

☞ **05hr\_JC-Au\_Misc\_pt221**



☞ Details: Proposed Audit: Information Technology Systems Projects in State Agencies

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Joint

(Assembly, Senate or Joint)

### Committee on Audit...

## COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

## INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)



WISCONSIN PROFESSIONAL EMPLOYEES COUNCIL • LOCAL 4848

6602 NORMANDY LANE • MADISON, WI 53719 • 608-662-1444 • 800-362-7390

*Fair pay and a fair say: Stand up for what professionals deserve!*

October 16, 2006

Senate Chief Clerk Robert J. Marchant  
Assembly Chief Clerk Patrick E. Fuller  
17 West Main Street  
Madison, Wisconsin 53703

OCT 19 2006

Members, Joint Committee on Finance  
Members, Joint Committee on Audit  
State Capitol  
Madison, Wisconsin 53708

Mr. Robert Lang, Legislative Fiscal Bureau  
One East Main Street  
Madison, Wisconsin 53703

Dear Legislators, Chief Clerk Marchant, Chief Clerk Fuller and Mr. Lang:

The Department of Administration (DOA) is required by Section 16.705 (8) of the statutes to submit a report on or before October 15 regarding "the number, value and nature of contractual service procurements authorized for each agency during the preceding fiscal year." The Wisconsin Professional Employees Council (WPEC) represents many of the workers who would normally do the work being contracted out by agencies. In its 2005 report, DOA listed close to a third of a billion dollars as "miscellaneous services" or "general professional services". This doesn't provide any information on the number or nature of contractual service procurements. [Attachment 1]

Since DOA hasn't provided much detail in the past, WPEC decided to issue its own report this year on contracting out. We don't have the same resources as DOA so our report is selective rather than comprehensive. It's designed to show some examples of the nature of the contractual services.

In addition, Act 89 added a new requirement to perform cost-benefit analyses before contracting out and to include a summary of the analyses performed by agencies during the preceding fiscal year. We've included a summary of our experience with the cost-benefit analyses.

## The Nature of Some Contractual Service Procurements

DOA is in the process of consolidating a number of functions from agencies into a central location in DOA. They've used vendors to advise and manage a number of these consolidations.

### **PURCHASING**

One of these consolidations has been in the area of purchasing. A contract for \$5.6 million was awarded to Silver Oak Solutions to advise DOA on consolidations and efficiencies in procurement. In June 2006, the contract with Silver Oak was terminated after they made an embarrassing error in the bidding process for printers. [Attachment 2]

During that same time, 37.25 FTE purchasing agent positions were eliminated from state government, causing many of the incumbents to take demotions in order to remain employed. According to page 73 of the Governor's Budget in Brief dated February 2005, "As a result of these steps, there will be a net reduction of 37.25 FTE positions and projected savings of approximately \$950,000 by the end of the biennium." [Attachment 3]

While this reduction in the number of purchasing agents was occurring, DOA was working to consolidate the procurement of "supplemental staff" IT workers through a system nicknamed the Vendor Management System (VMS). DOA estimates that agencies spend about \$50 million annually on these IT contractors. A contract to manage all this purchasing was awarded to Compsys who has been given a cut of 2.5% of the hourly rate for any contractor hired off the precertified list. [Attachment 4]

Although DOA intended that the VMS vendor would do the selection of a limited number of suppliers of "supplemental staff" IT contractors, the VMS contract wasn't in place in time. Therefore, purchasing agents in several state agencies had to step in and do that work, even as some of their jobs were being eliminated. If \$50 million is spent on these contractors annually, Compsys' cut will be over \$1 million. The amount being paid to this one vendor for this one area of purchasing will exceed the \$950,000 in projected savings resulting from eliminating 37.25 purchasing agent positions. It's unlikely that it took 37 full-time purchasing agents to manage the IT Vendor List previous to the VMS.

### **SERVER CONSOLIDATION**

Another area that DOA chose to consolidate was computer servers used by agencies. In the Governor's Budget in Brief dated February of 2005, it was stated "Having these services provided by the Department of Administration will enhance systems management, stability, security and the ability to leverage resources and yet maintain or improve service levels for all aspects of the server infrastructure. . . As a result, there will be a net reduction of 58.09 FTE positions

and 20 full-time contractors and projected savings of \$3,720,000 by the end of the biennium." [Attachment 5]

A \$7 million contract was awarded to Crower Chizek to consolidate about 2,400 to as few 900 servers. In June of 2006, the new DOA Secretary halted that contract because in 2 years, no servers had been consolidated. However, the administration did proceed with cutting the 58 IT positions, causing many of the incumbents to be out of jobs. Since agencies still have ongoing needs and no consolidation has been done, DOA and agencies are in the process of hiring expensive contractors to do the work done by the displaced state employees.

Most recently, DOA announced potential layoffs of IT workers in May of 2006 and DNR is poised to issue two layoff notices effective November 3. At the same time, DOA sent out Requests for Services (RFS) to perform server support functions. One of the contractors hired under RFS DET0608005 has been stationed at DNR to learn the work currently performed by the two DNR employees about to be laid off. [Attachment 6]

### **E-MAIL CONSOLIDATION**

A third area of consolidation was email. A contract for \$2.6 million was awarded to DLT Solutions to install Oracle Collaboration Suite on the State's computers. That contract was ended in February of 2006 following persistent problems and unsatisfactory performance.

All of these consolidations consumed hundreds, if not thousands, of hours of state employee time in the planning, implementation and clean-up phases. Although DOA hasn't released any information on the amount of state employee time spent on these projects, it could probably do so at least for the IT work. Most agencies track time spent on large projects like these through the use of task codes.

### Summary of Cost-Benefit Analyses

New language in Act 89 added additional criteria to the report required under 16.705 (8) including a summary of all cost-benefit analyses performed during the preceding fiscal year. WPEC has seen numerous problems with these cost-benefit analyses. The administrative rules for this new law didn't go into effect until July of 2006. However, WPEC would like to present some of its experiences with these analyses. What we've seen so far:

1. Many analyses show that the state employees are cheaper but contractors still hired. There's no enforcement of the law that contractors must be cheaper or more efficient. [Attachment 7].
2. Unsupported assumptions are often made. For example, DHFS claims that if state employees are given training, they'll just leave,

causing constant turnover. Contractors are assumed to be more stable.  
[Attachment 8]

3. Agencies, including DOA, don't always seem to do the required cost-benefit analyses. [Attachment 9]
4. The justification for much of the contracting out continues to be the lack of position authority. The administration tends to blame the Legislature for not giving them additional positions that they never seem to have requested. [Attachment 10]

If you have any questions about this report, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Greg Georg". The signature is written in black ink and includes a small mark at the end that looks like a stylized "GH".

Greg Georg, President  
WPEC

**Fiscal Year 2005 Contractual Services**  
 State of Wisconsin  
 By Object Code for State Agencies and UW System

Object Code	Object Code Description*	State Agencies	UW System	FY 05 Total
2450	Housekeeping & Janitorial Services	\$7,147,205	\$1,644,217	\$8,791,422
2650	Data Processing Services—Private Companies	65,805,159	1,776,578	67,581,737
2700	Professional Services—Management Consult	36,859,525	7,990,091	44,849,616
2720	Professional Services—Medical	36,245,906	366,870	36,612,776
2730	Professional Services—Laboratory	5,250,054	0	5,250,054
2740	Professional Services—General	172,353,342	50,362,716	222,716,058
2745	Collection Agent Fees	892,796	1,164,183	2,056,979
2751	Legal Services—Research	2,301	0	2,301
2752	Legal Services—Opinion	34	0	34
2753	Legal Services—Litigation	18,566,983	0	18,566,983
2754	Legal Services—Collections	23,023	0	23,023
2755	Legal Services—Consulting	8,005	0	8,005
2756	Legal Services—Other	602,831	0	602,831
2757	Legal Services—Bond Counsel	252,747	0	252,747
2758	Legal Services—Hearing Examiners	161,562	0	161,562
2760	Legal Services—Special Counsel	0	0	0
2761	Legal Settlement and Fees	103,532	0	103,532
2795	Professional Services—Central Payroll	36,694	276,650	313,344
3300	Miscellaneous Services	82,249,525	9,996,600	92,246,124
3350	Miscellaneous Services—Central Payroll	<u>102,281</u>	<u>0</u>	<u>102,281</u>
	Total	\$426,663,505	\$73,577,905	\$500,241,411

\*Object Code Descriptions are available on-line at [http://www.doa.state.wi.us/docs\\_view2.asp?docid=617](http://www.doa.state.wi.us/docs_view2.asp?docid=617)

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Databases selected: Wisconsin Newsstand

## STATE AXES VENDOR'S CONTRACT ; A CONSULTANT HIRED TO HELP THE STATE SAVE MONEY ON THE DEAL ERRED IN FIGURES, SENDING THE CONTRACT TO THE WRONG VENDOR.; [ALL Edition]

PHIL BRINKMAN pbrinkman@madison.com 608-252-6145. Wisconsin State Journal. Madison, Wis.: Jun 21, 2006. pg. C.1

People: Dilweg, Sean  
Author(s): PHIL BRINKMAN pbrinkman@madison.com 608-252-6145  
Section: LOCAL  
Publication title: Wisconsin State Journal. Madison, Wis.: Jun 21, 2006. pg. C.1  
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### Abstract (Document Summary)

Instead, the state will buy printers as part of a consortium with other states while it considers rebidding the contract, said Sean Dilweg, executive assistant to Administration Secretary Steve Bablitch.

Officials with Silver Oak apparently transposed the numbers in some of the scores given to the firms bidding on the contract, Dilweg said, causing the contract to go to at least some of the wrong vendors.

Meanwhile, the state is negotiating final payments to Silver Oak, which it hired for \$5.6 million to help it save money on the goods and services it buys. Dilweg said the state is seeking to withhold a portion of those payments to recoup the lost savings in the printer contract.

### Full Text (447 words)

*Copyright Madison Newspapers, Inc. Jun 21, 2006*

The state is canceling a contract for computer printers after a consultant hired to help it save money apparently caused the deal to be awarded to vendors who couldn't meet the specifications.

Instead, the state will buy printers as part of a consortium with other states while it considers rebidding the contract, said Sean Dilweg, executive assistant to Administration Secretary Steve Bablitch.

The scotched contract was expected to save the state about \$422,000 a year, Dilweg said.

He said the new arrangement still will save "several hundred thousand dollars" and said the state will try to make up the difference as it negotiates final payments to the company overseeing the cost-cutting procurement program, Silver Oak Solutions.

Officials with Silver Oak apparently transposed the numbers in some of the scores given to the firms bidding on the contract, Dilweg said, causing the contract to go to at least some of the wrong vendors.

"It was something very simple that any of us could do," Dilweg said. "Obviously, we were paying these guys to do it properly, and they did not."

Calls to Silver Oak, now owned by CGI-AMS, were not returned Tuesday.

The problem came to light after the Department of Administration received an unusual number of requests by agency officials to go outside the contract when buying printers, Dilweg said.

That indicated agencies weren't happy with some of the eight vendors selected, he said.

The contract, which was to run through August 2008, will now end July 17 of this year. After that, the state will buy printers through the Western States Contracting Alliance, a consortium of state purchasing agents who pool their buying power to buy items more cheaply.

Meanwhile, the state is negotiating final payments to Silver Oak, which it hired for \$5.6 million to help it save money on the goods and services it buys. Dilweg said the state is seeking to withhold a portion of those payments to recoup the lost savings in the printer contract.

Either way, Dilweg said, the state will come out ahead: The contract with Silver Oak requires it to produce savings equal to at least twice what it is paid.

The two-year state budget passed by the Legislature and signed by Gov. Jim Doyle assumes \$22.6 million in savings across 16 categories of goods and services, Dilweg said.

But, while administration officials can demonstrate the state is paying less for many items, several agencies and some legislators are skeptical the contract has produced real cost savings or simply resulted in a cut in agencies' procurement budgets.

In April, officials chose not to extend Silver Oak's contract, saying they didn't believe the company could deliver the additional savings required.

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## Streamlining Administrative Services

The Governor has demonstrated time and again that operating state government more efficiently can significantly reduce costs without reducing services to the public. For example, significant reductions have already been made in the state's automobile and plane fleets and in the number of state cell phones. In addition, as another example, the Medical Assistance fiscal agent contract was renegotiated and will result in savings of \$93 million over a five-year period.

In this budget, in order to achieve additional savings, the Governor recommends significant changes to the way administrative services are delivered. The Streamlining Administrative Services initiative will result in estimated savings over the biennium of \$35.5 million and a net reduction of 108.29 FTE positions. In the 2007-09 biennium, the savings are estimated to increase to \$110 million. Components of the initiative include restructuring of statewide procurement contracts, realignment of procurement and purchasing FTE positions, consolidation of server and network support, consolidation and standardization of human resource and payroll benefit staffing, and improved facility and space management.

In order to achieve these savings, the secretary of the Department of Administration will be given the authority to lapse or transfer up to \$35.5 million from any executive branch agency appropriation. While the Legislature and the Courts are not included, they could clearly benefit from participating in this initiative and the Governor encourages the leadership of both branches to do so.

- Restructuring of Statewide Procurement Contracts

(\$25.8 Million Estimated 2005-07 Biennial Savings)

The state currently does not leverage its buying power very effectively, in part because it has delegated much of the procurement and purchasing authority to agencies without effective oversight. In fiscal year 2003-04, state agencies, including the University of Wisconsin System, spent approximately \$1.5 billion on goods and services. By establishing more statewide procurement contracts, by negotiating the price and terms of these contracts more aggressively and by ensuring that purchasing processes are working in concert with procurement strategies, the state and the University of Wisconsin System have an opportunity to realize significant savings.

While the savings in 2005-07 are significant, savings in the 2007-09 biennium are projected to grow substantially after all the new contracts and procurement strategies are fully implemented and utilized by all state agencies and the University of Wisconsin System.

- Realignment of Procurement and Purchasing FTE Positions

(\$0.95 Million and 37.25 FTE Positions Estimated Biennial Savings)

A necessary step in achieving significant procurement savings is to recentralize general procurement authority and management. This will allow the Department of Administration to establish commodity and services teams with expertise within specific business areas. Contracts will be renegotiated based on increased buying power to achieve best prices.

Beginning in fiscal year 2006-07, certain types of specialized purchasing will also be done by the Department of Administration for all but the larger agencies. This will ensure that purchasing is done in such a way to maximize savings. Finally, in order to generate additional savings, the number of staff in certain larger agencies will be reduced to be consistent with public sector staffing ratios.

As a result of these steps, there will be a net reduction of 37.25 FTE positions and projected savings of approximately \$950,000 by the end of the biennium. (See Table 12)

## VENDOR MANAGEMENT SERVICES --- VMS

**WHAT IS IT?** *It's a service, not software.* Although you'll hear VMS described as a system, it's really a service the State has contracted with Comsys to provide.

Comsys will manage and coordinate the processes involved in finding, engaging, time tracking, and paying for IT contractors under the IT Services Sourcing Contract (i.e., all IT services engagements lasting not more than 36 months and costing less than \$1 million/year).

DET managers retain all of the control they've had in the past, but off-load much of the "busy work" associated with the hiring process.

The IT services prime vendors will, in effect, become subcontractors to Comsys, so the back office processes of paying for contractors will be simplified. The vendors will invoice Comsys, and Comsys will provide consolidated invoices to state agencies. The agencies will pay Comsys, and Comsys will disburse the money to the vendors.

Although VMS Program Office Staff will be located in Madison and available to assist whenever needed, most of the processes related to IT contractors will be coordinated through Fieldglass's InSite software. State agency managers will use InSite to hire contractors and to approve timesheets, IT contractors will use InSite to record their hours worked, and vendors will use InSite to respond to *Requests For Services*. InSite will track spend against available funds, and keep managers informed. Because all of the information related to IT contractors will funnel through InSite, comprehensive reporting on that information will be available for the first time.

**WILL IT HAVE AN IMPACT ON ME?** *If you have IT contractors reporting to you who were hired via the IT Services Sourcing Contract, VMS will have an impact on you.*

- IT contractors will report time worked via the InSite system, and the hiring manager will approve the reported hours via the InSite system.
- If you hire IT contractors via the RFS process, the VMS Program will replace the old RFS process entirely.

**WHEN DOES IT START?** *VMS will be implemented on October 30<sup>th</sup>, 2006, and on November 20<sup>th</sup>, 2006, depending on which agency you're in.*

- As of that day, all new requests for IT contractors covered by the IT Services Sourcing contract will be handled by VMS. As of that day, all existing engagements will be administered by the VMS Program. *Contractors will report their hours worked and managers will approve those hours in the InSite system.*

- Consolidation of Server and Network Support

(\$3.7 million and 58.09 FTE Positions Estimated Biennial Savings)

Most agencies currently maintain their own information technology shops, complete with server and network support and application support and development. As the number of applications and servers on which they run grew over the years, they have become difficult and labor-intensive to manage. This part of the initiative is aimed at rationalizing the support of the state's server and network infrastructure. Having these services provided by the Department of Administration will enhance systems management, stability, security and the ability to leverage resources and yet maintain or improve service levels for all aspects of the server infrastructure. At the same time, the state can realize financial savings from the consolidation.

As a result, there will be a net reduction of 58.09 FTE positions and 20 full-time contractors and projected savings of \$3,720,000 by the end of the biennium. (See Table 12)

- Consolidation and Standardization of Human Resource/Payroll Benefits Staffing

(\$0.86 Million and 12.95 FTE Positions Estimated Biennial Savings)

The state human resources function is largely decentralized with considerable variation from agency to agency in the ratio of human resources staff to total agency FTE positions. Given the complexity of state human resource policies, the service levels and efficiency of this administrative function varies a great deal depending on the knowledge and experience of human resource staff, which is of particular concern for smaller agencies.

There are two goals for this part of the initiative. First is to rationalize the distribution of human resource and payroll benefit staff. FTE positions in the larger agencies will be reduced to be consistent with staffing levels achieved at the Departments of Workforce Development and Natural Resources. The second goal is to improve efficiency and consistency of human resource and payroll benefit services by consolidating these functions for small and medium size agencies (those with fewer than 200 total FTE positions) within the Department of Administration.

As a result of these steps, there will be a net reduction of 12.95 FTE positions and projected savings of approximately \$865,800 by the end of the biennium. (See Table 12)

- Improved Facility and Space Management

(\$4.2 million Estimated Biennial Savings)

Rather than focusing solely on facility-related transactions like renegotiating a lease or approving a building project, the Department of Administration is implementing portfolio management practices that use strategic performance measures such as Total Cost of Occupancy data to lower the costs of facilities for state government as an enterprise.

In addition to the asset sales discussed below, savings can also be generated by improving operation and maintenance in all state-owned properties and through improved management of the state's leases as well as consolidation of space. For example, there are 16 state office buildings within a five mile radius of a large metropolitan area. Consolidating into a single leased space and potentially selling state office buildings would clearly save money.

Savings by the end of the biennium due to these actions are estimated to be \$4,200,000



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR  
**STEPHEN E. BABLITCH**  
SECRETARY

Division of Administrative Services  
Post Office Box 7869  
Madison, WI 53707-7869  
Voice (608) 266-2309  
Fax (608) 264-9500  
TTY (608) 267-9629

Attachment 6

May 25, 2006

Wisconsin Professional Employees Council  
6602 Normandy Lane  
Madison WI 53719

Due to organizational and budget considerations, the Department of Administration may be eliminating a total of six (6) positions effective on or about June 30, 2006. This reduction in work force could necessitate the layoff of:

- 1 IS Enterprise Technical Services Consultant
- 1 IS Comprehensive Services Specialist
- 1 IS Enterprise Systems Development Services Consultant
- 1 IS Systems Development Services Senior
- 1 IS Data Services Specialist

This letter satisfies an obligation under Article VIII (Layoff Procedure) of the Agreement between the State of Wisconsin and the Wisconsin Professional Employees Council to notify you of an impending reduction in work force, not less than 30 days prior to the effective date of any layoff.

Please call me at (608) 266-0653 if you have any questions.

Sincerely,

Lee Isaacson  
Labor Relations Program Coordinator

cc: Matt Miszewski  
Karen Timberlake - OSER  
Nelson Eisman - WPEC

State of Wisconsin  
REQUEST FOR IT CONTRACT SERVICES

DET0608005

Date of Request	Response Due Date	Estimated Project Start Date	Estimated Project End Date
8/22/2006	8/29/2006 4:00 PM	9/11/2006	On or before 6/30/2007 with two optional 1 year extensions

Agency	Primary Contact	Secondary Contact	Fax	e-mail
DOA/Division of Enterprise Technology	Bob Suchor (608) 261-8079	Julie Block (608) 267-3264	Faxed responses will not be accepted.	Robert.suchor@wisconsin.gov

<b>Job Category, Title and Level / Max Rate to be Paid</b> Systems Administrator 2 / \$70	<b>Preferred Response Format:</b> <input checked="" type="checkbox"/> E-mail <input type="checkbox"/> FAX <input type="checkbox"/> Post	
	<input checked="" type="checkbox"/> Word <input checked="" type="checkbox"/> Other _____ PDF _____	

Costs - Responses within the following price range(s) will be given first consideration:

Hourly Rate : **\$70 maximum**    Not to exceed Project cost: **Not Applicable**

**Project Description (include Deliverables):**

The State of Wisconsin, as represented by the Department of Administration, Division of Enterprise Technology, is soliciting for a Systems Administrator 2 to provide operational support for Windows IIS server environments. Up to two candidates may be selected over the next 60 days.

These Systems Administrator (SA) positions will be accountable for maintaining stable Windows IIS server environment. These positions will have the following responsibilities:

- First responder to open customer trouble tickets for the Windows IIS environments.
- Respond to customer requests for services such as the deployment of new or updated application code and server configuration changes.
- Monitor usage and make recommendations for tuning.
- Provide consulting support to developers and project managers on application needs for new projects and for maintenance of existing systems.
- Apply vendor supplied maintenance to the Windows and IIS server environments.
- Assist with the roll out of Windows 2003 service packs, fixes and patches.
- Assist with customer requests for web usage reports
- Assist with problem determination and resolution as needed.
- Interface with Vendor support personnel to resolve problems with assigned software.
- Assist with ongoing documentation requirements.
- Availability for off normal work-hours requests.
- Availability for on-call support.

The candidates must have a solid understanding of the HTTP, IIS, Java and .NET/ASP architectures, be highly motivated, be able to work independently as well as in a team setting, and be able to communicate effectively with business customers, technical staff, and management

These are new positions. All candidates will be considered based on qualifications and hourly rate. These positions may be renewed to a maximum engagement of three years.

**Hardware/Software Environment:**

The Windows IIS environment consists of Windows 2000/IIS5 and Windows 2003/IIS6 servers

=> Indicate relevant sections of resume in Comments area for each Skill/Knowledge area.

=>Successful completion of a criminal background check is required for any individuals in this position.

AGENCY REQUIREMENTS (Skills, Knowledge and Experience)				VENDOR RESPONSE AREA *	
Vendors may NOT change the information in these columns when responding					
Skills and Knowledge Desired	Min. Years Experience	Preferred Years	Comments	Years of Experience	Comments
IIS administration	3	4+	Experience creating web sites, deploying application code.		
IIS5 to IIS6 application migration.	1	1+	Hands on experience migrating applications from IIS5 to IIS6.		
Windows 2000/2003 server operating system administration.	3	4+	Server configuration, monitoring and patching experience a must.		
Active Directory	1	2+	Understanding of security policies and provisioning. Hands on experience a plus.		
Working knowledge of .NET for IIS and ASP.	1	1+	Hands on development using VB and/or C# a plus.		
Working knowledge of Java deployment.	1	1	Understand deployment of Java web applications.		
Working Knowledge of Visual SourceSafe	0	1	Administration of Visual SourceSafe a plus.		
Customer Service experience.	2	4+	Ability to successfully work with customer staff as part of problem determination and resolution.		
Create and maintain configuration documentation.	2	3+	Experience with MS Word, MS Excel required. Experience with MS Visio a plus.		
Experience in a large technical organization	3	4+	Government experience is preferred		
On-call experience	1	2+	This may be part of the responsibilities so a candidate with this		

			experience is desired.		
--	--	--	------------------------	--	--

**\* VENDOR RESPONSE AREA: Complete Years of Experience above, the information below, and attach this form to each resume submitted. Incomplete responses may be rejected or set aside in favor of completed responses.**

Resume for: \_\_\_\_\_

Hourly Rate :  Not to exceed Project cost:

Appropriate Reference: \_\_\_\_\_ Reference Phone: \_\_\_\_\_

Vendor Name: \_\_\_\_\_

Authorized By: \_\_\_\_\_



WISCONSIN DEPARTMENT OF  
ADMINISTRATION

JIM DOYLE  
GOVERNOR

STEPHEN E. BABLITCH  
SECRETARY

Division of Enterprise Operations  
State Bureau of Procurement  
101 East Wilson Street, 6<sup>th</sup> Floor  
Post Office Box 7867  
Madison, WI 53707-7867  
Voice (608) 266-2605  
Fax (608) 267-0600  
<http://vendornet.state.wi.us>

July 25, 2006

Greg Georg, President  
Wisconsin Professional Employees Council  
6602 Normandy Lane  
Madison, WI 53719

Subject: Contracting for Services

Dear Mr. Georg:

This letter formally advises you that the Wisconsin Department of Administration is contracting for:

Consolidated Email Project Implementation Services

This contract work will include project management, system design, and technical implementation assistance in a project to develop and implement a consolidated state email environment.

Justification:

- A. The department, considering the available staff and where they are needed, has determined that we do not have sufficient personnel resources, equipment, or the means to most cost effectively perform the required services to meet the project's needs.
- B. WI Stats Ch 16 provides for the Department of Administration's performing or contracting for services dealing with the state's business.
- C. This contract work will include project management, system design, and technical implementation assistance.
- D. While the cost of contracting out this work exceeds the projected cost of having state employees perform this work, there are several mitigating factors:
  - (1) Email is essential to the functioning of Wisconsin state government.
  - (2) Contracting this work to a vendor with experience and expertise in performing the required tasks significantly reduces the level of project risk, and minimizes the potential impact of the implementation on state services.

(3) This project requires expert-level knowledge and experience in project planning & management, technical design, and technical implementation of Microsoft Exchange 2003 in a large, complex environment.

(4) This is a short-term need for a one-time conversion of email systems. Work will be completed between contract initiation and March 2007.

(5) Internal state resources were evaluated for availability, but because this project requires a large number of individuals with highly specialized skills, and the timeframe is short-term, there is no practical alternative to contracting for this work.

E. Other state agencies also lack available, appropriately skilled staff to perform this work.

F. Microsoft is the only vendor who has the expertise to complete this project. Exchange 2003 is their proprietary software, they are experts and they are willing to provide us with their top experts to answer questions and help with any problems we encounter during the project.

This letter with justification satisfies our requirement under the appropriate agreement or Administrative Code to notify the appropriate union of our intention to contract for services.

Sincerely,



Peter Olson  
Personnel Director



Gina Frank-Reece  
Deputy Secretary

cc: Procurement File

**LABOR ORGANIZATION NOTIFICATION**

**Part 1: Cost Analysis Worksheet**

Department: DOA/DET  
 Name: Robert Suchor  
 Date: 20-Jul-06

**State Employees Compared to Contracting Out for Services**

	Contract Length			Total	Reference
	Year 1	Year 2	Year 3		
1. Wage and Salary Costs	\$235,200	\$0	\$0	\$0	\$235,200 IS Enterprise Technical Services Consultant/Administrator (\$40/hour)
2. Fringe Benefits Costs	\$89,823	\$0	\$0	\$0	\$89,823 38.18%
3. Administrative Overhead Costs	\$2,352	\$0	\$0	\$0	\$2,352 10% for training & other overhead
4. Other Operating Costs	\$0	\$0	\$0	\$0	
5. Total State Employee Costs (Sum of Lines 1 through 4)	\$327,375	\$0	\$0	\$0	\$327,375
<b>Contracting Out Costs</b>					
6. Contract Price	\$1,297,480	\$0	\$0	\$0	\$1,297,480 (5,880 hours at average rate of 203.65/hr. + \$100,000 travel expenses)
7. Contract Monitoring	\$25,950	\$0	\$0	\$0	\$25,950 2%
8. One-Time Conversion Costs	\$0	\$0	\$0	\$0	
9. Total Contract Costs (Sum of Lines 6 through 11)	\$1,323,430	\$0	\$0	\$0	\$1,323,430

**Cost Analysis and Decision**

- 10. Annual Savings/Cost  
(Line 5 minus Line 9, divided by number of performance periods)
- 11. Annual State Employee Costs  
(Line 5 divided by number of performance periods)
- 12. Average Annual Savings/Cost Percent  
(Line 10 divided by Line 11)

-\$96,055  
\$327,375  
-304.26%

**Part 2: Other Cost and Productivity Factors**

Please address all other cost and productivity factors that are outlined in PRO-1-9. These include:  
 Market Strength: Microsoft is the only vendor able to provide the required skills in the required timeframe.  
 Quality and Nature of Services Required: Email is essential to the functioning of Wisconsin state government. This contract work will include project management, system design, and technical implementation assistance in a project to develop and implement a contract.  
 Risk Factors: Contracting this work to a vendor with experience and expertise in performing the required tasks significantly reduces the level of project risk.  
 Time Factors: This is a short-term need for a one-time conversion of email systems. Work will be completed between contract initiation and December 31, 2006.  
 Specialized Skills: This project requires expert-level knowledge and experience in project planning & management, technical design, and technical implementation of Microsoft Exchange in a very large, complex environment.  
 Legal Barriers: N/A  
 Alternatives to Contracting Out: Internal state resources were evaluated for availability, but because this project requires a large number of individuals with highly specialized skills, and the timeframe is short-term, there is no practical alternative to contracting.

## DHFS CONTRACTING FOR SERVICES

### Contractual Services Justification --- Attach to Purchase Requisition (Attach additional documentation as needed; See Procedure Step 1 for details)

Contractor Name (if known): Unknown

**a. Statement of contract purpose and need:**

In August of 2003, Wisconsin's child welfare program was evaluated by the federal administration for Children and Families (ACF) through the Child and Family Services Review (CFSR) process. In response to the federal review the state created a Program Enhancement Plan (PEP), which must produce measurable progress toward improving outcomes for both children and for systems that support child welfare operations statewide.

The planning process for the PEP was also used to identify seven overarching objectives for the FFY 2004-2009 Child and Family Services Plan (CFSP). One of these objectives and a PEP strategy is to strengthen and diversify the child welfare workforce and build staff capacity to service families and keep children safe. A step in the accomplishment of this item is the development of a comprehensive, easy to access and use Child Welfare Policy Manual to assure that the expectations of families and the actions of child welfare professionals are guided by clear and comprehensive policies and standards of practice.

The Division of Children and Family Services (DCFS) seeks assistance in the development and implementation of a user-friendly web-based Child Welfare Manual to help achieve increased consistency in child welfare practice and ensure safety and permanence for children by enhancing the ability of county managers and staff, Indian tribes, private child placing agencies, Bureau of Milwaukee Child Welfare (BMCW) staff, and others affected by these policies to access and use this information for both systemic and specific issues.

**b. Authorizing federal law/regulation or State statute:**

Not Applicable

**c. Description of service:**

Currently the state of Wisconsin has over 200 policies in effect as enacted through a numbered memo series. In addition there are several lengthy program standards in place, including those for child protective services investigations and ongoing services, some of which are new and have been written by different workgroups or individuals. This makes it very difficult for workers, particularly new workers and case managers, to understand and comply with the policies and procedures included in these memos and standards. The goals of the project for the establishment of a Child Welfare Handbook are:

1. Develop a web-based Child Welfare Manual that reflects the Wisconsin Model of Child Welfare Practice and is consistent with the child welfare case process in Wisconsin.
2. Utilize and build on existing manuals, info memos, numbered memos, policies, and forms whenever possible.
3. Define and prepare separate but linked Child Welfare Manual sections or modules for Policies, Procedures (including forms and tools) and development of user-friendly guides.

4. Organize and link the Child Welfare Manual with national evidence-based best practice support materials, law, administrative rules/code, tools, and guides.
5. Support the development of user-friendly automated low cost linkages for the Child Welfare Manual sections or modules with the eWiSACWIS system.
6. Develop a protocol and provide support and training for DCFS policy staff, social workers and case managers, supervisors, and information technology staff in the use, maintenance, and updating of the electronic Child Welfare Manual.

The timeframe for the above is anticipated to be 12 months with an option for extension, if necessary.

**d. Why not use another agency or state employees:**

Neither the technical skill set, nor the number of skilled employees, required to support an online BPP policy manual and the links to eWiSACWIS and its supporting processes and sub-systems are available within DHFS or other State agencies. Even if such training were to occur, the level of proficiency necessary to fully support this effort will take months, if not years, to achieve.

In summary:

- Skill set and experience of current IT Design staff does not meet needs. Current IT development staff have little, if any, Child Welfare business or functional knowledge and no experience with this type of project.
- Timeframe and costs associated with training exceed timeline.
- Newly acquired knowledge cannot replace the benefit of years of practical experience.
- No guarantee that State can retain newly trained staff once training investment is made to increase skill set - training costs will be ongoing due to staff turnover.
- No position authority to back fill or hire new state staff.
- Introduces a set of risks that may negatively impact statewide child welfare performance & operations, as reference materials in the form of memos and standards are not user friendly to reference. Failure to achieve continued progress to meet targeted PEP goals will potentially subject Wisconsin to financial penalties by that will reduce our federal funding for child welfare.

**e. Alternatives, costs/benefits, and consequences of non-approval:**

Per above Item d. there is no viable alternative to contracting out for this specialized service. Failure to contract out will mean that this project will not be completed. A consequence of this is difficulty in meeting our PEP and Child Welfare 5-Year Plan Goals to strengthen and diversify the child welfare workforce and build staff capacity to service families and keep children safe.

The use of current systems to support child welfare practice make it difficult for child welfare workers and supervisors to understand and comply with the policies and procedures included in existing memos and standards, resulting in inconsistencies in practice and continuing impediments to improving outcomes for both children and for systems that support child welfare operations statewide.

**f. Nature of competition (RFP, RFB) or justification for waiving competition:**

Competitive bidding through the RFP process will be used to award this contract.

LABOR ORGANIZATION NOTIFICATION

Part 1: Cost Analysis Worksheet

State Employees Compared to Contracting Out for Services

Department \_\_\_\_\_  
 Name \_\_\_\_\_  
 Date \_\_\_\_\_

State Employee Costs	Contract Length			Additional	Total	Reference
	Year 1	Year 2	Year 3			
1. Wage and Salary Costs	\$348,898	\$0	\$0	\$0	\$348,898	
2. Fringe Benefits Costs	\$154,188	\$0	\$0	\$0	\$154,188	
3. Administrative Overhead Costs	\$0	\$0	\$0	\$0	\$0	
4. Other Operating Costs	\$35,000	\$0	\$0	\$0	\$35,000	
5. Total State Employee Costs (Sum of Lines 1 through 4)	\$537,884	\$0	\$0	\$0	\$537,884	

Contracting Out Costs	Contract Length			Additional	Total	Reference
	Year 1	Year 2	Year 3			
6. Contract Price	\$475,000	\$0	\$0	\$0	\$475,000	
7. Contract Monitoring	\$10,000	\$0	\$0	\$0	\$10,000	
8. One-Time Conversion Costs	\$0	\$0	\$0	\$0	\$0	
9. Total Contract Costs (Sum of Lines 6 through 8)	\$485,000	\$0	\$0	\$0	\$485,000	

Cost Analysis and Decision

- 10. Annual Savings/Cost  
(Line 5 minus Line 8, divided by number of performance periods) \$17,628
- 11. Annual State Employee Costs  
(Line 5 divided by number of performance periods) \$179,295
- 12. Average Annual Savings/Cost Percent  
(Line 10 divided by Line 11) 9.83%

Part 2: Other Cost and Productivity Factors

- Please address all other cost and productivity factors that are outlined in PRO-19. These include:
- Market Strength
  - Quality and Nature of Services Required
  - Risk Factors
  - Time Factors
  - Specialized Skills
  - Legal Barriers
  - Alternatives to Contracting Out
  - 2 Social Services Specialists
  - 1 Proj. Mgr. Programming Analyst Sup
  - 4 IS Support Tech Services
  - Travel, Supplies, Computer hookups, etc
  - Total

150,884  
 87,928  
 264,892  
 35,000  
 537,884

Why aren't these also attributed to contractor?  
 to cost of contractor?

**State of Wisconsin Department of Administration  
REQUEST FOR IT CONTRACT SERVICES**

DET0609002

Date of Request	Response Due Date	Estimated Project Start Date	Estimated Project End Date
09/08/06	9/15/06 Noon	9/25/06	On or before 6/30/07 with two op: 1 year extensions

Agency	Primary Contact	Secondary Contact	Fax	e-mail
DOA/Division of Enterprise Technology	Bob Suchor (608) 261-8079	Julie Block (608) 267-6234	Faxed responses will not be accepted.	Robert.Suchor@Wisconsin.gov

<b>Job Category, Title and Level / Max Rate to be Paid</b>  Project Manager 2 / \$80	<b>Preferred Response Format:</b>	
	<input checked="" type="checkbox"/> E-mail	<input type="checkbox"/> FAX
	<input type="checkbox"/> Post	
	<input checked="" type="checkbox"/> Word	<input checked="" type="checkbox"/> Other _____ PDF _____

**Costs - Responses within the following price range(s) will be given first consideration:**

Hourly Rate : up to \$80.00/hr Not to exceed Project cost: Not applicable

**Project Description (include Deliverables):**

The State of Wisconsin, as represented by the Department of Administration, Division of Enterprise Technology, is soliciting multiple Project Manager 2 positions to support high-priority Enterprise initiatives. Up to two candidates may be selected over the next 60 days.

These Project Manager 2 positions will be accountable for maintaining a high level of customer service and support to employees of all levels and in multiple agencies. These positions will have the following responsibilities:

- Work with individual agencies, agency staff and the other IT service teams to develop detailed plans for migrating agency IT infrastructure and applications to the Division of Enterprise Technology.
- Manage a team of up to 10 analysts and technicians.
- Meet the timeline set out in the migration plans and ensure a quality effort.
- Report status of migration efforts to the project team in a timely manner.
- Ensure ongoing documentation requirements are met.

Candidates must thoroughly understand the needs of the customers that they support, be highly motivated, be able to work independently as a member of a team, have a high attention to detail, and be able to communicate effectively with executives, business customers, and technical staff. This position may be located at another state agency and report to agency staff on behalf of the Department of Administration, Division of Enterprise Technology.

These are new positions. All candidates will be considered based on qualifications and hourly rate.

These positions may be renewed to a maximum engagement of three years.

=> *Indicate relevant sections of resume in Comments area for each Skill/Knowledge area.*

=> *Successful completion of a criminal background check is required for any individuals in this position.*

AGENCY REQUIREMENTS (Skills, Knowledge and Experience) Vendors may NOT change the information in these columns when responding				VENDOR RESPONSE ARE	
<i>Skills and Knowledge</i>	<i>Min. Years Experience</i>	<i>Preferred Years</i>	<i>Comments</i>	<i>Years of Experience</i>	<i>Comments, i reference to</i>
Proven customer service skills on an expert level	3	5	Customer service skills are critical to success in these positions		
Experience communicating on an executive level	3	5	This position will work closely with DOA and agency executives.		
Expert knowledge of MS office software: Word, Excel, Powerpoint, and Visio	3	5	Expert tool user for process design and technical writing activities		
Ability to develop plans in MS Project from execution and lists of tasks through progress tracking	3	5	Expert MS Project and project management skills desired		
Experience leading or managing IT projects	3	5	Experience managing IT projects and teams of up to 10 people with significant customer interactions		
Experience in a large technical organization	2	4	Government experience preferred		
Experience working on applications development or	2	4	Hands-on technical experience a significant plus		

infrastructure rollout efforts highly desirable					
Experience working a flexible schedule to accommodate business needs	1	2	Flexibility in schedule may be required. A candidate with this experience is desired		

**\* VENDOR RESPONSE AREA: Complete Years of Experience above, the information below, and attach this form to each resume submitted. Incomplete responses may be rejected or set aside in favor of completed responses.**

Resume for: \_\_\_\_\_

Hourly Rate : \$  Not to exceed Project cost:

Appropriate Reference: \_\_\_\_\_ Reference Phone: \_\_\_\_\_

Vendor Name: \_\_\_\_\_

Authorized By: \_\_\_\_\_

State of Wisconsin \ Elections Board

Post Office Box 2973  
17 West Main Street, Suite 310  
Madison, WI 53701-2973  
Voice (608) 266-8005  
Fax (608) 267-0500  
E-mail: seb@seb.state.wi.us  
http://elections.state.wi.us



KEVIN J. KENNEDY  
Executive Director

September 26, 2006

Attention: Union Representative  
WPEC, Local 4848  
6602 Normandy Lane  
Madison, WI 53719

SUBJECT: Contracting for Services

This letter formally advises you that the Wisconsin State Elections Board is contracting for:

RPA # EBG0001—Campaign Finance Information System Software, Implementation, and Maintenance

Justification:

1. Wisconsin Statutes Chapter 16 provides for the Department of Administration's performing or contracting for services dealing with the state's business. Wisconsin Statutes Chapter 11 provides for State Elections Board oversight and audit of campaign finance activity within the State.
2. The State Elections Board has a need for the acquisition of a Campaign Finance Information System software package. While the current campaign finance system has been stable for a number of years, the underlying Ingres database is no longer supported by the developer or DET. In addition, the age of the system creates risks associated with each subsequent upgrade of the underlying database, operating system, and/or hardware. With any future required upgrade of the current database, operating system, or associated hardware, there is a concern that the existing campaign finance application will simply no longer be able to operate in the new environment.
3. Further, Board staff advises that any significant changes to existing campaign finance laws that the Legislature might choose to adopt could not be accommodated by the existing system. As a result, the Elections Board feels that it is critical that the new campaign finance database conversion move forward.
4. The server for the campaign finance database is no longer supported by the vendor or DET.
5. DET staff concurs in the overall assessment of the status of the current system operated by the Elections Board. DET staff indicates that the Ingres database is no longer supported, the hardware and operating system for the campaign finance database are aging, and the system, in their opinion, is due for replacement.
6. The total estimated cost for this procurement is \$1.5 to \$3.0 million plus yearly maintenance and support costs of \$0.5 to \$1.0 million annually. The length of the RFP will be a 66 month contract with 1 two-year or 2 one-year extensions. The cost will be funded 100% by state GPR

funds. The total cost of the procurement will not be known until the RFP process has been completed and the state has entered into a contract with the selected vendor. There will be additional administrative costs born by various state agencies including the State Elections Board and the Department of Administration.

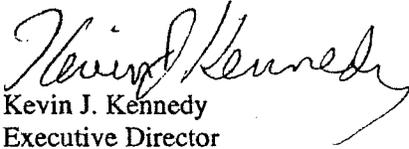
7. This procurement will be accomplished by the request for proposal procedure. Low cost is not the only factor that is needed to perform this service effectively. Experience in having provided similar successful products/service and the depth of knowledge and length of experience in maintaining a product/service is extremely important. The evaluation criteria will weigh these areas, along with cost, to determine the best fit for the agency's requirements.
8. The agency needs this Campaign Finance Information System to carry out its administrative responsibilities under Wisconsin Statutes, Chapter 11.

The agency, considering all available staff, does not have sufficient personnel resources, equipment, facilities or the means to effectively perform the required development and maintenance. This is a procurement of a product and no state worker will be laid off because of this procurement. Hiring LTE or project employees to perform the development and maintenance on this product is neither effective nor efficient when the expense of training and the limited time that a project or LTE employee can work is taken into consideration.

9. The Elections Board is buying a product and subsequent maintenance of that product. No other state agency would offer this service.
10. We are not certain, but anticipate the contract period will be for sixty-six months with 1-two year extension or 2-one year extensions. The contract period includes a maintenance and support period that will run through the fifth fiscal year.

This letter with justification satisfies our requirement under the appropriate agreement or Administrative Code to notify the appropriate union of our intention to contract for services.

**STATE ELECTIONS BOARD**

  
Kevin J. Kennedy  
Executive Director

Cc: RPA file

Wisconsin State Elections Board  
Labor Organization Notification

LABOR ORGANIZATION NOTIFICATION

Part 1 - Cost Analysis Worksheet

WI State Elections Board - Campaign Finance Information System

Department: State Elections Board  
Name: Sharrie Haug  
Date: 18-Aug-06

State Employees Compared to Contracting Out for Services

	Contract Length			Additional	Total	Reference
	Year 1	Year 2	Year 3			
1 Wage and Salary Costs	\$ 388,058	\$ 776,115	\$ 90,857	\$ 90,857	\$ 1,345,887	a
2 Fringe Benefits Costs	140,796	281,592	38,078	38,078	498,544	a
3 Administrative Overhead Costs	-	-	-	-	-	
4 Other Operating Costs	329,080	118,160	118,160	118,160	683,560	a
5 Total State Employee Costs (Sum of Lines 1 through 4)	\$ 857,933	\$ 1,175,867	\$ 247,096	\$ 247,096	\$ 2,527,991	

Contracting Out Costs

6 Contract Price	\$ 530,000	\$ 290,000	\$ 70,000	\$ 70,000	\$ 960,000	b
7 Contract Monitoring	156,470	104,313	-	-	260,783	c
8 One-Time Conversion Costs	-	-	-	-	-	
9 Total Contract Costs (Sum of Lines 6 through 8)	\$ 686,470	\$ 394,313	\$ 70,000	\$ 70,000	\$ 1,220,783	

Cost Analysis and Decision

10 Annual Savings/Cost (Line 5 minus Line 9, divided by number of performance periods)	\$ 326,802
11 Annual State Employee Costs (Line 5 divided by number of performance periods)	\$ 631,998
12 Average Annual Savings/Cost Percent (Line 10 divided by Line 11)	51.71%

Reference

- a See attached worksheets - App Dev Cost Model  
\$388,058 is from the Application Development portion of Cost (all positions) six months for year 1 (Jan - June 2007)  
\$140,796 is from the Application Development portion of Fringe Benefits six months for year 1 (Jan - June 2007)  
\$90,857 is from the Maintenance and Support portion of Cost (all positions)
- b From a vendor's proposal to create the software as part of the Statewide Voter Registration System
- c See attached worksheets - Purchase Model

**Part 2: Other Costs and Productivity Factors**

Please address all other cost and productivity factors that are outlined in PRO-1-9. These include:

- Market Strength
- Quality and Nature of Services Required
- Risk Factors
- Time Factors
- Specialized Skills
- Legal Barriers
- Alternatives to Contracting Out

**Market strength.**

Because the market for this product is, at most 50 states plus a handful of very large cities (e.g., New York City's election agency has such a system), there are only a handful of vendors who have done this work. While several states have developed their own applications in-house, those states (and typically the Secretary of State's office) have large, permanent IT staffs. While the core of campaign finance is conceptually similar across states (i.e., contributions and disbursements), there are enough nuances to make each state unique. The experience that vendors have in working with other states presents an opportunity for Wisconsin to benefit from the development of industry best-practices. That is, by using an experienced vendor, the State has an opportunity to improve its practices in its oversight of campaign finances.

**Quality and nature of services required.**

The nature of services requires highly specialized training by the individuals conducting the work as well as a sophisticated organizational infrastructure. While there are individuals within State government who likely have these skills, there is no State agency currently organized to perform such work. Hence, performing the work with State employees would require, not only identifying qualified individuals, but it would also involve building the requisite organizational infrastructure.

**Risk factors.**

The cost analysis assumes that the State will be purchasing a product (i.e., base software). The analysis examines the financial feasibility of using State employees to customize and modify a vendor's proprietary software so that that software will meet State requirements. The risks are many and severe

1. Usually, when vendors propose on such a large project as this, they employ a number of sub-contractors; e.g., for data conversion. In evaluating proposals, the evaluation team will consider the history that the vendor has with each of its sub-contractors and the criticality of the aspect assigned to each sub-contractor. The proposal is scored lower if the history between the vendor and the sub-contractor is brief because it means that the working relationship, lines of communication, etc., are still being formulated. Brevity in a sub-contractor relationship represents risk to the project. Further, if the vendor or any sub-contractor has no experience in the type of project, then there is risk to the project. Using State employees to perform customizations and modifications introduces risk by (a) bringing in a "sub-contractor" (i.e., State employees) that have no experience with any similar project, and (b) bringing in a "sub-contractor" with whom the vendor has no experience.
2. There will be significant cost to the State for the in-house application development team to learn both the SEB's business requirements and the vendor's software.
3. There is a significant likelihood that no vendor will allow anyone other than vendor personnel to have access to the source code. A standard precaution for the State will be to escrow the software (including any customizations, modifications, and fixes) with an independent third party (e.g., U.S. Bank).
4. Assuming that the vendor did allow access to its proprietary software, there is a significant likelihood that the vendor would be unwilling to warrant and support the software. If there was any warranty, the vendor and the State would constantly be at odds over which party caused any problem that resulted in the software's failure.
5. Because the vendors are experts in the subject matter as well as in the technical knowledge needed to develop the customizations and modifications, they bring the industry best-practices with them in functionality, application development, and organizational structure. The State risks missing out on best-practice functionality, incurring redundant application development costs, and incurring redundant organizational structure costs. That is, the project and contract managers for the SEB would need to manage two complex contracts.

**Time factors.**

While there is no statutory deadline for this project, the current system is using an unsupported database on hardware that is no longer supported by DET. With any future required upgrade of the current database, operating system, or associated hardware, there is a significant risk that the existing application will simply no longer be able to operate in the new environment.

**Part 2: Other Goals and Productivity Factors**

New York City took over two and one-half years to develop its system internally. Vendors should be able to implement this system in less than one year. This would mean that the system would be in place and tested through several reporting periods prior to the presidential elections of 2008.

**Specialized skills.**

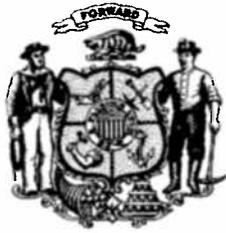
As was discussed above, this project requires specialized skills, not only in application development, but in the subject matter and in the organizational infrastructure needed to successfully deploy such a system.

**Legal barriers.**

As was mentioned in the risk factors section, there is likely a legal barrier (related to copyright) that would allow the vendor to preclude modification of its proprietary product by non-vendor personnel.

**Alternatives to contracting out.**

None.

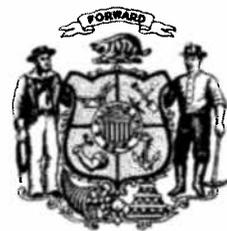


The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.

Most large publications have been added to the Dr. H. Rupert Theobald Legislative Library collection. Search the LRB library catalog (LRBCat) (<http://lrbcatalog.legis.wisconsin.gov/>) for availability.

For further assistance, please contact the reference desk at (608) 266-0341 or email [lrb.reference@legis.wisconsin.gov](mailto:lrb.reference@legis.wisconsin.gov).

State of Wisconsin - Legislative Reference Bureau  
1 East Main Street, Suite 200  
Madison, WI 53703



A REVIEW

*State Agency Use of  
Computer Consultants*

*01-6*

*March 2001*

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Judith Robson  
Brian Burke  
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## LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

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State Auditor - Janice Mueller

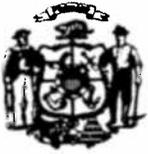
Editor of Publications - Jeanne Thieme

Audit Prepared by

Don Bezruki, Director and Contact Person  
Tamarine Cornelius  
Sarah Dunning  
Ryan Gill  
Michael Oakleaf  
David Varana

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER  
STATE AUDITOR

22 E. MIFFLIN ST., STE 500  
MADISON, WISCONSIN 53703  
(608) 266-2818  
FAX (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

March 16, 2001

Senator Gary R. George and  
Representative Joseph K. Leibham, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

We have completed a review of the use of private-sector computer consultants, as requested by the Joint Legislative Audit Committee. We estimate that executive branch state agencies exclusive of the University of Wisconsin System spent \$93.6 million for information technology (IT) consulting services during fiscal year 1998-99, the last year for which statewide purchasing data are available. These services supplemented the work of 1,383 full-time equivalent state IT employees.

When agencies need to develop large new information systems, manage peak workload periods, or use special skills on an intermittent basis, use of contracted IT services is consistent with state purchasing statutes. However, agencies also routinely engage contractors to perform more routine tasks without conducting cost analyses anticipated by the statutes, largely because of past labor market conditions and restrictions on their numbers of authorized positions. Among a sample of 32 hourly contractors performing routine responsibilities, hourly costs of 29 were higher than those of comparable state employees, and 4 of these were more than twice the hourly cost of state employees. In light of recent improvements in the State's ability to attract and retain IT staff, we recommend that cost analyses be performed before IT contractors are hired for routine work.

It is not uncommon for large-scale IT systems development projects to exceed original budgets for cost or time, or to perform fewer functions than originally planned. Based on our review of the professional literature, we have described a series of best practices for contracting and monitoring large IT projects.

We appreciate the courtesy and cooperation extended to us by all of the 50 state agencies that provided information for this review, particularly the departments of Administration, Corrections, Health and Family Services, Justice, Transportation, and Workforce Development, where we conducted additional work. A response from the Department of Administration is Appendix 3.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/DB/ao



March 2001

## STATE AGENCY USE OF COMPUTER CONSULTANTS

State government agencies in Wisconsin rely on information technology (IT) to carry out their responsibilities. In fiscal year (FY) 1998-99, they issued purchase orders totaling approximately \$320.5 million for IT-related goods and services. In the five-year period ending in that year, IT purchase orders increased 139.2 percent.

For executive branch agencies excluding the University of Wisconsin-System, expenditures for IT consulting services were almost \$93.6 million in FY 1998-99. These consulting services supplemented the work of 1,383 state IT professional employees, whose estimated salary and fringe benefits were \$87.8 million in FY 1998-99.

### **Attention Should be Given to Ensuring the Economical and Efficient Use of Consultants**

Most agree that the State's use of private-sector IT consultants is economical and efficient for the design and development of large new information systems, such as the Department of Revenue's current project to integrate its 30 different tax programs into a single system that will simplify business and personal income tax filing. Similarly, consultants are often retained for short-term projects when expertise is not available among state staff, and to manage peak-workload periods. However, we found that consultants are regularly retained for routine, ongoing responsibilities that are also being performed by state employees. We noted several instances in which consultants had been retained in an agency for more than four consecutive years. In one case, an hourly contractor worked full-time in an agency for nine years. Contractors have been paid hourly rates that range from \$18 to \$195.

We reviewed a sample of 32 hourly contractors who were performing functions similar to those of state IT employees and found that 29 cost more than state employees. In four cases, the contractors were paid more than twice the hourly rate for comparable state employees.

State IT employees also occasionally resign from their state positions only to return immediately as contractors at higher pay. We identified seven examples of former IT employees returning to state agencies as hourly contractors. In each case the contracted hourly salary was more than twice the employee's former state salary, and in three cases it was more than three times greater.

State IT managers indicated that hourly contractors were hired in the past because of a tight labor market for IT professionals and ongoing restrictions on the number of state employees they are authorized to hire. In light of changes in the job market and the improved ability of the State to compete for and retain IT employees, we include a recommendation that agencies reassess all existing uses of professional IT consulting services.

-over-

## **Few Large-scale IT projects Are On Time and Within Budget**

We reviewed seven large-scale IT projects with original budgets from \$345,400 to more than \$59.4 million. We found that only one—the CARES system used in the administration of Wisconsin Works, the Food Stamp Program, and subsidized child care—was reported to be completed on time, within its original budget, and with all intended functions. In contrast, the Wisconsin Statewide Automated Child Welfare Information System was originally scheduled to be completed in 2001 at a cost of \$53.8 million, but it is currently projected to be completed in 2004 at a cost of \$78.9 million. For a centralized human resources system for state employees, costs increased from an original budget of \$965,000 to a total of \$5 million. A series of best practices to increase the likelihood of project success is included in our report. These best practices include guidance in areas such as selecting between fixed-price and hourly contracts, careful specification of the desired product, and ensuring specialized project management skills.

## **A Department of Electronic Government Has Been Proposed**

The Governor's 2001-2003 Biennial Budget Proposal would create a Department of Electronic Government, headed by a Chief Information Officer (CIO). The Governor has proposed transferring 227.3 full-time equivalent positions and an operating budget of \$132.4 million from the Department of Administration to the new department. Four new positions outside the classified service would be created: the CIO, a deputy, an executive assistant, and a division administrator. In reviewing the Governor's proposal, the Legislature will need to consider a number of issues, including the need for a state CIO and the potential scope of the agency's authority. The Governor has proposed that the new department have broader IT authority than is currently granted the Department of Administration. For example, the Governor's proposal provides the CIO authority to review and approve IT plans for all state agencies, develop projects within any agency, and transfer staff and funds among executive branch agencies without the agencies' or legislative approval.

Other states vary considerably in their management of IT activities. While some maintain CIO functions within various agencies, others have created separate IT agencies or commissions. CIOs in some states and municipalities have been perceived to contribute to the efficient functioning of IT activities throughout the government. However, the position and function of a CIO has not been universally accepted because of concerns about increased cost and perceived over-centralization of IT project authority.

\*\*\*\*



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Fond du Lac  
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Bonduel  
Shiocton  
Ashwaubenon  
De Pere  
Little Chute  
Kaukauna

Scott Fitzgerald-Senate District 13

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Randolph  
Mayville  
Beaver Dam  
Columbus  
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Waterloo  
Lake Mills  
Oconomowoc  
Deerfield  
Cambridge  
Jefferson

Mark Miller-Senate District 16

Stoughton  
McFarland  
Sun Prairie  
Monona Grove (Monona, Cottage Grove)  
Marshall  
DeForest  
Lodi  
Poynette  
Rio  
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Julie Lassa-Senate District 24

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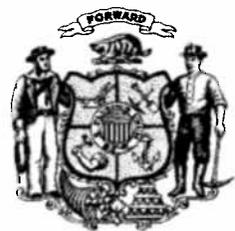
Dean Kaufert-Assembly District 55  
Neenah

David Travis-Assembly District 81  
Waunakee  
Madison Country Day School  
Wisconsin Heights

David Cullen-Assembly District 13  
\*Milwaukee Public Schools is currently not a Skyward customer



WISCONSIN STATE LEGISLATURE



Price Comparison Matrix for one Wisconsin school district who selected the Lawson software at the request of the Wisconsin School Consortium

**PRELIMINARY TABULATION - BUSINESS INFORMATION SYSTEM - BID #B06-526**

PER PRICING MATRIX RESPONSES, \*ACTUAL PROJECT TOTALS MAY VARY.

	INFORM DESIGN	TYLER MUNIS	ORACLE	SKYWARD	SUNERGY	SUNGRD EL-TECH	WIS SCHOOLS
Description	\$20,000.00	\$13,500.00	\$815,378.00	Included in SFT MOD \$	\$23,400.00	N/A	\$28,894.00
Software Modules	\$352,755.00	\$781,700.00	Included in DESOR. \$	\$358,112.00	\$75,853.00	\$287,286.00	\$340,010.00
Implementation	\$26,640.00	\$131,400.00	\$2,322,000.00	\$5,813.00	\$103,680.00	\$349,500.00	\$483,600.00
Customizations	\$55,625.00		\$762,000.00		N/A	\$104,400.00	
Conversion	\$36,000.00	\$58,300.00	Included in IMPLM \$	\$4,286.00	\$25,380.00	\$63,000.00	
Training	\$60,950.00	\$191,000.00	\$229,875.00	\$76,025.00	\$26,865.00	\$76,050.00	\$36,240.00
Miscellaneous	\$141,597.00	\$224,206.00	\$446,901.00	\$102,078.00	\$47,250.00	\$185,280.00	\$154,309.00
<b>GRAND TOTALS*</b>	<b>\$693,567.00</b>	<b>\$1,398,106.00</b>	<b>\$4,576,152.00</b>	<b>\$546,294.00</b>	<b>\$302,428.00</b>	<b>\$1,065,516.00</b>	<b>\$1,043,093.00</b>
Notes:	Cleanup Vendor: TBD. Additional pricing included with response.	Customizations are not stated. Cleanup Vendor list: RUSD. Balance Sheet Conversion: TBD.	Continuing Training cost: Varies. Training Aids: Varies. See detailed Pricing Matrix form for information on annual maintenance cap and Upgrade costs and frequency.	Report Development: \$140/hr. Payroll Interface: Not Available. Customizations: Available upon further discussion, rates: \$140/hr. Cleanup Vendor list: \$140/hr. Create Chart of Accounts: N/A. No fee for upgrades, two per year.	Benefits: assume this means payroll. Customizations: N/A. Continuing Training: to be provided by Wipfl as needed. Training Aids: included (see detail line item). See notes at end of price matrix for break down of rates used, estimates and discount provisions.	Description: N/A. \$ based on module bases. Upgrade costs and Frequency: Included w/Annual Maint. Optional ASP Services: \$10,250/month.	Description: Monthly hosting fee during conversion (est. 8 month @ \$7500/month). Monthly hosting fee for production, based on \$1/student/month. Customizations: Not stated. Conversion: Not stated. Conversion: programmer to format files per direction... Training: Ongoing tmrg to be provided by RUSD

#3

8/9/05

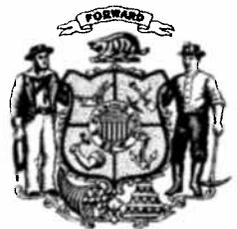
pg. 1 of 1

Tabulation, B06-526.xls

*This is the price comparison matrix for one of the schools who purchased the Lawson system. From the Wis Schools Consortium as you can see Skyward's cost was almost \$500,000.00 less. Jim King 6/8/06*



# WISCONSIN STATE LEGISLATURE





# COOPERATIVE EDUCATIONAL SERVICE AGENCY 7

CAROL CONWAY-GERHARDT, Ph.D., ADMINISTRATOR

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REGIONAL COMPUTER CENTER, IVAN SCOTT, DIRECTOR

E-Mail: [iscott@cesa7.k12.wi.us](mailto:iscott@cesa7.k12.wi.us)

595 Baeten Road  
Green Bay, WI 54304  
(920) 492-5960 Ex. 622  
Fax: (920) 492-5965

March 16, 2006

Esther Schutt  
Shawano-Gresham Dist  
218 County RD B  
Shawano, WI 54166

Dear Esther,

The IMPACT software was created as a solution to your financial data processing requirements that was not only cost effective, but also responsive to your changing needs in payroll and accounting. The last decade has seen tremendous change: new, more sophisticated software languages have become standard; the web has become the vehicle of choice for electronic communication; the financial software market has become highly competitive with new products emerging every year.

During the last three years, the CESA IMPACT consultants and the WEDC board have spent an enormous amount of time looking to replace the current software with a more current, feature-rich program. We started with the intent of writing our own program; a web based financial system called WebPACT. As part of that effort, we developed a web based human resources module that is being used by several clients. During the development of the HR software, we learned that writing a complete set of web based financial programs would be cost prohibitive. The projected cost to complete the project was well over one million dollars and would have taken at least two additional years to complete.

While talking with many of you regarding our concerns about the cost of WebPACT, we became aware of a financial package that was written and used by a school district in Wisconsin. We spent approximately nine months analyzing the software and working with the school district attempting to put together an agreement that would permit us to purchase the software code, enhance it and distribute to our IMPACT customers. We were not able to complete a deal with that school district and decided to proceed in another direction.

For the last four or five months, we have been evaluating two different financial packages and have selected SAGE, a financial system developed by Information Design, Inc. (IDI). IDI is a firm that has been marketing and supporting SAGE in Wisconsin for several years and currently has 18 Wisconsin clients, most of them school districts. We are currently reviewing final contract documents and scheduling training for our consultants. We are excited about this new relationship and believe we have a product that will serve school districts for many years to come. We expect to have software demonstrations throughout Wisconsin in April and will be sending you invitations as the schedules become finalized.

**OR THOSE OF YOU NOT CURRENTLY CONSIDERING NEW FINANCIAL SOFTWARE  
PLEASE BE AWARE THAT WE WILL CONTINUE TO SUPPORT IMPACT INTO THE  
FORESEEABLE FUTURE.**

If you have reactions or questions, please contact me or your IMPACT consultant.

Sincerely,

Ivan Scott,  
Director, CESA 7 RCC

Wayne Moll,  
WEDC Board President

## Impact conversions

- 1) Osceola School District
- 2) Tomorrow River School District
- 3) Viroqua School District
- 4) Whitehall School District
- 5) Turtle Lake School District
- 6) New Holstein School District
- 7) Chilton School District
- 8) Luxembourg-Casco School District
- 9) Weyauwega-Fremont School District
- 10) Poynette School District
- 11) Nekoosa School District
- 12) Durand School District
- 13) Depere School District
- 14) Fall Creek School District
- 15) Lakeland School District
- 16) North Cape School District
- 17) Pewaukee School District
- 18) Prescott School District
- 19) Salem School District