FISCAL NOTE

Requested by Legislative Council

01/19/2011

Bill/Resolution No.: HB 1432

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0	$0	$0
Expenditures	$0	$0	$0	$499,554	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0	$0	$0	$0

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Sec 1 changes the way new construction employer tax rates are set, and requires a new rate category. Sec 2 changes the way employers who utilize job attachments are charged for benefits paid. Sec 3 requires communication with employers electronically rather than via mail if the employer so chooses.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Sec 1 requires mainframe changes for new employer tax rate setting, $74,400. Sec 2 requires changes to the mainframe based employer charging system, $228,480. Sec 3 requires electronic notifications and would require changes to our internet system, doc. management system, and the mainframe, $196,674.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

None

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures relate primarily to programming changes required to the Job Service mainframe based tax and benefit system. Additionally, changes to systems hosted and managed by ITD, such as our internet based tax system and our electronic document management system would require programming changes to be completed by ITD. No additional FTE would be required.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

No appropriation for these changes was requested, however, no current funding exists to complete any of the above noted changes. Additional federal funds to pay the associated programming expenses does not exist and cannot be expected.

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Phone Number:	701-328-2843	**Date Prepared:**	01/24/2011

Fiscal Note Information Relating to HB 1432:

Section 1: Construction NAICS Experience Rate

Summary

The following describes the scope of work and provides a cost estimate for incorporating new employer rates based upon industry code (first 4-digits of NAICS code) and the reserve of each industry.

Assumptions:

- New employers would no longer be referred to as construction and non-construction. Rather, they will be referred to as "new negative reserve by industry employers" and "new positive reserve by industry employers".
- New construction employers were considered to be new until they reached 12 quarters of liability. The "new negative reserve by industry employers" would be considered new until they reached 12 quarters of liability.
- New non-construction employers were considered to be new until they reached 8 quarters of liability. The "new positive reserve by industry employers" would be considered new until they reached 8 quarters of liability.
- All employers will be used to determine if the industry has a positive or negative reserve by accumulating contributions and benefits for each 4-digit NAICS code.
- A pre-defined rate will be provided from LMI for the "new positive reserve by industry employers". This rate will be added to the control card where the other rate information is stored.
- The "new negative reserve by industry employers" will still be assigned the maximum rate.
- The rate notices will change.
- The rate schedule will change.
- The process of assigning new employer rates will change since we need to accumulate the contributions and benefits of all employers by 4-digit NAICS code.
- Supporting experience rate listings will need to be modified to use the new terminology and remove the construction terminology.
- The experience rate projection program will need to be modified for the rates by industry.
- UIEASY web services will need to be modified to send appropriate rate information.

Scope of work to be done:

- Analysis – **24 Hours**
- Design – **24 Hours**
- Coding and Unit Testing – **200 Hours**
    - Rate Assignment Programs (JTA31, JTA33, new program, control card changes) – 56 Hours
    - Rate Notice Program (JTA43) - 40 Hours
    - Rate Schedule – 32 Hours

        - Program (JTA31) – 16 Hours
        - Overlay (Operations) – 16 Hours

    - Supporting experience rate listings (JTA41, JTA42, etc…) – 40 Hours
    - Rate projection program – 16 Hours
    - Web Services (WT617/WT626) – 8 Hours
    - Update documentation – 8 Hours
- System Testing – **24 Hours**

Total Programmer/Analyst Hours - 272

This estimate includes project management, business analysis, programming, test coordination, and implementation but does not include the users' time for user acceptance testing.

Programmer/Analyst - 272 Hours

Project Manager – 136 Hours

Test Coordinator – 204 Hours

Release Manager – 8 Hours

Cost: 620 hours x $100.00/hour + 20% contingency = **$74,400**

Section 2: Job Attached/Base Period Charging

Summary:

The following describes a scope of work and provides a cost estimate for incorporating job attached charging.

Assumptions:

- We will need to store the job attached employer and effective dates in a new dataset and refer to this new dataset for all charging activity.
- Job attached charges will need to be turned on and off during a claim meaning we will need effective dates where we may charge the job attached employer for part of the claim and not other parts of the claim.
- Job attached charges will need to be able to be adjusted in the case where an employer responds to the notice of claim and said the employee is not job attached even though the employee has been paid and charged already. These charges would need to be adjusted.
- The new IVR system will be in place prior to development of this project.

Scope of work to be done:

- Analysis – **120 Hours**
- Design – **120 Hours**
- Coding and Unit Testing – 432 **Hours**
    - UI ICE changes – 12 Hours
        - Job attached indicator and effective date
    - Web service changes – 32 Hours
        - Job attached indicator and effective date
    - IVR changes – 32 Hours
        - Job attached indicator and effective date
    - Adjustment Program – 100 Hours
    - Changes to Chargeback routines for new effective date procedures – 160 Hours
    - Database changes – 80 Hours
        - New dataset to store job attached employer and effective dates
        - Programming to support this new dataset
    - Purge – 16 Hours

- System Testing – 160 **Hours**

Total Programmer/Analyst Hours - 832

This estimate includes project management and test coordination in addition to programming and analysis but does not include the users' time for involvement in user acceptance testing.

Programmer/Analyst – 832 Hours

Project Manager – 416 Hours

Test Coordinator – 624 Hours

Release Manager – 32 Hours

Cost: 1904 hours x $100.00/hour + 20% contingency = **$228,480**

Section 3: Email Notification to Employers to View documents on-line

Summary:

The following describes a scope of work and provides a cost estimate for incorporating electronic viewing of employer documents on-line and email notifications of when documents are available to view on-line.

Assumptions:

- That we can retrieve documents/information from Filenet similar to the RES project.

- Employers will set up their email addresses and consent to electronic notifications via UI EASY.
- Employers will be able to view documents on-line using UIEASY, but not respond to JSND on-line.
- Past Due report notices will need to be added to FileNet for the 1st, 2nd, and 4th quarters. Currently, we only put 3rd quarter into FileNet.
- Contribution and Wage Reports will be added to FileNet using Wapapello.
- Most documents are not system generated. Therefore, only ten programs will need to be modified to accommodate stopping the printing of the document.
- The notice of claims program will need to send data to Access for processing similar to how the fact finding letters are to work for RES.

Scope of work to be done:

- Analysis – 24 **Hours**
- Design – **24 Hours**
- Coding and Unit Testing – **Hours**
    - Web service changes (WT401) – 24 Hours
        - Send email addresses to mainframe
        - E-notice indicator on mainframe
        - E-reminder indicator on mainframe
        - Info back to UI Easy
        - WSDL change
    - Database changes – 4 Hours
    - Screen Changes (JT401, JT610, JT611) – 40 Hours
    - Change notice programs (JBD14, JTQ38, JTA43, JHQ14, JHQ16, JTM01, JTD18, JTQ09, JTQ22, JTQ30) – 64 Hours
        - Don't print/mail notices that are "sent" electronically – 44 hours
        - EOM changes – alternate print file - send 2 print files to EOM, one for filenet and one for printing and filenet. – 20 hours
    - Change notice of claims program for Access interface – 16 hours.
    - Purge – 40 Hours
        - UI EASY – 8 hours
        - Mainframe – 32 hours

- System Testing – **32 Hours**

Total Programmer/Analyst Hours - 268

This estimate includes project management and test coordination in addition to programming and analysis but does not include the users' time for involvement in user acceptance testing.

Programmer/Analyst - 268 Hours

Project Manager – 134 Hours

Test Coordinator – 201 Hours

Release Manager – 24 Hours

Cost: 627 + UI Easy hours x $100.00/hour + 20% contingency = **$75,240**

Email Notification to Employers to respond to documents on-line

Summary:

The following describes a scope of work and provides a cost estimate for incorporating responses to Notice of Claim and Fact Finding on-line and email notifications of when documents are available to respond to on-line.

Assumptions:

- This estimate would be in addition to the estimate for "email notification to Employers to view documents online".
- This estimate is only for allowing Employers to respond to the notice of claim and fact finding. It cannot stand alone. It must have the "email notification to Employers to view documents online" in order to function. The two estimates should be added together if responding online is desired.
- The majority of work will be done in UIEASY and Access.

Scope of work to be done:

- Analysis – 8 **Hours**
- Design – **8 Hours**
- Coding and Unit Testing – **16 Hours**
- System Testing – 8 **Hours**

Total Programmer/Analyst Hours - 40

This estimate includes project management and test coordination in addition to programming and analysis but does not include the users' time for involvement in user acceptance testing.

Programmer/Analyst – 40 Hours

Project Manager – 20 Hours

Test Coordinator – 30 Hours

Release Manager – 4 Hours

Cost: 94 hours x $100.00/hour + 20% contingency = **$11,280**

Software Development Division
Budget Estimate

To:	Date Issued: 01/21/2011	Prior Est. Date:
Amy Shawver-Morman	From: Della Thorsness	
Job Service North Dakota	Prepared By: Mary Gilles	
Project Description: UI EASY – Electronic Correspondence		
WMS Work Order Number: 170601	WMS Service Request: 1319420	

ITD is recommending your agency budget **$110,154** for this project. This amount includes an estimated **$100,140** based on requirements we received during the interview process plus an additional **$10,014** for scope changes. The additional **10%** is based on ITD's experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed. The cost to complete the analysis phase is estimated to be approximately **$19,571**.

What you get for your money from ITD

ITD estimates this project to take **5 months**. This timeframe is a projected timeframe based on typical project staffing levels. The actual timeframe will be determined during the Planning Phase and will be based on the availability of customer and ITD resources at that time.

Should you decide to proceed with this project, please approve the cost estimate via the online Work Management System. Upon your approval, you will be prompted to submit a service request under the existing work order. All ITD services relating to this project will be billed to your department monthly at actual cost.

At the start of the project ITD will review any estimate over 90 days old. If necessary a revised estimate will be issued.

ITD Request Number: 170601 **Project:** 1319420

Project Description

This estimate is for enhancements to the Unemployment Insurance Employer Account Systems application (UI EASY) to provide additional processing for to allow Employers to respond online to Notice of Claim and Fact Finding documents. The documents are created using a MS Access System, they are stored in FileNet.

Assumptions

The one-time costs (development) of the routines are based on the following assumptions:

- This cost estimate is based on a blended hourly rate of $100 due to the unknown availability of ITD Software Development staff at the time this estimate was issued. If only ITD Software Development staff work on the project, billing will be at normal ITD Software Development 11-13 biennium rates.
- ITD will assign a project manager to the project.
- The application's data will be stored in the Oracle Relational Database Management System (RDBMS).
- The application will secure user access to functionality using Microsoft Active Directory accounts/groups and/or IBM Tivoli Directory Server (TDS) (State of North Dakota Login ID).
- All application data will be transmitted securely using a SSL certificate.
- The application will be load tested to ensure the application performs under stress and does not cause any server performance issues.
- JSND is responsible for securing any needed approvals from the owning agency for any data access needs, interfaces, waivers, etc. that may be necessary for this project.
- JSND staff will produce any necessary Help documents/user manuals, implementing the documents as HTML web page(s) available from JSND's web site.
- JSND staff will provide any necessary training documents or training sessions for application users.
- The application will have usability testing conducted by ITD along with the JSND staff. The results, of this testing, will be applied to the application which may require additional usability testing.
- JSND will be using ClearCase version control, with a shared area for the UI EASY and UI ICE source code.
- JSND will be responsible for making any necessary changes to the mainframe application, including changes to existing web services or creation of new web services.
- The Notice of Claim and Fact Finding documents are generated from a MS Access Adjudication System, using an Oracle database. Any modifications to the Access System will be the responsibility of JSND.

Determining Costs

The cost estimate includes the following processes:

Process	Description
View Fact Finding Letters	Allows Employer to view Fact Finding Letters.
Complete Fact Finding Letters	Allows Employer to respond to Fact Finding Letters. Completed documents will be stored in FileNet.
View Notice of Claim	Allows Employer to view Notice of Claim.
Complete Notice of Claim	Allows Employer to respond to Notice of Claim. Completed documents will be stored in FileNet.
Maintain Response Parameters	Allows user to maintain parameters used to control the response processing.
Workflow - create stored procedures	WorkFlow processing - Stored Procedure to update access database when response is received.
Audit Trail	Add/Modify audit trail entries.
New workflow and subscription for indicating response has been received.	New workflow and subscription to call a stored procedure that will update an Oracle table for the short names for the response documents, to indicate that response has been received.

One-Time Cost for System Development

The cost for development is estimated to be $ 110,154. This amount includes an estimated $100,140 based on requirements and an additional $ 10,014 for scope changes. The additional 10% is based on ITD's experience with scope changes in projects this size. Including this additional amount will give your agency the flexibility to cover typical scope changes, and remain within your budgeted amount. A more accurate estimate will be prepared once this project has started and the analysis phase is completed.

On-Going Monthly Costs

On-going monthly costs are estimated as follows:

ITD Systems/Programming	Used as necessary.
Application Server	No change to the current application server charge.

Application Server costs cover the hosting of the application as well as monitoring the servers and applications for availability.