




State of Wisconsin

Date: Oct. 31, 2023

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

From: Department of Administration Secretary-designee Kathy Blumenfeld 

From: Department of Workforce Development Secretary-designee Amy Pechacek 

Subject: 2021 Wisconsin Act 4 Quarterly Report – Third Quarter 2023

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 July 1 to Sept. 30, 2023. 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 the 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.

As previously reported, DWD has been working with the Wisconsin-based company Flexion to develop many of the early components of a modernized system. The department is working with Flexion to:

- Establish a cloud-based infrastructure that is modern, secure, and flexible enough to meet the changing demands.
- Transfer claims processing from the legacy system to the modern solution in an agile and iterative approach. This approach allows for continuous improvement of the overall development process to ensure each phase of development meets the needs of UI programs, while allowing the current UI system to continue to operate.

Benefit Calculation and Liability Engine

In Quarter 3, the development process took an innovative approach to identify all the components that need to be developed to accept and process a basic claim in the modern system, known as a "vertical slice" in agile development. A vertical slice breaks down all components needed for the final project and allows the developers to address one component at a time while still demonstrating progress across all areas of the project.

Provided below is a representation of the "vertical slice" approach to accept and process a UI claim:

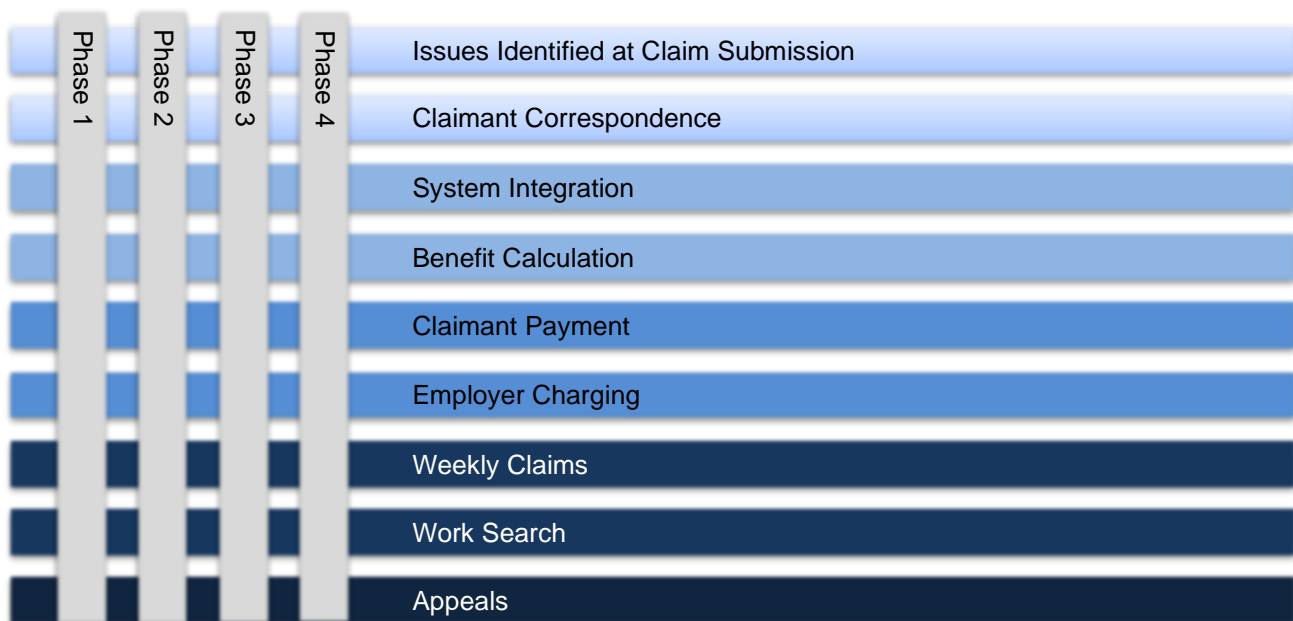


Figure 1. Vertical Slice Representation. Each vertical bar represents a development phase, and each horizontal bar represents a sample component of the Unemployment Insurance process.

Each phase is meant to deliver a prescribed outcome, such as calculating the benefit amount correctly, displaying that information in the defined screens and format, issuing appropriate notifications to claimants and employers, and creating the necessary data for all reporting needs. Each prescribed outcome is evaluated across all components of the UI process. In some instances, the outcomes require all components to be addressed and, in others, only some components are needed.

Under this approach, coding work is begun for the more basic outcomes and that work is then expanded upon to produce code for more complex outcomes over time. For example, there are many different claimant information details that are collected and can be changed. The first phase may pick up how to address basic demographic information, which will require limited changes to the claim. Future phases could automatically address other changes to the claim, for example, a mistyped social security number or tax withholding preferences, to ensure the correct claimant is paid the correct amount.

The basic types of claims that will first be processed by the modern system are those for which the claimant has no history within UI, has only one employer, and no issues that need to be adjudicated. However, the modern system needs to be able to appropriately process any potential changes on that

claim. Specifically, if the "basic" claims add complexity as they are processed down the "vertical slice," the coding needs to address those issues so the claim can be processed from start to finish. With each subsequent phase, more and more of the functionality is created and tested in a manner that allows the system to be used for more complex claims. Through these incremental development phases, the modern system will address the foundational calculations that determine both the benefit amount and the applicable employer's share of that benefit amount.

During the third quarter, work focused on the vertical slice that provided information relative to a basic claim including: generating required correspondence, displaying and updating the total amount paid and the remaining amount left on the claim, and refining the data displayed to ensure that UI staff have the necessary information to process the claim.

DWD will continue to work through the individual phases until a basic claim can be fully processed. Once the full vertical slice is complete, basic claims' components could be processed in the modern system. Simultaneously, DWD will continue to process complex claims in the legacy system and develop the necessary code for the remaining complex components of claims.

Adjudication Workflow Prototype

When there is a claim dispute, an adjudicator must review the claim and make a formal judgment based on UI law and the facts of the claim. The current adjudication process is manual and requires the adjudicator to complete extensive training and review detailed job aids to ensure that all elements are collected, reviewed, and considered. As a result, these cases are error prone and subject to appeal.

A prototype workflow guide has been created for one common type of issue that requires a formal judgement. The guide walks the adjudicator through the process step by step and prompts the adjudicator to provide the appropriate supporting materials for that item. Additional workflow guides will be created to address other types of common issues.

The workflow guide will assist adjudicators and establish processes to resolve all issues on claims. The guides will ultimately address the steps needed to resolve all issues that require a formal judgement.

Adjudication Scheduler

The current adjudication case scheduling system is critical to meeting UI standards for timeliness, productivity, and quality. The current application requires a high level of maintenance on a daily, weekly, and monthly basis and includes several manual steps.

DWD has completed a modification to the existing adjudication system that allows for an automatic case assignment and routing based on the issue type, adjudicator skill level, and resource availability during any given week. In addition to making the assignments based on the criteria identified, it also has enhanced reporting that allows for improved monitoring and tracking of the work assigned and for management oversight.

The adjudicator tool has been deployed to adjudication staff to use and test with daily applications. Implementation of this tool is expected during October 2023. Future phases will continue to enhance the tool to further improve efficiency and increase transparency of the status of each claim and ensure timely decisions.

Infrastructure

During Quarter 3, work was heavily focused on infrastructure to further improve security and the

corresponding data structures needed to support the application. In essence, DWD is building cloud-based containers to segregate different elements of the system to ensure a secure data structure.

The department also is continuing work to establish a secure and reliable cloud environment. A secure and reliable cloud environment is a required and essential step in the process of transitioning from the legacy main frame application to the modern system.

During the quarter, work on the cloud infrastructure focused on:

- Improving the security of the new system's applications and establishing containers in different parts of the cloud environment. During the quarter, work on the containers was completed, thus providing more security by segregating different components of the system.
- Development of additional security plans.

A secure and reliable cloud environment requires constant attention and review. This work will continue in the quarters to come.

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