalizing cost estimates on some items with Correctional Industries.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

We expect to increase the usability of existing space by:

- Adding seven additional ALJ offices. Currently we have 19 ALJ offices and adding 7 would be an increase of 37%.
- Increasing the size and improving the design of two existing hearing rooms to help facilitate a more efficient hearing process and allowing for their flexible use as meeting rooms.
- Adding one additional meeting room.
- Creating a wellness room. Currently there are none at the facility.
- Increase efficiencies by designing the building to support centralizing and **collocating** the call center with production and mailing activities.

Performance Measure detail:

OAH expects that as current contracts for facilities and equipment expire, we will examine business processes affecting our need for leases on postage machines and printers. We expect costs will be reduced as more work is routed through DES centralized mail services and as space efficiencies are achieved in field offices. For example, the Seattle and Spokane offices currently reflect designs to accommodate non-centralized business processes (i.e., local printing and mailing), in-person hearings, and the assumption that the paper dependent caseloads would not allow for an easy transition to remote work arrangements. In subsequent biennia, upon their lease expirations, the Seattle and Spokane offices needs and layouts would be reviewed for changes to better reflect the space needs to meet the new business processes envisioned in the strategic plan.

Within six years, it is estimated that *net of changes in caseloads*, the total square footage requirements for OAH will decline by over 10 percent.

Fully describe and quantify expected impacts on state residents and specific populations served.

Goal 5's results of an efficient, effective and accountable government is supported when OAH can maintain a stable workforce of experienced ALJs to provide independent, fair and impartial hearings, resolving disputes when Washingtonians disagree with and appeal government actions that negatively affect their lives.

What are other important connections or impacts related to this proposal? *Please complete the following table and provide detailed explanations or information below:*

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	Yes	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	Yes	Identify: Funding for lease costs.
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important		

Please provide a detailed discussion of connections/impacts identified above.

NA

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

In OAH's strategic plan deliberations many alternatives were considered:

- Relocate to a new building in Olympia. While this is an option available depending upon the success of DES' negotiations with the lessor, it would result in substantial disruption to business and likely and higher costs for establishing new workstations.

One of the difficult aspects of housing OAH's workforce is the need for many more private offices than is typically found in Olympia area office buildings. Private offices for judges are required to conduct telephone hearings. This out-of-market norm is likely to require extensive and costly modifications to any potential alternative buildings.

- Eliminating offices by allowing more work from home. The agency is already heavily using telework as an alternative so the efficiency opportunities are limited. This is limited by the amount of turnover that OAH has experienced (see ALJ Salary decision package) which requires in-office judges to both receive and transmit knowledge and training.
- Flexible work schedules; office sharing has already been implemented.
- Consolidating HQ, Tacoma and Olympia operations into one building in the Olympia area; the one-time build-out costs, disruption to operations and the need for expansion flexibility argued against this approach
- Consolidating the Tacoma and Seattle offices in a South King county facility. The resulting loss of central locations relative to other state agencies and maintaining the ample transit opportunities in the existing facilities mitigated against this approach and brought forward the need to create a new Northern office, perhaps in Everett. This option was not cost-effective.
- One alternative was to building a standalone HQ-only building, close the Tacoma office and relocate Tacoma staff to the Olympia field office. This option would lose some of the key process interactions in which HR and IT in particular find beneficial to maintain alignment with the needs of the business. There would also be disruption and staff loss who would not be likely to relocate from the Tacoma facility.

With great variability in caseload levels, it is believed that the improved utilization of the existing space in combination with expansion and contraction opportunities in the Tacoma Rhodes facility will provide the optimal approach to meeting OAH's changing needs over time.

What are the consequences of not funding this request?

Staying in the existing building without improving the efficient and use and strategic direction of the agency will detract from OAH's mission and the efficiency goals of the state. OAH will end up experiencing higher lease rates and renovation expenses and experience the significant costs of business disruption to move to a new location in Olympia area. The cost for equipment and space continues to be replicated in multiple offices foregoing economies of scale, cost-effective investments in more capable equipment that requires fewer staff to operate. The implementation of strategic initiatives is hindered and the opportunity to consolidate management is missed.

The window of opportunity driven by lease expiration to align facilities planning with OAH strategic planning is missed and will setback the opportunity to speed the improvement of business processes and reduce costs to Washingtonians and our referring agencies.

How has or can the agency address the issue or need in its current appropriation level?

The agency cannot address this issue within its current appropriation.

Other supporting materials: *Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.*

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)