



# Oregon

Kate Brown, Governor

## Department of Administrative Services

Enterprise Information Services

155 Cottage St NE, 4th Floor

Salem, OR 97301

PHONE: 503-378-3175

FAX: 503-378-3795

### MEMORANDUM

**To:** Terrence Woods, State Chief Information Officer (EIS)  
**From:** Jennifer Lechuga-Berg, Oversight Analyst  
**Date:** May 11, 2021  
**Subject:** Oregon Employment Department (OED) – Modernization Program – UI Modernization Project - Stage Gate 3 approval with conditions.

### BACKGROUND

The Employment Department's Modernization Program is a multi-year initiative focused on modernizing the agency's business processes and critical technology systems. The UI Modernization Project been chartered through the Modernization Program for the purpose of replacing or creating the systems needed to support the collection of UI taxes and PFMLI contributions, and payment of UI benefits. Additionally, business processes will be analyzed and revised to take advantage of new system capabilities.

Following the completion of the feasibility study and receipt of Stage Gate 1 endorsement, the agency chose to focus initial efforts on modernization of the UI program, specifically UI tax. The agency prefers to pursue an integrated UI solution for both tax and benefits. Therefore, the agency is initiating a single UI project, with phases for tax and benefits.

Additionally, HB 2005 (2019) (ORS 657B) established a PFMLI program and assigned the OED the responsibility to create and administer the new program. Agency leadership decided the best way to serve Oregon employers and businesses is to have a single system that supports both UI taxes and PFMLI contributions. Accordingly, on March 15, 2021, Executive Steering Committee approved the expansion of the scope of the UI Modernization Project to include PFMLI contributions technology functionality.

### DISCUSSION

For the better part of the last year, OED Modernization Program team and agency leadership considered the option of adding PFMLI functionality to the UI Modernization project scope. Doing so, would provide PFMLI the access to a technology solution that would bring the new operational program closer to full implementation. OED received support from EIS and the iQMS vendor for this scope expansion, although it led to schedule delays. With this change the project team was asked to update such artifacts as the Modernization Program Governance Plan. P3, ASCIO, SIPM and Oversight Analyst, fashioned a plan that allowed OED to receive Stage Gate 3 endorsement and the ability to execute the solution contract, while delaying the submission of certain artifacts, please see attachment.

As the Oversight Analyst, I have reviewed and approved the Stage Gate 3 artifacts agreed to be required to receive endorsement. Tracy Ringering is the BISO (CSS) and he has indicated that there are no reported concerns with moving this project forward. Contract negotiations with the solution vendor, FAST, have completed and the contract has been QC'd by the iQMS vendor, CSG, and approved by me, CSS, and DOJ. Upon endorsement, OED will work with FAST to complete the remaining artifacts typically required for Stage Gate 3 endorsement.

This project is estimated to cost **\$106,121,029.00** and is expected to move to operations **March 2025**.

**Artifacts reviewed:**

- Program Governance Plan,
- Project Charter
- Project Fit/Gap analysis
- Project Management Plan
- Scope, Schedule, and Budget +/- 10%
- Stakeholder Registry
- Solution vendor contract and related Statement of Work.

**RECOMMENDATION**

Approve the Oregon Employment Department (OED) – Modernization Program – UI Modernization Project through Stage Gate 3, with the following conditions:

- (1) Update the UI Modernization Project business case to reflect scope change, including the solutions analysis for PFMLI.
- (2) Update the Modernization Program business case and charter to reflect scope changes.
- (3) Submit program and project level Organizational Change Management plans outlining the scope and structure.
- (4) Amend iQMS contract to request refreshed QC of risk assessment, and other critical artifacts to incorporate PFMLI. EIS has agreed that this amendment can be used to move the contract administration from the Statewide QA Program to OED.
- (5) Submit any negotiated contracts, amendments, statements of work, or work order contracts to EIS P3 and CSS for review and approval prior to execution.
- (6) Submit executed solution vendor contract to PPM.
- (7) UI Modernization Project must begin Major IT Project reporting, with the first report being due August 13, 2021. Additional information around this process can be found here [https://www.oregon.gov/das/OSCIO/Documents/2021\\_EIS\\_QuarterlyReportingDeadlines.pdf](https://www.oregon.gov/das/OSCIO/Documents/2021_EIS_QuarterlyReportingDeadlines.pdf).
- (8) OED will engage a third-party vendor to conduct penetration testing prior go-live.
- (9) OED must remain engaged with Cyber Security Services to ensure compliance with Statewide Information and Cyber Security Standards and the completion of security readiness activities.
- (10) If the project's budget or schedule changes by +/- 10%, or if the scope changes substantially, EIS P3 must be notified and supporting documentation may be required for review and approval.
- (11) OED Project team must submit all required artifacts through the PPM tool.
- (12) Submit project closure documents to include lessons learned and Project Closure Report.

Analysis prepared by:  Date: 05/11/2021

Analysis approved by:  Date: 05/11/2021

Attachment A  
OED Stage Gate 3 Plan

**Oregon Employment Department  
OED Modernization Program - UI Modernization Project  
Paid Family Medical Leave program – Contributions system Project  
February 17, 2021**

Oregon Employment Department believes that the Agency is best served by implementing a single solution for Paid Family Medical Leave and Unemployment Insurance. The customer base is generally the same and service delivery will be more streamlined using the same solution.

Employment is under some pressure to keep the UI Modernization project moving. However Paid Family Medical Leave is still working on forming the program and to understand the technologies needed to support to the program.

Assumptions:

- UI Modernization Project
  - Existing project to replace the multiple current UI systems.
  - Currently a component project under the Employment Modernization Program.
  - UI Modernization includes all program activities – Contributions, Benefits, and Appeals.
- Paid Family Medical Leave Program
  - Brand new program to Employment.
  - There will be component technology projects under the PFMLI technology Program – for example: Contribution solution; imaging, telephony, SOS and DOR integration to combined reporting, Benefits solution, Reporting.
  - Both the PFMLI Benefits and Contributions will be administered by OED.
  - Contributions will be included in the combined reporting for employers.
  - PFMLI Program business case has been submitted

Employment has two options:

- Option 1 – proceed with UI Modernization Project executing FAST contract and later amend contract to include PFMLI.
- Option 2 – complete the PFMLI requirements and necessary program understanding to be included in the contract upon execution.
  - Note: should further analysis determine inclusion of PFMLI is not appropriate for the FAST solution, Employment would amend the contract to remove PFMLI scope.

No matter which option Employment takes from a contract perspective, for Oversight there are some necessary project actions that need to be done to put the PFMLI contributions solution under the UI solution.

The following are required for Option 2 in order to receive Stage Gate 3 endorsement (including execution of contract). For Option 1, the following would be required prior to executing amendment to incorporate PFMLI tasks/deliverables into contract.

Required Artifacts and Actions prior to SG3 Endorsement for UI Modernization Project.

- UI Modernization
  - Updates to Project Charter to include PFML
    - Change in scope

- Includes documenting changes in governance structure
- Includes updating stakeholder registry and planning
- Updates to Project Management Plan
  - New scope statement, baseline schedule, and baseline budget, all inclusive of UI and PFMLI details
  - Includes updating RACI to reflect new project structure
- iQMS updates via amendment/WOC to include PFMLI and refresh of key risk deliverables
- UI Modernization Change Management actions (per current program/project management plan)
  - Scope change request
  - Impact Analysis
  - ESC approval of any scope changes
- Introductory meeting of new Governance
- Contracting documents (with NTP clause for execution activities)
- Revalidation of gap analysis and requirements to include both UI and PFML

#### Conditional Requirements and Actions for SG3 Endorsement

- Updates to UI Modernization Project business case to reflect scope change, including the solutions analysis for PFMLI.
- Updates to the Employment Modernization program business case and program charter to reflect scope change
- Discuss and agree on program-level OCM scope and structure
- Discuss and agree on project-level OCM scope and structure
- Receipt of refreshed risk assessment/work plan required prior to SG3