

November 7, 2008

The Honorable Dave Heineman
Governor of Nebraska
State Capitol
P. O. Box 94848
Lincoln, NE 68509-4848

Dear Governor Heineman:

Student information systems (SIS) are the lifeblood of higher education institutions. They serve as the central repository for all data about an institution's students and are fundamental to the effective management of a college or university. The need to replace the current SIS at the University of Nebraska and the Nebraska State College System (NSCS) is widely known. The current vendor will not support or update our existing systems after December 31, 2011. Replacement of the systems is essential to comply with the changing demands of student financial aid processing and to facilitate required regulatory reporting for the federal government including reports mandated by the Integrated Postsecondary Education Data System (IPEDS).

In 2006, the University and the NSCS began to pursue independent strategies to replace their student information systems. Each higher education system submitted a request to the Nebraska Information Technology Commission (NITC) seeking funding to support its SIS project. The University anticipated costs of \$32,649,418 over five years, while the NSCS sought \$10,000,000 over two years. Following review by the Technical Panel and Education Council, the NITC categorized the two projects as "highly recommended" to the Governor and Legislature, noting the mission critical nature of both to the University and the NSCS.

As a result of your leadership, and with the encouragement of the NITC, the two higher education systems came together to pursue a common solution to our SIS needs. In December 2007, a joint University and NSCS deficit funding request was made for \$22,153,000. As you may recall, this reflected our best estimate in regards to the first year costs to begin implementation of a common SIS system and for migration of NSCS to the University's SAP financial/HR system. It did not reflect the estimated total project cost, which we said could be determined only after a vendor was selected and an implementation plan put in place.

In the 2008 Legislative Session, LB 959 provided a deficit appropriation of \$20,000,000 with \$14,444,000 to the University for the SIS and the remaining \$5,556,000 to the NSCS for the SIS and migration of NSCS to the University's SAP enterprise resource planning system. Of the amount appropriated to NSCS, \$1,700,000 was earmarked for the SAP migration.

In February 2008, the University and the NSCS issued a joint request for proposals (RFP) seeking bids to purchase and implement the new student information system. Proposals were evaluated by teams from all seven campuses in the University and State College systems on a number of criteria including implementation, flexibility, functionality, decision support, and cost effectiveness.

Negotiations were held with two software finalists, SunGard Banner and Oracle PeopleSoft. In addition to pricing discussions, the negotiations gained important information from both finalists clarifying and enhancing representations and offerings in the responses to the RFP. An important part of those negotiations included each finalist responding that their firm had all the information needed and had their questions answered such that they were in position to make a final and best offer to the University and the NSCS. Based on discussions with independent consultants and others in the industry, the final offers we received from both vendors are among the most competitive made to higher education institutions that have contracted for SIS projects recently.

The results of the evaluations and the information gained in the negotiations were forwarded to a number of University and NSCS stakeholders, including the University Chancellors, the NSCS Presidents, the NSCS Board of Trustees and the University Board of Regents. Based on the information as presented by the two finalists, it was recommended that contracts be signed with Oracle USA, Inc. and CedarCrestone, Inc. for purchase and implementation of the new SIS system. Both the University Board of Regents and the NSCS Board of Trustees have approved these contracts.

The total cost for hardware, software and implementation of the new SIS, which is scheduled to be complete in August 2010, is anticipated to be \$29,761,493. After subtracting the \$18,300,000 of first year funding already provided, \$11,461,493 of unfunded project costs remain. As mentioned in the deficit request submitted in 2007, both the University and the NSCS anticipated the need to make additional funding requests for this project once the final purchase and implementation costs were known. This one-time deficit request has been approved for submission by the NSCS Board of Trustees and the University Board of Regents.

Thank you again for your leadership, your support, and your consideration of this request. Please let us know if you have questions or comments.

Sincerely,



James B. Milliken
President
University of Nebraska



Stan Carpenter
Chancellor
Nebraska State College System

Enclosure

JBM/ck/dt

Form Number 500

Agency Adjustment Summary

State of Nebraska - Administrative Services - Budget Division

	PAGE NUMBER
	CODE & DESCRIPTION
AGENCY	51 University of Nebraska
	Program 740
	01: Student Information System

EXPENDITURE ACCOUNT	ADJUSTMENTS	
	2007-2008	2008-2009
Permanent F.T.E. Positions		
511100 Permanent Salaries - Wages		
511200 Temporary Salaries - Wages		
511600 Per Diem Payments		
511900 Supplemental (One-time payments)		
All Other Salaries		
Sub-Total Salaries	0	0
515100 Retirement Plans Expense		
515200 OASDI Expense		
515400 Life and Accident Insurance Expense		
515500 Health Insurance Expense		
All Other Personal Services		
Sub-Total Benefits	0	0
510000 Personal Services	0	0
520000 Operating Expenses		
570000 Travel Expenses		
580000 Capital Outlay		10,261,493
590000 Government Aid		
Total Expense	0	10,261,493
Means of Financing		
General Fund		10,261,493
Cash Fund		
Federal Fund		
Revolving Fund		
Total Funding	0	10,261,493

Note, the Nebraska State College System's Form 500 summary has been submitted separately.

Program Adjustment Narrative

State of Nebraska – Administrative Services – Budget Division

		Page Number
	CODE	DESCRIPTION
AGENCY	50 & 51	NSCS & NU
PROGRAM	840 & 740	Student Information System
REQUEST	01	

Provide the following information: A) Description of Request; B) Rationale for Request; C) Impact of Request; and, D) Statutory Change if Required.

A) Description of Request

The Nebraska State College System (NSCS) and the University of Nebraska are requesting \$11,461,493 of one-time funding to purchase and install a replacement Student Information System (SIS) and its associated components.

We also request that any unspent funding from the \$20,000,000 deficit appropriation provided in LB 959 section 38 (program 840) and section 40 (program 740) be reappropriated to the next biennium.

B) Rationale for Request

Student information systems (SIS) are the lifeblood of higher education institutions. They serve as the central repository for all data about an institution’s students and are fundamental to the effective management of a college or university. The need to replace the current SIS at the University of Nebraska and the Nebraska State College System (NSCS) is widely known. The current vendor will not support or update our existing systems after December 31, 2011. Replacement of the systems is essential to comply with the changing demands of student financial aid processing and to facilitate required regulatory reporting for the federal government including reports mandated by the Integrated Postsecondary Education Data System (IPEDS).

In 2006, the University and the NSCS began to pursue independent strategies to replace their student information systems. Each higher education system submitted a request to the Nebraska Information Technology Commission (NITC) seeking funding to support its SIS project. The University anticipated costs of \$32,649,418 over five years, while the NSCS sought \$10,000,000 over two years. Following review by the Technical Panel and Education Council, the NITC categorized the two projects as “highly recommended” to the Governor and Legislature, noting the mission critical nature of both to the University and the NSCS.

As a result of the Governor’s leadership, and with the encouragement of the NITC, the two higher education systems came together to pursue a common solution to our SIS needs. In December 2007, a joint University and NSCS deficit funding request was made for \$22,153,000. This reflected our best estimate in regards to the first year costs to begin implementation of a common SIS system and for migration of NSCS to the University’s SAP financial/HR system. It did not reflect the estimated total project cost, which we said could be determined only after a vendor was selected and an implementation plan put in place.

In the 2008 Legislative Session, LB 959 provided a deficit appropriation of \$20,000,000 with \$14,444,000 to the University for the SIS and the remaining \$5,556,000 to the NSCS for the SIS and migration of NSCS to the University’s SAP enterprise resource planning system. Of the amount appropriated to NSCS, \$1,700,000 was earmarked for the SAP migration.

In February 2008, the University and the NSCS issued a joint request for proposals (RFP) seeking bids to purchase and implement the new student information system. Proposals were evaluated by teams from all seven campuses in the University and State College systems on a number of criteria including implementation, flexibility, functionality, decision support, and cost effectiveness.

Program Adjustment Narrative

State of Nebraska – Administrative Services – Budget Division

	CODE	DESCRIPTION
AGENCY	50 & 51	NSCS & NU
PROGRAM	840 & 740	Student Information System
REQUEST	01	

Provide the following information: A) Description of Request; B) Rationale for Request; C) Impact of Request; and, D) Statutory Change if Required.

Negotiations were held with two software finalists, SunGard Banner and Oracle PeopleSoft. In addition to pricing discussions, the negotiations gained important information from both finalists clarifying and enhancing representations and offerings in the responses to the RFP. An important part of those negotiations included each finalist responding that their firm had all the information needed and had their questions answered such that they were in position to make a final and best offer to the University and the NSCS. Based on discussions with independent consultants and others in the industry, the final offers we received from both vendors are among the most competitive made to higher education institutions that have contracted for SIS projects recently.

The results of the evaluations and the information gained in the negotiations were forwarded to a number of University and NSCS stakeholders, including the University Chancellors, the NSCS Presidents, the NSCS Board of Trustees and the University Board of Regents. Based on the information as presented by the two finalists, it was recommended that contracts be signed with Oracle USA, Inc. and CedarCrestone, Inc. for purchase and implementation of the new SIS system. Both the University Board of Regents and the NSCS Board of Trustees have approved these contracts.

The total cost for hardware, software and implementation of the new SIS, which is scheduled to be complete in August 2010, is anticipated to be \$29,761,493. After subtracting the \$18,300,000 of first year funding already provided via LB 959, \$11,461,493 of unfunded project costs remain. As mentioned in the deficit request submitted in 2007, both the University and the NSCS anticipated the need to make additional funding requests for this project once the final purchase and implementation costs were known. This one-time deficit request has been approved for submission by the NSCS Board of Trustees and the University Board of Regents.

C) Impact of Request

Student information systems (SIS) are the lifeblood of higher education institutions. They serve as the central repository for all data about an institution’s students and are fundamental to the effective management of a college or university. The need to replace the current SIS at the University of Nebraska and the Nebraska State College System (NSCS) is widely known. The current vendor will not support or update our existing systems after December 31, 2011. Replacement of the systems is essential to comply with the changing demands of student financial aid processing and to facilitate required regulatory reporting for the federal government including reports mandated by the Integrated Postsecondary Education Data System (IPEDS).

D) Statutory Change if Required

Amend LB 959 (2008 Legislative Session) to provide additional funding in 2008-09 of:

sec. 38, program 840	\$ 1,200,000
sec. 40, program 740	<u>\$10,261,493</u>
Totals	\$11,461,493

We also request that any unspent funding from the \$20,000,000 deficit appropriation provided in LB 959 section 38 (program 840) and section 40 (program 740) be reappropriated to the next biennium.

Form Number 520

Program Adjustment Request

State of Nebraska - Administrative Services - Budget Division

	PAGE NUMBER
	CODE & DESCRIPTION
AGENCY	50 Neb State College System
PROGRAM	840
REQUEST	01: Student Information System

EXPENDITURE ACCOUNT	APPROPRIATIONS		ADJUSTMENTS	
	2007-2008	2008-2009	2007-2008	2008-2009
Permanent F.T.E. Positions				
511100 Permanent Salaries - Wages				
511200 Temporary Salaries - Wages				
511600 Per Diem Payments				
511900 Supplemental (One-time payments)				
All Other Salaries				
Sub-Total Salaries	0	0	0	0
515100 Retirement Plans Expense				
515200 OASDI Expense				
515400 Life and Accident Insurance Expense				
515500 Health Insurance Expense				
All Other Personal Services				
Sub-Total Benefits	0	0	0	0
510000 Personal Services				
520000 Operating Expenses				
523100 Utilities				
570000 Travel Expenses				
580000 Capital Outlay	5,556,000			1,200,000
590000 Government Aid				
Total Expense	5,556,000	0	0	1,200,000
Means of Financing				
General Fund	5,556,000			1,200,000
Cash Fund				
Federal Fund				
Revolving Fund				
Trust Fund				
Total Funding	5,556,000	0	0	1,200,000

Note, \$1,700,000 of the \$5,556,000 appropriation will be used for the Nebraska State College System's implementation of the University's SAP financial and human resource enterprise resource planning system.

Form Number 520

Program Adjustment Request

State of Nebraska - Administrative Services - Budget Division

	PAGE NUMBER
	CODE & DESCRIPTION
AGENCY	51 University of Nebraska
PROGRAM	740
REQUEST	01: Student Information System

EXPENDITURE ACCOUNT	APPROPRIATIONS		ADJUSTMENTS	
	2007-2008	2008-2009	2007-2008	2008-2009
Permanent F.T.E. Positions				
511100 Permanent Salaries - Wages				
511200 Temporary Salaries - Wages				
511600 Per Diem Payments				
511900 Supplemental (One-time payments)				
All Other Salaries				
Sub-Total Salaries	0	0	0	0
515100 Retirement Plans Expense				
515200 OASDI Expense				
515400 Life and Accident Insurance Expense				
515500 Health Insurance Expense				
All Other Personal Services				
Sub-Total Benefits	0	0	0	0
510000 Personal Services				
520000 Operating Expenses				
523100 Utilities				
570000 Travel Expenses				
580000 Capital Outlay	14,444,000			10,261,493
590000 Government Aid				
Total Expense	14,444,000	0	0	10,261,493
Means of Financing				
General Fund	14,444,000			10,261,493
Cash Fund				
Federal Fund				
Revolving Fund				
Trust Fund				
Total Funding	14,444,000	0	0	10,261,493