



Enterprise Resource Planning (ERP)

Last Updated July 1, 2013

The State's information technology systems have been neglected for far too long and will no longer be able to be supported in the near future. In addition, the State is missing the opportunity to realize a net estimated savings of \$99 million from an integrated administrative system.

We are implementing a strategy to consolidate systems and equipment for improved efficiency, consistency among state agencies, and modernization of the State's IT infrastructure. While the world has moved on to modern computer systems, the State is operating on systems developed in the 1960s, 70s and 80s.

A comprehensive system will allow us to effectively manage our finance, budget, procurement, business intelligence and human resource functions. This approach is more cost-effective than having each agency purchase, maintain and support its own IT infrastructure.

There will several key factors that have been put in place to ensure the success of the project, which are explained further in this fact sheet:

- Utilizing a Systems Integrator
- Minimal customization of the enterprise-wide system
- Cross-agency leadership engagement and governance
- Involvement at all staff levels, including subject matter experts
- Learning from other ERP projects

We look forward to the opportunity to capture technology savings, modernize the State's administrative systems, and have real-time data to make better informed business decisions, provide better customer service, and more effectively manage state government activities.

ERP Project

The State is reenergizing the Integrated Business Information System (IBIS) ERP initiative that began in June 2005 and was put on hold in April 2008. Every state agency uses the same accounting principles, civil service rules and procurement policies, yet they depend on a disparate set of administrative systems to support financial, human resources, payroll and procurement activities.

It is necessary to consolidate multiple outdated human resources, procurement and financial business systems into one efficient, transparent and modern enterprise-wide system to meet state government business needs. The State's current systems are fragmented, incompatible, inconsistent, and incomplete.

Wisconsin state government currently has more than 120 different administrative systems across individual agencies to handle accounting, budgeting, human resources, payroll and procurement functions. Many of these systems are built on 20-30 year old technologies which need to be modernized.

It is challenging to find programmers that are familiar with supporting these outdated systems or the computer language they are written in. These aging systems increase the state's risk of system outages or failures, present cyber security risks, and the systems are not connected. For example, our payroll system was implemented in the mid-1980s,

and while COBOL programming language was standard then, few colleges even teach it anymore as part of their regular curriculum. In addition, the State is unable to utilize analytics from a common database to drive business decisions.

These disconnected systems were identified in a 2005 Salvaggio, Teal & Associates (STA) ERP planning systems feasibility study. STA referred to more than 38 different HR and payroll systems, more than 59 financial management systems, and no enterprise procurement system to support the state’s administrative needs. The 2005 STA report said:

“The statewide systems used for financial management (WiSMART), position control (PMIS), payroll administration (Central Payroll System), and budget development (State Budget System) are not integrated. Considerable reconciling effort is spent to keep these systems synchronized. Additionally, the numerous “silos” of data and lack of integration across statewide systems inhibit the State’s ability to provide timely and accurate statewide reporting at the enterprise level.”

One efficient, transparent and modern enterprise-wide system will allow the State to better monitor and track spending, enhance human resource and procurement efforts, and allow agencies to better manage payroll and other administrative systems. Agencies will have real-time information to make better-informed business decisions, and will have the ability to produce data and information that can be shared with decision makers and the general public.

Current Systems

Below is a snapshot of the State’s current systems:

<p>Accounting/Financial Systems</p> <p>WiSMART</p> <ul style="list-style-type: none"> • Implemented in 1993 • No longer supported by vendor <p>Fiscal Management System</p> <ul style="list-style-type: none"> • Implemented in 1980’s • Modified to an extent where the warranty was dropped <p>DOT has home grown system</p> <p>Asset Management</p> <ul style="list-style-type: none"> • No state-wide system in place <p>Procurement</p> <ul style="list-style-type: none"> • State’s procurement system was not compliant with Y2K • System turned off in 1999 and never replaced 	<p>Payroll</p> <ul style="list-style-type: none"> • WisPer and WisPay are COBOL systems implemented in mid-1980’s <p>Human Resources</p> <ul style="list-style-type: none"> • No state-wide system in place other than Wisc.jobs for job announcements • PMIS – Position budgeting system implemented in late 1970’s <p>Budget</p> <ul style="list-style-type: none"> • 1960’s system being replaced by a modern system using Dynamics CRM/Microsoft SharePoint • New system not integrated with the financial, position budgeting or payroll systems
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Future Risks

Central Payroll System: The State pays approximately 33,000 employees bi-weekly (excluding the University, which is on its own payroll system). The Central Payroll System is currently stable and functional, but the risks are (1) the inability to support the application long-term, and (2) the inability to modify the system to comply with changes in tax or employment law.

The Central Payroll System uses an older programming language (COBOL) that is no longer common knowledge within the workforce. During the next 3-5 years, we expect to face significant challenges in having staff in place to support the existing system. In addition, the system has limited capabilities to be further modified.

The worse-case scenario is the Central Payroll System experiences a major failure and is unable to process payroll for the agencies’ 33,000 employees. Since failing to pay employees is not an option, the most probable approach would be to pay state employees what they were paid in the prior pay period and continue to do so until the system could be

recovered. This would create a host of reconciliation issues (different deductions for different pay periods, inability to pay new employees, paying employees no longer employed by the State, etc.) that will create both employee hardship and significant cost. The cost to locate and deploy resources able to repair the payroll system in crisis mode would also be significant.

Procurement System: The current WiSMART system records the vendor that was paid, how much they were paid and when they were paid. However, there is no data in the system to show what precisely was purchased. Instead, we would need to pull each transaction separately to look at the detail of what was bought. This reduces the state's ability to leverage its buying power to secure better pricing for both the state and local governments, which ultimately leads to higher operating costs.

In addition, the systems that are currently in place make it very difficult for state employees and employees of local governments to buy off the state contracts. The result is purchases made off-contract at prices that are higher than what is available on-contract, which also results in higher operating costs.

Lack of Data to Make Business Decisions: Just as the State is not able to run reports to show what items were purchased, the state is largely paper-based for reimbursing employee expenses. For example, when reimbursing an employee for mileage, there is no way to determine how many reimbursable miles an employee has driven over a given time period. Therefore, we are unable to determine if the State could save money by providing an employee with a state vehicle (at \$0.35/mile) versus reimbursing for use of a personal vehicle (at \$0.51/mile).

In 2012, the state purchased 43 vehicles to replace personal reimbursements and/or leases with a savings of \$1.4 million over five years. The opportunities that were identified were done so by anecdotal evidence – and then verified by review of the paper records. An ERP system would allow the organization to flag anyone reimbursed for more than a set number of miles to be assigned a state car. Absent that data, we have no way to accurately measure the potentially significant savings that are not being realized through this simple action.

The State will face the same issues of using anecdotal information to deal with the pending retirements of the baby-boom generation. While the State has information on which employees are eligible to retire, it lacks a comprehensive database of what skills and certifications employees have, which makes planning for the eventual transition much less effective. If the State had more information about the skill sets of retiring employees, we could focus training opportunities to ensure the next generation of employees is ready to meet the needs of the State.

These are just a few examples where the ability to see real-time data could present real-time cost savings for the State.

Cost/Benefit Analysis

These outdated systems have an impact on the State's ability to do business. The 2005 analysis performed by STA listed factors that are still relevant today:

- The State currently has no enterprise-wide procurement, asset management, or human resources systems in place. Therefore, the State does not have the ability to track the entities that purchase goods and services from State contracts.
- Aging and obsolete systems are difficult to modify to meet business needs. This also exposes the State to the increased challenge in hiring and retaining staff with appropriate knowledge of those systems.
- The current systems do not meet agency business needs, making the State's business processes less efficient and effective. STA said that "agencies continue to spend significant amounts of money on systems with functionality that is contained in ERP systems – money that could be spent toward the implementation of a single, statewide ERP system. For example, DHFS [now DHS] and DOC spend approximately \$1 million per year to maintain and support their shared Fiscal Management System."

The 2005 STA study also identified 95 process improvement opportunities including potential process/integration efficiencies, functional enhancements, cost savings, and reduced cycle times.

In January 2013, the State requested that Information Services Group, Inc. (formerly STA) refresh the cost estimate of the project, as well as update and confirm the State’s implementation scope and phased timeline. ISG has successfully applied its Business Case Analysis (BCA) methodology in assisting the following states in evaluating the extent to which investing in a statewide ERP system would be business justified: Arizona, Kansas, Louisiana, Minnesota, Tennessee, Texas, Virginia, Washington, and West Virginia.

Below are excerpts of the 2013 ISG report that further explain the State’s ERP project scope:

“An ERP system is a suite of fully integrated software applications that are used to perform administrative business functions such as financial management, procurement, human resource management, and payroll. What distinguishes ERP systems from a collection of stand-alone, best-of-breed applications is the integration that enables more efficient processing and eliminates redundant data entry and system reconciliation tasks.

“The functionality provided by ERP systems is usually provided in major functional groupings, or modules, that typically address the major administrative functions within state government. Certain additional ERP features cross all functional modules such as: automated workflow, electronic approvals, security, reporting, business intelligence, and data warehousing.

“The PeopleSoft ERP software acquired by the State in August 2006 addresses the functionality necessary to accomplish the ERP project objectives defined by the State. Following are the functional areas included in the scope of the State’s planned ERP initiative:

Financial Management

- General Ledger & Budgetary Control
- Accounts Payable and Travel
- Accounts Receivable and Billing
- Grants Management
- Project Management
- Cost Accounting/Allocation
- Asset Management
- Cash Management
- Federal Highway Administration Federal Aid Billing

Budget Development

Data Warehouse/Business Intelligence

Human Resources / Payroll

- Position Control
- Classification and Compensation
- Personnel Administration
- Payroll Administration
- Time Reporting / Employee Leave Accounting
- Recruitment and Applicant Services
- Benefits Administration
- Learning Management
- Employee Self-Service

Procurement & Logistics*

- Solicitations
- eProcurement
- Vendor Self-Service
- Contract Management
- Warehouse Inventory Management

*Final procurement scope to be determined

To create the 2013 cost estimate, ISG considered the following categories:

- (1) ERP software license and team training
- (2) selection, oversight, and staff augmentation services
- (3) integrator consulting services
- (4) third party interface assistance
- (5) state team members
- (6) technical infrastructure
- (7) project facilities and equipment
- (8) contingency

ISG estimates the total cost of the project to be \$138,671,461 including a 20% contingency. While this appears to be a reasonable estimate based upon the assumptions, for planning purposes, we expect the total cost of the ERP system to be higher due to additional or unanticipated infrastructure, software or implementation costs that frequently occur in IT projects of this size, scope and complexity in any business sector. The 2013 ISG study says:

“Budgeting for contingencies is a necessary part of planning an ERP project. Of their very nature, ERP projects span multiple fiscal years and contain elements of risk that may be unknown at the time of project initiation. For a project of the scope and timeline of the planned ERP initiative, unexpected events will occur that will have a direct or indirect cost impact to the project.”

Over a ten year period (the timeframe STA used in its 2005 report), the State expects to spend \$253,452,172 on implementing a new system and ongoing IT operating costs. In turn, the State will realize a total savings of \$353,100,025 from the elimination of existing systems.

ERP Cost/Savings Analysis	
Net Savings Over 10 Years is \$99,647,853	
Savings from Eliminating Existing Systems and Procurement Savings (based upon 2005 STA report)	\$353,100,025
10 Year Cost of Ownership (Source: ISG) <i>(incorporates \$138,671,460 project implementation cost plus maintenance and labor)</i>	- <u>\$253,452,172</u>
Net Savings Over 10 Years	= \$99,647,853

That leaves a net savings of \$99,647,853 for the ten year period. Not only will the State ultimately save money from implementing an ERP system, we will now have one efficient, modern enterprise-wide system that is consistent and complete across state agencies. This new system will provide the State with key data related to procurement, human resources, accounting and fiscal management to drive business decisions.

STAR Project Goals and Timeline

The Department of Administration will continue to sponsor this project as defined under state statutes (Wis. Stats. 16.971(2)(cf)): *“[The Department shall] Implement, operate, maintain, and upgrade an integrated business information system capable of providing information technology services to all agencies in the areas of accounting, auditing, payroll and other financial services; procurement; human resources; and other administrative processes. The department may provide information technology services under this subsection to any executive branch agency under s. 16.70 (4). The department may also provide information technology services to any local governmental unit under this subsection.”*

The specific goals of the State Transforming Agencies Resources (STAR) project are to deploy a secure and reliable ERP system that:

- Provides operational efficiencies through standardized work processes and the ability to utilize analytics

- Identifies and resolves work processes, materials and systems for alternatives to using personally identifying information (example: social security number for travel expenses)
- Reduces or eliminates paper
- Empowers our workforce by streamlining approval processes and pushes decision making to the appropriate level
- Improves transparency
- Reduces long-term business costs

There will be three phases to the STAR Project:

1. **Plan and Procure:** the planning and procurement process is currently underway using State staff resources. It is anticipated a solicitation for a Systems Integrator will be issued in June 2013, with a project start date in the fall of 2013.
2. **Procurement and Finance Systems:** expected to go live in late 2015/early 2016. ISG estimates that this phase takes 24 months based upon the implementation timeframe of other states (Alaska, Arizona, Arkansas, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Tennessee). Once these systems go live, there will be a six month vendor-led post-implementation support effort.
3. **Human Resources and Payroll Finance Systems:** expected to go live in 2017. ISG estimates that this phase takes 18 months based upon the implementation timeframe of other states (Alaska, Arizona, Arkansas, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Tennessee). Once these systems go live, there will be a six month vendor-led post-implementation support effort.

These are the anticipated timelines and implementation approach, but those will be defined further with assistance of the Systems Integrator.

Recommendations for STAR Project Success

The 2013 ISG report, the company also made the following recommendations to ensure success of the STAR Project, many of which have already been implemented as noted further in this letter:

- “Because systems integration services represent the single largest cost item in an ERP project, the State should seek to hire a qualified and experienced systems integrator through a competitive procurement process. The procurement should require definitive commitment from the selected systems integrator to deliver all State requirements via a fixed-price, deliverables-based contract.
- “The State should commit to staff the internal project team with the “best and brightest” among State staff. A successful statewide ERP project requires both central administrative knowledge and agency-level representation to address the functional requirements and business process impacts throughout State government. By staffing the project with a dedicated team of experienced State resources, the State will increase the likelihood that the new system will meet State business needs and be better positioned to assume full responsibility for the new system following the vendor-led post-implementation support periods.
- “To preserve the State’s ability to support and upgrade the new ERP system over the long term, the State should limit modifications to the software in favor of business process change where at all possible (e.g., unless required by statute). This approach will avoid many of the future difficulties encountered by other projects that struggled with the consequences of too many modifications to the base software.
- “Budgeting for contingencies is a necessary part of planning an ERP project. Of their very nature, ERP projects span multiple fiscal years and contain elements of risk that may be unknown at the time of project initiation. For a project of the scope and timeline of the planned ERP initiative, unexpected events will occur that will have a direct or indirect cost impact to the project.

- “By budgeting for a reserve for contingencies, management can establish appropriate expectations that may avoid second-guessing of the project when unexpected events do occur. Furthermore, having available contingency funding will allow the project to react to such events in a timely manner without losing undue time (and possibly incurring even greater cost) to secure the necessary funds to proceed.”

Utilizing a Systems Integrator

The IBIS project attempted to utilize all internal resources for the implementation, which proved difficult because the State’s internal resources did not have any experience with the PeopleSoft package.

Virtually all large ERP deployments within the public and private sector have utilized an outside third-party as a system integrator (SI). The STAR Project will also use an SI, which will allow the State to:

- Benefit from best practices and lesson learned based on past experience of the SI with other large scale implementations.
- Focus internal resources on defining and modifying work processes to adopt best practices that fully utilize system capabilities and efficiencies
- Utilize outside expertise and familiarity with PeopleSoft system
- Allow SI to partner with internal resources for knowledge transfer such that the system, when implemented, can be maintained with internal resources.
- Team an experienced internal project director with an experienced SI project manager to focus all resources on a successful on-time, on-budget deployment.

Overall, the use of an SI leverages the vast experience of those who have done many such ERP implementations rather than attempting to develop that expertise internally for what will be a one-time project.

Leadership Engagement and Governance

The State has used various approaches to information technology (IT) over the years. At some stages, the Department of Administration adopted an autocratic approach which sought to implement and enforce enterprise-wide approaches and standards, but often resulted in resentment and resistance from other state agencies. At other stages, agencies were left to fend for themselves and adopted systems and hardware that might have made sense for that specific agency at the time, but did not serve the overall interests of the state as an enterprise.

In seeking to address this issue, we have adopted a collaborative model to involve a number of agencies that rely on the technology – and those charged with providing the technology. The Information Technology Executive Steering Committee (ITESC) was created to set a consistent enterprise-wide IT strategy to ensure the business needs of the agencies drive technology decisions.

The ITESC reviews major IT issues and decisions based upon what will make the State most effective and provide the greatest value to taxpayers. The impact of any decision on specific agencies is carefully considered, but the ITESC’s charge is to take the broader view for the good of all state government.

Ten agencies have representatives (primarily department Deputy Secretaries) on the ITESC, as well as the State’s Chief Information Officer. The agencies serving on ITESC are:

Administration	Health Services
Agriculture, Trade and Consumer Protection	Natural Resources
Children and Families	Revenue
Corrections	Transportation
Employee Trust Funds (advisory capacity)	Workforce Development

The ITESC will serve as the main governing body for the ERP project. While there was a steering committee with the IBIS project, the committee was not as fully engaged in the strategic decision-making that is critical to a successful deployment. The ITSEC is fully engaged, meets weekly, and members provide the “voice” of their agency, as well as those who do not have membership on the committee.

Involvement at All Levels

One of the greatest challenges in any significant IT project is change management. In the IBIS project, the steering committee was in place to ensure the leadership of the agencies was aware of the project, timeline and potential impacts. As discussed above, the ITESC will play a much more active role in project implementation and the change management process.

An anecdotal observation of the IBIS project was the sense that there was general awareness at the top of the organization and reasonable support at the front line level, but the middle management was not engaged or supportive. The governance structure set up for the ERP project – and other IT-related decisions – has been designed around connecting existing groups (IT directors, Procurement Professionals, Management Cabinet, Administrative Officers, etc.) to the actions of the ITESC.

For the ERP project, ITESC recommended that DOA form user groups of subject matter experts to play a key role in understanding the business processes within agencies today to help transition organizations to standardized and more efficient processes post ERP implementation. Engaging the front line employees is designed to ensure the most effective implementation and help drive the change management process.

The front-line subject matter expert user groups are:

- Budget
- Business Intelligence (processes and procedures)
- Finance
- Human Resources and Payroll
- Procurement

While we recognize that there are key stakeholders and decision-makers that will need timely and succinct information to move the project forward, the ultimate success of the project will depend upon engaging all state employees in this effort. The goal is to help them understand why the project is necessary, how it will impact them, how they can leverage this new system and work processes to better serve their customers and ultimately provide even greater value to the citizens of Wisconsin.

Lessons Learned from Other ERP Projects

More than half of the states (26) currently have an ERP system in the planning stage, implementation phase or completed. Each state has faced some similar and some unique challenges in the deployment. There are a several common themes in those challenges and steps that can be taken to mitigate them.

Put a strong governance structure in place with top management who will be engaged in the project.

- This involvement sends a strong message that the entire enterprise is behind the effort and helps ensure the necessary resources are devoted and buy-in are achieved.
- A strong and engaged steering committee ensures key decisions are made and issues can be escalated and resolved quickly. The failure to have this structure in place is one of the major reasons projects go over budget.
- Enforce the minimization of system customization. Top leadership plays a key role in adopting “best practice” work processes rather than simply mechanizing existing work processes.

STAR Project: the ITESC will continue to provide the governance structure with input from subject matter experts. The initiative also calls for very limited or no customization of the systems to ensure that the State is utilizing best practices across all state agencies.

Focus on change management

- Hardware and software are the simple parts of the project. Implementing standardized best practice work processes often requires a culture change – the time and effort required to accomplish such a change should not be underestimated.

STAR Project: there will be dedicated staff to provide regular communication to employees, as well as oversee change management activities. The ERP project will ensure that agencies have necessary support to communicate

and assist with the changes that will take place when the project is complete.

Manage scope

- Avoid the temptation to implement every possible module and every available feature all at once. Focus on the most critical components, allow the organization to absorb a reasonable level of change and discover the value of the new system and processes. Do the most necessary things first and do them well to build confidence, credibility and acceptance.

STAR Project: the State's ERP implementation will be done in a series of phases which include planning, design, build, training, testing, development and acceptance, and project closeout. During contract negotiations, the successful SI will be required to develop a comprehensive statement of work to identify deliverable-based milestones, budget, schedule, hardware, software and resources required for the ERP. This will form the basis for contract administration and service level management.

Avoid long delays between major implementations

- There are two basic deployment approaches:
 - Deploy a defined set of modules across the entire organization
 - Deploy all modules in a defined set of agencies
- Either will work, but long delays between the next set of modules or the next group of agencies will drive costs up, delay savings and make change management much more difficult.

STAR Project: the procurement and finance systems are expected to go live in late 2015/early 2016, followed by the human resources and payroll systems in 2017.

The Wisconsin Court System successfully completed the implementation of the major modules of PeopleSoft in 2011. While it is a much smaller organization than the state agencies, several key factors contributed to the success:

- The Courts effectively used an Systems Integrator
- The Courts required virtually no customization of the system despite having employees spread across the State of Wisconsin
- The Courts deployed on-time and on-budget with a manageable scope

STAR Project: the ERP project will use an SI, there will be minimal customization to the systems, and the scope of the project is clearly defined.

There are lessons to be learned from the UW deployment of the PeopleSoft Human Resources module recently:

- **The implementation does not end on the "go-live" date. The root cause of the overpayment issues was a failure to fully utilize the reporting capabilities of the system.** Other states that implemented ERPs recognized the same issues. It is fairly standard now to plan to have the SI on-board 6-12 months after the go-live date.

STAR Project: once the systems go live, there will be a six month vendor-led post implementation support effort. The State will also have ongoing maintenance agreements beyond that six month period.

- **The legacy of a failed project lives on for a long-time.** The original project to replace the HR system at the UW went badly. This will create skepticism and potential reluctance to "get on board" the next iteration. The IBIS project is viewed by some as a failure, however deeper inside the organization the view is more disappointment that the project was halted. The net result is still skepticism.

STAR Project: while the IBIS project ended in 2008, agencies and employees recognize the need to modernize the system and many were disappointed when the project ended.

- **The "fit" of the Systems Integrator and the organization is important.** UW needed to bring in a different SI to complete the project. This is disruptive and drives up costs.

STAR Project: the State will ensure that the appropriate SI is chosen from the outset based not only upon their expertise and experience in implementing ERP systems, but also to ensure that the match is appropriate.

ETF Financial System

The Employee Trust Funds (ETF) had an urgent need to replace its financial system in advance of implementing other mission-critical software related to benefits provision. ETF was exploring implementing a different standalone financial system. After a discussion with ITESC, ETF agreed to implement the PeopleSoft Financial modules rather than this other system. ETF benefits by only having to convert once and avoiding the cost of procuring a different system. All other agencies benefit by having the ETF project serve as a “test run” to get the software installed, work with a SI and gain some first-hand experience with the change management process on a smaller scale.

DOA’s Division of Enterprise Technology (DET) and the ERP Project Director will partner with ETF on the deployment ensuring the skill levels and resources required for a successful implementation are in place

Funding the ERP Initiative

Since 2007, the Department of Administration has a \$9.3 million continuing annual appropriation for the implementation of an ERP system. This appropriation was used to pay for the original purchase of the PeopleSoft ERP software, a software maintenance agreement (through May of 2011) and other associated costs incurred in the original IBIS implementation effort.

As the STAR Project moves forward, the Department of Administration (DOA) expects to use the Master Lease to finance renewal or repurchase costs for modules not available under the original software purchase, the first five years of maintenance on a new agreement, installation, project and staff training, implementation services, and additional software deemed necessary during the implementation.

The Master Lease will be paid over a time period of up to fifteen years from the DOA \$9.3 million continuing annual appropriation. Again, the costs associated with the deployment will be accumulated in the appropriation and billed back over time to state agencies once ERP functionality has been delivered.

At this time, DOA believes the \$9.3 million continuing appropriation will be adequate to cover the implementation costs that cannot be Master Leased, as well as the Master Lease repayments themselves. The level of this continuing appropriation will be reviewed within the 2015-17 biennial budget.

DOA expects that it will request additional position authority from the Joint Committee on Finance in the coming months for up to 100 total positions made up of primarily project positions and a limited number of permanent positions associated with the implementation and on-going support of the ERP system.

2013-15 Budget Request

In the 2013-15 biennial budget, DOA requested \$1 million to offset initial investments associated with the state’s ERP system that may not be eligible for federal reimbursement. This request did not ask for any positions, but only GPR funds to help offset non-billable costs.

While the Joint Finance Committee did not approve the request, DOA had requested the \$1 million in GPR in FY2015 to help pay down the \$15 million overdraft from the former Integrated Business Information System (IBIS) appropriation. The \$15 million in costs were incurred in the original IBIS project to purchase the PeopleSoft software and associated development costs. Because the project was put on hold in April 2008 and was not at the point where it provided functionality to state agencies, those \$15 million costs could not be billed out to the agencies at that time. The costs will be billed back to agencies when PeopleSoft is implemented and becomes functional.

Since there is a prohibition on using federal dollars to pay for costs incurred beyond two years past, agencies would be unable to use federal dollars to pay for their portion of the \$15 million overdraft. In order to soften that burden and put less pressure on agencies’ GPR funds, DOA made this budget request towards paying down the IBIS overdraft. The \$1 million amount could have been more or less, but DOA felt this was a good faith effort to help address a known future issue.