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**

Channel3000.com

I-Team: UW Defends Over-Budget Computer System

Project's Cost May Climb To $62 Million

POSTED: 10:31 am CDT July 19, 2005

MADISON, Wis. -- The UW System is reaching out to lawmakers on the state's Joint Finance Committee after a News 3 investigation into a new system-wide computer project.

Video

🖥 I-Team: Lawson Project Investigation

News 3's Linda Eggert found the massive payroll project facing budget overruns and delays, and questions of mismanagement.

News 3 has obtained what the UW System calls a "backgrounder" on its Appointment Payroll and Benefits System. After News 3's investigation aired, officials sent JFC members the document, which defends the project, and its rising cost.

The "backgrounder" says its APBS Lawson-based project has required "approximately $25 million" in staff and purchasing costs to date and says further costs and timelines will be available in three months.

"In October, we will be able to make our best estimate as to how much longer it's going to take to implement this and what it is going to cost," said Don Mash, UW System executive vice president and steering committee chair for APBS.

After five years and tens of millions of dollars, the Lawson-based project found delays, no launch date, rising costs and major planning, management and technical concerns -- including the possibility the Lawson software may have to be dropped altogether.

Now, citing "inquiries" by News 3, the UW System is telling the JFC " ... the APBS project has required more funding at this point in the process than was estimated when it began five years ago." But it says, " ... we anticipate cost savings ... the state of Michigan recently implemented the same system for approximately the same number of employees as UW at a cost of nearly $50 million ... and estimates it will save more than $20 million over five years."

"We've been managing this project frugally," Mash said. "When we finally complete it, we will not have spent the kind of money that other places have had to spend."

A report obtained by News 3 shows the project could climb as high $62 million in three to four years. The report also cited big problems in project planning and management.

Eggert asked former APBS chair and current UW-Madison administrative vice chancellor Darrell Bazzell, "How do you respond to people who want some accountability?"

Bazzell said, "People deserve accountability. Our tax dollars are precious. We're looking at the Madison campus right now. We're looking at record budget cuts again. We have to make sure the dollars are being spent wisely."

News 3 finds Lawson has never before done a payroll-plus system for an educational system as large as the UWs.

Despite issues with the computer system, the state of Wisconsin is moving forward with its own APBS. The Legislature approved it, without the money, News 3 reported. Bids go out in a few months.

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UW lashed for pricey new payroll system

It's not ready after 5 years and may never be

By MEGAN TWOHEY
mtwohey@journalsentinel.com

Posted: Sept. 6, 2005

The University of Wisconsin System came under fire Tuesday for spending $25 million in taxpayer and tuition dollars on a payroll system that may never materialize.

Speaking at a state Assembly hearing, UW System leaders said they had taken steps to get an overhaul of the payroll system back on track after five years of mismanagement and $5 million in excess spending. They insisted that even "with its fits and starts," the project "wasn't too far off the mark in terms of time and cost."

But the leaders conceded that they did not know when - if ever - the project would be complete and how much more it would cost, hinting only at the possibility of a $47 million price tag. That explanation didn't sit well with members of the committee on colleges and universities, who insisted that system leaders consult with them before spending more on the overhaul.

"You can't say 'We're not too off the mark,' " Rep. Stephen Nass (R-Whitewater) said. "After five years at $25 million, we have no idea how much this is going to cost and when it will be done."

Rep. Rob Kreibich (R-Eau Claire), the committee's chair, said, "We can't ignore a snafu that will cost taxpayers at least $25 million."

The current payroll system, which has served employees in the UW System for nearly 30 years, is outdated and in danger of collapsing, the university system's president, Kevin Reilly, told the committee.

"It's held together by a frayed rubber band," he said.

For that reason, the UW System launched plans for a new payroll system - called Appointment, Payroll and Benefits System, or APBS - five years ago. APBS is being used in other states, including California and Michigan. The UW System officials thought it would be a good fit for Wisconsin.

But by last year, it was evident that the launch of APBS was being mismanaged, said Reilly, who became president last fall.

A steering committee of human resources and technical officials from each UW campus has been overseeing the project. Members had failed to coordinate goals and expectations, and UW-Madison, the biggest user of the payroll system, had not been involved enough, Reilly said.

And the project had never been given a set budget. Earlier on, the UW System had estimated that it would cost $4 million per year and take six or seven years to complete. But by the beginning of this year, it was costing $5 million a year with no end in sight.

"At the time I became president and learned more about APBS, I was uncomfortable with the direction in which the project was going and the costs we were absorbing," said Reilly, who likened it to a building project with no general contractor.

Quotable

Photo/File

" We can't ignore a snafu that will cost taxpayers at least $25 million. "
- Rep. Rob Kreibich, ,
(R-Eau Claire)

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STATE POLITICS special section

Section: State Politics

So Reilly asked Donald Mash, who was appointed UW System's senior executive vice president in March, to lead the steering committee.

After a series of meetings with human resources officials and chancellors, Mash said he found "no smoking gun" as to what had gone wrong. But he determined that the UW System project should have used outside consultants early on, instead of relying so heavily on UW officials who were already on the payroll. So he hired nearly 20 consultants, at a cost of $130 per hour each.

Mash also has focused the project solely on UW-Madison for several months. Based on UW-Madison's experience, the UW System will be able to estimate the time and cost for implementing the payroll system at other campuses.

The assessment should be completed this month. Mash said he suspects the overall price tag may be $47 million, which was the cost of starting APBS in Michigan, he said.

But Mash wasn't sure whether the project would go forward, especially given the scrutiny of the Legislature.

"If our assessment comes up with a huge cost and the time frame looks prohibitive, we'll probably pause," Mash said in an interview after the hearing.

The committee on colleges and universities wants to evaluate the project after receiving the UW-Madison assessment.

"We look forward to getting more updates," Kreibich said.

From the Sept. 7, 2005, editions of the Milwaukee Journal Sentinel
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I-Team: Lawmakers Question Alleged 'Mismanaged' Computer System

25 Million Tax Dollars Spent So Far

POSTED: 5:13 pm CDT September 6, 2005
UPDATED: 8:29 am CDT September 7, 2005

MADISON, Wis. -- In July, News 3 reported that after spending $25 million tax dollars, the UW System's Appointment, Payroll and Benefits System is mired in problems and delays. (**Read Original I-Team Report**)

On Tuesday, the state Assembly Committee on Colleges and Universities started asking questions, but got few definitive answers. Rep. Robin Kreibich, R-Eau Claire and chairman of the committee, asked UW officials, "What would you tell the taxpayers of this state?"

The University of Wisconsin System president says that a lack of management and oversight by top-level system executives was a big problem with the controversial computer project.

"What we would say is we have spent a lot of money by any measure -- $25 million over 5 years is a lot of money -- and we understand the concern that anyone would have," said UW System president Kevin Reilly.

At the legislative oversight committee, there was concern over why the payroll project is still not up and running. The News 3 investigation found the complicated computer software project offline, over-budget and delayed indefinitely after five years of work.

Vice Chancellor Don Mash said the project is going to cost a lot more as it goes forward. Neither Mash, nor Reilly could tell News 3 how much more it will cost.

Who should be held accountable? Both Mash and Reilly told the committee that system officials made mistakes -- before they took over.

"We did not have the right project management skills and leadership of the project --including executive level oversight and decision-making," Reilly said.

When R. Kreibich asked if anyone had been disciplined in the UW System over the mismanagement, Reilly said, " People have moved on ... "

When Kreibich asked if those people were still on the payroll of the UW System, Reilly said, "Ah, some are, some are not."

"It's kind of shocking -- the way we find out or at least I find out about this was an in-depth TV story," Kreibich said.

When Kreibich asked Reilly, "What explanation do you have for the lack of communication ... that this thing isn't going as planned?" Reilly said, "All I can say is, I've been in office for a year. Don for less."

Reilly essentially inherited the project, and he brought in Mash seven months ago to try to fix what some reports said were serious planning and management problems, News 3 reported.

By the end of the month, officials say they will know how to integrate UW-Madison needs into the system, but it will be several more months before they can project a total cost and timeline for the project.

APBS is supposed to support some 40,000 system workers.

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State software cost doubles

$27.6 million computer system to track sales tax has never functioned properly

By PATRICK MARLEY
pmarley@journalsentinel.com

Posted: Nov. 17, 2005

Madison - The computer system that tracks the state's sales tax receipts - which has yet to work properly - cost more than twice as much as originally budgeted, a newly released review of the project shows.

The state Department of Revenue in 2000 agreed to pay contractor American Management Systems Inc. $12.2 million, but the cost swelled to $27.6 million by early this year, the report says.

The state may have been able to do the work for a fraction of the cost - perhaps as little as $5 million - by buying off-the-shelf software instead of building a database from scratch, though doing so would have been a risky move because it would have meant hiring an unproven company that wasn't immediately available, officials said.

The system that AMS built for the state Department of Revenue has been riddled with problems and has resulted in counties not receiving their proper monthly sales tax payments. Legislative auditors are now reviewing the project.

Department officials say they expect to fix the flaws by the end of the year.

Sen. Robert Cowles (R-Green Bay) called the findings unacceptable, particularly because other computer projects have gone over their budgets in recent years.

"We've got to find a way to get these things done cheaper," he said. "It's just not acceptable to have these overruns. . . . I really feel the governor needs to come up with a high-level task force to zero in on this."

Gov. Jim Doyle was traveling Thursday and unavailable for comment, but aide Dan Leistikow noted the deal was signed before Doyle took office. Doyle has taken appropriate steps to curb computer contracting costs, he said.

"The governor's already taken action and, in fact, IT expenses have gone down dramatically since the governor took office," Leistikow said.

The state Department of Administration audited the contract in April 2005 as part of an agreement with a labor union to review two contracts. The Wisconsin Professional Employees Council sought the provision in its labor contract over concerns that the state was outsourcing work that could be done more cheaply with state workers.

The union released a copy of the review this week.

The AMS contract "is another example that there is a shadow government," union spokeswoman Cathy Rought said. "There's a work force of contractors that nobody seems to have a handle on."

The department is in the process of upgrading its computer systems because it is saddled now with dozens of databases that

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**A History
of Problems**

Problems with the state's sales tax computer system:

■ In 2003, software problems forced **57 counties to repay the state $24.5 million** after the department overpaid them.

■ This summer, 23 counties were **shorted $1.3 million** and 35 others were **overpaid about $2 million**.

■ The state is sorting through problems with sales tax collections on vehicles.

---

cannot communicate with one another.

Plagued by problems

Counties have complained about the new sales tax system because their payments from the state have been flat or falling at a time when they expected them to rise. Retailers send their sales tax collections to the state, which keeps its share and redistributes the remainder to counties and other taxing districts, such as those that support Miller Park and Lambeau Field.

Problems with the system emerged in 2003, shortly after it went online. Software problems that year forced 57 counties to repay the state $24.5 million after the department overpaid them.

This summer, another glitch was discovered that resulted in 23 counties being shorted $1.3 million and 35 others being overpaid about $2 million. Meanwhile, the department is sorting through problems with sales tax collections on vehicles.

The Legislative Audit Bureau is looking into the matter and is expected to release a preliminary report by the end of this year.

Despite the rising costs of the sales tax system, the state agreed in March 2003 to have AMS build a separate database for income tax collections for $16.2 million. A year later, that figure had tripled, to nearly $50 million.

Around that time, the state sent AMS a letter detailing the problems with the sales tax system.

"Throughout 2003 the system operation was very unstable," the letter says. "Software defect levels have been very high, general operational support levels have been very high and performance has been an ongoing issue."

In June 2004, the state canceled the $16.2 million contract for an individual income tax system to pursue off-the-shelf software.

"The marketplace has changed significantly so that it has reduced the cost of implementing and purchasing these types of systems, and we saw the window of opportunity to take advantage of that change in the marketplace and took advantage of it to serve our taxpayers," said Laura Engan, the deputy revenue secretary.

Last year, AMS merged with CGI Group Inc.

The sales tax contract was altered dozens of times, but it was not until June 2004 - after 20 contract amendments had been signed - that the state set a maximum number of hours the contractor could work on specific tasks. The number of programming defects dropped significantly as a result, according to the review.

Diane Fusco, a spokeswoman for CGI-AMS, said the company acted appropriately.

"We were awarded a contract through a competitive bidding process because our solution met the state's business requirements at that time," she said.

The state earlier this year agreed to buy software for $15 million from Denver-based Fast Enterprises for four other tax systems, such as those that track corporate and individual income tax filings. At that rate, the state is paying $3.75 million per system - or about $24 million less than what it paid for the sales tax system.

Fast Enterprises started selling its software in 1998, two years before the state hired AMS to build its system from scratch.

James Harrison, one of the owners of Fast, said Wisconsin officials considered buying his firm's software for the sales tax system, but that Fast could not commit the time to customizing the software for the state because it had just landed a contract with Idaho, its first U.S. client, that was taking up most of its resources.

"The timing wasn't quite right," he said. "We just weren't in a state where we could take on a second state."

He said he told state officials at the time his firm might be in a position to bid on the work in six to 12 months. He said

Thursday his firm's ability to do so would have depended on what other work had become available around then.

His firm would have billed the state about $5 million, he said.

With Fast out of the picture at the time, the state's only option was to hire a contractor to build a system from the ground up, Harrison said.

"The state made an understandable choice," he said.

From:	Roessler, Carol
Sent:	Friday, February 03, 2006 12:43 PM
To:	WisPolitics, Staff; WisPolitics, Mayers; schramm@wispolitics.com'; 'wheeler@thewheelerreport.com'; 'wheelernews@yahoo.com'; 'jlprice@ap.org'; 'jrross@ap.org'; 'trichmond@ap.org'; 'dcallender@madison.com'; 'mpommer@madison.com'; 'aweier@madison.com'; 'tsheehan@madison.com'; 'pbrinkman@madison.com'; 'psimm@madison.com'; 'anjohnson@journalsentinel.com'; 'swalters@journalsentinel.com'; 'sforster@journalsentinel.com'; 'pmarley@journalsentinel.com'; 'editorial@communityjournal.net'; 'jonesjf@discoverhometown.com'; 'hamilton@wpr.org'; 'abeckett@learfield.com'; 'dforbis@learfield.com'; 'bhague@learfield.com'; 'jjohnson@learfield.com'; 'jschl001@foxtv.com'; 'sbenter@jcpgroup.com'; 'prosey5 @yahoo.com'; 'sjjeskewitz@wi.rr.com'; Wheeler Report (Wheeler Report); WisPolitics, Staff
Subject:	Re: Legislators Troubled By Costly New IT Systems That Don't Compute
Attachments:	Audit-IT Contracting 1-31-06.doc; Microsoft Word Picture

Audit-IT
ntracting 1-31-06.d

WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

For Immediate Release   February 3, 2006

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   Senator Robert Cowles   (608) 266-0484

Legislators Troubled By Costly New IT Systems That Don't Compute

(Madison) Based on reports of questionable outcomes and high cost, Joint Legislative Audit Committee Co-chairpersons Senator Carol Roessler (R-Oshkosh) and Representative Suzanne Jeskewitz (R-Menomonee Falls), joined by committee member Senator Robert Cowles (R-Green Bay), are calling for an audit by the nonpartisan Legislative Audit Bureau (LAB) of information technology (IT) system contract management statewide.

"Lately, it seems like every time I open the paper, I learn of another state computer system that is over-budget and under-performing," declared Jeskewitz. "The state does not have deep pockets to pay for these outrageous cost overruns on systems that do not produce the desired results."

Based on recent media reports, the legislators cite four examples of troubled IT system contracts. First, problems with a $13.9 million contract with Accenture for development of a database for a statewide voter registration list contributed to Wisconsin missing the federally mandated implementation deadline of January 1. These problems also led the State to expend an additional $1.5 million in a contract with Deloitte Consulting for

oversight of the project.

Second, the University of Wisconsin (UW) System's Lawson payroll software system has cost $25 million to date and still is not in use. UW officials reportedly have indicated that the $25 million investment in taxpayer and tuition funds might increase to as much as $47 million before work on the system is completed. In the interim, UW System will expend an additional $1.5 million to evaluate the new system before determining next steps.

Third, the $35.6 million contract for an upgrade to the Registration and Titling System at the Division of Motor Vehicles was intended to result in faster service by merging previously separate databases for vehicle registration and driver's licenses. However, the wait time for license plates and vehicle titles has reportedly grown from about four weeks before implementation of the system upgrade in December 2004 to almost 12 weeks in January 2006.

Finally, LAB already reported on the problems with the Department of Revenue's (DOR) Integrated Tax System (ITS), which was implemented in December 2002 at a cost of $37.1 million. This system, which is used to process collections and calculate and distribute the counties' shares of sales and use taxes each month, has been plagued with processing errors and inaccurate distributions. The Joint Legislative Audit Committee plans to explore these issues in greater detail at a public hearing on February 7.

"In response to these problems, DOR negotiated with its IT vendor to provide a limited amount of follow-up at no additional cost to the State," Roessler stated. "Unfortunately, that outcome has not been achieved for every project in which there have been problems. We need a recourse to address problems when they arise and build those contingency provisions into our contracts for IT system projects," Roessler advised.

In 2001, LAB examined the State's use of computer consultants (report 01-6), identified a number of best practices, and suggested that careful adherence to these best practices would improve the state's oversight and management of IT contracts. LAB also found that it was not uncommon for large-scale IT systems projects to exceed original budgets, to exceed the original timelines, and to perform fewer functions than originally planned. Based on LAB's findings, and the recent examples of poor performance, Roessler, Jeskewitz, and Cowles are interested in updating LAB's 2001 work by reviewing the State's current IT system contracts and their management.

"The I.T. gravy train must be derailed," said Cowles. "I have called for this audit to bring more accountability to these computer projects. I think we need a comprehensive audit to review these cost overruns," concluded Cowles. "I think we need penalties or other accountability measures to keep projects on time and under budget. Some of these projects have been in the works a long time. I want to work to get these costs under control."

While acknowledging the current constraints on the workload capacity of LAB, co-chairs Roessler and Jeskewitz stated that they would soon take action to schedule full Committee consideration of the audit request.

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[handwritten note: Pam – Talk to me or Sue or Joe Christmas for Joe Cowles. 10:30 AM Thanks a lot, Cowles.]

Cowles calls for review of technology spending

By DON WALKER
dwalker@journalsentinel.com

Posted: Feb. 3, 2006

Citing a number of information technology horror stories involving several state agencies, key members of the Legislature's Joint Audit Committee today called for a massive state review.

"The I.T. gravy train must be derailed," said State Sen. Robert Cowles (R-Green Bay), who was joined by co-chairs Sen. Carol Roessler (R-Oshkosh) and Rep. Susan Jeskewitz (R-Menomonee Falls). "I have called for this audit to bring more accountability to these computer projects as I think we need a comprehensive audit to review these cost overruns."

If approved by the Joint Audit Committee, the Legislative Audit Bureau would conduct the review.

According to Cowles, the state spends more than $740 million each year on contracts for information technology projects, and state spending on technology contractors has grown by more than 100% in the past decade to roughly $90 million.

"The taxpayers of this state deserve a better accounting for their dollars," Cowles said.

The "problem children" as Cowles described it, include:
- The statewide voter database, known as HAVA: $13.9 million.
- The University of Wisconsin System's Lawson payroll software system, $25 million.
- A registration and titling system for the Department of Transportation and the Department of Motor Vehicles, $35.6 million.

The Department of Revenue's Integrated Tax System, $37.1 million.

The full Joint Audit Committee must approve such a large-scale audit. However, with the co-chairs in support, legislative officials said the audit would likely be approved.

Cowles has been a fierce critic of the Department of Revenue's computer system. Cowles had called for a separate audit of that program because several counties, as well as the Miller Park stadium district and the Green Bay/Brown County Professional Football stadium district, have questioned the reliability of the state agency's sales-tax distributions.

There also have been cost overruns in the program run by the Department of Motor Vehicles.

"I think we need an audit to review these cost overruns," Cowles said. "I think we need penalties or other accountability measure to keep projects on time and under budget. Some of these projects have been in the works a long time. I want to work cooperatively with the administration to get these costs under control."

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Lawmakers want computer systems audit

Some programs waste millions, are inefficient, they say

By DON WALKER
dwalker@journalsentinel.com

Millions of dollars in taxpayer money are being wasted by inefficient, inaccurate or unreliable computer systems that are supposed to be running some of the state's biggest and most important programs, a state legislator said Friday.

Sen. Carol Roessler (R-Osh-kosh), co-chairwoman of the Joint Audit Committee, made the charge in calling for a massive audit by the Legislative Audit Bureau to find out why some of the state's information technology programs are so costly and unworkable.

"What's happening now is that our whole information technology system is inefficient, too costly, is subject to cost overruns, and there is no accountability," she said. "We are looking at huge increases in dollars even before some of these programs are done."

"I think it could be in the tens of millions," Sen. Robert Cowles (R-Green Bay) said. "We won't know the exact dimensions of this for some time. But if you look at all of the programs that had cost overruns, it's a big number."

Roessler was joined by her co-chairwoman, state Rep. Suzanne Jeskewitz (R-Menomonee Falls), and Cowles in calling for the audit.

"Lately, it seems like every time I open the paper, I learn of another state computer system that is over budget and under-performing," Jeskewitz said. "The state does not have deep pockets to pay for these outrageous cost overruns on systems that do not produce the desired results."

Roessler said she thought there was enough support among committee members to approve the audit.

Four problem areas

Based on Journal Sentinel and other media reports, the legislators identified four troubled information-technology programs:

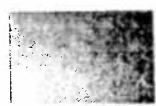■ The University of Wisconsin System's Lawson payroll

Roessler

Jeskewitz

Cowles

State worker pleads not guilty

She's accused of fraud in travel contract case

By GINA BARTON
gbarton@journalsentinel.com

Georgia Thompson, the state

WILDLIFE HELPERS

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The "IT gravy train must be derailed."

Sen. Robert Cowles, (R-Green Bay)

Lawmakers call for review of state computer programs

AUDIT, From **1B**

software system.

According to the legislators, so far the system has cost $25 million and still isn't in use. UW officials have said that the program's cost might increase to $47 million before work is completed.

■ A $13.9 million contract with Accenture to develop a database for a statewide voter registration system list. The legislators said problems with the program contributed to the state missing a federally mandated Jan. 1 implementation deadline. The state expects to spend an additional $1.5 million to oversee the project.

■ A $35.6 million contract for an upgrade to the state Division of Motor Vehicles' registration and titling system. As originally designed, the system was supposed to be more efficient by combining separate vehicle registration and driver's license databases. However, the wait time for license plates and vehicle titles has grown from four weeks to al-

most 12 weeks. The existing system replaced one that had been in place since the 1970s.

■ The continuing problems with the Department of Revenue's Integrated Tax System (ITS), which was set up in December 2002 at a cost of $37.1 million. The system is supposed to process tax collections and calculate and distribute the counties' shares of sales taxes each month. However, there have been thousands of process errors in the system.

Cowles said the "IT gravy train must be derailed."

"I think we need a comprehensive audit to review these cost overruns," Cowles said. "I think we need penalties or other accountability measures to keep projects on time and under budget."

A spokesman for Gov. Jim Doyle did not return a phone call for comment.

Technology costs rising fast

According to Cowles, the state spends more than $740 million each year on contracts for information technology

projects, and state spending on technology contractors has grown by more than 100% in the past decade to roughly $90 million.

Roessler said that in some cases, the state is not doing a good enough job testing the programs to make sure they work correctly. In a recent review of the troubled ITS system, the audit bureau said the Department of Revenue and the vendor, CGI-AMS, did not properly test it.

"Some testing was performed, but many tests were based on simplistic assumptions and scenarios," the bureau said.

Both Roessler and Jeskewitz said they plan to schedule committee action on the audit soon.

Roessler and Cowles, both Republicans, stressed that they weren't trying to attack the Doyle administration for the problems that have surfaced.

Both noted some contracts for information-technology programs were signed as far back as the administration of Gov. Tommy G. Thompson.

Waukesha could be next city to go Wi-Fi

WIRELESS, From **1B**

much it would cost Cellnet to construct the system. The Milwaukee network is estimated to cost about $20 million.

Cellnet's deal with Waukesha would not be exclusive, a provision the city insists upon.

"The city doesn't want to limit itself to just one vendor," Bret Mantey, Waukesha's information technology director, said.

Though based in suburban Atlanta, Cellnet has the basic infrastructure in place for a

Waukesha Wi-Fi system because it performs the automated meter reading service for the We Energies service area, Goff said.

"Even though the transmitters are not exactly the same, they are in place and the sites they're in are adaptable to the Wi-Fi," Goff said. "A significant part of the infrastructure is already in place."

Goff said he didn't know how many new transmitters the company would need to build Waukesha's wireless network

but estimated that it would require about one per square city block.

Cellnet has transmitters for its automated meter reading service about every 1,000 feet, Goff said.

Mantey said city officials studied building a Wi-Fi network last year and concluded that it would require between 300 and 400 transmitters to cover the entire city.

The 10-by-7-inch transmitters would probably not be visible from the ground, Mantey said.

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CORRECTION: An article Wednesday about Milwaukee County's concerns with distribution of sales tax revenue incorrectly stated that the county accounts for 30% of the state's economic activity. That percentage refers to the entire metropolitan Milwaukee area.

County says tax split is skewed

State software flaws send millions in sales tax elsewhere, officials say

By DON WALKER
dwalker@journalsentinel.com

Posted: Feb. 8, 2006

Madison - Two top Milwaukee County administrators made the case Tuesday that ongoing problems with the state's sales tax distribution program are costing the county badly needed cash.

The comments by Linda Seemeyer, director of administrative services, and Stephen Agostini, the county's budget administrator, come as Milwaukee County struggles with serious budget problems this year.

Agostini told members of the Legislature's Joint Audit Committee that problems with sales tax distributions had cost the county, on average, $900,000 a year from 2000 to 2005.

Agostini estimated that, in 2004 alone, county officials feel they were shorted almost $2.5 million in sales tax receipts.

The apparent culprit is the troubled computer system that is supposed to run the sales tax distribution program. The system, called the integrated tax system, was put into place in December 2002 and is used to process sales taxes and calculate the counties' and districts' shares of reported sales taxes.

Agostini said his analysis indicated that from 1999 to 2005, the growth in the amount of sales tax receipts in Milwaukee County did not mirror the growth in personal income in the county.

That doesn't add up, Agostini and Seemeyer said. They said Milwaukee County represented 30% of the state's economic activity. Yet, sales-tax growth in the county has increased only 1% to 2% recently, compared with the rest of the state, where it is growing 3% to 4%.

60 taxing bodies

In Wisconsin, 58 counties, as well as two sports districts - the Miller Park stadium district and the Green Bay/Brown County Professional Football stadium district - impose some kind of sales tax. The sports districts use the money to retire debt related to construction at Miller Park and Lambeau Field, respectively.

Most sales and use taxes in Wisconsin are collected from retailers by the Department of Revenue. The money is then sent back to the counties and districts that impose the tax.

The problems with the software, installed by the vendor CGI-AMS, have caused nothing but headaches for Department of Revenue officials, and the county officials who deal with it.
Specifically, the system has been the source of extensive programming errors, which, in turn, have caused incorrect calculations.

The system has since resulted in significant and baffling underpayments and overpayments to the counties and districts, a situation that has no apparent pattern, according to State Auditor Janice Mueller.

Sales Tax Problems

By the Numbers

30%
of the state's economic activity is in Milwaukee County

1% to 2%
sales-tax growth in Milwaukee County

3% to 4%
sales-tax growth in the rest of the state

According to Linda Seemeyer and Stephen Agostini, two Milwaukee County administrators

Background

📄 12/22/05: New sales tax errors crop up

📄 12/11/05: Glitches average 2.5 a day, first review of sales tax system shows

Archived Coverage

📄 Section: State politics

The Department of Revenue reported in December that 33 counties were owed a total of $1.8 million, and that 25 counties and the two sports districts were overpaid a total of $2.8 million.

In 2005, the Department of Revenue distributed more than $306 million to local units of government.

"This wreaks havoc with county budgets," said Sen. Carol Roessler (R-Oshkosh), a co-chair of the Legislature's Joint Audit Committee.

Department of Revenue officials are expected to give the committee a progress report on the issue within a month.

From the Feb. 8, 2006, editions of the Milwaukee Journal Sentinel
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Investigate state's computer snafus

February 11, 2006

Before Wisconsin spent $35.6 million to upgrade the Department of Motor Vehicles' computerized registration and titling system, it took motorists up to four weeks to get license plates and vehicle titles.

Now, after the costly upgrade, the wait time is -- 12 weeks.

If you're seeing red over spending $35.6 million of taxpayers' money on a project that made things worse, you ain't seen nuthin' yet.

All over state government at the Department of Revenue, UW, Department of Corrections and Elections Board efforts to install new computerized systems and upgrade existing ones have gone awry at taxpayers' expense.

Thankfully, lawmakers are paying attention. Leaders of the Legislature's Joint Audit Committee, Sen. Carol Roessler, R-Oshkosh, and Rep. Suzanne Jeskewitz, R-Menomonee Falls, along with Sen. Robert Cowles, R-Green Bay, plan to request an audit to find out what's going wrong.

Their effort deserves all lawmakers' support.

Anyone who has come in contact with computers learns to cringe at words like "upgrade" and "new installation." Something always goes wrong. The difference in the state's situation is that the projects involve many millions of dollars, and things are going wrong repeatedly in ways that cost residents, businesses and other government units time and money.

We need to know who is screwing up and why. Then we need to make corrections so that it stops happening. A legislative review should ask:

• Is there a common theme to the snafus?

• Has the state been contracting with incompetent businesses to do the computer projects?

• Were the state's project goals realistic?

• Did the state fail to provide the contractors with the support and resources they need or were the state's preparations for computer changes inadequate?

• Does the state have the expertise to direct and oversee the contractors?

• Were the state's contracts for the work faulty?

Currently, it is difficult to pinpoint a villain. The state agencies involved are as frustrated as anyone and are forthrightly apologizing. In at least one case the contractor is attempting to fix the problems for free.

But that does not excuse the delays and errors. Take the Revenue Department's system for calculating the share of sales and use tax collections owed to counties and special districts. The 4-year-old, $37-million system still can't get its job right. It underpaid 33 counties a total of $1.8 million and overpaid 25 counties and two professional sports districts by $2.8 million.

Those kinds of mistakes are simply intolerable. Lawmakers should proceed full speed ahead with an investigation.

State e-mail switch faces review

PHIL BRINKMAN pbrinkman@madison.com
February 14, 2006

A planned switchover in e-mail service for much of state government could be in trouble pending a review by computer experts at the first agency to try the new system, the official overseeing the project said Tuesday.

Problems implementing the Oracle Collaboration Suite software on new servers have "leveled out" since the Department of Administration went online with the service in November, said Matt Miszewski, administrator of the DOA's Division of Enterprise Technology, which provides computer services for most executive branch functions.

But technicians will need to weigh whether it's worth the time and effort to expand the system to other agencies or recommend junking the $2.6 million contract with the Virginia information technology firm installing the software, DLT Solutions.

"Whenever you do a large-scale conversion like this there are always opportunities for improvement," Miszewski said. "What we want to do is sit back and say, are those show stoppers or not?"

The review, sought by DOA Secretary Steve Bablitch, should be finished by the end of February, Miszewski said.

A team of experts recommended the switch in 2004 as part of a larger initiative by Democratic Gov. Jim Doyle to consolidate state services. The move was met by skepticism by computer technicians across state government. Those initially included Miszewski, who noted state agencies at the time ran virtually all of their e- mail through Microsoft systems.

But DLT's bid was so much lower than the nearest competitors - $2.6 million compared to Berbee Information Networks' $9.4 million and Microsoft's $12.3 million - that "there was really no discussion of anyone else," said Sean Dilweg, Bablitch's executive assistant.

The contract is separate from a $29 million no-bid contract the state signed last year directly with Oracle Corp. to provide support and maintenance for its database software, also used by the state.

Miszewski couldn't say how much staff time has been put into the conversion, although he said it was "certainly . . . more than we thought." Administration officials also couldn't say Tuesday how much has been spent so far on consulting and licensing fees.

The contract calls for the system to be in place at most agencies and constitutional officers' offices by July 1, a deadline Miszewski said he thought the state could still meet.

He said the contract includes language allowing the state to back out of the deal under certain conditions. A spokesman for DLT was traveling and unavailable for comment, according to the company.

The Oracle system is intended to give the state more flexibility in how it organizes and stores data and provide a more seamless connection between e-mail and the Oracle databases agencies use, Miszewski said. The consolidation into a single service would also enable the executive branch to go from 220 computer servers to 19, he said.

But problems have persisted with several "convenience features" in the e-mail service, such as how recipients are organized in address lists and how meeting notices are sent out. The system, which also uses shorter e-mail addresses for executive branch employees, does not apply to the Legislature, the courts or the University of Wisconsin System.

State dropping e-mail contract

Wisconsin officials are canceling a deal to consolidate electronic mail service.

By PHIL BRINKMAN
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608-252-6145

The state is junking plans to switch e-mail service for much of state government and will seek to recover the more than $2 million spent so far trying to install the bug-ridden program, administration officials said Friday.

Computer experts have struggled since November to convert about 1,200 user accounts within the Department of Administration to the new software, known as Oracle Collaboration Suite.

But persistent problems, including long delays in e-mail delivery and disappearing messages and calendar entries, prompted officials to pull the plug rather than reconfigure the more than 40,000 mailboxes in use throughout all state agencies and the offices of constitutional officers.

In a joint statement, DOA Secretary Steve Bablitch and chief information officer Matt Miszewski noted the Oracle platform was recommended by an inter-agency committee evaluating proposals to consolidate the state's disparate e-mail programs into one system.

At $2.6 million, the proposal by the Virginia information technology company picked to install the software, DLT Solutions, was a fraction of what two other bidders offered.

"Unfortunately, DOA's extensive testing ... during the pilot stage has proven that the software does not meet the needs of the state, even after significant efforts to substantially correct some operational deficiencies," the statement said.

Problems common

The cancellation comes amid a rash of problems with state computers, with lawmakers voting earlier this month to order an audit into delays and cost overruns of millions of dollars in programs at the Department of Transportation and the Department of Revenue.

DOA executive assistant Sean Dilweg said the state believes it can recover the $1.3 million spent on consultants and the $800,000 on

Oracle licenses under the contract with DLT. The contract did not involve the Legislature, the courts or the University of Wisconsin System.

"We have signed a contract where Oracle has to perform, and if they're not performing we're going after that money," Dilweg said.

Russ Holmes, vice president for enterprise operations for DLT, said Friday the company was "surprised and dismayed" by the cancellation.

"We feel that the Oracle software meets the specifications (and) that we've lived up to what the expectations were from an implementation perspective," Holmes said.

The contract is separate from a $29 million no-bid contract the state signed last year with Oracle Corp. That contract was to provide support and maintenance for Oracle's database software, which the state has long used without significant problems.

In an interview, Miszewski said the state will still consolidate its e-mail systems but will go with one of the various Microsoft products currently in use throughout most of state government.

The cost of that is unknown. But Miszewski said the state only needs to buy a relatively small number of additional licenses. Also, most of the basic work to merge the systems has now been done by staff working with consultants from DLT, he said.

Likewise, the state will be able to reuse the 19 computer servers it bought especially for the e-mail consolidation at a cost of $565,200, Miszewski said. The servers were intended to replace 220 existing e-mail servers, he said.

But the new servers will be moved to a data center being built on the far East Side as part of a related project to consolidate servers running other applications, while some

of the existing e-mail servers will be used to run the Microsoft program, Miszewski said.

State defends decision

The cancellation comes as a relief to many computer technicians within the DOA and other agencies, who privately questioned the move to Oracle and were dreading a repeat of the problems experienced at the DOA.

Miszewski, who could not say how much staff time has been spent on the attempted conversion, denied the problems were the result of the state underestimating the amount of work required.

He defended the move to convert to Oracle even though the company's share of the national e-mail market is around 4 percent, noting the large anticipated cost savings over the next two bidders: Berbee Information Networks Corp. at $9.4 million and Microsoft at $12.3 million.

"Sure it was risky, but it was a calculated risk when we were looking at a $3.2 billion budget deficit," Miszewski said of the state budget at the time.

Werner Gade, who was responsible for the day-to-day running of the project, also resigned Friday to take a job in the private sector. But DOA spokesman Scott Larrivee said the decision to leave was his own. "He was not fired, encouraged to leave, or otherwise asked to change duties by the department," Larrivee said. Messages left with Gade were not returned this week.

Indeed, officials offered only praise for the staff who worked on the project and blamed the software for the hangups.

"The staff that is responsible to me and the staff that works in the agencies that have helped out on this project have been a shining example of the best that public sector employees have to offer to the taxpayers of the state of Wisconsin," Miszewski said.

why new?

State rejects e-mail software, will seek refund from Oracle

By STACY FORSTER
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Madison — State officials said Friday that they were dumping software purchased to consolidate the state's e-mail systems, citing a failure of a pilot program.

The state has spent $2.1 million on the project, but officials at the state Department of Administration said the contract language should allow them to recoup much of those costs.

State information technology officials had been testing the Oracle Collaboration Suite software at the Department of Administration since mid-November, which affected the e-mail for 1,200 department employees.

During weekend tests of the system, it became clear that the software wasn't going to meet the needs of the 44,000 state users who would ultimately use it, said Department of Administration Executive Assistant Sean Dilweg. The e-mail consolidation project does not affect the University of Wisconsin System or the Legislature.

Officials concluded they would run into problems similar to those encountered in the tests if they expanded use of the system across state government, Department of Administration Secretary Stephen Bablitch and state Chief Information Officer Matt Miszewski wrote in a memo to top officials in state agencies.

Those problems included difficulties constructing e-mail distribution lists and scheduling meetings, and items disappearing from "sent" folders.

An Oracle spokeswoman declined to comment on the state's decision.

An interagency evaluation team recommended use of the Oracle software in 2004. The consolidation project will continue with Microsoft software in use before the Oracle deal.

Oracle submitted the lowest bid, of $2.6 million. The Microsoft bid was $12.3 million, but because many state agencies are already using the software, it makes more sense to use the prior system, Dilweg said. In addition, much of the planning has already been done, meaning the implementation will be cheaper at this point, the department said.

Dilweg said the state notified Oracle of the decision Friday and will soon open discussions about being refunded.

The state expects to save $1 million over five years by consolidating the e-mail systems, plus generate additional savings by eliminating the need for 9.25 state employees, Department of Administration spokesman Scott Larrivee said.

State officials believe that Microsoft realizes it bid too high and will talk with them about a more reasonable price, Dilweg said. "We feel we can come in under what we were paying Oracle," he added.

Microsoft declined to comment.

The e-mail contract is separate from a May 2005 no-bid contract also awarded to Oracle.

That contract is expected to be worth nearly $29 million over six years and is for maintenance on software databases already in use.

Campaign finance filings show that employees of Oracle gave $3,250 to Gov. Jim Doyle's re-election campaign within weeks of being awarded the no-bid contract. Doyle administration officials say the contract saved taxpayers money, and that there was no connection between the contract and the campaign donations.

Larrivee said the decision to drop the Oracle e-mail contract was related to only the poor performance of the system.

Who served on the committee?

?

1. Contract language — recoup costs?
2. Who served on the interagency evaluation
   a) I heard they didn't choose Oracle
3. What employees have you eliminated?
   a.) Have you borrowed from other agencies?
   B) How many, many hours?
4) Are we truly deleting this? Why now???

Oracle out, Microsoft in for state e-mail project

Jason Stitt • Published 02/27/06

Print this article • E-mail this article • 30 comments

Wisconsin is scrapping an Oracle-based e-mail installation and trying to recover $2.1 million in licenses and consulting fees, based on a pilot program that lasted for at least six months and seemed to be going well until insurmountable technical difficulties cropped up.

State CIO Matt Miszewski and Department of Administration Secretary Steve Bablitch said in a letter to state agency heads on Friday that the consolidated e-mail system, which would have served 44,000 state employees with 19 servers instead of the current 220 servers and required 9 fewer technical staff, does not meet the state's needs even after significant efforts to fix it. He told reporters on Friday that he didn't know how much DOA staff time had been spent on the project.

They now plan to proceed with Microsoft products, which much of the state government already uses. The consolidation efforts are targeting state agencies excluding the Legislature, the courts and the university system. Though the Oracle product was originally chosen for the consolidation project because the $2.6 million bid from a reseller came in well below Microsoft's $12 million bid, Miszewski and Bablitch's letter said they could still save the state $1 million by continuing the consolidation project with Microsoft software.

The decision to switch to Oracle was announced in 2004 after a confidential procurement process that involved several state agencies called together by Miszewski. The letter sent on Friday says the pilot project had been underway since mid-November 2005, though DOA Technology Leadership Council meeting minutes from last August say that Miszewski was a pilot user at the time and was pleased with the system. At the same meeting, Werner Gade, who was in charge of the day-to-day operations of the transition project, said there were no problems "other than those typically reported with email."

Gade left his job at the Department of Administration for the private sector on Friday, the same day the derailment of the e-mail project was announced. DOA spokesman Scott Larrivee said the move was entirely Gade's decision, and did not know where he will be working.

Neither Miszewski nor Gade could be reached on Monday for comment.

Most of the state's existing e-mail servers run Microsoft products, though they are on different versions. Some are running Exchange 5.5, and others have upgraded to the 2000 or 2003 version.

Talk back (Add your comment below)

R:

February 27, 2006 • Link to this comment

It is absolutely unreasonable that taxpayer money is used to support a convicted antitrust felon like Microsoft.

Isn't there a federal law banning such deals with known criminal offenders?

Corey:

February 28, 2006 • Link to this comment

What's really unreasonable is the continuing saga of IT mis-management and project overruns with technology at the state government level. While many would consider Microsoft a necessary evil in life, why wouldn't you just consolidate the servers, on a common platform (Exchange servers)like most of the free world and get over it. If all these IT mishaps occured in the private sector, I would hope there would be real consequences for those involved in the failure of the project.

J:

February 28, 2006 • Link to this comment

Was the going with the Oracle project just a ploy to get Microsoft to lower their exobitant price?

J:

February 28, 2006 • Link to this comment

Was going with the Oracle project just a ploy to get Microsoft to lower their exobitant price, from the start?

TP:

February 28, 2006 • Link to this comment

What IS unreasonable are the repeated wrong choices and clandenstine bid processes within government. This has nothing to do with Microsoft and EVERYTHING to do with incompetent appointees and cronyism.

AP:

February 28, 2006 • Link to this comment

There never is accountability for political operatives like Miszewski. Where does the buck stop Matt? How much more of our money needs to be flushed down the toilet to make Matt look good?

P.K.:

February 28, 2006 • Link to this comment

No person reading this release should be surprised at the wasted money that our government flushes down the toliet with this action. Citizens do nothing to stop it and government is unchecked. This is how America will fall.

P.K.

me again:

February 28, 2006 • Link to this comment

Mar 7, 6:40 PM EST

Firm whose employees donated to Doyle wins another state contract

By JR ROSS
Associated Press Writer

MADISON, Wis. (AP) -- A software firm whose employees donated to Gov. Jim Doyle's campaign within days of winning a no-bid contract has been awarded a separate deal to implement a program streamlining various business operations for the state.

The new software contract for Oracle USA Inc. was reviewed by an independent auditor hired to inspect state contracts amid criticism of Doyle's administration. The auditor found there was no bias or preference toward any vendor and the process was fair.

Department of Administration executive assistant Sean Dilweg said the contract went to the best of three applicants and brushed off questions about past issues with Oracle. He said the consolidation effort could save the state $513 million over 10 years.

The two sides are still negotiating a price for the contract, but Oracle has suggested $10.3 million.

"We still have to function here. State government still moves on," Dilweg said. "This consolidation will bring a lot of savings."

The contract was the first awarded under a new system Doyle implemented amid reports that companies whose employees had donated to the governor's campaign won state contracts around the time those donations were made.

A federal grand jury indicted a Department of Administration employee last year, alleging she steered a contract to a Milwaukee company whose executives had donated $20,000 to Doyle.

Last year, Oracle won a contract for software and technical support that

could be worth up to $29 million within days of three employees giving the governor's campaign $3,250.

Separately, the state last month canceled a $2.6 million contract with Oracle to install a new e-mail system for most government agencies after a pilot program revealed technical problems with the program.

In the latest contract, the state Republican Party questioned why the deal went to a company that failed to live up to one contract and whose employees donated to Doyle.

"There seems to be only one reason that Oracle keeps getting awarded lucrative state contracts from Jim Doyle and that's because of their contributions," said state GOP chairman Rick Graber.

Matt Miszewski, the state's chief information officer, said the Oracle division that handled the e-mail software is separate from the part of the company that will implement the consolidation.

The new program integrates a series of business software programs used. Miszewski said the state now uses 38 different human resource programs and 59 separate financial management systems. The new contract will streamline those operations.

Oracle beat out two other competitors for the contract. All three met the technical standards required, according to an evaluation by a committee of state employees and one person in the private sector. During the next evaluation, Oracle placed first with 14 points. SAP Public Services, Inc. was second with 11, while Lawson Software Inc. was third with four points.

Oracle was the only company considered during the next step in which price was evaluated because SAP and Lawson scored more than 10 percent below Oracle.

The auditor's report found that provision in the process was confusing and raised the possibility an unsuccessful vendor could appeal the evaluation committee's recommendation.

SAP did not immediately return a call from The Associated Press left on the media line of its Pennsylvania office.

On the Net:

Wisconsin Department of Administration: http://www.doa.state.wi.us

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Oracle will get state contract

PHIL BRINKMAN pbrinkman@madison.com
March 8, 2006

The state plans to award a $10.3 million contract to Oracle Corp. to help agencies standardize their computer systems, less than two weeks after canceling a contract to switch its e-mail service to another Oracle program because of poor performance.

Anticipating questions about the contract, especially after critics noted contributions from Oracle executives to Democratic Gov. Jim Doyle after he signed a separate $29 million no-bid contract with the company last summer, the administration this time took the extraordinary step of issuing a detailed analysis of how and why the company was chosen.

The independent evaluation, by the former state auditor and director of the Legislative Fiscal Bureau, Dale Cattanach, deemed the selection process "open, fair, impartial and objective," despite questions about the final step during which only Oracle's cost proposal was considered.

The five-year contract, which includes the purchase of $1.1 million in specialized software, seeks to consolidate business programs throughout state government, including 38 human resources and payroll systems and more than 59 financial management systems, Administration Secretary Steve Bablitch said.

The Department of Administration notified Oracle on Monday that it intended to award the contract to the company.

"An integrated approach to administrative functions such as human resources and procurement will give us the information we need to leverage fully our buying power, eliminate duplication, and further streamline business processes," Bablitch said in a statement announcing the contract Tuesday. "All of this will lower the state's costs and result in savings for the taxpayers."

Like the failed e-mail project, the work is part of a broader effort by Doyle to consolidate state purchasing through fewer vendors who can guarantee lower prices. The program has drawn praise but also complaints from state workers who contend many goods and services can be purchased more cheaply outside the contracts.

Computer experts say consolidating the state's information technology also makes sense but caution that replacing large amounts of outdated equipment at once can be overly ambitious, bringing unexpected costs and delays.

The Oracle software, known as PeopleSoft, "is a solid product with a good reputation," said Mike Klein, founder and editorial director of

Wisconsin Technology Network. "But the complexity goes beyond the technology in that there's a tremendous amount of work that needs to be done with work flow and definition of business processes . . . prior to implementation."

The state Republican Party saw a darker motive in the contract.

"There seems to be only one reason that Oracle keeps getting awarded lucrative state contracts from Jim Doyle, and that's because of their contributions," said party chairman Rick Graber.

But Cattanach's report found no evidence of favoritism in the selection process, which was headed by Deputy Administration Secretary Gina Frank- Reece and advised by a number of experts from various agencies that would be using the software.

Besides Oracle, other bidders for the project were Lawson Software and SAP Public Services. All three passed an initial test of their technical requirements, with SAP scoring slightly ahead of the others. The committee then ranked the companies on their oral presentations, with Oracle ranking the highest - 14 - compared to 11 for SAP and 4 for Lawson.

For cost comparisons, the committee chose to consider only the leading firm and any that scored within 10 percent. Since neither of the other companies met that threshold, only Oracle's cost proposal was opened. It then asked Oracle to provide a best and final offer and the company cut its original bid.

Cattanach noted the request for proposals didn't clearly specify that step and could open the door for SAP to appeal the award. But he said the same "10 percent rule" has been used in previous procurements and is understood by vendors.

Oracle also was "clearly the preferred package" by the evaluation committee, and project manager Kate Nolan stressed that "while cost is a consideration, it is more crucial that the system operate as promised," Cattanach wrote.

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Oracle Gets Another Contract With State

Deal Meets With Auditor's Approval

The Capital Times :: FRONT :: A4

Wednesday, March 8, 2006
By JR Ross Associated Press

A software firm whose employees donated to Gov. Jim Doyle's campaign within days of winning a no-bid contract has been awarded a separate deal to implement a program streamlining various business operations for the state.

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Media Release

For Immediate Release

Date:	March 9, 2006
Contact:	Joseph B. Meyer, Secretary of State
Phone:	307-777-5333
Fax:	307-777-6217

Wyoming Secretary of State's Office and Accenture

Reached a Tentative Agreement on State-based Voter Registration System

State Capitol — Wyoming Secretary of State Joe Meyer announced today that Accenture and the State have reached a tentative agreement to not proceed with further development of WyoReg, a state-based voter registration system. The Help America Vote Act (HAVA), passed by Congress in Fall 2002, required each state to develop and implement a statewide voter registration system on or before January 1, 2006. The specific terms of the agreement will shortly be provided in a joint press release by Accenture and the State of Wyoming but generally the agreement will provide for repayments to the State which will be utilized on behalf of the citizens of the state to continue the efforts to develop a statewide voter registration system which will meet HAVA requirements.

Meyer stated, "Several years ago the Wyoming County Clerks' Association and I decided to attempt to design and implement a statewide voter registration and election management system which met the needs of Wyoming and the HAVA requirements. We shot high but, in part, the short time frame required by HAVA has prevented completion. I can never convey how much work and assistance has been provided by Wyoming County Clerks and members of this office over the past two years. It has been a remarkable demonstration of Wyoming intergovernmental cooperation for the benefit of all Wyoming citizens. Members of the Wyoming Legislature have also played a significant role over the past three years and are aware of these current developments."

Meyer further stated, "Currently Wyoming has a statewide voter registration list compiled annually by each Wyoming County Clerk. Of course, following discussions with Wyoming County Clerks, we will determine a course of action in proceeding to develop and implement an updated statewide voter registration system. Many states are in this same situation including Alabama, New York and California. Since Wyoming has same day voter registration, I don't think we are in the same boat as other states in regard to a voter registration system."

-30-

JSOnline

JOURNAL SENTINEL

Contractor paid to cut contracts

But state agency questions savings found by firm

By PATRICK MARLEY
pmarley@journalsentinel.com

Posted: Mar. 19, 2006

Madison - The state is paying nearly $265,000 a month to a consulting firm to tell officials how to cut contracting costs, but at least one state agency doubts the program will save it much money.

Advertisement The Department of Administration says the $7.7 million deal with Silver Oak Solutions will produce up to $127 million in savings through mid-2009 by identifying contracts that can be consolidated and products that can be purchased in bulk.

But a Department of Transportation review of the program found the projected savings for computer contracts at the DOT are dramatically inflated. The administration says the DOT will save $2.25 million through mid-2007, but the DOT says the savings will be just 5.7% of that, or $127,130, according to a DOT memo obtained through the state's open records law.

Deputy Administration Secretary Gina Frank-Reece said her agency and the Transportation Department arrived at competing figures because they used different methodologies. She said the DOT was expected to go along with the administration's projections.

"It's all about changing the way the state does business," she said. "As you know, some people don't embrace change as much as others."

The University of Wisconsin System and some other agencies have also raised concerns about the program. Still others praise it.

The state is paying the company $263,262 a month plus expenses. Under an earlier contract, the state paid $354,767 a month for work performed by as few as 16 employees, or an average of $22,173 per employee.

An early contract with the company included a fee of nearly $66,000 a month for one Silver Oak employee, but Department of Administration spokesman Scott Larrivee said that payment schedule was simply an "accounting mechanism" and that no single employee received that much money.

Sean Dilweg, the top aide to Administration Secretary Steve Bablitch, said the state signed the contract with Silver Oak in May 2004 after realizing the state did not have a handle on its procurement costs.

"Prior to the administration coming into office (in January 2003), we had no understanding of what our (spending) was across state government on Post-it notes, but 3M did," he said. "The vendors knew what we spent, but we didn't. That's a horrible situation to be in."

Now, instead of having departments negotiate contracts on their own for supplies and services, the administration is signing master contracts with vendors to provide them for all agencies.

As a result, the state is imposing new, lower rates on almost all computer contractors after reports showed the state spent as much as $215 an hour for some work. Most rates will now be capped at $85 an hour.

Applying those savings to the Department of Transportation should yield the $2.25 million in savings, according to the administration. But the DOT memo says a detailed review of all computer contractors shows the lower rates would save just $127,130.

The memo said the overstatement of savings in part is due to Silver Oak double-counting some savings and assuming federal aid could be used for other purposes. If the federal money goes unspent, it must be returned to the federal government, the DOT points out.

The DOT memo also questions $1.1 million in projected savings for janitorial supplies, office supplies, software, vehicles and office equipment.

"Without additional supporting information it is difficult to identify where/if actual savings are being realized throughout the department," it says.

The administration is not backing off on its projections.

"Our expertise is back-office functions," Dilweg said. "Their expertise is building roads."

The state has no way to track its past spending on such items, he said. The administration asked vendors how much state agencies spent on their products in 2004, and used those figures to calculate future savings.

Questions called premature

Casey Newman, the DOT's budget director, said he met late last year with Frank-Reece and Patrick Farley, the state's enterprise operations administrator. Farley told Newman at the meeting that he was raising questions prematurely because the program had not had a chance to get under way.

Farley "was not happy we brought it forward," Newman said. "He said . . . you came to us early with this and it's not ready and now you've created a public document."

Newman said he did not know what to make of Farley's comment about public documents. Frank-Reece agreed that Farley was upset by the DOT memo but that his comment about public records "was not a big issue of the meeting."

Farley, who is in charge of procurement for the state, is overseeing the project. He was out of the office Thursday and Friday and unavailable for comment, an aide said.

Farley's division was responsible for a $750,000 contract that went to Milwaukee-based Adelman Travel. Georgia Thompson, a state employee who worked on the contract, was indicted in federal court last year on allegations of steering business to the firm. Firm owner Craig Adelman donated $10,000 to Democratic Gov. Jim Doyle around the time the contract was awarded.

The indictment alleges Thompson pressured others on a committee reviewing bids to inflate Adelman's scores to "cause political advantage for her supervisors." It does not name Farley or any of her other bosses by name, and Farley has not been accused of any wrongdoing in the matter.

Doyle canceled that contract after Thompson was charged, but did not return $10,000 donations each from Adelman and Mitchell Fromstein, who sits on the firm's board of directors.

Dilweg said some agencies raised concerns about the procurement program when it was introduced, but many of them are now on board with it.

Joseph Polasek Jr., the budget director for the Department of Natural Resources, said the deal "makes sense to us." Spokespeople for the Department of Health and Family Services and the Department of Workforce Development said their agencies also believed the projections are accurate.

After the contract commenced, Silver Oak embarked on a 45-day "diagnostic assessment" to calculate potential savings. Once it was complete in July 2004, Michael Pohlman, the state purchasing chief, invoked a contract provision allowing the state to drop the contract at no fee. The plan at the time was to have state workers implement the new contracting practices, records show.

But that November, then-Administration Secretary Marc Marotta determined that the company should be rehired. The firm was paid $500,000 for work it had already performed.

"As we learned more about other states (using Silver Oak) and every state was realizing great savings, we took a second look at it," Frank-Reece said.

The company has not been a political player in Wisconsin. None of its employees has donated money to Doyle or his Republican opponents, U.S. Rep. Mark Green of Green Bay and Milwaukee County Executive Scott Walker.

A review of state records and other documents also shows:

• Three of the five people on the committee that selected Silver Oak Solutions were political appointees. The three were Frank-Reece; Karen Timberlake, the state employment relations director; and Jan Hamik, who was then the administrative services administrator.

Doyle has said contracting decisions are made by career state employees rather than political appointees. When he canceled the Adelman Travel contract, he barred political appointees from sitting on review committees in the future.

• Silver Oak was purchased by CGI-AMS in September 2005. That firm is responsible for a $27.6 million state computer system to track sales tax collections. Reports have shown the system has never worked properly, leading to counties and other taxing authorities not getting their fair share of the taxes.

From the Mar. 20, 2006 editions of the Milwaukee Journal Sentinel
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Legislators may seek audit of tax collection system

Stadium board has questioned drop in sales levy

By DON WALKER
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Posted: March 23, 2006

Members of the Legislature's Joint Audit Committee appear poised to vote in favor of a massive audit of the state's information technology systems, including the system used to process sales tax collections.

Advertisement   Rep. Suzanne Jeskewitz (R-Menomonee Falls), co-chairman of the committee, said Thursday that there appeared to be enough support to ask the Legislative Audit Bureau to audit an undetermined number of programs in state agencies.

"We've put so much money into the systems, we have to do this," she said.

The committee is to vote on the matter April 5.

An audit is a priority for the Miller Park stadium board.

The board's stated goal is to retire the 0.1% sales tax that is collected in Ozaukee, Washington, Waukesha, Milwaukee and Racine counties by 2014. But consultants hired by the district have concluded that if sales tax collections continue to lag, the tax might have to be extended three or four years.

The sales tax is used to retire the debt on construction of the baseball stadium.

From 1997 to 2002, district sales tax collections increased an average of 7.89% a year. Since the software to manage collections was installed in December 2002, the district collections have dropped an average of 0.11% a year.

That drop comes despite sales tax growth throughout the state. State officials have said that sales tax collections statewide in 2005 were up 4.4%, compared with sales tax growth of 1.9% in the five-county region.

"I don't have confidence in the numbers," stadium board member Douglas Stansil said.

Last week, the board agreed to lobby legislators to approve an audit and try to determine once and for all whether there are problems with the accuracy and reliability of the sales tax collection program.

The stadium board and counties that collect a sales tax have concerns about the reliability of the Integrated Tax System (ITS). Several other information technology programs for state agencies have not performed up to par.

In a letter this week to Jeskewitz and her co-chairman, Sen. Carol A. Roessler (R-Oshkosh), State Auditor Janice Mueller notes the problems with ITS. But she also takes note of problems with the state's $36 million Registration and Titling System at the Department of Transportation, and the $26 million Appointment Payroll and Benefits System at the University of Wisconsin System.

Mueller writes that an audit of state information technology systems could determine exactly how many programs are in place, how much was spent on each and whether the project was on time and on budget, as well as provide studies of selected major projects.

Sen. Robert Cowles (R-Green Bay), a vocal critic of many of the state's information technology contracts, said he was in favor of imposing penalties on vendors when programs have cost overruns.

From the March 24, 2006 editions of the Milwaukee Journal Sentinel
Have an opinion on this story? Write a letter to the editor or start an online forum.

State audit panel will meet today on IT contracts

Delays, problems, overruns targeted

By Karen Lincoln Michel
Press-Gazette Madison bureau kmichel@greenbaypressgazette.com April 5, 2006

MADISON — The state Joint Legislative Audit Committee will conduct a public hearing today on four information technology contracts being considered for audits because of delays in implementation, operational problems and cost overruns.

The contracts up for review are the state Department of Transportation's Registration and Titling System, the state Department of Revenue's sales and use tax distribution portion of its Integrated Tax System, the University of Wisconsin System's Appointment Payroll and Benefits System project and the state Elections Board voter registration database.

The audit requests are coming from the audit committee's joint co-chairs — Sen. Carol Roessler, R-Oshkosh, and Rep. Suzanne Jeskewitz, R-Menomonee Falls — and Sen. Rob Cowles, R-Allouez.

"We want this to be a comprehensive audit that can really clean up some of the messes that have gone on," said Cowles, who has pushed for greater accountability in state contracting and co-authored the state spending and contracting reform bill signed into law earlier this year.

The audit hearing on information technology contracts comes at a time when Gov. Jim Doyle has come under sharp criticism for his administration's handling of the Adelman Travel contract last fall as well as other recent awards, including a state software contract to Oracle USA Inc. In both cases, employees of the companies that won state contracts had donated to Doyle's campaign — $20,000 from Adelman executives and $3,250 from Oracle employees.

Cowles said neither of those two contracts was considered for inclusion in the audits. But, he said, recommendations resulting from the audit, combined with a more stringent cost-benefit-analysis requirement through the new contracting and reform law, will provide greater checks and balances for new contracts and create greater efficiency throughout the state bureaucracy.

The audit hearing is the first step before the audit committee directs the nonpartisan Legislative Audit Bureau to pursue the reviews.

Of the four projects, perhaps the public's most memorable computer glitch resulted in long lines at the Division of Motor Vehicles at the end of 2004 because of the implementation of the DOT's registration and titling system.

The state Department of Revenue also experienced problems when it implemented its new system in December 2002.

Laura Engan, deputy secretary of the revenue department, said the county sales tax

component of its Integrated Tax System had "various design flaws" in the software that went undetected throughout a 36-month period. The result was overpayments to some taxing districts and under-payments to others.

The Lambeau Field stadium district was one of the entities overpaid.

State cancels procurement contract over money-saving concerns

April 9, 2006

MADISON- The state has canceled part of a contract with a company that is updating Wisconsin's procurement system, amid concerns that the final phase of the contract would not save as much money as promised.

At least three state agencies protested the contract with Silver Oak Solutions, saying it wouldn't deliver on the cost savings promised by the Department of Administration.

The contract had three phases, two of which have been successfully completed, said Sean Dilweg, the top aide to Administration Secretary Stephen Bablitch.

The first two phases overhauled the purchase of office supplies, furniture and vehicles. The third phase was to focus on smaller operations such as banking.

The part of the contract that was canceled Friday obligated Silver Oak to generate at least $3.7 million in savings. The company's recent projections said the firm would produce $3.4 million to $7.1 million in savings.

In a memo to Bablitch, Pat Farley, the administrator of enterprise operations, wrote that he was troubled that the low end of that range was less than what the contract required.

Silver Oak will receive about $5.5 million for the work it did on the first two phases, but Friday's decision means the company will not receive an additional $1.8 million.

In his memo, Farley suggested that state employees could do the work for less than what Silver Oak was charging.

Bablitch accepted that recommendation, Dilweg said.

Eileen Murphy, a spokeswoman for CGI-AMS, the parent company of Silver Oak, declined to say whether her firm disagreed with the state's conclusions.

Dilweg said the successful implementation of the first two phases of the contract are expected to generate $127 million in savings through mid-2009.

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MILWAUKEE
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State's tech troubles pile up

Unemployment revamp tab jumps $27.2 million

By PATRICK MARLEY
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Posted: April 16, 2006

Madison - A massive technology project for the state Department of Workforce Development run by the state's most expensive computer contractor is running $17.2 million over budget and four years behind schedule.

Advertisement   A second, related project is $10 million over budget and more than three years behind schedule. Together, they will cost $68.4 million, or 66% more than what the combined projects were originally expected to cost.

"The money just keeps going out the door," said state Sen. Robert Cowles (R-Green Bay).

"This should be the vendor's responsibility, and if it wasn't written into the contract, then somebody's head should roll. It's another awful example of how these IT vendors have gotten such a great deal."

The two federally funded projects started in earnest in 2002 using a mix of state employees and contractors from two prime vendors, Tier Technologies and Accenture. The projects will revamp the 25-year-old programs that run the state's unemployment insurance program. One of them will be finished in September 2007, the other in 2010.

Hal Bergan, the state's administrator of unemployment insurance, said costs shot up dramatically because of the complexity of the massive projects.

"Pricing these projects is much more an art than a science, and anyone who tells you differently is kidding you," Bergan said.

The projects, known by the acronyms EnABLES and SUITES, are two among the hundreds that state auditors will review over the next year. Auditors are expected to provide legislators with an overview of all state IT projects, but can provide detailed analyses of only half a dozen of them because of the sheer number of projects under way.

The Department of Workforce Development work has not been flagged for that level of review because legislators have focused on higher-profile problems, such as those that have plagued a years-long upgrade of the Department of Transportation's vehicle registration system and the Department of Revenue's system

that tracks sales taxes.

Scott Larrivee, a spokesman for the administration, said computer contracting among state agencies dropped 24% from 2003 to 2004 under Democratic Gov. Jim Doyle.

"Obviously, overall, there has been a focus since Governor Doyle took office to reduce contracting," he said, but added that it's up to individual agencies, rather than the administration, to manage the projects.

Tier, which is heading up EnABLES, is preparing to sign a contract extension through 2010. But those talks are stalled because a public employees union contends the firm has not formally disclosed that it hired two high-ranking Workforce Development employees.

Unemployment administrator Bergan said Tier does not need to disclose that until it signs the contract extension. Regardless, the state was already aware of the situation, and it does not constitute a conflict of interest because the two former employees are not working on the state IT project, he said.

Costly delays

The Enhanced Automated Benefits Legal Enterprise Services project, or EnABLES, will track more than 600,000 unemployment insurance claims and appeals made each year. It was originally expected to cost $24 million and be finished by September 2006, but now is expected to cost $41.2 million through 2010. (The department is hopeful that a software release next year may reduce the total cost, however.)

An administration review of computer contractors last year found that the state pays more for top Tier employees than for any other contractors. At the time, the state was paying as much as $215 an hour for a Tier employee. Public records show that the state earlier paid as much as $314 an hour for a Tier employee.

The top rate is slated to drop to $165 an hour when the contract extension is signed.

An early version of the Tier contract would have paid the firm $6.8 million through June 2006, but the firm is now expected to collect $21.8 million through 2010. Tier spokesman Matthew Brusch did not return a call.

Planning for EnABLES began before Doyle took office in January 2003. Administrators at the time made the decision - which Bergan called defensible - to move ahead with the project before they fully refined exactly what they needed. To get a detailed scope would have taken years, and there are advantages to moving ahead with the project before that process is complete, he said.

But when administrators do that, they need to do so "with their eyes wide open," knowing that cost projections are on shaky foundations, he said.

"You're really defining the requirements as you go, which makes the cost estimates, . . . frankly, not that valuable," Bergan said.

The Department of Workforce Development hired Tier in 2003, but put the work out for bid again last year in hopes of lowering costs. Tier was the only qualified bidder that responded, Bergan said.

But negotiations with Tier over a contract extension have not begun because the Wisconsin Professional Employees Council, which represents state IT workers, has protested giving the work to Tier. The union's protest was denied; its appeal before the Department of Administration is pending.

Hiring questioned

Among other things, the union alleges Tier has not been forthcoming about hiring Cary Lee Carter, the former EnABLES project manager for the state, and Carol Laudenbach, the former benefits director for the Division of Unemployment Insurance.

The two helped select Tier for the state job in 2003.

Carter quit in July 2004, and soon took a job with Tier.

"Their initial thought was Lee Carter could assist EnABLES, and I said no way. . . . It's not appropriate to switch sides," Bergan said.

In January 2005, Laudenbach left the department. Several months later, she took a job with Tier working on an Indiana project. Tier never tried to put her on the EnABLES job, Bergan said.

Before they left, the state paid Carter $79,795 a year and Laudenbach $94,935 a year.

Jill Hynum, the union's vice president, said she remained concerned about the situation.

State rules require that firms bidding on state work disclose the names of former agency employees they have hired in the past year. The Department of Workforce Development did not ask bidders to submit that information, however.

Bergan said the firm was not required to disclose it until it signs a new contract.

The Statewide Unemployment Insurance Tax Enterprise System, or SUITES, is nearer completion but has also been plagued with delays. The system will track unemployment insurance taxes paid quarterly by 130,000 businesses. Originally budgeted at $17.2 million, it is now slated to cost $27.2 million.

It is expected to be finished in September 2007, 3 1/2 years behind schedule.

Accenture, the prime contractor for the job, completed its share of work in August. State workers will finish the project. Accenture spokesman Peter Soh said the delays were caused by the state because it changed the scope of the project.

Accenture was paid $14.1 million for its work on the project, about $2 million more than in the original contract.

Accenture is now building the state's troubled voter database. Legislators have raised concern about that work because it was supposed to be done by Jan. 1 under federal law. The job is not expected to be complete until after the November elections.

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State contracting called sound

Report suggests ways to boost public trust; officials to adopt some

By PATRICK MARLEY and STACY FORSTER
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Posted: April 20, 2006

Madison - The state's contracting process is sound, but officials could boost public trust in it by increasing transparency, according to an independent review released Thursday.

Advertisement   State officials said they were prepared to adopt many of the recommendations in the report.

Gov. Jim Doyle ordered the evaluation days after civil servant Georgia Thompson was indicted in January on allegations of steering a travel contract to a Doyle contributor. Doyle, a Democrat, asked Mark Bugher, the administration secretary under former Republican Gov. Tommy G. Thompson, to review the agency's bidding and contracting process.

"By and large, when you consider the magnitude - the size and scope - of state procurement, it works pretty well," Bugher said, noting that the state spends $1 billion a year on everyday items.

However, Bugher called for an array of upgrades to the current system, the most far-reaching of which would make available online a detailed file on how most state contracts were awarded.

Among Bugher's suggestions:

• Create an Interagency Procurement Council to find better ways to negotiate the best deals and increase public confidence in the process.

• Simplify contracting procedures to generate more responses from vendors.

• Ensure that goals to use businesses owned by minorities, women and veterans are met.

• Require contract evaluation teams to make public a report about their activities.

Doyle was in Walworth County and unavailable for comment Thursday, but Deputy Administration Secretary Gina Frank-Reece said the agency would create the new council on procurement and review the specific recommendations shortly.

"All these recommendations look very doable for the right reasons, and we're very prepared to move

forward," she said.

Bugher's review comes at a time when Doyle is under fire for his use of outside firms. State agencies have complained that a recent move to consolidate state contracts engineered by consultant Silver Oak Solutions would not realize as much savings as the firm has projected. Bugher said he was not charged with looking into that matter, but he heard much about it from state employees.

"I have no basis for challenging those numbers, other than to say throughout the breadth of state government, I heard concerns about this organization," he said.

State officials have said the deal with Silver Oak will yield $127 million in savings through mid-2009 but canceled the deal this month, saying future work from the company would not generate enough in savings. Bugher's comments did not influence that decision, Frank-Reece said.

Bugher said he reviewed procurement laws and administrative rules and discussed them with dozens of current and former state employees. He did not review specific contracts, however.

Upgraded Web site advised

The most noticeable change he recommended was for the state's procurement Web site, *vendornet.state.wi.us*. The upgraded site would include copies of state contracts along with reports by state employees on how firms were selected. It also would include a list of evaluators, potential conflicts of interest they might have, copies of their reviews of each vendor and e-mail exchanges about the bids, he said.

A beefed-up system would make it easy for legislators and the media to answer questions about contracts, Bugher said.

"In my view, it's not particularly transparent right now," he said.

Frank-Reece said revamping VendorNet is a priority, but she did not know whether it would do everything Bugher called for.

Bugher wrote that state staff were responsible for procurement successes, and the state should "retain and strengthen" its corps of employees.

"You actually spend money to save money, I think," Bugher said.

Bugher said he was unaware the state is set to cut 47 of its 181 procurement jobs by July 1 under a measure adopted last year that centralizes procurement functions at the Department of Administration.

Frank-Reece said that move would put staffing levels in line with the private sector without hampering the state's institutional knowledge. The cuts will not be reversed, she said.

The union that represents procurement employees will use the report to try to persuade the administration to keep the jobs, said Cathy Rought, a spokeswoman for the American Federation of Teachers-Wisconsin.

"Continuing to eliminate these jobs would be a huge step backward, especially in light of this report," she said.

Bugher did not look into political donations by state contractors, a central question surrounding the indictment of Thompson, who is accused of directing state business to Adelman Travel, whose founder,

Craig Adelman, donated $10,000 to Doyle in the months before and after the contract was awarded.

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State must ensure fair contracting

Wisconsin State Journal editorial
May 1, 2006

How government does its business is and should be the public's business.

That's why Mark Bugher's proposed changes to state contracting procedures are so important and deserve adoption.

Democratic Gov. Jim Doyle asked Bugher, a former administration secretary under Republican Gov. Tommy Thompson, to review how the state awards more than $1 billion in contracts each year. The review was prompted by the indictment in January of a state employee on charges she steered a travel contract to a Doyle campaign donor.

To the Doyle administration's credit, Bugher did not find large inefficiencies or poor management. But he did suggest ways to make state contracting more transparent.

Bugher recommended:

Creating a council to monitor procurement practices across all agencies to ensure fairness.

Establishing clear criteria for when projects require a bid.

Requiring all contract evaluation teams to save records and post them on a state Web site with an explanation for choosing a particular vendor.

Doyle Administration Secretary Steve Bablitch said he hopes to start work on some of the changes immediately. Yet all of the above recommendations deserve formal adoption and implementation.

They are especially needed now because of an ongoing state and federal criminal investigation into ties between campaign donations and state business in the Doyle administration.

And last fall, a Doyle administration official hosted a fundraiser for the governor to which bidders on state engineering contracts were invited. The state Ethics Board deemed the action legal, but correctly disapproved of the solicitation.

Those who do business with the state deserve a level playing field. No one should get a running start or extra consideration for a contract because of a campaign contribution.

Taxpayers and vendors also should have easy access to the details of

how and why fat contracts are awarded.

Fairness should be a hallmark of state contracting in Wisconsin. And Bugher's suggestions would go a long way toward ensuring that.

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DuluthNewsTribune.com

Posted on Mon, May. 15, 2006

Lawmakers order audit as state computer problems mount

RYAN J. FOLEY
Associated Press

MADISON, Wis. - At the Department of Administration, the new $2.6 million software for employee e-mail led to lengthy delays in delivery and disappearing messages.

At the University of Wisconsin System, the software to track employees' pay and benefits cannot be implemented after a $26 million effort to do so. And at the Department of Revenue, software glitches in a $37.1 million program still can cause inaccurate sales tax payments to counties.

State agencies have been hit by a string of delays, glitches and outright failures in multimillion dollar information technology projects. While the problems vary from project to project, outraged lawmakers ordered an audit last month to get to the bottom of what they suspect is mismanagement that has led to the waste of millions of tax dollars.

"Something's wrong here when we have all these projects failing and we're putting millions and millions of taxpayer dollars into this. This is just a shame," said Rep. Suzanne Jeskewitz, R-Menomonee Falls and a co-chair of the Legislature's audit committee. "Boy, I'll tell you, the taxpayers are getting really sick of this."

But some experts say there is nothing unusual about the problems facing state government. Large software projects can be incredibly complex and are inherently risky, they say. If successful, they can generate major efficiencies in an agency. If not, they can turn into major debacles.

"These people in the agencies managing these large, complex projects face an enormously difficult task and it's easy to armchair quarterback," said Jim Rice, president of the Information Technology Association of Wisconsin, which represents about 40 companies. "It's not uncommon in the IT sector to have these very challenges."

The recent problems include:

_ The UW System's announcement this month that it had put on hold its five-year, $26 million payroll project after problems implementing the software on 26 campuses throughout the state. The system is considering whether to try to move forward with the software installation, shore up its 30-year-old system or go with a different product.

"One of the things I've concluded is that we underestimated the level of complexity when we began," said Don Mash, the UW System's executive senior vice president who has worked for a year to try to salvage the project.

_ The Department of Administration's cancellation of a contract to install Oracle software to consolidate the e-mail systems used by state agencies into one. The department scrapped the $2.6 million project after a pilot program involving 1,200 state employees revealed numerous technical glitches. Instead, the agency has hired Microsoft as the project vendor.

_ The Department of Revenue's repeated problems with its Integrated Tax System, installed in 2002 to process tax collections and distribute accurate payments to counties and the state's two professional sports districts. The problems have resulted in overpayments and underpayments to counties. An audit earlier this year blamed inadequate testing of the software calculations.

The problems are familiar across state government, which now spends an estimated $740 million a year purchasing IT-related services and supplies.

A previous state audit in 2001 discovered that six of seven large-scale IT projects had been delayed and/or exceeded their budgets - with overruns up to $28 million, delays as long as four years and one project scrapped altogether. Auditors did not even try to describe what went wrong because the project participants themselves disagreed.

"It's very, very difficult to fully specify these large complicated software and hardware systems so that the end project is exactly what people envisioned in the first place," said Paul Barford, a University of Wisconsin-Madison assistant professor of computer science. "When you talk about millions of lines of software, you're talking about a level of complexity that's very hard for humans to comprehend."

State Auditor Janice Mueller said the audit ordered last month would be one of the biggest in her agency's history. It will give lawmakers an overview of hundreds of ongoing projects, determine whether recent projects finished within budget and on time, and document problems in a handful of high-profile projects.

Mueller said she doubted auditors would find any commonality between the projects, except that few "are on time, within budget and have the desired functionality." It is not expected to be finished until next year.

In the meantime, Jeskewitz and Sen. Carol Roessler, R-Oshkosh and a co-chair of the audit committee, asked Department of Administration Secretary Stephen Bablitch in a letter last week to implement the recommendations from the 2001 audit. Those include guidelines on negotiating contracts, specifying the desired product and managing the projects.

Sean Dilweg, the top aide to Bablitch, said the department was "looking seriously at the suggestions." He defended the state's performance, saying the administration has cut the rates paid to top IT consultants and negotiated warranties in contracts to allow for refunds if projects fail.

He said the state is close to announcing a deal to recoup money on the e-mail software "simply because we had a good contract in place."

Cathy Rought, a spokeswoman for AFT-Wisconsin, a union representing 10,000 state employees, said the problems are caused by an overreliance on costly contractors rather than state employees to do the work.

"They are purchasing these software packages that need to be customized and instead of relying on the people who know what all the needs are, we are relying on contractors," she said.

But Mash said UW System's project did not employ enough outside help. He said more experts should have been hired earlier, which would have cost more but paid off in the long run.

"But put this into some perspective. This isn't happening simply because we were messing up," he said. "These are very, very complex and it seems to be the norm around the country in terms of large software implementations."

UW scraps $26 million software project

By RYAN J. FOLEY
Associated Press Writer

MADISON, Wis. (AP) -- The University of Wisconsin System on Wednesday announced its decision to scrap a project to implement a new computer program to manage its payroll and benefits for employees after already spending $26 million on the effort.

UW System Executive Senior Vice President Don Mash said the system would stop implementing a product developed by Minnesota-based Lawson Software at its campuses. Instead, he said the UW would try to take advantage of a new state contract with a separate software vendor to implement a similar system at a lower cost.

The project had been on hold for several months, not because of concerns with the quality of the software, but because of technical problems implementing it on campuses that use different business practices.

Mash said the UW System, which has 13 four-year universities and 13 two-year colleges, studied its options and recently decided it would be too expensive and time-consuming to continue with Lawson.

"We just found it very, very difficult," Mash said. "We probably underestimated the complexity of it when we started way back when."

The project is one of several information technology projects across state government that have run into criticism from lawmakers and the public as wasteful. State auditors are probing several projects, from the Department of Transportation to the Department of Workforce Development.

UW started the project in 2001 with a goal of adopting a state-of-the-art human resources system that would save money by reducing staff and improving data reporting. The $26 million included UW staff time as well as money to purchase software and hire consultants.

Mash acknowledged the UW System made several strategic errors during the project but he said the decision to stop now and try to implement Oracle's PeopleSoft program instead would be wise in the longrun.

"We've had a very strong record of completing these major IT implementations but on this one for a lot of reasons we just didn't perform like we have in the past," he said. "We're just going to have to own that. We regret that."

Mash said switching to PeopleSoft would take several years. In the meantime, the UW System will continue to use its 30-year-old payroll and benefits system that will likely require more than $1 million in upgrades per year, he said.

Mash said the Department of Administration's new contract with Oracle presented an opportunity for the UW System to switch vendors at a good cost. He said UW campuses already had success implementing Oracle software to track financial and student information.

A spokesman for Lawson, Terrence Blake, did not immediately return a phone message Wednesday afternoon. In the past, he has defended the company's software and blamed UW for the delay but expressed hope the project would be finished.

Mash said he believed the UW System should have hired more IT experts earlier in the project and done more planning before trying to implement the changes. He said those "lessons learned" would be valuable in future IT projects.

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State e-mail conversion may last to 2008

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An already delayed conversion of the state's hodgepodge of e-mail systems to a single platform may not be completed until May 2008 - some five years after planning for the project began, an official with the state Department of Administration said.

The new date would represent a delay of up to nearly two years beyond the date the program was originally supposed to be rolled out to most state agencies.

State officials are now preparing to shift to a new version of the Microsoft software they are using for the project, department spokesman Scott Larrivee said. The latest news on the system matters to taxpayers because it's a key initiative that has already seen significantly higher costs because of the problems with the conversion.

The latest switch comes after another change, announced in February, in which the department said it was scrapping its attempt to convert the e-mail systems to a lesser known Oracle platform.

"You could go into May 2008 but it could be earlier," Larrivee said of the new timeline. "That depends on how the implementation goes."

The state's various agencies currently use a mix of different programs to serve some 40,000 e-mail accounts. As late as February, the state's top information technology official, Matt Miszewski, said he believed a conversion to the Oracle system - part of a rash of recently publicized state IT problems - could still be finished by July 1 for most state agencies.

The state will recover about $950,000 of the $2.1 million spent on consultants and software licenses for the Oracle project in credits for software and maintenance work from Oracle, Larrivee said.

Sen. Robert Cowles, R-Green Bay, a member of joint Audit Committee, said delays and cost overruns in such IT projects should be a concern to taxpayers. The Legislative Audit Bureau is looking at the problem and the Legislature should consider further oversight of the issue, he said.

"It's a piece of government where there just hasn't been enough scrutiny and accountability and it's hurt us," Cowles said.

Larrivee defended the changes, saying they were necessary to get to a

workable system for the state.

"As circumstances changed, we changed, rather than cling to some arbitrary timeline," he said.

The program has already converted the e-mail accounts at several state agencies, including the departments of Administration, Natural Resources and Corrections. The current target is to have 20,000 of the state's e-mail accounts converted by May, Larrivee said.

From then on, the state will make the conversions with the updated version of the Microsoft software - a course that was recommended by a council of IT leaders from different state agencies, he said.

Larrivee said there would be no added cost for the licenses for the newer software version, which he said would offer a more resilient system that is less vulnerable to database crashes.

The State Journal first reported in February on the problems with the conversion. Planning for the project began in 2003, Larrivee said. A November 2004 state report lists a targeted completion date for the project as June 2005.

The cost to implement the e-mail and calendar software known as the Oracle Collaboration Suite and maintain it over five years would have been an estimated $8.5 million, Larrivee said.

The subsequent switch to Microsoft software has changed the projected overall cost to $9.3 million for the five-year implementation, Larrivee said. So far the state has spent less than $4 million on the project, including the credits refunded by Oracle, he said. There are seven administration department workers on the project, and more than 100 state computer experts logging at least 18,000 hours have worked on it.

The estimated cost of doing nothing and maintaining the existing systems over the five years would have been $10.3 million, Larrivee said.

A November update on the project given to the state's Information Technology Directors' Council found the conversion of the Department of Corrections accounts went well, according to minutes of the council.

Jim Zellmer, software consultant and co-owner of Virtual Properties in Fitchburg, noted that e-mail is a problem for organizations because of rising volume and spam messages.

"These are big systems and changing them is very, very hard," Zellmer said.

Consolidating e-mail systems may make an organization more efficient, but it could also mean more down time from system crashes or cyberattacks, he said. Payback on the taxpayers' investment depends on variables such as training, the performance of the system and the cost to support it, he said.

UW-Madison computer sciences professor Marvin Solomon said the
arrival of a new software version can present buyers with a difficult
choice.

"If you've decided to upgrade, then you might as well upgrade to the
latest thing," Solomon said. But, "if you go with the latest bleeding edge
thing, then you've got something that has bugs that haven't been
shaken out."

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