

	COL A12	COL A14	COL A15	COL A16	COL A14-A12	
					AGY AMD REQ	
					FY 2014-15	
					OVER(UNDER)	
	AGY FIN REQ	AGY AMD REQ	AGY AMD N/R	AGY AMD ANZ	AGY FIN REQ	
	FY 2014-15	FY 2014-15	FY 2014-15	FY 2014-15	FY 2014-15	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	CODES
MANAGEMENT SRVCS, DEPT OF						72000000
WORKFORCE PROGRAMS						72750000
PRG: PEOPLE FIRST						72750500
GOV OPERATIONS/SUPPORT						16
GOVERNMENTAL OPERATIONS						1601.00.00.00
FUNDING FOR NON-RECURRING PROJECTS						4400000
PROCURE CONTRACTOR FOR HUMAN						
RESOURCE PROCUREMENT						44004C0
SPECIAL CATEGORIES						100000
CONTRACTED SERVICES						100777
STATE PERSONNEL SYSTEM TF -STATE	234,000	468,000	468,000		234,000	2678 1

AGENCY ISSUE NARRATIVE:

2014-2015 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

FLORIDA STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT: Civic Governance Systems- #25: Improve the efficiency and effectiveness of government agencies at all levels.

Issue Summary: The People First team requests \$234,000 in nonrecurring funds to hire a third party contractor to assist in the People First next generation human resource (HR) solicitation process. These advisory services include assistance with developing the solicitation document and the contract document resulting from the negotiation process. In addition, a separate nonoperating budget amendment will be requested in Fiscal Year 2014-15 in order to transfer cash to the Administrative Trust Fund to support expenditures for legal services to assist in effectively managing the competitive solicitation process.

Section 110.116, Florida Statutes, requires the Department of Management Services to establish and maintain, in coordination with the payroll system of the Department of Financial Services, a complete human resource information system for all authorized and established positions in state service. The Department may also contract with a vendor to provide the human resource information system. Sections 215.93 and 215.94, Florida Statutes, directs the Department to be the functional owner of the system.

The Department contracts with NorthgateArinso to provide the State with a human resource information system and an enterprise-wide suite of human resource services. Human resource services provided to the State of Florida include payroll preparation, attendance and leave, benefits administration, recruitment, performance management, human resource administration, organization management, and data warehouse report querying. The objectives of this human resource business process outsourcing initiative (known as People First) are to provide the State with an employee and manager self-service online tool, to more effectively and efficiently provide services by streamlining and standardizing human resource transactional processes, and to reduce the cost of government.

The current contract with NorthgateArinso expires on August 21, 2016, and the Department has developed a People First timeline which describes key milestone dates that must be met in order to properly prepare for the expiration of the contract. The timeline includes a business case in Fiscal Year 2013-14 (per section 287.0571(4), Florida Statutes), a competitive solicitation and service provider negotiation in Fiscal Year 2014-15, and a potential transition in Fiscal

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RESOURCE PROCUREMENT					44004C0

Year 2015-16. The solicitation and negotiation process is estimated to take up to 12 months, assuming no protests. The timeline allows 12 - 18 months for the potential transition of the human resource information system and service center to a new model and/or service provider. This timeline does not leave much time for contingency issues or delays prior to the expiration of the current contract; therefore, it is vital that the key milestones are met within the timeframes described in this request.

The Department's People First team acts as the contract manager and has responsibilities for contract management, project management, and agency support. The team has limited resources and is in need of assistance from a third-party contractor to develop solicitation and contract documents for the next generation HR procurement. A third-party contractor would bring valuable expertise, knowledge, and resources to assist in developing the technical system and service center requirements, evaluating respondent cost proposals, as well as ensuring clarity in the scope of work, deliverables, security provisions, operational obligations, performance metrics, and service provider resources required.

In addition, the Department will be requesting legal services (through a separate nonoperating budget amendment) in Fiscal Year 2014-15 to assist in managing the competitive solicitation process (from solicitation development through appeal of any final order of award). Services include developing the solicitation evaluation criteria, assisting with any legal challenges including specifications challenges and/or bid protests or other legal proceedings that may arise as a result of the procurement process; providing the appropriate contractual language addressing offshoring, data security, intellectual property, performance guarantees, liability, and termination and default.

Due to the cost and complexity of providing critical human resource services for the State of Florida, not having a third-party contractor will greatly increase the State's risk of not adequately identifying the service provider that would provide the best value to the State when the contract expires, or executing a service provider contract that best protects the state's interests.

FISCAL INFORMATION: The Secretary's Budget Recommendation includes a request for a \$234,000 (estimated 1040 hours x \$225/hourly rate) nonrecurring appropriation in Contracted Services to procure a third-party contractor to assist with developing the solicitation document and the contract document resulting from the negotiation process. In addition, a separate non-operating budget amendment will be requested in Fiscal Year 2014-15 for legal services to assist in managing the competitive solicitation process. The cash would be transferred from the State Personnel Trust Fund to the Administrative Trust fund to cover the expenditures; the amount requested for the budget amendment has not been determined at this time.

This issue impacts the "People First Contract Management" activity.

State Personnel System Trust Fund (2678)

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AMOUNT		AMOUNT		AMOUNT		AMOUNT		AMOUNT	AMOUNT	

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GOVERNMENTAL OPERATIONS	<u>1601.00.00.00</u>
FUNDING FOR NON-RECURRING PROJECTS	4400000
PROCURE CONTRACTOR FOR HUMAN	
RESOURCE PROCUREMENT	44004C0

Special Categories: Contracted Services (100777) (NR) \$234,000 FSI=1
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Amended 2014-15 Narrative after January 31, 2014

ISSUE TITLE: Procure Contractor for Human Resource Procurement

FLORIDA STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT:
 Civic Governance Systems- #25: Improve the efficiency and effectiveness of government agencies at all levels.

DEPARTMENT MANAGEMENT SERVICES LONG RANGE PROGRAM PLAN:
 The Department of Management Services (DMS) provides shared services to state agencies and local governments allowing them to focus on their core mission. Our goal is to provide excellence in product and service delivery. GOAL 6: To provide value purchasing.

SUMMARY:
 The Department of Management Services originally requested \$234,000 in nonrecurring budget authority in the People First budget entity (72750500) in the Contracted Services category (100777) within the State Personnel System Trust Fund (2678) to hire a third party contractor to assist in the People First next generation human resource (HR) procurement process. The Department is updating its request to \$468,000 in order to increase the amount of resources available to the Department for this initiative.

PROBLEM STATEMENT:
 The procurement process for the People First next generation is very extensive and the amount of the next generation contract is estimated to exceed \$20,000,000 annually.. Due to the cost and complexity of providing critical human resource services for the State of Florida, not having a third-party contractor will greatly increase the State's risk of not adequately identifying the service provider that would provide the best value to the State when the contract expires, or executing a service provider contract that best protects the state's interests.

The Department's updated request amount of \$468,000 is necessary to procure adequate consultative services to best position the State for a successful next generation procurement. Developing the technical requirements and evaluating respondent cost proposals are time intensive efforts, and will require significantly more resources than initially planned to ensure timely completion of all procurement milestones.

BACKGROUND:
 Section 110.116, Florida Statutes, requires the Department of Management Services to establish and maintain, in coordination with the payroll system of the Department of Financial Services, a complete human resource information

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MANAGEMENT SRVCS, DEPT OF
 WORKFORCE PROGRAMS
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GOV OPERATIONS/SUPPORT
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FUNDING FOR NON-RECURRING PROJECTS
 PROCURE CONTRACTOR FOR HUMAN
 RESOURCE PROCUREMENT

system for all authorized and established positions in state service. The Department may also contract with a vendor to provide the human resource information system. Sections 215.93 and 215.94, Florida Statutes, directs the Department to be the functional owner of the system.

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The current contract with NorthgateArinso expires on August 21, 2016, and the Department has developed a People First timeline which describes key milestone dates that must be met in order to properly prepare for the expiration of the contract. The timeline includes a business case in Fiscal Year 2013-14 (per section 287.0571(4), Florida Statutes), a competitive solicitation and service provider negotiation in Fiscal Year 2014-15, and a potential transition in Fiscal Year 2015-16. The solicitation and negotiation process is estimated to take up to 12 months, assuming no protests. The timeline allows 12 - 18 months for the potential transition of the human resource information system and service center to a new model and/or service provider. This timeline does not leave much time for contingency issues or delays prior to the expiration of the current contract; therefore, it is vital that the key milestones are met within the timeframes described in this request.

The Department's People First team acts as the contract manager and has responsibilities for contract management, project management, and agency support. The team has limited resources and is in need of assistance from a third-party contractor to develop solicitation and contract documents for the next generation HR procurement. A third-party contractor would bring valuable expertise, knowledge, and resources to assist in developing the technical system and service center requirements, evaluating respondent cost proposals, as well as ensuring clarity in the scope of work, deliverables, security provisions, operational obligations, performance metrics, and service provider resources required.

GENERAL INFORMATION:

In addition, the Department will be requesting legal services (through a separate non-operating budget amendment) in Fiscal Year 2014-15 to assist in managing the competitive solicitation process (from solicitation development through appeal of any final order of award). Services include developing the solicitation evaluation criteria, assisting with any legal challenges including specifications challenges and/or bid protests or other legal proceedings that may arise as a result of the procurement process; providing the appropriate contractual language addressing offshoring, data security, intellectual property, performance guarantees, liability, and termination and default.

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WHAT BENEFITS WILL BE OBTAINED BY FUNDING THIS ISSUE: This funding will better position the state for a successful next generation procurement. This includes lowering the cost of the contract, increasing system functionality, and improving customer service.

WHAT IS THE IMPACT OF NOT FUNDING THIS ISSUE: Due to the cost and complexity of providing critical human resource services for the State of Florida, not having a third-party contractor will greatly increase the State's risk of not adequately identifying the service provider that would provide the best value to the State when the contract expires, or executing a service provider contract that best protects the state's interests.

WHAT UNDERLYING PROGRAM THEORY CHANGE IS INVOLVED IN THIS ISSUE IF ANY: None.

WHAT IMPLEMENTATION MECHANISMS WILL BE CHANGED AS A RESULT OF THIS ISSUE: None.

COST CALCULATIONS:

Estimated 2080 contractor hours x \$225/hourly rate = \$468,000

Category:	Fiscal Year 2014-2015	Nonrecurring 2014-2015
Contracted Services (100777)	\$468,000	\$468,000

Funding:

(State Personnel System Trust Fund, 2, FSI=1)

Issue Total : \$468,000

Summary:

The Department's updated request amount of \$468,000 is necessary to procure adequate consultative services to best position the State for a successful next generation procurement. Developing the technical requirements and evaluating respondent cost proposals are time intensive efforts, and will require significantly more resources than initially planned to ensure timely completion of all procurement milestones.
