

MIKE KUGLITSCH

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: November 1, 2017
RE: **Testimony for 2017 Assembly Bill 516 & Senate Bill 399**
TO: Assembly Committee on Labor
FROM: Representative Mike Kuglitsch
SUBJECT: 2017 Unemployment Insurance Advisory Council Agreed Bill

Thank you Mr. Chair and Members of the Committee for your consideration of AB 516 and Senate Bill 399—The 2017 Unemployment Insurance Advisory Council Agreed Bill.

I am here to request your support and ensure Wisconsin continues leading the way in unemployment insurance administration—AB 516 and SB 399 updates the statutes, codes, rules and policies guiding the unemployment insurance program in Wisconsin.

Wisconsin's thriving economy and the state's common-sense approach unemployment insurance has improved the stability and integrity of the Unemployment Insurance Trust Fund. Since Governor Walker took office, the Trust Fund has received a \$2.6 billion improvement.

The Department of Workforce administers solicited input from both staff and stakeholders on how to update and reform the regulatory process to cut costs and increase efficiency and introduces the Unemployment Insurance Advisory Council Agreed Bill each biennium.

The Unemployment Insurance Advisory Council is comprised of:

1. Five labor (employee) representatives.
2. Five management (employer) representatives.
3. One non-voting chairperson.

The Council has several statutory responsibilities:

1. Advises the Department of Workforce Development on the administration of Unemployment Insurance Law.
2. Reports its views on pending legislation concerning Unemployment Insurance to the appropriate committees of the Wisconsin Legislature.

3. Submits its recommended changes in the Unemployment Insurance Law to the Legislature during every biennial legislative session.

The Department of Workforce Development and the Unemployment Insurance Advisory Council are recommending the following changes to the program for 2017:

1. Benefits-

- a. Concealment of Holiday, Vacation, Termination, or Sick Pay – a claimant who conceals wages or holiday, vacation, termination, or sick pay on their unemployment claims must repay the overpaid benefits, is assessed a penalty in the amount of 40% of the overpayment, and is ineligible for an amount of future benefits.
- b. Ineligibility for Failure to Provide Information – the Dept. of Workforce Development may request information from unemployment claimants to ensure that they are eligible for benefits.
- c. Secured Liens for Benefit Overpayment – AB 516 and SB 399 allow an unrecorded lien against any person who owes the Department a debt.
- d. Amendments to Drug Testing Statutes –
 - i. To encourage participation, AB 516 and SB 399 limit employers' civil liability under state law for submission of pre-employment drug testing information to the Department of Workforce Development.
 - ii. The Bill amends Wisconsin's occupational drug testing statute to refer to "applicants" instead of "claimants" to clearly align state law with the federal definition.
 - iii. AB 516 and SB 399 also confirm the Department will pay the reasonable cost of drug testing applications under the occupational drug testing program.
 - iv. The Bill amends the privacy statute to ensure all information related to drug testing and prescription medication is confidential.
 - v. AB 516 and SB 399 appropriate \$250,000 annually to the Department of Workforce Development "to conduct testing for controlled substances, for the provision of substance abuse treatment, and for related expenses."

2. Taxes-

- a. Fiscal Agent Joint and Several Liability – individuals who receive long-term support services in their home through government-funded care programs are “domestic employers” under the unemployment law. Fiscal agents directly receive and disperse government program funds on behalf of these domestic employers.
- b. Personal Liability for Tax-Ownership Requirement – AB 516 and SB 399 amend the tax personal liability statute to remove the 20% owner requirement for finding of personal liability. This change aligns the unemployment law more closely with the laws of the Internal Revenue Service.
- c. State Tax Refund Intercept for Tax Recovery – this bill permits the Department of Workforce Development to intercept state income tax refunds, lottery payments, state vendor payments, and unclaimed property payments from those who owe the Department a debt.
- d. Levy Non-Compliance Penalty – AB 516 and SB 399 modify an existing penalty for third parties who refuse to comply with a Department levy to align the penalty with the Department of Revenue’s penalty for non-compliance.

3. Administration-

- a. Updating unemployment law to the latest federal statutes.
- b. Adding a reference to “Indian Tribe” to correct a drafting error.
- c. Correcting a cross-reference from the 2015 Agreed Bill.
- d. Clarifying the appeal tribunal’s process when parties fail to appear.
- e. Revising various unemployment statutes to provide for optional electronic delivery of determinations and notices.
- f. Changing the reference in statute to issuance of payment from checks.
- g. Other minor changes to the work share statutes.

The department and the Council seek to ensure that this vital program remains available to workers who lose their job through no fault of their own and are accountable to the Wisconsin employers who fund benefit payments.

I ask for your support of this legislation and I am happy to take any questions.

Assembly Committee on Labor

Testimony on Assembly Bill 516

Joe Handrick, Division Administrator, Unemployment Insurance

Chairperson Kulp and members of the Assembly Committee:

I am Joe Handrick, the Division Administrator for Unemployment Insurance (Division) and with me today is Janell Knutson, Director of the Bureau of Legal Affairs who serves as the Chair of the Unemployment Insurance Advisory Council (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 was created by the Legislature in 1932 to advise the Department and Legislature on policy matters concerning the development and administration of unemployment insurance law. For 85 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 last year. The language in Assembly Bill 516 was developed by the Council based on input and recommendations from numerous sources including employer representatives, labor representatives, the Legislature, and the Department of Workforce Development. The Council also received input from the public during a statewide public hearing held in November of 2016, through correspondence and through a dedicated email box.

In the months that followed, the Council met regularly with staff from the Division and unanimously approved the language of the agreed bill at their August 9th meeting.

I will defer talking about the specifics of the bill to the two representatives from Management and Labor, but Janell and I would be happy to answer any technical questions you may have. Thank you again for your time and for the opportunity to testify today.

WMC

WISCONSIN MANUFACTURERS & COMMERCE

TO: Assembly Committee on Labor
FROM: Chris Reader, WMC Director of Health and Human Resources Policy
DATE: November 16, 2017
RE: Support for Assembly Bill 516

Thank you Chairman Kulp and members of the Committee for the opportunity to express our support for Assembly Bill 516 (AB 516), 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 nearly 4,000 members 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 in fair and transparent employment regulations, including unemployment insurance (UI) laws.

We strongly support AB 516 and urge you to pass this legislation without amendment. We believe the legislation will improve the ability of the Department of Workforce Development (DWD) to more efficiently administer the UI program, and to ensure the integrity of the program is maintained by greater enforcement against employees and employers who misuse the system. The legislation strikes an appropriate balance between the needs of businesses, and the needs of workers who find themselves unemployed through no fault of their own.

Specifically, the bill gives DWD enhanced ability to recover unemployment related debts, regardless of whether the debt is related to taxes owed by employers, or benefit over-payments owed by workers. We believe these changes will help ensure that all financial stakeholders in the system operate on a level playing field.

The bill also tightens the requirements for claimants to provide information about their eligibility for benefits, and makes claimants totally ineligible for benefits for each week that they conceal their receipt of holiday, vacation, sick leave or severance pay.

Finally, the bill provides employers with immunity with respect to the information they provide to DWD about any individuals who refuse or fail a drug test. The prevalence of substance abuse is a growing problem for employers who are already struggling to find qualified workers. Drug testing has the opportunity to get workers the help they need to become productive employees.

Thank you for your consideration of our support for AB 516, and please feel free to contact me if you have any questions or would like additional information.