Agency Recommendation Summary

The Department of Children, Youth, and Families (DCYF) is submitting a placeholder request in the 2025-27 Biennial Budget to begin implementing a modern DCYF Enterprise Payment Solution (DEPS) which will compliment and interoperate with the state implementation of Workday.

Fiscal Summary

Fiscal Summary	Fiscal Years		Biennial	Fiscal Years		Biennial
Dollars in Thousands	**2026**	**2027**	**2025-27**	**2028**	**2029**	**2027-29**
Operating Expenditures						
Fund 001 - 1	$0	$0	**$0**	$0	$0	**$0**
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Decision Package Description

DCYF is currently working to replace the Social Service Payment System (SSPS) and associated payment authorization systems and processes through the DEPS Project to improve payment efficiency, accuracy, and transparency, ensuring that payment recipients, including tribal partners, vendors and service providers, receive timely and accurate support. This initiative is aligned with broader organizational objectives of enhancing system and process efficiency, complying with legislative and regulatory mandates, and making best use of technology where the risk-adjusted benefit is appropriate and substantial.

While these legacy systems posed significant operational risks and maintenance costs previously, the remediation needed to interoperate with Workday adds a clear and present risk of failure on the 40+ year old eco-system integrity and increases the amount of dollars needed for subsequent phases of OneWA Workday implementations, as well as the SSPS platform updates that will also occur twice per year.
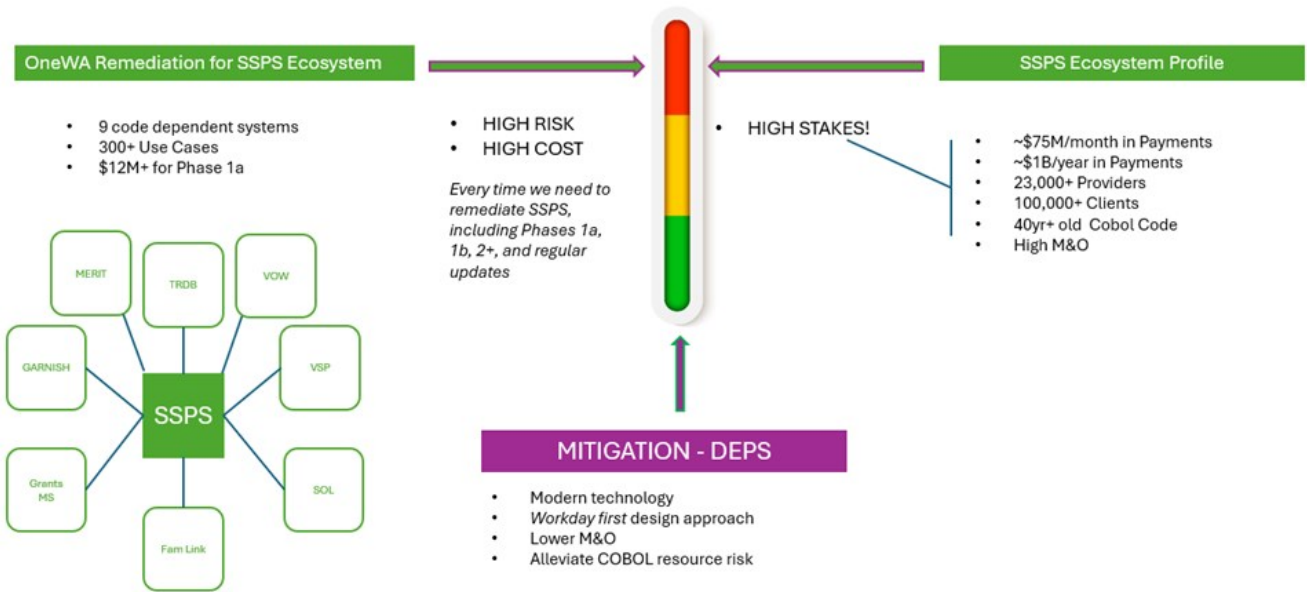
Replacing these legacy systems with a SaaS (software-as-a-service) or LCAP (low code application platform) modern architecture will allow DCYF to drive efficiency and continuity of payments to our 23,000+ Providers and 100,000+ Clients across Child Welfare, Early Learning, and Juvenile Rehabilitation, while at the same time mitigating the high risk of mission critical system failures. A feasibility study is in progress and will be completed by the end of September 2024.

This Decision Package is seeking funding for the Implementation phase to begin without a gap after Procurement is completed to maintain project momentum, resource continuity, and mitigate risk in accordance with the OneWA timelines.

The SSPS ecosystem is a mission critical, legacy system used by DCYF to process most authorizations and payments of nearly $1B annually to social service providers and clients across Childcare Welfare, Early Learning, and Juvenile Rehabilitation Services. Essential health and human services such as adoption support, foster care, and early learning subsidies, depend on the uptime and proper functioning of SSPS and its sixteen (16) dependent systems, eight (8) of which are code-dependent systems.
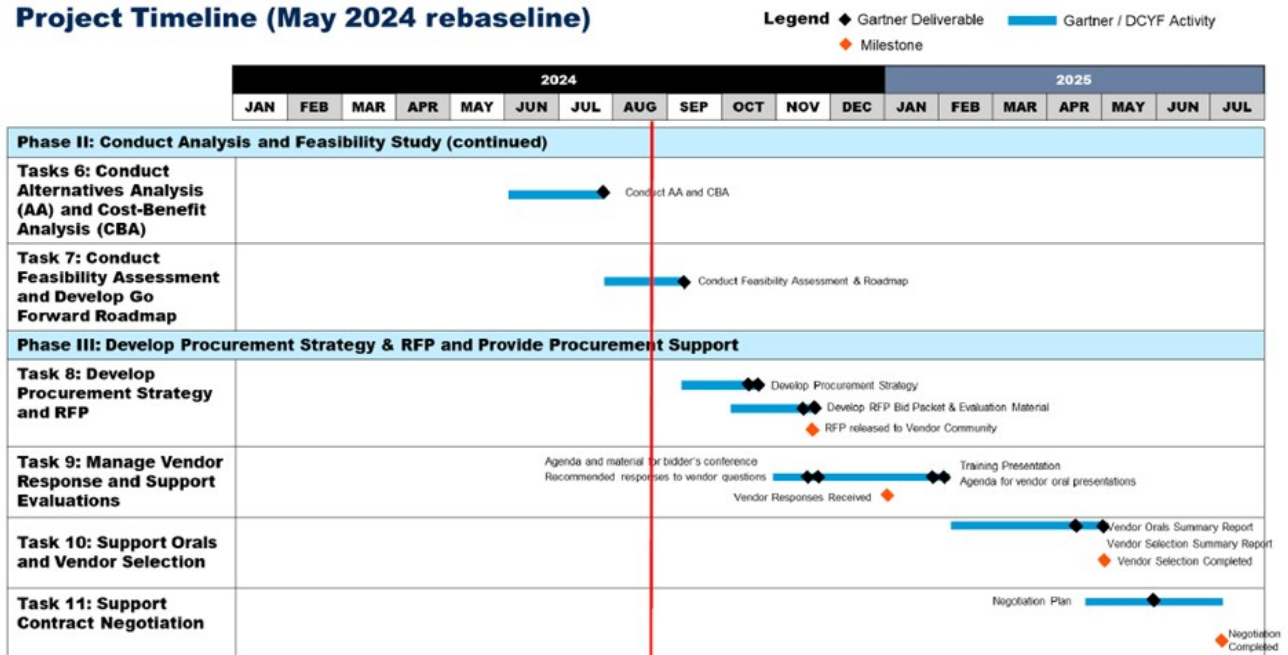
SSPS is a multi-part ecosystem comprised of mainframe and web-based applications which perform business essential functions, including printing checks, processing remittance advice, online claims to authorize payment, interactive voice response for invoice submission, back office administrative functions, and extensive reporting capabilities to meet strict regulatory requirements.

Risk Mitigation

The initial DEPS funding ended after Phase II, Conduct Analysis and Feasibility Study. Phase III, Develop Procurement Strategy, Request For Proposal, and Provide Procurement Support is currently unfunded with a request submitted in the 2025 supplemental budget. The below table represents the project timeline for the DEPS project.

DCYF is planning for a three-year maximum implementation period to begin approximately in August 2025. This 2025-27 biennial budget request is to cover the implementation period of a maximum of three years and five years of M&O.

With the funding and implementation of DEPS, DCYF will accomplish the following business goals and objectives:

1. Goal: Improve payment efficiency, accuracy, and transparency, ensuring that payment recipients, including tribal partners, vendors and service providers, receive timely and accurate support.
   - Objective: Reduce time spent researching authorization and payment issues by 50%.
   - Objective: Reduce training time to be fully competent using the enterprise payment solution by 50%.
   - Objective: Include the functionality of the SSPS Provider Portal and MERIT (Managed Education and Registry Information Tool) system so that vendors and service providers can self-serve, reducing staff interaction by 25%.

- Objective: Reduce the number of manual interventions required by Child Care Subsidy staff to ensure accurate authorizations by 25%.
        - Objective: Reduce time assisting vendors and service providers find payment information, authorization status, and other information that is in various systems by 50%.
        - Objective: Reduce longevity of Hypercare support by 100%

2. Goal: Enhance system and process efficiency to comply with legislative and regulatory mandates.
    - Objective: Decrease cost of report inefficiencies by eliminating the creation and review of duplicate reports by 25%.
    - Objective: Reduce manual entry and duplicative processes by 50%.
    - Objective: Improve interface functionality with Child Welfare case management system resulting in less FTEs needed to review failed authorizations by 50%.
    - Objective: Reduce manual workarounds to payment limits by 100%.
    - Objective: Reduce time spent researching authorization and payment issues cited by state, federal, and legislative bodies by 50%.

Impacted business areas include users of the DCYF payment ecosystem of eight code-dependent and eight information sharing systems. Impacted areas include internal DCYF business units as well as vendor, suppliers, and service providers who use DCYF's payment systems. The impact to users may include but not be limited to new business processes, changes to how the payment system is accessed, inclusion of additional functionality related to payments and payment processing, and changes in roles and responsibilities related to the payment ecosystem.

After identifying preferred DCYF Enterprise Payment System (DEPS) solution alternatives (Alternative B: Buy Special Cloud Service and Alternative C: Build Financial Module on Platform), DCYF conducted a structured, methodical cost-benefit analysis (CBA) of these solution alternatives, comparing them side by side. For this, DCYF completed a comprehensive estimation of all costs to procure, design, develop, implement, and operate a SaaS / LCAP DEPS solution. DCYF also estimated the benefits it anticipates realizing due to the implementation of the DEPS solution.

DCYF also identified a set of qualitative and quantitative benefits it anticipates realizing due to the implementation of the DEPS solution. In terms of qualitative benefits, DCYF anticipates an improved user experience for its staff and providers, enhanced data quality and reporting capabilities, reduced mainframe maintenance costs, and improved ability to transition from contracted resources to employee FTEs.

Leveraging the Cost Benefit Analysis (CBA) model used for this analysis, DCYF anticipates the following break-even points and cost-to-benefit ratios for each alternative:
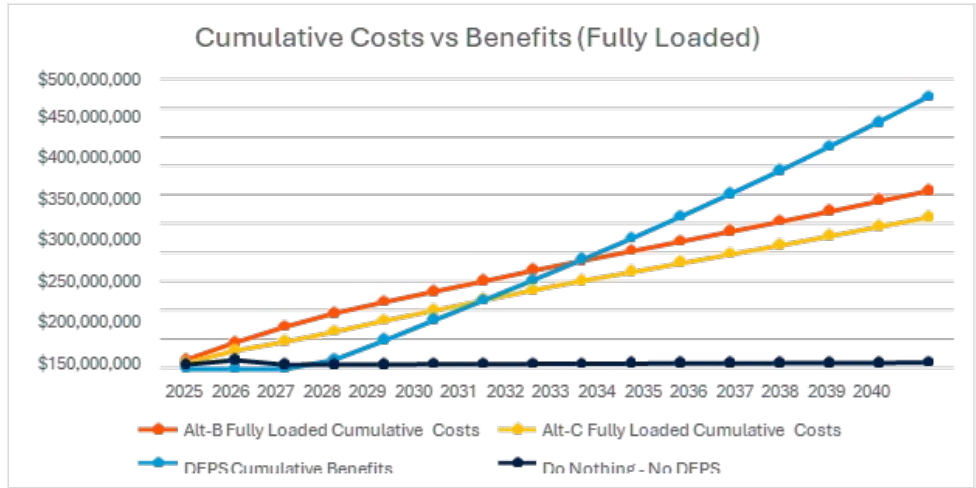
Break-Even and Cost to Benefit

	Alternative B: Buy Special Cloud Service	Alternative C: Build Financial Module on Platform
Break-Even Point for DEPS (year)	2033	2031
Cost to Benefit Ratio	$1.11	$0.89

DCYF leveraged guidance provided by Washington Technology Solutions (WaTech) / Office of the Chief Information Officer (OCIO)'s Feasibility Study for IT Investments to develop the CBA.

DCYF used the CBA model to estimate the project's break-even point, the year that the cumulative benefits eclipse the cumulative costs of the of the SaaS/LCAP option. DCYF anticipates the break-even point to occur in 2033 for Alternative B and 2031 for Alternative C.

Break-Even Point (Cumulative Costs vs Benefits over Time)
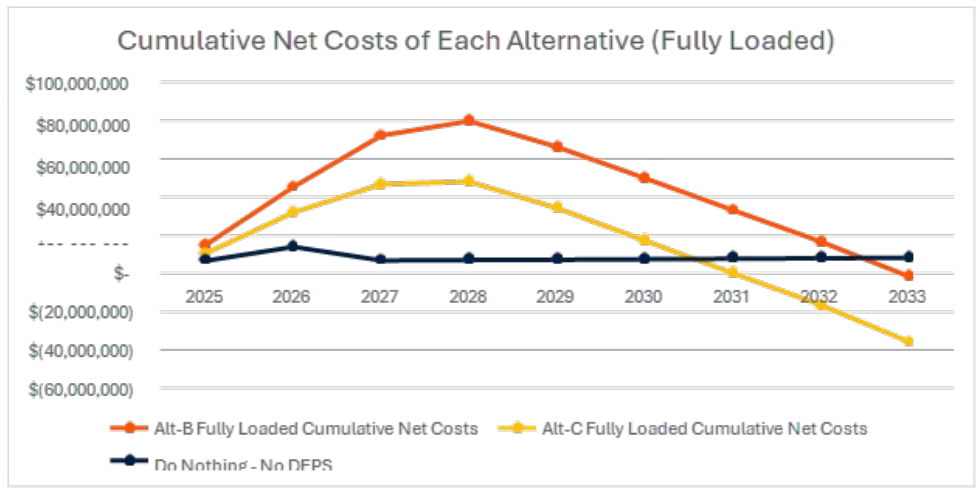
Cumulative Costs vs Benefits (Fully Loaded)

Cumulative Net Costs of Each Alternative

DCYF also used the CBA model to estimate the cumulative costs of each alternative. This analysis, where:

- **Alternative B: Buy Special Cloud Services:** (Total DEPS Implementation Alternative B costs) + (Total DEPS Alternative B M&O costs) + (Total SSPS M&O and Decommissioning costs) less (Total anticipated benefits)
- **Alternative C: Build Financial Module on Platform**: (Total DEPS Implementation Alternative C costs) + (Total DEPS Alternative C M&O costs) + (Total SSPS M&O and Decommissioning costs) less (Total anticipated benefits)

Based on this analysis, DCYF anticipates the cumulative net costs of the Alternative C consistently eclipse the cumulative net costs of Alternative B.

Cumulative Net Costs of Each Alternative (Fully Loaded)

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

This is a placeholder request, which will be updated based on the feasibility study that will be completed in the Fall of 2024.

Detailed Assumptions and Calculations:

This is a placeholder request, which will be updated based on the feasibility study that will be completed in the Fall of 2024.

Workforce Assumptions:

This is a placeholder request, which will be updated based on the feasibility study that will be completed in the Fall of 2024.

Historical Funding:

All funding provided for this project has been one-time funding, resulting no ongoing funding for this project.

Strategic and Performance Outcomes

Strategic Framework:

This package supports the following Results Washington goals:

• Worldclass education

• Prosperous economy

• Sustainable energy & clean environment

• Healthy & safe communities

• Efficient, effective & accountable government

Performance Outcomes:

Performance measures demonstrating successful completion of DEPS implementation are shown below:

- Future payment processing continuity – Ensure a reliable payment system for service providers caring for vulnerable children and their families.
- Support of changing processes – Ensure the payment system can accommodate the changing business rules and processes to support our service provides.
- Improved accessibility – Enabling mobile device support will facilitate easier access for service providers.
- Streamlined workflows – Ease service providers 'administrative time' by streamlining system workflows.
- Financial – Currently a team of highly specialized resources are required to support the existing system. It is anticipated that the new system will reduce M&O costs and improve business support.
- A goal of this proposed investment is to lower DCYF's costs per check.

Equity Impacts

Community Outreach and Engagement:

No groups are negatively impacted. Providers who need assistance with payments will be supported. This also supports agency contractors who provide payments on behalf of DCYF. Providers have provided feedback over the years on the need for a more user-friendly payment system.

Disproportional Impact Considerations:

Providers are disproportionately women and women of color. Supporting these businesses with an updated/streamlined/more transparent/efficient payment system further advances these businesses. This in turn better supports families receiving childcare subsidies.

Increasing provider participation in subsidy supports families with low income with access high quality childcare. This proposal reduces disproportionality with support to child kindergarten readiness which improves child outcomes and reduces race as a predictor for child outcomes.

Target Communities and Populations:

Increased payment integrity and accountability for our underserved communities of children, youth, and families.

Community Inputs and Incorporation:

N/A

Other Collateral Connections

HEAL Act Agencies Supplemental Questions

N/A

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

DEPS will continue to support existing tribal and union agreements as well as provide a more flexible platform for adjusting as needed.

Stakeholder Impacts:

Our health and human services providers will be impacted. While there may be the general resistance to change, DCYF expects that more efficient payments, tracking, and accountability will outweigh the concerns of changes to the Portal.Our health and human services providers will be impacted. While there may be the general resistance to change, DCYF expects that more efficient payments, tracking, and accountability will outweigh the concerns of changes to the Portal.

State Facilities Impacts:

N/A

Changes from Current Law:

N/A

Legal or Administrative Mandates:

N/A

Governor's Salmon Strategy:

N/A

Reference Documents

IT Addendum 2023-25.docx

IT Addendum

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

Yes

Agency Contact Information

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