

Fiscal Year 2017-18 Information Technology Request

Labor and Employment

Unemployment Insurance Mainframe Migration and Modernization

PROGRAM PLAN STATUS and OIT BEST PRACTICES

2017-083

Approved Program Plan? Date Approved:

The department says it complies with the Governor's Office of Information Technology (OIT) best practices and policies.

PRIORITY NUMBERS

Prioritized By	<u>Priority</u>	
OSPB	NP of 8	Recommended for funding from cash sources.

PRIOR APPROPRIATION AND REQUEST INFORMATION

Fund Source	Prior Approp.	FY 2017-18	FY 2018-19	Future Requests	Total Cost
CF	\$25,263,480	\$26,213,480	\$0	\$0	\$51,476,960
Total	\$25,263,480	\$26,213,480	\$0	\$0	\$51,476,960

ITEMIZED COST INFORMATION

Cost Item	Prior Approp.	FY 2017-18	FY 2018-19	Future Requests	Total Cost
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$4,463,480	\$4,213,480	\$0	\$0	\$8,676,960
Construction	\$0	\$0	\$0	\$0	\$0
Equipment	\$800,000	\$0	\$0	\$0	\$800,000
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$2,000,000	\$0	\$0	\$2,000,000
Software Acquisition	\$20,000,000	\$20,000,000	\$0	\$0	\$40,000,000
Total	\$25,263,480	\$26,213,480	\$0	\$0	\$51,476,960

PROJECT STATUS

This is a continuation project. The department is requesting cash funds spending authority for the second phase of the two-phase project. The first phase was funded in FY 2016-17. According to the department, the first-year funds have been awarded to a vendor for code conversions, and the project is on schedule. Additionally, 60 percent of the FY 2016-17 funds have been encumbered.

PROJECT DESCRIPTION / SCOPE OF WORK

The Unemployment Insurance Division of the Colorado Department of Labor and Employment (CDLE), in cooperation with OIT, is requesting cash funds spending authority to migrate the current benefits and employer premium systems onto a modernized computer platform. The project will result in better compliance with federal technologies, minimize benefit overpayments, improve data security, and enhance effective communication with claimants and employers.

During the project, the department will convert the mainframe COBOL code to Java and move the data stored in the mainframe to a relational database, such as a Microsoft SQL Server. The impacted mainframe systems are the Colorado Unemployment Benefits System (CUBS) and the Colorado Automated Tax System (CATS).

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PROJECT JUSTIFICATION

According to the department, CDLE's Unemployment Insurance (UI) mainframe system does not have the ability to meet claimant, employer, or departmental needs and reporting requirements. UI staff manually process some claims and the department cannot rapidly report financial information. The existing system is over 30 years old, unreliable and challenging to maintain. Making changes to the system, such as changes required by state or federal mandatory requirements, has become increasingly complex, and takes a noticeable amount of time and resources to implement.

The department says that migrating to a modern technology will provide additional functionality, including the ability to integrate with other department and state systems. A modern system will provide the foundation to integrate with systems that could verify legal residency and the internet self-service system, thereby permitting customers to use more self-service options. The department believes this will reduce staff involvement with routine, housekeeping activities and enable staff to concentrate on more value-added activities.

PROGRAM INFORMATION AND IMPLEMENTATION PLAN

The Colorado UI program provides temporary and partial wage replacement to workers who have become unemployed. The department administers the employer premium and unemployment benefits claim systems. According to CDLE, the UI Mainframe Migration and Modernization project will be implemented using two-phases: a code conversion, testing, and production release phase and a refactor phase. The CUBS and CATS migration will be complete in early 2017, with 70 percent of migration and 15 percent of testing completed to date.

COST SAVINGS / IMPROVED PERFORMANCE OUTCOMES

The department calculates a savings of \$2.9 million per year through reductions in staff costs, network, and mainframe costs. The department estimates that these savings will pay for the cost of the project over a 20-year time frame. The savings are based on the assumption that the new system will be maintained and updated.

SECURITY AND BACKUP / DISASTER RECOVERY

According to the department, the new system will include a modern virtual infrastructure that permits a daily backup of the entire system, virtualized redundancy of the database, and possibly a transaction log transmission between sites. For security, the department complies with OIT rules and policies.

BUSINESS PROCESS ANALYSIS

According to the department, CDLE is currently performing business process modeling and will continue to do so throughout the project and beyond. This will help to define the initial test cases to use in verifying the success of the initial code migration to Java, as well as creating a basis for modernization planning. Continued improvements to the system will be designed, developed, and implemented based on analysis of the business process models to determine efficiencies and cost savings that can be accomplished.

PROJECT SCHEDULE

	Start Date	Completion Date
Contracting	July 2016	January 2017
Implementation		June 2019
Equipment		June 2019
Completion		June 2019

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OPERATING BUDGET

This project has no projected impact on the department's operating budget.

STAFF QUESTIONS AND ISSUES

1. What is the current solvency and balances of the Employment and Training Technology Fund Balance and the Unemployment Revenue Fund?

As of June 30, 2016 the fund balance of the Employment and Training Technology Fund was \$25,924,823.79 and fund balance of the Unemployment Revenue Fund was \$21,637,617.21.

2. Is the current system considered high volume? Are there a high number of concurrent users during peak periods? Besides unit testing, system integration testing, and user acceptance testing, what are CDLE's plans for performance testing?

The current system is considered high volume, with greater than four hundred concurrent users during peak periods on the mainframe. Performance tuning and analysis will begin during Functional Integration Testing and User Acceptance Testing. The project has time allocated during the first quarter of 2017 to perform additional performance testing and tuning prior to full deployment of the migrated system.

3. CDLE recently requested a spending authority extension for its Workers' Compensation Mainframe Migration and Modernization Project. Does CDLE potentially expect to request a spending authority extension for this project in the future?

At this point in the project the Department does not expect to request an extension for spending authority but that will be analyzed every six months.