Analysis

Employment Department

Information Systems Modernization Report

Analyst: Michelle Deister

Request: Acknowledge receipt of a report by the Oregon Employment Department on the status of its efforts to modernize agency Information Systems, as requested by the Transportation and Economic Development Subcommittee of Ways and Means during the 2017 Legislative Session.

Analysis: During the 2015-17 biennium, the Employment Department began to analyze its information systems needs and took the first tentative steps toward system replacement. The department refers to the project as "modernization" and the effort will encompass multiple biennia. The source of funding for the project is from $85.6 million in Unemployment Insurance Funds distributed by the U.S. Department of Labor to the Oregon Employment Department in 2009. At the time, the Employment Department realized that its data systems were aging, fragile, unwieldly, insecure, obsolete, and would soon be insupportable. As such, the Department identified these funds as a source of support to remedy the situation and thus refers to this distribution as "UI Modernization Funds" or "Modernization Funding".

For 2015-17, the Legislature approved a policy option package granting $3 million in Other Funds expenditure limitation, of which $0.9 million was utilized. For the 2017-19 biennium, a policy option package consisting of $6.6 million and 18 positions (13.95 FTE) was approved, coupled with base budget expenditures of $419,972. One position and $2,796,000 Other Funds limitation were unscheduled, pending a status report on modernization initiative progress and favorable recommendations from the State CIO and the Legislative Fiscal Office during the 2018 session. As of this writing, approximately 77% of this limitation is anticipated to be utilized by June 30, 2019. By the close of the 2017-19 biennium, the Employment Department expects to have a balance of $78.3 million remaining for the project. Total project costs will not be known for some time yet, as the project is still in the early phases.

The Employment Department has been working with stakeholders and professional consultants to complete a project feasibility study. The feasibility study identifies: the current state of the Department's systems, desired improvements, and high-level business and functional requirements; a gap analysis; market research and analysis of alternative solutions; a strategic plan outlining timelines, milestones, costs, and risks; and an assessment of readiness to proceed. This effort was jointly approved by the Office of the State CIO and the Legislative Fiscal Office (Stage Gate I) on January 23. The Joint Legislative Committee on Information Management and Technology will be receiving a written status report at its meeting for February 16, 2017, and the position authority and unscheduled limitation can be released administratively.

The Employment Department has now begun the process of developing foundational project management and planning documents for individual projects within the overall modernization project, culminating in the development and publication of a request for proposals (Stage Gate II). The implementation phase of the project is not expected before the year 2020.

Recommendation: The Legislative Fiscal Office recommends acknowledging receipt of the report.