

Project Investment Justification

AELAS School Finance Payment Systems

ED19002

Department of Education

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1. GENERAL INFORMATION

PIJ ID: ED19002

PIJ Name: AELAS School Finance Payment Systems

Account: Department of Education

Business Unit Requesting: ADE Information Technology

Sponsor: Satish Pattisapu

Sponsor Title: Chief Information Officer

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2. MEETING PRE-WORK

2.1 What is the operational issue or business need that the Agency is trying to solve? (i.e....current process is manual, which increases resource time/costs to the State/Agency, and leads to errors...):

The Arizona Department of Education (ADE) manages and administrates the Payment and Budget System with more than six billion dollars in state aid processed per fiscal year. The current Payments System has been in existence since 1999, currently running on an unsupported Microsoft Windows 2000 platform since July 2010. The system designates payments to a variety of educational and state entities, some of which include County facilities, Local Education Association (LEA) Districts, Charter schools, Arizona Department of Juvenile Corrections (ADJC), Arizona Department of Corrections (ADOC), County Juvenile facilities, County Jails, and Small School Districts. These payments include staff and teacher salaries, monetary support based upon student body, transportation, various administrative fees, educational program support, as well as all other fees budgeted by the educational and state institutions. The Payment and Budget System is driven by Title 15 statutes and captures documentation from the internal processes of the Arizona Department of Education to meet those requirements.

The Payment System is comprised of three parts: APOR, CHAR and AFR/Budget. The data integrity and correctness of the data and calculations are questionable due to the system being composed of duplicated and unorganized logic compounded by years of administration by various IT staff members. The current system technology platform is no longer supported, rendering the APOR & CHAR payment system unmaintainable. Over a period of numerous years, the technology and architecture have amounted to a piece-meal system that is unable to be validated, audited, and is difficult to understand. Due to system inadequacies, there exists a compromised level of manual testing which is imminently necessary to ensure it is operationally sound and properly functional.

The large degree of manual effort necessary to complete daily work by the business users introduces certain probabilities for human error. Manual analysis, miscalculations and ad-hoc data transformation is prevalent. Although processes are constantly being improved, quality assurance checks are minimal and can only look for preliminary deviations from the norm. An extreme amount of manual time and effort is spent to ensure valid results are obtained.

The ADE Information Technology department supports the APOR/CHAR Payment system and the technical subject matter expert recently retired December 21, 2018.

The outdated programming language is now an impediment to providing any technical support, as this skill set is no longer prevalent in the IT labor pool.

2.2 How will solving this issue or addressing this need benefit the State or the Agency?

The fragility of the current system results in many operations being interdependent and unable to execute concurrently. System design and implementation is also inefficient incurring a great burden on the infrastructure. The large number of manual processes required to run the system translates to days spent performing tasks that would otherwise require seconds. Simple operations are performed multiple times by staff in order to reduce errors. Due to time constraints, manual calculations are only performed during a few months per year when they should be monthly occurrences. As manual calculations are completed, the districts and charters are brought current, making up for prior month shortages or overages. The result, however, a manual labor intensive of problematic data and jumbled reports.

Automating the entire process will greatly reduce the manual processes for payments and will give School Finance the ability to generate accurate payments to districts and charters each month. The cost and time savings from the proposed automation will reduce process times from weeks or months to days and manual labor, allowing for increased service to the districts and charters.

It is anticipated, as was the case with Arizona Educational Data Standards (AzEDS) implementation, that the newer, more modern technology will produce different results than that of the patchwork of old, unsupported code. A fully automated system will remove any human interaction with processing calculations, reducing the need to complete rework if/when an error is detected. The amount of ADE staff' time processing these calculations, as well as the increased upkeep costs of outdated technologies, would be reduced.

Automation and modernization will make modifications simpler and quicker to support changing applicable statutes and the rules on how the payments are calculated, adjusted, and delivered.

2.3 Describe the proposed solution to this business need.

Following the State's IT strategy, ADE first looked into procuring a Commercial-Off-the-Shelf (COTS) product and having the vendor configure it for ADE's needs. An RFP solicitation process was completed to determine if there were any Vendors who had the experience and capability to build a School Finance Payment System. The expected deliverables, a new School Finance Payment System, were outlined in detail in the functional and non-functional requirements of the RFP, a copy of which is attached.

Four vendors responded to the solicitation, one was disqualified for lack of submission documentation. Responses were evaluated by a seven-member committee which resulted in the following scores:

Business & Decisions – scored 126/1000, Cost: \$16.5M - No experience building a finance system, failed to provide adequate RFP responses

LearningMates – scored 328/1000, Cost: \$ 4.3M - No experience building a finance system, no past projects similar to RFP Scope of Work.

RESPEC – scored 391/1000, Cost: \$1.25M - No experience building a finance system, no qualified references, no past projects similar to RFP Scope of Work .

RFP conclusion: None of the Vendors met the Experience, Capability & Responsibility qualifications to fulfill the requirements of the RFP nor did they possess an understanding of school financial payment systems.

ADE Information Technology has development staff experienced in School Finance and integrated State systems and an understanding of Federal & State legislative changes, data input, feedback, validation, calculations, tracking, reporting, auditing, analysis, and output for all supported State entities. ADE will use FTE staff and internal contractors which ADE obtains through Knowledge Services as mandated by the state, for this project. The Team will be assembled based upon a need for a large-scale full development project. The team will be comprised of:

- One ASET assigned contract Project Manager
- One ADE FTE Project Manager
- One FTE Architect
- One contract Architect
- One FTE Technical Lead
- One contract Technical Lead
- Two contracted Business Analysts
- Three contracted Quality Assurance Analysts
- One FTE Quality Assurance Analyst
- Six contract Developers

The project will be overseen by the FTE Program Management Director and FTE Chief Technology Officer. ADE is proposing to develop and implement a set of integrated components designed to provide School Finance with an integration data flow between AzEDS and the modernized School Finance payment streams. The project will use the defined criteria gathered by ADE working with external sub committees and high-level design to ensure all statutory requirements and Business needs are met. Additional evaluative steps will include detailed overview of the existing processes, tools and systems; detailed design and development of the future solution with increased functionality; organization of automated workflow process, payment calculations and allocations; automated systematic calculations based on the business rules and formulas as defined by statutes and School Finance policies; support of manual payments when required; centralized data repository storage to support structured and ad-hoc reporting requirements. A third-party vendor will be assigned to perform business and system requirement documentation through development, and maintenance and operational support post go-live.

The proposed system(s) will be developed on existing modernized School Finance payment streams and will greatly reduce the time required to process payments; it will also eliminate the need to use a multitude of tools/processes to effectuate payments, as all processes will be using the new workflow-based application. The new system will allow for more comprehensive, organized data auditing and traceability; it will eliminate data retention in Excel spreadsheets and fragmented MS Access databases. Centralized database storage enables more efficient and accurate payment structures as well as various types of reporting. The proposed system also establishes concrete data verification due to the elimination of manual processes; users can access, analyze and verify a larger stream of data in a shorter amount of time. It will provide increased accountability and monitoring through capturing calculations and storing data at a more granular level. It will provide increased internal user access controls via a configurable access and user profile management module. It will entail an automated payment reconciliation process with the Arizona Financial Information System (AFIS), decreasing the need for manual reconciliation using excel spreadsheets.

The proposed system also provides a more configurable reporting module for payment activity, reducing manual tracking which is the current norm. It will increase the ability to retrieve and share information and transparency on payment calculations to LEAs.

2.4 Has the existing technology environment, into which the proposed solution will be implemented, been documented?

Yes

2.4a Please describe the existing technology environment into which the proposed solution will be implemented.

2.5 Have the business requirements been gathered, along with any technology requirements that have been identified?

Yes

2.5a Please explain below why the requirements are not available.

3. PRE-PIJ/ASSESSMENT

3.1 Are you submitting this as a Pre-PIJ in order to issue a Request for Proposal (RFP) to evaluate options and select a solution that meets the project requirements?

No

3.1a Is the final Statement of Work (SOW) for the RFP available for review?

3.2 Will you be completing an assessment/Pilot/RFP phase, i.e. an evaluation by a vendor, 3rd party or your agency, of the current state, needs, & desired future state, in order to determine the cost, effort, approach and/or feasibility of a project?

Yes

3.2a Describe the reason for completing the assessment/pilot/RFP and the expected deliverables.

The RFP solicitation process was completed to determine if there were any Vendors who had the experience and capability to build a School Finance Payment System; Vendor respondents were evaluated at the request of ADOA. The expected deliverables, a new School Finance Payment System, were outlined in detail in the functional and non-functional requirements of the RFP, a copy of which is attached.

3.2b Provide the estimated cost, if any, to conduct the assessment phase and/or Pilot and/or RFP/solicitation process.

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3.2e Based on research to date, provide a high-level cost estimate to implement the final solution.

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4. PROJECT

4.1 Does your agency have a formal project methodology in place?

Yes

4.2 Describe the high level makeup and roles/responsibilities of the Agency, Vendor(s) and other third parties (i.e. agency will do...vendor will do...third party will do).

AGENCY

Project Manager – Responsible for planning, execution and delivery of a project. Schedules and manages the tasks and workload of members of the team.

Business Analyst – interacts with stakeholders and subject matter experts to understand problems and needs. Gathers documents and analyzes tasks for development team.

Quality Assurance Analyst - tests software and other computer applications to ensure that they function properly and efficiently.

Developers – create software code

Architect – a software development expert who makes high-level design choices and dictates technical standards. Similar to an architect of a structure, making decisions on overall design.

Technical Lead – works with development team to execute technical design. Remains hands on with coding, but also helps with design, coordination and problem solving.

Technical Oversight – ADE has a contract with WestEd/CELT an external third party to monitor and provide technical oversight and guidance.

4.3 Will a PM be assigned to manage the project, regardless of whether internal or vendor provided?

Yes

4.3a If the PM is credentialed, e.g., PMP, CPM, State certification etc., please provide certification information.

4.4 Is the proposed procurement the result of an RFP solicitation process?

No

4.5 Is this project referenced in your agency's Strategic IT Plan?

Yes

5. SCHEDULE

5.1 Is a project plan available that reflects the estimated Start Date and End Date of the project, and the supporting Milestones of the project?

Yes

5.2 Provide an estimated start and finish date for implementing the proposed solution.

Est. Implementation Start Date

2/3/2020 12:00:00 AM

Est. Implementation End Date

6/5/2023 12:00:00 AM

5.3 How were the start and end dates determined?

Based on project plan

5.3a List the expected high level project tasks/milestones of the project, e.g., acquire new web server, develop software interfaces, deploy new application, production go live, and estimate start/finish dates for each, if known.

Milestone / Task	Estimated Start Date	Estimated Finish Date
Define and Develop APOR, BUDGET and AFR Development Plan	01/17/20	06/30/20
CHAR Payment Resource Ramp Up	02/03/20	03/02/20
Review Committee Options	02/03/20	02/10/20
Communication Plan – Design Plan	02/03/20	02/10/20
Communication Plan – Determine Plan Stakeholders	02/03/20	02/06/20
CHAR Payment Project Analysis	02/03/20	03/02/20
Communication Plan – Create Plan	02/10/20	02/20/20
Review Committee – Form & Establish Committee	02/10/20	02/15/20
Review Committee – Determine Parameters of Design Review	02/15/20	02/25/20

Review Committee – Complete Review Documentation Format	02/15/20	03/15/20
Review Committee – Establish Reporting Criteria	02/15/20	03/15/20
Review Committee – Establish Feedback Criteria	02/15/20	03/15/20
Review Committee – Establish Review Schedule	02/15/20	02/28/20
Review Committee – Determine Parameters of Technical Support Review	02/15/20	02/25/20
Communication Plan – Leadership Review	02/20/20	03/01/20
Communication Plan – Leadership Approval of Plan	03/01/20	03/15/20
CHAR Payment Project Design	03/02/20	03/30/20
Communication Plan – Implementation	03/20/20	03/20/20
Review Committee – Conduct Weekly Touch Points and Monthly Reviews	03/21/20	05/15/21
CHAR Project Requirements	03/30/20	05/25/20
CHAR Payment Configuration - Dev Complete	05/25/20	06/29/20
CHAR Payment Data Input - Dev Complete	06/29/20	08/17/20
CHAR Payment Adjustments - Dev Complete	08/17/20	09/14/20
Adoption – Define Plan with LEA's	09/01/20	09/30/20
CHAR Payment Calculations - Dev Complete	09/14/20	10/12/20
Adoption – Define Forms, Blogs and Press Release Plans	10/01/20	11/30/20
CHAR Payment Review and Approval - Dev Complete	10/12/20	11/09/20
CHAR Payment Output - Dev Complete	11/09/20	01/11/21
Adoption – Present at ASCUS Meeting upcoming plans/status	12/01/20	12/28/20
CHAR Payment External Interfaces - Dev Complete	01/11/21	02/15/21
Training ADE Staff – Identify Trainees and Rollout Dates	02/01/21	02/28/21
Adoption – Present at ASCUS Meeting upcoming plans/status	02/01/21	02/28/21

Training ADE Staff – Identify Trainees and Rollout Dates	02/01/21	02/28/21
CHAR Integration Testing	02/15/21	03/15/21
Training ADE Staff – Design Training Plan	03/01/21	03/15/21
Training LEA's – Design Training Plan	03/01/21	03/15/21
CHAR UAT	03/15/21	04/19/21
Training LEA's – Create Training Materials	03/15/21	05/15/21
Training ADE Staff – Create Training Materials	03/15/21	05/15/21
Adoption – Present at ASCUS Meeting upcoming plans/status	04/01/21	04/30/21
CHAR Production Deployment	04/19/21	05/05/21
APOR Project Requirements	05/10/21	06/07/21
Training ADE Staff – Execute Training	05/15/21	06/15/21
Training LEA's – Execute Training	05/15/21	06/15/21
Adoption – Present at ASCUS Meeting upcoming plans/status	06/01/21	06/30/21
APOR Payment Configuration - Dev Complete	06/07/21	07/06/21
Training ADE Staff – Review Training Feedback	06/15/21	07/15/21
Training LEA's – Review Training Feedback	06/15/21	07/15/21
APOR Payment Data Input - Dev Complete	07/06/21	08/03/21
Training ADE Staff – CHAR Training Plan Complete	07/30/21	07/30/21
Training LEA's Staff – CHAR Training Plan Complete	07/30/21	07/30/21
Adoption – Present at ASCUS Meeting upcoming plans/status	08/01/21	08/31/21
APOR Payment Adjustments - Dev Complete	08/03/21	09/10/21
APOR Payment Calculations - Dev Complete	09/13/21	12/20/21
APOR Payment Output - Dev Complete	12/20/21	02/28/22
APOR Integration Testing	02/28/22	03/28/22
APOR UAT	03/28/22	05/23/22
APOR Production Deployment	05/23/22	06/20/22
Budget & AFR Project Requirements	06/27/22	07/25/22

Budget & AFR Configurations - Dev Complete	07/25/22	08/22/22
Budget and AFR Data Integration - Dev Complete	08/22/22	09/17/22
Budget and AFR Calculations - Dev Complete	09/19/22	11/21/22
Budget Output - Dev Complete	11/21/22	03/13/23
AFR Report Output - Dev Complete	11/21/22	03/13/23
Budget and AFR Integration Testing	03/13/23	04/10/23
Budget and AFR UAT	04/10/23	05/08/23
Budget and AFR Production Deployment	05/08/23	06/05/23

5.4 Have steps needed to roll-out to all impacted parties been incorporated, e.g. communications, planned outages, deployment plan?

Yes

5.5 Will any physical infrastructure improvements be required prior to the implementation of the proposed solution. e.g., building reconstruction, cabling, etc.?

No

5.5a Does the PIJ include the facilities costs associated with construction?

5.5b Does the project plan reflect the timeline associated with completing the construction?

6. IMPACT

6.1 Are there any known resource availability conflicts that could impact the project?

No

6.1a Have the identified conflicts been taken into account in the project plan?

6.2 Does your schedule have dependencies on any other projects or procurements?

No

6.2a Please identify the projects or procurements.

6.3 Will the implementation involve major end user view or functionality changes?

Yes

6.4 Will the proposed solution result in a change to a public-facing application or system?

Yes

7. BUDGET

7.1 Is a detailed project budget reflecting all of the up-front/startup costs to implement the project available, e.g, hardware, initial software licenses, training, taxes, P&OS, etc.?

Yes

7.2 Have the ongoing support costs for sustaining the proposed solution over a 5-year lifecycle, once the project is complete, been determined, e.g., ongoing vendor hosting costs, annual maintenance and support not acquired upfront, etc.?

Yes

7.3 Have all required funding sources for the project and ongoing support costs been identified?

Yes

7.4 Will the funding for this project expire on a specific date, regardless of project timelines?

No

7.5 Will the funding allocated for this project include any contingency, in the event of cost over-runs or potential changes in scope?

Yes

8. TECHNOLOGY

8.1 Please indicate whether a statewide enterprise solution will be used or select the primary reason for not choosing an enterprise solution.

There is not a statewide enterprise solution available

8.2 Will the technology and all required services be acquired off existing State contract(s)?

No

8.3 Will any software be acquired through the current State value-added reseller contract?

No

8.3a Describe how the software was selected below:

8.4 Does the project involve technology that is new and/or unfamiliar to your agency, e.g., software tool never used before, virtualized server environment?

No

8.5 Does your agency have experience with the vendor (if known)?

No

8.6 Does the vendor (if known) have professional experience with similar projects?

No

8.7 Does the project involve any coordination across multiple vendors?

No

8.8 Does this project require multiple system interfaces, e.g., APIs, data exchange with other external application systems/agencies or other internal systems/divisions?

Yes

8.9 Have any compatibility issues been identified between the proposed solution and the existing environment, e.g., upgrade to server needed before new COTS solution can be installed?

No

8.9a Describe below the issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you.

8.10 Will a migration/conversion step be required, i.e., data extract, transformation and load?

No

8.11 Is this replacing an existing solution?

Yes

8.11a Indicate below when the solution being replaced was originally acquired.

Processes have been developed over the last 15-20 years.

8.11b Describe the planned disposition of the existing technology below, e.g., surplus, retired, used as backup, used for another purpose:

Outcome of this project is a fully functional automated workflow-based payment processing system which will lead to the "decommissioning" of the existing excel spreadsheets and access databases. Although the decommission of the existing system is not included in the project, the successful implementation of this new payments system will provide School Finance/ADE leadership the information needed to develop a decommission plan and execute the decommission in a manner that does not disrupt service.

8.12 Describe how the agency determined the quantities reflected in the PIJ, e.g., number of hours of P&OS, disk capacity required, number of licenses, etc. for the proposed solution?

The estimates have been continually clarified over last 4 years that included the capture of requirements by WestEd and development of a Proof of Concept. Documents available under attachments. Estimates derived from the need for a large-scale, full development team needed to do the work. The team would consist of a FTE Project Manager, 2 contract Business Analysts, 3 contract Quality Assurance Analysts, 6 contract Developers, 1 contract Architect and 1 contract Technical Lead. There will be 2 FTE's included in the project team which are not included in the PIJ which are 1 Technical Lead that will work along with the contract resources. The project will be overseen by the Program Management Director (FTE) at 50% and the Chief Technology Officer (FTE) at 50%. The team would also need equipment, software tools and licenses, network storage (cloud and on premise) and other direct expenses for the project. Our experience with AzEDS development and implementation is driving a major portion of the timeline. Development can outpace the rest of the agency's ability to provide requirements/feedback/user acceptance. The School Finance Team has its normal, day-to-day responsibilities of calculating ADM, processing payments and providing support. The IT team needs their expertise for requirements, testing and acceptance of the new software. Additionally, ADE was able to develop and deliver AzEDS to LEAs faster than they were able to adjust their vendor systems and business processes at each of their schools/districts. The magnitude of change between systems necessitates the staggered implementation over several years. LEA software vendors also need time to recode their products and provide training to their customers. It is anticipated, as was the case with AzEDS implementation, that the newer, more modern technology will produce different results than the patchwork of old and will require evaluations of old versus new system outputs to determine differences.

8.13 Does the proposed solution and associated costs reflect any assumptions regarding projected growth, e.g., more users over time, increases in the amount of data to be stored over 5 years?

Yes

8.14 Does the proposed solution and associated costs include failover and disaster recovery contingencies?

No

8.14a Please select why failover and disaster recovery is not included in the proposed solution.

Failover/DR already in place

8.15 Will the vendor need to configure the proposed solution for use by your agency?

No

8.15a Are the costs associated with that configuration included in the PIJ financials?

8.16 Will any app dev or customization of the proposed solution be required for the agency to use the project in the current/planned tech environment, e.g. a COTS app that will req custom programming, an agency app that will be entirely custom developed?

Yes

8.16a Will the customizations inhibit the ability to implement regular product updates, or to move to future versions?

No

8.16b Describe who will be customizing the solution below:

The solution will be developed by the Arizona Department of Education internal IT department. This staff built the AzEDS on new modernized technology and payment streams "CSF" Classroom Site Fund and "IIF" Instructional Improvement Fund.

8.16c Do the resources that will be customizing the application have experience with the technology platform being used, e.g., .NET, Java, Drupal?

Yes

8.16d Please select the application development methodology that will be used:

Agile/Scrum

8.16e Provide an estimate of the amount of customized development required, e.g., 25% for a COTS application, 100% for pure custom development, and describe how that estimate was determined below:

100% pure custom development is anticipated.

8.16f Are any/all Professional & Outside Services costs associated with the customized development included in the PIJ financials?

No

8.17 Have you determined that this project is in compliance with all applicable statutes, regulations, policies, standards & procedures, incl. those for network, security, platform, software/application &/or data/info found at aset.az.gov/resources/psp

Yes

8.17a Describe below the compliance issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you:

8.18 Are there other high risk project issues that have not been identified as part of this PIJ?

Yes

8.18a Please explain all unidentified high risk project issues below:

Failure to modernize the Payment Systems will have consequences for LEAs in receiving their allocated budget dollars when the antiquated system breaks and is no longer repairable.

9. SECURITY

9.1 Will the proposed solution be vendor-hosted?

No

9.1a Please select from the following vendor-hosted options:

Commercial data center environment, e.g AWS, Azure

9.1b Describe the rationale for selecting the vendor-hosted option below:

Common host with related data systems

9.1c Has the agency been able to confirm the long-term viability of the vendor hosted environment?

Yes

9.1d Has the agency addressed contract termination contingencies, e.g., solution ownership, data ownership, application portability, migration plans upon contract/support termination?

Yes

9.1e Has a Conceptual Design/Network Diagram been provided and reviewed by ASET-SPR?

Yes

9.1f Has the spreadsheet located at <https://aset.az.gov/arizona-baseline-security-controls-excel> already been completed by the vendor and approved by ASET-SPR?

Yes

9.2 Will the proposed solution be hosted on-premise in a state agency?

No

9.2a Where will the on-premise solution be located:

9.2b Were vendor-hosted options available and reviewed?

9.2c Describe the rationale for selecting an on-premise option below:

9.2d Will any data be transmitted into or out of the agency's on-premise environment or the State Data Center?

9.3 Will any PII, PHI, CGIS, or other Protected Information as defined in the 8110 Statewide Data Classification Policy be transmitted, stored, or processed with this project?

No

9.3a Describe below what security infrastructure/controls are/will be put in place to safeguard this data:

10. AREAS OF IMPACT

Application Systems

Application Enhancements

Database Systems

Data Warehouse/Mart

Software

Other

.NET

Hardware

Other

AZURE Virtual Machines

Hosted Solution (Cloud Implementation)

Microsoft Azure

Security

Firewall

Telecommunications

Network Communications Infrastructure

Enterprise Solutions

Contract Services/Procurements

11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost
Desktop Equipment	Hardware	Development	1	14	\$1,500	\$21,000	860.00 %	\$1,806	\$22,806
ADE Development Labor	Professional & Outside Services	Development	1	1	\$2,649,760	\$2,649,760	0.00 %	\$0	\$2,649,760
Contingency Build Cost	Other	Development	1	1	\$83,958	\$83,958	0.00 %	\$0	\$83,958
AZURE Environment Costs	License & Maintenance Fees	Development	1	1	\$51,647	\$51,647	860.00 %	\$4,442	\$56,089
Software Licenses - MS, Visual Studio, Kendo, Visio, SnagIT, Balsamiq, BrowerStack	License & Maintenance Fees	Development	1	1	\$39,952	\$39,952	860.00 %	\$3,436	\$43,388
IV & V	Professional & Outside Services	Development	1	1	\$144,000	\$144,000	0.00 %	\$0	\$144,000
IV & V	Professional & Outside Services	Development	2	1	\$96,000	\$96,000	0.00 %	\$0	\$96,000
ADE Development Labor	Professional & Outside Services	Development	2	1	\$2,706,496	\$2,706,496	0.00 %	\$0	\$2,706,496
Contingency Build Cost	Other	Development	2	1	\$114,526	\$114,526	0.00 %	\$0	\$114,526
AZURE Environment Costs	License & Maintenance Fees	Development	2	1	\$37,610	\$37,610	860.00 %	\$3,234	\$40,844
Software Licenses - MS, Visual Studio, Kendo, Visio, SnagIT, Balsamiq, BrowerStack	License & Maintenance Fees	Development	2	1	\$38,796	\$38,796	860.00 %	\$3,336	\$42,132
IV & V	Professional & Outside Services	Development	3	1	\$96,000	\$96,000	0.00 %	\$0	\$96,000
Software Licenses - MS, Visual Studio, Kendo, Visio, SnagIT,	License & Maintenance Fees	Development	3	1	\$38,796	\$38,796	860.00 %	\$3,336	\$42,132

Balsamiq, BrowerStack									
AZURE Environment Costs	License & Maintenance Fees	Development	3	1	\$42,333	\$42,333	860.00 %	\$3,641	\$45,974
Contingency Build Cost	Other	Development	3	1	\$109,398	\$109,398	0.00 %	\$0	\$109,398
ADE Development Labor	Professional & Outside Services	Development	3	1	\$2,706,496	\$2,706,496	0.00 %	\$0	\$2,706,496
ADE Operations Labor	Professional & Outside Services	Operational	3	1	\$384,800	\$384,800	0.00 %	\$0	\$384,800
Software Licenses - MS, Visual Studio, Kendo, Visio, SnagIT, Balsamiq, BrowerStack	License & Maintenance Fees	Operational	4	1	\$38,796	\$38,796	860.00 %	\$3,336	\$42,132
ADE Operations Labor	Professional & Outside Services	Operational	4	1	\$769,600	\$769,600	0.00 %	\$0	\$769,600
Software Licenses - MS, Visual Studio, Kendo, Visio, SnagIT, Balsamiq, BrowerStack	License & Maintenance Fees	Operational	5	1	\$38,796	\$38,796	860.00 %	\$3,336	\$42,132
ADE Operations Labor	Professional & Outside Services	Operational	5	1	\$769,600	\$769,600	0.00 %	\$0	\$769,600

Base Budget (Available)	Base Budget (To Be Req)	Base Budget % of Project
\$0	\$0	0%
APF (Available)	APF (To Be Req)	APF % of Project
\$3,000,000	\$6,000,000	100%
Other Appropriated (Available)	Other Appropriated (To Be Req)	Other Appropriated % of Project
\$0	\$0	0%
Federal (Available)	Federal (To Be Req)	Federal % of Project
\$0	\$0	0%
Other Non-Appropriated (Available)	Other Non-Appropriated (To Be Req)	Other Non-Appropriated % of Project
\$0	\$0	0%

Total Budget Available	Total Development Cost
\$3,000,000	\$9,000,000
Total Budget To Be Req	Total Operational Cost
\$6,000,000	\$2,008,265
Total Budget	Total Cost
\$9,000,000	\$11,008,265

12. PROJECT SUCCESS

Please specify what performance indicator(s) will be referenced in determining the success of the proposed project (e.g. increased productivity, improved customer service, etc.)? (A minimum of one performance indicator must be specified)

Please provide the performance objective as a quantifiable metric for each performance indicator specified.

Note: The performance objective should provide the current performance level, the performance goal, and the time period within which that performance goal is intended to be achieved. You should have an auditable means to measure and take corrective action to address any deviations.

Example: Within 6 months of project completion, the agency would hope to increase "Neighborhood Beautification" program registration by 20% (3,986 registrants) from the current registration count of 19,930 active participants.

Performance Indicators

The fragility of the current system results in many operations being inter-dependent and unable to execute concurrently. System design and implementation is also inefficient incurring a great burden on the infrastructure. The large amount of manual processes in place today means that days are spent performing tasks that would otherwise require seconds or hours. Some operations are performed multiple times by multiple people to help reduce errors. In some instances, monthly payments of \$1 billion or more are generated and the calculations must be rerun to correct the payments. In other instances, rerunning calculations does not correct the error. These are small errors and resolve themselves over multiple payments and must be tracked.

Automating the entire process will greatly reduce the manual processes School Finance payments. The cost and time savings from the proposed automation has the potential to reduce process times and allow for increased training for LEAs. The proposed system/s will be developed on existing School Finance payment streams. The implementation of the system is a whole process divided into three sections: development of CHAR, APOR and finally, Budget AFR. No one part of this process will be independently effective without the balance of it. The following performance indicators will be evident at the conclusion of the three-year development and implementation period:

1. Manual process times will be greatly reduced or eliminated in most cases, from days or weeks to hours.
2. Financial inaccuracies will be corrected as human interaction with processing calculations will be eliminated.
3. Modernization of the system will more effectively support legislative changes and applicable statutes on how payments are calculated, adjusted and delivered.
4. A quantifiable audit system will be in effect.
5. New, updated technology platform will be fully supported.
6. Streamlined reporting will yield more accurate and timely information.
7. Future systematic modifications can be completed in a more expedient manner.

13. CONDITIONS

Conditions for Approval

1. Should the total costs of Phase 1 exceed the estimated costs by 10% or more, the Department of Education must amend the PIJ, to reflect the changes, and submit it to ADOA-ASET for review and ITAC approval prior to the further expenditure of funds.

2. Should there be significant changes to the proposed technology, scope of work or implementation schedule, the Department of Education must submit a Change Request to ADOA-ASET for ITAC approval prior to implementing the changes.
3. The Department of Education shall provide informational updates regarding project progress and expenditures on a quarterly basis to ITAC; unless otherwise requested by ADOA-ASET.
4. Once discovery for escalated Phase 2 and 3 efforts are complete and a determination on how to best implement the remainder of the project; ADE shall return to ITAC and request approval for the remainder of the project.
5. Prior to beginning development, the Department of Education must work with the Department of Administration and establish a committee, to include an independent third party, for the purpose of performing business and system documentation review and approval.
6. The Department of Education shall ensure that all contracted employees are fully informed of and follow all State of Arizona Policies, Standards and Procedures located here:
<https://aset.az.gov/resources/policies-standards-and-procedures>.

14. OVERSIGHT SUMMARY

Project Background

The Arizona Department of Education (ADE) manages and administers the Payment and Budget system that processes more than six billion dollars in state aid per fiscal year. The current system is running on an unsupported platform (Windows 2000) and is becoming difficult to maintain. In addition, there is extensive manual processing that must be completed to ensure budgets are administered accurately.

ADE is developing an "in house" application on a Microsoft Azure platform using a team of full time employees and development contractors. The proposed system will leverage existing School Finance payment streams to reduce the time to process payment as well as implement better reporting capabilities.

This project is being implemented in three phases. Phase 1 will include development and deployment of the APOR portion of the system as well as completing discovery on how to accelerate the timeline for the implementation of CHAR and the AFR/Budget portions. The timeline and budget for phases 2 and 3 will be established once the discovery is completed.

Business Justification

ADE's current system is failing and is on an unsupported platform. It is also inefficient and requires significant manual processes to audit and validate budgets. A fully automated system will remove any human interaction with processing calculations, reducing the need to complete rework if/when an error is detected. The amount of ADE staff' time processing these calculations, as well as the increased upkeep costs of outdated technologies, would be reduced.

Implementation Plan

The system will be on a Microsoft Azure platform.

ADE is implementing the system in three phases. Phase 1 will be for CHAR and the discovery for what is needed for phases 2 and 3. Phases 2 and 3 will cover implementation of CHAR and AFR/Budget as well and covering organizational change management and adoption of the new systems by the Local Education Association (LEA) Districts and other educational entities.

Vendor Selection

ADE conducted an RFP and received four responses. The responses were evaluated by a seven member committee and it was determined that none of the vendors met ADE's requirements. ADE made the decision to build the school finance payment system internally using full time employees and contractors.

Budget or Funding Considerations

Phase 1 is funded by \$3M in APF funds. ADE will be requesting the remaining \$6M from JLBC in future budget years.

15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

John Carruth

Agency CIO (or Designee)

Satish Pattisapu

Agency ISO (or designee)

Ed Block

OSPB Representative

ASET Engagement Manager

ASET SPR Representative

Thomas Considine

Agency SPO Representative

Steven Paulson

Agency CFO

Ross Begnoche