



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Board of Trustees

**DATE:** November 22, 2024

**TITLE:** Revised NextGen Timeline, Implementation Budget, and Financing Plan

Action

Review and Discussion

*This item is required by policy*

**PRESENTERS**

Satasha Green-Stephen, Senior Vice Chancellor for Academic and Student Affairs

Bill Maki, Vice Chancellor for Finance and Facilities

Jacquelyn Bailey, Vice Chancellor for Information Technology Services

Nate Hallanger, Deputy Program Manager for NextGen

**PURPOSE**

Seeking Board of Trustees approval for the revised NextGen project timeline, implementation budget, and financing plan.

**BACKGROUND INFORMATION**

Minnesota State launched the NextGen ERP replacement project in March 2016 with the endorsement of a business case. In November 2020, the Board of Trustees approved the implementation phase and a revised project budget of \$242.7 million. The original timeline included going live with Workday Human Capital Management (HCM) and Workday Financials in July of 2023. Also in the original timeline, the implementation of Workday Student was projected to begin in the fall of 2022, and going fully live with Workday Student by the fall of 2026. The \$242.7 million budget included:

- **Minnesota State Project Team** (\$41.6M) includes teams for change management and implementation teams for finance, human resources, and student modules. Implementation teams include campus, system, and industry subject matter experts that provide system-level leadership and support along with specialized IT support for reporting and module testing.
- **ERP Vendor Contract** (\$168.0M) includes vendor provided training, software license costs and implementation services. The project budget includes an annual license cost for the software with the assumption that the cost begins in 2021. For project planning purposes, the project budget assumes the license cost during the period of

implementation. Upon implementation, the license cost will be assumed by the systemwide enterprise technology budget.

- **Other Professional Support** (\$7.2M) includes the Phase 1 contractor (CampusWorks), project management, third party owner’s representative, and legal support. About \$4.3 million of this budget was spent in Phase 1 for managing the project, leading business process reviews, assisting with the RFP process, and providing advice during vendor negotiations.
- **Technology Maintenance and Support** (\$10.9M) includes a data hub and professional services in order to integrate ISRS with the selected SaaS. These services include the refresh & maintenance of ISRS and companion product integrations.
- **Contingency** (\$15.0M) includes a budget for implementation changes and adjustments that may occur over the seven-year implementation period for HCM, Finance, and Student.

When seeking approval for Change Order #12 in May 2023 from the Board of Trustees, the \$242.7M project budget was recategorized to better align with the roles and responsibilities for implementation: HCM and Finance (\$100.4M), Student (\$101.1M), Project Support (\$41.2M), and Contingency (\$15.0M).

**Revised Timeline**

As noted above, the original timeline included going live with Workday Human Capital Management (HCM) and Workday Financials (referred to as HCM/FIN in the graphics below) in July of 2023. Also in the original timeline, the implementation of Workday Student was projected to begin in the fall of 2022, and Workday Student fully implemented and live by the fall of 2026.

The table below represents the original timeline as approved in 2020:

Original 2020 Timeline

	2021	2022	2023	2024	2025	2026	2027	2028	2029
HCM/FIN									
Student									

The revisions to the original project timeline include several important changes. In the original project plan, the Student phase was set to begin in October 2022, and would have overlapped with the HCM/Finance implementation for nine months (if the original HCM/Finance go-live of July 2023 had been achieved). There is no overlap in the revised timeline. The Student timeline is also longer, at 66 months, versus the original plan of 54 months. As a result the project completion—when Student is live—will occur in the fall of 2029. The revised timeline represented in the table below also includes the change to the go live date for HCM/Finance. In May 2023, the Board of Trustees approved Change Order #12, which delayed the go live for HCM/Finance until July of 2024. In total, the revised timeline extends the length of the implementation phase of the NextGen project by three years.

The revised timeline is as follows:

Revised Timeline

	2021	2022	2023	2024	2025	2026	2027	2028	2029
HCM/FIN									
Student									

**Revised Implementation Budget**

The proposed implementation budget represents an increase of \$47.7M, as represented across the areas in the table below:

Area	May 2023 Implementation Budget	Proposed Implementation Budget
HCM/Finance	\$100.4M	\$100.4M
Student	\$101.1M	\$116.2M
Project Support	\$41.2M	\$58.8M
Student Contingency		\$15.0M
Totals	\$242.7M	\$290.4M

The factors leading to the proposed increase include the following:

- **Inflation (\$6M):** The project budget was developed in 2020. At that time, the student project was originally slated to begin in October 2022.
- **Extended Timeline (\$13M):** As noted above, the go-live for HCM and Finance was delayed by one year, from July 2023 to July 2024. In the original project plan, the Student phase was set to begin in October 2022, and would have overlapped with the HCM/Finance implementation (if the original go-live of July 2023 had been achieved). The Student timeline is longer, at 66 months, versus the original plan of 54 months. As a result the project completion—when Student is live—will occur in the fall of 2029.
- **Additional Resources Identified and Risks Addressed (\$14M):** The Student project will benefit from the knowledge gained during the HCM/Finance implementation. That has led to an increase in project resources. In addition, resources will be needed for student worker implementation; identity access management; the development of a data warehouse; for process improvement; and to implement faculty workload management functionality.
- **Contingency (\$15M):** The original contingency for the project has been used during the HCM/FIN implementation. An additional amount is needed as we enter into the Student phase.

## **Revised Financing Plan**

In November 2020, the Board of Trustees approved the following \$242.7 million financing plan for the project:

- \$72 million from a dedicated state appropriation to the system for NextGen
- \$129.3 million from annual contributions from colleges, universities, and the system office
- \$41.4 million for the reallocation of other system or system-wide appropriations

The proposed financing for the additional \$50.7 million, which includes cash flow interest expenses estimated at \$3 million, needed for the project is as follows:

- \$25.7 million of the dedicated state appropriation to the system for NextGen. This would be extending the use of this appropriation by three years (through FY2031) and accounting for \$0.5 million increase in FY2024
- \$25 million through the FY2026 biennial budget request or extending the college, university, and system office \$12.5 million annual contributions by two years up until FY2031

This \$50.7 million plus the potential reallocation of a few hundred thousand dollars of system office funds would also cover interest expenses for cash flow loans that will be needed midway through implementation peaking at approximately \$30 million in FY2029.

## **Sustainment**

Planning for sustainment involves ensuring that Minnesota State has the staffing, policies, processes, and technology needed to maintain Workday after implementation. This budget request does not include a budget request for sustaining Workday Student. An updated and specific plan for Workday Student sustainment will be presented at a future meeting of the Board of Trustees.

While there are limited examples of sustainment for Student from peer systems, Minnesota State has developed an initial estimate of positions needed to support Student sustainment beginning in FY2030. These estimates will need to be validated and revisited as Minnesota State gets further into the Student project and as additional multi-institutional users go live on Workday Student. We estimate that approximately 35-40 FTE may be needed for ongoing support, maintenance, and enhancement of Workday Student, estimated to cost approximately \$8 million in FY2030. Some investments currently being made in sustainment for HCM and Finance will support student sustainment as well, particularly investments in information technology services personnel and in change management personnel to support communication and training. In addition, additional analysis will focus on the degree to which existing positions could be repurposed or revised to support student sustainment.

The financing for student sustainment will follow the same model as the \$6 million plan for HCM and Finance that will be implemented in FY2026 – 20% will be covered by the system office through position reprioritization and 80% will be charged to the colleges and universities. While the number of positions in each sustainment plan are similar, the difference in projected budgets are mostly due to anticipated compensation increases that will occur over three next

five years. The initial estimate for student sustainment is provided here for information. No action is being requested to approve a student sustainment plan, budget, or financing plan at this time. That review and approval will be requested at a future date once Minnesota State is further into sustainment for HCM and Finance and the student implementation team has had an opportunity to refine the plan, working with academic and student affairs leadership and with leaders supporting sustainment for HCM and Finance.

**RECOMMENDED ACTION**

The Board of Trustees approves the revised NextGen timeline, budget, and financing plan as outlined in this report.

*Date Presented to the Board of Trustees:* 11/22/2024

*Date of Implementation:* 11/22/2024