Successful implementation of information systems (IS) is an essential part of executing new business strategies. Yet, IS development projects are most susceptible to fail. According to a report by the Standish Group 42% of IS projects are canceled before completion. This case addresses many of the causes of IS project failure. It is based on an information system redesign project undertaken by a state social services agency. The Project aims at automating the welfare system and providing mission-critical applications to the social workers in the field and federal subsidies distribution. The case is written from the perspective of an actual participant on the project during the time that is documented.

Although most of the players recognized that they needed automation to conduct their business in a radically different and superior way, the project failed, wasting $32 million of taxpayers’ money. A number of problems such as lack of proper planning, underestimating the size and complexity of the endeavor, and organizational and cultural issues surrounding government agencies contributed to the project failure.

BACKGROUND

The Department of Transitional Assistance (DTA) is an Executive Branch agency within the state’s Health and Human Services branch. The DTA that provides the background for this case study is located in the North East region of the U.S. Its workers process applications for welfare benefits, track recipients, query policy rules, issue electronic benefits’ cards and scan fingerprints. Over time, federal social services policies and regulations have become increasingly complex, complicated, unstructured and large. The federal government issues policy changes at least four times per year, which can affect many of the existing rules. Policies and Regulations are open to interpretation by the State and are very difficult to master. To facilitate the process of eligibility determinations, social workers
specialize in one of the following federal and state service programs administered by the agency:

- **Aid to Families with Dependent Children (AFDC):** AFDC is a 50% federally funded program that provides benefits to families and children with little or no income and assets.

- **Food Stamps:** This program is 100% federally funded and provides a monthly allotment of food stamps to households with little or no income.

- **Child Care:** This program provides childcare to recipients who are required to participate in employment programs. Childcare is provided by state-contracted private groups.

- **Emergency Aid to the Elderly, Disabled, and Children (EAEDC):** This program is 100% funded by the state to provide aid to low-income individuals and families. The recipients are ineligible for other types of programs.

- **Emergency Shelter and Services to Homeless Individuals:** The Department provides emergency shelter, meals and other services to individuals who have become homeless. Shelters are provided by private groups, which contract with the state.

- **Emergency Assistance (EA):** EA provides payments for special services to families facing homelessness or imminent homelessness.

- **Employment Services Program (ESP):** ESP is a joint federal and state-funded program that provides AFDC, Food Stamps, and EAEDC recipients with job placement, education, skills training, day care, transportation, assisted placement, and other services necessary for the recipients to obtain and maintain employment.

- **Supplemental Security Income, (SSI):** This is a federally administered, partially state-funded program that provides cash assistance to the elderly, disabled, and blind. The department funds state-benefits to clients who are elderly or disabled.

To determine whether a person is eligible for these benefits, the social workers need to be at par with policy issues and their frequent changes. The process is lengthy and redundant. A client meets with a social worker specializing in AFDC, then meets with another social worker specializing in Food Stamps, and then meets with a third social worker expert in housing placement. The majority of the social workers feel that their job should allow them to be providers of social services, rather than trying to figure out the policy issues. By the early 1980s, the department’s field (i.e., social) workers had found the complexities of the federal policies to be unacceptable. The Department’s MIS division had tried to provide a level of automation that would furnish some relief to the social workers by developing systems capable of tracking client contacts and calculating program financial benefits. The MIS division’s efforts resulted in supporting 25 major systems with five of them being interfaces bridging the other 20. The systems were written in COBOL, poorly designed and documented. The simplest change in the policy rules, such as a different report format, required a significant effort to implement. Users could not run the applications and MIS personnel had to submit the necessary jobs. The existing systems had become a maintenance nightmare, hence the redesign of the information systems made sense.

Meanwhile, the federal government had been spending $6.8 billion between 1984 and 1992 on Family Assistance Management Information Systems (FAMIS). These automated social services systems were consistently failing to deliver expected benefits (Kidd, 1996). Hence in 1992, the federal government, hoping that “Divide and conquer” could be the solution to this enormous problem, authorized a 50% reimbursement for state welfare agencies to develop information systems that would meet FAMIS certification requirements.