



Betty T. Yee

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CA Controller Reaches \$59 Million Settlement with SAP Public Services, Inc.

SACRAMENTO—Resolving litigation that has spanned more than three years, California State Controller Betty T. Yee announced today that her legal team has reached a settlement with 21st Century Project statewide payroll modernization project vendor, SAP Public Services, Inc.

“I am pleased that we have settled this important litigation on beneficial terms that advance the objectives and protect the interests of the state and its taxpayers,” said Controller Yee, the state’s chief fiscal officer. “I look forward to delivering on the original promise of the 21st Century Project—an accurate, stable, and reliable new payroll and human capital management system.”

The State Controller’s Office (SCO) hired SAP in 2010 to develop, test, deliver, and implement the 21st Century Project system, also known as MyCalPAYS, the largest payroll modernization effort in the nation. Started in 2006 by BearingPoint and continued by SAP, the goal of the implementation was to replace the 30-year-old legacy systems and improve management processes such as payroll, benefits administration, and timekeeping for all 240,000 state civil service employees.

In February 2013, SCO terminated its \$90 million implementation contract with SAP after an unsuccessful eight-month pilot involving 1,500 state employees and, in November 2013, the Controller’s Office filed a lawsuit against SAP. SAP later filed its own claims against SCO. As part of the settlement announced today, SAP will pay SCO \$59 million and SAP will forego its own claims against SCO in the amount of approximately \$23 million.

SCO intends to complete IT assessments of the project and begin the process of re-engineering a new state payroll system.

Read the settlement agreement [here](#).

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state’s financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation’s two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California’s history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller’s Office](#)

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