



Washington State Department of
Labor & Industries

Workers' Compensation Systems Modernization Project

Quarterly Report to the Legislature
October – December 2025

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Introduction

This report is in response to the 2025-27 budget proviso for the Workers' Compensation Systems Modernization program, Section 219, subsection 1(a) of the 2025-27 operating budget (Chapter 424, Laws of 2025).

This section requires the department to:

- (a) Submit quarterly data within 30 calendar days of the end of each quarter on:
 - (i) The quantifiable deliverables accomplished and the amount spent by each deliverable in each of the subprojects identified in (a)(i)(A) through (F); and in total by fiscal year;
 - (ii) All of the quantifiable deliverables accomplished by subprojects identified in (a)(i)(A) through (F), and in total, and the associated expenditures by each deliverable by fiscal month;
 - (iii) The contract full time equivalent charged by subprojects identified in (a)(i)(A) through (F), and in total, compared to the budget spending plan by month for each contracted vendor and what the ensuing contract equivalent budget spending plan by subprojects identified in (a)(i)(A) through (F), and in total, assumes by fiscal month;
 - (iv) The performance metrics by subprojects identified in (a)(i)(A) through (F), and in total, that are currently used, including monthly performance data; and
 - (v) The risks identified independently by at least the quality assurance vendor and Washington technology solutions, and how the project:
 - (A) Has mitigated each risk; and
 - (B) Is working to mitigate each risk, and when it will be mitigated;

ABOUT THIS REPORT

The Workers' Compensation Systems Modernization (WCSM) Project's last approved updated technology budget was as of July 11, 2025. Please note that this document provides a high-level overview of project spending for the relevant quarter. More detailed financial data responding to the 2025-27 budget proviso for WCSM, Section 219, 1(a)(i)(G), 1(ii)-(iii) is in the accompanying Excel workbook component of the report.

Executive Summary

This report covers the second quarter of FY2026. During this period, the WCSM program remained paused. The pause started in August 2025 following a directive from the State Chief Information Officer that suspended project work and spending.

Because of the pause, no system development work occurred during this quarter ending December 31, 2025. Instead the team focused on project management, quality assurance, and documenting lessons learned from completed workstreams.

In October, 2025, agency leaders started discussions with WaTech and their Office of the Chief Information Officer to define the conditions that would need to be met before the program could resume.

Other key work during Q4 FY2025:

- **Deliverables and planning**
 - Lessons Learned presentations for multiple workstreams.
- **Change management and communications**
 - Conducted a final pulse survey for the program participants.
 - Conducted an overall Lessons Learned activity and incorporated the workstream Lessons Learned into it.
- **Contracts and vendors**
 - Decisions were made in December 2025 to end the contract for the Eight Eleven Group's Program Director, and to continue the contracts for the Cloud Architect and Integrated Scheduler.

Quantifiable Deliverables

Section 219, subsections 1(a)(i) and (ii) of the 2025-27 operating budget, require all quantifiable deliverables accomplished by specific subprojects and in total to be reported quarterly, including the associated expenditures by each deliverable by fiscal month and in total by fiscal year. Quantifiable deliverable totals by fiscal month and fiscal year are provided in the accompanying Excel workbook component of the report.

OCTOBER - DECEMBER 2025 DELIVERABLES

The WCSM Program team completed the following key deliverables in Fiscal Year 2026 Q2:

- Lessons Learned for Intelligent Document Processing, Cloud Fabric, Address Verification, and Procurement
- Conducted a governance analysis to identify differences between documented and as-is governance practices.
- Updated and restructured SharePoint site.

- The program team continued to produce monthly status reports, responses to QA recommendations, decision options analyses, as well as other project-related tasks.

In total, L&I incurred \$671,656 in expenditures during October - December 2025, including proviso expenditures of \$575,381 and in-kind expenditures of \$96,275.

<i>Proviso – Total Quarterly Expenditures Summary</i>	
Cost Category	Total Expenditure
State Employee Staffing Costs	\$274,790
Non-State Employee Staffing Costs	\$0
Contracted Professional Services	\$300,591
Software Licenses and Subscriptions	\$0
Hardware and Equipment	\$0
Other	\$0
Total	\$575,381

Total proviso-funded for contracted professional services identified above for October – December 2025 were as follows:

Contract Full-Time Equivalent

Section 219, subsection 1(a)(iii) of the 2025-27 operating budget, requires the department to submit the contracted full-time equivalent charged by subprojects in total and compared to the budget spending plan by month for each contracted vendor and what the ensuing contract-equivalent budget spending plan assumes by fiscal month and in total. The contract full-time equivalent charged by subproject and in total compared to the budget spending plan by month are provided in the accompanying Excel workbook component of the report.

CONTRACTED VENDORS

For this reporting period, L&I used three contracts for the project:

- Conn Kavanaugh Rosenthal Peisch & Ford, LLP
- Eight Eleven Group LLC
- The Informatics Applications Group Inc.

Below are the average monthly costs for each vendor with expenditures recognized during this reporting period, October – December 2025.

<i>Proviso – Contracted Vendors</i>			
Vendor	Average Monthly Cost	Average Monthly FTE	Notes*
Conn Kavanaugh Rosenthal Peisch & Ford, LLP	\$810	0.02	Services in first month of Q2; invoices paid for Oct - Dec 2025 services
Eight Eleven Group LLC - Project Director	\$34,320	1.00	Services in all 3 months of Q2; invoices paid for Oct - Dec 2025 services
Eight Eleven Group LLC - Integrated Project Scheduler	\$23,674	1.00	Services in all 3 months of Q2; invoices paid for Oct – Dec 2025 services
The Informatics Applications Group Inc.	\$22,062	1.00	Services in all three months of Q2; invoices paid for Oct – Dec 2025 services.

In addition, during the months of October - December, subject matter experts from across the agency participated in WCSM Program meetings and work sessions to provide expertise to support contracted vendor and project management team deliverables. The following costs are estimated for agency in-kind resources used to support the project.

<i>In-Kind Agency Support</i>		
Deliverables	Est. Agency Resource Cost	Est. Average Monthly FTE
WCSM Project Management Work	\$96,275	1.95
Total	\$96,275	1.95

Performance Metrics

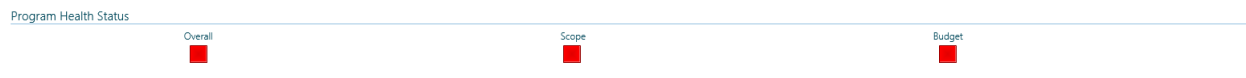
Section 219, subsection 1(a)(iv) of the 2025-27 operating budget, requires the department to report the performance metrics by subprojects that are currently used, including monthly performance data.

PRE-PROCUREMENT PHASE

L&I’s WCSM Program discontinued work on Wave 0 planning phase, concluding work that had been in-progress when the program received the August 2025 memo. For procurement activities, this included:

- Finalizing draft statements of work for Target Operating Models for Insurance Services, Support Services, and the Mail Room
- Completing an analysis of Data Quality Management deliverables previously received and finalizing a draft statement of work for remaining Data Quality Management activities

No significant procurement milestones were achieved during the pause.



[*Click here to see most current status reports](#)

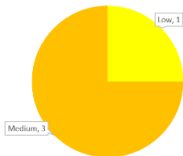
High Risks

✓ ID Title Score Trend
There are no items to show in this view of the "Risk Log" list.

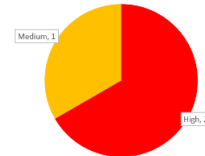
2024 Risk Score Trend



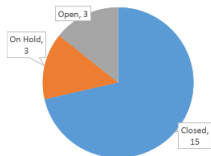
Risks - Open



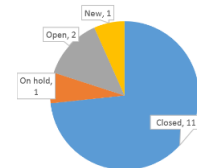
Issues - Open



Risks - Current Phase



Issues - Current Phase



Risks Identified

Section 219, subsection 1(a)(v) of the 2025-27 operating budget, requires the risks to be identified independently by the quality-assurance vendor and WaTech. Information is provided below to explain how the project:

- Has mitigated each risk; and
- Is working to mitigate each risk and when it will be mitigated.

RISKS

During this reporting period, the program was tracking 14 open risks: 2 high, 9 medium, 3 low, and 3 are on hold in the program’s Risk Log. The table below provides more details on the high priority, open risks identified by our QA consultants, which are in addition to the program’s risks.

OPEN QA RISKS AND HIGH PRIORITY RECOMMENDATIONS AS OF DECEMBER 2025

QA ID#	PMBOK Category	QA Recommendation	Date Identified	Status	Priority	Agency Response	Assignee	Target Date
1.26	Scope	Prioritize the completion of a comprehensive review and reconciliation of proposed scopes of work reflected in WCSM planning artifacts developed after completion of WCSM Gate 4 (Discovery) to ensure continuity in the scope defined across all current artifacts.	5/25	Open	High	7/22: The program is developing a comprehensive overview of scope to be housed and made available to relevant parties via SharePoint. 1/21/2026: The WCSM Wave plan is available on the SharePoint. In addition, each new workstream created scoping statements. All documents are available on the SharePoint.	Executive Sponsor/Project Director/Deputy PD	
1.27	Scope	Prioritize the nomination and integration of Product Manager/Owners into workstream planning and execution activities.	5/25	Open	High	7/22: The program has initiated a small task force to define Product Manager/Owner roles and Product Governance. The task force will make a recommendation to the program steering committee by the first steering committee meeting of September. 1/21/2026: Due to the WaTech memo in August, Steering did	Executive Sponsor/Project Director/Deputy PD	

						not pursue hiring a Product Manager.		
5.15	Team	<p>Assess the Project Team’s current capabilities and capacity, identify gaps that need to be addressed, and produce a staffing plan that is fully aligned with the scope and scale of the Project’s proposed goals and objectives. QA further recommends that this staffing plan should be completed before the Project initiates any further planned workstreams.</p> <p>Lowered to Medium in Nov 2024 report</p> <p>Increased to High and revised in April 25 report</p>	8/24	Open	High	<p>7/22: The program continues to develop a staffing plan which defines a strategy for identifying resources needed for the project based on program deliverables. It recommends a rolling review of plan deliverables to identify necessary resources vs a comprehensive staffing plan for the life of the program.</p> <p>1/21/2026: The PMO added an admin assistant, Project Scheduler, and Cloud Architect during 2025 to support the efforts of the program.</p>	Executive Sponsor/Project Director/Deputy PD	
6.2	Communication and Stakeholders	<p>Leverage OCM and Communications resources to improve existing processes, and develop and implement new processes if needed, that provide internal stakeholders with timely updates regarding the status and goals of planned near-term activities to ensure that appropriate resources will be well-informed and available when needed.</p>	1/25	Open	High	<p>7/22: This continues to be a high priority focus for OCM. OCM is prioritizing both communications and direct engagement with key stakeholders. Efforts include collaborating with WCSM communication resources to provide timely and relevant information through written monthly updates, bi-monthly Roundtables, quarterly on-sites, stakeholder assessments, and Pulse surveys. Additionally, OCM has promoted processes to involve WCSM business leads early in project scoping and planning meetings, and is actively supporting program team project alignment sessions and communications. As Gate 7 progresses and more tangible results from the program surface, OCM and Comms are planning to provide self-serving resources for the broader group of L&I staff interested in WCSM.</p> <p>4/25: In progress. OCM/Comm team works closely with PD/DPD on program messaging--meetings, written,</p>	Executive Sponsor/Project Director/Deputy PD	

						<p>electronic.</p> <p>3/25: The OCM and Communications SMEs have developed a thorough analysis of the program's communications ecosystem. Their recommendations are being implemented for both meetings and written communications forums. This work was already in flight before this recommendation was made by QA, and we look forward to its full implementation.</p> <p>2/25: The OCM and Communications SMEs have developed a thorough analysis of the program's communications ecosystem. Their recommendations are being implemented for both meetings and written communications forums. This work was already in flight before this recommendation was made by QA, and we look forward to its full implementation.</p> <p>1/22/2026: OCM continues to partner with the PMO and provide communication guidance throughout the duration of the program.</p>		
8.8	Risk, Issues, and Decisions	<p>Perform a comprehensive review of all documented risks in the Risk Log with the goal of revising or purging risks that are no longer applicable given the significant changes that have transpired since WCSM's inception.</p> <p>Increased to High in April 25 report</p>	2/25	Open	High	<p>7/22 – Program Management Office (PgMO) team members have stepped in to monitor the RAID logs while a new Risk & Governance PM is hired. Team is making progress reviewing log items, following up with next steps, and creating a cadence for frequency of response based off impact level of log entry.</p> <p>1/22/2026: While no new Risk items have been closed, the majority have been moved to On Hold status due to the WaTech memo. Severity levels of open Risk items were re-evaluated and updated based on current status of the Program.</p>	Project Director/ Risk & Governance PM	
9.9	Procurement and Vendor Management	Analyze the cause(s) of frequent revisions to procurement plans to determine the root causes of delays and the need to revise procurement strategies.	5/25	Open	High	<p>7/22: The program team continues working with the Procurement Manager, discussing upcoming procurement needs on a bi-weekly basis. Root causes of some delays have been identified, and the team has implemented changes in the vein of continuous improvement. This is an on-going endeavor.</p> <p>1/22/2026: Procurement Manager continues to support WCSM</p>	Executive Sponsor/Project Director/Deputy PD	

						efforts, and provided assistance in creating documents for various potential positions. Procurements did not take place for any further roles once the WaTech memo was released.		
10.3	Training and Business Readiness	<p>Prioritize the definition and socialization of Agile concepts to be adopted by WCSM, with a primary focus on the critical roles and responsibilities of Product Owner(s) and Product Manager(s) in Agile projects.</p> <p>Increased to High in 5/25 report.</p>	3/25	Open	High	<p>7/22: OCM and program management leads are currently collaborating and planning with key business leads to incorporate product governance on WCSM. Planning efforts include documentation and socialization of Agile concepts applied to WCSM, product management and product ownership roles and responsibilities, definitions of WCSM products requiring product governance, ideal WCSM product governance models, funding considerations, and resource needs. These plans are actively being presented to the WCSM Steering Committee and recommendations for supplemental product management roles and the path forward will be presented to Steering in August.</p> <p>1/22/2026: Prior to the suspension, Steering voted and agreed upon a plan to use the existing tech budget to fill product governance roles. This was paused after the WaTech memo.</p>	Project Director/ OCM Lead	

WaTech Recommendations*	Memo Date	Status	Agency Response
<p>As consistently highlighted by WaTech and quality assurance (QA), the WCSM project must develop a charter for waves 0, 1, 2 - approved by June 30, 2024, by the WCSM ESC. This charter should reflect the dedicated project team and organizational structure, the agreed understanding of the phased modernization approach including the target architecture and waves, provide updated details for scope, schedule, and budget for each wave. This charter should also reflect the work necessary to begin procurement activities, including the overall procurement approach, acquisition of a dedicated procurement vendor firm, business capabilities, journey maps, and high-level requirements to support waves 0, 1 and 2. Describe the expected primary products and outcomes and the sequencing of activities and tasks to kick off each</p>	5/13/2024	Open	<p>Charter</p> <p>L&I has an approved WCSM Program Charter that went into effect January 2025 that captures how the program will implement the waves.</p> <p>The WCSM Program will review and update the program charter as necessary. The WCSM Program will be developing additional supporting project charters for the scoping and implementation of capabilities.</p>

<p>wave. WCSM leadership should assemble a sub-committee that reports to the ESC that contains project management office (PMO), technical, business, and OCM representatives, as well as QA and WaTech to assist in the development of an outline and draft charter.</p>			<p>1/22/2026: Additional supporting charters were created for the workstreams that began prior to the WaTech memo.</p>
<p>Develop a draft procurement vendor statement of work (SOW) in collaboration with WaTech that builds a strategic procurement plan for the waves of the WCSM project by June 30, 2024. The procurement vendor should be a multi-disciplined team that has business, technical, and procurement expertise to work with the L&I project team and Deloitte to develop an overall procurement plan for WCSM and an initial set of procurements for waves 0,1, and 2. The project should prioritize budget for this effort and utilize the DES master contract to procure the vendor. WCSM leadership should identify a dedicated resource to lead the development of the procurement vendor SOW and a small sub-committee to support the necessary activities.</p>	<p>5/13/2024</p>	<p>Open</p>	<p>The procurement strategy has been included in the Tech Budget to start July 2025. The WCSM Program is currently exploring vendor avenues to start this work.</p> <p>1/22/2026: Due to the WaTech memo, a strategic procurement plan was not made in collaboration with WaTech.</p>
<p>To preserve independence and integrity, the WCSM project QA contract will be transferred to WaTech by August 1, 2024. The future contract for independent verification and validation (IV&V) services will also report independently to WaTech. The WCSM project will continue to fund QA and IV&V services. As instructed in the WA 2023-2025 ESSB 5187 .PL (8) For any project that exceeds \$2,000,000 in total funds to complete, requires more than one biennium to complete, or is financed through financial contracts, bonds, or other indebtedness: (a) Independent quality assurance services for the project must report independently to the office of the chief information officer; (b) The office of the chief information officer, based on project risk assessments, may require additional quality assurance services and independent verification and validation services. WaTech project leadership will develop a detailed QA transition plan to be shared with WCSM project leadership and the ESC, that includes any necessary revisions to the SOW and the necessary interagency agreement that outlines the financial arrangement to ensure transition of QA services to WaTech by August 1, 2024. WaTech will work with the vendor and the WCSM project to ensure a seamless transition and a statement of work that reflects the complexity and level of risk associated with a project of this size. Please have the WCSM project Contracts Manager schedule time</p>	<p>5/13/2024</p>	<p>Open</p>	<p>L&I collaborated with WaTech to select a QA vendor and final contract details are being negotiated.</p> <p>The IV&V contract has been deferred until we are in a procurement phase.</p> <p>1/22/2026: Due to the WaTech memo, IV&V contractor was never hired.</p>

<p>with Amy Pearson, Chief of Staff to the state CIO to discuss next steps to amend the current contract and execute the QA contract transfer.</p>			
<p>In collaboration with WaTech, finalize and prioritize a draft WCSM project structure that identifies the dedicated state and vendor resources necessary that positions the WCSM project for success. This project structure and resource plan should be in place by June 30, 2024, and align with the WCSM project budget priorities and '25-'27 biennium decision package request. WCSM leadership should assemble a sub-committee that includes a Deloitte representative, as well as L&I leadership, and WaTech leadership to finalize the structure and resources necessary for a dedicated project team.</p>	<p>5/13/2024</p>	<p>Open</p>	<p>The WCSM Program is in the process of updating the Staffing Management plan that is anticipated to be completed soon.</p> <p>The WCSM Program continues to have conversations about staffing needs on current and future project work and continues to expand the program team. Currently, the program has identified the need for additional IT PM Journey, IT PM Senior, IT BA Journey and is in process of acquiring those resources.</p> <p>1/22/2026: Staffing Management Plan updated in Oct 2025. IT PM Journey, IT PM Senioer, and IT BA Journey were not hired due to WaTech memo.</p>
<p>WCSM leadership should procure a resource to develop a robust OCM plan that is focused on helping L&I understand and embrace this new business and technical modernization approach, the culture necessary to support the concept of a dedicated project team, and the leadership adaptations necessary for the WCSM project to be successful. The OCM plan should also include detailed information to support agency readiness including business and technical users through the design, configuration, testing, and implementation phases of the project.</p>	<p>5/13/2024</p>	<p>Open</p>	<p>The WCSM Program continues to refine the OCM Plan and has started the organizational change readiness impact assessments, which examine the scope, depth and overall size of the change coming to the agency over the coming waves. The information gathered from these assessments have directly fed into the program's comprehensive OCM approach.</p> <p>1/22/2026: OCM Did work on an OCM Plan, and have continued to provide support to the PMO. Recommend to close this.</p>

*L&I received a memo response May 13, 2024 from WaTech that clarified their original recommendations. Those clarifications on recommendations will be reflected in this and all future reports.

CLOSED RECOMMENDATIONS DURING QUARTER (OCTOBER - DECEMBER 2025)

<i>High Priority Recommendations</i>	<i>Opened</i>	<i>Closed</i>	<i>Closure Reason</i>
No High Priority Recommendations were closed during October – December 2025	0	0	

<i>Low Priority Recommendations</i>	<i>Opened</i>	<i>Closed</i>	<i>Closure Reason</i>
No low priority recommendations were closed during October - December 2025	0	0	

Conclusion

All the completed “deliverables,” project updates, and quality checks mentioned in this report can be found on the [WaTech Dashboard](#).

Quarter 2 marked a turning point for the WCSM Program. Following the August advisory memo, in-progress development work stopped as the team shifted focus to closing out project management, finishing quality assurance efforts, and capturing lessons learned to strengthen future delivery.

Looking ahead, WCSM is entering a new phase. With WaTech taking over day-to-day project management and delivery responsibilities, and L&I retaining business ownership and subject matter expertise, the program is repositioned to move forward with a new governance, clearer accountability, and renewed emphasis on customer outcomes.

The WCSM scope, schedule, and budget will be reviewed over the next few quarters, but the program will continue to prioritize reducing system delays, improving service to injured workers and employers, and modernizing the tools L&I staff rely on to do their work effectively.

With continued legislative partnership, strong leadership, and shared accountability, WCSM is positioned to deliver sustainable improvements that strengthen the state's workers' compensation system over the long term.