

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: March 2, 2020

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request to Enter into an Agreement with Ceridian for the Upgrade of HPW to Dayforce for Payroll Processing; to Enter into a Three-Year Agreement for Dayforce Subscription and Maintenance Services; to continue using Ceridian Corporation's services on a month-to-month basis through December 31, 2020; to transfer funds from Capital Project WO546 – Enterprise Platform Modernization Phase 2; and to Fund Other Necessary Expenditures including with Morneau Shepell Limited and Cornerstone OnDemand, Inc., Relating to the Delay of the ERP Platform Go Live

FISCAL EFFECT:

- | | |
|---|---|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input checked="" type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$1,730,000	\$2,000,000 ¹
	Revenue	0	0
	Net Cost	\$1,730,000	\$2,000,000
Capital Improvement Budget	Expenditure	(\$1,730,000)	\$1,730,000 ²
	Revenue	0	0
	Net Cost	(\$1,730,000)	\$1,730,000

¹ This is the total amount necessary to fund these services in 2021. This is an increase of \$1,056,900 over the 2020 Adopted Budget.

² This amount has yet to be determined for 2021, but for purposes of this fiscal note it is assumed that additional funds will be necessary to bring funding to \$2.0 million for the capital project impacted by this resolution.

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.³ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The approval of the requested action item will allow the Enterprise Resource Platform Steering Committee (ESC) to execute an agreement with Ceridian, and Comcentia or DCH Advisors as Disadvantaged Business Enterprise partners to upgrade Ceridian's current human resource and payroll web platform, HPW, and the County's learning management and recruitment services platform, Cornerstone OnDemand, to Ceridian's newest version – Dayforce. It will also authorize the ESC to enter into a three-year agreement for subscription and maintenance services under Dayforce for these services. Approval would also fund a year of services from Morneau Shepell Limited and Cornerstone OnDemand, Inc. Approval would also include authorization to transfer funds from Capital Project WO546 – Enterprise Platform Modernization Phase 2 to the Contingency Fund to fund these services and other ancillary services for the entire 2020 calendar year.

B. The direct cost of the services for 2020 and 2021 are as follows:

	2020 Cost Estimate	2021 Cost Estimate
Mainframe	\$ 1,900,000	\$ -
Ceridian/Morneau/Cornerstone	\$ 1,600,000	\$ 2,000,000
Ceridian Upgrade Cost	\$ 950,000	\$ -
	\$ 4,450,000	\$ 2,000,000

³ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

The increase in costs related to Ceridian/Morneau/Cornerstone in 2021 is due to the new annual costs estimated under the new Ceridian Dayforce platform. Based on the current go live date for Infor, no additional costs are estimated for mainframe services in 2021.

The costs will be covered by current 2020 appropriations as well as cash funding available in Capital Project WO546 – Enterprise Platform Modernization Phase 2 which is not anticipated to be needed in 2020 due to the delayed go live date. Additional funds may be requested in 2021 to fund Capital Project WO546 at the 2020 adopted level of \$2,000,000.

- C. For 2020, funds currently appropriated between Org 1921 – Human Resource and Payroll Systems and Org 1172 – Department of Administrative Services – Information Management Services Division – Mainframe are not sufficient to fund ongoing human resource and payroll subscription costs, mainframe costs, and upgrade costs. However, cash financing in Capital Project WO546 relating to the Infor implementation will not be needed in 2020 due to the delay. Therefore, this funding can be used to offset the increased costs.

	2020 Cost Estimate	2020 Budget (includes carryover funds)	Surplus / Deficit
Mainframe	\$ 1,900,000	\$ 780,000	\$ (1,120,000)
Ceridian/Morneau/Cornerstone	\$ 1,600,000	\$ 1,940,000	\$ 340,000
Ceridian Upgrade Cost	\$ 950,000	\$ -	\$ (950,000)
SubTOTAL	\$ 4,450,000	\$ 2,720,000	\$ (1,730,000)
WO546	\$ -	\$ 2,000,000	\$ 2,000,000
TOTAL	\$ 4,450,000	\$ 4,720,000	\$ 270,000

For 2021, it is anticipated that total funding of \$2,000,000 will be necessary for the required human resource and payroll platforms. It is not anticipated that any funding for the mainframe will be needed during 2021. For purposes of this fiscal note, it is assumed that funding in WO546 will need to be restored which will cost \$1,730,000.

- D. For purposes of 2021 expenditures and beyond, it is assumed that funding for mainframe will no longer be necessary as Info currently has a go live date of October 2020. It is also assumed that funding for Capital Project WO546 - Enterprise Platform Modernization Phase 2 will be requested at the 2020 appropriated level, which is an additional \$1,730,000.

Department/Prepared By Cynthia (CJ) Pahl, Financial Services Manager, Comptroller

Authorized Signature 

Did Fiscal Staff Review? Yes No

Did CBDP Review?⁴ Yes No Not Required Pending

⁴ Community Business Development Partners' review is required on all professional service and public work construction contracts.