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Tony Evers, Governor
Amy Pechacek, Secretary-designee

Assembly Committee on Labor and Integrated Employment
Wednesday, January 26, 2022
11:00 AM
State Capitol, 300 Northeast

**Testimony of Department of Workforce Development's Unemployment Insurance Division-
Bureau of Legal Affairs Director and Unemployment Insurance Advisory Council Chair Janell
Knutson.**

Thank you, Chair Edming, Vice-Chair VanderMeer, and Committee Members, for having me here today to provide testimony on LRB-5585. I am Janell Knutson, Director of the Bureau of Legal Affairs in the Department of Workforce Development's (DWD) Unemployment Insurance Division. I also serve as the Chair of the Unemployment Insurance Advisory Council. On behalf of the Council, I would like to thank you for hearing the Council's agreed-upon bill.

The Unemployment Insurance Advisory Council (UIAC) was created by the Legislature in 1932 to advise DWD and the Legislature on policy matters concerning the development and administration of unemployment insurance law. For 90 years, this process has acted as a vehicle for labor and management representatives to work together on ensuring stability in the system while also recommending positive changes to ensure the health of the system and the Unemployment Trust Fund.

The legislation before you today is the result of the Council's work over the past year. The language in LRB-5585 was developed by the Council based on input and recommendations from numerous sources including employer representatives, labor representatives, the Legislature, and DWD. The Council also received input from the public during a statewide public hearing held in November 2020, through correspondence, and through a dedicated email box.

In the months that followed, the Council met regularly with staff from the Unemployment Insurance Division and unanimously approved the language of the agreed-upon bill at their October 2021 and January 2022 meetings.

Enclosed with DWD's written testimony, I have provided for you a summary of the provisions in the bill. Thank you again opportunity to testify today and for your time and consideration. I am happy to answer any questions from the committee.

Summary of the Unemployment Insurance Advisory Council Bill, LRB-5585

The Unemployment Insurance Advisory Council approved two bills for revisions to Wisconsin's unemployment insurance law. The following is a summary of the statutory changes proposed in the policy bill, LRB 5585:

1. **Minor and technical changes:** The bill corrects typographical errors, cross-references, and obsolete language.
2. **Reimbursable Employer Debt Assessment:** A limited amount of the reimbursable employer identity theft fraud funds set aside in the trust fund balancing account will be made available to recover uncollectible reimbursements instead of assessing the Reimbursable Employer Debt Assessment on employers.
3. **DWD Reports to Legislature:** Changes deadlines to submit the financial outlook report and the UIAC activities report to improve the usefulness of the reports to the Legislature, the Governor, and the UIAC.
4. **Prohibit DOR Collection:** Prohibits DOR from collecting UI debts to ensure that employers and claimants are not assessed additional fees when repaying their debts to DWD. Ensures that state recoveries of UI debts continue to be maximized for the benefit of the UI Trust Fund, which may result in lower taxes for employers.
5. **Department Error:** An error made by an appeal tribunal is not "departmental error," so a resulting overpayment is not waived. This is expected to increase recovery of UI benefits erroneously paid to claimants.
6. **Effect of Criminal Conviction:** Final criminal conviction judgments are binding on criminal defendants for the purposes of related proceedings that arise under unemployment law.
7. **Fiscal Agent Election:** Permits private fiscal agents (not government units) to elect to be the employer of workers who provide care services under Wis. Stats. Chapters 46, 47, and 51. This only applies to workers who would also qualify to be the employees of the fiscal agent under federal law.
8. **Work Share Revisions:** Makes the temporary changes to work share during the pandemic permanent by reducing the minimum size of work share plans from 20 employees to 2; increases the maximum reduction in hours up to 60%; permits work share plans up to 12 months in a 5-year period instead of 6 months.
9. **Camp Counselor Exclusion:** Student camp counselors are excluded for benefit and tax purposes for for-profit camps. This provision mirrors the federal tax exclusion.



TO: Assembly Committee on Labor & Integrated Employment
FROM: Scott Manley, Executive Vice President of Government Relations
DATE: January 26, 2022
RE: Support for LRB 5585

I would like to thank Chairman Edming and members of the Committee for the opportunity to express our support for LRB 5585, the agreed bill between labor and management members of the Unemployment Insurance Advisory Council (UIAC).

WMC is the state's largest general business association, representing more than 3,800 small, medium, and large businesses spanning every sector of our economy. Our mission is to make Wisconsin the most competitive state in the nation to do business, and our members have a strong interest employment regulations, including unemployment insurance (UI) laws.

We strongly support LRB 5585, and urge you to pass this important legislation. As you know, the UIAC agreed bill process involves consensus between labor and management representatives. I can assure you that there were many UI policy reforms that WMC and other members of the Council wanted to see in this bill, but we were not able to gain consensus from labor. Similarly, there are many provisions that labor representatives wanted in this bill, but we on the management side of the table would not agree to. So what you have before you today represents those policies that both labor and management agree are in the best interest of our unemployment system.

I want to take a moment to briefly highlight a few of the common-sense reforms included in LRB 5585.

1. **Criminal Convictions.** The bill makes clear that a person who has been convicted of a crime in a court of law may not deny or dispute that conviction with respect to eligibility for unemployment benefits.
2. **Summer Camps.** Students who work at summer camps are not eligible for unemployment benefits. However, their wages are taxed under current law for UI purposes. LRB 5585 fixes this inequity by exempting wages from students working at summer camps from UI taxes.
3. **Work Share Agreements.** In April of 2020, the Legislature had the foresight to expand the availability of the Work Share program as a tool to allow workers whose hours had been cut to remain employed while being eligible for partial or reduced UI benefits. Unfortunately, many of those program improvements were temporary. This bill would make those reforms permanent so employers and employees alike can benefit by maintaining employment.

There are other helpful changes in LRB 5585 that will improve the efficiency and fairness of the program. We respectfully urge you to support passage of this bill, and I would be happy to answer any questions.



UA Affiliated Unions:

Fox Valley
No. 400

Milwaukee-
Madison
No. 75
No. 601

Milwaukee
No. 183

Northwest
No. 434

Racine-Kenosha
No. 118

Superior-Duluth
No. 11

Local 669
District 15
District 31



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WPTA Comments on UI Advisory Council Bill Support for: LRB-5585

Dear Chairman Edming, and Members of the Assembly Committee on Labor and Integrated Employment;

On behalf of the Wisconsin Pipe Trades Association and the Employee Representatives serving on Wisconsin's Unemployment Insurance Advisory Council, I am submitting these comments in support of LRB-5585.

LRB-5585 is the result of labor and management working together as Members of Wisconsin's UI Advisory Council, to negotiate and recommend agreed upon changes to our State's Unemployment Insurance Law. Wisconsin's Unemployment Advisory Council and the Council process provide a critical service to our State, by discussing and bringing forward proposals that equally balance the needs of employers and workers.

LRB-5585 updates obsolete language and includes a number of technical and structural changes that modify how the Department administers Wisconsin's UI System. It also adjusts the timing of reports submitted to the Legislature & Governor in order to make them more useful.

Additionally, this Agreed Upon Bill creates meaningful revisions to expand the WI Work Share program by making permanent, the temporary changes that were implemented during the Pandemic and creates an exclusion for Camp Councilors in Wisconsin to mirror an existing Federal exclusion.

Thank you for allowing me to submit these comments and I encourage your Committee's support of LRB-5585.

Terry J. Hayden
WI Pipe Trades Assn.



MEMORANDUM

TO: Tyler Clark, office of Speaker Robin Vos
FROM: Michael Duchek, senior legislative attorney
DATE: January 25, 2022
SUBJECT: 2021 LRB-5841/1 and 2021 LRB-5585/1

You asked for a brief memo comparing what is contained in 2021 LRB-5841/1 and 2021 LRB-5585/1 to the proposals approved by the Council on Worker's Compensation (WCAC) and the Council on Unemployment Insurance (UIAC), respectively.

2021 LRB-5841/1: Last November,¹ the WCAC approved a number of proposals as its bill package for this session, including a number of proposals from the Department of Workforce Development, as well as other proposals. 2021 LRB-5841/1 contains all of these proposals, with the exception of one DWD proposal. LRB-5841 excludes a nonstatutory, fiscal change provision that would provide an appropriation increase to fund a 0.2 FTE position increase in DWD's Worker's Compensation Division.

2021 LRB-5585/1: Last August,² the UIAC approved 10 department proposals as its bill package for this session. 2021 LRB-5585/1 contains eight of these proposals in their entirety (proposals D21-03, D21-04, D21-05, D21-06, D21-07, D21-08, D21-11, and D21-15). LRB-5585 excludes 1) proposal D21-01, which would require the establishment of a state segregated fund that would receive certain moneys under the UI law that are not designated for another fund and 2) portions of D21-02, which is a "technical corrections" proposal developed between DWD and LRB to revise and modernize various UI provisions in Wis. Stat. chs. 20 and 108, including changes to appropriations to DWD and the Labor and Industry Review Commission. The parts of proposal D21-02 that could stand alone as technical corrections were included in LRB-5585, while the ones that were related to or overlapped with the aforementioned appropriations changes were omitted from that draft.

Please let me know if I can provide further information.

¹ See the Worker's Compensation Advisory Council [draft meeting minutes](https://publicmeetings.wi.gov), November 17, 2021, <https://publicmeetings.wi.gov>.

² See the Unemployment Insurance Advisory Council [draft meeting minutes in meeting documents](https://dwd.wisconsin.gov), September 16, 2021, <https://dwd.wisconsin.gov>.