

# CENTRAL SERVICES

---

As of the 2024 supplemental budget, over \$1.8 billion was provided to more than 100 state agencies to pay for 40 services (see table at the end of this chapter for more information). This chapter will increase understanding of central services and their requirements for budget submittals. If you have questions on your agency's budget submittal requirements concerning central services, please contact your [OFM](#) budget advisor.

## What are central services?

Central services (CS) are core services provided by a centralized agency to support other state agencies in conducting their operations and missions. These are services like administrative hearings, auditing, information technology, legal, statewide financial systems, and worker's compensation, as well as some financial, human resources, and IT services tailored for smaller agencies.

By having agencies specialize in the delivery, compliance, and programming of certain services, the services become more cost effective, efficient, and consistent for the entire state. For example, by having a single state internet network for all state agencies to use monitored by a team of cyber security professionals, we prevent the need for every state agency to setup their own internet network, which creates efficiencies and economies of scale.

The central services model. The central services model (CSM) is a budgeting tool to estimate the spread of funding and costs for central services across state agencies based on CS provider [methodologies](#).

Agencies that are CS providers. For this chapter's purposes, nine agencies are considered CS providers. The specific central services funded through the state CSM are located at the end of this chapter. In addition to those central services, these agencies provide many other services to achieve their agency missions.

- Office of the Attorney General
- Department of Enterprise Services
- Department of Labor and Industries
- Office of Administrative Hearings
- Office of Financial Management
- Office of the Governor (new in 2023-25 budget)
- Office of the Secretary of State
- Office of the State Auditor
- Washington Technology Solutions (formerly Consolidated Technology Services)

CS provider charges outside of the CSM. Yes, agencies do not receive funding for all activities and services that CS providers offer, particularly for items where an agency determines how much to use the service. Some of the services that fall into this category are usage based so costs can sometimes escalate quickly. A list of examples of these charges is below; however, the list is not all-inclusive. If there are questions regarding [invoices](#), please contact the CS provider for additional information. Budgeting for these charges is the responsibility of the agency receiving the service.

Examples of frequently asked about fee-for-service offerings **not** funded through CS:

AGENCY	CHARGE
Office of the Attorney General	<b>Short-term attorney services.</b> One-time legal representation is typically funded directly in the agency’s budget. Agencies can request and obtain additional representation funded outside of the CSM.
Washington Technology Solutions	<b>State data center usage.</b> While the cost of the debt service of the state data center and its general operations are funded through the CSM, the fees charged for server enclosure, power consumed, and related items at the state data center are not funded through the CSM.
Department of Enterprise Services	<p><b>Motor pool.</b> Agencies use the state’s centralized <a href="#">fleet service</a> instead of owning their own vehicles. Agencies can decide how much of this service to use; therefore, it is not funded through central services.</p> <p><b>Consolidated mail services.</b> Agencies use the state’s centralized <a href="#">mail services</a> to deliver mail instead of doing it themselves. Agencies can decide how much of this service to use; therefore, it is not funded through central services.</p>
Office of Financial Management	<p><b>Personnel services charge.</b> This charge funds many <a href="#">statewide human resources services</a> such as classification, compensation, workforce data, civil service rules, recruitment, and other policy functions. Agencies with classified positions must pay this charge.</p> <p><b>Labor relations fees.</b> Fees charged by the labor relations unit are for <a href="#">labor relations services</a>, such as biennial contract negotiations and bargaining on grievances and other union issues.</p>

Does my agency receive funding for central services? If so, in which budgets? State agencies in the legislative, judicial, and executive branches, as well as universities, community, and technical colleges, receive funding in the operating and transportation biennial, first supplemental and carry forward budgets. The capital budget is not adjusted.

Where in the budget would I find my central services amounts? After the release of the Governor’s proposed budget and the enacted legislative budget, OFM posts a report on the [OFM website](#) of updated CS funding levels that include each individual agency and a statewide roll-up.

Within the budget, each CS provider agency has their own dedicated budget item code. New funding is found by these budget item codes. Some budget item codes include multiple central services.

Code	Budget Item Title	Central Service Agency
92A	State Data Center Debt Service	Washington Technology Solutions
92C	Archives/Records Management	Office of the Secretary of State
92D	Audit Services	Office of the State Auditor
92E	Attorney General	Office of the Attorney General
92G	Administrative Hearings	Office of Administrative Hearings
92J	WaTech Central Services	Washington Technology Solutions
92K	DES Central Services	Department of Enterprise Services
92R	OFM Central Services	Office of Financial Management
92S	Worker's Comp	Department of Labor and Industries
92W	GOV Central Services	Office of the Governor
92X	Self-Insurance Premium	Department of Enterprise Services

When are these calculated and when do I receive funding? The enacted legislative budgets distribute funding to agencies for changes in central services. Central service funding at the end of each budget becomes the new base for the next budget. Funding for central services is adjusted in the biennial, first supplemental budgets, and carry forward budgets but it is not adjusted in the second supplemental. At the end of the biennium, an agency could have a positive or negative variance as some CS are allocated estimates and not directly tied to actual usage and cost.

How CS budget amounts are determined. Each CS has a methodology for how funding is estimated and distributed through the CSM. Some CS are allocated based on a statewide data point such as the number of staff in Thurston County. Other CS are allocated based on CS provider methodology based on data points such as historical usage or anticipated audits. This creates what is known in the CSM as the allocation split. This represents how OFM, and the Legislature will allocate CS funding and costs among agencies. A table of the methodologies is available at the [end of this chapter](#).

Actual invoices, however, are based on usage and may vary from these estimates. Agencies shall pay these invoices in a timely manner and in full as they would pay any other vendor.

Why are charges spread this way? Costs for services delivered by the CS provider must be paid in some manner and the methodology used is the CS provider's best way to estimate a fair way to charge.

What if my agency estimates overspending our allocation split amount? Agencies that anticipate requiring an extraordinary level of service should contact that CS provider to discuss the nature and scope of the need as soon as possible. This will allow time for consideration before budget decisions are made for both agencies to appropriately cover the costs of the expected services.

When does my agency submit a fund split for CS? Where is the form I use? Leading up to the biennial budget submittal, OFM will send out a template that agencies must use. Currently, that document is a Microsoft Excel worksheet. It is important to submit fund splits using the template as it has macros that help compile the data to load into the CSM. Agencies must review the fund splits against how the agency paid the CSM invoices and update the spreadsheet as necessary. Please include an explanation if there are significant changes from your previous fund split or if they do not align with past expenditures. Legislative fiscal staff and OFM will review your updates and may contact you with questions. Even if your agency's fund split has not changed, OFM still requires written confirmation of the desired fund splits during the biennial budget submittal. Please send updated fund split information to your [assigned OFM budget advisor](#) with a copy to [Tyler Lentz](#).

For the supplemental budgets, fund splits are not updated; however, please contact your agency's [OFM advisor](#) if you have identified an issue or need to update. OFM and the legislature use the information to ensure that the funding adjustments made in the budget are reflective of the percentages each agency must use for these costs.

How the Central Service Model works. The CSM is a budgeting tool to spread costs for CS. It uses the Allocation Split from the CS provider and the Fund Split from the agency to spread funding for CS.

**Example 1:** \$100 was appropriated to WaTech for an IT training program to serve statewide IT staff. In this case, the methodology of the allocation split is the percentage of statewide IT staff. The Department of Social and Health Services (DSHS) has 18% of the statewide IT staff, therefore they would receive \$18 ( $\$100 * 18\%$ ). The funding source(s) of that \$18 come from the fund split form submitted by DSHS during the biennial budget submittal. If the fund split submitted was split 50% General Fund-State and 50% General Fund-Federal, DSHS would receive appropriations for \$9 GFS and \$9 GFF for this item.

How can I see my base funding and amount by fiscal year? The CSM carries forward biennial amounts by state agency, but not detailed by fiscal year, so this data point is not available. The assumption is that FY splits are even due to each biennium's carry-forward level adjustments. However, during the allotment process, customer agencies are encouraged to make their best guess based on what they know about how their agency uses or consumes a service.

How can my agency receive funding for a new central service? Sometimes agencies want to join a service that receives funding through the CSM, such as the small agency IT service that Washington Technology Solutions offers. In these instances, please reach out to the CS provider and your OFM budget advisor about becoming a new customer.

My agency's consumption of a service didn't change but we received additional funding. Like all state agencies, CS providers receive funding for things above their existing base budget such as global compensation items. Additionally, there are other services that must be paid for that benefit state agencies and the public. These costs are distributed to state agencies using a prescribed methodology.

**Example 2:** Statewide human resource staff receive a targeted class wage increase that will cause OFM and DES statewide human resource efforts to cost \$100 more. In this case, the methodology of the allocation split is the percentage of total statewide staff. The Department of Corrections has 12% of the total statewide staff, therefore they would receive \$12 ( $\$100 * 12\%$ ).

The funding source of the \$12 would come from the fund split form submitted during the biennial budget submittal. If the fund split submitted was 100% GFS, DOC would receive appropriation for \$12 GFS for this item.

## Risk management and self-insurance premiums

DES administers the state’s enterprise risk management (ERM) and self-insurance liability programs. For more information about these programs, please contact [DES Risk Management](#).

How self-insurance premiums are calculated. Actuaries prepare estimates for self-insurance premiums that will be shared when available. Agencies do not need to submit decision packages (DPs) for routine self-insurance premium adjustments as any cost adjustment will be handled through the central service model and distributed appropriately to agency budgets as necessary.

What if your agency anticipates an extraordinary risk management cost? Request funding for extraordinary ERM-related costs in a separate policy level DP (e.g., unexpected costs related to implementing ERM programs or unexpected costs related to specific risks and their associated treatment plans)

If your agency anticipates extraordinary ERM costs, are there other requirements in addition to drafting and submitting a DP? Yes, agencies must submit an ERM update with their budget submittal after first submitting it to DES’ Office of Risk Management (ORM). The update should be a one-page submittal describing three major risks that could affect the agency’s ability to achieve its strategic objectives/goals on time and any existing or proposed initiatives to address these risks. When submitting a request concerning enterprise risk management, please do **not** include confidential information related to specific claims or lawsuits. Agencies must seek advice from agency legal staff if there are questions about confidentiality issues. Email a copy of the update to [ORM](#) prior to submitting your agency’s budget request.

Resources. ORM can provide a loss history profile of agency losses, including pending claims. For additional risk management information and resources, visit the ORM [website](#). ORM staff members are available to assist you with interpreting loss trends and developing risk management goals at 360-407-9199.

Worker's compensation premiums. The Department of Labor and Industries administers the statewide Worker’s Compensation program. Actuaries prepare estimates used to determine premiums and funding for agencies to pay worker’s compensation premiums through the central service model. Premium adjustments will be processed through the central service model and distributed to agencies accordingly. For more information about these rates, please visit their frequently asked questions [website](#) or reach out directly to the agency.

Determining if CS charges impact your agency. Agency financial records show payments made for services. In addition, some agencies have invoices publicly available at the following websites:

Washington Technology Solutions	<a href="https://apps.des.wa.gov/watechar/">https://apps.des.wa.gov/watechar/</a>
Department of Enterprise Services	<a href="https://apps.des.wa.gov/ar/">https://apps.des.wa.gov/ar/</a>
Office of Financial Management	<a href="https://apps.des.wa.gov/ofmar/">https://apps.des.wa.gov/ofmar/</a>

Required information for central service provider agencies. CS providers must maintain properly documented methodologies for each service they provide, including how the methodology billing was determined. Total revenues must match estimated billing costs. Agencies that administer central services must provide OFM with a worksheet detailing proposed charges by agency, and a detailed explanation of significant changes that have occurred since the last adjustment to the model.

For accounts where the central service model is the only funding source, total revenues must match estimated billing costs. OFM will provide a formatted spreadsheet and instructions to CS providers for their use in preparing this list.

Questions about central services. If the question is regarding invoicing or a specific service, reach out to the agency contact provided on the invoice of the service. If the question is about the broader funding of the CSM, reach out to your [agency's OFM advisor](#) and the [OFM budget advisor](#) for the CSM.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Office of the Attorney General	<b>Legal services.</b> Used to provide funding for agencies requiring long-term representation on legal issues. Funding for short-term needs is typically provided directly in the customer agency’s budget.	Fee-for-Service	The Office of the Attorney General provides an estimate of anticipated workload using various factors. Agencies requiring funding for legal representation must coordinate their budget submittal with the ATG.
Department of Enterprise Services	<b>Campus contracts.</b> This fee funds the cost of fire services provided by the Olympia Fire Department and elevator maintenance for buildings located on the capital campus.	Allocation	Agency percentage of total Thurston County FTEs and agency occupancy in DES managed buildings.
Department of Enterprise Services	<b>Campus rent.</b> This fee covers utilities and supports the operations and maintenance of facilities located on the capital campus.	Allocation	Agency occupancy in DES managed buildings.
Department of Enterprise Services	<b>Campus parking.</b> This fee supports the operations and maintenance of the parking facilities on campus.	Allocation	Agency occupancy in DES managed buildings.
Department of Enterprise Services	<b>Capital campus childcare.</b> Owned by DES and operated by a non-profit organization, this allocation funds the maintenance of the capital campus childcare center on Maple Park Avenue.	Allocation	Agency percentage of total Thurston County FTEs.
Department of Enterprise Services	<b>Capital project surcharge.</b> This surcharge supports the cost of capital projects.	Allocation	Agency occupancy in DES managed buildings in Thurston County.
Department of Enterprise Services	<b>Enterprise applications fee.</b> This fee covers the cost of enterprise systems that support all agencies.	Allocation	Agency percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Department of Enterprise Services	<b>Financing cost recovery.</b> This service item funds the debt service related to the construction, renovation, and occupancy of certain space owned and managed by DES. Not eligible for federal match.	Allocation	Agency occupancy in DES managed buildings that incur debt financing.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Department of Enterprise Services	<b>Perry Street Day Care.</b> Owned by DES and operated by a non-profit organization, this allocation funds the maintenance of the capital campus childcare center.	Allocation	Agency percentage of total Thurston County FTEs.
Department of Enterprise Services	<b>Personnel services.</b> This service item funds the Employee Assistance Program (EAP) and statewide training.	Allocation	Agency percentage of total statewide FTEs (executive branch agencies only).
Department of Enterprise Services	<b>Public and historic facilities.</b> This service item funds the maintenance and operations of the public spaces on capital campus. A small portion of this item also supports the capitol campus visitor services and civic education program.	Allocation	Agency percentage of total Thurston County FTEs.
Department of Enterprise Services	<b>Real estate services.</b> This service item funds lease renewal services to agencies.	Allocation	Weighted three-part index based on number, square footage, and value of leases.
Department of Enterprise Services	<b>Risk management administration.</b> The administrative fee supports statewide risk management activities and the staff who provide these services as well as reviewing and processing tort claims.	Allocation	Based on actuary study (\$2,000 minimum).
Department of Enterprise Services	<b>Self-Insurance Liability Account.</b> Pays for tort claims filed against the state and related legal costs.	Allocation	Based on actuary study (\$2,000 minimum).
Department of Enterprise Services	<b>Security on campus.</b> This service item funds the campus security contract with the Washington State Patrol and a Security Operations Center.	Allocation	Agency percentage of total Thurston County FTEs and agency occupancy in DES Managed buildings.
Department of Enterprise Services	<b>Small agency financial services.</b> DES provides small agencies with budget, accounting, and payroll services.	Allocation	Payroll - Agency percentage of total FTEs served. Budget - Two-part index; budget size and complexity. Accounts Payable/Receivable - Agency percentage of total number of transactions processed.



Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Department of Enterprise Services	<b>Small agency human resources.</b> DES provides small agencies with human resource services.	Allocation	Agency percentage of total FTEs served.
Department of Labor and Industries	<b>Workers' compensation.</b> Type of insurance providing wage replacement and medical benefits to employees injured in the course of their employment.	Allocation	Actuaries prepare cost estimates for this item. The agency sends this information to OFM.
Office of Administrative Hearings	<b>Administrative hearings.</b> Acts as our state's "central panel" organization; provides judges independent from state agencies that adjudicate claims or disputes involving administrative law.	Fee-for-Service	Estimates prepared by the agency of anticipated workload for the biennium. Uses a three-tiered billing model to charge for costs. The agency sends this information to OFM.
Office of Financial Management	<b>Central service.</b> Covers certain agency facing services at OFM.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of Financial Management	<b>Enterprise systems rates.</b> Access and support for statewide financial, budget, contract, procurement, reporting and payroll systems.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of Financial Management	<b>ERP financing.</b> Costs for the One Washington program which encompasses the replacement of the state's enterprise financial systems.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of the Governor	<b>Office of Equity central services.</b> Support resources for state agencies to develop the statewide approach for equitable outcomes for all Washingtonians.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Office of the Secretary of State	<b>Archives and records management.</b> Provides document storage within the state archives.	Both	Composite index of box fees and statewide FTEs.
Office of the State Auditor	<b>Auditing services.</b> Performs audits of state agencies and local governments.	Fee-for-Service	Based on agency's projected work plan and additional work to be performed, such as adding an agency to the audit plan).

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Washington Technology Solutions	<b>Central services.</b> Adjustment for lease costs at 1500 Jefferson office building that are above market rates.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Washington Technology Solutions	<b>Enterprise architecture and innovation.</b> State resource for IT architectural development, cloud consulting services, and provision of geospatial and open data resources.	Allocation	Charge allocated based on agency IT FTEs. For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted. Instructional staff, hospital staff, and other non-administrative portions of the agencies are exempt from the FTE counts.
Washington Technology Solutions	<b>Enterprise cloud services.</b> Central service item created in the 2022 Supplemental budget to establish the Cloud Services Broker and Cloud Training programs.	Allocation	Cloud Services Broker funding was allocated to agencies based on total agency IT spend. Cloud Training funding was allocated based on agency IT FTEs.
Washington Technology Solutions	<b>Enterprise data management.</b> Provides official state open-governmental data portal. Data.wa.gov is available free to all agencies to publish and communicate their public data, reports, and more.	Allocation	Charge allocated based on agency IT FTEs. For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted. Instructional staff, hospital staff, and other non-administrative portions of the agencies are exempt from the FTE counts.
Washington Technology Solutions	<b>Enterprise security infrastructure.</b> Hardware and software vulnerability scanning platform that enables agency security teams to identify where vulnerabilities reside across their information technology network.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).
Washington Technology Solutions	<b>Enterprise system rates.</b> Includes secure file transfer, mainframe, and Access Washington.	Allocation	Total cost times each agency's percentage of total statewide FTEs (higher education count includes only administrative FTEs).

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Washington Technology Solutions	<b>Global information systems.</b> Provides agencies a shared geospatial portal; does not fund the Washington Master Addressing Service (WAMAS) or Washington Geographic Information Council (WAGIC).	Allocation	The agency provides a recommendation based on estimated or anticipated agency use.
Washington Technology Solutions	<b>Microsoft Office 365.</b> Provides agencies in the Enterprise Shared Tenant access to shared resources - such as operating systems, software applications and maintenance - in the M365 cloud environment.	Allocation	Total cost of licenses, including administration and tracking, divided by the number of licenses provided to each agency.
Washington Technology Solutions	<b>Office of Cybersecurity.</b> Sets statewide information technology standards and policy, monitors the state network to detect, prevent, and respond to cyber-attacks, notifies affected agencies in the event of a cyber-attack, assists in system recovery, and performs security design reviews and risk assessments.	Allocation	Agencies with 50+ FTEs pay a yearly base fee of \$2000. The remaining cost of the office is allocated based on the agency's number of budgeted FTEs.
Washington Technology Solutions	<b>Security gateway.</b> Includes Secure Access Washington, web application firewall services, reverse proxy services, adaptive authentication, and security certificates. Knowledge-based authentication is not included in this allocation.	Allocation	All agencies with more than 50 FTEs pay a base fee of \$1,500 plus a per FTE fee and a per application fee.
Washington Technology Solutions	<b>Small agency IT services.</b> Provides tailored supports to meet the information technology needs of small agencies, including full desktop support, server support, Chief Technology Officer, and cyber security.	Allocation	Total service cost divided by each participating agency's percentage of FTEs.
Washington Technology Solutions	<b>State Data Center debt service.</b> Debt service for the SDC shared by state agencies. Not eligible for Federal Match.	Allocation	Funding for the State Data Center is based on total agency IT spend. Agencies document their IT expenditures by coding transactions as project type X or Y in AFRS.

Agency	Central Service Item and Description	Allocation or Fee-for-Service	Methodology Description
Washington Technology Solutions	<b>State network.</b> Provides staffing, equipment, and maintenance for the state network.	Allocation	Annual cost to support the network core is the cost divided by each agency's percentage of statewide FTEs and transport support is based on each agency's connectivity fee schedule.
Washington Technology Solutions	<b>State Privacy Office.</b> Central point of contact for state agencies on policy matters related to data privacy and data protection. Responsible for privacy principles and best practices of data protection.	Allocation	Charge allocated based on agency IT FTEs. For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted. Instructional staff, hospital staff, and other non-administrative portions of the agencies are exempt from the FTE counts.
Washington Technology Solutions	<b>Strategy and management.</b> Sets statewide policy and strategic direction concerning information technology, technology business management, and IT project oversight. Manages major information technology projects.	Allocation	Charge allocated based on agency IT FTEs. For institutions of higher education (both the four-year institutions and the community and technical college system), only IT FTEs that support administrative functions of the institutions are counted. Instructional staff, hospital staff, and other non-administrative portions of the agencies are exempt from the FTE counts.