



State of Wisconsin

Date: July 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 *Kathy Blumenfeld*

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

Subject: 2021 Wisconsin Act 4 Quarterly Report – Second 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 modernize the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from April 1 to June 30, 2023. We are pleased to share in this report that DWD has continued to make good progress on 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, adaptable system to meet current and changing 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 Wisconsin-based 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.

As reported last quarter, DWD's previous work has laid the foundation for eliminating manual processes to increase efficiency and accuracy. Having that foundation in place has allowed DWD to make substantial progress, as described in this quarter's report, on the benefit calculation and liability engine, reporting capabilities, adjudication prototyping, IT infrastructure, a new adjudication scheduler, ID proofing techniques, the start of an ID fraud dashboard, a knowledge base tool, and accessibility assessments to improve the user experience.

Benefit Calculation and Liability Engine

Since this project began, DWD prioritized replacing manual processes with automated processes. Some of the least efficient processes within the legacy system include determining whether a claimant meets the criteria for benefits, the amount of the benefits, and the charging associated with those benefits. These determinations are some of the most complicated components of the legacy system. DWD prioritized addressing these complex and inefficient processes first to remove some of the delays and improve the department's ability to make benefit and charging determinations as claims are received, without delay in processing.

This quarter's work focused on the following key areas: the calculations, user interface with modern calculations and outcomes, and validation of the calculations.

- **Calculations: Benefit Amount and Employer Liability**
Over the last several quarters, DWD worked on the establishment of the foundational calculations that determine both the benefit amount and the applicable employer's share of that benefit amount. The vast majority of these core calculations are completed. DWD's next step is to work on one claim at a time from beginning to end, using the calculations that have been established. This work will now include the amount the respective employers are charged for a claim and will continue over the coming quarters.
- **User Interface of Modern Calculations and Outcomes**
During the last quarter, DWD completed the first fully operational staff internal webpage in the modern system. Staff are now able to view the calculations on the modern system for validating the calculations of the legacy system. After participating in demonstrations of the staff internal webpage to calculate benefit outcomes, UI staff members were enthusiastic about the ease of which they could navigate the page, find information, and ultimately, make determinations. The webpage is already functional with the modern system's current calculations, and staff members are eager to use this interface once all the modern system's key components are included.

The new interface's benefits include:

- A clean, more intuitive interface that is user friendly; any computer user can navigate it without special training. (In the legacy system, staff undergo a considerable amount of training just to learn how to navigate the system using function keys).
- Critical data is summarized and displayed in a clean and concise format on a single staff internal webpage, including data that is not currently included in the legacy system.
- Navigating from that same staff internal webpage, users have the option to select and view pertinent detailed data from a link on the page. In the legacy system, information is displayed in a convoluted manner, often requiring DWD staff to manually visit multiple screens (without an internal link) to find the pertinent information.
- Acronyms and UI jargon are replaced by plain language.
- The new screen also introduces role-based access.

The screenshots below compare the legacy system display (on the left) to the modern system display (on the right).

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DC10          DISPUTED CLAIMS SCREEN          07/18/23  OPIO W1B  PAGE 01
SSNO: 655 55 5553  DETAIL LEVEL: EVERYTHING  X=EXPANDED VIEW  N INCLUDE WS?
CLAIMANT      TESTFOUR          TEL: 000-000-0000
201 E WASHINGTON AVE          DO 05 EAU CLAIRE
MADISON      WI 53703 2866      BYE 27 / 24 LANG: ENGLISH

*****
WK IS 26/23 * HELD ISSUE VL EE INIT SEP      INTV 00/00/00 0000  ADJ 5170
DETECT 07/14/23  NEW 28/23  ENTERED 07/14/23
PRTY INT 036497  TEST DEMO EMPLOYER #
*****
WK IS 28/23 *          ISSUE JR  JC REGISTRATION  INTV 00/00/00 0000  ADJ 5198
DETECT 07/17/23  NEW 28/23  ENTERED 07/14/23
LID  UCB-20N          07/17/23  FR 100          ADJ 5198
EFFECTIVE          ENTERED 07/17/23  SEQ 001          ID 235565394
REF 000          DATE APPEALED
EFF  SUSPEND FROM 28/23 THRU 02/26 INDEFINITE

END OF DISPUTED CLAIMS - ENTER TO START OVER - CLEAR TO EXIT
F1-WAGE SCR  F2-LIDS SCR  5-MONO 6-BPMQ 7-MONI 24-TISO PA1-PRINT
F8-SPN LID  F9-SCRL DOWN 10-SCRL UP 13-FORF 14-BOMQ 15-ORTLY WAGES
07/08.2 02/08
  
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The screenshot shows the 'Monetary' page in the modern system. It includes a search bar for SSN, a 'Home' link, and a 'Queues' link. The page title is 'Monetary' and it shows the user's name 'Dimitri Vani' and the date '2023-07-18'. There is a notification for '1 Unresolved Issue'. The main content is 'Qualified for Benefits - Standard' with a green checkmark. Below this, there are sections for 'Weekly Benefit Rate (WBR)' and 'Max Benefit Amount (MBA)', both showing \$370.00 and \$9,620.00 respectively. A table titled 'Wages - Standard Base Period' shows quarterly wages for 2022 and 2023. The table has columns for Account, Employer, 2/22, 3/22, 4/22, 1/23, Totals, and Liability. The 'Totals' row shows quarterly wages of \$0.00 for 2022 and \$15,000.00 for 2023, with a total of \$20,000.00 and a liability of 100%. A 'Finance Method' section shows 'Taxable' with a total MBA of \$9,620.00. There is also a link for 'Unresolved Issues'.

Account	Employer	2/22	3/22	4/22	1/23	Totals	Liability
6878447	*****	\$0.00	\$0.00	\$15,000.00	\$20,000.00	\$35,000.00	100%
Finance Method		Total MBA					
Taxable		\$9,620.00					
Unresolved Issues		Voluntary Leave (3) Week 28					
Quarterly Total		\$0.00	\$0.00	\$15,000.00	\$20,000.00		
Base Period Wages Total							\$35,000.00

Overall, the new interface will significantly reduce staff training time, increase accessibility for UI staff, increase efficiency, and reduce user error.

- Validation

As reported last quarter, DWD completed implementation of a fully functional mechanism to compare the modern calculation results to the legacy system. Part of the validation process included identifying and assessing mismatches between the modern and legacy systems to determine the accuracy of the changes to the calculations in the modern system. This is part of the agile development process.

Based on the assessment, DWD made several refinements to continue to improve upon the existing calculations. New items will be added to the validation process, which will continue throughout the duration of this project to ensure accuracy in the modern system.

Reporting: Inventory and Planning

The modern system will allow DWD to efficiently generate federal reports automatically by structuring the system to seamlessly gather the relevant data.

To begin this transition, the department established a set of parameters to preserve data and maintain its accuracy during data migration from the legacy system to the modern system. This documentation will continue to be developed to include information pertaining to the identification, documentation, and replication of the data items required for reporting. Finally, this information will be used in the design of the data warehouse structure so that reports can be produced efficiently.

Adjudication Prototype

In circumstances where there is a dispute about certain items on a claim, an adjudicator must review the claim and make a formal judgment based on the circumstances. The current adjudication process is manual and requires the adjudicator to complete extensive training and follow detailed and cumbersome job aids to ensure that all elements are collected, reviewed, and considered. Because of the complexity and subjectivity, adjudication cases can result in error and be subject to appeal. To address this, the modern system will provide adjudicators with guided workflows that automatically assist the adjudicator

based on the claim issues.

DWD has begun to define the requirements for and development of an initial prototype of guided workflows for commonly disputed issues that require a more formal judgment. Once fully developed, these guided workflows will walk the adjudicator through the steps, prompt the adjudicator to provide the appropriate supporting materials for that item, and provide assistance to the adjudicator throughout the entire process. The work on these items will continue in the coming quarters.

Infrastructure

The department continues to work on the establishment of a secure and reliable cloud environment. A secure and reliable cloud environment is essential to ultimately transition from the legacy main frame application to the cloud-based system.

Work on the cloud infrastructure is focused on the following:

- Continuing to improve the overall security of the modern system's applications and planning for establishment of containers around different parts of the cloud environment to enhance the security and stability of the solution. DWD anticipates that this work will be completed in 2023.
- Developing implementation plans to enhance security that allows for the storage of sensitive data in the cloud. This work will follow the implementation of containers within the cloud environment.

Adjudication Scheduler

The current adjudication case scheduling system is critical to meeting UI standards related to timeliness, productivity, and quality by getting case assignments to the appropriate resources. The current application requires a high-level of maintenance on a daily, weekly, and monthly basis in addition to several manual steps.

DWD is modifying the adjudication system to allow for an automatic case assignment and routing system that can auto-assign cases to an adjudicator based on the issue type, adjudicator skill level, and availability during any given week. In addition to making the assignments based on the criteria identified, it will also have enhanced reporting that allows for better monitoring and tracking of adjudicators' assignments while improving management oversight.

The first stage of development of the adjudication scheduler tools began this quarter, in addition to testing the automated case assignments.

ID Proofing

Identity authentication focuses on establishing a combination of inputs to assist in the authentication of a user's identity during ongoing transactions. These inputs may include, but are not limited to, device identity, behavioral identity, digital identity, real world identity, and phone number/audio identity. DWD is looking to increase trust and build confidence in the effectiveness of its identity proofing solution by implementing identity proofing measures at the start of a claim.

Multi-Factor Authentication (MFA) has been implemented as an optional form of additional verification for claimants to log into the claimant portal. The use of MFA is about granting access based on information a person knows (a password) in addition to something that they have (some sort of device to provide access). This Multi-Factor Authentication then reduces the risk of compromised passwords. MFA will be fully implemented and required by the end of July 2023 for all claimants.

ID Fraud Dashboard

DWD is creating an internal ID fraud dashboard that automates a series of reports that DWD has historically run and reviewed manually. As of this quarter, DWD has completed the first phase of this effort and is able to securely generate a number of these reports automatically. Additionally, the dashboard will compile these automated reports and summarize the results in a format that supports more sophisticated efforts to combat fraudulent activity.

Future phases will:

- Run additional reports automatically rather than manually,
- Enhance the data of these reports by reducing duplicates and creating efficiencies as a result,
- Improve upon the dashboard to include all information in a single snapshot,
- Improve integrations with other subsystems to take appropriate action on cases where potential fraud may exist, and
- Expand upon the systems that the fraud dashboard interfaces with to evaluate items more efficiently.

Knowledge Base Tool

DWD stores a wealth of documents and other materials on SharePoint to offer staff a central repository of information. SharePoint currently lacks a functional structure or a system-wide search tool, and staff members find it difficult to locate specific documents. Staff must take extra time to search multiple folders to find the materials relevant to their jobs and this takes time away from processing claims, appeals, and other UI tasks.

To remedy this inefficiency and allow staff access to documents quickly, DWD has purchased a product that can search policy and process documents more quickly and efficiently. DWD is in the process of converting documents into the new tool.

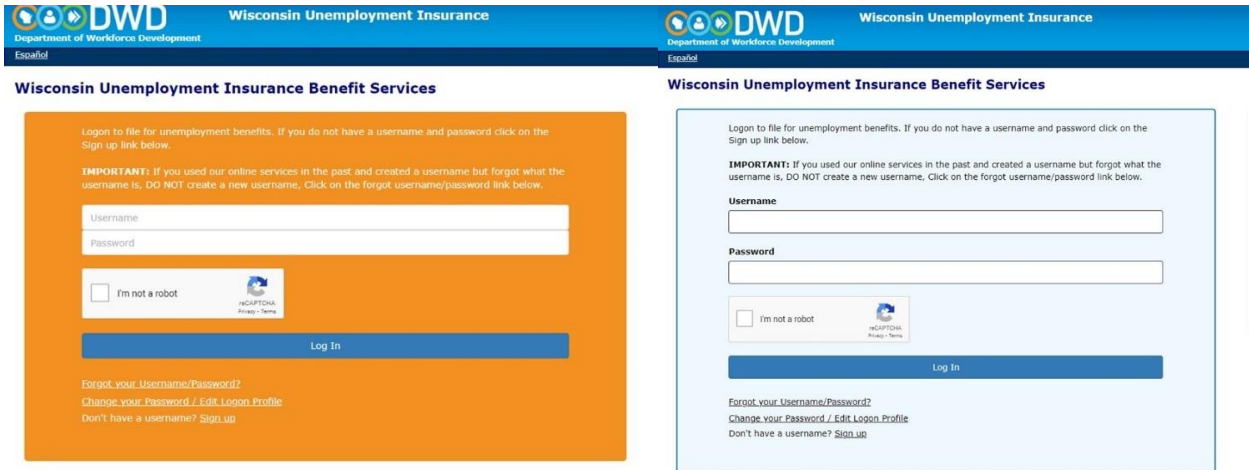
Accessibility Assessments

Currently, 95% of UI claims in Wisconsin are submitted online. However, an estimated 370,000 Wisconsinites, or 6.6% of the state's population, do not have home internet access or a smartphone needed to file their UI claims. This represents a significant barrier to access for claimants who lack reliable home internet or reliable devices. Additionally, an individual with a disability can face barriers to filing online due to the accessibility limitations of the existing system.

DWD contracted with an outside vendor to identify improvements to the design and delivery of the UI program to:

- Expand methods in which Wisconsinites can access UI when they have limited internet access,
- Address additional barriers to accessing UI, such as Limited English Proficiency or disability,
- Streamline the claimant experience,
- Expand communication touchpoints,
- Improve claimant communications by using plain language, and
- Refine fraud and program integrity messaging on the Claimant Portal webpages.

The revised UI claimant portal display is one example of addressing barriers to UI access. DWD adjusted the display's contrast to increase its accessibility for people experiencing color blindness or low vision. The screenshots below compare the legacy system display (on the left) to the modern system display (on the right).



DWD is gathering information on how claimants with limited access to the online resources interact with the department's existing systems, and how claimants understand the information that is presented, including fraud-related language. Initial recommendations were provided and will continue to inform how the department streamlines the claimant experience, with a particular focus on fraud and program integrity. Importantly, even though these claimants may not have access to online filing technology, their claim information will be seamlessly integrated into the modern system without delay once DWD obtains their information by phone or other means.

Future Efforts

In the coming quarters, DWD will focus on an end-to-end demonstration of the overall system on a sample claim. This end-to-end run-through of the entire process will allow DWD to process a sample claim through the modern system. Initial work will involve low-risk claims and will include identification of notification, verifying the weekly claims status, application of the appropriate calculations, and ultimately creating a history of the decision on the claim generated by the system.

DWD will also continue its work on federal reporting capabilities, adjudication prototyping, IT infrastructure, the adjudication scheduler, ID proofing, the ID fraud dashboard, the knowledge base tool, and accessibility assessments.

Through this ongoing development process, DWD will establish mechanisms to provide flexible, real-time services to DWD customers. The result will reduce manual processing, as well as staff training time, increase flexibility and adaptability, and provide increasingly more accurate processing within the new system.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project in October 2023. In the meantime, please do not hesitate to contact us with questions.