State of Wisconsin

Date: April 30, 2025

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

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

From: Department of Workforce Development Secretary Amy Pechacek   *[signature]*

Subject: 2021 Wisconsin Act 4 Quarterly Report – First Quarter 2025

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 January 1 to March 31, 2025. We are pleased to share in this report the progress that DWD has continued to make 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 modern flexible system able to nimbly adapt to changes in the demands on the agency and changes in UI 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 is difficult to reprogram to meet changes in state or federal policy and to retain staffing resources knowledgeable in COBOL programming.

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.

State and Local Fiscal Recovery Funds (SLFRF) under American Rescue Plan Act (ARPA)

$ 80,828,962.00	Allocation
$64,637,312	Expended + Committed

Completed UI modernization efforts, include:

- Artificial Intelligence augmentation and fraud screen tool advancements;
- A cloud-based omni-channel contact center;

- Virtual customer service agents that are available after business hours to answer common questions in English and Spanish;
- An online chatbot that can answer common questions in English, Spanish, and Hmong;
- Fraud detection through LexisNexis and National Association of State Workforce Agencies' Integrity Data Hub;
- An online filing process and document upload capability that uses AI to enter data instead of manual data entry;
- Secure online messaging with adjudicators;
- Mobile phone friendly design for claimant portal with text alerts;
- Translation of the UI application into plain language;
- A dashboard showing initial and weekly claims by county;
- An adjudication scheduler;
- ID proofing;
- Knowledge base tool implementation; and
- Accessibility assessments.

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 added functionality to improve communication between DWD and its customers for tax and wage reporting, employer information and support, claims verification questions, and appeal activities. The features in the new employer portal will include secure messaging and document sharing, online form requests, detailed claims tracking/due dates, and enhanced account access capabilities. These modern features will help Wisconsin employers maintain efficiency and flexibility, in a user-friendly format.

The implementation plan takes into consideration mandatory reporting timelines and overall customer service. This project is planned for release in November 2025 in the following two phases:
- An initial release to include the employer current functionality with enhancements, such as employer registration, submission of quarterly tax and wage reporting, initial secure messaging options, and initial dashboards for employers and staff.
- A second release to expand the of the collection of information that currently obtained through physical forms and other non-digital methods, administrative tools to increase flexibility on the forms and data collected electronically, and enhanced collection and appeals online processing.

During this quarter, DWD and its vendor continued the design and development for core components of the modern employer portal. Development work focused on the following efforts:
- Continued building and refinement of the foundational system configurations, baseline security, and infrastructure to support. The foundational components must be scalable and adaptable to the increasing complexity of the developing system.
- Continued development of the interface connection points between the new portal and the existing sources of information. This is critical groundwork for the integration of the employer portal with the other UI IT systems to ensure employers have access to timely and accurate information.
- Visual designs that update the look and feel of the layout and functionality for landing pages, dashboards, and messaging featured to ensure efficient display and use of the information.
- Application development has focused on enhancing the initially designed registration process, initial work on secure messaging that will allow employers to securely communicate with UI staff, initial tax and wage reporting features, and resolving items or bugs that have been identified through testing.

- User testing has continued with resolution of features that were not working as defined in requirements.
- Discovery sessions to define how best to support electronic submission of Work-Share materials through the portal. [Work-Share](#) avoids layoffs, allowing workers to remain employed & employers to retain trained staff during times of reduced business activity.

UI Dashboard

Initially released in May 2022, the UI statistics dashboard provides information on UI claims filed, benefits paid, adjudication, appeals, and help center call metrics. Metrics are updated each Thursday, making up-to-date current and historical UI data available to the public.

DWD has continued to enhance its data visualizations to meet all the needs of the agency. The most recent update, released last quarter, provides an internal Demographic Dashboard that reports claimants' demographic information for various Unemployment Insurance (UI) functions for the regular UI program. Each of the modules show the count of underlying functions by demographic characteristics. Demographic Dashboard information is available only to internal resources due to privacy and security requirements of the Unemployment Insurance program.

COBOL-based UI System Replacement

DWD launched its comprehensive overhaul of the outdated COBOL-based UI system in September 2021 through a contract with Madison-based Flexion, which concluded in early July 2024. With Flexion, DWD established a secure cloud infrastructure, implemented additional security protocols, identified dependencies within the mainframe to avoid customer disruptions, and developed a benefits calculation engine that accounts for many of the complex rules associated with Wisconsin's UI eligibility requirements.

The department is now moving toward the build-out, integration, testing, and deployment of a fully modern UI system with Google Public Sector (GPS). Whereas the work with Flexion focused on building the foundation of the benefit calculation, payment processing, and employer allocation code, the discovery completed through GPS addressed all aspects of the UI IT system: benefits payments, employer portal, adjudication and appeals, tax and wage reporting, quality assurance, and correspondence. Discovery occurred over a 26 week period to address all aspects of the UI IT system and revealed the complexity of the work needed to complete full development of all six modules resulting in two proposed roadmaps with a focus on the application language. Relevant to Act 4, under both roadmaps, the information technology systems used for processing and paying claims for benefits is anticipated to be completed late in 2025. Both roadmaps were developed with the premise that custom development would meet all functional needs of the program and fully transition from the mainframe.

Given the complexity and associated timeframes with this approach, GPS is exploring other technology that could be used to accelerate development of code and deliver performance features that continue Wisconsin's leadership in UI customer service.

The team has spent the first quarter of 2025 evaluating the proposals provided by GPS. Additional discovery will be continuing to determine whether refactoring the existing code into a more modern coding language is feasible given the complexity of the system.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in July 2025. In the meantime, please do not hesitate to contact us with questions.