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The Honorable Christine O. Gregoire  
Governor, State of Washington  
PO Box 40002  
Olympia, WA 98504-0002

Dear Governor Gregoire:

I am writing to you in order to express the concerns of the Washington Federation of State Employees (WFSE) regarding the Department of Social and Health Services Children's Administration's (DSHS/CA) movement to implement what was intended to be a small-scale, two-site test of the supervising agency model.

DSHS appears to have misunderstood the requirement described in 2SHB 2106 to convert its' current contracts to performance based contracting. DSHS, in implementing performance based contracting, has instead indicated it will implement the test supervising agency model (which DSHS is calling the "Master Contracting Agency" model) on a state-wide basis, rather than a two-site control model.

It is the WFSE's position that DSHS/CA is thereby circumventing the purpose of 2SHB 2106 by implementing statewide that which was to be tested and analyzed before a decision was made whether it should even be implemented state-wide. In Sec 3 (1) of 2106, DSHS was directed to convert its "current contracts" to performance based contracts which simply require clear terms with measurable outcomes.

The bill separately requires that the two test supervising agencies are to perform case management and child welfare services which are defined by the bill in Sec 2 (1) & (4). Again, these services are only to be performed by supervising agencies in the demonstration sites called for in Sec 3 (2)(a). The purpose of having these functions performed at only two sites was to allow for two control sites whose efficacy and performance could then be analyzed by the Washington State Institute for Public Policy.

Proceeding with the statewide implementation of the supervising agency model is impeding the legislatively mandated work of the Transformation Design Committee as well as impairing the ability of the Washington State Institute of Public Policy to conduct a clean and clear analysis of the conversion to performance based contracts separate from the comparison between the supervising agency model and retaining case management functions within DSHS.

Furthermore, a statewide implementation is in direct contravention of 2106 which gives the Governor the authority and the responsibility, in 2015, three years after implementation, to

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review the WSIPP's analyses and make an educated decision whether to implement the model statewide or terminate the experiment as provided in Sec 10.

In your letter to Senator Hargrove and Representative Kagi dated May 9, 2009 you clarified that agreement had been reached to restore state employees' rights to fairly compete for this work if the state makes greater use of case management contracts after the demonstration projects are complete. Citing a very busy budget oriented short session and the fact no decision to expand the model would be made until 2015, these rights were not restored to state employees in the 2010 legislative session. For DSHS/CA to proceed with statewide implementation of the supervising agency model at this time will prevent state employees from exercising their rights as the legislation in Sec 4 has not yet been amended as was agreed.

In reviewing your letter of May 19, 2009, the original law, and the amendments made in the 2010 legislative session, it is clear that this model was to have only been implemented in the demonstration sites. Those of us involved in the 2009 legislative session in which 2SHB 2106 was passed recall that Senator Hargrove's initial bill, SB 5943, would have implemented the supervising agency model statewide. The concept of a statewide implementation was rejected. Statewide implementation had neither stakeholder nor legislative consensus. Eventually, through significant negotiation and evolution, the bill that passed as 2SHB 2106 contained only two demonstration sites. For DSHS/CA to proceed with statewide implementation of the supervising agency model thwarts the legislative process. It is a clear attempt to gain what could not be achieved in the legislative process and violates the clear requirements of the law. The WFSE finds this to be wholly offensive and irresponsible.

Finally, in these times of severe economic shortfall resulting in historic measures to cut the state budget the WFSE questions strongly why a business model that requires such significant administrative and bureaucratic costs would even be considered much less implemented. As DSHS/CA moves closer to going out with the Request For Proposal (RFP) for the supervising agencies the dollars required for the additional administration are becoming clear. Using DSHS/CA's assumptions and financial figures, the quick math shows supervising agencies and their subcontractors will need to use a minimum of \$84 million from the existing budget for services to families and children for their indirect overhead and the hiring of "service coordinators" alone. This amounts to 54% of the \$156 million allocated for the supervising agencies from DSHS/CA's budget for services. These figures have not taken into consideration the 6.3% cuts recently called for. Additional costs for the contractor's start up, quality assurance, contract administration, contractor monitoring and IT investment and/or adaptation aren't even calculated at this point.

We understand that DSHS/CA will have similar additional administrative costs including an initial \$2 million investment to program FamLink to implement this scheme. The employees we represent count on, and value highly, the existing services to save children and achieve

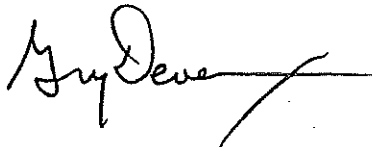
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permanency. In fact they put great effort into developing additional services in underserved areas of our state. We are aware that many of these valuable services are being currently being cut due to budget cuts. Some providers are already closing their doors or laying off staff.

To proceed with implementing a business model that requires such heavy initial start up and ongoing administrative costs rather than investing in retaining and developing the services the families DSHS/CA serves need, to us, is grossly irresponsible and raises very serious concerns for the safety and well being of the families and children of this state. In essence, we are paying for more infrastructure while diverting desperately needed dollars away from children.

In closing, the WFSE appreciates the very difficult decisions that have to be made in these times of economic crises and we urge you to look objectively at the failures and resulting harm to families, children and social worker staff other jurisdictions such as Milwaukee, Nebraska, Kansas and Florida have suffered from failing to implement true reforms in a prudent, thoughtful and thorough manner. The WFSE calls upon you now as the authority for the agencies under your purview to compel DSHS/CA to respect the legislative process, follow the intent as well as the letter of the law, and honor the agreements reached in the final signing of the law and cease and desist from proceeding with the RFP for the statewide implementation of the supervising agency model.

Sincerely,



Greg Devereux  
Executive Director

GD:dg

cc: Carol Dotlich, President, WFSE Council 28  
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