

ECONOMIC SERVICES ADMINISTRATION
Replace Client Receivables System



2015-17 BIENNIAL BUDGET

ML Request	FY16	FY17	15-17
FTE	1.5	0.7	1.1
GF-State	\$1,533,000	\$237,000	\$1,770,000
Total	\$2,920,000	\$452,000	\$3,372,000

DECISION PACKAGE SUMMARY

The Economic Services Administration requests funding to purchase an off-the-shelf solution to replace a failing Client Receivables System (CRS) for the Office of Financial Recovery (OFR). By funding this request, ESA is expected to be able to prevent costly failures, implement efficient account establishment and tracking processes and optimize recoveries.

PROBLEM STATEMENT

OFR has \$64 million in funds due to the state, also known as “receivables” in the CRS. This is money owed by clients to the Department of Social and Health Services (DSHS) and the Department of Early Learning (DEL) for overpayments of various kinds. As of 2014, the CRS is 23 years old and has never been upgraded.

Three major issues exist within the current CRS system:

First, system failures are frequent and costly. During Fiscal Year 2014, two components of the system failed – the Treasury Offset Program (TOP)/CRS interface, and the Recoupments system. The TOP/CRS interface allows OFR to refer client food stamp debts to the federal Department of the Treasury to collect the debt via interception of Internal Revenue Service (IRS) tax refunds. The TOP/CRS interface has been repaired, but OFR is not certain how well it will function during the 2015 tax season when the bulk of federal TOP referrals occur. TOP/CRS collections dropped by 42 percent, or \$378,413 from Fiscal Year 2013 to Fiscal Year 2014 as a result of the failures of the TOP/CRS interface.

Recoupments are offsets of current public assistance funds paid to clients. For example, a common recoupment might be a food stamp grant of \$200 per month reduced by \$10 per month to pay off an overpayment. Recoupment revenue declined by 36 percent, or \$200,232, from Fiscal Year 2013 to Fiscal Year 2014 related directly to this system failure. The Recoupments component has not yet been fixed so future lost revenue is also expected.

The second issue is the lack of needed functionality to support debt collections. The current system does not have basic case management capacity, cannot generate summary reports and cannot be used to send bills. The existing system is difficult for staff to learn and navigate.

The third issue is that the system is both costly to maintain and lacking in security. CRS uses obsolete COBOL application coding language and the code is undocumented. The result is that it is difficult to find programmers to maintain the system or fix problems that arise. Additionally, fixes are time consuming and expensive because no one knows how the code interacts. This also presents a risk to data security. Due to the fact that the system is running on obsolete



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ECONOMIC SERVICES ADMINISTRATION Client Receivable System (CRS) Replacement



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technology, there have been no security updates available over the years to address application vulnerabilities. The outdated Unisys mainframe on which CRS is housed is also expensive to maintain and will be shut down in two years.

If this request is not funded, OFR will continue to work within the current system without information technology staff with experience in maintaining, fixing or making changes to the existing system and its numerous processes. OFR collections will remain suboptimal.

If the CRS is not replaced before the end of the mainframe lifecycle, OFR will have to migrate the existing code and data to a new or different mainframe, convert existing code to a modern computer language and move to a SQL server or cloud system. This option will also require funding and staff to accomplish and is less desirable due to the fact that the existing CRS program does not adequately support OFR's work.

OFR investigated other approaches to address the CRS problem, such as drawing from a copy of DCS's Support Enforcement Management System or creating a new user-interface for the existing CRS. Those options were unfeasible or more expensive to implement and maintain.

PROPOSED SOLUTION

GF-State funding is requested to provide OFR with an off-the-shelf system to manage client overpayment and improve recoveries. The system replacing CRS will increase staff's collection performance and improve coordination and communication between OFR and its partner agencies. Replacement, rather than fixes or upgrades, is necessary because of the risk of system failure and the fact that the existing mainframe will go out of service in two years.

The funding will provide funding and FTEs for 1.1 FTEs, for a contracted project manager and technical contractors, software licenses, maintenance, and data migration services to replace CRS. Implementation will begin in Fiscal Year 2016 and be completed in Fiscal Year 2017. On-going maintenance requires 0.04 FTEs and \$247, 000 per year beginning in Fiscal Year 2018.

EXPECTED RESULTS

The budget request supports DSHS Goal 5: Public Trust – Strong management practices will be used to ensure quality and efficiency. The decision package is essential to implementing the Economic Services Administration, Division of Child Support's Strategic Objective Goal 2.A: Enhance or acquire new technology and tools to increase efficiency and effectiveness.

A new client receivables system will support the above goals by ensuring data integrity and increasing staff efficiency through sound case management practices.

STAKEHOLDER IMPACT

The new system will enable multiple DSHS administrations and DEL to collect more of the funds owed them. DEL has indicated in the past that it was not financially possible for them to participate in funding a new system request.



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