State of Wisconsin

Date: October 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

Department of Workforce Development Secretary-designee Amy Pechacek

Subject: 2021 Wisconsin Act 4 Quarterly Report – Third Quarter 2022

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 April 1 through June 30, 2022. We are pleased to share in this report that DWD has continued to make good progress in its UI modernization efforts. We also invite you to watch this brief video DWD released last month, which summarizes the progress achieved under the first year of DWD's contract with Flexion: https://youtu.be/_Anm48A3EQk.

Unemployment Insurance System Modernization
DWD's 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 adopt 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 the 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. We are taking a two-pronged approach to our work with Flexion: 1) To establish a cloud-based infrastructure that is modern, secure, and flexible enough to meet the changing demands; and 2) To begin development work to incrementally move the processing of claims 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 the UI programs.

Throughout the first phase of this project, DWD has prioritized eliminating manual processing, including the determination of whether a claimant meets the criteria for benefits, the amount of benefits, and the charging associated with benefits. This work is needed as a foundation for future phases. During this reporting period, development focused on establishing the infrastructure to support a working estimation screen for UI benefits that integrates with the legacy system in a secure manner with a built-in validation tool to ensure that the results are as expected. The estimation screen is used as a calculator to estimate a claimant's benefits based on limited wage information, which refers to system-available wage information or manually entered wage information.

We are proud to report that the UI Modernization team was able to successfully implement the first product in live environment in the form of an estimation screen and validation tool. Early phases of this tool have been released to a small subset of UI staff so that the team can gather information about the experience and improve upon the results. As with any new release, work will be undertaken to refine the product that was released to meet the end users' needs.

In order to achieve this implementation milestone, work over the last quarter focused on the last mile of establishing a working process to move software from development to a working production environment that is connected to live data, while maintaining the security and integrity of that data in the transition. As the connections were made between the legacy and modern components, work was done to continue to layer on additional security controls to prevent unauthorized access and access to the data and both the legacy and new system.

Future efforts will build on the success of the estimation screen to include increasingly more complex benefit calculations and the charging of those benefits to the appropriate employers. Work will continue to focus on these calculations. Over the next few years, DWD will build upon the foundation to provide more timely and real-time services to DWD customers by reducing manual processing, reducing training time by using current technology, and improving real-time processing within the system.

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