

IT ACTIVITY			
<b>Project Name</b>	Unemployment Insurance Modernization	<b>FY19 Legislative Funding Request</b>	
<b>Agency</b>	Other	<b>Report Date</b>	10/30/2019
<b>Department</b>	Labor		
<b>Description</b>	<p>The Vermont Department of Labor's (VDOL) current Unemployment Insurance (UI) processing system runs on legacy hardware and software. The system was written in the 1980s and remains constrained by the technology of that era relative to the demands placed on the system by ever changing federal and State program requirements.</p> <p>Vermont has partnered with Idaho and North Dakota on the development of a UI Modernization system. The Vermont/Idaho/North Dakota consortium approach is to develop of a flexible multi-state UI system that utilizes modern systems, tool sets, development methodologies, and development languages. The final development will consist of a comprehensive UI benefits/tax/appeals system.</p>		
<b>Key Project Deliverables</b>	<p>One Integrated System that includes all processes (benefits, tax, and appeals), data validation, case management, and electronic documents.</p> <p>Improved data mining/reporting capabilities to automate management/financial/federal reports and improve demographics and profiling of data to be a stronger partner for Workforce Development.</p> <p>Modularized system enabling simplified maintenance of business rules and the ability to make State and federally required changes easier.</p> <p>Greater system functionality by automating workflow and case assignment, tracking of case history, and minimizing tax process steps and current number of triggered error reports.</p> <p>Increased program integrity by lowering number of improper payments/overpayments, lessening inappropriate access and opportunity for human error from manual intervention, and increasing employer response rate with easier access, while lowering phone calls and questions to staff.</p> <p>Improved fraud analytics with real-time cross match verifications (hiring and earnings) and timelier wage information.</p> <p>A system that's easier to use with reduced training time and user questions, less support required for questions, enhancement request or repeat calls, and overall increased level of self-service.</p> <p>Improved compliance with federal performance standards.</p>		
<b>Project Start Date</b>	1/14/2016	<b>Scheduled Completion Date</b>	7/01/2021
<b>Independent Review Report Available on EPMO Website?</b>			Yes
PROJECT STATUS			
PROCUREMENT STATUS			
<b>Procured Solution/Software Name:</b>	State of Idaho's iUS System		
<b>Implementation Vendor Name:</b>	N/A. Consortium effort between VT, ID, and ND. VT is also contracting with multiple vendors for staffing resources associated with the implementation (PM, BA, Developers).		
KEY PROJECT CHANGES FROM LAST YEAR'S REPORT			
Implementation of the iUS solution in the State of Vermont has moved from October 2018 to Spring 2021. The State of Vermont has spent the past year working on improving the build process for the core code, continuing the work of defining requirements,			

and developing state specific modules. Progress has been slow due to delays in receiving the next release from Idaho. The Consortium is working towards becoming better organized around governance and priorities with active participation across all three states. Resource constraints continue to be an issue for the project as legacy staff retire and the State of Vermont hires new staff. Additional resource constraints in Idaho also impact the teams ability to make progress.

#### BUSINESS VALUE TO BE ACHIEVED

- Cost Savings:** Over the lifecycle of the new solution, the total costs will be less than the current solution.
- Customer Service Improvement:** The new solution will provide a new or improved customer service or services.
- Risk Reduction:** The new solution will reduce risk to the State (e.g., replace outdated technology that is unstable and/or difficult to support, improve security of State data, etc.)
- Compliance:** The new solution meets a previously unmet State or federal compliance requirement.

#### PROJECT APPROACH (How the Project Work is/will be Organized)

Idaho built the CORE iUS (Benefits) system in 2012-2013 and put it into production in 2014. Idaho developed iUS using the same Microsoft tools (.Net) that VDOL uses for its current web facing functions (e.g., claimant portal). The Consortium's approach is to build a multi-state CORE iUS product. This approach would allow other states to use the CORE iUS system and, like ID, ND, and VT, integrate specific state modules and interfaces to the CORE iUS system.

VDOL has contracted for project management, business analyst, and system developer resources. The VDOL UIM PM, business lead, and technical leads will head up the VDOL project Team and work directly in collaboration with their peers from the other two states in the consortium. A governance group for the Consortium has also been established with representatives from each state (VDOL's business lead for VT). Where possible, the consortium will conduct business remotely via web conference and utilize Microsoft's Team Foundation Server (TFS) along with SharePoint to track and manage the work. The Consortium continues the work of defining governance relative to the project.

Over the next 12-24 months, the VT/ID/ND consortium will enhance the CORE iUS system to incorporate additional UI Benefit features, integrate Idaho's AIMS Tax system into CORE iUS, and develop state specific interfaces to the CORE iUS product. In addition, each state will have several individual responsibilities such as developing any state specific modules they need to integrate with iUS, system hosting, and ongoing support of their instance of the iUS system.

#### MAJOR PROJECT MILESTONES

Milestone	Target Date	Current Status
IT-ABC Approval	4/14/2014 (VT/MD/WV scope)	Completed 4/1/2016 (VT/ID/ND scope)
Mathtech Contract for initial project resources required (PM and BA) <ul style="list-style-type: none"> <li>• Amendment 1 to increase max amount</li> <li>• Amendment 2 to procure 4 Developers</li> <li>• Amendment 3 to eliminate Project Manager from contract</li> </ul>	1/16/2015	Base Contract Completed 1/16/2015 Amendment 1 Completed 7/31/2015 Amendment 2 Completed March 2018 Amendment 3 Completed December 2018
Project Charter (Based on VT/ID/IA consortium)	7/1/2015	Completed 1/14/2016
Independent Review	7/18/2016	Completed 8/10/2016
Idaho Contract	7/30/2016	Completed 10/12/2016 Amendment 1 Completed 12/21/2018
Initial Gap Analysis/Requirements Review/Scoping Sessions	7/2016 - 11/2018	Completed
CSG Government Solutions Contract for PM services	11/5/2018	Base Contract Completed 11/5/2018
Organizational Change Management and Communications	7/2016 –2021	In Progress

Iterative Design/Development/Unit Testing	12/2016 –2021	In Progress/Iterative Process
Integration Testing	10/2017 –2021	In Progress/Iterative Process
User Acceptance Testing	5/2020-2021	Future
Training	9/2020-2021	Future
Implementation	2021	Future
Post Deployment Activities (defect resolutions) & Closing Phase	2021	Future

**PROJECT IMPLEMENTATION COSTS**

Expense	Total Cost
Software/Licenses (Win Server, SQL Server, HyperV)	\$18,616.00
Services (detailed below):	
• IT Development Idaho DOL Contract	\$4,275,000.00
• Mathtech (PM, BA, SD)	\$5,334,400.00
• CSG Government Solutions (Project Management)	\$393,120.00
• C2 (Software Development)	\$895,393.00
• Dataman (Staff Augmentation / System Testers)	\$500,000.00
• Security/Vulnerability Testing	\$50,000.00
State Labor	\$3,696,391.83
<b>Estimated Total Project Implementation Costs</b>	<b>\$15,162,920.83</b>

**ANNUAL OPERATING COSTS**

Estimated Annual Operating Costs of New Solution			
Expense	New Solution Cost	Current Solution Cost	Difference
State Labor	\$732,160.00	\$915,200.00	-\$183,040.00
Hardware	\$160,000.00	\$300,000.00	-\$140,000.00
Software	\$54,461.00	\$96,194.00	-\$41,733.00
	<b>Total Savings or Increase</b>		<b>-\$364,773.00</b>

**NEW IT SOLUTION COSTS (WITH 5 YEARS FY18-22 DETAILED)**

Fiscal Year	Implementation Costs	Funding Source for Implementation Costs		Operating Costs	Funding Source for Operating Costs	
Costs As of FY19 End	\$8,058,450.83					
FY20	3,552,235.00	State %:0.00	Non-SOV %:100		State %:0.00	Non-SOV %:0.00
FY21	3,552,235.00	State %:0.00	Non-SOV %:100		State %:0.00	Non-SOV %:0.00
FY22		State %:0.00	Non-SOV %:0.00	\$946,621.00	State %:0.00	Non-SOV %:100
FY23		State %:0.00	Non-SOV %:0.00	\$946,621.00	State %:0.00	Non-SOV %:100
FY24		State %:0.00	Non-SOV %:0.00	\$946,621.00	State %:0.00	Non-SOV %:100
Remaining Costs	\$0.00			\$16,092,557.00 (17 years @ operating costs)		
<b>Total</b>	<b>\$15,162,920.83</b>	+		<b>\$18,932,420.00</b>	= See Total Lifecycle Below	
<b>Solution Lifecycle in Years</b>	<b>20</b>	<b>Lifecycle Costs (total of all costs over lifecycle)</b>			<b>\$34,095,340.83</b>	

**FUNDING SOURCE DETAIL FOR IMPLEMENTATION COSTS (PROJECT FUNDING)**

FY	Funding Source	Description (VISION Fund Code)	Amount Received	Future Amount Anticipated
14	Federal Fund	FEDERAL FUNDING: Federal Grant Funds (Unemployment Insurance Program Letter 2413 (MD/WV) - Original: \$6M; Retained \$2.26M for Implementation (MathTech) Fund#: UI239241355A50 /	\$2,226,110.71	\$0.00



**Explanation(s) for Red Months**

<b>What</b>	<b>When</b>	<b>Reason</b>
<<Scope>>	Oct '18	<i>Constant changes in scope had an adverse impact on the schedule during this reporting period. In December of 2018 a contract amendment with the State of Idaho resulted in scope changes with some scope being deferred until post deployment. Then in September of 2019 the State of Vermont made the decision to accept the Consortium Claimant Portal from Idaho in place of the VT Claimant Portal. The result of this decision has led to additional requirements work and delays to the implementation schedule.</i>
<<Schedule>>	Oct '18	<i>Constant changes in scope due to decisions made by both the Vermont and Idaho teams has resulted in an extended timeline. In addition, the lack of transparency into the Idaho roadmap has presented challenges prohibiting the Vermont team to accurately estimate the implementation schedule for the project.</i>
<<Budget>>	Mar '19	<i>Financial review and analysis has been performed to capture base grant, subsequent SBR funding and expenditures to date to ensure viability of the program. Projections at the current burn rate indicate there is adequate funding to meet a projected date of 9/30/2020, however, this does not consider additional resources or an extension beyond the end of Q3 2020. A deeper analysis of project expenses and resource utilization is required.</i>

**OTHER COMMENTS**