

# UI Modernization

Presented to UIAC

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# Modernization Background and Existing Challenges

Wisconsin's UI systems range in age, complexity, and efficiency.

- Core Benefits and Appeals systems were built in the 1970s
- Tax and Wage systems and the customer facing Benefits system modules were updated between 2008 and 2017, but still need to be included in an integrated system modernization
- Complex, outdated environment has become difficult and time consuming to deliver needed changes and difficult to train new users



# Why We Need to Modernize our System

- System inflexibility makes changes slow and costly to implement
- Lack of integrated systems causes:
  - system redundancy
  - re-keying and manual processing
- Complex, multi-platform systems are
  - difficult and costly to maintain and enhance
  - scale to changes in workload
  - skill sets are very specialized and are not interchangeable requiring separate programmers
- Not all services are available online and lack of real-time automation causes delays for customers
- Lack of electronic exchange of documents and information causing delays



# Risks & Costs of Not Modernizing UI Systems

## **Continued iterative action is costing millions of dollars**

- Throwing good money at outdated system
- The limitations of the current legacy benefit system resulted in added personnel during the Great Recession and during the Pandemic
- Even with recent modernization, increased workloads resulting in significant increases in staffing levels in adjudication and call centers

## **Support costs are high**

- 18.9% of UI Division's SFY20 total budget was allocated to IT/telecom at \$12.6M/year
- Of that, approximately 50% of application development costs spent on maintenance



# Risks & Costs of Not Modernizing UI Systems

## UI Systems cause delays in implementing new programs

- Must take a linear approach; cannot implement two programs at same time
- Examples: FPUC, PUA, PEUC, Work Share, LWA, EB, MEUC, Benefits Charging

## UI Systems inefficiencies

- UI Division spends approximately \$2.6M per year on postage and mailing costs during normal times, while many customers are asking UI to provide this information electronically
- Customer service levels declined with large backlogs and long delays
- Benefits due to and needed by claimants are not getting into their hands as quickly as we'd like



# Modernization Progress To Date

## The 10 years from 2009-2018

- Made updates to customer facing UI Benefits systems incrementally
- Focus on internal and external facing applications
  - Initial Claims Rewrite
  - Internet Weekly Claims
  - Worker Portal
  - Elimination of IVR
  - Initiation of Online Appeals for Claimants
- Despite other work done, still had not addressed problem of the outdated underlying system, preventing us from having a truly integrated and modernized UI benefit, tax, and appeals system



# Modernization Progress To Date

2019 - March 2020

## Reassessed Incremental Approach

- Reassessed approach to accelerate the pace of modernization
- Researched and explored fully integrated vendor solutions to help shape our vision
- Established High-level vendor demonstration requirements based on:
  - DOL and NASWA ITSC modernization templates
  - Core Team and BITS input
  - UI Management Team review
- Conducted Vendor Demos with 5 vendors August 2019 – October 2019
  - Staff in all areas participated in demonstrations and provided feedback on benefits of products presented
- Gathered information about what is on the market through, for example, ITSC presentations and talking with other states
- Evaluated options available



# Vision for the Future – UI System Modernization

## **A modernized and integrated system includes:**

- E-communication for claimants and employers and automation of manual processes
- Customers receiving self-service nearly 24/7 and near real-time processing
- Law and policy changes are implemented quickly at low cost
- Technologies are up-to-date, flexible, easy to use, adaptable and mobile-friendly
- Data is standardized to improve efficiencies in data analysis, federal reporting, data validation and external data sharing
- Rules engine in place to easily configure system changes
- Standard support functions are used across all UI services including common workflow, correspondence, and security functions





# Vision for the Future- "Day in the Life" of UI Customers

## Claimants and Employers

Notified by email/text when information is available about their online account, continue to experience reduction in forms received by mail, and get faster service

## Employers

Experience a single, integrated system to file reports, pay taxes and respond to requests online

## UI Staff

Log into a streamlined, intuitive, web-based system to efficiently respond to employer and claimant requests, and the need for manual processing is a rare exception

## DWD IT Staff

Responds to system changes and maintenance more quickly using up-to-date technologies



# Proposed Scope: Includes full integration of the following business functions

<b>Benefit Claims/ Adjudication Process</b>	<ul style="list-style-type: none"><li>• Initial and continued claims and monetary and non-monetary determinations,</li><li>• Benefit payment calculations and payment</li><li>• Employer charging, and benefit overpayment calculations</li></ul>
<b>Appeals</b>	<ul style="list-style-type: none"><li>• Auto populate decisions</li><li>• Online appeals</li><li>• Paperless hearings</li></ul>
<b>Tax</b>	<ul style="list-style-type: none"><li>• Employer coverage, registration, experience rating calculations</li><li>• Employer and claimant collections, and online payments,</li><li>• Tax and wage reporting,</li><li>• Audit processes, transfers and general ledger transactions.</li></ul>
<b>Program Integrity</b>	<ul style="list-style-type: none"><li>• Authentication</li><li>• Fraud prevention and detection</li><li>• Identify proofing</li></ul>
<b>DOL Program Performance</b>	<ul style="list-style-type: none"><li>• Meet federal reporting and data validation requirements</li><li>• Benefit timeliness and Quality (BTQ)</li><li>• Benefit Accuracy Measurement (BAM)</li></ul>

# Proposed Scope:

Includes integration of standard support functions used across all UI services such as:

**Rules engine** in place for department users to easily configure system changes such as activating/deactivating new programs

**E-services** include email and text messages to users indicate that they have correspondence in their online account

Easy creation/maintenance of **fact-finding** controlled by department

Common and configurable **correspondence engine** usable across all department entities and maintainable by department users

Configurable **workflow** to manage across all department processes and automatically prompting the worker through the next steps



# Funding Options

UI does not have existing funds to support modernization. Funding options to be considered include:

- Request a Loan or grant of State GPR Monies
- Leverage a Master lease to pay back GPR Loan
- Reinstate the "Technology Fee" that was used to finance SUITES, and Provide for a Separate Assessment for Reimbursable Employers
- Leverage Existing Law allowing UI to Assess up to .2% Administrative Fee



# Estimated Cost to Modernize

- DWD assumes a UI combined tax and benefit system upgrade project could cost between \$48 million and \$70 million
- These costs do not include interest charges on a master lease, nor ongoing annual maintenance costs; these additions bring the total cost estimates up to \$90 million
- Once a purchase agreement is in effect, DWD's annual cost would be determined based on the length of a master lease



# Where do we go from here?

That answer all depends on the funding commitment.





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Questions?