

CHILDREN'S ADMINISTRATION
Performance Based Contracting



2015-17 BIENNIAL BUDGET

Request	FY16	FY17	15-17
FTE			
GF-State	\$1,810,000	\$1,665,000	\$3,475,000
Total	\$1,810,000	\$1,665,000	\$3,475,000

DECISION PACKAGE SUMMARY

The Children's Administration (CA) requests \$3,475,000 GF-State in the 2015-17 Biennium to support the creation and ongoing management of network administrators in order to support CA's move toward performance based contracting. By funding this request, CA is expected to increase the outcomes of our contracted services through implementation of Engrossed Second Substitute House Bill 2264.

PROBLEM STATEMENT

In 2009, Second Substitute House Bill 2106 was enacted, which directed CA to convert its existing contracts for child welfare services to performance-based contracts by January 1, 2011. On February 18, 2011, CA issued a Request for Proposal (RFP) for lead agencies that would develop and hold performance based contracts with the state. On May 5, 2011, the Washington Federation of State Employees (WFSE) filed a motion for preliminary injunction in Thurston County Superior Court, asking the court to stop CA from proceeding with the RFP on the grounds that aspects of the RFP involved contracting out work currently done by state employees, primarily case management. The court found that, indeed, the RFP did exceed the legislative mandate and ordered an injunction. During the 2012 legislative session, Engrossed Second Substitute House Bill (ESSB) 2264 was passed, which clarified that the Department should pursue another RFP to procure network administrators who will enter into performance based contracting (PBC). This bill clarified that case management is to remain with the social worker. During the 2013 legislative session, the deadlines by which CA will issue a new RFP or Request for Information (RFI) were extended and implementation of performance-based contracts was set to begin July 1, 2014 with full implementation occurring by July 1, 2015 (ESHB 1774).

CA issued a RFI in March 2014 and received a sole response. This response indicated that administrative costs for performance based contracting under the network administrator would have operation costs of \$1,810,000 GF-State in Fiscal Year 2016 and \$1,665,000 GF-State in Fiscal year 2017. CA needs this funding in order to implement performance based contracting and fund the administrative and overhead expenditures of the network administrator.



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 People are healthy • People are safe • People are supported • Taxpayer resources are guarded

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PROPOSED SOLUTION

CA requests additional funding to cover the administrative expenses as outlined in the RFI response. These expenses will allow for data collection and oversight that is critical to the success of performance based contracting. The network administrator's cost was received through the RFI process, CA requests funding so that these new overhead costs do not impact the funding available for client services.

EXPECTED RESULTS

The budget request supports DSHS Goal 3: Protection – Each individual who is vulnerable will be protected. The decision package is essential to implementing the CA's Strategic Objective 3.3: Percentage of children with a founded allegation who have a new founded allegation within six months will decrease.

This request supports the Results Washington goal to help keep people safe in their homes, on their jobs, and in their communities and decrease the rate of children with founded allegations of child abuse and/or neglect.

The goal of performance based contracting is to consistently procure services that achieves CA's desired outcome. By tracking performance data of contractors, the network administrator can improve performance of less successful providers or end the contractual relationship if performance does not improve. In addition, the network administrator can develop a more robust provider network ensuring that children and families across the state have equal access to high quality services.

STAKEHOLDER IMPACT

Stakeholders have been heavily involved in this lengthy move toward performance based contracting (PBC). Stakeholders throughout this process have been very vocal that the implementation of PBC should not negatively impact services. They would support this proposal.



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