Modernization Program Charter

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Document Maintenance

This document is maintained by the Modernization team and will be updated only if major revisions are necessary. All program documents are stored within the program's file share here:
[\\WPOEDFILL04\Modernization\00 Program Management\Program Plans](#)

Version	Date	Author	Change Description
V1.0	12/2018	Jennifer Hannan, Modernization Program Manager	Initial version of the document.
V2.0	06/2021	Renee Royston, Modernization Director David Ford, Modernization Program Manager	Revisions to add PFMLI contributions and address changes needed.
V3.0	01/2023	Martin Kraal, Workforce Modernization Project Manager	Revisions to add Paid Leave Oregon benefits and update program timeline.

Program Overview

The Employment Department's Modernization Program is a multi-year initiative focused on transforming the agency's business processes and core technology systems. Computer systems supporting receipt of unemployment insurance (UI) taxes, Paid Leave Oregon contributions, payment of UI and Paid Leave Oregon benefits, and delivery of employment services will be replaced or established. Further, business processes will be transformed to take advantage of opportunities and benefits available through new system capabilities.

Document Purpose

A "program," as defined by the Project Management Institute (PMI), is "a group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. Programs may include elements of related work outside of the scope of the discrete projects in the program."

A charter communicates basic information about the program, and authorizes use of resources to attain the program's objectives. The charter describes the vision and benefits to be achieved through the program, and states how the program aligns with or supports the strategic plans of the agency and the State of Oregon. This document provides a means to share this information with key partners and stakeholders.

A charter recognizes that pre-planning activities have occurred, and that the program has been conceptually approved by the state's oversight and control agencies. Per PMI, these pre-planning activities focus on analysis of organizational and business strategies, internal and external influences, program drivers, and the benefits that are expected to be realized. A program is defined in terms of expected results, resources needed, and the complexity for delivering the changes needed to implement new capabilities across the organization. The range of activities in this pre-planning phase include:

- Understanding the strategic benefits of the program;

- Planning to initiate the program;

- Defining program objectives and their alignment with the organization's goals and strategic plan;

- Developing a high-level business case demonstrating an understanding of the needs, business benefits, feasibility, and justification for the program; and

- Agreeing to "check points" throughout the program, to ensure it is on track.

Document Audience

This document is intended for these primary audiences:

- **Sponsors and steering committee members** – to understand the Modernization Program purpose, expected outcomes, and how success will be monitored and measured. The sponsors and steering committee should ensure that the purpose of the Modernization Program is clearly stated, and that goals and objectives reflect the desired outcomes for the agency.

- **Internal and external oversight entities** – to understand the program purpose, expected outcomes, and how success will be monitored and measured.

- **Program and project team members and vendor staff** – to understand the purpose and desired outcomes expected, clear direction for what must be delivered, and how it will be measured.

- **Agency employees and external stakeholders** – to reference for general awareness.

Background

In 2015, the Employment Department chose to invest in a modernization initiative to transform the agency's business and technology systems to innovatively meet the evolving needs of Oregon's businesses and citizens. During the 2015-17 biennium, the agency submitted Policy Package 101 requesting the expenditure limitation and position authority to initiate the Modernization Program. The Modernization Program will accomplish its goals through the execution of various projects.

In November 2016, the agency contracted with the Information Technology Support Center[1] to conduct a feasibility study of transforming the agency's business processes and technology systems. The feasibility study expanded the agency's knowledge of available market solutions and other states' modernization projects. This information has been helpful in constructing program plans, identifying the agency's preferences, and providing documentation as the first project is initiated. The feasibility study was completed in January 2018.

In 2017, the agency developed an initial business case describing the business needs, benefits, and justification for the Modernization Program. The Modernization Program Business Case describes the business drivers, desired outcomes, and strategic alignment with the agency's strategic plan, the Governor's priorities, and other state priorities and initiatives. The Modernization Program Business Case is located here: Q:\00 Program Management\Program Plans\Business Case.

Enterprise Information Services (EIS) requires statewide projects meeting established thresholds be subject to a Stage Gate review process. The Modernization Program submitted its business case and foundational documents and requested Stage Gate 1 endorsement. Endorsement was received in January 2018, and the program entered into Stage 2 focused on formal initiation of the program and its associated projects.

Following completion of the feasibility study and receipt of Stage 1 endorsement, the agency chose to focus initial efforts on modernization of the UI program beginning with UI tax. The agency, preferring to pursue an integrated UI solution for both tax and benefits, initiated a single UI project with phases for tax and benefits. Throughout 2018, the agency completed the Modernization Program preparation activities and drafted the foundational documents to initiate the UI Modernization Project.

The UI Modernization Project was chartered in December of 2018, followed by the completion of the project business case and alternatives analysis. Receipt of EIS Stage Gate 2 endorsement in February 2019 moved the project into the planning phase.

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[1] The Information Technology Support Center (ITSC) is a non-profit organization housed in the National Association of State Workforce Agencies, funded largely by grants from the U.S. Department of Labor, and governed by state unemployment insurance and workforce leaders. The ITSC has worked with other states on their modernization efforts and is knowledgeable of unemployment insurance models and practices nationwide.

During the planning phase of the UI Modernization Project, business and technical requirements were developed for the UI Solution Vendor procurement. The request for proposals (RFP) was released in August 2019 and the procurement process, which was impacted by the COVID-19 pandemic in 2020 and 2021, extended through the following twenty months.

In 2019, the Legislature passed House Bill (HB) 2005 (codified as Oregon Revised Statutes (ORS) chapter 657B) to establish a paid family and medical leave insurance program and assigned the Employment Department the responsibility to create and administer the new program. In 2021, while the UI Solution Vendor contract was being negotiated, agency leadership decided the best way to serve Oregon employers and businesses is to have a single system that supports both UI taxes and Paid Leave Oregon contributions. Accordingly, the agency expanded the scope of the Modernization Program to include Paid Leave Oregon contributions and, at the same time, expanded the UI Modernization Project to include Paid Leave Oregon contributions technology infrastructure and to implement business processes and technical solutions that meet the agency needs for administering this new program along with UI tax. The Solution Vendor contract was negotiated to include the expanded scope before being finalized in April 2021.

In April 2021, the agency submitted required UI Modernization Project plans and artifacts to EIS for Stage Gate 3 endorsement, which was received in May 2021. Following endorsement, the Solution Vendor contract was formally authorized. The project is currently in the execution phase (Stage Gate 4).

In September 2021, the Modernization Executive Steering Committee approved the change request to add Paid Leave Oregon benefits technology and business processes to the scope of the Modernization Program and UI Modernization Project.

As the UI Modernization Project is being executed, the Modernization Program is initiating and planning for the Workforce Modernization Project with as much concurrency as reasonable, considering the timing of existing projects and resource availability. In December 2022, the Modernization Executive Steering Committee approved formally initiating the project and submitting for Stage Gate 2 endorsement.

Risks Mitigated

Modernizing core information technology systems and business processes will ensure the agency can continue to provide services to Oregonians and Oregon businesses today, and be prepared to respond to emerging future needs. Postponing the modernization effort and continuing use of legacy systems increases the severity of and exposure to risks affecting the agency's ability to deliver key services.

The primary drivers for modernization include:

- **Risk that we cannot sustain delivery of secure and reliable services**. First and foremost, we must ensure we can continue to deliver secure and reliable services. It is becoming increasingly difficult to recruit and retain employees with the skillsets needed to support our aging computer systems. As of December 2021, 18 percent of the technical employees supporting our existing systems are eligible for retirement with an additional 19 percent eligible for retirement within five years.

- **Challenges to provide customers with personalized and updated services**. Our customers desire personalized and updated services, such as online self-service options and mobile-friendly applications, and it is not feasible to meet these needs with our current systems.

- **Constrained and inflexible systems that cannot adapt to changing business, state, and federal requirements**. There are many opportunities to be more efficient and effective in how we deliver our services. Our current systems constrain our ability to change our business processes, implement requirements due to state and federal policy changes, resolve challenges, and automate or remove manual work. These improvements will allow us to be more efficient, reduce processing time, improve the accuracy of actions and information, and be more responsive to policy changes, capabilities critically emphasized during the recent pandemic.

- **Difficulties in managing access and sharing data securely with our partners**. Our existing systems were not designed with integrated data security. Controlling data security is complex and it is difficult to manage user access appropriately. Newer technology provides opportunities for improved security measures, and would allow us to respond more nimbly to security threats and more easily manage access. Additionally, our partners wish to interact and share data with us using modern and flexible technologies.

- **Opportunity to leverage existing infrastructure and resources to develop and administer the new PFMLI program.** The directive to implement the PFMLI program comes in time to take advantage of a unique opportunity to be a part of the modernization process. Through such effort we will better achieve established goals and outcomes; advance our partnerships and systems to provide innovative services to Oregon's diverse people and businesses; make services increasingly accessible through the improved and expanded use of technology; and allow customers to easily understand the services available to them and their responsibilities for receiving those services.

Goals and Objectives

The primary goals for the Modernization Program are listed below, along with supporting objectives. Performance metrics represent what will be measured, but not how or against what baselines. Delivery of the program's goals and objectives will be through individual projects. As projects are initiated, the relevant objectives and supporting metrics will be included within the project charters.

Goal 1: Enhance customer experience – Deliver improved services, such as online self-service, automation, access to data, and integration with partners.

Supporting objectives

- Improve customer satisfaction
- New online service options
- Improve service availability through mobile applications
- Increase access to timely and accurate data for customers
- Create additional data elements that address missing data points
- Seamless service delivery with our partners

Supporting performance metrics

Workforce Operations Division

- Increase in percentage of employers using the job posting service (i.e., market penetration)
- Increase in customer satisfaction with availability of information
- Increase in returning system users

Unemployment Insurance Division – tax

- Increase in percentage of employers utilizing online reporting methods
- Decrease in timeframe for status determinations
- Decrease in timeline to respond to stakeholder requests

Unemployment Insurance Division – benefits

- Decrease in average adjudication timeline
- Increase in percentage of online claim filing
- Decrease in overpayment rate

Goal 2: Transform business processes – Leverage modern system capabilities to provide improvements and efficiencies in business processes, deliver new tools for our employees, and support more effective service delivery to our customers.

Supporting objectives

- Improve state, federal, and other internal key performance outcomes and metrics long term
- Minimize process pain points
- Automate repeated manual processes and reporting that do not require human judgement
- Fulfill business requirements

Supporting performance metrics

- Improve applicable state, federal, and internal performance metrics
- Eliminate prioritized pain points
- Increase the number of automated processes
- Reduce manual work to develop mandated reports
- Business requirements met or exceeded

Goal 3: Improve data security – Improve our ability to anticipate and respond to data security threats and manage access.

Supporting objectives

- Improve the extensibility and flexibility of access control administration
- Implement comprehensive audit logs
- Comply with all applicable regulatory security standards

Supporting performance metrics

- Decrease average timeframes to process access requests
- Reduce security-related audit findings
- Implement role-based access for all new systems solutions
- Implement access that follows the principal of least privilege

Goal 4: Modernize technology – Replace the agency's aging computer systems that support unemployment insurance taxes, payment of benefits, and delivery of employment services.

Supporting objectives

- Replace in-scope systems and functions
- Replace in-scope interfaces
- Deliver flexible and sustainable systems
- Deliver technical requirements

Supporting performance metrics

- Replace and decommission in-scope legacy systems
- Replace in-scope interfaces and data transfers
- Deliver technical requirements
- Reduce the number of systems and interfaces within the agency's technical architecture

Goal 5: Provide expandable technology - Deliver a system capable of supporting new programs and functionality needs.

Supporting objectives

- Deliver system solutions that can be leveraged for new programs' technology needs
- Promote system standards that provide opportunity to support new and expanded functionality needs of agency programs
- Promote employer buy-in and compliance by delivering systems and processes that take into consideration input and feedback of agency customers and stakeholders
- Deliver systems that provide equitable access for Black, Indigenous and other people of color, low-wage workers, people with disabilities, and currently and historically excluded workers and employers based on ongoing identification of gaps and opportunities
- Establish systems and processes that support the administration of agency programs in a way that is customer-focused, cost-conscious, and sustainable

Supporting performance metrics

- Number of new programs or functionalities supported
- Customer usage and compliance metrics improve over time
- Increased customer satisfaction for all customer groups
- Increased usage, compliance, and customer satisfaction among targeted populations
- Program timeliness, quality, and financial performance metrics improve over time

Benefits

In addition to the program goal and objectives, modernizing the agency's core systems enable a number of expected benefits. These benefits include:

- **Alignment with strategic priorities** – Through modernizing the unemployment insurance systems and processes, the agency seeks to broaden access – allowing Oregonians and Oregon businesses to interact with the agency in the format of their choosing – that results in equitable outcomes and supports the governor's priority of *A Thriving Statewide Economy*.

- **Enhanced customer experience** – The agency seeks to improve our customers' experiences through the addition of self-service functionality and gains in operational efficiencies that improve our timeliness and ability to respond to changing demands.

- **Improved data accuracy and availability** – Modernizing our systems will improve the accuracy of program data, facilitate the collection and preparation of mandated reports, and give us the ability to collect and analyze data that has historically not been available.

- **Increased flexibility** – A modern system will increase the agency's ability to implement system enhancements to meet customer expectations and comply with new program requirements arising from federal or state legislation and changing economic conditions.

- **Risk mitigation** – The agency seeks to eliminate or mitigate the risks associated with current systems and processes to ensure we can continue to sustain and enhance our core services into the future.

Guiding Principles

The following principles have been set by the program's steering committee to provide guidance to the program and project teams as they make decisions and deliver the program benefits.

- **Focus on our customers' experience** – Advocate for our customers' experience, while also enabling our employees and partners to improve service delivery.

- **Deliver core services first** – Ensure we can continue our core services, and plan for improvements, flexibility, and future expansion.

- **Configure over customize whenever possible** – Adapt, transform, and improve processes, rather than customizing the new system(s) to existing processes.

- **Seek opportunities for self-service** – Provide self-service opportunities and maintain equitable access for our customers.

- **Automate thoughtfully** – Automate repeatable processes that don't require human judgment.

Preferences

As the agency undertakes its Modernization Program, planning and decision-making are framed by the following preferences:

- **"Buy" not "build"** whenever possible, understanding that adjustments will be necessary to adapt any product to meet the agency's requirements.

- Select and implement an **integrated unemployment insurance** system that meets the required functionality for both benefits and tax programs.

- **Leverage existing solutions** and consider enterprise-level investments as a possible means to leverage capabilities and functions implemented by partner agencies.

- **Pursue customer-centric solution(s)** that can be scaled, maintained, and updated to evolve with technology.
- Mature an architecture that **promotes future growth and configurability**.
- Select a **maintenance and support model that utilizes a combination of internal and outsourced support**. Desire is for support to shift from greater reliance on contracted resources to internal staff over time.

Approach

The Modernization Program will be comprised of multiple projects initiated to deliver the program benefits. The following principles will be incorporated into how modernization projects are managed:

- **Utilize an inclusive and participatory process** with representation from employees, key customers, partners, and stakeholders.
- **Learn from the experience of others**, seek best practices, and obtain lessons learned.
- **Follow project management standards, best practices, and oversight requirements** for all modernization projects.
- **Deliver incremental value early and often**, focused on highest value components first, and allow for iterative development that incorporates continuous input from business users as components are developed.
- **Continue to maintain and operate current systems through implementation** to minimize disruption of services to Oregonians and Oregon businesses.
- **Include communications and change management strategies** to engage and support employees through this significant transition.

Program Health Metrics

SCOPE

Program scope is limited to the modernization of systems and processes supporting the agency's core programs and functions for:

- Unemployment insurance tax
- Unemployment insurance benefits
- Employment services (workforce)
- Paid Leave Oregon contributions
- Paid Leave Oregon benefits

In addition to systems supporting these primary lines of business, the agency recognizes the importance of interfaces with the agency's research and administrative business services divisions, statewide financial systems, and service delivery partners. Therefore, interface and data sharing requirements will be considered in scope for the Modernization Program.

Delivery of scope will be accomplished through the execution of individual projects. Scope for each project will include detailed methods to measure and report progress. The objectives and metrics stated above will provide guidance as project scope is determined.

SCHEDULE

The Modernization Program is a multi-biennial effort that will continue until the program goals are met. Modernization will be carried out through the program's projects. Program milestones will be tracked by the projects implemented. Within those projects, discrete milestones will be established that highlight key delivery dates and activities for the project. At the time this charter was initially developed, two distinct projects were anticipated. A project focused on UI tax and benefits to begin first, followed by a workforce project initiated later as schedule concurrency and resource capacity are considered. Since then, the Modernization Program scope was expanded to include Paid Leave Oregon contributions and benefits. As such, the project focused on UI modernization will include Paid Leave Oregon contributions and benefits in addition to UI tax and benefits. Additional projects may be necessary as scope and delivery options are evaluated.

Figure 1 – Modernization Timeline

Modernization Program Projected Timeline
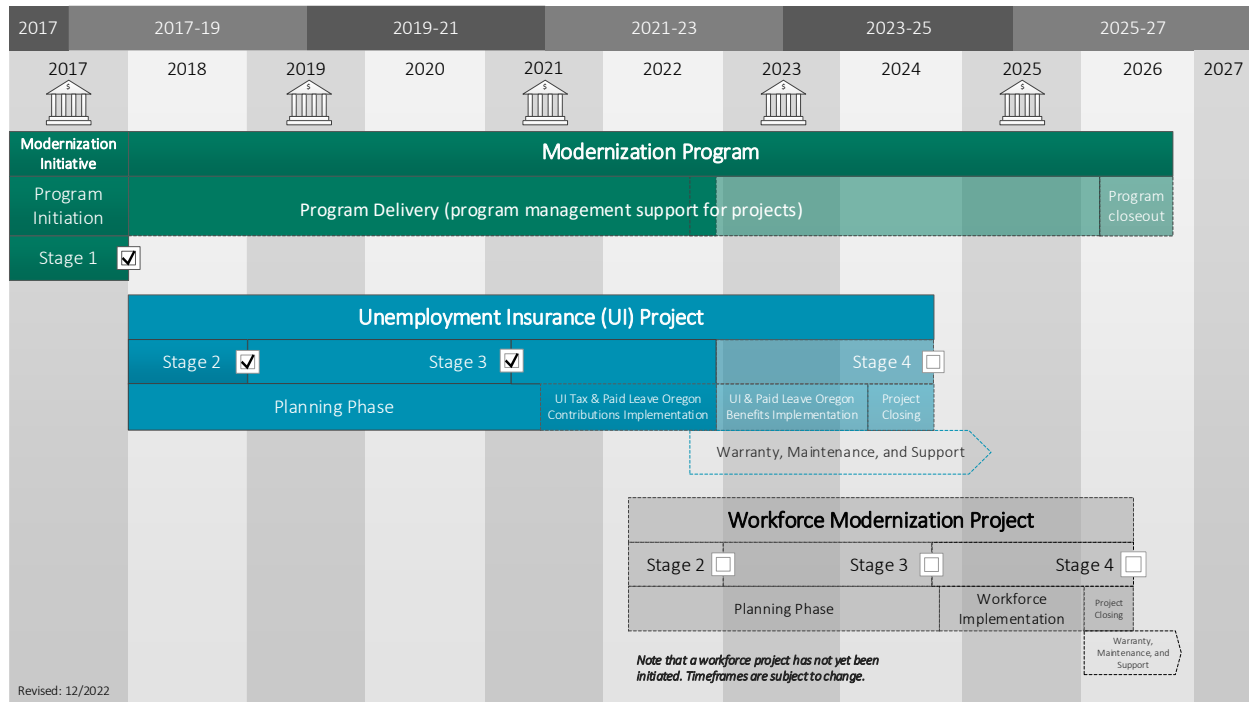
BUDGET

The Modernization Program is funded by UI funds and other revenues available to the agency. Specific one-time UI funds were distributed by the U.S. Department of Labor in 2009, also referred to as Modernization Funds, which reside in the UI Trust Fund. Modernization funds were made available to the state under section 903(f) of the Social Security Act (42 U.S. C. 1103(f)) to be used for purposes of administering unemployment compensation law and public employment offices, and for debt service and capital improvements. The U.S. Department of Labor issued guidelines on how this money may be spent as authorized in Section 903(c)(2) of the Social Security Act and 20 CFR Parts 652 and 667, which

includes use for application development and other technology that support employment service delivery. The agency has chosen to use these Modernization Funds as a primary source of funding for modernization.

The Employment Department made the decision to include the Paid Leave Oregon contributions and benefits technology needs as part of the Modernization Program scope. For project costs associated with implementing Paid Leave Oregon, a General Fund loan was authorized and is the only available funding stream until contributions are collected. Paid Leave Oregon contributions will be used to repay the General Fund loan, and to replace general funds as the only revenue stream available for Paid Leave Oregon allocated costs. Other funds may be used where available and advantageous for agency long-term business and program funding purposes, and as allowed or required by state or federal law.

Figure 2 – Federal Modernization Funds

Unemployment Insurance (UI) Modernization Funds	
Received 6/8/2009 (Related to enactment of SB 462, 2009 OR Legislature)	$ 28,524,880
Received 7/20/2009 (Related to enactment of HB 2624, 2009 OR Legislature)	$ 57,049,761
Total received	*$ 85,574,641*

Each distribution was tied to specific legislation and approved by the U.S. Department of Labor.

This table does not reflect the current balance of Modernization Funds.

Critical Success Factors

Critical success factors are the elements necessary for the Modernization Program to achieve its goals. Many of these were identified through the feasibility study conducted in 2017. The critical success factors identified for success of the Modernization Program are:

- Cohesive sponsorship and agency leadership supporting the program and its projects
- Sufficient funding to cover the resource needs for the program and constituent projects
- Timely, relevant, and transparent communication
- Change management resources and activities to prepare agency employees for new systems and changes in business processes
- Partnership and involvement from business and information technology units within the agency
- Regular engagement with partners and other external stakeholders
- Disciplined change control for scope, schedule, budget, and contract adjustments
- Attention to data conversion and data cleaning activities
- User involvement and clear business objectives and requirements
- Skilled and sufficient staffing
- Facilities supporting a collaborative work environment, such as co-located space for agency project team and vendor staff
- Expedient decision making
- Rigorous project management

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Modernization Program Charter V3.0

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