

Dept. of Workforce Development: Unemployment insurance modernization effort takes major step forward with Wisconsin IT provider

Posted on Thursday, Sep 30, 2021

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MADISON – A comprehensive effort to modernize Wisconsin’s unemployment insurance system is taking a major step forward with the Department of Workforce Development’s selection of Flexion Inc. to identify and implement technology solutions.

To provide for the most rapid improvements in service to customers, the project will focus on the introduction of phased software solutions. The contract with Madison-based Flexion will involve integration of additional off-the-shelf software and cloud-based solutions along with significant custom software development, as determined through discovery.

“Flexion brings a unique combination of programming expertise and user-experience insight to power our unemployment insurance system modernization efforts,” said DWD Secretary-designee Amy Pechacek. “Through this partnership, DWD intends to deliver industry-leading results for the benefit of employees and employers throughout Wisconsin.”

The contract represents one aspect of the agency’s multifaceted approach to iteratively replace outdated computer systems, integrate new technology, overhaul training, review staff deployment, and reinforce DWD’s mission-driven focus on a thriving Wisconsin economy. In recent months, DWD also has announced

partnerships with [Google Cloud Platform](#) to expedite processing of unemployment insurance claims; [NICE CXone](#) to deploy a cloud-based customer contact platform, and a [Tiger Team](#) from the U.S. Department of Labor to evaluate systems and expand fraud prevention efforts.

Most of the recently contracted work, including the agreement with Flexion, is being paid for with federal funds from the American Rescue Plan Act (ARPA) and previously, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act as directed by Governor Tony Evers. The selection of Flexion came through a highly competitive RFP process that drew 18 submissions.

“Flexion is proud to partner with the Wisconsin Department of Workforce Development on a scope of work that reflects the agency’s commitment to customer service and collaborative innovation,” said Michael Spude, president of Flexion Inc. “We are bringing the right people with the right passion to the table.”

The initial costs for the services for the vendor are approximately \$4 million per year over four years, for a total of approximately \$16.5 million for the term of the contract, excluding all the hardware and software necessary to support the new system.

Considering all elements of the system, including the call center modernization, efforts to address support outside of business hours, IT infrastructure costs (cloud services, code repository, etc.), licensing to support the effort, change management efforts, and other resources that may be needed to support the effort, anticipated costs are projected at up to \$80 million, to be paid for by federal funds.

Under the leadership of Governor Evers and Secretary-designee Pechacek, the agency has mounted an unprecedented response to support those who lost jobs and income during the COVID-19 pandemic. The department also has provided an unparalleled level of transparency in its efforts to overcome legacy unemployment insurance system challenges; implement innovative IT solutions; obtain federal funds to advance these efforts; and train and hire staff to compassionately assist customers experiencing challenges during these difficult times. For the pandemic period of March 15, 2020 to Sept. 18, 2021, DWD has paid out a total of \$7 billion in UI benefits to 665,000 claimants. In addition to providing relief to these individuals and their families, the funds have supported local businesses and communities, stabilizing the state’s economy.