Project Investment Justification

DERS UI Benefits Modernization

DE23008

Department of Economic Security

Contents

1. GENERAL INFORMATION

PIJ ID: DE23008
PIJ Name: DERS UI Benefits Modernization
Account: Department of Economic Security
Business Unit Requesting: DES/Division of Employment and Rehabilitation Services (DERS)
Sponsor: Anna Hunter
Sponsor Title: Assistant Director
Sponsor Email: ahunter@azdes.gov
Sponsor Phone: (602) 542-3514

2. MEETING PRE-WORK

2.1 What is the operational issue or business need that the Agency is trying to solve? (i.e....current process is manual, which increases resource time/costs to the State/Agency, and leads to errors…):

The Arizona Department of Economic Security (DES), Division of Employment and Rehabilitation Services (DERS) currently is making use of 30+ year old mainframe applications that no longer meet the business needs of DERS personnel and the citizens of Arizona. These old applications provide automated support for Unemployment application submission, adjudication, overpayments and benefit payments for citizens determined eligible for benefit payments and employers protesting benefit payments. These old systems do not provide the ease of access available from web-based computer systems and do not provide the information processing functions and management capabilities needed for the efficient processing of benefit claim or employer tax processing.

DERS UI's current legacy systems can be described as patchwork and were purely developed to keep the System operational, as there was a lack of funding to replace this aged technology. Engineers are able to manage through issues as they arise, but a legacy language System provides little ability to make substantial foundational improvements. This strategy creates an ongoing cycle of limited solutions with no real improvement in outcome.

The current mainframe applications incur monthly mainframe charges associated with system operations (hardware and software) and support that will be reduced with the migration of these applications to a server-based platform. The current applications are old and dependent on obsolete software products which make upgrades and modifications difficult. The IT marketplace has a limited number of potential employees with the technical skills needed to support the current application software environments. The current DERS applications lack the flexibility for modifications needed to address mandatory United States Department of Labor (US DOL) policy changes.

During the 2008/2009 recession and the 2020 pandemic, there were several types of transactions and federal programs that required additional programming, including Extended Benefits (EB), Emergency Unemployment Compensation (EUC) Tiers 1-4, Federal Additional Compensation (FAC), Pandemic Emergency Unemployment Compensation (PEUC) and Pandemic Unemployment Assistance (PUA). Although these programs have ended, they are likely to return in some form during the next downturn in the economy. These programs have different rules, guidelines, and payment types to which DERS must adhere. Benefits charged to employers, rate calculations, overpayment, tax withholding, child support withholding, and many other intrinsic details are also ways in which these programs vary. The complexity and volume of adding code to support these detailed functions is very challenging in the current System environment and historically has been a major contributor to very significant disruptions in services to claimants and employers.

2.2 How will solving this issue or addressing this need benefit the State or the Agency?

The proposed replacement system is a web-based software and hardware platform which will provide greater public access and eliminate the expense of mainframe processing resources while improving worker productivity. By selecting a proven system adopted by multiple state Unemployment Insurance agencies, the AZ DES can successfully implement a solution that meets Federal guidelines and removes AZ Unemployment Benefits from the mainframe platform giving greater flexibility to meet ever changing federal standards. The failure to meet mandated policy implementation dates can result in Federal sanctions.

Additionally, modernizing using a scalable technology provides opportunity for further integration with Unemployment Insurance Tax and Workforce lines of business; which will further enhance the services ADES/DERS provides to clients.

2.3 Describe the proposed solution to this business need.

The proposed replacement system is a web-based software and hardware platform which will provide greater public access and eliminate the expense of mainframe processing resources while improving worker productivity. By selecting a proven system adopted by multiple state Unemployment Insurance agencies, the AZ DES can successfully implement a solution that meets Federal guidelines and removes AZ Unemployment Benefits from the mainframe platform giving greater flexibility to meet ever changing federal standards. The failure to meet mandated policy implementation dates can result in Federal sanctions.

DES/DERS received nine (9) offeror responses to the UI Benefits Modernization RFP. Each proposal was evaluated by a team of three (3) evaluators with technical and financial advisory support.

Responding Vendors

Accenture LLP

Capgemini America, Inc

Deloitte Consulting LLP

Fast Enterprises, LLC

Geographic Solutions Inc

Sagitec Solution LLC

Solai and Cameron, Inc

Solid State Operations Inc

Tata Consultancy Services

IV&V is currently in the BAFO process. An estimate of cost will be included in the PIJ. The estimate is less than 2 million.

Business Requirements in the RFP solicitation.

Approved by Mark Darmer, CIO, on XX/XX/XXXX.

Approved by Michael Wisehart, DES Director, on XX/XX/XXXX.

2.4 Has the existing technology environment, into which the proposed solution will be implemented, been documented?

2.4a Please describe the existing technology environment into which the proposed solution will be implemented.

2.5 Have the business requirements been gathered, along with any technology requirements that have been identified?

Yes

2.5a Please explain below why the requirements are not available.

3. PRE-PIJ/ASSESSMENT

3.1 Are you submitting this as a Pre-PIJ in order to issue a Request for Proposal (RFP) to evaluate options and select a solution that meets the project requirements?

No

3.1a Is the final Statement of Work (SOW) for the RFP available for review?

3.2 Will you be completing an assessment/Pilot/RFP phase, i.e. an evaluation by a vendor, 3rd party or your agency, of the current state, needs, & desired future state, in order to determine the cost, effort, approach and/or feasibility of a project?

No

3.2a Describe the reason for completing the assessment/pilot/RFP and the expected deliverables.

3.2b Provide the estimated cost, if any, to conduct the assessment phase and/or Pilot and/or RFP/solicitation process.

3.2e Based on research to date, provide a high-level cost estimate to implement the final solution.

4. PROJECT

4.1 Does your agency have a formal project methodology in place?

Yes

4.2 Describe the high level makeup and roles/responsibilities of the Agency, Vendor(s) and other third parties (i.e. agency will do...vendor will do...third party will do).

Agency

1. Project Management

2. Deliverable Review

3. Policy Decisions

4. Identify Configuration

Changes

5. User Acceptance Testing

6. Stakeholder

Communication

7. Organizational Change

Management

Shared

1. Requirements & Gap Analysis

2. Scope Management

3. Schedule Management

4. Test Case Creation

5. Data Conversion

6. Interface Development

7. Operational Readiness Testing

8. Implementation Planning

Vendor/Contractor

1. Installation of software

2. Project Deliverables

3. Solution Customization

4. Solution Configuration

5. Implementation

6. Disaster Recovery Testing

4.3 Will a PM be assigned to manage the project, regardless of whether internal or vendor provided?

Yes

4.3a If the PM is credentialed, e.g., PMP, CPM, State certification etc., please provide certification information.

4.4 Is the proposed procurement the result of an RFP solicitation process?

Yes

4.5 Is this project referenced in your agency's Strategic IT Plan?

Yes

5. SCHEDULE

5.1 Is a project plan available that reflects the estimated Start Date and End Date of the project, and the supporting Milestones of the project?

No

5.2 Provide an estimated start and finish date for implementing the proposed solution.

Est. Implementation Start Date | Est. Implementation End Date

5.3 How were the start and end dates determined?

Other

5.3a List the expected high level project tasks/milestones of the project, e.g., acquire new web server, develop software interfaces, deploy new application, production go live, and estimate start/finish dates for each, if known.

Milestone / Task	Estimated Start Date	Estimated Finish Date

5.4 Have steps needed to roll-out to all impacted parties been incorporated, e.g. communications, planned outages, deployment plan?

Yes

5.5 Will any physical infrastructure improvements be required prior to the implementation of the proposed solution. e.g., building reconstruction, cabling, etc.?

5.5a Does the PIJ include the facilities costs associated with construction?

5.5b Does the project plan reflect the timeline associated with completing the construction?

6. IMPACT

6.1 Are there any known resource availability conflicts that could impact the project?

No

6.1a Have the identified conflicts been taken into account in the project plan?

6.2 Does your schedule have dependencies on any other projects or procurements?

6.2a Please identify the projects or procurements.

6.3 Will the implementation involve major end user view or functionality changes?

Yes

6.4 Will the proposed solution result in a change to a public-facing application or system?

Yes

7. BUDGET

7.1 Is a detailed project budget reflecting all of the up-front/startup costs to implement the project available, e.g, hardware, initial software licenses, training, taxes, P&OS, etc.?

Yes

7.2 Have the ongoing support costs for sustaining the proposed solution over a 5-year lifecycle, once the project is complete, been determined, e.g., ongoing vendor hosting costs, annual maintenance and support not acquired upfront, etc.?

Yes

7.3 Have all required funding sources for the project and ongoing support costs been identified?

Yes

7.4 Will the funding for this project expire on a specific date, regardless of project timelines?

No

7.5 Will the funding allocated for this project include any contingency, in the event of cost over-runs or potential changes in scope?

Yes

8. TECHNOLOGY

8.1 Please indicate whether a statewide enterprise solution will be used or select the primary reason for not choosing an enterprise solution.

8.2 Will the technology and all required services be acquired off existing State contract(s)?

8.3 Will any software be acquired through the current State value-added reseller contract?

8.3a Describe how the software was selected below:

8.4 Does the project involve technology that is new and/or unfamiliar to your agency, e.g., software tool never used before, virtualized server environment?

8.5 Does your agency have experience with the vendor (if known)?

8.6 Does the vendor (if known) have professional experience with similar projects?

8.7 Does the project involve any coordination across multiple vendors?

8.8 Does this project require multiple system interfaces, e.g., APIs, data exchange with other external application systems/agencies or other internal systems/divisions?

8.9 Have any compatibility issues been identified between the proposed solution and the existing environment, e.g., upgrade to server needed before new COTS solution can be installed?

No

8.9a Describe below the issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you.

8.10 Will a migration/conversion step be required, i.e., data extract, transformation and load?

Yes

8.11 Is this replacing an existing solution?

Yes

8.11a Indicate below when the solution being replaced was originally acquired.

General Unemployment Insurance Development Effort (GUIDE) July 1988

Arizona Re-employment Rapid Access (ARRA) Nov 2000

ARRA Adjudications May 2001

8.11b Describe the planned disposition of the existing technology below, e.g., surplused, retired, used as backup, used for another purpose:

Existing UI Benefits technology will be retired

8.12 Describe how the agency determined the quantities reflected in the PIJ, e.g., number of hours of P&OS, disk capacity required, number of licenses, etc. for the proposed solution?

8.13 Does the proposed solution and associated costs reflect any assumptions regarding projected growth, e.g., more users over time, increases in the amount of data to be stored over 5 years?

8.14 Does the proposed solution and associated costs include failover and disaster recovery contingencies?

8.14a Please select why failover and disaster recovery is not included in the proposed solution.

8.15 Will the vendor need to configure the proposed solution for use by your agency?

8.15a Are the costs associated with that configuration included in the PIJ financials?

8.16 Will any app dev or customization of the proposed solution be required for the agency to use the project in the current/planned tech environment, e.g. a COTS app that will req custom programming, an agency app that will be entirely custom developed?

8.16a Will the customizations inhibit the ability to implement regular product updates, or to move to future versions?

8.16b Describe who will be customizing the solution below:

8.16c Do the resources that will be customizing the application have experience with the technology platform being used, e.g., .NET, Java, Drupal?

8.16d Please select the application development methodology that will be used:

8.16e Provide an estimate of the amount of customized development required, e.g., 25% for a COTS application, 100% for pure custom development, and describe how that estimate was determined below:

8.16f Are any/all Professional & Outside Services costs associated with the customized development included in the PIJ financials?

8.17 Have you determined that this project is in compliance with all applicable statutes, regulations, policies, standards & procedures, incl. those for network, security, platform, software/application &/or data/info found at aset.az.gov/resources/psp?

8.17a Describe below the compliance issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you:

8.18 Are there other high risk project issues that have not been identified as part of this PIJ?
No

8.18a Please explain all unidentified high risk project issues below:

9. SECURITY

9.1 Will the proposed solution be vendor-hosted?

9.1a Please select from the following vendor-hosted options:

9.1b Describe the rationale for selecting the vendor-hosted option below:

9.1c Has the agency been able to confirm the long-term viability of the vendor hosted environment?

9.1d Has the agency addressed contract termination contingencies, e.g., solution ownership, data ownership, application portability, migration plans upon contract/support termination?

9.1e Has a Conceptual Design/Network Diagram been provided and reviewed by ASET-SPR?

9.1f Has the spreadsheet located at https://aset.az.gov/arizona-baseline-security-controls-excel already been completed by the vendor and approved by ASET-SPR?

9.2 Will the proposed solution be hosted on-premise in a state agency?

9.2a Where will the on-premise solution be located:

9.2b Were vendor-hosted options available and reviewed?

9.2c Describe the rationale for selecting an on-premise option below:

9.2d Will any data be transmitted into or out of the agency's on-premise environment or the State Data Center?

9.3 Will any PII, PHI, CGIS, or other Protected Information as defined in the 8110 Statewide Data Classification Policy be transmitted, stored, or processed with this project?

Yes

9.3a Describe below what security infrastructure/controls are/will be put in place to safeguard this data:

10. AREAS OF IMPACT

Application Systems

Database Systems

Software

Hardware

Hosted Solution (Cloud Implementation)

Security

Telecommunications

Enterprise Solutions

Contract Services/Procurements

11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost

Base Budget (Available)		Base Budget (To Be Req)		Base Budget % of Project	
				0%	
APF (Available)		APF (To Be Req)		APF % of Project	
				0%	
Other Appropriated (Available)		Other Appropriated (To Be Req)		Other Appropriated % of Project	
				0%	
Federal (Available)		Federal (To Be Req)		Federal % of Project	
				0%	
Other Non-Appropriated (Available)		Other Non-Appropriated (To Be Req)		Other Non-Appropriated % of Project	
				0%	

Total Budget Available	Total Development Cost
$0	$0
Total Budget To Be Req	Total Operational Cost
$0	$0
Total Budget	Total Cost
$0	$0

12. PROJECT SUCCESS

Please specify what performance indicator(s) will be referenced in determining the success of the proposed project (e.g. increased productivity, improved customer service, etc.)? (A minimum of one performance indicator must be specified)

Please provide the performance objective as a quantifiable metric for each performance indicator specified.
Note: The performance objective should provide the current performance level, the performance goal, and the time period within which that performance goal is intended to be achieved. You should have an auditable means to measure and take corrective action to address any deviations.
Example: Within 6 months of project completion, the agency would hope to increase "Neighborhood Beautification" program registration by 20% (3,986 registrants) from the current registration count of 19,930 active participants.

Performance Indicators

13. CONDITIONS

Conditions for Approval

Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.

Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The first status report for this project is due on February 15, 2023.

Prior to moving any State data into the vendor-hosted environment and/or spending of funds, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the Arizona Baseline Security Controls document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

Prior to system production environment launch or go live, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the System Security Plan document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

14. OVERSIGHT SUMMARY

Project Background

The Department of Economic Security (DES) serves more than 2 million Arizonans annually through various programs that address social and economic needs. The Division of Employment and Rehabilitation Services (DERS) currently is making use of 30+ year old mainframe applications that no longer meet the business needs of DERS personnel and the citizens of Arizona.

Business Justification

The proposed replacement system is a web-based software and hardware platform which will provide greater public access and eliminate the expense of mainframe processing resources while improving worker productivity. By selecting a proven system adopted by multiple state Unemployment Insurance agencies, the AZ DES can successfully implement a solution that meets Federal guidelines and removes AZ Unemployment Benefits from the mainframe platform giving greater flexibility to meet ever changing federal standards. The failure to meet mandated policy implementation dates can result in Federal sanctions.

Implementation Plan

The Vendor will develop and maintain a project schedule using Microsoft Project that specifies all project phases, milestones, tasks, deliverables, and resources required for a successful implementation including unit testing,system integration testing, user acceptance testing, user training, cutover, post go-live support, and ongoing operations and maintenance.

Agency
1. Project Management
2. Deliverable Review
3. Policy Decisions
4. Identify Configuration
Changes
5. User Acceptance Testing
6. Stakeholder
Communication
7. Organizational Change
Management

Vendor/Contractor
1. Installation of software
2. Project Deliverables
3. Solution Customization
4. Solution Configuration
5. Implementation
6. Disaster Recovery Testing

Shared
1. Requirements & Gap Analysis
2. Scope Management
3. Schedule Management
4. Test Case Creation
5. Data Conversion
6. Interface Development
7. Operational Readiness Testing
8. Implementation Planning

Vendor Selection

DES utilized the Request For Proposal (RFP) process to evaluate nine vendors.

Budget or Funding Considerations

The project will be funded by 100% Federal Budget.

15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

Anna Hunter

Agency CIO (or Designee)

Mark Darmer

Agency ISO (or designee)

Dan Wilkins

OSPB Representative

ASET Engagement Manager

ASET SPR Representative

Agency SPO Representative

David Steuber

Agency CFO

Roberta Harrison