

Unemployment Insurance Tax System Replacement**FY2004 Request: \$2,000,000****Reference No: 37678****AP/AL:** Appropriation**Project Type:** Information Systems**Category:** Development**Location:** Statewide**Contact:** Ted Burke**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2712**Estimated Project Dates:** 07/01/2003 - 06/30/2004**Brief Summary and Statement of Need:**

The Unemployment Insurance tax unit collects/accounts for the quarterly employer/employee UI tax contributions, which supply the UI Trust Fund for benefit payments. Completing this project to replace the 1982 version of the tax system currently in use will increase the reliability of the Tax system and because it will be compatible with other systems will result in the elimination of the need to maintain and support the storage of redundant data.

Funding:	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>Total</u>
Fed Rcpts	\$2,000,000						\$2,000,000
Total:	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$2,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

The initial Capital appropriation was approved in FY00 for \$2.6 million federal (Ch2, FSSLA 99, Sec 100, pg 49, In 16) and amended in FY00 with a Capital RPL (0704047) for \$.9 million bringing the current capital authorization for this project to \$3.5 million. To complete this project we are requesting an additional \$2.0 million of the \$14.8 million of federal Reed Act funds we received.

Project Description/Justification:

This project been previously approved by TIC/TAC.

The purpose of this project is to replace an obsolete, poorly documented and error prone system. The new system will bring the department into compliance with federal and financial reporting requirements and automate a number of financial reconciliation processes. Once completed, this system may be moved to a client-server operating environment should the mainframe option become more expensive or unavailable.

Following the completion of the design phase, and a second round of detailed analysis, the estimate for completion of this project is \$7.0 million. Due to the utilization of some operating budget authorization no additional capital authorization is anticipated beyond this request.

Project cost:	Capital:			Annual O&M costs or savings
	Prior Years:	FY 2003:	FY 2004:	
General Funds				
General Fund Match				
General Fund Program Receipts				
I/A Receipts (dept. and fund source)				
Costs absorbed by federal funds in the Operating Budget	\$1,519.0			
Federal Funds	\$3,500.0		\$2,000.0	
Total	\$5,019.0	0	\$2,000.0	

The effort is an ongoing system development project. The new system will replace the current Tax/Wage systems. However, the functions of the new system would be similar. The proposed applications will accommodate regulatory and statutory changes over the last decade, encompass advancements in technology and allow for future enhancements and mandatory changes.

The current request will fund a contract for professional services, design and programming using our agency standard developmental tool, AdvantageGen. Also, a report-generating tool and a model management tool will be purchased. No significant hardware will be required.

Service to the public will measurably improve in the following ways:

- a. The DB2 database allows:
 - i. Tighter integration with UI benefits – quicker and more accurate response to employer and employee inquiries and service requests.
 - ii. More data available with fewer requests to employers
- b. Accountability for federal grant funding is improved when:
 - i. Some cash reconciliation functions are automated
 - ii. Federal activity reports are available and accurate
- c. The modern technology and rigorous documentation mean that:
 - i. Enhancements can be accomplished with minimal risk of crashing the entire system, and in relatively short order allowing responsiveness to customer needs.
 - ii. System availability is better (less down time).
 - iii. Early warning of developing issues in operations and in specific employer groups

The project does not affect the way in which other public agencies will conduct their business.

The project will result in the Department consolidating its mainframe software requirements. There will be an increase in mainframe computing time; however, this should represent the only direct on-going impact and will be offset by reduced system maintenance costs. The need to replicate data between the Tax VSAM system and the Benefits DB2 system will be eliminated – reducing the total

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database footprint on the mainframe by as much as one third, and relieving the department from supporting the old software (VSAM) and the data replication routines.

The original project has been approved and is more than two-thirds complete. Failure to obtain this additional funding will prevent delivery of a viable system. The current system is outdated and does not work without daily manual intervention. The Tax system receives, processes, and tracks more than \$127 million annually. The database contains over 10 million employee wage records used to calculate UI benefits. Without a viable system we are at risk of not being able to collect UI taxes and pay UI benefits.