



Report to the Senate and House Standing Committees on Appropriations and General Government

Required by Section 809 of Public Act 252 of 2014

Prepared for the
Senate and House Standing Committees on
Appropriations and General Government

Department of Technology, Management and Budget
State Administrative Board

09-10-2015

Ad Board Date: 9/10/2015 (ver. 1)

**STATE ADMINISTRATIVE BOARD
 CONTRACT CHANGE RECOMMENDATION
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
 PROCUREMENT**

- AGENCY SUBMITTAL Statutory Authority per MCL _____ (state MCL Section #)
 Standard Delegation via Ad Guide _____ (state Ad Guide #)
 Special Delegation letter (submit with bid tab)
 Purchasing Alliance Approval Form (submit with bid tab)

DTMB PROCUREMENT SUBMITTAL

CONTRACT DESCRIPTION: #071B0200024; 2 option years for DCH Medicaid Cost Settlement; Department of Technology Management and Budget for the Department of Health and Human Services

CHANGE NOTICE NUMBER: 5

CONTRACTOR:
 HP Enterprise Services, LLC, Lansing, MI

**MICHIGAN
 BUSINESS:**

INCREASE:
 \$3,604,063.04

Check if request is to exercise Contract option(s).
 Requested time period and length: October 1, 2015 – September 30, 2017 (2-Year)

Check if request is to extend Contract (no option in base).
 Time period of extension and length: _____

Check if extension is beyond Contract option year(s).
 Time period of extension and length: _____

Check if this is an Extended Purchasing Contract

ORIGINAL CONTRACT: # of Base Years: 5 **Beginning Value:** \$10,412,377.78

Start Date and End Date: October 1, 2009 to September 30, 2014

CURRENT CONTRACT VALUE: \$12,648,212.48

NEW TOTAL CONTRACT VALUE: \$16,252,275.52

PREVIOUS OPTION YEARS/EXTENSIONS:

	PERIOD: (Option/Extension start date – end date and state length)	SAB APPROVAL DATE:	\$ VALUE:
<input checked="" type="checkbox"/> Option 1 CN #	10/01/2014 – 09/30/2015 (1-Year)	06/10/2014	\$2,097,870.70
<input type="checkbox"/> Extension CN #	N/A		
		TOTAL	\$2,097,870.70

PREVIOUS CHANGES NOT LISTED ABOVE IN THE OPTIONS/EXTENSIONS TABLE:

	TYPE OF CHANGE:	SAB APPROVAL DATE: (if applicable)	VALUE OF CHANGE:
First CN	Services for system changes to MICHILD Prospective Payment System reimbursement process	11/03/2010	\$137,964.00
Last CN	Price Adjustment for Journey Level Developer for Healthy Michigan	N/A	\$0.00

Total number of processed changes to time, scope, and/or dollars: 4

FUNDING SOURCE:	PERCENTAGE:	Indicate RESTRICTED FUND name or COMMENTS:
State General Fund	50%	
Federal Fund	50%	

SHOW THE BREAKDOWN OF THIS INCREASE BY FISCAL YEAR(S):

FY:	DOLLAR AMOUNT:
2016	\$1,724,670.04
2017	\$1,879,393.00

PURCHASE JUSTIFICATION:**Description of Product/Service Modification Requested and Process Explanation:**

This request is to add funding and exercise the last two (2) option years for Medicare Severity Diagnosis related Grouper and Compumax software maintenance and contractual technical service support for MDHHS as well as Hospital and Clinic Reimbursement Division (HRCDD, Long Term Care Reimbursement (LTCRD) and the Office of Audit.

Purpose/Business Case of Amendment or Extension, and Expected Outcomes:

This extension will allow for continued funding for Medicare severity Diagnosis related Grouper and Compumax software maintenance and contractual technical service support for MDHHS as well as Hospital and Clinic Reimbursement Division (HRCDD, Long Term Care Reimbursement (LTCRD) and the Office of Audit for the next year. This amendment is allowed in the current Contract language.

Risk Assessment:

This amendment is necessary for the imminent protection of public health or safety because failure to fund the contract for requesting services will delay or result in the loss of federal funding to hospitals, long term care facilities, federally qualified health centers, rural health centers, tribal health centers, local public health departments and school based service providers.

PRICE CLAUSE FROM CONTRACT: Firm-Fixed Price

CS-138 # PROVIDED FOR SERVICES: 084S3200003

COST REDUCTION/SAVINGS CONSIDERATIONS:

FOR IT CONTRACTS ONLY - Check box if adding more than \$500,000.00 for software development, computer hardware acquisition or quality assurance.

RECOVERY ACT FUNDS:

Percent of Total	%	Amount	\$
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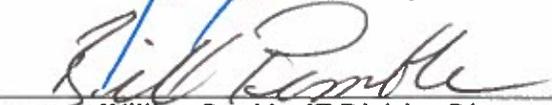
AGENCY APPROVALS

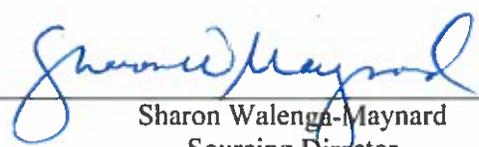
Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
Contact Name:
ID Mail:
Phone No.:
e-Mail:

PURCHASING APPROVALS


Jarrod Barron, Buyer


William Pemble, IT Division Director


Sharon Walenga-Maynard
Sourcing Director
DTMB-Procurement

**STATE ADMINISTRATIVE BOARD
CONTRACT CHANGE RECOMMENDATION
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT**

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DTMB PROCUREMENT SUBMITTAL

CONTRACT DESCRIPTION: Contract 071B1300105; Statewide Longitudinal Data System; Exercise option year and add funding for Phase IV maintenance services; Department of Technology Management and Budget (DTMB), on behalf of the Center for Educational Performance and Information (CEPI), Michigan Department of Education (MDE)

CHANGE NOTICE NUMBER: 4

CONTRACTOR:
Dewpoint, Inc., Lansing, MI

**MICHIGAN
BUSINESS:**

INCREASE:
\$809,340.00

Check if request is to exercise Contract option(s).
Requested time period and length: 11/16/2015-11/15/2016, 1 year

Check if request is to extend Contract (no option in base).
Time period of extension and length: _____

Check if extension is beyond Contract option year(s).
Time period of extension and length: _____

Check if this is an Extended Purchasing Contract

ORIGINAL CONTRACT: # of Base Years: 4

Beginning Value: \$2,020,266.83

Start Date and End Date: 11/16/10 – 11/15/14

CURRENT CONTRACT VALUE: \$8,454,224.83

NEW TOTAL CONTRACT VALUE: \$9,263,564.83

PREVIOUS OPTION YEARS/EXTENSIONS:

	PERIOD: (Option/Extension start date – end date and state length)	SAB APPROVAL DATE:	\$ VALUE:
<input checked="" type="checkbox"/> Option 1 CN # 2	11/16/14 – 11/15/15	6/24/14	\$1,600,000.00
<input type="checkbox"/> Option 2 CN #			
<input type="checkbox"/> Option 3 CN #			
<input type="checkbox"/> Extension CN #			
		TOTAL	\$1,600,000.00

PREVIOUS CHANGES NOT LISTED ABOVE IN THE OPTIONS/EXTENSIONS TABLE:

	TYPE OF CHANGE:	SAB APPROVAL DATE: (if applicable)	VALUE OF CHANGE:
First CN	Increase, add funds to phase II	8/16/11	\$4,707,608.00
Last CN	Increase, add funds to phase III	N/A	\$18,290.00

Total number of processed changes to time, scope, and/or dollars: 4

FUNDING SOURCE:	PERCENTAGE:	Indicate RESTRICTED FUND name or COMMENTS:
State General Fund	100%	

SHOW THE BREAKDOWN OF THIS INCREASE BY FISCAL YEAR(S):

FY:	DOLLAR AMOUNT:
2016	\$809,340.00

PURCHASE JUSTIFICATION:

Description of Product/Service Modification Requested and Process Explanation: Exercise option year 2. Initiate project Phase IV, wherein Contractor will provide staff augmentation on a time and materials basis to assist the State with work required to maintain the SLDS and implement new functionality. Project tasks will be assigned by the State as needed including, but is not limited to, assistance with requirements definition and documentation, prioritization, consultation, design, development and testing of SLDS Phase IV functionality.

Purpose/Business Case of Amendment or Extension, and Expected Outcomes: This amendment is allowed in the current contract language. Phase IV is a maintenance and transition phase. The contract permits contractor to provide staff augmentation services for Phase IV.

Risk Assessment:

If this amendment is not permitted, the State will be unable to fulfill its obligations under the American Recovery and Reinvestment Act and risks losing millions of federal dollars.

PRICE CLAUSE FROM CONTRACT: Time and Material

CS-138 # PROVIDED FOR SERVICES: 084S320003

COST REDUCTION/SAVINGS CONSIDERATIONS: N/A

FOR IT CONTRACTS ONLY - Check box if adding more than \$500,000.00 for software development, computer hardware acquisition or quality assurance.

RECOVERY ACT FUNDS:

Percent of Total	%	Amount	\$

AGENCY APPROVALS

Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
Contact Name:
ID Mail:
Phone No.:
e-Mail:

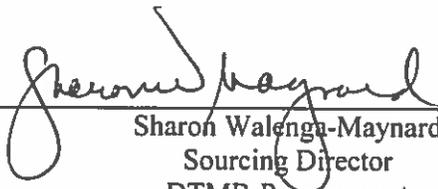
PURCHASING APPROVALS



Buyer, Jarrod Barron



Division Director, William Pemble



Sharon Walenga-Maynard
Sourcing Director
DTMB-Procurement

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DTMB PROCUREMENT SUBMITTAL

CONTRACT DESCRIPTION: 0071B3200099; Item Bank System License and Services (Enhancements, Hosting, and Maintenance); Department of Technology, Management and Budget on behalf of the Department of Education

CHANGE NOTICE NUMBER: 1

CONTRACTOR:

Measurement, Inc., Dunham NC

**MICHIGAN
 BUSINESS:**

INCREASE:

\$750,000.00

Check if request is to exercise Contract option(s).
 Requested time period and length: _____

Check if request is to extend Contract (no option in base).
 Time period of extension and length: _____

Check if extension is beyond Contract option year(s).
 Time period of extension and length: _____

Check if this is an Extended Purchasing Contract

ORIGINAL CONTRACT: # of Base Years: 6

Beginning Value: \$0.00

Start Date and End Date: 6/21/2013 – 6/20/2019

CURRENT CONTRACT VALUE: \$0.00

NEW TOTAL CONTRACT VALUE: \$750,000.00

PREVIOUS OPTION YEARS/EXTENSIONS:

	PERIOD: (Option/Extension start date – end date and state length)	SAB APPROVAL DATE:	\$ VALUE:
<input type="checkbox"/> Option 1 CN #			
<input type="checkbox"/> Option 2 CN #			
<input type="checkbox"/> Option 3 CN #			
<input type="checkbox"/> Extension CN #			
		TOTAL	\$0

PREVIOUS CHANGES NOT LISTED ABOVE IN THE OPTIONS/EXTENSIONS TABLE:

	TYPE OF CHANGE:	SAB APPROVAL DATE: (if applicable)	VALUE OF CHANGE:
First CN			\$
Last CN			\$

Total number of processed changes to time, scope, and/or dollars: _____

FUNDING SOURCE:	PERCENTAGE:	Indicate RESTRICTED FUND name or COMMENTS:
Restricted	100%	School Aid Fund

SHOW THE BREAKDOWN OF THIS INCREASE BY FISCAL YEAR(S):

FY:	DOLLAR AMOUNT:
2015	\$750,000.00

PURCHASE JUSTIFICATION:

Description of Product/Service Modification Requested and Process Explanation: The vendor hosts the Michigan Department of Education’s Item Bank System, provided migration services, and currently provides enhancements, maintenance, and support for the Item Bank System for the State. As part of the transition from paper/pencil to online testing, MDE has requested the Contractor enhance the IBS system with major enhancements that are required for computer adaptive testing and technology enhanced assessment/test item formats that will be administered in accordance with State and Federal education laws. **This contract has a unique price clause. It uses an in-kind services model. The State receives a 47% discount on services plus a credit for services in exchange for licensing of the system to the vendor. The initial credit was over \$5,000,000.00 and the value to the State has been over \$8,000,000.00 so far.**

Purpose/Business Case of Amendment or Extension, and Expected Outcomes: This request is to add and encumber fiscal year 2015 funding – that must be used – to ensure the viability and support of this system so the MDE can continue moving to online computer adaptive assessments.

This amendment is allowed in the current contract language as found in Sections 1.101 and 1.104.A.4.

Risk Assessment: Without the requested funding for enhancements to the Item Bank System, the State would not be able to have work done for the necessary upgrades to keep the Item Bank System in compliance with the federal Elementary and Secondary Education Act which includes language to have services provided by the system upgrades available for the 2016-2017 school year.

PRICE CLAUSE FROM CONTRACT: In Kind Services up to initial credited amount then a 47% discount on services and future enhancements. This is a strategic partner development contract.

CS-138 # PROVIDED FOR SERVICES: 313S3200021

COST REDUCTION/SAVINGS CONSIDERATIONS:

The services to be provided by the Contractor will be done at a 47% discount on already established hourly rates. The State has already saved approximately \$8,000,000.00 by using the in-kind payment model with the 47% discount on services.

FOR IT CONTRACTS ONLY - Check box if adding more than \$500,000.00 for software development, computer hardware acquisition or quality assurance.

RECOVERY ACT FUNDS:

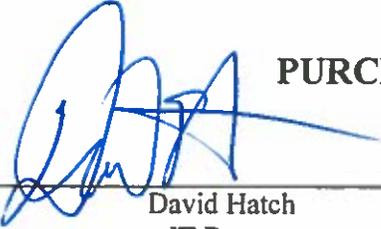
Percent of Total	%	Amount	\$
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AGENCY APPROVALS

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PURCHASING APPROVALS

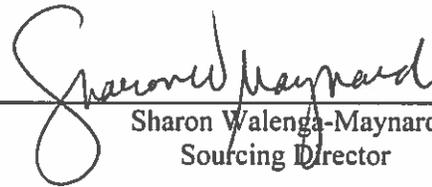


David Hatch
IT Buyer

Manager, Manager Signature



William Pemble
IT Division Director



Sharon Walenga-Maynard
Sourcing Director