



Oregon Department of Justice
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Oregon Department of Justice

Division of Child Support

Oregon Child Support System Project

Presentation to the Ways & Means
Joint Subcommittee on Public Safety
February 2016



Child Support Systems

All states must maintain a child support automated system that meets federal certification requirements.

Oregon's current system (CSEAS) is one of the oldest systems in the nation, using components and databases from the 1970s that are obsolete, difficult to use, and complex to maintain.

- In 2012, the system failed to issue alerts nearly 50,000 times during a 3-month span
- In 2012, the system failed to withdraw more than 450 previously authorized support payments
- The system is unable to accommodate receipt of more than \$2 million in payments in one day



System Functionality

A certified child support system must provide a number of key components



System Replacement

Since 2010, DOJ has been working on a multi-biennial plan to replace its current COBOL-based mainframe child support case management and financial system

- Feasibility study report (Nov 2011 to Oct 2012)
- Business process re-engineering (Dec 2012 to Dec 2013)
- Planning approval (2013 Legislative Session)
- Planning and implementation (2015 Session)



System Replacement Goals

- Increase in support collections for families
- Increase in recoveries for state agencies
- Remove increasing risk of CSEAS system catastrophic failure
- Compliance with federal and state regulations and data security requirements
- Data warehousing and business intelligence
- Timely completion of legal actions
- Reduction in manual processes
- Public cost savings



Continued Collections

The child support system enables activities and collections in support of other state agencies

Revenue of \$21,067,209 (2013-2015) to:

- Oregon Department of Human Services
- Oregon Youth Authority
- Oregon Health Authority

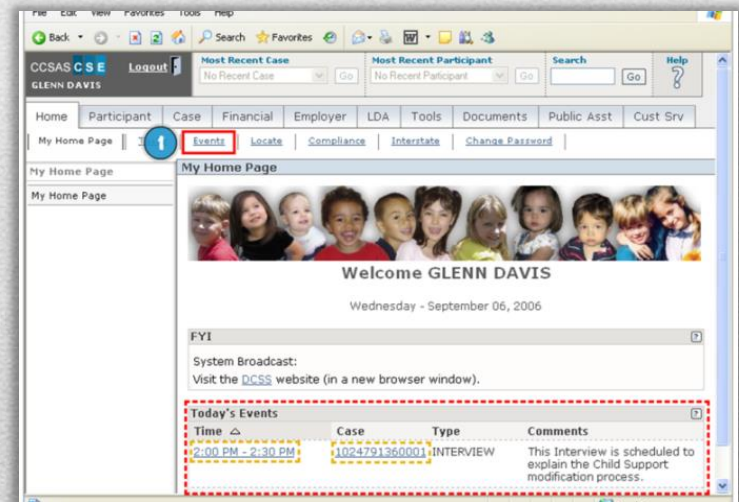
Continuing to meet federal child support program benchmarks ensures full federal funding for Oregon's Temporary Assistance to Needy Families (TANF) Program



Oregon's Solution

Oregon's new child support system will be based on current web-interface technology.

- Transferring base system functional and technical components from California's system
- Augmenting with components from the Michigan and New Jersey systems
- All three systems have been in successful statewide operation for several years
- Oregon's system being built by a contracted vendor with industry experience and expertise
- Oregon will own and plans to self-support the completed system



The Project Today, A Snapshot

Project status:

- Working with LFO to provide the information and documentation needed to receive Readiness Assessment Approval
- Integrating all of the contractors' schedules into one Master Project Schedule
- Rebaselining budget as costs and master schedule are finalized

Committed to:

- 2015 Legislative Session direction and budget notes
- LFO/OSCIO Stage Gate process

February 5, 2016, presentation:

Joint Legislative Committee On Information Management & Technology



Effective Project Management

Thorough Procurements

- Competitive, DAS coordinated, procurement process
- Deliverable based contracts

Project Management Strategies

- Project management firm with experience managing projects of this scope and complexity
- Project leadership trained and following Project Management Body of Knowledge (PMBOK)
- Change Management Team focused on user participation and acceptance

Project Governance

- Project "Guiding Principles"
- Project governance structure used by other successful states
- Devoted administrative personnel with customized databases to effectively document and verify project activities



Project Accountability

Executive-level Steering Committee

- Multi-agency representation
- Provides ongoing project oversight

Ongoing Collaborative Partnerships

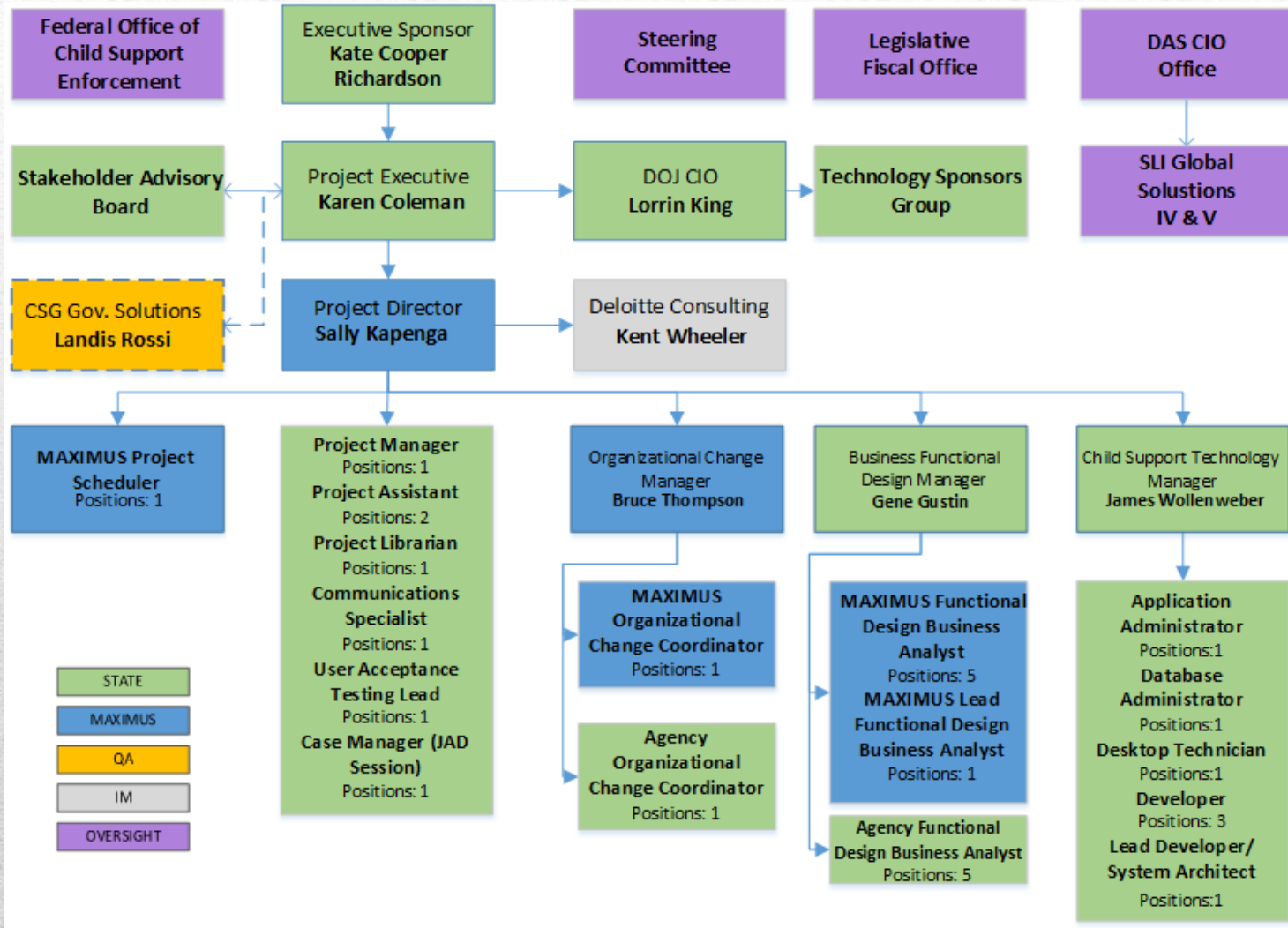
- Federal Office of Child Support Enforcement
- Principal Legislative Analyst, Legislative Fiscal Office
- Principal IT Analyst, Legislative Fiscal Office
- Chief Information Officer & IT Investment Oversight Coordinator, Office of the State Chief Information Officer

Contracted Review

- Quality Assurance: independent of other contractors, provides a full spectrum of quality management services
- Independent Verification and Validation: managed by DAS, Chief Information Officer



Project Organizational Chart



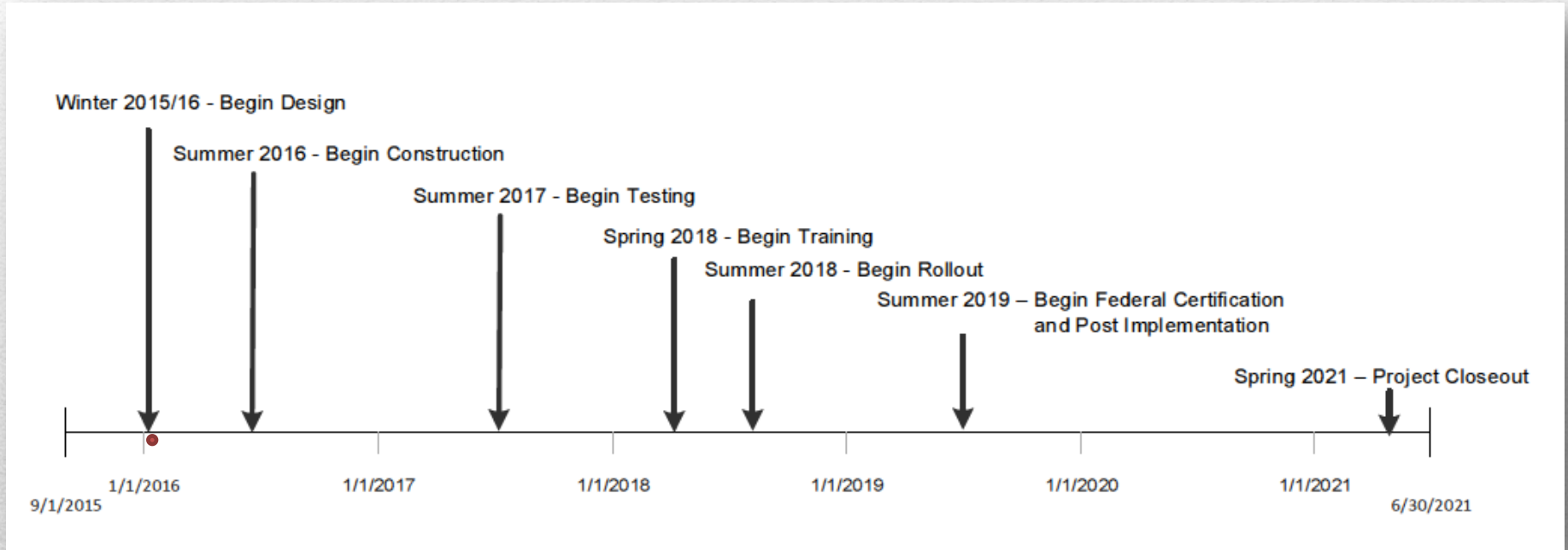
Project Steering Committee

Kate Cooper Richardson DOJ - Child Support Program Director	Fred Boss Deputy Attorney General	Karen Coleman DOJ - Child Support Project Executive	Dawn Marquardt DOJ - Child Support Deputy Director
Sally Kapenga MAXIMUS Project Director	Gundula Shye DOJ - Child Support Project Manager	Amy Croucher DOJ - Child Support Project Analyst	Tammy Kramer DOJ - Child Support Operations Section Chief
Marc Williams DOJ - Admin Services Division Administrator	Lorrin King DOJ Chief Information Officer	Art Ayre DOJ Chief Financial Officer	Mark Williams DOJ - General Counsel AIC Business Transactions
Carol Anne McFarland Oregon District Attorney Association Liaison	Chris Osterhoudt Yamhill County District Attorney's Office	John Koreski DAS - Enterprise Technology Services	Connor Anderson DAS - Enterprise Technology Services
David Factor Judicial Department	Sarah Miller DHS Chief Operating Officer for Technology	Melody Riley DHS/OHA OIS IT Director, Enterprise, Alignment & Design	David Franks ODOT, IT Service Delivery Manager



Preliminary Project Schedule

Where we're going



System Project

2015-2017

Completed:

- OSCIO Stage Gate #3 endorsement received
- Project governance plans
 - E.g. Project governance plan, change control & issue management plan, risk management plan, organizational change management plan
- Facility stand-up for design and build
- System hosting procurement – development environment
- All primary contractors onboarded
 - CSG Government Solutions – Independent Quality Assurance
 - SLI Global Solutions – Independent Verification & Validation (IV&V)
 - MAXIMUS – Project Management
 - Deloitte Consulting, LLP – Implementation (System Integrator)
- Development of updated Project Business Case



System Project

2015-2017

In process:

- Project schedule finalization and budget baselining
- LFO readiness assessment review
- Transfer of application code, system documentation, and technical specifications from CA, MI, NJ
- Proof of concept built



System Project 2015-2017

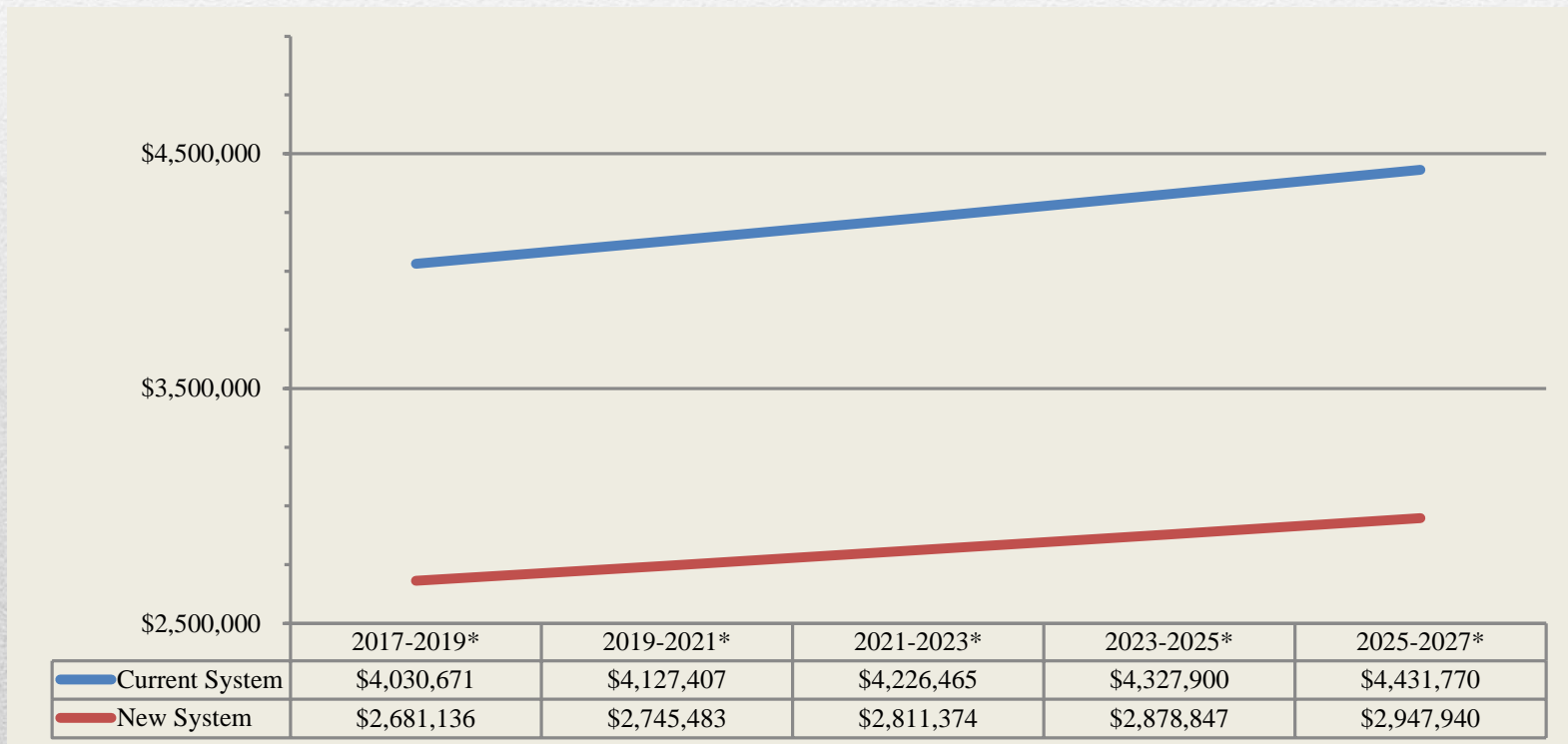
Future:

- JAD & JTD sessions (Jan 2016 – Aug 2016)
 - Business function
 - Technical design
- System build (Sep 2016 – Jul 2017)
- Data conversion (Sep 2016 – Jun 2018)
- User acceptance testing (Feb 2018 – May 2018)



Maintaining the New System

Projected future maintenance costs estimates for system hardware, software, and hosting.



*calculations use standard inflation rate to estimate costs in future biennia.



Funding Structure

- Federal Funds provide 66% of eligible program costs under Title IV-D of the federal Social Security Act for both development and ongoing operations and maintenance
- State matching funds from Article XI-Q bonds sales, with General Fund Debt Service, funds the state's portion of bond-eligible development costs
- State matching funds from the department's Other Funds and General Fund cover the state's portion of non-bondable development costs (small proportion of project)
- Ongoing operations and maintenance costs are to be funded with General Fund and matching Federal Funds



Preliminary Baseline

Change Drivers

- The preliminary rebaselining of the System Project is driven by more definitive information on project schedule and cost; no change to project scope
- The current schedule varies somewhat from previous estimates, moving a larger burden of the Project expenses to this biennium and reducing some expenses in future biennia
- The initial estimate could not precisely forecast all areas of the system project, including
 - State staffing needs and actual personal services costs
 - System hosting environment needs and availability
 - Quantity and timing for project deliverables
- Ongoing operations and maintenance costs are to be funded with General Fund and matching Federal Funds



Project Needs

\$3,086,760 in additional project bond authority

- Plus \$123,240 cost of issuance, total of \$3,210,000 in bond issuance
- Shift in existing sale date amounts

\$12,476,397 in additional expenditure limitation

- \$4,403,551 Other Funds
- \$8,072,846 Federal Funds

Updated 2015-17 debt service, cost of issuance limitation, and loan fee limitation totaling \$1,319,617

- \$123,740 Other Funds
- \$1,195,877 General Funds



Current Project Budget

2015-17 DOJ / DCS - System Project PROJECTD EXPENSES	LAB 15-17	Current Projection	Difference*
Personal Services**	3,578,473	4,491,432	912,959
Total Personal Services	3,578,473	4,491,432	912,959
SERVICE AND SUPPLY			
Travel	6,745	42,285	35,540
Training	3,177	32,029	28,852
Office Expenses	53,047	-	(53,047)
Communications	24,621	5,050	(19,571)
Data Processing	3,684,679	412,983	(3,271,696)
Contractors		-	-
Professional Services	35,300,676	47,143,154	11,842,478
Rent/Utilities	138,256	-	(138,256)
Expendable Properties	801,392	220,127	(581,265)
Other	494,536	4,352	(490,184)
Capital Outlay		3,882,334	3,882,334
DOJ Intraagency Charge	429,059	536,326	107,267
DAS Comp Usage/ Hosting Services	693,000	913,987	220,987
Total Service and Supply	41,629,188	53,192,626	11,563,438
Federal Share	29,997,991	38,070,837	8,072,846
State Share	15,209,670	19,613,221	4,403,551
Total	45,207,661	57,684,058	12,476,397

* LFO/CIO adjusted original request to include COI, OF was reduced from original request

** New positions are all in LAB at a step 2; current incumbents are at steps significantly higher than step 2.



Budget Comparison

DOJ / DCS System Project	Initial Projection*	Current Projection*	Projection Difference
PERSONAL SERVICES			
Wages / Other Personal Exp / Benefits	\$5,824,035	\$16,848,127	\$11,024,092
Mass Transit	0	\$23,388	\$23,388
Total Personal Services	\$5,824,035	\$16,871,515	\$11,047,480
SERVICE AND SUPPLY			
Travel	\$189,000	\$51,313	-\$137,687
Training	\$0	\$35,224	\$35,224
Office Expenses	\$0	\$0	\$0
Communications	\$0	\$17,608	\$17,608
Data Processing	\$0	\$461,406	\$461,406
Contractors	\$0	\$0	\$0
Professional Services	\$96,740,112	\$93,801,552	-\$2,938,561
Rent/Utilities		\$0	\$0
Expendable Properties	\$4,547,392	\$223,202	-\$4,324,190
Other	\$0	\$5,822	\$5,822
Capital Outlay	\$0	\$3,882,335	\$3,882,335
DOJ Intraagency Charge	\$712,861	\$2,042,174	\$1,329,313
System Hosting	\$1,393,509	\$3,595,122	\$2,201,613
Total Service and Supply	\$103,582,875	\$104,115,758	\$532,883
Total	\$109,406,910	\$120,987,273	\$11,580,363

*\$1.674 million in preparatory Project costs not included in initial projection or current projection



Anticipated Legislative Impacts

- \$3,086,760 in additional project bond authority
 - Plus \$123,240 cost of issuance, total of \$3,210,000 in bond issuance
 - Shift in existing sale date amounts
- \$12,476,897 in additional expenditure limitation
 - \$4,404,051 Other Funds
 - \$8,072,846 Federal Funds
- Additional 2015-17 debt service and interest appropriation, cost of issuance and loan fee limitation totaling \$1,319,617
 - \$123,740 Other Funds
 - \$1,161,194 General Fund Debt Service
 - \$34,683 General Fund
- Position Authority
 - Establish 10 permanent part-time positions (1.31 FTE)
 - Reclassify four permanent full-time positions established by SB 5507 (2015)



Impact of Denial

Project Costs Increase

- Increased DAS procurement costs and AAG costs
- Personal service and S&S costs increase
- Facility costs (through IM contract) will increase
- Project will require an additional interfund loan from Treasury

Risk Increases

- Project will stall, completion date will be delayed minimum 2021-2023
- Reduced contractor support
- Loss of key state and contractor personnel
- System failure
- Federal funding and support
- Regulatory security findings and penalties



Thank You

Questions?

