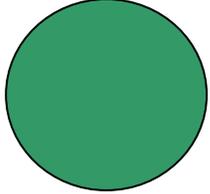


Little Hoover Commission
 Information Technology Progress Update
 August 25, 2011
 Project Overview Report

Project Name: Unemployment Insurance Modernization (UIMOD) Project	 <i>Progress Indicator: Green</i>
Department/Agency Sponsor: Employment Development Department / Talbott A. Smith	
Total Project Cost: \$158,626,917 (Approved by California Technology Agency, November 23, 2009)	
Amount Spent vs. Anticipated To Date: \$59,304,349 vs. \$72,437,025 (as of June 2011)	
Timeline (# of Fiscal Years to Complete): Ten Fiscal Years	
Total Percent Complete: 78 percent	
Months Ahead/Behind Schedule: Four months, due to delay in contract award and negotiations	
The UIMOD project is comprised of two subprojects: The Call Center Network Platform and Application Upgrade Project (CCNPAU) and the Continued Claims Redesign Project (CCR)	
Business Need:	
<p>The EDD administers California’s Unemployment Insurance (UI) Program, as part of a joint federal state partnership. This Federally mandated program provides temporary, partial wage replacement to qualified individuals who are unemployed due to no fault of their own. California’s UI Program customer base increases with population growth and during economic downturns as the number of unemployed Californians increases. At the same time, reduced federal funding levels require that the State develop new and innovative ways to complete the work with fewer dollars. The UIMOD Project will help meet the goal of improving customer service through automation efforts while staying within the funding resources.</p>	
<p>From a program perspective, implementation of the UIMOD Project will improve service quality through the use of improved systems to assist our customers, and will help resolve current system limitations. This system will also assist with fraud detection and prevention efforts by providing additional data that can be queried in databases for potential fraudulent trends and patterns.</p>	
<p>From a customer’s perspective, the UIMOD Project improves customer service by providing the claimant greater access to information on a self-service basis and upgrades the systems that operate the business functions. It further provides new ways for customers to certify for benefits via telephone and the Internet, and allows customers 24 hours access, seven days a week to obtain and view information online regarding their claims.</p>	
<p><u>The CCNPAU subproject</u> replaced an outdated call center network and addressed four key program goals:</p>	
<ul style="list-style-type: none"> • Improve customer service by reducing call blockage and wait times to file UI claims or receive claim information. • Safeguard a caller’s identity and protect the UI program from fraud schemes by increasing the amount of information available to agents about a caller and enhancing the call center reporting capabilities. • Increase the reliability of the call center network by migrating from a system that had reached end-of-life to a system that utilizes state-of-the-art technologies with multiple levels of redundancy. • Increase call handling capacity through better system architecture and the addition of nine UI centers to the network. 	

With the CCNPAU project, EDD also implemented “EDD Tele-Cert” – a method for most claimants to submit biweekly claim certifications via touch-tone telephone versus mailing in claim forms. The CCNPAU subproject also built an infrastructure for the UI centers to provide increased flexibility in workload management, improved customer service levels, and provides additional capacity for disaster recovery and business continuity.

The CCR subproject replaces the current mainframe continued claims processing system and will address the following:

- Enhance current Web and IVR certification processes to allow nearly all claimants to certify via the Web or IVR.
- Provide claimants with account management capabilities for increased self-service.
- Reduce certification errors that require manual intervention and rework, allowing for a redirection of staff resources to other business functions within the UI Program.
- Reduce some of the most labor-intensive activities inherent in the continued claims paper process, resulting in a decrease in mail processing costs for the department.
- Provide a business intelligence data warehouse, which will allow the collection of information not currently available for detecting potential fraud, profiling, marketing, and reports.

**Key Vendors: CCNPAU – Verizon Business
CCR – Deloitte Consulting, LLP**

**Current Status and Project Phase: CCNPAU – Project Completed
CCR – Design, Development and Implementation Phase**

Milestones and Accomplishments:

Key Milestones	Target (Baseline)	Forecast (Current Plan)	Status	Cause and Impact to Implementation Date	Date Completed	Delivery Confidence
CCNPAU and CCR Feasibility Study Reports (FSR)	Oct 2003	Oct 2003	Completed		Oct 2003	Completed
Project Director Hired	April 2004	April 2004	Completed		April 2004	Completed
Procure Project Office Staff/Hire State Staff	April 2005	April 2005	Completed		April 2005	Completed
Department of Finance (DOF) Project Merge Approval	July 2005	July 2005	Completed		July 2005	Completed
IT Procurement Plan [Dept. of General Services (DGS) Approval]	Sept 2005	Sept 2005	Completed		Sept 2005	Completed
Special Project Report (SPR) #1 Submittal to DOF	June 2006	June 2006	Completed		June 2006	Completed
SPR#1 DOF Approval	Sep 2006	Sept 2006	Completed		Sept 2006	Completed
Request for Proposal (RFP) DGS Approval	March 2007	March 2007	Completed		March 2007	Completed
SPR #2 Submittal to DOF	Aug 2007	Aug 2007	Completed		Aug 2007	Completed
SPR#2 DOF Approval	Sep 2007	Sept 2007	Completed		Sept 2007	Completed

Key Milestones	Target (Baseline)	Forecast (Current Plan)	Status	Cause and Impact to Implementation Date	Date Completed	Delivery Confidence
CCNPAU Contract Signed	June 2008	June 2008	Completed		June 2008	Completed
CCNPAU Project Start	July 2008	July 2008	Completed		July 2008	Completed
SPR#3 Submittal to State Chief Information Officer (OCIO)	Sept 2009	Sept 2009	Completed		Sept 2009	Completed
SPR#3 OCIO Approval	Nov 2009	Nov 2009	Completed		Nov 2009	Completed
CCR Contract Award	Nov 2009	Feb 2010	Completed	CCR Contract Award took three months longer as a result of the DGS contract negotiations.	Feb 2010	Completed
CCR Project Start	Jan 2010	Mar 2010	Completed	CCR design started two months later than scheduled because of delays in contract award.	March 2010	Completed
CCNPAU System Acceptance	Jan 2011	May 2011	Completed	CCNPAU System Acceptance was delayed by four months.	May 2011	Completed
CCNPAU Verizon Contract Closeout	Feb 2011	June 2011	Completed	This milestone follows the CCNPAU System Acceptance by one month (30 days).	June 2011	Completed
CCR System Acceptance	May 2012	Sept 2012	Delayed	CCR System Acceptance has been delayed four months based on the delay to contract award and due to dates negotiated during the DGS Public Contract Code § 6611 process.	NA	Red
CCR Deloitte Contract Closeout	June 2012	Oct 2012	Delayed	CCR Deloitte Contract Closeout will occur one month following system acceptance as planned.	NA	Red
CCR OSI Project Office Project Closeout	Aug 2012	Dec 2012	Delayed	CCR OSI Project Office Closeout will occur two months after contract closeout as planned.	NA	Red
UIMOD Post Implementation Evaluation Report	Aug 2013	Dec 2013	Delayed	UIMOD PIER will occur 12 months after CCR's Project Office closeout as planned.	NA	Red

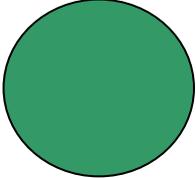
Major Changes:

Project Inception – The State Fiscal Year (SFY) 2003-04 Budget, Chapter 157, Statute of 2003, Item 7100-001-0871-EDD, appropriated federal Reed Act funds for UIMOD projects for the purposes of:

- “Redesigning the Unemployment Insurance (UI) continued claims system,”
- “Improving the service levels at the UI call centers,”
- “Preventing and detecting fraud within the UI system.”

Changes in Special Project Report (SPR) #1 – As part of the SPR #1 approval, the following was established:

- Creation of the Project Office
- Contract for Requirements Definition Vendors – These vendors incorporated analysis of the scope, technical solution alternatives, timeframes, and costs for the CCR and CCNPAU efforts
- Merging of CCR and CCNPAU subprojects
- Detailed Definition of Project Scope and re-estimation of project costs and benefits

<ul style="list-style-type: none"> • Revision of Project Timeframes <p>Changes in SPR #2 – As part of the SPR #2 approval, the following was established:</p> <ul style="list-style-type: none"> • Adjustment in the procurement strategy to allow the CCNPAU subproject to procure services through a newly formed CALNET II contracting vehicle. • Reduce the scope of the UIMOD RFP to exclusively procure services for the CCR subproject. <p>Changes in SPR #3</p> <ul style="list-style-type: none"> • Full Identity Management Solution incorporated into CCNPAU • Additional Call Center Agent Seats for CCNPAU due to unprecedented workload increases • Modification of CCR requirements from contract negotiations 	
<p>Staffing Issues: The UIMOD project has been challenged in the past with staffing issues due to several key projects "in motion" at the same time for the EDD and attrition of staff, typical for long-term IT projects. At present, no staffing issues have been identified.</p>	
<p>Other Challenges to Complete: Legislative mandates have necessitated the update of EDD's Single Client Database (SCDB) platform, necessary for the completion of the Alternative Base Period (ABP) Project. These two projects will likely result in further impact to the UIMOD schedule to perform conversion of interfaces to the new SCDB architecture. At this time, we are evaluating the impact of SCDB's architecture on UIMOD. It is too soon to estimate the delay to the schedule.</p>	
<p>Lessons Learned: Lessons learned from CCNPAU that are applicable to CCR are:</p> <ul style="list-style-type: none"> • Project documentation review and approval <ul style="list-style-type: none"> ♦ Expand the use of communications tools for tracking and review of issues and action items ♦ Set vendor quality expectations early and insist on a greater level of quality before deliverables are accepted for review ♦ Insist on a vendor team with prior project management experience necessary to lead the effort ♦ Integrate and improve communications among extended and core teams to improve overall performance ♦ Minimize Change Orders until after the schedule is baselined. Baselining a schedule is a moving target if Change Orders are permitted during the process • Applications Quality Build Testing and Acceptance <ul style="list-style-type: none"> ♦ Changes to decision making processes and documentation must be minimized to avoid confusion. ♦ Full time loaned staff can improve quality of product and reduce time required to complete project efforts. • Maintenance and Operations (M&O) Transitions <ul style="list-style-type: none"> ♦ M&O transition strategy should include a proposed M&O organization structure and map to current positions to facilitate M&O transition. 	
 <p><i>Progress Indicator: Green</i></p>	<p>Justification:</p> <p>The UIMOD project performance is presently within scope and budget. The four-month delay of contract initiation has been managed and project "go-live" has delayed only one month. Project deliverables that seem to be encountering difficulties are being managed through weekly meetings with the vendor to find acceptable solutions. Changes to the project scope are being actively managed via the Change Control Board.</p>