Joe Lombardo
Governor

Tiffany Greenameyer
Director

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David Lenzner
Administrator

STATE OF NEVADA
GOVERNOR'S FINANCE OFFICE
Budget Division

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Date: July 29, 2025

To: Tiffany Greenameyer, Clerk of the Board
Governor's Finance Office

From: Lesley Volkov, Executive Budget Officer
Governor's Finance Office, Budget Division

Subject: INTERIM FINANCE COMMITTEE **INFORMATION** ITEM

The following describes an action item submitted for placement on the agenda of the next Interim Finance Committee meeting.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION-REHABILITATION DIVISION

Agenda Item Write-up:
Pursuant to the 2023 Legislative Session Letter of Intent, the Department of Employment, Training and Rehabilitation is to provide semiannual reports on the implementation of the unemployment insurance system modernization project. This report covers January 1, 2025 through June 30, 2025.
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Additional Information:
This report includes an overview of the activities of the positions and vendors assigned, list of project deliverables, and an overview of any identified deviations from the original plan and summary of categorical expenditures incurred to date and cost projections.

Statutory Authority:
2023 Legislative Session Letter of Intent

REVIEWED: MK

GFO INFO ITEM: _____

LCB AGENDA ITEM: _____

Nevada Legislature

August 18, 2023

Christopher Sewell, Director
Department of Employment, Training and Rehabilitation
500 E. Third Street, Suite 200
Carson City, Nevada 89713

Dear Director Sewell:

The 2023 Legislature approved $20.4 million in FY 2024 and $31.3 million in FY 2025 in federal American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds to continue modernizing the unemployment insurance system, inclusive of $7.8 million in reserves for use in FY 2026. It is the intent of the Senate Committee on Finance and the Assembly Committee on Ways and Means that the Department of Employment, Training and Rehabilitation provide semiannual reports to the Interim Finance Committee during the 2023-25 biennium on the implementation of the unemployment insurance system modernization project. The reports should include, at a minimum, the following:

- An overview of the activities of the positions and vendors assigned unemployment insurance system modernization project;
- A list of project deliverables received, deliverables anticipated for the next reporting period, and deliverables that are behind schedule;
- An overview of any identified deviations from the original project plan, scope, implementation timeline, or cost, and a discussion of factors contributing to any deviations; and
- A summary of categorical expenditures incurred to date on project implementation and cost projections for the remainder of the project implementation.

The first report should be submitted on or before January 30, 2024, for the period covering July 1, 2023, through December 31, 2023. Subsequent reports should be submitted to the Fiscal Analysis Division within 30 days of the close of each six-month period for transmittal to the Interim Finance Committee.

JOE LOMBARDO
GOVERNOR

DETR
Nevada Department of Employment, Training and Rehabilitation

DIRECTOR'S OFFICE

CHRISTOPHER SEWELL
DIRECTOR

JOSHUA MARHEVKA
DEPUTY DIRECTOR

TROY JORDAN
DEPUTY DIRECTOR

MEMORANDUM

TO:	Interim Finance Committee *through the* Fiscal Analysis Division
FROM:	Christopher Sewell, Director, DETR
DATE:	July 29, 2025
SUBJECT:	2023-2025 Biennium Semi-annual Reports – Implementation of UI Modernization for the period **January 1, 2025 – June 30, 2025**

In response to the Legislature's August 18, 2023 letter of intent, the following is the Nevada Department of Employment, Training and Rehabilitation's (DETR) initial semi-annual report on the unemployment insurance (UI) Modernization Project:

1. *Overview of the activities of the positions and vendors assigned to the UI Modernization project.*

The UI Modernization project successfully completed its two Rollouts. The first, Rollout 1, was a system delivered for Unemployment Tax. Rollout 1 went live on February 20, 2024. The first, Rollout 1, was delivered for Unemployment Tax on February 20, 2024. At the end of June 30, 2025, the new system, Nevada Unemployment Insurance (NUI), recovered a total of $75,635,953.40 in collections because of new efficiencies and automated workflows. Below are the numbers collected by Quarter:

Q1/2024, February 20, 2024 (Go Live) - March 31, 2024 = $3,357,050.02

Q2/2024, April 1, 2024 - June 30, 2024 = $23,815,743.93

Q3/2024, July 1, 2024 - September 30, 2024 = $13,965,451.59

Q4/2024, October 1, 2024 - December 31, 2024 = $12,273,928.85

Q1/2025, January 1, 2025 – March 31, 2025 = $6,483,875.46

Q2/2025, April 1, 2025 - June 30, 2025 = $15,739,903.55

Total for 2024 = $53,412,174.39

Total for 2025 = $22,223,779.01

As of June 30, 2025, the total of Rollout 1 Collections since Go Live is **$75,635,953.40** for Unemployment Tax.

The second part of the UI Modernization project, Rollout 2, was the detailed system for Unemployment Benefits. Rollout 2 kicked off March 13, 2024. This reporting period, from January 1, 2025, to July 7, 2025, will cover activities from Rollout 2 project execution and completion.

There are two vendors for the UI Modernization project. The first is FAST, the awarded vendor of the Request for Proposal (RFP) for UI Modernization, referred to as the Implementation Vendor for this report. The second is CSG, a time and materials contracted vendor to assist DETR with keeping the inventory and project management processes on schedule, referred to as the Project Management Vendor for this report. This report will cover both of the vendors' activities as well as the activities that occurred within DETR.

Project Management Teams (DETR, FAST, & CSG)

Major Activities: Rollout 2 Go Live for the Nevada Unemployment Insurance (NUI) System for Benefits

1. **Rollout 2 Go Live**. Rollout 2 went live on **July 7, 2025**. The project went live with 27 low level defects. This small number of defects follows what was par for the course for Rollout 1 which went live with 12 low level defects. Keeping defects under 100 is an extremely challenging task for a project of this magnitude.
    A. The system was available to all users at 5:00 AM; though the official launch time DETR communicated to the public was 8:00 AM. The soft launch was part of the plan to avoid any delays in system availability. Lessons learned from Rollout 1 saw a 14-minute delay in launch time which had DETR leadership to request a soft launch at 5:00 AM.
    B. Additionally, DETR continued to strive to ensure all defects were tested and ready to deploy prior to rollout to keep in line with the small number of defects experienced in Rollout 1.
2. FAST maintained approximately 49 employees onsite for Rollout 2. They were housed in Carson City at the DETR building on Curry St. The employees worked on design and definitions sessions, development, and defect resolution through this reporting period. They also worked on data conversion and validation processes to ensure all data from Unemployment Insurance Nevada (UINV), the previous software, was correctly and accurately converted into NUI. Lastly, they worked on Go Live processes to ensure the system was ready for July 7th.
3. The FAST conversion team actively created Partial and Full Conversion Mock's for Rollout 2.

The conversion mocks gradually increased in scope during this reporting period. The 13th and final mock conversion were June 9, 2025. The DETR project manager requested an additional mock to be run June 23, 2025, to complete a full dress-rehearsal prior to Go Live. The data extracted out of UINV loaded into NUI without issue.

A. The 13th Full Conversion Mock extracted data from various areas of UINV with their run times including:

   a) UINV Attunity: 2h
   b) UINV Active Batch: 1h 30m
   c) FAST File Load: 6h 15m
   d) FAST Data Transformation: 1h
   e) FAST Main Conversion: 8h 30m
   f) FAST Tier II: 30m
   g) FAST Post Main: 3h 30m

B. Weekly conversion reconciliation meetings were held during the last month of the project to ensure all data was identified as accurate when it was moved into NUI. All changes were documented into the FAST Central Repository system (FCR) and are available for reporting purposes as needed.

Thanks to the efforts of the DETR and FAST project managers, the conversion validation was ahead of schedule throughout Rollout 2. This allowed the project to add an additional mock conversion to ensure the new system's accuracy. When compared to Rollout 1, this was a valuable lesson learned: validation was not done early enough, resulting in many late hours on the project.

4. FAST is hosting the NUI system at their site in Colorado. DETR, in coordination with the Governor's Technology Office (GTO) and FAST, have completed Disaster Recovery Testing successfully. They have also established two private circuits for data collection for the system and verified the connection with testing and success in coordination with FAST Hosting Services (FHS). The system has faced challenges with cut cables and connections to FHS. The IT Division within DETR worked with the GTO to resolve any potential ongoing issues.

5. End-to-End and Performance/Load Testing are activities that will ensure a full transition into the new system as well as the number of users that can actively be supported by the new system.

   There were 5 End-to-End passes scheduled by the DETR project manager and one scheduled by FAST, deemed "Pass 0". Pass 5 was determined not needed as the previous passes had all successfully met standards established for the new system.

Pass	Status	Dates
Pass 0	Complete	March 3, 2025 – March 14, 2025
Pass 1	Complete	March 14, 2025 – March 28, 2025
Pass 2	Complete	April 7, 2025 – April 18, 2025
Pass 3	Complete	April 28, 2025 – May 9, 2025
Pass 4	Complete	May 19, 2025 – June 3, 2025
Pass 5	Not Needed	June 2, 2025 – June 13, 2025
N/A	Ad hoc and Regression Testing	June 4, 2025 – June 30, 2025

A lesson learned during the Pandemic of 2020 was that the UINV legacy system could not sustain a large number of users in the system simultaneously and constituents had trouble reliably accessing the system. During the Performance/Load testing, 98.69% of all calls made in the Staging environment during Pass 4 were less than 2 seconds and 99.53% of all calls made on CSS/ESS during Pass 4 were less than 2 seconds. These call times were in line with the contract established service level agreement (SLA) standards.

6. The Requirements Traceability Matrix (RTM) and Test Scenario writing and assistance were completed in this reporting period.

    A. RTM traces the requirements identified within the RFP to actual functionality within the software system. The Subject Matter Experts (SMEs) were tasked with the process of which there were over 1000 requirements to be traced. The RTM is tracked in FAST's Central Repository (FCR) and ensured that FAST provided DETR with what was agreed upon in the contract.

    B. Test Scenario writing training and assistance provided the SMEs with the skills necessary to write test scripts. For Rollout 1 there were approximately 1300 test scripts which provided the Tax side of the house with robust testing to ensure the system would be effective at Go Live. For Rollout 2, using lessons learned, the project management team tested over 2,300 test scripts. The FAST team provided some test scripts from some of their other Benefits rollouts including Oregon, Montana, and Tennessee. These scripts were basic workflows for unemployment insurance that occur within every state. The greater challenge was creating Nevada specific workflows.

7. Testing for business processes and interfaces began on November 4, 2024. The following is a table of the interfaces that were tested successfully throughout Interface testing.

Business Interfaces Tested for NUI - Rollout 2		
Conduent - Fedwire Deposit Payments	Kofax-Benefits	Federal - State Data Exchange System (FSDES) - Billing (FSDEB)
Conduent - Account Maintenance	ACH Returns	Military - State Data Exchange System - Billing (MSDEB)
Conduent - Account Status	ACH Rejects	LAUS
Conduent - Fedwire Deposit Rejects	Repayments - ACH Debit	IVR
Conduent - Fedwire Deposit Confirmation	Benefit Payments - ACH Credit	IDH - SARS Report
Conduent - Unpinned Funds Reconciliation	FM - Paper Check Benefit Payments	IDH - NASWA
NDNH - SWA Eligibility Crossmatch	FM - Paper Check Claimant Refunds	ID.me
NDNH Wage Submission	Employer Reporting - Return to Work	NIDVO
NDNH UI Submission	Employer Reporting - Mass Layoff	BAI
SDNH Crossmatch	Employer Reporting - Labor Dispute/Strikes	EBN
OVR - Vital Records Crossmatch	RRB Railroad Workers Crossmatch	IRS - 1099
DIR Worker's Compensation Crossmatch	Workforce - Claimant Registration	OIG Data Submission
NDOC Corrections Crossmatch	Workforce - SAWS REP Services	TOP
DWSS - Child Support Intercepts	Workforce - CASE Notes Web Service	SSA - ICON UIQ
DWSS - Child Support Payments - ACH Credit	Workforce - Potential UI Issues	ICON
DWSS – NCP Crossmatch	Workforce - WOTC LTUR	SAVE
DHHS - Medicaid Wage Crossmatch	Workforce - ACTUS - Wages	SIDES
DHHS - Employer Crossmatch	Workforce – WOTC Claims	SDDS - Benefit Charges
DMV Data Exchange	Workforce – Claimant Status	SDDS - Employee Demographics
Central Printing - State Printing	Workforce - NDNH ETA SWA Eligibility Crossmatch	SLDS Crossmatch
Kofax - Data Validation	Workforce - NDNH WP/Perf SWA Eligibility Crossmatch	PROMIS

8. Training started in September of 2024. The project followed a "Train-the-Trainer" approach. Due to limitations on staffing, some of the SMEs had dual roles as trainers and testers. Both roles are full-time, so many of the SMEs faced large workloads throughout the 2nd rollout. User training was conducted in a three-tiered process.

    A. First tier: Users were trained using Computer Based modules (CBTs). CBTs helped users get comfortable with the base model of the system and navigation.
    B. Second tier: Users were put into Application tier training which helped them see an overview of the application, the navigation through the system that was specifically designed for Nevada UI and they had hands on practice labs.
    C. Third tier: Users participated in Specifics tier training, which was designed to prepare them for their daily job duties.

    Users were able to go into a "Sandbox" environment and test and train on their day-to-day tasks. Training concluded the week before Go Live. During the downtime in UINV, as conversion tasks were being performed, users were engaged in the Sandbox environment, learning and continuing their education for 3 full days.

9. Go Live consisted of a number of activities which included the following:
    A. Online Teams channel support.
    B. In-person support with FAST and CSG staff onsite.
    C. Daily stand-ups in the morning and the evening to recap any issues that had been discovered and their mitigation plans.
    D. Daily check-ins with leadership to keep them apprised of the ongoing efforts and successes of the project.

    In addition to the support that end users and DETR received, there are ongoing efforts for knowledge transfer to the IT staff on how to support the new system. This includes the ability for end users to identify issues and/or request changes to the system by using an "SQR" process. This process is administered by managers and supervisors through triaging and weekly communication meetings. Throughout the project and development of the new system, any changes that were made later in the schedule were put on a pull list. These changes were encouraged by all project staff as users discovered the system fully. DETR staff entered 3,231 development suggestions throughout the project which highlights their involvement in developing the system to their needs.

    The DETR Information Technology Division (ITD) staff continue to receive knowledge transfer from FAST and work on NUI SQRs.

10. DETR's ITPMO (Information Technology Project Management Office) created an Organizational Change Management (OCM) outreach group to make communication efforts an ongoing priority for the project. OCM created a lead group which has been named Change Innovators. Change Innovators, or CHINs, have worked tirelessly to provide project information and materials to all DETR staff. This includes monthly newsletters, monthly Meetings in a Box (MiaB), and readiness surveys. The most recent readiness survey displayed high confidence in the DETR Project Management Team as well as the Vendor Project Team. Additionally, it displayed that staff also have high confidence that they will be provided with the skills and training they will need to get the job done in the new system.

11. Additional OCM outreach included a Town Hall for staff, which was held March 7, 2025. The Town Hall allowed DETR leadership to provide DETR staff with information on the project such as enhancements, timelines, and end goals. The Town Hall presented opportunities for staff to ask questions and engage with leadership on the project's progress.

12. DETR's UI Modernization project director worked diligently to develop a communication and claimant outreach program for the public. The program worked to align the media with DETR's expectations, to create user friendly videos for claimants and employers and to streamline and strengthen DETR's position prior to Go Live.

    As a result, there were 23 English, and 16 Spanish videos created for claimants. There will be a total of 22 Spanish videos for claimants. There are 6 English videos for employers with an estimated 18 total to be made. These videos include creating logins, filing claims, and viewing their respective dashboards to name a few. Along with the videos, there was an agreement made with the media to keep the release of the system quiet to stem fraudulent activity that is prevalent in unemployment insurance. The communication and claimant outreach has been successful for this sensitive Go Live.

13. Contract Management has been the backbone of the DETR ITPMO's guidance for the project and throughout the project. During this reporting period any potential deviations from the contract were immediately identified and brought to the attention of FAST and were returned to the expectations of the contract. This has kept the lines of communication open and clear amongst DETR and FAST.

    DETR once again required FAST to complete a requirements traceability matrix (RTM) to guarantee that they met all requirements as laid out in the contract and/or clearly identified and received approval for those that needed modifications or were no longer needed. Rollout 2 had a total of 1,606 requirements, 37 of those were identified as no longer applicable with a remaining 1,569 requirements traced throughout Rollout 2.

14. DETR successfully went live on **July 7, 2025** with 27 low level defects. Those defects were triaged to be addressed by the vendor within the first week of production. Two weeks of intense production support were provided to DETR staff with meetings that were held daily to foster ongoing and constant communication. Within the first two weeks of Go Live, NUI saw a total of 38,043 new logons created in the Claimant Self-Service (CSS) part of NUI. 674 Appeals have been filed within the first two weeks of NUI Go Live and **$21,594,177** Benefit payments have been issued.

2. *List of project deliverables received, deliverables anticipated for the next reporting period, and deliverables that are behind schedule.*

Project Deliverables Received:

Invoiced deliverables:

A. Testing preparation complete

Non-Invoiced deliverables:

A. Go Live support

B. Ongoing Knowledge Transfer

Anticipated Deliverables in the next 6 months:

There are no additional deliverables in the next 6 months.

Deliverables Behind Schedule:

There are no deliverables that are behind schedule.

3. *Overview of any identified deviations from the original project plan, scope, implementation timeline, or cost, and a discussion of factors contributing to any deviations.*

Original Plan

The contract was signed with an anticipated start date of December 12, 2022. Due to the need to have the contract approved by the Board of Examiners, the contract was not signed in time for the 12/12/22 start date. The start date for the project and initial kick off was the third week of January 2023. Due to the 1-month delay in the start date, the project schedule was moved forward approximately 1 month with Rollout 1 going into production on February 20, 2024. Rollout 1 date did not move since its agreement with FAST and DETR at Kickoff of Rollout 1.

The Rollout 2 date has been moved twice, initially by FAST as they encountered a technical difficulty that was mitigated by moving the date to July 1, 2025, and second, by agreement between DETR and FAST due to the proposed July 1 implementation date interfering with Department of Labor (DOL) reporting periods. The anticipated Go Live date for Rollout 2 is July 7, 2025, with a soft launch at 5:00 AM that day.

Scope
There have been no deviations to the scope of this project.

Implementation Timeline
The Rollout 2 timeline was only deviated from the original contract for DOL reporting and FAST technical needs.

Cost
There have been no deviations to the cost of this project.

EXHIBIT A

UI Mod Costs to Date (through 6/30/2025)		
Budget Account:	4771	
Budget Category:	41	
GL	Amount	Description
GL 7060 (Contracts):	$ 35,008,833.14	This represents the total amount paid to the FAST vendor contracted for the new UI system through 6/30/2025 on CETS# 26950
GLs 9106 / 9146:	$ 4,101,965.92	GLs 9106 and 9146 represent the amount of transfers to budget accounts 4772 and 3274 in support of staffing (state FTEs as well as contracted employees) related to the UIMod through 6/30/2025
Total Expended through 6/30/2025:	**$**	**39,110,799.06**

Projected Expenses Remaining by Fiscal Year:			
Fiscal Year	Contracts	Personnel	Notes
FY25	$ 4,355,666.86	$ 482,584.20	** Personnel Projection based on average of direct bills x 2 more bills in FY
FY26	$ 11,179,500.00	$ -	
FY27	$ 4,075,000.00	$ -	
FY28	$ 3,361,000.00	$ -	
FY29	$ 3,366,500.00	$ -	
FY30	$ 3,377,500.00	$ -	
FY31	$ 3,392,000.00	$ -	
FY32	$ 3,460,500.00	$ -	
FY33	$ 486,500.00	$ -	

Contract Projections as of 7/14/2025

Contract Total	$ 72,063,000.00
Total Remaing on Contract	$ 37,054,166.86
Original proposed remaining FY payments	$ 32,698,500.00
Potential Remainder of FY 25 payment	$ 4,355,666.86