

Project Startup Report

Presented to the IT Committee October 14, 2010

Project Name: AWIN Consortium

Agency: Job Service North Dakota

Business Unit/Program Area: Unemployment Insurance

Project Sponsor: Darren Brostrom

Project Manager: Heather Raschke

Project Description

Confirm the feasibility of and create a high-level design (including identification of options for building the system, risks and risk mitigation strategies, proposed architecture, estimated costs, estimated timelines, estimated resources, roles and responsibilities, and build and implementation strategies) and plan for building integrated Unemployment Insurance (UI) Benefits and Tax systems which can be implemented or hosted for other states by any of the AWIN consortium states.

Note: The states participating in the AWIN consortium are Arizona, Wyoming, Idaho, and North Dakota.

Business Needs and Problems

The problem of	high risk, high cost UI modernization projects failing while the current UI systems themselves are out-of-date and in danger of failing. Single states, particularly smaller states, are finding that monetary and staff resources are not sufficient to effectively modernize existing UI systems without a significant loss of functionality and staff efficiency.
affects	UI Claimants, Employers, Employer Representatives, US DOL, State Agency Administrators, UI Directors, UI staff, and IT staff.
The impact of which	includes: <ul style="list-style-type: none"> • A high cost to implement and maintain the UI systems. • Tax payer money and state agency staff resources are not used in the most efficient manner. • Claimants, employers, and employer representatives are not obtaining the best possible service. • Staff resources find it difficult to meet quality measures and adjust to large fluctuations in workload.
A successful solution would be	to form a multi-state consortium to complete a feasibility study to determine if a cost effective model system could be developed that would contain UI tax and/or benefits core functions which could subsequently be exported and implemented by other states without the need to significantly customize the system.

Key Metrics

Project Start Date	Project End Date	Original Baseline Budget
6/14/2010	12/31/2011	\$408,508

Budget Note: The project is 100% federally funded. The federal grant also provided funds for staff costs, which are being tracked separately. A total of \$2,154,617.36 was provided for this purpose.

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Objectives	
Project Objectives	Measurement Description
Acquire a vendor to assist the AWIN consortium in analyzing the requirements of a common core UI Tax and Benefits system and developing planning documents.	<p><u>Measurement:</u> Contracts with qualified vendor(s) are signed by April 30, 2010.</p> <p><u>Measurement:</u> JSND meets all required deliverable deadlines as scheduled.</p>
Confirm the level of feasibility of developing a common core UI Tax and Benefits system as a consortium of states.	<p><u>Measurement:</u> A study explaining the level of feasibility of developing a common UI Tax and Benefits system as a consortium of Arizona, Wyoming, Idaho, and North Dakota is completed by December 31, 2011.</p> <p><u>Measurement:</u> Estimated resources, funding, and time required for the build phase are identified by December 31, 2011.</p>
Identify what a common core UI Tax and Benefits system is.	<p><u>Measurement:</u> Business functions and processes to be developed in a common core UI Tax and Benefits system is identified by September 30, 2011.</p> <p><u>Measurement:</u> A complete set of business and technical requirements for the consortium system are defined by September 30, 2011.</p> <p><u>Measurement:</u> Individual state compromises, such as business process, technical or law changes, will need to be identified and agreed to by September 30, 2011.</p> <p><u>Measurement:</u> North Dakota custom coding requirements are identified by September 30, 2011.</p>
Ensure the SBR funds are available to finish the project.	<p><u>Measurement:</u> By September 30, 2011, obligate all SBR funds allocated to JSND from the Department of Labor.</p> <p><u>Measurement:</u> By December 31, 2011, expend all SBR funds allocated to JSND from the Department of Labor.</p>

Cost/Benefit Analysis
<p><u>Anticipated Benefits</u></p> <p><i>Disaster Recovery</i> - While the consortium states have at least minimally complied with state and federal requirements for disaster recovery and the continuity of operations, due to financial constraints none are satisfied with their situation. This project will result in systems design explicitly intended to be hosted by an individual state or by any other consortium state with minimal difficulty. To address this problem using the current legacy systems, each state would be required to double the cost of their mainframe environment in order to achieve comparable benefits. Direct cost avoidance is made possible by the systems designed by this project.</p> <p><i>The technical component of Business Continuity</i> - Existing systems are obsolete and in danger of complete failure. Consortium members have experienced many minor outages due to system failures or power outages which have resulted in lost employee productivity worth tens of thousands of dollars for each hour of outage – as well as the inconvenience of tens of thousands of customers. Record workload has stressed the design limitations of legacy systems and required manual intervention and modifications, or the bypassing of numerous claimants or tax payers, simply to process the bulk of daily transactions. Direct cost avoidance is made possible</p>

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and practical by this project.

Efficiency - The existing systems were designed and implemented at least 30 years ago. They use technology which is primitive when compared to that available today. Over the years, these systems have had to change due to state and federal requirements. The technology constraints of the systems make subsequent changes little more than patches. Patching systems increases their complexity and makes future patches even more difficult and complex. Ultimately, this has resulted in the consortium states having a number of Information Technology experts whose only activity is keeping the old systems running and scrambling to make mandatory changes.

Changing the platform and design of these mission-critical systems changes the states' focus from spending all their money keeping the systems running to improving the systems, services, and quality. Much of the resistance from states to federal initiatives has nothing to do with the initiatives but, rather, it has to do with the difficulty in extracting data correctly or storing new data elements not originally anticipated in the systems' design. Many states have utilized Internet technologies to allow customers to enter their own information. Nevertheless, efficient utilization of new technology is severely limited by the inflexible mainframe backend systems.

While not easily quantified, being able to use modern technology will reduce maintenance costs and make changes much easier to accommodate. Being able to use Internet-based technology will also permit states to provide more self-service options to customers thereby reducing staff involvement with routine, housekeeping activities and enable them to concentrate staff time on activities best performed by humans.

Consortium states currently maintain two automated environments — the mainframe for legacy tax and benefit systems and Intel server based networks for web applications, office automation, etc. Each environment requires different infrastructure and staff skills. Moving away from the mainframe-based Benefits and Tax systems to enable their operation on Intel server based networks greatly simplifies the states' automation environments, reduces risk, reduces staff skill requirements, concentrates staff effort on a single environment which will improve productivity and finally reduces operating costs.

Opportunity - Due to funding and resource constraints for the agency, the only opportunity to receive a complete UI Tax and Benefits system is to join a consortium of states to share knowledge and resources, while utilizing federal dollars to fund the project.

Project Costs

The total estimated cost for the entire consortium, including the costs for all states involved, is \$18,610,384.08. The Job Service North Dakota portion of the grant totals \$2,563,075.36 including \$2,154,617.36 in staff allocations for the grant. A total of \$408,508 will be used for the Job Service North Dakota portion of the project. Job Service North Dakota will manage the funds allocated directly to the agency.

The project is projected to be funded 100% by federal Supplemental Budget Request (SBR) funds which have been granted by the Department of Labor.

Key Constraints or Risks

Listed below are the constraints for the AWIN Consortium project.

- SBR funds must be obligated by September 30, 2011.
- SBR funds for internal agency staff costs must be expended by September 30, 2011.
- SBR funds not related to internal agency staff costs must be expended by December 31, 2011.
- JSND has a limited number of resources to pursue a project of this nature. North Dakota will not be the lead state.
- The triple constraint is prioritized as follows:
 - Scope/quality
 - Time
 - Cost

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Listed below are the risks for the AWIN Consortium project:

- The amount of SBR funds available will not be enough to cover the cost of the project.
- SBR obligation and expenditure dates will not be adhered to.
- The consortium states will not be able to compromise enough to ensure it is feasible to develop a modernized UI system as a consortium.
- Other projects will take staff away from this project.
- JSND will not be able to expend all of the SBR funds.