



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: February 4, 2014
Subject: Grant/Position Requests

Enclosed please find four (4) items that the Joint Fiscal Office has received from the administration. Eight (8) limited service positions are associated with these items.

JFO #2664 – \$7,521,488 grant from the U.S. Department of Labor to the Vermont Department of Labor. These funds will be used to develop a new unemployment insurance IT system and enhance efforts to prevent and detect improper unemployment insurance payments. This project is a collaboration with Maryland and West Virginia. The grant amount represents Vermont's share of the total \$82.8 million grant for the project. **Eight (8) limited service positions** are associated with this request.
[JFO received 01/27/14]

JFO #2665 – \$26,360 grant from the Vermont Community Foundation to the Vermont Agency of Agriculture, Food and Markets. These funds will support work on a five-year Farm-to-School strategic and action plan. Funds will also be used to conduct a survey intended to enhance the understanding of producer needs and capabilities related to participation in Farm-to-School and Farm-to Institution programs.
[JFO received 02/03/14]

JFO #2666 – \$180,530 donation from the estate of George Cunavelis to the Vermont Veterans Memorial Cemetery. These funds will be used to support programs and infrastructure enhancements at the cemetery in Randolph, Vermont.
[JFO received 02/03/14]

JFO #2667 – Acquire 36 acres from Dale Merrett in exchange for 28 acres owned by the Department of Fish & Wildlife (DFW). This item is a property exchange between the state and Mr. Merrett. It has been submitted for JFO approval under the assumption that receiving the 36 acres from Mr. Merrett constitutes acceptance of a "thing of value" under 32 V.S.A. § 5, despite the fact that the State's net gain (excluding ecological value) from the exchange is expected to be minimal.
[JFO received 02/03/14]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by February 18 we will assume that you agree to consider as final the Governor's acceptance of these requests.

State of Vermont
 Department of Finance & Management
 109 State Street, Pavilion Building
 Montpelier, VT 05620-0401

[phone] 802-828-2376
 [fax] 802-828-2428

Agency of Administration

JFO 2664

STATE OF VERMONT FINANCE & MANAGEMENT GRANT REVIEW FORM

Grant Summary:		The VDOL was awarded a \$7.5M grant from the USDOL to support the development of a new Unemployment Insurance IT system. This grant will fund eight limited service positions for two years. The limited service employees will support activities related to the the enhancement of the State's UI IT infrastructure.			
Date:		1/10/2014			
Department:		Vermont Department of Labor			
Legal Title of Grant:		FY 2013 State Administration SBR Funding (UI Program Integrity and Performance System Improvement Grant)			
Federal Catalog #:		92.103			
Grant/Donor Name and Address:		United States Department of Labor			
Grant Period:		From:	To:		
		10/1/2013	9/30/2015		
Grant/Donation					
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$2,820,558	\$3,760,744	\$940,186	\$7,521,488	
Position Information:		# Positions	Explanation/Comments		
		8	Eight limited service positions are required to fulfill the requirements of the UI infrastructure grant. These positions will expire on 9/30/2015. VDOL has the space and equipment available for these employees.		
Additional Comments:					
Department of Finance & Management				<i>1/14/14</i>	(Initial)
Secretary of Administration				<i>1/16/14</i>	(Initial)
Sent To Joint Fiscal Office				<i>1/21/14</i>	Date

RECEIVED
 JAN 27 2014
JOINT FISCAL OFFICE



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1/11/2014

STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION					
1. Agency:					
2. Department:		Department of Labor			
3. Program:		Unemployment Insurance			
4. Legal Title of Grant:		FY 2013 State Administration SBR Funding (UI Program Intergrity & Performance & System Imporvement Grant)			
5. Federal Catalog #:		92013			
6. Grant/Donor Name and Address: United States Department of Labor					
7. Grant Period:		From: 10/1/2013	To: 9/30/2015		
8. Purpose of Grant: The Vermont Department of Labor in collaboration with Maryland and West Virginia was awarded a \$82,772,460 US DOL grant to support the development of a new UI IT system. Out of the total VT DOL will have access to \$7,521,488. These positions will support activities related to the grant with the focus on prevention and detection of UI improper payments, the improvement of state performance and the development of an enhanced UI information Technology infrastructure system.					
9. Impact on existing program if grant is not Accepted: Without these positions we will not be able to implement this grant.					
10. BUDGET INFORMATION					
	SFY 1	SFY 2	SFY 3	Comments	
Expenditures:	FY 2014	FY 2015	FY 2016		
Personal Services	\$600,000	\$800,000	\$200,000		
Operating Expenses	\$2,220,558	\$2,960,744	\$740,186		
Grants	\$	\$	\$		
Total	\$2,820,558	\$3,760,744	\$940,186		
Revenues:					
State Funds:	\$	\$	\$		
Cash	\$	\$	\$		
In-Kind	\$	\$	\$		
Federal Funds:	\$	\$	\$		
(Direct Costs)	\$	\$	\$		
(Statewide Indirect)	\$	\$	\$		
(Departmental Indirect)	\$	\$	\$		
Other Funds:	\$	\$	\$		
Grant (source US DOL)	\$2,820,558	\$3,760,744	\$940,186		
Total	\$	\$	\$		
Appropriation No:	04100 22005		Amount:	\$7,521,488	
				\$	
				\$	
				\$	
				\$	

			\$
			\$
			\$
		Total	\$

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: _____ Agreed by: _____ (initial)

12. Limited Service Position Information:	# Positions	Title
	4	Program Integrity Specialist I
	2	Employer Services Specialist I
	1	Systems Developer III
	1	Administrative Assistant B
Total Positions	8	

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.

13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

Signature: *Alice M. Vanden* Date: *12/17/13*
 Title: *Commissioner, VT Dept of Labor*
 Signature: _____ Date: _____
 Title: _____

14. SECRETARY OF ADMINISTRATION

Approved: _____ (Secretary or designee signature) Date: *1/16/14*

15. ACTION BY GOVERNOR

Check One Box: Accepted _____ (Governor's signature) Date: *1/16/14*
 Rejected

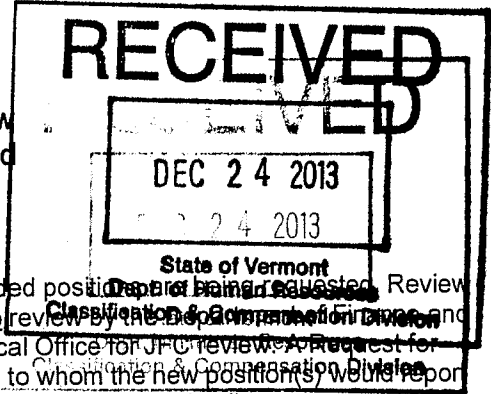
16. DOCUMENTATION REQUIRED

Required GRANT Documentation

- | | |
|---|---|
| <input type="checkbox"/> Request Memo | <input type="checkbox"/> Notice of Donation (if any) |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input type="checkbox"/> Notice of Award | <input type="checkbox"/> Request for Extension (if applicable) |
| <input type="checkbox"/> Grant Agreement | <input type="checkbox"/> Form AA-1PN attached (if applicable) |
| <input type="checkbox"/> Grant Budget | |

End Form AA-1

**STATE OF VERMONT
Joint Fiscal Committee Review
Limited Service - Grant Funded
Position Request Form**



This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: Vermont Department of Labor Date: 10/25/13

Name and Phone (of the person completing this request): Tracy M. Phillips, UI & Wages Director

Request is for:

- Positions funded and attached to a new grant.
- Positions funded and attached to an existing grant approved by JFO # _____

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

U.S. Department of Labor, Employment and Training Administration - UI Program Integrity & Performance & Systems Improvements Grants \$7,521,488

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

Title* of Position(s) Requested	# of Positions	Division/Program	Grant Funding Period/Anticipated End Date
Program Integrity Specialist I;	4;	Vermont Department of Labor, UI & Wages Division;	10/01/13-09/30/15
Employer Services Specialist I;	2;	Vermont Department of Labor, UI & Wages Division;	10/01/13-09/30/15
System Developer III;	1;	Vermont Department of Labor, UI & Wages Division;	10/01/13-09/30/15
Administrative Assistant B;	1;	Vermont Department of Labor, UI & Wages Division;	10/01/13-09/30/15

*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

The Vermont Department of Labor in collaboration with Maryland and West Virginia was awarded a \$82,772,460 USDOL grant to support the development of a new UI IT system. The positions noted above will support activities related to grant with a focus on prevention and detection of UI improper benefit payments, improvement of state performance, and the development of an enhanced of UI Information Technology infrastructure system.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

James M. Vorken 10/28/13
Signature of Agency or Department Head Date

Mary Paul 12.24.13
Approved/Denied by Department of Human Resources Date

[Signature] 1/14/14
Approved/Denied by Finance and Management Date

[Signature] 1/16/14
Approved/Denied by Secretary of Administration Date

Comments:

Bridget Kobuszewski
11/10/2014

DEC 27 2013

2013 Supplemental Budget Request (SBR) Application

1. Name of the Project: VMW System Build

The VMW project represents a consortium of Vermont, Maryland, and West Virginia, with each State requiring a new, integrated, and common benefits, appeals, and tax system. **Maryland** will be the lead state, known heretofore as the Procuring State.

2. Amount of Funding Request for this project: **\$82,771,460.00**

3. State Contact: Vermont

Tracy Phillips
Director, UI & Wages Division
5 Green Mountain Drive
Montpelier, VT 05601

Maryland

David McGlone
Acting Assistant Secretary for Unemployment Insurance
1100 N Eutaw Street, Room 508
Baltimore, MD 21201

West Virginia

Beth Nogay Carenbauer
Acting Director, Unemployment Compensation Division
WorkForce West Virginia
112 California Avenue
Charleston, WV 25305

4. **Project Description:** Design, build, and implement an integrated, common Unemployment Insurance VMW Benefits, Appeals and Tax system. VMW member states will commit resources and their full support for an estimated four year system development and implementation phase. The project will also generate plans and mechanisms for the ongoing maintenance and support of the joint, common VMW system after implementation. Full funding of this proposal will enable adherence to the following project timeline:

5. Project Timeline:

Dates	Activities	Deliverables
October 2013	Update MOU as needed Development of the refined project management plan. Begin work on procurements (Build Vendor	<ul style="list-style-type: none">• Signed MOU• Project Management Plan

	RFP, PMO vendor and Legal Assistance)	
Sep – Jan 2014	Develop RFP(s).	<ul style="list-style-type: none"> • RFP(s)
Jan - July 2014	Issue RFP(s), evaluate responses, and select vendors.	<ul style="list-style-type: none"> • Contract with Design, Development & Implementation, and Support vendor(s).
July 2014 – Sep 2014	Contract negotiation	<ul style="list-style-type: none"> • Signed contract with Development vendor
Sep 2014 – Dec 2017	Development of a joint, integrated VMW Benefits, Tax and Appeals System.	<ul style="list-style-type: none"> • Joint, Integrated VMW Benefits, Tax and Appeals System
Early 2018	States Deployment – Implementation	<ul style="list-style-type: none"> • Deployed system

6. Consortium Approach

The Consortium will continue with its Project Steering Committee (PSC) governance body from the prior phase. The Steering Committee will be responsible for all major decisions and address all critical issues in the project. The Steering Committee will elevate any unresolved significant issues to each State's Agency Lead, or designee, to work collaboratively to resolve. The Steering Committee will proactively outreach, as appropriate, to all external stakeholders (e.g., Governor's Representatives, State CIO, State AG, State Procurement, etc.) to ensure the success of the project.

VMW will continue and expand its prior phase Project Management Office (PMO) to manage, oversee, and guide the VMW Common Benefit, Appeals and Tax Systems project on a daily basis. The framework for the PMO will be based upon governance structures used by other Consortia. The vendor led PMO will report to the Consortium Steering Committee. The Consortium PMO will be led by a dedicated, qualified Project Director (PD). PMO responsibilities will include management of the development vendor for adherence to timelines and deliverables, ensuring that the Consortium's objectives are understood by the development vendor, managing risks, and facilitating change management as needed.

Additionally, each state will have a dedicated Project Manager (PM), and a number of dedicated staff that will be established within this PMO to include Technical Lead, Functional Lead(s), QA Lead, and Administration Lead. The three consortium states will provide staff to fill these roles; Contractors will not fulfill these roles.

The PMO will have overall responsibility for the daily management of the VMW system development. The PMO will be governed by, and will report to, the Consortium Steering Committee on project status, for review and approval of all major project decisions, and issue resolution. The PD and PMs will work closely together, with an emphasis on addressing schedule and resource management issues as they arise.

The PMO will lead the procurement of the contractor(s) to support project activities, including the development of the Benefits, Tax and Appeals system (and Operational Support as needed)

RFP, the evaluation and award process, and the contract execution, management and oversight. The contractor(s) will work in accordance with the RFP and Contract Statement of Work, and will report to the Consortium PMO.

The Development contractor(s) will work with the states to transform the prior phase requirements into a design-ready set of requirements, finalize the overall architecture of a multi-tenant, common system, develop the common integrated system including code through final testing, and data migration. VMW will also engage in Organizational Change Management support.

Project Team Structure:

Providing the proper foundation for a project of this size is important in assuring the success of a project of this magnitude. Each state has already established the beginning of that foundation in the previous requirements definition project. The formation of a project steering committee, consisting of UI Directors from the three states, provided the past project the appropriate level of leadership and will remain in place during the design and development. The steering committee handles key project decisions, budget, contract, and scoping issues, and will be fully informed by the VMW Project Director and the respective state's Project Manager. As a result of understanding the capacity moving forward in the design and development phase, the steering committee has formed the following project governance structure. This structure will be updated when the Integrator/Development Contractor is acquired.

See Attached Organizational Chart

PMO (Project Management Office): The project management office will be built with members from all participating states, the ITSC, the Design and Development vendor, a Project Management vendor with a vendor qualified to represent the consortium in legal matters (and perhaps other staff acquired through outsourcing):

VMW Project Director: This role will be in charge of both the business and IT aspects of the project. Coordination of the overall project will be handled and managed by this individual. This person will be working closely with the development vendor to manage both the project master schedule and overall project budget. This individual will also be the main, but not only, liaison between the Project Steering Committee and the PMO. A full time merit staff employee of one of the three consortium states will fill this position.

State Project Manager: These persons will be the main point of contact for all state resources that are required for the project. They will be responsible to report on a weekly basis state specific tasks as well as budget information.

Change Management Office: This office will be formed to handle communication between the project members and all stakeholders of the project. This office will also handle the changes that will occur within each participating state in preparation of the new VMW system being implemented. They will handle management of the overall scope and any rule/law/process

changes that may occur from the original scope. This office will have members from all participating states.

Procurement Manager: This role will be filled by a state FTE from the project lead state. They will manage the efforts involved in development and selections for all RFPs involved with the project. They will also control the project specific purchases including but not limited to: hardware, software, facilities, and equipment.

Lead Architect: The project Lead Architect will oversee all Design and Development efforts within the VMW project. The Consortium states, working closely with the winning vendor, will establish guidance and standards to all technical related portions of the project. The architect will be charged with developing standards and frameworks that will be developed as part of the project. These standards will be followed by both the development vendor and the state assigned programmers. All design variations that alter or are contrary to the published standards will have to be approved by the Lead Architect.

Database Architect: The lead Database Architect, under the direction of the VMW IT Directors, will be in charge of two areas of the system. The first and main responsibility of the Database Architect will be to design and develop the to-be data models. This will include working with the Business Architect, and Application Development team to understand the different data elements and how they will be accessed throughout the system. The second responsibility will be to work with the state DBAs on conversion of their data from the old system. This will include with building out a data conversion plan, fixing data anomalies, and data synchronization. All data related issues will be driven by the Database Architect.

Lead Business Architect: The business architect, under the direction of the VMW IT directors, will be charged with managing and controlling all business requirements that are used to scope the system. The business architect will be the first point of contact on clarification as well as design considerations that will impact the original business use case definition. The business architect will work with all of the participating consortium states to manage the business requirements and work further on flushing out the business logic that will be used with the VMW system. The business architect will also have the entire testing effort under their control. They will assure that testing plans for the systems are defined and outlined for the participating states and test tools and cases are in place prior to the start of the first test phase.

7. Strategic Development and Deployment

Meeting the Requirements of UIPL 24-13

The three Consortium states confirm that the following measures were addressed in the requirements phase of the UI Modernization project, and that the consortium will be vigilant in ensuring the following requirements are met in a future deployed system:

- Data outputs that meet UI Required Reporting requirements as reference in ETA Handbook no. 401;
- UI Data Validation requirements as referenced in ETA Handbook No. 361;
- System interfaces with the Interstate Connection (ICON) network applications;
- System interfaces with the State Information Data Exchange System (SIDES);

- Comply with appropriate assurances as reference in ETA Handbook No. 336, Chapter VII, including the requirements for Contingency Planning and Automated Information Systems Security;
 - Comply with any data exchange standards as promulgated by the US Department of Labor to the extent applicable and feasible; and
 - Provide for the continued reporting of wage records, monthly employment, and all other factors required under the Quarterly Census of Employment and Wages (QECW) program.
- **The VMW states also affirm that each state has met the CORE requirements in this UIPL.**

As part of the Requirements Definition Phase, VMW conducted a build and implementation analysis. VMW assessed a spectrum of options ranging from in-house to complete outsourcing, and considered a number of key factors in determining its strategic development approach. Lessons learned in this process include:

- Trends and Results to date in UI IT Modernization Projects Nationwide – VMW is collaborating with ITSC understands that Nationwide Project data indicates that correctly chosen Integrator/Development Vendor (or Vendor Team) approach, with success-oriented UI domain system build experience is much more inclined to succeed than in-house, custom approaches.
- Consortium Build Capacity - Collective development infrastructure, understanding of multi-tenant architectures and designs, repeatable and success-oriented development methods and processes, and skills demonstrated on any project of similar scope
- Risk - To date, an Integrator/Development Vendor Framework-based, Transfer, and Hybrid approaches (Use of COTS with some custom components or framework-based components) are substantially the most success-oriented development approaches.
- Costs – VMW has worked with ITSC, and has considered costs data from UI IT Modernization projects across the nation.
- Schedule/Timeline - Integrator/Development Vendor Framework-based, Transfer, and Hybrid approaches experience typically much shorter timeframes than an in-house approach. Schedule is a significant concern related to a meaningful and relevant system being available for adaptation by other states as well.
- Strategic Operational Approach - An In-house approach conceptually positions a state to fully own support of the system without contractor dependence. However, this has not been empirically demonstrated in the UI domain to date as none of the in-house-based projects are complete. Further, even the successful UI IT Modernization States have had challenges supporting their own system. Either a very strong knowledge transfer process will be emphasized as part of the Development process whereby the Integrating/Development Vendor ensures Consortium support independence operations consistent with its Strategic Operational Approach *OR* VMW will outsource all support using Development competition to achieve fair and reasonable pricing, and construct a prudent exit strategy and/or mechanisms to prevent Operations and Support phase monopolistic Vendor behavior.
- Learn and Leverage from the WyCAN, SCUBI, and MRM Consortiums which are in the Development Phase

- Leverage Open Source products to the maximum extent feasible
- Promote the On-boarding of other states during Operations to fast track at a relatively low costs their modernization and lower overall operations costs for all participating states
- Plan for an evolutionary System maturation process during the operational phase

Based on the key factors above and others, VMW will issue an RFP to acquire the needed Vendor, or Vendor Team, expertise to successfully develop the VMW UI System. The Procuring state will be responsible for developing, awarding, and administering the RFP and ensuing contract with the Development Vendor(s). The other consortium states will jointly author the RFP with the Procuring state, along with assistance from NASWA/ITSC. All consortium states will approve the RFP. All consortium states and NASWA/ITSC will participate in the Vendor(s) selection and contract finalization process.

The products of the Requirements Definition phase, including the Vision, Goals, and Objectives statement for the new Integrated System and the functional and technical requirements, will form the foundation of the RFP and resulting contract with the Vendor. VMW will leverage the Vendor's development expertise, tools and proven software development processes and methods. A blended agile and test driven methodology will be employed, as well as incremental delivery of new System to the consortium states. VMW will emphasize payment for deliverables and working products. Further, the state deployment sequence will be driven by the demonstrated readiness of each state to receive the system (e.g., the consortium has validated that a state's data conversion process is ready for new system loading, a state's organizational change management program is fully ready including user training being certified as satisfactorily complete by the consortium, etc.) and the needs of each member state, as collectively determined by the Steering Committee.

UI Domain RFP and Contract successful practices will be leveraged including techniques to address mandatory and desired requirements and using evaluation criteria to drive Vendor Proposal deliverable content. The final RFP will become part of Contractually Binding agreement with the selected vendor.

The RFP will emphasize Open Source Methods and Products, as open source components will be used to the extent feasible, with an equal if not greater emphasis on mirroring the open source support model to evolve the common system (see Strategic Operational Approach). VMW is strongly emphasizing transferability and transportability of the new system to other non-VMW states.

VMW is targeting March 2014 for the release of a Project Management Office and Legal services RFP and May 2014 for the release of the Integrator/Development Vendor RFP.

The Development activity will be proactively managed by VMW applying the Best and Successful practices from states that have succeeded in UI IT Modernization projects, and with advisory assistance from ITSC. The first full System is expected to be fully deployed to one of the VMW states in early 2018.

Reuse of the VMW System - Transferability and On-Boarding

A goal of the consortium, and the USDOL, has been to ensure that the outcomes associated with the consortium projects would be targeted towards portable, configurable and transferable products. Specifically, in order to maximize the investment in time and funding, it has been the approach of the consortium members to define business requirements, and where possible technical requirements, in a manner that utilizes best practices while providing for a modular, configurable, business rule driven environment that would allow other states to either step into a role within the consortium operations phase (i.e., On-Boarding) or to implement and utilize the resulting product developed by the consortium with minimized difficulty. VMW and the government shall own all work product code in accordance with TEGl 3104

Future maintenance of VMW application

While tremendous savings will be realized through the joint development of a common UI Benefits and Tax application working through the VMW consortium; by far, the more significant savings will be realized through a long-term, shared, centrally managed maintenance and support model of the joint System.

This plan for maintenance of the VMW application largely follows the methodology of most "open source" applications where a core set of application code is maintained and strictly controlled in a centralized manner.

The VMW application will consist of code in the following forms:

- Code that is common to all states (based on the functional requirements it is anticipated that this will be a large percent of the code base).
- Code that performs differently for each state but the difference is implemented through configuration parameters and techniques rather than unique code.
- Code that is significantly different for each state and is considered state specific.

VMW will down-select from the following two implementation models of maintenance and support:

- State In-House
- Vendor Outsourced

There may be a combination of these two as well. The infrastructure portion of the solution will employ the Cloud-based concept of elasticity: scale infrastructure to that which is needed, no more or less, and only pay for this usage.

VMW will continue the analysis initiated in the requirements definition phase and conclude its operational model in a timely fashion prior to issuance of the Development RFP.

Measurable Improvements Expected in UI Operations:

Integrity Improvements. The development of a common tax and benefit system utilizing best practices, modern technologies, and reengineered business processes will create an environment based upon sound, secure, and accurate processing. The implementation of the resulting system will serve to be the single greatest integrity effort undertaken by the participating states. It is expected that reengineered business processes, the inclusion of proven technologies such as SIDES, and the efficiencies realized by staff members will result in:

- Minimized benefit overpayments
- Improved data security
- Enhanced and effective communication with claimants, employers
- Improved integration of employment services

Disaster Recovery. While the consortium states have at least minimally complied with state and federal requirements for disaster recovery and the continuity of operations, due to financial constraints none are satisfied with the current situation. This project will result in systems design explicitly intended to be hosted by an individual state or by any other consortium state with minimal difficulty. To address this problem using the legacy systems, each state would be required to double the cost of their mainframe environment in order to achieve comparable benefits. Direct cost avoidance is made possible by the system designed through this effort.

The technical component of Business Continuity. Existing systems are obsolete and in danger of complete failure. Consortium members have experienced many minor outages due to system failures or power outages which have resulted in lost employee productivity worth tens of thousands of dollars each hour of outage – and the inconvenience of tens of thousands of customers. Record workload has stressed the design limitations of legacy systems and required manual intervention and modifications, or the bypassing of numerous claimants or tax payers, simply to process the bulk of daily transactions. Direct cost avoidance is made possible and practical by this project.

Customer Service: The existing systems provide few opportunities for employer and claimant “self-service.” The new system will provide both parties with more access to information as well as more efficient processing of all Unemployment Insurance tasks (processing employer information, claims and appeals) resulting in improved performance. State staff will benefit by having an integrated system to address claimant and employer questions that is more easily navigated than the existing systems.

Efficiency. The existing systems were designed and implemented at least 20 years ago. They use technology which is primitive when compared to that available today. Over the years, these systems have had to change due to state and federal requirements. The technology constraints of the systems make subsequent changes little more than patches. Patching systems increases their complexity and makes future patches even more difficult and complex. Ultimately, this has resulted in the consortium states having a number of Information Technology experts whose only activity is keeping the old systems running and scrambling to make mandatory changes.

Changing the platform and design of these mission-critical systems changes the states’ focus from spending all available money to keep the systems running to improving the systems, services, and quality. Much of the resistance to federal initiatives has nothing to do with the

initiatives but, rather, it has to do with the difficulty in extracting data correctly or storing new data elements not originally anticipated in the legacy systems' design. All three consortium states have utilized Internet technologies to allow customers to enter their own information. Nevertheless, efficient utilization of new technology is severely limited by the inflexible mainframe backend systems.

While not easily quantified, being able to use modern technology will greatly reduce maintenance costs and make changes much easier to accommodate. Being able to use Internet-based technology will also permit VMW states to provide more self-service options to customers thereby reducing staff involvement with routine, housekeeping activities and enable them to concentrate staff time on activities best performed by humans. It will also significantly improve performance measures as realized by other states that have modernized their systems; and further will enable the implementation of legislative changes in a more rapid and accurate manner. All of the named benefits of modernization will ultimately improve staff productivity and program integrity.

Consortium states currently maintain two to three automated environments—the mainframe for legacy tax and benefit systems and Intel server based networks for web applications, office automation, etc. Additionally, Maryland has a distinct Appeals system. Each environment requires different infrastructure and staff skills. Moving away from the mainframe-based Benefits, Tax and Appeals systems to enable their operation on server based networks greatly simplifies the states' automation environments, reduces risk, reduces staff skill requirements, concentrates staff effort on a single environment which will improve productivity and finally reduce operating costs.

8. Cost Estimates and Requests - Staff costs are only for two years.

Total Project Estimate : \$84,917,460.00 (total column 3)

Total Project Request : \$82,771,460.00 on first page (total column 4)

TABLE A: Project Cost Summary

	1	2	3	4	5
STATE	State Costs	Contractor/ Vendor	Total Costs	State Resources In-Kind	TOTAL REQUEST
Vermont	\$5,185,000.00	\$916,000.00	\$6,101,000.00	\$0.00*	6,101,000.00
Maryland	\$5,212,000.00	\$3,147,161.06	\$8,359,161.00	\$2,000,000.00	6,359,161.00
West Virginia	\$4,041,299.00	\$916,000.00	\$4,957,299.00	\$146,000.00	4,811,299.00
VMW Vendors	0	\$65,500,000.00	\$65,500,000.00	0	65,500,000.00
Cost Totals			\$84,917,460.00	\$2,146,000.00	82,771,460.00

*Vermont currently does not have the capacity to provide in-kind funding however, in efforts to demonstrate Vermont's commitment to the VMW Consortium SBR, the Governor's office has committed to six to eight (6-8) additional positions to support the consortium project.

TABLE B: Vendor Cost Summary

Vendor	Development Vendor	Program Management Office	Legal Services	Other to include: Requirement Tools, Change Management Services and ITSC Advisory Services at \$500,000.00 each
Cost	60,000,000.00	3,000,000.00	1,000,000.00	1,500,000.00

TABLE C: Project Request Summary

STATE	Total Program Request
Vermont	6,101,000.00
Maryland	6,359,161.00
West Virginia	4,811,299.00
Request Totals	17,271,460.00

State Requests Details:

State - Vermont	Dollars
Facilities	200,000.00
Travel	400,000.00
Non-DDI Contractors	916,000.00
Equipment	80,000.00
Supplies	20,000.00
Indirect Charges	637,000.00
Staff	3,640,000.00
Training	208,000.00
TOTAL	6,101,000.00
Vermont In-Kind allowance	\$0.00
TOTAL REQUEST	\$6,101,000.00

State - Maryland	Dollars
Facilities	1,000,000.00
Travel	160,000.00
Non-DDI Contractors (MD PM, legal, procurement)	3,147,161.06
Equipment	80,000.00
Supplies	20,000.00
Indirect Charges	0.00
Staff	3,744,000.00
Training	208,000.00
Integrator/Developer Contractor	60,000,000.00
PMO Services	3,000,000.00
Legal	1,000,000.00
Other (see Table B for details)	1,500,000.00
TOTAL	73,859,161.06
Maryland In-Kind allowance	-2,000,000.00
TOTAL REQUEST	\$71,859,161.06

State – West Virginia	Dollars
Facilities	200,000.00
Travel	400,000.00
Non-DDI Contractors	916,000.00
Equipment	90,000.00
Supplies	10,000.00
Indirect Charges	0.00
Staff (includes training)	3,144,752.00
Training	196,547.00
TOTAL	\$4,957,299.00
West Virginia In-Kind allowance	-\$146,000.00
TOTAL REQUEST	\$4,811,299.00