Employment Development Department's Automation Projects

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Budget and Fiscal Review Subcommittee No. 5
  On Corrections, Public Safety and the Judiciary
Hon. Loni Hancock, Chair

Automated Collection Enhancement System (ACES)

Description and Budget

☑ **What Is the ACES Project?**

- The ACES project would develop a fully integrated and automated tax accounting, collection, and compliance system that will replace the current legacy system called the Tax Accounting System (TAS), built in 1986.

- The ACES project would enhance revenue collection by automating the sharing of data from other agencies to locate assets and take appropriate collection actions and by providing self-service options for taxpayers, among other functions. The Employment Development Department (EDD) estimated that ACES would increase collection of revenue by about $70 million by the end of 2013-14 and each year thereafter.

- The EDD conducted a benefits-based procurement whereby vendor costs would be paid out of the increased revenue collected by ACES.

☑ **Budget Request**

- The Governor's proposal for 2011-12 requests $21.9 million to continue the ACES project.

- The request includes a baseline reduction of 18 positions for TAS support as they will no longer be needed when ACES is implemented.

- The request includes funding for an additional 49.3 positions.

☑ **Project Expenditures**

- To date, project costs total about $49 million (this includes estimated costs for current year).

- Total project costs are estimated at about $93 million (this includes one year of maintenance and operation after ACES has been fully deployed).

ACES Project Timeline and Status

☑ **Timeline**

- April 2005—The EDD submitted a Feasibility Study Report to the Department of Finance (DOF) proposing the ACES project. The project was estimated to cost $94 million and be fully implemented by December 2010.

- March 2006—The DOF approved the ACES project and procurement for a vendor to build the system began.

- August 2009—The state signed a contract with Fast Enterprises. Fast Enterprises proposed some changes to scope but the project cost and schedule remained the same.

- November 2009—An interim solution to process delinquent accounts was successfully implemented (referred to as Phase II).

☑ **Current Status**

- The EDD successfully implemented the ACES system (Phase III) on January 18, 2011.

- The EDD anticipates about $18 million in increased revenue for the current year and an additional $46 million in the budget year.

Description and Budget

The Disability Insurance Automation (DIA) Project

65 YEARS OF SERVICE

☑ What Is the DIA Project?

- The DIA project would simplify and automate the numerous manual work processes involved when filing a disability insurance claim.

- Specifically, DIA would implement a secure electronic communications and information processing environment. This is intended to allow greater self-service options for claimants, medical providers, and employers; improve service delivery; and assist in the detection and prevention of fraud and abuse, among other capabilities.

☑ Budget Request

- The Governor's proposal for 2011-12 requests $39 million to continue the DIA project. These dollars will come from the disability insurance fund.

- The request includes funding for 47 existing positions and an additional 16.1 new positions.

☑ Project Expenditures

- To date, project costs total about $44 million (this includes estimated costs for the current year).

- Total project costs are estimated at $113 million (this includes one year of maintenance and operation after DIA has been fully deployed).

DIA Project Timeline and Status

☑ **Timeline**

■ June 2005—The EDD submitted a Feasibility Study Report to DOF proposing the DIA project. The project was estimated to cost $35 million and be fully implemented by June 2009.

■ January 2006—The DOF approved the DIA project and procurement began.

■ March 2010—After experiencing procurement delays, the state signed a contract with Deloitte to build the DIA system. Project costs were updated to a total cost of $119 million with an estimated completion date of January 2013.

☑ **Current Status**

■ The project is in the design and development phase of the DIA system. It is roughly 80 days behind schedule (compared to dates in the most recently approved project document).

■ Project staff is working on a special project report to update the California Technology Agency and the Legislature on this delay and its impacts on project implementation.