



State of Wisconsin

Date: January 31, 2022

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

From: Department of Administration Secretary-designee Kathy Blumenfeld *Kathy Blumenfeld*

Department of Workforce Development Secretary-designee Amy Pechacek *Amy Pechacek*

Subject: 2021 Wisconsin Act 4 Quarterly Report – Fourth Quarter 2021

Pursuant to 2021 Wisconsin Act 4, under Wis. Stat. s. 108.14(27)(e), this report serves to update you on the progress the Department of Workforce Development (DWD) has made on its project to update the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from October 1 through December 31, 2021.

2021 Wisconsin Act 4 directed DWD to begin its UI modernization project posthaste 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.

We are pleased to share with you in this fifth report, for the last quarter of 2021, that DWD has continued to make significant progress in its UI Modernization efforts. As previously reported, DWD's first step in undertaking UI system modernization was the purchase of an integrated cloud-based communications and messaging center that offers seamless integration of a telephony system with enhanced features and reporting solutions. 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 provides the ability to scale the call center solution more easily to meet any changes in program demands and provides DWD with the tools needed to efficiently respond to program changes and better monitor and analyze agent performance. The communications center component is on track and the Department implemented the first phase of the system update this fall. (See timeline below.)

DWD contracted with Nice CXone, a cloud-based Customer Contact Center, through the NASPO ValuePoint Contract to provide call center services. By partnering with this vendor, DWD will have a call center that offers a way to efficiently track and manage customer contacts while adding additional channels for communication. DWD has transitioned one third of the UI call center phone numbers to this new solution. The new solution provides increased mechanisms for communicating with claimants and provides an opportunity for the integration of an artificially intelligent (AI) chatbot.

In addition, the CXone platform provides a sound, proven platform that is engineered to meet DWD's capacity needs as DWD's weekly call volume can be as low as 12,000 calls per week to over 6 million calls per week (experienced at the start of the pandemic). The new call center platform monitors capacity regularly and has an architecture that allows for a capacity increase to meet DWD's needs.

DWD is using federal funds for the purchase of the cloud-based communications and messaging center, including \$3,326,400 for chatbot components. Governor Evers has directed \$80 million of American Rescue Plan Act (ARPA) funds to ensure that the UI modernization project is fully funded.

MILESTONES & Timeline	STATUS	START DATE	END DATE
Cloud-based Contact Center			
Requirements to Cooperative Purchasing Vendors	Complete	2/26/21	3/16/21
Vendor Submission of Solutions	Complete	3/16/21	3/26/21
Review Submissions	Complete	3/28/21	4/07/21
Demonstrations	Complete	4/12/21	4/16/21
Call Center Vendor Selection	Complete	4/19/21	5/14/21
DOA Contract Review	Complete	5/27/21	6/2/21
Engagement Addendum: Call Center	Complete	5/28/21	6/18/21
First Phone Lines Moved	Complete	7/1/21	9/29/21
Move Remaining Phone Lines	In Progress	1/4/22	2/26/22
First Implementation (phased implementation planned for positive customer experience)	Complete	9/24/21	10/1/21
AI Chatbot			
Engagement Addendum: AI Chatbot	Complete	5/28/21	9/24/21
FAQ Development	In Progress	10/1/21	2/26/21
Next Steps			
Continued Expansion of AI Chatbot			

As part of the larger modernization project, DWD engaged expert consultants to assist in developing an RFP for overhauling the many 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 previously reported, DWD entered into an \$1.2-million-agreement with 18F using federal funds and executed a Memorandum of Understanding to receive no-cost preliminary consulting services from U.S. Digital Response (USDR) to help build the RFPs to solicit vendors that will take on additional components of the comprehensive UI modernization project.

Also as previously reported, 18F guided DWD through a process that involved a discovery phase, prototyping and validation sprint, and solicitation development. DWD posted an RFP for a modernization vendor on June 29, 2021, and an amended version based on vendor questions on July 9, 2021. The goal of the RFP was to procure a vendor or vendors that can assist with modernizing the UI eligibility and benefits systems. DWD selected a vendor through a competitive process that included 18 proposers, resulting in successfully identifying Flexion, Inc. as the vendor.

18F has continued to partner with DWD to establish regular procedures so that DWD is working effectively with Flexion to begin the work to modernize the UI systems.

The contract with Flexion was signed on September 27, 2021, to identify and implement technology solutions to modernize the UI system, which involves integration of additional off-the-shelf software and cloud-based solutions, along with significant custom software development as determined through discovery. As detailed in our previous reports, DWD is taking an agile approach to the UI modernization project and procurement processes to address the most immediate needs first and transform the antiquated mainframe systems into an innovative and adaptable IT system. DWD and Flexion have entered into a one-year agreement, with three optional renewals. The total cost for four years of the project is approximately \$16.5 million, excluding all the hardware and software necessary to support the new system. (See timeline below.)

Considering all elements of the system, including the call center modernization, efforts to address support outside of business hours, IT infrastructure costs (cloud services, code repository, etc.), licensing to support the effort, change management efforts, and other resources that may be needed to support the effort, anticipated costs are projected at up to \$80 million, to be paid for by federal ARPA funds.

An initial kick-off meeting with Flexion was held on October 12, 2021. Since that time, DWD and the Flexion team have focused efforts on developing the team working protocols and language; obtaining access to DWD systems and environments; and obtaining sufficient understanding and knowledge about the data flows, code execution flows, the new cloud-based environment, and policy and business processes. From this work the team has been able to accomplish the following:

- Infrastructure-based efforts – Understanding how we process claims and reduce manual processing needs. This background work will be foundational for data transformation and how our systems talk to each other (application programming interfaces layer) to make our data more meaningful and eliminate batch processing.
- Administrative – DWD and Flexion have worked to get the team up and running and build the foundation for the work ahead by:
 - Finalizing definitions for performance metrics.
 - Establishing work planning and tracking practices, statuses, tools, and standards.
 - Obtaining access to DWD systems.
 - Developing and maintaining user stories, which are key to the project's inventory in an agile development approach.
- Research – In addition to the information gathering that Flexion has conducted, as described above, the team has been:
 - Developing an understanding and refinement of the Unemployment Insurance System Vision.
 - Conducting user research to obtain feedback and information on the needs of each user group (claimants, employers, staff, etc.) to improve their experience with the system. Note, this is the first step in accomplishing a core component of the overall modernization project, which is that the development of the new system must incorporate User Experience (UX) / Human-center Design (HCD).
- Technical – As the system is moving from a State of Wisconsin-controlled data center to the cloud, initial work has begun to provide a common education on the cloud environment and toolsets needed to establish a data structure and code deployment pipeline efficiently and securely. This work has included:

- Research and identification of tools for the infrastructure and support for the new cloud environment.
- Analysis of the existing mainframe and data structure to develop sufficient understanding of the data flow, code execution flow, policy, and processes to develop the new solution.
- Research and experimentation with data masking to maintain security over confidential information.
- Initializing development steps that will lead to a vertical slice of the system to start the replacement process.

UI Modernization MILESTONES & Timeline	STATUS	START DATE	END DATE
Enter into agreements with a vendor to write an RFP	Complete	2/26/21	3/16/21
Accelerated Discovery	Complete	4/1/21	5/13/21
Prototype & Validate Sprint	Complete	5/14/21	8/31/21
Solicitation Development	Complete	6/01/21	6/30/21
Vendor Selection and Award (tentative 60 days)	Complete	7/1/21	8/31/21
Contract Negotiation	Complete	9/1/21	9/27/21
Post-Award/Vendor Management Support	In Progress	9/28/21	2/28/22
Next Steps			
Continuing initial development phases			

In addition to completing phases of the cloud-based contact center, the AI chatbot, and the initial work with Flexion, since our last report, DWD continues progress on other modernization projects as part of its overall efforts to update Wisconsin's UI system. The U.S. Department of Labor (U.S. DOL) awarded DWD the support of a Tiger Team in August 2021 to augment expertise and fast-track forthcoming solutions designed to promote equitable access, improve responsiveness, ensure timely payment of benefits, and prevent and detect organized fraud. Since our last report, the Tiger Team has drafted recommendations for possible solutions that complement and expand the modernization project. DWD is currently working with the U.S. DOL to finalize the Tiger Team's recommendations, which will serve as the basis to apply for additional federal funding to finance the projects.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in April 2022. In the meantime, please do not hesitate to contact us with any questions.