State of Oregon
Employment
Department

2017-2019 Budget Phase II: Modernization and

Key Performance Measures

Kay Erickson, Director
Graham Slater, Deputy Director

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Modernization is our Key Initiative

- Goal of Modernization Initiative is to evaluate, improve, and replace core business and computer systems

  - Support Unemployment Insurance taxes and benefits
  - Workforce Operations employment services and labor exchange

- Better meet the needs of our customers – Oregonians and Oregon businesses

- Improve data security

We Must Modernize to Better Serve our Customers

- In 2016, our Unemployment Insurance system served 142,031 Oregon businesses and 1,980,276 Oregonians, paying benefits to 125,393 citizens

- The Unemployment Insurance computer systems were designed in the 1990s

- In program year 2015, our Workforce Operations system served almost 300,000 job seekers—more than 11,000 businesses posted job openings with us

- Our Workforce Operations system was piloted in 2003 and launched April of 2004

We Must Modernize to Improve Performance and Security

- Age of systems + modifications over time → complexity of interdependencies = unstable computing environment
- Modifications and maintenance are increasingly more difficult and costly
- Disparate systems using different platforms and languages are not compatible
- Institutional knowledge being lost
- Increasing risk of catastrophic failure
- Known security risks and increasing cyber attacks

Oregon is Not Alone

Status of State Unemployment Insurance Information Technology Modernization Projects

Status of State UI IT Modernization Projects | Updated April 2016

COMPLETED	IN DEVELOPMENT	
		Benefits System Only
		Tax System Only
		Benefits and Tax System
		Planning

Consortium States

WyCAN: Arizona and Wyoming (former Colorado and North Dakota)

SCUBI: North Carolina, South Carolina, and Georgia (former Tennessee)

MRM: Mississippi, Maine, and Rhode Island

MW: Maryland and West Virginia (former Vermont)

NY/NJ: New York and New Jersey (former Consortium)

iUS: Idaho, Iowa, and Vermont

"Status of State Unemployment Insurance Information Technology Modernization". *ITSC.org*. NASWA Information Technology Support Center in Partnership with U.S. DOL, updated April 2016. Web. 31 January, 2017.

Almost All States Face Similar Challenges with Their Unemployment Insurance Systems

- More than two-thirds face growing costs for mainframe hardware support

- 75% face major and growing challenges replacing retiring in-house staff skilled in older technology

- 82% report difficulties implementing new federal or state laws due to constraints posed by their IT systems

"A National View of UI IT Systems" - National Association of State Workforce Agencies Center for Employment Security Education and Research Information Technology Support Center - July 2010.
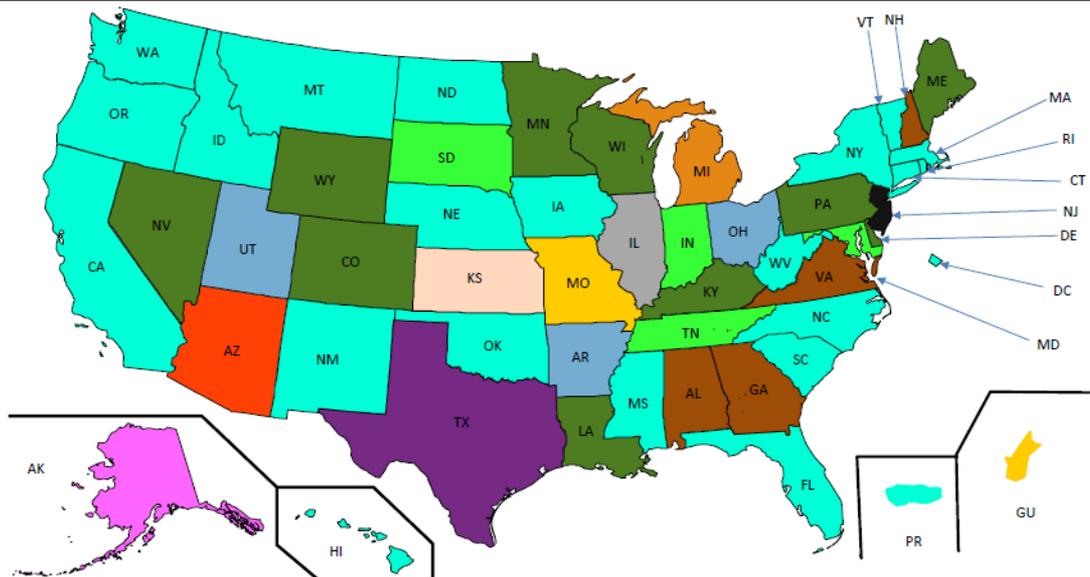
Almost All States Face Technology Challenges Implementing Workforce Innovation and Opportunity Act

- Connecting disparate systems
  - Basic sharing of information between agencies is the biggest gap
- Upgrading current systems
  - Difficulty with very old mainframe technology
- Establishing a common intake process
  - No common intake, referral, or reporting system

"How States are Investing in Innovation & Technology" - Governing Institute online survey and telephone interviews with 41 state officials who have direct involvement in the implementation of the Workforce Innovation and Opportunity Act- August and September 2015.

Workforce Programs In State Workforce Agencies

	# of Programs	WIOA	UI	Wagner Peyser	Adult Education	TAA	Voc Rehab	TANF	LMI	VETS		States
	4		X	X					X	X		1
	4	X		X		X				X		1
	5	X		X		X			X	X		2
	5	X		X	X	X				X		1
	5		X	X		X			X	X		4
	6	X	X	X		X			X	X		23
	7	X	X	X		X	X	X		X		1
	7	X	X	X		X		X	X	X		3
	7	X	X	X	X	X			X	X		4
	7	X	X	X		X	X		X	X		10
	8	X	X	X	X	X	X		X	X		1
	8	X	X	X	X	X		X	X	X		1
	9	X	X	X	X	X	X	X	X	X		1

Results from NASWA State Organizational Structure Survey--March 2015 (revised October 2015)

Research by Kevin Naud, Staff Assistant, and Hillary Hewko, Staff Assistant

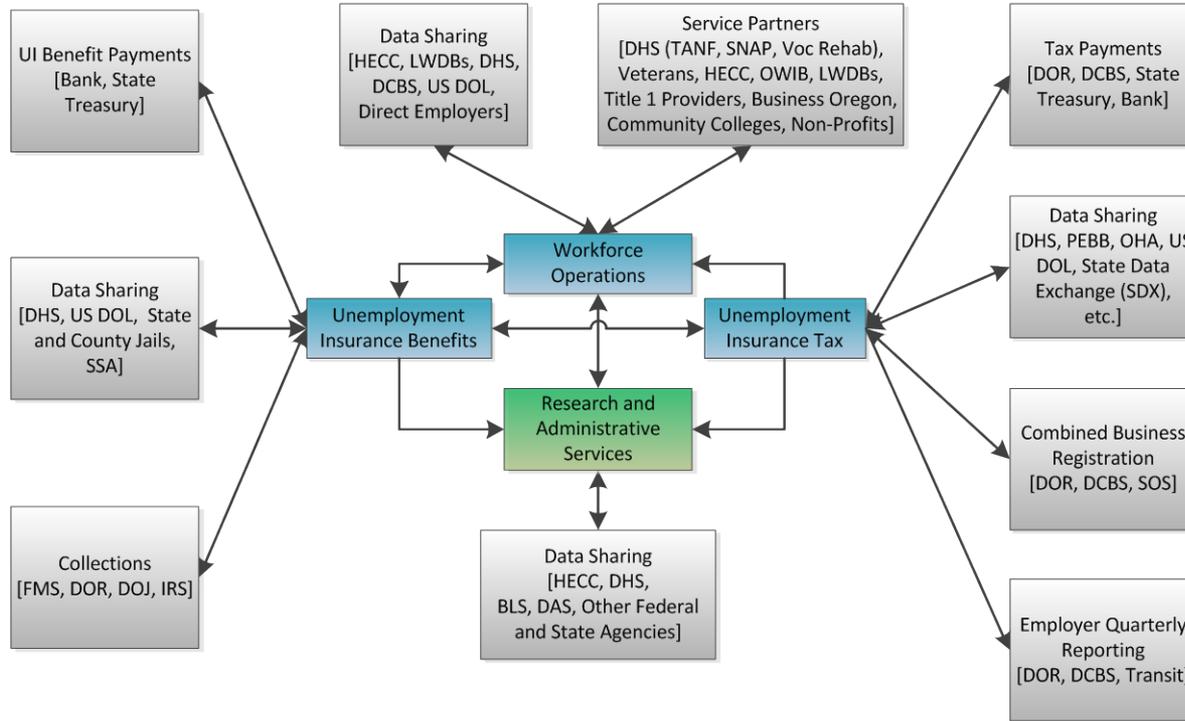# If You've Seen One State, You've Seen One State

- States' Unemployment Insurance and Employment Services modernization projects are varied and complex

- Example of total costs for "similar" completed modernization projects in other states range between $97 million to $349.4 million

- Examples of costs for Unemployment Insurance modernization projects (tax and benefits combined) in other states range between $7.2 million to $316.5 million with the median for successful projects being $55.4 million

- Examples of costs for Employment Services modernization projects in other states range between $4 million to $32.9 million with the median being $10.8 million

Partners are Necessary for Core Business Processes

State and Local Acronyms:

DHS – Department of Human Services

DOR – Department of Revenue

DAS – Department of Administrative Services

DCBS – Department of Consumer and Business Services

DOJ – Department of Justice

SOS – Secretary of State

PEBB – Public Employees Benefit Board

OHA – Oregon Health Authority

HECC – Higher Education Coordinating Commission

OWIB – Oregon Workforce Investment Board

LWDB – Local Workforce Development Board

UI Benefit Payments [Bank, State Treasury]

Data Sharing [HECC, LWDBs, DHS, DCBS, US DOL, Direct Employers]

Service Partners [DHS (TANF, SNAP, Voc Rehab), Veterans, HECC, OWIB, LWDBs, Title 1 Providers, Business Oregon, Community Colleges, Non-Profits]

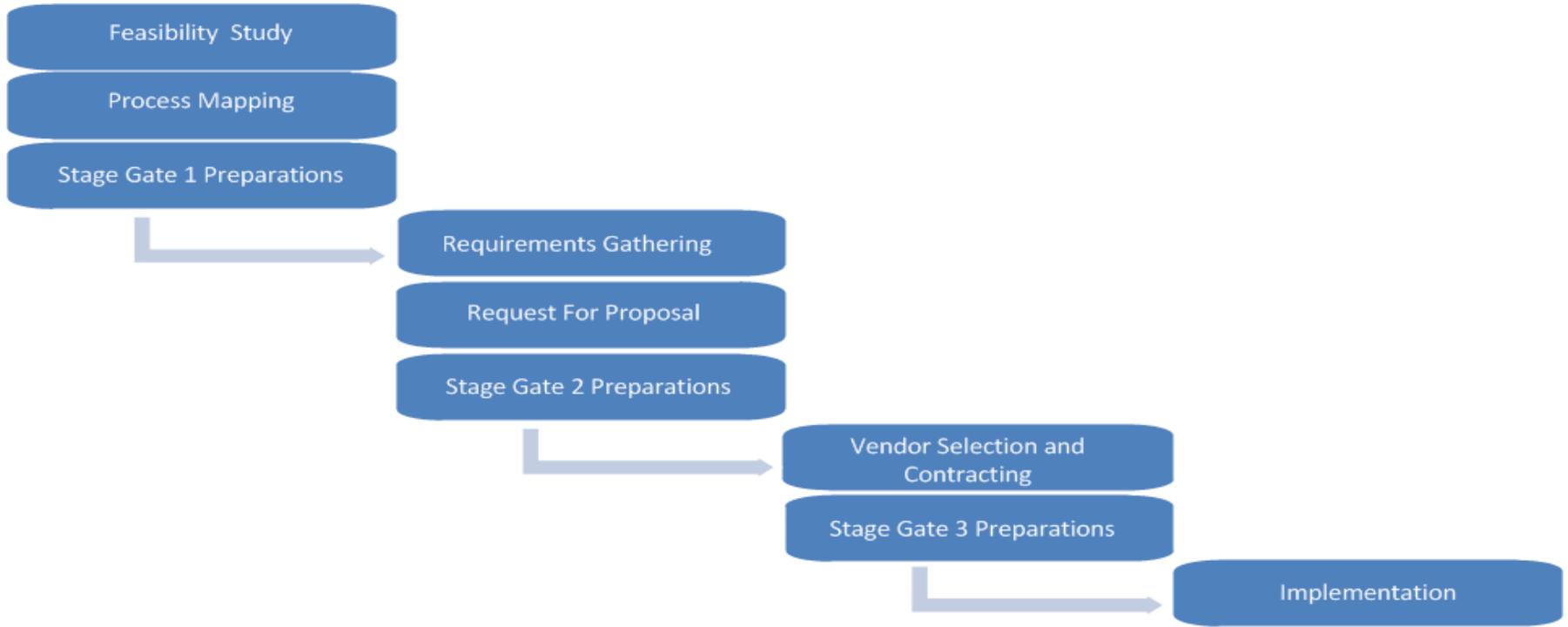Tax Payments [DOR, DCBS, State Treasury, Bank]

Federal Acronyms:

ICON – Interstate Connection Network

SIDES – State Information Data Exchange System

FMS – Financial Management Services

BLS – Bureau of Labor Statistics

SSA – Social Security Administration

US DOL – United States Department of Labor

Data Sharing [DHS, US DOL, State and County Jails, SSA]

Workforce Operations

Unemployment Insurance Benefits

Unemployment Insurance Tax

Research and Administrative Services

Data Sharing [DHS, PEBB, OHA, US DOL, State Data Exchange (SDX), etc.]

Combined Business Registration [DOR, DCBS, SOS]

Collections [FMS, DOR, DOJ, IRS]

Data Sharing [HECC, DHS, BLS, DAS, Other Federal and State Agencies]

Employer Quarterly Reporting [DOR, DCBS, Transit]

Business Programs in Scope for Modernization

Internal Partners Impacted by Modernization
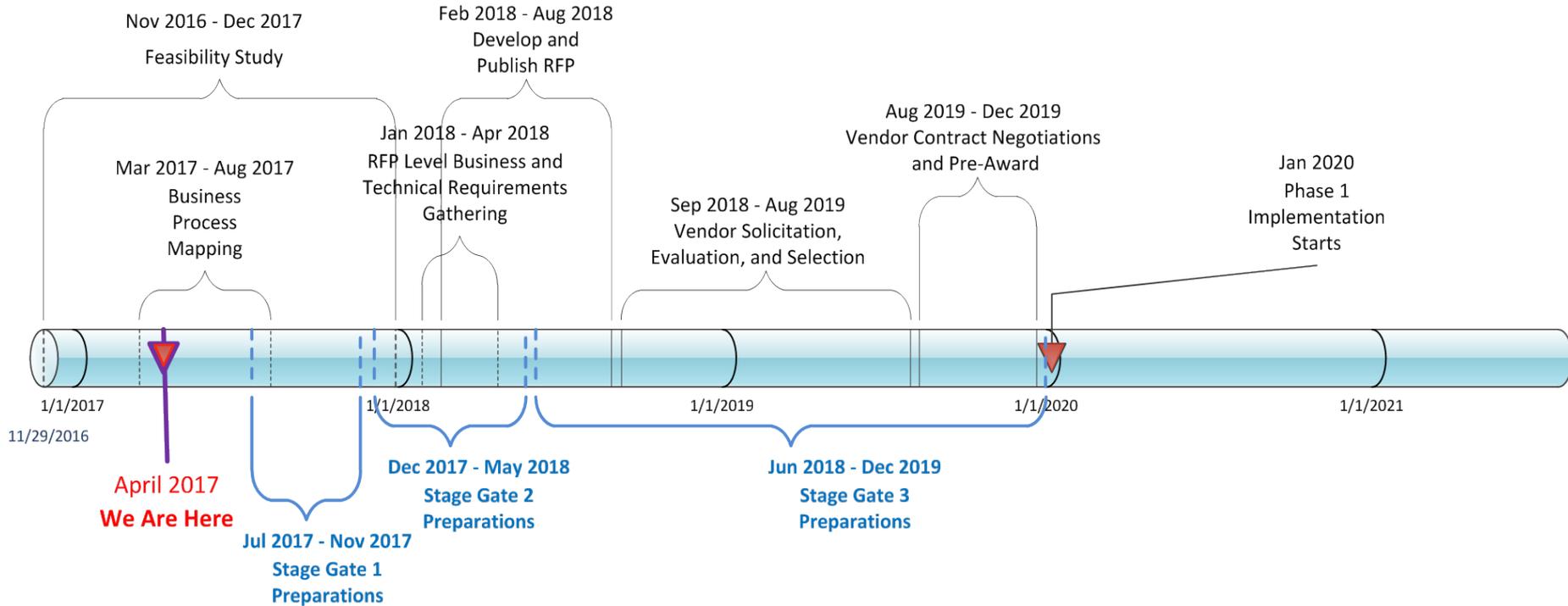
Stakeholders Impacted by Modernization

Modernization Initiative Steps and Stages

Modernization Initiative Estimated Timeline

Nov 2016 - Dec 2017
Feasibility Study

Feb 2018 - Aug 2018
Develop and
Publish RFP

Mar 2017 - Aug 2017
Business
Process
Mapping

Jan 2018 - Apr 2018
RFP Level Business and
Technical Requirements
Gathering

Aug 2019 - Dec 2019
Vendor Contract Negotiations
and Pre-Award

Sep 2018 - Aug 2019
Vendor Solicitation,
Evaluation, and Selection

Jan 2020
Phase 1
Implementation
Starts

1/1/2017

11/29/2016

1/1/2018

1/1/2019

1/1/2020

1/1/2021

April 2017
We Are Here

Dec 2017 - May 2018
Stage Gate 2
Preparations

Jun 2018 - Dec 2019
Stage Gate 3
Preparations

Jul 2017 - Nov 2017
Stage Gate 1
Preparations

Our First Step: Complete a Feasibility Study
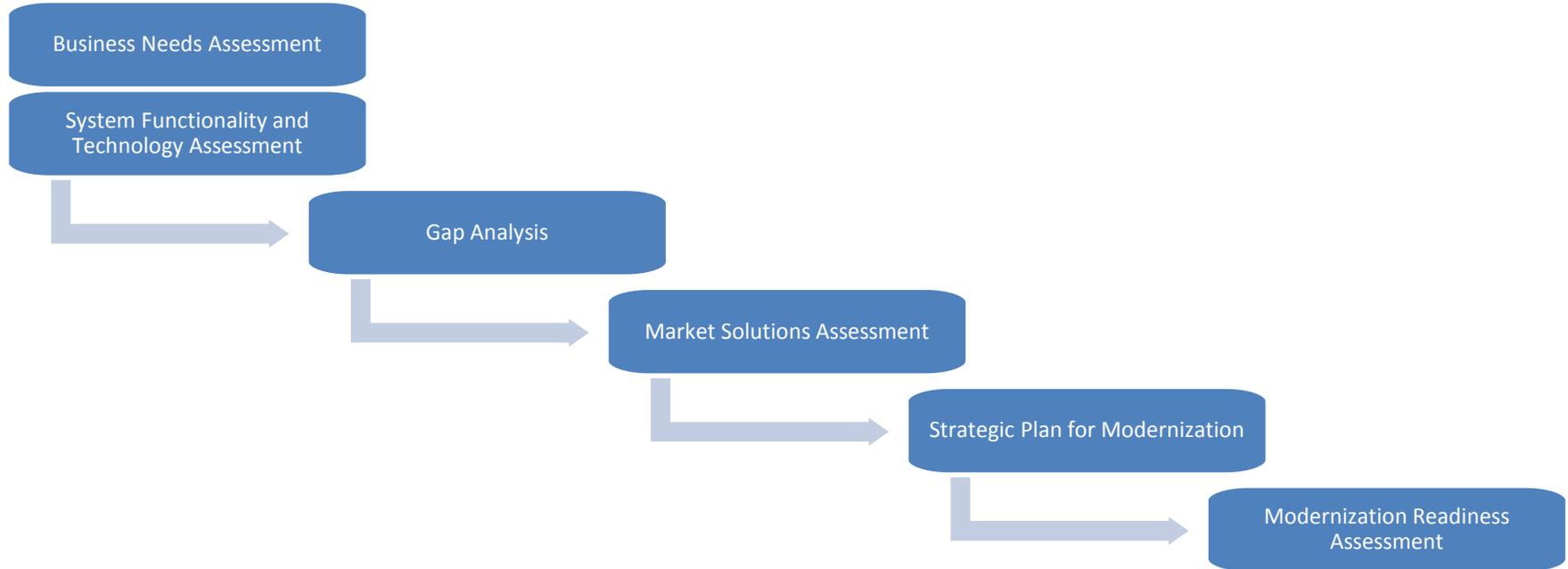
Goals:

- Create strategic plan for modernization, identifying and incorporating department business needs

- Perform readiness assessment to identify our level of preparedness to initiate the project detailed in the modernization strategic plan relating to people, processes, data, and technology

Approach:

- Conduct series of assessments, that build upon each other, to provide information needed to inform the modernization strategic plan

Feasibility Study Approach

Business Needs Assessment

System Functionality and Technology Assessment

Gap Analysis

Market Solutions Assessment

Strategic Plan for Modernization

Modernization Readiness Assessment

Feasibility Study Status and Milestones

Schedule	☐ Ahead	☒ On Track	☐ Caution	☐ Danger
Cost	☐ Below	☒ On Track	☐ Caution	☐ Danger
Scope		☒ On Track	☐ Caution	☐ Danger
Project Health		☒ On Track	☐ Caution	☐ Danger

Milestone	% Complete	Due	Participants
Feasibility Study Kick-Off Meeting	100%	November 28, 2016	Core Team (Employment Department & Vendor Team), Steering Committee
Feasibility Initiation/Project Management 　　Detail Project Plan 　　Project Schedule	100%	February 10, 2017	Core Team, Steering Committee
Business Needs Assessment	100%	March 20, 2017	Core Team, Business Subject Matter Experts
System Functionality and Technology Assessment	50%	May 2, 2017	Core Team, IT Team
Gap Analysis	10%	June 2, 2017	Core Team
Market Solutions Review	0%	October 6, 2017	Core Team
Modernization Strategy Plan Creation	0%	November 17, 2017	Core Team, Steering Committee
Readiness Assessment	0%	December 15, 2017	Core Team, Steering Committee
Project Closeout	0%	December 29, 2017	Core Team, Employment Department Procurement

Modernization is a Multi-Biennia Effort

Biennium	Description	Total Limitation Requested	Actual + Projected Expenditures*	Unused Limitation
2015-17	Base budget	$ 986,633	$ 504,103	$ (482,530)
	Policy package 101	$ 3,046,026	$ 881,582	$ (2,164,444)
	Total	**$ 4,032,659**	**$ 1,385,685**	$ (2,646,974)

Biennium	Description	Total Limitation Requested	Actual + Projected Expenditures*	Unused Limitation
2017-19	Base budget	$ 419,972	$ 688,847	$ 268,875
	Policy package 101	$ 6,603,602	$ 4,682,314	$ (1,921,288)
	Total	**$ 7,023,574**	**$ 5,371,161**	$ (1,652,413)

Biennium	Description	Total Limitation Requested	Actual + Projected Expenditures*	Unused Limitation
2019-21	Base budget	$ TBD	$	$
	Policy package xxx	$ TBD	$	$
	Total	**$ TBD**	**$**	$

Biennium	Description	Total Limitation Requested	Actual + Projected Expenditures*	Unused Limitation
2021-23	Base budget	$ TBD	$	$
	Policy package xxx	$ TBD	$	$
	Total	**$ TBD**	**$**	$

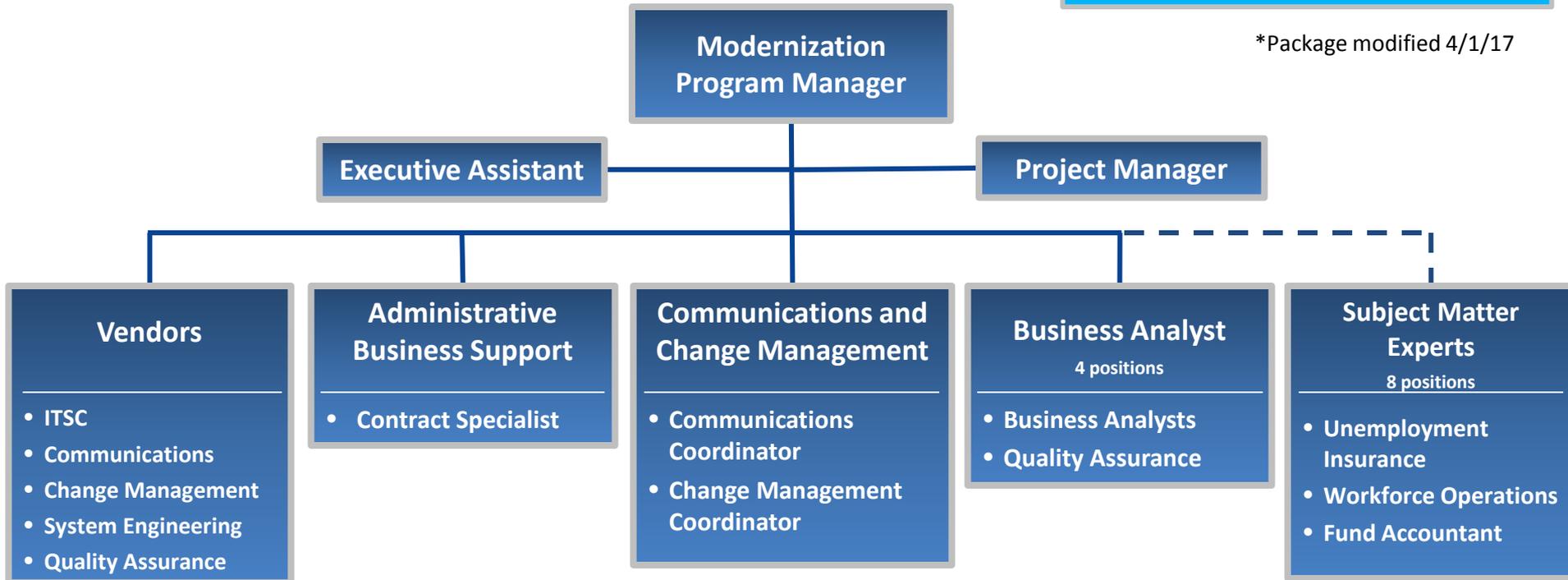| Description	Total Limitation Requested	Actual + Projected Expenditures*	Unused Limitation
Cumulative Base Budget	$ 1,406,605	$ 1,192,950	$ (213,655)
Cumulative Policy Packages	$ 9,649,628	$ 5,563,896	$ (4,085,732)
Total through 2017-19	**$ 11,056,233**	**$ 6,756,846**	**$ (4,299,387)**

*Projection as of 4/1/17
Actuals through 1/31/17

2017-19 Modernization Package*

Positions: 18
Full-Time Equivalents: 13.95

*Package modified 4/1/17

Modernization Program Manager

Executive Assistant

Project Manager

Vendors

- ITSC
- Communications
- Change Management
- System Engineering
- Quality Assurance

Administrative Business Support

- Contract Specialist

Communications and Change Management

- Communications Coordinator
- Change Management Coordinator

Business Analyst

4 positions

- Business Analysts
- Quality Assurance

Subject Matter Experts

8 positions

- Unemployment Insurance
- Workforce Operations
- Fund Accountant

Modernization Initiative 2017-19 Policy Package

2017	2018	2019

February 1	June 30	February 1	June 30	February 1	June 30
Program Manager	Project Mgr (employee)	Contract Specialist		Quality Assur Analyst	
3 Business Analysts	Executive Assistant	7 Subject Matter Experts			
Subject Matter Expert	Change Mgmt Specialist	Training (vendor)			
Project Mgr (vendor)	Communications Coord	Sys Engineer (vendor)			
ITSC (vendor)	Change Mgmt (vendor)	Quality Assur (vendor)			
	Communications (vendor)				

| | + $0.6 million
+ 4 pos/1.19 FTE | + $1.5 million
+ 8 pos/3.00 FTE | + $0.9 million
+ 0 pos/3.07 FTE | + $1.3 million
+ 1 pos/4.60 FTE | + $0.9 million
+ 0 pos/3.28 FTE |
| = $0.3 million
= 5 pos/0.22 FTE | = $0.9 million
= 9 pos/1.41 FTE | = $1.5 million
= 17 pos/3.00 FTE | = $2.4 million
= 17 pos/6.07 FTE | = $3.7 million
= 18 pos/10.67 FTE | = $4.7 million
= 18 pos/ 13.95 FTE |

Feasibility Study	Data Mapping / Data Management / Data Cleaning

Stage Gate 1 Prep	Stage Gate 2 Prep	Stage Gate 3 Preparation

Request for Proposal	Vendor Selection and Contracting

Key Performance Measures and Outcomes

Graham Slater, Deputy Director
Gary Tyler, Office of Administrative Hearings

Key Performance Measures and Outcomes for 2016

KPM #1 Entered Employment: Percentage of job seekers who got a job with a new employer after registering with the Employment Department. Target: 57%, Actual: 61%

KPM #2 Employment Retention: Percentage of job seekers who were in employment two quarters after registering with the Employment Department. Target: 80%, Actual: 83%

KPM #3 Cost Per Placement: Total cost of Workforce Operations program divided by the total number of job seekers entered into employment after receiving services. Target: $200, Actual: $400

KPM #4 First Payment Timeliness: Percentage of initial unemployment insurance payments made within 21 days of eligibility. Target: 87%, Actual: 87%

KPM # 5 Non-Monetary Determinations Timeliness: Percentage of claims that are adjudicated within 21 days of issue detection. Target: 80%, Actual: 46%

Key Performance Measures and Outcomes for 2016

KPM #6 Cost Per Claim: Total cost of unemployment insurance programs divided by the total number of initial claims for unemployment insurance benefits filed. Target: $160, Actual: $242

KPM #11 Higher Authority Appeals Timeliness: Percentage of cases requesting an appeal that receive a decision within 45 days of the date of request. Target: 75%, Actual: 91%

KPM #12 Timeliness of New Status Determinations: Percentage of new status determinations completed within 90 days of the end of the liable quarter. Target: 80%, Actual: 75%

KPM #13 Customer Service: Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent." Target: 95.5%

Overall: Actual: 79%		Accuracy: Actual: 75%
Expertise: Actual: 80%		Helpfulness: Actual: 81%
Timeliness: Actual: 76%		Available Information: Actual: 78%

Proposed Changes

Replace Measure

OLD

KPM #1 Entered Employment: Percentage of job seekers who got a job with a new employer after registering with the Employment Department. Target: 57%, Actual: 61%

NEW

KPM #1 Entered Employment 2nd Quarter: Percentage of adult program participants who are in unsubsidized employment during the second quarter after exiting the program. Target: 63%

Calculation: (Participants employed in Program Year quarter 2 after exit divided by total participant exits) * 100

Reason for Change: Align measures with federal Workforce Innovation and Opportunity Act (WIOA) performance measures and targets. Definition and targets determined by U.S. Department of Labor

Proposed Changes

Replace Measure

OLD

    KPM #2 Employment Retention: Percentage of job seekers who were in employment two quarters after registering with the Employment Department. Target: 80%, Actual: 83%

NEW

    KPM #2 Entered Employment 4th Quarter: Percentage of adult program participants who are in unsubsidized employment during the fourth quarter after exiting the program. Target: 62%

    Calculation: (Participants employed in Program Year quarter 4 after exit divided by total participant exits) * 100

    Reason for Change: Align measures with federal Workforce Innovation and Opportunity Act (WIOA) performance measures and targets. Calculation and targets determined by U.S. Department of Labor

Proposed Changes

Replace Measure

OLD

KPM #6 Cost Per Claim: Total cost of unemployment insurance programs divided by the total number of initial claims for unemployment insurance benefits filed. Target: $160, Actual: $242

NEW

KPM #6 Unemployment Insurance Administrative Costs as a Percent of Benefits Paid: Total controllable administrative costs as a percentage of benefits paid to unemployed workers. Target: 10%

Calculation: (Total controllable administrative cost of Unemployment Insurance programs divided by total benefits paid) * 100

Reason for Change: Improved measure of efficiency to provide unemployment insurance benefits

Proposed Changes

New Measure

KPM #14 Foundational Survey Response Rate: Response rate for economic statistics surveys that support the Research Division's goal of providing accurate, relevant, timely, and unbiased information. Target: 73%, Actual: 87%

Calculation: Ordinary (non-weighted) arithmetic mean of four annual business survey response rates: (1) OES employment; (2) OES units; (3) ARS employment; (4) ARS units

Reason for New Measure: Request from Joint Committee on Ways and Means (2015). Average response rates from Research Division's foundational surveys: Occupational Employment Statistics (OES) and Quarterly Census of Employment and Wages Annual Refiling Survey (ARS)

Office of Administrative Hearings

Key Performance Measures and Outcomes for 2016

KPM #7 Unemployment Insurance Appeals Timeliness: Percentage of cases requesting a hearing that are heard or are otherwise resolved within 30 days of the date of request. Target: 60%, Actual: 72%

KPM #8 Non-Unemployment Insurance Appeals Timeliness: Percentage of orders issued within the standards established by the user agencies. Target: 93%, Actual: 96%

KPM #9 Average Days to Issue an Order: Average number of days to issue an order following the close of record. Target: 6.6 days, Actual: 4.10 days

KPM #10 Cost Per Referral to OAH: Total cost of OAH programs divided by the total number of referrals. Target: $467, Actual: $500

Proposed Changes

Revise Measure

OLD

KPM #10 Cost Per Referral to OAH: Total cost of OAH programs divided by the total number of referrals. Target: $467, Actual: $500

NEW

KPM #10 Cost per Referral to OAH: Measures average cost of hearing referral to the Office of Administrative Hearings. New target: $524

Proposed Calculation: (Total Budgeted OAH costs in Legislatively Approved Budget divided by projected number of referrals). Re-calculated each biennium

Reason for Change: Align target by indexing to Office of Administrative Hearings estimated budgeted expenditures as determined during the Legislatively Approved Budget development process and projected referral mix for the biennium

Thank You