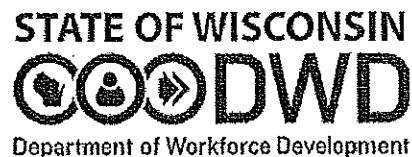


Department of Workforce Development  
Unemployment Insurance Division  
Unemployment Insurance Advisory Council  
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Madison, WI 53708-8942  
Telephone: (608) 266-3189  
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Scott Walker, Governor  
Reginald J. Newson, Secretary

May 7, 2013

Rep. Dan Knodl  
24<sup>th</sup> Assembly District  
Room 218 North, State Capitol  
Madison, WI 53708  
HAND DELIVERED

Sen. Frank Lasee  
1<sup>st</sup> Senate District  
Room 316 South, State Capitol  
Madison, WI 53707-7882  
HAND DELIVERED

Dear Representative Knodl and Senator Lasee:

On behalf of the Unemployment Insurance Advisory Council (UIAC), thank you for seeking the council's input on the proposals outlined in your April 1, 2013 correspondence. All 33 proposals were considered at the April 18, 2013 and May 2, 2013 meetings of the UIAC.

The Council carefully considered Item #27 concerning an appropriation of General Purpose Revenue to pay the SAFI assessment on businesses. The Council has no objection to the legislature moving forward with this proposal; however, the Council will not be including this proposal in the UIAC agreed-upon bill. Attached for your reference is a detailed list of the actions the 10-member council took with respect to all of the proposals.

If I can be of any further assistance, please contact me at 608/266-1639.

Sincerely,

  
Jarrell M. Knutson, Chair  
Unemployment Insurance Advisory Council

Attachment

cc: Rep. Jim Steineke  
Rep. Dale Kooyenga  
Rep. Joe Sanfelippo  
Rep. Dave Murphy  
Rep. Dean Knudson  
Rep. Tyler August  
Rep. John Jagler  
Rep. Joan Ballweg  
Rep. Travis Tranel  
Rep. Jeremy Thiesfeldt  
Rep. Michael Schraa  
Rep. Pat Strachota  
Rep. Dan LeMahieu

Rep. Duey Stroebel  
Rep. Robin Vos  
Rep. Tom Larson  
Rep. Jeff Stone  
Rep. Mike Kuglitsch  
Rep. John Spiros  
Rep. John Klenke  
Rep. John Nygren  
Rep. Chris Kapenga  
Rep. Keith Ripp  
Sen. Rick Gudex  
Sen. Leah Vukmir  
UIAC Council Members  
Connie Schulze, Legislative Liaison

The Unemployment Insurance Advisory Council (Council) at its April 18, 2013 and May 2, 2013 meetings formally reviewed the proposals contained in the letter from state legislators received by the Council on April 1. The Council took the following actions with respect to each proposal contained in the letter:

1. **Item # 1 Amendment to Misconduct Standard (agreed to proposal with modifications)** – The Council agreement enumerated within the statute the standard taken from the Wisconsin Supreme Court decision of *Boynton Cab* and amended the proposal to solely provide four examples of conduct that would qualify as misconduct, but not limit misconduct to these four examples. The four examples relate to employee conduct concerning:

- (A) Illegal Use of Drugs and Use of Alcohol While on the Job;
- (B) Larceny;
- (C) Crimes Related to the Job; and,
- (D) Violations that would lead to Fines or License Suspension of the Employer.

The Council also agreed to amend the language of section 108.04 (5g) of the Wisconsin Statutes with respect to absenteeism and tardiness to make it easier for either reason to disqualify a claimant from benefits.

2. **Item # 2 Standardized DWD Handbook for Employers (agreed to proposal w/o any modifications)** – Proposal for Department to revise its handbook for employers to better assist employers to navigate the unemployment insurance system.
3. **Item # 3 Amendment to Quit Exceptions (agreed to proposal with modifications)** – The Council amended the proposal to result in the reduction of the number of quit exceptions from eighteen to sixteen. The exceptions combined together to eliminate one were: Quit Exceptions L (quit to take) and p (quit to take while claiming partial benefits). The quit exception eliminated was: Quit Exception m (labor organization – employee terminates work with the labor organization resulting in loss of seniority). The Council agreed to the amendment to the quit good cause exception to reduce the trial work period from 10 weeks to 30 days.

The Council agreement also changed the requalification framework. The requalification framework determines what a claimant must do to qualify again for benefits if a claimant voluntarily quits and his or her reason for quitting is not covered by one of the quit exceptions. Under the Council's agreement, the requalification framework would be that the claimant must earn six times his or her weekly benefit rate.

4. **Item # 4 Job Search Requirements (agreed to proposal w/o any modifications)** – Proposal increases the weekly job search requirement of claimants from two to at least four job search actions.

5. **Item # 5 DWD Overpayments (agreed to proposal w/o any modifications)** – Proposal clarifies and narrows the situations where the law would classify Department actions as department error and thus limits when claimants can keep erroneous overpayments.
6. **Item # 6 Prevent Claimants from Simultaneously Collecting SSDI & UI (agreed to proposal w/o any modifications)** – Proposal provides a claimant would be ineligible for UI if the claimant is collecting SSDI. The letter from the legislators indicated that the legislature supported the modifications already agreed to by the Council.
7. **Item # 7 Pin Numbers (agreed to proposal w/o any modifications)** – Proposal ensures that claimants are held responsible for giving out personal information that enables another person to improperly file a claim on their behalf.
8. **Item # 8 Claimant Fails to Provide Information to Department (agreed to proposal with modifications)** – Proposal as agreed to by the Council would provide that if claimants do not provide certain requested information to the Department, the proposal suspends benefits until the claimant provides the information. The Department agreed to the language change.
9. **Item # 9 Increase Department Collection Abilities (agreed to proposal w/o any modifications)** – Proposal would enable the Department to match UI delinquent debtor files against accounts held at WI financial institutions to increase collection capabilities of the Department.
10. **Item # 10 Increase Minimum and Maximum Benefit Amounts (agreed to proposal with a modification)** – Proposal would raise the maximum benefit rate to \$370 per week or an increase of \$7 per week. The Council amended the proposal so the minimum benefit amount stays at \$54 per week, so that claimants whose prior salary only makes them eligible for this benefit amount still receive benefits of \$54 per week.
11. **Item # 11 Change Suitable Work Requalification Framework (agreed to proposal with a modification)** – Generally claimants who fail to accept suitable work are deemed ineligible to receive benefits until they requalify again for benefits. The proposal would have changed the requalification framework so that claimants would have had to earn ten times their weekly benefit rate to qualify again for benefits. The Council amended the proposal to change that the requalification framework to six times the weekly benefit rate.
12. **Item # 12 Increasing Employer's Ability to Reoffer Employment (did not support)** – Proposal would require the Department to provide a claimant's contact information to the employer whose account they are drawing against. The Council did not support this proposal due to the fact that the Department advised the Council that this proposal may violate federal regulations.

13. **Item # 13 Backdate Claims Due to Phone System Down (did not support)** – Proposal dealt with the backdating of claims due to the Department’s phone system being temporarily overloaded and unable to take phone calls from claimants.
14. **Item # 14 Increase Department Collection Tools (agreed to proposal w/o any modifications)** – Proposals provide the Department additional collection tools to collect unpaid debts.
15. **Item # 15 Technical Administrative Proposals Impacting Employers (agreed to proposal w/o any modifications)** – Proposals provide technical improvements to the operation of the unemployment insurance program.
16. **Item # 16 Cafeteria Benefit Plans (agreed to proposal w/o any modifications)** – Proposal would treat cafeteria plan benefit payments similar for both tax and benefit purposes.
17. **Item # 17 ALJ Reform (agreed to proposal with a modification)** – Proposal for the Department to increase training of ALJs and create a searchable database to be used by ALJs. The Council supported this proposal with the Department’s recommendation that that the legislation direct the Labor and Industry Review Commission (LIRC) to update its already existing database of decisions and develop a list of commonly decided issues and then for each issue select LIRC decisions to include in a database of searchable cases.
18. **Item # 18 Prisoners Collecting UI While on Work Release (agreed to proposal w/o any modifications)** – Proposal would prevent prisoners from collecting unemployment insurance for work performed in prison after they are released from prison.
19. **Item # 19 Online Employer Complaint System (agreed to proposal with a modification)** – The proposal is to require the Department to create an online portal for employers to log in and file complaints about the system in addition to other methods already available. The Council agreement would modify the proposal so that the complaint system shall also enable a claimant to make a complaint to the Department.
20. **Item # 20 FUTA Tax Credit Payoff Guarantee (agreed to proposal w/o any modifications)** – Proposal would authorize the Department of Administration to loan general purpose revenue (GPR) money of no more than \$50 million to the UI trust fund to ensure solvency on November 9, 2014 in order to avoid an increase in employer taxes.
21. **Item # 21 Reporting of Individual Business Reserve Fund Balance (agreed to proposal w/o any modifications)** – Proposal would require the Department to

- clarify and provide definitions to define how an employer's reserve fund balance operates.
22. **Item # 22 Random UI Search Audits (agreed to proposal w/o any modifications)** – Proposal is to expand the random UI work search audits.
  23. **Item # 23 Timing of Required Department Reports (agreed to proposal w/o any modifications)** – Proposal would adjust the deadlines for reports to the Legislature. The Council agreed to the Department's recommended dates.
  24. **Item # 24 Extended Training Benefits (agreed to proposal w/o any modifications)** – Proposal would repeal extended training benefits. Currently, a claimant may qualify to receive benefits while participating in an extended training program under certain conditions including, but not limited to, he or she has exhausted all other rights to all other unemployment insurance benefits.
  25. **Item # 25 Temporary Agency Work Search Proposal (did not support)** – Proposal would require for claimants, whose last employer was a "temporary help company", to weekly contact the temporary help company to seek an assignment or not be eligible for benefits. The only exception would be if there is good cause for the failure of the claimant to contact the temporary help company. The Council did not support this proposal and the reason cited was concern with requiring a claimant to accept work that may not be suitable or substantially below the job qualifications of his or her previous employment.
  26. **Item # 26 Standardized Witness Forms for Employers (agreed to proposal w/o any modifications)** – Proposal would require the Department to create a standardized sworn affidavit witness form for hearings for employers and the Council supported this with the understanding that this will not absolve an employer of their duties during hearings and that the claimant could also use the form.
  27. **Item # 27 SAFI Reimbursement for Businesses (did not oppose)** – The Council did not object to the proposal, but did not include it in the UIAC agreed-upon bill. Federal Unemployment Account provides for a loan fund for state unemployment programs to ensure a continued flow of benefits during times of economic downturn. Wisconsin is one of the states that have taken out a loan to pay benefits and under certain circumstances is required to pay interest on that loan. The proposal provides \$19 million in 2013 and \$7 million in 2014 of GPR to pay the interest owed on the federal loan and avoid businesses having to pay a Special Assessment For Interest. The Council stated that supporting using other sources of money to pay the interest due on this loan goes beyond the scope of its authority.
  28. **Item # 28 Treatment of Legal Holidays for UI (did not support)** – Proposal would consider all State and Federal legal holidays as non-working days for the purpose of Unemployment Insurance, but only if in the normal course of business

the claimant works for an employer whose business is closed and the employer may only select up to seven such dates in any given year. If this was the case, the employee would be ineligible for benefits if he or she worked 24 or more hours in a week with one of the State and Federal legal holidays; whereas, normally a claimant is ineligible for benefits if he or she works 32 or more hours. Both sides of the Council had significant concerns over the workability of this proposal for employers and administration by the Department.

29. **Item # 29 Employer Notification of Work Search (did not support) –** Claimants must conduct weekly work search efforts. The proposal would require the Department to notify an employer if a claimant lists an employer as an employer who the claimant applied for a job as part of the claimant's work search effort. The employer would only receive the notification if the employer requested that the employer be notified anytime a claimant lists the employer as an employer that the claimant applied for a job in a given week. The Council did not support this proposal due to the fact that the Department advised the Council that this proposal may violate federal regulations.
30. **Item # 30 Link Eligibility Weeks to Unemployment Rate (did not support) –** Proposal would amend Wisconsin's unemployment compensation law to reduce benefit duration from a maximum of 26 weeks to a lesser number of weeks depending on the state's seasonally adjusted unemployment rate. Council expressed concerns that many individuals who need benefits are unable to find employment within the time-frames offered within this proposal. Also, the proposal should be further reviewed and considered at a later date.
31. **Item # 31 Increase Lowest Reserve Percent (did not support) –** Proposal would amend the UI tax table schedules to increase the lowest rate percent from -6% and create a -6%, -7%, and -8% and more tiers. Additionally, it would increase the corresponding rates to a schedule A max of 12% total. The Council expressed concern that many employers would not support this proposal.
32. **Item # 32 Increase Fraud Workers (agreed to proposal w/o any modifications) –** Proposal would increase the number of fraud workers to investigate benefit and tax fraud.
33. **Item # 33 Lost Licenses (agreed to proposal w/o any modifications) –** The Council agreed to amend the proposal to support that if a claimant loses his or her license that is necessary to perform a job and qualifies for benefits the charges shall not be charged to the employer's unemployment insurance account but shall be charged to the balancing account.