

Department of Education
Opening Remarks
January 28, 2009 House Education Committee Briefing

Good afternoon, Representative Takai. I am James Brese, Assistant Superintendent and CFO in the Office of Fiscal Services for the Department of Education. Thank you for the opportunity to discuss the Department's Financial Management Plan.

Today's briefing is to provide an update on the efforts that we have undertaken to plan for the possible upgrade or replacement of our financial management system and other stand-alone systems. We engaged the Gartner Consulting Group to perform a feasibility analysis of our existing systems and requirements and what viable options the Department has to ensure data transparency, accuracy, timeliness in reporting, and basic data-driven management decision making. The presentation will outline the methodology, results, and optimum recommendation for the Department in upgrading or replacing our current, approximately 20-year old, COBOL based programming language computer system, including total costs of ownership (including all hardware, software, vendor consulting costs, and backfill positions of DOE staff) over the five years of implementation, and then annual support costs.

In previous legislative sessions, the Department was given \$1,250,000 for planning purposes in regards to financial management systems. However, the Governor's instructions for the new biennium budget eliminated the funding before even calculating the 10%, 15%, and 20% target reductions that all state agencies were given. As a result of the economic collapse and a consequence of budget reductions, our modernization and productivity improvements with automation is at a crossroads. Our budget does not include a specific line item for continuing funding of this project. If we cannot find additional funding, our efforts to automate and provide a robust integrated financial management system will stop, and in the meantime, our 20-year old COBOL based system will become more and more obsolete.

I would like to introduce Rosie Spraker, a Director with the Gartner Consulting Group, to present the results of the Department's study to upgrade or improve our financial management systems.

In conclusion, the project we envision for a Department-wide ERP system would be one of the most significant productivity and efficiency improvement projects we could undertake to improve the Department of Education as a system, in order to automate and streamline manual

processes, and ensure data transparency, accuracy, timeliness in reporting, and basic data-driven management decision making.

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