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ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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June 11, 2014

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

Dear John:

In response to the Project Investment Justification (PIJ) for the “**AELAS SIS Opt In**” project, my staff has reviewed your proposal to acquire a vendor-hosted Student Information System (SIS) for use by Local Education Agencies (LEAs) statewide.

The Pre-PIJ implied that Arizona Education and Learning Accountability System (AELAS) funding was available from the FY2014 Automation Projects Fund (APF) in the amount of \$450.0 thousand for the estimated cost of the project, with an estimated \$21,058.2 thousand in operational costs to be incurred over the five-year life cycle of the project. Of that amount, ADE expected to recover all but \$5,714.6 thousand from LEAs that would opt in to using the system; a funding source for those costs had not yet been determined.

The PIJ implies that additional AELAS funding is available from the FY2015 APF in the amount of \$800.0 thousand, that further additional funding will be requested from the FY2016 APF in the amount of \$1,279.0 thousand, and that other non-appropriated funding may be requested in the amount of \$20,551.4 thousand, for the total five-year life cycle cost for the project of \$23,080.4 thousand. Of the total amount, ADE expects to recover all but \$5,582.3 thousand in ongoing costs from LEAs that opt in to using the system; a funding source for the remaining costs identified in the PIJ has not yet been determined.

The Pre-PIJ was **Approved with Conditions** by the Arizona Strategic Enterprise Technology Office on September 9, 2013. The Pre-PIJ was amended to allocate funding required for the assessment phase and **Approved with Amended Conditions** by the Arizona Strategic Enterprise Technology Office on December 19, 2013 as follows:

1. ADE may proceed to issue a Request for Proposal (RFP) for a vendor-hosted commercial off-the-shelf (COTS) Student Information System (SIS). However, ADE may not award a contract or expend funds until a full PIJ is submitted reflecting the results of the solicitation, including any change in proposed costs, technology approach, scope of

work, or implementation schedule, and ASET has reviewed and approved the full and final PIJ.

2. An operational funding source must be identified, and review and approval of the full PIJ by the Information Technology Authorization Committee (ITAC), in Executive Session if applicable, may be required prior to award.
3. ADE may proceed to acquire resources to assist with the solicitation, evaluation and communication process, at a cost not to exceed \$253.6 thousand, in order to ensure that the subsequent LEA pilot can be completed within the original approved budget.

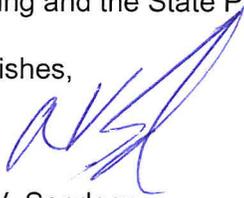
This is notification of the Arizona Strategic Enterprise Technology Office's recommendation to the Information Technology Authorization Committee (ITAC) for **Approval with Conditions** of the technology project as follows:

1. ADE shall work with ADOA-ASET to help ensure that the contract to be established with the selected vendor provides appropriate levels of protection for the State in regard to cloud-based vendor solutions.
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, Licensing, and Training costs 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.
4. ADE shall identify a funding source for the development and operational costs beyond FY2016, and obtain approval from ADOA-ASET, and ITAC if required, prior to expenditure of additional funding beyond the FY2015 APF allocation.

ITAC is scheduled to meet on June 24, 2014 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,



Aaron V. Sandeen
State CIO and Deputy Director
Arizona Strategic Enterprise Technology (ASET) Office

ec

cc: Elliott Hibbs, ADE
Mark Masterson, ADE
Shyman Sunder, ADE
Linda Harris, ADE
Ed Jung, ADE
Patty Clark, ADE

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John Arnold, OSPB
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Phil Manfredi, ADOA-ASET
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Joyce Raschiatore, ADOA-ASET
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ASET# ED14005

Analyst: Eddy Cheng

PIJ Summary - ASET

Project Number: ED14005

<i>Agency Name & Address</i>	<i>Contact Information</i>
Arizona Department of Education 1535 West Jefferson Street Phoenix, AZ 85007	Komal Dubey 602.364.0434 Komal.Dubey@azed.gov
<i>Project and Investment Justification Name</i>	<i>Date Submitted</i>
AELAS SIS Opt In	August 16, 2013 - Pre-PIJ December 17, 2013 - Amended Pre-PIJ May 23, 2014 - PIJ

Project Overview

Problem Description

As part of the Arizona Education and Learning Accountability System (AELAS) business case, a cost analysis was completed to determine the potential savings and reinvestment opportunity if the Arizona Department of Education (ADE) were to offer a State procured Student Information System (SIS), with reduced statewide pricing to Local Education Agencies (LEAs). Initial analysis of cost data provided by the LEAs revealed a wide range of prices paid for the same product. LEAs often settle for a less than optimal system for their needs, simply because they cannot afford a system that does meet their needs. In addition to the cost and functionality issues, LEAs are required to regularly submit data to ADE to meet various reporting mandates. With the number of SIS solutions in use, and each LEA currently operating in a silo, serious data issues can result, e.g., duplicate students enrolled in multiple LEAs. In virtually all data submissions to ADE, there is data redundancy, which leads to incorrect reporting, incorrect funding, and an expensive and time-consuming exercise to resolve any issue where multiple vendors are involved. If a single SIS solution was being utilized across the State, the huge effort involved in resolving data issues would be substantially reduced.

Solution

In the original Pre-PIJ, ADE proposed to issue a Request for Proposal (RFP) for a vendor-hosted commercial-off-the-shelf (COTS) SIS solution for use by LEAs across Arizona. Upon issuance of the solicitation, responses were received from six (6) vendors, including Tyler Technologies Inc., Infinite Campus Inc., Edupoint Educational Systems, Illuminate Education Inc., Skyward Inc., and NCS Pearson Inc. The ADE evaluation team completed a comprehensive evaluation of the responses, including both independent and consensus scoring, and product demonstrations. Based on that process, ADE has selected the highest ranked vendor to provide a vendor-hosted COTS SIS that can be used statewide. The proposed solution will allow very small, small, and medium LEAs to receive pricing similar to that of a very large LEA, which would enable LEAs to potentially recover millions of dollars that can then be reinvested to hire more teachers, purchase additional software or curriculum materials, or provide better technology in classrooms. ADE proposes to manage the service-level agreements, implementation planning for on-boarding LEAs and ongoing product support issues with the vendor, based upon industry best practices and State-adopted data management standards.

Major Deliverables and Outcomes

While the proposed technology was not identified in the Pre-PIJ, the RFP outlined specific functional and technical requirements for the SIS, along with value-added services that a vendor could choose to provide. The Pre-PIJ included estimated licensing costs, and over 3300 hours of Professional & Outside Services for contracted resources to conduct a pilot of the selected

COTS SIS for six (6) LEAs, along with a nominal amount in hardware costs to provide desktop equipment for new resources. While no costs were originally anticipated during the assessment phase, the Pre-PIJ was amended to allocate funding required to conduct the solicitation. Due to the level of effort required to complete the RFP process, ADE has not yet conducted the proposed pilot nor expended all of the FY2014 APF funding. With the allocation of additional FY2015 APF funding, ADE is expecting to complete the following deliverables for the project:

1. Successful solicitation for a State SIS
2. Implement hosted solution per the awarded contract
3. Identify and gain commitment from the pilot LEAs who have agreed to participate
4. Estimated twenty-five (25) LEAs on-boarded for school year 2015
5. Ongoing receipt of letters of intent from additional LEAs choosing to opt-in
6. Outline of the implementation and roll-out plan for LEAs choosing to opt-in (in conjunction with awarded vendor)

Development costs in the PIJ reflect expenses incurred during the assessment phase, as well as initial licensing and training costs for the proposed solution, and Professional & Outside Services expense that ADE will incur to provide implementation support, including management and outreach, as LEAs are on-boarded. Operational costs in the PIJ are inclusive of year over year projected costs for licensing and ongoing ADE Professional & Outside Services expense to keep the SIS solution functioning, e.g., Level 1/2 technical support. Costs are based on the estimated number of LEAs and students expected to opt in per the AELAS business case.

Benefits

The AELAS business case provided a very clear example of the level of savings associated with applying economies of scale to the offering of a State procured COTS SIS. Each of the 600+ LEAs in Arizona currently has their own SIS, with most of the 445 smallest LEAs having to pay a vendor's minimum cost that is much higher than what the per-student cost would be based on enrollment. Small LEAs (below 600 students) currently spend millions collectively on licensing and maintenance for their SIS. Centralizing the purchase of licenses, maintenance, and the implementation process statewide, will allow ADE to negotiate a lower price point, resulting in a substantially reduced annual cost to the LEAs, allowing them to potentially recover millions of dollars that can then be reinvested to hire more teachers, purchase additional software or curriculum materials, or provide better technology in classrooms. An ADE supported solution is expected to significantly reduce the effort required by the LEAs to manage the vendor relationship, and to maintain and operate their SIS solution. A common SIS would reduce the number of software applications statewide that are disparate and disconnected, and allow timely application of software updates and patches, an improved ability to manage notification outages, and reduced downtime. If all Arizona LEAs were to use the same SIS, data issues would be reduced, and technical architecture, data governance practices and State reporting could be standardized, allowing ADE to move toward a more robust system of data collection, reporting and analysis. LEAs would have a better ability to provide accurate and complete information to parents, students and teachers.

Project Management

ADE contracted resources will manage the project, work with the selected vendor to implement the hosted solution, provide business analysis, architectural support, marketing outreach, implementation and operational support for LEAs. ADE will also manage the legal agreements needed to ensure compliance with federal law and requirements between ADE and LEAs.

Enterprise Architecture

Compliant.

Summary of Pre-PIJ Estimated Costs

<i>Cost Description</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Total</i>
Assessment Costs	0.0	0.0	0.0	0.0	0.0	0.0
Development Costs	450.0	0.0	0.0	0.0	0.0	450.0
Operational Costs	0.0	2,027.7	3,429.4	6,111.5	9,489.6	21,058.2
Total Project Costs	450.0	2,027.7	3,429.4	6,111.5	9,489.6	21,508.2

Summary of Amended Pre-PIJ Estimated Costs

<i>Cost Description</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Total</i>
Assessment Costs	253.6	0.0	0.0	0.0	0.0	253.6
Development Costs	196.4	0.0	0.0	0.0	0.0	196.4
Operational Costs	0.0	2,027.7	3,429.4	6,111.5	9,489.6	21,058.2
Total Project Costs	450.0	2,027.7	3,429.4	6,111.5	9,489.6	21,508.1

Summary of PIJ Proposed Costs

<i>Cost Description</i>	<i>2014-15</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Development Costs	1,077.3	760.9	605.6	526.0	266.4	3,236.3
Operational Costs	618.9	2,541.1	4,068.3	5,609.7	7,006.0	19,844.1
Total Project Costs	1,696.2	3,302.1	4,673.9	6,135.7	7,272.5	23,080.4

Recommendation: Approval with Conditions

1. ADE shall work with ADOA-ASET to help ensure that the contract to be established with the selected vendor provides appropriate levels of protection for the State in regard to cloud-based vendor solutions.
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.
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