I. <u>Project Identification</u>

Project Title
Unemployment Insurance (UI) Modernization

Agency
Department of Labor

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II. <u>Project Details</u>

A. <u>Project Dates</u>

Proposed Start Date	Expected Completion Date	Project Duration (months)
01/01/2018	04/30/2021	40

B. **<u>Project Description</u> -** Provide a brief high level summary of the project in plain English without technical jargon that also includes the purpose and importance of the project. This information will be used for reporting the project to the Governor, General Assembly and Connecticut Open Data website.

The Connecticut Department of Labor (DOL) has embarked on a business transformation initiative to modernize and improve its Unemployment Insurance (UI) Tax and Benefits systems for increased flexibility and adaptability, improved service and operational efficiency.

UI Modernization will result in significant re-engineering of agency business processes and the replacement of multiple, disparate, legacy systems with a single system utilizing current technology to conduct core agency functions of unemployment tax collection and payment of unemployment benefits. The new system will provide Connecticut claimants and employers with a significantly improved customer experience including streamlined processes and enhanced self-service options via web/mobile technology, expand DOL's ability to identify and reduce unemployment fraud and result in a significant reduction in agency processing and staffing costs.

C. Summary

Summary

The agency has implemented numerous systems over the years in response to demands for improved customer service. Although they solve immediate business needs, they have become a non-integrated collection of systems which offer limited self-service capabilities for claimants and employers, and result in time delays and error prone processing of UI benefits and taxes. In addition, the core benefit and tax systems are using aging technologies which are obsolete and unsupported.

Deficiencies in these systems become more apparent and magnified during economic downturns such as the most recent occurrence in 2008. System inflexibility required new manual processes and additional staff in response to a 450% increase in claims volume and new federally mandated programs. UI Modernization is a four phase project that will address these and other deficiencies.

Phase 1 completed on March 31, 2015 and included an analysis of the current operations model, definition of the agency's desired future state and development of options for the implementation of a new UI Tax and Benefits system. DOL hired the Information Technology Support Center (ITSC) to consult on this effort. The ITSC is a national collaboration of all state workforce agencies, the U.S. Department of Labor and private sector partners who provide advisory services to states in support of quality information systems for the administration of the unemployment insurance program. The ITSC analyzed the agency's future state requirements against our desire to build the new UI system as a single state and concluded this to be the most costly (75M+), least timely (8+ years) and highest risk development option available. The best option available was to join one of five existing multi-state consortiums with the *ReEmployUSA* Consortium being the best positioned for success. DOL has elected the consortium path to significantly reduce the risk, cost and timeline associated with development and implementation of a UI Tax and Benefits system from inception as a single state.

DOL completed a fit-gap analysis of the *ReEmployUSA* Consortium and has become a conditional member in Phase 2. This phase is composed of consortium onboarding activities including the identification of state specific requirements, identification of system interfaces and preparation for legacy data migration. Phase 2 is currently underway and on schedule to meet the projected completion date of January 2018.

ReEmployUSA was formed by Mississippi, Rhode Island and Maine to create a core UI system containing an estimated 85% common functionality for all three states and state specific modules containing the unique characteristics of the individual states. These unique characteristics allow member states to retain their autonomy while the core system allows them to leverage common characteristics of the technology and create substantial cost savings over the long term. *ReEmployUSA* is the most successful consortium in the country to-date and the only one in the country to successfully deploy a multi-tenant unemployment insurance system on the cloud.

This funding request is for Phase 3 of the project. DOL worked with the *ReEmployUSA* development vendor to analyze the results to-date from Phase 2 and use them to project the scope, fixed price cost and timeline for this phase. Phase 3 will culminate in implementation of the *ReEmployUSA* Tax and Benefits system in the consortium's multi-tenant, cloud hosted environment for DOL. The implementation will be accomplished in two (2) rollouts to meet agency operational needs.

The benefits system will be rolled out first with a projected implementation date of April 2020. This rollout will include Android and iOS versions of the consortium's existing mobile application which allows claimants to file their weekly certifications. The second rollout will be the tax system. The timeline for Tax's rollout will overlap a portion of the benefits system timeline and has a projected implementation date of April 2021. DOL will realize a significant reduction in the time to implement when compared to Maine (5 years) and Rhode Island (7 years) as a result of lessons learned by the consortium and the development vendor.

When implemented, the *ReEmployUSA* benefits system will run in parallel with DOL's legacy tax system until the completion of Rollout 2. This scenario creates interdependence between the two systems during this period due to both containing data the other needs to properly function. A bi-directional bridging mechanism will be created to facilitate the exchange of data between the two systems. The bridging mechanism will be decommissioned upon implementation

of the tax system.

The benefits and tax system implementations are both composed of *ReEmployUSA* core modules, all state specific requirements and internal/external interfaces identified in Phase 2, and migration of DOL legacy data. The scope for data migration will be limited to the data that falls within established data retention guidelines. All non-converted data will be handled in accordance with DOL's data archival/purging guidelines.

Additionally, DOL will require the contractor(s) to develop a Security Audit and Assessment Plan as part of Phase 3. The contractor will perform a Risk Analysis identifying scope and deliverables of the security assessment and any vulnerability scans that will be performed during the Design and Development Phases of the project.

DOL expects significant changes in the way it conducts day-to-day business following implementation of the new system. As a result, a formal Organizational Change Management (OCM) effort has been incorporated into the UI Modernization project. The OCM effort will include activities that span policies and procedures, customer service operations, staff training, support mechanisms and internal/external communications. This information will be the basis of an organizational readiness plan that will be executed in advance of implementing the system.

Phase 4 will result in the retirement of nearly all DOL legacy UI systems. The list of systems includes but is not limited to the following:

IBM – Core UI Benefits & Tax Mainframe System
IIC – Online New Claims System
CTABS – Online Weekly Certifications & Claimant Payment Management System
TICS – TeleBenefits Initial Claims System
BOTS – Benefits Overpayment Tracking System
CTERS – Employer Registration System
CITWS – Employer Tax & Wage Reporting System
COPS – Central Office Payment System
EDMS – Document Management System
MAPPER – Reporting System

This phase will run in parallel with, but slightly lag the Phase 3 timeline. Major activities include storage and access of data not converted to the new system, shutting down user access to applications, stopping production job schedules, shutting down software/hardware and determining how to continue support for applications that are not being retired. We have planned for DOL IT staff to complete this work and do not anticipate the need to utilize consultants for this phase.

The end result will be a system that supports DOL's business needs by maximizing accessibility and convenience for claimants, employers, and staff while promoting self-service through intuitive, transparent and easy to use systems; providing a flexible infrastructure that can readily respond to future changes; and ensuring data integrity, security and financial accountability.

D. **Business Goals**. List up to 5 key business goals you have for this project, when (FY) the goal is expected to be achieved, and how you will measure achievement, Must have at least one. Please use action phrases beginning with a verb to state each goal. Example: "Reduce the Permitting process by 50%". In the Expected Result column, please explain what data you will use to demonstrate the goal is being achieved and any current metrics.

Business Goal (Action Phase)	Target FY for Goal	Current Condition	Expected Result
Expand and improve self service capabilities for all claimants	2020/2021	Approximately 200,000 claimants annually are limited in many ways by current processes as most require direct interaction with staff	A full self-service system that will provide 24/7 capabilities for claimants and significantly reduce wait times for staff assistance
Expand and improve self service capabilities for all employers	2020/2021	Approximately 99,000 employers are limited in many ways by current processes that require direct interaction with staff	A full self-service system will provide 24/7 capabilities for employers to view and maintain their accounts with little to no staff intervention
Reduce agency operational costs through Business Process re-engineering	2020/2021	Numerous manual processes require intervention by multiple units and staff resulting in inefficient and error prone processing	Automation will provide opportunities for staff re-deployment for mission critical and revenue generating activities
One integrated and cohesive, enterprise system	2020/2021	DOL using multiple systems which are not integrated	A single, configurable and integrated system with a shared data repository amongst business units which requires less maintenance, fewer staff and lowered costs

E. **Technology Goals**. From a technical perspective, following the above example, list up to 3 key technology goals you have for this project and in which Fiscal Year (FY) the goal is expected to be achieved. Please use action phrases beginning with a verb to state each goal. Example: "Improve transaction response time by 10%".

Technology Goal	Target FY for Goal	Current Condition	Expected Result
Decrease manual transaction routing and approvals by 75%	2020/2021	Select processing of wage data, DB changes, on-demand requests are done manually due to legacy system design, are time consuming and labor intensive	Elimination of these tasks and a more flexible and dynamic enterprise workflow
Reduce IT operating costs through leveraging shared services by 50%	2020/2021	Legacy infrastructure is costly to maintain relative to hardware, software and technical resources with required skill sets	The consortium model provides shared infrastructure, development, and maintenance costs among member states
Increase real-time processing capabilities of data received from UI customers by 85%	2020/2021	Backend processing of data received disparate application systems causes significant delays in processing claims	Implementation of a real-time operating system that uses maximum time and resources to output exact and on-time result

Decrease mainframe print and mailing services by 75%	2020/2021	A large amount of "snail mail" correspondence to claimants and employers is processed on daily, weekly, monthly and quarterly schedules	Transition to email services as a primary customer communication method will improve document security and significantly reduce direct mail postage costs

F. **Priority Alignment.** The criteria in this table, in concert with other factors, will be used to determine project priorities in the capital funding approval process. Briefly describe how the proposed projects will align with each criterion.

Priority Criterion	Y/N	Explanation
Is this project aligned with business and IT goals of your agency?	Yes	The UI Modernization initiative will provide e-government services to all Connecticut citizens and employers. Creation of efficient business practices that deliver key customer services through the use of modern up-to-date technology.
Does this project reduce or prevent future increases to the agency's operating budget?	Yes	The customer centric approach to the delivery model will change it from a high touch to low touch model. This will position the agency to reallocate staff to under resourced areas and reduce or eliminate the need to backfill due to normal attrition.
Will this project result in shared capabilities?	Yes	The enterprise solutions will provide numerous opportunities for sharing capabilities through consolidation (e.g. scheduling, reporting, communication, workflow, etc.)
Has the agency performed due diligence to determine if a solution that is currently being used by other state agencies or other states can be leveraged?	Yes	DOL consulted with the ITSC to evaluate options for modernization. This culminated with the decision to join the ReEmployUSA Consortium and implement the multi-tenant UI system that will be used by at least three other states.
Is this project being Co-developed through participation of multiple agencies?	No	DOL is the only State agency in this effort as all UI Tax and Benefits functions reside in the agency. However, efficiencies will be gained through Connecticut's participation in the ReEmployUSA Consortium.

G. **Organizational Preparedness**. The criteria in this table will be used to determine project implementation capabilities, governance and commitment.

Preparedness Criterion	Explanation
Describe the project management methodology, framework or process be used to assure successful delivery of the project?	DOL will execute the UI Modernization project in accordance with the principles and expectations set forth in the Policy for the Management of State Information Technology Projects (IT-SDLC-17-04). A formal project governance structure has been implemented that is overseen by Commissioner Scott Jackson. This structure includes a Project Steering Committee (PSC), a Project Management Team (PMT) and a Project Leadership Team (PLT). The PSC is composed of agency division heads from UI Tax, Benefits and Appeals, Information Technology and the Office of Program Policy with responsibility for approving decisions impacting the project's goals, scope, budget, and staffing. The PMT is composed of a project director and project manager with responsibility for managing the scope, timeline, budget and risks of the project. Periodic meetings are held with the PSC to provide progress updates and obtain key decisions. The PMT also provides oversight of the *ReEmployUSA* development vendor and is the agency liaison to the consortium. In addition, DOL will utilize an Independent Verification and Validation (IV&V) vendor to provide quality assurance oversight and ensure traceability is maintained to the project goals and objectives.
The State encourages agencies to consider using an incremental value approach for project delivery. Please indicate if this approach will be utilized and how or why it will not be utilized.	Implementation is planned for two rollouts. Each rollout will follow an iterative approach with three iterations planned for each rollout. This approach will allow for incremental development and testing of the system in logical business groupings and reduce overall risk by delivering the more complex system components earlier in the development lifecycle.
The State requires an experienced project manager be assigned to the project. Please explain how the agency will meet this requirement.	A consultant experienced in system modernization projects has been hired to provide professional project management services for the duration of the effort.
Explain the key milestones or activities that need to be completed as part of the project.	The key project milestones are as follows: Vendor Contract Amendment Secure Phase 3 Funding Rollout 1 Initiation and Planning Activities Benefits System Development and Data Migration Finalize Tax Requirements Rollout 2 Initiation and Planning Activities Tax System Development and Data Migration
Describe the level of commitment that senior management will provide to the project.	DOL is committed to ensuring a successful project. State personnel, external resources and stakeholders are assigned to the project to provide leadership, direction, management, knowledge, skill and quality control. External stakeholders will be involved to help steer project direction, provide liaison support, and communicate project progress to interested external organizations.

Will, or has, the agency gone through a Lean process improvement initiative related to this project?	DOL has not undertaken a Lean process yet for this initiative. However, the Organizational Change Management component of the project includes a formal comparison and analysis of current business processes against the ReEmployUSA system to determine how they must change and can ultimately be optimized.
How Is the agency prepared for and experienced in Vendor Management?	DOL has worked extensively and successfully in the past with vendors. Most of the people involved in efforts which utilized vendors are a part of the project steering committee and the project management team. In addition, DOL is utilizing the ReEmployUSA vendors and will have the assistance of the Consortium Executive Committee to help resolve any issue that may arise.
Please indicate if the agency has provided up to date information on the Information Technology Project Portfolio and the Information Technology Application Portfolio SharePoint sites?	Yes
Describe what procurement vehicles are expected for this project such as RFP, use of existing state contract, ITB, etc.	DOL has sought and received approval from the Department of Administrative Services to utilize the existing contract between ReEmployUSA lead state, Mississippi, and the system development vendor. As such, neither an RFI nor RFP is needed for DOL to participate in the ReEmployUSA Consortium.
How is the agency prepared to support this system once implemented (post-production support)? Who will host the solution?	ReEmployUSA will be a vendor hosted and supported system. As such, the consortium is working to evolve the managed services model currently used by Mississippi to accommodate multiple states. The results of this effort will feed into the Organizational Change Management component of the project where current DOL system support mechanisms will be analyzed to determine how they must change and the affect the changes will have on the agency.

H. **Project Ramp Up**. If capital funds are awarded for this project, how long will it take to ramp up? What are the key ramp-up requirements and have any off these already been started? For example, has a project manager been identified? Has an RFI been issued? Is a major procurement required such as an RFP?

The table below depicts the key ramp-up requirements for UI Modernization Phase 3. All activities with a status of Not Started can begin once the vendor contract amendment is executed and funding is secured. The project has been ramped up with a Project Manager and dedicated project team. Neither an RFI nor RFP is needed for CTDOL to participate in the *ReEmployUSA* Consortium.

Activity	Status	Date(s)
Phase 3 Statement of Work	Completed	12/2017
Vendor Contract Amendment	In-Progress	01/2018
Secure Phase 3 Funding	In-Progress	03/2018
Onboard Vendor Development Team	Not Started	03/2018
Onboard IT Development Consultants	Not Started	03/2018
Establish CT Development Environments	Not Started	03/2018
Phase 3 Planning & Initiation	Not Started	04/2018
Execute *ReEmployUSA* Memorandum of Understanding	Not Started	05/2018

I. **Post Production Support**. Do you have the experienced staff with the proper training to sustain this initiative once it's a production system? Do you anticipate having to hire additional staff to sustain this? What training efforts are expected to be needed to maintain this system?

DOL expects significant changes in the way it conducts day-to-day business following implementation of the new system. The new system will be hosted in a private government cloud model and supported by the development vendor under a managed services agreement. In addition, the system has a significant degree of cross-functional integration not present in the current legacy systems. As a result, a formal Organizational Change Management (OCM) effort has been incorporated into their UI Modernization project. A dedicated OCM Manager will lead the effort and be a part of the UI Modernization leadership team to ensure alignment, integration and communication is maintained with all system development activities.

The formation of a transition team and development of a transition plan to execute OCM activities will kick off this effort. The plan will include activities that span policies and procedures, customer service operations, staff training, support mechanisms and internal/external communications.

DOL will compare and analyze current business processes against the *ReEmployUSA* system to determine how they must change. Processing sequences, the location and naming of data, system reports, etc., will be different going forward and must be accounted for to ensure staff understands how to successfully use the system, perform accounting/reconciliation functions and continue providing timely, accurate federal reporting. A subsequent analysis will follow to determine the impact the process changes might have on staff roles, responsibilities and/or organizational alignment. The results of this analysis will further inform new activities that may be required under the transition plan.

Effective training is essential for DOL staff to have the knowledge, skills, and confidence needed to successfully use the *ReEmployUSA* system. An end user training program will be developed to achieve this result. The training will be delivered on a just-in-time basis and utilize a train-the-trainer model composed of system and process components. Business process models, system manuals and training guides will be developed to support the training program.

Several support mechanisms will change for the agency following implementation of the *ReEmployUSA* system. The consortium lead state (Mississippi) will provide DOL with an understanding of their Managed Services and Production Support Model so we are able to analyze business and IT organizational, process and resource implications for working under the new model.

The final component of DOL's OCM effort is the development of a communication plan. The plan will cover internal/external communications to agency personnel, claimants and employers, and public communications. Stakeholders will be educated on the UI Modernization effort and updated on progress, informed of actions they need to take prior to system implementation, the system blackout period (if any) and the system implementation date, and informed on the availability and location of How-To materials. Each stakeholder entity has unique communication needs so the delivery mechanism, format, content and timing will be tailored.

J. **Financial Estimates.** From IT Capital Investment Fund Financial Spreadsheet

Estimated Total Development Cost	Estimated total Capital Funding Request	Estimated Annual Operating Cost	One Time Financial Benefit	Recurring Annual Financial Benefit
$53,302,622	$25,088,530	$3,299,927	$0	$10,498,538
Explanation of Estimates				

Cost estimates were prepared based upon information received from agency staff, ReEmployUSA member states and outside consultants involved in the project. System implementation costs are based on the UI Modernization Phase 3 Statement of Work prepared by Tata Consultancy Services.

- Total Development Costs include vendor and hardware/software costs to implement the *ReEmployCT* system plus 5 ancillary deliverables requested by the agency, Professional Services and agency staffing.
- Professional Services is composed of consultant costs for Project Management, Gap Analysis, Data Migration, Data Bridging and Legacy Retirement activities.
- Capital Funding Request includes all costs noted under Total Development Costs with the exception of agency staffing.

Estimated Annual Operating Costs include ongoing cloud hosting services and *ReEmployUSA* maintenance and support.

Assumptions: Please list key assumptions you are using to estimate project development and implementation costs

- Key business decisions that affect system functionality will not be significantly altered by future administrations.
- Any potential delays to *ReEmployUSA* member state development efforts currently underway will not alter the CT project timeline.
- The projected future cost of hardware/software does not increase significantly.

III. **Expanded Business Case**

    A. **Statutory/Regulatory Mandates.** 1) Cite and describe federal and state mandates that this project in intended to address. 2) What would be the impact of non-compliance?

Statutory / Regulatory Mandates:
The program goals are intended to benefit all lines of business conducted by the agency and all governing statutes and regulations. The program will be developed with the flexibility to adapt to future statutory and regulatory changes.

Impact of non-compliance:
Non-compliance with Federal regulatory mandates result in monetary penalties and increased Federal oversight. Although there are no penalties associated with non-compliance with State statutes, the agency can experience loss of revenue in the form of unassessed penalties.

    B. **Primary Beneficiaries.** Who will benefit from this project (citizens, businesses, municipalities, other state agencies, staff in your agency, other stakeholders) and in what way? Please be specific.

The state's citizens, employers, DOL staff, as well as state and federal agencies all benefit from the UI Modernization project. State citizens and employers have greater, unfettered access to the programs and services provided by DOL. As primary stakeholders, DOL staff has a vested interest in creating a more agile, intuitive, user-friendly system for all Connecticut citizens and employers. State and federal agencies will benefit from the development of more transparent protocols and increased sharing of secure pertinent data.

Important:

- **If you have any questions or need assistance completing the form please contact Jim Hadfield or John Vittner**
- **Once you have completed the form and the** IT Capital Investment Fund Financial Spreadsheet **please e-mail them to Jim Hadfield and John Vittner**.

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