

# **Understanding the Federal-State Unemployment Insurance System and IT Infrastructure**

## **RFI Background Webinar**

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# RFI Webinar Agenda

- Welcome, Purpose of the Webinar, and Review of Agenda
- Goals of the RFI
- NASWA/ITSC Background
- UI Program Structure
- State of State UI IT Infrastructure
- How UI Modernization is Evolving
  - Single state
  - Complete systems versus partial system modernization
  - Consortia approach
- Use of Cloud Technology To Date in the UI system
- Goals of the Industry Day
- Questions and Answers

# Purpose of the Webinar

- As a prelude to the upcoming Industry Day, provide the vendor community more in depth information on:
  - NASWA and ITSC
  - USDOL and its relationship with ITSC
  - State Unemployment Insurance (UI) agencies and their information technology infrastructure and needs
- Provide additional insight on how cloud technology solutions may further support the UI system IT infrastructure

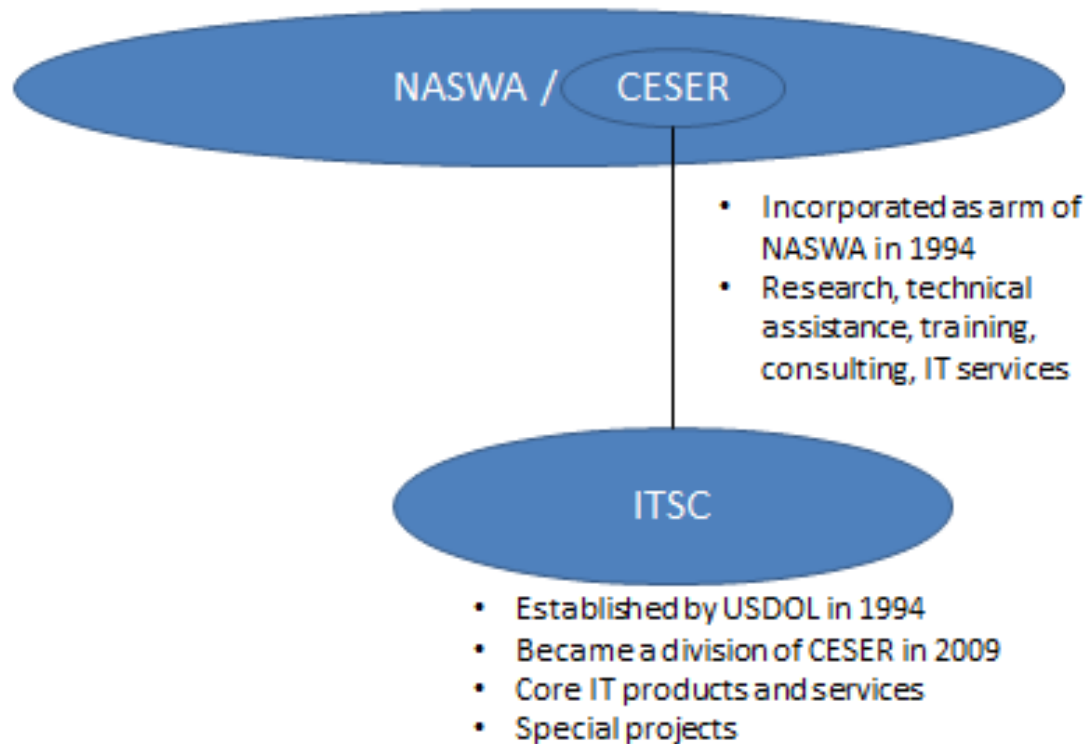
# RFI Goals

- Engage the vendor community and obtain information that will promote innovative models using cloud technology for implementing and managing UI IT infrastructure among state UI programs
- Obtain information regarding the interests and capability of all qualified industry sources to participate in a managed UI Cloud community that is:
  - Cost effective
  - Innovative
  - Sustainable
  - Flexible and Agile
  - Support multi-tenancy or shared computing resources amongst states
  - Provide options for: SaaS (Software as a Service), IaaS (Infrastructure as a Service), PaaS (Platform as a Service) or other Blended, Community models

# NASWA and ITSC Background

- **NASWA** - The National Association of State Workforce Agencies (NASWA) is an organization of state administrators of unemployment insurance laws, employment services, training programs, employment statistics and labor market information
- **CESER** - The Center for Employment Security Education and Research (CESER) was created by NASWA as an education, research and information technology center focused on workforce development and unemployment insurance issues.
- **ITSC** - The Information Technology Support Center (ITSC) was created by USDOL in partnership with the state of Maryland, to promote the development and use of information technology to improve UI program administration, and facilitate sharing information technology solutions among state UI agencies.

# NASWA Structure



- ITSC is funded by grants from USDOL's Employment and Training Administration's (ETA) Office of Unemployment Insurance (OUI)
- ITSC directly supports state UI agencies with UI IT initiatives through grants from USDOL and direct contracts with single states or multi-state consortia
- ITSC is governed by a Steering Committee composed of state UI Directors, state agency IT Directors, state workforce agency Administrators along with staff from the USDOL Office of Unemployment Insurance.
  - The ITSC Steering Committee determines the organization's budget and strategic plan, and approves all products and services provided to state UI agencies by ITSC

# UI Program Structure

- The UI Program is a federal/state partnership
- Federal law provides broad program parameters, but states administer their UI programs in accordance with their state's law
- 53 states/jurisdictions with different laws and different IT infrastructure
- Approximately 80% of the UI program is the same or similar across the states



# Eligibility determinations and payment of unemployment benefits

- The UI program is broadly divided into three key functional areas:
  - Eligibility Determination and payment of unemployment benefits
  - Collection of employer taxes and wage record information
  - Appeals (for both of the above)
- The functions are interrelated
- Lots of sub-functions within each area

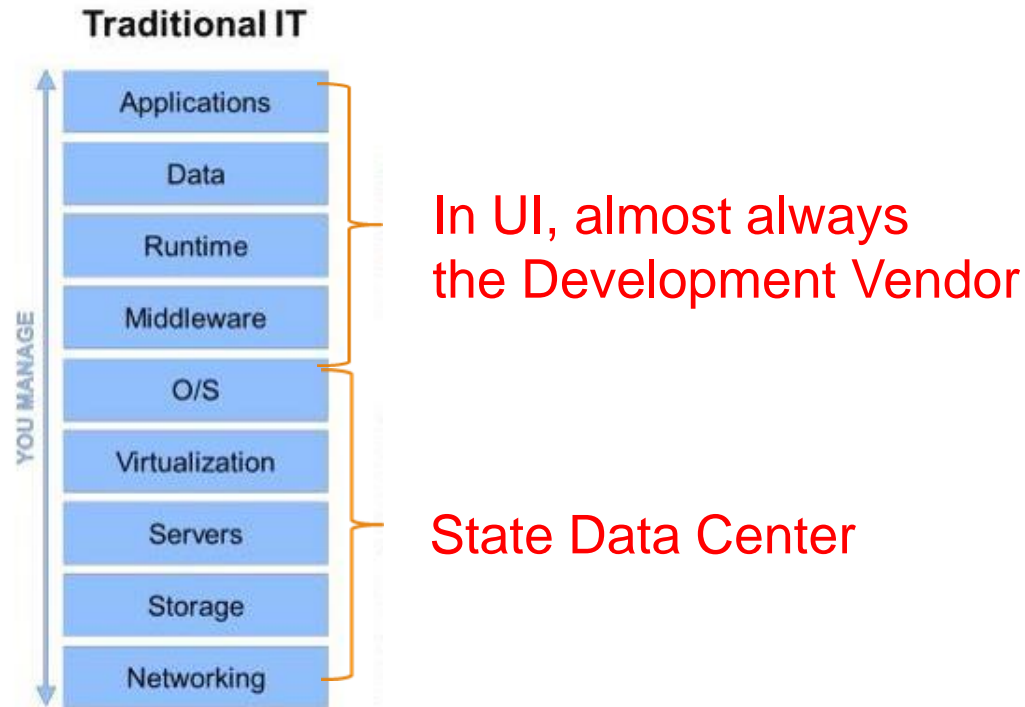
# State of State UI IT Infrastructure

## UI IT Modernization State Status

<i>COMPLETED</i>	<i>IN DEVELOPMENT</i>	<i>SCOPE</i>
<i>8</i>	<i>5</i>	<i>Benefits System Only</i>
<i>4</i>	<i>4</i>	<i>Tax System Only</i>
<i>4</i>	<i>14</i>	<i>Benefits and Tax System</i>

- In General, results of these modernization development projects have been mixed
- For states with completed systems they are generally experiencing challenges in supporting, operating, maintaining and cost-effectively evolving these new UI IT systems

# Traditional UI IT System Operations View



*Source: Microsoft.*

- Generally, states with new systems have difficulty disengaging from Development Vendor for system operations
- Knowledge Transfer efforts have yielded mixed results

# How UI IT Modernization is Evolving

- 2000 – 2009
  - Either Single State or Partial Modernization Efforts
- 2009 to Current
  - Same as above **plus** introduction of state consortia developing common systems
- A trend of improved sharing of successful practices and lessons learned across states
- Increasing use of Cloud Services.....

# Consortium Approach

- Beginning in 2009, as a result of limited resources to replace antiquated IT infrastructure, DOL has provided funding for UI modernization by encouraging a consortium approach
- Funding from surplus funds and not a consistent funding stream
- Funding generally provided in 2 waves:
  - Development of common business requirements
  - Development of the application or solution
- Currently 5 consortia in various stages

# Consortium Approach

- Exploits high degree of business requirements commonality among states
- Pools/leverages staff resources across states
- Optimizes shared computing resources (i.e., multi-tenancy)
  - Balanced against operational independence
- Promotes highly configurable solutions
  - Addressing state differences in business rules
- Leverages USDOL Development Funding
- Shares more economical operational costs

# UI IT Modernization Consortia Projects

Consortium Name	Scope	Status	Planned Deployment Date	Contractors
<b>WyCAN</b> (WY, CO, AZ, ND)	UI Benefits, UI Tax, UI Appeals	In development	2016	HCL America (Developer and Application, SaaS-like Support), SunGard (IaaS)
<b>SCUBI</b> (SC, NC, GA)	UI Benefits, UI Appeals	In development	2016	CapGemini (Developer and Application Support), Xerox (IaaS)
<b>MRM</b> (MS, RI, ME)	UI Benefits, UI Tax, UI Appeals	In development	2017	Tata Consultancy Services. IaaS will be procured as well.
<b>VMW</b> (VT, MD, WV)	UI Benefits, UI Tax, UI Appeals	RFP Phase		TBD
<b>NJ/NY</b>	UI Benefits, UI Tax, UI Appeals	Developing Requirements		TBD
<b>NM/MA/FL</b>	UI Benefits and UI Tax Common Module Development	Requirements for and Implementation of Common Modules under Development	On going	

# Current Use of Cloud Technology in UI

- WyCAN employing SaaS-like model
  - Includes IaaS
- SCUBI outsourcing application support
  - Includes IaaS
- MRM outsourcing application support
  - Pursuing IaaS
- All have various exit strategies



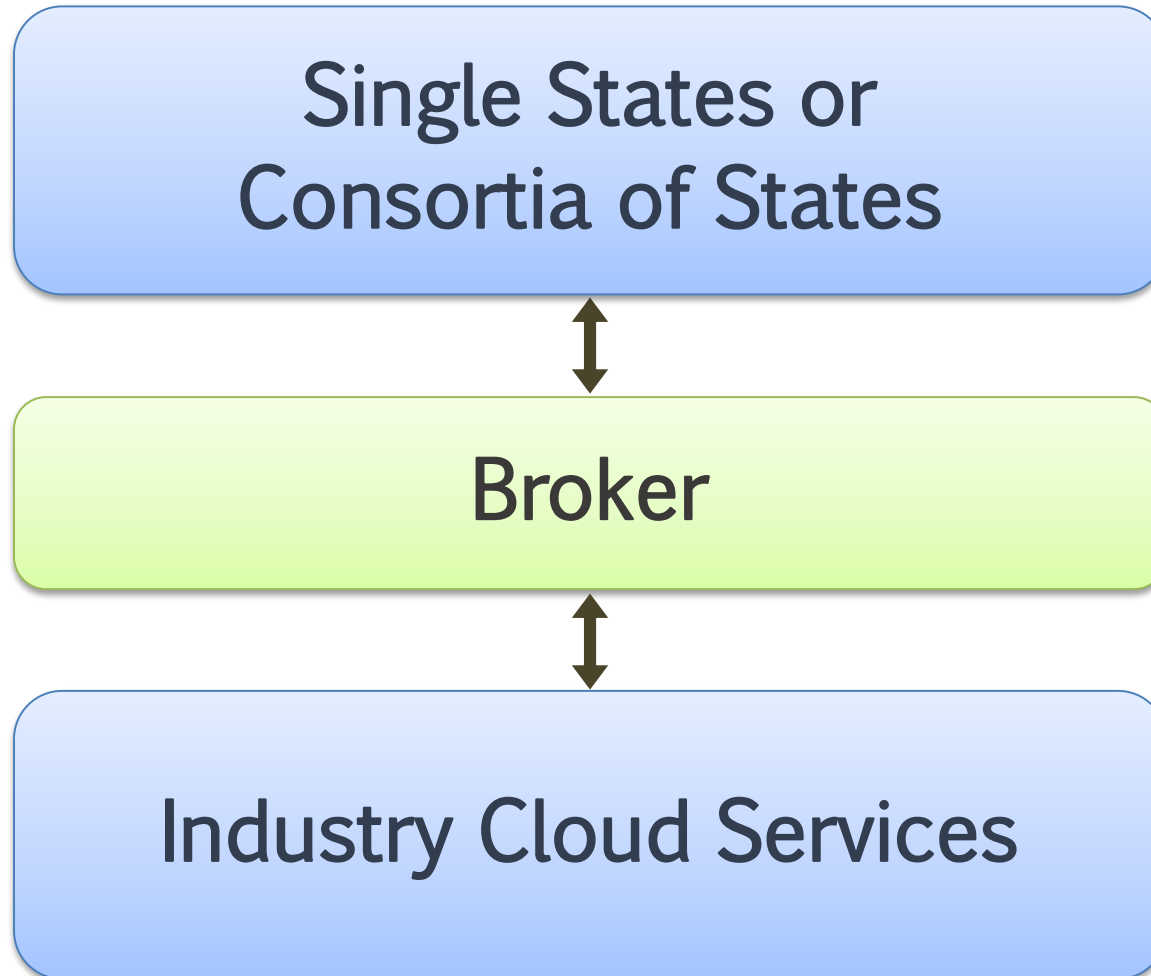
# UI Community of Cloud Services

- UI Cloud Services model intended to systematically allow UI state agencies to benefit from cloud computing:
  - More efficiently and cost effectively modernize UI IT state Benefits and Tax agency systems
  - Reduce the cost of maintaining and supporting a UI IT single state or multi - state consortium modernized system
  - Promote the graceful evolution of a UI IT system over time, including its underlying technologies
  - Maintain the confidentiality and security of the state data and protecting the identity of the UI customers.

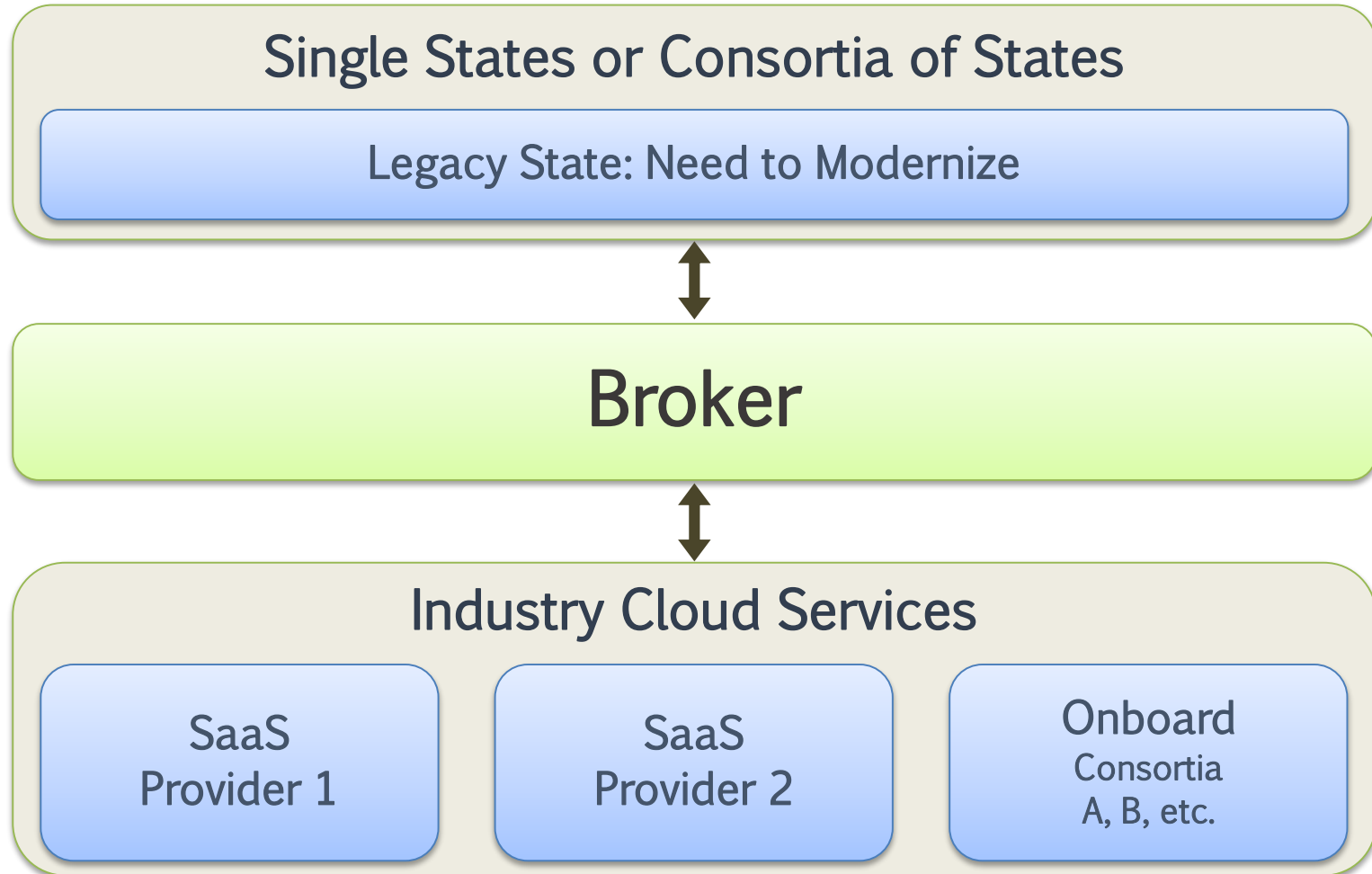
# RFI Cloud Broker Concept

- A non-Industry Entity to provide Broker Services to Consortia and Single States
- Broker Model provides:
  - Access to “Best Fit” Cloud Services from vendors
    - Promote cost-effective, quality services
    - Enable States and Consortiums flexibility and agility among pool of cloud service providers
  - Broker acts on behalf of states to liaison and connect states to their appropriate cloud services
    - Cloud service provider responsible for delivery of services
  - Will compliment current UI IT Modernization projects
  - Services may include:
    - IaaS
    - PaaS
    - SaaS
    - Blended, Community Models

# UI Cloud Service Model



# Legacy States that Need Modernization



# Potential Proof of Concept(s)

- RFI responses will inform feasibility of Proof of Concept(s), possible candidates:
  - Demonstrating agile onboarding to a cloud SaaS-like UI service
  - Proving the mobility of a UI component between IaaS cloud services
  - Multi-state collaborative of a cloud-based UI component development using PaaS

# Timeline of Events

Project Activity	Timeline
RFI Published	June 16, 2014
RFI Contextual Webinar	June 24, 2014
Industry Day	July 18, 2014
Final Clarification Questions	July 18, 2014
Final Clarifications Responses	July 25, 2014
RFI Responses Due	August 22, 2014

# Goals of Industry Day

- As part of this information gathering and exploration process, USDOL, in collaboration with ITSC, will also host an Industry Day.
- Industry Day will focus more specifically on the RFI requirements and the technical aspects of possible cloud solutions for the UI system
- All interested cloud providers will be invited to participate in this hosted event to ask RFI clarifying questions regarding the RFI

**Thank you for joining us!**

For up to date information on the RFI and to register for the Industry Day event, please visit:

<http://www.itsc.org/Pages/cloudRFI.aspx>

Additional Questions?

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