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DEPARTMENT OF ECONOMIC SECURITY

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*Your Partner For A Stronger Arizona*

**WyCAN Consortium**  
**Unemployment Insurance**  
**Replacement System**

**Division of Employment & Rehabilitation Services**

**Presented by Stephen Welsh**  
**Assistant Director - Chief Information Officer**

**April 27<sup>th</sup>, 2016**

# Purpose

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We are requesting approval to continue with the Federally funded WyCAN Consortium. Our partner, the State of Wyoming, is the principle state to implement a single system solution for each state that will replace the Unemployment Insurance mainframes and the ancillary systems used to support the Unemployment Insurance Administration's operations.

- The proposed solution is a Software as a Service (SaaS) using the transfer solution from Missouri.
- Mississippi in production for several years and Missouri going live in May 2016
- Three other states to follow
- Meets an estimated **80%** standard functionality (by requirement)
- Complies with Federal program requirements
- FedRAMP compliant, third-party maintained by development vendor
- Replaces/retires all Unemployment Insurance systems (12 total)



# Overview

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The Division of Employment and Rehabilitation Services Unemployment Insurance Administration provides services to Arizona employers and the unemployed. Services include:

- 130,000+ Claims Processed Annually
- 1.9 Million+ Weekly Certifications Filed Annually
- \$26.3+ Million Received from Employers Annually
- 11.7+ Million Wage Records Processed Annually
- 20K+ Appeals Processed Annually

Figures current March 2016



# Current Unemployment Insurance Risks

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- Technical platform
  - 30 year old mainframe application
  - Shrinking pool of skilled ADABAS and COBOL development staff
- Inflexibility
  - Extensive code modification to accommodate varying federally mandated functionality has resulted in increased complexity
  - Systems are not robust enough to adhere to federal integrity standards
- Data reliability and reporting
  - Inconsistent data dictionaries across mainframes/ancillary systems
- System security
  - Required ancillary systems create additional security risks
- Customer access
  - Lack of self-service opportunities
  - Increased manual processes by staff



# Project Costs

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## Project Costs Paid by Consortium/Federally Funded


- Development Contract with Warranty - \$28,148,695
- Hardware/Software through 2018 – \$4,819,245.69
- Government Cloud-Hosting Vendor through 2018 - \$552,366.60
- IV&V – PCG Services, NASWA-ITSC (for US DOL assistance) through 2018 - \$1.5 Million
- Development Contract Holdback - \$2.8 Million

## Federal Funds Transferring to Arizona

- Imaging Conversion Costs - \$413,620
- Estimated On-Going Costs - \$3.2 Million annually
- **Zero impact to General Fund**



# Timeline – Phase 1 – Benefits & Appeals

Phases	Apr – Jun 2016	Jul – Sep 2016	Oct – Dec 2016	Jan – Mar 2017	Apr – Jun 2017	Jul – Sep 2017
Initiation	→					
Gap Analysis & Planning	→					
Design & Data Conversion	→					
Development		→				
System Integration Test			- - - - - →			
UAT					→	
Production						<div style="border: 1px solid black; padding: 2px; display: inline-block;">Sept 30, 2017</div> 



# Phases 2 & 3

Phases 2 & 3	Apr – Jun 2017	Jul – Sep 2017	Oct – Dec 2017	Jan – Mar 2018	Apr – Jun 2018	Jul – Sep 2018
Initiation	→					
Gap Analysis & Planning	→					
Proposed Completion of Tax – Phase 3			→			

- Phase 3 will finish design, development and deployment of Unemployment Insurance Tax into maintenance and will be defined under a different statement of work.



# Project Risks

Identified Risk	Mitigation
Timeline/Special Budget Request Award Expiration	<ul style="list-style-type: none"><li>• Obtaining Transfer Solution</li><li>• Minimizing Customization</li><li>• Multi-Phased Development</li></ul>
Aggressive Schedule	<ul style="list-style-type: none"><li>• Mitigated with 80% transfer solution</li><li>• Agile Development</li></ul>
Bridging New System to Old	<ul style="list-style-type: none"><li>• Early Engagement of Staff</li><li>• Testing Early/Often</li><li>• Temporary until phase 3 completed</li></ul>
Impacts to User Community	<ul style="list-style-type: none"><li>• Communication Plan</li><li>• Organizational Change Management</li><li>• Training</li><li>• Community/Employer Outreach</li></ul>





# Benefits

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- Moves Unemployment Insurance off of the mainframe
- Replaces/retires all Unemployment Insurance systems (12 total)
- Guaranteed Federal compliance
- Provides increased flexibility to change when necessary
- Consortium model, proven to be efficient in high volume states: Missouri, Mississippi, and other states
- The TCS development team will be on-site in Arizona
- Improved customer experience



# Questions

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