



# DUEY STROEBEL

STATE SENATOR • 20<sup>TH</sup> DISTRICT

## Testimony of Sen. Duey Stroebel on SB 235

September 7, 2017

Thank you Chairman Nass and members of the Senate Committee on Labor and Regulatory Reform for the hearing today on Senate Bill 235. The Workers Compensation Advisory Council was created in the 1977-79 budget. Its basic format has remained intact since then. Ten members, evenly split between management and labor, are appointed by the Secretary of the Department of Workforce Development.

All five labor members on the Council represent organized labor, despite 92% of Wisconsin employees not being members of a union. SB 235 would require the five labor members of the Council to be split in proportion to the ratio of unionized and nonunionized employees in the State workforce, with a minimum of two members being union affiliated.

The Council was intended to be a stabilizing, deliberative body capable of recommending balanced updates and changes to the law when needed. But much has changed about Wisconsin's workforce since the Council was created forty years ago. Wisconsin workers are now employed by a range of employers, from manufacturing firms to technology companies, from new start-ups to legacy companies, in both union and non-union workplaces. These diverse and varied experiences need representation, and it is time to bring the composition of the Workers Compensation Advisory Council into the 21<sup>st</sup> Century.

Broadening the composition of the Council will make its deliberations more relevant to policymakers. Given the deference this commission has received in the forty years since its enactment, it is important we make sure its composition reflects the reality of today's Wisconsin workforce. In becoming more representative of our workforce the Council will secure its position well into the future. Thank you.

# JOHN SPIROS

State Representative • 86th Assembly District

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## *Senate Bill 235*

September 7, 2017

Testimony from Rep. Spiros

Hello, and thank you Chairman Nass and members of the Senate Committee on Labor and Regulatory Reform for allowing me to have the opportunity to share my testimony with you today regarding Senate Bill 235, which would change the composition of the Council on Worker's Compensation.

Currently the voting members of the Worker's Compensation Council are made up of 5 members representing employers and 5 members representing employees, as well as one employee from DWD to serve as chairperson for a total of 11 members. Though statute requires this 5 to 5 breakdown, the statute does not specify what type of labor shall be represented. Currently, all five of the employee representatives are members of a union. With union membership consistently declining in the state, the current makeup of the council is not an accurate representation of the actual Wisconsin workforce.

This bill states that the proportion of seats on the council filled by organized labor should be equal to the proportion of employees statewide who are represented by organized labor. Currently, this is around 8% of Wisconsin employees, however the bill adds the caveat that the number of members on the council representing organized labor must be at least 2.

Though the Worker's Compensation Council process is important, the council does not work as well as we believe it could. Per statute, the worker's compensation council is charged with advising the department and the legislature on issues relating to Chapter 102. Two sessions ago, the legislature failed to approve a Council bill for the first time due to costly and one-sided proposals. Last session I attempted to remedy this with my own bill, and was met with similar issues by the council. This gridlock, bureaucracy, and lack of cooperation on the Workers Compensation Council has resulted in very few advancements to the system in many years. It is important to note that the bill we are discussing today does not fall under Chapter 102, but rather Chapter 15, and therefore does not fall within the authority of the Council.

Other states have faced similar problems with their councils, and have made changes to improve the process. South Dakota specifically saw a similar level of gridlock in their Worker's Compensation Council. After changing the makeup of their council to a similar breakdown to what we are proposing here, they report the council is more productive and is better serving

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State Representative • 86th Assembly District

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workers in the state. South Dakota has just slightly lower union membership in their state than we do, around 6%, and unions are also guaranteed two seats on their worker's compensation council.

Another benefit South Dakota saw after switching to a council model similar to this one is that the types of employees who can be represented is vastly more open now. Employees who previously never would have had the opportunity to serve as a representative of employees because they weren't a member of a union now could serve. This could include employees from any type of workplace from an office building to retail. In reality, this change would allow the workers of Wisconsin to be better represented.

Overall, the goal of this bill is to make sure we have a Worker's Compensation Council that continues to make advancements in our worker's compensation system that benefit our employees, our employers, and the state as a whole, and a system that allows both employees and employers to have a seat at the table.

Thank you again for allowing me the opportunity to share testimony in support of this bill, and I welcome any questions.

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Scott Walker, Governor  
Ray Allen, Secretary

## **Senate Committee on Labor and Regulatory Reform Testimony on Senate Bill 235**

### **Andrew Evenson, Legislative Liaison, Department of Workforce Development**

Chairperson Nass and members of the Senate Committee:

I am Andrew Evenson, the Legislative Liaison for the Department of Workforce Development (DWD). On behalf of DWD, I would like to thank you for allowing me to testify for information only.

Governor Walker says workforce development is economic development. As we help employers find skilled workers to fill their labor market needs, we also give them the confidence to take on additional work and expand operations in Wisconsin. This leads to job creation and, ultimately, even more opportunity for Wisconsin's workers. Part of achieving that mission is helping increase safety in the workplace and returning injured workers quickly back to the workforce through the worker's compensation system.

Wisconsin's enduring tradition of collaboration between employers and employees through the Worker's Compensation Advisory Council (WCAC) dates back to 1911. The WCAC provides a forum for labor and management to work together toward continuous improvement of the worker's compensation system. The WCAC has existed in one form or another since the inception of the Worker's Compensation Act in 1911. The WCAC as we know it today was created by 1963 Act 281 as the Advisory Committee on Workmen's Compensation, appointed by the Industrial Commission. The WCAC was given its current name and located in the Department of Industry, Labor and Human Relations by 1967 Act 327.

The legislation before you today, Senate Bill 235 makes changes to the representation on the WCAC. Currently, the Council consists of five representatives of employers, five representatives of employees, and three nonvoting members representing worker's compensation insurers. WCAC is chaired by the Division Administrator for Worker's Compensation with six non-voting representatives, two ex-officio legislative members and four health care organization liaisons. SB 235 requires the Secretary of the Department of Workforce Development to remove all employer and employee representatives within 30 days and appoint new members in accordance with new requirements. The DWD Secretary may reappoint members that were removed from the Council. Representation of organized labor on the employee side must be proportional to the number of employees represented by organized labor in Wisconsin's workforce. The number of organized labor representatives may not be less than two.

If SB 235 were to pass, DWD would work with stakeholders and legislators to quickly identify qualified applicants to fill the Council so that WCAC can continue to fulfill its purpose of advising the legislature and DWD on worker's compensation and related matters.

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.



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September 7, 2017

Andrew Franken  
 President

Dan Ferris  
 Chairperson  
 SECURA Insurance

Brian Grill  
 Vice Chairperson  
 ACUITY

TO: Members of the Senate Committee on Labor and Regulatory Reform  
 FROM: Andy Franken  
 RE: Oppose Senate Bill 235

**Members:**

- ACUITY
- Allstate Insurance
- American Family Insurance
- Ameriprise Auto & Home Ins.
- Auto Club Insurance Assn
- Badger Mutual Insurance Co.
- CapSpecialty
- Church Mutual Insurance
- C N A
- CUNA Mutual Group
- 1<sup>st</sup> Auto & Casualty Insurance Co.
- EMPLOYERS Holding, Inc.
- Erie Insurance
- Farmers Insurance
- Forward Mutual
- GEICO
- Germantown Mutual Insurance
- Hanover Insurance Group
- Homestead Mutual Insurance Co.
- Integrity Mutual Insurance
- Jewelers Mutual Insurance
- League of Wisconsin Municipalities  
 Mutual Insurance
- Liberty Mutual Group
- Maple Valley Mutual Insurance
- Mt. Morris Mutual
- Mutual of Wausau Insurance
- Nationwide
- Old Republic Surety Co.
- Partners Mutual Insurance Co.
- Pella Mutual Insurance
- Progressive Group of Insurance Cos.
- Racine County Mutual Insurance Co.
- Rural Mutual Insurance Co.
- SECURA Insurance
- Sentry Insurance
- S F M
- Sheboygan Falls Insurance
- Society Insurance
- State Farm Insurance
- Sugar Creek Mutual Insurance Co.
- Travelers
- United Wisconsin Insurance Co.
- USAA
- WEA Property & Casualty Co.
- West Bend Mutual Insurance
- Western National Mutual Ins. Co.
- Wilson Mutual Insurance
- Wisconsin County Mutual Ins. Co.
- Wisconsin Mutual Insurance Co.
- Wisconsin Reinsurance Corporation

On behalf of the Wisconsin Insurance Alliance, I respectfully request that you **OPPOSE** Senate Bill 235 (SB 235) relating to the composition of the Worker's Compensation Advisory Council (WCAC). **This legislation would destabilize what has proven to be a model worker's compensation system.**

The Wisconsin worker's compensation system is considered one of the best models in the country for a well-functioning worker's compensation program. Since 1911, the worker's compensation law is largely made up of years of the council's recommendations for legislative, regulatory and administrative changes. The WCAC advises the Division of Worker's Compensation and members of the state Legislature on policy matters concerning the development and administration of the worker's compensation law.

The formal goals of Wisconsin's Worker's Compensation Act were first developed in 1909 by a legislative committee that recommended creation of the council. The council's role is to advise the Worker's Compensation Division in the achievement of these goals and objectives. **One of the most critically important purposes of the council is to maintain overall stability of the worker's compensation system without regard to partisan changes in the legislative or executive branches of state government.** It is this stability that is of paramount importance to the Wisconsin worker's compensation insurance industry.

**SB 235 undermines the balance that the Worker's Compensation Advisory Council process provides to employers, employees, and insurers.** The legislation's attempt to provide some sort of fairness between represented and non-represented employees extinguishes the delicate balance of employer and employee interests on the council.

**The result of such a significant change will lead to future unpredictability on the council and especially in the Legislature on every issue related to the worker's compensation system.**

I respectfully urge you to oppose this legislation and maintain the current framework on the WCAC that has allowed Wisconsin to lead the nation as a model system in efficiency and effectiveness.

Thank you for your time and consideration.



**Wisconsin State AFL-CIO**

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Phone: 414-771-0700, Fax: 414-771-1715, wisafclcio.org  
President: Phil Neuenfeldt, Secretary-Treasurer: Stephanie Bloomingdale

Stephanie Bloomingdale  
In Opposition to SB 235  
September 7, 2017

Good afternoon Chairman Nass and members of the Committee. My name is Stephanie Bloomingdale. I am the Secretary-Treasurer of the Wisconsin State AFL-CIO. I appear before you today on behalf of the working men and women across our State to oppose SB 235, a bill that seeks to dismantle the Wisconsin Worker's Compensation Advisory Council. This bill seeks to remove representatives from organized labor from the Advisory Council, rendering its decisions meaningless for injured workers throughout the State. Never before have we seen – in such a crass and heavy-handed way – a bill that would dismantle the very underpinnings of the Advisory Council and our entire worker's compensation system, by purging members of organized labor from the Council. Let me clear, representatives from organized labor on the Advisory Council have one purpose, and that is to be the knowledgeable voice for every working person in Wisconsin who unfortunately was injured on the job. And let's remember that no person goes to work intending to be hurt or killed on the job.

As you know, the Worker's Compensation Advisory Council has an agreed-upon bill. The bill is currently being drafted and will come to the Legislature shortly. Clearly, the Advisory Council process workers, as we have a product: an agreed-upon bill.

**I. WISCONSIN'S WORKER'S COMPENSATION SYSTEM**

The Wisconsin State AFL-CIO has a deep and abiding interest in ensuring that every worker in this State has a safe workplace and that if a worker is injured at work they have a strong worker's compensation system upon which to rely. Every worker injured on the job is entitled to prompt, quality medical treatment so that they can heal and return to work as quickly as possible. Due to Wisconsin's rich history of its Worker's Compensation Advisory Council, which lays the foundation for our entire worker's compensation system, workers and managers in this state can go to work knowing that our worker's comp system is strong and ready to care, restore, and retrain them if anyone is injured at or because of their work.

Wisconsin was a pioneer when it came to protecting employees who were injured during the course of their employment. Wisconsin passed the nation's first constitutionally-valid worker's compensation law. This law, the Workmen's Compensation Act of 1911, created a system whereby injured workers receive prompt treatment, benefits for lost wages, and an incentive to return to work after they have healed from the effects of their injuries. When it was passed, an Advisory program was instituted to advise the Legislature of needed changes to the law. For over a century, this system has provided employers, insurers, and injured workers a stable environment with minimal litigation.

Every citizen can be proud of this State's strong worker's compensation system. It is fair to all affected parties, and is admired throughout the country for its stability and efficiency.

Research has proven that:

- Wisconsin's injured workers heal faster: they return to the work force on average 3 weeks faster than injured workers in other states.
- Wisconsin's system has lower costs, according to a 16-state study of worker injury claims by the non-partisan Worker's Compensation Research Institute.
- Wisconsin's injured workers are able to navigate the system effectively, resulting in less litigation, which is beneficial for workers and employers alike.
- Wisconsin's Worker's Compensation premiums are stable and low: they have risen at a pace less than inflation over the past 6 years.
- Wisconsin's great Worker's Compensation system is completely funded by Worker's Compensation premiums and does not take in one penny of tax-payer dollars.

## II. WISCONSIN'S WORKER'S COMPENSATION ADVISORY COUNCIL

Fifty years after the Workmen's Compensation Act was passed, the Wisconsin State Legislature astutely codified the Worker's Compensation Advisory Council into law. The purpose of the Advisory Council is to advise the Legislature each session on policy matters concerning the development and administration of the worker's compensation law.

One of the most important and enduring principles of the Council is maintaining the overall stability of the worker's compensation system without regard to partisan changes in the legislative or executive branches of government. When labor and management agree to recommended changes, legislators can be assured that the proposed bill represents sound policy. Our system with the Advisory Council as its keystone ensures that the system is stable for workers who become injured and other stakeholders, such as insurers and health care providers.

Without the efforts of the Advisory Council, Wisconsin's worker's compensation system would be subject to the whim of partisan politics and would "yo yo" with each election. As the political pendulum swings from one party to the other, instability is introduced into the system. That instability creates uncertainty and risk. That uncertainty and risk drives employer's worker's compensation premiums higher. Those costs are in turn passed on to consumers in the form of higher prices, and impact job creation and expansion.

The composition of the Council fairly represents the interests of all stakeholders in the worker's compensation system. The 11-member Worker's Compensation Advisory Council is comprised of five representatives from organized labor, five representatives from management, and a designated DWD employee who serves as chairperson. The functionality, balance, and good decisions of the Council rely on the equal balance of labor and management. The diversity of perspectives and interests of the participants in the Council process guarantees that every issue relating to continually improving Wisconsin's worker's compensation system is fairly and fully considered.

The efforts of the Council provide stability for the entire system and a vehicle to make reasoned changes to continually improve our worker's compensation system. The Labor and Management teams work toward the common goal of recommending changes that benefit the entire system: workers, employers and insurers. Council members, through their expertise and cooperation, have helped transition Wisconsin's law from its early days in the industrial revolution to today's modern workplace.

The 2017 Worker's Compensation Advisory Council has been meeting regularly since the beginning of this year. The Council's labor and management caucuses have reached an agreed-upon bill. The bill is currently being drafted and will come to the Legislature shortly.

Legislative trust in the Council process historically has kept premium rates stable in Wisconsin. Worker's Compensation premium rates are set by the Worker's Compensation Rating Bureau (WCRB). Not only has the current Worker's Compensation Advisory Council action kept rates stable, but the cooperative action of the Advisory Council has led to an 8.46% rate reduction for Wisconsin employers. (WCRB action May 11, 2017.)

This is all why the Wisconsin State AFL-CIO believes that the Wisconsin Worker's Compensation Advisory Council must be preserved and defended. Any legislation, no matter how big or small or whom it affects, that alters our Worker's Compensation Act ought to go through the Advisory Council.

### **III. SENATE BILL 235**

This legislation – SB 235 – should be roundly rejected.

This bill did not go through the Advisory Council. Therefore, it does not represent an agreed-upon policy, vetted by this State's worker's compensation stakeholders and experts.

In addition, this bill recklessly alters the composition of the Advisory Council by seeking to remove the trusted designees who serve on behalf of this State's workers. Organized labor's voice has a clear and trusted mission, and that is to advocate solely for the interests of working people. Organized labor uniquely has the expertise and resources to advocate for all working people of the State of Wisconsin. Organized labor, working with management representatives, has made the Wisconsin Worker's Compensation Act a recognized model for the rest of the country. If this bill were to pass, the Advisory Council would be rendered meaningless for injured workers of this state.

Why a few legislators would want to tinker with the makeup of the Advisory Council, at a time when the Advisory Council's actions have led to an upcoming 8.46% reduction in premium rates for Wisconsin employers is, quite frankly, absurd.

### **IV. CONCLUSION**

On behalf of the working men and women of this State, I call on each member of this Committee to honor the tradition of the Wisconsin Worker's Compensation system by preserving the Advisory Council and voting no on this legislation.





Wisconsin

**Statement Before the  
Senate Committee on Labor and Regulatory Reform**

By

**Bill G. Smith  
State Director  
National Federation of Independent Business  
Wisconsin Chapter**

**Thursday, September 7, 2017**

**Senate Bill 235**

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Mr. Chairman, members of the Committee, thank you for scheduling today's hearing on legislation relating to the membership of the Worker's Compensation Advisory Council.

The Worker's Compensation Advisory Council, through a process of negotiation and compromise, is charged with recommending reforms that will help maintain stability, control costs, and promote fairness to employers, employees, health providers and insurers. Each of these stakeholders has a vital interest in the worker's compensation system, and each has a voice developing the legislation by the Council that is generally approved by the Legislature and signed into law.

Senate Bill 235 would modify the membership on the Council to allow the proportion of employee union representatives be the same as the proportion of employees based on membership in an organized union.

Today, on behalf of the small business owners of our state, who often struggle with the cost and complexities of the worker's compensation system, be given a voice on the Council.

Specifically, designating a small business appointment would be consistent with current law that requires the Unemployment Insurance Advisory Council to include small business representation, and we believe the WC Advisory Council should also include a small business representative to speak on behalf of our small business employers.

Therefore, Mr. Chairman, we are proposing the introduction and **urging your support for an amendment to Senate Bill 235** that would, by law, give small business employers a seat at the table and a meaningful voice in developing the necessary reforms that will help make worker's compensation rates more affordable, stable and fairer to all stakeholders.

Thank you, Mr. Chairman, and members of the Committee, for your consideration.



## WISCONSIN PIPE TRADES ASSOCIATION

11175 W. Parkland Ave  
Milwaukee WI, 53224

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

Fr: Terry Hayden, President of the Wisconsin Pipe Trades Association

Da: September 7, 2017

Re: Opposition of Senate Bill 235

On behalf of the working men and women of our statewide organization, the Wisconsin Pipe Trades Association, we request that you vote against the proposed changes to the Workers Compensation Advisory Council in SB235.

This council has been in place in Wisconsin since 1968 and has created a stable environment for workers, providers and employers. One of the most important goals of the Council is to maintain stability in the workers compensation system without regard to partisan changes in the legislative or executive branches of government.

Wisconsin's worker's compensation system serves as a model for other states, encouraging return to work while minimizing litigation. The changes being proposed in SB235 would disrupt what has been a stable and successful system for many years. By regulating the number of representatives from organized labor that Department of Workforce Development (DWD) can appoint, the bill jeopardizes the delicate balance between management and labor interests that has made our council so successful. Wisconsin's workers deserve to have an independent voice in the debate and deliberation on the future of our worker's compensation system.

Thank you,

Terry Hayden, President  
Wisconsin Pipe Trades Association