

HISTORY OF THE ENTERPRISE RESOURCE PLANNING SYSTEM INITIATIVE (CONNECTND)

The state of North Dakota's enterprise resource planning (ERP) system initiative, commonly known as the ConnectND system, is a joint project between state government and the North Dakota University System to implement a multimodule software system that includes a relational data base and applications

for managing financial activities, purchasing, budgeting, human resources, payroll, asset management, and student information functions. The following is a timeline of activities associated with the ConnectND system initiative.

September 2000	The Information Technology Department issued an ERP system request for proposal (RFP). The department reviewed the RFP responses and selected three finalists--SCT, Oracle, and PeopleSoft.
December 2000	<p>The 2001-03 Schafer executive budget recommendation included funding of \$20,499,873, of which \$20 million was from the general fund, for the first phase of implementation of an ERP system.</p> <p>The 2001-03 Hoeven executive budget recommendation reduced funding for the implementation of an ERP system by \$8,517,500 from \$20,488,873 to \$11,971,373, of which \$11,482,500 was from the general fund, by reducing funding for operating expenses by \$9,000,000 and increasing funding due to the transfer of funding relating to the Quality Schools Commission of \$70,000 and student data base of \$412,500 from the Department of Public Instruction to the Information Technology Department.</p>
April 2001	The 2001 Legislative Assembly provided funding of \$7,500,000 from the general fund for the first phase of the implementation of an ERP system.
May 2001	The three finalists submitted final proposals. Shortly thereafter the RFP evaluation process was halted to explore the possibility of entering into a joint venture partnership with Microsoft-Great Plains for development of an ERP system.
October 2001	<p>Consideration of the joint venture partnership was discontinued after it was determined that it would take Microsoft-Great Plains up to 24 months to develop the human resources and financial components of the ERP system and approximately four to six years to complete the ERP system integration.</p> <p>The Information Technology Department returned to the original RFP evaluation process and reduced the finalists to two--Oracle and PeopleSoft.</p>
January 2002	Based on review of the final proposals, the Information Technology Department decided to award contracts to PeopleSoft for the purchase of an ERP software system and to Maximus for implementation consultant services.
February 2002	The Information Technology Department developed an implementation plan which included the implementation of all three of the system components--financial, human resources, and student administration--at two pilot higher education institutions--Valley City State University and Mayville State University--and the implementation of the financial and human resources components at the Office of Management and Budget, including payroll for all of state government.
April 2002	<p>The Information Technology Department determined the estimated vendor fees and maintenance costs associated with the ConnectND system for the 2001-03 biennium were approximately \$12.3 million, \$4.8 million more than the 2001-03 legislative appropriation of \$7.5 million. In order to fund the costs associated with the system, the department received approval from the Budget Section to enter into a financial agreement for approximately \$4.8 million. Under the agreement, the department paid PeopleSoft \$150,000 on August 1, 2002, and the remainder of \$4,746,053 plus related interest of \$117,967 on August 1, 2003. The agreement allowed the department to use the remaining ERP system initiative 2001-03 legislative appropriation for implementation services performed by Maximus.</p> <p>The Information Technology Department estimated the total costs associated with the ConnectND system initiative for the 2003-05 biennium would be approximately \$22 million.</p> <p>The State Board of Higher Education in response to the costs associated with the ConnectND system initiative approved a student fee of \$42 per semester for the 2002-03 academic year.</p>
December 2002	The 2003-05 Hoeven executive budget recommendation included funding of \$20 million from bonding proceeds for the continuation of the ConnectND system initiative. The executive budget recommendation provided that the debt service on the bonds issued for the initiative would be available from charges made and collected by the Information Technology Department from users of the system with 60 percent of the debt service being the responsibility of higher education and 40 percent being the responsibility of state agencies.

April 2003	<p>The 2003 Legislative Assembly did not change the executive recommendation to provide \$20 million of bond proceeds for the ConnectND system initiative. However, the Legislative Assembly provided that debt service on the bonds issued for the initiative must be available from charges made and collected by the Information Technology Department from users of the system with 29 percent of the debt service being the responsibility of state agencies and 71 percent of the debt service being the responsibility of higher education.</p> <p>The payroll, core human resources, and benefits modules of the ConnectND system "went live" for all employees of Mayville State University, Valley City State University, and state government, except for the Bank of North Dakota. Mayville State University, Valley City State University, and the Office of Management and Budget also "went live" with a portion of the financial component of the system.</p>																								
May 2003	<p>The State Board of Higher Education approved a student fee of \$36 per semester for the 2003-04 academic year for support of the ConnectND system, a decrease of \$6 from the \$42 per semester fee for the 2002-03 academic year.</p>																								
September 2003	<p>The Office of Management and Budget issued bonds totaling \$20 million for the ConnectND system initiative. The bonds were issued at an interest rate of 3.9 percent for a period of 10 years with annual debt service of approximately \$2.7 million. The following is a summary of the estimated debt service amounts:</p> <table border="1" data-bbox="367 678 1458 877"> <thead> <tr> <th>Biennium</th> <th>State Portion</th> <th>Higher Education Portion</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2005-07</td> <td>\$1,563,727</td> <td>\$3,828,436</td> <td>\$5,392,163</td> </tr> <tr> <td>2007-09</td> <td>\$1,565,152</td> <td>\$3,831,923</td> <td>\$5,397,075</td> </tr> <tr> <td>2009-11</td> <td>\$1,564,822</td> <td>\$3,831,116</td> <td>\$5,395,938</td> </tr> <tr> <td>2011-13</td> <td>\$1,565,033</td> <td>\$3,831,633</td> <td>\$5,396,666</td> </tr> <tr> <td>2013-15</td> <td>\$778,257</td> <td>\$1,905,387</td> <td>\$2,683,644</td> </tr> </tbody> </table>	Biennium	State Portion	Higher Education Portion	Total	2005-07	\$1,563,727	\$3,828,436	\$5,392,163	2007-09	\$1,565,152	\$3,831,923	\$5,397,075	2009-11	\$1,564,822	\$3,831,116	\$5,395,938	2011-13	\$1,565,033	\$3,831,633	\$5,396,666	2013-15	\$778,257	\$1,905,387	\$2,683,644
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February 2004	<p>The state portion of the debt service is recovered through monthly charges to state agencies based on full-time equivalent positions and per \$1 million appropriated.</p> <p>The higher education portion of the debt service is recovered through various funding sources, including student fees, internal reallocation, and reallocation of technology fees.</p> <p>The State Board of Higher Education approved a student fee of \$63 per semester for the 2004-05 academic year for support of the ConnectND system, an increase of \$27 from the \$36 per semester fee for the 2003-04 academic year.</p>																								
July 2004	<p>The financial, human resources, and student administration components of the ConnectND system are implemented at Dickinson State University, Lake Region State College, Bismarck State College, Williston State College, and the State College of Science. At that time 8 of the 12 North Dakota University System sites were "live" with the system considering that pilot sites had been "live" since April 2003. The remaining sites--North Dakota State University, University of North Dakota, Minot State University, and Minot State University - Bottineau--did not implement the system as originally scheduled due to the institutions' concerns with the features offered by the system's grants and contract module.</p>																								
September 2004	<p>The State Board of Higher Education received Emergency Commission approval for funding of \$150,000 from the state contingency fund for anticipated additional costs associated with the North Dakota University System's implementation of the ConnectND system. The funding was to be used to cover a portion of the additional costs resulting from the delay in the rollout of the system to the final four higher education institutions.</p>																								
October 2004	<p>The financial and human resource components of the ConnectND system were rolled out to all state agencies.</p>																								
January 2005	<p>North Dakota State University, University of North Dakota, Minot State University, and Minot State University - Bottineau went "live" with the financial and human resources components of the ConnectND system and continued to phase in the student administration component between the fall of 2004 and the summer of 2005.</p>																								
April 2005	<p>The North Dakota University System requested and received a \$617,520 general fund deficiency appropriation for the 2003-05 biennium for additional costs associated with the implementation of the ConnectND system.</p>																								
May 2005	<p>The State Board of Higher Education approved a student fee of \$81 per semester for the 2005-06 academic year for support of the ConnectND system, an increase of \$18 from the \$63 per semester fee for the 2004-05 academic year.</p>																								

June 2005	The North Dakota University System returned the funding of \$150,000 from the state contingency fund and the \$617,520 general fund deficiency appropriation for the 2003-05 biennium due to an unanticipated carryover balance at the end of fiscal year 2005.
February 2006	The State Board of Higher Education allocated \$1.5 million of the 2005-07 legislative appropriation for board initiatives of \$1,885,000 for additional costs associated with the ConnectND system.
April 2006	The State Board of Higher Education approved a student fee of \$81 per semester for the 2006-07 academic year for support of the ConnectND system, the same level as the 2005-06 academic year.

OTHER INFORMATION

The 1995 Legislative Assembly authorized the issuance of up to \$4 million of self-liquidating, tax-exempt bonds for campus networking at the higher education institutions and the implementation of a student technology fee. As a result, the State Board of Higher Education issued bonds totaling \$4 million and approved student technology fees at each of the higher education institutions. The bond proceeds were allocated to higher education institutions as follows:

Bismarck State College	\$165,480
Williston State College	72,535
University of North Dakota	1,407,205
North Dakota State University	976,385
State College of Science	250,000
Dickinson State University	343,250
Mayville State University	163,900
Minot State University	300,000
Valley City State University	292,290
Minot State University - Bottineau	28,955
Total	\$4,000,000

The use of income generated through the student technology fee is not limited to campus networking; however, the student technology fee income is the only source of funds to be used for the retirement of the bonds issued for campus networking. For the 2005-06 academic year, the student technology fee varies from \$50 per semester at the University of North Dakota to \$499 per semester at Valley City State University. The fee at Valley City State University includes a laptop computer. The final payment for the bonds issued for campus networking will be made in 2006.