2008 Innovations Awards Program
APPLICATION

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ID # (assigned by CSG): 08-W-18WA

Please provide the following information, adding space as necessary:

State: Washington

Assign Program Category (applicant): Natural Resources

1. Program Name Prudent Spending
2. Administering Agency Washington’s Lottery
3. Contact Person (Name and Title) Beckie Foster, Director of Finance & Administration
4. Address P O Box 43000, Olympia, WA 98504-3000
5. Telephone Number 360 664-4798
6. FAX Number 360 586-6564
7. E-mail Address bfoster@walottery.com
8. Web site Address http://www.walottery.com
9. Please provide a two-sentence description of the program. Prudent Spending is a sustained initiative for reduction of administrative costs. The agency discovered ways to reduce cost, but not quality, by recycling and reducing the number of products available for selection/use by staff such as calendars, pens, file folders, paper, binders, and special purpose (one time usage) items.
10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2008 to be considered. Biennium Year 2003
11. Why was the program created? What problem[s] or issue[s] was it designed to address? The Prudent Spending Initiative began in FY2003. At that time, the Purchasing Staff approached the current Lottery Director with a process improvement suggestion. The Director empowered and challenged our purchasing staff to move forward with their ideas.
12. Describe the specific activities and operations of the program in chronological order. To start this program, the purchasing staff took a very simplistic, common sense approach. They began looking at the types of office products they purchased and evaluated the volume and cost of purchasing by each individual department/region. They discovered ways to reduce cost, but not quality by reducing the number of products available for selection/use by staff such as calendars, pens, file folders, paper, binders, and special purpose (one time usage) items. They also took the “personal buying” approach—-if this was my money, would I buy this product? They began utilizing “back to school” sale season as a way to stock up on items used routinely. They also looked at convenience contracts used by other agencies for reference and possible usage. They also were involved with the organization and promotion of Sustainability which required recycling of used items.

In FY06, the Purchasing staff located vendors that could use obsolete banners to produce the vendor’s products. The vendor paid the shipping costs. This saved the banners from going to the landfill.
In FY07, additional enhancements were made to the program, resulting in the outlying regional offices to enter their office supply purchases into the Office Depot website. The information is sent to Central Purchasing for review and approval. Once the orders are placed, the items are sent directly to the regional offices. This has saved time. Purchasing staff does not re-enter the information and other HQ staff do not receive, sort, and redistribute orders. Re-entry alone has saved 2.5 hours per month of staff time.

13. Why is the program a new and creative approach or method? This is a project that allowed for thinking “outside the box”, using creative methods of purchasing which saved money for the organization and also helped with environmental issues.

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.) There were no start-up costs for this program. In Biennium 03 (FY02 and FY03), the Lottery spent $47,000 in office supplies only. In Biennium 05 (FY04 and FY05), the Lottery spent $8,500. This is an 82% or $38,500 savings.

15. What are the program’s annual operational costs? No cost to the agency.

16. How is the program funded? No cost to the agency.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number. No, internal operational changes.

18. What equipment, technology and software are used to operate and administer this program? None

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator’s name, present address, telephone number and e-mail address. The lead for this program is Irene Ritchie, Procurement and Supply Specialist 3, 360 664-4791, iritchie@walottery.com; with the assistance of Jenna Parque, Procurement and Supply Specialist 1, 360 664-4792, jparque@walottery.com.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ? Not in other states. However, Governor Christine Gregoire has encouraged the agency to share this program with other state agencies and we are pursing this project.

21. Has the program been fully implemented? If NO, what actions remain to be taken? These purchasing practices continue, with enhancements added as appropriate.

22. Briefly evaluate (pro and con) the program’s effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Some Lottery Purchase Examples

<table>
<thead>
<tr>
<th></th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>Savings Compared to FY02 through FY 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binders</td>
<td>$311.76</td>
<td>$357.85</td>
<td>$304.21</td>
<td>$ -</td>
<td>$ -</td>
<td>214.37</td>
<td>68%</td>
</tr>
<tr>
<td>File Folders</td>
<td>$472.35</td>
<td>$338.43</td>
<td>$74.60</td>
<td>$ -</td>
<td>$150.13</td>
<td>336.98</td>
<td>40%</td>
</tr>
<tr>
<td>Pens</td>
<td>$1,308.40</td>
<td>$1,379.92</td>
<td>$532.85</td>
<td>$293.50</td>
<td>$455.94</td>
<td>554.51</td>
<td>62%</td>
</tr>
<tr>
<td>Calendars</td>
<td>$1,701.55</td>
<td>$1,486.55</td>
<td>$1,151.50</td>
<td>$623.60</td>
<td>$1,538.65</td>
<td>667.52</td>
<td>37%</td>
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<tr>
<td></td>
<td>$3,794.06</td>
<td>$3,562.75</td>
<td>$2,063.16</td>
<td>$917.10</td>
<td>$2,144.72</td>
<td>1773.38</td>
<td></td>
</tr>
<tr>
<td>Comparison of Biennium’s</td>
<td>FY02 &amp; FY03</td>
<td>FY04 &amp; FY05</td>
<td>FY06 &amp; FY07</td>
<td>% Decrease from Biennium 01-03 compared to Biennium 05-07</td>
<td></td>
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<tr>
<td></td>
<td>$7,356.81</td>
<td>$2,980.26</td>
<td>$3,918.10</td>
<td>46.7%</td>
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</tbody>
</table>

23. How has the program grown and/or changed since its inception? This program has required a culture shift for the organization. Additional communication with supervisors, managers, and Division Directors was required to change their processes. Re-use, continually assessing need and encouraging creative purchasing was a new idea. The success of this program overrode any concerns.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program? A culture shift from the “open pocket book” to conservative spending; the practice of re-using items rather than always purchasing new; and the limitations on products supplied were at first considered a loss to employees. The tremendous savings to the organization proves the perceived loss is truly a win-win for all.