Report to the 83rd Legislature

capps

ERP in Texas

Susan Combs, Texas Comptroller of Public Accounts

January 2013

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Joseph R. Straus III, Speaker of the House
Members of the 83rd Legislature
Members of the Legislative Budget Board

Ladies and Gentlemen:

We are pleased to present the *Report to the 83rd Legislature: CAPPS — ERP in Texas*, in accordance with Section 2101.040, Texas Government Code. You may view an electronic version of this report, along with additional information, at www.TxProjectONE.org.

A statewide Enterprise Resource Planning (ERP) solution creates a host of benefits for the state of Texas by providing:

- A single source of information for all state agencies to improve accuracy and efficiency.
- Real-time, reliable information on the state's revenue and spending.
- Simpler and more transparent reporting on the state's business.

Over the last two years, ProjectONE has moved beyond laying the groundwork for a new, statewide financial and human resources/payroll system that integrates functions into a secure system meeting the state's business needs, to building and implementing the system across nine state agencies. The ERP solution for Texas — the Centralized Accounting and Payroll/Personnel System or CAPPS — is here.

As agencies implement CAPPS, lawmakers and taxpayers will benefit from greater transparency for government operations and funding. Data will be available across participating agencies in real-time and enable the state to better utilize its funds.

With the current agencies on CAPPS, Texas decision makers now have an unmatched ability to count every dollar — and make every dollar count. This capacity will continue to grow and deepen as additional agencies join the CAPPS family of agencies.

On behalf of the ProjectONE team, thank you for your time and effort on behalf of Texas government. We look forward to addressing any questions or comments you may have on this initiative.

Sincerely,

Susan Combs

Table of Contents:

Executive Summary

Enterprise Resource Planning (ERP) consolidates aspects of a business within a commonly aligned set of systems — accounting, payroll, human resources (HR), inventory, fleet management and more. Information is entered once and then carried over to all other functions, resulting in less room for error and reduced manual effort. Reporting is more accurate and highly automated, providing greater detail and better access to data for "big-picture" overviews.

ProjectONE — Our New Enterprise — is charged with implementing ERP for the state of Texas over the next several years. The end result will be a single source of information that enhances the ability of agencies statewide to efficiently manage their operations, while minimizing conflicting data and giving decision makers accurate, timely financial and human resources/payroll information. No longer just an idea, the Centralized Accounting and Payroll/Personnel System, or CAPPS, is the ERP solution for Texas designed and built by ProjectONE and working for agencies now.

Accomplishments

With CAPPS live at nine state agencies, Texas is on its way to providing a statewide ERP solution for financial and HR/payroll administration. A statewide CAPPS gives state decision makers a single source for reliable, real-time information that can be compared across participating agencies and provides transparency and better information for strategic sourcing and statewide procurement. These benefits will grow as agencies adopt and implement CAPPS.

CAPPS Financials has been implemented at four Texas state agencies, laying the foundation for the state's Financial ERP effort. Those agencies include the Department of Information Resources (DIR), Central Texas Turnpike System (CTTS) — an enterprise fund of the Texas Department of Transportation (TxDOT), Texas Comptroller of Public Accounts (CPA) and the Texas Department of Insurance (TDI).

CAPPS Financials was implemented at DIR on Sept. 1, 2011. The implementation allowed DIR to eliminate databases with redundant information and helped support the agency's cost-reduction efforts. CAPPS improved system data management, enhanced data integrity and, for the first time, allowed reporting that interfaces between the agency's databases.

CAPPS Financials was implemented at CTTS on Sept. 1, 2011. CTTS now has a system that is dependable, manageable, integrated and regularly maintained, preparing the way for full TxDOT implementation in the next phase of CAPPS deployment.

CAPPS Financials was implemented at CPA and TDI on July 2, 2012. To prepare for this implementation, ProjectONE's *CPA/TDI Implementation on CAPPS* (CTIC) project team further refined CAPPS Financials, including expanding the security structure segregating agency data. This refinement resulted in the current robust platform ready for deployment across all state agencies.

In preparation for the launch of CAPPS Financials, the Integrated Statewide Administrative System (ISAS) previously used by CPA and TDI became the first of seven CPA legacy systems to be retired as a result of implementing CAPPS. The seven legacy systems are:

- Human Resource Information System (HRIS)
- Integrated Statewide Administrative System (ISAS)
- State Property Accounting (SPA)
- Standardized Payroll/Personnel Reporting System (SPRS)
- Texas Identification Number System (TINS)
- Uniform Statewide Accounting System (USAS)
- Uniform Statewide Payroll/Personnel System (USPS)

The five Health and Human Services (HHS) agencies retired their legacy accessHR system and converted to CAPPS HR/Payroll on Nov. 8, 2012. The five Health and Human Services agencies are the Health and Human Services Commission (HHSC), Department of Aging and Disability Services (DADS), Department of Assistive and Rehabilitative Services (DARS), Department of Family and Protective Services (DFPS) and Department of State Health Services (DSHS).

CAPPS HR/Payroll at the HHS agencies integrates human resources and employee timekeeping activities with payroll processing. It also eliminates obsolete business processes while improving accuracy of reported human resources data and payments to employees. Additionally, it serves as the baseline application that will allow deployment of this CAPPS component at all state agencies.

Challenges

Funding — The CAPPS project has not been fully funded. With only a limited number of state agencies implemented on CAPPS, the benefits of ERP for Texas have yet to be fully realized. Moreover, some of the challenges the state faces with systems built on older technology will continue until the systems can be replaced with newer ERP technology.

Standardization — Texas government's decentralized structure creates complexities and challenges, with many agencies having their own custom financial and HR/payroll systems and associated business processes. Replacing these distinct systems with CAPPS requires a high degree of coordination and cooperation with individual state agencies.

Limited resources — Many state agencies are currently operating with limited resources, including reduced staffing levels, making commitment for ERP a challenge.

Going Forward

ProjectONE has developed a strategy for implementing CAPPS going forward, addressing the need for budget flexibility, the implementation flexibility required for larger, complex agencies, and changes in the technology marketplace.

Agencies need flexibility to choose an ERP solution that is adaptable to agency-specific business needs and affordable to implement, operate and maintain. This go-forward strategy builds in flexibility for state agencies by offering **two basic ERP implementation models — Statewide ERP Platform and "Hub." A key component common to both is a central data repository, or Data Warehouse, maintained and operated by CPA.**

Agencies not designated as "Hubs" migrate to the Statewide ERP platform — CAPPS — operated by the Comptroller's office as an Application Service Provider (ASP) on a CPA centralized system. The agencies already on CAPPS Financials — DIR, CTTS, CPA and TDI — follow this model. The goal is to have the centralized system feed into a statewide Data Warehouse.

The "Hub" approach offers an alternative to the Statewide ERP Platform model. A Hub agency, such as HHS or TxDOT, is generally large with a complex organization and funding structure. The Hub agencies will receive a copy of the CAPPS baseline for their ERP system. Hub agencies will provide data to USAS, SPRS and eventually the CPA statewide Data Warehouse.

The statewide Data Warehouse plays an integral role in the overall go-forward strategy. It will be an aggregate database containing a near-real-time and nightly snapshot of data optimized for searching and reporting information.

Costs, Savings and Funding Requests

The project implementation expenditures incurred to date for CAPPS Financials at DIR, CTTS, CPA and TDI are $28,926,343.

The project implementation expenditures incurred to date for CAPPS HR/Payroll at the HHS agencies (HHSC, DADS, DARS, DFPS and DSHS) are $29,360,505.

The total maintenance and support services costs for the current CAPPS agencies for fiscal 2012 and fiscal 2013, including CPA Application Service Provider (ASP) hosting and license maintenance, are $9,605,732 and $17,650,048, respectively. Costs for fiscal 2013 increased from fiscal 2012 due to the HHS implementation in fiscal 2013 (November 2012), resulting in additional ASP maintenance and support services costs to serve the five HHS agencies.

The projected total maintenance and support services costs for CAPPS agencies for fiscal 2014 and fiscal 2015, including CPA Application Service Provider (ASP) hosting and license maintenance, are $17,610,349 and $13,089,401, respectively. Fiscal 2014 costs will approximately equal those for fiscal 2013. In fiscal 2015, HHS will become a "Hub" agency. As such, they will begin sharing the costs of support and maintenance with CPA, thus reducing the projected total CAPPS ASP maintenance and support services costs for fiscal 2015 to $13,089,401.

Statewide ERP savings have already been realized at DIR and CPA through agency efficiencies and the application of strategic sourcing using ERP system data. In the October 2012 *Post-Implementation Review of Business Outcomes for Statewide Enterprise Resource Planning Project – Financials Report*, DIR forecasted an annual savings of $118,375 to be realized through improved workflow, business processes and reporting made possible by CAPPS.

As the seven CPA legacy systems continue to be retired, CAPPS will be in place to offer better technology and data for the same operational costs. This increase in system value, coupled with a zero increase in system operational costs, translates as savings for the state.

With the suite of CAPPS Financials and HR/Payroll Core Modules now implemented, the following CAPPS project funding requests have been submitted for the fiscal 2014-15 biennium:

Agency	Solution	Fiscal 2014	Fiscal 2015
Texas Department of Motor Vehicles (TxDMV)	HR/Payroll & Financials	$4,317,884	$740,000
Texas Department of Transportation (TxDOT)	HR/Payroll & Financials	$28,000,000	$0
Texas Juvenile Justice Department (TJJD)	HR/Payroll & Financials	(Pending)	(Pending)
Texas Workforce Commission (TWC)	Upgrade Financials	$559,119	$1,023,841

Conclusion

As CAPPS implementation moves forward at state agencies, Texas will continue to modernize its accounting systems and be a national leader in taxpayer transparency. By providing agencies with a choice of two methods for implementing an ERP system, any Texas state agency can join in the Comptroller's effort to implement a statewide ERP financial and HR/payroll system.

The Centralized Accounting and Payroll/Personnel System (CAPPS) is the Enterprise Resource Planning (ERP) solution for Texas designed and built by ProjectONE. When CAPPS is in place across state agencies, Texas will have a modern solution that addresses taxpayer transparency and the state's accounting and HR/payroll needs.

A statewide CAPPS will return exceptional value to state agencies, the Legislature, oversight agencies and the general public. It will provide benefits that save time, improve customer service, improve transparency, enhance security and create economies of scale that increase efficiency and reduce cost to the state.

Benefits of CAPPS

Benefits of a statewide CAPPS include:

- Gives state decision makers a single source for reliable, real-time information that can be compared across participating agencies and assist with appropriation decisions.
- Increases ease and accuracy of reporting as agency functions are recorded in a common data language on a secure, interconnected system that allows financial and HR/payroll departments to exchange information quickly, safely and reliably.
- Provides detailed time and labor information on consultants hired by agencies.
- Reduces data conflicts often encountered when using financial accounting programs that lack integration.
- Allows users to estimate carry-forward or lapsing federal funds or grants. This is a difficult and problematic exercise at the statewide level today. A statewide CAPPS allows decision makers to track and monitor expected federal receipts and compare them against actual usage across agencies.
- Provides transparency. Legislators and citizens can know how participating agencies and institutions are spending the funds they receive throughout the year.
- Allows for enhanced system security and privacy. Example: CAPPS does not use Social Security numbers as identifiers.
- Addresses accessibility and usability. CAPPS is compliant with Section 508 of the Rehabilitation Act.
- Allows for better tracking and standardization of financial information, such as:
  - *Fund sources and uses* — The state will be able to identify the funding source used to pay for any item or service (such as appropriated receipts, federal funds, grants, interagency contracts, etc.).
  - *Appropriations/budgets/expenditures* — Every state dollar will be traceable, from the initial appropriation to a state agency budget through the final expenditure.
  - *State assets and budget planning* — State assets will be easily tracked, leading to improved budget planning and accountability at the statewide level. In addition, the CAPPS system can report on replacement schedules and costs for big-ticket items such as computers and vehicles, giving budget planners more flexibility in scheduling major purchases.
- Allows for retirement of the seven CPA legacy systems while offering better technology and data for the same operational costs.

These benefits and other potential savings will continue to grow as agencies adopt and implement CAPPS.

Until then, non-CAPPS agencies will continue to rely on the current statewide systems (such as USAS and USPS) and other disparate internal agency systems. Additionally, the state will continue to pay for maintenance and operation of duplicative systems that would otherwise be eliminated by taking full advantage of the range of CAPPS capabilities.

Accomplishments (January 2011 – December 2012)

ProjectONE has brought an ERP solution to Texas with CAPPS.

CAPPS delivers the functionality required by House Bill 3106, 80th Legislature, Regular Session, that addressed the concept of ERP for the state of Texas by defining the functional and organizational project scope. Additionally, the implementation of CAPPS is in line with the *Agency Strategic Plan for 2009-13* and supports the December 2008 *A Plan for the Implementation of Enterprise Resource Planning (ERP) for the State of Texas* as developed by the legislatively mandated ERP Advisory Council.

Current Implementation — CAPPS Financials

ProjectONE has implemented CAPPS Financials at four Texas state agencies, laying the foundation for the state's Financial ERP effort. Those agencies include:

- Department of Information Resources (DIR)
- Central Texas Turnpike System (CTTS), an enterprise fund of the Texas Department of Transportation (TxDOT)
- Texas Comptroller of Public Accounts (CPA)
- Texas Department of Insurance (TDI)

See *Appendix B: Benefits by Module* for a description and list of benefits for each CAPPS Financials module.

DIR

ProjectONE implemented CAPPS Financials at DIR on Sept. 1, 2011. The implementation allowed DIR to eliminate databases with redundant information and helped to support DIR's cost-reduction efforts. CAPPS not only improved system data management and enhanced data integrity but, for the first time, allowed reporting that interfaces between the agency's databases, thus supporting more timely information for decision makers.

DIR has been able to integrate data used to manage agency business into CAPPS. This data was previously maintained in spreadsheets outside of DIR's old accounting system.

Before CAPPS, DIR inventory was managed in a separate system. With CAPPS, the agency is able to manage inventory in the same system of record (CAPPS) throughout its many departments. These departments are able to view each other's inventory information in CAPPS, leading to more integrated reporting and processing.

CTTS

ProjectONE implemented CAPPS Financials at CTTS on Sept. 1, 2011. Initially, TxDOT was slated to be an inaugural agency in implementing CAPPS Financials. This plan changed when the complexity of the modifications required for the agency's Financials functionality proved too great for the current project budget. As a result, only CTTS, an enterprise fund of TxDOT, implemented CAPPS Financials. The CTTS implementation prepares the way for full TxDOT implementation in the next phase of CAPPS deployment.

Preparing TxDOT for CAPPS

Additional steps have been taken to prepare TxDOT (11,470 employees) for CAPPS implementation, including:

- Prior to CAPPS go-live for DIR and CTTS, TxDOT worked with the ProjectONE team in the development of statewide and TxDOT-specific requirements, process designs, fit/gap analyses and functional design specifications and was involved in user acceptance testing.

- After implementation of CAPPS for DIR and CTTS, CPA and TxDOT worked with the CAPPS vendor to develop a TxDOT Prototype to demonstrate specific functionality and customizations necessary to support transportation project-related financial functions.

- TxDOT engaged Boston Consulting Group (BCG) to review CAPPS functionality and TxDOT-specific requirements, process designs, fit/gap analyses and TxDOT Prototype information to produce a readiness assessment for implementing a comprehensive financials and HR/payroll ERP solution for TxDOT. The initial recommendations include implementation of CAPPS Financials and CAPPS HR/Payroll for TxDOT.

Note: In fiscal 2012, TxDOT submitted a request to the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy (approved September 2012). The request asked that $26 million of its fiscal 2012-13 unexpended appropriations from other capital budget items be moved into the appropriate capital budget strategy to support ongoing work with CPA upgrading TxDOT's financial management system as part of the state's CAPPS project. The $26 million was originally appropriated for fiscal 2010 Management Information System expenditures.

CAPPS Financials at DIR/CTTS — baseline for all state agencies

ProjectONE's creation of CAPPS Financials for DIR and CTTS has resulted in a baseline Financials platform for moving forward with statewide implementation.

See *Appendix A: Timelines* for a list of events leading up to implementation.

Key Benefits of CAPPS Financials for DIR and CTTS

- Provides increased business efficiencies by using automated workflow for purchasing requisition approvals. This procurement system is fully integrated with the financial accounting, asset management and inventory management modules, providing comprehensive purchasing data that can reduce the state's cost of goods and services.

- With integration of agency data, provides decreased response time for inquiries of financial data.

- Provides easier migration of data and connectivity with other agency programmatic systems, both current systems and those to be developed in the future.

- In addition to the delivered product, the architecture provides several layers of security to meet state of Texas requirements. The increased security provided with CAPPS Financials is a huge gain in comparison to DIR's previous legacy system.

- The system code and batch components can be reused by other agencies to integrate with statewide financials systems.

- DIR estimates that CAPPS will save $118,379 annually (about 1 percent of its budgeted indirect administrative costs of $9,615,918 for fiscal 2011).

Source: DIR's October 2012 *Post-Implementation Review of Business Outcomes for Statewide Enterprise Resource Planning Project – Financials Report*

CTIC implements CAPPS Financials at CPA/TDI — further refinement

Less than a year after the DIR/CTTS CAPPS implementation, the CPA and TDI implementation of CAPPS Financials went live on July 2, 2012, through the efforts of ProjectONE's *CPA/TDI Implementation on CAPPS* (CTIC) project team.

CPA programs include the internal Texas Prepaid Higher Education Tuition Program, State Energy Conservation Office (SECO) and Texas Procurement and Support Services (TPASS). TDI programs include the Office of Injured Employee Counsel (OIEC).

In preparation for this second wave of CAPPS deployment, CTIC further refined CAPPS Financials, resulting in the current robust, secure platform ready for deployment across all state agencies.

CAPPS Financials — security refinements

As part of CPA/TDI implementation, the CTIC Project refined the security structure of CAPPS Financials to allow for full deployment at all state agencies. Due to the decentralized and independent structure of agencies, CAPPS is a multi-tenant application that requires extensive security measures to be included to properly segregate agency data.

CAPPS Financials maintains a high level of security by clearly defining roles and permissions within the system. A security role is an identity granted to users or groups based on specific conditions. Multiple users or groups can be granted the same security role and a user or group can have more than one security role.

The CTIC Project expanded the security structure to over 850 roles to provide for the necessary flexibility for adding agencies statewide to CAPPS. This knowledge will be instrumental in building the same robust security functionality into CAPPS HR/Payroll and will allow for the secure statewide implementation of this critical component of CAPPS.

Key Benefits of CAPPS Financials for CPA and TDI

- Production data accessed in real time by reporting database.

- Simpler and more transparent reporting functionality.

- Increased Help Desk support and structure.

- Ability to share CPA resources with other CAPPS agencies by leveraging application experts' time and talent.

- Potential to modify reports designed for other CAPPS agencies to meet CPA business reporting requirements.

ISAS — First CPA legacy system to be retired

In preparation for the launch of CAPPS Financials on July 2, 2012, the Integrated Statewide Administrative System (ISAS) previously used by CPA and TDI became the first of seven CPA legacy systems (HRIS, ISAS, SPA, SPRS, TINS, USAS, USPS) to be retired as a result of implementing CAPPS.

CPA has discontinued support and ongoing maintenance of the ISAS application and baseline. The elimination of ISAS allows these agencies to:

- Receive and carry out support for only one processing environment and database (CAPPS).
- Leverage efficiencies already achieved by existing CAPPS agencies, including training and support operations between CPA and TDI and the agencies currently on CAPPS.
- Benefit from centralized security management due to CAPPS sophisticated security tools that satisfy agency application security needs while allowing data to be accessible to maintain transparency.
- Retire the ISAS ASP and the statewide ISAS baseline (retired in 2012).

An external agency version of ISAS will continue to be used by several agencies that host it internally until they convert to CAPPS. Like CAPPS, ISAS was built around a PeopleSoft-based application and provides a solid and familiar basis for those agencies using ISAS to transition to CAPPS.

See *Appendix G: Legacy Systems* for a description of each statewide system or project.

Reaching out to agencies about CAPPS

- CAPPS User Group meetings are regularly conducted live and via teleconference to keep CAPPS agencies informed on current and future service requests (SRs) and provide a forum for prioritizing SRs.

- CPA invites CAPPS and non-CAPPS state agency heads, chief fiscal officers, chief information officers, human resource officers and information resource managers to semiannually participate in the Statewide ERP Update for Agency Executive Management Meeting to share information and receive ProjectONE updates.

- CPA also reaches out via FMX — CPA's Fiscal Management website that provides current system news and information, meeting minutes, resources, contacts and other helpful links. Find important project information for agencies interested in participating in ProjectONE at www.TxProjectONE.org.

Testimonials

See *Appendix C: CAPPS Agencies' Testimonials* for a description of how each agency has benefited from CAPPS Financials.

CAPPS HR/Payroll

ProjectONE's 2012 implementation of CAPPS HR/Payroll at the five Health and Human Services (HHS) agencies has paved the way for the state's HR/payroll ERP effort.

The five HHS agencies are:
- Health and Human Services Commission (HHSC)
- Department of Aging and Disability Services (DADS)
- Department of Assistive and Rehabilitative Services (DARS)
- Department of Family and Protective Services (DFPS)
- Department of State Health Services (DSHS)

See *Appendix B: Benefits by Module* for a description and list of benefits for each CAPPS HR/Payroll module.

CAPPS HR/Payroll went live at the five HHS agencies on Nov. 8, 2012. This upgrade includes the majority of the statewide HR customizations prioritized and approved by the ProjectONE Steering Committee for inclusion in CAPPS.

HHSC assumed responsibility for upgrading its base HR/payroll system to PeopleSoft 9.1, a necessary step before adding final CAPPS customizations involving a two-stage software upgrade:

Stage One — In April 2011, the HHSC HR System was upgraded from PeopleSoft 8.3 to 8.9.

Stage Two — In May 2011, the upgrade from PeopleSoft 8.9 to 9.1 was completed, bringing the HHS PeopleSoft system to the compatibility level needed to implement CAPPS HR/Payroll.

See *Appendix A: Timelines* for a list of events leading up to implementation.

CAPPS HR/Payroll — baseline for all state agencies

CAPPS HR/Payroll at the HHS agencies serves as the baseline application that will allow deployment of this CAPPS component at all state agencies.

CAPPS HR/Payroll — security

Currently, the enhanced security features necessary for a statewide multi-tenant system already built into CAPPS Financials have yet to be incorporated into CAPPS HR/Payroll. This is due to the five agencies under HHS being part of one internal system that does not include other agencies. Building security functionality into CAPPS HR/Payroll at the statewide level will be undertaken in the next project phase to deploy CAPPS.

Key Benefits of HHS CAPPS HR/Payroll

- Eliminates obsolete business processes and improves accuracy of reported human resources data and payments to employees.
- Integrates human resources and employee timekeeping activities with payroll processing.
- Improves compliance with statutory mandates by providing automated controls during data entry and processing.
- Creates a seamless flow of HR/payroll activity.
- Increases security while maintaining transparency.
- Allows for the continuation of vendor software support.
- Provides for the potential to recognize statewide savings when CPA utilizes the upgraded CAPPS HR/Payroll system as a baseline for the statewide ERP HR/payroll system.

Detailed Costs (through fiscal 2013)

Project Implementation Costs

CAPPS Financials

The project implementation expenditures incurred to date (fiscal 2010 – fiscal 2012) for CAPPS Financials at DIR, CTTS, CPA and TDI are $28,926,343.

This amount includes $647,469 incurred in fiscal 2012 for the TxDOT Financial Prototype project. The prototype focused on 12 Federal Highway Billing-related requirements and demonstrated that CAPPS Financials can be an acceptable solution for TxDOT. This effort, built on the original functional requirements, provides a conceptual view of a CAPPS TxDOT implementation, including a recommended solution outlining assumptions, required customizations and technical considerations.

CAPPS HR/Payroll

The project implementation expenditures incurred to date (September 2010 – September 2012) for CAPPS HR/Payroll at the HHS agencies (HHSC, DADS, DARS, DFPS and DSHS) are $29,360,505.

This amount includes $9,423,482 for a two-stage software upgrade to allow for the compatibility necessary to implement the HHS agencies on CAPPS HR/Payroll.

For a detailed breakdown of Costs-to-Date, see *Appendix D: ERP Financial Project Expenditures by Year and Sub-Project*.

CAPPS Maintenance and Support Services Costs

The total maintenance and support services costs for the current CAPPS agencies for fiscal 2012 and fiscal 2013, including CPA Application Service Provider (ASP) hosting and license maintenance, are $9,605,732 and $17,650,048, respectively, for a total biennial cost of $27,255,780. Costs for fiscal 2013 increased from fiscal 2012 due to the HHS implementation in fiscal 2013 (November 2012), resulting in additional ASP maintenance and support services costs to serve the five HHS agencies.

For a detailed breakdown of these costs by biennium, including a detailed breakdown of the funding sources supporting these costs, see *Appendix E: Sources and Uses of Funds for Current CAPPS Agencies' Maintenance and Support Services Costs*.

Applied Savings

Background

Statewide ERP savings have already been realized at DIR and CPA through agency efficiencies and the application of strategic sourcing leveraging ERP system data.

Agency efficiency means applying efficient workflow and business processes facilitated by high-level decision making to realize maximum value for dollars spent. Strategic sourcing is a procurement process that ensures agencies are negotiating the best, most cost-effective contracts, resulting in efficient and effective procurement.

The state of Texas can potentially realize millions in annual savings by fully implementing a statewide CAPPS ERP solution.

Example

Agency Efficiency: DIR

In the October 2012 *Post-Implementation Review of Business Outcomes for Statewide Enterprise Resource Planning Project – Financials Report*, DIR forecasted an annual savings of $118,375 due to implementing CAPPS, to be realized through improved workflow, business processes and reporting over an eight year period from fiscal 2012 – fiscal 2020.

With 178 full-time employees (FTEs), DIR can potentially realize an annual savings of $665 per FTE. Excluding higher education, there are over 148,000 FTEs working for the state of Texas. If every agency achieves similar efficiencies as forecasted by DIR, a potential annual savings of $98.4 million is achievable when all agencies are on CAPPS.

Go-Forward Strategy

The pilot agencies DIR and CTTS have been successfully implemented on CAPPS Financials. As of July 2012, CPA and TDI have become production users on CAPPS Financials. Additionally, as of November 2012, the HHS agencies have been successfully implemented on CAPPS HR/Payroll.

Going forward, the Comptroller asked ProjectONE to evaluate the strategy for future CAPPS implementations. Based on that evaluation, ProjectONE developed a revised Go-Forward Strategy addressing:

- Budget flexibility requirements
- Lessons learned from implementation-to-date
- Flexibility required for larger, complex agencies
- Technology marketplace changes

Flexibility — the key to full implementation

The Go-Forward Strategy builds in flexibility for state agencies to implement CAPPS while maintaining the current course of replacing the seven CPA legacy systems with an integrated ERP system for all agencies. Agencies need flexibility in the ERP implementation process to meet their agency-specific business needs. Agencies also need flexibility to choose an ERP solution that is affordable to implement, operate and maintain.

The strategy will achieve statewide CAPPS implementation by offering agencies two basic ERP implementation models. A key component shared by both is a central data repository, or Data Warehouse, maintained and operated by CPA. The two implementation models are:

- Statewide ERP Platform
- Hub

Statewide ERP Platform agencies

Agencies that are not designated as Hubs migrate to the Statewide ERP platform — CAPPS — operated by the Comptroller's office as an Application Service Provider (ASP) on a CPA centralized system that will feed into a statewide Data Warehouse. See *Data Warehouse* later in this report.

The agencies already on CAPPS Financials — DIR, CTTS, CPA and TDI — follow the Statewide ERP Model. As the Application Service Provider (ASP), CPA has worked with the agencies (and its own internal departments) to customize and deploy CAPPS and continues to work with the agencies on system maintenance.

The Statewide ERP Platform is a "full-service," full-implementation CAPPS approach that is appropriate for agencies that have the necessary funding to join as an internal user of this system.

Hub agencies

The "Hub" approach offers a flexible alternative to the Statewide ERP Platform model. A Hub agency is generally large, with a complex organization and funding structure. Examples of Hub agencies include:

- HHS (already on CAPPS HR/Payroll), a complex of five agencies — HHSC, DADS, DARS, DFPS and DSHS
- TxDOT

As a Hub, the designated agencies will fully fund their ERP solution while providing defined statewide data to the Uniform Statewide Accounting System (USAS), Standardized Payroll/Personnel Reporting System (SPRS) and the CPA statewide Data Warehouse. The statewide Data Warehouse thus plays an integral role in the success of the overall Go-Forward Strategy.

The Hub agencies will receive a copy of the CAPPS baseline for their ERP system. To be designated as a Hub, several factors will be considered including:

- More than 2,000 employees
- Substantial modern ERP investment already made and operational
- Funding complexity
- Institution of higher education

Data Warehouse

The Data Warehouse will be an aggregate database containing a near-real-time and nightly snapshot of data optimized for searching and reporting information.

The Go-Forward Strategy includes a focus on a Data Warehouse to work seamlessly with the CAPPS Financials and HR/Payroll platforms. Data would be automatically pulled to the Data Warehouse from the CAPPS applications and augmented with detailed information from external agency systems, making data available for statewide reports, oversight, decision making and information requests.

The Data Warehouse provides an efficient and economical path to a single source of information that allows Texas to reach its transparency goals.

Go-Forward Statewide ERP Strategy
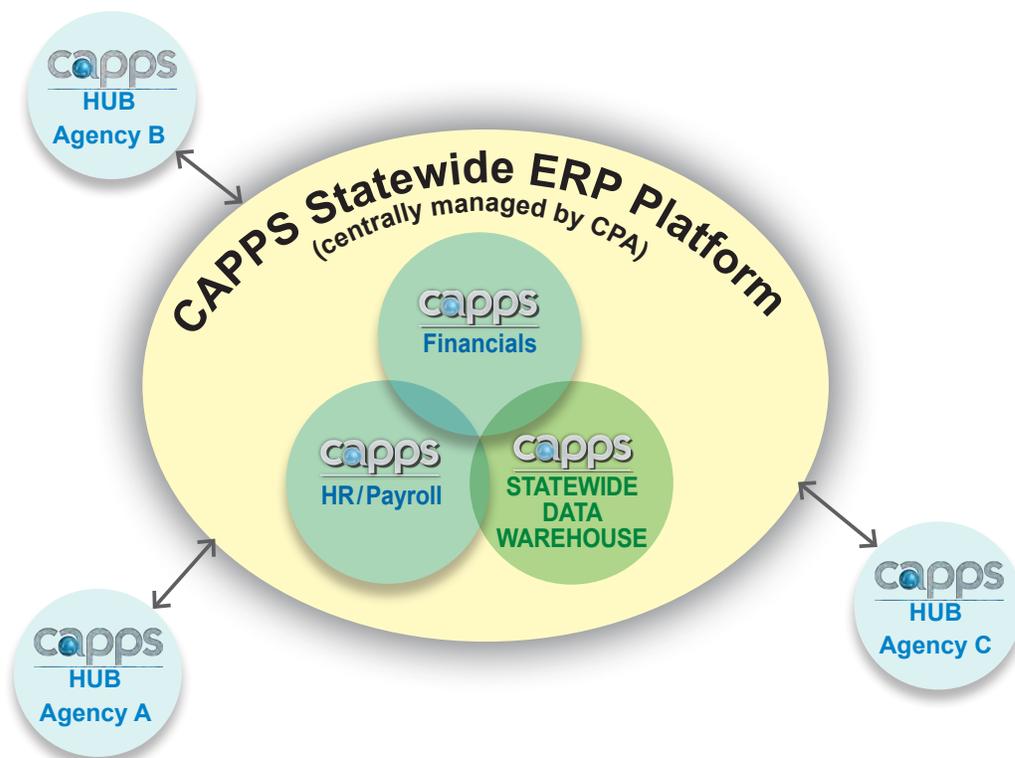
Strengths of the Go-Forward Strategy

Agencies benefit from a CPA-coordinated ERP solution that:

- Leverages existing PeopleSoft knowledge and expertise.
- Leverages statewide licensing and maintenance costs.
- Allows for reporting/Hub agency flexibility.
- Allows for agency-specific processing controlled by the agency.
- Allows large complex agencies to keep ERP and non-ERP data closely tied together.
- Reduces CPA information technology costs (hardware/network).
- Allows for limiting agency-specific customizations.
- Reduces implementation and support costs.
- Increases functionality for USAS and USPS-using agencies.
- Reduces the need for FTE transfers from agencies to CPA.
- Focuses on PeopleSoft, not multiple products.
- Leverages Data Warehouse to achieve transparency faster.

Funding flexibility of the Go-Forward Strategy

The Go-Forward Strategy opens up new possibilities for funding approaches:

- The larger agencies (Hubs) take the lead roles in acquiring funding for more complex ERP projects.

- The smaller agencies, those that can hit the ground running with the current CAPPS application, can benefit from the investment made by the current CAPPS agencies (Statewide ERP Platform).

Expansion provides economies of scale. The investment already made by the currently implemented CAPPS agencies translates into efficiencies and cost savings for subsequent implementations that apply the flexible Go-Forward Strategy. This, in turn, creates more efficiencies and cost-savings from knowledge gained and work already achieved.

The CAPPS Modules

Along with the ability to choose between the Statewide ERP Platform and Hub CAPPS implementation models, agencies will have the option of choosing additional CAPPS modules to implement aside from the requisite suite of Core Modules. This flexibility allows bigger agencies with complex accounting requirements to host a local copy of the CAPPS application and add customizations useful only to the agency.

CAPPS Core Modules

The base CAPPS Financials and CAPPS HR/Payroll model is centrally managed by CPA and contains eight Core Modules:

- Financials
  - Accounts Payable
  - Asset Management
  - General Ledger/Commitment Control
  - Purchasing/eProcurement
- HR/Payroll
  - Core HR
  - Payroll
  - Position Management
  - Time and Labor

CAPPS Additional Modules

For agencies that need more functionality, additional Modules are available:

- Financials
    - Billing/Accounts Receivable
    - Customer Contracts
    - Grants
    - Inventory
    - Planning and Budget
    - Project Costing
- HR/Payroll
    - Candidate Gateway
    - Employee Self-Service
    - Enterprise Learning Management
    - Manager Self-Service
    - Performance Management
    - Talent Acquisition Manager

See *Appendix B: Benefits by Module* for a description and list of benefits for each CAPPS Financials and HR/Payroll Module.

Funding Requests (fiscal 2014-15)

Funding requests: new CAPPS implementations

With the suite of CAPPS Financials and HR/Payroll Core Modules now implemented, the following CAPPS project funding requests have been submitted for the fiscal 2014-15 biennium:

- Full implementation of CAPPS Financials and HR/Payroll at TxDMV.
- Full implementation of CAPPS Financials and HR/Payroll at TxDOT.
- Full implementation of CAPPS Financials and HR/Payroll at TJJD (Pending).
- Upgrade of TWC's current ERP software (ISAS) to the latest version — a necessary prerequisite for CAPPS implementation.

The table below highlights funding requests for new CAPPS agencies for fiscal 2014-15.

Agency	Solution	Fiscal 2014	Fiscal 2015
Texas Department of Motor Vehicles (TxDMV)	HR/Payroll & Financials	$4,317,884	$740,000
Texas Department of Transportation (TxDOT)	HR/Payroll & Financials	$28,000,000	$0
Texas Juvenile Justice Department (TJJD)	HR/Payroll & Financials	(Pending)	
Texas Workforce Commission (TWC)	Upgrade Financials	$559,119	$1,023,841

Projected CAPPS maintenance and support services costs

The projected total maintenance and support services costs for CAPPS agencies for fiscal 2014 and fiscal 2015, including CPA Application Service Provider (ASP) hosting and license maintenance, are $17,610,349 and $13,089,401, respectively, for a total biennial cost of $30,699,750. Fiscal 2014 costs will approximately equal those for fiscal 2013. In fiscal 2015, HHS will become a "Hub" agency. As such, they will begin sharing the costs of support and maintenance with CPA, thus reducing the projected total CAPPS ASP maintenance and support services costs for fiscal 2015 to $13,089,401.

For a detailed breakdown of these costs by biennium, including a detailed breakdown of the funding sources supporting these costs, see A*ppendix E: Sources and Uses of Funds for Current CAPPS Agencies' Maintenance and Support Services Costs.*

Conclusion

Enterprise Resource Planning (ERP) consolidates aspects of a business within a common system — accounting, payroll, human resources (HR), inventory, fleet management and more. Information is entered once and then carried over to all other functions. This results in much less room for error and greatly reduced manual effort.

Now that the state of Texas has successfully implemented ERP using a combination of the Statewide ERP Platform and Hub models, the Legislature can have confidence going forward that funds allocated to the CAPPS effort will be efficiently and effectively used to achieve the goal of a single source of information built on a foundation of transparency.

By providing agencies with two models for implementing an ERP system, any Texas state agency can join in the Comptroller's effort to provide a statewide financial and HR/payroll system that allows agencies to manage their operations, minimize conflicting data and provide decision makers with accurate, timely financial and human resources information. This choice leverages economies of scale that realistically translate into long-term benefits for Texas.

Appendix A:
Timelines

Financials Project Timeline

2009	2010				2011			
Nov	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Deloitte selected*

Established starting system (CPA/ISAS 9.0)

APRIL:
• Completed upgrade from 9.0 to 9.1
• Completed Requirements Gathering

JUNE:
• Completed Fit/Gap against vanilla 9.1

AUG: Completed process designs

FEB: Completed development objects

JUNE: Completed testing activities

JULY:
• Completed user acceptance

AUG:
• Completed cutover activities

SEPT. 1, 2011: DIR and CTTS Go Live

NOV: CPA and TDI Kickoff

Blue: DIR and CTTS
Green: CPA and TDI
Orange: TxDOT

2012			
Q1	Q2	Q3	Q4

JAN: Completed baseline configuration

MARCH: Built updated code line

MAY: Completed system test

JUNE: Completed user acceptance

JULY 2, 2012: CPA and TDI Go Live

OCT: Began readiness assessment for TxDOT

Though the activities listed above end at specific times, they may have run concurrently.

*Single Implementation Vendor

HR/Payroll Project Timeline
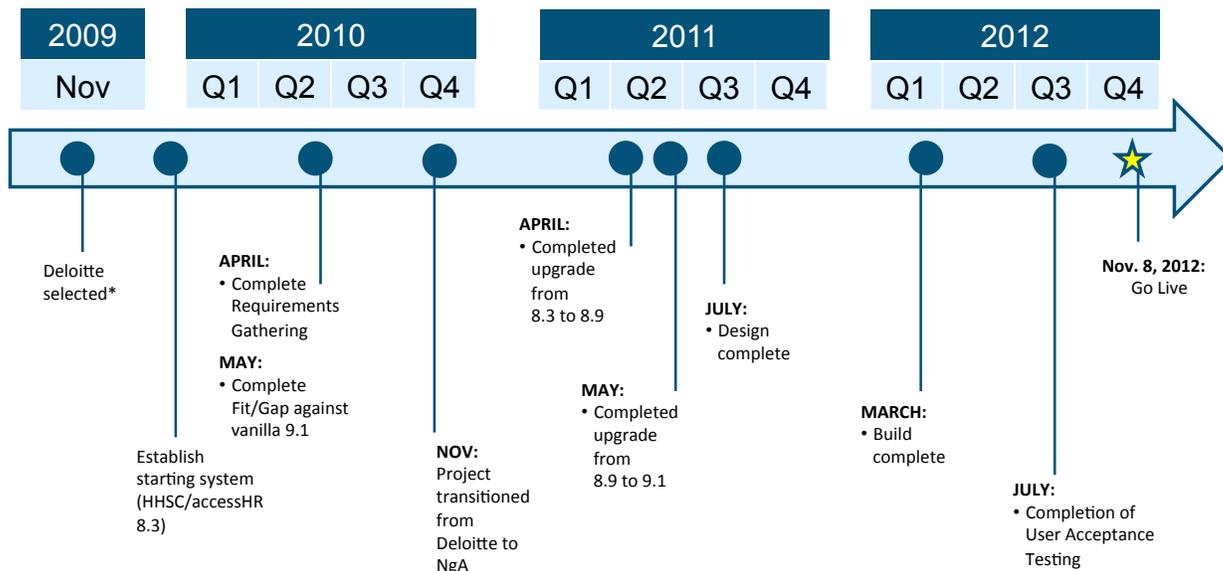
2009	2010				2011				2012			
Nov	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Deloitte selected*

Establish starting system (HHSC/accessHR 8.3)

APRIL:
• Complete Requirements Gathering

MAY:
• Complete Fit/Gap against vanilla 9.1

NOV:
Project transitioned from Deloitte to NgA

APRIL:
• Completed upgrade from 8.3 to 8.9

MAY:
• Completed upgrade from 8.9 to 9.1

JULY:
• Design complete

MARCH:
• Build complete

JULY:
• Completion of User Acceptance Testing

Nov. 8, 2012:
Go Live

> **Though the activities listed above end at specific times, they may have run concurrently.**

*Single Implementation Vendor

Appendix B:
Benefits by Module

Financials

Each CAPPS Financials module brings the state of Texas unique functionality and benefits that individually and collectively enhance agency financial capabilities.

CORE CAPPS Financials Modules (4)

Accounts Payable

Maintains transaction and vendor data while invoices are paid in a centralized system, including matching (verification) with purchase orders and receiving. Integrates with the current statewide vendor and accounting systems.

Benefits:

- Ensures through automated reconciliation that agencies only pay for goods and services that were ordered and received.

- Provides a rigorous audit trail for vendor and voucher information.

- Provides a single, centralized source for transaction data.

Asset Management

Provides a fully integrated asset information system, including integration with Requisitions, Purchasing, Receipts and Accounts Payable modules.

Benefits:

- Reduces redundant data entry and simplifies asset maintenance and reconciliation.

- Adheres to GAAP, GASB rules and statutory reporting.

- Allows agencies to track non-financial asset information like physical movement, location and custodians.

General Ledger/Commitment Control

Provides efficient/flexible processing of financial data with real-time controls to ensure data accurately meets agency reporting requirements.

Benefits:

- Enables flexible reporting to meet federal, state and agency-specific requirements.

- Provides real-time check of transactions against appropriation, organization, project budgets and management of encumbrances and pre-encumbrances.

- Enables efficient processing of General Ledger data through various delivered data entry functions and features.

- Allows for comprehensive budget inquiry with drill-down capabilities to source transactions.

Purchasing/eProcurement

Improves the efficiency of processing orders, including requisitions, solicitations, purchase orders and receiving. Ensures statewide policy compliance through integrated tools linking all procurement documents together throughout the entire lifecycle.

Benefits:

- Provides a centralized source of transaction processing that results in one record of information.
- Enhances traceability and visibility for the entire lifecycle of a transaction.
- Enables integration with Accounts Payable, Asset Management, Commitment Control and Project Costing modules.
- Facilitates Historically Underutilized Business (HUB) reporting.

Additional CAPPS Financials Modules (6)

Billing/Accounts Receivable

Manages the billing process in a single, stand-alone system that integrates with other CAPPS modules, including Grants, Project Costing and Customer Contracts.

Benefits:

- Accelerates bill creation through automated and online bill entry.
- Leverages receivables functionality to increase the efficiency of collections.
- Focuses efforts on data analysis rather than data collection and produces a diversity of delivered reports.
- Delivers timely information to customers through automated invoice, statement and dunning letter generation.

Customer Contracts

Manages revenue-generating contracts through independent revenue recognition and billing. Satisfies customer demands while adhering to proper revenue recognition without manual intervention.

Benefits:

- Tracks all contractual agreement revenue and grant awards.
- Tracks milestones according to costs; rate-based cost items are collected by the Project Costing module.
- Fully tracks revenue billed and received through Billing and Accounts Receivable modules.

Grants

Tracks grant activities efficiently and effectively through proposal, receipt and disbursement.

Benefits:

- Enables complete proposal tracking and seamless generation of awards in a single source.

- Automatically interfaces to grants.gov and automates sub-recipient and Catalog of Federal Domestic Assistance (CFDA) tracking.

Inventory

Streamlines inventory processing from receipt to issue in a centralized and integrated system.

Benefits:

- Provides flexible reporting and analysis tools for managing and tracking inventory.

- Provides automated inventory replenishment triggers and integration with purchasing.

- Utilizes express and multi-step order fulfillment processing.

Planning and Budget

Enables a collaborative budgeting process with the flexibility to enforce agency rules and accountability with improved traceability and documentation.

Benefits:

- Supports agency strategic objectives while building control and oversight into the budgeting process.

- Interacts with a role-based architecture (system security).

Project Costing

Manages the cost collection process with a single end-to-end system integrated with Accounts Payable, Billing, Customer Contracts, General Ledger and Grants modules.

Benefits:

- Enables powerful project analysis and reporting through streamlined asset capitalization and robust billing capability.

- Allows costs collection against a project in a shared repository for an integrated solution.

HR/Payroll

Each module brings the state of Texas unique functionality and benefits that individually and collectively enhance agency human resources and payroll capabilities.

Core CAPPS HR/Payroll Modules (4)

Core HR

Increases effectiveness of agency workforce-related business processes by streamlining administrative tasks, from managing talent to paying employees.

Benefits:

- Develops a central repository for employee data and historical records to ensure consistent data across all CAPPS modules.

Payroll

Provides agencies with a data-driven approach to defining and managing diverse payroll requirements for unique agency business policies, in full compliance with state of Texas statutes and policies.

Benefits:

- Standardizes payroll calculations for earnings, deductions and taxes to ensure all employees are paid timely and accurately.

Position Management

Manages appropriation budget allocations for approved agency positions.

Benefits:

- Enables appropriation budget allocations to be efficiently managed for approved agency positions.

Time and Labor

Provides agencies with a time management application that efficiently automates time and attendance record keeping for the entire workforce. Integrates with Project Costing to facilitate expense reimbursements from external funding sources.

Benefits:

- Access and manage employees' time worked, leave balances and employee transfers in a single module, with the system providing a rigorous audit trail.

Additional CAPPS HR/Payroll Modules (6)

Candidate Gateway

Enables job candidates to search and apply for job postings online. Job candidates can manage various aspects of the recruitment process such as completing online screening questions, viewing interview schedules and accepting online job offers.

Benefits:

- Provides candidates with access to information on the recruiting process.
- Allows applicants to manage their applications and related recruiting information.
- Candidate Gateway is integrated with the Talent Acquisition Manager module.

Employee Self-Service (ESS)

Enables agency employees to enter and update personal information such as addresses and phone numbers, set up and change direct deposit, view earning statements, view and print W-2s, update tax withholding, enter certain voluntary deductions, change BRP elections, view training records, view performance documents and notes, enter leave, enter separation information and view compensation history.

Benefits:

- Provides direct, secure access to HR data allowing employees and managers to update employee mailing addresses, check payroll deductions, view pay stubs and update/view other personal and payroll-related information.
- Increases efficiency by alleviating the completion and submission of paper forms and reducing the need for staff to enter data on employees' behalf.

Enterprise Learning Management

Enables full management of learning-related workforce competencies through a single, unified delivery system. Plan, deliver and track learning activities and tie them directly to core business initiatives.

Benefits:

- Provides specific, targeted learning objectives to ensure employees learn skills quickly and effectively.
- Provides automatic notifications to ensure employees know when specific training is due.
- Maintains class statistics to allow for detailed reporting.

Manager Self-Service (MSS)

Enables agency managers to enter online new hires/rehires, promotions, demotions, merit increases, transfers, leaves of absence, temporary assignments, terminations and to have those transactions requiring approval to be routed automatically through the system. Enables managers to run reports, view employee compensation and salary history, request job audits, change employees' locations and make reporting changes for employees, and enter and approve leave for their direct and indirect reports.

Benefits:

• Provides an efficient means of entry and approval of transactions affecting employee pay; alleviates the need to complete paper forms, route the forms for manager approval then enter the forms data into HR/Payroll that can lead to delays in employees receiving timely and accurate payments.

Performance Management

Gives agencies the capability to roll out performance management plans to their entire workforce and measure employee performance based on key indicators.

Benefits:

• Provides the capability to continuously track and automatically load key performance indicators.

• Managers can quickly review and track progress of employee objectives, provide feedback and take any action if required.

Talent Acquisition Manager

Integrates complex business recruiting processes into a seamless experience for identifying and hiring new employees.

Benefits:

• Streamlines the hiring process by enabling agencies to create job openings and review applications.

• Automatically passes applicant information to the Core HR module once the applicant is selected.

Appendix C:
CAPPS Agencies' Testimonials

Nick Villalpando
Chief Financial Officer
Department of Information Resources

Our old system was DOS-based, which gives you a clue as to its age. I can't say enough about the simplification of some of the business processes we now have within DIR as a result of the CAPPS implementation. Our purchase requisition process is vastly improved through the use of electronic approvals and routing in terms of workflow. Prior to this it was literally a process of taking hardcopy requisitions and manually walking them to each department for the necessary approvals to get a purchase order cut. This has been a vast improvement.

Due to the limitations of our previous system, DIR has historically had to generate management financial reports using very manual processes. Anytime you have manual processes, you introduce inefficiencies and potential errors. CAPPS continues to improve DIR's financial reporting through the automation of many of our manual processes.

Improved financial transparency with respect to all Texas expenditures and sources of funds is one of the best outcomes we gain from CAPPS.

Nancy Clark
Acting Chief Financial Officer
Texas Department of Insurance

We were on ISAS for nearly two years before transitioning to CAPPS. Both are PeopleSoft-based systems so the change was seamless but we were able to improve our processes quite a bit.

The project was a huge collaborative effort and we appreciated all the support we got. It was a benefit having the Department of Information Resources as a joint player on the project. They helped us with some performance issues.

We look forward to the new reporting functionality. We're looking forward to having that grow even further.

The centralized support — the Help Desk — and knowing whom to call has been very beneficial for us. Overall, we've been really pleased with the project. We were glad to be a part of it.

Robert Chapa
Manager, Budget and Internal Accounting
Comptroller of Public Accounts

We had a very successful implementation in July 2012. Having used the PeopleSoft-based ISAS system since the late 1990s, it was a smooth transition to the PeopleSoft-based CAPPS. It's basically the same being on CAPPS as it is on ISAS, but with a lot more functionality. And the merging of data systems was very transparent to our users.

It's been a very successful transition to the new system, and the users agree. We went live and we didn't miss a beat.

We now have portal access – something we've wanted for a long time – that allows us to post information on the system without having to go through emails or communicate data announcements.

On the old system, the data we ran for a report was a day old. With this system the data we're using is near-real-time, which means when you run a report you're getting data that is almost simultaneously up to date. That's very beneficial, especially when you're facing deadlines and you've got to make some tough decisions on funding scenarios or projects or priorities. With CAPPS, you know you're getting data that's very, very current. That's a very big plus for us.

The ability to share information is also valuable. We can share resources and information with other agencies to get their perspective, and it's a great benefit to everybody because we have an idea of what's going on with a report or process.

The User Productivity Kit (UPK) is a tutorial system allowing staff to browse various features and modules. This is especially helpful for new staff to have 24/7 access to an online tutorial. We found it very helpful.

Robert Snipes
Financials Lead for CAPPS
Texas Department of Transportation

CAPPS is highly configurable to fit the needs of agencies, and not all modules need to be implemented for a particular agency. The system is Web-based and operates by pointing-and-clicking, thereby making it a much friendlier interface than our mainframe system. The system is able to provide faster access to some of our information and in some cases will actually store more information than our current system.

CAPPS allows us to upload data via Microsoft Excel spreadsheets, thereby saving time when a lot of data needs to be entered. This new system is helpful for auditing and for reporting purposes because all information is located in one place and "tied together." For us it's going to be transformational in that I believe it will make our information more accessible and transparent and will enable us to generate some reports we weren't able to generate from our old system.

James Bass
Chief Financial Officer
Texas Department of Transportation

TxDOT is undergoing modernization efforts, striving to improve our effectiveness and efficiency both operationally and organizationally. Critical to the success of those efforts is updating and upgrading our IT.

Our new executive director, Phil Wilson, has become fond of saying that our legacy financial systems were implemented during the first Reagan Administration. And as you might imagine, a number of limitations come with it. The expectations in the environment we all operate in today — both internally and from our external customers — has become a challenge for this 25+-year-old legacy system in meeting those demands.

We went live with CAPPS in our enterprise fund, the Central Texas Turnpike System, on Sept. 1, 2011. We haven't gone to a full implementation to all our financials yet because we have some unique characteristics in our accounting system. We do a lot of detailed project cost accounting as a requirement of the Federal Highway Administration in order to get $2+ billion a year in reimbursement.

We recently finished a proof-of-concept involving 12 major functions we need our system to be able to deliver — and deliver well. We had some initial concern as to how much customization was needed within PeopleSoft. In the spirit of coordination and collaboration, the Comptroller's office suggested using a process to make the staff comfortable in realizing that the ultimate solution we implemented was going to be able to meet the core requirements we definitely need.

As we move forward, we look forward to working with both the Comptroller's office and the other agencies to secure additional funding we need from the Legislative Budget Board so we can fully implement Financials at TxDOT.

Appendix D:
ERP Financial Project Expenditures
By Year and Sub-Project

ERP Financial Project Expenditures By Year and Sub-Project - Through September 30, 2012

	Financials Release I FY 10	Financials Release I FY 11	Financials Release I FY 12	FY 12 TxDOT Prototype	Total
Participating Agencies Project Expense	$ 8,902,335.95	$ 10,514,632.76	$ 613,990.80	$ 452,840.73	$ 20,483,800.24
Total Project Expense	$ 8,902,335.95	$ 10,514,632.76	$ 613,990.80	$ 452,840.73	$ 20,483,800.24
Shared Costs: CPA and Participating Agencies					
Training Cost	$ 810,501.60	$ -	$ -	$ -	$ 810,501.60
PeopleSoft converted licenses and support	$ 1,034,343.42	$ 1,061,959.39	$ -	$ -	$ 2,096,302.81
	$ 1,844,845.02	$ 1,061,959.39	$ -	$ -	$ 2,906,804.41
Internal costs: CPA and Participating Agencies					
Capital Outlay	$ 360,000.00	$ -	$ -	$ -	$ 360,000.00
Communications & Utilities	$ 11,996.78	$ 11,688.82	$ -	$ -	$ 23,685.60
Other Expenditures	$ 4,178.79	$ 145.74	$ -	$ -	$ 4,324.53
Professional Fees and Services	$ 59,539.00	$ -	$ -	$ -	$ 59,539.00
Rentals and Leases	$ 43,871.09	$ 58,833.88	$ -	$ -	$ 102,704.97
Repairs and Maintenance	$ 6,774.55	$ -	$ -	$ -	$ 6,774.55
Supplies and Materials	$ 13,425.19	$ 15.00	$ -	$ -	$ 13,440.19
Travel	$ 4,600.35	$ -	$ -	$ -	$ 4,600.35
Salary and Wages	$ 2,027,368.26	$ 2,674,877.46	$ 63,794.62	$ 194,629.03	$ 4,960,669.37
Total Internal Agencies' cost	$ 2,531,754.01	$ 2,745,560.90	$ 63,794.62	$ 194,629.03	$ 5,535,738.56
Total YTD Expenditures:	$ 13,278,934.98	$ 14,322,153.05	$ 677,785.42	$ 647,469.76	$ 28,926,343.21

ERP HR/Payroll Project Expenditures By Year and Sub-Project - Through September 30, 2012

	Statewide HR/PR FY 10	Statewide HR/PR FY 11	Statewide HR/PR FY 12	Statewide HR/PR FY 13	HHSC Sub-Project for Upgrade FY 11 - 13	Total
Participating Agencies Statewide HR/PR Project Expense	$ 7,363,532.93	$ 3,196,146.55	$ 2,023,171.05	$ -	$ -	$ 12,582,850.53
Total Statewode HR/PR Project Expense	$ 7,363,532.93	$ 3,196,146.55	$ 2,023,171.05	$ -	$ -	$ 12,582,850.53
Shared Costs: CPA and Participating Agencies						
Training Cost	$ 294,038.42	$ -	$ -	$ -		$ 294,038.42
PeopleSoft converted licenses and support	$ 1,034,343.42	$ 1,061,959.39	$ -	$ -		$ 2,096,302.81
	$ 1,328,381.84	$ 1,061,959.39	$ -	$ -	$ -	$ 2,390,341.23
Internal costs: CPA and Participating Agencies						
Capital Outlay	$ -	$ -	$ -	$ -	$ -	$ -
Communications & Utilities	$ 11,996.78	$ 11,688.82	$ -	$ -	$ -	$ 23,685.60
Other Expenditures	$ 4,178.79	$ 145.74	$ -	$ -	$ -	$ 4,324.53
Professional Fees and Services	$ 31,250.00	$ 7,913.00	$ 97,585.50	$ -	$ 8,253,818.00	$ 8,390,566.50
Rentals and Leases	$ 43,871.09	$ 58,833.88	$ -	$ -	$ -	$ 102,704.96
Repairs and Maintenance	$ 6,774.55	$ -	$ -	$ -	$ -	$ 6,774.55
Supplies and Materials	$ 13,425.19	$ 15.00	$ -	$ -	$ -	$ 13,440.19
Travel	$ 1,508.35	$ 327.00	$ -	$ -	$ -	$ 1,835.35
Salary and Wages	$ 1,627,156.79	$ 1,709,175.44	$ 1,217,157.13	$ 120,828.82	$ 1,169,664.00	$ 5,843,982.18
Total Internal Agencies' cost	$ 1,740,161.53	$ 1,788,098.87	$ 1,314,742.63	$ 120,828.82	$ 9,423,482.00	$ 14,387,313.85
Total YTD Expenditures:	$ 10,432,076.30	$ 6,046,204.81	$ 3,337,913.68	$ 120,828.82	$ 9,423,482.00	$ 29,360,505.61

Appendix E:
Sources and Uses of Funds for Current CAPPS Agencies' Maintenance and Support Services Costs

Sources of Funds for CAPPS Maintenance and Support Services

CAPPS Hosting				
Agency	FY 12/13 Biennium		FY 14/15 Biennium	
DIR	13,335,913.00	49%	13,335,913.00	43%
TDI	141,226.00	1%	141,226.00	<1%
TPASS	521,772.00	2%	534,592.00	2%
HHSC	4,580,650.80	17%	4,470,946.80	15%
CPA	4,288,115.00	16%	7,919,234.00	26%
SUBTOTAL:	**22,867,676.80**		**26,401,911.80**	

PeopleSoft Converted & Replaced License Maintenance (Old DIR PeopleSoft Contract)				
Agency	FY 12/13 Biennium		FY 14/15 Biennium	
HHSC	2,483,771.96	9%	2,450,712.46	8%
DFPS	543,900.52	2%	543,900.52	2%
TDHCA	102,772.43	<1%	102,232.36	<1%
TEA	268,927.69	1%	267,866.18	1%
OAG	107,558.98	<1%	107,558.98	<1%
TWC	654,453.37	2%	598,849.14	2%
CPA	226,718.49	1%	226,718.62	1%
SUBTOTAL:	**4,388,103.44**		**4,297,838.26**	

| GRAND TOTAL ALL FUNDING SOURCES	27,255,780.24	30,699,750.06

Note 1: In addition to the funding sources above, CPA contributes $2.8 - $3.1 million annually in CPA Staff support.

Note 2: FY 15 assumes HHSC moves to the Statewide Data Center.

FY 12/13 Biennium Grand Total
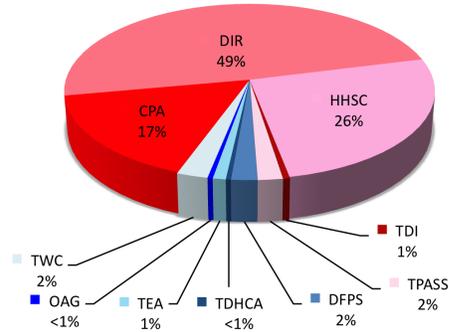
FY 14/15 Biennium Grand Total
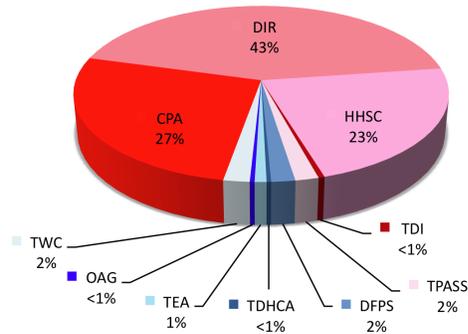
Uses of Funds for CAPPS Maintenance and Support Services

	FY 12/13 Biennium		FY 14/15 Biennium	
Software:				
New PeopleSoft Licenses	4,140,009.00	15%	1,600,000.00	5%
New PeopleSoft License Maintenance	3,158,403.54	12%	3,158,403.54	10%
Converted and Replaced Software Maintenance & Support	4,388,103.44	16%	4,297,838.26	14%
Other Software Maintenance and Support	1,325,120.93	5%	1,573,902.43	5%
SUBTOTAL: Software	**13,011,636.91**		**10,630,144.23**	

Hardware:				
Hardware Maintenance	555,489.84	2%	680,450.81	2%
Hardware Refresh	361,874.90	1%	2,635,743.52	9%
SUBTOTAL: Hardware	**917,364.74**		**3,316,194.33**	

Staffing & Contracting Services:				
Staffing	431,666.70	1%	518,000.04	2%
Contracting Services	12,452,135.33	46%	16,059,227.50	52%
Contingency	442,976.56	2%	176,183.96	1%
SUBTOTAL: Staffing & Contracting	**13,326,778.59**		**16,753,411.50**	

GRAND TOTAL: CAPPS ASP Maintenance & Support Services	27,255,780.24	30,699,750.06

| Sources of Funds less Uses of Funds:	0	0

Note 1: In addition to the expenditures above, CPA contributes $2.8 - $3.1 million annually in CPA Staff support.

Note 2: FY 15 assumes HHSC moves to the Statewide Data Center. It is unknown how much those hosting services will cost at this time.

FY 12/13 Biennium Grand Total
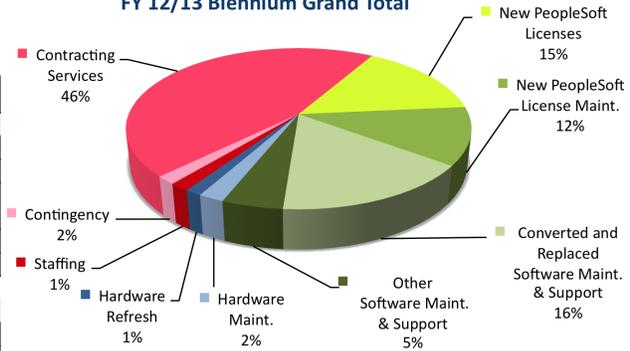
FY 14/15 Biennium Grand Total
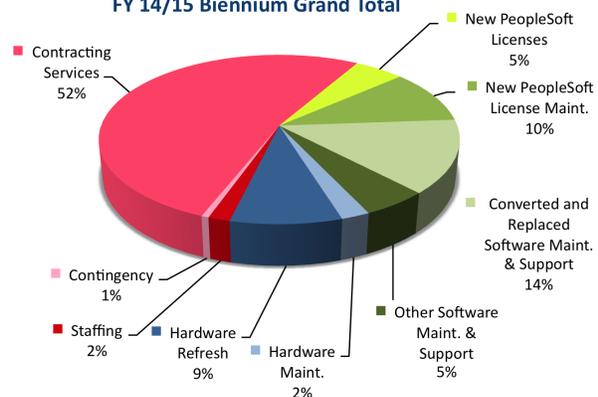
Appendix F:
Excerpts from Agency LARs Related to CAPPS Funding Requests

Texas Department of Transportation (TxDOT) Funding Request

	Fiscal 2014	Fiscal 2015
CAPPS	$28,000,000	0

TxDOT — Administrator's Statement

Toward More Financial Transparency

Numerous interlocking planning documents guide the department and local officials over the multiyear timeframe that projects are conceived, planned and constructed. These numerous plans contribute to the difficulty in achieving complete financial transparency. However, the Legislative Appropriations Request (LAR), one of the key elements of the department's financial map, provides an opportunity to offer greater insight into the department's financial planning. The fiscal 2014-15 LAR is designed to give legislators and the public a clearer view of the state of infrastructure in Texas and examine opportunities to improve funding, transparency and efficiency.

TxDOT's financial management systems are archaic and becoming obsolete. First installed in the early 1980s, TxDOT's mainframe contains massive amounts of accurate data but does not provide an efficient way to access and sort the data according to today's needs. This has contributed to a lack of financial transparency when legislators and others ask for real-time information about the department's finances. At the direction of the Texas Legislature, TxDOT and the Texas Comptroller of Public Accounts have been working together to upgrade the department's financial management systems as part of the state's Centralized Accounting and Payroll/Personnel System (CAPPS) capital project.

Project Description

The overall goal of CAPPS-ProjectONE is the continued effort to integrate TxDOT's systems with the Comptroller's CAPPS, as directed by HB 3106. This project will also work to continue the Enterprise Resource Planning's (ERP) mission for all state agencies to achieve transparency in state government, congruency in "language" internally as well as between the various state agencies and most importantly, to provide decision makers seamless access to financial tools necessary to make informed decisions.

System integration will be accomplished through continued agency need analysis, programming activities and in some cases, upgrades/customizations. All of which is needed to continue the best business processes and, at a minimum maintain current functionality.

Texas Department of Motor Vehicles (TxDMV) Funding Request

	Fiscal 2014	**Fiscal 2015**
CAPPS	$4,317,884	$740,000

TxDMV — Administrator's Statement

TxDMV is requesting additional funding to become a CAPPS participant and is currently an internal user of the Texas Uniform Statewide Accounting System (USAS); however, it does not possess any automated financial applications to prepare its appropriations request, operating budget or year-end financial statements. Budgeting data must be collected from divisions — a manual process that is labor intensive, increases risk of error and makes ad hoc reporting for accurate, timely information unavailable.

TxDMV currently utilizes TxDOT's PeopleSoft system for managing its human resources but must find an alternative methodology for its human resource management, with TxDOT's PeopleSoft system set to expire as it transitions to CAPPS. The modules provided in CAPPS will meet TxDMV needs.

Description/Justification

TxDMV is requesting additional funding to become a CAPPS participant so the agency can benefit from an integrated financial, payroll, time/leave and human resources system. TxDMV does not possess any automated financial applications to administer salary, position control and employee changes for 763 FTEs. The modules provided in CAPPS will meet TxDMV needs.

External/Internal Factors

While TxDMV is an internal USAS user, it does not possess any automated financial applications to prepare its legislative appropriations request, annual operating budget or year-end financial statements. Instead, budgeting data must be collected from the divisions — a manual process that is labor intensive, increases the risk of error and makes ad hoc reporting for accurate, timely information unavailable. Futhermore, TxDMV, currently using TxDOT's PeopleSoft system for managing its human resources, must find an alternative methodology for its human resource management since TxDOT's PeopleSoft system is set to expire as it transitions to CAPPS.

Texas Workforce Commission (TWC) Funding Request

	Fiscal 2014	**Fiscal 2015**
CAPPS	$559,120	$1,023,842

TWC — General Information

This project is to upgrade the existing PeopleSoft Financial module from version 8.8 to 9.x to maintain Oracle support and does not include adding any additional modules. This is based on one system administrator starting the project in October 2013. Two contract functional analysts would begin on the project in January 2014. Two contract technical analysts and the state functional and technical staff would begin in April 2014, with the upgrade to production beginning August 2015. The contractors would be kept through October 2015 for post-implementation support.

Explanation

This project will allow TWC to move to a version of the Financial System (ISAS) that has Oracle support and maintain that support until at least 2020.

Texas Juvenile Justice Department (TJJD) Funding Request

	Fiscal 2014	**Fiscal 2015**
CAPPS	Pending	Pending

Appendix G:
Legacy Systems

Statewide System or Project	Implementation Date
Human Resource Information System (HRIS)	1989
Texas Identification Number System (TINS)	1989
Uniform Statewide Accounting System (USAS)	1993
State Property Accounting System (SPA)	1993
Uniform Statewide Payroll/Personnel System (USPS)	1994
Integrated Statewide Administrative System (ISAS)	1997
Standardized Payroll/Personnel Reporting System (SPRS)	2002
accessHR	2005

Human Resource Information System (HRIS)

The Human Resource Information System (HRIS) is a custom-developed, in-house application system that was programmed using the NATURAL programming and database access language. HRIS was implemented in 1989 as part of the first phase of the overall USAS implementation.

HRIS operates on a mainframe platform and was designed to automate payroll and personnel reporting as a central repository for all personnel and payroll data for all state agencies and institutions of higher education. Agencies and institutions of higher education are responsible for processing and calculating their own payrolls; the resulting data is reported into HRIS to roll up payroll and personnel information at the statewide level.

HRIS also maintains historical data such as information on former and current employees for inquiry, analysis and reporting purposes. HRIS supplies oversight agencies such as the Governor's Office, State Auditor's Office, Office of the Attorney General (OAG), Texas Workforce Commission Civil Rights Division, Legislative Budget Board, and the Texas Comptroller of Public Accounts (Comptroller's office) with statistical information. Currently, HRIS is only used by institutions of higher education.

Texas Identification Number System (TINS)

The Texas Identification Number System (TINS) is an in-house system implemented in 1989 that provides vendor/payee information to other critical statewide systems. Associated subsystems include warrant printing, ACH processing, held payments and payment inquiries.

TINS captures information on individuals or entities that have received or may receive payments from the state of Texas, including state employees, vendors and individual recipients. TINS maintains information such as the payee's identifying information as well as the address and direct deposit account information that agencies use to remit payments.

TINS also captures information on individuals or entities that are indebted to the state and facilitates the withholding of payments until their obligations to the state are met. TINS retains historical information to support inquiries on payments issued to specific entities over a period of time.

Uniform Statewide Accounting System (USAS)

In 1993, the state implemented KPMG's R*STARS mainframe financial accounting software to provide General Ledger, Accounts Payable and limited Accounts Receivable, Grant Accounting, Project Accounting and Contract Tracking functionality. The state licensed and modified the code to meet the state's business process and statutory requirements.

KPMG no longer supports or maintains the R*STARS product or code base. Many of the state agencies and institutions of higher education use the Uniform Statewide Accounting System (USAS) as their internal accounting system; the remaining agencies and institutions function as reporting agencies that provide agency or institutional data from their internal systems through a standard reporting interface.

State Property Accounting (SPA) System

Implemented in 1993, the State Property Accounting (SPA) System is an in-house-developed system for tracking capital and controlled assets. Many state agencies use SPA as their internal fixed asset system; the remaining agencies report their asset data to SPA.

SPA contains the capital asset balances for the state of Texas. The data is utilized for the *Comprehensive Annual Financial Report* (CAFR) to prepare the Capital Asset Note to the Financial reports. According to the 2011 CAFR, the total balance for Capital Assets for the state is $98.8 billion, or 47 percent of the state's total assets.

SPA is also used to enforce the provisions of Section 12.04 of the General Appropriations Act (GAA) that requires the Comptroller's office to withhold from state agency and institution of higher education appropriations an amount equivalent to 50 percent of the value of lost property.

SPA is also relied upon to comply with various open records requests.

Uniform Statewide Payroll/Personnel System (USPS)

In 1994, the Uniform Statewide Payroll/Personnel System was implemented using a modified version of the GEAC Human Resources mainframe software product. USPS is the internal payroll/personnel system for many state agencies and most of the state's employees.

Standardized Payroll/Personnel Reporting System (SPRS)

In 1997, with the advancement of client/server technology for human resource applications, the 75th Legislature modified Texas Government, Code Section 2101.035 (d), (e), (f) and (g) of Subtitle C, previously requiring that all state agencies use USPS as their internal payroll/personnel system so the Comptroller could designate a standardized payroll calculation on one or more systems.

This legislative change in direction gave state agencies and institutions of higher education an option to migrate off of the USPS platform to license and implement either a commercial-off-the-shelf (COTS) software application or design their own internal payroll and personnel processing system. Each agency was allowed to pursue this approach for payroll/personnel if they independently determined that the USPS mainframe product was not consistent with that agency's desired technical architectural direction.

As a result of the 1997 legislation, several state agencies moved forward to license and implement the PeopleSoft suite of Human Resources and Financial applications to manage their internal payroll and personnel processing. However, it was still necessary for the new payroll/personnel systems to meet the state's statutory obligations from earlier legislation.

The Comptroller's office determined the best method to meet statutory obligations was through a new system to capture necessary data elements from the agencies' internal personnel/payroll systems, validate the information before payrolls are processed and post the validated personnel and payroll information. The resulting system became the Standardized Payroll/Personnel Reporting System (SPRS), an in-house-developed, custom application system implemented in 2002 to answer the needs of state agencies that chose not to implement USPS.

Integrated Statewide Administrative System (ISAS)

The ISAS project was formed at the Comptroller's office in 1996, applying a collective interagency approach toward customizing PeopleSoft's Financials for Education and Government software to support accounting, inventory, asset management, purchasing and accounts payables functions.

ISAS started with the PeopleSoft base application, then modified it to address state agency requirements that work across multiple agencies, resulting in a Web-based interface that interacts with USAS, SPA and TINS. The ISAS software was provided to other agencies, including the five Health and Human Services (HHS) agencies participating in the initial phase of ERP.

accessHR

The Human Resources Management System (HRMS) is the Human Resources, Payroll, Labor, Time and Leave system that supports the five Health and Human Services agencies for the state of Texas, servicing approximately 56,000 employees at any given time. This system was branded "accessHR" at the point of outsourcing these services and embracing employee and manager self-service in October 2005.

The system utilized a PeopleSoft/Oracle Web-based product that was customized to accommodate state law and the Comptroller's SPRS edits. The system was the foundation for the consolidation of the 12 Health and Human Services Agencies into the current five agencies mandated in 2003 by House Bill 2292, 78th Legislature, Regular Session. It supports the major functions of recruitment, hire, separation, administrative training, time and leave, payroll, commitment accounting and reporting.

With the exception of recruitment, accessHR is being used as the Payroll/Personnel component for the new Centralized Accounting and Payroll/Personnel System (CAPPS) that went live Nov. 8, 2012. AccessHR was decommissioned at that time and the HHS agencies are now utilizing the CAPPS system.

Appendix H:
Glossary of Terms

ASP Application Service Provider. A business that provides computer-based services to customers over a network.

CAPPS Centralized Accounting and Payroll/Personnel System. The new PeopleSoft-based ERP system currently implemented at DIR, CTS, CPA and TDI (Financials) and the five HHS agencies (HR/Payroll). This single, integrated, real-time system of record will be deployed to all state agencies over the next several years, replacing seven CPA legacy systems: HRIS, ISAS, SPA, SPRS, TINS, USAS and USPS.

Conversion The process of changing computer data from one format to another.

CPA Texas Comptroller of Public Accounts.

CTIC Project CPA/TDI Implementation of CAPPS. The project to implement CAPPS Financials at the Texas Comptroller of Public Accounts (CPA) and Texas Department of Insurance (TDI).

Customization A change to a PeopleSoft software object; or to a report, interface, conversion, enhancement or workflow.

Data Warehouse An aggregate database containing a near-real-time and nightly snapshot of data optimized for searching and reporting information. This centralized database to be administered by CPA will work seamlessly with CAPPS Financials and HR/Payroll platforms. With a statewide CAPPS, all agencies will feed data into this central repository which will allows for the retirement of CPA's seven internal legacy systems (see *Appendix G: Legacy Systems* for more).

ERP Enterprise Resource Planning. Consolidates all aspects of a business within a common system — accounting, payroll, human resources (HR), inventory, fleet management and more. Information is entered once and then carried over to all other functions. CAPPS is the statewide ERP solution for Texas for financial and HR/payroll information.

Go-Forward Strategy A strategy that builds in flexibility for all state agencies to implement CAPPS and achieves the goal of a statewide ERP solution for Texas. The strategy is comprised of two agency implementation models — Statewide ERP Platform and Hub. Both options feed data into a centralized Data Warehouse administered by CPA.

HRIS Human Resources Information System (see *Appendix G: Legacy Systems* for more).

Hub One of two options of the Go-Forward Strategy for agencies to implement CAPPS. Generally for large, complex agencies like TxDOT or HHS. Hub agencies receive a copy of the CAPPS baseline (Core Modules) for their ERP system. See *Statewide ERP Platform* in this Glossary for details on the other option. Both options feed data to a centralized Data Warehouse (and USAS and SPRS until they are retired).

Interface Point of communication between two or more processes or systems.

ISAS Integrated Statewide Administrative System. The first of seven CPA internal legacy systems to be retired as a result of implementing CAPPS. (See *Appendix G: Legacy Systems* for more.)

ProjectONE The "Our New Enterprise" project group led by CPA and charged with implementing a statewide ERP solution for the state of Texas (CAPPS) over the next several years.

Requirement The business need for specific system functionality.

SPA State Property Accounting System. (See *Appendix G: Legacy Systems* for more.)

SPRS Standardized Payroll/Personnel Reporting System. (See *Appendix G: Legacy Systems* for more.)

Statewide ERP Platform One of two options of the Go-Forward Strategy for agencies to implement CAPPS. Generally for smaller, less complex agencies like TDI and DIR, Statewide ERP Platform agencies operate on the centralized system (CAPPS) operated by the Comptroller's Application Service Provider (ASP). See *Hub* in this Glossary for details on the other option. Both options feed data to a centralized Data Warehouse (and to USAS and SPRS until they are retired).

TINS Texas Identification Number System. (See *Appendix G: Legacy Systems* for more.)

USAS Uniform Statewide Accounting System. (See *Appendix G: Legacy Systems* for more.)

USPS Uniform Statewide Payroll/Personnel System. (See *Appendix G: Legacy Systems* for more.)

Workflow Sequence of connected steps designed to complete a given process and ensure the consistent handling of that process.

capps