



State of Wisconsin

Date: July 31, 2024

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*

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

Subject: 2021 Wisconsin Act 4 Quarterly Report – Second Quarter 2024

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 improve the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from April 1 to June 30, 2024. We are pleased to share in this report that DWD has continued to make good progress in its UI modernization efforts.

Unemployment Insurance System Modernization

The Unemployment Insurance (UI) Modernization project is the effort to modernize UI IT systems from a COBOL-based mainframe system to a cloud-based flexible system able to nimbly adapt to changes in the demands on the agency and changes in the program requirements. The goal of this project is to create a more modern, maintainable, sustainable, and adaptable system to meet current and evolving UI needs. Over time, the project will entirely replace the existing, antiquated mainframe, which has limitations in the availability of the system and directly impacts staffing and recruiting resources.

The future UI system will provide end-to-end services to DWD customers (claimants and employers) in a timely manner. DWD staff will be able to administer programs inclusively and efficiently with modern online tools.

Employer Portal

The goal of this modernization project is to create a state-of-the-art, web-based and mobile solution that modernizes the current employer portal with the added functionality that improves communication between DWD and its customers for tax and wage reporting, employer information and support, responding to submitted unemployment insurance claims verification, and appeal activities. Some of the most critical items for consideration are secure communication and document sharing to increase efficient collaboration between employers and DWD in the UI program.

During this quarter, DWD and its vendor completed technical discovery to identify the roadmap and tasks required to replace the existing employer portal, enhance its features, and expand its functionality. Initial development work focused on refinements to the user experience that was released in December 2023. To understand features that would be important to the users – Wisconsin employers – DWD held a series of focus group sessions to collect feedback from employers on the proposed design. Valuable information was garnered through these sessions that will influence the final product design.

Legal Notifications

During the second quarter, Flexion targeted development of the "vertical slice" approach described in [the 2021 Wisconsin Act 4 Quarterly Report – Third Quarter 2023](#). In this quarter, the team began to develop a legal notifications library and selected a common issue that, after investigation, requires a legal notification to be issued. After investigation, the claimant must be notified of the final determination and whether or not the particular issue has been resolved. Under the legacy system, sending legal notifications is a manual, time consuming process that may be subject to error. In contrast, the modern system will automatically suggest logical notifications for adjudication staff to include with the final determination. During this quarter, the team began developing the legal notifications for the prescribed issues and the underlying resource or library was created that provides the allowable legal language for each type of issue so that staff can select all that are appropriate. As additional types of issues are identified, the library of legal notifications will be expanded and generated automatically for adjudication staff working on the issues to minimize risk or error (i.e., improper denials and overpayments).

Benefit Calculation and Liability Engine

Under the contract with Flexion, the work has involved establishing a secure cloud infrastructure, implementing additional security protocols, identifying dependencies within the mainframe to avoid customer disruptions, and developing a benefits calculation engine that accounts for the complex rules associated with Wisconsin's UI eligibility requirements.

During the second quarter, the UI Modernization team continued work to identify the components of a claim and ensure that the components can be addressed in the modern system regardless of circumstance. Through this process, the team isolated and identified processes that have not worked efficiently in the current system, including processes that lead to extra steps or manual workarounds. Through this work, the team identified additional elements of the system that need to be modernized, including sending correspondence to claimants and employers and displaying and updating the amount paid and the amount remaining on a claim.

As the department moves toward the build-out, integration, testing, and deployment of a fully modern system, DWD's work with Flexion concluded in early July. Working with a new vendor, DWD will take advantage of rapidly evolving technology to accelerate development of code and deliver performance features that continue Wisconsin's leadership in UI customer service. DWD is excited to continue its progress in developing a UI system that reflects the priorities of its customers, provides staff with cutting-edge tools to detect and protect against fraud, and offers agility to perform to scale in the face of future economic disruption or program introductions.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in September 2024. In the meantime, please do not hesitate to contact us with questions.