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May 19, 2011

To: The Honorable Holly Mitchell
Chair, Assembly Budget Subcommittee No. 1

Honorable Members
Assembly Budget Subcommittee No. 1

From: Kelly Brooks
Legislative Representative
California State Association of Counties

Frank J. Mecca
Executive Director
County Welfare Directors Association of CA

RE: LEADER Replacement System – REJECT SUSPENSION

The California State Association of Counties (CSAC) and the County Welfare Directors Association of California (CWDA) urge you to reject the Governor's May Revision proposal to indefinitely suspend the planning and procurement of the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) Replacement system. We recognize the magnitude of the State's projected 2011-12 budget deficit and the shared sacrifice required to balance the budget while preserving core state services. However, suspension of this project is short-sighted, more costly over the long term, and will have negative consequences for both the thousands of workers and millions of program beneficiaries in Los Angeles County.

LEADER supports the case management for CalWORKs, CalFresh, Cash Assistance for Program for Immigrants (CAPI), Medi-Cal, General Relief, and associated public assistance programs. There are over one million active public assistance cases (2.4 million beneficiaries) handled by LEADER and over 16,000 users of the system. LEADER processes eight million transactions daily and \$3 billion in assistance annually. Original system development began in 1995 and was completed in 2001. The current LEADER technology is over 25 years old, relying on an outdated architecture and unsupported software, and is falling far behind in meeting user and beneficiary needs. LEADER experienced 177 system outages impacting 1,200 users over a three-year period. It is also extremely cumbersome and expensive to modify to meet changing state requirements, relative to the latest, web-based system architecture.

Furthermore, LEADER is a proprietary system, running only on Unisys servers. In 2008, at federal insistence, Los Angeles County attempted to generate competition for maintenance of LEADER, but could not identify any

vendors willing to host the system. The United States Department of Agriculture (USDA) and the Centers for Medicare and Medicaid Services (CMS) have expressly rejected sole source extensions of maintenance of LEADER past 2015.

Based on the overwhelming need for a more responsive, functioning, and competitive system, a request for proposals was released in November 2007 to procure the LEADER Replacement system. After completion of the competitive bid process, a new vendor was selected for having the best solution and greatest overall proposal score. The LEADER Replacement system will use the latest, web-based architecture and will have open standards (i.e., it will not be a proprietary system, allowing for competition in the maintenance of the system). System performance will be vastly improved, there will be far fewer points of system failure, and the system will be more agile and efficient to modify to accommodate changing state requirements. Approximately \$6 million has already been spent over the past six years for planning and procurement of the LEADER Replacement system. LEADER Replacement has been consistently supported as necessary by the Legislative Analyst's Office, the Legislature, and until this May Revision, the State.

The indefinite suspension of the LEADER Replacement system effectively cancels the project, wasting years of planning and millions of dollars. Suspension will require extension of the current, expensive sole-source contract for maintenance of the current system with Unisys past 2015, even though federal authorities have indicated that they would not approve such an extension. And continued prolonged use of the current LEADER system substantially risks the timely and accurate delivery of benefits to more than 2.4 million individuals in Los Angeles County. Therefore, CSAC and CWDA respectfully request that you reject the Administration's proposal to indefinitely suspend the LEADER Replacement system.

Thank you for this opportunity to express our concerns. If you have any questions, please contact Frank Mecca at (916) 443-1749 or fmecca@cwda.org, or Kelly Brooks at (916) 327-7500 ext. 531 or kbrooks@counties.org.

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