MEMORANDUM

To:	Terrence Woods, State Chief Information Officer (State CIO)
From:	Maggy Espitia, Senior IT Oversight Analyst
Date:	May 22, 2025
Subject:	Oregon Employment Department, Unemployment Insurance Modernization Project, Stage Gate | Stage Gate 4 Conditional Approval

BACKGROUND

The Oregon Employment Department (OED) is responsible for administering the state's Unemployment Insurance program and public labor exchange. In 2015, OED launched a modernization initiative to transform the agency's business and technology systems to innovatively meet the evolving needs of Oregon's businesses and citizens. In 2017, the agency developed a high-level strategy to modernize Unemployment Insurance and Employment Services programs under a Modernization Program. The Modernization Program spans several biennia and will be funded by the Unemployment Insurance Trust Fund, established with U.S. Department of Labor funds issued in 2009. Spending authority is requested incrementally to fund projects within the modernization effort. The primary objectives of OED's Modernization Program are to enhance customer experience, transform business processes, improve data security, modernize technology, and provide expandable technology.

OED formally initiated the Modernization Program upon receiving Stage Gate 1 approval of its first chartered project, the Unemployment Insurance (UI) Modernization Project, on January 23, 2018. The UI Modernization Project's stated purpose was to replace legacy systems supporting the administration of UI tax contributions and benefits as well as transform associated agency business processes to take advantage of opportunities and benefits available through new system capabilities. The project obtained Stage Gate 2 approval on February 28, 2019, that included a requirement to secure Independent Quality Management Services for projects chartered under the Modernization Program, including the UI Modernization Project. OED issued a competitive solicitation for the procurement of an integrated solution for the administration of UI tax contributions and benefits.

In August 2019, the State Legislature established Paid Family and Medical Leave Insurance (PFMLI) in Oregon through House Bill 2005 and assigned OED the responsibility to create and administer the program (Oregon Revised Statute 657B). In March 2021, the Modernization

Program's Executive Steering Committee (ESC) approved the addition of PFMLI contributions in the UI Modernization Project's scope of work. The project updated its planning artifacts and earned Stage Gate 3 approval on May 11, 2021. The agency awarded Fast Enterprises, LLC (Fast) later that month for the implementation of FastUI, an integrated, web-based commercial-off-the-shelf contributions and benefits system for the UI and PMFLI programs. In September 2021, the Modernization Program's ESC further approved the inclusion of PFMLI benefits in the UI Modernization Project's scope; OED amended the Fast contract accordingly.

DISCUSSION
The agency deployed the then named FRANCES system in three (3) phases. In August 2022, Rollout 1 deployed end-to-end UI tax and PFMLI contribution functionality, enabling employer account management, accounting, wage reporting, audit and investigations, appeals, small business grants, and administrative and performance reporting functions. Rollout 2a in August 2023 launched PFMLI benefits management functionality including claims processing, issue resolution, administrative functions, and small business grants. Rollout 2b in March 2024 released UI benefits administration functionality including claims management, accounting functions, issue resolution and appeals, and administrative oversight.

According to the Project Close Report, the project met its baseline end date of March 31, 2025. The project's baseline budget was $110,922,917, and at closing, actual spend was approximately 6.6% under budget at $103,594,422. The agency affirmed having advanced the Modernization Program's goals and delivered all UI Modernization Project baseline scope commitments.

The agency submitted Executed Contracts and Amendments, Updated Foundational Project Management Documents, Project Status Reports and Risk Logs, Independent Quality Assurance and Quality Control Deliverables, Quarterly Quality Management Reports, Disaster Recovery Plan, Operations and Maintenance Plan, and Lessons Learned/Project Closeout Report in support of Stage Gate 4 approval. The agency maintained Independent Quality Management Services through CSG Government Solutions, Inc. from May 2019 to December 2024, as required. The EIS Cyber Security Services Business Security Advisor also cleared the System Security Plan.

OED has met all project conditions, completed closing documentation, and uploaded it to PPM.

RECOMMENDATION
Approve the OED Unemployment Insurance Modernization Project through Stage Gate 4 with the following condition:

1) Any changes to the contract(s) associated with the project still fall under the Information Technology Investment Oversight Policy 107-004-130 and the agency must notify EIS-P3 of any changes to those investments.

Analysis prepared by: *Maggy Espitia*   Date: 5/22/2025

Analysis approved by: *Brhwa Dwin*   Date: 5/22/2025

Mission: Mature enterprise technology governance, optimize investments, ensure transparency, provide oversight, and deliver secure and innovative solutions.