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Nikki R. Haley
Governor

Cheryl M. Stanton
Executive Director

March 7, 2013

The Honorable Nikki G. Setzler
South Carolina Senate
1101 Pendleton Street
Columbia, SC 29201

Dear Senator Setzler:

Thank you for the opportunity to appear before the Senate Finance Transportation and Regulatory Subcommittee on March 6, 2014. During this meeting, you requested documents related to the additional spending authorization that the SC Department of Employment and Workforce (DEW) is requesting in the FY 14-15 budget related to the Southeastern Consortium for Unemployment Benefits Integration (SCUBI).

The consortium is comprised of Georgia, North Carolina and South Carolina. It should be noted that during the consortium process, Tennessee was also a member. The US Department of Labor (DOL) has incentivized states to work together to modernize their information technology systems related to unemployment insurance benefits. The legacy system DEW currently utilizes to administer benefits was developed and deployed during the 1970s. By being a part of this consortium, DEW is able to partner with other states to completely modernize its unemployment benefit technology while gaining efficiencies in cost sharing between the states and DOL.

DEW is providing several documents attached to this correspondence related to your request that provide a timeline of how SCUBI began in 2009 under the direction of the former Employment Security Commission (ESC) to the present with being awarded a $50,000,000 grant from DOL.

If you have any questions, please do not hesitate to reach out to me directly.

Sincerely,

Cheryl M. Stanton

Attachments:

Letter from U.S. Department of Labor dated August 21, 2009

Supplemental Budget Request dated September 16, 2009

Letter from the U.S. Department of Labor dated November 20, 2009

Southeast Consortium Study to Define/Evaluate Unemployment Benefit System

Letter to U.S. Department of Labor dated August 17, 2011

Letter from U.S. Department of Labor dated October 3, 2011

Letter to U.S. Department of Labor dated August 9, 2013

Supplemental Budget Request dated August 9, 2013

Letter from U.S. Department of Labor dated August 15, 2013

Letter to Procurement Services Division of S.C. Budget and Control Board dated August 15, 2013

Letter to S.C. Budget and Control Board dated August 20, 2013

Southeast Consortium for Unemployment Benefits Integration (SCUBI) Timeline

August 21, 2009: The US Department of Labor (DOL) notifies State Workforce Agencies about an Unemployment Insurance (UI) Supplemental Funding Opportunity for automated integrity related systems: Including systems to improve services and/or performance

October 16, 2009: The SC Employment Security Commission applies for federal assistance to conduct a feasibility study on modernization planning for UI benefits

November 20, 2009: The USDOL notifies SC Employment Security Commission of approval of money to conduct a feasibility study

April 2010: The feasibility study began and was released on August 1, 2011

August 17, 2011: The Southeast Consortium submits a Supplemental Budget Request (SBR) requesting funding to design, develop, and implement a benefit system that can be used by multiple states with Tennessee acting as the lead procurement state

October 3, 2011: The USDOL notifies the Southeast Consortium of a grant award of $50,000,000 for the SBR submitted under the SCUBI consortium

July 29, 2013: Tennessee withdraws from the SCUBI consortium

August 1, 2013: The SCUBI Project Steering Committee met and voted unanimously to re-constitute the Consortium with the three states and to designate South Carolina as the new procurement state

August 9, 2013: The Consortium sends a letter to USDOL asking for the 2011 SBR granted to Tennessee be transferred to the Procurement Services Division of South Carolina's Budget and Control Board

August 15, 2013: USDOL informs the SC Department of Employment and Workforce that the SBR for funds to implement the 2011 Program Integrity and Performance and System Improvements have been approved in the amount of $50,000,000

Employment and Training Administration Advisory System U.S. Department of Labor Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL DUIO/SBR
	DATE August 21, 2009

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 31-09 Change 1

TO: STATE WORKFORCE AGENCIES

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Unemployment Insurance (UI) Supplemental Funding Opportunity for Automated Integrity Related Systems: Including Systems to Improve Services and/or Performance

1. <u>Purpose</u>. To notify state workforce agencies of the availability of Fiscal Year (FY) 2009 UI funds for automation acquisitions that will allow states to implement technological improvements to better serve UI beneficiaries and employers, to accommodate large fluctuations in UI workloads, and/or to improve program integrity and/or performance.

2. <u>References</u>. Unemployment Insurance Program Letter (UIPL) No. 31 – 09; ET Handbook No. 336, 18th Edition, <u>State Quality Service Plans Planning and Reporting Guidelines</u>.

3. <u>Background</u>. UIPL 31 – 09 notified states that FY 2009 funds are available for technology based overpayment prevention, detection, and collections investments to support payment integrity activities. This Change 1 amplifies that supplemental funding opportunity to include projects targeted to improving certain services to UI beneficiaries and employers and to improving overall system performance.

4. <u>Use of Funds</u>. Use of these one-time funds should be geared toward investments that will provide future returns. In addition to the activities described in UIPL 31-09, states may propose IT projects that are directly related to the activities below:

   - Planning for modernization of UI benefits and tax information technology systems.

RESCISSIONS None	EXPIRATION DATE August 21, 2010

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- Updating call center and interactive voice response system technology and expanding capacity to reduce busy signals/wait times and improve service quality.

- Implementing or improving electronic processes to speed benefit payments and tax collections (e.g., Internet services for UI benefits and tax services including UI appeals).

- Educating UI beneficiaries who receive benefit payments via debit card of associated fees and how to avoid these fees. An example of this activity includes development of automated functions to generate appropriate letters and messages to claimants concerning debit card fees.

Examples of some of the activities for which funds are to be provided are described more fully in Attachment B to this UIPL. States may also submit other automation projects not described in the examples.

5. <u>Application, Award, and Expenditure of Supplemental Funds</u>. States may submit individual proposals for one or more of the purposes described above in one SBR package. Each proposal will be considered a section of the state's SBR, and each proposal will be evaluated individually. In some instances, identical expenditures may be proposed in two separate projects, but only need to be funded in one of the projects. In such instances, the state should provide a brief explanation of the duplication to ensure that the same cost(s) is not funded twice.

The Supplemental Budget Request Outline (Attachment A) will be used to evaluate the proposal. Each element should be addressed succinctly providing the specific information requested. Due to the tight timeframe for developing and submitting SBRs, states are asked to provide only the information requested. Information such as an introductory narrative is not necessary and does not add to the SBR score. Proposals that do not meet a minimum standard score of 80 points will not be funded.

Some projects have a cap on the amount of funds that will be provided and others do not. Proposed expenditures should be described to explain and justify all requests. Proposals for maintenance and support of the projects described in Section 4 of Attachment B require no description(s); only information in items number 1 through 3 of Attachment A are needed for the SBR.

After projects have been approved, an award letter will be issued to states listing all projects to be funded, the funding level of each, and the total funding level for the state. States must submit one SF-424 (OMB No. 4040-0004) and one SF-424A (OMB No. 4040-006) covering all of the approved projects.

States must obligate the funds by September 30, 2011, and liquidate the obligations within 90 days of that date. Upon written request from the state, no later than August 31, 2011, the grant officer may extend the liquidation period only if the funds have been obligated to an outside contractor. An extension can

not be granted if the funds are intended for use by State Workforce Agency staff or by another state agency (see 29 CFR § 97.3).

During the life of the project expenditures should be reported on the U. S. DOL ETA Fiscal Report (ETA 9130) in the remarks section. By applying for these individual projects, the state is agreeing that the projects will be completed with no additional Federal funding.

6. Project Management. If during the performance period states wish to move funds among categories within a project and the amount moved exceeds 20 percent of any category in the initially awarded amount for the project, a new SF-424A must be submitted to the Regional Office. These documents are then forwarded by the Regional Office for approval by the Grants Officer. The same requirement for approval applies to movement of funds between projects if the amount moved exceeds 20 percent of either the "donating" or "receiving" project as initially funded. States should consult with the Regional Office to determine the appropriate procedures for modifications of 20% or less.

In addition states wishing to transfer funds in excess of $30,000 between projects must request approval by the Regional Office even if this transfer does not affect the reported categories on the SF-424A. States may not elect to abandon a single project that has been funded and move the funds to a different project that has also been funded. If an approved project is not undertaken by the state, the funds for that project must be returned to the Department.

7. OMB Approval. This Change 1 to UIPL 31-09 will be submitted (as an addendum to UIPL No. 31 – 09) to the Office of Management and Budget (OMB). ETA will notify states upon OMB approval and communicate any changes deemed necessary during the OMB approval process.

8. Action Requested. State Administrators are asked to:

   (a) Inform appropriate staff of this funding opportunity.

   (b) Determine activities for which the submission of SBRs would be appropriate.

   (c) Work with the Regional Office, as appropriate, to utilize their knowledge and technical expertise.

   (d) Submit SBRs to the National Office at OWS.SBR@dol.gov, by September 2, 2009, with a copy to the Regional Office. An e-mail response will be sent within 24 hours from the OWS SBR mailbox acknowledging receipt of the electronic document.

9. Inquiries. Inquiries should be directed to the appropriate Regional Office.

10. <u>Attachments</u>.

    A.   Supplemental Budget Request Outline

    B.   Project Descriptions

           1. Feasibility Studies – Modernization Planning for UI Benefits and/or UI Tax Systems

           2. Enhanced Call Center and/or Interactive Voice Response System Technology

           3. UI Appeals – Conversion from Tape to Digital Recordings of Appeal Hearings

           4. Maintenance and Support Costs for UI Automated Systems

                 a. SUTA Dumping Detection System (SDDS)

                 b. AutoCoder/OccuCoder™

                 c. State Information Data Exchange System (SIDES)

           5. UI Data Validation for Benefits

           6. UI Data Validation for Tax

           7. Smart Schedulers and Related Automation for Appeals

           8. State Information Data Exchange System (SIDES)

                 a. New Implementation

                 b. SIDES Employer Website (SEW) Enhancement for Current Consortia States

           9. AutoCoder Integration

           10. Educating UI Beneficiaries about Debit Card Fees and How to Avoid These Fees

           11. Programming to Include Entire Name in UI Wage Records

Supplemental Budget Request Outline

1. **Name of the Project:**

2. **Amount of Funding Request for this project:** Provide the total dollars requested for this proposal. By submitting this proposal, the state agrees to complete this project without additional Federal funds.

3. **State Contact:** Provide name, telephone number and email address of the individual who can answer questions related to this proposal.

4. **Project Description:** Explain in one paragraph what the funds will accomplish.

5. **Project Timeline:** The value of this element is 15 points. Provide a timeline identifying the dates of significant steps in this project through the projected implementation date.

6. **Description of Costs:** The value of this element is 15 points. States should use the table format below to request state or contractor staff.

Type of Position	Number of Hours	Cost Per Hour	Total Cost

7. **Hardware, Software, and Telecommunications Equipment:** Provide an itemized list of hardware, software and telecommunications equipment including the cost per item and the number of each item requested. A description of each item should provide information needed to identify the specific item and a description of the size and capacity of each item, if applicable.

8. **Other:** Identify and explain the need for each item; provide expected cost per item.

9. **Strategic Design:** The value of this element is 35 points. Include a brief description of the strategic project design identifying key reasons this project is needed. The strategic design should provide evidence of a well-thought-out analysis of current operations and show that the design will meet the state's needs. Describe the current problem(s) and how the project will address it, for example, a state may have a dropped call rate of 30% of calls Monday/Tuesday due to the inability of the system to handle the high call volume. Problems should be those that will be addressed through technology rather than by just adding additional staff. For example, new/enhanced technology may be needed before staff can be added to handle workload increases.

10. **Measurable Improvements Expected in UI Operations:** The value of this element is 35 points. Identify which services or performance will be improved or on-going costs reduced through implementation of the proposed project. Improvements and cost reductions must be quantified and estimates must be reasonable (e.g., improvement might be an estimated 20 percent decrease in the call drop rate of a Call Center taking claims).

PROJECT DESCRIPTIONS

1. Feasibility Studies - Modernization Planning for UI Benefits and/or UI Tax Systems

Purpose: To provide funds for a state consortium to develop and administer a study to determine the feasibility of designing, developing and implementing a core UI tax or a core UI benefits system that could be used by multiple state workforce agencies. Many state UI systems are out-of-date and in danger of failing. The cost to implement and maintain these UI systems is considerable. A feasibility study would determine if a cost effective model system could be developed that would contain UI tax or benefits core functions which could subsequently be exported and implemented by other states without the need to significantly customize the system, and/or be hosted in one state and providing automated services to other states. The goal is for multiple states to share a common core system that accommodates each state's individual needs.

The states will jointly establish a project team to develop a planned approach for collaboratively developing a Benefit or Tax system and will conduct a feasibility study to evaluate the proposed plan. The system design, development and implementation planning process as well as the feasibility study may require the assistance of one or more contractors. One state must be willing to act as the lead contracting party for the consortium for a given contract. The lead contracting state will be responsible for developing and awarding a contract with the support and participation of the other consortium states.

The consortium will be administered by a Steering Committee consisting of the Project Lead from each of the participating states. Each state will provide project staff (program and technical) to work as a Project Team. The Project Team will carry out the work of the consortium based on the direction of the Steering Committee. The Project Team will work with the other state consortium staff and contractor staff, as necessary, to provide information that the contractor needs to develop, plan and design an approach for a common Benefit or Tax system. The Project Team will seek input from and provide feedback to other interested state staff as well as to regional and national office staff. The consortium Project Team will be responsible for providing input for and reviewing the Request for Proposal(s) (RFP) for any contract(s) and participating in or providing input on the vendor selection, helping to define appropriate activities for the contractor(s), and providing UI program and technical experts to support the feasibility study.

The consortium may also request via its SBR proposal that US Department of Labor re-allot specific funds necessary for contracts to the lead state for that contract effort.

Examples of the lead state responsibilities:

1. Coordinate all activities related to this effort with the other participating states.

2. Develop, in consultation with participating states, an RFP for a feasibility study, lead in the selection of the contractor, and administer the grant award with the selected contractor.
3. Host the selected contractor on-site to review tax or benefit operations and provide staff to support the effort and respond to requests for information.
4. Develop and present the findings of the study (may include contractor participation) upon completion of the project.

Examples of the participating state responsibilities:

1. Assist with development of the RFP.
2. Attend meetings/conferences with lead and participating states.
3. Host contractor on site to review tax or benefit operations and provide supporting staff to respond to specific requests for information.
4. Assist in developing/presenting findings of the completed study.

To submit an SBR complete Attachment A (items #1 – 10)

2. Enhanced Call Center and/or Interactive Voice Response System Technology

Purpose: To meet the current needs of UI telephone systems. During periods of extraordinarily high unemployment many call centers have been unable to withstand the increased workload volume. Some states have call center technology that is out-dated and in need of enhancements to provide quality service.

Examples of the use of funds may include:

1. Modifying call center systems to reroute calls in a virtual call center system;

2. Revising automated messages for claimants on the interactive voice response system;

3. Implementing enhanced security systems;

4. Linking call center systems to automated job listings;

5. Implementing automated scheduling systems for adjudication, worker profiling and reemployment services, UI scheduling of claimants for interviews and/or appeals (see Smart Scheduler for Lower Authority Appeals in Section 7 of this Attachment);

6. Implementing enhanced technology that will handle increased workload volume;

7. Replacing out-of-date equipment for telephone claims taking: and

8. Implementing automated out bound calling during off peak times for other UI activities like BPC overpayment recovery calls or job openings information for claimants.

To submit an SBR complete Attachment A (items #1 – 10)

3. UI Appeals - Conversion from Tape to Digital Recordings of Appeal Hearings

Purpose: Clear and reliable audio recordings of hearings are crucial to the UI Appeals process. Recordings made from magnetic tape are archaic, cumbersome to store, and most importantly, the quality deteriorates over time. The digital audio recording should be able to capture, maintain, index, share, and archive a clear and accurate recording of the Lower Authority Appeals (LAA) hearing. The system could also be used for Higher Authority Appeals proceedings including hearings, reviews, additional testimony, etc.

The transformation from tape to digital recordings may include hardware, software, sound integration and support. Proposed solutions need to integrate with the state's LAA processes, procedures, and policies.

Examples of the use of funds may include:

1. Developing and issuing a Request for Proposal (RFP) to procure a vendor to purchase hearing audio recording equipment necessary to implement the new system.
2. Purchasing and implementing a digital audio system for the state's appeals hearing proceedings including both the purchase of necessary equipment and the development of the automated system to meet the state's specific needs.
3. Training staff in the use of the automated equipment and writing procedures, as necessary, to use the equipment efficiently.

To submit an SBR complete Attachment A (items #1 – 10)

4. Maintenance and Support Costs for UI Automated Systems

The amount of funding available is specified for the three (3) maintenance and support projects listed below. For any of the 3 projects, states only need to provide information in items #1 through #3 from the Supplemental Budget Request Outline (Attachment A). States may submit a request for these funds using the examples below and may request that the funds be deobligated to the Maryland Department of Labor, Licensing & Regulation, which is the lead state for these projects.

a. SUTA Dumping Detection System (SDDS) – Maintenance/Support Consortium

Purpose: To provide states with funds for 2 years of support for their SDDS. The existing SDDS state support agreements expire on September 30, 2009. A designated lead state will be responsible for continued SDDS software and system support after September 30, 2009.

Available Funds: Up to $7,000 is available for each state for 2 years of maintenance and support ($3,500 per year) for its SUTA Dumping Detection System (SDDS). The 43 states that use the SDDS (designed by the State of North Carolina on behalf of USDOL) may continue support through a designated lead state.

USDOL strongly encourages all 43 SDDS states to take advantage of this opportunity to acquire system support for the next 2 years as it will provide access to the upgraded and enhanced version of the original 2006 SDDS software. Most importantly, version 3 of the software provides states the ability to remove older quarterly data from their SDDS data base to create room to add new quarters. The ability to roll-off older data is critical for continuing SDDS operations. Every state that obtains system support through this SBR will have access to the new software release.

The continuing costs for maintenance and support of SDDS are $3,500 per year for each state. The funds provided by this SBR will provide maintenance and support from October 1, 2009 through September 30, 2011. The support funds will pay for maintaining the system.

Maintenance costs 10/1/09 – 9/30/10	$3,500
Maintenance costs 10/1/10 – 9/30/11	$3,500
Total	$7,000

The state may request funding as follows:

> The [**State Workforce Agency Name**] requests $7,000 for maintenance and support of the SUTA Dumping Detection System and requests that the U. S. Department of Labor reallot these funds to the Maryland Department of Labor, Licensing & Regulation to enter into an agreement with the Information Technology Support Center to provide the support for the SDDS software.

NOTE: A state that developed its own detection system for SUTA Dumping activities may request up to $7,000 for maintenance and support costs for that system. Attachment A (items #1 – 3) must be completed to request funds.

b. AutoCoder/OccuCoder™ – Maintenance/Support Consortium

Purpose: To provide states with funds for 2 years of support for their AutoCoder/OccuCoder™ software. The existing AutoCoder support agreements expire on September 30, 2009. USDOL will pay for continuing AutoCoder/OccuCoder™ software and system support after September 30, 2009.

Available Funds: Up to $14,000 is available for each state for 2 years of maintenance and support ($7,000 per year) for its AutoCoder/OccuCoder™ software. The states that use the AutoCoder/OccuCoder™ will obtain support through a designated lead state.

USDOL strongly encourages all states using AutoCoder/OccuCoder™ to take advantage of this opportunity to acquire system support for the next 2 years as it will provide access to an enhanced version of the original AutoCoder/OccuCoder™ system. Every state that obtains system support through this SBR will have access to new software releases issued during this time period.

The continuing costs for maintenance and support of SDDS are $7,000 per year for each state. The funds provided by this SBR will provide maintenance and support from October 1, 2009 through September 30, 2011. The support funds will pay for maintaining the system.

Maintenance costs 10/1/09 – 9/30/10	$7,000
Maintenance costs 10/1/10 – 9/30/11	$7,000
Total	$14,000

The state may request funding as follows:

> The [**State Workforce Agency Name**] requests $14,000 for maintenance and support of AutoCoder/OccuCoder™ and requests that the U. S. Department of Labor reallot these funds to the Maryland Department of Labor, Licensing & Regulation to enter into an agreement with the Information Technology Support Center to provide the support for the AutoCoder/OccuCoder™ software.

c. State Information Data Exchange System (SIDES) - Operations, Maintenance, Enhancement and Support

Purpose: To provide states with funds for 2 years of operations, maintenance, enhancement and support for SIDES for those states that are currently participating in this initiative. Support activities will include: ensuring system availability and acceptable system performance, defect correction, associated system testing, enhancements approved by the consortium, technical assistance, and help desk support. These funds will provide support the SIDES system through September 30, 2011.

Available Funds: Up to $300,000 is available for each state for 2 years of maintenance and support ($150,000 per year) of the SIDES and the SIDES Employer Website (SEW). The states that use the system will obtain support through the National Association of State Workforce Agencies (NASWA), which provides for maintaining the system on behalf of the consortium.

USDOL encourages all states to take advantage of this opportunity to acquire system support for the next 2 years. Every state that obtains system support through this SBR will have access to any new software releases issued during this time period. Further, states that want USDOL to obligate these funds directly on their behalf to the designated lead state should indicate this in their request.

The continuing costs for maintenance and support of SIDES are $150,000 per year for each state. The funds provided by this SBR will provide maintenance and support from October 1, 2009 through September 30, 2011. The support funds will pay for maintaining the system.

Maintenance costs 10/1/09 – 9/30/10	$150,000
Maintenance costs 10/1/10 – 9/30/11	$150,000
Total	$300,000

The state may request funding as follows:

The [**State Workforce Agency Name**] requests $300,000 for maintenance and support of SIDES and requests that the U. S. Department of Labor reallot these funds to the Maryland Department of Labor, Licensing & Regulation to enter into an agreement with the Information Technology Support Center to provide the support for the SIDES software.

To submit SBR(s) the state may complete Attachment A (only information in items #1 – 3 are needed for these support and maintenance projects); indicate whether the state requests that USDOL reallot funds to the lead state (requests to reallot funds may be transmitted via an email message (similar to the examples above) or included on Attachment A).

5. Unemployment Insurance (UI) Data Validation for Benefits

Purpose: To obtain an independent (third party) verification that the state's data validation extract files meet Federal UI data validation requirements for benefits related reports. The basic UI data validation design is for states to reconstruct the numbers/counts reported to USDOL's Employment and Training Administration on UI required reports. To do this, states write computer programs that search their electronic databases and extract all transactions that should have been reported.

This SBR funding is for states to obtain an independent verification that their computer programs are extracting the correct transactions for each data validation "population." States must submit a copy of the independent verification certification to their respective Regional Office upon completion. States that choose to obtain an independent verification may use any funds not needed for the verification to correct errors in data validation extract files, complete data validation implementation, train staff, and correct reporting errors discovered through data validation.

This funding is available for states that have not yet received full funding of $100,000 (the amount that was made available in a previous year's SBR opportunity) for this purpose.

Examples of the use of funds may include:

1. Developing a Request for Proposal (RFP) for data validation services from an outside vendor.
2. Working with the selected vendor to provide information needed and to secure necessary data files including:
   - writing programs to create the population 1-14 datasets,
   - modifying existing computer systems to add new fields needed for data validation, and
   - updating the data validation Module 3 document – the state specific set of instructions for the data validator, and
3. Correcting reporting errors and ensuring that the corrections pass data validation guidelines.

To submit an SBR complete Attachment A (items #1 – 10)

6. Unemployment Insurance (UI) Data Validation for Tax

Purpose: To obtain an independent (third party) verification that state's data validation extract files meet Federal UI data validation requirements. The basic UI data validation design is for states to reconstruct the numbers/counts reported to the Employment and Training Administration on UI required reports. To do this, states write computer programs that search their electronic databases and extract all transactions that should have been reported.

The data on the ETA 581, Contributions Operations, report is used for a variety of national and programmatic purposes, including: Tax Computed Measures for UI Performs, BLS statistical information, and workload measures for UI budget allocation. It is important for all states to report the ETA 581 data on a consistent and comparative basis. Data validation ensures that states report the same data elements by validating the logic used to identify the data elements. For this reason, states have been required to validate certain data on the ETA 581 for 5 tax data validation populations since 2006.

This funding is available for states that have not yet received full funding of $100,000 (the amount that was made available in a previous year's SBR opportunity) for this purpose.

Examples of the use of funds might include:

1. Developing a Request for Proposal (RFP) for data validation services from an outside vendor,
2. Working with the selected vendor to provide information needed and to secure necessary data files including:
   - writing programs to create the population 1-5 datasets,
   - modifying existing computer systems to add new fields needed for data validation, and
   - updating the data validation Module 3 document – the state specific set of instructions for the data validator, and
3. Correcting reporting errors and ensuring that the corrections pass data validation guidelines.

To submit an SBR complete Attachment A (items #1 – 10)

7. **Smart Schedulers and Related Automation for Appeals**

Purpose: UI Appeals hearings preparation activities in a state's Lower Authority Appeals (LAA) process are an important variable in achieving timeliness and meeting appeals performance standards. Assessments of the LAA preparation activities should include a review of the intake process, reviewing how a case file is created, what it contains, and how it is scheduled as well as the mailing procedures and processes, and case management processes. Many of these functions can be automated. Posting appeals electronically, supporting documentations, and assigning docketing information should assist states in decreasing the time from when an appeal is first received to when the hearing is actually held. An automated docketing and scheduling system can allow states to better fill gaps in scheduling so hearing officers minimize lost time/downtime. States can also consider automating the issuance of hearing notices and LAA decisions.

Examples of the use of funds may include:

1. Issuing a Request for Proposal (RFP) for an automated system of recordkeeping, filing procedures, case-flow processing, and scheduling orders.
2. Managing the contract with the vendor ensuring that all system needs are clearly identified and incorporated into the proposed system.
3. Implementing the case management software, hardware and peripherals, network and communications for in-house customization.
4. Training staff and writing operational procedures addressing use of the new automated system.

To submit an SBR complete Attachment A (items #1 – 10)

8. State Information Data Exchange System (SIDES)

a. New Implementation of SIDES

Purpose: The UI State Information Data Exchange System (SIDES), formerly called the Separation Information Data Exchange System, is a secure electronic-based system that enables communication and transmission of UI separation information, and other information, between UI agencies and large multi-state employers or third party agents (TPAs).

The SIDES Employer Website (SEW) provides additional functionality to the web service-based SIDES system that allows an Employer/TPA to enter separation information into the system for the requesting state to electronically collect. The SEW is intended for Employers/TPAs that have a low volume of separations such that developing a web service connector solution is not cost effective, yet want to improve their separation response process in terms of effort, timeliness, and quality.

In particular, SIDES and SEW capability are expected to improve the quality and timeliness of non-monetary determinations. They provide a common format that employers can use to quickly respond to requests for separation information from various states.

Examples of the use of funds may include:

1. Developing a Request for Proposal (RFP) for a contractor or state staff to implement programming changes to -
   - Construct tables, which can be expanded as needed to identify employers/TPAs participating in SIDES.
   - Suppress separation information request mailings to SIDES participants.
   - Construct output file to SIDES host (secure transmission).
   - Pick-up data from SIDES.
   - Construct tables to receive SIDES information.
   - Integrate SIDES responses to automatically set separation issues and assign cases in adjudication management system.
   - Integrate SIDES responses into adjudication fact-finding procedures.
   - Integrate the SEW into the adjudication management system.

States requesting to implement the SIDES initiative should include a request for support and maintenance costs of $200,000 to cover maintenance and support through September 30, 2011. States only need to submit a request for the funds and request that the funds be deobligated to the Maryland Department of Labor, Licensing & Regulation, which is the designated lead state for this project. The request should read as follows:

> The [**State Workforce Agency Name**] requests $200,000 for maintenance and support of the State Information Date Exchange System and requests that the U. S. Department of Labor reallot these funds to the Maryland Department of Labor, Licensing & Regulation to enter into an agreement with the Information Technology Support Center to provide

the support for State Information Date Exchange System software as a part of the consortium for this project.

b. SIDES Employer Website (SEW) Enhancement for Current Consortia States

States currently participating in the SIDES consortium may request funds to implement the SEW if they have not yet done so. It is not necessary to complete the entire Supplemental Budget Request Outline (Attachment A) for this enhancement. States need to complete the project timeline and provide a description of costs as defined in the Supplemental Budget Request Outline (Attachment A).

To submit an SBR complete Attachment A (only items #1 –3 and items #5 - 7 are needed)

9. AutoCoder/OccuCoder™ Integration

Purpose: To provide automated access to claimants who are receiving UI payments and to employers to a cost effective system that allows them to select Occupational Codes that are appropriate for the claimants' experience and skills. States may elect to provide this information in an interactive voice mail system or over the Internet. Costs incurred in this function must be related to the development of the appropriate delivery system. States may install and maintain AutoCoder themselves or obtain technical assistance and support from the Information Technology Support Center (ITSC) or other vendors. When completing the SBR application, states should indicate whether ITSC technical support and maintenance are desired.

Available Funds: Up to $250,000 is available for the integration/interface of occupational coding software within the UI benefits system.

Examples of the use of funds might include:

1. Issuing a Request for Proposal (RFP) for necessary programming.
2. Programming changes including testing.
3. Maintaining the system.

To submit an SBR complete Attachment A (items #1 – 10)

10. Educating UI Beneficiaries about Debit Card Fees and How to Avoid these Fees

Purpose: To provide information to claimants who are receiving benefit payments via a debit card about how to effectively use the debit card at no cost. Education and outreach efforts may include information on how to avoid fees, locations where the debit cards are accepted, and related information. Costs incurred for this project must be related to the development of an appropriate automated delivery system.

Examples of the use of funds might include:

1. Studying problems experienced by current users.
2. Developing voice messages and automated text to advise claimants of cost effective debit card usage.
3. Programming and testing the appropriate messages.

To submit an SBR complete Attachment A (items #1 – 10)

11. Programming to Include Entire Name in UI Wage Records

Purpose: To provide states with funds to upgrade their wage record systems to capture the complete/entire name associated with UI quarterly wage records, and to transmit the entire name to the National Directory of New Hires (NDNH). States may revise their wage record systems for capture, storage and transmission of wage record data. A wage record file that contains the entire name for each wage record will allow the Social Security Administration (SSA) to perform integrity related activities including a name match on the social security number, thereby improving the integrity of the wage record files. Examples of permissible uses for these funds include:

1. Revising wage record data gathering systems, such as paper/OCR forms, internet reporting systems, electronic wage formats.
2. Revising data base structure to accommodate full name.
3. Revising computer wage record system to process and display the entire name.
4. Revising outbound wage record transmission to NDNH to include the entire name.

To submit an SBR complete Attachment A (items #1 – 10)

South Carolina Employment Security Commission
Unemployment Insurance
Fiscal Year 2009
Supplemental Budget Request
September 16, 2009

Name of Project: Feasibility Study-Modernization Planning for UI Benefits

Amount of Funding Request for this Project: $2,376,239

State Contact: Allen Larson
                     UI Director
                     alarson@sces.org
                     803 737-3089

Project Description:

Pursuant to Unemployment Insurance Program Letter 31-09, Change 1, South Carolina requests funding to participate in a state consortium to develop and administer a study to determine the feasibility of designing, developing and implementing a core UI Benefits System that could be used by multiple state workforce agencies. This funding is needed because our UI system, implemented in 1986, is woefully out-of-date and in danger of failing. The cost to implement and maintain our UI system is considerable, and the inflexibility of the system makes it increasingly difficult to modify for new UI programs. A feasibility study would determine if a cost effective model system could be developed that would contain UI benefits core functions which could subsequently be exported and implemented by other states without the need to significantly customize the system, and/or be hosted in one state and provide automated services to other states. The goal is for multiple states to share a common core system that accommodates each state's individual needs.

South Carolina has agreed to partner with Georgia, North Carolina and Tennessee in forming a consortium for this project. Tennessee will be the lead state in this effort and as such will coordinate all activities related to this effort. A Steering Committee made up of the four UI Directors and a vendor representative will oversee the entire project. Each state will have its own Project Team responsible for designing the core system that will result from this study.

Project Timeline:

Upon receipt of funding, we will begin collaborating with Georgia, North Carolina and Tennessee to develop the overall project schedule. It is our goal to complete this project within an 18 month timeframe, from project kickoff on October 1, 2009. The expectation is that the project will be completed by March 31, 2011, if not sooner. Once the project begins, the consortium and its vendor will establish a more specific timeline.

Description of Costs:

The project will encompass several different areas of cost. There will be significant costs in labor for UI subject matter experts as well as Information Technology experts. There will be costs for equipment, a project manager and scribe and other IT related costs. There will also be considerable costs for travel as the Project Team members meet with the other states in the consortium to design the system.

South Carolina believes it can accomplish this task with eleven subject matter experts devoting a third of their time for twelve months. That would be nearly the equivalent of four employees working full time for one year.

We will also have Agency IT staff as well as contract staff to assist in this effort.

UI Staff Labor

Eleven UI subject matter experts using 33% of their time for one year including benefits:

Type of Position	Number of Hours	Cost Per Hour	Total Costs
Dep. Exec. Dir.	600	$81	$48,600
Program Mgr. II	600	$71	$42,600
Program Mgr. II	600	$69	$41,400
Attorney IV	600	$72	$43,200
Program Mgr. II	600	$62	$37,200
Program Mgr. I	600	$59	$35,400
Program Mgr. I	600	$59	$35,400
Program Coord. II	600	$52	$31,200
Program Coord. I	600	$47	$28,200
Program Coord. II	600	$48	$28,800
Program Coord. II	600	$48	$28,800

Total UI Staff Costs   **$400,800**

IT Personnel

Agency Analysts and support personnel

Type of Position	Number of Hours	Cost Per Hour	Total Costs
Contract Analyst	2,000	$50	$100,000
Contract Analyst	2,000	$50	$100,000
IT Staff Programmer	500	$46	$23,000
IT Staff Programmer	500	$46	$23,000
IT Staff Programmer	500	$46	$23,000
IT Dept. Head	500	$66	$33,000
IT Manager	500	$65	$32,500

Tech Support Mgr.	500	$49	$24,500
DBA	500	$51	$25,500
WEB Support	500	$31	$15,500
Agency Project Mgr.	3250	$56	$182,000
Program Coordinator I	3250	$41	$133,250

Total Agency IT Staff Costs   **$715,250**

Contract Personnel
IT Applications Consultant

Type of Position	Number of Hours	Cost Per Hour	Total Costs
Applications Consul.	2,500	$53.90	$134,750

Total Contract Staff Costs   **$134,750**

Hardware Needs
Hardware for "team room", laptops and other communication devices

Description	Quantity	Cost per Unit	Total Cost
Smartboard	1	$3,300	$3,300
Plasma LCD Screen	1	$1,500	$1,500
Video Conf. Equip.	1	$10,000	$10,000
Video Projector	1	$5,500	$5,500
PC for Video Proj.	1	$2,200	$2,200
MS Office	16	$350	$5,600
Adobe 9.0 Profess.	16	$200	$3,200
Broadband Access	16	$72	$1,152
Go to Meeting	1	$1,000	$1,000
Corp. Comm. Dev.	15	$400	$6,000
Projection Screen	1	$1,500	$1,500
Mounting installation	1	$5,000	$5,000
Laptops	16	$1,500	$24,000

Total Hardware Costs   **$69,952**

Software Needs
Software needed for South Carolina to be the consortium's data repository

Description	Quantity	Cost per Unit	Total Cost
Collaboration soft.	1	$20,000	$20,000
Training for software	1	$15,000	$15,000

Total Software Costs $35,000

Travel Costs
Four meetings with entire project team, fourteen meetings with various members of the team, six steering committee meetings, cost to host at least one consortium meeting in South Carolina.

Meeting	Number of Meetings	Cost per Meeting	Total Cost
Whole Team Meeting	4	$17,724	$70,896
SME Meetings	14	$8,862	$124,068
Steering Comm. Mtgs	6	$1,052	$6,312

Total Travel Costs $201,276

Vendor Costs
South Carolina's cost of the consortium's hiring of a vendor for the project. **These funds are to be re-allocated to Tennessee as the lead state in the consortium.**

Assuming a vendor cost of $3,000,000 split evenly between the four states.

Total Vendor Costs $750,000

Contingency Costs
Three percent of the total cost for any unanticipated costs associated with the project.

.03 X $2,307,028 = $69,211

Total Contingency Costs $69,211

Total Costs: $2,376,239

Strategic Design:
In discussions within our region, three other states have expressed an interest in forming a consortium with South Carolina to pursue this project, namely Georgia, North Carolina and Tennessee. South Carolina will work with these states to jointly establish a project team to develop a planned approach for collaboratively developing a core UI Benefit System and will conduct a feasibility study to evaluate the proposed plan. The system design, development and

implementation planning process, as well as the feasibility study, may require the assistance of one or more contractors. Tennessee has agreed to act as the lead contracting party for the consortium for a given contract, and as such they will be responsible for developing and awarding a contract with the support and participation of the other consortium states.

The consortium will be administered by a Steering Committee consisting of the UI Director from each of the participating states. Each state will provide project staff (program and technical) to work as a Project Team. The Project Team will carry out the work of the consortium based on the direction of the Steering Committee. The Project Team will work with the other state consortium staff and contractor staff, as necessary, to provide information that the contractor needs to develop, plan and design an approach for a common Benefit System. The Project Team will seek input from and provide feedback to other interested state staff as well as to regional and national office staff. The consortium Project Team will be responsible for providing input for and reviewing the Request for Proposal(s) (RFP) for any contract(s) and participating in or providing input on the vendor selection, helping to define appropriate activities for the contractor(s), and providing UI program and technical experts to support the feasibility study.

As a participating state, South Carolina agrees to fulfill the following responsibilities:

- Assist with the development of the Request for Proposals
- Attend meetings/conferences with lead and participating states
- Host the contractor on site to review benefits and tax operations and provide supporting staff to respond to specific requests for information
- Assist in the developing/presenting findings of the completed study

Measurable Improvements Expected in UI Operations:

The Automated Benefit Payment System (ABPS) in South Carolina was installed in 1986. It has been quite serviceable but it is a rigid, inflexible system that requires significant maintenance. To maintain it also requires a skill set that is no longer current or taught in many places. We are afraid that we are one problem away from a major disaster in being able to make timely payments to eligible individuals. We have realized for some time that we needed to replace our benefit system but we have been hampered by an inability to secure funding and a lack of resources to begin such an undertaking. Adding additional federal programs like EUC produce more potential points of failure for our aging system. Obsolescence and excessive maintenance are two fears that we have for the future of our system. The need for a new system is obvious. We feel the consortium approach gives us an opportunity to partner with other states and take advantage of the newest technology in developing a core system that can be customized for each state. Even if money is not available at the end of the feasibility study to fund a new system, we will have a foundation to pursue a new system at a later time.

With the funding from this SBR, we will be able to determine the feasibility of moving forward with a consortium-based, common benefits system. At a minimum, this document will outline the requirements necessary for a new system. By hiring a consultant to conduct a feasibility study, it is our expectation that the following benefits will be realized:

- Project Identification--a solid definition and scope of the functionality included in a new Benefit Payment System, to include the resources and time involved in developing the system
- Technical and System Feasibility—whether the technology and systems exist to create the new Benefit Payment System
- Cost/Benefit Analysis—whether the results achieved through implementing a new system will outweigh the expected costs to implement and maintain the system
- Operational feasibility--a measure of how well the proposed system will solve the problems, and take advantage of the opportunities identified during scope definition and how it satisfies the requirements identified in the requirements analysis phase of system development
- Schedule Feasibility—it is well understood that a project will fail if it takes too long to be completed before it can be useful. This study should be able to address the issue of what would be a reasonable timetable for development and implementation of a new Benefit Payment System.

Agency Commitment: The South Carolina Employment Security Commission is committed to implementing this project and will supply additional funds above SBR funding necessary to complete the project in a timely manner.

APPLICATION FOR
FEDERAL ASSISTANCE

2. DATE SUBMITTED 10/16/09	Applicant Identifier

1. TYPE OF SUBMISSION:

Application	Preapplication	
☐ Construction	☐ Construction	**3. Date Received By State** — State Application Identifier
☒ Non-Construction	☐ Non-Construction	**4. Date Received by Federal Agency** — Federal Identifier

5. APPLICANT INFORMATION

Legal Name:
South Carolina Employment Security Commission

Organizational Unit:
Unemployment Insurance

Organizational DUNS:
098812840

Division:
Unemployment Insurance

Address (give city, county, state, and zip code):
Post Office Box 995
1550 Gadsden Street
Columbia, SC 29202

Name and telephone number of the person to be contacted on matters involving this Application (give area code):

Allen Larson   **(803) 737 - 3089**

6. EMPLOYER IDENTIFICATION NUMBER (EIN):

`5 7 - 6 0 0 0 2 8 6`

7. TYPE OF APPLICANT: (enter appropriate letter in box) ☐ **A**

A. State	H. Independent School Dist.
B. County	I. State Controlled Institution of Higher Learning
C. Municipal	J. Private University
D. Township	K. Indian Tribe
E. Interstate	L. Individual
F. Intermunicipal	M. Profit Orginization
G. Special District	N. Other (specify):

8. TYPE OF APPLICATION

☒ New   ☐ Continuation   ☐ Revision

If Revision, enter letter ion appropriate box(es): ☐ ☐

A. Increase Award   B. Decrease Award
D. Decrease Duration   C. Increase Duration
Other (specify):

9. NAME OF FEDERAL AGENCY:

US Department of Labor

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:

`1 7 - 2 2 5`

TITLE:(Name of Program)
Unemployment Insurance

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:

UI Feasibility Study- Modernization For UI Benefits

12. AREAS Affected By Project   (Cities, Counties, States, etc.):

State of South Carolina

13. PROPOSED PROJECT

Start Date	Ending Date	**14. Congressional Districts of:**	
		a. Applicant **2,6**	b. Project

15. ESTIMATED FUNDING:

			16. Is Application Subject to Review by State Executive Order 12372 Process
a. Federal	$	$2,376,239	a. Yes. This Preapplication / Application Was Made Available To The
b. Applicant	$		State Executive Order 12372 Process Fpr Review On:
c. State	$		Date:
d. Local	$		
e. Other	$		b. No. ☒ Program Is Not Covered By E.O. 12372
f. Program Income	$		
g. TOTAL	$	$2,376,239	☐ Or Program Has Not Been Selected By State For Review

17. Is The Applicant Delinquent On Any Federal Debt ?

☐ Yes   If "Yes," attach an explanation   ☐ No

18. To The Best Of My knowledge And Belief. All Data In This Application / Preapplication Are True And Correct. The Document Has Been Duly Authorized By The Governing Body Of The Applicant and The Applicant Will Comply With The Attached Assurances If The Assistance Is Awarded.

a. Typed Name Of Authorized Representative **Roosevelt T. Halley**	b. Title **Executive Director**	c. Telephone Number **(803) 737 - 2560**
d. Signature of Authorized Representative		e. Date Signed

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Standard Form 424 (Rev. 9 - 2003)
Prescribed by OMB Circular A-102

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. UI Feasibility Study	17.225			$2,376,239		$2,376,239
2.						
3.						
4.						
5. Total				$2,376,239		$2,376,239

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1) UI Feasibility Study	(2)	(3)	(4)	(5)
a. Personnel	346,910				346,910
b. Fringe Benefits	93,675				93,675
c. Travel	201,291				201,291
d. Equipment	144,793				144,793
e. Supplies	61,557				61,557
f. Contractual	1,400,000				1,400,000
g. Construction					
h. Other (see attachment)	42,539				42,539
i. Total Direct Charges (sum of 6a thru 6h)	2,290,765				2,290,765
j. Indirect Charges	85,474				85,474
k. Totals (sum of 6i and 6j)	2,376,239				2,376,239
7. Program Income					

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) Totals
8.				
9.				
10.				
11.				
12. Totals (Sum of lines 8 thru 11)				

SECTION D - FORECASTED NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal					
14. Non-Federal					
15. Totals (Sum of lines 13 and 14)					

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.				
17.				
18.				
19.				
20. Totals (Sum of lines 16 thru 19)				

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	2,290,765	22. Indirect Charges:	85,474
23. Remarks			

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Crosswalk from 14-A to 424-A Form

Communication		0	Other (424 -A)	0
Postage		0		
Equipment		0	Equipment	0
Equip Rent	0			
Equip Exp	0			
Capital	0			
Premises Rent		0		
Premises Exp		0		
Services		0		
Other		0		

Attachment 1

Other includes the fllowing line items:

Communication cost - supplies and equipment needed for use with Telephone and /or Telephone lines, Data lines, and other telephone equipment.

Premises Rent - amortization payment or rental payment for non-state owned property.

Premises Expense - Electricity, NaturalGas, Janitorial Cost and general repairs to the location site.

Other / Miscellaneous cost - Freight Delivery, Advertising, Insurance, Legal Services, and PO Boxes

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N W
Washington, D.C. 20210

√ Finance
Larson
11-23-09

NOV 2 0 2009

Mr. Roosevelt Halley
Executive Director
South Carolina Employment Security Commission
1550 Gadsden Street
P.O. Box 995
Columbia, South Carolina 29201

Dear Mr. Halley:

I am pleased to inform you that your agency's requests for funds to implement the 2009 technology-based projects have been approved in the amount of $6,395,710, under authority of Section 302 of the Social Security Act.

The approved projects requested under Unemployment Insurance Program Letter (UIPL) 31-09, Change 1, are:

Project	Award	Reallocation
Employer Filed Claims	$110,422	
Feasibility Study	$1,626,239	$750,000
IVR System Upgrade	$172,688	
Avoiding Debit Card Fees	$405,000	
Automated Tax System	$694,800	
Automated TRA Payments	$2,514,589	
Website Upgrade and Redesign	$121,972	

Use of these funds for the projects listed above is limited to the expenditures identified in your Supplemental Budget Requests (SBRs).

Funds of $750,000, for the Feasibility Study will be reallocated directly to the State of Tennessee in accordance with your request. As a condition of this grant, cumulative expenditures during the life of these projects should be reported in the Remarks section of the ETA Financial Report (ETA 9130). Also, please coordinate your state's reporting with your regional Federal Project Officer (FPO).

The obligation and expenditure of these funds should adhere to the spending plan submitted in your state's proposals. Funds for these automation projects must be obligated by September 30, 2011, and liquidated within 90 days of that date.
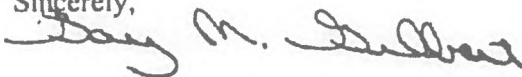
We recognize that proposals include cost estimates that may change. If changes of twenty percent or more in any specific category on the SF 424A budget occur, a letter requesting approval of the change along with applicable grant documents must be

submitted by the agency signatory official to the Regional Office to amend the budget and plan. Because approval of the Grant Officer is required, requests for these changes, including an explanation of the proposed changes and applicable budget information, should be submitted as soon as the required information is available, but no later than thirty days prior to the end of the obligation period. Requests to extend the expenditure/liquidation period should be submitted at least thirty days prior to the end of the liquidation period. Please reference the SBR name and the Unemployment Insurance Agreement grant number in any future correspondence relating to this SBR.

As noted in UIPL 31-09, Change 1, a SF 424 and a SF 424A must be submitted within 10 days of the award notification constituted by this letter. The documents should be submitted electronically to the email address: ows.sbr@dol.gov. The total funding addressed in the documents should exclude the funds that were reallocated to the State of Tennessee. All projects are to be included in a single SF 424 and a SF 424A. It is very important to ensure that expenditures are correctly identified in Section 6 of the SF 424A as this will be the basis upon which funds are to be expended.

Best wishes for the successful implementation of your technology-based initiatives.

Sincerely,

Gay M. Gilbert
Administrator
Office of Unemployment Insurance

SE CONSORTIUM

CONSORTIUM STUDY TO DEFINE/EVALUATE UNEMPLOYMENT (UI) BENEFIT SYSTEM

FINDINGS AND RECOMMENDATIONS (DELIVERABLES #27 – 31)

AUGUST 1, 2011

DOCUMENT INFORMATION

Document Title:	SE Consortium Findings and Recommendations
Version:	1.0
Approval Date:	
Owner:	
Author:	CSG Project Team
Approved By:	

The controlled master of this document is available online. Hard copies of this document are for information only and are not subject to document control.

AMENDMENT HISTORY

Document Version	Date	Modified By	Modifications
0.1	5/10/2011	CSG	Initial Version
1.0	08/01/2011	CSG	Submitted for Review
2.0	8/19/2011	CSG	Requested Revisions

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY[1] (DELIVERABLE #27)

1.1 Background and Objectives

The Southeast Consortium released a RFP for a vendor to determine the most cost effective model to be developed that would contain Unemployment Insurance (UI) benefits core functions and could subsequently be exported and implemented by other states without the need to significantly customize the system, and/or be hosted in one state that provides automated services to other states. The Consortium states include Georgia, North Carolina, South Carolina, and Tennessee. The Consortium goal is for multiple states to share a common core system that accommodates each state's individual needs and provides flexibility, scalability, and modularity to facilitate the timely implementation of system changes for the life of the system to meet new federal and state laws and to respond to fluctuating rates of unemployment. The CSG team leveraged our in-depth knowledge of existing UI solutions, business processes and technical architecture, and adapted our proven CSG REALize[SM] planning methodology to meet the requirements of this project.

---

[1] Contract Reference: A.13.a

1.2 Scope and Approach

The Consortium Study to Define/Evaluate Unemployment Insurance (UI) Benefit System project defined and assessed the current business and technical approaches of the member states existing Unemployment Insurance Benefit (UIB) systems, determined the degree of feasibility for collaboratively developing and possibly operating a shared system, and documented the high-level and detail characteristics for any resulting shared development activity. CSG provided the analysis needed for the Consortium to determine whether or not the objectives can be achieved, and to make choices as to the approach for deployment, operation, and maintenance of a shared system.

CSG reviewed the benefit operations in each state and worked with the state project teams to design and implement a collaborative approach to develop To-Be RFP quality requirements (functional, general system and technical areas) for development of a new Unemployment Insurance (UI) Benefit System. The technical architecture that supports and satisfies the functional requirements was created and supports how any functional and law differences and independent data for the four states will be accommodated in the system. Finally, CSG evaluated the operational management and future maintenance support models which are presented in this Findings and Recommendations report.

Over a sixteen (16) month period, CSG worked with staff from Georgia, North Carolina, South Carolina and Tennessee to produce the following thirty-one (31) deliverables to complete the Consortium Study to Define/Evaluate UI Benefit System:

1. **Hardware, Software and Supplies for Contractor Staff**

   CSG provided each member of its staff assigned to this project: a) laptop with wireless internet connectivity, b) Microsoft Office (2007 version), c) Microsoft Visio (2007 version), and d) Adobe Acrobat Reader/Writer (version 9.0)

2. **Written Certification of Completion**

   CSG provided written acknowledgement of completion of project deliverables for the Planning Phase, High Level and Planning Phase, Detailed Level. CSG will provide the written certification of completion of Project Closure deliverables with submission of this Findings and Recommendations report.

3. **Project Plan: Introduction**

   CSG used our proven CSG REALize^{SM} planning methodology for conducting Strategic Planning projects similar to the Consortium Study to Define/Evaluate Unemployment (UI) Benefit System study to prepare a Project Management Plan. The Introduction section described the purpose and essentials of defining the coordination of work between CSG Government Solutions and the Consortium team.

4. **Project Plan: Project Definitions**

   CSG provided the Project Definitions section of the Project Plan which included the project overview, goals, objectives, project strategy and structure, success criteria, stakeholders and resources.

5. **Project Plan: Management Plan and Approach – Project Schedule**

As part of the Project Plan, CSG delivered a project schedule using Microsoft Project which contained a list of the project's terminal elements with intended start and finish dates, resource allocations, and dependencies.

6. **Project Plan: Management Plan and Approach - Assumptions**

As part of the Project Plan, CSG provided the project assumptions with regard to the project boundaries, schedule, funding, resources, stakeholders and expectations, stability of requirements, technologies and operational partnerships.

7. **Project Plan: Management Plan and Approach – Project Constraints**

As part of the Project Plan, CSG included project constraints with regard to funding, resources and skill levels, laws and policy, and technology.

8. **Project Plan: Management Plan and Approach – Potential Project Risks**

As part of the Project Plan, CSG provided the Project Risk which Log tracked all project risks and associated information, formatted as an Excel spreadsheet, and stored on MindTouch.

9. **Project Plan: Management Plan and Approach – Project Communication Plan**

CSG provided the communication model, distribution and repository and forms and templates for the Project Communication as part of the Project Plan.

10. **Project Plan: Management Plan and Approach – Technical Plan and Approach**

As part of the Project Plan, CSG provided the technical plan and approach for each of the three phases of the project (Plan to Review As-Is Operations, Plan to Develop To-Be RFP Requirements and Feasibility, Findings and Recommendations) and described the CSG REALize^{SM} planning methodology to complete the project goals and objectives.

11. **Project Plan: Management Plan and Approach – Change Management Approach**

As part of the Project Plan, CSG included an Issue Management and Resolution and Change Request process to keep the project on track and promoted the completely of timely, high-quality deliverables.

12. **Project Plan: Management Plan and Approach – Version Control Plan**

CSG provided a Version Control plan and approach for documents within the MindTouch repository, deliverables, and requirements as part of the Project Plan.

13. **Project Plan: Terminology – Glossary of Terms and Acronyms**

CSG maintained the terms and acronyms that were relevant over the course of the SE UI Feasibility Study Project. CSG updated this list during each phase with additional terms and acronyms as appropriate.

14. As-Is Analysis of Benefit Processes, System and Manual, and Interfaces of Each State in the Southeast Consortium

CSG met with subject matter experts from each State to become familiar with the UI Benefit processes and perform analysis of documentation provided by each state within the Southeast Consortium. CSG documented the "As Is" UI Benefit processes, including interactions with external systems and manual processes currently performed by UI Benefits staff in each state.

15. Integrated Conceptual Data and Process Models

Duplicate of Deliverable #20.

16. Technical Architecture and Standards of Each Southeast Consortium State

CSG met with technical staff and documented the system architecture, UI data, network architecture, system interfaces, system design, service levels, development and QA environments and processes, current IT standards and staff skill matrix for each state in the Consortium.

17. Federal and State Laws Comparison

CSG reviewed and demonstrated understanding of the federal and state laws for the provision of UI Benefits and interviewed each state to understand each state's approach to meeting these laws. A matrix and supporting documentation documented the commonalities and uniqueness of UI Benefit Laws for states in the Southeast Consortium.

18. UI Benefit Roles and Policies in Each State

CSG compiled an analysis of the UI Benefit Roles and Policies for each state in the Southeast including the roles of business users, organizational structure, and some policies that are driven by various constraints. This analysis documentation was used as a starting point for the SE Consortium for the preparation of the requirements definition and modeling processes and developing a plan for a collaborative approach among states in the Southeast Consortium for the possible development of a new UI Benefits System.

19. To-Be UI Benefit System Requirements: High Level Functional Requirements

CSG facilitated High Level Functional JAR Sessions during which the expected future state of the new Consortium UI Benefits System was affirmed and finalized based on the result of the requirements definitions. In total, CSG compiled three hundred forty six (346) high level requirements for the twelve functional areas reflecting all major UI Benefit business processes.

20. To-Be UI Benefit System Requirements: Conceptual Process and Data Models

CSG completed the design of the High Level Process Model during the cumulative High Level JAR sessions. The Process Model represents the key UI Benefits business process areas and their relationships. In addition to the pdf versions of the process models, CSG provided a comprehensive ERwin version of the process model located on MindTouch.

CSG developed the Conceptual Data Model which identified the key data entities and attributes that support the business process areas and their relationships. In addition to the pdf versions of the data model, CSG provided a comprehensive ERwin version of the data model.

21. To-Be UI Benefit System Requirements: General System Requirements

CSG facilitated High Level General JAR Sessions for the twenty three (23) general system areas identified by the Consortium for the new UI Benefits System. In total, CSG compiled two hundred forty nine (249) high level requirements were identified reflected all the major UI Benefit common system processes.

22. To-Be UI Benefit System Requirements: High Level Technical Architecture Requirements

CSG met with technical staff from each state to discuss the goals, constraints and implementation approach for a new UI Benefits System as part of the <u>To Be High Level Technical Requirements</u> gathering process. The <u>Conceptual Technical Architecture</u> document includes information gathered during these discussions as they relate to an overview of the system architecture, system interfaces, data conversion and viable technical implementation approaches for the UI Benefits System.

23. To-Be Detailed Functional Requirements

CSG facilitated Detailed Level Functional JAR Sessions with the Consortium to delve deeper into the identified high level requirements. The existing library of CSG REALize^{SM} UI use cases was modified for the Consortium based on the information gathered during the High Level process as the starting point for discussion. Together, CSG and the Consortium created one hundred and seventy five (175) use cases for the twelve (12) functional UI Benefit areas.

24. To-Be Elementary Process and Physical Data Models

CSG conducted Detailed Level JAR sessions, expanding the High Level Process Model. The <u>Process Model</u> represents the additional business process information and is intended to support the detailed requirements documented in those sessions. In addition to the pdf versions of the process model, CSG provided a comprehensive ERwin version of the process model and pdf files of subsets of the overall process model.

The platform independent <u>Data Model</u> represents the entities, relationships, and attributes that were uncovered during the Detail Level JAR sessions conducted by the CSG Business/Domain Analysts, and supports the detailed requirements documented in those sessions. It was an expansion in the detail of the Conceptual Data Model. In addition to the pdf versions of the data model, CSG provided a comprehensive ERwin version of the data model and a data dictionary.

25. To-Be UI Benefit System Requirements: General System Requirements

CSG facilitated Detailed Level General JAR Sessions with the Consortium to delve deeper into the identified high level general system requirements. CSG provided five hundred fifty four (554) detailed level requirements for the twenty three (23) general system areas. All the detailed level requirements are mapped back to a high level requirement for traceability.

26. To-Be Technical Architecture Detailed Requirements

CSG facilitated Detailed Level Technical JAR Sessions with the Consortium to delve deeper into the identified high level requirements. CSG identified ninety-seven (97) detailed level requirements for the thirteen (13) technical areas. All the detailed level requirements map back to a high level requirement for traceability.

In addition, CSG provided the Technical Implementation Options document includes information gathered during these discussions as they relate to a more detailed view of the system architecture, system interfaces and viable technical implementation approaches for the new UI Benefits System.

Finally, as part of the To Be Technical Architecture Detailed Requirements gathering process, CSG developed a Proof of Concept to demonstrate a conceptual application architectural approach that satisfied the Consortium's need for a single code base that can support multiple state's varying business rules.

27. Final Report

CSG provided the Final Report which describes the process and approach information for the 16 month project and hyperlinks to all deliverables and supporting documentation. The Executive Summary, Project Introduction, Current As-Is System Processes and Interfaces Models, To-Be Functional Requirements, To-Be Data and Process Models, To-Be General System Requirements, To-Be Requirements and Recommended Options for Technical Architecture, and the Southeast Security Strategy sections are provided within this Findings and Recommendations report with the sections notated as 'Deliverable #27'.

28. Implementation/Deployment Approaches

CSG recommended combining original Deliverable #28 'Deployment Strategy Options' and Deliverable #31 'High-Level Implementation Plan Alternatives' to a single Deliverable #28 'Implementation/Deployment Approaches' to reflect the recommendations of the processes which occur after the System Development is completed and the system is moved into production. CSG provided the Implementation/Deployment Approaches which describes a set of considerations for the Consortium related to deploying the new UI Benefits System to production. In addition, there is an analysis of the type of infrastructure sharing that the Consortium will have in the production environment and the location/ownership of the shared infrastructure. The Implementation/Deployment Approaches for the Consortium are detailed in Section 9 of this Findings and Recommendations report.

29. Future Maintenance Options and Strategy

CSG provided the Future Maintenance Options and Strategy which describes the findings and recommendations for Consortium support of the new UI Benefits System post implementation and deployment. The Future Maintenance Options and Strategy for the Consortium are detailed in Section 10 of this Findings and Recommendations report.

30. Cost-Benefit Models by Option

CSG used the business and technical information compiled, along with specific project constraints identified by Consortium to develop the Cost-Benefit Models By Option which provides cost and benefit information for the new UI Benefits System. The benefits are

described for the new system, shared system and shared operations with the costs are structured in two major groups: development and operations. Section 12 of this Findings and Recommendations report contains the details for the Cost-Benefit Models by Option.

31. System Development Considerations

CSG recommended renaming Deliverable #31 from 'High-Level Implementation Plan Alternatives' (which was combined into Deliverable #28 as described above) to 'System Development Considerations' to reflect the discussions and research specific to the development options and process for UIB System by a DDI vendor. CSG provided System Development Considerations which summarizes the finding and recommendations for the development options and process for the new UI Benefits System by a DDI vendor. Section 8 of this Findings and Recommendations report contains the details for the Consortium System Development Considerations.

1.3 Key Findings and Recommendations

The Consortium Study to Define/Evaluate Unemployment (UI) Benefit System project began in April 2010 and was completed by CSG over a sixteen (16) month period. CSG worked with subject matter experts, technology experts and project managers from Georgia, North Carolina, South Carolina and Tennessee to document and analyze current business processes and technical inventory of each state's (As-Is), develop high level and detailed level functional, general system and technical requirements, and process and data models (To-Be). Through additional workshops with Consortium staff, independent research, industry knowledge and information requested and obtained from various solution vendors for cost and functionality, CSG documented assumptions, pros, cons, risks and our final opinion in the areas for System Development Considerations, Implementation/Deployment Approaches, Future Maintenance and Management Options, and a Security Strategy which are supported by a Cost-Benefit Model. The following information represents a summary of CSG's final opinions for the Consortium feasibility study.

System Development Considerations

CSG recommends that the Consortium use a State Transfer/Vendor Framework for the development approach 'starting point' of the new UI Benefits System. The final solution will combine all three approaches, likely using integrated COTS solutions for extended services such as Imaging and Workflow. In addition, custom development should be anticipated largely in part of modifying an existing state transfer system to meet the Consortium requirements of a shared system by multiple states.

Implementation/Deployment Approaches

Three out of the four Consortium states expressed preference for a shared implementation and deployment of the new UI Benefits System. CSG recommends that the Consortium use the Shared Tools approach which provides operational independence for the Consortium states while sharing as many costs as possible. It also provides the best balance between state flexibility and common usage with regard to maintaining a standard system over time.

Future Maintenance and Management Options

CSG recommends that the Consortium use both vendor and Consortium staff (hybrid) for staffing the Standard system maintenance development efforts. We recommend that the Development Manager be staffed by the Consortium to ensure a strong management structure by reporting to the Consortium Director. Subject Matter Experts, technical project managers, training, testing and quality assurance, business analyst and development staff should be a hybrid of one or more vendors and Consortium staff based on demand, need and available skills. The Consortium should reevaluate the Standard Development Team structure on a regular basis and adjust the staff resourcing balance between vendor(s) and Consortium staff as needed.

CSG recommends that the Consortium use both vendor and Consortium staff (hybrid) for staffing the shared system operations. We recommend that the Operations Manager be staffed by the Consortium to ensure a strong management structure by reporting to the Consortium Director. Technical support, operations project managers, and system, network, database and security administrators should be a hybrid of one or more vendors and Consortium staff based on demand, need and available skills. The Consortium should reevaluate the Shared Operations Team structure on a regular basis and adjust the staff resourcing balance between vendor(s) and Consortium staff as needed.

Security Strategy

The Southeast Consortium-Based Security Strategy includes descriptions of the security objectives, stakeholders, assets, threats and security architecture for the new UI Benefits System.

The responsibility and accountability for protecting the Southeast Consortium's information technology infrastructure lies with every state employee, contractor, and vendor. This includes the protection of all the hardware, software, data, and personal information for the new UI Benefits System. The Security Strategy ensures that no individuals or organizations with or without malicious intent can effectively harm the infrastructure and thereby prevent providing services and support to the Southeast Consortium and its constituents.

Cost-Benefit Model

The Cost-Benefit Models are based on a combination of research, experience and discussion with solution vendors. CSG reviewed the assumptions for the Cost-Benefit Models with the Consortium during the Closure Phase. In addition, CSG queried a number of solution vendors to provide information about the relationship between their solution and the new UI Benefit System requirements, cost for the system, and staffing requirements for the Consortium. The vendors were provided with sufficient information so that they could have a frame of reference for the architecture and requirements of the new UI Benefits System. The questions that CSG asked the vendors are in Appendix A. Vendors provided varying levels of responses to our questions due to their comfort level in providing cost and staffing information at this stage in the Consortium procurement process. Even with our assurance that individual vendor responses would be kept confidential by CSG, some of the vendors were unwilling to provide cost and/or staffing estimates.

The large and overlapping price range for starting with a COTS and State/Vendor Framework makes it difficult to have a definitive opinion about which approach would be best for the Consortium. CSG believes that the Consortium should consider how closely the solutions proposed by vendors comply with the new UI Benefit System requirements, weigh the pros, cons, and risks of each development approach, and compare that to the cost of the proposed solutions to determine which approach best meets the needs of the Consortium.

Conclusion

CSG endorses the feasibility of a shared Consortium UI Benefits System. In addition to the pros, cons and risks identified in the various sections of this Findings and Recommendations report, our recommendation is supported by:

> The variance largely contained to the business rules and high commonality with the "To-Be" high level and detailed requirements as demonstrated by the 175 use cases.

> An agreed upon preferred implementation and physical deployment approach for the new UI Benefits System.

> An agreed System architecture which supports the Consortium's desire to share a common core system that accommodates each state's individual needs and also provides flexibility, scalability, and modularity to facilitate timely implementation of system changes at both the technical and business layers to meet existing and new federal and state laws.

> An agreed upon Consortium-based Security Strategy for the new UI Benefits System.

> An agreed upon maintenance and management approach for the new UI Benefits System.

BILL HASLAM
GOVERNOR

KARLA DAVIS
COMMISSIONER

August 17, 2011

Jane Oates
Assistant Secretary
U.S. Department of Labor
Employment and Training Administration Advisory System
Frances Perkins Building
200 Constitution Ave. NW
Washington, DC 20210

Dear Ms. Oates:

In September 2009 the Southeast Consortium comprised of Georgia, North Carolina, South Carolina, and Tennessee, was awarded funds for the purpose of developing and administering a study to determine the feasibility of designing, developing, and implementing a core unemployment insurance (UI) benefit system that could be used by multiple states. Tennessee was the Lead State in that Consortium. That study has resulted in the creation of a Request for Purchase (RFP) ready requirements for an unemployment insurance benefit system that could be effectively utilized and relied upon by multiple states, while allowing modifications to accommodate the needs of individual states without significant customization of the core system.

By consensus agreement among the four (4) participating states evidenced by execution of the attached agreement, Tennessee will continue as the Lead State through the design, development, and implementation project. As such, we have prepared the attached Supplemental Budget Request (SBR) requesting funding to design, develop, and implement a benefit system that can be used by multiple states. Attached to this request are the Consortium state's Core Activity Summary sheets as evidence of their implementation and/or commitment to the Department's Core Integrity Activities.

The Consortium will be administered by the Project Steering Committee (PSC) who will be responsible for the overall management of the business of the Consortium and the Project. The day-to-day management of the Project will be carried out by the Project Management Office (PMO) under the direction of the PSC. Each participating state will provide staff, both program and technical, to work as a Project Team and provide project management resources for the PMO.

With the support and assistance of other participating state staff, the Lead State will direct development of the DD&I RFP for the consortium and be responsible for the following:
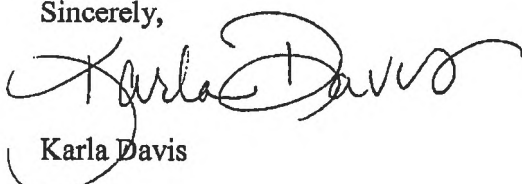
- Coordinate all activities related to the project with the other participating states
- Develop and provide an overall project plan that shall be in effect until such time as a detailed plan, submitted by the DD&I vendor, is submitted to and approved by the PSC
- Host the selected contractor on-site
- Provide project management staff for the overall management of the project
- Develop system(s), share products, and provide technical assistance, as appropriate, working together with other members of the consortium upon completion of the project.
- Provide quarterly financial statements to participating states including upcoming obligations of each participating state.

While the Lead State will be required to assume a primary role in the development and issuance of the RFP, and management of the resulting contract, all participating states agree to provide resources in an equitable manner over the life of the Project. To ensure success of the Project each participating state has agreed to:

- Devote necessary time, effort, and energy to the project
- Provide both program and technical staff
- Provide a funding plan
- Contribute to an effective project environment by their interactions
- Promote a positive team work ethic
- Participate in all scheduled meetings and calls
- Establish and maintain public, political, and stakeholder support
- Assist with the RFP development and evaluation
- Host the DD&I contractor on-site

Please do not hesitate to contact me if you have any questions or would like to discuss any matter regarding the Consortium.

Sincerely,

Karla Davis

KD:DI:jh

Attachments

2011 Supplemental Budget Request (SBR) Application

Name of the Project: SCUBI System Build
The SCUBI project represents a consortium of South Carolina, North Carolina, Georgia, and Tennessee, each requiring new benefits systems. Tennessee will be the lead state.

Amount of Funding Request for this project: **$108,822,079**

State Contact: **South Carolina**
Leland Teal
Unemployment Insurance Director
Phone: (803) 737-3071
Email: lteal@sces.org

North Carolina
David Canady
Unemployment Insurance Director
Phone: (919) 707-1424
Email: david.canady@nces.gov.gov

Georgia
Brenda Brown
Unemployment Insurance Director
Phone: (404) 232-7490
Email: Brenda.brown@dol.state.ga.us

Tennessee
Marie Moss
Unemployment Insurance Director
Phone - (615) 253-6680
Email: Marie.Moss@tn.gov

Project Description: Build and implement the integrated Unemployment Insurance Benefits system designed by the SCUBI consortium of states. SCUBI member states commit resources and their full support for the three years estimated for system development and one-year implementation. The project will also produce plans and mechanisms for ongoing maintenance of the system after implementation. Full funding of this proposal will enable adherence to the following project timeline:

Project Timeline:

Dates	Activities	Deliverables
8/19/2011 - 9/01/2011	Sign state legal agreements. Development of the project management plan.	• Legal agreements • Project Management Plan • Selected key project personnel
9/01/2011 - 01/15/2012	Develop RFP(s).	• RFP(s)
01/15/2012 - 4/15/2012	Issue RFP(s), evaluate responses, select vendors.	• Contract with Design, Development & Implementation vendor(s). •
5/01/2012	Development starts. Establish with vendor and conduct a build iteration plan providing for: build and release management, configuration management, quality and testing environment, collaboration and documentation, governance, application lifecycle, and project management. Prepare development iteration plans which consider: order and grouping of business blocks by iteration, critical path and prioritization, iteration test planning, milestones and gates defined, and resource estimation and allocation.	• Iteration Plans • Iteration end-products (code, data models, tested modules, etc.)
11/01/2014 - 5/01/2015	States Launch – Implementation	• Launched system

Description of Costs:

Cost Estimates and Requests

Total Program Estimate: _____**$108,822,079**_____

Total Program Requests (see below for details): ____**$55,000,000**_____

State Contributions:

State	Number of Staff (FTEs)	Dollar Contribution
Tennessee	29	$11,569,379
South Carolina	29	$10,953,700
North Carolina	37	$19,299,000
Georgia	24	$12,000,000
TOTALS	119	$53,822,079

State Requests Details:

State - Tennessee	Dollars
Facilities	0
Training	$100,000
Travel	$240,000
Non-DDI Contractors	$4,000,000
Staff	$3,229,379
TOTALS	$7,569,379
Integrator/Developer Contractor (only applies to Tennessee)	$55,000,000

State – North Carolina	Dollars
Facilities	$525,000
Training	$355,000
Infrastructure	$1,150,000
Software/Licensing	$500,000
Travel	$152,500
Non-DDI Contractors	$6,619,240
Staff	$5,997,720
TOTALS	$15,299,460

State – South Carolina	Dollars
Facilities	$100,000
Training	$640,000
Travel	$443,700
Non-DDI Contractors	$3,194,100
Staff	$2,098,900
Hardware	$87,000
Software	$550,000
TOTALS	$7,113,700

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State – Georgia	Dollars
Facilities	0
Computer Equipment	$82,080
Training	$100,000
Travel	$1,234,670
Non-DDI Contractors	$1,313,700
QA/IV&V/PMO Augmentation (NASWA/ITSC)	$630,000
Staff	$4,134,647
TOTALS	$7,495,097

The SCUBI Consortium is committed to implementing this project and will supply additional funds above SBR funding necessary to complete the project in a timely manner. State staffing details are available upon request.

Strategic Design:

The design and development of this core benefits system will be built upon the foundation created by the Southeast Consortium for Unemployment Benefits Integration. The SCUBI feasibility study included a thorough analysis of the current operations of GA, NC, SC, and TN. Project deliverables have already been approved which included:

- A detailed analysis of "as is" benefit processes and interfaces of each state in the Consortium
- Technical Architecture and Standards of each Consortium State
- Federal and State Laws
- UI Benefit Roles and Policies in each state
- Detailed Functional Requirements including functional use cases and business rules
- Conceptual Process and Data Models
- General System Requirements
- Deployment/Implementation Strategy Options
- Maintenance Strategy and Options
- Cost-Benefit Analysis

Project Team Structure:

During the first five (5) years of the project, the four (4) participating states from the initial Consortium shall manage the affairs of this consortium, acting by consensus agreement(s). At such time as is designated by those four (4) participating states, but in no event later than the expiration of the first five (5) year term of the consortium agreement, management of the affairs of the Consortium shall be transferred to all currently participating states. Thereafter, management by all participating states shall continue to be accomplished, acting by consensus agreement(s).

The Project Steering Committee members shall be selected by the participating states responsible for managing the affairs of the consortium. The Project Steering Committee (PSC) shall be

responsible for the overall management of the business of the Consortium and the Project. Day-to-day management of the Project shall be carried out by the Project Management Office (PMO) under the direction of the PSC. Each participating state will provide staff, both program and technical staff, to work as a Project Team and provide project management resources for the PMO. This is an Unemployment Insurance UI Project, program driven, supported by the IT staff of the member states and with the on-going support of the Executive Management of member states, NASWA and USDOL.

The Project Steering Committee shall initially consist of one UI Director from each of the four (4) initial Consortium states, one technical representative from ITSC, and non-voting members consisting of the IT Directors of participating states and one Senior USDOL employee.

The Program Management Office shall consist of the "Lead State" Project Manager, the Vendor Project Manager, and Participating state Project Managers. Change management, risk management, schedule, and Sub-project managers may be established by the Program Management Office as needed, including for Technical Architecture, Business Requirements, Data Architecture, and Software Application Development Project Team-Subject Matter Experts (SMEs), Business Analysts and additional resources without limitation.

Steering Committee

Georgia UI Director | South Carolina UI Director | Tennessee UI Director | North Carolina UI Director

USDOL ETA

Georgia IT Directors | South Carolina IT Director | Tennessee IT Director | North Carolina IT Director

NASWA / ITSC

Georgia - PM | South Carolina - PM | North Carolina - PM | Tennessee - PM

Project Management Office

DD&I Project Management Staff

Program Manager

QA / IVV

Project Manager Architecture | Project Manager Business Requirements | Project Manager Data Management | Project Manager Application Development

Risk Manager

Schedule Manager

Change Manager

Full Time Project Specific Resources

State Specific Project Management Resources

Voting Steering Committee Members

Non-Voting Steering Committee Members

Guiding Entity Non-Voting member

ITSC Project Roles

Strategic Development and Deployment

As part of the Current Feasibility Study, SCUBI conducted a thorough build and implementation analysis. SCUBI 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:

- o Trends and Results to date in UI IT Modernization Project Nationwide - Nationwide Project data indicates that correctly chosen Integrator/Development Vendor (or Vendor Team) approach is much more inclined to succeed than in-house, custom approaches
- o Consortium Build Capacity - Collective development infrastructure, repeatable development methods and processes, and skills not demonstrated on any project of similar scope
- o Risk - To date no in-house Development Project has succeeded (on time, on budget, major functionality delivered) while Integrator/Development Vendor Framework-based, Transfer, and Hybrid approaches (Use of COTS with some custom components or framework-based components) are substantially more success-

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oriented. Also, the use of Integrator/Development Vendor promotes legal accountability that In-house state led initiative does not.

- o Costs - Costs of an Integrator/Development Vendor tend to be higher than in-house approaches but this is moderated by fact that no in-house project is yet complete and therefore its total costs known.
- o 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
- o 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. A strong knowledge transfer process will be emphasized as part of the Development process whereby the Integrating/Development Vendor ensures Consortium independence from that Vendor during operations consistent with its Strategic Operational Approach (see section on this).

Based on the key factors above, SCUBI will issue an RFP to acquire the needed Vendor, or Vendor Team, with the expertise to successfully develop the SCUBI UI System. Tennessee, as the lead 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 Tennessee, along with QA assistance from NASWA/ITSC. All consortium states will approve the RFP. All consortium states and NASWA/ITSC will participate in the Vendor(s) selection.

The PMO and overall project structure discussed in the prior section will help shape the staff resource needs in Integrator/Development Vendor RFP (or any other outsourcing engagements). Roles that cannot be filled by the consortium as their staff does not meet the minimum qualifications will be filled by the Integrator/Development Contractor (or some other outsourced Vendor).

The products of the current Feasibility 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. SCUBI will leverage the Vendor's development infrastructure and 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. 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

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deliverable content. RFP becomes part of Contractually Binding agreement

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 more emphasis on mirroring the open source support model to evolve the common system (see Strategic Operational Approach). SCUBI is strongly emphasizing transferability and transportability of the new system to other non-SCUBI states.

SCUBI is targeting January of 2012 for the release of the Integrator/Development Vendor RFP. Any current feasibility phase monies remaining after close-out of the feasibility study will be leveraged forward to support the Development effort led by the Integrator/Development Vendor.

The Development activity will be proactively managed by SCUBI applying the Best and Successful practices from states that have succeeded in UI IT Modernization projects. The first full System is expected to be fully deployed to one of the SCUBI states in 2014.

Plan for future maintenance and hosting of SCUBI application

While tremendous savings will be realized through the joint development of a common UI Benefits and SCUBI application working through the SCUBI consortium; by far, the more significant savings will be realized through a long-term, shared, centrally managed maintenance model of the core application. Additional savings may be realized through centralized hosting for states that choose to do so.

This plan for maintenance of the SCUBI 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 SCUBI application will consist of code (preferably open source code which is more readily transferable to other states) in the following forms:
- Code that is common to all states.
- Code that performs differently for each state but the difference is implemented through configuration parameters rather than code modifications.
- Code that is significantly different for each state and is considered state specific.

The code referred to in the first two bullets will be what is of interest for maintenance in a common code repository. That code represents approximately 65-75% of the overall SCUBI application. This will leave only 25-35% of the application to be maintained individually by each state.

There has been much discussion in the SCUBI technical meetings as to how to most effectively maintain the application base, post production implementation. Most, if not all, of these discussions assumed that the states involved in the consortium would be contributing code either to a centrally managed core, or on the other end of the spectrum, each state would maintain their own version of the application. Each of these models will lead to problems in as much as maintaining a version of the application at each state will quickly lead to application versions that no longer resemble the others (think Guide System). The other option that more closely follows the open source

methodology would be to have each state develop code that is passed through a QA process and then if approved through the governance structure, is approved to be a part of the core application. The problem with this approach is that code quality and development methodologies will vary by state. Enforcing consistency in coding standards and quality between states will be difficult to manage and will no doubt lead to frustration and relationship problems between states.

This recommended model will rely on a hybrid vendor/state personnel staff to maintain the core code base that would be governed by a project operations committee made up of state representatives from both the technical and management levels. The project operations committee would be responsible for the following:

- Developing coding standards for the chosen contractor / state personnel
- Creating the SLA requirements, i.e. load test parameters, performance measures, QA requirements
- Prioritization of changes involving core system
- Schedule maintenance and downtime schedule approval
- Providing the appropriate level of testing resources
- Approving implementation schedule and updates
- Prioritization of modifications/enhancements to core application
- Developing release schedules, version management
- Promotion of code from state specific to core
- Documentation standards

Each state will have the opportunity to provide appropriate skilled level resources to the core team. This will offset a percentage of the overall maintenance cost for state providing the resource. The recommendation for the resource to participate as part of the team will come from a state specific project manager and approved by the operations committee. These state employees will take assignment and prioritization from the operations committee. If a state chooses not to provide the appropriate number of resources to the team they will then be charged with contractor / hourly costs associated with the human resource to fulfill that role.

Example: After the SCUBI system has completed implementation in all participating consortium states. It has been determined by both the design and development vendor and the operations committee that it will take a combination of 12 FTEs to maintain the operations of the system. Each participating state will be responsible to fill 3 FTEs with the appropriate skill outlined by the groups. If the appropriate skilled human resource is not available the operations committee will contract the appropriate skilled resource on behalf of the state. The state will then be billed for the resource and all incurred costs.

An environment will be maintained by the core team for each state to access. Each state would be responsible for integrating their state specific code and interfaces to the core. Which they can do using their own state IT staff or through a contractor of their choosing. Once the integration of the state specific code has been established the core team will then be responsible for the build of the code and promoting the application to the different environments based on the build standards used during the design and development effort.

The benefits of maintaining the application in this manner are as follows:

- States would communicate to the core modules through project standards outlined in the system architecture.

- It will make it easier for new states to come on board as they will know that they have an equal voice at the table through the operations committee and they will know exactly what is required of them monetarily to contribute to the maintenance of the core.

- Would ensure better long-term documentation of the core system as it would be maintained centrally with documentation standards leading to a longer life of the system.

- Will divide the cost of properly maintaining the core code and documentation between many states, thereby reducing the cost for every state.

- Coding for state specific modules and core modules can happen simultaneously, reducing the development timeline.

Hosting Recommendation For Future SCUBI Application

We recommend that a hardware configuration architecture is developed that can be put out in an RFP to vendors able to host the SCUBI application for states that wish to do so. The RFP would include all of the SLA and security requirements for providing the hardware necessary to host the application. The goal is for multiple states to share a common core system that accommodates each state's individual needs. Vendors may propose an alternative architecture if they choose to do so. Vendors would naturally provide a better price for the opportunity to host multiple state applications so economies of scale would be generated by multiple states contracting to a single vendor. The contract for hosting could be done on a 3 or 5 year basis and rebid to ensure competitive pricing is maintained.

Vendors qualified to provide this hosting could, potentially, consist of state or federal IT data centers, private conventional data center contractors or cloud based Platform as a Service (PaaS) providers.

Hosting in this manner will ultimately provide the most flexibility for states that do not have the technical resources to host their own application or states that simply wish to take advantage of the competitive pricing generated by this model.

Measurable Improvements Expected in UI Operations:

All members of the SCUBI Consortium have committed to implementing the full range of Core Integrity Activities, described in section 6 of UIPL 26-11.

The modernized Benefits system will feature re-engineered processes in all twelve functional areas. It is expected that the Consortium states will see not only an across the board improved in performance measures, but the specific improvements in first pay timeliness. Based on defined detail requirements we estimate that late first payments could be reduced by as much as 75%. And improvements in non-mon quality similar to states who have modernized their systems.

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Based on system related overpayment data over the last year, it is estimated that, Consortium-wide, the modernized UI Benefits system could reduce system related overpayments by $58 million annually.

Requirements gathering resulted in the creation of 175 Functional use cases and 1300 Business Rules. Of those 28 are related directly to the prevention, detection and collection of overpayments. They contain significant re-engineering opportunities for the modernized system. The new system will:

- Track payment agreements/garnishments and notify all interested parties when a claimant fails to comply with an agreement. This is expected to increase recoveries by 30%
- Cross match claim data to alternative base period wage data, as it is posted and to weekly certifications. This will allow the agency to identify potential overpayments and stop claims weeks earlier than the traditional quarterly cross match. This has the potential of reducing the average detection time of BYE earning overpayments by as much as twelve (12) weeks.
- Handle establishing overpayments and offsets when moving weeks from claim to claim or program type to program type in real time.

In addition it is estimated the following could result in a 20% percent reduction in staff time spent posting, reconciling and compiling overpayment data.
- Automatically establish overpayment by funding source.
- Capture the method and source of the cause of overpayment.
- Identify and correct overpayment errors

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 their situation. To address this problem using the current legacy systems, each state would be required to double the cost of their mainframe environment in order to achieve comparable benefits. This project will result in systems design explicitly intended to be hosted by a third party or individual state with minimal difficulty. Direct cost avoidance of approximately 20-25% is made possible by the systems designed by this project.

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.

Efficiency - The existing systems were designed and implemented at least 30 years ago. 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

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changes.

As detailed in the Strategic Design, changing the platform and design of these mission-critical systems changes the states' focus from spending all their money keeping the systems running to improving the systems, services, and quality. Much of the resistance from states 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 systems' design. Based on time charges for the last three years we estimate that approximately 8000 overtime hours could have been saved by the Consortium states in making necessary changes to meet EUC and EB mandates if a more modernized system existed.

Many 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.

Modern technology will greatly reduce maintenance costs and make changes much easier to accommodate as has been seen in other states which have modernized their UI Benefit systems. Internet-based technology will also permit 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.

Consortium states currently maintain two automated environments—the mainframe for legacy tax and benefit systems and Intel server based networks for web applications, office automation, etc. Each environment requires different infrastructure and staff skills.

U.S. Department of Labor Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210

October 3, 2011

Ms. Karla Davis
Commissioner
Tennessee Department of Labor
and Workforce Development
220 French Landing Drive
Nashville, Tennessee 37243

Dear Ms. Davis:

I am pleased to inform you that your agency's Supplemental Budget Requests (SBRs) for funds
to implement the 2011 Program Integrity and Performance and System Improvements have been
approved in the amount of $51,551,365, under authority of Section 302 of the Social Security
Act. This grant includes an award in the amount of $50,000,000 for the SBR submitted under
the SCUBI consortium.

We appreciate that your agency is committed to implementing systems and activities that will
help reduce the improper payment rate in your state; thereby reducing the overall national rate.

The obligation and expenditure of these funds should adhere to the spending plan submitted in
the state's proposals. Funds for these projects must be obligated by December 31, 2011, and
liquidated within 90 days of that date. If the funds are for automation acquisition, the funds must
be obligated by September 30, 2013. As a condition of receipt of these awards, cumulative
expenditures during the life of these projects should be reported in the remarks section of the
Employment and Training Administration (ETA) Financial Report (ETA 9130) for projects
funded under Unemployment Insurance Program Letter (UIPL) No. 26-11. Funds for State
Information Data Exchange System (SIDES) technical assistance and/or subscription fees have
been issued directly to the State of Maryland in accordance with your fund request.

We recognize that the proposals include cost estimates that may change. Changes of twenty
percent or more occurring in any specific category on the SF-424A budget require a letter, signed
by the agency's signatory official, to be submitted electronically, along with a revised SF-424A,
to the following e-mail address: OUI.IntegritySBRs@dol.gov, with a copy to the Regional
Office. This letter must be signed by the agency's signatory official requesting approval of the
change and should detail the proposed changes and applicable budget information. The request
for these changes should be submitted as soon as the required information is available, but no
later than 30 days prior to the end of the obligation period. Requests to extend the
expenditure/liquidation period should be submitted at least 30 days prior to the end of the
liquidation period. Please reference UIPL No. 26-11 and the State Unemployment Insurance
Agreement 2011 grant number in any future correspondence relating to this SBR.

As noted in UIPL No. 26-11, a single SF-424 and a single SF-424A combining all projects had
to be submitted electronically to the e-mail address, as noted above:
OUI.IntegritySBRs@dol.gov. Expenditures identified in Section 6 of the SF-424A will be the

basis upon which funds are to be expended. The total funding should exclude any funds that are being reallocated to the State of Maryland.

The approved Core Projects requested under UIPL No. 26-11 are:

Project	Core	Reallocated	Total
Claimant/Employer Messaging	$28,445		$28,445
ES Registration	$98,866		$98,866
State Specific Solutions	$550,000		$550,000
Total Core Awards	**$677,311**		**$677,311**

The approved Incentive Projects requested under UIPL No. 26-11 are:
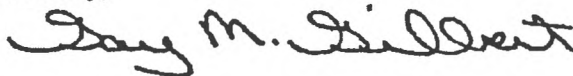
Project	Incentive	Reallocated	Total
Worker Misclassification	$79,635		$79,635
Implement State Specific Option	$418,163		$418,163
SIDES Subscription	$58,318	$58,318	$116,636
BPC Contract Staff	$41,495		$41,495
UC TOP	$104,337		$104,337
SIDES Earnings/Wage	$113,788		$113,788
Total Incentive Award	**$815,736**	**$58,318**	**$874,054**

The approved Consortium SBR Amount requested under UIPL No. 26-11 is:

Consortium Grant Amount: **$50,000,000**

Total Award for the State of Tennessee **$51,551,365**

Best wishes for the successful implementation of your Integrity and Performance and System Improvements initiatives.

Sincerely,

Gay M. Gilbert
Administrator
Office of Unemployment Insurance
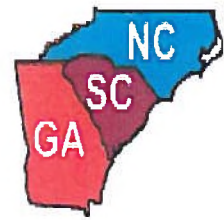
August 9, 2013

Gay M. Gilbert
U.S. Department of Labor
Administrator, Office of Unemployment Insurance
Frances Perkins Building
200 Constitution Avenue NW
Washington, DC 20210

Dear Ms. Gilbert:

In October 2011, the Southeast Consortium for Unemployment Benefits Integration (SCUBI) was awarded funds to design, develop, and implement (DDI) a core unemployment benefits system (along with state-specific variances) for use by the following four States: Georgia, North Carolina, South Carolina, and Tennessee. The vision of SCUBI is that the core system developed would allow for the addition of States without significant customization of the core system. Tennessee was designated SCUBI's Lead State for procurement of the DDI project, and the U.S. Department of Labor (USDOL) granted the funds for the SCUBI DDI Project to the State of Tennessee for that purpose. Tennessee was designated as "Lead State" solely for procurement purposes only (i.e. to utilize Tennessee's strong procurement process). It was always intended that all four states would have an equal seat at the table with respect to the governance of the consortium and the development of a modernized UI technology system.

In December 2012, the four SCUBI States entered into a revised Memorandum of Understanding (MOU) which stated SCUBI's intent that Tennessee serve as the Lead State with respect to the Procurement of the DDI vendor. The Request for Proposals (RFP) was issued by the Tennessee Central Procurement Office (TN CPO) on December 12, 2012. On April 30, 2013, Tennessee released the RFP Evaluation Notice announcing that the apparent best-evaluated proposer to be considered for contract award under Tennessee's stringent procurement process (in which all four states participated) is Capgemini Government Solutions LLC (Capgemini). Negotiations thereafter commenced between SCUBI and Capgemini with Tennessee's full participation. Tennessee eventually took over the negotiations with the vendor, excluding the other three states from participating.
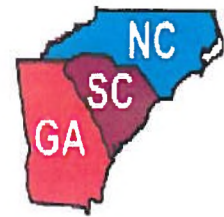
In a letter dated July 29, 2013, the Tennessee Department of Labor and Workforce Development informed the other three States of its decision to end Tennessee's participation in the Consortium due to certain purported concerns with the procurement and the selected vendor. Georgia, North Carolina, and South Carolina, agree that the points Tennessee raised about the vendor are without merit, and do not justify abandoning the progress or the investment made to date. Furthermore, the other three states believe that Tennessee's procurement process was sound and yielded the result that it should.

As a result, the remaining three States of the Consortium have decided to continue SCUBI's efforts as a three-state Consortium. The SCUBI Project Steering Committee met on August 1, 2013, and the Executive Committee members voted unanimously to re-constitute the Consortium with three States, and to designate South Carolina as the new Procurement State. (In conjunction with the belief that all three states are equal partners in this consortium, the three states have agreed going forward the state that is leading the procurement efforts for the project will be designated the "Procurement State" rather than the "Lead State").

Due to Tennessee's abrupt withdrawal and the Consortium's most recent vote, the SCUBI DDI Project henceforth will be made up of the following three States: Georgia, North Carolina, and South Carolina, with South Carolina undertaking procurement of the DDI vendor. Accordingly, SCUBI respectfully requests that the USDOL begin the process for reassigning the 2011 Supplemental Budget Request (SBR) Funds granted to Tennessee per UIPL 26-11. A revised proposal for the SCUBI project will be submitted to USDOL as soon as possible.

If this grant reassignment request is approved, SCUBI will request transfer of the procurement documentation from the TN CPO to the Procurement Services Division of South Carolina's Budget and Control Board. Moreover, the Consortium will, as expeditiously as possible, resume contract negotiations with Capgemini with all three states at the table. The SCUBI States are well aware the 2011 SBR Funds must be obligated by September 30, 2013.

Please do not hesitate to contact us if you have any questions, or would like to discuss any matter regarding SCUBI.

Sincerely,

SIGNATURE PAGE

The undersigned represent that they are authorized to execute this agreement on behalf of their respective state agencies or governments. By signing this agreement, all participating states affirm that they have reviewed it and find it accurately reflects a general understanding of their participation in the Consortium, and hereby agree to be bound by the terms and conditions contained herein. Counterparts with appropriate signatures shall be accepted.

Georgia

_____
Brenda Brown, UI Director   Date
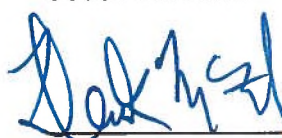
_____
Mark Butler, Commissioner   Date

North Carolina

_____
Antwon Keith, UI Director   Date

_____
Dale Folwell, Assistant Secretary   Date

South Carolina

_____ 8/9/13
Derrick McFarland, General Counsel   Date

_____ Aug 9, 2013
Cheryl Stanton, Executive Director   Date

SIGNATURE PAGE

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Georgia

_____ 8/9/13
Brenda Brown, UI Director   Date

_____
Mark Butler, Commissioner   Date

North Carolina

_____ 8/9/2013
Antwon Keith, UI Director   Date

_____ 8/9/13
Dale Folwell, Assistant Secretary   Date

South Carolina

_____
Derrick McFarland, General Counsel   Date

_____
Cheryl Stanton, Executive Director   Date

Application for Federal Assistance SF-424	Version 02

*1. Type of Submission:
☐ Preapplication
☒ Application
☐ Changed/Corrected Application

*2. Type of Application
☐ New
☐ Continuation
☒ Revision

* If Revision, select appropriate letter(s)

*Other (Specify)
_____

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

*5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*a. Legal Name: SC Department of Employment & Workforce

*b. Employer/Taxpayer Identification Number (EIN/TIN):
57-6000286

*c. Organizational DUNS:
942000203

d. Address:

*Street 1: PO BOX 995

Street 2: 1550 Gadsden Street

*City: Columbia

County: _____

*State: SC

Province: _____

*Country: USA

*Zip / Postal Code 29202

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr.   ***First Name:** Derrick

Middle Name: _____

*Last Name: McFarland

Suffix: _____

Title: General Counsel

Organizational Affiliation:

*Telephone Number: (803) 737 - 1971   Fax Number:

*Email: DMcFarland@dew.sc.gov

Application for Federal Assistance SF-424	Version 02

*9. Type of Applicant 1: Select Applicant Type:

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

*10 Name of Federal Agency:

US Dept of Labor

11. Catalog of Federal Domestic Assistance Number:

17.225

CFDA Title:

Unemployment Insurance

*12 Funding Opportunity Number:

_____

*Title:

_____

13. Competition Identification Number:

_____

Title:

_____

14. Areas Affected by Project (Cities, Counties, States, etc.):

South Carolina, North Carolina and Gerogia

*15. Descriptive Title of Applicant's Project:

SCUBI System Build

Application for Federal Assistance SF-424	Version 02

16. Congressional Districts Of:

*a. Applicant: 02   *b. Program/Project:

17. Proposed Project:

*a. Start Date: 8-19-11   *b. End Date: 07-1-16

18. Estimated Funding ($):

*a. Federal   50,000,000.00

*b. Applicant   _____

*c. State   _____

*d. Local   _____

*e. Other   _____

*f. Program Income   _____

*g. TOTAL   50,000,000.00

*19. Is Application Subject to Review By State Under Executive Order 12372 Process?

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on _____

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E. O. 12372

*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)

☐ Yes   ☒ No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

Authorized Representative:

Prefix: Ms.   *First Name: Cheryl

Middle Name: M.

*Last Name: Stanton

Suffix: _____

*Title: Executive Director

*Telephone Number: (803) 737-2617   Fax Number: (803) 737 - 4781

* Email: Cstanton@dew.sc.gov

*Signature of Authorized Representative: _Cheryl M Stanton_   *Date Signed: Aug 9 2013

Application for Federal Assistance SF-424	Version 02

*Applicant Federal Debt Delinquency Explanation

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

2011 Supplemental Budget Request (SBR) Application – (Updated August 2013)

Name of the Project: SCUBI System Build
The SCUBI project represents a consortium of South Carolina, North Carolina, and Georgia, each requiring new benefits systems. South Carolina will be the procurement state. Tennessee withdrew from the SCUBI consortium July 29th 2013.

Amount of Funding Request for this project: 86,747,700

State Contact: **South Carolina**
                            Derrick McFarland
                            General Counsel
                            Phone: 803-737-1971
                            Email: dmcfarland@dew.sc.gov

                            North Carolina
                            M. Antwon Keith
                            Director of Unemployment Benefits Administration
                            Phone: (919) 707-1422
                            Email: Antwon.keith@nccommerce.com

                            Georgia
                            Brenda Brown
                            Unemployment Insurance Director
                            Phone: (404) 232-7490
                            Email: Brenda.brown@gdolga.gov

Project Description: Build and implement the integrated Unemployment Insurance Benefits system designed by the SCUBI consortium of states. SCUBI member states commit resources and their full support for the three years estimated for system development and one-year implementation. The project will also produce plans and mechanisms for ongoing maintenance of the system after implementation. Full funding of this proposal will enable adherence to the following project timeline:

Project Timeline:

Dates	Activities	Deliverables
8/19/2011 – 9/01/2011	Sign state legal agreements. Development of the project management plan.	• Legal agreements • Project Management • Plan • Selected key project • personnel
9/01/2011 – 11/1/2012	Develop RFP(s).	• RFP(s)
12/12/2012 – 9/30/2013	Issue RFP(s), evaluate responses, select vendors (DDI and IAAS).	• Contract with Design, Development & • Implementation vendor(s).
10/1/2013	Development starts. Establish with vendor and conduct a build iteration plan providing for: build and release management, configuration (code, data models, management, quality and testing environment, tested modules, etc.) collaboration and documentation, governance, application lifecycle, and project management. Prepare development iteration plans which consider: order and grouping of business blocks by iteration, critical path and prioritization, iteration test planning, milestones and gates defined, and resource estimation and allocation.	• Iteration Plans • Iteration end-products (code, data models, tested modules, etc.)
3/1/2016-7/1/2016	States Launch - Implementation	• Launched system

Description of Costs:

Cost Estimates and Requests

Total Program Estimate: _____ 86,747,700_____

Total Program Requests (see below for details): _____$50,000,000_____

State Contributions*:

State	Number of Staff (FTEs)	Dollar Contribution
South Carolina	29	$10,953,700
North Carolina	37	$ 13,794,000
Georgia	24	$12,000,000
TOTALS	90	$ 36,747,700

*Note: This table represents the total commitment of the individual consortium states to support of the DDI project through implementation.

State Requests Details:

State – North Carolina	Dollars
Facilities	
Training	$355,000
Infrastructure	$300,000
Software/Licensing	$500,000
Travel	$152,500
Non-DDl Contractors	$ 4,019,240
Staff	$ 4,397,720
Sub-Total	$ 9,724,460
Additional Funds	$4,069,540
TOTALS	$13,794,000

State – South Carolina	Dollars
Facilities	$100,000
Training	$640,000
Travel	$443,700
Non-DDl Contractors	$3,194,100
Staff	$2,098,900
Hardware	$87,000
Software	$550,000
Sub-Total	$7,113,700
Additional Funds	$3,840,000
TOTALS	$10,953,700
Integrator/Developer Contractor (only applies to South Carolina)	$50,000,000

State - Georgia	Dollars
Facilities	0
Computer Equipment	$82,080
Training	$100,000
Travel	$1,234,670
Non-DDI Contractors	$1,313,700
QA/IV&V/PMO Augmentation (NAWA/ITSC)	$630,000
Staff	$4,134,647
Sub-Total	$7,495,097
Additional Funds	$4,504,903
TOTALS	$12,000,000

The SCUBI Consortium is committed to implementing this project and will supply additional funds above SBR funding necessary to complete the project in a timely manner. State staffing details are available upon request.

Strategic Design:

The design and development of this core benefits system will be built upon the foundation created by the Southeast Consortium for Unemployment Benefits Integration. The SCUBI feasibility study included a thorough analysis of the current operations of GA, NC, SC, and TN. Project deliverables have already been approved which included:
- A detailed analysis of "as is" benefit processes and interfaces of each state in the Consortium
- Technical Architecture and Standards of each Consortium State
- Federal and State Laws
- UI Benefit Roles and Policies in each state
- Detailed Functional Requirements including functional use cases and business rules
- Conceptual Process and Data Models
- General System Requirements
- Deployment/Implementation Strategy Options
- Maintenance Strategy and Options
- Cost-Benefit Analysis

Project Team Structure:

During the first five (5) years of the project, the three (3) participating states from the Consortium shall manage the affairs of this consortium, acting by consensus agreement(s). At such time as is designated by those three (3) participating states, but in no event later than the expiration of the first five (5) year term of the December 2012 SCUBI consortium MOU, as amended , management of the affairs of the Consortium shall be transferred to all currently participating states. Thereafter, management by all participating states shall continue to be accomplished, acting by consensus agreement(s).

The Project Steering Committee members shall be selected by the participating states responsible for managing the affairs of the consortium. The Project Steering Committee (PSC) shall be responsible for the overall management of the business of the Consortium and the Project. Day-to-day management of the Project shall be carried out by the Project Management Office (PMO) under the direction of the PSC. Each participating state will provide staff, both program and technical staff, to work as a Project Team and provide project management resources for the PMO. This is an Unemployment Insurance UI Project, program driven, supported by the IT staff of the member states and with the on-going support of the Executive Management of member states, NASWA and USDOL.

The Project Steering Committee shall initially consist of one UI Director, or their designee, from each of the three (3) Consortium states, one technical representative from ITSC, and non-voting members consisting of the IT Directors of participating states and one Senior USDOL employee.

The Program Management Office shall consist of the "Procurement State" Project Manager, the Vendor Project Manager, and Participating state Project Managers. Change management, risk management, schedule, and Sub-project managers may be established by the Program Management Office as needed, including for Technical Architecture, Business Requirements, Data Architecture, and Software Application Development Project Team-Subject Matter Experts (SMEs), Business Analysts and additional resources without limitation.

Strategic Development and Deployment
As part of the Current Feasibility Study, SCUBI conducted a thorough build and implementation analysis. SCUBI 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:
Trends and Results to date in UI IT Modernization Project Nationwide - Nationwide
Project data indicates that correctly chosen Integrator/Development Vendor (or
Vendor Team) approach is much more inclined to succeed than in-house, custom approaches

- Consortium Build Capacity - Collective development infrastructure, repeatable development methods and processes, and skills not demonstrated on any project of similar scope
- Risk - To date no in-house Development Project has succeeded (on time, on budget, major functionality delivered) while Integrator/Development Vendor Framework based, Transfer, and Hybrid approaches (Use of COTS with some custom components or framework-based components) are substantially more success oriented. Also, the use of Integrator/Development Vendor promotes legal accountability that In-house state led initiative does not.
- Costs - Costs of an Integrator/Development Vendor tend to be higher than in-house approaches but this is moderated by fact that no in-house project is yet complete and therefore its total costs known.
- 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
- 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. A strong knowledge transfer process will be emphasized as part of the Development process whereby the Integrating/Development Vendor ensures Consortium

independence from that Vendor during operations consistent with its Strategic Operational Approach (see section on this).

Based on the key factors above, SCUBI issued an RFP to acquire the needed Vendor, or Vendor Team, with the expertise to successfully develop the SCUBI UI System. Tennessee was initially the lead state, and was responsible for developing, awarding, and administering the RFP and ensuing contract with the Development Vendor(s). South Carolina will be the procurement state. The other consortium states jointly authored the RFP with Tennessee, along with QA assistance from NASWA/ITSC. All consortium states approved the RFP. All consortium states and NASWA/ITSC participated in the Vendor(s) selection.

The PMO and overall project structure discussed in the prior section will help shape the staff resource needs in Integrator/Development Vendor RFP (or any other outsourcing engagements). Roles that cannot be filled by the consortium as their staff does not meet the minimum qualifications will be filled by the Integrator/Development Contractor (or some other outsourced Vendor). The products of the current Feasibility 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. SCUBI will leverage the Vendor's development infrastructure and tools and proven software development processes and methods. A blended agile and test driven methodology will be employed, as well as incremental delivery of a new System to the consortium states. 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 RFP becomes part of Contractually Binding agreement.

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 more emphasis on mirroring the open source support model to evolve the common system (see Strategic Operational Approach). SCUBI is strongly emphasizing transferability and transportability of the new system to other non-SCUBI states.

SCUBI is targeting January of 2012 for the release of the Integrator/Development Vendor RFP. Any current feasibility phase monies remaining after close-out of the feasibility study will be leveraged forward to support the Development effort led by the Integrator/Development Vendor. The Development activity will be proactively managed by SCUBI applying the Best and Successful practices from states that have succeeded in UI IT Modernization projects. The first full System is expected to be fully deployed to one of the SCUBI states in 2016.

Plan for future maintenance and hosting of SCUBI application

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

application. Additional savings may be realized through centralized hosting for states that choose to do so.

This plan for maintenance of the SCUBI 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 SCUBI application will consist of code (preferably open source code which is more readily transferable to other states) in the following forms:
- Code that is common to all states.
- Code that performs differently for each state but the difference is implemented through configuration parameters rather than code modifications.
- Code that is significantly different for each state and is considered state specific.

The code referred to in the first two bullets will be what is of interest for maintenance in a common code repository. That code represents approximately 65-75% of the overall SCUBI application. This will leave only 25-35% of the application to be maintained individually by each state.

There has been much discussion in the SCUBI technical meetings as to how to most effectively maintain the application base, post production implementation. Most, if not all, of these discussions assumed that the states involved in the consortium would be contributing code either to a centrally managed core, or on the other end of the spectrum, each state would maintain their own version of the application. Each of these models will lead to problems in as much as maintaining a version of the application at each state will quickly lead to application versions that no longer resemble the others (think Guide System). The other option that more closely follows the open source methodology would be to have each state develop code that is passed through a QA process and then if approved through the governance structure, is approved to be a part of the core application. The problem with this approach is that code quality and development methodologies will vary by state. Enforcing consistency in coding standards and quality between states will be difficult to manage and will no doubt lead to frustration and relationship problems between states.

This recommended model will rely on a hybrid vendor/state personnel staff to maintain the core code base that would be governed by a project operations committee made up of state representatives from both the technical and management levels. The project operations committee would be responsible for the following:
- Developing coding standards for the chosen contractor / state personnel
- Creating the SLA requirements, i.e. load test parameters, performance measures, QA requirements
- Prioritization of changes involving core system
- Schedule maintenance and downtime schedule approval
- Providing the appropriate level of testing resources
- Approving implementation schedule and updates
- Prioritization of modifications/enhancements to core application
- Developing release schedules, version management
- Promotion of code from state specific to core
- Documentation standards

Each state will have the opportunity to provide appropriate skilled level resources to the core team. This will offset a percentage of the overall maintenance cost for state providing the resource. The

recommendation for the resource to participate as part of the team will come from a state specific project manager and approved by the operations committee. These state employees will take assignment and prioritization from the operations committee. If a state chooses not to provide the appropriate number of resources to the team they will then be charged with contractor / hourly costs associated with the human resource to fulfill that role.

Example: After the SCUBI system has completed implementation in all participating consortium states. It has been determined by both the design and development vendor and the operations committee that it will take a combination of 9 FTEs to maintain the operations of the system. Each participating state will be responsible to fill 3 FTEs with the appropriate skill outlined by the groups. If the appropriate skilled human resource is not available the operations committee will contract the appropriate skilled resource on behalf of the state. The state will then be billed for the resource and all incurred costs.

An environment will be maintained by the core team for each state to access. Each state would be responsible for integrating their state specific code and interfaces to the core. Which they can do using their own state IT staff or through a contractor of their choosing. Once the integration of the state specific code has been established the core team will then be responsible for the build of the code and promoting the application to the different environments based on the build standards used during the design and development effort.

The benefits of maintaining the application in this manner are as follows:

- States would communicate to the core modules through project standards outlined in the system architecture.
- It will make it easier for new states to come on board as they will know that they have an equal voice at the table through the operations committee and they will know exactly what is required of them monetarily to contribute to the maintenance of the core.
- Would ensure better long-term documentation of the core system as it would be maintained centrally with documentation standards leading to a longer life of the system.
- Will divide the cost of properly maintaining the core code and documentation between many states, thereby reducing the cost for every state.
- Coding for state specific modules and core modules can happen simultaneously, reducing the development timeline.

Hosting Recommendation for Future SCUBI Application

We recommend that a hardware configuration architecture is developed that can be put out in an RFP to vendors able to host the SCUBI application for states that wish to do so. The RFP would include all of the SLA and security requirements for providing the hardware necessary to host the application. The goal is for multiple states to share a common core system that accommodates each state's individual needs. Vendors may propose an alternative architecture if they choose to do so. Vendors would naturally provide a better price for the opportunity to host multiple state applications so economies of scale would be generated by multiple states contracting to a single vendor. The contract for hosting could be done on a 3 or 5 year basis and rebid to ensure competitive pricing is maintained.

Vendors qualified to provide this hosting could, potentially, consist of state or federal IT data centers, private conventional data center contractors or cloud based Platform as a Service (PaaS) providers.

Hosting in this manner will ultimately provide the most flexibility for states that do not have the technical resources to host their own application or states that simply wish to take advantage of the competitive pricing generated by this model.

Measurable Improvements Expected in UI Operations:

All members of the SCUBI Consortium have committed to implementing the full range of Core Integrity Activities, described in section 6 of UIPL 26-11.

The modernized Benefits system will feature re-engineered processes in all twelve functional areas. It is expected that the Consortium states will see not only an across the board improved in performance measures, but the specific improvements in first pay timeliness. Based on defined detail requirements we estimate that late first payments could be reduced by as much as 75%. And improvements in non-mon quality similar to states who have modernized their systems.

Based on system related overpayment data over the last year, it is estimated that, Consortium-wide, the modernized UI Benefits system could reduce system related overpayments by $58 million annually.
Requirements gathering resulted in the creation of 175 Functional use cases and 1300 Business Rules. Of those 28 are related directly to the prevention, detection and collection of overpayments. They contain significant re-engineering opportunities for the modernized system. The new system will:

- Track payment agreements/garnishments and notify all interested parties when a claimant fails to comply with an agreement. This is expected to increase recoveries by 30%
- Cross match claim data to alternative base period wage data, as it is posted and to weekly certifications. This will allow the agency to identify potential overpayments and stop claims weeks earlier than the traditional quarterly cross match. This has the potential of reducing the average detection time of BYE earning overpayments by as much as twelve (12) weeks.
- Handle establishing overpayments and offsets when moving weeks from claim to claim or program type to program type in real time.

In addition it is estimated the following could result in a 20% percent reduction in staff time spent posting, reconciling and compiling overpayment data.

- Automatically establish overpayment by funding source.
- Capture the method and source of the cause of overpayment.
- Identify and correct overpayment errors

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 their situation. To address this problem using the current legacy systems, each state would be required to double the cost of their mainframe environment in order to achieve comparable benefits. This project will result in systems design explicitly intended to be hosted by a third party or individual state with minimal difficulty. Direct cost avoidance of approximately 20-25% is made possible by the systems designed by this project.

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.

Efficiency - The existing systems were designed and implemented at least 30 years ago. 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.

As detailed in the Strategic Design, changing the platform and design of these mission-critical systems changes the states' focus from spending all their money keeping the systems running to improving the systems, services, and quality. Much of the resistance from states 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 systems' design. Based on time charges for the last three years we estimate that approximately 8000 overtime hours could have been saved by the Consortium states in making necessary changes to meet EUC and EB mandates if a more modernized system existed.

Many 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.

Modern technology will greatly reduce maintenance costs and make changes much easier to accommodate as has been seen in other states which have modernized their UI Benefit systems. Internet-based technology will also permit 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.

Consortium states currently maintain two automated environments-the mainframe for legacy tax and benefit systems and Intel server based networks for web applications, office automation, etc. Each environment requires different infrastructure and staff skills.

U.S. Department of Labor

AUG 1 5 2013

Ms. Cheryl M. Stanton
Executive Director
SC Department of Employment and Workforce
P.O. Box 995
1559 Gadsden Street
Columbia, South Carolina 29201

Dear Ms. Stanton:

I am pleased to inform you that your agency's Supplemental Budget Requests (SBRs) for funds to implement the 2011 Program Integrity and Performance and System Improvements have been approved in the amount of $50,000,000, under authority of Section 302 of the Social Security Act. This grant award is for the SBR replacement grant application submitted under the Southeast Consortium of Unemployment Benefits Integration (SCUBI) to build and implement an integrated Unemployment Insurance Benefits system.

This replacement grant application is the result of and reflects the withdrawal of Tennessee as a member state and the lead state of the SCUBI consortium. The remaining states of the SCUBI consortium, South Carolina, North Carolina and Georgia, wish to continue with the project and are seeking a replacement grant with South Carolina serving as the lead procurement state for the SCUBI project.

Please note that the funds awarded for this project must be obligated by September 30, 2013, and liquidated within 90 days of that date. Upon written request, the Grant Officer may extend the liquidation period. As a condition of receipt of these awards, cumulative expenditures during the life of this project should be reported in the remarks section of the Employment and Training Administration (ETA) Financial Report (ETA 9130) for projects funded under Unemployment Insurance Program Letter (UIPL) No. 26-11. We recognize that the proposal includes cost estimates that may change. Changes of 20 percent or more occurring in any specific category on the SF-424A budget require a letter, signed by the agency's signatory official, to be submitted electronically, along with a revised SF-424A, to the following e-mail address: OUI.IntegritySBRs@dol.gov, with a copy to the Regional Office. This letter must be signed by the agency's signatory official requesting approval of the change and should detail the proposed changes and applicable budget information. The request for these changes should be submitted as soon as the required information is available, but no later than 30 days prior to the end of the obligation period. Requests to extend the expenditure/liquidation period should be submitted at least 30 days prior to the end of the liquidation period. Please reference UIPL No. 26-11 and the State Unemployment Insurance Agreement 2011 grant number in any future correspondence relating to this SBR.

As noted in UIPL No. 26-11, a SF-424 and a single SF-424A has to be submitted electronically to the e-mail address, as noted above: OUI.IntegritySBRs@dol.gov. Expenditures identified in Section 6 of the SF-424A will be the basis upon which funds are to be expended.

Please feel to contact me at (202) 693-3428 or Jim Garner at (202) 693-2957 with any additional questions.

Sincerely,

Gay M. Gilbert
Administrator
Office of Unemployment Insurance

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U.S. DEPARTMENT OF LABOR / EMPLOYMENT AND TRAINING ADMINISTRATION

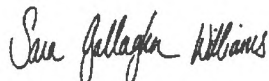| GRANT MODIFICATION	No. 0	PROJECT: Unemployment Insurance	
GRANT NUMBER: UI-24833-13-55-A-45	EIN: 576000286	EFFECTIVE DATE: 08/12/2013	PAGE 1
GRANTEE: SOUTH CAROLINA DEPARTMENT OF EMPLOYMENT & WORKFORCE P.O. BOX 995 1550 GADSEN STREET COLUMBIA, SOUTH CAROLINA 29202		ISSUED BY U.S. DEPARTMENT OF LABOR / ETA DIVISION OF FEDERAL ASSISTANCE 200 CONSTITUTION AVENUE NW - ROOM N-4716 WASHINGTON, DC 20210	

Action:

Reassignment of FY 2011 SBR funding from Tennessee Department of Labor and Workforce Development, per UIPL 26-11, to South Carolina Department of Employment and Workforce.

South Carolina will serve as the new lead state of the North Carolina, South Carolina, and Georgia consortium. All undertakings will continue the original Southeast Consortium for Unemployment Benefits Integration [SCUBI] efforts as a three-state consortium.

YEAR / CFDA PROGRAM ACCOUNT ID	CURRENT LEVEL	Mod 0 MODIFICATION	NEW LEVEL	PMS DOC #
PY 11 / 17.225 UNEMPLOYMENT INSURANCE STATE ADMINISTRATION 13-1630-2011-0501791112BD201101790001115UI0201141AAOWS00AOWS00-A90220-410010-ETA-DEFAULT TASK-	$0.00	$50,000,000.00	$50,000,000.00	UI24833EW0
TOTAL FUND AVAILABILITY	$0.00	$50,000,000.00	$50,000,000.00	

Except as modified, all terms and conditions of said grant /agreement remain unchanged and in full effect.

Approved by   *Sara Gallagher Williams*

SARA WILLIAMS

Grant Officer

Date Signed   <u>08/14/2013</u>

August 15, 2013

Delbert H. Singleton, Jr.
Director, Procurement Services Division
S.C. Budget and Control Board
1201 Main St., Suite 600
Columbia, SC 29201

Dear Mr. Singleton:

A unique, time-sensitive opportunity has arisen for South Carolina's Procurement Services Division to assist this state, and the states of Georgia and North Carolina, to secure $50,000,000 in federal funding to design, develop, implement and maintain a modern unemployment insurance (UI) benefits system.

In October 2011, the Southeast Consortium for Unemployment Benefits Integration (SCUBI) was awarded funds to design, develop, and implement (DDI) a core unemployment benefits system (along with state-specific variances) for use by the following four States: Georgia, North Carolina, South Carolina, and Tennessee. Tennessee was designated SCUBI's Lead State for the DDI project, and the U.S. Department of Labor (USDOL) granted the funds for the SCUBI DDI Project to the State of Tennessee. In October 2012, the four States entered into a Cooperative Purchasing Agreement (CPA), with Tennessee designated as "Lead State" for procurement purposes.

In December 2012, the four SCUBI States entered into a revised Memorandum of Understanding (MOU) which stated SCUBI's intent that Tennessee serve as the Lead State with respect to the Procurement of the DDI vendor. The Request for Proposals (RFP) was issued by the Tennessee Central Procurement Office (TN CPO) on December 12, 2012. The SCUBI Procurement proceeded on schedule and pursuant to Tennessee's procurement procedures. On April 30, 2013, the TN CPO released the RFP Evaluation Notice announcing that the apparent best-evaluated proposer to be considered for contract award under Tennessee's stringent procurement process (in which all four states participated) is Capgemini Government Solutions LLC (Capgemini). Negotiations thereafter commenced between SCUBI and Capgemini. All States actively participated in the negotiation process until approximately early June. Thereafter, Tennessee unilaterally took over the negotiations with Capgemini, excluding the other three States from participating.

The CPA contained the following provisions:

(c) The CPA States shall have the right to receive information regarding, participate in and approve key decisions with respect to the Procurement, specifically including the right to review, comment upon and revise the bid documentation (e.g., the request for proposals and contracts) before posting.

(d) Any contract procured by the Procuring Agency for the benefit of the Consortium shall state that each of the CPA States shall retain the right to directly enforce such contract and provide a basis in contract between each CPA State and the Contractor upon which performance may be enforced.

In a letter dated July 29, 2013, the Tennessee Department of Labor and Workforce Development informed the other three States of its decision to end Tennessee's participation in the Consortium due to unilateral concerns with the procurement and the selected vendor. Georgia, North Carolina, and South Carolina agree that the points Tennessee raised about the vendor are without merit. In short, the other three States believe that Tennessee's procurement process was sound and yielded the appropriate result.

The SCUBI Project Steering Committee met on August 1, 2013, and the Executive Committee members voted unanimously to continue the Consortium with three States, as well as to designate South Carolina as the new Procurement State. (In conjunction with the belief that all three states are equal partners in this consortium, the three states have agreed going forward the state that is leading the procurement efforts for the project will be designated the "Procurement State" rather than the "Lead State").

On August 9, 2013, SCUBI submitted a request to the USDOL asking that the 2011 Supplemental Budget Request (SBR) Funds originally granted to Tennessee be reassigned to South Carolina's Budget and Control Board. The Consortium made this request because after review, it believes and affirms, that the competitive procurement procedures were followed, pursuant to the South Carolina procurement code's requirements, and that each State's cooperative purchasing laws and procedures were likewise followed.

The federal 2011 SBR Funds must be obligated by September 30, 2013. The Consortium hopes to, as expeditiously as possible, resume contract negotiations with Capgemini with all three States at the table. We appreciate South Carolina's willingness to accept reassignment of the funds and continue this competitive procurement on behalf of SCUBI.

Please do not hesitate to contact us if you have any questions, or would like to discuss any matter regarding SCUBI.

Sincerely,

Signature

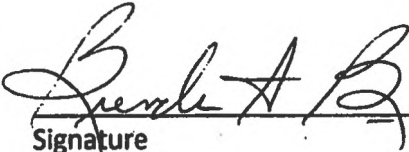ASST. SEC. OF COMMERCE - DES
Title

8/15/13
Date

Sincerely,

Erica m. Un nyyen
Signature

unemployment Insurance Director
Title

8-16-13
Date

Sincerely,

Signature

Administrator, UI & Regional Ops
Title

August 16, 2013
Date

August 20, 2013

Marsha Adams
Executive Director, South Carolina Budget and Control Board
1201 Main St., Suite 600
Columbia, SC 29201

Dear Marsha:

In October 2011, the Southeast Consortium for Unemployment Benefits Integration (SCUBI) was awarded funds to design, develop, and implement (DDI) a core unemployment benefits system (along with state-specific variances) for use by the state workforce agencies for the following four States: Georgia, North Carolina, South Carolina, and Tennessee. Tennessee was designated SCUBI's "Lead State" for the DDI project, and the U.S. Department of Labor (USDOL) granted the funds for the SCUBI DDI Project to the State of Tennessee. In October 2012, the four States entered into a Cooperative Purchasing Agreement (CPA), with Tennessee designated as "Lead State" for procurement purposes.

The Request for Proposals (RFP) was issued by the Tennessee Central Procurement Office (TN CPO) on December 12, 2012. The SCUBI Procurement proceeded on schedule and pursuant to Tennessee's procurement procedures. On April 30, 2013, the TN CPO released the RFP Evaluation Notice announcing that the apparent best-evaluated proposer to be considered for contract award under Tennessee's stringent procurement process (in which all four states participated) is Capgemini Government Solutions LLC (Capgemini). Negotiations thereafter commenced between SCUBI and Capgemini. All States actively participated in the negotiation process until approximately early June. Thereafter, Tennessee unilaterally took over the negotiations with Capgemini, excluding the other three States from participating.

In a letter dated July 29, 2013, the Tennessee Department of Labor and Workforce Development informed the other three workforce agencies of its decision to end Tennessee's participation in the Consortium due to unilateral concerns with the procurement and the selected vendor. On August 9, 2013, SCUBI submitted a request to the USDOL asking that the 2011 Supplemental Budget Request (SBR) Funds originally granted to Tennessee be reassigned to South Carolina's Budget and Control Board. After review, the South Carolina Department of Employment and Workforce (DEW) as well as the agencies of Georgia and North Carolina, concluded the points Tennessee raised about the vendor were without merit. In short, DEW

affirms based on review of procurement documents that the procurement process followed by Tennessee was consistent with Tennessee's and South Carolina's procurement codes.

The federal 2011 SBR Funds must be obligated by September 30, 2013. The Consortium hopes to, as expeditiously as possible, resume the procurement process with all three States at the table. DEW therefore requests the South Carolina Budget and Control Board's Division of Procurement Services receive the procurement on behalf of DEW to conclude negotiations and award a contract to the highest scored offereor who is responsive and responsible.

Please do not hesitate to contact us if you have any questions, or would like to discuss any matter regarding SCUBI.

Sincerely,

Cheryl M. Stanton
Executive Director
SC Department of Employment and Workforce