



WISCONSIN STATE LEGISLATURE

## Joint Audit Committee

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NEWS RELEASE  
FOR IMMEDIATE RELEASE  
December 14, 2020

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### **Audit Analyzes DWD's Processing of Unemployment Claims**

MADISON – Today, the nonpartisan Legislative Audit Bureau (LAB) released its review of the Department of Workforce Development's (DWD's) processing of certain Unemployment Insurance (UI) claims. Based on its analysis of a statistically significant random sample of case files, LAB determined that time elapsed during claims processing because DWD had not resolved issues even though it had the information to do so and because DWD had not requested information it needed from individuals and employers.

As of October 10, 2020, LAB found that DWD had paid 493,504 of the 662,731 individuals (74.5 percent) who had filed initial claims for regular UI benefits since March 15, 2020. The remaining individuals had not been paid because, for example, DWD had denied their claims or had not yet resolved them.

LAB found 53.2 percent of initial claims for regular UI benefits were paid by DWD in two calendar weeks or less, but it took more than five weeks to pay 24.7 percent of them. LAB noted that the average amount of time that DWD took to pay claims declined considerably from March 2020 to August 2020.

DWD placed 77.6 percent of initial claims filed from March 15, 2020, through October 10, 2020, into adjudication in order to determine whether individuals are statutorily eligible to receive UI benefits. Although DWD increased the number of adjudicators from 175 during the week of March 15, 2020, to 563 during the week of September 20, 2020, LAB found 96,623 individuals still had claims in adjudication as of October 10, 2020.

To determine how DWD processed initial claims, LAB reviewed the case files of 268 individuals who filed initial claims for regular UI benefits from March 15, 2020, through April 11, 2020, but who had not been paid as of June 20, 2020. As of November 2020, DWD had resolved the initial claims of 250 of these 268 individuals. Based on its file review, LAB found DWD was responsible for 11.0 of the 13.0 weeks (84.6 percent) that it took, on average, to resolve the initial claims of the 250 individuals.

“The audit confirms what the flood of phone calls to legislative offices suggested – DWD is failing to provide the service government is supposed to provide for a substantial number of claimants,” said Representative Kerkman (R-Salem Lakes). “The department was overwhelmed from the very beginning of the Governor's stay-at-home order – why on earth would they wait until May to increase staffing? This is disturbing and unacceptable.”

LAB also found 950 instances where DWD was responsible for the elapsed time while it processed the initial claims for the 250 individuals it sampled. Among those instances, the most common was that DWD had not resolved issues even though it had the information to resolve those issues, accounting for an average of 5.5 weeks elapsed. Other common instances that resulted in delays included DWD failing to request information from individuals, accounting for an average of 6.5 weeks elapsed, and DWD not requesting the information necessary from employers, accounting for an average of 8.5 weeks elapsed.

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“The people of Wisconsin deserve better,” said Senator Robert Cowles (R-Green Bay). “It took an average of 13 weeks to resolve these initial claims, for which DWD is responsible for 11 of them. I know that can never be zero, however when 90% of the instances where time elapsed were due to nothing more than negligence at DWD, it’s clear to me that they could have done much better. Adjudication staff were only working an average of three hours of overtime a week while the people they are serving are having difficulties purchasing their next meal and paying their bills, including rent or mortgage, as they await a determination on their UI, some up to 31.5 weeks. Meanwhile, DWD had been sitting on information or failing to request it for months! Unacceptable. DWD’s detailed process for a claim determination in their audit response made it far easier to realize that some additional time, effort, and attention could have easily saved weeks and months for the thousands who were awaiting UI benefits, thus saving anguish, frustration, and depression for too many Wisconsinites.”

LAB recommends DWD use the results of LAB’s analyses to inform its efforts to pay program benefits in a timely manner. LAB includes additional recommendations for DWD to improve its administration of the Pandemic Unemployment Assistance program, which provides up to 39 weeks of benefits to self-employed and other individuals who are ineligible for benefits provided through other UI programs.

Provisions of 2019 Wisconsin Act 185, which was enacted in April 2020, require LAB to use risk-based criteria to review selected programs affected by Act 185 and selected expenditures made with funds authorized by Act 185. The Joint Legislative Audit Committee will hold a hearing on LAB’s reviews of the UI program on Wednesday, December 16, at the State Capitol.

Copies of LAB’s report (report 20-28) may be obtained from its website at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab) or by calling (608) 266-2818. Report concerns related to state government activities to LAB by calling the toll-free hotline at 1-877-FRAUD-17.

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