

Issue Brief – Comp. Unemployment Benefits System

WFS.05

LEGISLATIVE ACTION

The Legislature needs to authorize or not authorize phase II modernization of the Unemployment Benefits System. All funding is federal. The request is for \$4,213,000.

WHAT IS CUBS?

The Comprehensive Unemployment Benefits System (CUBS) project is unemployment software that determines eligibility and benefit determination. The system is being built in two phases:

1. Core Unemployment Insurance (UI) eligibility and benefits.
2. Appeals and enhanced interfaces with existing programs.

WHY IS IT NEEDED?

The old UI benefits system (GUIDE) was a legacy system that did not meet today's business needs. A gap analysis identified the following gaps and opportunities for improvement:

- Automating manual processes
- Improve staff performance
- Provide case management systems
- Improve fraud detection
- Enhance existing automated processes
- Incorporate imaging & optical technologies
- Improve accuracy of eligibility and payments
- Develop an integrated accounting system.

TIMELINE

CUBS began in October of 2000 and replaced the GUIDE system on January 1, 2006. The Department plans to start CUBS phase II in March or April of 2006. The CUBS project has been submitted as part of the Data Processing Plan annually to the State CIO.

CUBS PHASE II MODULES

- Integrated Appeals and Docketing System

- Conversion of the UI Tax System (CATS) to Oracle for full integration with CUBS
- Enhanced identity theft security
- Federal Extended Unemployment Compensation module
- Disaster Unemployment Insurance module
- Spanish interface within CUBS
- Electronic interfaces with Large Employers and Employer Representatives
- Additional data base cross matches to enhance the UI fraud detection system
- Enhanced UI Benefit, Tax, and New Hire Registry web sites
- Enhanced UI Collections Case Management System
- Conversion of the UI Tax system from Word Perfect to XML

FUNDING

Funding for CUBS I was included in the federal funds portion of base budgets from FY 01 through FY 06. It costs \$14,000,000.

Phase II is expected to cost \$6,200,000. One million will come through U.S. Department of Labor administrative grant funds and one million will come from a one-time supplemental budget request also from the Department of Labor. The appropriation request is for authorization to use \$4,213,000 in federal Reed Act distributions made in 1999, 2000, 2001, and 2002. This request is consistent with Section 903(d) of the federal Social Security Act.

COMPARISONS WITH OTHER STATES

Colorado spent more than \$40 million and released the private contractor for non-performance. The system is not operational. **Ohio** also spent more than \$40 million. The backbone of their system continues to be mainframe processing. **New Mexico** spent more than \$20 million and they have been negotiating with the private contractor for two years for a settlement to finish the project.