Project #23-02

IT Project Proposal Report - Detail
Agency: 023 - DEPARTMENT OF LABOR
Budget Cycle: 2013-2015 Biennium Version: AF - AGENCY FINAL REQUEST

IT Project : State Information Data Exchange System

General Section

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Address :	550 S 16th Street	**Telephone :**	402-471-8358	**NITC Priority :**	
City :	Lincoln			**NITC Score :**	
State :	Nebraska	**Zip :**	68508		

Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
Contractual Services						
Design	0	0	0	0	0	0
Programming	207,300	0	0	207,300	0	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	30,000	0	0	30,000	0	0
Subtotal Contractual Services	237,300	0	0	237,300	0	0
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	0	0	0	0	0	0
End-user Staff	3,000	0	0	3,000	0	0
Subtotal Training	3,000	0	0	3,000	0	0

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Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
Other Operating Costs						
Personnnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	50,000	0	0	50,000	0	0
Subtotal Other Operating Costs	50,000	0	0	50,000	0	0
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	0	0	0	0	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Capital Expenditures	0	0	0	0	0	0
TOTAL PROJECT COST	290,300	0	0	290,300	0	0

Funding

Fund Type	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	290,300	0	0	290,300	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	**290,300**	**0**	**0**	**290,300**	**0**	**0**
VARIANCE	**0**	**0**	**0**	**0**	**0**	**0**

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IT Project: State Information Data Exchange System

EXECUTIVE SUMMARY:

In 2005 the Information Technology Support Center (ITSC) of the National Association of State Workforce Agencies (NASWA) undertook a project to evaluate, develop, and implement the State Information Data Exchange System (SIDES). SIDES utilizes a standardized format and specifications for a web service-based electronic exchange of separation information with multi-state employers/TPAs.

This project is federally mandated and supports state and federal initiatives for the integrity of the UI program and the prevention, detection, and recovery of improper UI benefit payments.

This project is funded by Supplemental Budget Request funds made available by USDOL. Funds must be obligated by September 30, 2013 and liquidated by December 31, 2013.

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

The goals and objectives of the project are:

- Improve response time to UI separation information requests from employers/TPAs
- Ensure more complete information is provided and validated
- Provide a mechanism for immediate and ongoing reduction of improper payments
- Improve detection of improper payments as a result of misreported earnings
- Reduce follow up phone calls and streamline UI response processes
- Improve BTQ performance to maintain >75% minimum standard
- Improve First Payment Timeliness: meet/exceed established federal standards (87%)
- Improve Non-Monetary Determination Timeliness: meet/exceed established federal standards (80%)
- Allow completion of the SIDES initiative in Nebraska's integrity strategic plan

SIDES functions as an electronic message broker for electronic communication between state agencies and employers or TPAs. These communications are managed by a Central Broker that uses web services (computer-to-computer internet connection). SIDES provides a method for states, and employers / TPAs to improve timeliness, accuracy and reduce costs by creating an electronic exchange of information using a standardized, secure mechanism with data validations that are strictly enforced to prevent the transfer of incomplete or incorrectly formatted data. SIDES can be thought of as a strategic program and partnership between states, and employers / TPAs. Through this cooperative effort, the SIDES participants work together to implement and add standardized data exchanges that will ultimately accommodate the majority of information exchanged between states, and employers / TPAs.

The UI program must meet performance measures as defined by USDOL (see above). The outcomes of this project will be assessed against USDOL established performance measures.

This project fits into NDOL's overall technology plan of leveraging resources and technology solutions to improve program performance and delivery of services to the public.

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

Verification of earnings data and separation information related to an unemployment insurance claim is central to the entire UI benefits process. Untimely earnings information responses and incorrect separation decisions can contribute to a higher employer tax rate. SIDES allows for a complete and comprehensive collection of employer UI information, which provides cost savings through increased speed and accuracy of determinations and fewer improper payments. SIDES helps states reduce improper payments through verifying earnings by claimant who appear to be working and collecting UI benefits simultaneously.

Benefits:

- Reduced postage and handling costs;
- Reduced time to follow-up efforts to obtain/provide complete and correct employer separation Information and earnings information;
- Reduced improper benefit payments (improved quality because of standardized questions and in some cases a more detailed request for UI information);
- Identification of claimants who work and do not report their earnings while receiving UI benefits;
- Reduced improper benefit payments;
- Decrease in number of appeals filed due to lack of quality information for original determination;
- Improved completeness and accuracy of information;
- Reduced time spent on fact-finding interviews as the detailed employer information is submitted electronically;
- Improved employer timeliness for returning UI information;
- Increased number of earnings verification cases can be processed;
- Elimination of mail time;
- Audit control;
- Re-send capability;
- Capability to send attachments; and
- Edit checks for quality of responses based on business rule validation requirements
- Reduction in unnecessary appeal hearings
- Security of paper-based personal information
- Standardized format for state agencies, employers, and TPAs

Because each employer or TPA is connecting to the same common Web service application with the same fields, in the same place, with the same requirements for completing them, states can be assured that they will be receiving higher quality data.

This project is federally mandated and funded by Supplemental Budget Request dollars made available by USDOL. Funds must be encumbered by September 30, 2013 and liquidated by December 31, 2013. Through supplemental budget requests, USDOL has emphasized the importance of using technology to provide tools and services to the public, while improving business processes in the UI program.

References:

- Improper Payment Information Act of 2002 (IPIA; 31 U.S.C. 3321 note);
- Improper Payment Elimination and Recovery Act of 2010 (IPERA; 31 U.S.C. 3301 note);
- Executive Order (E.O.) 13520, *Reducing Improper Payments* (November 20, 2009);
- Unemployment Insurance Program Letter (UIPL) No. 19-11, *National Effort to Reduce Improper Payments in Unemployment Insurance (UI) Program;*
- UIPL 26-11, *Unemployment Insurance (UI) Supplemental Funding Opportunity for Program Integrity and Performance and System Improvement;*
- UIPL 28-11, *Unemployment Insurance (UI) State Integrity Tsk Forces and Strategic Plans*

TECHNICAL IMPACT (20 PTS):

SIDES will provide a web based system that facilitates the electronic transmission and communication of UI separation information requests from NDOL's UI division to employers and/or TPAs, as well as transmission of responses containing the requested separation information back. The current process is a paper process initiated upon submission of a claim. Each employer involved on a claim is sent by mail a "Request to Employer for Separation Information," Form UI-350. The employer must provide the information requested by the due date printed on the form. This is the only opportunity to provide information about separation which could affect chargeability to the employer's UI tax account. Separation forms are returned by mail and fax. Employers do have the option of inputting separation information via UIConnect, UI's employer portal. The current process is dependent upon functionality of printing systems, mail delivery, and timeliness. Employers and TPAs indicate that they have not received separation requests in a timely manner. Delays in receiving responses result in delays in claims processing and meeting time-lapse and performance measures as established by USDOL.

The SIDES system will allow direct notification to the employer or TPA for requested separation information and earnings verification. The process would include a common standardized set of request and response data elements. The electronic communications would allow faster processing and scheduling of fact-finding, adjudication, or non-fact-finding adjudication. The SIDES software includes a confirmation statement for the employer, and will not allow the employer to submit separation information without completing all the required fields. The system will provide accurate and confirmed date stamps, reduce appeals, and improve time-lapse statistics. All data received will be integrated into our electronic content management (ECM) system for claims processing, adjudication, and appeals.

This is accomplished through a Central Broker facilitating connections between NDOL and Employers/TPAs. The three main operations that make up the communication between the connectors and the Central Broker are posting information, pulling information, and pushing information. These three main operations are implemented as "flows" between the connector clients and the Central Broker.

The core system functions are:

- Secure and encrypt messages; authenticate requests and messages
- Perform Request/Response messaging (establish computer-to-computer communication)
- Validate requests and responses
- Repeat failed transmissions
- Report on transfer activity
- Calculate and provide metrics

SIDES will interface with the UI Benefit Payment System (BPS). NDOL will implement security measures in compliance with NITC standards and guidelines (transport and message level authentication, confidentiality, and integrity mechanisms).

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PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

NDOL has developed an overall project plan and timeline for the development of the SIDES project to align with requirements of USDOL to complete the project by August 31, 2013. Funding for the project must be encumbered by September 30 and liquidated by December 31, 2013. The development process will be interactive and include a communication plan, project status reporting and meetings and coordination between project managers to ensure availability of NDOL resources. A detailed project plan will be developed to include milestones and tasks.

The Project will include the following high level tasks: Project management, discovery/requirements, gap analysis and cross project review, business process improvement analysis, design, documentation, configuration, integration with existing systems, testing, training, and support.

Project sponsors include: UI Benefits Administrator, Director of Administrative Services.

Project team members include: NDOL Project Managers, Business Analysts, Subject Matter Experts, IT Resource (Hardware/OS, Desktop, LAN, DBA, and Developers), and Testers.

Roles and responsibilities will be defined in a Statement of Work.

Ongoing support requirements have been defined in an agency service support plan, which includes a process for trouble tickets, as well as defect resolution and enhancements.

NDOL staff will participate in user training sessions.

RISK ASSESSMENT (10 PTS):

Successful completion of this project is dependent upon critical success factors and mitigation of risks.

Critical success factors applicable to this project include: Availability of NDOL resource who are already committed to numerous projects; timely review and acceptance of deliverables; subject matter expert participation; clear definition of project scope and limitation of change order requests.

Risks applicable to this project include: Dependency to other NDOL projects mandated by state or federal legislation; ongoing changes to existing systems required by state or federal mandates; loss of key staff or contractors; scope creep due to insufficient discovery or added business requirements.

Risks can be mitigated through collaboration, communication, and commitment to the project plan and critical success factors.

FINANCIAL ANALYSIS AND BUDGET (20 PTS):

	Estimated Prior Expended	Request for FY2014 (Year 1)	Request for FY2015 (Year 2)	Request for FY2016 (Year 3)	Request for FY2017 (Year 4)	Future	Total

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1. Personnel Costs							$ -
2. Contractual Services							
2.1 Design							$ -
2.2 Programming		$ 207,300.00					$ 207,300.00
2.3 Project Management							$ -
2.4 Other		$ 30,000.00					$ 30,000.00
3. Supplies and Materials							$ -
4. Telecommunications							$ -
5. Training		$ 3,000.00					$ 3,000.00
6. Travel							$ -
7. Other Operating Costs		$ 50,000.00					$ 50,000.00
8. Capital Expenditures							
8.1 Hardware							$ -
8.2 Software							$ -
8.3 Network							$ -
8.4 Other							$ -
TOTAL COSTS	$ -	$ 290,300.00	$ -	$ -	$ -	$ -	$ 290,300.00
General Funds							$ -
Cash Funds							$ -
Federal Funds		$ 290,300.00					$ 290,300.00
Revolving Funds							$ -
Other Funds							$ -
TOTAL FUNDS	$ -	$ 290,300.00	$ -	$ -	$ -	$ -	$ 290,300.00