

## SUMMARY

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The State of Michigan's Department of Licensing and Regulatory Affairs (LARA), Unemployment Insurance Agency (UIA) has embarked on a multi-year System Integration Project to complete a comprehensive and complex rewrite of Michigan's current Unemployment Insurance (UI) systems. Due to the challenges UIA faces in administering a complex program with constraints and limitations imposed by the mix of legacy systems, a modernized, integrated system will provide real-time data sharing across functions, increase productivity, enhance customer service and ease of use, and provide flexibility in complying with changing federal mandates and other requirements. The back-bone of Michigan's UIA systems is a 25 year old Cobol-based mainframe system. The Unemployment Insurance Agency provides critical, bi-weekly, economic support for Michigan workers and their families, many of whom rely exclusively on their unemployment compensation for daily living expenses.

The UIA –Integrated System (UIA-IS) project will replace the legacy system and all the ancillary applications used by UIA to deliver customer service to Michigan businesses and citizens on a daily basis. Through a competitive Request for Proposal (RFP) procurement process, the State selected FAST Enterprises to configure and implement their GenTax commercial-off-the-shelf (COTS) application to complete the UIA\_IS project. The COTS solution will replace the tax and benefits mainframe system. The design, development and implementation (DDI) project started on August 29, 2011 and will run for three (3) years. The current schedule shows the Tax component of the system will be installed in August 2012 and the Benefits component installed in September 2013. The fully integrated Unemployment System (UI) will then enter a one-year warranty period, followed by up to seven (7) years of maintenance and support.

To achieve these objectives, UIA and its state partner agency, the Department of Technology, Management and Budget (DTMB) contracted with CSG to provide full-time, on-site Project Management to oversee a comprehensive and complex rewrite of Michigan's current Unemployment Insurance Systems and to function as the overall Project Control Office (PCO) over the following projects:

- UIA Integrated System (Rewrite)
- Compliance with House Bill 4408 - Benefit Payment Control (BPC) Detection and Collection Process Improvements
- Interactive Voice Response (IVR) System Replacement
- Integrity Initiative (Fraud Detection Software)

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## STATUS

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### **UIA Integrated System (Rewrite)**

The UIA Integrated System Project is currently on schedule for the Tax (Phase 1) application to be implemented in August 2012; and the Benefits application (Phase 2) to be implemented in August 2013. The project has completed the Definition/Design, Configuration, and Test stages, and is currently in the System/End-to-End testing stage for Tax. All previously Tax related requirements and rules for the agency were utilized as a baseline for discussions through definition, design and configuration sessions. All documented twelve (12) functional areas (i.e. Employer Registration, Appeal, Transactions, etc.) definitions and related tasks are completed.

All project hardware and infrastructure has been procured and installed into the State Data Centers. The Commercial-Off-The-Shelf software (COTS) solution from the vendor (FAST) has been loaded into appropriate pre-production environments and is being utilized for System, End-to-End and Performance testing. All data from the Mainframe Legacy System has been run through conversion programs and is being cleansed and readied for loading into the Staging and Production environments.

The cut-over plan has been developed and the project team is preparing for go-live. This project (Phase 1) is approximately 86% complete.

### **House Bill 4408 - Benefit Payment Control (BPC) Detection and Collection Process Improvements**

# QUARTERLY REPORT – UIA INTEGRATED SYSTEM PROJECT

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UIA contracted with On Point Technologies to implement their COTS recover collections software solution. The project started in May 2011 and was implemented into production in September 2011. UIA has implemented detection and collection process improvements and has shown marked increases in collection when reviewing year-over-year for the past two years. This project is 100% complete and in maintenance and support.

Additionally, The PCO (CSG Government Solutions) provided an evaluation of BPC processes and completed a report of recommendations for improvements based on best practices and additional state research. These recommendations are being incorporated into the UIA Integrated System project where applicable.

## **Interactive Voice Response (IVR) System Replacement**

The Interactive Voice Response (IVR) project is occurring in two phases. The first phase is an upgrade of the existing call center hardware. This project phase is now 100% complete, with UIA and DTMB having replaced the MARVIN and Telephone Filed Claims (TFC) hardware systems from May-July 2012.

The second phase is for the call center and IVR software platforms to be upgraded. Along with the software upgrade vendor (Genesys), the project has completed the Discovery stage, having received approval for the Business Requirements Document (BRD) and the Technical System Design (TSD) deliverables in June 2012.

Phase 2 of the project – now 40% complete - is moving into the Configuration and Implementation stages, with a scheduled completion of February 2013..

## **Integrity Initiative (Enterprise Fraud Detection Software)**

The purpose of this project is to implement a Commercial off the Shelf Software (COTS) solution able to provide fraud detection based on State and Federal guidelines. The goals are to; reduce the percentage of UI and public assistance benefits paid due to fraud, identify and report fraud characteristics by individuals or groups based on information derived from multiple sources, and recognize patterns in data that reveal organized attempts to defraud the unemployment and public assistance systems.

In December 2011 UIA hosted “spotlight” sessions whereby six vendors provided demonstrations of their systems. The RFP was released in February 2012. Four bidders responded to the RFP. Following oral presentations, vendor proposals and final pricing were reviewed and scored by joint evaluation committee (JEC) members from DTMB, DCH, DHS and UIA in May. The JEC made its vendor recommendation in June which is scheduled to be reviewed by the State Administrative Board (SAB) in an upcoming SAB session. The original project start date of June 1, 2012 will need to be adjusted to September or October 2012. The timing of each agency’s implementation is being reviewed. It is anticipated that DCH (Medicaid) will implement first, followed by DHS (Food Assistance Program) and then UIA, all over a 24 month period.

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## **BUDGET**

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Total Project Budget - \$67,606,701

Expenditures to Date – \$11,168,804