



## 2015-2016 KING COUNTY EXECUTIVE PROPOSED BIENNIAL BUDGET

**King County**

### In Brief:

- ◆ The budget continues the emphasis on operational efficiencies to preserve services.
- ◆ Widespread deployment of Lean continues to help improve service and saving money.
- ◆ Effective management of employee health care costs continues to be a critical factor in overall cost containment.
- ◆ Enhancing the transparency and accountability of King County government is important in earning the public's trust.

## KING COUNTY WILL BECOME THE BEST RUN GOVERNMENT IN THE COUNTRY

The King County Strategic Plan includes four “How” goals that describe the ways in which the County will improve its operational practices. County Executive Dow Constantine has described these as “becoming the best run government in the United States.” The 2015/2016 Proposed Budget includes many initiatives toward that end.

### AN EMPHASIS ON OPERATIONAL EFFICIENCIES TO PRESERVING SERVICES<sup>1</sup>

For the last four years, the County has worked with its employees and unions to reduce the growth in costs. This effort continues in the 2015/2016 Proposed Budget. Over \$15 million of efficiencies are included, with the following as illustrative examples:

- ◆ Metro Transit identified service and maintenance efficiencies that allowed it to eliminate 40 buses from the fleet, with no effects on service.
- ◆ The Department of Judicial Administration cross-trained staff to serve both in-court and out-of-

<sup>1</sup> For County budgeting purposes, an “efficiency” is defined as a way to provide the same quantity and quality of service for less than expected growth in cost, or a way to provide more or better service for the same growth in cost. Reducing the quantity or quality of service to save money is not an efficiency.

- ◆ The Road Services Division reduced its space in the King Street Center from two floors to one-half of a floor, freeing space for use by other county programs currently housed in outside leased space.
- ◆ The Department of Adult and Juvenile Detention reorganized the transportation system among its facilities to save over \$300,000 annually.
- ◆ The Department of Community and Human Services reorganized its administrative functions to reduce staffing and increase consistency across the department.
- ◆ The Prosecuting Attorney's Office has stopped filing charges for Driving While License Suspended – 3, and instead will encourage law enforcement agencies to write infractions in these cases. This reduces public defense costs by \$1.5 million over the biennium without any discernable effect on public safety. DWLS-3 cases are disproportionately filed against low-income people who have been unable to pay tickets, so this change has positive ESJ consequences, as well.

The County has centralized many internal services, such as facilities, information technology, and risk management, to achieve economies of scale and ensure consistent practices across the government. Many of these agencies found efficiencies to help save money for other departments:

- ◆ The Safety and Claims unit in the Human Resources Division has been working with agencies to reduce workers' compensation costs for several years. A principal focus of this effort is returning employees to the workplace as soon as possible. As a result, Safety and Claims rates have been reduced by 26 percent for 2015/2016, and a rebate of past over-collections of \$16 million is being made for the biennium.
- ◆ King County Information Technology continues to move toward standardized services, such as work stations, servers, and applications. These allow more efficient deployment of technology and reduce support costs for incompatible systems. As an example, using standard virtual server environments has been very effective in reducing costs to host applications. Since 2012, the County has avoided over \$2 million in server operating costs and over \$1 million in physical server purchases by hosting applications in the virtual environment. The department also introduced some lower cost service offerings such as kiosks and seasonal workstations when a dedicated workstation was not needed. Public Health was able to lower its workstation costs by almost \$700,000 over the biennium by transitioning to kiosks for 190 stations where full workstation capabilities are not required.
- ◆ The Office of Risk Management developed a new rate model that provides faster rewards for agencies that do more to reduce their risk-related expenses (typically claims and lawsuits). The success in managing these costs allowed a \$4.2 million rebate in excess funds to agencies. Many agencies also will receive lower future charges due to successful risk management efforts. For example, the Transit costs are \$2 million lower than originally anticipated for 2015/2016 biennium.
- ◆ The Facilities Management Division is restructuring its management and project staff to eliminate 15 FTEs and the related \$3.9 million of biennial costs.

## **WIDESPREAD DEPLOYMENT OF LEAN CONTINUES TO HELP IMPROVE SERVICE AND SAVE MONEY.**

Lean was adopted as the County's continuous improvement methodology in 2011. Lean works to identify and eliminate "waste" in processes by empowering employees to find ways to do their work better. In 2014, some of the most notable Lean efforts included:

- ◆ A major effort to reduce bus parts inventory and improve ordering practices at Transit's Ryerson base, which will continue in 2015 and expand to other bases.
- ◆ Comprehensive deployment of Lean in King County Elections, which improved ballot processing speed and accuracy while reducing costs by nearly \$2 million for the 2015/2016 biennium.
- ◆ Use of Lean in Public Health clinics to improve efficiency and effectiveness of patient treatment, and to enroll more patients in Medicaid. This generated about \$1 million in additional revenue, which helped to mitigate some of the cuts to Public Health programs.

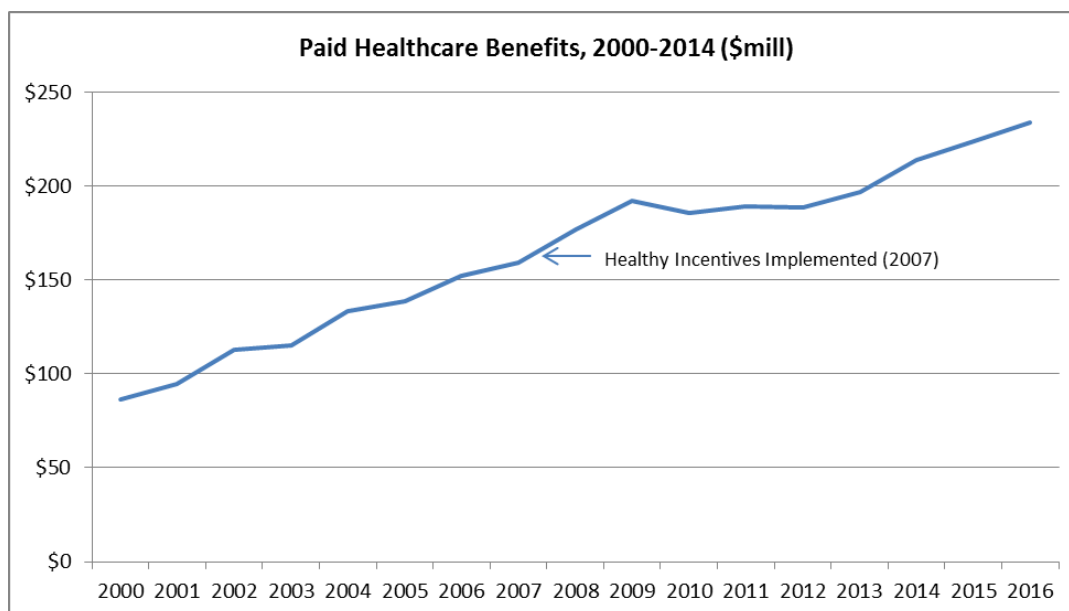
## **EFFECTIVE MANAGEMENT OF EMPLOYEE HEALTH CARE COSTS CONTINUES TO BE A CRITICAL FACTOR IN OVERALL COST CONTAINMENT.**

Starting in the late 2000s, the County began working with its employees and their unions to identify ways to better manage health care costs while preserving or improving the quality of care. The success of this effort was recognized when King County won the 2013 Harvard Innovations in Government Award for this "Healthy Incentives" program<sup>2</sup>. The graph on the following page illustrates recent and expected trends in employee health care costs.

For 2014 through 2016, the County has negotiated with almost all of its unions to cap the growth in the County's contribution to health care costs at 4.0 percent annually. This provides budgeting certainty and continued incentives for the County, its unions, and its employees to work to reduce cost growth. Some of the 2014 cost growth is due to the creation of the new Department of Public Defense, which added over 400 employees to the County's health care plans, and to costs of implementing the Affordable Care Act. The County and its unions agreed to some plan changes for 2015 and beyond, which are expected to save approximately \$800,000 annually.

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<sup>2</sup> This annual competition involved applications from over 600 governments.



## **ENHANCING THE TRANSPARENCY AND ACCOUNTABILITY OF KING COUNTY GOVERNMENT IS IMPORTANT IN EARNING THE PUBLIC'S TRUST.**

Some of the County's historic budgeting practices have made it harder to understand funding decisions and financial conditions. The Proposed Budget continues previous efforts to improve the quality of information, including:

- ◆ Creation of a new Environmental Health Fund outside of the Public Health Fund. This will allow better tracking of Environmental Health revenues and expenditures, which are mostly fee-supported. This complies with a recommendation of the King County Auditor's Office.
- ◆ Elimination of the Children and Family Services set-aside. This budgeting approach diverted a small amount of General Fund revenue plus the costs and revenues from the Goat Hill Parking Garage to a separate fund to support certain human services programs. This made the accounting for the Garage very difficult to follow and under-reported the true General Fund support for human services. The 2015/2016 Proposed Budget eliminates the set-aside and includes these programs in the General Fund.
- ◆ Standardization of financial plan templates and a focus on best practices in financial management. County budgets have included financial plans for major funds for many years, but there were considerable variations in format, classification, and organization. The 2015/2016 Proposed Budget includes standard templates to improve clarity and consistency. In addition, the budget was developed using a newly developed set of comprehensive financial management policies. These policies were developed with agencies and Council and represent many of the best practices in government financial management.