

OFFICE OF THE
ATTORNEY GENERAL





Rob McKenna
ATTORNEY GENERAL OF WASHINGTON

1125 Washington Street SE • PO Box 40100 • Olympia WA 98504-0100

August 30, 2012

Marty Brown, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Dear Marty:

Enclosed please find the 2013-2015 Biennial Budget Request from the Attorney General's Office (AGO), addressing only critical agency and complex litigation needs. We are mindful of the continuing challenges of the current and projected economic climate. We will continue to provide the best possible legal services for our clients and the citizens of the state of Washington working within these constraints.

Our first focus area is around significant litigation. Our requests will allow us to mitigate additional risk to the state. The litigation-related requests shown below are for cases currently facing the state of Washington, with a potential liability to the state of more than \$2.2 billion dollars. They include:

- *U.S. v. Boldt* Culverts Litigation;
- *U.S. Department of Labor v. Department of Social & Health Services (Solis)*;
- Children's Mental Health Litigation (*T.R. v. Dreyfus*);
- *Moore v. Health Care Authority*.

Our second focus area corrects the unsustainable modifications made to the AGO Consumer Protection Division (CPR) and the Antitrust Division (ANT) funding. CPR and ANT have continued to provide high quality services to the citizens of the state despite the ongoing budget crisis. However, the carry-forward adjustments, in addition to prior reductions and fund transfers, have the potential to greatly reduce or deactivate these divisions and their ability to serve.

Our third area of concern is the ability to maintain current systems and functionality to provide the best service to our client agencies and the citizens of the state. We have taken every possible step to limit the AGO budget requests and believe the enclosed limited requests are essential.

If you have questions about this budget request, please contact Janelle Guthrie, Deputy Chief of Staff, at (360) 586-0725. Thank you for your assistance and continued cooperation.

Sincerely,

ROB MCKENNA
Attorney General

Enclosure

cc: Brian Moran, Chief Deputy Attorney General
Janelle Guthrie, Deputy Chief of Staff
Michelle Underwood, Director of Financial Services

OFFICE OF THE ATTORNEY GENERAL
2013-15 Biennial Budget Request
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AGO MISSION, VISION AND VALUES

AGO MISSION

AS AN INDEPENDENT CONSTITUTIONAL OFFICE, AND LEGAL COUNSEL TO STATE GOVERNMENT, WE SERVE THE CITIZENS OF WASHINGTON WITH THE HIGHEST STANDARDS OF EXCELLENCE, ETHICS AND EFFECTIVENESS.

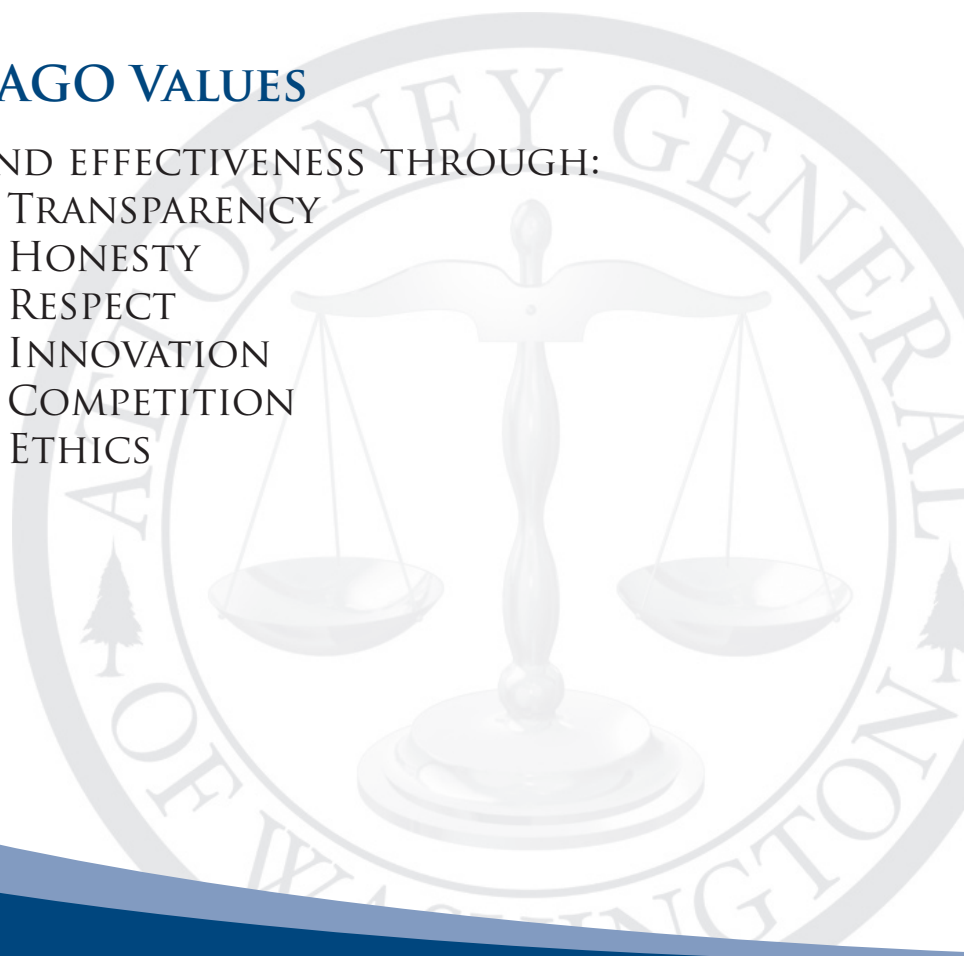
AGO VISION

FOR THE OFFICE OF THE ATTORNEY GENERAL TO BE RECOGNIZED AS THE BEST PUBLIC LAW OFFICE IN THE UNITED STATES.

AGO VALUES

EXCELLENCE AND EFFECTIVENESS THROUGH:

- TRANSPARENCY
- HONESTY
- RESPECT
- INNOVATION
- COMPETITION
- ETHICS

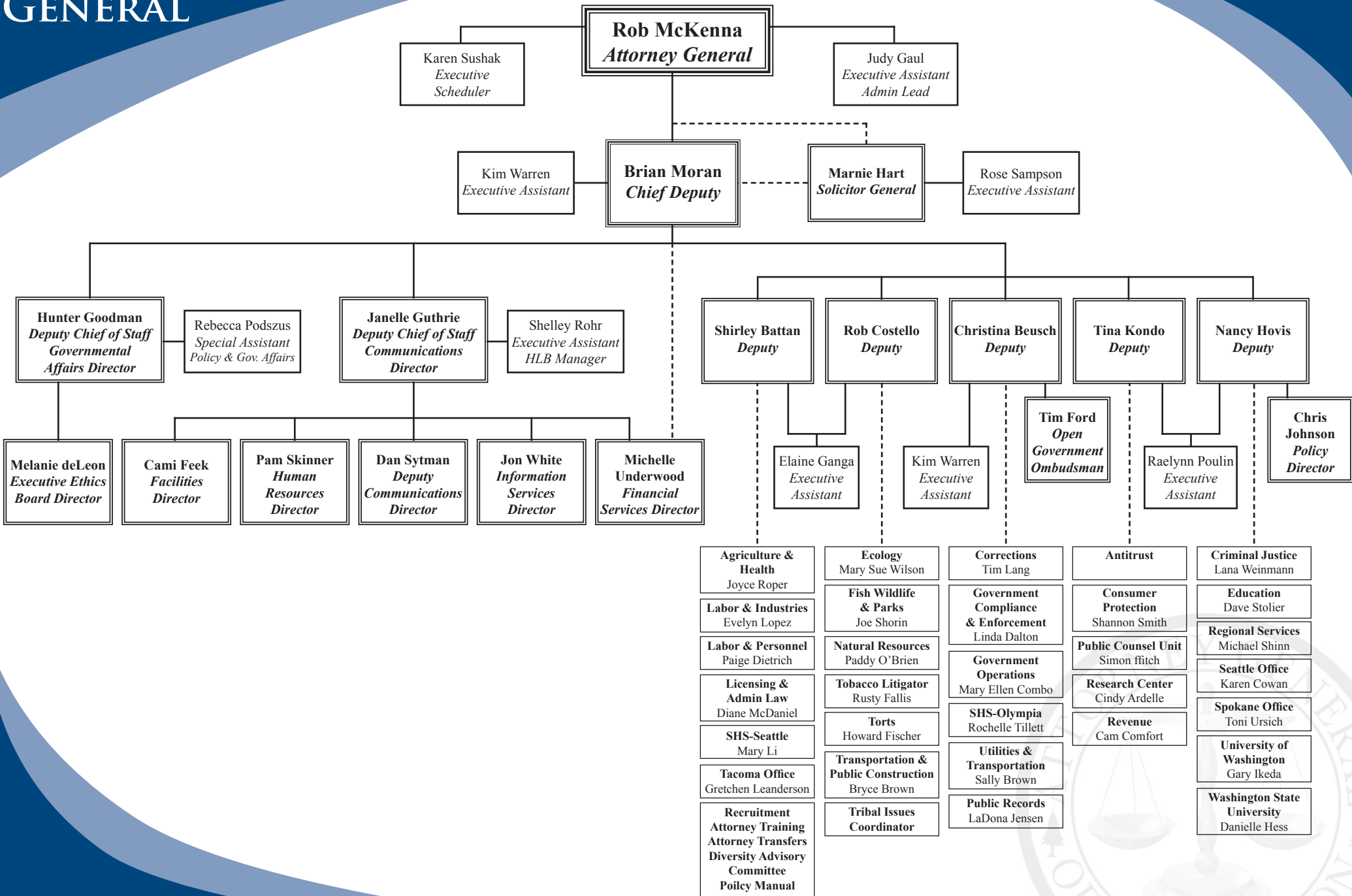


TAB A

OVERVIEW



OFFICE OF THE ATTORNEY GENERAL



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Appropriation Period: 2013-15 Activity Version: 10 - Agency Request Sort By: Activity

100 - Office of Attorney General

A001 Administrative Activity

The administrative function of the Office of the Attorney General includes the Attorney General's office, deputies and administrative support, financial services, human resources, and facilities staff.

Program 040 - Agency Legal Services

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	79.0	79.0	79.0
405 Legal Services Revolving Account			
405-1 State	\$8,185,034	\$8,909,162	\$17,094,196

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide data, information, and analysis to support decision-making

Expected Results

Provide continued high quality leadership and support for the agency and its employees as they deliver efficient and effective legal services to state agency clients.

000001 PM0001/ADM - Percentage of Mandatory Training Completed.			
Biennium	Period	Actual	Target
2011-13	Q8		
	Q7		100%
	Q6		
	Q5		
	Q4		
	Q3	97.57%	100%
	Q2		
	Q1		
2009-11	Q8		
	Q7	98.57%	100%
	Q6		
	Q5		
	Q4		
	Q3	95%	100%
	Q2		
	Q1		
Performance Measure Status: Approved			

A002 Civil Commitment of Sexually Violent Predators

This Sexually Violent Predator Unit is responsible for investigating, prosecuting, and defending the commitments of all sexually violent predators in 38 of the 39 counties in Washington. The unit enhances public protection by developing and maintaining a group of highly skilled prosecutors and support staff who have expertise in the unique legal and mental health issues associated with sexually violent offenders. The unit handles all aspects of sexually violent predator cases including pre-filling investigation, pre-trial discovery and proceedings, trials; appeals at all levels; annual reviews, less restrictive alternative proceedings, and recommitment or release trials.

Program 040 - Agency Legal Services

Account	FY 2014	FY 2015	Biennial Total
FTE			
001-1 State	20.4	20.4	20.4
001 General Fund			
001-1 State	\$5,795,603	\$5,470,194	\$11,265,797

Statewide Result Area: Improve the safety of people and property
Statewide Strategy: Confine and rehabilitate offenders

Expected Results

The Sexually Violent Predator Unit assures that the most dangerous and violent sexual predators in the state are detained, evaluated, and treated until they no longer constitute a threat. Consequently, fewer people are victimized, and the public is protected from those sex offenders who are most likely to reoffend.

000005 PM0002/SVP - Percentage of SVP Cases Resulting in Commitment.			
The higher the commitment rate, the more successful the SVP unit is in civilly committing dangerous sexual predators and thereby protecting the public from these offenders.			
Biennium	Period	Actual	Target
2011-13	A3		
	A2	92%	
2009-11	A3	82%	
	A2	100%	95%
Performance Measure Status: Approved			

A003 Criminal Investigation and Prosecution

When requested by the Governor, county prosecuting attorneys, or the Organized Crime Intelligence Unit of the Washington State Patrol, the Criminal Litigation Unit (CLU) investigates and prosecutes all levels of criminal cases. The types of cases commonly handled by the CLU include homicide, sexual assault, multi-jurisdictional crime, white-collar crime, governmental corruption cases, environmental crimes, tax fraud cases on behalf of the Department of Revenue, licensing fraud on behalf of the Department of Licensing, insurance fraud on behalf of the Office of the Insurance Commissioner, and fraudulent worker's compensation claims on behalf of the Department of Labor and Industries. This unit may also assume responsibility for the appellate review of a criminal case originally brought by a county prosecutor if that case involves fundamental issues affecting the public interest and the administration of justice.

Program 080 - Criminal Litigation Unit

Account	FY 2014	FY 2015	Biennial Total
FTE			
001-1 State	3.0	3.0	3.0
001 General Fund			
001-1 State	\$440,958	\$441,988	\$882,946

Statewide Result Area: Improve the safety of people and property
Statewide Strategy: Enforce the law

Expected Results

This Criminal Litigation Division assures that where the county prosecutor has a conflict of interest or needs assistance due to a lack of experience or other reasons, there is a competent, highly-skilled prosecutor to represent the state, resulting in greater public protection. This unit also assures that crimes of fraud involving state agencies are properly investigated and prosecuted so that the state agencies and other victims can recover their losses, and similar criminal activity against state agencies can be curtailed and deterred.

000008 PM0003/CRI - This is a count of the number of requests for assistance and referrals to the unit from outside the AGO.			
The primary function of our unit is to provide trial and consulting assistance to local prosecutors.			
Biennium	Period	Actual	Target
2011-13	Q8		16
	Q7		16
	Q6		16
	Q5		16
	Q4	19	16
	Q3	16	16
	Q2	19	16
	Q1	31	16
2009-11	Q8	16	15
	Q7	9	15
	Q6	12	15
	Q5	18	15
	Q4	17	15
	Q3	20	15
	Q2	20	15
	Q1	25	15
Performance Measure Status: Approved			

A004 Enforcement of Anti-Trust Laws

The Antitrust Division protects the citizens of Washington State from noncompetitive activities such as price-fixing, monopolization, and illegal mergers. The goal of strong anti-trust enforcement is having consumers benefit from fair competition in the form of lower prices or better services. The division files enforcement actions, responds to consumer complaints, provides advice to state agencies, and provides community education and outreach ensuring that consumers will have problems addressed, agencies will prevent problems from occurring, and businesses will become educated about their responsibilities under the antitrust laws.

Program 030 - Anti-Trust

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	8.0	8.0	8.0
424 Anti-Trust Revolving Account			
424-6 Non-Appropriated	\$2,918,535	\$1,541,723	\$4,460,258

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results

The Anti-Trust Division protects the citizens of Washington State from antitrust activities such as price-fixing, monopolization, and illegal mergers, resulting in a competitive market, and consumers benefit from that competition in the form of lower prices or better services. The division responds to consumer complaints, provides advice to state agencies, and provides community education and outreach ensuring that consumers will have problems addressed, agencies will prevent problems from occurring, and businesses will become educated about their responsibilities under the antitrust laws.

000011 PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.			
Biennium	Period	Actual	Target
2011-13	A3		
	A2	\$0	
2009-11	A3	\$586,628	
	A2	\$583,385	
Performance Measure Status: Approved			

A005 Enforcement of Consumer Protection Laws

Appropriation Period: 2013-15 Activity Version: 10 - Agency Request Sort By: Activity

The Consumer Protection Division enforces the Consumer Protection Act, RCW 19.86. The division typically recovers more money on behalf of Washington consumers than the cost of its operation. Currently, the division is focusing on the foreclosure scam and debt collection industries, as well as continuing our enforcement efforts in the automobile and internet fraud sectors. It also takes on non-litigation matters that benefit consumers, such as responding to consumer calls, informally mediating consumer complaints, providing advice to other state agencies, and education and outreach activities. These activities provide consumers and businesses with the tools to educate themselves and make better decisions. The Consumer Protection Division also houses the Lemon Law Administration which promotes timely and effective new motor vehicle warranty service through mandatory arbitration, and the Manufactured Housing Dispute Resolution Unit, which fosters compliance with the Manufactured Housing Landlord Tenant Act through enforcement and investigation and mediation.

Program 020 - Consumer Protection

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	11.1	11.1	11.1
001-1 State	42.3	42.3	42.3
FTE Total	53.4	53.4	53.4
17L Foreclosure Fairness Account			
17L-6 Non-Appropriated	\$332,632	\$332,632	\$665,264
001 General Fund			
001-1 State	\$2,349,498	\$2,379,476	\$4,728,974
12F Manufactured/Mobile Home Dispute Resolution Program Account			
12F-6 Non-Appropriated	\$437,433	\$422,104	\$859,537
154 New Motor Vehicle Arbitration Account			
154-1 State	\$490,911	\$490,464	\$981,375

Statewide Result Area: Improve the economic vitality of businesses and individuals

Statewide Strategy: Provide consumer protection

Expected Results

The Consumer Protection Division enforces the Consumer Protection Act (CPA). The division brings civil actions under the CPA in order to affect general and specific deterrence of unfair and deceptive trade practices. The division's activities are expected to foster a fair, competitive, and nondeceptive market place, prevent consumer harm, promote voluntary compliance with economic regulation by business, and resolve disputes between buyers and sellers in the marketplace. The division is also expected to recover a portion of the costs of its operation through its litigation activity. The Consumer Protection Division also houses the Lemon Law Administration, which is expected to promote timely and effective new motor vehicle warranty service through mandatory arbitration and the Manufactured Housing Dispute Resolution Unit, which fosters compliance with the Manufactured Housing Landlord Tennant Act.

000014 PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.			
Biennium	Period	Actual	Target
2011-13	A3		
	A2	\$1.64	
2009-11	A3	\$3.43	
	A2	\$1.79	
Performance Measure Status: Approved			

A006 Executive Ethics Board

The Executive Ethics Board (EEB) is an independent board with five members appointed by the Governor. The EEB promotes integrity, confidence, and public trust in state government through education, interpretation, and enforcement of the Ethics in Public Service Act (the Act). The Office of the Attorney General provides staff for the Board. Board members meet on a regular basis to interpret the Act for all state agencies, provide advice to agencies regarding ethical issues, promulgate rules to implement the Act, and take enforcement action against state employees who violate the Act. The Board staff investigates complaints filed by public employees and citizens, provides ethics training to all state agencies, and provides advice regarding ethics in the workplace to ensure that state officers and employees perform their public responsibilities with the highest ethical standards and conduct the business of the state to advance the public's interest and not use their position for personal gain or private advantage.

Program 040 - Agency Legal Services

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	4.2	4.2	4.2
405 Legal Services Revolving Account			
405-1 State	\$367,116	\$369,064	\$736,180

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Support democratic processes and government accountability

Expected Results

Appropriation Period: 2013-15 Activity Version: 10 - Agency Request Sort By: Activity

The Executive Ethics Board investigates complaints filed by public employees and citizens regarding violations of the Ethics in Public Service Act and prosecutes cases to completion. By completing investigations within a reasonable timeline and resolving its cases in a timely manner, state agencies, state employees, and the public is better served and public trust and confidence in government will increase.

000018 PM0006/ETH - Average Number of Days to Complete an Ethics Investigation. By completing investigations within a reasonable period of time, the public will be better served and public trust and confidence in government will increase.			
Biennium	Period	Actual	Target
2011-13	A3		180
	A2	206	180
2009-11	A3	253	180
	A2	180	180
Performance Measure Status: Approved			

A007 Homicide Investigation Tracking System

The Homicide Investigation Tracking System (HITS) investigators and its data warehouse provide resources to local, state, and federal law enforcement agencies by giving them access to violent crime data and analyses across jurisdictions. Direct investigative assistance is also provided upon request. As a result, public safety is enhanced because violent offenders are identified and apprehended.

Program 080 - Criminal Litigation Unit

Account	FY 2014	FY 2015	Biennial Total
FTE			
001-1 State	4.7	4.7	4.7
001 General Fund			
001-1 State	\$656,360	\$652,031	\$1,308,391

Statewide Result Area: Improve the safety of people and property

Statewide Strategy: Enforce the law

Expected Results

The HITS system and investigator provide assistance to law enforcement giving them much greater access to information, advice, and assistance that supports better and faster investigation of violent crimes. As a result, the best suspects are pursued in a more timely manner, which leads to saved time and better public protection.

000021 PM0007/HITS - Access Requests. Our HITS team fields requests for information from our HITS database. We support Law Enforcement Agencies (LEAs) in the State of Washington upon request only and their access to the HITS database.				
Biennium	Period	Actual	Target	
2011-13	Q8		225	
	Q7		225	
	Q6		225	
	Q5		225	
	Q4	236	225	
	Q3	267	225	
	Q2	283	225	
	Q1	262	225	
2009-11	Q8	260	175	
	Q7	227	175	
	Q6	216	175	
	Q5	267	175	
	Q4	243	175	
	Q3	265	175	
	Q2	255	175	
	Q1	271	175	
Performance Measure Status: Approved				

A008 Investigation and Defense of Tort Lawsuits

The Torts Division provides high quality and efficient legal services by zealously defending tort claims and lawsuits, engaging in concerted efforts at resolving claims and lawsuits at the earliest stages, and by tracking early resolution rates on a quarterly basis. The division maintains a high rate of litigation success, with many lawsuits dismissed with zero payout, as well as a high rate of appellate success.

Program 100 - Torts

Account	FY 2014	FY 2015	Biennial Total
405 Legal Services Revolving Account			
405-1 State	\$148,865	\$148,955	\$297,820

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide data, information, and analysis to support decision-making

Expected Results

Appropriation Period: 2013-15 Activity Version: 10 - Agency Request Sort By: Activity

The Torts Division provide high quality and efficient legal services by measuring the age at which lawsuits resolve and by tracking clearance rates on a quarterly basis. The division maintains a high rate of Tort case appeal litigation success.

000024 PM0008/TORTS - The percentage of Torts lawsuits which, when closed in a fiscal year with a payout, were resolved using early or informal resolution processes.			
Biennium	Period	Actual	Target
2011-13	A3		25%
	A2	21%	25%
2009-11	A3	30%	27%
	A2	22%	27%
Performance Measure Status: Approved			

A009 Investigation and Prosecution of Medicaid Fraud and Resident Abuse

The Medicaid Fraud Control Unit is a federally mandated and funded investigative and prosecutorial unit staffed by attorneys, auditors, investigators, and support personnel. The mission of the unit is to investigate and prosecute both fraud by health care providers that illegally divert Medicaid funds and the criminal abuse and neglect of residents in Medicaid funded facilities. The unit provides valuable assistance to local law enforcement in investigating and prosecuting crimes committed against vulnerable adults. The unit trains cadets at the Basic Law Enforcement Academy, other investigative agencies, and helps to coordinate the efforts of local vulnerable adult task forces whose missions are to improve the response to crimes committed against this population.

Program 085 - Medicaid Fraud

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	28.7	28.7	28.7
001-1 State	8.8	8.8	8.8
FTE Total	37.5	37.5	37.5
001 General Fund			
001-1 State	\$57,000	\$57,000	\$114,000
001-2 Federal	\$2,361,000	\$2,361,000	\$4,722,000
001-C Medicaid Federal	\$1,196,000	\$1,196,000	\$2,392,000
001 Account Total	\$3,614,000	\$3,614,000	\$7,228,000
19A Medicaid Fraud Penalty Account			
19A-1 State	\$1,136,127	\$1,143,341	\$2,279,468

Statewide Result Area: Improve the health of Washingtonians
Statewide Strategy: Provide access to health care

Expected Results

Through the Medicaid Fraud Control Unit’s efforts in investigating and prosecuting Medicaid fraud, money that is illegally taken or received is returned to the Medicaid system, and others are deterred from committing similar crimes. By assisting local law enforcement in the investigation and prosecution of crimes committed against the residents of Medicaid-funded facilities, offenders who abuse vulnerable adults are held accountable, and others are deterred from committing similar crimes. Both functions of the Medicaid Fraud Control Unit help ensure that the most vulnerable citizens of the state are protected.

000027 PM009/MFCU - Recoveries. The amount of money ordered recovered each fiscal year as a result of the work performed by the Medicaid Fraud Control Unit of the AGO.			
Biennium	Period	Actual	Target
2011-13	A3		
	A2	\$4.35	
2009-11	A3	\$10.43	
	A2	\$6.62	
Performance Measure Status: Approved			

A010 Legal Services to State Agencies

The Office of the Attorney General provides legal advice and representation to over 230 state agencies, boards, and commissions, which collectively have a broad range of program responsibility. In addition to representing agencies in litigation, the office provides legal advice on issues such as personnel, contracts, public records, and specialized program advice. Some program responsibilities supported by the office include state and federal benefit programs administered by state agencies, state licensing and regulatory programs, state agency custodial programs, higher education institutions, natural resources programs, state agency capital construction and equipment acquisitions, state agency revenue and collection programs, and economic development and enterprise activities.

Program 040 - Agency Legal Services

Account	FY 2014	FY 2015	Biennial Total
FTE			
996-Z Other	862.6	850.1	856.4
001-1 State	2.0	2.0	2.0
FTE Total	864.6	852.1	858.4
001 General Fund			
001-1 State	\$213,212	\$580,683	\$793,895
405 Legal Services Revolving Account			
405-1 State	\$89,056,070	\$86,641,087	\$175,697,157
828 Tobacco Prevention and Control Account			
828-1 State	\$135,502	\$135,395	\$270,897

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide data, information, and analysis to support decision-making

Expected Results

The Office of the Attorney General will continue to provide high quality, option-based legal advice to assist state agency decision making, to reduce litigation costs and create efficiencies, and to serve the best interests of the public. In the litigation context, the office will continue to initiate, defend, and resolve cases effectively and efficiently for the benefit of the state, its agencies, and its citizens.

000030 PM0010 - The number of litigation cases open at the end of each Fiscal Year.			
Biennium	Period	Actual	Target
2011-13	A3		
	A2	24,597	
2009-11	A3	24,868	25,786
	A2	26,151	26,460
Performance Measure Status: Approved			

Grand Total

	FY 2014	FY 2015	Biennial Total
FTE's	1,074.8	1,062.3	1,068.6
GFS	\$9,512,631	\$9,581,372	\$19,094,003
Other	\$106,765,225	\$103,690,927	\$210,456,152
Total	\$116,277,856	\$113,272,299	\$229,550,155

Appropriation Period: 2013-15 Activity Version: 10 - Agency Request Sort By: Activity

<u>Parameter</u>	<u>Entered As</u>
Budget Period	2013-15
Agency	100
Version	10 - Agency Request
Result Area	All Result Areas
Activity	All Activities
Program	All Programs
Sub Program	All Sub Programs
Account	All Accounts
Expenditure Authority Type	All Expenditure Authority Types
Theme	All
Sort By	Activity
Display All Account Types	Yes
Include Policy Level	Yes
Include Activity Description	Yes
Include Statewide Result Area	Yes
Include Statewide Strategy	Yes
Include Expected Results Text	Yes
Include Charts	No
Chart Type	Line
Include Parameter Selections	Yes
Version Source	Agency

**Agency Performance Measure
Incremental Estimates for the Biennial Budget**

Agency: 100 Office of Attorney General Budget Period: 2013-15

Activity: A001 Administrative Activity

Outcome Measures 000001 PM0001/ADM - Percentage of Mandatory Training Completed.

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00%	0.00%
PL	ED	eDiscovery Project PLACEHOLDER	0.00%	0.00%

Activity: A002 Civil Commitment of Sexually Violent Predators

**Outcome Measures 000005 PM0002/SVP - Percentage of SVP Cases Resulting in Commitment.
The higher the commitment rate, the more successful the SVP unit is in civilly committing dangerous sexual predators and thereby protecting the public from these offenders.**

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00%	0.00%
PL	ED	eDiscovery Project PLACEHOLDER	0.00%	0.00%

Activity: A003 Criminal Investigation and Prosecution

**Output Measures 000008 PM0003/CRI - This is a count of the number of requests for assistance and referrals to the unit from outside the AGO.
The primary function of our unit is to provide trial and consulting assistance to local prosecutors.**

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER	0.00	0.00

Activity: A004 Enforcement of Anti-Trust Laws

Output Measures 000011 PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00	0.00
M2	AD	Antitrust Direct Litigation Costs	0.00	0.00
M2	AE	Antitrust Revolving Fund Correction	0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER	0.00	0.00

**Agency Performance Measure
Incremental Estimates for the Biennial Budget**

Agency: 100 Office of Attorney General Budget Period: 2013-15

Activity: A005 Enforcement of Consumer Protection Laws

Output Measures 000014 PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.

				<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments		0.00	0.00
M2	AA	Consumer Protection Correction		0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER		0.00	0.00

Activity: A006 Executive Ethics Board

Outcome Measures 000018 PM0006/ETH - Average Number of Days to Complete an Ethics Investigation. By completing investigations within a reasonable period of time, the public will be better served and public trust and confidence in government will increase.

				<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments		0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER		0.00	0.00

Activity: A007 Homicide Investigation Tracking System

Outcome Measures 000021 PM0007/HITS - Access Requests. Our HITS team fields requests for information from our HITS database. We support Law Enforcement Agencies (LEAs) in the State of Washington upon request only and their access to the HITS database.

				<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments		0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER		0.00	0.00

Activity: A008 Investigation and Defense of Tort Lawsuits

Output Measures 000024 PM0008/TORTS - The percentage of Torts lawsuits which, when closed in a fiscal year with a payout, were resolved using early or informal resolution processes.

				<u>FY 2014</u>	<u>FY 2015</u>
M1	LM	Moore et. al. v HCA Litigation		0.00%	0.00%
PL	ED	eDiscovery Project PLACEHOLDER		0.00%	0.00%

**Agency Performance Measure
Incremental Estimates for the Biennial Budget**

Agency: 100 Office of Attorney General Budget Period: 2013-15

Activity: A009 Investigation and Prosecution of Medicaid Fraud and Resident Abuse

Outcome Measures 000027 PM009/MFCU - Recoveries. The amount of money ordered recovered each fiscal year as a result of the work performed by the Medicaid Fraud Control Unit of the AGO.

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER	0.00	0.00

Activity: A010 Legal Services to State Agencies

Outcome Measures 000030 PM0010 - The number of litigation cases open at the end of each Fiscal Year.

			<u>FY 2014</u>	<u>FY 2015</u>
M1	8L	Lease Rate Adjustments	0.00	0.00
M1	AS	Migration to CTS Shared Service	0.00	0.00
M1	LA	Children's Mental Health Litigation	0.00	0.00
M1	LB	US v. WA Boldt Culverts litigation	0.00	0.00
M1	LM	Moore et. al. v HCA Litigation	0.00	0.00
M1	LP	US Dept of Labor v. DSHS (Solis)	0.00	0.00
M2	AC	Law Office Operation Costs	0.00	0.00
M2	AD	Antitrust Direct Liitigation Costs	0.00	0.00
M2	AE	Antitrust Revolving Fund Correction	0.00	0.00
M2	AF	Lease of Personal Computers	0.00	0.00
M2	AW	Moves Legal Services to WWU Base	0.00	0.00
PL	ED	eDiscovery Project PLACEHOLDER	0.00	0.00

Activity: ZZZX Other Statewide Adjustments

PL ED eDiscovery Project PLACEHOLDER No measures linked to activity

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Indirect Cost Allocation to Activities Description

- Not Applicable -

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TAB B

RECOMMENDATION
SUMMARY



Recommendation Summary

(By Agency Priority)

Agency: 100 Office of Attorney General

1:02:33PM

Version: 10 Agency Request

9/4/2012

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
2011-13 Current Biennium Total	1,100.7	12,448	216,265	228,713
CL CF Carry Forward Level Only	(37.6)	2,592	(7,247)	(4,655)
Total Carry Forward Level	1,063.2	15,040	209,018	224,058
Percent Change from Current Biennium	(3.4)%	20.8%	(3.4)%	(2.0)%
M1 90 Maintenance Level Revenue				
M1 LM Moore et. al. v HCA Litigation	1.5		351	351
M1 LA Children's Mental Health Litigation	0.8		237	237
M1 LP US Dept of Labor v. DSHS (Solis)	1.1		906	906
M1 LB US v. WA Boldt Culverts litigation	1.1		232	232
M1 AS Migration to CTS Shared Service			884	884
M1 8L Lease Rate Adjustments		54	(187)	(133)
Carry Forward plus Workload Changes	1,067.6	15,094	211,441	226,535
Percent Change from Current Biennium	(3.0)%	21.3%	(2.2)%	(1.0)%
M2 AA Consumer Protection Correction		2,000	(2,000)	
M2 AE Antitrust Revolving Fund Correction		2,000	(2,000)	
M2 AD Antitrust Direct Litigation Costs			1,389	1,389
M2 AF Lease of Personal Computers			565	565
M2 AC Law Office Operation Costs			745	745
M2 AW Moves Legal Services to WWU Base	1.0		316	316
Total Maintenance Level	1,068.6	19,094	210,456	229,550
Percent Change from Current Biennium	(2.9)%	53.4%	(2.7)%	.4%
PL ED eDiscovery Project PLACEHOLDER				
Subtotal - Performance Level Changes				
2013-15 Total Proposed Budget	1,068.6	19,094	210,456	229,550
Percent Change from Current Biennium	(2.9)%	53.4%	(2.7)%	.4%

Recommendation Summary

(By Agency Priority)

Agency: 100 Office of Attorney General

1:02:33PM

Version: 10 Agency Request

9/4/2012

Dollars in Thousands

**Annual Average
FTEs****General
Fund State****Other Funds****Total Funds****M1 8L Lease Rate Adjustments**

The Office of the Attorney General (AGO) has identified a reduction of (\$132,845) in the 2013-15 biennium relating to lease rate adjustments for existing leased facilities. The lease costs vary by division which then impacts the clients that they serve.

M1 AS Migration to CTS Shared Service

The Office of the Attorney General (AGO) requests \$884,000 in the 2013-15 biennium to comply with the Governor's directive for state agencies to migrate to a shared e-mail service. The AGO will contract with the Consolidated Technical Services' (CTS) Shared E-mail Service.

M1 LA Children's Mental Health Litigation

The Office of the Attorney General (AGO) requests \$237,000 and 1.5 FTEs in fiscal year (FY) 2014 to provide additional legal services to the Department of Social and Health Services (DSHS) associated with the ongoing Children's Mental Health Litigation (TR v. Dreyfus).

M1 LB US v. WA Boldt Culverts litigation

The Office of the Attorney General (AGO) requests \$232,000 and 2.1 FTEs in the 2013-15 biennium to implement any remedy ordered by the court, to litigate any appeal, and to participate in all settlement discussions. This funding is necessary to adequately protect the state's interests and is part of ongoing litigation. The potential liability to the State of Washington in an adverse judgment will exceed \$2,000,000,000 (2 billion).

M1 LM Moore et. al. v HCA Litigation

The Office of the Attorney General (AGO) requests \$351,000 and 3.0 FTEs in the 2013-15 biennium to provide ongoing legal services for the Complex Litigation (COM) division relating to a major class action lawsuit against the Health Care Authority (HCA) entitled Moore, et al. v. Health Care Authority.

The potential liability to the State of Washington in an adverse judgment could exceed \$150 million.

M1 LP US Dept of Labor v. DSHS (Solis)

The Attorney General's Office (AGO) requests \$906,000 and 0.15 Assistant Attorney General (AAG) and 2.0 Paralegal (PL) in Fiscal Year (FY) 2014, which includes \$710,000 for direct litigation costs, associated with United States Department of Labor (USDOL) v. Washington Department of Social and Health Services (DSHS). The potential liability to the State of Washington in an adverse judgment will likely exceed \$80,000,000, although the USDOL maintains that the damages will continue to accrue and will likely claim higher damages as the case proceeds.

M2 AA Consumer Protection Correction

The Office of the Attorney General (AGO) requests an alignment of funding in the 2013-15 biennium to provide ongoing legal services in the Consumer Protection (CPR) division. This action funds legal and consumer services for the resident consumers of Washington State.

M2 AC Law Office Operation Costs

The Office of the Attorney General (AGO) requests \$745,000 in the 2013-15 biennium to offset the increased cost of law office operations.

M2 AD Antitrust Direct Litigation Costs

The Office of the Attorney General (AGO) requests \$1,389,000 in Fiscal Year (FY) 2014 to provide ongoing legal services for the Antitrust division (ANT) relating to current and upcoming litigation caseloads. The anticipated recovery to the State of Washington and its consumers in judgment recoveries and fees for these cases is anticipated at several million dollars.

M2 AE Antitrust Revolving Fund Correction

Recommendation Summary

(By Agency Priority)

Agency: 100 Office of Attorney General

1:02:33PM

Version: 10 Agency Request

9/4/2012

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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The Office of the Attorney General (AGO) requests the correction of an Antitrust Revolving Fund (ARF) addition of \$2,000,000 in Carry Forward (CFL) adjustments. During the 2011-13 biennium, the Consumer Protection Division (CPR) was authorized to spend \$2,000,000 of ARF to help provide funding for consumer protection services. During CFL calculations, legislative staff persuaded the Office of Financial Management (OFM) to assume this should be an ongoing reduction and biennialized the cut, extending it through the 2013-15 biennium and beyond. The CFL step should have reversed the 2011-13 legislative action as it was intended to be a one-time reduction to support General Fund State (GFS) activities. The fund balance, \$3.4 million, is not sufficient to absorb these reductions, and if a correction is not made, the AGO Antitrust (ANT) division will run out of funding during the 2013-15 biennium.

M2 AF Lease of Personal Computers

The Office of the Attorney General (AGO) requests \$565,000 in the 2013-15 biennium to lease new computers to replace a portion of our AGO computers with expired warranties.

M2 AW Moves Legal Services to WWU Base

The Office of the Attorney General (AGO) requests \$316,000 and 1.0 FTEs in the 2013-15 biennium for the continued provision of full legal services to Western Washington University (WWU).

PL ED eDiscovery Project PLACEHOLDER

The Office of the Attorney General (AGO) requests to purchase and maintain an electronic discovery (eDiscovery) tool to identify, preserve, collect and produce digital media in litigation and public records requests.

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Recommendation Summary at Program Level

- Not Applicable -

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TAB C

DECISION
PACKAGES



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Agency Budget Request Decision Package Summary

(Lists only the agency Performance Level budget decision packages, in priority order)

Agency: **100 Office of Attorney General**

8/31/2012
8:33:32AM

Budget Period: **2013-15**

Decision Package	
Code	Decision Package Title
PL-ED	eDiscovery Project PLACEHOLDER

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Agency: 100 Office of Attorney General
Decision Package Code/Title: LM Moore et. al. v HCA Litigation

Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$351,000 and 3.0 FTEs in the 2013-15 biennium to provide ongoing legal services for the Complex Litigation (COM) division relating to a major class action lawsuit against the Health Care Authority (HCA) entitled Moore, et al. v. Health Care Authority.

The potential liability to the State of Washington in an adverse judgment could exceed \$150 million.

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1	Legal Services Revolving Account-State	351,000	0	351,000
Total Cost		351,000		351,000
Staffing		<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
	FTEs	3.0	.0	1.5
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct	351,000		351,000
	0420 Charges for Services			
Total Revenue		351,000		351,000

Package Description:

The AGO requests \$351,000 and 1.5 Assistant Attorney General (AAG), 0.5 Paralegal (PL), and 1.0 Legal Assistant (LA) in Fiscal Year (FY) 2014 for continued legal services related to a major class action lawsuit against HCA entitled Moore, et al. v. Health Care Authority.

This case was filed in July 2006. Plaintiffs claim the State failed to provide statutorily mandated health benefits to non-full-time state employees who worked at least half-time over certain periods of time (e.g., over nine months for "career-seasonal" employees). The plaintiffs' case asserts two legal claims: 1) that the State breached its statutory duty to provide these benefits; and 2) that the class members are third party beneficiaries of the written contracts HCA signs each year with health care providers to supply benefits to eligible state employees. The contracts incorporate the statutory duty to provide benefits to eligible workers and the alleged breach is the failure to provide the benefits.

The first few years of the case were spent responding to the plaintiffs' massive discovery requests and litigating the issue of class certification of the breach of statute claim, as well as the State's liability on that claim. Recent years have focused on various legal issues including certification of the breach of contract claim (granted in 2011). In addition, the State has needed the assistance of outside experts in order to produce discovery, devise methods of using the electronic data to identify potential class members, provide

Agency: 100 Office of Attorney General

Decision Package Code/Title: LM Moore et. al. v HCA Litigation

written notices to those class members, provide expert advice on the unique legal issues associated with class actions and provide expert opinions on other issues such as the measure of damage. Through the close of FY2012, all costs incurred by the AGO (both direct and indirect) during the litigation of this matter total over \$4,185,800.

The AGO anticipates that litigation in the trial court will be concluded by the end of FY2013. After that, barring settlement, the matter will proceed to an appeal. Given the complex nature of the legal issues involved and the extremely large factual record that has been developed, the AGO anticipates the appellate phase of this matter will begin late in FY2013 will require 1.5 AAGs, 0.5 PL and 1.0 LA. However, it should be noted that the AGO will no longer need the assistance of outside experts once the trial court phase is concluded. Finally, if the trial court phase of this case is not finished by the end of FY2013, the AGO would need to continue the current level of funding in into FY2014.

Although the HCA is the primary named defendant because of its role as the administrator of benefits for state employees, plaintiffs' claims focus on the practice of over 30 state agencies as employers. The HCA's budget for all legal services is inadequate to support the costs of this lawsuit.

The desired result of this request is to obtain a favorable result either through a settlement, by prevailing in motions practice or on appeal from a final judgment. With possible liability totalling approximately \$150 million, the continued funding of an effective litigation team in 2013-15 is imperative to reduce expense in the future; a 2015 supplemental budget request may be required.

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to the continued defense of this major dispute. The outcome of this case will have major fiscal implications for the state and could create a long-lasting precedent.

The AGO will perform essential legal services to prevail in this appeal. The AGO is working to protect client agencies and the taxpaying citizens of the state from exposure to liability that may exceed \$150 million.

Performance Measure Detail

Activity: A010 Legal Services to State Agencies

Incremental Changes

		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

Agency: 100 Office of Attorney General

Decision Package Code/Title: LM Moore et. al. v HCA Litigation

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

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

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

Funding this request is a key component in directly supporting the Priorities of Government in providing legal services to state agencies and avoiding or mitigating state liability.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" includes "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making".

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

This legal matter affects over 30 of the largest state agencies and institutions. These stakeholders include but are not limited to the Health Care Authority, all state institutions of higher education including the University of Washington and Washington State University, as well as other state agencies that utilize non-full-time employees (e.g., The Department of Social and Health Services (DSHS), Washington State Department of Transportation (WSDOT), Department of Natural Resources (DNR), etc.). The defense of this case has broad stakeholder participation and support.

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

Early resolution of the case was attempted but was unsuccessful. The parties have continued to periodically explore settlement, but have been unable to reach agreement. The case must be defended vigorously because of the trial court's adverse rulings to date, and the large potential damages that might be awarded. There are no viable alternatives to defending the case.

There are no statutory, regulatory, or other changes or negotiation possibilities that would reduce the costs of this legal defense.

There is no alternative funding source.

What are the consequences of not funding this package?

If not funded, the State may not be able to defend this critical case in the manner that the State's potential exposure of approximately \$150 million requires.

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?

No changes to existing statutes, rules or contracts are required with this request.

Expenditure and revenue calculations and assumptions

None.

State of Washington
Decision Package

FINAL

Agency: **100 Office of Attorney General**

Decision Package Code/Title: **LM Moore et. al. v HCA Litigation**

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

Costs are expected to be one-time until the case is finally resolved through court action or settlement.

It is expected that the trial court phase of this matter will be concluded by the end of FY2013 and the appellate phase of the matter will then begin. It is anticipated that given the stakes involved in this matter, the losing party in the Court of Appeals will seek review by the Washington Supreme Court. The appellate phase of this matter, therefore, could take two years or more.

HCA supports this budget request.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages	223,884		223,884
B Employee Benefits	89,818		89,818
E Goods And Services	20,948		20,948
G Travel	3,600		3,600
J Capital Outlays	12,750		12,750
Total Objects	351,000		351,000

Agency: 100 Office of Attorney General
Decision Package Code/Title: LA Children's Mental Health Litigation

Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$237,000 and 1.5 FTEs in fiscal year (FY) 2014 to provide additional legal services to the Department of Social and Health Services (DSHS) associated with the ongoing Children's Mental Health Litigation (TR v. Dreyfus).

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1	Legal Services Revolving Account-State	237,000	0	237,000
Total Cost		237,000		237,000
Staffing		<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
	FTEs	1.5	.0	.8
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct 0420 Charges for Services	237,000		237,000
Total Revenue		237,000		237,000

Package Description:

The AGO requests \$237,000 and 1.0 Assistant Attorney General (AAG) and 0.5 Legal Assistant (LA) in FY2014 which includes \$50,000 for direct costs, to provide proper defense for the Children's Mental Health Litigation.

Direct costs are attributed for necessary expert witnesses and electronic document processing costs.

This funding is needed above and beyond available funding to handle the regular volume of the DSHS legal work in order to properly defend the state in Children's Mental Health Litigation, a class action lawsuit filed in federal court. This lawsuit is seeking to "enforce the rights of Washington's Medicaid eligible children under the age of 21 with mental health needs to receive the intensive home and community-based mental health services necessary to correct or ameliorate their mental health conditions."

TR v Dreyfus was filed in federal court and served on DSHS in November 2009. Approximately one year later, the parties agreed to enter into an intensive, formal mediation process with a goal of developing a plan for improvements in the system. The parties were able to negotiate an Interim Agreement (IA) which addressed the obligations of DSHS in the 2011-13 biennium. The court approved of this approach, and the parties will shortly resume negotiations over the next agreement. Legal support is required under the IA as well as for the next negotiation. Should that next phase fail to result in an agreement, a litigation schedule will be reinstated by the court and the matter will proceed as contested litigation. Each step of this case is requiring a significant ongoing commitment of legal resources.

Agency: 100 Office of Attorney General
Decision Package Code/Title: LA Children's Mental Health Litigation

It is also important to note that this request is for a continuation of ongoing litigation, and a 2015 supplemental budget request may be required.

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to the continued defense of this class action lawsuit. The outcome of this case will have major fiscal implications for the state and could create a long-lasting precedent. The AGO will perform essential legal services to defend the state in this lawsuit. The AGO is working to protect the interests of DSHS and the taxpaying citizens of the state.

Performance Measure Detail

Activity: A010 Legal Services to State Agencies

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

Relating to this request, the AGO is providing legal services to DSHS as they support the Priority of Government to "Improve the security of Washington's vulnerable children and adults". "Provide support services to families" supports the sub-priority to "Increase individual and family stability".

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

Defending state agencies, with the potential for recoveries and risk of an adverse judgment, is a key resource in directly supporting the Priorities of Government in providing legal services to state agencies.

Relating to this request, the second purchase strategy under the Priority of Government to "Strengthen government's ability to achieve results efficiently and effectively" is to "Improve health, well-being and quality of life". "Providing outpatient services" is a defined priority.

Agency: 100 Office of Attorney General
Decision Package Code/Title: LA Children's Mental Health Litigation

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

None.

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

Given the potential impact of adverse rulings in this case, there is no reasonable alternative other than to vigorously defend the state.

There are no realistic statutory, regulatory, or other changes that would reduce the costs of this legal defense because it is based upon federal Medicaid law. An interim agreement in the lawsuit has been negotiated that covers the state's obligations for the current fiscal year, but the constraints on the state budget do not allow for the current negotiation of program enhancements to achieve full implementation of expected improvements. As a result, the litigation remains pending with active legal involvement under the interim agreement and with negotiations expected to resume soon for the next phase of the litigation. There is no alternative source of income.

What are the consequences of not funding this package?

Failure to adequately fund this lawsuit will result in either an inability to adequately defend the state, or an over expenditure of the DSHS legal services budget.

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

\$50,000 in direct costs is needed in FY2014 and FY2015 for the necessary expert witnesses and electronic document processing costs. These staffing levels and direct litigation costs are necessary for the proper defense of the lawsuit.

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

It is expected that this litigation will be ongoing through the 2013-15 and 2015-17 biennia if the current course of negotiation and interim agreements is continued. If this approach is not successful and the parties return to the litigation track, the costs will likely increase beyond what is reflected in this request.

DSHS supports this budget request and will have a mirror request in their budget submittal.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages	102,942		102,942
B Employee Benefits	30,270		30,270
C Personal Service Contracts	50,000		50,000
E Goods And Services	43,588		43,588
G Travel	2,200		2,200

State of Washington
Decision Package

FINAL

Agency: **100 Office of Attorney General**

Decision Package Code/Title: **LA Children's Mental Health Litigation**

J	Capital Outlays	8,000	8,000
Total Objects		237,000	237,000

Agency: 100 Office of Attorney General
Decision Package Code/Title: LP US Dept of Labor v. DSHS (Solis)
Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Attorney General's Office (AGO) requests \$906,000 and 0.15 Assistant Attorney General (AAG) and 2.0 Paralegal (PL) in Fiscal Year (FY) 2014, which includes \$710,000 for direct litigation costs, associated with United States Department of Labor (USDOL) v. Washington Department of Social and Health Services (DSHS). The potential liability to the State of Washington in an adverse judgment will likely exceed \$80,000,000, although the USDOL maintains that the damages will continue to accrue and will likely claim higher damages as the case proceeds.

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1	Legal Services Revolving Account-State	906,000	0	906,000
Total Cost		906,000		906,000
Staffing		<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
	FTEs	2.2	.0	1.1
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct	906,000		906,000
	0420 Charges for Services			
Total Revenue		906,000		906,000

Package Description:

The AGO requests \$906,000 and 0.15 AAG and 2.0 PL in FY2014, which includes \$710,000 for direct litigation costs, associated with USDOL v. DSHS. The potential liability to the State of Washington in an adverse judgment will likely exceed \$80,000,000 (which includes uncompensated overtime and double damages) although the USDOL maintains that the damages will continue to accrue and will likely claim higher damages as the case proceeds.

In 2008, this case was brought by the USDOL against DSHS for alleged violations of the overtime and recordkeeping requirements of Fair Labor Standards Act (FLSA). On April 26, 2010 Judge Benjamin Settle of US District Court for the Western District of Washington granted summary judgment to DSHS, ruling that the social workers are exempt from FLSA. The court entered judgment for DSHS on May 3, 2010.

The USDOL appealed the ruling to the Ninth Circuit Court of Appeals. In August 2011, the Ninth Circuit reversed the District Court's grant of summary judgment and remanded for trial. DSHS petitioned for rehearing in October 2011. The Court requested a response from USDOL, which USDOL filed May 31, 2012. If the Court denies the Petition for Rehearing, the case will go back to the district court for trial. The 9th circuit has not issued a final ruling as of the date of this request, and there is no accurate assumption of when they will do so. It is anticipated that the trial would take place sometime in 2013. A trial will be lengthy and expensive and a 2015

supplemental budget request may be required.

This is a specialized area of the law, and the underlying case has been handled by an AAG with expertise in wage & hour law and a Special Assistant Attorney General (SAAG) with expertise in defending cases against the USDOL. The funds requested are for the purpose of defending an appeal.

The client agency for this case is DSHS.

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to the continued defense of this major dispute over whether social workers are exempt from the overtime requirements of the FLSA. The outcome of this case will have major fiscal implications for the state and could create a long-lasting precedent.

The AGO will perform essential legal services to prevail in this litigation. The AGO is working to protect DSHS and the taxpaying citizens of the state from exposure to liability that exceeds \$80,000,000.

Performance Measure Detail

Activity: A010 Legal Services to State Agencies

Incremental Changes
FY 2014 FY 2015

Outcome Measures

000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00
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Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is to "Strengthen government's ability to achieve results efficiently and effectively". "Legal services to state agencies" supports the sub-priority to "Provide data, information and analysis to support decision making".

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

Defending state agencies, with the potential for recoveries and risk of an adverse judgment, is a key resource in directly supporting the Priorities of Government in providing legal services to state agencies.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" includes "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making".

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

The AGO has no option but to continue to defend this lawsuit. Settlement is always a possibility, but settlement talks have so far been unsuccessful. USDOL's last settlement demand was for \$15,000,000, which the state is not in a position to accept.

This case is limited to DSHS Children's Administration social workers.

It is important to note that this request is for a continuation of ongoing litigation started in 2008.

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

Although settlement is always being explored as a possibility, the agency has no choice but to defend this lawsuit. Given the potential impact on DSHS of adverse rulings in this case, there is no reasonable alternative than to vigorously defend the state.

There are no statutory, regulatory, or other changes or negotiation possibilities that would reduce the costs of this legal defense. There is no alternative source of income.

What are the consequences of not funding this package?

Failure to adequately fund the cost of the legal defense of this lawsuit could result in substantial liability to DSHS and the state of Washington.

Not funding this request will place the AGO and DSHS in a situation where they will have to cut and reprioritize legal services which have already been funded.

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

Direct litigation costs include SAAG fees and expenses, exhibit preparation and their duplication for the plaintiffs and the court, and for the daily transcripts prepared by the court reporter.

We assume SAAG costs based upon 2,000 hours of services at \$350 an hour, plus costs.

We assume \$5,000 for the preparation and duplication of trial exhibits.

We assume \$5,000 for daily transcripts.

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

Costs in this request are for the purpose of trying this lawsuit. Regardless of the outcome of the trial, there will be another appeal to the Ninth Circuit and additional funds will be needed for future appeals.

DSHS supports this budget request and has a mirror request in their budget submittal.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages	132,396		132,396
B Employee Benefits	44,688		44,688
C Personal Service Contracts	710,000		710,000
E Goods And Services	14,691		14,691
G Travel	1,100		1,100
J Capital Outlays	3,125		3,125
Total Objects	906,000		906,000

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Agency: 100 Office of Attorney General
Decision Package Code/Title: LB US v. WA Boldt Culverts litigation
Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$232,000 and 2.1 FTEs in the 2013-15 biennium to implement any remedy ordered by the court, to litigate any appeal, and to participate in all settlement discussions. This funding is necessary to adequately protect the state's interests and is part of ongoing litigation. The potential liability to the State of Washington in an adverse judgment will exceed \$2,000,000,000 (2 billion).

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1	Legal Services Revolving Account-State	232,000	0	232,000
Total Cost		232,000		232,000
Staffing		<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
	FTEs	2.1	.0	1.1
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct	232,000		232,000
	0420 Charges for Services			
Total Revenue		232,000		232,000

Package Description:

The AGO requests \$232,000 and 1.0 Assistant Attorney General (AAG), 0.5 Paralegal (PL) and 0.6 Legal Assistant (LA) in Fiscal Year (FY) 2014, which includes \$5,000 for direct litigation costs. Funding is required to implement any remedy ordered by the court, to litigate any appeal, and to participate in any settlement discussions. This funding is necessary to adequately protect the state's interests. Direct costs are required for filing fees, service, exhibit copying, and litigation travel.

In January 2001, Indian Tribes with treaty fishing rights in Western Washington, along with the United States, filed an action in which they asked the federal district court to declare that the treaty "right of taking fish" "imposes a duty upon the State of Washington to refrain from diminishing, through the construction or maintenance of culverts under state-owned roads and highways, the number of fish that would otherwise return to or pass through the tribes' usual and accustomed fishing grounds and stations." They alleged that the state has violated such a duty and asked the court to order the state to fix all its culverts within five years of judgment.

On August 22, 2007, the court granted summary judgment in the plaintiffs' favor. The court held that the treaty right of taking fish requires the state to refrain from building or operating culverts under state-maintained roads that hinder fish passage and thereby diminish the number of fish that would otherwise be available for tribal harvest. The court declared that the state currently owns and operates culverts violating this duty. The court did not order a remedy. Instead, it held that issue over for trial.

The parties tried to negotiate a settlement of the remedy phase of the case. Following an extensive effort, including the use of a court-appointed mediator, the parties were unable to reach agreement and asked the court to set a trial date on the remedy. The court conducted a trial on the remedy in October 2009 and heard closing arguments in June 2010. After trial, we asked the court to reconsider its prior summary judgment against the state. We are currently awaiting the court's decision on this request and on the remedy.

The estimated cost of the relief requested by the tribes is approximately \$2,000,000,000 (2 billion). It is critical that the State ensures that sufficient resources are allocated to implement any remedy ordered by the court, to litigate any appeal, and to participate in settlement discussions. It is not possible to provide legal services for this case by reprioritizing within existing client agency budgets without significant adverse impacts on the five primary state agencies. This would require the reduction or elimination of legal services from their already-constrained budgets, increase the likelihood of other legal issues arising in other programs, and increase the potential for accelerated capital costs for culvert replacement.

Funding this request will allow the AGO to continue to provide legal services relating to this culverts litigation, and will ensure that the State retains all options with respect to appeal and/or settlement negotiations.

Funding this package will enable the AGO to dedicate 1.0 AAG, 0.5 PL, and 0.6 LA to the litigation and implementation. It will also provide for up to \$5,000 for direct costs for litigation, filing fees, service, travel, and copying costs.

Funding will be split among five affected agencies based on culvert ownership, agency involvement with regulatory issues, and agency missions. It is assumed this request will be distributed to the participating affected agencies using the same percentages:

- 45% Department of Transportation (WSDOT) total for FY2014: \$102,150
- 35% Department of Natural Resources (DNR) total for FY2014: \$79,450
- 13% Department of Fish and Wildlife (WDFW) total for FY2014: \$34,510
- 5% Department of Ecology (ECY) total for FY2014: \$11,350
- 2% Parks and Recreation Commission (Parks) total for FY2014: \$4,540

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to the continued defense of this major dispute. The outcome of this case will have major fiscal implications for the state and could create a long-lasting precedent.

The AGO will perform essential legal services to implement any remedy ordered by the court, to prosecute any appeal filed by the State, and to participate in any settlement discussions. The AGO is working to protect client agencies and the taxpaying citizens of the state from exposure to liability that exceeds \$2,000,000,000 (2 billion).

Performance Measure Detail

Activity: A010 Legal Services to State Agencies

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

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

Defending state agencies, with the potential for an adverse judgment in the amount of more than \$2,000,000,000, is a key component in directly supporting the Priorities of Government in providing legal services to state agencies.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" includes "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making".

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

This request relates to U.S. v. Washington, Subproceeding 01-01 (Boldt Phase II/Culverts), and the AGO has no option but to respond to this litigation.

Washington state counties, as represented by the Washington Association of Prosecuting Attorneys, have been supportive of the State's vigorous defense of this litigation and are considered stakeholders.

Funding is needed in FY2014 to implement any remedy ordered by the court, to prosecute any appeal filed by the State, and to participate in settlement discussions. This funding is necessary to adequately protect the state's interest.

It is also important to note that this request is for a continuation of ongoing litigation, and a 2015 supplemental budget request may be required.

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

Given the potential impact of adverse rulings in this case, there is no reasonable alternative than to vigorously defend the state.

There are no statutory, regulatory, or other changes or negotiation possibilities that would reduce the costs of this legal defense. There is no alternative source of income.

The cost of the remedy requested by the tribes is approximately \$2,000,000,000 (2 billion). Without the requested funding, the options are:

1. Abandon the possibility of appeal and face a potential judgment requiring expenditures of more than \$2,000,000,000 (2 billion) over a short time horizon.
2. Require AGO staff currently providing legal services for other activities and programs in these five agencies to advise on implementing any remedy ordered by the court, litigate any appeal of the case, and/or engage in further settlement discussions. This will result in a variety of legal complications in other client agency programs with the likelihood of additional legal issues and litigation in the future that could have been avoided. It would also not avoid costs associated with judgment implementation, appeal, and/or settlement negotiation.

What are the consequences of not funding this package?

Failure to adequately fund this legal defense will result in the State of Washington being at risk of accepting liability for a multi-billion dollar judgment, and potentially, a legal precedent that may arguably result in State liability in other contexts. The legal services budgets of the responsible state agencies (WSDOT, DNR, WDFW, Parks, and ECY) will be over-extended. This will result in legal services for other needs not receiving the proper attention that they also require.

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

This request includes \$5,000 for direct litigation costs for filing fees, services, exhibit copying, and litigation travel.

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

All appropriations for this matter are considered one-time costs. Costs will continue until the case is finally resolved.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages	135,520		135,520
B Employee Benefits	48,949		48,949
C Personal Service Contracts	5,000		5,000
E Goods And Services	36,491		36,491
G Travel	2,440		2,440
J Capital Outlays	3,600		3,600
Total Objects	232,000		232,000

Agency: 100 Office of Attorney General
Decision Package Code/Title: AS Migration to CTS Shared Service
Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$884,000 in the 2013-15 biennium to comply with the Governor's directive for state agencies to migrate to a shared e-mail service. The AGO will contract with the Consolidated Technical Services' (CTS) Shared E-mail Service.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1 Legal Services Revolving Account-State	492,000	392,000	884,000
Total Cost	492,000	392,000	884,000

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405 Legal Serv Rev Acct	0420 Charges for Services	492,000	392,000	884,000
Total Revenue		492,000	392,000	884,000

Package Description:

The AGO requests \$492,000 in FY2014 and \$392,000 in FY2015 to comply with the Governor's directive for state agencies to migrate to a shared e-mail service. The AGO will contract with the CTS Shared E-mail Service to comply with this directive.

The AGO is directed to migrate to the CTS Shared E-mail Service by Governor's Directive 09-02 (see attachment 1, "M1-AS ATTACHMEMNT 1.pdf). In doing so, the AGO will incur a monthly expense that has not been previously billed. This effort will also necessitate the purchase of services to migrate existing AGO's Enterprise Vault data to CTS' Enterprise Vault (Vault). CTS does not provide migration services or tools for the Vault.

The migration also results in a requirement to utilize the CTS BlackBerry Exchange Service. This necessitates additional costs. If we migrate to CTS and have BlackBerry devices (which are dependent upon, and connected to, the Exchange environment), CTS requires us to use the CTS BlackBerry service. We may not continue to host our own. Similarly with the Vault, we cannot have a Vault separately hosted from the shared E-mail environment. The main project and cost of this request would be to migrate to the shared service, which includes the Vault, the other pieces become mandatory and ancillary as a result of that effort.

The AGO pays monthly fees for e-mail and calendaring services for AGO staff as well as for resource and case mailboxes. The Vault fees are per gigabyte consumed per month. CTS has published rates for mailbox and Vault storage. The AGO estimates for the 2013-15:

2014:

- \$244,137 CTS Mail Boxes. 4,152 current mail boxes charged \$4.90 per month.
- 108,306 Vault Storage space. 4 terabytes charged \$2.27 per gigabyte per month.
- 39,744 CTS Blackberry Exchange Services. 360 devices billed \$9.00 per month.
- 100,000 Migration Service. Order of magnitude quotes have been requested from 5 vendors. Two vendors have responded with prices ranging from \$50,000 to \$100,000. Without a specific list of requirements or a request for purchase, the amount listed is the best projection of potential costs.
- \$492,187 Total

2015:

- \$244,137 CTS Mail Boxes.
- 108,306 Vault Storage space.
- 39,744 CTS Blackberry Exchange Services.
- \$392,187 Total

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is necessary for the AGO to comply with state-wide directives.

Performance Measure Detail

Activity: A010 Legal Services to State Agencies

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." Record management identifies a strategy to "Fully implement best practices for e-mail record management."

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

A Priority of Government is that "State government must achieve results through efficient and effective performance." "Provide efficient and effective logistical support to deliver services" is a sub-priority of this priority.

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

Based on technology acquisition and shared services directive, this request supports Priority of Government.

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

In order to continue to be a part of the statewide Global E-mail Address System and maintain e-mail connectivity with other state agencies, the AGO must either migrate to CTS or enable our own environment with connections to the CTS environment. It may not be possible to maintain our own environment. CTS would have to allow trusted connections to the CTS shared service. The fees and

viability of this option are not known.

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

Primarily, the directive is that all agencies migrate to the shared service leaving few policy-based decisions. The AGO would like to save money by remaining separate, or utilizing a different, less costly hosted e-mail solution, however, those options are not available at this time and require CTS to allow for a hybrid environment which has not been approved.

We have considered using a hosted service by Microsoft, and the state of Washington is exploring the use of online hosted e-mail known as Office365, however, that service is not yet available.

What are the consequences of not funding this package?

The AGO will lose its connection to other statewide agencies in the state environment. Certain e-mail functionality will cease, such as usage of Outlook Web Access and other agency e-mail addresses and calendars. CTS intends to retire the Exchange 2003 e-mail environment in December 2012.

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

2014:

- \$244,137 CTS Mail Boxes. 4,152 current mail boxes charged \$4.90 per month.
- 108,306 Vault Storage space. 4 terabytes charged \$2.27 per gigabyte per month.
- 39,744 CTS Blackberry Exchange Services. 360 devices billed \$9.00 per month.
- 100,000 Migration Tool and Service. Order of magnitude quotes have been requested from 5 vendors. Two vendors have responded with prices ranging from \$50,000 to \$100,000. Without a specific list of requirements or a request for purchase, the amount list is the best projection of potential costs.
- \$492,187 Total

2015:

- \$244,137 CTS Mail Boxes.
- 108,306 Vault Storage space.
- 39,744 CTS Blackberry Exchange Services.
- \$392,187 Total

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

The cost of migration services will be a one-time expense.

Should the agency choose to retire the BlackBerry service and utilize the ActiveSync feature available in the Shared Service, the BlackBerry cost would be moot.

The costs enumerated for the e-mail and BlackBerry shared services would continue into future biennia. Rates are evaluated on an annual basis and are adjusted by CTS. The quantity of mailboxes and GB consumed in the Vault are likely to increase, resulting in higher future costs. Based on the current number of mailboxes and the GB consumed in the Vault, the biennial costs shown are assumed an ongoing and periodically increasing.

E-mail and Vault costs: \$704,887
 Blackberry costs: 79,488
 Future biennia Total: \$784,375

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods And Services	492,000	392,000	884,000

CHRISTINE O. GREGOIRE
Governor



STATE OF WASHINGTON
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DIRECTIVE BY THE GOVERNOR 09-02

February 10, 2009

TO: Executive Cabinet Agencies
Small Agency Cabinet

FROM: Christine O. Gregoire, Governor

SUBJECT: Shared Services Directive

On Monday, February 9, I announced our Government Reform Package. One of the key components of this package is movement to a shared services model of delivering many of the “back office” functions that support the work of your various agencies – areas such as information technology, property and building management, motor pool and human resources.

Other states and private sector organizations have achieved significant benefits through the use of shared services – the practice of having a single group provide back-office administrative services or customer-facing activities for multiple agencies or departments. Sharing administrative functions between agencies will allow you to focus on your core missions of providing essential services to Washingtonians. I expect that our new shared services approach and governance structure will capture the benefits of economies of scale in a way that ensures good customer service to the client agencies. The service providers must be accountable for delivering a defined quality of service for a specific cost to the client agencies.

By this directive, I am requesting that each of your agencies provide full assistance and support in the development and implementation of a shared services model for how we operate. I have requested the directors of the following offices and agencies to lead this effort:

- Governor’s Executive Policy Office
- Department of Information Services
- Department of Personnel
- Department of General Administration
- Office of Financial Management

Between now and the end of this calendar year, the directors will work in partnership with state agencies to create shared service centers with expertise in the following operational areas. These centers would gradually become responsible for administering the following consolidated lines of business across state government:

Information Technology. The Department of Information Services will focus on using common infrastructure and services – including consolidation of e-mail services and expansion of the statewide data center – to reduce costs and improve information security and the collection of management information across state government.

Fleet Management. The Department of General Administration will assume operational responsibility for smaller motor fleets currently managed by state agencies. Consolidating fleets will eliminate under-used vehicles, improve maintenance, reduce costs to agencies, and result in a “greener” fleet that consumes less fuel and produces fewer emissions.

Property Management. The Department of General Administration will assume operational responsibility for a statewide facilities management system that reflects a comprehensive and integrated way to plan, manage and evaluate real property and asset improvements.

Human Resources. The Department of Personnel will identify the most cost effective way to establish a single point of entry for our citizens to find job opportunities with state government. The Department of Personnel will further explore how the state can better integrate its existing human resource systems and coordinate employee benefits, labor relations training, recruiting and time and attendance.

As we move forward with a shared services model, there will undoubtedly be additional functions identified where the model could produce enhanced customer service and efficiencies. I encourage all of you to be thinking along these lines and offer up your recommendations for a second phase of implementation.

My thanks to each of you for the spirit in which you have embraced our common goal and determination to reform Washington State government to make it more nimble and more relevant to the 21st Century needs of the customers we serve.

CHANGE TO LEASE RATE DECISION PACKAGE MADE AFTER SUBMISSION

E-Mail from Scott Perkins, Thursday, October 18, 2012, 2:50PM
Subject: ATG DP Lease Rate Comps.xlsx

The following explanations are provided for OFM concerns relating to the Attorney General's Office (AGO) 2013-15 budget request relating to lease rates.

Bellingham: The AGO has included costs in the decision package to pay for division parking at the Bellingham office. The Bellingham office is located in a part of town that is congested and where parking is in great demand. The lease does not provide any parking spaces for staff or visitors. Additionally, parking is provided for staff at the six other Regional Service Divisions (RSD) facilities across the state. In an effort to treat all RSD employees with equality, the AGO supports providing parking for the Bellingham employees. \$16,688 per Fiscal Year (FY) will provide parking for:

- 2 Staff cars at \$685 per FY.
- 3 Parking spaces on the campus of Western Washington University at \$1,397 per FY.
- 19 Parking spaces for AGO staff at the Bellingham office site at \$14,606.

The AGO also has ongoing concerns relating to the safety of Bellingham employees and with the security of their vehicles. The Bellingham office is located in a part of town that warrants these concerns. The AGO is considering an office move in the future of which the safety concern is a contributing factor.

Bristol Court: The AGO included a reduction for the Medicaid Fraud Control Unit (MFCU) federal grant funding we will receive which will pay for 75% of the divisions lease rates.

FY2014: -20,226
FY2015: -40,203

Everett: Interagency Agreements (IAA) provide funding which includes a portion of the lease. The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -2,688
FY2015: -2,688

Kennewick: The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -492
FY2015: -1,476

The FY2014 anticipated lease cost is verified as \$136,400. The current lease contract will increase from \$10,850 (which has been the current lease rate since March 1, 2009) to \$12,400 in March 2014 (FM09).

$\$10,850 \times \text{FM01-FM08} = 86,800$
 $\$12,400 \times \text{FM09-FM2012} = 49,600$
TOTAL: 136,400

Port Angeles: The AGO has not requested funding for any facility for Janitorial costs that are not included in full-service contracts. If this practice should be discontinued, the Port Angeles request can be adjusted as shown below.

In Port Angeles, the AGO spent \$1,920 in janitorial services in FY2012. Using this total as a base assumption, including these costs in the 2013-15 decision package will change the Port Angeles' requirement to:

FY2014 As reads: \$-5,390 How Changed: -3,470
FY2015 As reads: \$-5,390 How Changed: -3,470

These funds are account 405, the Legal Services Revolving Account.

Seattle:

A. The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -14,642
FY2015: -11,265

B. The AGO had five General Services Divisions (GSE). These divisions support the larger AGO facility divisions and are zero-balance divisions. All of their costs are charged to the other tenant divisions in the facility. Our decision package deducts the GSE portion of the lease that will be charged to the Torts division which is funded through an IAA.

FY2014: -2,251
FY2015: -1,726

Spokane:

- A. The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -1,585

FY2015: -4,896

- B. Our decision package deducts the GSE portion of the lease that will be charged to the Torts division which is funded through an IAA.

FY2014: -22

FY2015: -222

- C. The AGO included a reduction for the MFCU federal grant funding we will receive which will pay for 75% of the divisions lease rates.

FY2014: -1,156

FY2015: -2,820

Tacoma:

- A. The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -51,606

FY2015: -1,488

- B. Our decision package deducts the GSE portion of the lease that will be charged to the Torts division which is funded through an IAA.

FY2014: -2,004

FY2015: -466

Tumwater:

- A. The Torts division is funded 100% through an IAA, therefore, the Torts portion of the lease was deducted from the budget request:

FY2014: -12,776

FY2015: 5,772

- B. The AGO decision package deducts sublease receipts that is collected from the on site coffee cart. The lease is currently expired as of May 1, 2012, and an updated lease is in

draft form which will extend the sublease through April 30, 2014 at a rate of \$140.33 per FM.

FY2014: -1,776

FY2015: -1,688

Wenatchee: A formula error increased the lease requirement in FM17 through FM24 for a total of \$18,031. We identified an increased rate of \$22,744, but the actual increase for this same period is actually \$4,713.

The decision package request for the Wenatchee lease should be for an increase of:

FY2014: 6,040

FY2015: 9,513

FY2014		FY2015
65,752	Lease	70,465
4,800	Parking	4,800
70,552	Subtotal	75,265
65,752	2011-13 Lease	65,752
4,800	Subtotal	9,513
(1,240)	CFL Correction	-
6,040	Subtotal	9,513

These funds are account 405, the Legal Services Revolving Account.

Adjustments have been made in the AGO cost projections. These adjustments include:

Port Angeles janitorial costs have been added.

Wenatchee lease projections have been reduced.

ATTACHMENTS 1 and 2 have been updated and are attached.

Please let me know if I can be of further assistance. I will be out of the office until November 5th, and will respond to your follow up questions upon my return.

Thank you.

Lease	2011-13 Biennial Budget Request Projected Costs (Includes 2013-15 CFL and 2012 Supplemental Budget Cuts)			2013-15 Biennial Budget Request Projected Costs			2013-15 Budget Request		
	FY2012	2013	2011-13	FY2014	FY2015	2013-15	FY1	FY2	Total
BELLINGHAM	135,561	147,714	283,275	148,140	150,332	298,472	12,579	2,618	15,197
BRISTOL COURT	1,035,829	993,420	2,029,249	1,088,356	1,094,880	2,183,236	32,301	61,257	93,558
CAPITOL COURT	729,962	729,963	1,459,925	474,121	474,121	948,242	(255,841)	(255,842)	(511,683)
EVERETT	407,388	407,388	814,776	317,526	317,532	635,058	(87,174)	(87,168)	(174,342)
HIGHWAY LICENSE BLDG	1,244,492	859,491	2,103,983	932,708	932,708	1,865,416	(311,784)	73,217	(238,567)
KENNEWICK	130,200	130,200	260,400	136,400	148,800	285,200	5,708	17,124	22,832
KENT	3,204	3,204	6,408	2,736	2,736	5,472	(468)	(468)	(936)
KING COUNTY JUVENILE COURT	0	0	0	300	300	600	300	300	600
KITSAP COUNTY JUVENILE COURT	0	0	0	2,400	2,400	4,800	2,400	2,400	4,800
PORT ANGELES	72,230	72,230	144,460	66,840	66,840	133,680	(3,470)	(3,470)	(6,940)
PORT ORCHARD	1,476	1,476	2,952	1,680	1,680	3,360	204	204	408
SEATTLE	3,202,728	3,228,104	6,430,832	3,312,530	3,312,530	6,625,060	92,909	71,435	164,344
SPOKANE	497,265	509,001	1,006,266	509,004	545,284	1,054,288	8,976	28,345	37,321
TACOMA	648,421	1,011,374	1,659,795	1,013,174	1,013,174	2,026,348	311,143	(154)	310,989
TUMWATER	3,138,350	3,229,697	6,368,047	3,233,180	3,233,180	6,466,360	80,278	7,567	87,845
TUMWATER WAREHOUSE	183,609	183,610	367,219	173,778	193,170	366,948	(9,831)	9,560	(271)
VANCOUVER	205,466	205,466	410,932	210,972	227,469	438,441	5,506	22,003	27,509
WENATCHEE	64,508	65,748	130,256	70,548	75,260	145,808	6,040	9,512	15,552
YAKIMA	99,790	99,788	199,578	99,790	99,790	199,580	0	2	2
TOTAL OF REQUEST	11,800,479	11,877,874	23,678,353	11,794,183	11,892,186	23,686,369	(110,224)	(41,558)	(151,782)

Assumptions

- "2011-13 Biennial Budget Request Projected Costs" include CFL adjustments for the 2013-15 biennium, and the lease cuts implemented in the 2012 Supplemental Budget.
- OFM assumes a 6.669% increase for unnegotiated lease contracts in Bellingham.
- Capitol Court has been without a lease agreement since July 1, 2011.
- OFM assumes a 0% increase for the unnegotiated lease contract for the Highway License Building.
- The AGO assumes a 0% increase for the unnegotiated lease contract in Kent.
- Kitsap County and King Country Juvenile Court costs did not exist in the 2011-13 budget request.
- OFM assumes a 10.752% increase for the unnegotiated lease contracts in Spokane, Vancouver, and Wenatchee.
- OFM assumed a 10.41% increase for the unnegotiated lease contract of the Tumwater Warehouse.
- Torts lease rates and the Torts GSE payment projections have been subtracted from "2013-15 Budget Request Projected Costs". All Torts legal services are billed through an interagency agreement and is paid by the client agency.
- Sublease revenue from the Tumwater Coffee Cart has been subtracted from "2013-15 Budget Request Projected Costs".
- Sublease revenue from the Capitol Court's Caseload Forecast Council has not been subtracted from "2013-15 Budget Request Projected Costs." This revenue is not assumed to continue into the 2013-15 biennium as this office space is assumed to revert to DES.
- Medicaid Fraud lease rate adjustments to be funded with General Fund-Federal allocations have been deducted from this request.

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
011 House (GOV See %)	011	GOV	0
011 House (LPD See %)	011	LPD	(12)
012 Senate	012	GOV	(10)
013 Joint Transportation Committee	013	N/A	
014 JLARC	014	GCE	(65)
020 LEAP	020	N/A	
035 Actuary	035	GOV	(107)
038 Joint Leg Systems	038	GOV	(7)
040 Statute Law/Code Reviser	040	GOV	(8)
045 Supreme Court	045	Complex Lit	466
046 Law Library	046	N/A	
048 Court of Appeals	048	Complex Lit	75
050 Judicial Conduct	050	LAL	(82)
055 Admin-Courts (COM See %)	055	Complex Lit	45
055 Admin-Courts (GCE See %)	055	GCE	(153)
055 Admin-Courts (LAL See %)	055	LAL	(55)
055 Admin-Courts (LPD See %)	055	LPD	(16)
055 Admin-Courts (TPC See %)	055	TPC	
055 Admin-Courts (SGO Set Amount)	055	SGO	
056 Public Defense	056	Complex Lit	40
057 Office of Civil Legal Aid	057	N/A	
075 Governor (COR See %)	075	COR	(40)
075 Governor (LPD See %)	075	LPD	
080 Lt.Gov	080	COR	(1)
082 PDC (GCE See %)	082	GCE	(2,728)
082 PDC (LPD See %)	082	LPD	(11)
082 PDC (SGO Set Amount)	082	SGO	
085 Sec State (COM See %)	085	Complex Lit	248
085 Sec State (GOV See %)	085	GOV	(2,070)
085 Sec State (LPD See %)	085	LPD	(31)
085 Sec State (SGO See %)	085	SGO	
085 Sec State (COR Set Amount)	085	COR	
086 Indian Affairs	086	N/A	
087 AsianAmAffairs	087	GOV	(6)
090 Treasurer	090	GOV	(1,518)
095 Auditors (GCE See %)	095	GCE	(4,327)
095 Auditors (LPD See %)	095	LPD	(8)
099 Comm - Salaries	099	GOV	(16)
100 AG	100	N/A	
101 Caseload	101	N/A	
102 Financial Inst. (GCE See %)	102	GCE	(10,105)
102 Financial Inst. (LPD See %)	102	LPD	(10)
103 Commerce (AHD See %)	103	AHD	(2,046)
103 Commerce (GOV See %)	103	GOV	(772)
103 Commerce (LPD See %)	103	LPD	
104 Forecast Council	104	N/A	
105 OFM (GOV See %)	105	GOV	(795)
105 OFM (LPD See %)	105	LPD	(724)
107 HCA (AHD See %)	107	AHD	
107 HCA (SHO See %)	107	SHO	(437)
107 HCA (LPD See %)	107	LPD	(66)
107 HCA (COM Set Amount)	107	Complex Lit	

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
110 Admin Hearings (GOV See %)	110	GOV	(80)
110 Admin Hearings (LPD See %)	110	LPD	(111)
111 DOP (GOV See %)	111	GOV	
111 DOP (LPD See %)	111	LPD	
116 Lottery (GCE See %)	116	GCE	(218)
116 Lottery (LAL See %)	116	LAL	(508)
116 Lottery (LPD See %)	116	LPD	(11)
117 Gambling (GCE See %)	117	GCE	(3,600)
117 Gambling (LPD See %)	117	LPD	(15)
118 Hispanic Affairs	118	GOV	(7)
119 African Amer Affairs	119	GOV	(7)
120 Human Rights (GCE See %)	120	GCE	(3,704)
120 Human Rights (LPD See %)	120	LPD	(12)
124 DRS (GOV See %)	124	GOV	(5,501)
124 DRS (LPD See %)	124	LPD	(24)
126 SIB	126	GOV	(1,712)
130 Public Printer	130	GOV	
135 Innovate Washington	135	SPO	6
140 Revenue (BCU See %)	140	BCU	(11,143)
140 Revenue (LPD See %)	140	LPD	(221)
140 Revenue (REV See %)	140	REV	(16,214)
140 Revenue (SGO Set Amount)	140	SGO	
140 Revenue (CRJ See %) (USE #141)	141	CRJ	(371)
142 Tax Appeals	142	GOV	(27)
144 Municipal Research Council	144	N/A	
147 OMWBE (GCE See %)	147	GCE	(491)
147 OMWBE (LPD See %)	147	LPD	(11)
150 GA (GOV See %)	150	GOV	
150 GA (LPD See %)	150	LPD	
155 DIS (GOV See %)	155	GOV	
155 DIS (LPD See %)	155	LPD	
160 Insurance (GCE See %)	160	GCE	(4,221)
160 Insurance (LPD See %)	160	LPD	(45)
163 CTS (GOV See %)	163	GOV	(392)
163 CTS (LPD See %)	163	LPD	(41)
165 Accountancy	165	LAL	(1,615)
167 Death Investig	167	N/A	
179 DES (GOV See %)	179	GOV	(3,384)
179 DES (LPD See %)	179	LPD	(194)
185 Horse Racing	185	GCE	(714)
190 Ind Ins.Appeals (GOV See %)	190	GOV	(316)
190 Ind Ins.Appeals (LPD See %)	190	LPD	
195 Liquor Control (GCE See %)	195	GCE	(9,326)
195 Liquor Control (LAL See %)	195	LAL	(1,368)
195 Liquor Control (LPD See %)	195	LPD	(285)
205 Pilotage	205	TPC	(394)
215 WA UTC (LPD See %)	215	LPD	(26)
215 WA UTC (PCU USE #216) (See %)	215	PCU	(3,112)
215 WA UTC (UTC See %)	215	UTC	(6,243)
220 Volunteer Firefighters	220	GOV	(352)
225 WSP (CRJ See %)	225	CRJ	(608)
225 WSP (GCE See %)	225	GCE	(2,441)

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
225 WSP (LPD See %)	225	LPD	(929)
225 WSP (SGO Set Amount)	225	SGO	
227 CrimJ Training (CRJ See %)	227	CRJ	(164)
227 CrimJ Training (GCE See %)	227	GCE	(790)
227 CrimJ Training (LNI See %)	227	LNI	(10)
227 CrimJ Training (LPD See %)	227	LPD	
228 Traffic Safety	228	TPC	(37)
235 L&I (BCU See %) (USE #236)	236	BCU	(8,583)
235 L&I (CRJ See %)	235	CRJ	(777)
235 L&I (LNI See %)	235	LNI	11,344
235 L&I (LPD See %)	235	LPD	(227)
235 L&I (RSD See %)	235	RSD	(30,331)
235 L&I (SPO See %)	235	SPO	417
235 L&I (TAC See %)	235	TAC	98,573
235 L&I (SGO Set Amount)	235	SGO	
240 Licensing (LAL See %)	240	LAL	(24,171)
240 Licensing (LPD See %)	240	LPD	(112)
240 Licensing (RSD See %)	240	RSD	(2,217)
240 Licensing (SPO See %)	240	SPO	25
240 Licensing (TAC See %)	240	TAC	4,878
245 Military (GOV See %)	245	GOV	(1,519)
245 Military (LPD See %)	245	LPD	(27)
250 Sentence Review	250	COR	
275 Pub Employ Relations	275	GOV	(265)
300 DSHS (BCU See %)	300	BCU	(667)
300 DSHS (COM See %)	300	Complex Lit	1,681
300 DSHS (LPD See %)	300	LPD	(4,399)
300 DSHS (RSD See %)	300	RSD	(104,743)
300 DSHS (SHO See %)	300	SHO	(32,004)
300 DSHS (SHS See %)	300	SHS	2,939
300 DSHS (SPO See %)	300	SPO	581
300 DSHS (TAC See %)	300	TAC	139,697
300 DSHS (SGO Set Amount)	300	SGO	
301 DSHS (SVP)	301	SVP	
301 DSHS (SGO Set Amount)	301	SGO	
302 HCQA GOING AWAY IN 11-13	302	AHD	
303 Health (AHD See %)	303	AHD	(13,406)
303 Health (GCE See %)	303	GCE	(34,023)
303 Health (LPD See %)	303	LPD	(65)
303 Health (COM Set Amount)	303	Complex Lit	
303 Health (SGO Set Amount)	303	SGO	
305 VA (SHO See %)	305	SHO	(226)
305 VA (LPD See %)	305	LPD	(57)
310 DOC (COR See %)	310	COR	(4,232)
310 DOC (LPD See %)	310	LPD	(2,145)
310 DOC (SPO See %)	310	SPO	91
310 DOC (SGO Set Amount)	310	SGO	
315 Serv-Blind (SHO See %)	315	SHO	(14)
315 Serv-Blind (LPD See %)	315	LPD	(12)
325 Sentencing	325	COR	
341 Law Enforcement & Fire Fighters Plan2 Re	341	N/A	
343 HECB	343	EDU	(65)

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
350 OSPI (EDU See %)	350	EDU	(3,221)
350 OSPI (LPD See %)	350	LPD	(57)
351 School-Blind (RSD See %)	351	RSD	(443)
351 School-Blind (LPD See %)	351	LPD	
353 School-Deaf (RSD See %)	353	RSD	(529)
353 School-Deaf (LPD See %)	353	LPD	(9)
354 Workforce TECB (EDU See %)	354	EDU	(89)
354 Workforce TECB (LPD See %)	354	LPD	
355 DHAP	355	AHD	(540)
357 DEL (EDU See %)	357	EDU	(630)
357 DEL (LPD See %)	357	LPD	(204)
357 DEL (RSD See %)	357	RSD	(2,791)
357 DEL (SHO See %)	357	SHO	
357 DEL (SHS See %)	357	SHS	71
357 DEL (SPO See %)	357	SPO	13
357 DEL (TAC See %)	357	TAC	2,199
360 UW (UOW See %)	360	UOW	(13,111)
369 UW (TORTS See %)	369	UOW Torts	
365 WSU (WSU See %)	365	WSU	(4,370)
365 WSU (LPD See %)	365	LPD	(335)
370 EWU (SPO See %)	370	SPO	51
370 EWU (LPD See %)	370	LPD	(269)
375 CWU (EDU See %)	375	EDU	(894)
375 CWU (LPD See %)	375	LPD	(199)
376 Evergreen (EDU See %)	376	EDU	(561)
376 Evergreen (LPD See %)	376	LPD	(151)
380 WWU (RSD See %)	380	RSD	(3,255)
380 WWU (LPD See %)	380	LPD	(47)
387 Arts	387	GOV	(234)
390 Historical Soc. (GOV See %)	390	GOV	(219)
390 Historical Soc. (LPD See %)	390	LPD	
395 EWaHistorical	395	SPO	0
405 DOT (COM See %)	405	Complex Lit	376
405 DOT (LPD See %)	405	LPD	(2,246)
405 DOT (SPO See %)	405	SPO	47
405 DOT (TPC See %)	405	TPC	(20,874)
405 DOT (Boldt Set Amount)	405	Boldt	
405 DOT (SGO Set Amount)	405	SGO	
406 CRAB	406	TPC	(130)
407 TIB	407	TPC	(51)
408 Marine Employ.	408	GOV	
410 Trans.Comm.	410	TPC	(103)
411 Freight Mobility Strategic Investment	411	GOV	(41)
460 Columbia River	460	LAL	
461 Ecology (ECY See %)	461	ECY	12,585
461 Ecology (LPD See %)	461	LPD	(101)
461 Ecology (Boldt Set Amount)	461	Boldt	
462 Pollution Liability (ECY See %)	462	ECY	36
462 Pollution Liability (LPD See %)	462	LPD	(27)
465 Parks (LPD See %)	465	LPD	(121)
465 Parks (FWP See %)	465	FWP	(5,700)
465 Parks (Boldt Set Amount)	465	Boldt	

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
467 Outdoor Rec (IAC) (GOV See %)	467	GOV	(210)
467 Outdoor Rec (IAC) (LPD See %)	467	LPD	
468 EnviroHear	468	LAL	(1,377)
471 Conservation	471	ECY	106
476 Growth Planning MOVING TO 468	476	LAL	
477 Fish&Wildlife (FWP See %)	477	FWP	(22,859)
477 Fish&Wildlife (LPD See %)	477	LPD	(320)
477 Fish&Wildlife (Boldt Set Amount)	477	Boldt	
478 Puget Sound Partnership (ECY See %)	478	ECY	53
478 Puget Sound Partnership (LPD See %)	478	LPD	(9)
490 Nat.Resources (RES See %)	490	RES	(44,351)
490 Nat.Resources (LPD See %)	490	LPD	(141)
490 Nat.Resources (Boldt Set Amount)	490	Boldt	
495 Agriculture (AHD See %)	495	AHD	(2,318)
495 Agriculture (LPD See %)	495	LPD	(31)
540 ESD (BCU See %)	540	BCU	(3,141)
540 ESD (LAL See %)	540	LAL	(9,297)
540 ESD (LPD See %)	540	LPD	(175)
540 ESD (RSD See %)	540	RSD	(782)
540 ESD (SPO See %)	540	SPO	18
540 ESD (TAC See %)	540	TAC	2,066
540 ESD (SGO Set Amount)	540	SGO	
550 Convention-Trade GOING AWAY	550	GOV	
699 SBCTC (EDU See %)	699	EDU	(4,163)
699 SBCTC (LPD See %)	699	LPD	(560)
699 SBCTC (RSD See %)	699	RSD	(5,546)
699 SBCTC (SPO See %)	699	SPO	28
Total Client Agency Allocations			(249,585)
BDS - LSRF			(249,585)
Variance			0

Agency: 100 Office of Attorney General
Decision Package Code/Title: 8L Lease Rate Adjustments
Budget Period: 2013-15
Budget Level: M1 - Mandatory Caseload and Enrollment Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) has identified a reduction of (\$132,845) in the 2013-15 biennium relating to lease rate adjustments for existing leased facilities. The lease costs vary by division which then impacts the clients that they serve.

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1	General Fund - Basic Account-State	40,631	13,372	54,003
12F-6	Man/Mobile Home Dispute Resolution-Non-Appropriated	1,433	1,104	2,537
154-1	New Motor Vehicle Arbitration Acct-State	1,911	1,464	3,375
17L-6	Foreclosure Fairness Account-Non-Appropriated	4,632	4,632	9,264
19A-1	Medicaid Fraud Penalty Account-State	7,127	14,341	21,468
405-1	Legal Services Revolving Account-State	(171,915)	(58,732)	(230,647)
424-6	Anti-Trust Revolving Account-Non-Appropriated	3,535	2,723	6,258
828-1	Tobacco Prevention/Control Account-State	502	395	897
Total Cost		(112,144)	(20,701)	(132,845)

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct 0420 Charges for Services	(171,915)	(58,732)	(230,647)
Total Revenue		(171,915)	(58,732)	(230,647)

Package Description:

This request covers the expected increase and decrease in annual lease contracts that will come up for renewal in the 2013-2015 biennium as well as contractually scheduled rate increases. Each expiring lease is anticipated to increase per guidance from the Office of Financial Management (OFM) and the Department of Enterprise Services (DES). These requested increases are to continue leases in buildings around the state where AGO divisions are currently located to provide services to client agencies and Washington State consumers. DES negotiates the lease costs with landlords on behalf of the AGO. The AGO has little control over the increase in lease costs and this request does not duplicate any funding proposed in any other decision packages within the 2013-2015 biennium budget request. These facilities are all in our six-year lease facility plan.

Based on the July 1, 2012 enactment of ESSB 5978, the AGO Medicaid Fraud Control Unit (MFCU) has increased staffing by 14.5 FTE resulting in an increase in office space in Bristol Court. MFCU will be funded with General Fund-Federal (001-2) and the new Medicaid

Fraud Penalty Account (MFP) dollars.

Lease rate projections submitted in the 2011-13 budget request included anticipated lease rate percentage increases, by facility, as determined OFM. At the time, these rates appeared plausible. Due to unpredictable shifts in the economy, two new leases were completed below the anticipated and projected lease rate increase. These facilities include:

Everett	Projected: \$34,042/FM (\$3,094 increase)	Final: \$26,460/FM (-7,581)
Port Angeles	Projected: \$6,060/FM (\$490 increase)	Final: \$5,570/FM (-7,581)

The Highway License Building in Olympia included costs that were included in the Central Service Model, and have since been reduced through the 2012 Supplemental Budget.

See '13-15 DP_LeaseRateAdjustmentsATTACHMENT1.pdf for AGO facility information.

See '13-15 DP_LeaseRateAdjustmentsATTACHMENT2.pdf for AGO Client agency impacts.

See '13-15 DP_LeaseRateAdjustmentsATTACHMENT3.pdf for the OFM requested spreadsheet from the 2013-13 Operating and Capitol Budget Instructions.

The AGO subject matter expert for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is necessary to allow the AGO to continue providing legal services to its client agencies.

Performance Measure Detail

Activity: A001 Administrative Activity

	Incremental Changes
	<u>FY 2014</u> <u>FY 2015</u>

Outcome Measures

000001	PM0001/ADM - Percentage of Mandatory Training Completed.	0.00%	0.00%
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Activity: A002 Civil Commitment of Sexually Violent Predators

	Incremental Changes
	<u>FY 2014</u> <u>FY 2015</u>

Outcome Measures

000005	PM0002/SVP - Percentage of SVP Cases Resulting in Commitment. The higher the commitment rate, the more successful the SVP unit is in civilly committing dangerous sexual predators and thereby protecting the public from these offenders.	0.00%	0.00%
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Activity: A003 Criminal Investigation and Prosecution

	Incremental Changes
	<u>FY 2014</u> <u>FY 2015</u>

Output Measures

000008	PM0003/CRI - This is a count of the number of requests for assistance and referrals to the unit from outside the AGO. The primary function of our unit is to provide trial and consulting assistance to local prosecutors.	0.00	0.00
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Activity: A004 Enforcement of Anti-Trust Laws

Incremental Changes

		<u>FY 2014</u>	<u>FY 2015</u>
	Output Measures		
000011	PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.	\$0.00	\$0.00
	Activity: A005 Enforcement of Consumer Protection Laws		
		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Output Measures		
000014	PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.	\$0.00	\$0.00
	Activity: A006 Executive Ethics Board		
		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000018	PM0006/ETH - Average Number of Days to Complete an Ethics Investigation. By completing investigations within a reasonable period of time, the public will be better served and public trust and confidence in government will increase.	0.00	0.00
	Activity: A007 Homicide Investigation Tracking System		
		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000021	PM0007/HITS - Access Requests. Our HITS team fields requests for information from our HITS database. We support Law Enforcement Agencies (LEAs) in the State of Washington upon request only and their access to the HITS database.	0.00	0.00
	Activity: A009 Investigation and Prosecution of Medicaid Fraud and Resident Abuse		
		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000027	PM009/MFCU - Recoveries. The amount of money ordered recovered each fiscal year as a result of the work performed by the Medicaid Fraud Control Unit of the AGO.	\$0.00	\$0.00
	Activity: A010 Legal Services to State Agencies		
		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to more than 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance." "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers."

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

Based on the pursuit of justice, the defense of state entities, and the potential for recoveries to the state, funding this request is a key resource in directly supporting the Priorities of Government in providing legal services to state agencies.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" includes "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making."

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

The increasing cost of leased space is an unavoidable cost that must be incurred for the AGO to provide legal services to its client agencies. If funds originally intended for legal service costs must be diverted to pay for unfunded lease costs, the result would be a reduced level of legal advice and other legal services. This will increase agency risk and could lead to avoidable legal issues.

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

The AGO is obligated to pay increased lease costs negotiated by DES. There is no viable alternative for leased facilities.

What are the consequences of not funding this package?

The increased costs of some leases are unavoidable. Overall, this is a reduction as we have consolidated space and reduced our footprint. If this request (cut) is not funded, the AGO will have excess appropriation authority.

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

Facility rate percentage increases have been determined using DES's model for anticipated increases:

- Bellingham - 6.669%
- Spokane - 10.752%
- Tumwater (Warehouse) - 10.41%
- Vancouver - 10.752%
- Wenatchee - 10.752%

DES has provided anticipated lease costs for:

- Capitol Court
- Highway License Building

The following rent adjustments have been determined by the AGO:

- Kent - No change
- Kitsap County - \$200 total monthly charge.
- Port Orchard - \$17 total monthly increase in lease rates.

The following sites have scheduled lease rate increases which are written into the existing contractual lease agreement:

- Bristol Court
- Kennewick

Torts lease expenditures have been deducted from this request.

The Tumwater Coffee Cart sublease revenue has been factored to reduce the lease rates included in this request.

The sublease for Capitol Court's Caseload Forecast Council (CFC) is assumed not to exist in the 2013-15 biennium. If CFC remains in Capitol Court, they will acquire their own lease agreement from DES.

The lease costs vary by building which impacts the AGO division costs differently. Subsequently, the impact to client agencies is not a straight percentage.

See attached:

'13-15 DP_LeaseRateAdjustmentsATTACHMENT1.pdf for AGO facility information.

'13-15 DP_LeaseRateAdjustmentsATTACHMENT2.pdf for AGO Client agency impacts.

'13-15 DP_LeaseRateAdjustmentsATTACHMENT3.pdf for the OFM requested spreadsheet from the 2013-13 Operating and Capitol Budget Instructions.

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

The increased costs for leases are expected to be ongoing. These are contractual obligations.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods And Services	(112,929)	(21,597)	(134,526)

Lease	2011-13 Biennial Budget Request Projected Costs (Includes 2013-15 CFL and 2012 Supplemental Budget Cuts)			2013-15 Biennial Budget Request Projected Costs			2013-15 Budget Request		
	FY2012	2013	2011-13	FY2014	FY2015	2013-15	FY1	FY2	Total
BELLINGHAM	135,561	147,714	283,275	148,140	150,332	298,472	12,579	2,618	15,197
BRISTOL COURT	1,035,829	993,420	2,029,249	1,088,356	1,094,880	2,183,236	32,301	61,257	93,558
CAPITOL COURT	729,962	729,963	1,459,925	474,121	474,121	948,242	(255,841)	(255,842)	(511,683)
EVERETT	407,388	407,388	814,776	317,526	317,532	635,058	(87,174)	(87,168)	(174,342)
HIGHWAY LICENSE BLDG	1,244,492	859,491	2,103,983	932,708	932,708	1,865,416	(311,784)	73,217	(238,567)
KENNEWICK	130,200	130,200	260,400	136,400	148,800	285,200	5,708	17,124	22,832
KENT	3,204	3,204	6,408	2,736	2,736	5,472	(468)	(468)	(936)
KING COUNTY JUVENILE COURT	0	0	0	300	300	600	300	300	600
KITSAP COUNTY JUVENILE COURT	0	0	0	2,400	2,400	4,800	2,400	2,400	4,800
PORT ANGELES	72,230	72,230	144,460	66,840	66,840	133,680	(5,390)	(5,390)	(10,780)
PORT ORCHARD	1,476	1,476	2,952	1,680	1,680	3,360	204	204	408
SEATTLE	3,202,728	3,228,104	6,430,832	3,312,530	3,312,530	6,625,060	92,909	71,435	164,344
SPOKANE	497,265	509,001	1,006,266	509,004	545,284	1,054,288	8,976	28,345	37,321
TACOMA	648,421	1,011,374	1,659,795	1,013,174	1,013,174	2,026,348	311,143	(154)	310,989
TUMWATER	3,138,350	3,229,697	6,368,047	3,233,180	3,233,180	6,466,360	80,278	7,567	87,845
TUMWATER WAREHOUSE	183,609	183,610	367,219	173,778	193,170	366,948	(9,831)	9,560	(271)
VANCOUVER	205,466	205,466	410,932	210,972	227,469	438,441	5,506	22,003	27,509
WENATCHEE	64,508	65,748	130,256	70,548	98,037	168,585	6,040	32,289	38,329
YAKIMA	99,790	99,788	199,578	99,790	99,790	199,580	0	2	2
TOTAL OF REQUEST	11,800,479	11,877,874	23,678,353	11,794,183	11,914,963	23,709,146	(112,144)	(20,701)	(132,845)

Assumptions

- "2011-13 Biennial Budget Request Projected Costs" include CFL adjustments for the 2013-15 biennium, and the lease cuts implemented in the 2012 Supplemental Budget.
- OFM assumes a 6.669% increase for unnegotiated lease contracts in Bellingham.
- Capitol Court has been without a lease agreement since July 1, 2011.
- OFM assumes a 0% increase for the unnegotiated lease contract for the Highway License Building.
- The AGO assumes a 0% increase for the unnegotiated lease contract in Kent.
- Kitsap County and King Country Juvenile Court costs did not exist in the 2011-13 budget request.
- OFM assumes a 10.752% increase for the unnegotiated lease contracts in Spokane, Vancouver, and Wenatchee.
- OFM assumed a 10.41% increase for the unnegotiated lease contract of the Tumwater Warehouse.
- Torts lease rates and the Torts GSE payment projections have been subtracted from "2013-15 Budget Request Projected Costs". All Torts legal services are billed through an interagency agreement and is paid by the client agency.
- Sublease revenue from the Tumwater Coffee Cart has been subtracted from "2013-15 Budget Request Projected Costs".
- Sublease revenue from the Capitol Court's Caseload Forecast Council has not been subtracted from "2013-15 Budget Request Projected Costs." This revenue is not assumed to continue into the 2013-15 biennium as this office space is assumed to revert to DES.
- Medicaid Fraud lease rate adjustments to be funded with General Fund-Federal allocations have been deducted from this request.

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
011 House (GOV See %)	011	GOV	0
011 House (LPD See %)	011	LPD	(12)
012 Senate	012	GOV	(10)
013 Joint Transportation Committee	013	N/A	
014 JLARC	014	GCE	(65)
020 LEAP	020	N/A	
035 Actuary	035	GOV	(107)
038 Joint Leg Systems	038	GOV	(7)
040 Statute Law/Code Reviser	040	GOV	(8)
045 Supreme Court	045	Complex Lit	466
046 Law Library	046	N/A	
048 Court of Appeals	048	Complex Lit	75
050 Judicial Conduct	050	LAL	(82)
055 Admin-Courts (COM See %)	055	Complex Lit	45
055 Admin-Courts (GCE See %)	055	GCE	(153)
055 Admin-Courts (LAL See %)	055	LAL	(55)
055 Admin-Courts (LPD See %)	055	LPD	(16)
055 Admin-Courts (TPC See %)	055	TPC	
055 Admin-Courts (SGO Set Amount)	055	SGO	
056 Public Defense	056	Complex Lit	40
057 Office of Civil Legal Aid	057	N/A	
075 Governor (COR See %)	075	COR	(40)
075 Governor (LPD See %)	075	LPD	
080 Lt.Gov	080	COR	(1)
082 PDC (GCE See %)	082	GCE	(2,728)
082 PDC (LPD See %)	082	LPD	(11)
082 PDC (SGO Set Amount)	082	SGO	
085 Sec State (COM See %)	085	Complex Lit	248
085 Sec State (GOV See %)	085	GOV	(2,070)
085 Sec State (LPD See %)	085	LPD	(31)
085 Sec State (SGO See %)	085	SGO	
085 Sec State (COR Set Amount)	085	COR	
086 Indian Affairs	086	N/A	
087 AsianAmAffairs	087	GOV	(6)
090 Treasurer	090	GOV	(1,518)
095 Auditors (GCE See %)	095	GCE	(4,327)
095 Auditors (LPD See %)	095	LPD	(8)
099 Comm - Salaries	099	GOV	(16)
100 AG	100	N/A	
101 Caseload	101	N/A	
102 Financial Inst. (GCE See %)	102	GCE	(10,105)
102 Financial Inst. (LPD See %)	102	LPD	(10)
103 Commerce (AHD See %)	103	AHD	(2,046)
103 Commerce (GOV See %)	103	GOV	(772)
103 Commerce (LPD See %)	103	LPD	
104 Forecast Council	104	N/A	
105 OFM (GOV See %)	105	GOV	(795)
105 OFM (LPD See %)	105	LPD	(724)
107 HCA (AHD See %)	107	AHD	
107 HCA (SHO See %)	107	SHO	(437)
107 HCA (LPD See %)	107	LPD	(66)
107 HCA (COM Set Amount)	107	Complex Lit	

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
110 Admin Hearings (GOV See %)	110	GOV	(80)
110 Admin Hearings (LPD See %)	110	LPD	(111)
111 DOP (GOV See %)	111	GOV	
111 DOP (LPD See %)	111	LPD	
116 Lottery (GCE See %)	116	GCE	(218)
116 Lottery (LAL See %)	116	LAL	(508)
116 Lottery (LPD See %)	116	LPD	(11)
117 Gambling (GCE See %)	117	GCE	(3,600)
117 Gambling (LPD See %)	117	LPD	(15)
118 Hispanic Affairs	118	GOV	(7)
119 African Amer Affairs	119	GOV	(7)
120 Human Rights (GCE See %)	120	GCE	(3,704)
120 Human Rights (LPD See %)	120	LPD	(12)
124 DRS (GOV See %)	124	GOV	(5,501)
124 DRS (LPD See %)	124	LPD	(24)
126 SIB	126	GOV	(1,712)
130 Public Printer	130	GOV	
135 Innovate Washington	135	SPO	6
140 Revenue (BCU See %)	140	BCU	(11,143)
140 Revenue (LPD See %)	140	LPD	(221)
140 Revenue (REV See %)	140	REV	(16,214)
140 Revenue (SGO Set Amount)	140	SGO	
140 Revenue (CRJ See %) (USE #141)	141	CRJ	(371)
142 Tax Appeals	142	GOV	(27)
144 Municipal Research Council	144	N/A	
147 OMWBE (GCE See %)	147	GCE	(491)
147 OMWBE (LPD See %)	147	LPD	(11)
150 GA (GOV See %)	150	GOV	
150 GA (LPD See %)	150	LPD	
155 DIS (GOV See %)	155	GOV	
155 DIS (LPD See %)	155	LPD	
160 Insurance (GCE See %)	160	GCE	(4,221)
160 Insurance (LPD See %)	160	LPD	(45)
163 CTS (GOV See %)	163	GOV	(392)
163 CTS (LPD See %)	163	LPD	(41)
165 Accountancy	165	LAL	(1,615)
167 Death Investig	167	N/A	
179 DES (GOV See %)	179	GOV	(3,384)
179 DES (LPD See %)	179	LPD	(194)
185 Horse Racing	185	GCE	(714)
190 Ind Ins.Appeals (GOV See %)	190	GOV	(316)
190 Ind Ins.Appeals (LPD See %)	190	LPD	
195 Liquor Control (GCE See %)	195	GCE	(9,326)
195 Liquor Control (LAL See %)	195	LAL	(1,368)
195 Liquor Control (LPD See %)	195	LPD	(285)
205 Pilotage	205	TPC	(394)
215 WA UTC (LPD See %)	215	LPD	(26)
215 WA UTC (PCU USE #216) (See %)	215	PCU	(3,112)
215 WA UTC (UTC See %)	215	UTC	(6,243)
220 Volunteer Firefighters	220	GOV	(352)
225 WSP (CRJ See %)	225	CRJ	(608)
225 WSP (GCE See %)	225	GCE	(2,441)

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
225 WSP (LPD See %)	225	LPD	(929)
225 WSP (SGO Set Amount)	225	SGO	
227 CrimJ Training (CRJ See %)	227	CRJ	(164)
227 CrimJ Training (GCE See %)	227	GCE	(790)
227 CrimJ Training (LNI See %)	227	LNI	(10)
227 CrimJ Training (LPD See %)	227	LPD	
228 Traffic Safety	228	TPC	(37)
235 L&I (BCU See %) (USE #236)	236	BCU	(8,583)
235 L&I (CRJ See %)	235	CRJ	(777)
235 L&I (LNI See %)	235	LNI	11,344
235 L&I (LPD See %)	235	LPD	(227)
235 L&I (RSD See %)	235	RSD	(26,518)
235 L&I (SPO See %)	235	SPO	417
235 L&I (TAC See %)	235	TAC	98,573
235 L&I (SGO Set Amount)	235	SGO	
240 Licensing (LAL See %)	240	LAL	(24,171)
240 Licensing (LPD See %)	240	LPD	(112)
240 Licensing (RSD See %)	240	RSD	(1,939)
240 Licensing (SPO See %)	240	SPO	25
240 Licensing (TAC See %)	240	TAC	4,878
245 Military (GOV See %)	245	GOV	(1,519)
245 Military (LPD See %)	245	LPD	(27)
250 Sentence Review	250	COR	
275 Pub Employ Relations	275	GOV	(265)
300 DSHS (BCU See %)	300	BCU	(667)
300 DSHS (COM See %)	300	Complex Lit	1,681
300 DSHS (LPD See %)	300	LPD	(4,399)
300 DSHS (RSD See %)	300	RSD	(91,575)
300 DSHS (SHO See %)	300	SHO	(32,004)
300 DSHS (SHS See %)	300	SHS	2,939
300 DSHS (SPO See %)	300	SPO	581
300 DSHS (TAC See %)	300	TAC	139,697
300 DSHS (SGO Set Amount)	300	SGO	
301 DSHS (SVP)	301	SVP	
301 DSHS (SGO Set Amount)	301	SGO	
302 HCQA GOING AWAY IN 11-13	302	AHD	
303 Health (AHD See %)	303	AHD	(13,406)
303 Health (GCE See %)	303	GCE	(34,023)
303 Health (LPD See %)	303	LPD	(65)
303 Health (COM Set Amount)	303	Complex Lit	
303 Health (SGO Set Amount)	303	SGO	
305 VA (SHO See %)	305	SHO	(226)
305 VA (LPD See %)	305	LPD	(57)
310 DOC (COR See %)	310	COR	(4,232)
310 DOC (LPD See %)	310	LPD	(2,145)
310 DOC (SPO See %)	310	SPO	91
310 DOC (SGO Set Amount)	310	SGO	
315 Serv-Blind (SHO See %)	315	SHO	(14)
315 Serv-Blind (LPD See %)	315	LPD	(12)
325 Sentencing	325	COR	
341 Law Enforcement & Fire Fighters Plan2 Re	341	N/A	
343 HECB	343	EDU	(65)

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
350 OSPI (EDU See %)	350	EDU	(3,221)
350 OSPI (LPD See %)	350	LPD	(57)
351 School-Blind (RSD See %)	351	RSD	(387)
351 School-Blind (LPD See %)	351	LPD	
353 School-Deaf (RSD See %)	353	RSD	(463)
353 School-Deaf (LPD See %)	353	LPD	(9)
354 Workforce TECB (EDU See %)	354	EDU	(89)
354 Workforce TECB (LPD See %)	354	LPD	
355 DHAP	355	AHD	(540)
357 DEL (EDU See %)	357	EDU	(630)
357 DEL (LPD See %)	357	LPD	(204)
357 DEL (RSD See %)	357	RSD	(2,440)
357 DEL (SHO See %)	357	SHO	
357 DEL (SHS See %)	357	SHS	71
357 DEL (SPO See %)	357	SPO	13
357 DEL (TAC See %)	357	TAC	2,199
360 UW (UOW See %)	360	UOW	(13,111)
369 UW (TORTS See %)	369	UOW Torts	
365 WSU (WSU See %)	365	WSU	(4,370)
365 WSU (LPD See %)	365	LPD	(335)
370 EWU (SPO See %)	370	SPO	51
370 EWU (LPD See %)	370	LPD	(269)
375 CWU (EDU See %)	375	EDU	(894)
375 CWU (LPD See %)	375	LPD	(199)
376 Evergreen (EDU See %)	376	EDU	(561)
376 Evergreen (LPD See %)	376	LPD	(151)
380 WWU (RSD See %)	380	RSD	(2,845)
380 WWU (LPD See %)	380	LPD	(47)
387 Arts	387	GOV	(234)
390 Historical Soc. (GOV See %)	390	GOV	(219)
390 Historical Soc. (LPD See %)	390	LPD	
395 EWaHistorical	395	SPO	0
405 DOT (COM See %)	405	Complex Lit	376
405 DOT (LPD See %)	405	LPD	(2,246)
405 DOT (SPO See %)	405	SPO	47
405 DOT (TPC See %)	405	TPC	(20,874)
405 DOT (Boldt Set Amount)	405	Boldt	
405 DOT (SGO Set Amount)	405	SGO	
406 CRAB	406	TPC	(130)
407 TIB	407	TPC	(51)
408 Marine Employ.	408	GOV	
410 Trans.Comm.	410	TPC	(103)
411 Freight Mobility Strategic Investment	411	GOV	(41)
460 Columbia River	460	LAL	
461 Ecology (ECY See %)	461	ECY	12,585
461 Ecology (LPD See %)	461	LPD	(101)
461 Ecology (Boldt Set Amount)	461	Boldt	
462 Pollution Liability (ECY See %)	462	ECY	36
462 Pollution Liability (LPD See %)	462	LPD	(27)
465 Parks (LPD See %)	465	LPD	(121)
465 Parks (FWP See %)	465	FWP	(5,700)
465 Parks (Boldt Set Amount)	465	Boldt	

Rent Increase for legal Services (405) for the 2013-15 Biennium

Client Agency	Number	Division	Client Totals
467 Outdoor Rec (IAC) (GOV See %)	467	GOV	(210)
467 Outdoor Rec (IAC) (LPD See %)	467	LPD	
468 EnviroHear	468	LAL	(1,377)
471 Conservation	471	ECY	106
476 Growth Planning MOVING TO 468	476	LAL	
477 Fish&Wildlife (FWP See %)	477	FWP	(22,859)
477 Fish&Wildlife (LPD See %)	477	LPD	(320)
477 Fish&Wildlife (Boldt Set Amount)	477	Boldt	
478 Puget Sound Partnership (ECY See %)	478	ECY	53
478 Puget Sound Partnership (LPD See %)	478	LPD	(9)
490 Nat.Resources (RES See %)	490	RES	(44,351)
490 Nat.Resources (LPD See %)	490	LPD	(141)
490 Nat.Resources (Boldt Set Amount)	490	Boldt	
495 Agriculture (AHD See %)	495	AHD	(2,318)
495 Agriculture (LPD See %)	495	LPD	(31)
540 ESD (BCU See %)	540	BCU	(3,141)
540 ESD (LAL See %)	540	LAL	(9,297)
540 ESD (LPD See %)	540	LPD	(175)
540 ESD (RSD See %)	540	RSD	(684)
540 ESD (SPO See %)	540	SPO	18
540 ESD (TAC See %)	540	TAC	2,066
540 ESD (SGO Set Amount)	540	SGO	
550 Convention-Trade GOING AWAY	550	GOV	
699 SBCTC (EDU See %)	699	EDU	(4,163)
699 SBCTC (LPD See %)	699	LPD	(560)
699 SBCTC (RSD See %)	699	RSD	(4,848)
699 SBCTC (SPO See %)	699	SPO	28
Total Client Agency Allocations			(230,647)
BDS - LSRF			(230,647)
Variance			0

ACTION (New, Renew, Change, Close)	UFI	STREET ADDRESS	CITY	SPACE TYPE	SQUARE FEET	LEASE START DATE	LEASE END DATE	FY13 TOTAL COSTS	SERVICES INCLUDED IN THE LEASE	RENEWAL INCREASE %	PROJECTED COSTS FY14	PROJECTED COSTS FY15	FUNDED LEVEL FOR FY13	FY14 NEED	FY15 NEED	REQUESTED ONE- TIME COSTS	NOTES/ ASSUMPTIONS
Renew	A09488	103 E. Holly Street, (Suites 301, 302, 303, 305, 308, 309, 310, 316, 320)	Bellingham	Office	8,111	Apr 1, 2010	March 31, 2015	130,014.87	Includes taxes, assessments, insurance, storm water, sewer, garbage, maintenance and repairs, natural gas, electricity, elevator, window washing (interior and exterior), landscape & irrigation, restroom supplies and light bulb replacement, janitorial services.	7%	131,452.08	133,643.71	143,045	5,748.84	3,628.84	\$0	AGO projects an increase of \$730.54/FM beginning in April 2015.
Change	A02634	2425 Bristol Court SW	Bristol Court (Olympia)	Office	54,744	Aug 1, 2010	July 31, 2015	993,420.72	Includes taxes, assessments, insurance, storm water, maintenance and repairs.	8%	1,088,356.34	1,094,880.00	993,420	94,935.62	101,459.28	\$0	Scheduled lease rate increase of \$6,523.66/FM beginning in August 2013.
Renew	A00386	1110 Capitol Way S	Capitol Court (Olympia)	Office	16,682	July 1, 2008	June 30, 2011 <i>No new lease agreement has been prepared by DES. The AGO assumes rate reductions in the 2013-15 biennium.</i>	728,757.00	Includes taxes, assessments, utilities, water, storm water, landscape & irrigation, sewer, garbage, natural gas, maintenance and repairs, electricity, elevator, restroom supplies and light bulb replacement, janitorial services.	-35%	473,521.20	133,643.71	729,962	(1,202,278.20)	(255,235.80)	\$0	AGO Assumes a lease rate reduction in the 2013-15 biennium.
NA	A09007	3501 Colby Ave, Suite 100A	Everett	Office	14,433	August 1, 2001	July 31, 2016	408,504.00	Includes taxes, assessments, insurance, storm water, maintenance and repairs.	0%	317,526.00	317,526.00	408,504	(7,581.50)	0.00	\$0	Lease rates reduced in August 2011.
Renew	A01242	1125 Washington SE	Highway License Bldg (Olympia)	Office	72,639	Oct 1, 2011	June 30, 2013	1,615,492.00	Includes taxes, assessments, utilities, water, storm water, landscape & irrigation, sewer, garbage, natural gas, maintenance and repairs, electricity, elevator, landscape maintenance, , janitorial services with restroom supplies & light bulb replacement.	-43%	927,188.00	927,188.00	1,627,492	(688,304.00)	(688,304.00)	\$0	Assumed lease rate reduction in the 2013- 15 biennium.

ACTION (New, Renew, Change, Close)	UFI	STREET ADDRESS	CITY	SPACE TYPE	SQUARE FEET	LEASE START DATE	LEASE END DATE	FY13 TOTAL COSTS	SERVICES INCLUDED IN THE LEASE	RENEWAL INCREASE %	PROJECTED COSTS FY14	PROJECTED COSTS FY15	FUNDED LEVEL FOR FY13	FY14 NEED	FY15 NEED	REQUESTED ONE- TIME COSTS	NOTES/ ASSUMPTIONS
Change	A03014	8127 E. Klamath Court, Bldg 6, Suite A	Kennewick	Office	6,200	March 1, 2009	Feb 28, 2019	130,200.00	Includes taxes, assessments, insurance, storm water, exterior window washing, landscape & irrigation, maintenance and	14%	136,400.00	148,800.00		6,200.00	18,600.00	\$0	Scheduled lease rate increase of \$1,550/FM beginning in March 2014.
Renew		401 4th Ave N, Room 1261	Kent	Office	190	April 1, 2012	31-Mar-14	3,204.00	Utilities, water, sewer, garbage, electricity, restrooms, insurance, storm water, taxes.	0%	2,730.24	2,730.24	3,204	86.76	0.00	\$0	
Add	A10767	1338 SE Old Clifton Road	Kitsap County	Office	140	Apr 1, 2011	March 31, 2013	0.00	Full Service lease.	100%	2,400.00	2,400.00	0	2,400.00	2,400.00	\$0	New office in the Kitsap County Juvenile Courtthouse.
NA	A07045	115 E. Railroad, Suite 306	Port Angeles	Office	3,052	Aug 1, 2012	July 31, 2017	72,229.90	Taxes and assessments, insurance, storm water, water, sewer, garbage, maintenance and repair, natural gas, electricity, janitorial services and restroom supplies, elevator, landscape and irrigation.	0%	66,838.80	66,838.80	66,840	0.00	0.00	\$0	
NA	A08523	614 Division, Street	Port Orchard	Office	140	Nov 1, 2011	Oct 31, 2012	1,476.00	Taxes and assessments, insurance, storm water, water, sewer, garbage, maintenance and repair, natural gas, electricity, janitorial services and restroom supplies, elevator, landscape and irrigation.	0%	1,680.00	1,680.00	1,476	204.00	68.00	\$0	Kitsap County Courthouse increase in office space in November 2012.
NA	A05595	800 5th Ave	Seattle	Office	118,390	July 1, 2007	June 30, 2017	3,312,542.28	Full Service lease.	0%	3,312,542.28	3,312,542.28	2,602,203	710,340.00	0.00	\$0	Lease rates last increased on July 2012.

ACTION (New, Renew, Change, Close)	UFI	STREET ADDRESS	CITY	SPACE TYPE	SQUARE FEET	LEASE START DATE	LEASE END DATE	FY13 TOTAL COSTS	SERVICES INCLUDED IN THE LEASE	RENEWAL INCREASE %	PROJECTED COSTS FY14	PROJECTED COSTS FY15	FUNDED LEVEL FOR FY13	FY14 NEED	FY15 NEED	REQUESTED ONE- TIME COSTS	NOTES/ ASSUMPTIONS
Renew	A08045	W. 1116 Riverside Ave; W. 1124 Riverside Ave	Spokane	Office	28,009	Nov 1, 2009	Oct 31, 2014	506,122.56	Taxes and assessments, insurance, storm water, water, sewer, garbage, maintenance and repair, natural gas, electricity, janitorial services and restroom supplies, elevator, landscape and irrigation.	11%	506,122.56	542,401.43	509,004	0.00	36,278.87	\$0	AGO projects an increase of \$4,534.86/FM beginning in November 2014.
NA	A02689	1250 Pacific Ave	Tacoma	Office	32,768	Aug 1, 2010	July 31, 2020	998,774.40	Fully serviced including: water, sewer, garbage, natural gas, electricity, elevator, window washing (interior and exterior), restroom supplies and light bulb replacement, janitorial services.	0%	998,774.40	998,774.40	1,015,374	0.00	0.00	\$0	
NA	A10521	7141 & 7153 Cleanwater Lane	Tumwater	Office	148,311	Dec 1, 2006	Nov 30, 2021	3,233,179.80	Maintenance and repair.	0%	3,233,179.80	3,233,179.80	3,057,060	176,119.35	0.00	\$0	Lease rates last increased in December 2011.
Renew	A08742	818 79th Ave	Tumwater Warehouse (Olympia)	Office & Warehouse	17,142	Jan 1, 2010	Dec 31, 2014	183,612.60	Taxes and assessments, insurance, storm water, water, sewer, maintenance and repair, landscape and irrigation, and lightbulbs	10%	173,776.20	193,169.64	173,778	0.00	9,557.04	\$0	AGO projects an increase of \$1,592.84/FM beginning in January 2015.
Renew	A03334	1220 Main Street, St 510	Vancouver	Office	9,172	April 1, 2009	March 31, 2014	204,627.36	Taxes and assessments, insurance, storm water, water, sewer, garbage, maintenance and repair, natural gas, electricity, elevator, exterior & interior window washing, landscape and irrigation, janitorial service with supplies and lightbulbs.	11%	210,127.74	226,628.89	205,468	5,500.38	22,001.53	\$0	AGO projects an increase of \$1,833.46/FM beginning in April 2014.

ACTION (New, Renew, Change, Close)	UFI	STREET ADDRESS	CITY	SPACE TYPE	SQUARE FEET	LEASE START DATE	LEASE END DATE	FY13 TOTAL COSTS	SERVICES INCLUDED IN THE LEASE	RENEWAL INCREASE %	PROJECTED COSTS FY14	PROJECTED COSTS FY15	FUNDED LEVEL FOR FY13	FY14 NEED	FY15 NEED	REQUESTED ONE- TIME COSTS	NOTES/ ASSUMPTIONS
Renew	A06144	18. S. Mission, Suite 300	Wenatchee	Office	4,541	Nov 1, 2009	Oct 31, 2014	65,751.84	Taxes and assessments, insurance, storm water, water, sewer, garbage, maintenance and repair, natural gas, electricity, elevator, exterior & interior window washing, landscape and irrigation, janitorial service with supplies and lightbulbs.	11%	65,751.84	93,238.99	65,748	0.00	27,487.15	\$0	AGO projects an increase of \$1589.14/FM beginning in November 2014.
NA	A09991	1433 Lakeside Court, St 102	Yakima	Office	5,870	Aug 1, 2005	July 31, 2015	99,789.96	Taxes and assessments, insurance, storm water, landscape and irrigation, water, sewer, garbage, maintenance and repair.	0%	99,789.96	99,789.96	99,790	0.00	0.00	\$0	

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Agency: 100 Office of Attorney General
Decision Package Code/Title: AA Consumer Protection Correction

Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests an alignment of funding in the 2013-15 biennium to provide ongoing legal services in the Consumer Protection (CPR) division. This action funds legal and consumer services for the resident consumers of Washington State.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State		2,000,000	2,000,000
424-6 Anti-Trust Revolving Account-Non-Appropriated		(2,000,000)	(2,000,000)
Total Cost			

Revenue

Fund	Source	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
424 Anti-Trust Revolving	0420 Charges for Services		(2,000,000)	(2,000,000)
Total Revenue			(2,000,000)	(2,000,000)

Package Description:

The AGO requests \$2,000,000 of General Fund-State (GFS) funding authority in Fiscal Year (FY) 2015 to correct Carry Forward level (CFL) funding discrepancies. This is offset by a -\$2,000,000 correction in Anti Trust Revolving Fund (ARF) error in CFL. The current budget cut to GFS will result in a 57% reduction in the CPR budget. This request is not a restoration, but a correction. This request addresses the \$2,000,000 GFS reduction to the CPR budget made during 2011-2013 biennium. Package ML-AE addresses the additional \$2,000,000 reduction in the 2013-15 Carry Forward Level (CFL). The AGO has worked in tandem with other agencies, the legislature, and private businesses to maximize consumer protection efforts while taking reductions in GFS funding to assist state operations.

A \$2,000,000 reduction in appropriation was enacted in CPR GFS funding in the 2012 Supplemental Budget. This reduction also authorized CPR to spend \$2,000,000 from ARF. Regardless of the policy question of using ARF (424) for CPR activities, ARF (424) does not contain adequate revenue to support ANT activities through the 2013-15 biennium. We expect ARF funding to be depleted during the 2013-15 biennium without the additional pressure of funding CPR activities.

The 2013-15 CFL adjustment declared a reduction in GFS that was not a one time occurrence and, in fact, sustained the changes in 2011-13 that will result in AGO Antitrust (ANT) funding authority to be authorized at a level that far exceeds the revenue that is in the fund. If no correction is made, it will result in the elimination of the ANT program as well as CPR staffing reductions in the 2013-15 biennium.

Agency: 100 Office of Attorney General

Decision Package Code/Title: AA Consumer Protection Correction

a. 001 GFS - FY2014: (\$2,000,000)
FY2015: (\$2,000,000)

b. 424 ARF - FY2014: \$2,000,000
FY2015: \$2,000,000

The total CPR effort has been approximately \$9,000,000 for several biennia (a high point was \$12,000,000 nearly a decade ago). CPR historically has recovered costs and fees to advance the total effort; over the last biennium, CPR assumed a \$1.5 million cost and fees recovery per fiscal year. It also includes spending Zyprexa and other restitution funds on CPR base activities in the current biennia based on legislative action.

See attachment '13-15DP_CPR_funding correctionATTACHMENT1.xlsx'.

The \$4,000,000 budget cut will result in the elimination of services and staff. This \$4,000,000 consists of this request and the Antitrust Correction (ML-AE) decision package included in this budget request.

Without the GFS \$2,000,000 presented in this request, the AGO will implement the following reductions by July 1, 2013:

- 1. Reduce 26.0 FTEs
 - a. 5.0 Assistant Attorneys General (AAG)
 - b. 3.0 Legal Assistants
 - c. 3.0 Paralegals (PL)
 - d. 3.0 Investigators (INV)
 - e. 10.0 Consumer Services
 - f. 2.0 Administrative

Note that the reduction in force of billing positions (AAG, INV, PL) will make it unlikely that CPR can bring in the budgeted recoveries of \$3,000,000 in costs and fees per biennium, resulting in even further cuts.

- 2. Eliminate CPR offices in Bellingham, Kennewick, Spokane, Tacoma, and Vancouver.
- 3. Eliminate all consumer services not required under the Consumer Protection Act (CPA), to include:
 - a. Informal complaint resolution services between businesses and consumers.
 - b. Accepting consumer complaints that assist in setting enforcement priorities and identifying investigative targets.
 - c. Answering consumer phone calls reporting unfair and deceptive business practices and inquiring about consumer issues and scams.
 - d. Outreach & Education.
 - e. CPR will stop investigating contractors, charitable solicitations, false health claims, identity theft, data breaches, privacy issues, and most other unfair and deceptive practices.

CPR will be forced to refocus priorities through reduced litigation, and enforce only the most egregious violations of the CPA. This will reduce costs and fees recoveries and/or limit enforcement actions to high-worth defendants from which costs and fees are likely recoverable.

The reduced scope of work is assumed to be limited to:

- a. Mortgage lending and foreclosure relief (17L-6).
- b. Internet commerce.
- c. Seniors and vulnerable consumers (to include Latino/English-as-second-language consumers across all market areas).
- d. Consumer debt/credit issues (collection practices, debt relief, credit repair)
- e. Pharmaceutical multistate cases

Agency: 100 Office of Attorney General
Decision Package Code/Title: AA Consumer Protection Correction

f. Auto sales (154-1)

The AGO contact for this request is Michelle Underwood, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The correction of CPR funding will allow CPR to sustain its current level of services to the state, and its current level of recoveries. It will also free up ARF allocations for ANT's operational requirements.

Approval of this request will allow the AGO to continue a minimum level of services to the state, and be able to obtain sufficient recoveries to offset GFS pressure. The AGO will not be able to protect the economy or recover money for injured state agencies or consumers. Failure to bring cases will ultimately results in a downward cycle for both CPR and ANT divisions because we will be unable to recover costs and fees without adequate litigation staff. Consumers and state agencies, as well as businesses competing fairly, will be left without adequate protection.

CPR recovers money for public benefit. Over the past two biennia (July 1, 2009-June 30, 2012), CPR has recovered over:

\$2,500,000 in direct consumer restitution.
 \$6,200,000 in indirect consumer restitution (cy pres).
 \$600,000,000 for foreclosure and mortgage relief.
 \$1,350,000 for GFS in civil penalties.
 \$3,000,000 in costs and fees.
 \$15,000,000 in consumer complaint adjustments through informal complaint resolution.

\$628,050,000 TOTAL

CPR's activities benefit Washington residents across the state. Over the past two biennia, CPR's informal complaint resolution has served consumers in the following counties:

Complaints by County (July 1, 2009 through June 30, 2012):

101 Adams
 107 Asotin
 1,427 Benton
 596 Chelan
 620 Clallam
 3,523 Clark
 81 Columbia
 602 Cowlitz
 150 Douglas
 53 Ferry
 8 Franklin
 0 Garfield
 412 Grant

Agency: 100 Office of Attorney General

Decision Package Code/Title: AA Consumer Protection Correction

- 1,161 Grays Harbor
- 1,044 Island
- 316 Jefferson
- 23,442 King
- 1,517 Kittitas
- 803 Kitsap
- 138 Klickitat
- 773 Lewis
- 47 Lincoln
- 273 Mason
- 290 Okanagan
- 122 Pacific
- 213 Pend Oreille
- 9,003 Pierce
- 343 San Juan
- 710 Skagit
- 58 Skamania
- 5,883 Snohomish
- 3,577 Spokane
- 282 Stevens
- 3,503 Thurston
- 34 Wahkiakum
- 228 Walla Walla
- 1,888 Whatcom
- 136 Whitman
- 982 Yakima

Performance Measure Detail

Activity: A005 Enforcement of Consumer Protection Laws

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000014	PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.	\$0.00	\$0.00

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

This budget request implements goal #4-4 of the AGO Strategic Plan-"Develop new efforts to protect Washington Consumers."

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

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

Agency: 100 Office of Attorney General
Decision Package Code/Title: AA Consumer Protection Correction

A Priority of Government is to "Enhance the economic vitality of businesses and people". "Provide consumer protection" supports this priority.

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

CPR supports the Priorities of Government by enforcing the CPA to protect consumers and legitimate businesses from unfair or deceptive trade practice and by providing informal complaint resolution for consumers and businesses.

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

CPR activities help the state's economy by enjoining and deterring unfair and deceptive business practices that harm consumers and honest businesses, and degrade confidence in the marketplace.

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

Using ARF will deplete that fund balance within six months of the biennium, and will not be able to be used for ANT or CPR services. Cy Pres funds are settlement funds ordered by the courts and are for consumer restitution. Neither alternative provides the citizens of the state of Washington the adequate protection and services of consumer protection.

What are the consequences of not funding this package?

Without sustainable funding for CPR, the AGO will no longer be able to provide core consumer protection services. The AGO will sharply reduce enforcement of CPA violations which will harm the marketplace by allowing unfair and deceptive practices to continue undeterred by potential enforcement. In turn, this will harm consumers and honest businesses. The AGO will no longer provide adequate restitution to consumers and will eliminate the informal complaint resolution services it provides to consumers and businesses.

The \$4,000,000 budget cut will result in the elimination of services and staff. This \$4,000,000 consists of this request and the Antitrust Correction (ML-AE) decision package included in this budget request.

Without the GFS \$2,000,000 presented in this request, the AGO will implement the following reductions by July 1, 2013:

1. Reduce 26.0 FTEs
 - a. 5.0 Assistant Attorneys General (AAG)
 - b. 3.0 Legal Assistants
 - c. 3.0 Paralegals (PL)
 - d. 3.0 Investigators (INV)
 - e. 10.0 Consumer Services
 - f. 2.0 Administrative

Note that the reduction in force of billing positions (AAG, INV, PL) will make it unlikely that CPR can bring in the budgeted recoveries of \$3,000,000 in costs and fees per biennium, resulting in even further cuts.

2. Eliminate CPR offices in Bellingham, Kennewick, Spokane, Tacoma, and Vancouver.
3. Eliminate all consumer services not required under the Consumer Protection Act (CPA), to include:
 - a. Informal complaint resolution services between businesses and consumers.
 - b. Accepting consumer complaints that assist in setting enforcement priorities and identifying investigative targets.
 - c. Answering consumer phone calls reporting unfair and deceptive business practices and inquiring about consumer issues and scams.
 - d. Outreach & Education.

Agency: 100 Office of Attorney General

Decision Package Code/Title: AA Consumer Protection Correction

e. CPR will stop investigating contractors, charitable solicitations, false health claims, identity theft, data breaches, privacy issues, and most other unfair and deceptive practices.

CPR will be forced to refocus priorities through reduced litigation, and enforce only the most egregious violations of the CPA. This will reduce costs and fees recoveries and/or limit enforcement actions to high-worth defendants from which costs and fees are likely recoverable.

The reduced scope of work is assumed to be limited to:

- a. Mortgage lending and foreclosure relief (17L-6).
- b. Internet commerce.
- c. Seniors and vulnerable consumers (to include Latino/English-as-second-language consumers across all market areas).
- d. Consumer debt/credit issues (collection practices, debt relief, credit repair)
- e. Pharmaceutical multistate cases
- f. Auto sales (154-1)

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

None.

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

None.

Expenditure and revenue calculations and assumptions

See attachment '13-15DP_CPR_funding correctionATTACHMENT1.xlsx'.

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

The request is ongoing and maintains core services.

Office of the Attorney General

CP Funding from 2005-07 to *2013-15

Enacted Budgets

<u>Budgets:</u>	<u>2005-07</u>	<u>2007-09</u>	<u>2009-11</u>	<u>2011-13</u>	<u>*2013-15</u>
General Fund State	8,672,723	8,932,149	5,849,450	4,612,207	571,534
Recoveries Cost and Fees	1,500,000	1,500,000	2,000,000	3,000,000	3,000,000
Restitution (CY Pres)	0	0	2,100,000	2,100,000	0
Total	10,172,723	10,432,149	9,949,450	9,712,207	3,571,534

All biennia are based on initial enacted budget. This is why 2011-13 does not show Anti-Trust Revolving Acct.
*2013-15 is based on Carry Forward Level. Does not include Anti-Trust funds.

Change In GF-State	n/a	259,426	(3,082,699)	(1,237,243)	(4,040,673)
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CP Expenses from 2005-07 to **2011-13

<u>Expenses:</u>	<u>2005-07</u>	<u>2007-09</u>	<u>2009-11</u>	<u>**2011-13</u>	
General Fund State	7,273,207	7,108,377	5,312,688	1,777,341	
Recoveries Cost and Fees	3,379,294	3,597,567	3,711,870	3,000,000	(Amounts in A, B, & ER)
Restitution (CY Pres)	0	0	0	2,100,000	
Anti-Trust Revolving Acct	0	0	0	767,375	
Total	10,652,501	10,705,944	9,024,558	7,644,716	

Change In GF-State	n/a	(164,830)	(1,795,689)	(3,535,347)
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**2011-13 is based on projecting current expenses thru June 2012 over the entire biennium.

	<u>2005-07</u>	<u>***2007-09</u>	<u>2009-11</u>
Cost & Fees (AGMAP) Per			
Heather's E-mail	3,410,463	3,139,737	3,738,615
Variance	31,169	(457,830)	26,745

***2007-09 variance is in FY09 and appears to be amount recovered in June 2009.

Office of the Attorney General
CP Funding from 2005-07 to *2013-15 **Enacted Budgets**

CP Expenses In 2011-13

	<u>As Of</u>	<u>Quarterly</u> <u>Adjustments</u>	<u>Final Adjusted</u>	
	<u>6/30/12</u>	<u>Needed</u>	<u>Amounts</u>	
General Fund State	2,576,508	(799,167)	1,777,341	
Recoveries Cost and Fees	545,850	499,167	1,045,017	(Amounts in A, B, & ER)
Restitution (CY Pres)	700,000	300,000	1,000,000	
Total	3,822,358	0	3,822,358	

Agency: 100 Office of Attorney General
Decision Package Code/Title: AE Antitrust Revolving Fund Correction

Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests the correction of an Antitrust Revolving Fund (ARF) addition of \$2,000,000 in Carry Forward (CFL) adjustments. During the 2011-13 biennium, the Consumer Protection Division (CPR) was authorized to spend \$2,000,000 of ARF to help provide funding for consumer protection services. During CFL calculations, legislative staff persuaded the Office of Financial Management (OFM) to assume this should be an ongoing reduction and biennialized the cut, extending it through the 2013-15 biennium and beyond. The CFL step should have reversed the 2011-13 legislative action as it was intended to be a one-time reduction to support General Fund State (GFS) activities. The fund balance, \$3.4 million, is not sufficient to absorb these reductions, and if a correction is not made, the AGO Antitrust (ANT) division will run out of funding during the 2013-15 biennium.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
001-1 General Fund - Basic Account-State	2,000,000	0	2,000,000
424-6 Anti-Trust Revolving Account-Non-Appropriated	(2,000,000)	0	(2,000,000)
Total Cost			

Package Description:

The AGO requests \$2,000,000 in GFS funding authority and -\$2,000,000 in ARF to eliminate a CFL adjustment taken in error.

During the 2011-13 biennium, a \$2,000,000 diversion of funds to the CPR program was authorized as a one-time adjustment. However, during CFL calculations, staff assumed this was an ongoing reduction and doubled the cut, extending it through the 2013-15 biennium and beyond. This CFL adjustment reduced ARF to a level which eliminates necessary funding for continuing ANT operations and is therefore self-defeating. This will eliminate the ANT Division and eliminates any ability to replenish the ARF.

Without this correction, the ARF balance is not solvent and funds are not available for existing staff and services in the 2013-15 biennium. As a result, the state and citizens of Washington will be subject to potential anticompetitive acts and practices and the AGO will lose the ability to recover millions of dollars on behalf of state agencies and consumers.

The AGO contact for this request is Michelle Underwood, Financial Services Director and she can be reached at (360) 586-0782.

Agency: 100 Office of Attorney General
Decision Package Code/Title: AE Antitrust Revolving Fund Correction

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to adequately represent state agencies and consumers, including the ability to handle low recovery cases as well as to prepare for multimillion dollar cases for trial. The AGO also advises state agencies when they are threatened by antitrust lawsuits. There are currently two large cases in progress that require substantial resources to adequately litigate and require AT revolving funds to be available. If successful at trial, ANT expects to recover millions of dollars for Washington's agencies and consumers. ANT routinely recovers more money for consumers and state agencies each year than it expends. However, the Division's recovery of costs and fees, which is the only source to replenish the revolving fund, is insufficient to allow for an ongoing \$2 million transfer of funds.

Performance Measure Detail

Activity: A004 Enforcement of Anti-Trust Laws

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000011	PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.	\$0.00	\$0.00

Activity: A010 Legal Services to State Agencies

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies."

This budget request implements goal #4-4 of the AGO Strategic Plan-"Develop New Efforts to Protect Washington Consumers."

The decision package is essential to allow ANT to operate with adequate funding levels. The ANT division advises state agencies regarding their rights as both plaintiffs and defendants in antitrust cases. For state agency plaintiffs, ANT files lawsuits to recover money on their behalf and historically has recovered millions of dollars for them. Without adequate funding state agencies and consumers will lose the benefit of the division's actions.

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

A Priority of Government is to "Enhance the economic vitality of businesses and people". "Ensure fairness, security, and efficiency in the economic marketplace" is a sub-priority of this priority.

Agency: 100 Office of Attorney General
Decision Package Code/Title: AE Antitrust Revolving Fund Correction

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

Defending state agencies and consumers, with the potential for recoveries, is a key resource in directly supporting the Priorities of Government in providing legal services to state agencies.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" includes "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making".

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

This request will impact the ability to provide antitrust enforcement which is a priority as defined by the Governor's Priorities of Government. This request affects the Antitrust Revolving Fund as well as the General Fund. If we prevail in trial or are able to settle the scheduled litigation, we will be able to increase the revolving fund balance in order to provide ongoing services a few more years. However, we need to be able to adequately fund the litigation.

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

If ARF funding is no longer available to the division, the AGO will request funding from the General Fund. Cases must be adequately prosecuted in order for us to achieve fair settlements or to prevail at trial.

What are the consequences of not funding this package?

Without funding at adequate levels, the ANT will be unable to continue to discharge its responsibilities and recover money. Due to funding cuts in recent biennia, ANT activity has decreased to the point where only the most egregious harm is addressed. ANT will not be able to protect the economy or recover money for injured state agencies or consumers. Failure to bring cases will ultimately result in a downward cycle for ANT because we will be unable to recover costs and fees, which is the only source for funding. Consumers and state agencies, as well as businesses competing fairly, will be left without adequate law enforcement protection.

ANT has historically recovered significantly more money for the state and its agencies and consumers than it has expended. In the last ten years, the average recovery per biennium for AGO ANT consumer recoveries has been \$13,600,000 (to consumers), with another \$1,300,000 (ANT fund recoveries) in costs and fees.

CATEGORY:	FY2001 THROUGH FY2012:
Average State Agency Recoveries	\$645,826
Average State Consumer Recoveries	542,122
Average Consumer Cy Pres Distribution	5,626,560
Civil Penalties	150,270
Average ANT Cost and Fees	659,214

The \$4,000,000 budget cut will result in the elimination of services and staff. This \$4,000,000 consists of this request and the Consumer Protection Correction (ML-AA) decision package included in this budget request.

Without the GFS \$2,000,000 presented in this request, the AGO will implement the following CPR reductions by July 1, 2013:

1. Reduce 26.0 FTEs
 - a. 5.0 Assistant Attorneys General (AAG)
 - b. 3.0 Legal Assistants
 - c. 3.0 Paralegals (PL)

Agency: 100 Office of Attorney General
Decision Package Code/Title: AE Antitrust Revolving Fund Correction

- d. 3.0 Investigators (INV)
- e. 10.0 Consumer Services
- f. 2.0 Administrative

Note that the reduction in force of billing positions (AAG, INV, PL) will make it unlikely that CPR can bring in the budgeted recoveries of \$3,000,000 in costs and fees per biennium, resulting in even further cuts.

- 2. Eliminate CPR offices in Bellingham, Kennewick, Spokane, Tacoma, and Vancouver.
- 3. Eliminate all consumer services not required under the Consumer Protection Act (CPA), to include:
 - a. Informal complaint resolution services between businesses and consumers.
 - b. Accepting consumer complaints that assist in setting enforcement priorities and identifying investigative targets.
 - c. Answering consumer phone calls reporting unfair and deceptive business practices and inquiring about consumer issues and scams.
 - d. Outreach & Education.
 - e. CPR will stop investigating contractors, charitable solicitations, false health claims, identity theft, data breaches, privacy issues, and most other unfair and deceptive practices.

CPR will be forced to refocus priorities through reduced litigation, and enforce only the most egregious violations of the CPA. This will reduce costs and fees recoveries and/or limit enforcement actions to high-worth defendants from which costs and fees are likely recoverable.

The reduced scope of work is assumed to be limited to:

- a. Mortgage lending and foreclosure relief (17L-6).
- b. Internet commerce.
- c. Seniors and vulnerable consumers (to include Latino/English-as-second-language consumers across all market areas).
- d. Consumer debt/credit issues (collection practices, debt relief, credit repair)
- e. Pharmaceutical multistate cases
- f. Auto sales (154-1)

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

During FY 2013, a one-time budget step directed \$2,000,000 of ANT funding to be transferred to the AGO CPR Division with a commensurate \$2,000,000 GFS reduction in CPR.

The 2013-15 CFL added an additional \$2,000,000 to be authorized in FY2014 resulting on an ongoing transfer of \$2,000,000 per FY in the 2013-15 biennium. The fund balance is insufficient to allow this transfer without eliminating the Antitrust Division. The authorization, even if not used, means the money must be held for potential use by the CPR Division and thus the funds are not available for ongoing operations.

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

All costs in this request are assumed to be on going.

Agency: 100 Office of Attorney General
Decision Package Code/Title: AD Antitrust Direct Litigation Costs
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$1,389,000 in Fiscal Year (FY) 2014 to provide ongoing legal services for the Antitrust division (ANT) relating to current and upcoming litigation caseloads. The anticipated recovery to the State of Washington and its consumers in judgment recoveries and fees for these cases is anticipated at several million dollars.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
424-6 Anti-Trust Revolving Account-Non-Appropriated	1,389,000	0	1,389,000
Total Cost	1,389,000		1,389,000

Package Description:

The AGO requests \$1,389,000 in FY2014 for direct litigation costs for current and upcoming ANT caseloads. ANT has been entirely self-funded from the Antitrust Revolving Fund (ARF) since the 2001-03 biennium. Prior to that time General Fund dollars were allotted. The ARF has been replenished through costs and fee recoveries. The July 2012 current balance is \$3.4 Million.

The strength of Washington's economy depends, in part, on a business environment that is free of unfair competition or collusive acts. ANT brings lawsuits on behalf of state agencies and consumer, for violations of state and federal antitrust laws.

Antitrust cases take several years to litigate and are among the most complex and expensive types of litigation to pursue. In particular, ANT must have adequate funding for its litigation direct costs, which includes costs for experts, depositions and discovery. Assuming the Division prevails at trial or through settlement, the ARF would be replenished fully.

Additional funding is required to pursue two significant price-fixing cases filed in King County Superior Court:

1. State v. AUO Optronics, et. al (LCDs)
2. State v. LG Electronics, et. al. (CRTs).

Each case seeks millions of dollars in damages and restitution for state agencies and consumers, respectively. The defendants are global companies that engaged in massive price-fixing conspiracies over the course of several years. Private class actions against these defendants have settled for hundreds of millions of dollars. However, Washington was not part of those settlements because our state law provides that private parties can not represent indirect purchasers and therefore we filed our own case on behalf of our

agencies and consumers in our state court.

This litigation is unprecedented as it is the first contested litigation in several years in which the Washington State is not sharing the bulk of its direct litigation expenses with other states. Although other states in situations similar to Washington have also filed in their own state courts and we are trying to work with them to share expenses to the fullest extent possible, substantial Washington specific expenses remain. This request addresses only the amounts needed above the amounts shared with other states. The litigation is vigorously contested, which drives up expenses even further. For example, we have had to spend over a year in time in resources addressing a Ninth Circuit appeal of a procedural matter which was ultimately decided in our favor.

This request is for funding for the following direct litigation costs in FY2014:

1. Experts: In antitrust cases, the state is the plaintiff and has the burden of proving damages. We anticipate that the CRTs and LCDs cases together we will require at least \$1,250,000 through the course of the trials for expert witnesses.
2. Deposition costs: We anticipate spending at least \$68,000 for depositions for use at trials. This includes appearance fees, transcript costs and travel.
3. Translation fees: Both of the cases involve firms headquartered primarily in Asia. Many of the relevant documents were written in Korean, Chinese or Japanese. We anticipate translation fees for both cases at \$50,000.
4. Printed discovery costs: For both cases, we estimate a total of \$20,000. This includes the copying costs for providing copies of state agency records to the defendants as part of the discovery process.
5. Software, hardware and equipment: We project the need for additional equipment and supplies at a cost of \$1,000.

Trial in the LCDs matter is currently scheduled for January 2015, so a cost and fee recovery is anticipated in the 2013-15 biennium unless the matter is appealed. If the matter settles, we would also expect recoveries during the 2013-15 biennium.

Trial in the CRTs matter is anticipated between May 2014 and August 2015. We would expect any costs and fees to be recovered during either the 2013-15 or 2015-17 biennia, whether by trial or settlement.

The AGO contact for this request is Michelle Underwood, Financial Services Director and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

If successful at trial, the Division expects to recover millions of dollars for Washington's agencies and consumers. The Division would also recover all of its costs and attorneys' fees and replenish the revolving fund.

The AGO is working to protect client agencies and the taxpaying citizens of the state and to recover damages and restitution for them from defendants who violated the law.

Performance Measure Detail

Activity: A004 Enforcement of Anti-Trust Laws		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Output Measures		
000011	PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.	\$0.00	\$0.00

Activity: **A010** **Legal Services to State Agencies**

Incremental Changes
FY 2014 **FY 2015**

Outcome Measures

000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00
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Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This budget request implements goal #4-4 of the AGO Strategic Plan-"Develop New Efforts to Protect Washington Consumers."

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

A Priority of Government is to "Enhance the economic vitality of businesses and people". "Ensure fairness, security, and efficiency in the economic marketplace" is a sub-priority of this priority.

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

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

Because a fair and competitive marketplace is important, defending state agencies and consumers with the potential for recoveries is a key resource in directly supporting the Priorities of Government in providing legal services to state agencies.

The current Priorities of Government purchase plan under "Improve the Economic Vitality of Business and Individuals" identifies "Enforcement of Anti-Trust Laws" as one of 97 non-prioritized high level purchases categories (top 90%).

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

This request is case driven and antitrust enforcement is a priority as defined by the Governor's Priorities of Government.

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

Increased funding is requested because cases must be adequately prosecuted in order for us to achieve good settlements and/or success at trial.

An alternative would be to request an allotment from the General Fund.

What are the consequences of not funding this package?

Without funding at adequate levels, ANT will be unable to continue to discharge its responsibilities and recover money. Due to funding cuts in recent biennia, AGO activity has decreased to the point where only the most egregious harm is addressed. ANT will not be able to protect the economy or recover money for injured state agencies or consumers. Failure to litigate cases will ultimately results in a downward cycle for ANT because we will be unable to recover costs and fees, which is the only source for funding. Consumers and state agencies, as well as businesses competing fairly, will be left without adequate law enforcement protection.

ANT has historically recovered significantly more money for the state and its agencies and consumers than it has expended. In the last ten years, the average recovery per biennium for AGO ANT state agency and consumer recoveries has been \$13,600,000, with another \$1,300,000 (ANT fund recoveries) in costs and fees.

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

Direct costs will enable the Division to:

1. Retain adequate consulting and testifying experts for complex antitrust litigation.
2. Allow for necessary deposition costs including fees, transcripts, and travel.
3. Allow for translation fees as many of the relevant documents were written in Korean, Chinese or Japanese.
4. Allow for printed discovery costs to provide copies of state agency records to the defendants as part of the discovery process.
5. Purchase necessary technology to properly litigate case.

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

These costs will not carry over to future biennia. The LCD trial is scheduled for early January 2015, and a date has not been set for the CRTs case which is expect it to be in 2014 or early 2015. These are the first antitrust contested cases filed by the ANT division in several years without support from other states and it is difficult to predict whether we will file more cases such as these in the future. We will have to re-evaluate each FY to see if litigation will require an increase in funding for direct costs. If we find ourselves with only multistate cases and shared expenses in the next budget cycle, we will expect our costs to be lower in the future.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
C Personal Service Contracts	1,389,000		1,389,000

State of Washington
Decision Package

FINAL

Agency: 100 Office of Attorney General
Decision Package Code/Title: AF Lease of Personal Computers
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$565,000 in the 2013-15 biennium to lease new computers to replace a portion of our AGO computers with expired warranties.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1 Legal Services Revolving Account-State	283,000	282,000	565,000
Total Cost	283,000	282,000	565,000

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405 Legal Serv Rev Acct	0420 Charges for Services	283,000	282,000	565,000
Total Revenue		283,000	282,000	565,000

Package Description:

The AGO requests \$283,000 in Fiscal Year (FY) 2014 and \$282,000 in FY2015 to lease new computers to replace a portion of AGO computers with expired warranties. Beginning in FY2014, this request will allow the AGO to lease 851 computers to refresh the aging and failing fleet in a 48-month cycle.

The majority of the AGO computer fleet will be out of warranty at the end of the 2011-2013 biennium. The current lifecycle for AGO computer replacement is four years for desktops and three years for laptops.

In May 2009, in response to declining budgets, the AGO purchased two years of extended warranties for desktop computers so they would be covered for five years of use. The AGO purchased 950 Desktop warranties for \$304,668 rather than replacing our aging computers which would have cost us approximately \$1,014,600 (projections in the 2009-11 budget build assumed the rate for one replacement desktop computer to be \$1,068 each).

In February 2011, once again in response to declining budgets, the AGO suspended the purchase of new computers and began pooling surplus computers to address hardware failures within the AGO.

In FY2014, 1,655 computers (1,396 desktops and 259 laptops) will be out of warranty. The AGO is not able to purchase extended warranties for these machines.

Rather than purchasing replacement computers, the AGO is seeking a leasing program where a vendor would receive and install new computers and surplus out-of-warranty computers.

In FY2015, an additional 47 desktop computers will be out of warranty. No additional laptops will be out of warranty in FY2015. The AGO is not able to purchase extended warranties for these desktops.

The AGO has a historical system failure rate of 17.25 computer (16.25 desktops and one laptop) per Fiscal Month (FM)-and 15 of these are cost effectively repaired because of the existing warranties. That means 2.25 computers are taken out of service each FM. In the 2013-15 biennium, many of our machines will no longer be covered by a warranty and the number of system failures will rapidly increase. We assume 75 percent of all system failures in the 2013-15 biennium will occur on computers that are not covered by a warranty.

The leasing of computers is considered on-going with respect to the computer life cycle of every five years. This lifecycle is one year longer than purchased desktop computers, and two years longer than purchased laptop computers.

Leasing this equipment provides financial predictability as it shifts the costs from a capital outlay expense to an operational expense. It also aligns the AGO with current industry technology trends to protect the AGO from having outdated and obsolete equipment.

The lease payment breakdown (includes tax) is:

FY2014: \$166,086.54
Desktop cost: $\$340.28 \times 324 = \$110,250.72$
Laptop cost: $\$547.41 \times 102 = \$55,835.82$

FY2014: \$165,539.13
Desktop cost: $\$340.28 \times 324 = \$110,250.72$
Laptop cost: $\$547.41 \times 101 = \$55,288.41$

The total vendor services cost to receive, install, remove and surplus current computers is \$234,025. The cost is \$275 per computer for 851 machines. Each computer is an individual one-time cost which will be billed as computers are replaced throughout the biennium. This cost will only be charged as the replacements occur.

FY2014: \$117,013
FY2015: \$117,012
2013-15: \$234,025

Total cost for the 2013-15 biennium:

FY2014: \$283,099
FY2015: \$282,551
2013-15: \$565,650

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The intent of the AGO is to sustain the use of computers, and to replace the current systems before work and staff time is lost as computers crash because they are beyond the technological reliability, lifecycle and warranties.

The biggest risk of a computer crashing is the loss of data and productivity. When a computer crashes, there is no way to get the data off the hard drive. It takes an average of eight hours to provide a working computer to a staff member. Time is required for Information Services Division (ISD) staff to put an image on the new machine and to re-install software. Upon receipt of the replacement computer,

staff will have to recreate links, shortcuts, install printers, and re-set software to the users' preferences. If the AGO has an average of 17.25 computers that fail per month, this equals 138 hours of lost staff productivity per month for the AGO.

Performance Measure Detail

Activity: **A010** **Legal Services to State Agencies**

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance." "Provide efficient and effective logistical support to deliver services" is a sub-priority of this priority.

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

Funding this request is key in directly supporting the Priorities of Government in providing legal services to state agencies.

A current purchase strategy under "Strengthen government's ability to achieve results efficiently and effectively" includes "Technology acquisition services" as a primary element of "Provide tools and resources to execute government functions."

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

This request includes, but is not limited to, computers used in conference rooms, training rooms, visiting offices, loaners for court appearances, and those attached to high-speed scanners and printers.

The AGO is converting to Windows 7 (WIN7) in FY2012 and 133 Laptop computers won't support WIN7.

The AGO has a historical system failure rate of 17.25 computers per FM (16.25 desktops and one laptop). Current warranties allow for the repair of 15 of these computers. Warranties will not cover repairs in the 2013-15 biennium as they currently do because warranties are expiring.

We project the following system failures (assuming 75 percent of the failures will be for non-warranted, non-repairable systems) in the 2013-15 biennium :

Desktop = 292
 Laptop = 18
 TOTAL= 310

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

The AGO researched both leasing and purchasing replacement computers to refresh the computer fleet.

Alternative 1: Move all AGO computers to a leasing program at the same time. The total funding needed for leasing and vendor services for all AGO computers that will exceed their lifecycle and warranty in the 2013-15 biennium is \$1,733,656.

The lease payments breakdown (includes tax) is:

Desktop cost: $\$340.28 \times 1,443$ desktop computers = $\$491,024.04$
 Laptop cost: $\$547.41 \times 259$ laptop computers = $\$141,779.19$
 FY2014: $\$632,803.23$
 FY2015: $\$632,803.23$
 2013-15: $\$1,265,606.46$

The total vendor services cost to receive, install, remove and surplus current computers is $\$468,050$. The cost is $\$275$ per computer for 1,702 machines. Each computer is an individual one-time cost which will be billed as computers are replaced through the biennium. This cost will be charged as the replacements occur.

FY2014: $\$234,025$
 FY2015 $\$234,025$
 2013-15: $\$468,050$

Total cost for the 2013-15 biennium:

FY2014: $\$866,828$
 FY2015 $\$866,828$
 2013-15: $\$1,733,656$

This option would update all machines at one time with a leasing program. However, it would not be realistic to deploy such a large fleet at one time. The disruption of staff and risk of machines sitting waiting for deployment while burning life cycle is higher.

Alternative 2. Update all machines at one time by purchasing replacement computers. Funding required for the AGO to purchase replacement computers for all computers reaching the end of their lifecycle at the current cost and with current technology is $\$3,146,626$. 3.0 FTEs would be required to assist in the additional imaging and network steps necessary before the computers may be used.

FY2014:
 1,443 Desktop computers at $\$1,378$ is $\$1,988,454$
 259 Laptop computers at $\$2,174$ is $\$563,066$.
 3.0 Information Technology Specialist 3 (ITS3) is $\$265,170$
 TOTAL: $\$2,816,690$

FY2015:
 47 Desktop computers at $\$1,378$ is $\$64,766$
 3.0 Information Technology Specialist 3 (ITS3) is $\$265,170$
 TOTAL: $\$329,936$

It is more cost effective to hire a vendor than to hire additional ISD staff. The cost to hire a vendor for the biennium is $\$468,050$.

This option would update all machines at one time with an outright purchase. However, it would not be realistic to deploy such a large fleet at one time. The disruption of staff and risk of machines sitting waiting for deployment while burning life cycle is higher. Additional costs would be needed for either in house staff or vendor services for deployment.

Alternative 3. Replace only the computers incompatible with WIN 7 and those destined to fail in the immediate future with a leasing option. The total funding needed for leasing and vendor services for 292 desktop computers and 151 laptop is $\$485,865$. These computers only include the 133 laptops not compatible with WIN7, and an additional 310 computers based on 17.25 system failures per month (75% replacements for 292 desktops and 18 laptops). Other older computer systems, many over five years old, are assumed to continue to function without warranties or system failures.

The lease payments breakdown (includes tax) is:

Desktop cost: $\$340.28 \times 292$ desktop computers = $\$99,361.76$
 Laptop cost: $\$547.41 \times 151$ laptop computers = $\$82,658.91$
 FY2014: $\$182,020.67$
 FY2015: $\$182,020.67$
 2013-15: $\$264,679.58$

The total vendor services cost to receive, install, remove and surplus current computers is \$121,825. The cost is \$275 per computer for 443 machines. Each computer is an individual one-time cost which will be billed as computers are replaced through the biennium. This cost will be charged as the replacements occur.

FY2014:	\$60,913
FY2015	\$60,912
2013-15:	\$121,825

Total cost for the 2013-15 biennium:

FY2014:	\$242,933
FY2015	\$242,932
2013-15:	\$485,865

While this alternative is less expensive, it forces the refresh of the computer fleet out over a longer period of time. The increased risk of failure and loss of productivity does not serve the clients well.

Alternative 4. Replace only the computers incompatible with WIN 7 and those destined to fail in the immediate future with new computers. The total funding needed for the purchasing of 292 desktop computers and 151 laptop computers (to replace the 133 laptops not compatible with WIN7, and an additional 310 computers based on 17.25 system failures per month (75% replacements for 292 desktops and 18 laptops)), is \$664,372.

292 Desktop computers at \$1,241 is	\$362,372.
151 Laptop computers at \$2,000 is	\$302,000.
TOTAL:	\$664,372

It must be clear that this projection is based on statistics that 17.25 computers will continue to fail beyond repair and will be required to be replacement each FM. This alternative is to purchase the minimal amount of replacement machines outright. It extends the refresh period and increases the risk of a loss of productivity.

The AGO believes that in the long-term the leasing program allows the state to plan better for expenditures and in keeping up with current technology.

What are the consequences of not funding this package?

The failure rate continues to grow with the machines that we have now, and the pool of machines we have are being depleted. An average of 207 AGO computer systems fail each FY.

If the AGO cannot lease computers, a greater capital outlay will be needed to purchase computers or the agency will risk losing data and staff productivity. We currently have 133 machines that are not compatible with the WIN7 software. This migration is currently in process as Windows XP is no longer supported. If the AGO does not migrate to WIN7, there is increased risk of data and security breaches as security patches are no longer available. In the alternative to leasing computers, a large purchase which would include the additional requirement of 3.0 ITS3's to deploy 1,702 machines to staff.

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

None.

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

None.

Expenditure and revenue calculations and assumptions

See above.

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

\$300,000 is assumed as an ongoing cost through FY2018. This cost is only assumed for the computers identified for replacement in this request.

The contract for leasing computers will be required to be renegotiated each biennium.

An additional 47 desktop computers will be out of warranty during the 2015-2017 biennium that currently have 5 year warranties. These computers will be required to be replaced either through leasing or purchasing.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods And Services	283,000	282,000	565,000

Agency: 100 Office of Attorney General
Decision Package Code/Title: AC Law Office Operation Costs
Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$745,000 in the 2013-15 biennium to offset the increased cost of law office operations.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1 Legal Services Revolving Account-State	559,000	186,000	745,000
Total Cost	559,000	186,000	745,000

Revenue

<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405 Legal Serv Rev Acct	0420 Charges for Services	559,000	186,000	745,000
Total Revenue		559,000	186,000	745,000

Package Description:

Although the AGO has adhered to all budget cuts imposed by the state and has directed internal efficiencies of our own, the cost of legal services continues to grow in areas over which we have no control. The AGO requests \$559,000 in Fiscal Year (FY) 2014 and \$186,000 in FY2015 to offset increased cost of law office in the 2013-15 biennium

The AGO is the state's largest public law office, representing the interests of the citizens of the state. The AGO is involved in legal services activities that directly affect citizens, carrying out a wide range of responsibilities, including but not limited to:

1. Serving as legal counsel to more than 230 state agencies, boards, commissions, colleges, universities and elected officials including the Legislature and Governor.
2. Representing these state government organizations separately, or the citizens collectively, in state and federal courts.
3. Issuing legal opinions upon the request of legislators, state agencies and county prosecuting attorneys.
4. Providing legal advice to these agencies and institutions on matters affecting all the operations of government.
5. Advising and assisting county prosecuting attorneys in the investigation and, if needed, the prosecution of crimes.

The cost of contracts with external legal and professional providers continues to grow even as the state budget is in decline. These services are paramount to the success of the AGO in providing effective legal services to Washington state agencies and consumers.

In an effort to reduce operational costs over the last several years, the AGO has suspended technology enhancements, including extending the lifecycle for computer replacements and delaying software upgrades. These delays are no longer an option as equipment is well past the expected lifecycle and warranties are beginning to expire with no options for renewal.

1. Westlaw Legal Services: The AGO requests \$40,000 in the 2013-15 (\$20,000 per FY) biennium to address the increased cost of the AGO's existing approved Westlaw contract (The negotiated contract includes important new research capacity and allows the AGO to cease purchasing bulk books for research, resulting in a substantial reduction in future costs).

FY2014 Westlaw Annual Rate: \$251,112

FY2015 Westlaw Annual Rate: \$254,880

Westlaw is one of the primary on-line legal research services for attorneys and legal professionals in the U. S. This computer-assisted legal research system provides up-to-date information about state and federal court decisions, legislation and administrative agency actions as well as access to both legal and non-legal sources. Westlaw is an essential part of providing legal advice and in preparing cases that neither the AGO nor any other large private law office could function effectively without.

2. Concordance Image Network: The AGO requests \$251,000 in FY2014 and \$56,000 in FY2015 to upgrade the functionality of existing software and reduce the amount of data being sent to outside vendors to process.

Concordance is used in the discovery phase of trial preparation and provides an effective, cost-efficient way to manage a high volume of documents generated during litigation including depositions, transcripts, e-mail, and other e-discovery.

The AGO is seeing an increase of multi-state and co-counsel cases that are using Concordance. There has also been an increase in the number of opposing counsel who are requesting discovery in a Concordance format. The Consumer Protection division is seeing an increase in electronic discovery cases they are receiving in a Concordance format.

Currently, staff spends a considerable amount of time editing Concordance files to make them work with other discovery management software. Staffers are also required to put discovery into other systems and formats, export the data, create and edit load files, and then edit them to work in a Concordance database. This is a time consuming process that would be eliminated if the AGO had more Concordance licenses.

Concordance and Concordance Image are databases. LAW PreDiscovery helps process electronic data and creates images for production to opposing counsel which will help reduce the amount of data being sent to outside vendors to process.

FY2014 costs:

\$15,000 Refresh Concordance file server: The current server that has the Olympia network will be out of warranty.

\$38,500 Server Hardware for LAW PreDiscovery: This is a new software purchase.

\$38,000 Concordance LAW PreDiscovery Software purchase and maintenance: This is the one-time purchase price of the software.

\$69,000 Concordance Network (55 concurrent licenses): This is the purchase price of the software to increase the Concordance network from three licenses to 55 licenses so more staff can use this software rather than wasting time with work-arounds.

\$18,000 Concordance Mobile (10 pooled licenses): This is software needed for taking a Concordance database to trial. It's more cost-effective to pool the purchase in ISD than to have each divisions purchase them individually.

\$5,500 Administrator Certification (one-day training for as many as 12 people): This training is from the vendor, relating to the set up and management of the software on the network. Since we do not currently have LAW PreDiscovery in our environment, training is necessary.

\$11,000 Electronic Discovery Certification (two-day training for as many as 12 people): This training is from the vendor, relating to the use of LAW PreDiscovery. Since we do not currently have LAW PreDiscovery in our environment, training is necessary.

\$20,000 Software Maintenance: This is the annual maintenance for LAW PreDiscovery

\$29,000 Concordance Network maintenance: This is the annual maintenance for the Concordance network.

\$7,000 Concordance Mobile: This is the annual maintenance for the Concordance mobile licenses.

\$251,000 TOTAL

FY2015 costs:

\$20,000 Software Maintenance (for Law PreDiscovery)

\$29,000 Concordance Network

\$7,000 Concordance Mobile

\$56,000 TOTAL

Cost Assumptions:

Software cost quotes were from the vendor for the Concordance and LAW PreDiscovery Software.

Hardware cost quotes were projected by AGO network management staff who determined what a server would cost for the LAW PreDiscovery, with current pricing and technology.

3. Summation Pro: The AGO requests \$163,000 in FY2014 and \$60,000 in FY2015 to upgrade to a new version of Summation.

Summation iBlaze is the discovery management software that the AGO uses to manage, search, organize and analyze discovery. The company that owns this software has redesigned the database backend and interface and is no longer developing new features for, or providing bug fixes for, known issues with iBlaze. For the AGO to continue to receive technical support, we must upgrade to Summation Pro.

FY2014 costs:

\$44,000 Hardware:

\$59,000 Vendor Training (3 sessions)

\$60,000 Software maintenance (Year 1 of 3 year commitment cost)

\$163,000 TOTAL

FY2015 costs:

\$60,000 Software maintenance (Year 2 of 3 year commitment cost)

The new platform requires three servers, and specifications of the hardware came from the installation guide for Summation Pro.

The application is web-based and needs a web server. This server must have 8 Logical Cores with 3 gigabytes (GB) of Random Access Memory (RAM). The cost for a server with these specifications is currently \$5,300, but will likely change by the time of purchase due to advancing technologies.

Process of the data is a new component to this application. This server must have 48 Logical Cores with 96 GB of RAM, and a hard drive speed of 10,000-15,000 RPM. The cost for a server with these specifications is currently \$18,400, but will likely change by the time of purchase due to advancing technologies.

The new platform's database is SQL-based and cannot be loaded on the current server for Summation. The required server must have 24-36 Logical Cores with 96 GB of RAM with hard drive speed of 10,000-15,000 RPM. The cost for a server with these specifications is

currently \$20,000 and will likely change by the time of purchase due to advancing technologies.

The yearly maintenance cost will increase in July 2013 from \$11,200.00 per FY to \$60,000.00 per FY with a three (3) year commitment.

4. SharePoint 2010: The AGO requests \$77,000 in FY2014 and \$2,000 in FY2015.

The AGO is currently running SharePoint 2007 to support more than 400 GB of critical business information that staff use to collaborate through the "AGO Collaboration Environment" (ACE). The vendor will no longer support SharePoint 2007 after April 2014. Upgrading to SharePoint 2010 will ensure the ACE environment will remain secure and efficient. Most of the software licensing has already been paid, but we will continue to pay for support and maintenance.

By upgrading to the supported version, the AGO will continue to support client agencies with up-to-date information and within efficient timelines.

FY2014 costs:

\$65,000 Hardware: Three servers are needed to replace our current aging servers that are required to maintain the current SharePoint (ACE) environment.

\$10,000 SharePoint Software

\$2,000 Support and Maintenance

\$70,000 TOTAL

FY2015 costs:

\$2,000 Support and Maintenance

Hardware cost quotes were projected by AGO network management staff who determined what a server would cost for SharePoint, with current pricing and technology.

Server costs were determined based on current server costs.

5. LawManager: The AGO requests \$48,000 in FY2014 and \$48,000 in FY2015. Effective July 1, 2013, the LawManager annual maintenance costs will increase from \$99,620 to \$148,283 (an increase of \$48,663 per FY). Funding this request will allow the AGO to purchase:

FY2014 costs:

\$48,000 Maintenance Cost increase

FY2015 costs:

\$48,000 Maintenance Cost increase

The AGO is currently using a case management system called LawManager Pro to track court dates and manage client advice, caseloads and constituent correspondence. The vendor, Bridgeway, has released a newer version of the software called LawManager Web. Under the current contract, the AGO must pay the maintenance costs in order to continue to use the software and retain support for this critical agency application.

LawManager provides flexibility and control to government agencies and corporate legal departments that have challenging requirements in matter management. This system will provide a matter management solution that can adapt to highly specialized matter management and system integration requirements.

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The approval of this request will maintain current AGO business practices and legal services provided to all of the 230 state agencies the AGO represents. This request is for funding that is critical to every employee in the AGO as at least one of the applications identified in this request is utilized each work day.

Performance Measure Detail

Activity: **A010** **Legal Services to State Agencies**

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is to "Strengthen government's ability to achieve results efficiently and effectively." "Legal services to state agencies" supports the sub-priority to "Provide data, information and analysis to support decision making."

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

This request is identified in the Priority of Government purchase strategy to "Strengthen government's ability to achieve results efficiently and effectively." It identifies "Technology acquisition services" under "Provide tools and resources to execute government functions."

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

All of the cost increases addressed in this request are the result of external pressures. These changes are driven by software improvements and are external to our ability to control costs which are required to maintain legal services. The AGO and the impacted client agencies are unable to absorb these additional costs without adequate funding both in the AGO budget and in the client budget allocation for legal services.

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

1. Westlaw Legal Services and LawManager: The office explored LexisNexis as an alternative to Westlaw but found the company did not offer as many of the options we needed and would have required our AAGs to learn a new system at a time when staffing levels as already less than optimal. The costs discussed in this proposal are not discretionary and are unique to the operation of a major modern law office that relies heavily on technology to provide up-to-date notice of state and federal court decisions that are handed down every day across the country. The potential cost of not having current legal information far overshadows the costs requested.
2. Concordance Image Network and Summation Pro: The major competitor to Concordance is Summation. The AGO already has a Summation network and the maintenance renewal for this biennium is \$22,400. In the next biennium maintenance will increase to \$120,000. The maintenance for the Concordance Image Network will be approximately \$57,000.00 in the next biennium. If this request is funded, the AGO can begin to put new cases in Concordance and lessen the amount of cases in Summation. This will enable the AGO to reduce software maintenance costs in the long term.

3. SharePoint 2010: The AGO currently uses SharePoint 2007, so other collaborative alternatives are not cost effective.

What are the consequences of not funding this package?

If these increased law office costs are not funded, there are two basic choices. First, the AGO could cut back on the quality and timeliness of reference and legal research provided to attorneys in preparation of cases and legal advice. Or, the reference and legal research quality could be preserved by cutting back on the amount of legal services provided to clients. Neither of these options is feasible since the resulting risk of adverse legal decisions and potential additional legal issues is not in the best interest of clients, the state or the public.

The volume of electronic data is increasing and if this request is not funded, the consequences are:

1. Discovery forwarded to vendors for processing will continue and become increasingly expensive
2. Staff will continue to spend large amounts of time manually searching and reviewing responses to public records requests, taking valuable time away from their core duties to AGO clients.
3. Statutory and court imposed discovery deadlines could be missed due to the amount of data that has to be searched
4. Legal holds will continue to be managed manually and spoliation risks are increased

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

The AGO has no control over the increase in contracted or technology-related assets, and this request does not duplicate any funding proposed in any other decision packages within the 2013-2015 biennium budget request.

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

1. Westlaw Legal Services: The AGO assumes the increase in Westlaw charges is ongoing.
2. Concordance Image Network: \$30,000 per FY for software maintenance is ongoing.
3. Summation Pro: \$60,000 for software maintenance in July 2015 is ongoing.
4. SharePoint 2010: \$2,000 per FY for support and maintenance is ongoing.
5. LawManager: The AGO assumes the increase in LawManager charges is ongoing.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
E Goods And Services	559,000	186,000	745,000

Agency: 100 Office of Attorney General
Decision Package Code/Title: AW Moves Legal Services to WWU Base

Budget Period: 2013-15
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests \$316,000 and 1.0 FTEs in the 2013-15 biennium for the continued provision of full legal services to Western Washington University (WWU).

Fiscal Detail

Operating Expenditures		<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405-1	Legal Services Revolving Account-State	158,000	158,000	316,000
Total Cost		158,000	158,000	316,000
Staffing		<u>FY 2014</u>	<u>FY 2015</u>	<u>Annual Average</u>
	FTEs	1.0	1.0	1.0
Revenue				
<u>Fund</u>	<u>Source</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
405	Legal Serv Rev Acct 0420 Charges for Services	158,000	158,000	316,000
Total Revenue		158,000	158,000	316,000

Package Description:

The AGO requests \$316,000 (\$158,000 per Fiscal Year) and 0.75 Assistant Attorney General (AAG) and 0.25 Legal Assistant (LA2) in the 2013-15 biennium to continue providing full legal services to WWU.

In August, 2011, the AGO and WWU entered into an Interagency Agreement (IAA) for the 2011-13 biennium to assure adequate legal staff to handle the necessary WWU legal work.

The current expenditure of 1.75 FTE of AAG work is allowing WWU to obtain the level of legal services it desires to effectively and efficiently complete its educational mission. This request will allow the AGO Regional Services Division-Bellingham to increase staffing to the appropriate level.

WWU is one of the largest higher education institutions and has an ongoing need for litigation representation that relies on this current staffing levels (in combination with work performed by other AGO divisions including the AGO Labor and Personnel Division).

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Agency: **100 Office of Attorney General**
Decision Package Code/Title: **AW Moves Legal Services to WWU Base**

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is to convert the WWU IAA into AGO base funding so that the AGO budget and the UW budget can both reflect the appropriate level of legal services needed.

Performance Measure Detail

Activity: **A010 Legal Services to State Agencies**

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
	Outcome Measures		
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to over 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance". "Legal services to state agencies" supports the sub-priority to "Provide objective data and information for the public and elected decision makers".

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

Defending state agencies, with the potential for recoveries and risk of an adverse judgment, is a key resource directly supporting the Priorities of Government in providing legal services to state agencies.

The current purchase strategies under "Strengthen government's ability to achieve results efficiently and effectively" include "Legal services to state agencies" as a primary element of "Provide data, information and analysis to support decision-making."

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

None.

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

We have not identified any nonessential work that has been completed for WWU. The only viable alternative to funding this request is to continue to perform legal services through an IAA.

What are the consequences of not funding this package?

Agency: 100 Office of Attorney General

Decision Package Code/Title: AW Moves Legal Services to WWU Base

The AGO will continue to provide as much of the workload as possible, and WWU will continue to pay for the legal services outside its allotment since WWU has no means to limit its requirements for legal assistance. Not funding this request will require WWU to re-prioritize legal service needs. This will result in inefficient management. Therefore, such a strategy seems unwise.

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

None.

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

All costs and functions are ongoing.

WWU supports this budget request and has a mirror request in their budget submittal.

<u>Object Detail</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
A Salaries And Wages	89,892	89,892	179,784
B Employee Benefits	25,893	25,893	51,786
E Goods And Services	34,740	38,490	73,230
G Travel	1,600	1,600	3,200
J Capital Outlays	5,875	2,125	8,000
Total Objects	158,000	158,000	316,000

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Agency: 100 Office of Attorney General
Decision Package Code/Title: ED eDiscovery Project PLACEHOLDER
Budget Period: 2013-15
Budget Level: PL - Performance Level

Recommendation Summary Text:

The Office of the Attorney General (AGO) requests to purchase and maintain an electronic discovery (eDiscovery) tool to identify, preserve, collect and produce digital media in litigation and public records requests.

Fiscal Detail

Operating Expenditures

Total

Total Cost

Package Description:

The Office of the Attorney General (AGO) requests to purchase and maintain an electronic discovery (eDiscovery) tool to identify, preserve, collect and produce digital media in litigation and public records requests in the 2013-15 biennium.

The AGO functions as a major law office representing the interests of the citizens of the state. As an agency of state government, the AGO is involved in legal services activities that directly affect citizens through exercising a wide range of responsibilities, to include, but not limited to:

1. Serving as legal counsel to more than 230 state agencies, boards, commissions, colleges, universities and elected officials including the Legislature and Governor.
2. Representing these state government organizations separately, or the citizens collectively, in state and federal courts.
3. Issuing legal opinions upon the request of legislators, state agencies and county prosecuting attorneys.
4. Providing legal advice to these agencies and institutions on matters affecting all the operations of government.
5. Advising and assisting county prosecuting attorneys in the investigation and, if needed, the prosecution of crimes.

Acquiring software and hardware to aid in searching, sorting and providing information to external requesters will save the AGO time, increase discovery and public records response efficiency, and reduce risks of missing a responsive record. Although the AGO has adhered to all budget cuts imposed by the state as well as directing implementation of internal efficiencies on our own accord, the cost of legal services continues to grow in areas in which we have no control.

The AGO has approximately 9 terabytes of litigation data and the data continues to rapidly grow. The amount of time it takes staff to

review the data is also increasing. The amount of time to review for responsiveness and privilege has increased from weeks to months and staff overtime is also on the rise to meet discovery and court imposed deadlines. The agency is also increasingly concerned about the risk of missing information in our records and that of our client agencies.

The AGO currently uses the Mail and Document Services (MDS) division or an external vendor pool to process the client's discovery data we receive for litigation cases.

*From July 2010 to June 2012, the MDS division has billed approximately \$307,248 to the requesting divisions for discovery, which is billed back to client agencies.

*In July 2009, the AGO established an external vendor pool and from November 2009 to June 2012, \$1,118,570 has been paid to this external vendor pool to process litigation data.

*The Transportation and Public Construction (TPC) division has had four (4) cases where Washington State Department of Transportation client agency (WDOT) directly paid \$559,006 to process its litigation data. This client agency has two (2) new cases with anticipated eDiscovery direct paid costs of \$650,000 over the next couple of years.

To help reduce litigation costs for client agencies, the AGO needs an eDiscovery tool can filter data and identify and eliminate duplicates within the data sets. This tool can increase reviewer productivity by accelerating early case assessment from weeks to hours. Using an eDiscovery tool will reduce the number of cases handled by external vendors and has the potential to save the client agencies of up to 75 to 90 percent of these costs going forward.

In addition to helping reduce client agency litigation costs, this tool will help with responding to public records requests received by the AGO. The AGO receives more than 600 public records requests yearly and the complexity of the requests is increasing, especially since the Washington State Supreme Court ruling of O'Neill v. City of Shoreline. Requests for metadata results in hours of additional work in the collection and production phase of the request. Staff must manually capture metadata for each record with screen shots, where an application would be able to automatically extract this information in minutes.

The AGO currently stores work product data in six separate systems and is in need of an automated electronic discovery tool to increase efficiencies. This tool will assist in identifying, preserving, collecting and producing digital media in litigation and public records requests. Currently, AGO staff spend many hours on processes that an eDiscovery tool can accomplish in minutes. Acquiring software and hardware to aid in searching, sorting and providing information to external requesters will save the AGO time, increase discovery and public records response efficiency, and reduce risks of missing a responsive record.

For each public records request, each system must be searched separately and responsively, and depending on the request, documents are exported differently. The AGO does not have automated software to collect, process, analyze or manage AGO records. Other state and federal entities are turning to automated systems to reduce the staff time spent on responding to requests. Use of eDiscovery will also allow the AGO to advise other Washington state agencies in how to respond in the best way to the ever- increasing number of public records requests. The AGO tends to be a leader in the development of effective public records processes.

eDiscovery cost projections are being developed. The AGO has issued a Request for Information (RFI) with vendor results expected late September 2013. Our intent is the RFI would lead to a Request for Proposal (RFP). At this point, additional cost data would be available.

The AGO contact for this request is Michelle Underwood, Financial Services Director, and she can be reached at (360) 586-0782.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is for funding that is critical to every employee in the AGO and the clients we serve. Many hours are spent manually searching files for litigation and public records requests, and time saved could be used to provide other services. The approval of this request will augment, enhance and improve AGO business practices and legal services provided to all of the 230 state agencies the AGO represents.

Performance Measure Detail

Activity: A001 Administrative Activity		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000001	PM0001/ADM - Percentage of Mandatory Training Completed.	0.00%	0.00%
Activity: A002 Civil Commitment of Sexually Violent Predators		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000005	PM0002/SVP - Percentage of SVP Cases Resulting in Commitment. The higher the commitment rate, the more successful the SVP unit is in civilly committing dangerous sexual predators and thereby protecting the public from these offenders.	0.00%	0.00%
Activity: A003 Criminal Investigation and Prosecution		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000008	PM0003/CRI - This is a count of the number of requests for assistance and referrals to the unit from outside the AGO. The primary function of our unit is to provide trial and consulting assistance to local prosecutors.	0.00	0.00
Activity: A004 Enforcement of Anti-Trust Laws		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000011	PM0004/ANT - Recoveries. We capture the efforts of AGO Antitrust staff who work to stop anticompetitive behavior and promote compliance with Antitrust laws. The measurement tells us the degree to which we recover monetary restitution for our consumers.	\$0.00	\$0.00
Activity: A005 Enforcement of Consumer Protection Laws		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000014	PM0005/CPR- Recoveries. Consumer Protection mission is to provide a fair and non-deceptive marketplace through vigorous civil law enforcement. We promote general deterrence and compliance with the CPA by obtaining and collecting monetary judgments.	\$0.00	\$0.00
Activity: A006 Executive Ethics Board		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000018	PM0006/ETH - Average Number of Days to Complete an Ethics Investigation. By completing investigations within a reasonable period of time, the public will be better served and public trust and confidence in government will increase.	0.00	0.00
Activity: A007 Homicide Investigation Tracking System		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000021	PM0007/HITS - Access Requests. Our HITS team fields requests for information from our HITS database. We support Law Enforcement Agencies (LEAs) in the State of Washington upon request only and their access to the HITS database.	0.00	0.00

Activity: A008 Investigation and Defense of Tort Lawsuits

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Output Measures			
000024	PM0008/TORTS - The percentage of Torts lawsuits which, when closed in a fiscal year with a payout, were resolved using early or informal resolution processes.	0.00%	0.00%

Activity: A009 Investigation and Prosecution of Medicaid Fraud and Resident Abuse

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000027	PM009/MFCU - Recoveries. The amount of money ordered recovered each fiscal year as a result of the work performed by the Medicaid Fraud Control Unit of the AGO.	\$0.00	\$0.00

Activity: A010 Legal Services to State Agencies

		Incremental Changes	
		<u>FY 2014</u>	<u>FY 2015</u>
Outcome Measures			
000030	PM0010 - The number of litigation cases open at the end of each Fiscal Year.	0.00	0.00

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

This budget request implements goal #1 of the AGO Strategic Plan-"Provide efficient and effective representation to our client agencies." The AGO provides a broad range of legal services to more than 230 state agencies to enable them to achieve their missions.

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

A Priority of Government is that "State government must achieve results through efficient and effective performance." "Provide efficient and effective logistical support to deliver services" supports this priority.

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

This request is identified in the Priority of Government purchase strategy to "Strengthen government's ability to achieve results efficiently and effectively." It identifies "Technology acquisition services" under "Provide tools and resources to execute government functions."

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

The AGO continues to look for savings in time and cost to provide more efficient services. Our caseloads and public records requests are increasing and additional tools are needed to maximize staffing efficiencies. The AGO (and the impacted client agencies) are unable to absorb these additional costs without adequate funding both in the AGO budget and in the client budget allocation for legal services.

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

The AGO has explored using alternative discovery tracking systems and this would result in a need for an initial investment for an all inclusive system, which is significant and more costly than the approach we are pursuing. The initial set-up and configuration of an all-inclusive system is more complicated than our current systems, which will be time intensive for AGO Information Services Division staff. A new process for AGO for public records process will be required.

What are the consequences of not funding this package?

The volume of electronic data is increasing and if this request is not funded, the AGO will continue to:

1. Forward discovery to vendors for processing, which is becoming increasingly expensive;
2. Face increased risk of missing statutory and court-imposed discovery deadlines due to the amount of data that has to be searched;
3. Spend large amounts of time manually searching and reviewing responses to public records requests while taking valuable time

away from their core duties to AGO clients;

4. Face increased risk of missing a responsive record to a public records request resulting in sanctions and fines imposed by the court.
5. Face increased litigation for non-ability to produce requested metadata for a public records requests;
6. Continue to manage litigation holds manually, increasing spoliation risks that could result in sanctions and fines.

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

The AGO has limited control over the increase in contracted or technology related assets, and this request does not duplicate any funding proposed in any other decision packages within the 2013-2015 biennium budget request.

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

We assume there will be an initial investment in software and hardware. We also anticipate ongoing staffing and software maintenance costs.

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REVENUES



State of Washington

Summarized Revenue by Account and Source

Budget Period: 2013-15

9/4/2012

Dollars in thousands

12:37PM

100 - Office of Attorney General

Agency Level

10 - Agency Request

Supporting Text Excluded

	Maintenance Level		Performance Level		Biennium Totals		Total
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	
001 - General Fund							
Total - 0393 - Health & Human Svc - F	3,557	3,557			3,557	3,557	7,114
001 - General Fund - Federal	3,557	3,557			3,557	3,557	7,114
Total - 001 - General Fund	3,557	3,557			3,557	3,557	7,114
405 - Legal Serv Rev Acct							
0420 - Charges for Services - S	88,639	93,626					
8L - Lease Rate Adjustments	(172)	(59)					
AC - Law Office Operation Costs	559	186					
AF - Lease of Personal Computers	283	282					
AS - Migration to CTS Shared Service	492	392					
AW - Moves Legal Services to WWU Base	158	158					
LA - Children's Mental Health Litigation	237						
LB - US v. WA Boldt Culverts litigation	232						
LM - Moore et. al. v HCA Litigation	351						
LP - US Dept of Labor v. DSHS (Solis)	906						
Total - 0420 - Charges for Services - S	91,685	94,585			91,685	94,585	186,270
405 - Legal Serv Rev Acct - State	91,685	94,585			91,685	94,585	186,270
Total - 405 - Legal Serv Rev Acct	91,685	94,585			91,685	94,585	186,270
424 - Anti-Trust Revolving							
0420 - Charges for Services - S		2,000					
AA - Consumer Protection Correction		(2,000)					
Total - 0420 - Charges for Services - S		0					
424 - Anti-Trust Revolving - State		0					

State of Washington

Summarized Revenue by Account and Source

Budget Period: 2013-15

9/4/2012

Dollars in thousands

12:37PM

100 - Office of Attorney General

Agency Level

10 - Agency Request

Supporting Text Excluded

	Maintenance Level		Performance Level		Biennium Totals		Total
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	
Total - 424 - Anti-Trust Revolving							0
825 - Tobacco Settlement							
Total - 0499 - Other Revenue - S	150,679	150,679			150,679	150,679	301,358
825 - Tobacco Settlement - State	150,679	150,679			150,679	150,679	301,358
Total - 825 - Tobacco Settlement	150,679	150,679			150,679	150,679	301,358
100 - Office of Attorney General - State	242,364	245,264			242,364	245,264	487,628
100 - Office of Attorney General - Federal	3,557	3,557			3,557	3,557	7,114
Total - 100 - Office of Attorney General	245,921	248,821			245,921	248,821	494,742

Proposed Tax and Fee Changes

- Not Applicable -

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Working Capital Reserve

Budget Period: 2013-15
Agency: 100 Office of Attorney General
Version: 10 Agency Request

08/31/2012

9:19:33AM

Page: 1

		FUND ADMINISTRATOR AGENCY ONLY	FUND ADMINISTRATOR AGENCY ONLY
		RECOMMENDED ENDING FUND BALANCE	RECOMMENDED ENDING FUND BALANCE
FUND	FUND TITLE	Current Biennium	Ensuing Biennium
12F	Man/Mobile Home Dispute Resolution	90,000	60,000
154	New Motor Vehicle Arbitration Acct	220,000	70,000
17L	Foreclosure Fairness Account		570,000
405	Legal Services Revolving Account	20,000,000	16,000,000
424	Anti-Trust Revolving Account	1,400,000	250,000

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Revenue Transfer Reconciliation Statement

- Not Applicable -

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Code	Title
100	Office of the Attorney General

2013-2015 Federal Funding Estimates Summary

Date: August 28, 2012

CFDA NO.*	Agency Total	Federal Fiscal Year	State Fiscal Year	State Match Amounts
	Agency Total			
	FY 2012	2,361,000	2,361,000	787,000
	FY 2013	3,557,000	3,382,015	1,127,338
	FY 2014	3,557,000	3,557,000	1,185,667
	FY 2015	3,557,000	3,557,000	1,185,667
	93.775 Health and Human Services			
	FY 2012	2,361,000	2,361,000	787,000
	FY 2013	3,557,000	3,382,015	1,127,338
	FY 2014	3,557,000	3,557,000	1,185,667
	FY 2015	3,557,000	3,557,000	1,185,667
Activity # A009 - Investigation and Prosecution of Medicaid Fraud and Resident Abuse				

* Catalog of Federal Domestic Assistance

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Non-Budgeted Local Fund Summary

- Not Applicable -

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Puget Sound Action Agenda Expenditures

- Not Applicable -

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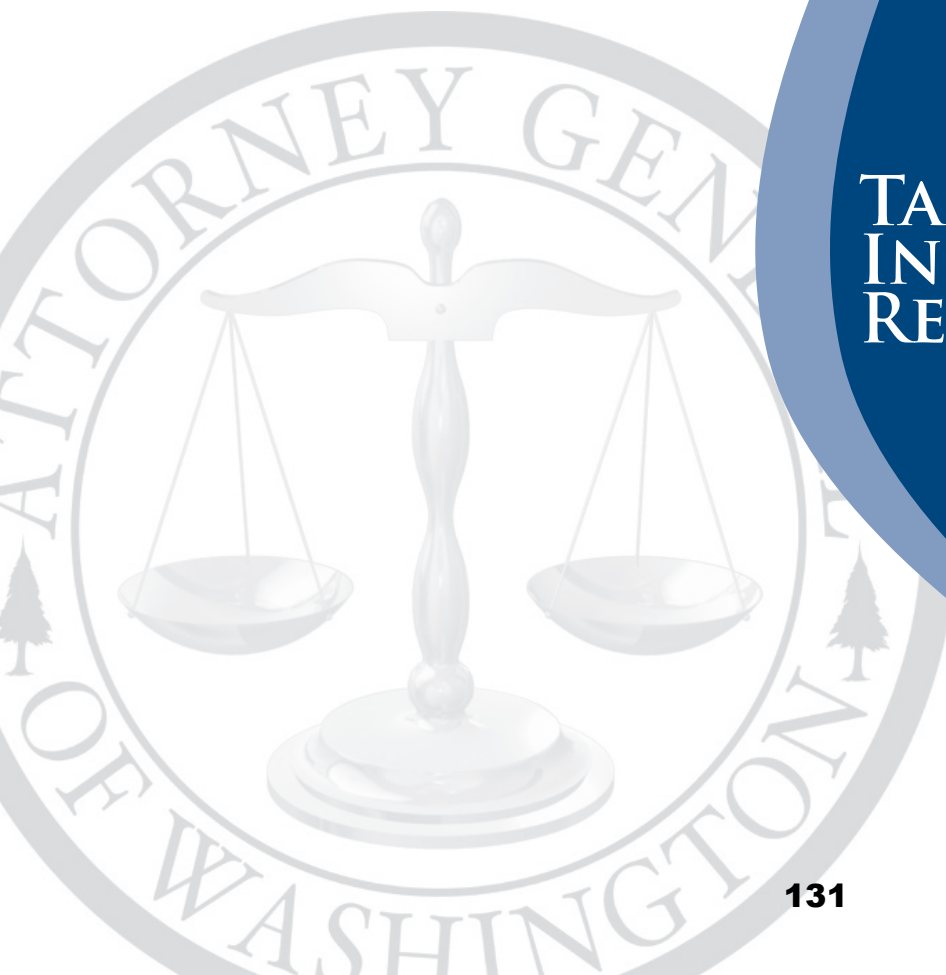
JLARC Audit Responses

- Not Applicable -

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TAB E

TARGETED BUDGET
INSTRUCTION
RESPONSES



Boeckel, Pete (ATG)

From: White, Jon (ATG)
Sent: Tuesday, August 07, 2012 4:23 PM
To: Boeckel, Pete (ATG); Underwood, Michelle (ATG)
Subject: FW: Confirmation email

See the OCIO response below. Please let me know if you have any questions.

Jon
360-664-2731

From: Parma, Tom (OCIO)
Sent: Tuesday, August 07, 2012 3:06 PM
To: White, Jon (ATG); Zych, Bob (OCIO)
Cc: Clowers, Sean (ATG)
Subject: RE: Confirmation email

Jon,

Based on your conversation with Bob, here is my response:

1. Clarity is the only tool ATG needs to update for the upcoming budget process. It is my understanding that the cost information contained in Clarity will be migrated to Apptio.
2. ATG is required to update the information for the projects in process or that were in Clarity and completed between September 1, 2011 and August 31, 2012. The information that is required to be updated is listed in the 2 tabs of the attached spreadsheet, which was sent out in July with the annual portfolio reminder letter. However, the portfolio reporting process is not changing in January 2013. The process that is changing is the procurement process. DES is on point for this and the OCIO is working with DES per the enacted legislation to include IT-specific procurement items in their new policies and standards.

Let me know if you have any questions.



2012 - IT Portfolio
Checklist ...

Tom Parma
Senior Policy & IT Consultant

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2012 IT Portfolio Checklist - Agency IT Budget

Agency: Consultant to Enter Agency Name

Main Menu	Sub menu	Section	Fields	Compliance Requirement	Mandatory	Notes for 2012
Agencies	Agency Budget	2012 Budgeted		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2012 Planned		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2012 Actuals		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2013 Budgeted		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2013 Planned		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2013 Actuals		All fields BLANK	Y	
		2014 Budgeted		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.
		2015 Budgeted		All fields are mandatory and must have numeric data (except "Other Comment" field)	Y	Other Comment field is used only for "pre-design" costs.