

Douglas A. Ducey
Governor



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ARIZONA DEPARTMENT OF ADMINISTRATION

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May 15, 2015

The Honorable Diane Douglas
Superintendent of Public Instruction
Arizona Department of Education
1535 West Jefferson Street
Phoenix, AZ 85007

The Honorable Diane Douglas:

In response to the *Amended* Project Investment Justification (PIJ) for the “**AELAS School Finance – SAIS Payments CSF**” project, my staff has reviewed your proposal to concentrate efforts to correct rounding errors in funding schools, rules changes used in Aggregation/Limiting ,and extend other project deliverables into fiscal year 2016 and 2017.

The original PIJ implied funding was available from the FY2014 Automation Projects Fund (APF) in the amount of \$800.0 thousand for the total five-year life cycle cost of the project.

The PIJ was amended previously to add FY2015 APF in the amount of \$1,500.0 thousand, for a total five-year lifecycle cost for the project of \$2,300.0 thousand.

The new amended PIJ implies additional funding is available from the FY2016 APF in the amount of \$1,700.0 thousand, for a total five-year life cycle cost for the project of \$4,000.0 thousand.

The PIJ was originally **Approved with Conditions** by the Arizona Strategic Enterprise Technology Office on July 19, 2013, as follows:

1. ADE may proceed with the design, development and implementation of the proposed solution, however should there be significant differences in the scope of work, costs, implementation schedule, or proposed technology, ADE must amend the PIJ to reflect the changes and submit it to ASET for review and approval prior to further expenditure of funds.

The PIJ was **Approved with Conditions** by the Arizona Strategic Enterprise Technology Office on May 21, 2014, as follows:

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1. ADE must identify a funding source and amend the PIJ to reflect costs required to complete the full scope of the project, for ADOA-ASET and ITAC review and approval, prior to expenditure of additional funding beyond the FY2015 APF allocation.
2. Given the required independent third-party reviews of project progress, ADE will make the results of the reviews available to ITAC as of the end of each calendar quarter, if requested.
3. Prior to any acquisition other than Professional & Outside Services identified in the approved PIJ, ADE must provide detailed information, including pricing, quantity, and description, regarding the proposed technology or services and obtain approval from ADOA-ASET, and ITAC if required, before proceeding with the planned expenditure.

The ITAC is scheduled to meet on May 27, 2015 to review this project.

Should the ITAC approve the project, you may then proceed to secure additional approvals as required from the Joint Legislative Budget Committee, the Office of Strategic Planning and Budgeting, and the State Procurement Office.

Best Wishes,



Michael J. Lettman
Acting State CIO and Chief Information Security Officer
Arizona Strategic Enterprise Technology (ASET) Office

ec

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<i>Project and Investment Justification Name</i>	<i>Date Submitted</i>
AELAS School Finance – SAIS Payments CSF	July 18, 2013 – Original PIJ May 21, 2014 – Prior Amended PIJ May 01, 2015 – Current Amended PIJ

Project Overview

Problem Description

As prescribed by state and federal laws, the Arizona Department of Education (ADE) is responsible for gathering data and performing the calculations necessary to ensure funding for education is allocated appropriately to Local Education Agencies (LEAs) throughout Arizona. The Classroom Site Fund (CSF) Calculation and Payment Requisition process is a system of integrated procedures and technical components used to distribute CSF revenue to qualifying entities, in accordance with Arizona Revised Statutes. The current system for making these payments is highly convoluted and labor intensive, and is comprised of a series of components and manual processes, with duplicated and unorganized logic, and housed on technology platforms that over the years have become outdated and difficult to understand and support. The large degree of manual analysis, calculations and data transformation necessary for the School Finance business users to complete their daily work introduces probabilities for incorrect results. Although processes are currently being improved, the level of testing able to be accomplished on the system is insufficient to ensure it is working properly. At times, Quality Assurance (QA) consists of checking for deviations from the norm, with an extreme amount of time and effort spent on ensuring valid results are obtained. Some operations are performed multiple times by multiple people, to help reduce errors, but even with those measures in place, the integrity of the data and calculations within the CSF payments process are questionable at best, with limited traceability. The inefficiency and fragility of the system results in many operational steps that are inter-dependent and unable to execute concurrently. ADE is currently managing this situation by restricting system usage to the point that only the individual that is in possession of a physical plastic ‘scepter’ may run any of a number of processes.

Solution

To address these issues, ADE is proposing to develop and implement a set of integrated components, designed to provide a data flow between the Student Accountability Information System (SAIS) platform and the School Finance CSF payment stream. ADE will evaluate the existing processes, tools and systems in use; analyze the core business needs and processes that must be implemented; establish a single source for obtaining and housing the data, create a framework for the data flow, and design and develop an application solution to automate the CSF payment process. The new system will be workflow-enabled, with business rules that are configurable. ADE intends to incorporate architectural governance, standards and newer and more robust technologies into the design, including the SAIS Data Push platform, which has been built to provide SAIS data to other ADE applications.

With this Change Request, on May 21, 2014, ADE is proposing to extend the end date for this project to June 30, 2016 in order to add new payment streams into the School Finance Payment system. The allocation of FY2015 APF funding will allow ADE to complete the development and deployment of the Instructional Improvement Fund (IIF) and the Aggregation application, which is needed to provide proper attendance information for students who have enrolled in multiple schools and/or special programs. While not reflected in the amended PIJ costs, ADE is proposing to utilize additional funding in FY2016 to complete the development and deployment of the State & Assistance to Schools Districts and Accommodation Schools (APOR) and the Charter School Financing (CHAR) payment streams. Once the APOR and CHAR applications are complete, ADE will be able to decommission the 40 applications currently used to support the School Finance Payment process.

With this Change Request on May 1, 2015, ADE recently discovered a rounding error used in calculating payments made to LEAs as well as changes needed to the rules used in Aggregation/Limiting, ADE needs to use remaining APF FY15 funds and resources to resolve these issues and potentially APF FY16 funds to incorporate required rule changes applicable in Aggregation/Limiting.

ADE is therefore extending the project end date to 6/30/17 and most of the project deliverables not completed yet in FY15 will be reprioritized into FY16 and FY17. ADE is adding \$ 1,700,000 in APF FY16 funds into this project to complete the deliverables now reprioritized into FY16 and FY17.

Major Deliverables and Outcomes

The proposed project is expected to deliver a fully functional, automated, workflow-based payment processing system, which will lead to the decommissioning of the existing MS Windows XP desktop databases and applications currently used to support the CSF payment process. While that decommission is not included in the scope of the project, the successful implementation of this new payments system is expected to provide the School Finance unit and ADE leadership the information needed to develop and execute a decommission plan in a manner that does not disrupt service. The application will be developed upon the existing SAIS Data Push platform, utilizing a Students Counts database, and will be able to initiate payment processes, verify payments, make adjustments, and generate payment requisitions and other supporting activities. The application will be built upon a technology stack using .Net 4.5, ASP .Net MVC4 for the user interface, and MS SQL Server 2008 R2 database and Reporting Services. In addition to over 8600 hours of Professional & Outside Services, the PIJ includes a nominal amount for hardware costs to acquire desktop equipment and potentially scale up Development, QA, Staging and/or Production virtual server capacity to support the proposed application.

Milestones for the project include:

- Discovery of existing CSF manual processes and systems
- Design of Solution Architecture and reporting solutions
- Business requirements sign off
- Test Plan

- Development of workflow and business rules
- User acceptance test
- Deploy CSF application to production

New project milestones being added in FY2015 include the following:

- *Discovery of existing IIF and Aggregation manual processes and systems*
- *Design of Solution Architecture and reporting solutions*
- *Business requirements sign off*
- *Test Plan*
- *Development of work flow and business rules*
- *User acceptance test*
- *Deploy IIF and Aggregation application to production*
- *Discovery of existing APOR and CHAR manual processes and systems*

While not included in the scope of work at this time, if funding is available in FY2016, the following milestones will be completed:

- *Design of APOR and CHAR Solution Architecture and reporting solutions*
- *Business requirements sign off*
- *Test Plan*
- *Development of work flow and business rules*
- *User acceptance test*
- *Deploy APOR and CHAR application to production*

Changes to the project deliverables from the May 1, 2015 Change Request include the following:

The Aggregation/Limiting rules applicable for data related to Special Education (SPED), English Language Learner (ELL) and Arizona Online Instruction (AOI) have changed and these rule changes are required by ADE School Finance to be applied from FY16 and beyond.

Current aggregation/limiting does not process data related to Grand Canyon Diploma (GCD) and Dropout Recovery Programs (DRP). The calculation and rules for processing of data related to GCD and DRP have to be incorporated. These new rules have to be applied to FY16 calculations and beyond.

The changes required by ADE School Finance for SPED, ELL and AOI rules and the addition of new rules for GCD and DRP changed the completion of these deliverables from FY15 into FY16. APOR/CHAR/Budget deliverables scheduled for completion of analysis and design in FY15 will be reprioritized to FY16 and FY17.

The deliverables slated for completion in FY16 and FY17:

<i>Milestones (Aggregation manual process)</i>	<i>Moved for completion in FY - 2016</i>	<i>Moved for completion in FY - 2017</i>
• <i>Development of work flow and business rules</i>	Y	N/A
• <i>User acceptance test</i>	Y	N/A
• <i>Aggregation application to production</i>	Y	N/A
<i>Milestones (APOR/CHAR)</i>	<i>Moved for completion in FY - 2016</i>	<i>Moved for completion in FY - 2017</i>
• <i>Discovery of existing APOR and CHAR manual processes and systems</i>	Y	N/A
• <i>Design of APOR and CHAR Solution Architecture and reporting solutions</i>	Y	N/A
• <i>Business requirements sign off</i>	Y	N/A
• <i>Test Plan</i>	Y	N/A
• <i>Development of work flow and business rules</i>	Partial* (sub-components)	Y*
• <i>User acceptance test</i>		Y
• <i>Deploy APOR and CHAR application to production</i>		Y

Benefits

ADE is anticipating that the cost and time savings from the proposed automation could eventually allow the School Finance unit to pay LEAs in the same month that data is provided, as opposed to the lag time of a month or few months as happens today. The proposed system is expected to reduce processing time from 2-3 weeks to a few days, decreasing the need for manual reconciliation, and ultimately eliminating the 13 different tools / processes currently in use. All required data will be stored in a central CSF database, eliminating the need for data to be stored in MS Excel spreadsheets and fragmented MS Access databases. The workflow-based application will allow for auditing and traceability, while also providing increased data verification as manual processes are eliminated and users have more time to inspect and verify data. The system will allow the capture of more detailed data on programmatic and fiscal performance, providing increased accountability and monitoring ability, as well as better internal controls on user access through a configurable access and user profile management module. The proposed system will also enable reporting, including ad-hoc reports, with a more configurable reporting module for payment activity, reducing manual tracking currently in place and increasing the ability to retrieve and share information that is not possible today.

The proposed change to the project represents an additional step forward in ADE's plans to fully operationalize the School Finance Payment system and eliminate the need for the tools and manual processes currently used to perform this function.

Project Management

ADE contracted resources will manage the project, utilizing contracted Architects, Analysts and Developers to complete the project deliverables.

Enterprise Architecture

Compliant.

Original Summary of Proposed Costs

<i>All Figures in Thousands (\$000)</i>						
<i>Cost Description</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Total</i>
Development Costs	800.0	0.0	0.0	0.0	0.0	800.0
Operational Costs	0.0	0.0	0.0	0.0	0.0	0.0
Total Project Costs	800.0	0.0	0.0	0.0	0.0	800.0

Prior Amended Summary of Proposed Costs of 5/21/14

<i>All Figures in Thousands (\$000)</i>						
<i>Cost Description</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Total</i>
Development Costs	800.0	1,500.0				2,300.0
Operational Costs						0.0
Total Project Costs	800.0	1,500.0	0.0	0.0	0.0	2,300.0

Amended Summary of Proposed Costs of 5/1/15

<i>All Figures in Thousands (\$000)</i>						
<i>Cost Description</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Total</i>
Development Costs	800.0	1,500.0	1,700.0			4,000.0
Operational Costs						0.0
Total Project Costs	800.0	1,500.0	1,700.0	0.0	0.0	4,000.0

Recommendation: Approval with Conditions

1. ADE must identify a funding source and amend the PIJ to reflect costs required to complete the full scope of the project, for ADOA-ASET and ITAC review and approval, prior to expenditure of additional funding beyond the FY2015 APF allocation.
2. Given the required independent third-party reviews of project progress, ADE will make the results of the reviews available to ITAC as of the end of each calendar quarter, if requested.
3. Prior to any acquisition other than Professional & Outside Services identified in the approved PIJ, ADE must provide detailed information, including pricing, quantity, and description, regarding the proposed technology or services and obtain approval from ADOA-ASET, and ITAC if required, before proceeding with the planned expenditure.