

QUARTERLY REPORT – JULY 2013

UIA INTEGRATED SYSTEM PROJECTS

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. 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 UIA 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 25+ year old legacy mainframe system and all the various ancillary applications used by UIA to deliver customer service to Michigan businesses and citizens. 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. This COTS solution – referred to as Michigan Integrated Data Automated System (MiDAS) - will replace the current tax and benefits mainframe system. The design, development and implementation project started on August 29, 2011 and will run for three (3) years. The Tax System component was successfully implemented into Production on August 13, 2012. The Benefits component is on-schedule to be 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 Government Solutions (CSG) to provide full-time, on-site Project Management to oversee this comprehensive and complex project, and to function as the overall Project Control Office (PCO) over the following projects:

- UIA MiDAS Project
- HB4408 - compliance with House Bill 4408, Benefit Payment Control (BPC) Detection and Collection Process Improvements
- Integrity Initiative – Enterprise Fraud Detection System (EFDS)
- Interactive Voice Response (IVR) Systems Replacement and Software Upgrades
- UIA Call Center Study

STATUS

UIA Michigan Integrated Data Automated System (MiDAS)

The UIA MiDAS met its schedule and implemented the Phase I - Tax application on August 13th, 2012. This phase of the project was completed on-scope, on-schedule and on-budget.

The MiDAS application has been operating successfully in Production for over ten (10) months, with minor issues. Some 987 UIA requirements and 3,658 rules were incorporated into the MiDAS Tax application. The Employer facing component – Michigan Web Account Manager (MiWAM) – now has over 62,023 Employers utilizing the on-line application. This is an increase of 8,775 Employers since the last report.

The Benefits application (Phase II of the project) completed planning and overview sessions late last year, and is completing the Design/Definition stage. An additional 571 Requirements and 3,321 Rules have been reviewed and discussed as the project moves through the Benefit functionality. The project entered into the System Testing stage in mid-June, and will continue extensive testing through mid-August. The project is also developing and testing the various internal and external interfaces, as well as developing all dashboard and reports. Benefit conversion and data purification activities continue.

In January 2013, the project successfully upgraded the Tax production environment from client/server to web-based. This maintenance and support upgrade from the COTS vendor is providing enhanced functionality and a robust user interface.

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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 into Production in September 2011. UIA has also implemented detection/collection process improvements and has shown a 33% increase in collections (\$27.3M for 2010 vs. \$35.3M for 2012) when compared year-over-year for the past two years. This project is 100% complete and in maintenance and support.

Additionally, CSG Government Solutions – which manages the Project Control Office (PCO) 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 MiDAS and EFDS projects as applicable.

Interactive Voice Response (IVR) System Replacement and Upgrades

The Interactive Voice Response (IVR) project is occurring in two phases. The first phase was an upgrade of the existing call center hardware and is now 100% complete, with UIA and DTMB having replaced the MARVIN and Telephone Filed Claims (TFC) hardware systems in July 2012. The old hardware and telecomm lines have been decommissioned.

The second phase is for the call center and IVR software platforms to be upgraded. Working with Genesys (TFC) and Centurion (MARVIN), the upgrade vendors, the project completed the Discovery, Business Requirements and Technical Design phases in the May – August 2012 time frame. Due to UIA program changes and MiDAS project implementation decisions, both the TFC and MARVIN Business Requirements and Technical Designs were reviewed again and updated in January – February 2013.

An independent study of the overall existing call center telephone Public Branch Exchange (PBX) and Auto Call Distribution (ACD) architecture has concluded, and a report was provided to the State. Much of the existing PBX/ACD equipment is antiquated and, as such, short term solutions are being implemented to allow the interface of the existing PBX/ACD phone equipment to the TFC & MARVIN upgraded IVR systems.

The project is midway through the Build stage, and starting System Testing. The project is slightly behind schedule, but has mitigation strategies developed and buffer time in the schedule so as to not affect the MiDAS go-live.

Integrity Initiative - Enterprise Fraud Detection System (EFDS) Project

In late 2011 through much of 2012, the UIA – in cooperation with and support from DTMB, the Department of Human Services (DHS) and the Department of Community Health (DCH) - moved through a procurement process to secure a design, development and implementation (DDI) vendor to provide the State with a Fraud Detection software application.

In December 2012, the State Administration Board (Ad Board) approved the recommendation of the Joint Evaluation Committee (JEC) and awarded a contract to SAS.

The EFDS project will implement a commercial-off-the-shelf (COTS) software solution 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.

The project started in January 2013, and is working with the DHS Food Assistance Program (FAP) to be the 1st implementation, scheduled for the August-September 2013 time frame. The project has completed the Initiation and Planning stage, and is completing the installation of the hardware/software server environments, and beginning the Design/Development stage. The project is on schedule at this time. The implementation of the UIA fraud detection components is scheduled to start in the 4th quarter of 2013.

APPROVED BUDGET (as of June 30, 2013)

Total MiDAS Project Budget = \$ 69,427,524

Expenditures to Date = \$ 30,749,022