



State of Wisconsin

Date: March 29, 2021

To: Members of the Joint Committee on Finance and Joint Committee on Information Policy and Technology

From: Department of Administration Secretary Joel Brennan
Department of Workforce Development Secretary-designee Amy Pechacek

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Handwritten signature of Amy Pechacek in black ink.

This report serves to update you on the significant progress the Department of Workforce Development (DWD) has made in its project to update the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits.

2021 Wisconsin Act 4 directed DWD to begin its UI modernization project in haste and to maximize federal dollars to fund the project. Specifically, with bipartisan support, Act 4 required DWD to issue a request for proposals (RFP) by March 29, 2021, to begin updating the information technology systems used for processing and paying benefits and undertake the modernization project by June 30, 2021. Act 4 also provided the Governor with additional authority to waive procurement requirements when necessary to help expedite the process. Act 4 did not appropriate any dedicated state funding for the project.

As Secretary-designee Pechacek testified before the Joint Finance Committee on February 17, typically, the first step of an IT project of this scale is to issue an RFP for technology consultants who can then help draft the vast RFP necessary for the full modernization project. The typical timeline for selecting a consultant is about six months and then another six months to a year to select a vendor that would actually begin working on the project. The public often does not see any results for years later. However, based on the urging of Governor Evers and the ambitious timelines set forth in Act 4, it was clear that DWD was not going to be able to follow "typical" processes and timelines for this project.

We are pleased to share in this first report to you that since Act 4 was signed into law, DWD and DOA have worked rapidly to move forward with undertaking the project to modernize the UI system and utilize authorized procurement flexibility to more rapidly secure meaningful results for the people of our state, ahead of schedule.

DWD is undertaking UI system modernization by purchasing an integrated cloud-based communications and messaging center that will offer seamless integration of a telephony system with customer relationship management, workforce optimization, and reporting solutions. The Department anticipates having this first phase of the system update implemented and accessible to the public this fall.

Recognizing Act 4's directive to act swiftly, DWD determined that use of the National Association of State Procurement Officials ("NASPO") ValuePoint contract, which was competitively awarded, would allow the Department to expedite the selection of a highly qualified vendor for the first phase of the modernization project through collective purchasing and targeting the potential vendors on the NASPO contract, rather than through a full-scale RFP process, which can be cumbersome and time-consuming. On March 16, 14 days before Act 4's deadline to issue an RFP, DWD released to potential vendors the requirements and bid specifications that will drive its first procurement decision related to modernization. Responses are due back to DWD by March 26. Evaluation criteria and demonstrations will then be used to select the right vendor for the project.

DWD is addressing the communications center component first because of the impact the Department's call center has had on individuals' ability to file claims and to have their claims processed and benefits paid in a timely manner. An updated communications center will also provide DWD with the tools needed to efficiently respond to program changes and better monitor and analyze agent performance. You all heard directly from your constituents about the issues they experienced when they were not able to connect with an agent early in the pandemic. The issues were also raised by the Legislative Audit Bureau in its December 2014 report, *Initial Claims Processing for Unemployment Insurance* (report 14-15), and September 2020 report, *Unemployment Insurance Call Centers* (report 20-13). This component of the technology systems used for processing and paying claims is one of the most public-facing pieces of the project. We hope that completing this upgrade first will help to rebuild the public's confidence in the UI system.

Of course, the integrated communications center is only the first step that DWD will take as it completes the comprehensive project to update the UI technology systems used for processing and paying claims for benefits. DWD will continue the project through agile procurement processes with one or more vendors to address the most immediate needs first and transform the antiquated mainframe systems into an innovative and adaptable information technology system. This agile approach is not typical of generally slow-paced procurement in state government. It is forward-thinking and puts Wisconsin in line with approaches taken in the private sector.

In parallel to the first stages of the cloud-based communications and messaging system, DWD relied on the waiver established by Act 4 to assess which expert consultants were best situated to assist it in utilizing the agile approach and develop successive RFPs for overhauling the other components of the system. DWD evaluated qualified entities to determine whether they would be able to meet the aggressive timeline and needs of this project. As a result, on March 12, DWD entered into an \$1.2 million agreement with 18F, which is part of the Technology Transformation Services (TTS), within the federal government's General Services Administration that collaborates with other agencies to design, develop, and buy digital services to improve how government serves the public through technology. DWD also signed a Memorandum of Understanding on March 9 to receive no-cost preliminary consulting services from U.S. Digital Response (USDR), a nonprofit, nonpartisan organization focused on helping governments respond quickly and efficiently to support critical public needs.

These two entities will assist DWD in developing specific requirements and help build the RFPs to solicit vendors that will take on additional components of the comprehensive UI modernization project. The first step of this process is to complete a discovery and prioritization effort, which will begin this spring. Included in this discovery phase, a roadmap will be created that identifies how DWD should stage the project so that the most urgent needs are addressed first.

DWD will support the contract with 18F by using UI's Federal Administration grant and, where appropriate, funds received from DOA under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act. Additionally, on March 8, DWD received new federal grant funding that it had applied for on February 15. These newly awarded funds will support projected costs that would have otherwise been supported under UI's Federal Admin grant and pandemic related federal funding.

We hope you find this information helpful. We will provide you another update on this project in April. In the meantime, please do not hesitate to contact us with any questions.