

SUBJECT: Recovery of the enterprise resource planning project costs from vendors

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Cook, Giddings, Craddick, Farrar, Frullo, Geren, Hilderbran, Huberty, Oliveira, Smithee, Sylvester Turner

0 nays

2 absent — Harless, Menéndez

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Vijay George, Comptroller of Public Accounts; Ron Pigott, Comptroller of Public Accounts, TPASS Division)

BACKGROUND: Government Code, sec. 2101.001 includes in the definition of enterprise resource planning the administration of an agency's accounting, payroll, and other functions.

Under Government Code, sec. 2101.034, in providing support services for the implementation of the enterprise resource planning project, the comptroller is authorized to recover from a state agency the cost of implementing or use of the project.

DIGEST: HB 3116 would amend Government Code, sec. 2101.001 to add purchasing to the list of functions within the state's enterprise resource planning system.

The bill would also amend Government Code, sec. 2101.034 to allow the comptroller to also recover from a vendor participating in the statewide purchasing system the cost of implementing or use of the enterprise resource planning system.

The bill would take effect September 1, 2013.

SUPPORTERS  
SAY:

HB 3116 would allow the comptroller's office to take the state's online purchasing system in-house. Currently, the Department of Information Resources (DIR) oversees the contract for the purchasing system known as TxSmartBuy. Its operation is covered by a 1.5 percent administrative fee charged to third-party vendors. DIR supports the transitioning of TxSmartBuy to the comptroller.

The bill would allow the comptroller to update the system and give it a more user-friendly interface. The administrative fee would pay for the system, and any remainder would be used by the comptroller to move small and mid-sized agencies to the state's enterprise resource planning system, known as the Centralized Accounting and Payroll/Personnel System (CAPPS).

The objective for the state's enterprise resource planning system would be to tie the together accounting, human resources, purchasing, and other programs and to facilitate their communication with each other. Currently, the process of transitioning state agencies to CAPPS is slow, with each individual agency having to secure appropriations to fund the transition. The bill would allow this transition process to occur within a more reasonable time frame.

Purchasing in the state would benefit because the bill would result in a more user-friendly TxSmartBuy program for state agencies and local governments. By increasing the use of state contracts for purchasing, the comptroller's office would have greater leverage to drive prices down on new contracts. In addition, by knowing what agencies and local government entities were buying, the state could better focus its efforts in contracting for those goods and services. By being a part of CAPPS, the purchasing process also would become part of the accounting and budgeting process, which would ensure the proper budgeting and approval of each purchase.

As more state agencies transition to CAPPS, the accounting functions within these agencies should improve. Agencies could track and manage contracts, bills for payment, assets and inventory, and receivables. They also could better plan and budget for projects.

CAPPS automates many human resources (HR) and payroll functions but is not an outsourcing of HR. Agencies would be able to track employees' time and the money paid to embedded contractors, allowing them to

determine if they were receiving good value for their service contracts.

**OPPONENTS  
SAY:**

Enterprise resource planning might not produce the beneficial organizational outcomes promised. Other states, in seeking to implement a new enterprise resource planning system, have faced implementation hurdles, such as project delays and lack of responsiveness from vendors. Similar issues in Texas could challenge the state's ability to gain the benefits intended by HB 3116.