

Department of Workforce Development
Secretary's Office
201 E. Washington Avenue
P.O. Box 7946
Madison, WI 53707
Telephone: (608) 266-3131
Fax: (608) 266-1784
Email: sec@dwd.wisconsin.gov



Tony Evers, Governor
Amy Pechacek, Secretary-designee

Senate Committee on Labor and Regulatory Reform
Tuesday, February 8, 2022
10:00 AM
State Capitol, 300 Southeast

**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 Nass, Vice-Chair Wanggaard, and Committee Members, for having me here today to provide testimony on Senate Bills 897 and 899. 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 bills.

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 SB 897 and SB 899 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 addition, the U.S. Department of Labor reviewed the language in the agreed-upon bills and informed DWD that the proposed legislation conforms to federal requirements.

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 bills 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 bills. 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 Bills, SB 897 and SB 899

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 bills:

Senate Bill 897 – Relating to various changes to unemployment insurance law:

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.

Senate Bill 899 – Relating to various changes to unemployment insurance law and making an appropriation:

1. **Creation of Unemployment Administration Fund:** Recreates a separate, non-lapsible fund for receiving employer interest and penalty monies collected under Wis. Stat. § 108.22(1) and any other amounts the department collects that are not designated for another fund.
2. **Minor and technical changes:** This bill also makes other updates to the unemployment insurance appropriations statutes.

WMC

TO: Senate Committee on Labor & Regulatory Reform

FROM: Scott Manley, Executive Vice President of Government Relations

DATE: February 8, 2022

RE: Support for Senate Bills 897 and 899

Thank you Chairman Nass and members of the Committee for the opportunity to testify in support of Senate Bills 897 and 899, the agreed bills 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 Senate Bills 897 and 899, 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 employers, employees, and our unemployment system.

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

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 these bills that will improve the efficiency and fairness of the program. We respectfully urge you to support passage of this legislation, and I would be happy to answer any questions.



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Milwaukee-
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No. 75

No. 601

Milwaukee
No. 183

Northwest
No. 434

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District 15
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WISCONSIN PIPE TRADES ASSOCIATION

11175 West Parkland Avenue Milwaukee, WI 53224

Office (414) 359-1310 • Fax (414) 359-1323 • Toll Free: 888-248-3392

www.wipipetrades.org

WPTA Comments on UI Advisory Council Bills Support for: SB-897 & SB-899

Dear Chairman Nass, Vice-Chair Wanggaard and Members of the Senate Committee on Labor and Regulatory Reform,

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 SB-897 & SB-899.

Both SB-897 & SB-899 are 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, through discussing and bringing forward proposals that equally balance the needs of employers and workers in WI.

These Bills update obsolete language in current UI Law and include a number of technical and structural changes that modify how the Department administers Wisconsin's UI System. They also adjust the timing of reports submitted to the Legislature & Governor in order to make them more useful.

Additionally, these Agreed Upon Bills create meaningful revisions Wisconsin's UI Law to expand WI's Work Share program, create an exclusion for Camp Councilors, and establish a Segregated Fund used for Program Integrity. These Bills also include other changes to further improve Wisconsin's Unemployment Insurance System.

Thank you for allowing me to submit these comments and I encourage your Committee's support of SB-897 & SB-899.

Terry J. Hayden
WI Pipe Trades Assn.