



# Oregon

Kate Brown, Governor

## Department of Administrative Services

Office of the Chief Operating Officer

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January 21, 2016

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

### Dear Co-Chairpersons

### Nature of the Request

The Oregon Department of Administrative Services (DAS) strives to provide excellent and efficient service to its employees; the executive, judicial, and legislative branches; and the citizens of Oregon. DAS is challenged to efficiently meet these business objectives due to the outdated and inflexible human resource information systems (PPDB and PICS) used to manage state human resource business processes. In 2013, DAS embarked on a project to explore the option of replacing the legacy human resource system with a modern, functionality rich human resource information system (HRIS). After two years of research, planning and frequent consultation with the State Chief Information Office (SCIO), Legislative Fiscal Office (LFO), enterprise leadership, industry experts and other project teams in Oregon and other states, DAS is ready to take the next step to ramp up the project team and release a Request for Proposal (RFP) for an HRIS software solution. This request is for an increase in expenditure limitation for the rest of the 2015-17 biennium in order to adequately staff the project team with state resources and professional IT project support. The project team will evaluate vendor proposals, select an HRIS software solution, complete the planning documents required for Stage Gate 3 and prepare DAS and the state for an implementation project to occur in the next biennium. DAS plans to bring forward a request to the legislature for funding of the software solution and implementation phase of the project as part of its 2017-19 budget.

### Agency Action

In 2013, DAS collaborated with Dye Management Group to develop a business case to justify the replacement of the current system. In addition to the business case, the project team has developed functional requirements, mapped current business processes, obtained the SCIO's Stage Gate 1 and 2 endorsements and have started development of an RFP. Two Requests for Information (RFI) were released to solicit information from the market place to further inform the project. KPMG was hired in October 2015 to evaluate DAS' approach to

the project and to provide recommendations on best practices regarding the staffing plan, planning activities and the development of the software solution RFP and evaluation process.

DAS recognizes that all the legacy enterprise applications are in need of modernization. Through extensive outreach to agency leadership via surveys, polling and multiple workshops, a clear consensus emerged that the HR system should be the first legacy system to be replaced due to its lack of functionality and reporting capabilities. The State Chief Operating Officer (COO) and Enterprise Leadership Team have endorsed the project by signing the project charter and the Governor's office has provided a written statement of support for the project.

This project is intended to be the first phase of a larger full modernization strategy. The HRIS solution selected will likely be a stand-alone module(s) from a larger Enterprise Resource Planning (ERP) system that could potentially provide additional system replacement functionality in a future phase of the larger legacy modernization plan, i.e., payroll, accounting, finance, etc.

### **Action Requested**

DAS requests the following:

- \$6,974,412 increase in Other Funds expenditure limitation (\$2,779,373 in Personal Services, \$4,195,039 in IT Professional Services and Service and Supplies)
- Extend six limited-duration (LD) positions (4.29 FTE) in addition to reclassifying one of these positions from a Policy and Budget Analyst to Principal Executive Manager G and converting one of the LDs to permanent full-time.
- Establish 20 limited duration and 2 permanent full-time positions (10.17 FTE).

The three permanent full-time positions will support the remaining detailed planning and the procurement evaluation process of a software vendor up to the 'Intent to Award' stage during the next 18 months. This request also includes the procurement of an Independent QA firm required for large State information technology projects and a Project Management/Advisor firm with HRIS implementation experience to assist with the project management and advise the project on technical preparations, cultural change management and the software solution selection process. As the HRIS project is considered the first phase of a full legacy systems modernization plan, the three permanent positions will provide the continuity needed for all future phases of modernization. A 10% contingency is also included in this request.

This request provides the limited duration and permanent full-time positions needed to supplement current staffing in the Chief Human Resources Office to prepare for the deployment of a modern HRIS and the required business process changes needed to take advantage of the efficiencies it can provide. The implementation of new enterprise software will require the analysis of affected state and agency specific policies and process requirements, the development of new or updated procedures standard across agencies, and a plan to assist agencies prepare for the cultural change associated with new software. The HRIS is expected to be a Software as a Service solution which is a deployment method fairly new to

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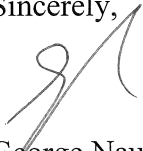
the State. Technical project staff will work closely with the LFO and the State CIO's office to align the HRIS project with the SCIO's vision, meet all Stage Gate requirements and ensure a compatible framework is established that future projects can leverage.

This package does not reflect the total project costs. Costs for the HRIS vendor will be provided after RFP proposals have been evaluated and an intent to award has been given. The project team will work collaboratively with the software vendor to develop the final project plan, schedule and budget which will be presented to the 2017 legislature as a funding request.

**Legislation Affected**

Increase the Other Funds expenditure limitation established by chapter 654, section 2(4), Oregon Laws 2015, for the Department of Administrative Services, Chief Human Resource Office, by \$6,974,412 for the 2015-17 biennium.

Sincerely,



George Naughton  
Interim Chief Operating Officer and DAS Director

