



Arnold Schwarzenegger  
Governor

## FEASIBILITY STUDY REPORT For

### Automated Collection Enhancement System (ACES) Project

Prepared by  
Automated Collection Enhancement System Team

April 15, 2005  
Revised November 21, 2005  
Revised February 23, 2006

Project Sponsor: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert Affleck

EDD FSR Registration No: 05-04

<b>1.0 Executive Approval Transmittal</b> .....	1
<b>2.0 Project Summary Package</b> .....	2
<b>3.0 Business Case</b> .....	11
3.1 Business Program Background .....	11
3.2 Business Problem or Opportunity .....	13
3.3 Business Objectives .....	17
3.4 Business Functional Requirements .....	17
<b>4.0 Baseline Analysis</b> .....	18
4.1 Current Method.....	18
4.2 Technical Environment .....	23
<b>4.2.1 Existing Infrastructure</b> .....	25
<b>4.2.1 EDD Existing Infrastructure</b> .....	34
<b>5.0 Proposed Solution</b> .....	35
5.1 Potential Solution Description .....	35
5.2 Rationale for Selection.....	51
5.3 Other Alternatives Considered.....	52
<b>5.3.1 Describing Alternatives</b> .....	52
<b>6.0 Project Management Plan</b> .....	58
6.1 Project Manager Qualifications .....	58
6.2 Project Management Methodology .....	59
6.3 Project Organization .....	60
6.4 Project Priorities.....	61
6.5 Project Plan .....	61
<b>6.5.1 Project Scope</b> .....	61
<b>6.5.2 Project Assumptions</b> .....	62
<b>6.5.3 Project Phasing</b> .....	62
<b>6.5.4 Roles and Responsibilities</b> .....	63
<b>6.5.5 Project Schedule</b> .....	67
6.6 Project Monitoring.....	68
6.7 Project Quality .....	69
6.8 Configuration Management .....	69
6.9 Authorization Required .....	69
<b>7.0 Risk Management Plan</b> .....	70
7.1 Risk Management Worksheet.....	70
<b>7.1.1 Assessment</b> .....	70
<b>7.1.2 Risk Identification</b> .....	70
<b>7.1.3 Risk Analysis and Quantification</b> .....	70
<b>7.1.4 Risk Prioritization</b> .....	70
<b>7.1.5 Risk Response</b> .....	70
<b>7.1.6 Risk Avoidance</b> .....	71
<b>7.1.7 Risk Acceptance</b> .....	71
<b>7.1.8 Risk Mitigation</b> .....	71
<b>7.1.9 Risk Sharing</b> .....	71
7.2 Risk Tracking and Control .....	71
<b>7.2.1 Risk Control</b> .....	71
<b>8.0 Economic Analysis Worksheet (EAWs)</b> .....	72
8.1 Existing System Cost Worksheets .....	76

8.2 Alternative System Cost Worksheet (Proposed Alternative).....	77
8.3 Economic Analysis Summary Worksheet .....	78
8.4 Project Funding Plan Worksheet .....	79
<b>Appendix A: Acronyms</b> .....	<b>81</b>

**Attachment A: Traceability Matrix**

**Attachment B: Risk Management Worksheet**

**Attachment C: Benefits Model**

**Attachment D: Department of Industrial Relations**

**Attachment E: Workload Details for all Project PYs**

**Attachment F: DTS Cost Estimates**

**Attachment G-1: External Customer Access Policy**

**Attachment G-2: EDD's Information Security Policy**

**Attachment H: Detailed Economic Analysis Worksheets (EAWS)**



**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

---

**2.0 Project Summary Package**

<b>1</b>	<b>Submittal Date</b>	April 15, 2005
----------	-----------------------	----------------

<b>2</b>	<b>Type of Document</b>	FSR	SPR	PSP Only	Other:		
	<b>Project Number</b>	X					
		05-04					

<b>3</b>	<b>Project Title</b>	Automated Collection Enhancement System	<b>Estimated Project Dates</b>	
	<b>Project Acronym</b>	ACES	<b>Start</b>	<b>End</b>
			07/01/2006	12/31/2010

<b>4</b>	<b>Submitting Department</b>	Employment Development Department
----------	------------------------------	-----------------------------------

<b>5</b>	<b>Reporting Agency</b>	Labor and Workforce Development Agency
----------	-------------------------	--

<b>6</b>	<b>Project Objectives</b>	<ol style="list-style-type: none"> <li>1. Develop and deploy an integrated and automated collection system that increases collection revenue by approximately \$70 million by the end of State Fiscal Year 2013/2014, and each year thereafter.</li> <li>2. Provide customers with additional payment options to facilitate compliance by allowing employers to make electronic payments for billed liabilities and payment proposals by December 31, 2010.</li> <li>3. Increase the compliance and accuracy of taxes and data by establishing non-audit related liabilities prior to the year-end reconciliation. This will be done by performing a reconciliation of payments to taxes due starting with the quarter ending December 31, 2010.</li> <li>4. Provide customers with timely information related to their account payment history by December 31, 2010.</li> </ol>
----------	---------------------------	--

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

	<b>Milestones</b>	<b>Planned Delivery Dates. Some tasks may run concurrent.</b>
1. Project Initiation	1.1 Submit ACES FSR to Labor and Workforce Development Agency (LWDA) for approval.	May 9, 2005 Revised FSR November 21, 2005
	1.2 Obtain LWDA approval of FSR.	May 30, 2005 Revised FSR November 22, 2005
	1.3 Submit ACES FSR to Department of Finance, Office of Technology Review, Oversight, and Security (DOF/OTROS) for approval.	June 1, 2005 Revised FSR November 22, 2005
	1.4 Obtain DOF/OTROS approval of FSR.	July 29, 2005 Revised FSR December 1, 2005
2. Budget Action, Phase 1, Procurement & Contracting	2.1 Submit Comprehensive BCP for SFY 06/07 to request funding for development and implementation of ACES.	September 13, 2005 Completed September 12, 2005
	2.2 Obtain approval from DOF for SFY 2006/2007 BCP.	December 31, 2005 Revised FSR December 1, 2005
	2.3 Submit Spring Finance Letter for SFY 2006-2007 to request funding to develop requirements and a request for proposal to implement ACES.	February 21, 2006
	2.4 Submit revised FSR to DOF/OTROS for approval.	February 23, 2006
	2.5 SFY 2006-2007 Budget signed.	July 1, 2006
	2.6 ACES project start date.	July 3, 2006
	2.7 Procure RFP vendor and sign contract.	October 2, 2006
	2.8 Procure Independent Project Oversight Consultant (IPOC) and sign contract.	October 2, 2006
	2.9 Procure Project Management Support (Quality Assurance) and sign contract.	October 2, 2006

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

	2.10 Procure Independent Verification and Validation (IV&V) vendor and sign contract.	October 31, 2006
	2.11 Procure Project Management Support Technical.	January 2, 2007
	2.12 Develop and write RFP to solicit prime solution providers for implementation of the new system.	March 7, 2007
	2.13 Obtain Department of General Services, DOF/OTROS approval of RFP.	May 9, 2007
	2.14 Obtain prime solution provider proposals and selection.	March 31, 2008
	2.15 Prepare Special Project Report (SPR) to reflect prime solution provider statement of work, revenue projections, costs, and scope.	June 9, 2008
	2.16 Submit BCP for SFY 2009-2010 to DOF.	September 15, 2008
	2.17 Obtain DOF/OTROS approval of SPR.	September 19, 2008
	2.18 Sign contract with prime solution provider for ACES.	July 1, 2009
<i>Note: Development through Implementation</i>	<i>A detailed Project Schedule will be submitted with the SPR to include vendor input. It is anticipated to be a 2-year project.</i>	
3. Develop and Implement Phases II and III.	3.1 Develop and implement Phase II – ARMG. New revenue streams begin to occur January 2010.	December 31, 2009
	3.2 Develop and implement Phase III – Full Collection System. Revenue from Phase III begins January 2011.	December 31, 2010
	3.3 ACES project completion. After final revenue benefit testing is completed.	December 31, 2011
4. Project Evaluation	4.1 Complete PIER.	June 30, 2012

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION A: EXECUTIVE SUMMARY**

---

**7 Proposed Solution**

The Employment Development Department (EDD) expects the solution to generate revenue into the State General Fund and UI, SDI and ETT Funds. The EDD will utilize the Department of General Services (DGS) RFP process to select a vendor to act as primary contractor and be responsible for all system integration. This project will be funded by increased revenue from implementation of the Automated Collection Enhancement System (ACES), therefore, this will be a benefit/business-based procurement. Vendors must agree to provide the initial funding for hardware, software and custom development and be paid by a percentage of the revenue the ACES collection solution generates. The vendor contract will contain a maximum dollar cap for the vendor and the vendor will not receive full compensation if sufficient revenue levels are not met.

The proposed system will provide an integrated and automated solution that will use up-to-date employer tax collection, storage, account management and data retrieval technologies to maximize the effectiveness of EDD's Collection Division (CD) operations and staff. The Tax Branch proposes a solution involving a benefit/business-based procurement of a vendor contract and EDD in-house development of specific components.

In addition, this FSR provides the Labor and Workforce Development Agency (LWDA) with an opportunity to leverage automated collection processes and new technology services proposed by ACES for the collection of fines, penalties and back-wages that are due to DIR. In order for this to occur, however, current statutes that require FTB to collect monies owed to DIR in accordance with SB 1490 (Chapter 1117, Statutes of 1994) and SB 996 (Chapter 33, Statutes of 1995) will need to be changed through legislation to transfer responsibility for collections to the EDD. Currently, FTB utilizes a manual process to collect monies owed to DIR. ACES will provide an enabling collection system and services for leveraging enforcement resources in the LWDA. The LWDA requires a collection system that is able to satisfy agency-wide collection requirements and services that will handle the business needs of both EDD and DIR collection cases. This business need is described further in Attachment D of the FSR.

The vendor contract would be for the purchase of an existing software product, necessary hardware, and vendor resources to customize the software according to CD's needs. This software provides the primary functionality for performing the collection activities and generating management reports. The Franchise Tax Board (FTB) and Board of Equalization (BOE) are currently using similar software with very satisfactory results. The vendor will be responsible for the overall project integration and assist in project change management activities.

The EDD staff will work with the vendor to provide legacy system data migration and modifications needed for ancillary systems to accommodate the new system and functionality.

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE**  
**SECTION B: PROJECT CONTACTS**

---

**INFORMATION TECHNOLOGY PROJECT SUMMARY**  
**SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENTAL PLANS**

---

1	What is the date of your current Operational Recovery Plan (ORP)?	Date	07/15/2005	Project #	05-04
2	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	1/2003	Doc. Type	FSR
3	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	IT Strategic Plan	Enterprise Business Architecture	EDD Strategic Plan, Goal #3.
		Page #	10 & 11	7, 8, & 10	14
4					<b>No</b>
Is the project reportable to control agencies?					X
If YES, CHECK all that apply:					
X	a) The project involves a budget action.				
	special legislative review as specified in budget control language or other legislation.				
	approved Workgroup Computing Policy.				
X	d) The estimated total development and acquisition cost exceeds the departmental cost threshold.				

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION D: BUDGET INFORMATION**

<b>Project #</b>	<b>05-04</b>
	<b>FSR</b>

Budget Augmentation  
Required?

No	
	X

If YES, indicate fiscal year(s) and associated amount:

FY	06/07	FY	07/08	FY	08/09	FY	09/10	FY	10/11	FY	11/12	FY	12/13	FY	13/14
\$2,883,976		\$2,546,973		\$2,617,672		\$10,324,360		\$28,072,092		\$30,592,477		\$11,501,103		\$5,372,675	

**PROJECT COSTS**

1	Fiscal Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	TOTAL
2	One-Time Cost	\$2,883,976	\$2,533,973	\$2,689,672	\$10,000,466	\$23,985,988	\$25,203,066	\$ 6,170,100	\$0	\$73,467,241
3	Continuing Costs	\$0	\$0	\$0	\$ 310,894	\$ 4,020,104	\$ 5,369,411	\$ 5,371,003	\$5,372,675	\$20,444,087
4	<b>TOTAL PROJECT BUDGET</b>	\$2,883,976	\$2,533,973	\$2,689,672	\$10,311,360	\$28,006,092	\$30,572,477	\$11,541,103	\$5,372,675	\$93,911,328

**SOURCES OF FUNDING**

	Fiscal Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	TOTAL
5	Redirection – Continuing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Redirection – One Time Cost									
	Unemployment Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Employment Training Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Disability Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Personal Income Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Contingent Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Other - BCP	\$2,883,976	\$2,533,973	\$2,689,672	\$10,311,360	\$28,006,092	\$30,572,477	\$11,541,103	\$5,372,675	\$93,911,328
13	<b>PROJECT BUDGET</b>	\$2,883,976	\$2,533,973	\$2,689,672	\$10,311,360	\$28,006,092	\$30,572,477	\$11,541,103	\$5,372,675	\$93,911,328

**PROJECT FINANCIAL BENEFITS**

14	Cost Savings/Avoidances	\$	\$	\$	\$	\$	\$	\$	\$	\$
15	Revenue Increase	\$	\$	\$	\$20,400,000	\$37,900,000	\$43,800,000	\$61,300,000	\$70,000,000	\$233,400,000

Note: The totals in Item 4 and Item 13 must have the same cost estimate.

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION E: VENDOR PROJECT BUDGET**

<b>Vendor Cost for FSR Development (if applicable)</b>	\$
<b>Vendor Name</b>	N/A

<b>Project #</b>	<b>05-04</b>
<b>Doc. Type</b>	<b>FSR</b>

**VENDOR PROJECT BUDGET**

1	Fiscal Year	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	TOTAL
2	Software Customization	\$0	\$0	\$0	\$0	\$15,340,000	\$24,490,000	\$6,170,100	\$0	\$46,000,100
3	Project Management	\$207,871	\$358,094	\$418,794	\$479,494	\$239,747	\$0	\$0	\$0	\$1,704,000
4	Project Oversight Budget	\$95,000	\$107,000	\$107,000	\$107,000	\$54,000	\$0	\$0	\$0	\$470,000
5	IV&V Budget	\$348,749	\$418,499	\$418,499	\$988,123	\$642,280	148,218	\$0	\$0	\$2,964,368
6	Other Budget (RFP Vendor)	\$465,500	\$24,500	\$0	\$0	\$0	\$0	\$0	\$0	\$490,000
7	<b>TOTAL VENDOR BUDGET</b>	\$1,117,120	\$908,093	\$944,293	\$1,574,617	\$16,276,027	\$24,638,218	\$6,170,100	\$0	\$51,628,468

------(Applies to SPR only)-----

**PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT**

8	Primary Vendor	
9	Contract Start Date	
10	Contract End Date (projected)	
11	Amount	\$

**PRIMARY VENDOR CONTACTS**

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
12									
13									

**INFORMATION TECHNOLOGY PROJECT SUMMARY PACKAGE  
SECTION F: RISK ASSESSMENT**

---

<b>Project #</b>	<b>05-04</b>
<b>Doc. Type</b>	<b>FSR</b>

**RISK ASSESSMENT**

	<b>Yes</b>	<b>No</b>
<b>Has a Risk Management Plan been developed for this project?</b>	<b>X</b>	

<b>General Comment(s)</b>
<p>All identified risks will be included in the detailed project plan using EDD's standard project management planning tools. This plan will encompass the entire structure of the project and its deliverables and provide a comprehensive framework for assessing each aspect of the project for potential risk. The risks identified will be re-evaluated on a monthly basis throughout the project.</p> <p>A risk matrix management worksheet is contained in Attachment B.</p>

## 3.0 Business Case

### 3.1 Business Program Background

The mission of the EDD's Tax Branch is to assist California's one million employers to promptly and accurately report employment data and pay taxes necessary to support the services and benefits provided by the collection of Unemployment Insurance (UI), State Disability Insurance (SDI), Employment Training Tax (ETT), and Personal Income Tax (PIT). This is accomplished by ensuring that:

- Subject entities report data and pay taxes consistent with the law.
- Tax and wage data are processed timely and accurately.
- Workers receive the benefit coverage to which they are entitled.

The EDD is one of three major tax revenue-generating agencies in the State of California. In State Fiscal Year (SFY) 2003/2004 the Department collected approximately \$35.6 billion in payments.

The Tax Branch is responsible for all employment tax collection, accounting, compliance, auditing, and benefit overpayment collection functions. To support its tax and benefit programs, the Tax Branch utilizes a variety of automated and manual processes. EDD's primary accounting system for the employment tax program, Tax Accounting System (TAS), was originally implemented in 1986. TAS included only limited audit and collection system functionality in its original form. Because of their nonintegrated nature, these functions often require complicated work-arounds, such as manual input of the same data into multiple systems/applications and additional reconciliation.

From July 1, 2001 through December 31, 2002, the Employment Tax System Review (ETSR) team conducted an analysis of the current business processes and technology in conjunction with an external stakeholder analysis to identify specific problems and opportunities related to Tax Branch's business operations. A close review disclosed that the majority of these problems could be traced to a root cause, the Tax Accounting System (TAS). This analysis established the business case for change based on the following:

- The current legacy system (TAS) is outdated, inflexible, and has significant functional limitations. Continued maintenance and support of TAS is challenging and system failure is inevitable. The TAS was designed in the early 1980s using already mature database technology. Technologies used to support TAS, Integrated Data Management System (IDMS) and Common Business Oriented Language (COBOL), are no longer mainstream technologies and are, therefore, difficult to support. The software and programming used to develop TAS are almost obsolete. Any modifications to or extensive re-write of TAS can only be performed by the current staff with the specific program and technical expertise they have

acquired over their years working with TAS. The limited number of TAS support staff is declining through attrition and there is a lack of qualified candidates experienced in COBOL and IDMS to fill open positions. Few colleges offer classes in COBOL and IDMS to train new programmers and database administrators. As this continues, EDD increasingly will be unable to support the aging TAS database and related applications.

- The current operating environment is plagued with systemic problems that prevent the Tax Branch from optimizing collection of revenues. Nearly all of Tax Branch business processes are dependent on TAS. The TAS was not designed as a tax collection system and lacks the functionality for collectors to do their work effectively. The lack of automated collection functionality in TAS, as well as inadequacies of the system, prevent the Tax Branch from optimizing collection of revenues and require manual labor-intensive processes. Other consequences include poor customer service, inaccurate and erroneous billings, and the opportunity for fraud and abuse, which includes rate manipulation. As a result, Tax Branch only collects 7 to 11% of established accounts receivables. By comparison, the FTB collects 77 percent of accounts receivables from business entities and 57 percent from individuals.
- The current operating environment and TAS prevent the Tax Branch from providing the level of service expected by its customers. The current system does not provide employers with the ability to access information on their accounts, use other alternative payment methods such as credit cards, nor provide them with electronic methods for communicating, filing tax information and employment data, and paying their liabilities.

A primary goal of the Collection Division (CD) of Tax Branch is to assist delinquent employers to voluntarily comply with payroll tax reporting and payment requirements. In cases where voluntary compliance does not occur, CD uses collection notices, telephone contacts, and employer site visits to obtain compliance. If these methods do not prove successful, CD takes appropriate involuntary collection actions such as liens, levies, and other asset seizures in order to obtain compliance.

As stated above, the TAS and current tools do not fully support collection functionality. This severely hampers Tax Branch's ability to collect the \$1.6 billion in Accounts Receivable, identify and target non-compliant employer segments, and manage workloads. The \$1.6 billion Accounts Receivable does not include written off Accounts Receivable but does include \$.3 billion in ARMG Monitoring, \$.3 billion in Non-Final Assessments that have been petitioned, or are reimbursable accounts, \$.3 billion that have been discharged as collection doubtful, \$.3 billion that are unassigned due to low TAS valuing, and lastly \$.4 billion currently assigned to collectors. There are approximately 386,000 accounts with outstanding monetary liabilities or form delinquency problems. Of these accounts, only 37,500 are assigned collection cases. The CD currently collects approximately

## ACES FSR

\$177 million in accounts receivable annually. This does not take into consideration additions and abatements to inventories throughout the year.

The \$177 million in accounts receivable revenue is broken down as:

UI	\$46,000,000
DI	\$17,000,000
ETT	\$1,000,000
PIT	\$51,000,000
CF	\$62,000,000 (Contingency Fund)

The General Fund amount is \$113,000,000 (PIT and CF).

The CD does not have an effective collection system to manage the account receivable and achieve maximum collection of payroll tax liabilities. Currently TAS does not provide the ability to perform the necessary automated collection actions performed by the automated systems at the FTB or Board of Equalization (BOE). As a result, account receivables continue to increase and age, which makes the collection of delinquent liabilities much more difficult. The collection process requires manual, labor, and paper-intensive action to search for assets and collect liabilities. The current collection system also lacks case management and account modeling capabilities that are essential to the effective operation of today's most successful collection programs.

### 3.2 Business Problem or Opportunity

The lack of an automated collection system significantly reduces the State's ability to run an effective and efficient collection program and gain employer compliance. There are workloads not being addressed and revenue not collected. It is important to have a system that will provide increased collection functionality, establish electronic transmission of information between State collection agencies, increase employee productivity and allow the re-deployment of staff to more intensive collection efforts while automation handles the more routine collection activities.

The business problems in the collection program and the opportunities for improvement include providing automated functionality that will support the staff by allowing them to do their jobs more efficiently and effectively. The current business problems and opportunities associated with the collection process fall into the following categories:

- 1. The TAS and current tools do not support collection functionality to maximize revenue collection. A recent study by EDD's Tax Branch, Employment Tax System Review (ETSR), found that an automated collection system would provide the opportunity to increase annual revenue by approximately \$70 million by the end of State Fiscal Year 2013/2014, and each year thereafter. Recent improvement in the automated collection process of the FTB, the BOE, and other states (Virginia, Florida, ) revenue collecting agencies validated this finding.**

2. **The collection efforts are constrained by a combination of EDD's current technology, processes, and data problems:**
- A. **The TAS lacks a sophisticated valuing system specific to collection case assignment and follow-up:** Valuing is the ability to prioritize the most critical collection cases with the most potential for revenue collection. Criteria for valuing a case are not customizable and do not meet the needs of the Collection Program. This functionality would allow Tax Branch to decide which cases to pursue to operate a more effective and efficient Collection Program. Once an account has been given a TAS value and assigned for collections, the system does not periodically re-evaluate the account and assign a new value. This means that additional account activity, such as an increase in liability, does not prompt the system to accelerate the account in the collection process.
  - B. **The TAS lacks a modeling functionality:** Modeling functionality will allow Tax Branch to stratify or segment accounts that need to be pursued for collection based on past customer characteristics, payment and collection activity. Modeling would determine the necessary actions to effectively collect delinquent accounts. This lack of functionality leads to staff resources being spent on workloads that should not require human intervention and more lucrative accounts being inadequately worked.
  - C. **Account Statement (DE 2176) language is not customizable to the "model" of the account:** For example, a chronically delinquent employer will receive the same statement language as an employer delinquent for the first time. This reduces the effectiveness of the statements being sent to employers. This also affects the customer's understanding of what is required and due, thus contributing to customers' failure to comply with Department requests. Even though efforts have been made and time and resources have been dedicated to improving the statements, due to the limitations of TAS, they are still very confusing to employers. None of these statements are tailored to specific collection activities. In addition, collectors cannot readily view the content of all previously generated statements.
  - D. **Manual involuntary collection activities:** Many involuntary collection activities such as levies, warrants, earnings withholding orders, etc., require significant manual steps to complete. These collection activities are often dependent upon specific timeframes and are ineffective, or invalid, if not issued promptly. These manual processes affect the Department's ability to collect revenues, and results in process inefficiencies and substantial delays in collection efforts.
  - E. **Inadequate payment arrangement process:** There is no automated process for establishing, tracking, and monitoring delinquent employer payment arrangements. If this process were part of an automated collection system, it would decrease manual processes and allow for redirection of resources to other revenue producing functions. The payment arrangement default rate is approximately 40% with no

process that ensures continued payments. If employers were able to set up an automatic payment schedule, it would significantly reduce the default rate.

- F. **Lack of electronic payment options:** Currently there are no options, such as credit card, or direct debit payment, for employers to pay liabilities, liens, or payment arrangements electronically. There are only limited options for employers to pay regular tax deposits via electronic fund transfer.
  - G. **Manual lien processes:** Collection staff manually identifies State tax liens nearing expiration and liens requiring extensions. Staff must manually enter lien information from the County Recorder's Office onto TAS. Due to the lengthy manual process, to calculate the lien balance to be extended, most liens are not extended causing the State to lose its ability to collect liabilities after 10 years. There were approximately 4,300 lien extensions processed in SFY 03/04. In addition collections staff manually entered recording information on 66,000 liens. Eliminating manual processes would allow collection staff to focus on revenue enhancing activities.
  - H. **Manual Bankruptcy processes:** All inventory tracking, entering of bankruptcy information onto TAS, filing of claims, and monitoring is done manually. This is a labor-intensive effort that takes staff away from revenue enhancing activities. There are approximately 1,000 bankruptcy claims filed a year and 6,100 cases that are in post-petition monitoring that must be manually monitored, tracked, and maintained.
  - I. **The TAS was not designed to support Collections functionality:** TAS does not support case/workload management, employer modeling or trend analysis. Without a case management system, collectors cannot effectively target employers to collect outstanding liabilities (Accounts Receivables). Without employer modeling and trend analysis, management cannot effectively identify, gauge, and distribute workloads. Cases are not worked effectively to ensure that timely and appropriate actions are taken to resolve the case.
  - J. **Mail returned with incorrect address:** There is no automated process to search and update current addresses. TAS will continue to send statements and collection notices to incorrect addresses unless there is manual intervention. Mail returned as undeliverable requires the manual search of multiple internal and external databases to obtain a better address. Once a current address is obtained, the information must be manually updated on TAS. There is a lack of resources to perform this manual process.
3. **EDD's current technology does not fully support business operations, policies, and laws:**

**Although employers are legally required to pay and report payroll taxes quarterly, the TAS reconciles annually and cannot determine/establish liability on a quarterly basis:** Currently the TAS does not have a process in place to determine if an employer is delinquent in reporting and paying their liability on a quarterly basis. Due to system limitations, the Tax Branch is unable to determine if the amount reported

is equal to the amount paid. Lack of a quarterly reconciliation process, results in a delay in the identification and establishment of liabilities, which can impact collect ability. This leads to a loss of penalty and interest and loss of lien priority when other tax agencies establish liabilities earlier than the Department.

**4. Interaction and interfaces with internal and external agencies are not being optimized:**

**There is a lack of electronic interfacing with internal/external databases to locate employer information and assets:** The TAS is not integrated with internal/external databases used for collection purposes, (Independent Contractor Reporting (ICR), New Employee Registry (NER), Wage record System (WGS), FTB, DIR, BOE, etc.). Currently, the collector must manually access other internal/external systems to search for employer information and assets. Staff accessing online screens lack electronic interface with the databases. Automated retrieval of this data could be used to develop industry models, identify non-compliance, identify discrepancies in employer information, and locate assets.

**5. The TAS Management Information System (MIS) does not produce the reports needed to evaluate the performance of the collection program.**

**TAS management information system reports do not support the collection process:** The reports generated by TAS do not support Collection needs and goals that have changed since TAS was implemented nearly twenty years ago. These reports are hard coded in the TAS applications. Report changes, new reports, or ad hoc reports are time consuming, costly, and take programmer resources away from TAS maintenance and enhancements. These reports are insufficient and do not provide the data needed for strategic, tactical, and operational planning within the Collection program. TAS reports are paper based, so the data cannot be sorted and displayed without manual input into a stand-alone database. TAS is unable to track metric data for performance measures (such as amounts collected from levies, warrants, etc.).

**6. Employers are unable to validate and reconcile payments made on their accounts without Tax branch staff intervention:**

**Employers must contact Tax staff during office hours to request a list of payments. This requires Tax staff to manually reconcile and provide account information to employers to resolve discrepancies:** This lack of functionality leads to staff resources being spent on workloads that should not require human intervention and higher priority accounts being inadequately worked.

### **3.3 Business Objectives**

The ACES Project business objectives include the following:

1. Develop and deploy an integrated and automated collection system that increases collection revenue by approximately \$70 million by the end of State Fiscal Year 2013/2014, and each year thereafter.
2. Provide customers with additional payment options to facilitate compliance by allowing employers to make electronic payments for billed liabilities and payment proposals by December 31, 2010.
3. Increase the compliance and accuracy of taxes and data by establishing non-audit related liabilities prior to the year-end reconciliation. This will be done by performing a reconciliation of payments to taxes due starting with the quarter ending December 31, 2010.
4. Provide customers with timely information related to their account payment history by December 31, 2010.

### **3.4 Business Functional Requirements**

The ACES Business Functional Requirements are located in the Traceability Matrix, Attachment "A".

The matrix is organized by Business Objective Column #2. Therefore, requirements may be out of order and/or repeated.

## **4.0 Baseline Analysis**

### **4.1 Current Method**

#### **Employment Development Department**

Due to the Departments inability to actively work delinquent accounts for collection and lack of automation, only about 4,700 payment arrangements were established during SFY 2003-2004. Where necessary and appropriate, CD takes involuntary action to collect delinquent payroll taxes and secure returns to protect the revenue interests and benefit rights of the people of California. The process is triggered when an employer fails to file reports and/or pay taxes as required or as a result of tax assessments issued by the Department. The TAS identifies these employers and sends a statement informing them that the Department has not received the required item(s) and that a State tax lien may be filed if the delinquency is not resolved. Additional statements are sent every 60 days and if there is no response from the employer, a lien is issued 180 days after the initial statement based on dollar criteria. In addition, penalties and interest are assessed to delinquent accounts. Penalties and interest collected on delinquent taxes are deposited in the Contingent Fund and are used to support programs administered by the State.

The TAS and related systems do not adequately support the collection program. Current collection processes are a mix of non-integrated mainframe, PC-based and manual systems. Data sharing among the multiple systems is difficult or impossible. Account modeling and inventory management is limited, ineffective and inefficient.

When an employer incurs a liability or form delinquency, staff communicates with the employer to secure returns and payment of the liability in full or, as an alternative, negotiate an acceptable payment arrangement. State tax liens are also issued to encumber real and personal property. The law also provides for the offset of refunds due to delinquent employers from other state and federal tax agencies.

If routine collection attempts prove unsuccessful; staff may take involuntary collection actions such as a notice of levy issued against a bank account or an earnings-withholding order to attach wages. In extreme cases, a warrant for the seizure of assets by a peace officer may be issued.

The following provides information regarding the current collection programs and volume of transactions during SFY 2003-2004:

#### **Valuing/Modeling Functionality**

TAS performs account valuing in an attempt to prioritize collection accounts with the most potential for revenue collection. The criteria used for valuing cannot be customized and does not meet the needs of the Collection Program. This criteria was set in 1986 when TAS was implemented. Once an account has been given a TAS value and assigned for collections, the system does not periodically re-evaluate the account and assign a new value. This means that additional

account activity, such as an increase in liability, does not prompt the system to accelerate the account in the collection process. In addition, the TAS lacks a modeling functionality that would allow Tax Branch to stratify or segment accounts that should be pursued for collection based on account history, including payment and collection activities.

### **Account/Workload Management**

TAS lacks the ability to manage collection accounts; therefore, management cannot efficiently identify and distribute workloads. CD uses the Employer Account Management System (EAMS), a non-integrated program to monitor delinquent accounts as a workaround since TAS lacks the ability to perform account management. EAMS is dependent on staff to manually set a reminder to prompt the user to take the next appropriate action. EAMS lacks the ability to update TAS, requiring staff to enter information into two separate systems. The account information on EAMS is outdated as it only receives weekly updates and is not synchronized with TAS.

### **Lien Applications**

The TAS generates a Notice of State tax lien when an employer fails to pay amounts due. A State Tax Lien is filed with the county recorder and SOS's Office. TAS is unable to generate liens for all liability types. Staff must manually prepare and process liens for specific liabilities, including but not limited to:

1. Responsible corporate officers.
2. Successor liability.
3. Returned check debits.

Identification of liens that are nearing expiration, lien extensions and entering of lien information from the County Recorder's Office onto TAS are also performed manually. The Lien Group developed an Access Database to track and monitor manual liens, lien releases, and lien extensions. The Access Database is unable to update TAS with lien information. In SFY 2003-2004 staff manually input recording information for approximately 66,000 liens and 53,000 lien releases onto the TAS.

### **Escrow Demands**

An escrow is the process used to transfer funds from a buyer to a seller when a sale or transfer of real property takes place. The escrow process guarantees that the property being purchased is free and clear of encumbrances, including State Tax Liens or liabilities. The escrow holder is required to withhold sufficient money from the proceeds of the sale to cover any amounts due to the EDD. TAS is unable to monitor escrow demands and as a result, demands are currently entered onto a standalone Escrow Demand Inventory Management Access Database. Because this information is not readily available on TAS, it requires manual intervention at several steps in order for staff to process the workload. In SFY 2003-2004 there were approximately 4,400 escrow demands manually processed.

### **Compliance Automation Project (CAP)**

CAP was developed to eliminate some of the manual collection processes. CAP interfaces with TAS and scrapes selected information from multiple screens and displays the information in a more usable format. In turn, CAP has limited capability to update TAS and therefore staff must manually update TAS. Numerous forms used in collection activities are generated on the CAP, however CAP is unable to interface with the Department's automated print and mail facility.

### **Notice of Levy (NOL) & Earnings Withholding Order for Taxes (EWOT)**

NOLs and EWOTs are prepared using the CAP application and are printed from the collector's PC and manually processed through local mail facilities. These collection actions are then manually recorded on TAS. In addition TAS lacks the ability to track the effectiveness of the collection action. In SFY 2003-2004 staff processed 50,100 NOLs, and 3,700 EWOTs.

### **Bankruptcy Processes**

The CD has the responsibility to review and process all Notice of Bankruptcy filings to prevent erroneous collection actions and to file timely claims with the bankruptcy courts. The bankruptcy workload is a time consuming and labor intensive process that includes entering of bankruptcy information onto TAS, computing and filing of claims and monitoring of cases. The bankruptcy process is supported by a non-integrated File Maker Pro database that does not interact with TAS. Staff are required to use this system to calculate the claim amount and generate the appropriate forms, which are filed with the Federal Court. In SFY 2003-2004, staff manually researched approximately 264,000 bankruptcy filings on TAS to identify employers who have filed bankruptcy. CD identified about 20,400 bankrupt employers and filed approximately 1,000 bankruptcy claims. In addition, CD manually monitored approximately 6,100 employers on TAS in order to ensure that returns and payments due for periods after the bankruptcy filing are timely.

### **Offsets**

As part of the collection process, CD has a reciprocal agreement with other state agencies to offset refunds or lottery winnings to satisfy tax liabilities. Annually, a list of approximately 90,000 employers with outstanding liabilities is generated by TAS and forwarded on disk to FTB. Due to TAS limitations, approximately 10% of the information provided is incompatible with FTB's format and is excluded from the offset process, thus affecting the Department's ability to collect tax liabilities. Modification and monitoring of the accounts previously submitted requires manual processing and if not completed promptly may result in erroneous offsets. In SFY 2003-2004 there were approximately 11,000 offsets

processed. In addition, federal tax offsets, under specified criteria, may be made against federal tax refunds

### **Payment Arrangements**

If an employer is unable to pay their liability in full, the Department, under certain circumstances, may enter into an agreement with the employer to accept payment over a specified period of time. Payment arrangements are currently established and monitored manually for compliance. Employers are required to submit payments by mail or in person due to the unavailability of electronic payment options. The current process contributes to an approximate 40% default rate on payment arrangements. The Department's inability to actively work all delinquent accounts for collection and lack of automation resulted in the establishment of about 4,700 payment arrangements during SFY 2003-2004.

### **Payment History**

Employers must contact the Department to obtain a history of their payments. TAS does not have the capability to generate the payment history, therefore, all requests are manually processed. In SFY 2003-2004, Tax Branch staff prepared over 5,000 payment history documents for employers.

### **Credit Card Payments**

Under current EDD technology, the Department is unable to accept credit card payments for payroll tax deposits and outstanding tax liabilities.

### **Direct Debit Electronic Fund Transfer (EFT) Payments**

Under current EDD technology, the Department is unable to accept Direct Debit EFT payments for outstanding tax liabilities.

### **Direct Debit Electronic Fund Transfer (EFT) Payment Arrangements**

Under current EDD technology, the Department is unable to accept Direct Debit EFT payments for payment arrangements.

### **Write-offs**

When it has been determined that an account is uncollectable and all manual collection efforts have been exhausted, the account is submitted for write-off. The determination process is a labor intensive, manual process requiring staff to complete the required forms and search various agency databases. After approval for write-off is received from the State Controllers Office, the Department is no longer accountable for the collection of the liability and no further collection action is taken.

### **Management Information System (MIS) Reports**

CD requires collection and production data to perform strategic, tactical and operational planning. As an accounting system, TAS does not provide all of the detailed collection data needed for statistical purposes, such as amounts collected from levies, warrants, and offsets. The information TAS provides is not timely nor in a usable format, and as a result CD uses additional

systems/databases (Access, Excel, EAMS, MOSAIX, QPR and File Maker Pro) to manipulate and track metric data for performance measures and statistical purposes.

### **UI/SDI Taxable Wages**

The Department does not require the employer to reconcile UI/SDI taxable wages on a quarterly basis. Due to the annual reconciliation process, quarterly discrepancies of taxes are not captured nor billed timely. The lack of a quarterly reconciliation process, results in a delay in the identification and establishment of liabilities. This will lead to a loss of penalty and interest and loss of lien priority when other tax agencies establish liabilities earlier than the Department.

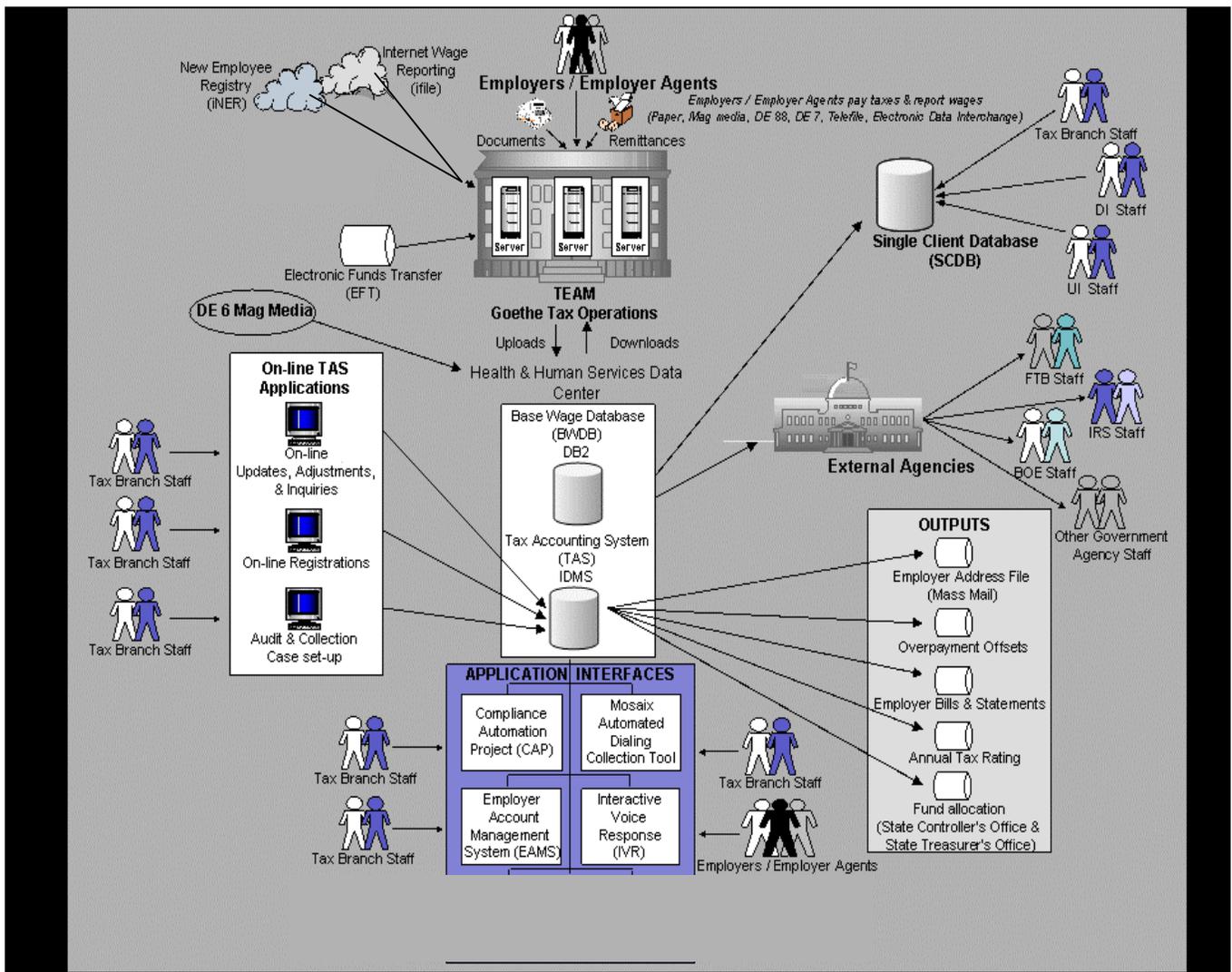
### **Incorrect Addresses**

Business Operations Planning and Support Division (BOPSD) is responsible for printing and mailing the majority of outgoing correspondence to employers. BOPSD uses a U.S. Post Office software (Fast Forward) and an address standardization software to identify and update addresses on outgoing employer mail. Currently, if a change of address or address standardization issue is identified through the automated printing and mailing processes, the outgoing mail piece is updated by inkjet sprayed barcode and/or an updated delivery address on the mail piece. The new address information is not stored by BOPSD or updated on TAS. The Tax Branch annually mails approximately 1,675,000 statements/billings of which approximately 50,000 are updated with forwarding addresses. Still, 55,000 statements/billings are returned to EDD as undeliverable requiring staff to manually research and update the new address for re-mailing.

## 4.2 Technical Environment

### Current Technology

The figure below depicts the current business processes and technology environment, including external third-party interactions with employers and other government agencies:



**Tax Processing Accounting Division (TPAD) Return and Remittance Processing at Goethe Tax Operations (GTO) (TEAM).**

All paper returns and remittances are processed at GTO. The front-end applications exist on the servers at the site and are connected to DTS mainframe computers that house the databases. EDD staff operate and maintain an Import/Export system that transfers the data from GTO to the databases at DTS. Electronic returns and remittances, magnetic media, Telefile, Electronic Data Interchange (EDI), and EFT are processed at central office. The captured data is uploaded through GTO to the Master Files at DTS on a daily basis. The exception to this process is the DE 6 magnetic media data, which is transferred directly to DTS without passing through GTO. The applications and databases for all employer account information (TAS) and for employee wages (BWDB) are located at DTS.

Tax Branch staff access the TAS and BWDB through on-line applications that allow them to perform business transactions such as registration, account adjustment, assessment, payment application, and refund approval. Staff also utilizes other applications that interface with the TAS and BWDB. TAS interfaces with CAP, EAMS, Interactive Voice Response (IVR), AXEL, and Mosaix. The BWDB interfaces with the SCDB that maintains UI and DI claim information and payment history by claimant.

Document and remittance processing and actions taken through on-line applications create numerous output files. Change of address information is updated to the Employer Address File to ensure proper mailing and transactions resulting in an overpayment may be included on offset tapes to allow money to be applied to other State tax liabilities. Employer bills or statements may be generated as an output and the information processed may be an input into the Annual Tax Rating process. Fund Allocation is generated by the processing or reapplication of remittance transactions and is used by the State Controller's Office and State Treasurer's Office to account for fund balances (UI, DI, ETT, and General Fund deposits).

Data from the TAS and BWDB are shared electronically with external agencies according to exchange agreements authorized by the CUIC. Agencies receiving electronic data include; Department of Justice, Department of Child Support Services, FTB, IRS, BOE, CUIAB, Department of Health Services, Department of Social Services, Department of Industrial Relations, and Federal Department of Health and Human Services. The BOE and FTB also have limited on-line viewing access to TAS.

### **4.2.1 Existing Infrastructure**

The Tax Branch network infrastructure is located within the DTS and EDD environments. The systems include: Mainframe - TAS, Non mainframe External TAS Interfaces, Network, and Desktop. The components of these systems are described below.

#### **Mainframe – TAS**

##### **Hardware**

Mainframe equipment with supporting software resides at the DTS. The following physical hardware environments support TAS under the IBM OS390 operating system:

- Test Environment (S1S1), IBM9672-x87 (8 CPUs 1078 MIPS (GEN 6))
- Prod Environment (S2S2), IBM2064-1c5 (5 CPUs 1090 MIPS (GEN 1))

##### **System Software**

The IBM mainframe hardware has a set of basic system software products and a set of optional system software products. This allows a customer to choose the set of functions they need and exclude the rest. Below is a list of the most commonly used system software applications for supporting TAS:

- IBM OS390 – Mainframe operating system version 2.10.
- IBM CICS – Customer Information Control System (CICS) release 4.10. CICS is a Transaction Processing (TP) Monitor from IBM. Used for controlling the interaction between applications and users providing terminal routing, password security, and transaction logging for error recovery and activity journals for performance analysis.
- JCL – Job Control Language (runs the batch related processes)
- SyncSort
- IDCams

CICS is used as a pass-through access, with TAS running under the IDMS TP CV. CICS Regions (that have IDMS defined to them for TAS):

- Production (CICSI) – 1.
- Test (CIYTF, CIYUH) – 2.
- IBM TSO – Time Sharing Option (TSO) The main user interface in MVS systems is TSO.

- IBM JES2 – Job Entry Subsystem (JES) release 2 is the main work management system for batch processing while TSO or CICS is used for on-line processing.
- IBM DFSMS – Distributed File Storage Management Subsystem (DFMS) is used for Direct Access Storage Device (DASD) management.
- IBM ISPF – The Interactive System Productivity Facility (ISPF) is a set of menus for compiling and managing programs and for configuring the system.
- IBM RACF – Resource Access Control Facility (RACF) release 2.1 is the IBM security management product for its mainframe operating systems.
- ASG FastAccess – An IDMS read, load and update accelerator.
- Innovation FDR – Dump and Restore application.
- Computer Associates Presspack – Data compression product.

### **Application Software**

TAS is made up of online and batch related processes. Approximately 178 online programs for various functions of TAS support online, real-time transaction processes on 110 screens. 451 batch processes perform scheduled tasks that are not intended to interact, in a real-time move, with customers.

### **Software Development Tools**

Below is a list of some of the tools and languages used to support the development, testing, and maintenance of TAS:

- Change Man – Change Man standardizes the release processes by providing automated processes for packaging application components for release through unit, test, and production environments.
- COBOL LE – The main language used to write the batch programs for TAS.
- DC COBOL – The main language used to write the online programs for TAS.
- Assembler – The layer that translates COBOL and communicates with the machine hardware.
- ADSO – Interfaces with online processes and controls screen displays.
- Easytrieve – An abbreviated language that provides ways to extract, manipulate, and sort data. Primarily used for ad hoc reports.
- DYL280 – A language similar to Easytrieve.

## ACES FSR

- File-AID – Database management tool.
- Finalist – Used for address standardization.
- Name 3 – Builds the search keys for alpha and numeric cross-reference files.
- Abend-AID – diagnostic tool.
- Online Query (OLQ) – IDMS data query tool.
- DMLO (Data Manipulation Language On-Line).

### Database

The data supporting the TAS database is stored in a Computer Associates Integrated Database Management System. The TAS database contains information stored in fourteen areas, referred to by their primary data component. Each of the areas of the TAS database currently contain between three and 268 million records, combining to over 516 million records in total.

#### Computer Associates IDMS version 15

IDMS Regions	
➤ Production (TP)	➤ 1
➤ Test (TT, UT, TU)	➤ 3
Database Files	
➤ Production (TP) (see below)	➤ 98
➤ Test (TT, UT, TU) (see below)	➤ 224
Additional Statistics	
➤ Employer account records	➤ 2,476,240
➤ Total number of database records	➤ 516,088,974
➤ Total bytes of data (uncompressed)	➤ 117 billion
➤ Direct Access Storage Device Packs	➤ 51
➤ Number of database areas	➤ 14
➤ Number of database record types	➤ 62

#### Performance/Reliability -

- Average daily online transactions – 400,000-600,000
- Average peak online transactions – 900,000

**Maintenance and Support**

TAS is physically maintained and housed by DTS on mainframe equipment. DTS has the responsibility for upgrading database software and maintaining the environments that support the TAS database. Administration of the TAS database is the responsibility of EDD.

DTS responsibilities:

- Hosting and managing the mainframe hardware.
- Administering and maintaining mainframe system software.
- Administering and maintaining the mainframe RACF security systems.
- Help Desk for mainframe related issues.
- Wide Area network administration and support.

EDD responsibilities:

- TAS application maintenance
- TAS IDMS Database Administration
- Local RACF Security Administration
- Operation Scheduling
- Help Desk
- Local Area Network administration and support

**EDD Staffing Support**

<b>System Supported</b>	<b>SFY 05/06 Actual PYs</b>
TAS	36.0
CAP	0.6
FACD	10.2
EAMS	0.2
MOSAIX	0.4
IVR	0.3
Internet	11.9
TOP	0.9
TEAM IMPORT/EXPORT	0.5
EFT	3.0
<b>TOTAL ITB STAFF</b>	<b>64.0</b>

The above table represents only the ITB personnel years (PYs) that may be impacted by the new solution. This does not represent resources to support Tax Branch intranet (TAXi), desktop PCs, and the Network.

**Current IT Branch Related Technology Costs**

<b>Cost Categories</b>	<b>SFY 05/06 Amounts</b>
Staff (salaries & benefits)	\$5,651,249
Hardware Lease/Maintenance	104,249
Software Maintenance/Licenses	489,663
Contract Services	0
Data Center Services	6,786,966
Agency Facilities	0
Other (Technology costs)	24,876
<b>TOTAL ITB STAFF</b>	<b>\$13,057,003</b>

**Security**

Security falls into several categories but, in terms of TAS, is ultimately the responsibility of DTS and EDD’s Information Technology Branch (ITB). Physical security for the hardware and wide area network resources and access to them are the responsibility of DTS. Local area network and workstation level security falls into the realm of EDD’s ITB. Administration over access to regional related software activity, RACF, is granted to EDD by DTS and is therefore an EDD task. There is some level of security built into the software by granting access to tables in the database and applications themselves. This too is the responsibility of the EDD database administrator and application programmers:

- IBM RACF version 2.1 – RACF is a database that provides the necessary functions to record information identifying individual users of system resources and information identifying the resources that require protection. The information is defined to RACF about users and resources and is stored in user and resource profiles.
- RACF provides the necessary security for terminal online transaction into a CICS region, such as the one TAS uses. CICS uses the Multiple Virtual Storage (MVS) system authorization facility (SAF) to route authorization requests to an external security manager (ESM), such as RACF, at appropriate points within CICS transaction processing. RACF has the ability to provide User Profiling to the terminal level and also provides a Program List Table (PLT) for programs that run during CICS initialization or otherwise. This would include batch type transactions that may perform TAS initialization routines and batch related activities.

- Application Security Access to TAS applications and the ability for other applications to process TAS applications are table driven events. Within TAS COBOL applications, there is the ability to administer rights to gaining access to each application and procedures that run them.

### **Non-Mainframe External TAS Interfaces**

Below is a list of external TAS system interfaces that provide additional functionality that are not mainframe based. In addition to the list below there have been over 50 external departments and various agencies that rely on TAS reports or extracts on a periodic basis:

- CAP interfaces with TAS and scrapes selected information from multiple screens and displays the information in a more usable format. Each CAP screen displays information gathered from multiple TAS screens. In turn, information entered on a CAP screen can update multiple TAS screens. The CAP also provides functions that are not available on TAS. The CD, Account Services Group of TPAD, and the FACD Call Center use this program. The CAP is used to assist with collection, registration, and customer service activities.
- EAMS was designed specifically for the CD as a tool to more effectively organize and manage caseloads. The EAMS can be set to deliver a reminder to a user for an action that needs to be taken on an account, or for a meeting or other miscellaneous events not associated with an account. The EAMS also enables a user to customize reports and allows for the optimum display of information. The TAS supplies the EAMS Oracle database with a weekly update. Any actions, including case assignments, transfers, or case closures during the week on TAS will not be reflected on EAMS until the following Sunday.
- EFT system functions as a front-end for TAS electronic DE 88 (DE 88E) processing and is a subsystem of TAS. In addition, the subsystem processes payments for the Telefile program.
- IVR is part of the Automated Call Processing (ACP) system. Through voice prompts and menus, an employer can receive information without speaking with a customer service representative. The TAS provides a download to Contribution Rate Group's IVR system with current and prior year UI tax rate information.

## ACES FSR

- MOSAIX is an automated dialing system that was originally intended to be used to contact employers regarding forms and/or outstanding liabilities. However, it is actually being used by Collection Division staff for MIS purposes, since it is the only system that can produce a partial shadow file of TAS for collectible accounts. CD staff manipulate the data using a variety of other databases and Excel spreadsheets to derive the information they need.
- Front-end Applications for data capture are the primary conduit by which most data is entered into TAS. As part of the overall solution, TPAD uses imaging and scanning technology to automate and streamline the tax return and payment process. TPAD interfaces electronically with DTS by using the Interface Conversion Module / Import Export Module (ICM/IEM) software and transmits data to the mainframe systems in the format expected. TAS mainframe will then pick up and load the transmitted data to WGS and TAS using current batch load processing applications. Clients responsible for reconciliation processes use standard TAS applications to view information.
- The TPAD batching and fund allocation processes also interface with DTS by providing a direct update of Cashier Date and Payment Batch information to the TAS database using an IDMS CA-Server product. This product converts Structured Query Language (SQL) statements to IDMS DML statements. This process is supported by applications in the TPAD and TAS environments.
- iFile is an Internet application that allows employers and agents to file *Quarterly Wage and Withholding Reports* (DE 6) online.

iNER is an Internet application that allows the filing of the *Report of New Employee(s)* (DE 34) online. iFile and iNER share a common online registration function that allows employers to register to use the application(s) immediately. Both applications are secure and use the Department's enterprise authentication product, Tivoli Access Manager for E-Business (TAME), to authenticate authorized users. The TAME files are backed up nightly in case of any hardware anomaly, which would allow TAME files to be re-loaded on new servers to provide business continuity.

- Tax Internet Reporting Expansion (TIRE) provides an infrastructure allowing for the expansion of the filing of the Quarterly Wage and Withholding Report (DE 6) (iFile), the New Employee Registry (DE 34) (iNER), and the Internet Independent Contractor Reporting (iICR) applications to all employers.
- TOP allows the EDD to offset the federal tax refund of a taxpayer that owes past due, legally enforceable State tax obligations. The Department of Treasury currently administers the procedures necessary to collect delinquent State tax obligations reported by States as part of the centralized offset program operated by the Financial Management Service (FMS). TOP utilizes TAS to extract

subject employers, individuals and liabilities from TAS to populate the TOP database and generate offset letters to employers/individuals. Payments are processed through the Document Management System (DMS) intake.

- Single Client Data Base (SCDB) is a two-tier mainframe base solution, with PC based terminal emulation access for EDD users. SCDB runs on an Integrated Database Management System (IDMS) Database (a Computer Associates product). It is among the largest databases and the largest of this type database (IDMS) in the country. SCDB was originally developed in 1988. It handles approximately 750,000 DI claims yearly. It also handles all Unemployment Insurance claims. There are approximately 7,000 users of SCDB within DI, UI, JS and Tax. The DTS provides hardware support for the system. ACES will access the Base Wage File (BWF), Base Wage Data Base (BWDB) through an SCDB menu link.

## **Network Environment**

The network topology for TAS includes wide area and local area networks. DTS is responsible for all wide area network related activity including network gear, helpdesk and monitoring. EDD is responsible for Local Area Network (LAN) to the desktop.

## **Wide Area Network**

The Wide Area Network (WAN) network infrastructure is comprised of frame relay data circuits connecting to DTS. Many large field offices have dual frame relay T-1 circuits. The smaller offices have been configured with either T-1 or 56 kbps data lines. The EDD central office has connectivity to DTS through three separate data circuits. The first circuit is a high speed OC-3 (155Mbps) data link the other two data lines are T-1 type over copper.

The EDD central office is also connected to the remote GTO site, where remittance processing for the DMS is located; by a high speed OC-3 (155Mbps) data line that carries central office IP traffic to TEAM related activity. The GTO is also connected to DTS using another high-speed OC-3 (155Mbps) data line.

Field offices are connected with either Cisco network routers or IBM terminal controllers. Router to router traffic will carry TCP/IP and Data Link Switching (DLS) protocols for System Network Architecture (SNA) 3270 while the terminal controllers carry only SNA traffic. Realizing the cost benefits and adhering to an open network architecture EDD is committed to replacing all SNA related equipment as leases expire.

## **Local Area Network**

The overall communications strategy for the LAN is to adhere to an Open Systems approach as opposed to a proprietary solution by any one specific vendor. The backbone protocol for all data will be Transmission Control Protocol (TCP)/Internet Protocol (IP) over Cisco switches and routers. TCP/IP is the most widely supported protocol, enabling applications to be readily available using its services and will enable workstations to connect to legacy systems such as TAS by implementing terminal emulation software at the workstation or printing devices.

Workstations IP configuration is provided by using Dynamic Host Configuration Protocol (DHCP).

## **Remote Access**

Remote Access provides the existing EDD enterprise with remote access system (RAS) and is currently operated and maintained by ITB network staff.

Servers are configured with four T-1 lines, which provide 96 simultaneous LAN dial-in connections. In addition there exists another RAS on the TEAM network segment providing access to TEAM related activity that can be considered TAS related activities.

## **Security**

Microsoft Domain – Logon authentication is provided to the local machine by the Microsoft domain authentication model governed by EDD policies and procedures for workstation authentication.

## **4.2.1 EDD Existing Infrastructure**

The EDD network infrastructure is located within the DTS and EDD environments.

### **4.2.1.1 DTS Infrastructure**

DTS offers EDD's e-Government systems a secure environment through the use of industry best practices —Demilitarized Zone (DMZ), firewalls, virus protection, and sound physical security measures.

The Web DMZ environment prevents users from having direct access to DTS back-end databases. Limited intrusion detection services are in place to prevent unauthorized users from accessing systems within the web DMZ. There is a packet filtering router in place to screen incoming transmissions to prevent unauthorized access and "IP Spoofing". Data moving between the web DMZ and the data DMZ is filtered through an internal firewall, which provides yet another layer of screening and intrusion detection systems. The internal firewall also prevents web DMZ servers from accessing the internal HSDC network while allowing the data DMZ server to communicate with internal resources.

The DTS network operates on a gigabit backbone. Each server is allotted 100-base T, full duplex connectivity. Secured application software is located on the network to prevent mutually exclusive systems from communicating with each other.

Communication between DTS and the internal EDD network (downtown and Goethe facilities) is made available via an OC3 connection. OC3 is a fiber optic, physical layer technology, which is inherently secure due to the difficulty in intercepting traffic.

### **4.2.1.2 EDD Infrastructure**

EDD contains a Central Office Computer Room environment that houses all Campus networking and EDD Network Operating System (NOS) functions. This includes a new Cisco Gigabit backbone and Computer Room Switch fabric for an array of Windows 2000 Core Servers for Active Directory, WINS, DNS, DHCP and Storage Attached Network (SAN) services. Additionally, EDD operates a document management system and Data Capture Center at the Goethe Tax Operations (GTO) where additional application services reside to support EDD's Tax Services including incoming channels for paper, telephone, EDI and other integrated e-Government implementations at EDD and DTS.

The entire EDD NOS environment is being upgraded including network infrastructure content monitoring, firewalls and perimeter protections. EDD is changing out the entire Field Office WAN architecture, adopting a hub model where approximately 15 sites across California will contain sufficient hardware to support security, storage, systems management and software distributions services via a large network connection to EDD Central Office. These 15 sites (hubs) will be strategically selected within the eleven Local Access Transport Areas (LATA's). All other EDD sites within each LATA will be locally attached to these hub sites (as opposed to individually attached to DTS).

## **5.0 Proposed Solution**

The Employment Development Department (EDD) expects the solution to generate revenue into the State General Fund and UI/SDI Funds. The EDD will utilize the DGS RFP process to select a vendor to act as primary contractor responsible for all system integration. This project will be funded by increased revenue from implementation of the ACES system, so this will be a benefit/business-based procurement. Vendors must agree to provide the initial funding for hardware, software and custom development and be paid by a percentage of the revenue the ACES collection solution generates. The vendor contract will contain a maximum dollar cap for the vendor and the vendor will not receive full compensation if sufficient revenue levels are not met.

The proposed system will provide an integrated and automated solution that will use up-to-date collection, storage, account management and data retrieval technologies to maximize the effectiveness of CD operations and staff and incorporate the DIR collection cases that are currently being handled by the Franchise Tax Board. The EDD proposes a solution involving a benefit/business-based procurement of an integration vendor and EDD in-house development of specific components.

The vendor contract would be for the purchase of an existing software product, necessary hardware, and vendor resources to customize the software according to CD's needs. This software provides the primary functionality for performing the collection activities and generating management reports. The Franchise Tax Board (FTB) and Board of Equalization (BOE) are currently using similar software with very satisfactory results. The vendor will be responsible for the overall project integration and assist in project change management activities.

The ACES solution vendor will be responsible for developing the ARM and full collection system and for the integration of the new solution with EDD's systems. The EDD staff will work with the vendor to provide access to legacy system data, data migration and modifications needed to accommodate the new system and functionality.

### **5.1 Potential Solution Description**

The proposed ACES application will replace the manual and redundant processes currently hampering the collection of EDD's and DIR's accounts receivable. It will facilitate receipt of data from multiple stakeholders and include tools for account modeling and inventory management. ACES will add new payment options and Internet access services to employers including the requisite security controls, access protections and audit requirements. ACES will provide CD staff with the most current employer account status and TAS transactions. The ACES employer database will include the most current employer contact information available to the Department. In addition, CD management will have a powerful and flexible tool for managing the current and future operations of the Collection Program. All these functions will be performed under maximum data throughput with acceptable overall system performance and required data security. The proposed collection system will provide tools to:

- Perform automated collection actions on routine transactions, which allow collectors to work on more complex cases.

## ACES FSR

- Provide statistical modeling to allow the EDD to focus on the highest priority workload and identify employer segments that would benefit from additional education and outreach.
- Automate the sharing of data from agencies (i.e. DIR, FTB, BOE) to locate assets and take appropriate collection actions.
- Provide a consolidated case management system to allow collectors to work cases at a higher rate of productivity.
- Provide automated collection actions to recover more revenue and provide better fiscal management of EDD and DIR receivable inventory.
- Provide automated account statements that can be customized.
- Increase voluntary compliance and reduce taxpayer frustration by providing self-service options (Internet and touch-tone telephone) to establish payment arrangements.
- Provide online payment history.
- Provide MIS reports.

The following functions will be specifically included in the ACES project.

### **Employer Account Valuing and Modeling**

ACES will review all collection accounts and prioritize by collection potential. The criteria used for valuing will be customizable to meet the needs of the Collection Program. ACES will re-evaluate all delinquent accounts and assign new values based upon the most current account data. In addition, ACES will continually review delinquent accounts and stratify or segment accounts that should be pursued for collection based on account history, including payment and collection activities.

### **Account/Workload Management**

ACES will manage collection accounts to efficiently identify and distribute workloads. This will include automatic reminders to prompt CD staff to take the next appropriate action. ACES will directly update EDD collection information on TAS and receive automatic account updates from TAS (DIR collection information will not reside on TAS).

### **Data Repository**

The ACES data repository will maintain information gathered from various internal and external sources (DIR, ICR, NER, FTB, etc.) to assist with ACES collection activities and employer account valuing. In addition, the repository will maintain historical account data.

### **Notice Generator**

ACES will generate customized and standard collection notices for both EDD and DIR liabilities tailored to the employer model. In addition, new collection notices will replace the existing cycle statements from TAS.

## **Lien Applications**

ACES will issue and release liens based on account status and update TAS. ACES will identify liens that are nearing expiration, file lien extensions, update TAS, and capture lien information from the County Recorder's Office to automatically post onto TAS. The system will accommodate all liens and lien releases without affecting system performance elsewhere.

## **Escrow Demands**

ACES will monitor escrow demands and maintain the data in synch with the TAS.

## **Compliance Automation Project (CAP) and Employer Account Management System (EAMS)**

The ACES application will include and replace the functionality of EAMS and the collection components on CAP. The current costs to maintain the CAP (collection components only) and the EAMS applications for CD will be redirected to the maintenance of the ACES.

## **Notice of Levy (NOL) & Earnings Withholding Order for Taxes (EWOT)**

ACES will automatically issue NOLs and EWOTs based on the employer account valuing. ACES will process NOLs and EWOTs from their inception to transmission to local mail facilities. In addition, ACES will track and monitor the effectiveness of these collection actions.

## **Bankruptcy Processes**

The ACES will replace the File Maker Pro bankruptcy database to monitor and record employer bankruptcies and capture account transactions for bankrupt employers on TAS. ACES will provide an application to calculate pre and post petition liability. ACES will calculate the claim amount and generate the appropriate forms to file with the Federal Court. Bankruptcy information on ACES will automatically be updated to TAS nightly.

## **Offsets**

The ACES database of delinquent employers will interface with the systems of other agencies so offsets can be accomplished without errors or delays. ACES will allow the modification and monitoring of the accounts previously submitted for offset.

## **Payment Arrangements**

ACES will allow employers using the Internet to establish a payment arrangement for their account balances over specified time frames and will monitor these accounts for compliance. Employers will have the ability to access their account balances. ACES will also provide electronic payment options for employers.

## **Payment and Account History**

ACES will allow employers to view their history of payments and their account balance over the Internet using a browser or by phone using Interactive Voice Response (IVR). This system must accommodate payment history requests without Tax Branch staff interaction. Tax Branch staff will access the same data through the Intranet.

## **Credit Card Payments**

Employers will have the ability to make payroll tax deposits and pay outstanding tax liabilities using a credit card. Payments will be accepted via browser or IVR.

### **Direct Debit Electronic Fund Transfer (EFT) Payments**

Employers will have the ability to have payments for outstanding tax liabilities debited from their bank accounts.

### **Direct Debit Electronic Fund Transfer (EFT) Payment Arrangements**

When making payment arrangements, employers will have the ability to have payments for outstanding tax liabilities automatically debited from their bank accounts.

### **Write-offs**

The ACES will gather information from other agencies, generate the required forms, and perform account write-offs of EDD accounts on TAS when this action has been approved.

### **Management Information System (MIS) Reports**

The ACES will provide standardized and customizable collection and production reports to CD management suitable to perform strategic, tactical and operational planning. It will also identify all EDD collection activities to report back to DIR.

### **UI/SDI Taxable Wages**

EDD staff will modify TAS to store and reconcile quarterly UI/SDI taxable wages reported against employer contributions. TAS will generate notices for discrepancies between amounts reported with the amounts paid for UI, SDI, ETT, and PIT.

Detail related to in-house EDD modifications to TAS for the UI/DI taxable wage reconciliation is as follows:

- Modify the TAS intake process to recognize new elements received.
- Modify the quarter return posting processes to recognize the new elements, store for display, and to perform a balancing function.
- Modify the online error suspense process to provide for the display and update of new captured elements.
- Develop new inquiry and update online applications to display and update the new fields.
- Modify the DE2176 Statement process to recognize new billing verbiage.
- Modify a miscellaneous set of online and batch applications that display and adjust liabilities/payment adjustments. The TAS applications will need to recognize the new rules for the return processing.
- Develop a periodic process to identify, categorize, and report potential first and second quarter accounts out of balance.
- Develop a billing process that will interact with Tax Branch establishing variable billing requirements.
- Modify WGS data conversion applications to handle the presence of new elements; the data will be passed to TAS for processing. The new elements will not be store in the WGS databases.

The proposed alternative will reconcile wages reported against the DE 6 and UI/DI taxable amounts against the DE 88 payments. It will capture updated addresses to be stored

either on TAS or the ACES database.

### **Incorrect Addresses**

The ACES project will develop an interface with BOPSD's print and mail facility to leverage the USPS certified address move/update software (FastForward) and address standardization software to perfect employer addresses on outgoing mail and to update employer addresses on the TAS database.

Detail related to the correction of incorrect addresses that are identified through BOPSD address update software is as follows:

Develop a series of TAS processes to identify and update TAS addresses using post office Finalist, Fast Forward, or other address source information. Potentially, this function could include a periodic clean-up of all/some TAS addresses, ongoing TAS mailings, and ACES mailings. The estimate for this function is based on the following:

- Develop a process to extract addresses to be evaluated.
- Develop a process to identify addresses that require change.
- Develop a process to update addresses and to provide a history of the address change by storing the replaced address.

### **Hardware**

The proposed hardware solution will be determined as part of the benefit-based vendor contract procurement and must meet approved Department standards.

### **Software**

The proposed software solution will be a combination of the vendor's software, the vendor's customization of the software, and the modifications to other programs developed by EDD resources. The software must be fully compatible with software and operating systems in-place and planned at the time of the ACES deployment.

### **Technical platform**

The technical platform will be determined following the evaluation of vendor proposals during the procurement process.

### **Development approach**

The proposed solution will require the vendor to work closely with EDD to develop a comprehensive approach that will ensure successful design, integration, configuration, testing, and staff training for the project. Methodologies used by the vendor must comply with EDD standards and EDD staff will work side by side with vendor staff to ensure knowledge transfer so that EDD staff will be able to maintain the ACES system after implementation. The ACES Project solution will be developed in three phases.

**Phase I – Planning and Procurement:** This phase involves project planning and procurement of an Independent Project Oversight Consultant (IPOC), Independent Verification and Validation (IV&V) vendor, Project Management (PM) consultant, vendor to

## ACES FSR

develop a Request for Proposal and a Prime Solution vendor. It also includes the submission of an SPR to DOF for approval.

**Phase II – Accounts Receivable Management (ARM):** This phase will focus on a specific segment of the EDD accounts receivable inventory. The accounts in this inventory have been pursued, without success, using existing manual collection tools. With new automated asset identification tools, this initial solution will provide a good short-term solution that will collect from specific accounts receivables over a short period of time using data from other agencies as well as EDD to locate assets. This short-term solution is not sustainable as the pool of accounts receivables is limited and will be exhausted over a short period of time. Phase II's purpose is to generate revenue to offset initial project costs and provide a revenue stream for continued development of this project, not to develop a component of the Phase III system, or a "proof of concept."

**Phase III – Full Automated Collection System:** This phase will implement a new fully functional collection system to all EDD inventory of accounts receivables and Department of Industrial Relations (DIR) accounts receivables that are currently being collected by the Franchise Tax Board. This phase will include automated collection actions, statistical modeling, consolidated case management, automated account statements, credit card payments, and employer access to payment history. It will also include the in-house EDD modifications to the Tax Accounting System for the Unemployment and Disability Insurance taxable wage reconciliation and correction of incorrect addresses that are identified through the address update software. Phase III will generate the bulk of the increased revenues associated with the ACES project.

### **Integration issues**

It is EDD's intent that the Prime Solution Provider will be the system integrator and will be responsible for developing the new system and integrating the solution (including the ARM system) with EDD's legacy systems.

The proposed solution will require the vendor to work closely with EDD to resolve integration issues, which include:

- DTS and EDD Network security firewalls
- TAS
- Data compatibility with DIR and other agencies and stakeholders
- Bandwidth utilization constraints will be determined once vendor proposals are reviewed and included in the SPR. The ACES will be compatible with the current and proposed infrastructure.
- Electronic payment option security and account validation
- State Internet standards
- Compliance with State and Federal laws and regulations
- Data storage, retrieval, archive and purge

- System overall performance
- TAME services

### **Procurement approach**

The Employment Development Department (EDD) expects the solution to generate new revenue into the State General Fund and UI/SDI Funds. The EDD will utilize the DGS RFP process to select a vendor to act as primary contractor and be responsible for all system integration. EDD plans to hire a consultant to assist in developing the RFP, due to their experience, and expertise in reviewing and analyzing design and implementation of large-scale revenue collection systems. This will help lessen the risk for the State. This consultant will be hired approximately four months before the start of procuring a primary contractor. The consultant will also be available for consultation during the project team's review of contractor proposals and bids. The scope of this FSR includes EDD employer tax collections and only collections of liabilities that are currently being handled by FTB for DIR. Other DIR liabilities/workloads may be included as part of discussion with the primary contractor selected, and if included in the proposed solution, will be addressed in the Special Project Report (SPR). This project will be funded by increased revenue from ACES system, so this will be a benefit/business-based procurement. Vendors must agree to provide the initial funding for hardware, software and custom development and be paid by a percentage of the revenue the ACES collection solution generates. The vendor contract will contain a maximum dollar cap for the vendor and the vendor will not receive full compensation if sufficient revenue levels are not met. As part of the RFP process, EDD plans to:

- Advertise for participants
- Issue RFP to qualified vendors
- Work with vendors to develop final proposal
- Select winning proposal based on "best value" selection process

EDD plans to include small business and/or disabled veteran-owned businesses that meet vendor selection criteria. EDD does not plan any sole source procurements for the ACES project. Vendors will respond to a published RFP with proposals detailing their solutions. EDD staff will determine the recommended solution and submit a SPR to control agencies detailing the final solution recommendation.

Independent Verification and Validation (IV&V) and Independent Project Oversight Contractor (IPOC) will be contracted for as required by oversight agencies. EDD also plans to establish a dedicated Project Management Office and hire vendor(s) to provide project management support to minimize the risk to the State. An Information Technology Procurement Plan (ITPP) will be sent to DGS concurrent with DOF review of this FSR.

### **Technical interfaces**

The new Aces solution must integrate with current EDD and DTS architecture. The vendor will be responsible for all required technical interfaces to EDD systems. The EDD staff will work with the vendor to provide access to legacy system data, data migration and modifications needed to accommodate the new system and functionality. The new system must interface with the following existing systems:

## ACES FSR

1. Tax Accounting System (TAS)
2. Wage Record Systems (WGS)
3. Electronic Funds Transfer (EFT)
4. Internet authentication/authorization system (TAME)
5. NER/ICR
6. Other internal and external agencies as needed (DIR, FTB, IRS, BOE, etc.)
7. Personal Identification Number verification (PIN)
8. TEAM/Document Management Refresh Consolidation (DMRC)
9. Single Client Database (SCDB)
10. Must interface with Interactive Voice Response (IVR) and Call Center Network Platform Application Upgrade (CCNPAU)
11. Telefile System/AS400 at DTS

### **Testing plan**

The vendor will provide detailed written test plans for all system components and usage permutations that pertain to their part of the solution. Testing plan should address usability, unit, integration, system, performance, benefit determination, etc., testing. EDD will provide the same for their part. Scenarios will be designed for all customer use cases to ensure system performance under realistic conditions. Scripts will be used to test functionality for all customer scenarios. EDD program area staff will work with IT staff throughout the testing processes. Vendor will be responsible for training the EDD testers. All test data, scripts, results and documentation must be packaged and delivered to EDD staff for subsequent reuse.

### **Resource requirements**

The vendor will provide the resources for developing the collections solution. Changes will be made to the legacy systems by EDD staff in order to provide input to the new system and accept output from the new system. EDD/vendor tasks will be spelled out in the RFP, SPR, and contract. In addition, EDD recognizes that the new system will require additional IT and program support staff based on the experience of other departments that have implemented such systems. EDD has evaluated other systems we support and are unable to redirect all staff needed to support the new system. Therefore, EDD will submit BCPs for all additional one-time and on-going resources needed. (Refer to Attachment E – Workload Details for a description of activities performed).

### **Training plan**

The vendor and EDD will develop a strategy that addresses the training needs of users and administrators. EDD will identify the staff who will attend the training and ensure their availability for the training. As part of the project, EDD staff will be trained, including knowledge transfer, business and technical training, to maintain the new ACES applications.

### **On-going maintenance**

The vendor will be responsible for maintaining the system until the system is accepted by EDD. After the system is accepted, hardware, commercial off the shelf (COTS) and modified off the shelf (MOTS) software maintenance will be included in the operation and maintenance contracts and will include all system updates for the proposed solution. All developed custom code will be wholly owned by EDD after acceptance.

### **Information Security**

The ACES system will be designed to comply with EDD information security policies, including EDD's External Customer Access Policy (see Attachment G-1, External Customer Access Policy, and Attachment G-2, EDD's Information Security Policy). This policy identifies applicable State and Federal laws by which EDD is bound. The document also identifies two policy guidelines: (1) security requirements, and (2) a matrix assigning specific responsibilities for information security and customer access. The External Customer Access Policy's security requirements details requirements for user access, data classification, data integrity, system design, and audit trails for the three defined categories of data classification—Confidential, Sensitive, and Public Information. The responsibility matrix within the External Customer Access Policy associates responsibilities for information security and responsibilities for external customer access that apply to five defined functions: Data Owner, Internal User, External Customer, Information Technology, and Stewardship.

The EDD has drafted security-related policies, processes, standards, and guidelines and has been driving towards development of security architecture at both management and technical levels. ACES will not compromise any of the security measures currently in place (or planned) at DTS.

EDD IVRs utilize the PIN Verification for access and authentication to control external users. PIN requirements must be established at the enterprise level and should be consistent with the UI Modernization CCNPAU effort.

TAME is the software EDD uses for authentication and authorization for Internet applications. This system was installed and integrated into the DTS security environment in October 2001 for the implementation of the iFILE and iNER projects. ACES will use TAME for its Internet security component and will contribute funds to enhance Internet security at DTS with the acquisition and installation of additional TAME servers. These additional TAME servers will provide security capacity and redundancy for all the EDD Internet applications requiring user authentication. TAME will act as the web security front door for the ACES system. The TAME files are backed up nightly in case of any hardware anomaly, which would allow TAME files to be re-loaded on new servers to provide business continuity.

### **Confidentiality**

The proposed solution will deal in large part with sensitive information for State of California businesses and their employees/service providers. Significant efforts will be made within the ACES system to ensure the privacy of its user community and the integrity of the data as it passes to and from the system. Through compliance with the security requirements, the ACES system will ensure the confidentiality, availability, and integrity of the information it processes. ACES will be consistent with current laws with respect to confidentiality and privacy. In order to protect the privacy of EDD's customers, all non-

## ACES FSR

EDD personnel that are involved with the ACES development, will be required to sign and adhere to the EDD Confidentiality Statement. The ACES solution will comply with the EDD Information Security Policy. In addition, EDD must adhere to all third party security and confidentiality requirements for data accessed and used as part of the ACES solution.

### **Impact on end users**

The proposed solution will have a major impact on Tax Branch end users. The ACES will replace old automated tools and manual processes for many staff. The vendor will develop change management and training plans for Tax Branch staff and stakeholders outside the Branch who will have access to the data. Change Management will include all tasks and activities that are designed to ensure the organization successfully transition to the new environment. This includes: developing business procedures, training plans, and communication strategies.

Employers/businesses with common Internet tools will be able to access the new payment arrangement and payment history applications. The environment will be “user-friendly” with intuitive graphical user interfaces. It will provide the capability to obtain EDD access at time and locations convenient to the user.

### **Impact on existing system**

The proposed solution replaces outdated standalone collection applications and interfaces. ACES will leverage existing legacy accounting systems and existing document management systems.

### **Consistency with overall strategies**

The proposed solution will be consistent with the strategic goals of EDD. The proposed solution will improve the way EDD manages its employer accounts receivables to enforce the provisions of the CUIC. The systems developed as part of this project will use EDD standard methodologies and be built with EDD approved tools. The ACES solution implements the first component (Collections Module) and some additional features of the proposed Employment Tax System Review (ETSR) conceptual model. The project is consistent with the development and implementation methodology proposed in ETSR and would serve as the first phase of ETS implementation.

### **Impact on current infrastructure**

Bandwidth utilization constraints will be determined once vendor proposals are reviewed and included in the SPR. The ACES will be compatible with the current and proposed infrastructure.

### **Impact on data center(s)**

Hardware and software purchased to support the test, development, pre-production, and production collection systems, will be hosted at the DTS. In addition, the Internet components will be hosted at DTS and at least some of the components will require new servers. ACES will make use of the firewalls, authentication services and other security services available at DTS and EDD.

### **Data center consolidation**

ACES, in compliance with the State's preference that all new production systems be located at one of the two major data centers, will be developed in a manner consistent with DTS architectures

### **Backup and operational recovery**

All critical systems will be backed up via the DTS back-up system. This system performs incremental daily back-ups and full weekly back-ups of all critical servers to ensure server recoverability in case a disaster occurs. The proposed ACES solution and new TAME servers will require backup. The proposed solution will require back up of the OS and application system at a minimum, and configured as it is built to operate on a daily basis. All systems will have complete redundancy with no single point of failure. Data retention will follow Department established standards. Documentation and data will be backed up and retained offsite. The TAME will act as the web security front door for the ACES system. The TAME files are backed up nightly at the cannery campus of the DTS in case of any hardware anomaly, which would allow TAME files to be re-loaded on new servers to provide business continuity.

### **Public access**

The proposed solution will improve public access by adding on-line access to customer account payment history, balance information, and on-line payment options. Although employers/businesses will be providing information to or accessing information from State databases, they will never have direct access to any production system databases. Users will only have access to the Web Proxy Security Server within the state data center DMZ, and not directly to the Web and application servers. The EDD database servers will be located within a secure environment behind a firewall.

### **Costs and Benefits**

The costs and revenue presented here are estimates only. Once a solution/vendor has been accepted through the DGS RFP process, the EDD will submit a detailed SPR containing proposed solution, costs and revenue for approval prior to entering into a contract with a vendor.

The \$70 million projected revenue is based on a three-year average baseline of the total annual collections of \$176,762,400 for SFY 2001/2002, 2002/2003, and 2003/2004. ACES is expected to increase collections by approximately 33.0 percent over and above the baseline. The 33.0 percent estimate is based on information provided by the State of Virginia who performed a conversion similar to the one proposed in the ACES FSR. Virginia upgraded their collection system from a moderately automated system to an integrated collection system. This conversion increased collection revenue by 14.5 percent in the first year and 33.0 percent in the second year. EDD estimates that it will take several years to attain the 33.0 percent collection rate. Based upon the information provided by Virginia, the EDD estimates that the first year of implementation will represent new collections of approximately 16.5 percent (50% of 33%), in addition to the average annual collection of \$176,762,400. The second year of implementation will represent new collections of 24.8 percent (75% of 33%), in addition to the average annual collection. In the third year of implementation and every year thereafter, the collection system is

## ACES FSR

expected to reach full projection of 33.0 percent (100% of 33%) for new collection revenue, in addition to the average annual collection.

The EDD expects to generate revenue benefits similar to the FTB Accounts Receivable Collection System (ARCS) benefit-funded model therefore; an additional 20.0 percent was factored into the new collection revenue estimate. FTB's ARCS project consolidated and automated FTB's collection activities. The FTB realized revenues far in excess of original projections. The FTB reported that during the project timeframe of July 1998 through April 2002, the ARCS implementation costs amounted to \$46.7 million, while the cumulative additional revenues proposed equated to \$76.5 million. The actual revenues amounted to \$111.5 million, which is an increase of 45.7 percent above the initial estimated collections. The Tax Branch assumes that ACES will also attain the same level of success but decidedly took a more conservative approach, which utilized a lower risk of 20.0 percent for its projected revenue. The additional 20.0 percent was factored into the percentages in the previous paragraph as follows:

First Year:	$16.5 \% \times 1.20 = 19.8 \%$
Second Year:	$24.8 \% \times 1.20 = 29.8 \%$
Third Year and beyond:	$33.0 \% \times 1.20 = 39.6 \%$

ACES FSR

The following table shows the projected revenue calculations:

Project Year	Aged Accounts	Projected Revenue from Collections			Total
	Baseline \$408,000,000	10 %			
<b>SFY 09/10</b>	1/2/10 – 6/30/10	\$20,400,000			\$20,400,000
<b>SFY 10/11</b>	7/1/10 – 12/31/10	\$20,400,000			\$20,400,000
Subtotal		\$40,800,000			\$40,800,000
	<b>On-Going Collections</b>				
	Baseline \$176,762,400	19.8 %	29.8 %	39.6 %	
<b>SFY 10/11</b>	1/2/11 – 6/30/11	\$17,499,478			\$17,499,478
<b>SFY 11/12</b>	7/1/11 – 12/31/11	\$17,499,478			\$17,499,478
<b>SFY 11/12</b>	1/2/12 – 6/30/12		\$26,337,598		\$26,337,598
<b>SFY 12/13</b>	7/1/12 – 12/31/12		\$26,337,598		\$26,337,598
<b>SFY 12/13</b>	1/2/13 – 6/30/13			\$34,998,955	\$34,998,955
<b>SFY 13/14</b>	7/1/13 – 6/30/14			\$69,997,910	\$69,997,910
<b>SFY 14/15</b>	7/1/14 – 6/30/15			\$69,997,910	\$69,997,910
<b>SFY 15/16</b>	7/1/15 – 6/30/16			\$69,997,910	\$69,997,910
<b>SFY 16/17</b>	7/1/16 – 6/30/17			\$69,997,910	\$69,997,910
<b>SFY 17/18</b>	7/1/17 – 6/30/18			\$69,997,910	\$69,997,910
<b>Subtotal</b>					\$472,662,657
<b>Total</b>					\$513,462,657

The increased revenue for ACES is based on an aggregate amount of revenue that the new solution is expected to generate over and above the established baseline as previously described. EDD does not have a management information system that provides baseline data to quantify the increased revenue by each problem/opportunity identified in the FSR. Once ACES is implemented, we expect the system to provide this level of detail for revenue. We contacted FTB to determine how they presented the revenue benefits in the FSR and contract. On page 20 of the ARCS FSR (April 27, 1998), they show three categories of revenue benefits; PIT, Discharge Tracking, and Bankruptcy. The difference between ARCS and ACES is that ACES does not present the revenue benefits for bankruptcy. Again, EDD does not have the baseline data to quantify the increased revenue for automating and improving the bankruptcy process. A review of the ARCS contract Rider D shows the estimated revenue benefits are presented in the aggregate by fiscal year.

We are unable to identify the costs by functionality at this time. The ACES will be procured using a business-based procurement where prime solution vendors will provide

## ACES FSR

proposals including costs to address EDD's business problems/opportunities. Once a prime solution vendor is selected, the final solution, including scope, costs and timelines will be included in a Special Project Report (SPR).

**One-Time Costs through SFY 2013/14: \$ 73,467,241**

Costs include EDD staff, capital costs for hardware/software, Data Center Services for mainframe legacy modifications, contract vendor services for integration, project management, supplemental technical staff, and knowledge transfer and training to prepare staff for development, implementation, and support of the application. A breakdown of these costs follows:

<b><u>COSTING CATEGORY</u></b>	<b><u>COST</u></b>	<b><u>PY</u></b>
<u>EDD Staff</u>	\$ 15,406,072	182.5
<u>Hardware Purchase</u>	\$ 139,250	
<u>Software Purchase/License</u>	\$ 69,250	
<u>Telecommunications</u>	\$ 91,120	
<u>Contract Services</u>		
Software Customization and Integration	\$ 46,000,100*	
Project Management Support	\$ 1,704,000	
Project Oversight	\$ 470,000	
IV&V Services	\$ 2,964,368	
Other Contract Services	\$ 490,000	
<u>Data Center Services (Internet Server)</u>	\$ 63,720	
<u>Agency Facilities</u>	\$ 0	
<u>Other</u>	\$ 6,069,361	
<b>Totals</b>	<b>\$ 73,467,241</b>	<b>182.5</b>

\* The \$46 million estimated Prime Solution Vendor costs is based on estimated costs of hardware, software, and services that were obtained from other States and the Franchise Tax Board during the ETSR study. Please refer to EAW One-Time Costs for detail estimates.

Refer to Attachment F for DTS Cost Estimates for Internet/Web Services – Costs are covered under Software Customization and Integration category.

**Continuing Costs through SFY 2013/14: \$20,444,087**

Costs include EDD labor costs for system operation and maintenance, hardware/software costs for licensing, Data Center Services for maintaining and supporting hardware/software and software licensing. A breakdown of these costs follows:

<b><u>COSTING CATEGORY</u></b>	<b><u>COST</u></b>	<b><u>PY</u></b>
<u>EDD Staff</u>	\$ 9,233,007	105.3
<u>Hardware Lease/Maintenance</u>	\$ \$0	
<u>Software Maintenance/License</u>	\$ 115,560	
<u>Telecommunications</u>	\$ 435,948	
<u>Contract Services</u>	\$ 130,743	
<u>Data Center Services</u>	\$ 7,826,840	
<u>Agency Facilities</u>	\$ 0	
<u>Other</u>	\$ 2,701,989	
<b>Totals</b>	<b>\$ 20,444,087</b>	<b>105.3</b>

**The proposed solution will provide the following benefits to the department:**

- Generate at least an estimated \$70 million in revenue from the employer accounts receivables in State Fiscal Year 2013/2014, and each year thereafter. (Refer to Attachment C).
- Increase the collection revenue potential of the CD by the redirection of collection staff resources from manual, time consuming activities to more accounts receivable collection activities.
- Consolidate automated and manual processes into a single application that is more powerful, flexible, supportable, and scalable.
- Facilitate and improve data sharing with external and internal stakeholders.
- Improve collection of monies collected on DIR cases.
- Improve and expand access to on-line account services.
- Add electronic payment options for our customers.
- Provide CD management the tools to effectively manage collection activities and plan for future needs.
- Serve as the first phase of ETS implementation.

**Sources of Funding**

This project’s above baseline costs will be funded from the ACES project revenue stream. EDD will request needed appropriation authority.

In SFY 06/07, the project will be funded by the General Fund (including Personal Income Tax and Contingent Funds), Disability Insurance, and the Employment Training Fund.

The EDD will submit annual Budget Change Proposals (BCPs) for all one-time and on-going resources needed for the ACES project for State Fiscal Year (SFY) 2006-2007 through SFY 2011-2012. This includes all payments made to a vendor, which must be appropriated through a BCP in order to establish the spending authority. All project appropriations and costs requested through the BCP process will be offset by revenue generated upon full implementation of ACES.

The ACES project will provide an expected project revenue stream that exceeds the project costs. This revenue stream will be first deposited in the appropriate fund accounts (General Fund, Disability Insurance Fund, Contingent Fund, and Employment Training Fund).

The following is a breakdown of the percentage of revenue that will be General Fund and Other Funds

		<u>General Fund</u>	<u>Other Funds</u>
ARM	\$40 million:	75.7%	24.3%
Full Collection System	\$70 million:	75.7%	24.3%

General Fund” is comprised of PIT and CF revenues;  
 “Other Funds” is comprised of UI, DI, and ETT revenues.

**Savings Redirection**

Both State and Federal monies fund the CD program. EDD does not expect any savings in positions or dollars. Program efficiencies will be redirected to additional revenue producing functions.

**5.2 Rationale for Selection**

The EDD will partner with the selected vendor to develop and implement the proposed ACES solution. The selected solution provides the best opportunity for EDD to procure an automated collection solution in the least amount of time and least impact to EDD resources. EDD considered the availability of commercial off-the-shelf (COTS) software, the suitability of a benefits/business-based procurement and the availability of skilled programming staff in selecting the recommended alternative. The ACES solution will provide:

- Increased revenue for both the short and long term.
- Minimal cost impact to EDD.
- Efficient uses of EDD Information Technology (IT) resources.
- Employers with access to account information.
- New payment options for employers.
- The first component of the ETSR conceptual model.

### **5.3 Other Alternatives Considered**

The considered alternatives involves:

(Alternative 1) - Use EDD resources to modify the TAS to support the collection process.

(Alternative 2) - Implement a pure package solution.

(Alternative 3) – Modified existing vendor product with vendor interface customization (Proposed solution).

(Alternative 4) - Alternative 3 with Outsourcing

#### **5.3.1 Describing Alternatives**

Information from the ETSR, completed in February of 2003, was used to develop the alternatives. Industry trend analysis and information from other state tax and revenue agencies have also been drawn upon to support alternative information.

**Alternative 1** - Use EDD resources to modify the TAS to support the Collection Process.

##### Description

This alternative proposes to have the Department develop its own enhanced collection system within the current TAS. The ITB would make key program changes within the limitations of the existing system by modifying TAS applications to enhance the collection process.

##### Advantages to this approach include:

- Would not require coordination with vendors in developing the application.
- The project would be completely under internal control with staff having system and program knowledge.
- Would improve management of collection account inventories.

Disadvantages to this approach include:

- The system would not be fully functional within the first year of implementation, thereby delaying the revenue stream.
- Major modifications to TAS to include/support a full functioning collection system is not practical.
- The limited number of TAS support staff is declining through attrition and there is a lack of qualified candidates experienced in Common Business Oriented Language (COBOL) and Integrated Data Management System (IDMS) databases.
- Despite TAS modifications, significant work-a-rounds would be required, increasing the amount of time required to resolve an employer account and negatively impacting the Department’s ability to generate revenue.
- Does not meet all Business Functional Requirements.
- Would require staff capacity development or hiring of staff with required skills.
- Significant Information Technology Branch (ITB) programming resources would be engaged on this project thereby limiting EDD’s ability to respond to other critical program changes.
- Enhancement would be thrown away when ETS is developed and implemented.

<b>Meets Requirements</b>	<b>May Meet Requirements</b>	<b>Does Not Meet Requirements</b>
7, 8, 9, 21, 23, 25, 31, 32, 39, 46, 56, 64, 71, 86, 91, 94, 95, 97, 107, 112, 115, 121, 125, 128, 129, 130, 131, 143, 146, 149, 155, 157, 158, 164, 171, 172, 173, 176, 177, 180, 181, 182, 192, 193, 194, 203, 205, 206, 222, 225, 244, 245, 247, 250, 252, 253	1, 2, 3, 6, 20, 30, 33, 36, 40, 45, 47, 48, 54, 55, 63, 77, 85, 88, 103, 108, 124, 144, 145, 147, 152, 153, 156, 165, 174, 175, 179, 183, 184, 185, 186, 187, 188, 189, 191, 196, 201, 207, 209, 210, 211, 212, 213, 214, 218, 219, 228, 229, 233, 248, 249, 255, 256, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268,	4, 5, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 22, 24, 26, 27, 28, 29, 34, 35, 37, 38, 41, 42, 43, 44, 49, 50, 51, 52, 53, 57, 58, 59, 60, 61, 62, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84, 87, 89, 90, 92, 93, 96, 98, 99, 100, 101, 102, 104, 105, 106, 109, 110, 111, 113, 114, 116, 117, 118, 119, 120, 122, 123, 126, 127, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 148, 150, 151, 154, 160, 161, 162, 163, 166, 167, 168, 169, 170, 178, 190, 195, 197, 198, 199, 200, 202, 204, 208, 215, 216, 217, 220, 221, 223, 224, 226, 227, 230, 231, 232, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 246, 251, 254, 257

**Alternative 2** – Implement a pure package solution.

Description

This alternative is defined as a software package that meets many of CD’s needs without customization. The vendor would support the package with upgrades provided periodically under a licensing and maintenance agreement.

Advantages to this approach include:

- The package software vendor assumes responsibility for maintaining the product.
- The package software vendor also responsible to incorporate new releases and enhancements over time based on user requests.
- Would improve management of collection account inventories.
- Could be deployed in a short time.

Disadvantages to this approach include:

- With a pure package approach, it would be necessary to make significant changes to existing business practices to fit the product’s functionality.
- Packages typically meet some percentage of requirements, but require additional work-arounds, or other package products to support all the business areas.
- Does not meet all Business Functional Requirements.
- This alternative does not have the application development and technical assistance needed for the integration of the system with the TAS or a future application (TAS replacement).
- Staff would be required to update both systems (TAS/Package Software).
- The exchange of information between TAS and the package software will be limited or nonexistent.

<b>Meets Requirements</b>	<b>May Meet Requirements</b>	<b>Does Not Meet Requirements</b>
4, 5, 6, 9, 10, 21, 23, 25, 26, 31, 32, 39, 42, 43, 44, 45, 52, 59, 60, 61, 65, 68, 71, 73, 74, 75, 77, 78, 82, 87, 88, 90, 91, 93, 97, 1000, 102, 104, 105, 107, 108, 109, 115, 116, 120, 121, 122, 125, 126, 127, 128, 129, 130, 131, 136, 142, 155, 156, 165, 174, 179, 176, 177, 180, 181, 182, 192, 194, 196, 198, 203, 206, 207, 208, 215, 221, 224, 225, 232, 233, 239, 245, 248, 252	1, 2, 3, 7, 8, 12, 13, 15, 16, 17, 18, 20, 22, 24, 27, 28, 29, 30, 33, 36, 40, 41, 50, 53, 54, 55, 56, 58, 62, 63, 66, 67, 69, 70, 79, 85, 86, 99, 101, 106, 112, 113, 118, 123, 124, 132, 133, 134, 135, 137, 138, 140, 141, 144, 145, 149, 150, 166, 167, 169, 175, 191, 197, 199, 200, 201, 202, 204, 205, 209, 210, 211, 214, 216, 217, 218, 219, 220, 222, 223, 226, 229, 231, 234, 236, 237, 238, 240, 242, 243, 244, 246, 251, 253, 254, 256	11, 14, 19, 34, 35, 37, 38, 46, 47, 48, 49, 51, 57, 64, 72, 76, 80, 81, 83, 84, 89, 92, 94, 95, 96, 98, 103, 110, 111, 114, 117, 119, 139, 143, 146, 147, 148, 151, 152, 153, 154, 157, 158, 159, 160, 161, 162, 163, 164, 168, 170, 171, 172, 173, 178, 190, 193, 195, 212, 213, 227, 228, 230, 235, 241, 249, 250, 255, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 183, 184, 185, 186, 187, 188, 189,

**Alternative 3** - Implement an integrated and automated Agency-wide collection system that supports a uniform and consistent approach to collections leveraging a packaged solution.

Description

This is the proposed solution. Detailed information on this alternative can be found in the Solution Description section of this document. This alternative would provide a package solution defined as an integrated and customized software package that meets all of the collection needs. In addition, the vendor would be responsible for integration between components of the collection system, TAS and other legacy systems.

Advantages to this approach include:

- This alternative will meet all of the Business Functional Requirements of the collection program.
- Requires less EDD resources than Alternative 1.
- The system will have collection functionality implemented that will provide the potential to generate approximately \$70 million by the end of State Fiscal Year 2013/2014, and each year thereafter.
- Improves management of collection account inventories.
- Improves the ability to contact taxpayers through up-to-date address and phone information and letters tailored to each employer's situation and history.
- Provides automated methods to issue and renew liens, thereby reducing the cost to extend liens, preserving and protecting the State's ability to collect outstanding liabilities for longer periods of time.
- Results in a more modern, scalable and open architecture that would foster greater collection system efficiency.
- Provides an enterprise approach by developing a collection system that meets the needs of both EDD and DIR instead of having independent systems at both departments.

Disadvantages to this approach include:

- Responsibility for development and implementation is controlled only through a contract.
- Some re-work will be required when ETS is developed and implemented.

This alternative meets all the objectives and requirements contained in the traceability matrix.

**Recommendations:**

It is important to deliver the system as quickly as possible to maximize the revenue stream. Alternative 1 was not recommended because Project Sponsors recognized that the usefulness of the system would be compromised, as this alternative would not provide a revenue stream in the first year of implementation. More importantly, TAS is an antiquated mainframe system, using COBOL programming. In addition, Alternatives 1 and 2 do not meet all business objectives and functional requirements of ACES.

Cost was not developed for Alternatives 1 and 2, since they would not meet all project objectives and business requirements.

After considering all three alternatives, Alternative 3 was the selected Alternative. Alternative 3 would allow the Department to collect account receivables within the first year of implementation resulting in an immediate increase of revenue to the State’s General Fund and special funds.

**5.4 Other Alternatives Considered**

Another alternative was considered, but not costed, due to reasons outlined below.

**Alternative 4 – Alternative 3 with Outsourcing**

This alternative would combine the Alternative 3 with outsourcing of technology maintenance and support of the new ACES. The prime solution provider would be awarded a separate contract to maintain and support the ACES solution on an ongoing basis.

This alternative was considered because of the limited resources currently available within ITB to support and maintain ACES and the State budget condition, which limits the Department’s ability to hire and train qualified IT staff. In comparing outsourcing of services to performing the services internally by EDD staff, consideration was given to the impact on delivery of product and services, cost savings, budget risks, ability to generate revenue starting in SFY 09/10, and enterprise needs. Factors that support outsourcing include:

- The prime solution provider, as the developer of ACES, has the expertise necessary to support and maintain the system.
- During development of ACES, the prime solution provider would have incentive to make sound design decisions knowing they will be responsible for maintenance and support.
- Tax Branch would not be dependent on limited ITB resources to implement system changes deemed necessary by Tax Branch or as a result of legislation.
- Would not require new or redirected EDD IT staff to support this system.
- Potential cost savings. Other states have experienced cost savings by outsourcing system support and maintenance.

Factors that support using EDD information technology staff resources include:

- The prime solution provider would have a sole source advantage in negotiating maintenance contracts or systems changes. Over time, this could increase maintenance and support costs.
- Current statewide information technology standards encourage enterprise level solutions and development of internal capacity. An outsource contract for maintenance and support of the ACES would deviate from current policy.
- Outsourcing for maintenance and support of a system the size of ACES has not been done in California. The lack of state experience in negotiating this type of contract would result in increased risk to the project and system.
- Outsourcing creates additional challenges in the contract management and oversight of the services that are provided by vendors.

The cost of outsourcing maintenance and support will be dependent on the ACES design. Therefore it is difficult to estimate the potential contract cost. For this reason cost estimates were not developed for this alternative.

## 6.0 Project Management Plan

The EDD recognizes the importance of using industry best practices for project management. The ACES Project will leverage the UI MODS Project Management Office (PMO) model and establish a dedicated ACES project management team. This section describes how this project will be managed.

### 6.1 Project Manager Qualifications

Gerald Yee, of EDD's Tax Branch, will be the ACES Project Director. Mr. Yee has extensive experience and knowledge of project management processes and principles related to information technology projects. He is familiar with the DOF Office of Technology Review, Oversight and Security (OTROS) and EDD's ITB project management methodology. Mr. Yee has a variety of experience in the business program areas that are affected by this project. He has over six years of direct project management experience including Project Manager of the recently completed ETSR project. He also managed the Telefile Wage and Tax Reporting System and New Employee Registry Image and Data Capture subsystems as part of the TEAM Project. During these projects, he was responsible for successful completion of all deliverables and implementation of the new automated solutions. His experience is: working in a team environment with vendors, external organizations, and representatives from various EDD organizations; facilitating communication between executive management, external organizations, team members, and project management; identifying and resolving risks, issues or problems that could impact the project; performing requirements and design activities; performing system, integration, and acceptance testing; preparing implementation and training plans; overseeing marketing activities related to the projects and; communicating the project status with the Small Business Employer Advisory Committee and employer community. Mr. Yee has demonstrated the managerial and organizational skills required to be the Project Director for this project.

Jeanne Nakamura of EDD's Information Technology Branch will be the Solution Group Manager. Ms. Nakamura is a certified Project Management Professional and has worked in EDD business areas and the IT arena supporting Tax program services. She has previously managed the Intranet Field Audit Compliance System project, Revenue Reporting project, 1099 Miscellaneous project, and has served as EDD's Year 2000 Project Office manager. Through these projects, Ms. Nakamura has demonstrated the managerial and organizational skills required to the Solution Group Manager for this project. She also has extensive knowledge of Information Technology Branch's Project Management Methodology and is qualified to carry out the mission of automation for this project.

See ACES 6.3 Project Org Chart and 6.5.4 Roles and Responsibilities for additional project management descriptions. Staffing for these positions will be determined as the project matures.

The selected integration vendor will be required to provide a qualified Project Manager as part of the vendor's role in development, integration and implementation. Qualifications will be developed as part of the RFP process. EDD will have final approval on vendor candidates. In addition, the UIMod Project PMO model will be leveraged by the ACES for project management. The EDD will work closely with the DTS Project Management Office to ensure DTS requirements are included in the request for proposal for the Solution Integration vendor.

## **6.2 Project Management Methodology**

This project employs EDD's Project Management Methodology.. This methodology is based on the Project Management Institute's (PMI) *Project Management Body of Knowledge* (PMBOK®) and is compatible with the Statewide Information Management Manual (SIMM), Section 200.

## 6.3 Project Organization

**6.4 Project Priorities**

At this time, of the three categories displayed below, EDD has determined resources are most flexible and schedule is somewhat flexible. The scope for the project is not flexible because once contract is in place with vendor, scope will be frozen.

	RESOURCES	SCHEDULE	SCOPE
Not Flexible			X
Somewhat Flexible		X	
Most Flexible	X		

**6.5 Project Plan**

**6.5.1 Project Scope**

The scope of this project is to develop an integrated and automated collection system that supports a uniform and consistent approach that will increase collection revenue beginning in the project’s first full year. The scope of the ACES Project also includes:

- All collection functionality including the business requirements, operational changes, tools, and policy realignments that will best meet the Tax Branch’s collection goals.
- All systems and interfaces (primarily TAS) that support the collection program.
- DIR collections

**Processes Within Scope:**

- Collection activities (NOLs, EWOTs, Offsets, Payment Arrangements, Write-Offs)
- Bankruptcies
- Liens
- Special Collections (1735 Assessments, Warrants, Etc.)
- Direct Debit EFT and Credit Card payment options
- TAS – TAS Changes and Interfaces through ACES
- External Interfaces with Other Government Agencies
- Internal interfaces (e.g., TEAM)
- Payment History – Employer access to Payment History
- UI/SDI Taxable Wages – Quarterly reconciliation of UI, SDI, ETT and PIT
- Incorrect Addresses – Returned Mail due to “Insufficient Addresses”

**Processes Out-Of-Scope**

- Audit processes

- DE 2176 Statement Redesign Project
- Benefit overpayment collection processes
- Call Center

### 6.5.2 Project Assumptions

- ACES development and implementation will not impact or be impacted by other projects
- ACES will comply with EDD's existing Enterprise Architecture.
- There will be a sufficient pool of interested vendors to support the competitive bid process.
- Labor and Workforce Development Agency will sponsor and introduced legislation to change the statutes to transfer the responsibilities for collection of DIR liabilities under SB 1490 and SB 996 from FTB to EDD. The effective date of the statutes will be after ACES is fully operational.

### 6.5.3 Project Phasing

The proposed solution will require the vendor to work closely with EDD to develop a comprehensive approach that will ensure successful design, integration, configuration, testing, and staff training for the project. Methodologies used by the vendor must comply with EDD standards and EDD staff will work side by side with vendor staff to ensure knowledge transfer so that EDD staff will be able to maintain the ACES system after implementation. The ACES Project solution will be developed in three phases.

**Phase I – Planning and Procurement:** This phase involves project planning and procurement of an Independent Project Oversight Consultant (IPOC), Independent Verification and Validation (IV&V) vendor, Project Management (PM) consultant, vendor to develop a Request for Proposal, and a Prime Solution vendor. It also includes the submission of an SPR to DOF for approval.

**Phase II – Accounts Receivable Management (ARM):** This phase will focus on a specific segment of the EDD accounts receivable inventory. The accounts in this inventory have been pursued, without success, using existing manual collection tools. With new automated asset identification tools, this initial solution will provide a good short-term solution that will collect from specific accounts receivables over a short period of time using data from other agencies as well as EDD to locate assets. This short-term solution is not sustainable as the pool of accounts receivables is limited and will be exhausted over a short period of time. Phase II's purpose is to generate revenue to offset initial project costs and provide a revenue stream for continued development of this project, not to develop a component of the Phase III system, or a "proof of concept."

**Phase III – Full Automated Collection System:** This phase will implement a new fully functional collection system to all EDD inventory of accounts receivables and Department of Industrial Relations (DIR) accounts receivables that are currently being collected by the Franchise Tax Board. This phase will include automated collection actions, statistical modeling, consolidated case management, automated account statements, credit card payments, and employer access to payment history. It will also include the in-house EDD

modifications to the Tax Accounting System for the Unemployment and Disability Insurance taxable wage reconciliation and correction of incorrect addresses that are identified through the address update software. Phase III will generate the bulk of the increased revenues associated with the ACES project.

**6.5.4 Roles and Responsibilities**

	<b>Role/Responsibility</b>
	<p><b>Project Sponsors:</b></p> <ul style="list-style-type: none"> <li>• Assign authority to Project Manager</li> <li>• Set project priorities</li> <li>• Approve funding</li> <li>• Resolve issues</li> <li>• Accept final project deliverables</li> </ul>
	<p><b>Steering Committee:</b></p> <ul style="list-style-type: none"> <li>• Executive-level management</li> <li>• Oversight of project baselines (cost, schedule, scope, and quality)</li> <li>• Resolve major project issues</li> <li>• Approve major change requests</li> <li>• Provide portfolio management</li> </ul>
	<p><b>Project Director</b></p> <ul style="list-style-type: none"> <li>• Responsible for overall project</li> <li>• Coordinates tasks of subordinate development and support groups</li> <li>• Project reporting to Steering Committee</li> </ul>
	<p><b>Project Manager, Solution Group:</b></p> <ul style="list-style-type: none"> <li>• Provide project communications</li> <li>• Develop and execute the project plan</li> <li>• Manage project baselines (cost, schedule, scope, and quality)</li> <li>• Monitor vendor performance</li> <li>• Review and approve vendor deliverables</li> <li>• Ensure project goals and objectives are met</li> <li>• Identify and manage project risk</li> <li>• Escalate issues to the PM Board</li> </ul>
	<p><b>EDD Tax Collections Group Manager</b></p> <ul style="list-style-type: none"> <li>• Provide program staff and expertise</li> <li>• Provide business requirements and strategies</li> <li>• Resolve program-related issues</li> </ul>
	<p><b>DIR Collections Group Manager</b></p> <ul style="list-style-type: none"> <li>• Provide program staff and expertise</li> <li>• Provide business requirements and strategies</li> <li>• Resolve program-related issues</li> <li>• Liaison with DIR and FTB</li> </ul>
	<p><b>RFP Vendor</b></p> <ul style="list-style-type: none"> <li>• Provide expertise to write the ACES RFP for Integration Vendor</li> </ul>

	<b>Role/Responsibility</b>
	<p><b>Project Team Members:</b></p> <ul style="list-style-type: none"> <li>• Provide subject matter expertise as appropriate</li> <li>• Perform functions/activities as assigned by the Project Manager and defined within the project management plan</li> <li>• Report status/progress on activities</li> <li>• Raise issues as appropriate</li> </ul>
	<p><b>Project Team Members</b></p> <ul style="list-style-type: none"> <li>• Provide subject matter expertise as appropriate</li> <li>• Perform functions/activities as assigned by the Project Manager and defined within the project management plan</li> <li>• Report status/progress on activities</li> <li>• Raise issues as appropriate</li> </ul>
	<p><b>Project Team Members:</b></p> <ul style="list-style-type: none"> <li>• Provide subject matter expertise as appropriate</li> <li>• Perform functions/activities as assigned by the Project Manager and defined within the project management plan</li> <li>• Report status/progress on activities</li> <li>• Raise issues as appropriate</li> <li>• Analyze, design, develop, and implement ACES solution components</li> </ul>
	<p><b>Contract Manager:</b></p> <ul style="list-style-type: none"> <li>• Track the delivery and coordinate acceptance of all contracted deliverables from all vendors responsible to the project.</li> <li>• Approve invoices for payment based on accepted deliverables and contract provisions.</li> <li>• Serve as the internal &amp; external Single Point of Contact (conduit for open communication) for all project vendors for resolution of issues, questions, or the provision of information or materials relevant to the project.</li> <li>• Track and process all changes to contract provisions or the Statement of Work.</li> </ul>
	<p><b>Project Management Office Manager:</b></p> <ul style="list-style-type: none"> <li>• Facilitate and provide technical assistance in the development of Project Management deliverables and use of the accepted Project Management Methodology throughout the full lifecycle of the project.</li> <li>• Mentor EDD staff in the development of Project Management artifacts and the use of software tools.</li> </ul>
	<p><b>Prime Solution Provider Project Manager</b></p> <ul style="list-style-type: none"> <li>• Responsible for ensuring that systems integrate properly</li> <li>• Responsible for managing vendor staff</li> <li>• Report status/progress on activities</li> <li>• Raise issues as appropriate</li> </ul>
	<p><b>IV&amp;V Vendor</b></p> <ul style="list-style-type: none"> <li>• Provide independent verification and validation activities.</li> <li>• Monitors the Prime vendor's efforts</li> <li>• Review deliverables for requirements traceability, adherence to best practices</li> <li>• Review products (from a technical aspect) and processes</li> </ul>

	<b>Role/Responsibility</b>
	<p><b>IPOC Vendor</b></p> <ul style="list-style-type: none"> <li>• Provide independent project oversight in accordance with the DOF Project Oversight Policy</li> <li>• Monitor PMO and Vendor’s project management efforts</li> <li>• Focus on process and products from a project management, process and quality perspective</li> <li>• Conduct EDD project oversight reviews</li> <li>• Produce reports as required by EDD, Labor and Workforce Development Agency and DOF</li> </ul>
	•
	•
	•
	•
	•
	•
	•
	•
	•
	•
	•
	•
	•
	<p><b>POMD-OPS Manager</b></p> <ul style="list-style-type: none"> <li>• Provide and monitor project staff and activities regarding Testing and Configuration Management</li> <li>• Provide Production Change, Configuration and Release Management services to ensure a successful release to the production environment</li> </ul>
	<p><b>EDD Legal Counsel</b></p> <ul style="list-style-type: none"> <li>• Provides legal counsel during vendor contract negotiations</li> <li>• Reviews and provides legal advice relative to the prime solution vendor benefits based contract</li> <li>• Reviews vendor contracts</li> <li>• Provides legal counsel related to contract issues</li> </ul>
	<p><b>EDD Information Security Officer</b></p> <p>Provide information security guidance, policy and technical assistance on:</p> <ul style="list-style-type: none"> <li>• DOL UI (Benefits and Tax) Program Computer Security</li> <li>• State SAM 4840- Security and Risk Management Policy</li> <li>• Information Security Safeguards and Controls, (aka, security detail requirements), <ul style="list-style-type: none"> <li>○ Review System Security Plans</li> <li>○ Coordinate with Data Center ISO’s on FSR Security and Support Issues</li> <li>○ Access Control EACP</li> <li>○ Audit Trail Logging, (in support of &amp;AED requirements)</li> </ul> </li> <li>• Project Security Oversight and Computer Security Assessment</li> <li>• Information Security Oversight of Information Technology Assets and Systems</li> <li>• Business Continuity Planning Support, (aka, Disaster/Operation Recovery Plan for IT Services)</li> </ul>
	<p><b>Project Manager Technical Vendor</b></p> <ul style="list-style-type: none"> <li>• <b>Provides test management</b></li> <li>• <b>Provides application architect expertise</b></li> <li>• <b>Provides Rational Unified Process engineering expertise</b></li> </ul>

	<b>Role/Responsibility</b>
	<b>Project Manager QA Vendor</b>

**6.5.5 Project Schedule**

The following milestones will include a report to executive sponsors.

Below is the schedule of ACES project milestones and target completion date.

Category	Milestones	Planned Delivery Dates. Some tasks may run concurrent.
1. Project Initiation	1.1 Submit ACES FSR to Labor and Workforce Development Agency (LWDA) for approval.	May 9, 2005 Revised FSR November 21, 2005
	1.2 Obtain LWDA approval of FSR.	May 30, 2005 Revised FSR November 22, 2005
	1.3 Submit ACES FSR to Department of Finance, Office of Technology Review, Oversight, and Security (DOF/OTROS) for approval.	June 1, 2005 Revised FSR November 22, 2005
	1.4 Obtain DOF/OTROS approval of FSR.	July 29, 2005 Revised FSR December 1, 2005
2. Budget Action, Procurement & Contracting	2.1 Submit Comprehensive BCP for SFY 2006-2007 to request funding for development and implementation of ACES.	September 13, 2005 Completed September 12, 2005
	2.2 Obtain approval from DOF for SFY 2006-2007 BCP.	December 31, 2005 Revised FSR December 1, 2005
	2.3 Submit Spring Finance Letter for SFY 2006-2007 to request funding to develop requirements and a request for proposal to implement ACES.	February 21, 2006
	2.4 Submit revised FSR to DOF/OTROS for approval.	February 23, 2006
	2.5 SFY 2006-2007 Budget signed.	July 1, 2006
	2.6 ACES project start date.	July 3, 2006
	2.7 Procure RFP vendor and sign contract.	October 2, 2006
	2.8 Procure Independent Project Oversight Consultant (IPOC) and sign contract.	October 2, 2006
	2.9 Procure Project Management Support (Quality Assurance) and sign contract.	October 2, 2006
	2.10 Procure Independent Verification and Validation (IV&V) vendor and sign contract.	October 31, 2006
	2.11 Procure Project Management Support Technical	January 2, 2007
	2.12 Develop and write RFP to solicit prime solution providers for implementation of the new system.	March 7, 2007

ACES FSR

	2.13 Obtain Department of General Services, DOF/OTROS approval of RFP.	May 9, 2007
	2.14 Obtain prime solution provider proposals and selection. Negotiate with prime solution provider selected.	March 31, 2008
	2.15 Prepare Special Project Report (SPR) to reflect prime solution provider statement of work, revenue projections, costs, and scope.	June 9, 2008
	2.16 Submit BCP for SFY 2009-2010 to DOF	September 15, 2008
	2.17 Obtain DOF/OTROS approval of SPR.	September 19, 2008
	2.18 Sign contract with prime solution provider for ACES.	July 1, 2009
<i>Note: Development through Implementation</i>	<i>A detailed Project Schedule will be submitted with the SPR to include vendor input. It is anticipated to be a 2-year project.</i>	
3. Develop and Implement Phases II and III.	3.1 Develop and implement Phase II – ARMG. New revenue streams begin to occur January 2010.	December 31, 2009
	3.2 Develop and implement Phase III – Full Collection System. Revenue from Phase III begins January 2011.	December 31, 2010
	3.3 ACES project completion. After final revenue benefit testing is completed.	December 31, 2011
4. Project Evaluation	4.1 Complete PIER.	June 30, 2012

**6.6 Project Monitoring**

This project will use the Information Technology Branch’s existing process for tracking, controlling, and reporting on the status of project performance in relation to the project baselines of scope, schedule, cost, and quality.

To ensure that the project is on target and managed in accordance with the approved contract, EDD will secure the services of a separate vendor to provide Independent Verification and Validation (IV&V) services. This vendor will have IV&V knowledge, expertise, and skills commensurate with this project.

Due to the high risk of this project, EDD will secure the services of a separate vendor to provide Independent Project Oversight (IPO). Project oversight identifies and quantifies any issues and risks affecting the project. To ensure that the project is on track to be completed within the estimated schedule and cost, and will provide the functionality required by the sponsoring business entity, and components, IPO will be acquired to perform this function throughout the life-cycle of the project.

## **6.7 Project Quality**

Quality assurance and quality control will be performed using the existing procedures defined within EDD's project management methodology. Procedures include separation of duties, product reviews, acceptance testing, version control tools, requirements traceability, and customer walk-through.

## **6.8 Configuration Management**

The selected integration vendor will work with the project Configuration Manager to track configuration management for the ACES Project. The project team will utilize the ITB's existing change management processes as defined within EDD's project management methodology. In addition, the Sponsors must approve all changes to project baselines (Cost, Schedule, Scope, & Quality). During development, the project team will use EDD's configuration management processes.

In the ITB, configuration management relates to the management of the physical features, functionality, and documentation of hardware and software developed in a project. The configuration management processes for projects are defined and managed in the system/software development life cycle. The application development divisions of ITB are responsible for configuration management for application development.

After implementation of the IT project solution, the Production & Operations Management Division (POMD) is responsible for enterprise/production configuration management.

## **6.9 Authorization Required**

No special authorization required.

## **7.0 Risk Management Plan**

The project's Risk Management Plan will document the processes and procedures used to identify risks associated with the project and how they will be managed. The project will follow the risk management processes identified by the EDD's ITB Project Management Office and the SIMM.

### **7.1 Risk Management Worksheet**

See Attachment "B".

#### **7.1.1 Assessment**

The Risk Management Worksheet identifies the potential sources of risk associated with this project. The risks identified on the worksheet will be re-evaluated on a monthly basis throughout the project. In addition, the project manager will include all identified risks in the detailed project plan using EDD's standard project management planning tools. This plan will encompass the entire structure of the project and its deliverables, providing a comprehensive framework for assessing each aspect of the project for potential risk.

#### **7.1.2 Risk Identification**

Staff identified potential internal and external risks. The following tools were used to aid in the identification of risks:

- IT PMM Categories and Examples of Risk
- Work Breakdown Structure
- Historical Information
- Project Team Brainstorming

The characteristics of each identified risk are captured on the Risk Management Worksheet.

#### **7.1.3 Risk Analysis and Quantification**

The risk session facilitated the evaluation of particular identified risks to assess the range of possible project outcomes. Each identified risk was fully discussed and understood during the decision-making process. The risk analysis and quantification process led to the production of the Risk Management Worksheet and documented the sources of risk and risk events that the project team decided to accept

#### **7.1.4 Risk Prioritization**

During the risk session, the identified risks were ranked and the potential impact or consequence to mission and business objectives were considered.

#### **7.1.5 Risk Response**

The risk session identified the factors of schedule, resources and stakeholder risk tolerances. The project manager is identified to have the responsibility to respond to risk areas, which include avoidance, acceptance, mitigation, sharing, and project oversight.

### **7.1.6 Risk Avoidance**

The risk session produced preventive and contingency measures to eliminate the risk or lessen the risk impact to the project.

### **7.1.7 Risk Acceptance**

Each member of the risk session agreed to accept each risk event and the consequences.

### **7.1.8 Risk Mitigation**

Risk mitigation measures were identified during the session.

### **7.1.9 Risk Sharing**

The project manager will be responsible to delegate and manage those activities that have an associated risk factor.

## **7.2 Risk Tracking and Control**

The IT Project Manager will be responsible for establishing and maintaining risk status information, defining action plans, and taking corrective action when appropriate. Risks will be formally reviewed on a monthly basis, or more frequently if required. Risk escalation requirements as defined in the SIMM will be followed. The Risk Management Plan will be used in order to respond to risk events throughout the life of the project.

### **7.2.1 Risk Control**

The IT Project Manager will oversee the execution of the Risk Management Plan in order to respond to risk events before they become serious problems. The project manager will also ensure that risk procedures are documented and executed according to the plan. As anticipated risk events occur or fail to occur, and as actual risk events are evaluated and resolved, the project manager will routinely update the Risk Management Plan.

## 8.0 Economic Analysis Worksheet (EAWs)

### 8.1 Existing System Cost Worksheet

The annual cost to maintain the existing system for SFY 2006/07 is \$13,057,003, which includes 64.0 Information Technology PYs at \$5,651,249, and \$7,405,754 for hardware, software, and data center costs. In addition, the baseline staffing for the program area is 764.4 PYs at a cost of \$46,702,601 estimated for SFY 2006/07.

### 8.2 Proposed Alternative Cost Worksheet

The EAW for the proposed alternative is based on the following assumptions:

- 1 The development and implementation work will be completed during fiscal years 2006/07 through 2012/13.
- 2 One-time development and implementation is estimated at \$73,467,241. This cost includes the following:

<b><u>COSTING CATEGORY</u></b>	<b><u>COST</u></b>	<b><u>PY</u></b>
<u>EDD Staff</u>	\$ 15,406,072	182.5
<u>Hardware Purchase</u>	\$ 139,250	
<u>Software Purchase/License</u>	\$ 69,250	
<u>Telecommunications</u>	\$ 91,120	
<u>Contract Services</u>		
Software Customization and Integration	\$ 46,000,100*	
Project Management Support	\$ 1,704,000	
Project Oversight	\$ 470,000	
IV&V Services	\$ 2,964,368	
Other Contract Services	\$ 490,000	
<u>Data Center Services (Internet Server)</u>	\$ 63,720	
<u>Agency Facilities</u>	\$ 0	
<u>Other</u>	\$ 6,069,361	
<b>Totals</b>	<b>\$ 73,467,241</b>	<b>182.5</b>

The \$46 million estimated Prime Solution Vendor costs is based on estimated costs of hardware, software, and services that were obtained from other States and the Franchise Tax Board during the ETSR study. Please refer to EAW One-Time Costs for detail estimates.

\* Refer to Attachment F for DTS Cost Estimates for Internet/Web Services – Costs are covered under Software Customization and Integration category.

**Continuing IT Project costs for the system through SFY 2013/14 is \$20,444,087 which includes:**

<b><u>COSTING CATEGORY</u></b>	<b>COST</b>	<b>PY</b>
<u>EDD Staff</u>	\$ 9,233,007	105.3
<u>Hardware Lease/Maintenance</u>	0	
<u>Software Maintenance/License</u>	115,560	
<u>Telecommunications</u>	435,948	
<u>Contract Services</u>	130,743	
<u>Data Center Services</u>	7,826,840	
<u>Agency Facilities</u>	0	
<u>Other</u>	2,701,989	
<b>Totals</b>	<b>\$ 20,444,087</b>	<b>105.3 PYs</b>

**8.3 Economic Analysis Summary Worksheet**

The EAW Economic Analysis Summary Worksheet provides costs for the proposed alternative.

The total one-time and continuing project cost for the proposed alternative through SFY 2013/14 is \$93,911,328.

**8.4 Project Funding Plan Worksheet**

The project will be funded from the ACES project revenue stream. The EDD will request an annual augmentation with appropriate budget actions.

Funding for FY 2006/07

One-time IT costs total \$2,883,976, of which \$1,252,826 will be spent for 14.3 PYs, while \$1,631,150 is for hardware and software purchase, contract services for project management, project oversight, Independent Validation and Verification, and other services.

Augmentation funding is in the amount of \$2,883,976.

Funding for FY 2007/08

One-time IT costs total \$2,533,973, of which \$1,252,826 will be spent for 14.3 PYs, while the remainder is for contract services for project management, project oversight, Independent Validation and Verification, and other services.

Augmentation funding is in the amount of \$2,533,973

Funding for FY 2008/2009

One-time IT costs total \$2,689,672, of which \$1,252,826 will be spent for 14.3 PYs, while the remainder is for hardware, software, contract services for project management, project oversight, and Independent Validation and Verification, and other services.

Augmentation funding is in the amount of \$2,689,672

Funding for FY 2009/2010

One-time IT costs total \$10,000,466, of which \$5,352,796 will be spent for 67.1 PYs, while the remainder is telecommunications, contract services for project management, project oversight, Independent Validation and Verification services, and other services.

Continuing IT costs are in the amount of \$310,894, of which \$246,694 will be spent for 2.5 PYs, while \$64,200 will be spent for other services.

Augmentation funding is in the amount of \$10,311,360

Funding for FY 2010/2011

One-time IT costs total \$23,985,988, of which \$5,865,995 will be spent for 67.4 PYs, while the remainder is contract services for software customization, project management, and project oversight and Independent Validation and Verification, and other services.

Continuing IT costs are in the amount of \$4,020,104, of which \$1,389,485 will be spent for 15.8 PYs, while \$2,630,619 will be spent for software maintenance, telecommunications, contract services, data center services, and other.

Augmentation funding is in the amount of \$28,006,092

Funding for FY 2011/2012

One-time IT costs total \$25,203,066, of which \$428,803 will be spent for 5.1 PYs, while the remainder is contract services for software customization, project oversight, Independent Validation and Verification, and other services.

Continuing IT costs are in the amount of \$5,369,411, of which \$2,532,276 will be spent for 29.0 PYs, while \$2,837,135 will be spent for software maintenance, telecommunications, contract services, data center services, and other.

Augmentation funding is in the amount of \$30,572,477

Funding for FY 2012/2013

One-time IT costs total \$6,170,100 is contract services for software customization.

Continuing IT costs are in the amount of \$5,371,003, of which \$2,532,276 will be spent for 29.0 PYs, while \$2,838,727 will be spent for software maintenance, telecommunications, contract services, data center services, and other.

Augmentation funding is in the amount of \$11,541,103

Funding for FY 2013/2014

One-time IT costs total \$0.

Continuing IT costs are in the amount of \$5,372,675, of which \$2,532,276 will be spent for 29.0 PYs, while \$2,840,399 will be spent for software maintenance, telecommunications, contract services, data center services, and other.

Augmentation funding is in the amount of \$5,372,675

**8.0 Economic Analysis Worksheets (EAWS)**

**8.1 Existing System Cost Worksheets**

**EXISTING SYSTEM/BASELINE COST WORKSHEET**

Department: EDD

All costs to be shown in whole (unrounded) dollars.

Date Prepared: 02/23/06 v. III

Project: Automated Collection Enhancement System (ACES)

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		TOTAL		
	PYs	Amts	PYs	Amts															
<b>Continuing Information</b>																			
<b>Technology Costs</b>																			
Staff (salaries & benefits)	64.0	5,651,249	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	512.0	45,698,032	
Hardware Lease/Maintenance		104,249		104,249		104,249		104,249		104,249		104,249		104,249		104,249		833,992	
Software Maintenance/Licenses		489,663		489,663		489,663		489,663		489,663		489,663		489,663		489,663		3,917,304	
Contract Services		0		0		0		0		0		0		0		0		0	
Data Center Services		6,786,966		6,786,966		6,786,966		6,786,966		6,786,966		6,786,966		6,786,966		6,786,966		54,295,728	
Agency Facilities		0		0		0		0		0		0		0		0		0	
Other (TOP Telecom)		24,876		24,876		24,876		24,876		24,876		24,876		24,876		24,876		199,008	
<b>Total IT Costs</b>	<b>64.0</b>	<b>13,057,003</b>	<b>64.0</b>	<b>13,126,723</b>	<b>512.0</b>	<b>104,944,064</b>													
<b>Continuing Program Costs:</b>																			
Staff	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	6115.2	373,620,808	
Other (Printing/Mailing)		1,007,837		1,007,837		1,007,837		1,007,837		1,007,837		1,007,837		1,007,837		1,007,837		8,062,696	
<b>Total Program Costs</b>	<b>764.4</b>	<b>47,710,438</b>	<b>6115.2</b>	<b>381,683,504</b>															
<b>TOTAL EXISTING SYSTEM COSTS</b>	<b>828.4</b>	<b>60,767,441</b>	<b>828.4</b>	<b>60,837,161</b>	<b>6627.2</b>	<b>486,627,568</b>													

ACES FSR

8.2 Alternative System Cost Worksheet (Proposed Alternative)

PROPOSED ALTERNATIVE: \_\_\_\_\_

Date Prepared: 02/23/06 v. I.

Department: EDD  
 Project: Automated Collection Enhancement System (ACES)

All Costs Should be shown in whole (unrounded) dollars.

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		TOTAL		
	PYs	Amts	PYs	Amts															
<b>One-Time IT Project Costs</b>																			
Staff (Salaries & Benefits)	14.3	1,252,826	14.3	1,252,826	14.3	1,252,826	67.1	5,352,796	67.4	5,865,995	5.1	428,803	0.0	0	0.0	0	182.5	15,406,072	
Hardware Purchase		41,250		0		98,000		0		0		0		0		0		139,250	
Software Purchase/License		27,250		0		42,000		0		0		0		0		0		69,250	
Telecommunications		0		0		0		91,120		0		0		0		0		91,120	
<b>Contract Services</b>																			
Software Customization		0		0		0		0		15,340,000		24,490,000		6,170,100		0		46,000,100	
Project Management		207,871		358,094		418,794		479,494		239,747		0		0		0		1,704,000	
Project Oversight		95,000		107,000		107,000		107,000		54,000		0		0		0		470,000	
IV&V Services		348,749		418,499		418,499		988,123		642,280		148,218		0		0		2,964,368	
Other Contract Services (RFP Vendor)		465,500		24,500		0		0		0		0		0		0		490,000	
TOTAL Contract Services		1,117,120		908,093		944,293		1,574,617		16,276,027		24,638,218		6,170,100		0		51,628,468	
Data Center Services		0		0		0		24,120		39,600		0		0		0		63,720	
Agency Facilities		0		0		0		0		0		0		0		0		0	
Other		445,530		373,054		352,553		2,957,813		1,804,366		136,045		0		0		6,069,361	
<b>Total One-time IT Costs</b>	<b>14.3</b>	<b>2,883,976</b>	<b>14.3</b>	<b>2,533,973</b>	<b>14.3</b>	<b>2,689,672</b>	<b>67.1</b>	<b>10,000,466</b>	<b>67.4</b>	<b>23,985,988</b>	<b>5.1</b>	<b>25,203,066</b>	<b>0.0</b>	<b>6,170,100</b>	<b>0.0</b>	<b>0</b>	<b>182.5</b>	<b>73,467,241</b>	
<b>Continuing IT Project Costs</b>																			
Staff (Salaries & Benefits)	0.0	0	0.0	0	0.0	0	2.5	246,694	15.8	1,389,485	29.0	2,532,276	29.0	2,532,276	29.0	2,532,276	105.3	9,233,007	
Hardware Lease/Maintenance		0		0		0		0		0		0		0		0		0	
Software Maintenance/Licenses		0		0		0		0		28,890		28,890		28,890		28,890		115,560	
Telecommunications		0		0		0		0		108,987		108,987		108,987		108,987		435,948	
Contract Services		0		0		0		0		30,334		31,851		33,443		35,115		130,743	
Data Center Services		0		0		0		0		1,956,710		1,956,710		1,956,710		1,956,710		7,826,840	
Agency Facilities		0		0		0		0		0		0		0		0		0	
Other		0		0		0		64,200		505,698		710,697		710,697		710,697		2,701,989	
<b>Total Continuing IT Costs</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>2.5</b>	<b>310,894</b>	<b>15.8</b>	<b>4,020,104</b>	<b>29.0</b>	<b>5,369,411</b>	<b>29.0</b>	<b>5,371,003</b>	<b>29.0</b>	<b>5,372,675</b>	<b>105.3</b>	<b>20,444,087</b>	
<b>Total Project Costs</b>	<b>14.3</b>	<b>2,883,976</b>	<b>14.3</b>	<b>2,533,973</b>	<b>14.3</b>	<b>2,689,672</b>	<b>69.6</b>	<b>10,311,360</b>	<b>83.2</b>	<b>28,006,092</b>	<b>34.1</b>	<b>30,572,477</b>	<b>29.0</b>	<b>11,541,103</b>	<b>29.0</b>	<b>5,372,675</b>	<b>287.8</b>	<b>93,911,328</b>	
<b>Continuing Existing Costs</b>																			
Information Technology Staff	64.0	5,651,249	64.0	5,720,969	64.0	5,720,969	64.0	5,720,969	62.9	5,615,842	62.9	5,615,842	62.9	5,615,842	62.9	5,615,842	507.6	45,277,524	
Other IT Costs		7,405,754		7,405,754		7,405,754		7,405,754		7,262,729		7,262,729		7,262,729		7,262,729		58,673,932	
<b>Total Continuing Existing IT Costs</b>	<b>64.0</b>	<b>13,057,003</b>	<b>64.0</b>	<b>13,126,723</b>	<b>64.0</b>	<b>13,126,723</b>	<b>64.0</b>	<b>13,126,723</b>	<b>62.9</b>	<b>12,878,571</b>	<b>62.9</b>	<b>12,878,571</b>	<b>62.9</b>	<b>12,878,571</b>	<b>62.9</b>	<b>12,878,571</b>	<b>507.6</b>	<b>103,951,456</b>	
Program Staff	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	764.4	46,702,601	6115.2	373,620,808	
Other Program Costs (print and mailing costs)		1,007,837		1,007,837		1,007,837		2,225,451		2,226,465		2,226,465		2,226,465		2,226,465		14,154,822	
<b>Total Continuing Existing Program Costs</b>	<b>764.4</b>	<b>47,710,438</b>	<b>764.4</b>	<b>47,710,438</b>	<b>764.4</b>	<b>47,710,438</b>	<b>764.4</b>	<b>48,928,052</b>	<b>764.4</b>	<b>48,929,066</b>	<b>764.4</b>	<b>48,929,066</b>	<b>764.4</b>	<b>48,929,066</b>	<b>764.4</b>	<b>48,929,066</b>	<b>6115.2</b>	<b>387,775,630</b>	
<b>Total Continuing Existing Costs</b>	<b>828.4</b>	<b>60,767,441</b>	<b>828.4</b>	<b>60,837,161</b>	<b>828.4</b>	<b>60,837,161</b>	<b>828.4</b>	<b>62,054,775</b>	<b>827.3</b>	<b>61,807,637</b>	<b>827.3</b>	<b>61,807,637</b>	<b>827.3</b>	<b>61,807,637</b>	<b>827.3</b>	<b>61,807,637</b>	<b>6622.8</b>	<b>491,727,086</b>	
<b>TOTAL ALTERNATIVE COSTS</b>	<b>842.7</b>	<b>63,651,417</b>	<b>842.7</b>	<b>63,371,134</b>	<b>842.7</b>	<b>63,526,833</b>	<b>898.0</b>	<b>72,366,135</b>	<b>910.5</b>	<b>89,813,729</b>	<b>861.4</b>	<b>92,380,114</b>	<b>856.3</b>	<b>73,348,740</b>	<b>856.3</b>	<b>67,180,312</b>	<b>6910.6</b>	<b>585,638,414</b>	
<b>INCREASED REVENUES</b>								20,400,000		37,900,000		43,800,000		61,300,000		70,000,000		<b>233,400,000</b>	

NOTE-1: The Prime Solution vendor will determine who will develop the interface and modification to accommodate the new ACES solution

NOTE-2: For FY 2010/11 the EDD will utilize 95 Information Technology development staff for the period July 2010 through December 2010. An additional 20 staff will perform project management duties for the entire FY 2010/11. This ramp up is needed to complete the project within the schedule.

8.3 Economic Analysis Summary Worksheet

ECONOMIC ANALYSIS SUMMARY

Date Prepared: 02/23/06 v.

Department: EDD

All costs to be shown in whole (unrounded) dollars.

Project: Automated Collection Enhancement System (ACES)

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>EXISTING SYSTEM</b>																		
Total IT Costs	64.0	13,057,003	64.0	13,126,723	64.0	13,126,723	64.0	13,126,723	64.0	13,126,723	64.0	13,126,723	64.0	13,126,723	64.0	13,126,723	512.0	104,944,064
Total Program Costs	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	764.4	47,710,438	6115.2	381,683,504
Total Existing System Costs	828.4	60,767,441	828.4	60,837,161	828.4	60,837,161	828.4	60,837,161	828.4	60,837,161	828.4	60,837,161	828.4	60,837,161	828.4	60,837,161	6627.2	486,627,568
<b>PROPOSED ALTERNATIVE</b>																		
Total Project Costs	14.3	2,883,976	14.3	2,533,973	14.3	2,689,672	69.6	10,311,360	83.2	28,006,092	34.1	30,572,477	29.0	11,541,103	29.0	5,372,675	287.8	93,911,328
Total Cont. Exist. Costs	828.4	60,767,441	828.4	60,837,161	828.4	60,837,161	828.4	62,054,775	827.3	61,807,637	827.3	61,807,637	827.3	61,807,637	827.3	61,807,637	6622.8	491,727,086
Total Alternative Costs	842.7	63,651,417	842.7	63,371,134	842.7	63,526,833	898.0	72,366,135	910.5	89,813,729	861.4	92,380,114	856.3	73,348,740	856.3	67,180,312	6910.6	585,638,414
COST SAVINGS/AVOIDANCES	(14.3)	(2,883,976)	(14.3)	(2,533,973)	(14.3)	(2,689,672)	(69.6)	(11,528,974)	(82.1)	(28,976,568)	(33.0)	(31,542,953)	(27.9)	(12,511,579)	(27.9)	(6,343,151)	(283.4)	(99,010,846)
Increased Revenues		0		0		0		20,400,000		37,900,000		43,800,000		61,300,000		70,000,000		233,400,000
Net (Cost) or Benefit	(14.3)	(2,883,976)	(14.3)	(2,533,973)	(14.3)	(2,689,672)	(69.6)	8,871,026	(82.1)	8,923,432	(33.0)	12,257,047	(27.9)	48,788,421	(27.9)	63,656,849	(283.4)	134,389,154
Cum. Net (Cost) or Benefit	(14.3)	(2,883,976)	(28.6)	(5,417,949)	(42.9)	(8,107,621)	(112.5)	763,405	(194.6)	9,686,837	(227.6)	21,943,884	(255.5)	70,732,305	(283.4)	134,389,154		

ACES FSR

8.4 Project Funding Plan Worksheet

PROJECT FUNDING PLAN

Department: EDD

All Costs to be in whole (unrounded) dollars

Date Prepared: 02/23/06 v. III

Project: Automated Collection Enhancement System (ACES)

	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		TOTALS	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>TOTAL PROJECT COSTS</b>	14.3	2,883,976	14.3	2,533,973	14.3	2,689,672	69.6	10,311,360	83.2	28,006,092	34.1	30,572,477	29.0	11,541,103	29.0	5,372,675	287.8	93,911,328
<b>RESOURCES TO BE REDIRECTED</b>																		
Staff	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Funds:																		
Existing System		0		0		0		0		0		0		0		0		0
Other Fund Sources		0		0		0		0		0		0		0		0		0
<b>TOTAL REDIRECTED RESOURCES</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>
<b>ADDITIONAL PROJECT FUNDING NEEDED</b>																		
One-Time Project Costs	14.3	2,883,976	14.3	2,533,973	14.3	2,689,672	67.1	10,000,466	67.4	23,985,988	5.1	25,203,066	0.0	6,170,100	0.0	0	182.5	73,467,241
Continuing Project Costs	0.0	0	0.0	0	0.0	0	2.5	310,894	15.8	4,020,104	29.0	5,369,411	29.0	5,371,003	29.0	5,372,675	105.3	20,444,087
<b>TOTAL ADDITIONAL PROJECT FUNDS NEEDED BY FISCAL YEAR</b>	<b>14.3</b>	<b>2,883,976</b>	<b>14.3</b>	<b>2,533,973</b>	<b>14.3</b>	<b>2,689,672</b>	<b>69.6</b>	<b>10,311,360</b>	<b>83.2</b>	<b>28,006,092</b>	<b>34.1</b>	<b>30,572,477</b>	<b>29.0</b>	<b>11,541,103</b>	<b>29.0</b>	<b>5,372,675</b>	<b>287.8</b>	<b>93,911,328</b>
<b>TOTAL PROJECT FUNDING</b>	<b>14.3</b>	<b>2,883,976</b>	<b>14.3</b>	<b>2,533,973</b>	<b>14.3</b>	<b>2,689,672</b>	<b>69.6</b>	<b>10,311,360</b>	<b>83.2</b>	<b>28,006,092</b>	<b>34.1</b>	<b>30,572,477</b>	<b>29.0</b>	<b>11,541,103</b>	<b>29.0</b>	<b>5,372,675</b>	<b>287.8</b>	<b>93,911,328</b>
Difference: Funding - Costs	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Estimated Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0

ACES FSR

ADJUSTMENTS, SAVINGS AND REVENUES WORKSHEET  
(DOF Use Only)

Department: EDD

Date Prepared: 02/23/06 v

Project: Automated Collection Enhancement System (ACES)

Annual Project Adjustments	FY 2006/07		FY 2007/08		FY 2008/09		FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		FY 2013/14		Net Adjustments	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
<b>One-time Costs</b>																		
Previous Year's Baseline	0.0	0	14.3	2,883,976	14.3	2,533,973	14.3	2,689,672	67.1	10,000,466	67.4	23,985,988	5.1	25,203,066	0.0	6,170,100		
(A) Annual Augmentation /(Reduction)	14.3	2,883,976	0.0	(350,003)	0.0	155,699	52.8	7,310,794	0.3	13,985,522	(62.3)	1,217,078	(5.1)	(19,032,966)	0.0	(6,170,100)		
(B) Total One-Time Budget Actions	14.3	2,883,976	14.3	2,533,973	14.3	2,689,672	67.1	10,000,466	67.4	23,985,988	5.1	25,203,066	0.0	6,170,100	0.0	0	182.5	73,467,241
<b>Continuing Costs</b>																		
Previous Year's Baseline	0.0	0	0.0	0	0.0	0	0.0	0	2.5	310,894	15.8	4,020,104	29.0	5,369,411	29.0	5,371,003		
(C) Annual Augmentation /(Reduction)	0.0	0	0.0	0	0.0	0	2.5	310,894	13.3	3,709,210	13.2	1,349,307	0.0	1,592	0.0	1,672		
(D) Total Continuing Budget Actions	0.0	0	0.0	0	0.0	0	2.5	310,894	15.8	4,020,104	29.0	5,369,411	29.0	5,371,003	29.0	5,372,675	105.3	20,444,087
<b>Total Annual Project Budget Augmentation /(Reduction) [A + C]</b>	14.3	2,883,976	0.0	(350,003)	0.0	155,699	55.3	7,621,688	13.6	17,694,732	(49.1)	2,566,385	(5.1)	(19,031,374)	0.0	(6,168,428)		

[A, C] Excludes Redirected Resources

287.8 93,911,328

Annual Savings/Revenue Adjustments

Cost Savings	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Increased Program Revenues		0		0		0	20,400,000		37,900,000		43,800,000		61,300,000		70,000,000			

Appendix A: Acronyms

<b>Acronym</b>	<b>Description</b>
<b>ABAS</b>	<b>Automated Benefit Accounting System</b>
<b>ACES</b>	<b>Automated Collection Enhancement System</b>
<b>ADDI</b>	<b>TAS Screen – “Employer Address Inquiry”</b>
<b>AIMS</b>	<b>Agency Information Management Strategy</b>
<b>BOE</b>	<b>Board Of Equalization</b>
<b>BOPSD</b>	<b>Business Operations Planning and Support Division</b>
<b>CAP</b>	<b>Compliance Automation Project</b>
<b>CCNPAU</b>	<b>Call Center Network Platform Application Upgrade</b>
<b>CD</b>	<b>Collection Division</b>
<b>CIO</b>	<b>Chief Information Officer</b>
<b>COBOL</b>	<b>Common Business Oriented Language</b>
<b>CDC</b>	<b>Consolidated Debt Collection</b>
<b>COTS</b>	<b>Commercial Off-The-Shelf Software</b>
<b>CRM</b>	<b>Customer Relationship Management</b>
<b>CUIC</b>	<b>California Unemployment Insurance Code</b>
<b>DE</b>	<b>EDD Department Form</b>
<b>DGS</b>	<b>Department of General Services</b>
<b>DIR</b>	<b>Department of Industrial Relations</b>
<b>DMZ</b>	<b>Demilitarized Zone (Relates To Firewall Technology)</b>
<b>DOF</b>	<b>Department of Finance</b>
<b>DMRC</b>	<b>Document Management Refresh Consolidation</b>
<b>DTS</b>	<b>Department of Technology Services</b>
<b>EAMS</b>	<b>Employer Account Management System</b>
<b>EDD</b>	<b>Employment Development Department</b>
<b>EDI</b>	<b>Electronic Data Interchange</b>
<b>EFT</b>	<b>Electronic Fund Transfer</b>
<b>ETS</b>	<b>Employment Tax System</b>
<b>ETSR</b>	<b>Employment Tax System Review</b>
<b>ETT</b>	<b>Employment Training Tax</b>
<b>EWOT</b>	<b>Earnings Withholding Order For Taxes</b>
<b>FEIN</b>	<b>Federal Employer Identification Number</b>
<b>FTB</b>	<b>Franchise Tax Board</b>
<b>HEIR</b>	<b>Household Employer Internet Reporting</b>
<b>ICR</b>	<b>Independent Contractor Reporting</b>
<b>IDMS</b>	<b>Integrated Data Management System</b>
<b>IFILE</b>	<b>Internet Reporting Of DE6 (Quarterly Wage &amp; Withholding Report</b>
<b>IHS</b>	<b>Industrial Health &amp; Safety</b>
<b>IPOC</b>	<b>Independent Project Oversight Contractor</b>
<b>IRS</b>	<b>Internal Revenue Service</b>
<b>IT</b>	<b>Information Technology</b>
<b>ITB</b>	<b>Information Technology Branch</b>
<b>ITPP</b>	<b>Information Technology Procurement Plan</b>
<b>IVR</b>	<b>Interactive Voice Response</b>
<b>IV&amp;V</b>	<b>Independent Verification and Validation</b>

ACES FSR

<b>LATA</b>	<b>Local Access Transport Areas</b>
<b>LWDA</b>	<b>Labor and Workforce Development Agency</b>
<b>MIS</b>	<b>Management Information System</b>
<b>MOSAIX</b>	<b>Predictive Automated Dialer and Case Management System</b>
<b>MOTS</b>	<b>Modified Off-The-Shelf Software</b>
<b>MPU</b>	<b>Minutes Per Unit</b>
<b>NAMI</b>	<b>TAS Screen – “Employer Status Name Inquiry”</b>
<b>NAMU</b>	<b>TAS Screen – “Employer Status Name Update”</b>
<b>NER</b>	<b>New Employee Registry</b>
<b>NOL</b>	<b>Notice Of Levy</b>
<b>NOS</b>	<b>Network Operating System</b>
<b>NR</b>	<b>Non-Remittance Payment Source</b>
<b>NSF</b>	<b>Non-Sufficient Funds</b>
<b>OIC</b>	<b>Offers In Compromise</b>
<b>OTROS</b>	<b>Office of Technology Review, Oversight and Security (DOF)</b>
<b>PHIQ</b>	<b>TAS Screen – “Employer Payment History Inquiry</b>
<b>PIER</b>	<b>Post Implementation Report</b>
<b>PIT</b>	<b>Personal Income Tax</b>
<b>PM</b>	<b>Project Manager</b>
<b>PMO</b>	<b>Project Management Office</b>
<b>QPR</b>	<b>Balance Score Card – Process Management</b>
<b>RELI</b>	<b>TAS Screen – “Relationship Inquiry”</b>
<b>SCDB</b>	<b>Single Client Data Base</b>
<b>SCO</b>	<b>State Controller’s Office</b>
<b>SDI</b>	<b>State Disability Insurance</b>
<b>SFY</b>	<b>State Fiscal Year</b>
<b>SMS</b>	<b>System Management Server</b>
<b>SOS</b>	<b>Secretary of State</b>
<b>SPR</b>	<b>Special Project Report</b>
<b>SSN</b>	<b>Social Security Number</b>
<b>STMT</b>	<b>TAS Statement Payment Source</b>
<b>TAO</b>	<b>Taxpayer Advocates Office</b>
<b>TAS</b>	<b>Tax Accounting System</b>
<b>TEAM</b>	<b>Tax Engineering &amp; Modernization</b>
<b>UI</b>	<b>Unemployment Insurance</b>
<b>VU</b>	<b>Voluntary Unemployment Insurance Payment Source</b>
<b>WAN</b>	<b>Wide Area Networks</b>
<b>WGS</b>	<b>Wage Record System</b>