SUMMARY

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)

STATUS

UIA Integrated System (Rewrite)

The UIA Integrated system project is currently on schedule with the Tax system scheduled for August 2012; Benefits Stage 2, August 2013. The project is in the first scheduled phase of Definition and Design for Tax. All previously Tax related requirements and rules for the agency are utilized as a baseline for discussions through definition and design sessions. All documented twelve (12) functional areas (i.e. Employer Registration, Appeal, Transactions, etc.) definitions and related tasks are in progress and on schedule.

The majority of the project hardware infrastructure has been procured or is in process. The Commercial off the Shelf Software (COTS) solution from the vendor (FAST) has been loaded into appropriate pre-production environments and is being demonstrated as a mechanism to discuss UIA Tax requirements and rules through the course of the first phase of Definition and Design.

This project (Stage 1) is approximately 35% complete.

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

UIA contracted with On Point Technologies to implement their COTS recover collections software solution. The project started in May 2011 and was implemented in September 2011. UIA has processed detection and collection process improvement 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.

Interactive Voice Response (IVR) System Replacement

The Interactive Voice Response (IVR) is occurring in two stages. The first stage is an upgrade of the existing call center hardware. This project is on schedule with a target of late February 2012 for completion of MARVIN hardware, and May 2012 for TFC (Telephone Filed Claims). This project is approximately 65% complete.

The second stage is for the call center and IVR software platform. Along with Genesys (vendor), the project is in the first scheduled phase of Discovery resulting in a Business Requirements (BRD) deliverable, and is moving into the second phase of Design, scheduled for completion in March 2012.

Integrity Initiative (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. Fraud detection will first be implemented by UIA with DHS (Food Assistance Program) to follow. DCH and Workers Compensation agencies are also participants in the RFP process for future use of the system. An RFP is in development and scheduled to be released by the end of February 2012.

BUDGET

Total Project Budget - $67,606,701

Expenditures to Date – $14,230,415