



Unemployment Insurance Advisory Council

Meeting Agenda

March 20, 2025, 10 a.m. – 4 p.m.

The public may attend by teleconference.

Phone: 415-655-0003 or 855-282-6330 (toll free) or [WebEx](#)
Meeting number (access code): 26628313584 Password: DWD1

Materials: <https://dwd.wisconsin.gov/uibola/uiac/meetings.htm>

1. Call to order and introductions
2. Approval of minutes of the January 16, 2025 UIAC meeting
3. Department update
4. Quarterly report on UI information technology systems ([9/1/2024-12/31/2024](#))
5. 2025 Fraud Report
6. Trust Fund update – Shashank Partha
7. Unemployment Insurance Financing Overview – Rob Usarek
8. Unemployment Insurance System – [LFB Informational Paper 86](#) (Jan. 2025)
9. Judicial update
 - *Catholic Charities v. LIRC*
10. Legislation update
 - To amend the CARES Act to extend the statute of limitations for fraud under certain unemployment programs, and for other purposes. ([H.R. 1156](#))
 - 2023-2024 UIAC Bills – Policy (LRB-5530) and Admin Fund (LRB-5529)
 - 2025-2026 Executive Budget ([AB 50](#) / [SB 45](#))

11. Department proposals to amend the unemployment insurance law
 - D25-01 – Electronic Communication and Filing
 - D25-02 – Worker Misclassification Penalties
 - D25-03 – Repeal Waiting Week
 - D25-04 – Increase Maximum Weekly Benefit Amount
 - D25-05 – Increase and Index Maximum Wage Cap
 - D25-06 – Amend SSDI Disqualification
 - D25-07 – Repeal UI Drug Testing
 - D25-08 – Misconduct
 - D25-09 – Repeal Substantial Fault
 - D25-10 – Suitable Work
 - D25-11 – Quit Exception for Relocating Spouse
 - D25-12 – Repeal Work Search and Work Registration Waivers from Statute
12. Labor and Management proposals to amend the unemployment insurance law
13. Research requests
14. 2025-2026 UIAC timeline
15. Future meeting dates: April 17, May 15, June 19, July 17
16. Adjourn

Notice

- ❖ The Council may take up action items at a time other than that listed.
- ❖ The Council may not address all agenda items or follow the agenda order.
- ❖ The Council members may attend the meeting by teleconference or videoconference.
- ❖ The employee or employer representative members of the Council may convene in closed session at any time during the meeting to deliberate any matter for potential action or items listed in this agenda, under Wis. Stat. § 19.85(1)(ee). The Council may then reconvene again in open session after the closed session.
- ❖ This location is accessible to people with disabilities. If you need an accommodation, including an interpreter or information in an alternate format, please contact the UI Division Bureau of Legal Affairs at 608-266-0399 or dial 7-1-1 for Wisconsin Relay Service.

UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

Meeting Minutes

Offices of the State of Wisconsin Department of Workforce Development

201 E. Washington Avenue, GEF 1, Madison, WI

January 16, 2025

Held In-Person and Via Teleconference

The meeting was preceded by public notice as required under Wis. Stat. § 19.84.

Members: Janell Knutson (Chair), Sally Feistel, Corey Gall, Shane Griesbach, Crystal Martzall, Kent Miller, Scott Manley, Jeff Peterson, and Susan Quam.

Department Staff: Secretary Amy Pechacek, Jim Chiolino (UI Division Administrator), Jason Schunk (UI Deputy Division Administrator), Andy Rubsam, Darren Magee, Mike Myszewski, Shashank Partha, Jeff Laesch, Pam Neumann, Robert Usarek, Ashley Gruttke, Jennifer Wakerhauser (General Counsel), Julia Halopka (Deputy Legislative Liaison), and Joe Brockman.

Members of the Public: Victor Forberger (Attorney, Wisconsin UI Clinic), Mary Beth George (Office of Representative Christine Sinicki)

1. Call to Order and Introductions

Ms. Knutson called the Unemployment Insurance Advisory Council to order at 10:03 a.m. under the Wisconsin Open Meetings Law. Attendees introduced themselves in turn, and Ms. Knutson welcomed new members Crystal Martzall, Kent Miller, and Jeff Peterson. Ms. Knutson acknowledged Sec. Pechacek, the Bureau of Legal Affairs' new deputy director Darren Magee, and the department staff in attendance.

2. Approval of Minutes of the October 8, 2024, UIAC Meeting

Motion by Mr. Manley, second by Ms. Feistel, to approve the minutes of the October 8, 2024, meeting without correction. Vote was taken by voice vote and passed unanimously.

3. Department Updates

Secretary Pechacek provided a department update. She thanked members for their service and highlighted the department's accomplishments from 2024's "Year of the Worker" which included: seven months of record high employment and jobs; near historic low unemployment rates; record high disability employment; registered apprenticeships, and youth apprenticeships in a record number of career pathways; and a record number of employer partners for apprenticeships.

Sec. Pechacek provided an overview of the progress the department has made since the pandemic with projects such as upgrading the claimant portal, providing upload options for claimants, secure messaging, revamping the call center, updating the UI application into plain language, providing

pop-up prompts for claimants, and creating how-to videos. Sec. Pechacek explained that the new employer portal will be the next roll out set for later this year.

4. Quarterly Report on UI Information Technology Systems (7/1/24 – 9/30/24)

Ms. Knutson stated that the report for the third quarter of 2024 is in members' packets.

5. Trust Fund Update

Mr. Partha reported the Trust Fund highlights based on the November 30, 2024 Financial Statements, which were included in members' packets. Benefit payments through November 2024 increased by \$39.7 million or 13.6% (when compared to last year). Tax receipts through November 2024 declined by \$6.3 million or 1.1% (when compared to last year). The UI Trust Fund balance was just under \$1.9 billion, which is an increase of 15.3% (when compared to last year). Interest earned on the UI Trust Fund for the first three quarters of 2024 was \$38 million compared to \$23.8 million for the same period last year. Mr. Partha explained the 2024 year-end balances are not yet available and will be presented at the February meeting.

Mr. Manley asked about the balance of the UI Trust Fund and how the current balance compares historically. Ms. Knutson explained the UI Trust Fund balance is comparable to the balance just before the pandemic. She advised a graph with the historic balance of the UI Trust Fund can be found in the Financial Outlook Report. Mr. Chiolino contextualized the UI Trust Fund balance stating the trigger for the lowest tax rate schedule is \$1.2 billion.

6. Judicial Updates: *Catholic Charities v. LIRC*

Mr. Rubsam summarized the status of *Catholic Charities v. LIRC* case. The Wisconsin Supreme Court ruled that the five nonprofits affiliated with the Catholic Diocese of Superior should continue to remain subject to UI law because they provide social services not primarily for religious purposes. The employers appealed that decision to the U.S. Supreme Court. The U.S. Supreme Court has determined it will hear the case based on the First Amendment's Religion Clauses (question is included in members' packets). Mr. Rubsam stated the Wisconsin Department of Justice is representing the department and LIRC and oral arguments are expected sometime this spring. Mr. Rubsam indicated the department will continue to update the Council about this case.

7. UI Public Hearing Review

Ms. Knutson thanked Council members who were able to attend either of the public hearing sessions. She advised a chart summarizing comments received in connection with the public hearing or after the public hearing is included in members' packets.

Ms. Knutson provided context on comments from UMOS about the newly implemented national ID verification project in partnership with the U.S. Department of Labor (US DOL). The new process requires claimants to verify their identity online through Login.gov or in-person at a participating Post Office. Ms. Knutson explained the new process was put in place shortly before the public hearing and that the department has since worked to fix bugs in the system. The department chose to participate in this process because it is strongly encouraged by US DOL and the department aims to utilize every available tool to fight fraud. Ms. Knutson confirmed individuals can still call the Help Center if they cannot use the internet or if they need assistance. Mr. Chiolino advised that since

UMOS' concerns were raised at the public hearing, the department has established regular meetings with UMOS to ensure the department is serving that population.

Mr. Manley raised a research request in response to comments from the public hearing. Mr. Manley requested the department research Minnesota's work search requirements and procedures for seasonal and migrant laborers. Ms. Knutson confirmed the department will research this topic and present its findings at the next meeting.

Ms. Knutson reminded Council members that the Financial Outlook Report includes the Secretary's recommendations for the Council's consideration.

8. Labor and Management Proposals to Amend the Unemployment Insurance Law

Ms. Knutson advised the timeline for the agreed bill will be presented to Council members in February.

9. Future Meeting Dates

Ms. Knutson stated that the scheduled future meeting dates are:

- February 20, 2025
- March 20, 2025
- April 17, 2025
- May 15, 2025
- June 19, 2025

Ms. Knutson provided an overview of the Council's agreed bill process and key dates for the legislative floor periods.

10. Research Requests

Aside from Mr. Manley's research request regarding Minnesota's work search requirements and procedures for seasonal and migrant laborers, there were no other research requests.

11. Closed Caucus/Adjourn

Motion by Mr. Griesbach, second by Mr. Manley, to convene in closed caucus session to deliberate the items on the agenda pursuant to Wis. Stat. § 19.85(1)(ee) and to adjourn from closed caucus. Vote was taken by voice vote and passed unanimously.

The Council went into closed caucus at 10:37 a.m. and the public portion of the meeting was adjourned.



State of Wisconsin

Date: January 31, 2024

To: Members of the Joint Committee on Finance and Joint Committee on Information Policy and Technology

From: Department of Administration Secretary Kathy Blumenfeld *Kathy Blumenfeld*

From: Department of Workforce Development Secretary Amy Pechacek *Amy Pechacek*

Subject: 2021 Wisconsin Act 4 Quarterly Report – Fourth Quarter 2024

Pursuant to 2021 Wisconsin Act 4, under Wis. Stat. s. 108.14(27)(e), this report serves to update you on the progress the Department of Workforce Development (DWD) has made on its project to improve the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from October 1 to December 31, 2024. We are pleased to share in this report the progress that DWD has continued to make in its UI modernization efforts. Moreover, the Unemployment Insurance program at the Department of Workforce Development has been audited nine times between the years of 2020-2023 and is currently undergoing a tenth. The Legislative Audit Bureau throughout these audits has been unable to identify any previously undiscovered fraud within the program.

Unemployment Insurance System Modernization

The Unemployment Insurance (UI) Modernization project is the effort to modernize UI IT systems from a COBOL-based mainframe system to a modern flexible system able to nimbly adapt to changes in the demands on the agency and changes in UI program requirements. The goal of this project is to create a more modern, maintainable, sustainable, and adaptable system to meet current and evolving UI needs. Over time, the project will entirely replace the existing, antiquated mainframe, which is difficult to reprogram to meet changes in state or federal policy and to retain staffing resources knowledgeable in COBOL programming.

The future UI system will provide end-to-end services to DWD customers (claimants and employers) in a timely manner. DWD staff will be able to administer programs inclusively and efficiently with modern online tools.

State and Local Fiscal Recovery Funds (SLFRF) under American Rescue Plan Act (ARPA)

\$ 80,828,962.00	Allocation
\$64,292,442.38	Expended + Obligated

Completed UI modernization efforts, include:

- Artificial Intelligence augmentation and fraud screen tool advancements;
- A cloud-based omni-channel contact center;

- Virtual customer service agents that are available after business hours to answer common questions in English and Spanish;
- An online chatbot that can answer common questions in English, Spanish, and Hmong;
- Fraud detection through LexisNexis and National Association of State Workforce Agencies' Integrity Data Hub;
- An online filing process and document upload capability that uses AI to enter data instead of manual data entry;
- Secure online messaging with adjudicators;
- Mobile phone friendly design for claimant portal with text alerts;
- Translation of the UI application into plain language;
- A dashboard showing initial and weekly claims by county;
- An adjudication scheduler;
- ID proofing;
- Knowledge base tool implementation; and
- Accessibility assessments.

Employer Portal

The goal of this modernization project is to create a state-of-the-art, web-based and mobile solution that modernizes the current employer portal with added functionality to improve communication between DWD and its customers for tax and wage reporting, employer information and support, claims verification questions, and appeal activities. The features in the new employer portal will include secure messaging and document sharing, online form requests, detailed claims tracking/due dates, and enhanced account access capabilities. These modern features will help Wisconsin employers maintain efficiency and flexibility, in a user-friendly format.

The implementation plan takes into consideration mandatory reporting timelines and overall customer service. This is planned for release in the following two phases:

- An initial release planned for August 2025 to include the employer current functionality with enhancements, such as employer registration, submission of quarterly tax and wage reporting, initial secure messaging options, and initial dashboards for employers and staff.
- A second release planned for November 2025 to expand the of the collection of information that currently obtained through physical forms and other non-digital methods, administrative tools to increase flexibility on the forms and data collected electronically, and enhanced collection and appeals online processing.

During this quarter, DWD and its vendor continued the design and development for core components of the modern employer portal. Development work focused on the following efforts:

- Continued building and refinement of the foundational system configurations, baseline security, and infrastructure to support. The foundational components must be scalable and adaptable to the increasing complexity of the developing system.
- Continued development of the interface connection points between the new portal and the existing sources of information. This is critical groundwork for the integration of the employer portal with the other UI IT systems to ensure employers have access to timely and accurate information.
- Visual designs that update the look and feel of the layout and functionality for landing pages, dashboards, and messaging featured to ensure efficient display and use of the information.
- Readiness assessment and establishment of a testing environment for DWD to validate the development components. The first round of user testing began with a focus on the employer registration processes developed.

Enhanced Identity Verification

In 2023, there were over 2,300 identity theft investigations.¹ Requiring individuals to confirm their identity helps protect personal information and enhances the security of the Unemployment Insurance program. To add additional security to the online process, this quarter, DWD implemented a new 2-step identify verification process: 1) claimant submission of personal information through the UI claimant portal; and 2) verifying their identity through Login.gov or through an in person visit to the post office. To add security, DWD encourages claimants to use a two-factor authentication process in the event a customer forgets their password to prevent a repeat of the authentication steps.

Customer Service Manager

DWD Unemployment Insurance uses approximately 20 shared email boxes to communicate with constituents regarding their Unemployment Insurance claims. At the end of this quarter, DWD implemented a tool that facilitates the creation of tickets for tracking inquiries, centralizing requests that come into those 20 email boxes into one place. This feature reduces the number of mailboxes being supported and improves customer service by tracking customer needs in a central location. DWD is now able to more easily track inquiries and their respective responses to ensure customers receive timely and accurate responses

COBOL-based UI System Replacement

DWD launched its comprehensive overhaul of the outdated COBOL-based UI system in September 2021 through a contract with Madison-based Flexion, which concluded in early July 2024. With Flexion, DWD established a secure cloud infrastructure, implemented additional security protocols, identified dependencies within the mainframe to avoid customer disruptions, and developed a benefits calculation engine that accounts for many of the complex rules associated with Wisconsin's UI eligibility requirements.

The department is now moving toward the build-out, integration, testing, and deployment of a fully modern UI system with Google Public Sector (GPS). Whereas the work with Flexion focused on building the foundation of the benefit calculation, payment processing, and employer allocation code, the discovery with GPS entails all aspects of the UI IT system: benefits payments, employer portal, adjudication and appeals, tax and wage reporting, quality assurance, and correspondence. DWD will take advantage of rapidly evolving technology to accelerate development of code and deliver performance features that continue Wisconsin's leadership in UI customer service.

The team has spent the fourth quarter continuing discovery to identify the full scope of work. Next steps include establishing a roadmap and plan to continue the progress of the modernization efforts.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in April 2025. In the meantime, please do not hesitate to contact us with questions.

¹ Source: 2024 Response to Research Request to the Unemployment Advisory Council: <https://dwd.wisconsin.gov/dwd/publications/ui/ucd-19829-p.pdf>



WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT **UNEMPLOYMENT INSURANCE**



2025 FRAUD REPORT TO THE UNEMPLOYMENT INSURANCE ADVISORY COUNCIL

✓ Integrity

✓ Customer Service

✓ Accountability

March 15, 2025

Dear Members of the Unemployment Insurance Advisory Council:

On behalf of the Department of Workforce Development (DWD or department), Unemployment Insurance Division Administrator Jim Chiolino and I are pleased to present the 2025 Unemployment Insurance (UI) Fraud Report, which outlines the division's activities related to education, prevention, detection, collection of overpayments, and prosecution of UI fraud in 2024.

In 2024, average initial unemployment claims and average weekly claims remained near historic lows as Wisconsin's economy continued to set new records for participation in the workforce. The unemployment rate consistently stayed more than a full percentage point below the national average, remaining at 2.9% for much of the year. Nine Wisconsin counties set record low unemployment levels in September, and the state set record employment levels for eight consecutive months, ending with 3,076,500 nonfarm jobs in December. December's labor force participation rate was 65.9%, which was 3.4 percentage points higher than the national rate of 62.5%.

The Evers Administration's efforts to connect individuals to the workforce have been successful, as evidenced in achievements such as participation in registered and youth apprenticeship surpassing previous highs, and in connecting people with disabilities to meaningful career opportunities that resulted in a record 189,194 working-age individuals employed.

DWD also demonstrated a commitment to those who did face unemployment at no fault of their own to make sure they timely and appropriately received payments. In 2024, of Wisconsin unemployment claims that were paid, more than 87% were paid within three days after the weekly claim was filed.

Wisconsin pioneered the nation's first UI system in 1932, and today DWD continues to lead the way with a system that promotes economic stability and supports an exemplary workforce while combating fraud. In addition to its comprehensive efforts to prevent fraud, the department has implemented various measures to detect fraudulent activity through crossmatches and audits. Since 2019, more than 30 program integrity projects and activities have been adopted, expanded, and initiated to strengthen the UI program.

DWD takes integrity and accountability of the UI system very seriously and strives to deliver excellent customer service. The low percentage of fraud overpayments highlighted in this report illustrates the ongoing commitment of Gov. Tony Evers and DWD leadership to combatting UI fraud through prevention as well as detection and recovery. Meanwhile, the department remains steadfast in its commitment to ensuring that workers receive the benefits they are due in a timely way and employers are assessed the proper tax rate.

DWD would like to thank the Unemployment Insurance Advisory Council for supporting the division in its efforts to prevent and detect fraud and impose penalties to deter fraud. Penalties serve as a deterrent against claimants and organized fraudsters committing imposter/identity fraud. DWD looks forward to continuing work on the shared goal of reducing UI fraud to maintain integrity within the UI system for Wisconsin workers and employers.

Sincerely,



Amy Pechacek, Secretary
Department of Workforce Development



Jim Chiolino, Administrator
Unemployment Insurance Division

CONTENTS

1	INTRODUCTION What is Fraud? Fraud Penalties
2	EDUCATION
3	DETECTION TOOLS AND PREVENTION METHODS Dedicated UI Investigators Wage Verification Crossmatches National Identity Verification Process Other Detection and Prevention Approaches
5	WORKER CLASSIFICATION Overview Dedicated UI Investigators
5	FRAUD OVERPAYMENTS Fraud Overpayments Detected In 2024 – State and Federal Programs Fraud Overpayments as a Percentage of Total UI Payments Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024 Benefit Amount Reduction and Penalty Assessment 2020-2024
8	NON-FRAUD OVERPAYMENTS Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024
10	WORK SEARCH
10	COMPLIANCE TOOLS
11	CRIMINAL PROSECUTION FOR UI FRAUD
12	COMMITMENT TO FRAUD PREVENTION
12	CONCLUSION
13	NOTES



INTRODUCTION

What is Fraud?

Unemployment Insurance (UI) fraud occurs when someone knowingly provides false information or withholds facts to change a UI outcome. The department has implemented proactive measures to detect and prevent fraud.

Claimant Fraud

Claimants commit fraud by providing false information to the department when filing an unemployment benefit claim with the intent to obtain benefits. Examples of claimant fraud include a claimant returning to work but continuing to claim UI benefits, working part-time but not reporting those wages to the department on their weekly claim certification, or falsifying work search documents.

Employer Fraud

Employers commit fraud when they provide false information to the department with the intent to obtain a lower tax rating, intentionally misclassify an employee as an independent contractor to avoid paying UI tax, or when they help a claimant submit a false benefit claim (aiding and abetting). For example, employers commit tax fraud when they misclassify a worker to avoid paying UI tax for the work performed, or perform "State Unemployment Tax Act dumping", where an employer manipulates business transfers to obtain artificially low UI tax rates or a new business acquires an existing business for the primary purpose of obtaining a tax rate lower than the standard new employer rate. Employers commit benefit fraud when they bank hours a claimant has worked or conceal or report false information about a worker's claim to allow a claimant to fraudulently receive benefits.

Third-Party Fraud

The rapid deployment of the federal COVID-19 pandemic programs served as a catalyst for an increase in organized crime schemes to attempt to defraud UI programs. States across the country saw unprecedented, organized efforts from international and domestic criminal groups to defraud UI systems. Fraud schemes included identity theft, fraudulent websites imitating unemployment websites, and fictitious employer schemes.

Identity fraud occurs when an individual's identity is stolen, and an imposter fraudulently applies for UI benefits on the victim's behalf. In some cases, the imposter is unknown. Other times, the imposter may be known to the claimant or identified by the department – when this is the case, collection and penalty actions are taken accordingly.

Fraud Penalties

Claimants who conceal¹ information on their benefit claims are ineligible for future unemployment benefits. The amount of future benefits withheld (also known as a "benefit amount reduction") is two, four, or eight times the weekly benefit rate for each act of concealment, depending on whether the claimant has had prior fraud determinations. Benefit amount reductions remain in effect for six years or until satisfied, whichever occurs first.

In addition, claimants must repay the fraudulently-obtained benefits and are assessed a monetary penalty of 40% of the overpayment amount.

Employers who engage in State Unemployment Tax Act dumping will be assigned the highest contribution rate for the year the violation or attempted violation occurs and the three succeeding years.²

Employers who misclassify employees may be subject to administrative and criminal penalties.³ Administrative penalties may be assessed by the department in the amount of \$500 for each employee misclassified up to \$7,500 per incident.⁴ Moreover, if an employer has previously been assessed an administrative penalty, the department may refer cases to the county district attorneys or the Wisconsin Department of Justice (DOJ) for prosecution and the employer may be fined \$1,000 to \$25,000 for each violation.

Employers can be assessed administrative penalties ranging from \$500 to \$1,500 in cases where they aid and abet a claimant in committing an act of concealment or misrepresentation.⁵ In addition, improperly paid benefits remain charged to the employer found to have aided and abetted, even if the improperly paid benefits are recovered.

Any individual who makes a false statement or representation to obtain benefits payable to another person must repay the benefits improperly obtained and pay an additional administrative assessment equal to the amount of the benefits obtained due to such fraud.⁶

Individuals may also face criminal penalties (such as fines ranging from \$100 to \$500 and/or imprisonment up to 90 days) for false statements or representations made to the department or by refusing or failing to keep any records or furnish any report required by the department.⁷

EDUCATION

The department takes a proactive approach to fraud prevention by educating employers and claimants on the consequences of committing fraud and providing multiple ways to report fraud. Claimants are informed of these consequences through the claimant handbook, mailed notices, informational postings on the department's website, prompts when filing claims online through the claimant portal, and in interactions with UI staff. Employers are alerted to the consequences through the employer handbook, in presentations to industry stakeholders, and informational postings on the department's website. With these education efforts, the department hopes to reduce the instances of fraud in the UI system.

Other efforts to increase education and access to information about fraud include:

- Notices regarding fraud and potential consequences included on the online claimant portal;
- Claimant and employer handbooks available online containing written notice regarding fraud and potential consequences;
- Claimant and employer web pages such as "Unemployment Fraud Frequently Asked Questions," "Top 10 Things You Should Know About the Unemployment Insurance System When Filing Your Claim," and "Avoid Unemployment Scams;"
- Online toolkit for nonprofits and community partners who help people overcome barriers and access services;
- Labor Law Training presentations on detection, prevention, and impact of fraud;
- Employer newsletter mailed with annual rate notices (also available online);
- Rapid Response sessions for employees being laid off from their jobs;
- Personal interactions between department staff and customers;
- Text printed on all UI checks informing claimants that security features will detect any attempt to alter the check amount or payee;
- Discussions with employers about the importance of verifying employee identity and UI payment reports;
- Letters advising employers they cannot discourage employees from filing for UI;
- Letters advising claimants of proper wage reporting requirements when ongoing underreporting of wages occurs;
- Making claims processes and documents easier to understand through plain language initiatives, simplifying forms and notices, and updating work search tracking; and
- Improving access to reporting fraud through multiple fraud reporting tools including an online reporting form and a separate fraud telephone hotline and mailing address for fraud reports.⁸

DETECTION TOOLS AND PREVENTION METHODS

The department uses many tools, in addition to claimant and employer education, to try to prevent fraud from happening and to detect fraud when it does occur. Detection tools and prevention methods implemented by the department also assist in identifying non-fraud overpayments. The department uses its talented staff, communicates with employers, performs various interagency crossmatches, embraces recommended prevention tactics, and employs several other methods to detect and prevent overpayments. The following provides additional details on these approaches.

Dedicated UI Investigators

The division's vigilant UI staff are among the department's best tools for fraud detection. The division has experienced investigators who handle the most complex and organized efforts to defraud the UI system. Benefit fraud investigators train other UI staff on methods for discovering and reporting fraud.

Wage Verification

For each week a claimant reports weekly wages, or the first week a claimant reports no wages, UI sends wage verification notices to their employer(s). These notices allow employers to promptly report wages or other eligibility issues. Employers can return these reports by mail, fax, or online through the UI State Information Data Exchange System (SIDES), a convenient electronic resource developed in collaboration with US DOL.

Crossmatches

The department conducts the following crossmatches to other governmental records as a tool in detecting UI fraud:

- **Quarterly Wage Crossmatch:** Compares an individual's benefit payment records with quarterly wage records submitted by Wisconsin employers. This match helps verify wages are properly reported on unemployment claims.
- **Interstate Wage Record Crossmatch:** Compares an individual's benefit payment records with quarterly wage records submitted by out-of-state employers. This match helps verify wages are properly reported on unemployment claims.
- **Wisconsin and National New Hire Crossmatch:** Employers must report basic information about newly hired or rehired employees and those who have returned to work after a separation from employment. Division staff crossmatch UI payment records with this new hire information, both within the state and nationally. In addition, division staff conduct a crossmatch with quarterly federal wage data from the National Directory of New Hires for claimants who are former federal government employees.
- **Inmate Crossmatch:** Incarcerated individuals may be ineligible for UI benefits. This tool consists of two crossmatch programs. One program compares benefit payment records to incarceration records for all Wisconsin county jails and prisons. The second program compares benefit payment records to incarceration records for facilities nationwide.
- **Vital Statistics (Death Records) Crossmatch:** The Wisconsin Department of Health Services provides a record of deaths in Wisconsin, and the information is crossmatched with UI data to ensure UI claims are not filed after a claimant is deceased.
- **Social Security Disability Insurance (SSDI) Crossmatch:** Compares individuals currently listed as receiving SSDI with claimants filing initial and weekly unemployment claims.
- **U.S. Citizenship and Immigration Services Verification:** Verifies work authorization with U.S. Citizenship and Immigration Services when a claimant is not a U.S. citizen.

National Identity Verification Process

In the fall of 2024, the department joined a group of 17 states who have implemented a new identity verification service in partnership with US DOL, the United States Postal Service, and the General Services Administration. This process is federally funded for the first two years of use and the department is exploring extended funding options available for the future. Before Wisconsin implemented this new process, over 500,000 individuals across the country had successfully verified their identities through these services.

The National Identity Verification Process offers claimants the option to verify their identity in person at a participating Post Office or online through Login.gov. Claimants who cannot use online services still have the ability to verify their identity through a mail in notary process.

The new offering expanded the available methods for identity verification, used existing federal services, and provided the program additional safeguards against fraud. In the first few months, over 30,000 individuals were able to successfully verify their identity through Login.gov or at a participating Post Office. Less than 50 individuals have needed to use the alternative mailed notary process. Additionally, the department has seen a 65% reduction in calls for identity verification.

Other Detection and Prevention Approaches

Additional detection and prevention approaches used by the department include:

- Employer audits, which resulted in additional employer assessments of \$4,815,779 in unpaid UI taxes and \$778,466 in interest in 2024.
- Employer complaints and public tips on suspected fraudulent claims.
- Contact with local, state, and federal law enforcement officers about suspicious activities.
- Analyzing Form 1099 data provided by the Internal Revenue Service to identify and investigate employers who may be misclassifying employees as independent contractors.
- Sophisticated fraud monitoring tools provided by the department's financial institution, which allow the department to monitor, predict, and respond quickly to suspected fraudulent activity.
- Quarterly meetings with other state agencies to discuss fraud trends and cases of mutual interest. The information shared in these meetings helps to detect, investigate, and prevent fraud from occurring across agencies.
- Benefit Payment Notices sent to employers informing them of individuals receiving UI benefits from their account.
- Review of employer tax and benefit charge information to detect potential fictitious employers.
- Cross-referencing the payee name and dollar amount on all UI checks presented for payment with the information on the department's disbursement file. Any check that does not match is rejected and not honored by the department's financial institution.
- Blocking individuals from using the department's bank account number to initiate unauthorized electronic funds transfers.

WORKER CLASSIFICATION

Overview

Worker misclassification occurs when an employer treats workers as independent contractors when they are employees. Under the law, workers are presumed to be employees unless the employer proves a worker meets the legal criteria to be an independent contractor. Employers who misclassify workers avoid UI taxes, state and federal income tax withholding, worker's compensation coverage, and Social Security and Medicare taxes. Employers who misclassify employees as independent contractors gain an unfair competitive advantage over other employers. Worker misclassification also denies workers, who are out of work through no fault of their own, access to the UI benefits they may have been eligible for had they been properly classified.

Dedicated UI Investigators

The division's worker classification investigators, many with backgrounds in law enforcement specializing in white collar and economic crimes, conduct worksite investigations.

In 2024, worker classification investigators conducted 610 worker classification field investigations. These investigations resulted in 207 audit referrals to the division's tax auditors. Those referrals resulted in the identification of 1,542 misclassified workers and the assessment of \$404,211 in UI taxes and \$47,473 in interest. Cases referred for audit in 2024 may not be audited until a later time.

The division conducted 2,004 total audits in 2024, which identified 51,749 misclassified workers. As a result, employers were assessed a total of \$4,815,779 in unpaid UI taxes and \$778,466 in interest.

The division works towards voluntary compliance by employers. In some cases, employers refuse to comply with the UI law and continue to misclassify workers. In those cases, the division can issue administrative penalties for intentional misclassification of \$500 per worker, up to a maximum of \$7,500. In 2024, the division issued three penalties to employers for intentional misclassification totaling \$3,500.

FRAUD OVERPAYMENTS

The department remains committed to ensuring the integrity of the UI program. Division analysts track different fraud data points throughout the year as point-in-time data. These data points are the result of detection efforts in 2024.

Most overpayments detected in 2024 reflect fraudulent activity that occurred in 2023, 2022, 2021, and 2020. Fraud, by its nature, requires time to complete investigations. Some investigations to determine whether fraud has occurred involve the cooperation of multiple public and private entities, which can increase the time needed to complete a thorough investigation.

To reflect the rate of fraud detection more accurately, certain charts below present data by the year the fraud first occurred.

The department's reporting of different fraud data points complies with US DOL's definitions of "fraud overpayments" and "non-fraud overpayments." Fraudulent benefit overpayments reported below capture fraud committed by claimants. In compliance with US DOL definitions, the below does not include other types of fraud, such as unknown imposter/identity fraud or employer fraud, which are reported as non-fraud overpayments because those types of fraud are not committed by claimants.

Fraud Overpayments Detected In 2024 – State and Federal Programs⁹

The data below provides point-in-time statistics about completed fraud detection efforts. Due to the nature of UI fraud, dollar amounts for fraud in past years will increase as future investigations are completed.

The chart below shows the breakdown of the \$7.8 million in fraud overpayments detected in 2024. It separates the data by the year fraud first occurred, the fraud overpayment amount, and the corresponding percent of the total \$7.8 million in fraud overpayments detected in 2024. Note that benefit payments may have continued over more than one calendar year.

Fraud Overpayments Detected in 2024 – State and Federal Programs		
Year Fraud First Occurred	Fraud Overpayment Amount	Percent of Total Fraud Overpayments Detected in 2024
2024	\$1,746,476	22%
2023	\$2,623,311	34%
2022	\$471,806	6%
2021	\$1,107,460	14%
2020	\$1,849,356	24%
Before 2020	\$3,972	0%
Total	\$7,802,381	100%

The department's efforts in 2024 detected **4,689** cases of fraud overpayments totaling **\$7.8 million**.

\$6.1 MILLION

(or **78%** of detected overpayments), were for fraud overpayments detected in 2024 for fraud committed in prior years.

Fraud Overpayments as a Percentage of Total UI Payments¹⁰

The chart below shows the total fraud overpayments, adjusted to reflect the amounts **detected** in 2024 and listed in the year fraud first occurred (not the year the fraud was detected).

	Fraud Overpayments as a Percentage of Total UI Payments				
	2024	2023	2022	2021	2020
Total UI Payments Administered (State and Federal)	\$382,868,564	\$337,607,133	\$344,545,768	\$2,481,203,431	\$4,839,149,601
Adjusted Total Fraud Overpayments ¹¹ (by year fraud first occurred)	\$1,746,476	\$4,171,010	\$2,969,666	\$28,483,881	\$39,272,578
Percentage of Total Payments	0.46%	1.24%	0.86%	1.15%	0.81%

In 2024, of Wisconsin's **\$382,868,564** in total UI payments, only **0.46%** are known fraud overpayments.

Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024

As outlined in the "Detection Tools and Prevention Methods" section of this report, the department uses various tools and methods to detect fraud overpayments. The chart below summarizes fraud overpayment amounts and total decisions resulting from each detection method. The total for each year reflects the total fraud overpayment amounts and decisions **detected** in that year (not the year fraud first occurred).

Detection Method	Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024									
	2024		2023		2022		2021		2020	
	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions
Wage Record Crossmatch	\$2,167,789	902	\$3,708,565	1,593	\$5,963,477	2,278	\$2,859,563	1,008	\$570,578	400
Post Verification of Wages	\$118,304	90	\$134,236	99	\$664,074	312	\$488,962	219	\$118,893	80
Liabe Employer Protests Benefit Charges	\$659,793	439	\$539,615	372	\$2,003,136	885	\$3,903,589	1,546	\$1,247,693	862
Tips and Leads from Other than Liabe Employer	\$213,882	184	\$301,786	212	\$1,133,813	580	\$2,244,111	1,006	\$191,023	161
State New Hire Crossmatch	\$1,010,381	1,244	\$1,379,736	1,422	\$1,347,630	1,057	\$2,502,943	1,791	\$613,868	774
National New Hire Crossmatch	\$66,409	55	\$66,603	47	\$111,303	52	\$149,712	116	\$40,566	26
Quality Control	\$51,123	23	\$47,861	23	\$35,519	18	\$154,706	40	\$47,432	25
Reversals	\$6,000	2	\$1,098	3	\$19,618	6	\$0	0	\$0	0
Inmate Crossmatch	\$3,238	6	\$12,577	12	\$4,335	5	\$140,135	144	\$5,324	6
Appriss Inmate Crossmatch	\$54,529	133	\$39,967	98	\$41,660	95	\$243,228	535	\$94,996	172
Post Verification - No Wages Reported	\$270,264	313	\$479,873	474	\$564,193	286	\$983,876	451	\$120,312	225
SSDI Crossmatch	\$100,298	25	\$115,038	34	\$244,908	55	\$1,606,888	265	\$102,419	46
Audit of Work Search	\$31,760	17	\$11,318	10	\$21,504	15	\$30,614	12	\$270	1
Field Audit Discoveries	\$23,323	15	\$21,198	2	\$64,127	44	\$6,120	3	\$0	0
Interstate Crossmatch	\$60,729	15	\$24,790	10	\$9,660	4	\$89,073	19	\$10,924	4
Deceased Citizen Crossmatch	\$0	0	\$0	0	\$0	0	\$0	0	\$2,220	1
Agency Detection - Not Covered by Other Codes	\$2,778,911	1,114	\$5,362,408	2,348	\$14,548,886	5,277	\$10,905,194	3,987	\$1,238,941	702
Fictitious Employer Cases	\$0	0	\$4,160	3	\$18,820	3	N/A	N/A	N/A	N/A
Claimant Initiated	\$185,648	112	\$150,934	103	\$504,306	241	\$863,259	332	\$129,440	76
Total	\$7,802,381	4,689	\$12,401,763	6,865	\$27,300,969	11,213	\$27,171,973	11,474	\$4,534,899	3,561

Benefit Amount Reduction and Penalty Assessment 2020-2024

Claimants who commit fraud will have their benefit payments reduced and may face additional penalties. Claimants who file fraudulent claims will see their benefits reduced by two, four, or eight times the weekly benefit rate for each act of concealment, depending on whether they have a history of prior fraud determinations. These reductions are in addition to any overpayment, which must be repaid. The chart below displays the benefit reductions and penalties imposed on claimants, listed by the year the reductions or penalties were applied (not the year the fraud took place).

Benefit Amount Reduction and Penalty Assessment 2020-2024					
Other Fraud-Related Activity	2024	2023	2022	2021	2020
Benefit Amount Reduction	\$15,214,278	\$17,401,965	\$23,871,069	\$20,219,818	\$8,384,948
Penalties Assessed	\$3,035,465	\$4,869,553	\$10,902,766	\$10,048,170	\$1,088,758

In 2024, benefit reductions totaled **\$15.2 million** with an additional **\$3 million** in penalties assessed.

NON-FRAUD OVERPAYMENTS

Sometimes claimants make unintentional errors. In compliance with US DOL definitions, these instances are tracked separately from fraud overpayments and are referred to as "non-fraud overpayments." By definition, fraud is intentional and tied to claimants; therefore, any other cases are classified as "non-fraud overpayments," including unknown imposter/identity fraud, employer fraud, and organized fraud. As is the case with fraud overpayments, the division's systems seek to prevent and detect these errors and collect these overpayments for deposit into the UI Trust Fund. The below data points are the result of detection efforts in 2024.

Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024

Details on the various tools and methods the department uses to identify and prevent non-fraud overpayments can be found in the "Detection Tools and Prevention Methods" section of this report. The chart below summarizes non-fraud overpayment amounts and total decisions resulting from each detection method. The total for each year included reflects the total non-fraud overpayment amounts or decisions **detected** in that year (not the year the overpayment first occurred). Generally, it is assumed overpayments detected in a particular year reflect benefits overpaid in the years before detection.

Detection Method	Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2020-2024									
	2024		2023		2022		2021		2020	
	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions	Amount	Decisions
Wage Record Crossmatch	\$221,465	280	\$756,902	850	\$2,621,680	2,836	\$2,186,765	1,164	\$133,361	187
Post Verification of Wages	\$1,033,985	14,979	\$1,100,769	15,485	\$2,279,358	19,467	\$10,511,369	81,268	\$21,863,820	154,103
Liabe Employer Protests Benefit Charges	\$1,062,847	1,484	\$1,204,135	1,635	\$6,480,124	3,638	\$29,721,863	13,350	\$14,912,942	8,450
Tips and Leads from Other than Liabe Employer	\$234,824	436	\$361,304	485	\$1,713,459	1,022	\$8,220,656	4,027	\$2,568,632	1,633
State New Hire Crossmatch	\$141,499	411	\$197,264	523	\$535,517	1,055	\$2,273,867	5,376	\$111,835	327
National New Hire Crossmatch	\$5,392	12	\$4,736	13	\$26,599	44	\$100,918	140	\$26,872	13
Quality Control	\$79,877	135	\$88,909	126	\$160,864	158	\$260,338	156	\$123,753	78
Reversals	\$354,975	202	\$316,989	175	\$1,820,001	611	\$3,535,079	948	\$636,844	208
Inmate Crossmatch	\$0	0	\$2,968	4	\$5,982	7	\$84,718	136	\$2,182	7
Appriss Inmate Crossmatch	\$36,309	77	\$37,610	84	\$30,425	53	\$644,118	1,069	\$89,783	191
Post Verification - No Wages Reported	\$72,198	293	\$135,837	362	\$330,634	601	\$2,628,174	3,025	\$136,365	282
SSDI Crossmatch	\$19,582	16	\$9,024	8	\$48,013	20	\$1,453,315	393	\$55,614	55
Integrity Data Hub	\$0	0	\$460	2	N/A	N/A	N/A	N/A	N/A	N/A
Audit of Work Search	\$1,924,694	3,292	\$2,615,942	4,524	\$3,674,005	6,682	\$821,573	1,180	\$56,227	110
Field Audit Discoveries	\$1,480	4	\$763	3	\$54,637	30	\$47,672	37	\$16,977	6
SSA Pension Check	\$0	0	\$0	0	\$0	0	\$0	0	\$510	1
SAVE (Alien Verification)	\$7,770	2	\$9,825	6	\$17,445	5	\$31,399	9	\$5,887	5
Interstate Crossmatch	\$2,590	2	\$0	0	\$7,732	8	\$77,807	38	\$830	2
Deceased Citizen Crossmatch	\$0	0	\$0	0	\$624	1	\$2,680	2	\$0	0
Agency Detection - Not Covered by Other Codes	\$2,082,199	2,009	\$4,493,880	3,614	\$30,433,004	17,451	\$78,914,336	40,709	\$15,578,277	13,302
State Payroll Crossmatch	\$0	0	\$0	0	\$27,804	3	\$10,927	3	\$0	0
Claimant Initiated	\$613,093	2,159	\$700,287	1,652	\$2,757,897	2,301	\$14,361,237	9,893	\$5,554,272	13,065
Total	\$7,894,779	25,793	\$12,037,604	29,551	\$53,025,804	55,993	\$155,888,811	162,923	\$61,874,983	192,025

In 2024, **\$7.9** million non-fraud overpayments were detected in **25,793** cases.

Due to the time required for investigation of potential overpayment cases, most of these reflect benefits overpaid before 2024.

WORK SEARCH

The department has a well-established work search auditing program. UI claimants who are required to search for work must report their work search actions when filing weekly claims. These certifications are subject to random or targeted audits for program integrity purposes. These audits can uncover mistakes made by claimants or instances of fraud. They also provide an opportunity to educate claimants on what constitutes a valid work search action and what information the department needs to verify work searches. When benefit overpayments are detected through work search audits, the department pursues collection measures with claimants.

In 2024, benefit fraud investigators completed 10,626 work search audits, including both random and targeted audits. Denial rates for targeted work search audits are typically higher than random work search audits since the claims already exhibit suspicious traits. The audits identified 4,545 adverse decisions with benefits denied, including cases where claimants failed to conduct the required number of valid work search actions.

An additional 24,079 claims were not paid for failure to answer the work search question or failure to provide required information on the weekly claim.

COMPLIANCE TOOLS

The department successfully recovers most overpayments. Historical information shows that the department typically collects 84.1% of fraud overpayments and 82.6% of non-fraud overpayments.

Overpayment Recoveries in 2024 by Year of the Decision			
Year Identified	Fraud	Non-Fraud	Total
2024	717,144	3,709,355	4,426,499
2023	2,426,569	1,763,061	4,189,630
2022	2,998,566	3,079,943	6,078,509
2021	1,945,038	6,901,415	8,846,453
2020	190,898	1,363,155	1,554,053
2019	113,698	85,353	199,051
Older Than Five Years	2,087,963	719,993	2,807,956
Total Collected in 2024	\$10,479,876	\$17,622,275	\$28,102,151

In 2024, the department recovered **\$28.1 million** in state and federal fraud and non-fraud overpayments, including **\$2.8 million** in debts older than five years.

In calendar year 2024, Wisconsin ranked third out of 10 states in its US DOL region (Region 5 - Chicago) for total overpayment recoveries (fraud and non-fraud overpayments). These successful overpayment recoveries are achieved through the various mechanisms outlined below:

- **Tax Refund Intercept:** The department can intercept a claimant's state and federal tax refunds. Over \$3.1 million was collected from state tax refunds by the Wisconsin Department of Revenue's State Tax Offset program in 2024. Collections from federal tax refunds are made through the Treasury Offset Program (TOP). Over \$5.4 million in overpayments, penalties, and collection costs were recovered through TOP in 2024.
- **Benefit Offset:** When an individual has received an overpayment, their current UI benefit payments may be applied directly to reduce the amount due. Once the overpayment has been repaid, the individual may then receive UI benefit payments.
- **Out-of-State Offset:** When an individual receives an overpayment in Wisconsin, UI can request that their current out-of-state UI benefit payments be applied directly to reduce the Wisconsin overpayment.
- **Bankruptcy:** Fraud overpayments are not automatically discharged in bankruptcy. Division attorneys may petition the bankruptcy court to dispute discharge of the debt or file a claim against the assets of the debtor to ensure repayment.
- **Warrants:** The division may file a lien against an individual's personal property to secure collection of an overpayment.
- **Levy Against Wages and Bank Accounts:** The division may issue a levy against wages, bank accounts, or any property belonging to the individual who received an overpayment.
- **Financial Record Matching Program:** Division debt collectors use a financial record matching program to identify the bank accounts of individuals who received an overpayment.

CRIMINAL PROSECUTION FOR UI FRAUD

The department seeks criminal prosecution in cases of egregious or repeated fraud, and works cooperatively with county district attorneys, the DOJ, and federal prosecutors.

The department's worker classification investigators also investigate complex criminal benefit fraud cases. Criminal investigations completed by these investigators are referred to the appropriate prosecuting agency, either on state charges to the DOJ or a county district attorney, or on federal charges to the U.S. Attorneys.

The department works collaboratively with state and federal prosecutors and county district attorneys to determine which cases should be referred for prosecution. Ultimately, it is the DOJ and the county district attorneys who have the discretion to file criminal charges. For example, the DOJ evaluates several factors to decide whether it will take a case to prosecution:

- Whether evidence exists to prove intent to defraud;
- An individual's criminal history/history of defrauding government programs; and
- In cases involving employers, the employer's enforcement and compliance history.

The division also works with the Federal Bureau of Investigation (FBI) and US DOL's Office of Inspector General on complex fraud cases and cases which have a federal nexus, including federal pandemic benefit fraud.

In 2024, worker classification investigators made one referral for intentional misclassification to the DOJ that is currently under review. There were 65 criminal benefit fraud cases investigated, of which 48 were referred to county district attorneys or the DOJ for prosecution. As of January 2025, 13 of those cases have been charged.

COMMITMENT TO FRAUD PREVENTION

The department remains committed to preventing fraud in the UI program and in 2024 the department innovated and adapted to the ever-changing fraud threats. In 2025, the department looks forward to continuing or expanding work to prevent and detect fraud through upcoming projects, such as:

- **Modernization:** Continue the comprehensive modernization of the UI system, which ensures program integrity and fraud prevention measures are built into the new and adaptable system.
- **Quarterly Wage Crossmatch:** Update processes and refine audits to better target proven fraudulent behavior.
- **Worker's Compensation Crossmatch:** Compare individuals currently receiving worker's compensation benefits with claimants filing unemployment claims.
- **MyWisconsin ID:** Incorporate certain UI accounts with Wisconsin's new single sign-on account platform.
- **Banking and Address Change:** Alert claimants when banking or address changes are made to their UI accounts.
- **ReliaCard Fraud Prevention:** Expand fraud prevention measures for claimants who use the program's Visa Pre-Paid Debit Card.
- **Integrity Data Hub Enhancement:** Expand the program's collaboration with NASWA's Integrity Data Hub to report and better detect suspicious actors.
- **Internal System Access Audit and Analysis:** Confirm only necessary division staff have access to sensitive information and re-evaluate users with access to sensitive information.
- **Fictitious Employer Database:** Create a central database to detect instances where a group or individual uses a fictitious or non-existent employer to receive UI benefits.
- **New Fraud Scans:** Expand the department's fraud scans based on best practices, especially related to third-party fraud.

CONCLUSION

The department's work to educate claimants and employers; detect, prevent, and collect overpayments; investigate UI fraud; and assess penalties for fraud all play an important role in its comprehensive approach to support the integrity of the UI system. For example, this comprehensive approach supports the integrity of the UI Trust Fund, to help ensure money is available to pay benefits to claimants and that employer tax rates can stay in the lowest rate schedule.

The department continued to prioritize preventing fraud in 2024 by implementing new procedures like the National Identity Verification offering. By incorporating this government-operated identity verification service, the department bolstered its defenses against identity fraud. In the coming year, the department will continue to modernize and enhance program integrity activities. When coupling innovative solutions for prevention, education, and limited access with consistent efforts to detect, collect overpayments, and seek prosecution of fraud in partnership with other governmental agencies, the department demonstrates its commitment to a comprehensive approach to fraud.

Notes

¹ As defined under Wis. Stat. §108.04(11)(g)1, conceal means "to intentionally mislead the department by withholding or hiding information or making a false statement or representation."

² Wis. Stat. §108.16(8)(m)1

³ Wis. Stat. §108.24(2m)

⁴ Wis. Stat. §108.221

⁵ Wis. Stat. §108.04(11)(c)

⁶ Wis. Stat. §108.04(11)(cm)

⁷ Wis. Stat. §108.24(2)

⁸ Information on reporting fraud to the department can be found on this webpage:
<https://dwd.wisconsin.gov/ui/fraud/report.htm>

⁹ As noted in the prior Fraud Report, these numbers are adjusted each year and, as such, amounts reflected herein will differ from previously reported information.

¹⁰ As noted in the prior Fraud Report, these numbers are adjusted each year and, as such, amounts reflected herein will differ from previously reported information.

¹¹ The 2023 Fraud Report was published with an inadvertent under-counting of fraud that first occurred in 2020 and earlier, and an inadvertent over-counting of fraud that first occurred in 2021 and 2022. Accordingly, figures in this table cannot be compared to those in the 2023 Fraud Report.

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UI Reserve Fund Highlights

(Based on December 31, 2024, Financial Statements)

UIAC March 20, 2025

- Benefit payments through December 2024 increased by \$46.7 million or 14.6% when compared to benefits paid through December 2023.

Benefits Paid	2024 YTD* <i>(in millions)</i>	2023 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Regular UI Paid	\$366.7	\$320.0	\$46.7	14.6%

- Tax receipts through December 2024 declined by \$6.6 million or 1.2% when compared to tax receipts through December 2023.

Tax Receipts	2024 YTD* <i>(in millions)</i>	2023 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Tax Receipts	\$555.0	\$561.6	(\$6.6)	(1.2%)

- The December 2024 Trust Fund ending balance was just under \$1.9 billion, an increase of 15.3% when compared to the same time last year.

UI Trust Fund Balance	December 2024 <i>(in millions)</i>	December 2023 <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Trust Fund Balance	\$1,861.9	\$1,615.4	\$246.5	15.3%

- Interest earned on the Trust Fund is received quarterly.

UI Trust Fund Interest	2024 YTD* <i>(in millions)</i>	2023 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Interest Earned	\$53.1	\$34.8	\$18.3	52.6%

*All calendar year-to-date (YTD) numbers are based on the December 31, 2024 Financial Statements.

FINANCIAL STATEMENTS

For the Month Ended December 31, 2024



Unemployment Insurance Division

Bureau of Tax and Accounting

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
BALANCE SHEET
FOR THE MONTH ENDED December 31, 2024

<u>ASSETS</u>	<u>CURRENT YEAR</u>	<u>PRIOR YEAR</u>
CASH:		
U.I. CONTRIBUTION ACCOUNT	39,926.05	43,850.16
U.I. BENEFIT ACCOUNTS	80,478.79	41,160.60
U.I. TRUST FUND ACCOUNTS (1) (2) (3)	<u>1,911,815,725.16</u>	<u>1,668,016,571.88</u>
TOTAL CASH	<u>1,911,936,130.00</u>	<u>1,668,101,582.64</u>
ACCOUNTS RECEIVABLE:		
BENEFIT OVERPAYMENT RECEIVABLES	174,094,234.25	193,381,539.31
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(56,760,222.20)</u>	<u>(61,911,814.04)</u>
NET BENEFIT OVERPAYMENT RECEIVABLES	117,334,012.05	131,469,725.27
TAXABLE EMPLOYER RFB & SOLVENCY RECEIV (5) (6)	32,175,480.55	34,114,893.33
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(21,815,171.89)</u>	<u>(16,484,800.23)</u>
NET TAXABLE EMPLOYER RFB & SOLVENCY RECEIV	10,360,308.66	17,630,093.10
OTHER EMPLOYER RECEIVABLES	22,759,554.54	23,805,544.88
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(9,319,909.46)</u>	<u>(7,962,313.23)</u>
NET OTHER EMPLOYER RECEIVABLES	13,439,645.08	15,843,231.65
TOTAL ACCOUNTS RECEIVABLE	<u>141,133,965.79</u>	<u>164,943,050.02</u>
TOTAL ASSETS	<u><u>2,053,070,095.79</u></u>	<u><u>1,833,044,632.66</u></u>
<u>LIABILITIES AND EQUITY</u>		
LIABILITIES:		
CONTINGENT LIABILITIES (7)	93,312,620.68	108,845,224.75
OTHER LIABILITIES	36,182,837.01	39,627,841.56
FEDERAL BENEFIT PROGRAMS	1,995,402.77	954,458.58
CHILD SUPPORT HOLDING ACCOUNT	14,093.00	5,147.00
FEDERAL WITHHOLDING TAXES DUE	151,067.00	(19,109.00)
STATE WITHHOLDING TAXES DUE	2,166,487.94	1,764,156.17
DUE TO OTHER GOVERNMENTS (8)	<u>447,624.51</u>	<u>506,821.07</u>
TOTAL LIABILITIES	134,270,132.91	151,684,540.13
EQUITY:		
RESERVE FUND BALANCE	2,932,229,268.21	2,836,723,518.24
BALANCING ACCOUNT	<u>(1,013,429,305.33)</u>	<u>(1,155,363,425.71)</u>
TOTAL EQUITY	<u>1,918,799,962.88</u>	<u>1,681,360,092.53</u>
TOTAL LIABILITIES AND EQUITY	<u><u>2,053,070,095.79</u></u>	<u><u>1,833,044,632.66</u></u>

1. \$284,585 of this balance is for administration purposes and is not available to pay benefits.
2. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.
3. \$11,946,726 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.
4. The allowance for uncollectible benefit overpayments is 34.0%. The allowance for uncollectible delinquent employer taxes is 50.3%. This is based on the historical collectibility of our receivables. This method of recognizing receivable balances is in accordance with generally accepted accounting principles.
5. The remaining tax due at the end of the current month for employers utilizing the 1st quarter deferral plan is \$172,850. Deferrals for the prior year were \$175,667.
6. \$18,830,269, or 58.5%, of this balance is estimated.
7. \$74,047,628 of this balance is net benefit overpayments which, when collected, will be credited to a reimbursable or federal program. \$19,264,992 of this balance is net interest, penalties, SAFI, and other fees assessed to employers and penalties and other fees assessed to claimants which, when collected, will be credited to the state fund.
8. This balance includes SAFI Payable of \$1,510. The 12/31/2024 balance of the Unemployment Interest Payment Fund (DWD Fund 214) is \$1,964. Total Life-to-date transfers from DWD Fund 214 to the Unemployment Program Integrity Fund (DWD Fund 298) are \$9,605,130.

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
RESERVE FUND ANALYSIS
FOR THE MONTH ENDED December 31, 2024

	CURRENT ACTIVITY	YTD ACTIVITY	PRIOR YTD
BALANCE AT BEGINNING OF MONTH/YEAR:			
U.I. TAXABLE ACCOUNTS	3,415,429,416.49	3,290,285,224.79	3,152,504,720.62
BALANCING ACCOUNT	<u>(1,476,775,605.83)</u>	<u>(1,608,925,132.26)</u>	<u>(1,792,807,841.51)</u>
TOTAL BALANCE	1,938,653,810.66	1,681,360,092.53	1,359,696,879.11
INCREASES:			
TAX RECEIPTS/RFB PAID	1,037,430.53	398,518,019.34	403,408,492.26
ACCRUED REVENUES	(1,693,832.00)	(1,169,410.37)	4,317,119.18
SOLVENCY PAID	235,601.62	156,473,499.66	158,173,866.84
FORFEITURES	207.00	976.00	171.13
BENEFIT CONCEALMENT INCOME	104,493.12	1,659,683.90	2,191,891.71
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	0.00	60,000,000.00
INTEREST EARNED ON TRUST FUND	15,135,895.23	53,091,007.31	34,792,558.59
FUTA TAX CREDITS	0.00	(3,137.30)	0.00
OTHER CHANGES	<u>58,332.12</u>	<u>525,584.81</u>	<u>513,251.56</u>
TOTAL INCREASES	14,878,127.62	609,096,223.35	663,397,351.27
DECREASES:			
TAXABLE EMPLOYER DISBURSEMENTS	29,777,652.36	311,076,929.43	266,641,053.76
QUIT NONCHARGE BENEFITS	3,490,954.66	40,056,189.42	40,173,170.45
OTHER DECREASES	(107.01)	6,362,977.27	22,856,598.00
OTHER NONCHARGE BENEFITS	<u>1,463,475.39</u>	<u>14,160,256.88</u>	<u>12,063,315.64</u>
TOTAL DECREASES	34,731,975.40	371,656,353.00	341,734,137.85
BALANCE AT END OF MONTH/YEAR:			
RESERVE FUND BALANCE	2,932,229,268.21	2,932,229,268.21	2,836,723,518.24
BALANCING ACCOUNT	<u>(1,013,429,305.33)</u>	<u>(1,013,429,305.33)</u>	<u>(1,155,363,425.71)</u>
TOTAL BALANCE (9) (10) (11) (12)	<u><u>1,918,799,962.88</u></u>	<u><u>1,918,799,962.88</u></u>	<u><u>1,681,360,092.53</u></u>

9. This balance differs from the cash balance related to taxable employers of \$1,874,111,062 because of non-cash accrual items.

10. \$284,585 of this balance is set up in the Trust Fund in one subaccount to be used for administration purposes and is not available to pay benefits.

11. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

12. \$11,946,726 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.

**DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
RECEIPTS AND DISBURSEMENTS STATEMENT
FOR THE MONTH ENDED 12/31/2024**

<u>RECEIPTS</u>	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE</u>	<u>PRIOR YEAR TO DATE</u>
TAX RECEIPTS/RFB	\$1,037,430.53	\$398,518,019.34	\$403,408,492.26
SOLVENCY	235,601.62	156,473,499.66	158,173,866.84
ADMINISTRATIVE FEE	31.97	317.84	273.58
ADMINISTRATIVE FEE - PROGRAM INTEGRITY	4,870.36	3,608,609.20	3,598,034.04
UNUSED CREDITS	311,928.77	11,487,647.99	4,995,771.32
GOVERNMENTAL UNITS	712,522.07	8,550,307.63	8,247,374.63
NONPROFITS	659,000.73	10,351,487.92	8,383,110.69
INTERSTATE CLAIMS (CWC)	72,488.12	3,630,503.08	3,756,568.92
ERROR SUSPENSE	5,742.71	13,459.74	(7,226.25)
FEDERAL PROGRAMS RECEIPTS	(470,715.39)	(10,550,245.61)	(14,750,758.28)
OVERPAYMENT COLLECTIONS	1,785,620.60	27,380,598.08	31,703,657.78
FORFEITURES	207.00	976.00	171.13
BENEFIT CONCEALMENT INCOME	104,493.12	1,659,683.90	2,191,891.71
EMPLOYER REFUNDS	(880,848.57)	(16,150,108.33)	(17,247,387.25)
COURT COSTS	47,583.66	641,719.04	624,314.81
INTEREST & PENALTY	205,964.93	4,564,542.13	3,639,255.40
CARD PAYMENT SERVICE FEE	3,131.16	48,471.44	47,270.63
BENEFIT CONCEALMENT PENALTY-PROGRAM INTEGRITY	167,526.46	2,804,021.03	3,348,337.28
MISCLASSIFIED EMPLOYEE PENALTY-PROG INTEGRITY	4.82	20,594.59	54,090.38
LEVY NONCOMPLIANCE PENALTY-PROGRAM INTEGRITY	43.72	46,771.06	45,704.86
SPECIAL ASSESSMENT FOR INTEREST	846.66	9,974.91	18,470.31
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	0.00	60,000,000.00
INTEREST EARNED ON U.I. TRUST FUND BALANCE	15,135,895.23	53,091,007.31	34,792,558.59
MISCELLANEOUS	21,477.46	147,810.58	182,946.05
TOTAL RECEIPTS	<u>\$19,160,847.74</u>	<u>\$656,349,668.53</u>	<u>\$695,206,789.43</u>
 <u>DISBURSEMENTS</u>			
CHARGES TO TAXABLE EMPLOYERS	\$31,556,252.87	\$336,020,830.77	\$295,475,416.17
NONPROFIT CLAIMANTS	808,502.36	10,177,688.81	7,965,896.52
GOVERNMENTAL CLAIMANTS	825,548.13	8,574,721.50	7,718,375.55
INTERSTATE CLAIMS (CWC)	298,511.20	3,491,748.23	3,581,984.53
QUITS	3,490,954.66	40,056,189.42	40,173,170.45
OTHER NON-CHARGE BENEFITS	1,402,493.27	14,773,436.17	12,404,239.83
CLOSED EMPLOYERS	1,311.37	(7,450.85)	(24,156.66)
FEDERAL PROGRAMS			
FEDERAL EMPLOYEES (UCFE)	81,963.89	894,092.90	1,093,294.71
EX-MILITARY (UCX)	31,879.83	252,574.58	212,015.34
TRADE ALLOWANCE (TRA/TRA-NAFTA)	4,255.00	89,938.53	465,318.18
WORK-SHARE (STC)	(20.96)	(8,522.62)	(2,491,486.00)
FEDERAL PANDEMIC UC (FPUC)	(471,856.66)	(8,181,356.70)	(8,568,618.31)
LOST WAGES ASSISTANCE \$300 ADD-ON (LWA)	(37,447.12)	(507,522.80)	(621,824.74)
MIXED EARNERS UC (MEUC)	0.00	(200.00)	1,500.00
PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)	(72,787.88)	(1,328,612.59)	(1,388,635.11)
PANDEMIC EMERGENCY UC (PEUC)	(74,697.36)	(1,641,741.33)	(1,915,125.33)
PANDEMIC FIRST WEEK (PFW)	(1,781.26)	(36,574.59)	55,903.46
EMER UC RELIEF REIMB EMPL (EUR)	(8,476.65)	(212,254.05)	(174,959.72)
2003 TEMPORARY EMERGENCY UI (TEUC)	(169.68)	(4,005.90)	(8,065.80)
FEDERAL ADD'L COMPENSATION \$25 ADD-ON (FAC)	(8,221.79)	(111,140.72)	(131,131.66)
FEDERAL EMERGENCY UI (EUC)	(61,933.21)	(911,862.89)	(1,148,242.44)
FEDERAL EXTENDED BENEFITS (EB)	(6,817.32)	(92,606.59)	(103,988.81)
FEDERAL EMPLOYEES EXTENDED BEN (UCFE EB)	(275.00)	(3,300.00)	(550.00)
FEDERAL EX-MILITARY EXTENDED BEN (UCX EB)	0.00	(349.08)	(2,244.53)
INTERSTATE CLAIMS EXTENDED BENEFITS (CWC EB)	(553.41)	(888.51)	(3,670.69)
INTEREST & PENALTY	313,956.73	4,611,806.12	3,778,081.90
CARD PAYMENT SERVICE FEE TRANSFER	2,795.11	49,056.98	45,461.12
PROGRAM INTEGRITY	135,280.21	6,492,508.50	7,066,254.00
SPECIAL ASSESSMENT FOR INTEREST	0.00	14,539.13	17,089.45
COURT COSTS	36,846.78	633,449.54	635,386.90
ADMINISTRATIVE FEE TRANSFER	5.78	299.68	321.82
FEDERAL WITHHOLDING	(162,918.00)	(170,176.00)	19,423.18
STATE WITHHOLDING	(937,809.47)	(402,331.77)	(297,682.61)
EMERGENCY ADMIN GRANT-EUISAA 2020 EXP	0.00	0.00	18,914,772.00
FEDERAL LOAN REPAYMENTS	0.00	3,137.30	0.00
TOTAL DISBURSEMENTS	<u>\$37,144,791.42</u>	<u>\$412,515,121.17</u>	<u>\$382,743,522.70</u>
NET INCREASE(DECREASE)	<u>(17,983,943.68)</u>	<u>243,834,547.36</u>	<u>312,463,266.73</u>
BALANCE AT BEGINNING OF MONTH/YEAR	<u>\$1,929,920,073.68</u>	<u>\$1,668,101,582.64</u>	<u>\$1,355,638,315.91</u>
BALANCE AT END OF MONTH/YEAR	<u>\$1,911,936,130.00</u>	<u>\$1,911,936,130.00</u>	<u>\$1,668,101,582.64</u>

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
CASH ANALYSIS
FOR THE MONTH ENDED December 31, 2024

	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BEGINNING U.I. CASH BALANCE	\$1,892,230,758.31	\$1,627,466,340.60	\$1,303,839,732.39
INCREASES:			
TAX RECEIPTS/RFB PAID	1,037,430.53	398,518,019.34	403,408,492.26
U.I. PAYMENTS CREDITED TO SURPLUS	438,953.02	161,546,997.46	164,160,632.25
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	0.00	60,000,000.00
INTEREST EARNED ON TRUST FUND	15,135,895.23	53,091,007.31	34,792,558.59
FUTA TAX CREDITS	0.00	(3,137.30)	0.00
TOTAL INCREASE IN CASH	<u>16,612,278.78</u>	<u>613,152,886.81</u>	<u>662,361,683.10</u>
TOTAL CASH AVAILABLE	<u>1,908,843,037.09</u>	<u>2,240,619,227.41</u>	<u>1,966,201,415.49</u>
DECREASES:			
TAXABLE EMPLOYER DISBURSEMENTS	29,777,652.36	311,076,929.43	266,641,053.76
BENEFITS CHARGED TO SURPLUS	4,962,799.69	55,643,490.34	53,354,208.85
TOTAL BENEFITS PAID DURING PERIOD	<u>34,740,452.05</u>	<u>366,720,419.77</u>	<u>319,995,262.61</u>
EMERGENCY ADMIN GRANT-EUISAA 2020 EXP	0.00	0.00	18,914,772.00
EMER UC RELIEF REIMB EMPL EXPENDITURES	(8,476.65)	(212,254.05)	(174,959.72)
ENDING U.I. CASH BALANCE (13) (14) (15)	<u><u>1,874,111,061.69</u></u>	<u><u>1,874,111,061.69</u></u>	<u><u>1,627,466,340.60</u></u>

13. \$284,585 of this balance was set up in 2015 in the Trust Fund as a Short-Time Compensation (STC) subaccount to be used for Implementation and Improvement of the STC program and is not available to pay benefits.

14. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

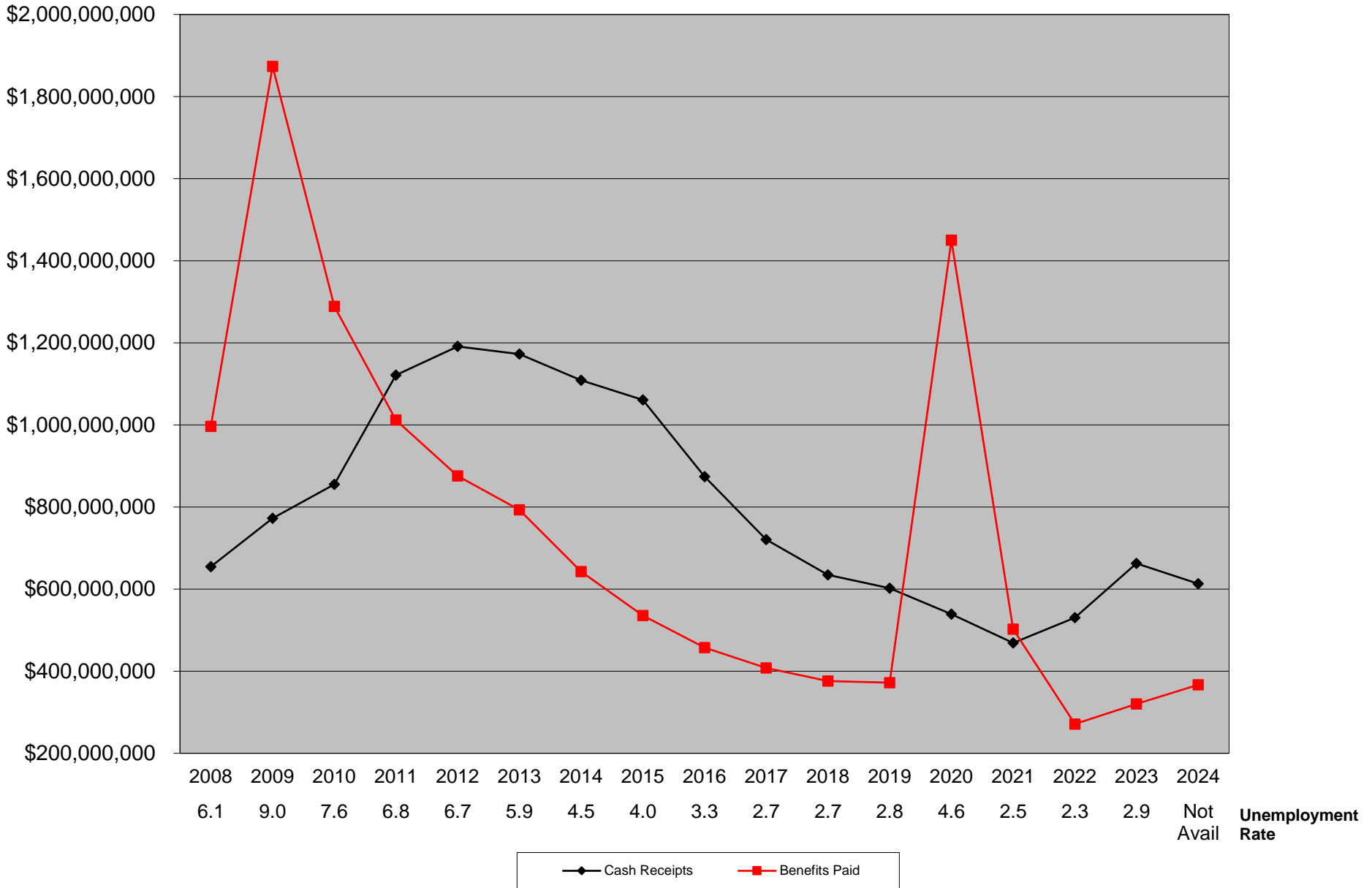
15. \$11,946,726 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.

BUREAU OF TAX AND ACCOUNTING
U.I. TREASURER'S REPORT
BALANCING ACCT SUMMARY
FOR THE MONTH ENDED December 31, 2024

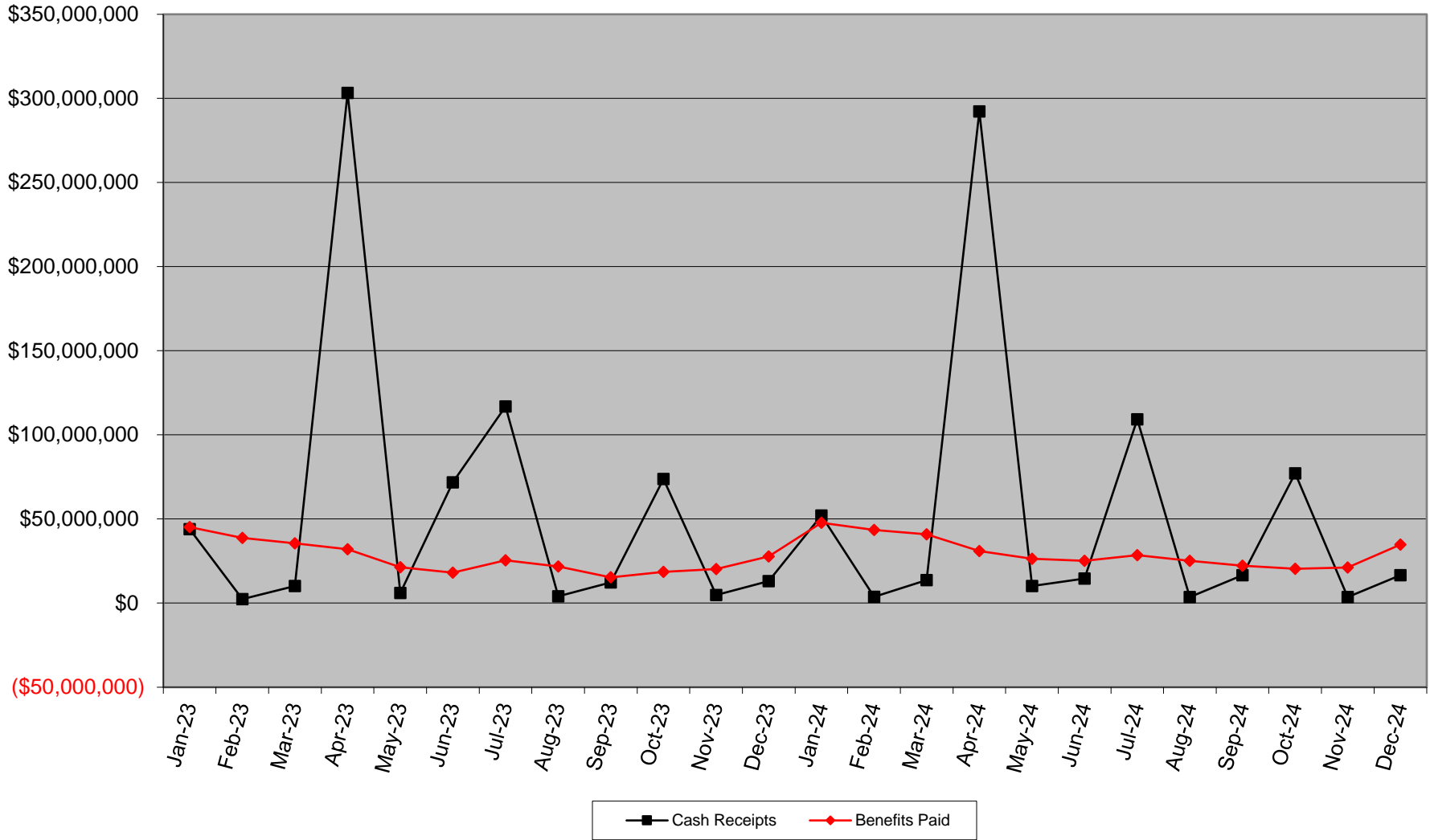
	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BALANCE AT THE BEGINNING OF THE MONTH/YEAR	(\$1,068,725,822.23)	(\$1,209,257,177.64)	(\$1,399,163,452.19)
INCREASES:			
U.I. PAYMENTS CREDITED TO SURPLUS:			
SOLVENCY PAID	235,601.62	156,473,499.66	158,173,866.84
FORFEITURES	207.00	976.00	171.13
OTHER INCREASES	203,144.40	5,072,521.80	5,986,594.28
U.I. PAYMENTS CREDITED TO SURPLUS SUBTOTAL	<u>438,953.02</u>	<u>161,546,997.46</u>	<u>164,160,632.25</u>
TRANSFERS BETWEEN SURPLUS ACCTS (16)	(12,909.50)	(8,064,660.06)	3,047,104.84
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	0.00	60,000,000.00
INTEREST EARNED ON TRUST FUND	15,135,895.23	53,091,007.31	34,792,558.59
FUTA TAX CREDITS	0.00	(3,137.30)	0.00
TOTAL INCREASES	<u>15,561,938.75</u>	<u>206,570,207.41</u>	<u>262,000,295.68</u>
DECREASES:			
BENEFITS CHARGED TO SURPLUS:			
QUITS	3,490,954.66	40,056,189.42	40,173,170.45
OTHER NON-CHARGE BENEFITS	1,471,845.03	15,587,298.92	13,181,038.40
MISCELLANEOUS EXPENSE	0.00	2.00	0.00
BENEFITS CHARGED TO SURPLUS SUBTOTAL	<u>4,962,799.69</u>	<u>55,643,490.34</u>	<u>53,354,208.85</u>
EMERGENCY ADMIN GRANT-EUISAA 2020 EXP	0.00	0.00	18,914,772.00
EMER UC RELIEF REIMB EMPL EXPENDITURES	<u>(8,476.65)</u>	<u>(212,254.05)</u>	<u>(174,959.72)</u>
BALANCE AT THE END OF THE MONTH/YEAR	<u><u>(1,058,118,206.52)</u></u>	<u><u>(1,058,118,206.52)</u></u>	<u><u>(1,209,257,177.64)</u></u>

16. The 10% writeoff for 2024 was \$37.5 million and is included in this balance. The 10% writeoff shifts employer benefit charges to the balancing account. The 10% writeoff has no effect on receivable balances.

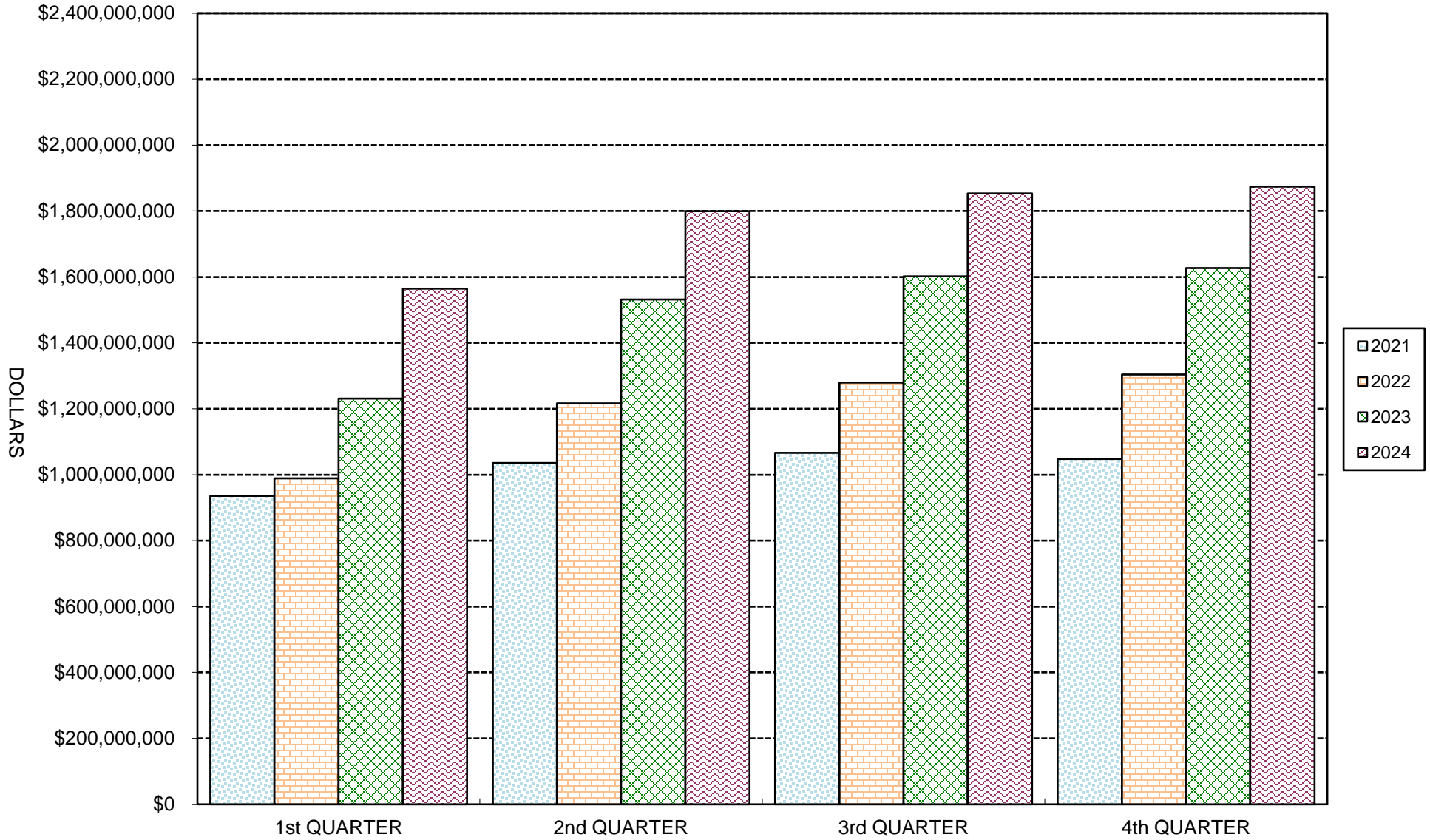
Cash Activity Related to Taxable Employers with WI Unemployment Rate (for all years from January to December)



Cash Activity Related to Taxable Employers - Most Recent 24 Months

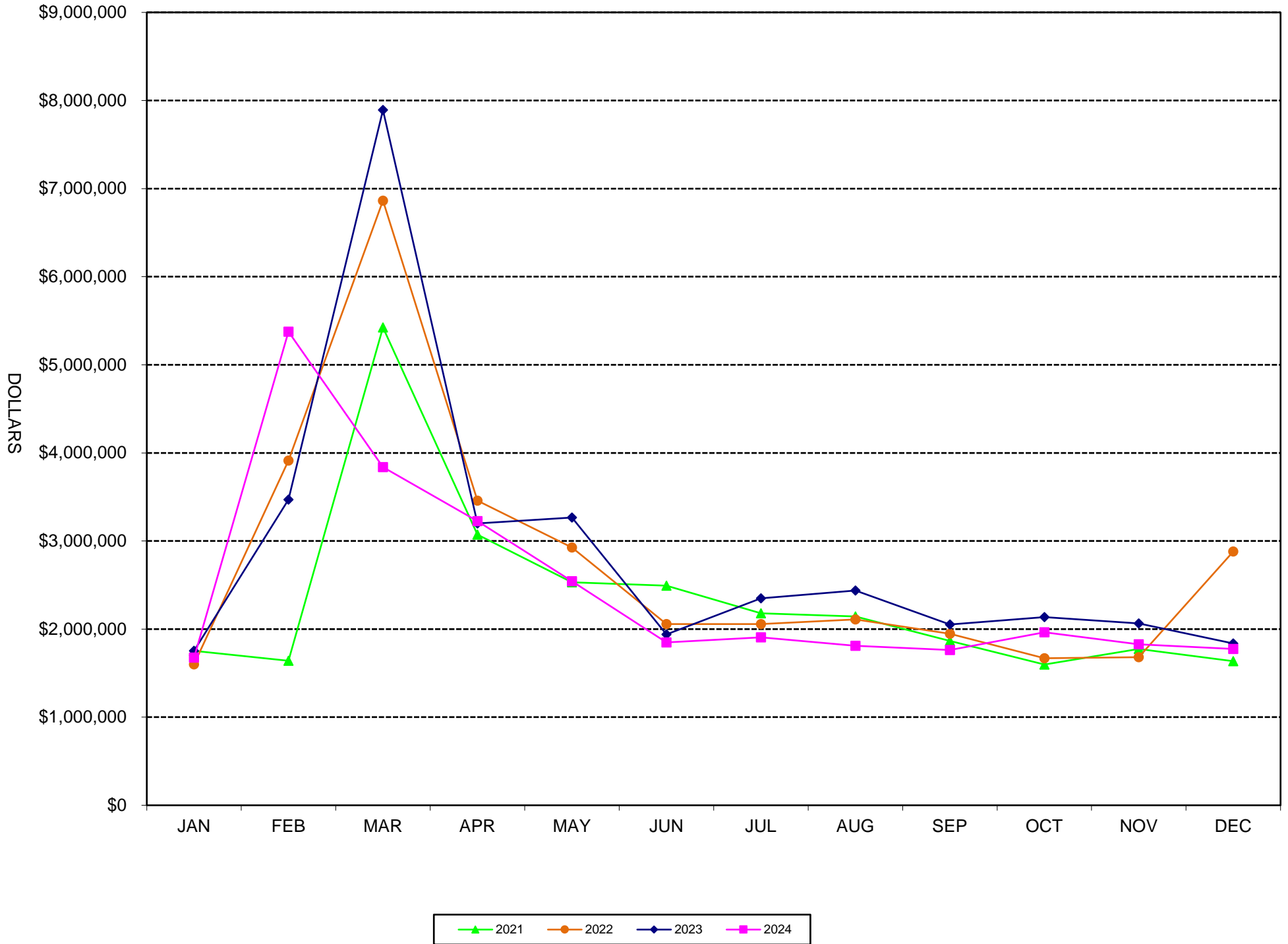


CASH BALANCE RELATED TO TAXABLE EMPLOYERS

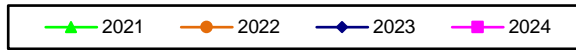
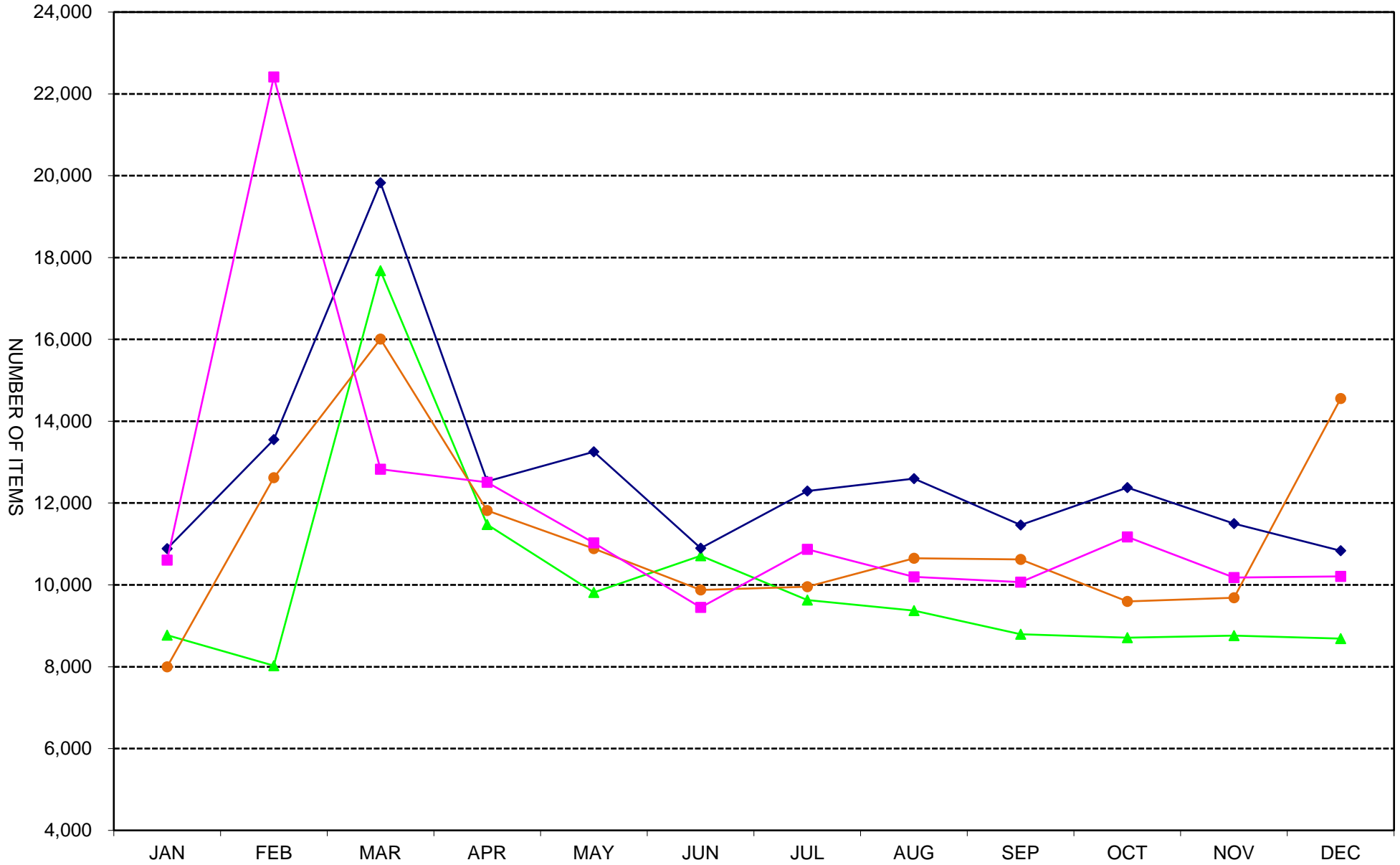


MONTHLY OVERPAYMENT CASH RECEIPTS

(by dollar amount)

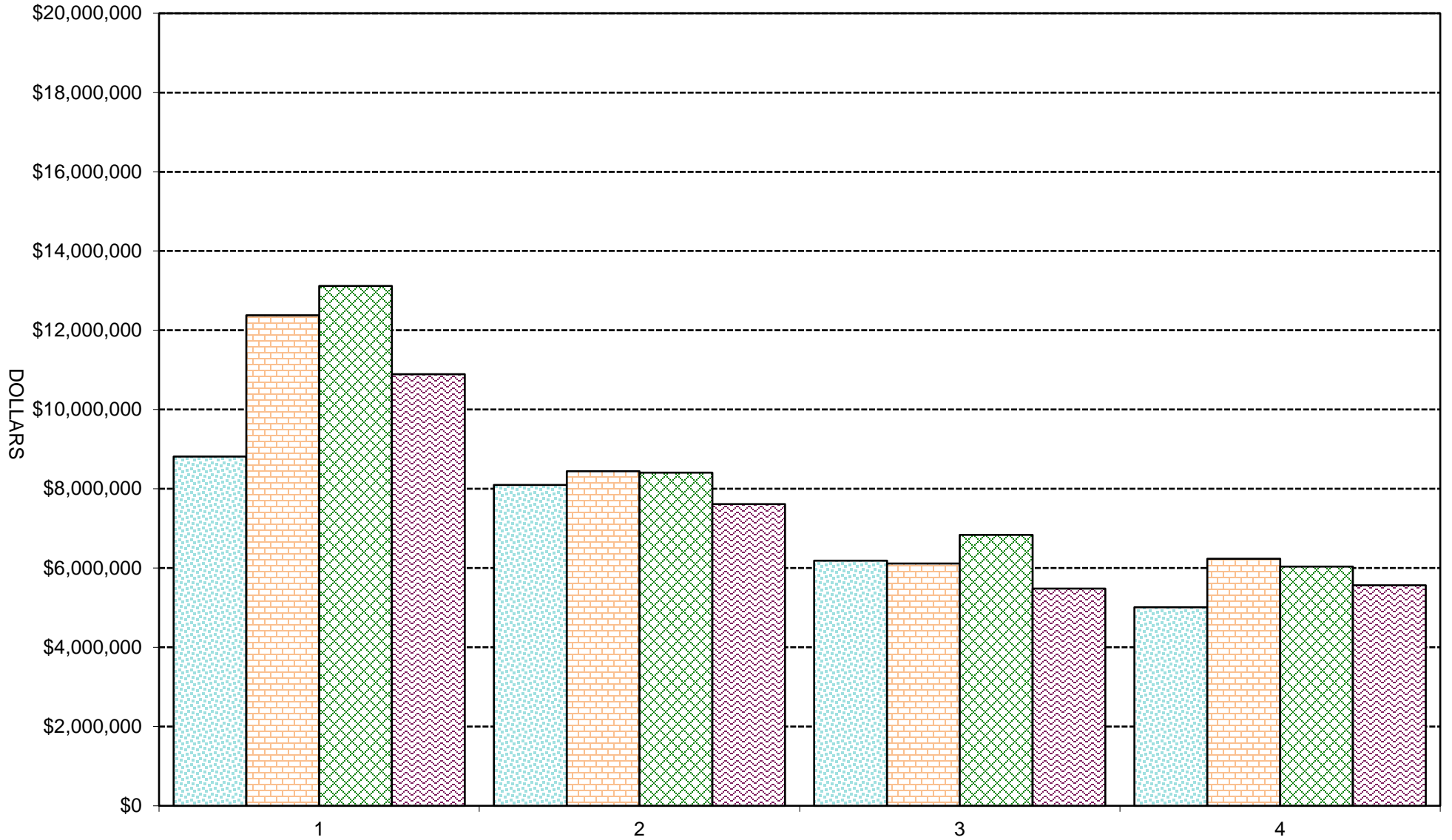


MONTHLY OVERPAYMENT CASH RECEIPTS (by number of items)



QUARTERLY OVERPAYMENT CASH RECEIPTS

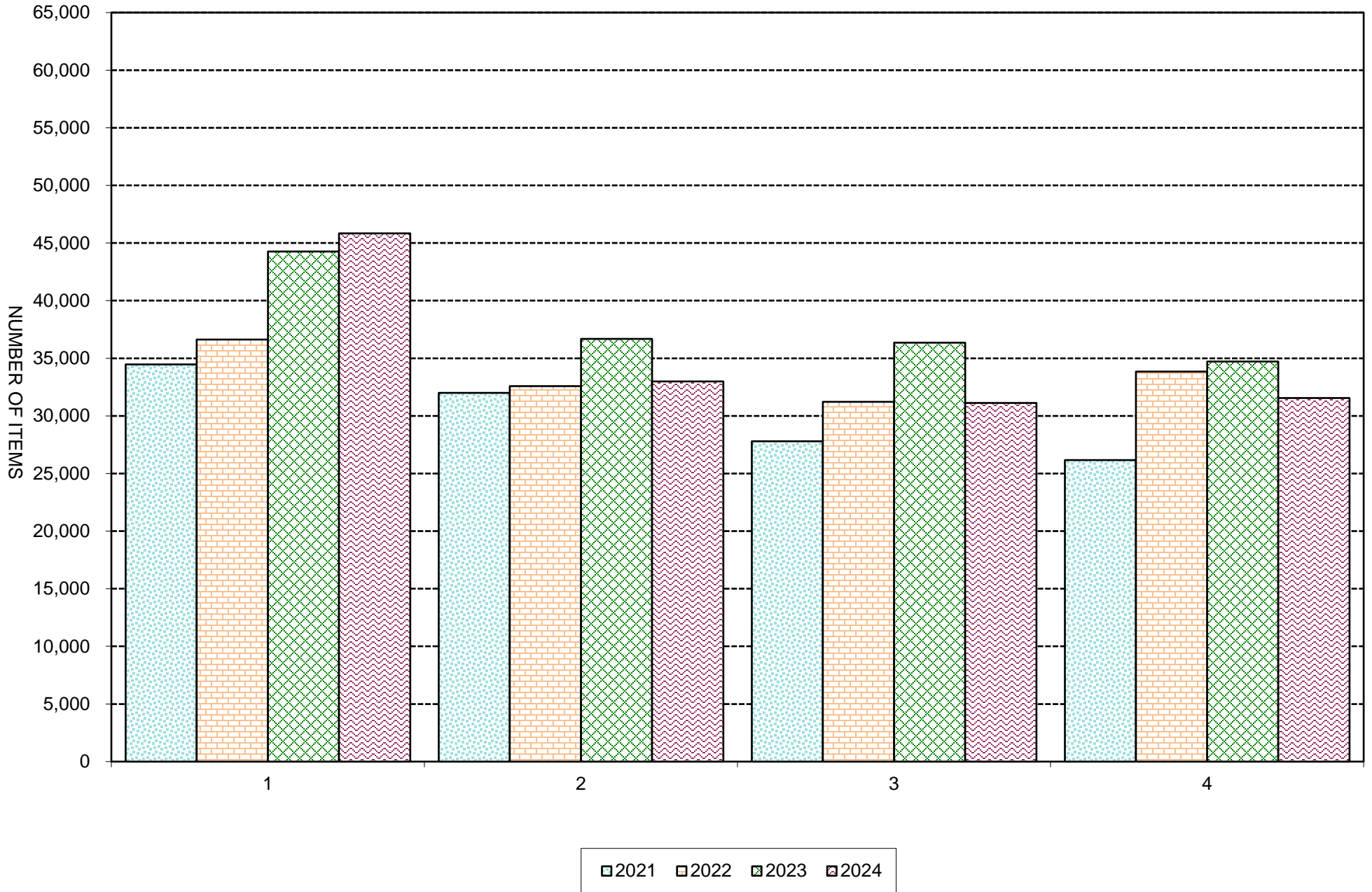
(by dollar amount)



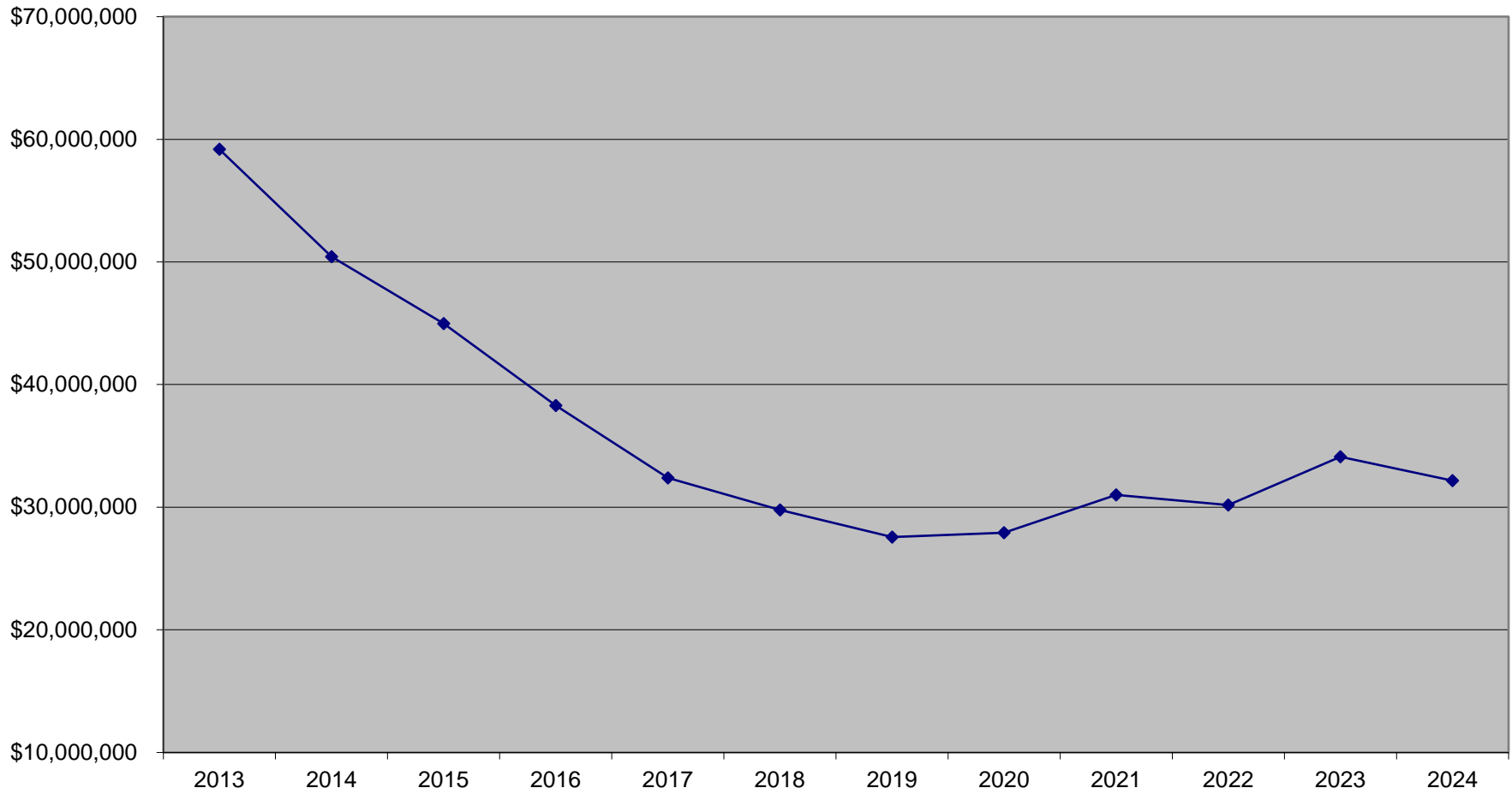
2021 2022 2023 2024

QUARTERLY OVERPAYMENT CASH RECEIPTS

(by number of items)

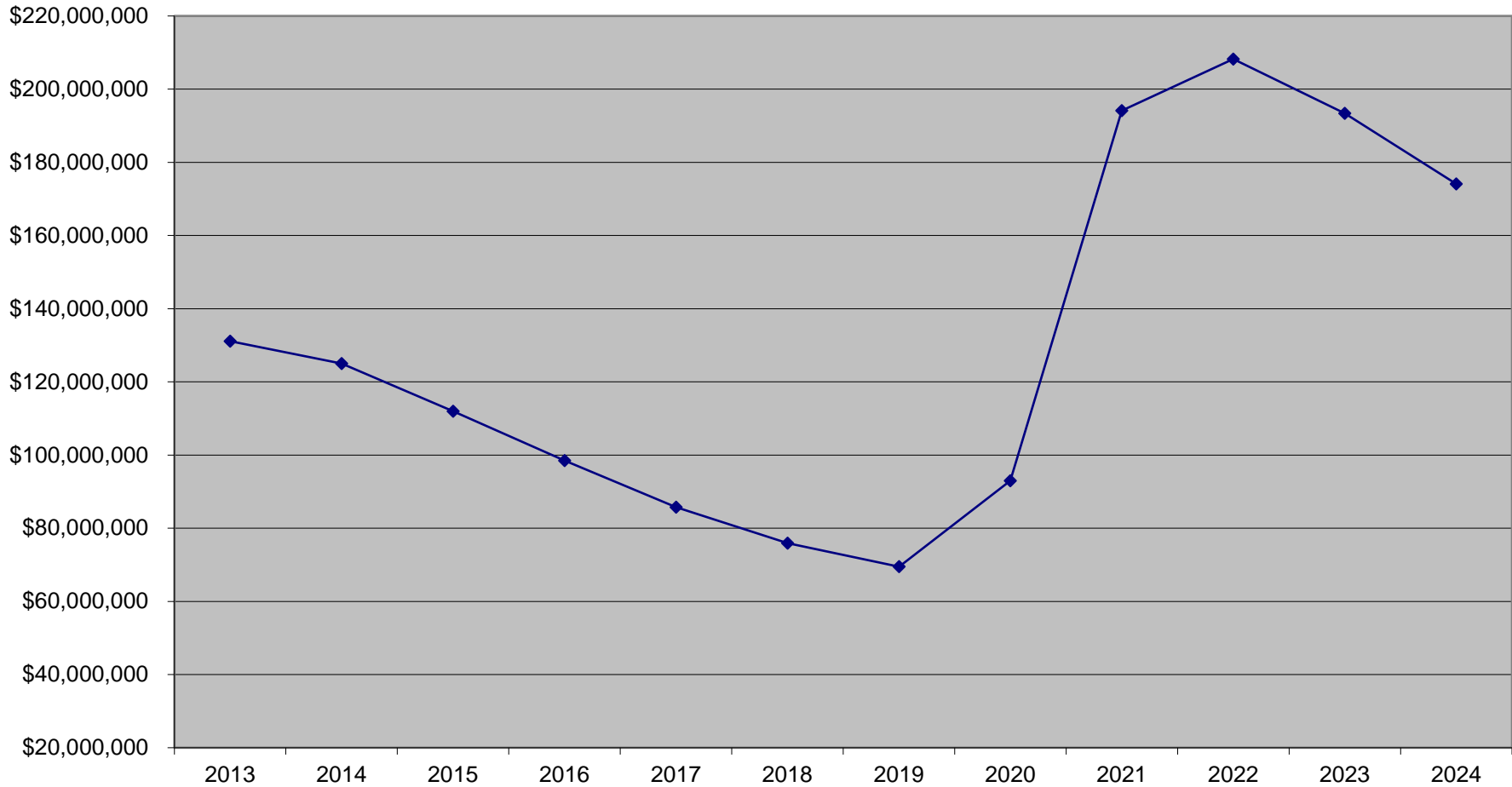


TOTAL TAXABLE EMPLOYER RFB & SOLVENCY RECEIVABLES
(for all years as of December)



Source: Monthly Balance Sheet

TOTAL BENEFIT OVERPAYMENT RECEIVABLES
(for all years as of December)



Source: Monthly Balance Sheet

FINANCIAL STATEMENTS

For the Month Ended February 28, 2025



Unemployment Insurance Division

Bureau of Tax and Accounting

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
BALANCE SHEET
FOR THE MONTH ENDED February 28, 2025

<u>ASSETS</u>	<u>CURRENT YEAR</u>	<u>PRIOR YEAR</u>
CASH:		
U.I. CONTRIBUTION ACCOUNT	49,562.50	277,192.26
U.I. BENEFIT ACCOUNTS	(295,772.57)	(315,393.31)
U.I. TRUST FUND ACCOUNTS (1) (2) (3)	<u>1,880,361,142.37</u>	<u>1,632,924,952.95</u>
TOTAL CASH	<u>1,880,114,932.30</u>	<u>1,632,886,751.90</u>
ACCOUNTS RECEIVABLE:		
BENEFIT OVERPAYMENT RECEIVABLES	171,434,874.32	187,504,002.78
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(56,225,118.14)</u>	<u>(61,573,595.92)</u>
NET BENEFIT OVERPAYMENT RECEIVABLES	115,209,756.18	125,930,406.86
TAXABLE EMPLOYER RFB & SOLVENCY RECEIV (5) (6)	32,756,268.67	34,877,096.71
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(21,596,823.52)</u>	<u>(16,367,415.90)</u>
NET TAXABLE EMPLOYER RFB & SOLVENCY RECEIV	11,159,445.15	18,509,680.81
OTHER EMPLOYER RECEIVABLES	23,065,302.54	24,139,167.68
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(8,938,723.05)</u>	<u>(7,646,753.61)</u>
NET OTHER EMPLOYER RECEIVABLES	14,126,579.49	16,492,414.07
TOTAL ACCOUNTS RECEIVABLE	<u>140,495,780.82</u>	<u>160,932,501.74</u>
TOTAL ASSETS	<u><u>2,020,610,713.12</u></u>	<u><u>1,793,819,253.64</u></u>
<u>LIABILITIES AND EQUITY</u>		
LIABILITIES:		
CONTINGENT LIABILITIES (7)	91,910,497.97	104,888,537.27
OTHER LIABILITIES	34,542,530.79	38,670,066.54
FEDERAL BENEFIT PROGRAMS	2,431,477.79	1,769,941.54
CHILD SUPPORT HOLDING ACCOUNT	16,186.00	16,931.00
FEDERAL WITHHOLDING TAXES DUE	30,368.00	14,805.00
STATE WITHHOLDING TAXES DUE	2,121,521.00	2,257,241.31
DUE TO OTHER GOVERNMENTS (8)	<u>630,673.89</u>	<u>924,202.40</u>
TOTAL LIABILITIES	131,683,255.44	148,541,725.06
EQUITY:		
RESERVE FUND BALANCE	2,899,169,867.47	2,798,822,479.57
BALANCING ACCOUNT	<u>(1,010,242,409.79)</u>	<u>(1,153,544,950.99)</u>
TOTAL EQUITY	<u>1,888,927,457.68</u>	<u>1,645,277,528.58</u>
TOTAL LIABILITIES AND EQUITY	<u><u>2,020,610,713.12</u></u>	<u><u>1,793,819,253.64</u></u>

1. \$284,585 of this balance is for administration purposes and is not available to pay benefits.
2. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.
3. \$11,968,099 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.
4. The allowance for uncollectible benefit overpayments is 34.0%. The allowance for uncollectible delinquent employer taxes is 50.3%. This is based on the historical collectibility of our receivables. This method of recognizing receivable balances is in accordance with generally accepted accounting principles.
5. The remaining tax due at the end of the current month for employers utilizing the 1st quarter deferral plan is \$0. Deferrals for the prior year were \$0.
6. \$20,245,232, or 61.8%, of this balance is estimated.
7. \$72,190,140 of this balance is net benefit overpayments which, when collected, will be credited to a reimbursable or federal program. \$19,720,358 of this balance is net interest, penalties, SAFI, and other fees assessed to employers and penalties and other fees assessed to claimants which, when collected, will be credited to the state fund.
8. This balance includes SAFI Payable of \$130. The 02/28/2025 balance of the Unemployment Interest Payment Fund (DWD Fund 214) is \$3,487. Total Life-to-date transfers from DWD Fund 214 to the Unemployment Program Integrity Fund (DWD Fund 298) are \$9,605,130.

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
RESERVE FUND ANALYSIS
FOR THE MONTH ENDED February 28, 2025

	<u>CURRENT ACTIVITY</u>	<u>YTD ACTIVITY</u>	<u>PRIOR YTD</u>
BALANCE AT BEGINNING OF MONTH/YEAR:			
U.I. TAXABLE ACCOUNTS	3,385,270,271.23	3,385,346,039.05	3,290,285,224.79
BALANCING ACCOUNT	<u>(1,459,264,365.45)</u>	<u>(1,466,546,076.17)</u>	<u>(1,608,925,132.26)</u>
TOTAL BALANCE	1,926,005,905.78	1,918,799,962.88	1,681,360,092.53
INCREASES:			
TAX RECEIPTS/RFB PAID	939,366.76	37,492,395.66	39,497,224.74
ACCRUED REVENUES	2,688,680.78	726,165.24	690,578.63
SOLVENCY PAID	294,459.30	13,676,267.95	14,358,524.31
FORFEITURES	0.00	(6,272.00)	0.00
BENEFIT CONCEALMENT INCOME	142,573.52	253,590.90	398,557.73
FUTA TAX CREDITS	0.00	(2,637.00)	63.00
OTHER CHANGES	<u>18,362.36</u>	<u>99,239.15</u>	<u>105,873.77</u>
TOTAL INCREASES	4,083,442.72	52,238,749.90	55,050,822.18
DECREASES:			
TAXABLE EMPLOYER DISBURSEMENTS	35,450,923.32	70,476,656.91	77,416,320.44
QUIT NONCHARGE BENEFITS	3,829,356.92	8,022,880.48	10,087,164.74
OTHER DECREASES	108,521.85	113,011.03	60,165.75
OTHER NONCHARGE BENEFITS	<u>1,773,088.73</u>	<u>3,498,706.68</u>	<u>3,569,735.20</u>
TOTAL DECREASES	41,161,890.82	82,111,255.10	91,133,386.13
BALANCE AT END OF MONTH/YEAR:			
RESERVE FUND BALANCE	2,899,169,867.47	2,899,169,867.47	2,798,822,479.57
BALANCING ACCOUNT	<u>(1,010,242,409.79)</u>	<u>(1,010,242,409.79)</u>	<u>(1,153,544,950.99)</u>
TOTAL BALANCE (9) (10) (11) (12)	<u>1,888,927,457.68</u>	<u>1,888,927,457.68</u>	<u>1,645,277,528.58</u>

9. This balance differs from the cash balance related to taxable employers of \$1,843,585,033 because of non-cash accrual items.

10. \$284,585 of this balance is set up in the Trust Fund in one subaccount to be used for administration purposes and is not available to pay benefits.

11. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

12. \$11,968,099 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.

**DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
RECEIPTS AND DISBURSEMENTS STATEMENT
FOR THE MONTH ENDED 02/28/2025**

RECEIPTS	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE</u>	<u>PRIOR YEAR TO DATE</u>
TAX RECEIPTS/RFB	\$939,366.76	\$37,492,395.66	\$39,497,224.74
SOLVENCY	294,459.30	13,676,267.95	14,358,524.31
ADMINISTRATIVE FEE	19.10	393.47	25.47
ADMINISTRATIVE FEE - PROGRAM INTEGRITY	6,445.90	306,224.75	313,738.82
UNUSED CREDITS	(352,224.76)	32,609.04	644,859.66
GOVERNMENTAL UNITS	896,143.68	1,759,231.94	1,640,043.20
NONPROFITS	526,770.65	1,469,602.32	1,461,152.94
INTERSTATE CLAIMS (CWC)	394,618.23	669,705.26	598,243.74
ERROR SUSPENSE	(27,752.90)	4,884.48	18,674.83
FEDERAL PROGRAMS RECEIPTS	(772,630.26)	(1,343,076.88)	(1,985,710.30)
OVERPAYMENT COLLECTIONS	2,955,359.19	4,685,127.28	6,435,856.06
FORFEITURES	0.00	(6,272.00)	0.00
BENEFIT CONCEALMENT INCOME	142,573.52	253,590.90	398,557.73
EMPLOYER REFUNDS	(1,537,575.55)	(1,884,221.22)	(1,872,624.48)
COURT COSTS	54,286.00	113,004.39	129,863.43
INTEREST & PENALTY	335,408.40	802,148.95	627,035.77
CARD PAYMENT SERVICE FEE	2,900.99	7,780.76	8,376.03
BENEFIT CONCEALMENT PENALTY-PROGRAM INTEGRITY	205,238.51	408,799.87	699,439.25
MISCLASSIFIED EMPLOYEE PENALTY-PROG INTEGRITY	1,495.18	1,817.50	1,873.24
LEVY NONCOMPLIANCE PENALTY-PROGRAM INTEGRITY	4,683.93	23,682.66	14,440.09
SPECIAL ASSESSMENT FOR INTEREST	129.92	129.92	857.02
MISCELLANEOUS	5,011.90	22,157.03	38,099.58
TOTAL RECEIPTS	<u>\$4,074,727.69</u>	<u>\$58,495,984.03</u>	<u>\$63,028,551.13</u>
DISBURSEMENTS			
CHARGES TO TAXABLE EMPLOYERS	\$37,712,209.16	\$75,176,710.19	\$82,562,360.85
NONPROFIT CLAIMANTS	692,875.66	1,448,130.46	1,585,736.61
GOVERNMENTAL CLAIMANTS	820,919.05	1,722,156.32	1,696,178.93
INTERSTATE CLAIMS (CWC)	311,564.75	640,742.43	845,546.53
QUITS	3,829,356.92	8,022,880.48	10,087,164.74
OTHER NON-CHARGE BENEFITS	1,804,713.55	3,471,644.90	3,467,114.39
CLOSED EMPLOYERS	80.28	(6,712.62)	36.12
FEDERAL PROGRAMS			
FEDERAL EMPLOYEES (UCFE)	81,984.08	174,629.75	229,876.21
EX-MILITARY (UCX)	39,355.48	72,708.46	55,165.94
TRADE ALLOWANCE (TRA/TRA-NAFTA)	2,553.07	4,188.07	25,365.00
WORK-SHARE (STC)	(4.36)	(97.36)	(4,531.12)
FEDERAL PANDEMIC UC (FPUC)	(705,333.81)	(1,286,983.09)	(2,084,230.15)
LOST WAGES ASSISTANCE \$300 ADD-ON (LWA)	(60,431.39)	(103,147.54)	(76,452.93)
PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)	(103,639.71)	(177,354.94)	(295,872.53)
PANDEMIC EMERGENCY UC (PEUC)	(138,372.22)	(260,208.75)	(430,625.03)
PANDEMIC FIRST WEEK (PFW)	(2,637.52)	(3,653.03)	(9,325.52)
EMER UC RELIEF REIMB EMPL (EUR)	(16,571.42)	(29,467.67)	(49,039.27)
2003 TEMPORARY EMERGENCY UI (TEUC)	(337.78)	(2,115.18)	(634.72)
FEDERAL ADD'L COMPENSATION \$25 ADD-ON (FAC)	(9,303.81)	(19,292.39)	(27,031.07)
FEDERAL EMERGENCY UI (EUC)	(62,515.15)	(158,453.68)	(168,043.15)
FEDERAL EXTENDED BENEFITS (EB)	(10,530.16)	(18,381.12)	(14,304.19)
FEDERAL EMPLOYEES EXTENDED BEN (UCFE EB)	0.00	(550.00)	(550.00)
FEDERAL EX-MILITARY EXTENDED BEN (UCX EB)	(441.10)	(441.10)	0.00
INTERSTATE CLAIMS EXTENDED BENEFITS (CWC EB)	(2,093.71)	(2,095.52)	(0.36)
INTEREST & PENALTY	466,740.55	672,705.48	542,564.18
CARD PAYMENT SERVICE FEE TRANSFER	4,879.77	8,010.93	9,202.61
PROGRAM INTEGRITY	522,661.26	695,106.62	725,171.36
SPECIAL ASSESSMENT FOR INTEREST	0.00	1,510.30	6,074.52
COURT COSTS	58,718.39	106,302.05	93,489.51
ADMINISTRATIVE FEE TRANSFER	374.37	406.34	36.55
FEDERAL WITHHOLDING	2,338.00	120,699.00	(33,914.00)
STATE WITHHOLDING	(1,014,939.00)	44,966.94	(493,085.14)
FEDERAL LOAN REPAYMENTS	0.00	2,637.00	(63.00)
TOTAL DISBURSEMENTS	<u>\$44,224,173.20</u>	<u>\$90,317,181.73</u>	<u>\$98,243,381.87</u>
NET INCREASE(DECREASE)	<u>(40,149,445.51)</u>	<u>(31,821,197.70)</u>	<u>(35,214,830.74)</u>
BALANCE AT BEGINNING OF MONTH/YEAR	\$1,920,264,377.81	\$1,911,936,130.00	\$1,668,101,582.64
BALANCE AT END OF MONTH/YEAR	<u>\$1,880,114,932.30</u>	<u>\$1,880,114,932.30</u>	<u>\$1,632,886,751.90</u>

DEPARTMENT OF WORKFORCE DEVELOPMENT
U.I. TREASURER'S REPORT
CASH ANALYSIS
FOR THE MONTH ENDED February 28, 2025

	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BEGINNING U.I. CASH BALANCE	\$1,882,586,390.94	\$1,874,111,061.69	\$1,627,466,340.60
INCREASES:			
TAX RECEIPTS/RFB PAID	939,366.76	37,492,395.66	39,497,224.74
U.I. PAYMENTS CREDITED TO SURPLUS	1,221,165.63	14,095,467.26	16,279,225.76
FUTA TAX CREDITS	0.00	(2,637.00)	63.00
TOTAL INCREASE IN CASH	<u>2,160,532.39</u>	<u>51,585,225.92</u>	<u>55,776,513.50</u>
TOTAL CASH AVAILABLE	<u>1,884,746,923.33</u>	<u>1,925,696,287.61</u>	<u>1,683,242,854.10</u>
DECREASES:			
TAXABLE EMPLOYER DISBURSEMENTS	35,450,923.32	70,476,656.91	77,416,320.44
BENEFITS CHARGED TO SURPLUS	5,727,538.92	11,664,065.86	13,766,104.96
TOTAL BENEFITS PAID DURING PERIOD	<u>41,178,462.24</u>	<u>82,140,722.77</u>	<u>91,182,425.40</u>
EMER UC RELIEF REIMB EMPL EXPENDITURES	(16,571.42)	(29,467.67)	(49,039.27)
ENDING U.I. CASH BALANCE (13) (14) (15)	<u><u>1,843,585,032.51</u></u>	<u><u>1,843,585,032.51</u></u>	<u><u>1,592,109,467.97</u></u>

13. \$284,585 of this balance was set up in 2015 in the Trust Fund as a Short-Time Compensation (STC) subaccount to be used for Implementation and Improvement of the STC program and is not available to pay benefits.

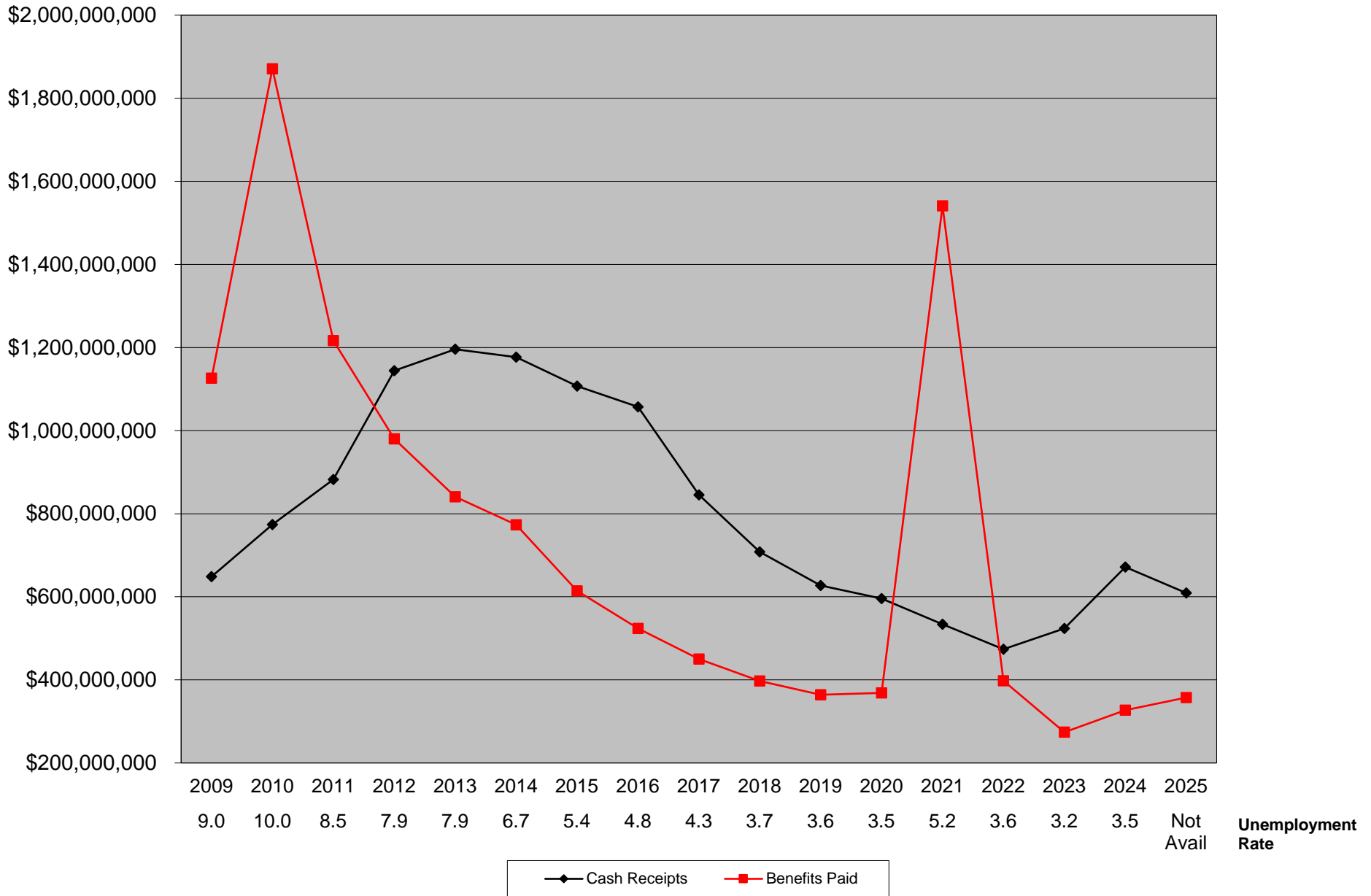
14. \$1,341,837 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

15. \$11,968,099 of this balance is Emergency Unemployment Compensation Relief (EUR) reserved exclusively for funding 50% of the benefits paid for Reimbursable Employers for UI Weeks 12/20-14/21 and 75% of the benefits paid for reimbursable employers for UI Weeks 15/21-36/21 per 2103 of the CARES Act, the Continued Assistance Act, and the American Rescue Act.

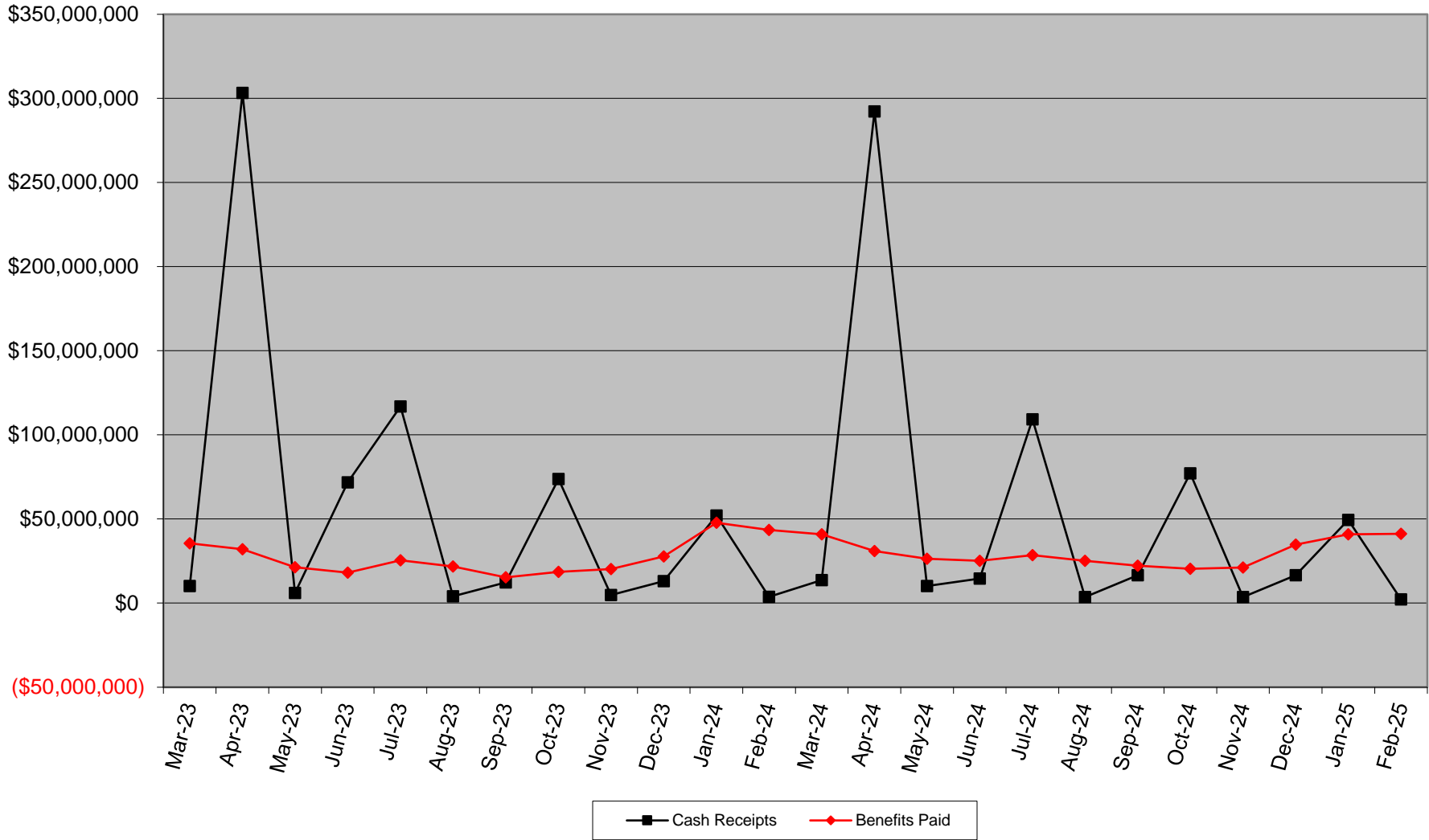
BUREAU OF TAX AND ACCOUNTING
U.I. TREASURER'S REPORT
BALANCING ACCT SUMMARY
FOR THE MONTH ENDED February 28, 2025

	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BALANCE AT THE BEGINNING OF THE MONTH/YEAR	(\$1,051,151,457.40)	(\$1,058,118,206.52)	(\$1,209,257,177.64)
INCREASES:			
U.I. PAYMENTS CREDITED TO SURPLUS:			
SOLVENCY PAID	294,459.30	13,676,267.95	14,358,524.31
FORFEITURES	0.00	(6,272.00)	0.00
OTHER INCREASES	926,706.33	425,471.31	1,920,701.45
U.I. PAYMENTS CREDITED TO SURPLUS SUBTOTAL	<u>1,221,165.63</u>	<u>14,095,467.26</u>	<u>16,279,225.76</u>
TRANSFERS BETWEEN SURPLUS ACCTS			
FUTA TAX CREDITS	56,424.31	75,139.49	(18,057.03)
TOTAL INCREASES	<u>0.00</u>	<u>(2,637.00)</u>	<u>63.00</u>
	1,277,589.94	14,167,969.75	16,261,231.73
DECREASES:			
BENEFITS CHARGED TO SURPLUS:			
QUITS	3,829,356.92	8,022,880.48	10,087,164.74
OTHER NON-CHARGE BENEFITS	1,898,182.00	3,641,185.38	3,678,940.22
BENEFITS CHARGED TO SURPLUS SUBTOTAL	<u>5,727,538.92</u>	<u>11,664,065.86</u>	<u>13,766,104.96</u>
EMER UC RELIEF REIMB EMPL EXPENDITURES			
	<u>(16,571.42)</u>	<u>(29,467.67)</u>	<u>(49,039.27)</u>
BALANCE AT THE END OF THE MONTH/YEAR	<u><u>(1,055,584,834.96)</u></u>	<u><u>(1,055,584,834.96)</u></u>	<u><u>(1,206,713,011.60)</u></u>

Cash Activity Related to Taxable Employers with WI Unemployment Rate (for all years from March to February)

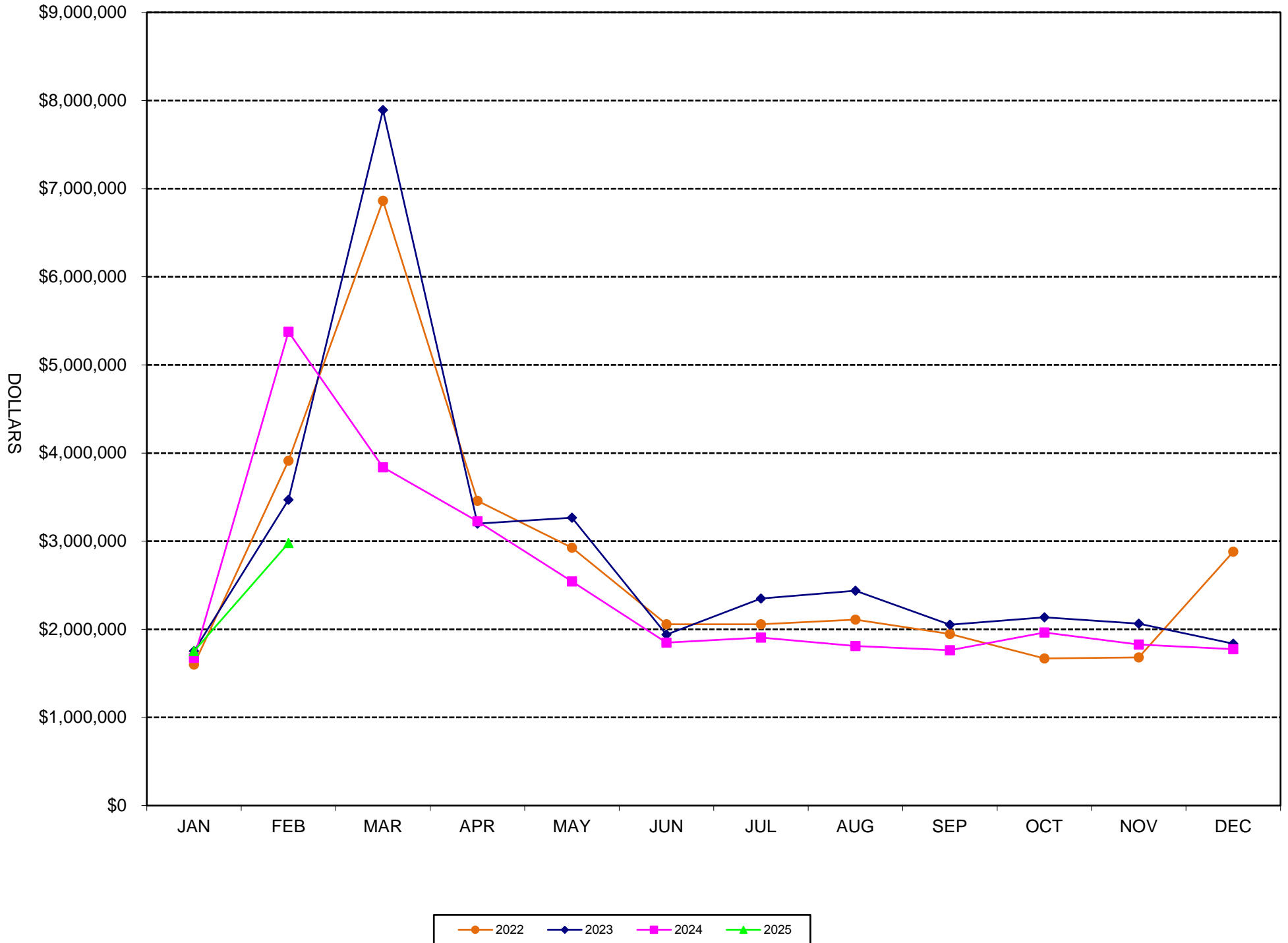


Cash Activity Related to Taxable Employers - Most Recent 24 Months

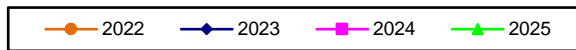
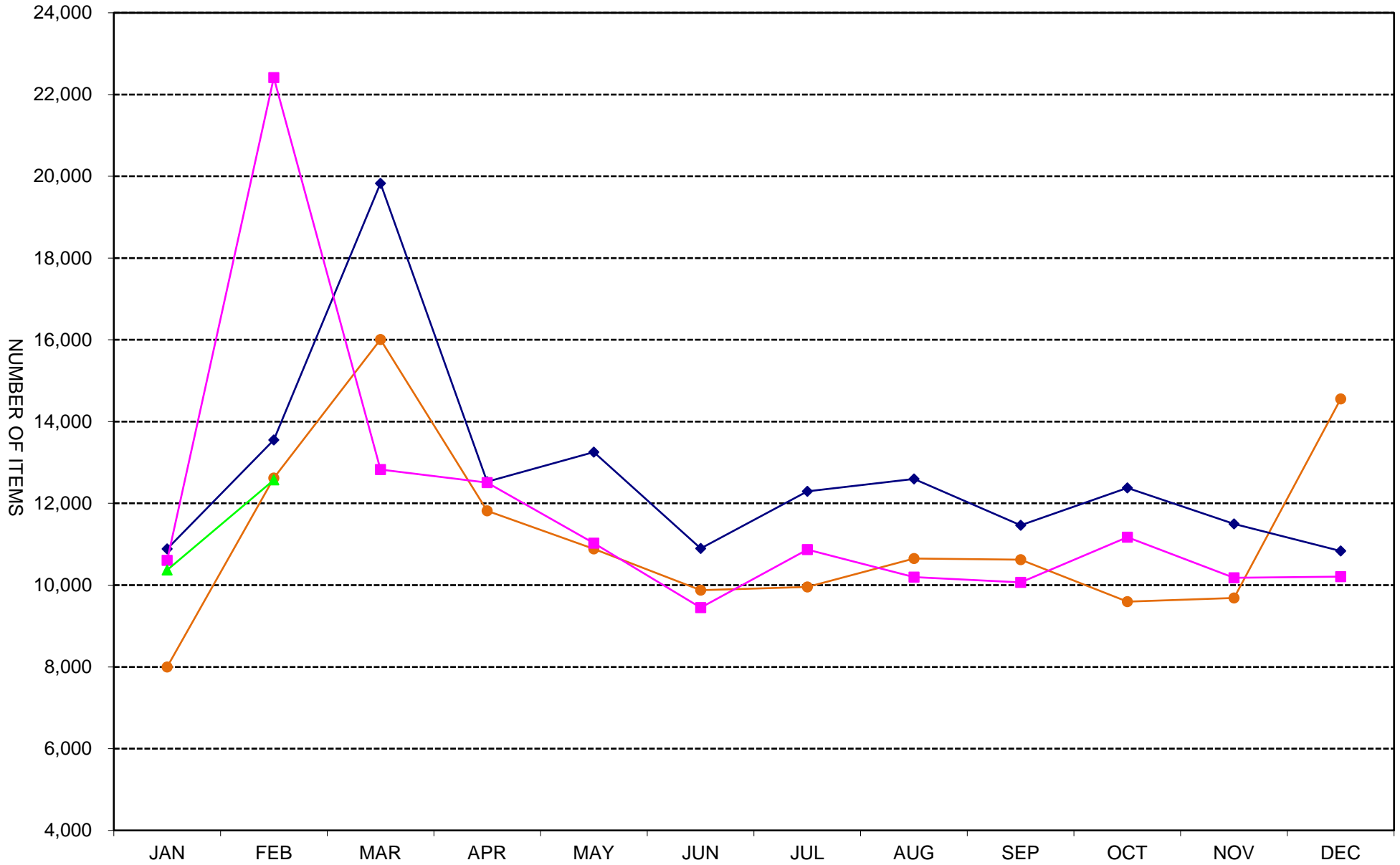


MONTHLY OVERPAYMENT CASH RECEIPTS

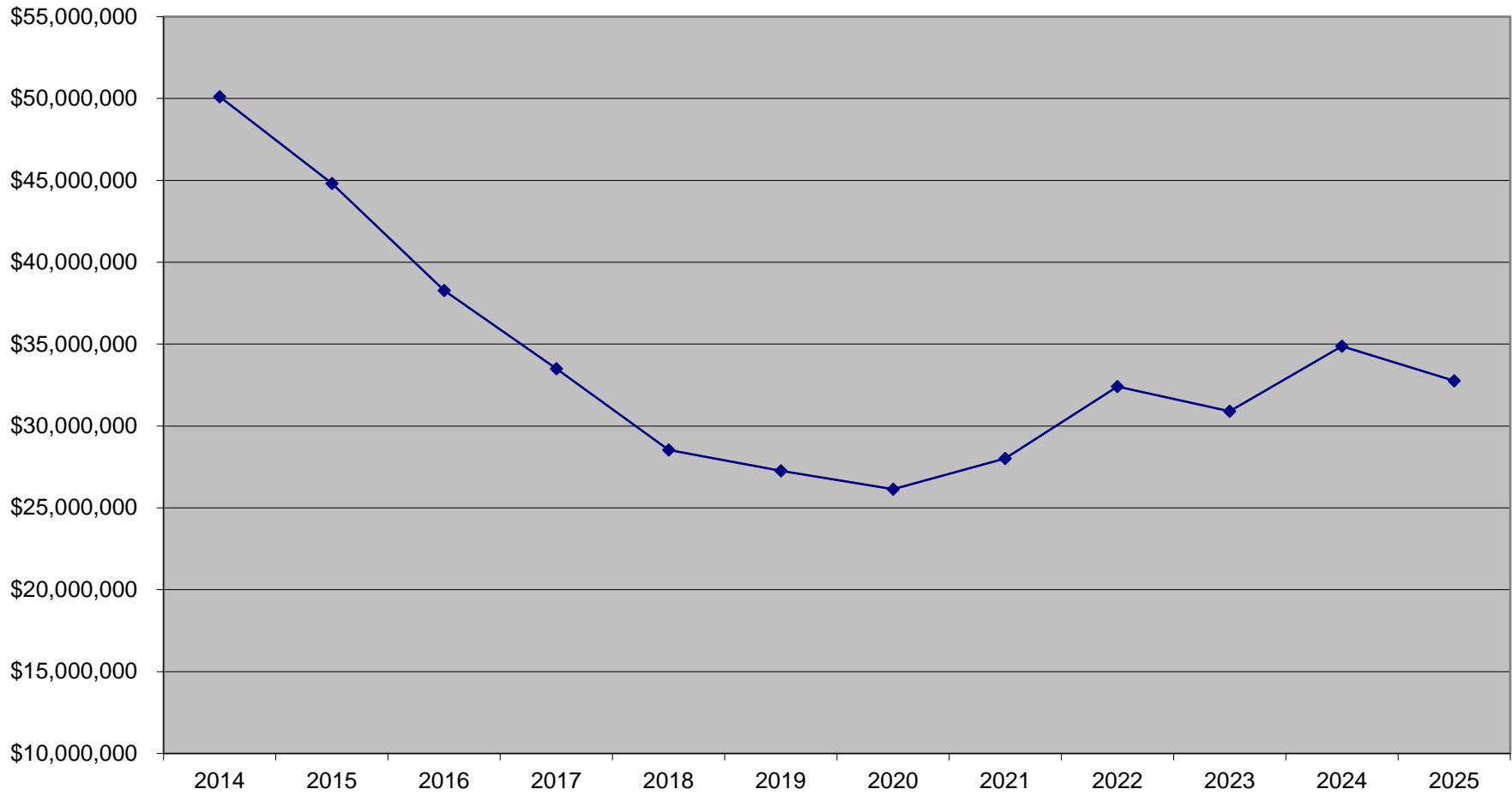
(by dollar amount)



MONTHLY OVERPAYMENT CASH RECEIPTS (by number of items)

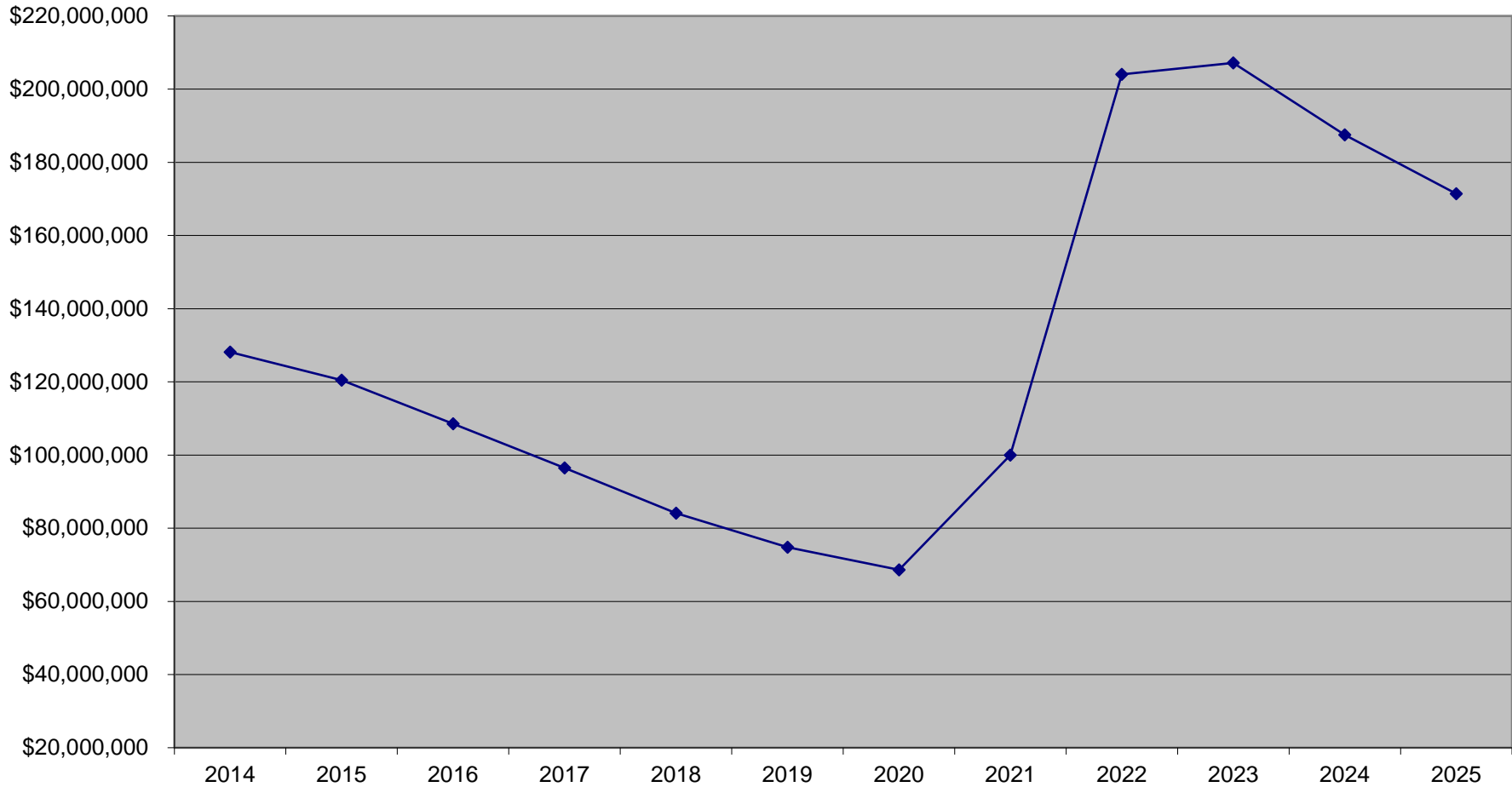


TOTAL TAXABLE EMPLOYER RFB & SOLVENCY RECEIVABLES
(for all years as of February)



Source: Monthly Balance Sheet

TOTAL BENEFIT OVERPAYMENT RECEIVABLES
(for all years as of February)



Source: Monthly Balance Sheet

UI Reserve Fund Highlights

UIAC March 20, 2025

- Benefit payments through February 2025 declined by \$9.1 million or 10.0% when compared to benefits paid through February 2024.

Benefits Paid	2025 YTD* <i>(in millions)</i>	2024 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Regular UI Paid	\$82.1	\$91.2	(\$9.1)	(10.0%)

- Tax receipts through February 2025 declined by \$2.7 million or 5.0% when compared to tax receipts through February 2024.

Tax Receipts	2025 YTD* <i>(in millions)</i>	2024 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Tax Receipts	\$51.2	\$53.9	(\$2.7)	(5.0%)

- The February 2025 Trust Fund ending balance was over \$1.8 billion, an increase of 15.9% when compared to the same time last year.

UI Trust Fund Balance	February 2025 (in millions)	February 2024 (in millions)	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Trust Fund Balance	\$1,831.3	\$1,580.0	\$251.3	15.9%

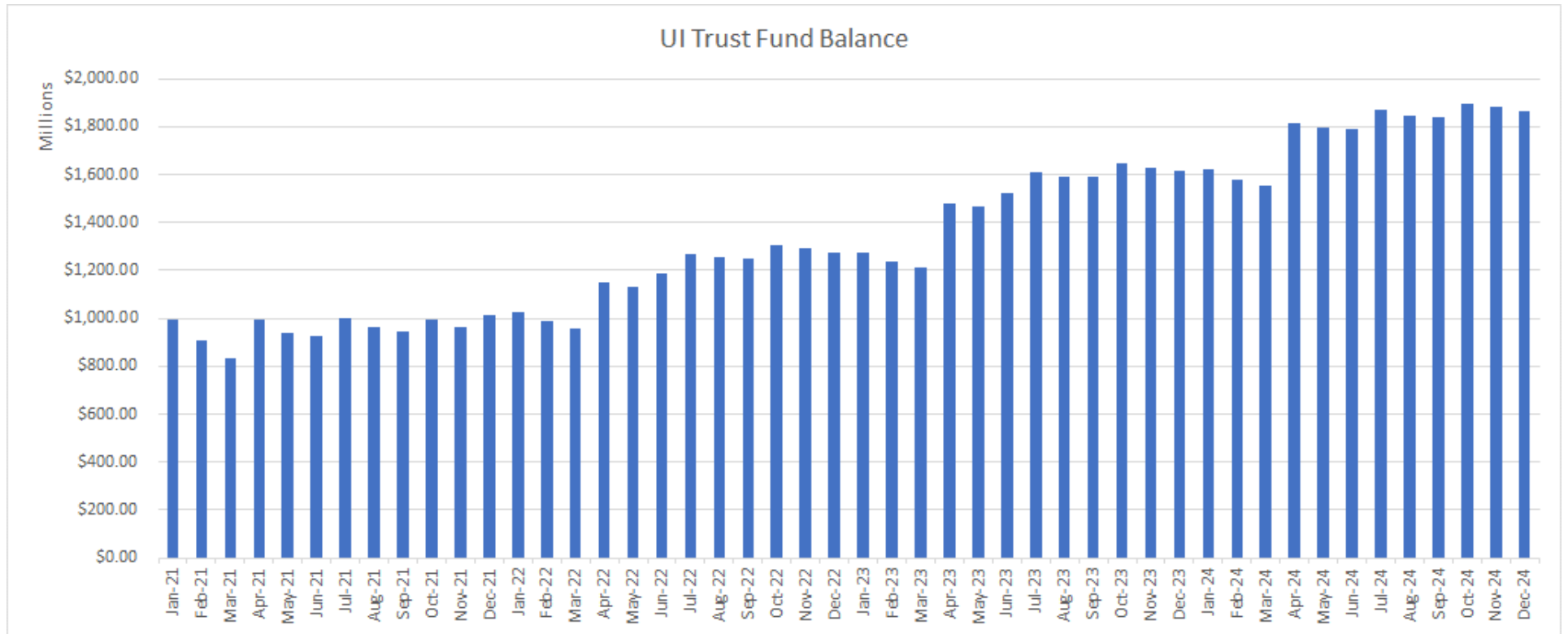
- Interest earned on the Trust Fund is received quarterly.

UI Trust Fund Interest	2025 YTD* <i>(in millions)</i>	2024 YTD* <i>(in millions)</i>	Change <i>(in millions)</i>	Change <i>(in percent)</i>
Total Interest Earned	\$0.0	\$0.0	\$0.0	NA

*All calendar year-to-date (YTD) numbers are based on the February 28, 2025 Financial Statements.

UIAC MAR 20, 2025

Historical UI Trust Fund Balance Jan 2021 through Dec 2024



SCHEDULE D

UIAC MAR 20, 2025

Historical UI Tax Rate Schedule in effect during a given year [2002 through 2025]

2025	D		2017	C		2009	B
2024	D		2016	B		2008	B
2023	D		2015	A		2007	B
2022	D		2014	A		2006	B
2021	D		2013	A		2005	B
2020	D		2012	A		2004	C
2019	D		2011	A		2003	D
2018	D		2010	A		2002	D

STATE OF WISCONSIN



Department of Workforce Development

Basics of Unemployment Insurance Financing

Robert Usarek, Research Analyst Advanced

Unemployment Insurance Advisory Council | March 20, 2025

Topics

- Background on Unemployment Insurance
- Structure of the Unemployment Insurance Program
- UI Benefits
 - Initial Claim
 - Monetary Eligibility
 - Benefit Amounts
 - Weekly Benefits
 - Benefit Charges
- UI Taxes, Federal and State
- Wisconsin Tax Rate
- Summary



Background on Unemployment Insurance

- Federal-State program created by the Social Security Act of 1935
- Most workers are covered under state or federal law
- Payments are made to eligible unemployed workers on a week-to-week basis which:
 - Maintains purchasing power in economic downturns; and
 - Provides employers a trained workforce in local labor markets
- Program operates counter cyclically, paying out high benefits during recessions and recouping costs during growth periods



Structure of the Unemployment Insurance Program

States:

- Administer state programs (Regular UI/State UI) based on state law;
- Interact with employers and claimants; and
- Act as agents for federal programs



Federal government:

- Ensures conformity and compliance;
- Determines administrative fund requirements and provides money to states for administration;
- Interprets federal law, sets broad policy, develops performance accountability metrics and reporting processes, monitors state performance, and provides technical assistance to states;
- Holds and invests all money in the unemployment trust funds until drawn down by states for the payment of compensation; and
- Provides advances to states with insufficient trust fund balances



UI Benefits - Initial Claim

- To receive UI benefits, a claimant must file an initial claim to determine eligibility
- The initial claim asks claimants for information regarding:
 - Identity verification;
 - Address verification;
 - Wages earned (claimants are matched to employer submitted quarterly wage reports); and
 - Separation reasons from base period employers



UI Benefits - Monetary Eligibility

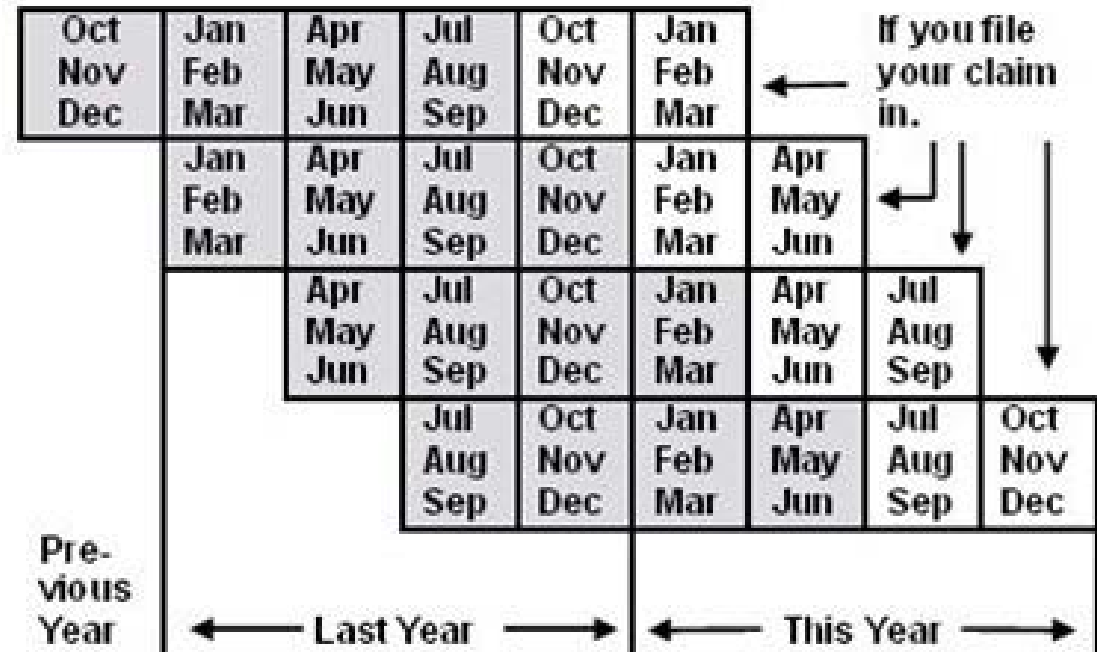
A claimant monetarily qualifies if they have:

- Been paid wages from covered employment in at least two quarters of their base period;
- A weekly benefit rate of \$54 or more;
- Wages in the three calendar quarters of their base period with the lowest earnings that are equal to at least four times their weekly benefit rate when added together; and
- Total base period wages equal to at least 35 times their weekly benefit rate.



UI Benefits - Monetary Eligibility

- The standard base period is the first four of the last five completed quarters
- If a claimant does not qualify under the standard base period, the alternate base period is evaluated
- The alternate base period is the most recent four completed quarters



UI Benefits - Benefit Amounts

- A qualifying initial claim creates a UI benefit year, a 52-week period for a claimant to submit claims for benefits.
- The claimant establishes a weekly benefit rate (WBR), the maximum amount a claimant can receive each week.
 - The WBR is the lesser of 4% of wages in the high or quarter or \$370.
- The benefit year has a Maximum Benefit Amount (MBA), the amount the claimant is eligible to receive over the benefit year.
 - The MBA is the lesser of 40% of base period wages or 26 times the weekly benefit rate.



UI Benefits - Weekly Benefits

- Once a benefit year is established, a claimant must file weekly claims to certify they are still eligible for unemployment insurance (able and available for full time work, performing work search actions, etc.)
- The claimant's first week that otherwise would be payable is assigned as a waiting week period
- If a claim becomes payable, the payment is made by Wisconsin UI and a debit is made against the Wisconsin UI Trust Fund (housed at the U.S. Treasury)



UI Benefits - Benefit Charges

- Once a payment is made, charges are made in proportion to wages in the claimant's benefit year
 - Direct pay or "reimbursable employers" are billed the owed amount based on the proportion of the wages used for benefits
 - Employers subject to UI taxes have their account charged with the corresponding benefit amount based on the proportion of the wages used for benefits



UI Taxes (UI Contributions)

- UI taxes are a payroll tax levied on a taxable wage base for each employee for each year.

$$\text{Tax Rate} * \text{Taxable Wage Base} = \text{Tax Amount Owed}$$

- Taxable wage base - the maximum amount of wages each employee earns that is subject to UI taxes.
 - Any amount earned above the taxable wage base with the same employer is not taxed.
- The amount owed depends upon the tax rate and the taxable wage base.
- There are two types of UI taxes:
 - 1) Federal Unemployment Tax; and
 - 2) State Unemployment Tax



Federal Unemployment Tax

- Federal taxes fund UI-related expenditures including:
 - Federal-state UI program administrative costs;
 - Federal portion of the extended benefit program;
 - Trust fund advances; and
 - Benefits under some federal supplemental programs



Federal Unemployment Tax

- The federal unemployment tax rate is 6.0% and the taxable wage base is \$7,000
 - Employers are eligible for a 5.4% credit if they pay their state UI taxes timely *and* their state meets the specified requirements
- For states meeting the specified requirements, the effective rate is 0.6%

$$0.6\% * \$7,000 = \$42$$

- In general, the maximum tax amount for federal taxes is \$42 per person, per year, per employer



Federal Unemployment Tax

- Employers may not qualify for the 5.4% federal credit reduction if:
 - The state has a taxable wage base less than \$7,000;
 - The state has a maximum unemployment tax rate of at least 5.4%;
 - The employer is not paying state unemployment taxes; or
 - The state has outstanding trust fund loans



State Unemployment Tax

- Each state maintains a UI trust fund with the U.S. Treasury to pay state UI benefits.
- All states finance benefits through payroll taxes on employers (often called contributions)
- Federal law requires state and local governmental entities, certain nonprofit organizations, and federally recognized Native American tribes be provided the option of making “payments in lieu of contributions” - reimbursable employers



State Unemployment Tax

- Like the federal UI tax, the state UI tax is a payroll tax:

$$\textit{Tax Rate} * \textit{Taxable Wage Base} = \textit{Tax Amount Owed}$$

- Each state has a different set of tax rates and taxable wage bases.
- State UI taxes are deposited in the relevant state's UI trust fund account.



Wisconsin Taxable Wage Base

- Taxable wage base - the amount of payroll per employee that is taxable for UI per calendar year
- Almost all states have a taxable wage base of at least \$7,000
- As of 2023, state taxable wages bases ranged from \$7,000 to \$67,600

Wisconsin's taxable wage base is **\$14,000**



Wisconsin UI Tax Rates

Unemployment Insurance 2025 Tax Rates

Prior Tax Rates: [2023](#) | [2024](#)

Note: Employers with a zero rate are still required to file quarterly contribution and wage reports.

Schedule D Reference [Wisconsin Statute 108.18](#)

Taxable wage base \$14,000

Reserve Percentage	Small Firms under \$500,000 Taxable Payroll			Large Firms over \$500,000 Taxable Payroll		
	Basic	Solvency	Total	Basic	Solvency	Total
15% or more	0.00	0.00	0.00	0.00	0.05	0.05
10% but under 15%	0.00	0.12	0.12	0.00	0.15	0.15
9.5% but under 10%	0.05	0.22	0.27	0.05	0.25	0.30
9% but under 9.5%	0.15	0.22	0.37	0.15	0.25	0.40
8.5% but under 9%	0.35	0.30	0.65	0.35	0.35	0.70
8% but under 8.5%	0.50	0.30	0.80	0.50	0.40	0.90
7.5% but under 8%	0.60	0.30	0.90	0.60	0.45	1.05
7% but under 7.5%	0.75	0.35	1.10	0.75	0.50	1.25
6.5% but under 7%	1.00	0.35	1.35	1.00	0.55	1.55

dwd.wisconsin.gov/ui/employers/taxrates.htm



Wisconsin UI Tax Rates: UI Tax Schedule

- The UI tax schedule determines which tax rate is in effect.
- There are four schedules (A, B, C, and D) in declining order of rates.
- The tax schedule is based on the balance of the UI Trust Fund as of June 30th of the previous year

Tax Schedule	UI Trust Fund Balance (as of June 30 of the previous year)	Employer Contribution Rate
Schedule A	Less than \$300,000,000	Highest ↑ ↓ Lowest
Schedule B	Greater than or equal to \$300,000,000 but less than \$900,000,000	
Schedule C	Greater than or equal to \$900,000,000 but less than \$1,200,000,000	
Schedule D	Greater than or equal to \$1,200,000,000	



Wisconsin UI Tax Rates: UI Tax Schedule

- The different tax triggers are set to try to ensure that the UI Trust Fund's balance is sufficient to pay for UI benefits during recessions
- The U.S. Department of Labor recommends states maintain a UI trust fund balance \geq an Average High Cost Multiple (AHCM) of 1.0 to avoid trust fund exhaustions and borrowing
 - This is based upon looking at benefits as a percentage of covered wages over a recessionary year (for example in 2010, Wisconsin paid benefits equal to 1.64% of covered wages) and averaging them over the highest benefit amounts in the last three recessions. For Wisconsin, this average amount is 1.81% of benefits
 - To make comparisons across states easier, if a state's UI trust fund balance is equal to this amount it is assigned an AHCM of 1.0 meaning it has 1 year's worth of benefits in the trust fund at this high benefit rate



Wisconsin UI Tax Rates: UI Tax Schedule

- To reach an AHCM of 1.0, the Wisconsin UI Trust Fund would need a balance of approximately \$2.6 billion
- Wisconsin's UI Trust Fund balance is below that threshold, but has been growing:

Year	Average High Cost Multiple (AHCM)
2022	0.47
2023	0.66
2024	0.74*

**Estimate, awaiting final wage data*



Wisconsin UI Tax Rates: Basic and Solvency Taxes

- Basic Tax - portion of the employer-paid tax credited to the employer's UI account
 - Generally the larger portion of the state tax.
- Solvency Tax - paid by taxable employers, covers risk sharing among employers participating in the UI system
 - Generally smaller than the basic tax amount.
 - Large employers (above \$500,000 in taxable payroll) have a higher solvency tax than small employers.
 - Solvency taxes are deposited in the UI Trust Fund and credited to the UI Balancing Account.
 - There is a separate Administrative and Program Integrity Assessment used for program integrity purposes. It replaces 0.01% of the solvency tax rate for employers subject to the solvency tax.



Wisconsin UI Tax Rates: Experience Rating

- Experience Rating:
 - Federal law requires states to use a system of experience rating where employers' contribution rates are based on each employer's risk of unemployment
- States use different methods for calculating experience ratings:
 - Reserve Ratio Formula - 31 states*
 - Benefit Ratio Formula - 19 states
 - Benefit Wage Ratio Formula - 2 states
 - Payroll Variation - 1 state

**Method used by Wisconsin*



Wisconsin UI Tax Rates: Experience Rating

- Reserve Ratio (percentage) Formula:

$$\frac{[\textit{Employer Taxes} - \textit{Charged Benefits to Employer}]}{\textit{Employer Taxable Payroll}}$$

- Each employer has its own reserve ratio reflecting its history with Wisconsin UI
- The higher the ratio, the lower the tax rate
- Higher taxable wages lead to a lower ratio and a higher tax rate



Wisconsin UI Tax Rates: Experience Rating

$$\frac{[\textit{Employer Taxes} - \textit{Charged Benefits to Employer}]}{\textit{Employer Taxable Payroll}}$$

- Wisconsin uses all years in the numerator (many states do this)
 - There is a process for UI history to pass on to successor firms due to mergers or consolidations
- Wisconsin uses only the most recent taxable wage year for the denominator
 - Wisconsin is the only state that does this, most use a 3-to-5-year average
 - This volatility is offset by the rate limiters Wisconsin has in place



Wisconsin UI Tax Rates: Experience Rating

- Benefits are charged based upon the proportion of a claimant's base period wages.
 - For example, if an employer accounts for 50% of the claimant's base period wages, it will be charged 50% of the benefits the claimant collects.
- In some cases, benefits assigned to an employer become non-charged. These benefits are assigned to the UI Balancing Account instead of an individual employer.
 - This most commonly occurs when a claimant quits an employer but is allowed benefits under a quit exception.
 - The employer the claimant quit from is not charged.



Summary

- The Wisconsin UI financing system has many different parts that come together to determine which UI taxes are collected:
 - The balance of the UI Trust Fund;
 - The amount of wages an employee earns;
 - The history of an employer with the UI system including past charged benefits and taxes paid; and
 - The amount of taxable wages the employer pays



Thank You

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Informational

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Unemployment Insurance System

LEGISLATIVE FISCAL BUREAU

State of Wisconsin

Unemployment Insurance System

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TABLE OF CONTENTS

Introduction.....	1
Unemployment Insurance Benefits in Wisconsin.....	1
Regular Benefits.....	1
Supplemental Benefits and Extended Benefits	2
Federal Role in the Unemployment Insurance System.....	3
Federal and State Unemployment Insurance Provisions Addressing the COVID-19 Pandemic.....	4
Wisconsin Unemployment Insurance System.....	10
Covered Employers and Employment.....	10
Financing Unemployment Insurance Benefits	11
Contribution Financing.....	12
Reimbursement Financing.....	16
Eligibility for Unemployment Insurance Benefits	17
Determination of Unemployment Insurance Benefits	23
Partial Employment	25
Work Share.....	26
Administration of the Unemployment Insurance System.....	26
Benefit Appeals Process	27
Unemployment Insurance Advisory Council.....	28
Program Integrity	28
Unemployment Insurance Trust Fund.....	30
Financial Status of the Unemployment Insurance Trust Fund	31
Federal Trust Fund Loan: 2009-2014.....	33
Trust Fund Solvency	35
Appendix I Excluded Employment	36
Appendix II Computation of Contribution Liability	40
Appendix III Mechanics of Contribution Financing Over Time.....	41
Appendix IV Weekly Benefit Rate Schedule.....	44

Unemployment Insurance System

In 1932, Wisconsin became the first state in the nation to implement an unemployment insurance (UI) program. Three years later, Congress approved a national unemployment insurance policy modeled after the Wisconsin program as part of the Social Security Act of 1935. The nation's first unemployment benefits check in the amount of \$15 was issued on August 17, 1936, by the Industrial Commission of Wisconsin to Neils B. Ruud, a laid-off engraving company employee from Madison who was left jobless by the Great Depression.

As originally designed, this program was intended to further a number of different social goals. Most fundamentally, the program was designed to provide a temporary source of income, financed by employers, for workers who were laid off from their jobs. In addition, the program was implemented to further broader societal goals, which included establishing a policy designed to encourage stable employment practices and a mechanism to provide an economic stimulus during economic downturns.

Although these fundamental principles still underlie the current unemployment insurance system, the scope of the system has increased considerably since its inception. The current system is characterized by interrelated benefit and tax structures, which are affected by provisions of both state and federal law.

The purpose of this paper is to provide a general review of the state's unemployment insurance system. The first section in this paper provides an overview of the system. The following sections provide descriptions of various components of the unemployment insurance system. The final section describes the current financial status of the unemployment insurance trust fund.

Unemployment Insurance Benefits in Wisconsin

Wisconsin's unemployment insurance system is designed to provide a source of income to workers during periods of temporary unemployment. In order to achieve this objective, Wisconsin's unemployment insurance law (Chapter 108, Wisconsin Statutes) provides the following types of benefits for unemployed workers: regular benefits, supplemental benefits, and extended benefits. Supplemental and extended benefits are not available to the same individual at the same time as regular benefits, but are designed in combination to lengthen the amount of time during which an unemployed worker can receive benefits during periods of higher unemployment.

The net effect of Wisconsin's three UI benefit programs depends on the state's insured unemployment rate. At low rates, an eligible claimant can receive regular unemployment insurance benefit payments for up to 26 weeks. If the insured unemployment rate rises enough to trigger Wisconsin supplemental benefits, an eligible claimant can receive benefit payments for a maximum of 34 weeks, equaling 26 weeks of regular benefits plus eight weeks of state supplemental compensation payments. Finally, if the insured unemployment rate rises enough to trigger extended benefits, an eligible claimant can receive benefits for a maximum of 39 weeks, or 26 weeks of regular benefits plus 13 weeks of extended benefits.

Regular Benefits

Regular UI benefits are the main type of benefits that an unemployed worker can receive. In order to receive these benefits, a claimant must

have been employed in covered employment and must meet specific minimum qualifying or eligibility criteria. If a claimant is eligible to receive regular benefits, the total amount of benefits available to the claimant depends on the wages earned by the claimant in covered employment in a base period. The maximum benefits available are the lesser of 26 times the weekly benefit rate or 40% of total base-period wages. (The method for determining regular benefit payments is described in a subsequent section.)

Eligible claimants must wait one week prior to receiving unemployment insurance benefits. A UI claimant's waiting period is the first week of a claimant's benefit year for which the claimant is otherwise eligible for regular benefits. During a claimant's waiting period, no benefits are payable to the claimant. The waiting period does not affect a claimant's maximum benefit amount, which is 26 weeks of regular state benefits. However, claimants who do not reach the state's 26-week limit effectively receive one fewer week of benefits due to the waiting week requirement. A claimant must serve one waiting week per benefit year.

Supplemental Benefits and Extended Benefits

As a condition of certification under the Federal Unemployment Tax Act (FUTA), a state is required to have an extended benefits program in state law as provided by the Federal-State Extended Unemployment Compensation Act of 1970. Wisconsin's extended benefits program was created by Wisconsin Chapter 53, Laws of 1971. In addition to the extended benefits program, Wisconsin subsequently created a supplemental benefits program, which is similarly structured but more sensitive to unemployment rate increases. Wisconsin's supplemental benefit program was created by 1983 Wisconsin Act 8.

Supplemental and extended benefits provided under Wisconsin's unemployment insurance law are designed to lengthen the duration of benefits during periods of high unemployment. Unlike

regular benefits, which depend only on the eligibility of the claimant, supplemental and extended benefits also depend on the general unemployment situation. In order for these benefits to be paid, Wisconsin's insured unemployment rate must exceed specified trigger levels.

Supplemental Benefits. As the insured unemployment rate rises, the first trigger point to be reached is that for Wisconsin supplemental benefits. Specifically, Wisconsin supplemental benefits are triggered when the state insured unemployment rate for the current week and the preceding 12 weeks: (a) equals or exceeds 120% of the average of such rates for the corresponding 13-week period during each of the preceding two calendar years and equals or exceeds 4%; or (b) equals or exceeds 5%. The supplemental benefit period begins the third week after the unemployment rate threshold is triggered.

When the Wisconsin supplemental benefit program is triggered, it acts to increase the maximum amount of state benefits for eligible claimants by up to eight weeks, from 26 to 34 times the weekly benefit rate. However, total regular and supplemental benefits cannot exceed 40% of base-period wages. The number of weeks for which the regular and supplemental weekly benefit payment would be received is determined by dividing the total benefit entitlement by the weekly benefit rate. Supplemental benefits are only available to claimants who have exhausted all of their regular benefits.

Extended Benefits. If the insured unemployment rate continues to rise, the trigger point for extended benefits may be reached. Extended benefits are triggered if the state Department of Workforce Development (DWD) determines that for the current week and the preceding 12 weeks, the state insured unemployment rate: (a) equals or exceeds 120% of the average of such rates for the corresponding 13-week period during each of the preceding two calendar years and equals or exceeds 5%; or (b) equals or exceeds 6%. Once

extended benefits are triggered, Wisconsin supplemental benefits are no longer available. Again, the extended benefit period begins the third week after the unemployment rate trigger point is reached.

Once extended benefits are triggered, eligible claimants can receive additional benefit payments equal to the lesser of: (a) one-half of their regular benefit payments; (b) thirteen times their weekly benefit rate; or (c) 39 times their weekly benefit rate reduced by the amount of regular benefit payments received. As a result, claimants can receive up to 26 weeks of regular benefit payments and an additional 13 weeks of extended benefit payments. However, extended benefit payments must be reduced by the amount of supplemental benefits received. To be eligible for extended benefits, claimants must have base-period wages equal to 40 times their weekly benefit rate, exhaust all regular benefits, and meet certain work search requirements.

Extended benefits paid to claimants formerly employed by governmental units are financed by direct reimbursement. Extended benefits paid to other claimants are financed on an equal basis through state and federal financing methods.

Federal Role in the Unemployment Insurance System

Underlying the unemployment insurance systems developed by each of the states is the federal unemployment insurance law. This law, primarily embodied in the Federal Unemployment Tax Act and portions of the Social Security Act, was originally adopted to encourage the states to establish their own unemployment insurance systems and to ensure that these systems met certain minimum standards. Today, because all of the states have unemployment insurance systems, federal law serves primarily to maintain certain minimum standards and to provide financial assistance to the

individual systems.

A major component of the federal unemployment insurance law is the federal unemployment tax. The tax is paid by most private, for-profit employers and assessed on the first \$7,000 per year paid to each employee for work covered by the federal unemployment insurance law. The Federal Unemployment Tax Act (FUTA) tax is 6% of the first \$7,000 of employee earnings. Federal law provides for an offset credit of up to 5.4% for state unemployment insurance taxes paid. This credit is available to employers where the state unemployment insurance law conforms to federal law and where the state tax rates are experience-rated.

For federal fiscal year 2023, Wisconsin employers paid an estimated \$128.8 million in federal unemployment taxes. If the Wisconsin unemployment insurance law had not met the standards for federal approval, Wisconsin employers would have had to pay additional taxes due to the elimination of the federal tax credit. The value of the tax credit to Wisconsin's employers serves as a strong incentive to keep the state's unemployment insurance law in compliance with the federal standards.

The revenues the federal government receives from the federal unemployment tax are used for three principal purposes. First, they are used to finance the administration of the unemployment insurance system and job service program at both the federal and state levels. Through August of the 2024 federal fiscal year, Wisconsin received approximately \$65.6 million in federal unemployment administration funding. Additional federal administrative funds were received for employment service and labor market information. In order to receive this funding, the state's unemployment insurance law must be approved by the Secretary of the U.S. Department of Labor (USDOL). Second, federal unemployment tax revenues are used to finance the federal share of extended benefit payments and benefits under certain federal supplemental and

emergency programs. Additional information regarding these emergency federal programs is provided in the next section. Finally, these revenues are also used to make loans to the UI trust funds of states that need these advances to continue to meet their benefit obligations.

Federal law requires state unemployment insurance systems to cover nonprofit organizations and government entities. In addition, state unemployment insurance tax collections are deposited in the federal UI trust fund in the U.S. Treasury and credited to individual state trust fund accounts. The states draw on these accounts to make benefit payments.

Federal and State Unemployment Insurance Provisions Addressing the COVID-19 Pandemic

The onset of the COVID-19 pandemic in March, 2020, had an immediate and significant impact on the number of claims filed for unemployment insurance benefits in the United States. The pandemic was unique from prior economic downturns with initial unemployment claims spiking to peak levels in a matter of days, instead of weeks or months. In Wisconsin, initial claim filings for UI benefits increased dramatically over seven-day period, from 710 initial claims filed on March 12, 2020, to 110,900 initial claims filed on March 19, 2020.

The following two sections describe federal and state law changes to unemployment insurance in response to the COVID-19 pandemic and related recession.

Federal Provisions Addressing the Pandemic

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) signed into law on March 27, 2020, provided for a substantial

expansion of unemployment insurance and benefits for workers impacted by the COVID-19 pandemic. The Continued Assistance for Unemployed Workers Act of 2020 ("Continued Assistance Act"), signed into law on December 27, 2020, and the American Rescue Plan Act (ARPA), signed into law on March 11, 2021, extended many of the UI programs authorized under the CARES Act. Prior to the CARES ACT, the Families First Coronavirus Response Act ("Families First Act") (P.L. 116-127), signed into law on March 18, 2020, provided emergency administrative grants to states to assist in the processing of claims.

Table 1 shows a summary of the federally-funded benefit programs and the amount of funding that Wisconsin distributed to eligible claimants from these programs.

Pandemic Emergency Unemployment Compensation (PEUC). The Pandemic Emergency Unemployment Compensation (PEUC) program provided an additional 24 weeks of 100% federally-funded UI benefits to individuals that had exhausted regular state UI benefits. The PEUC extended UI benefits in the state to 79 weeks. Individuals that received these extended benefits could also qualify for Federal Pandemic Unemployment Compensation and Lost Wages Assistance supplementary payments, described in later sections.

PEUC benefits were payable from the week ending April 4, 2020, through the week ending September 4, 2021. Of the maximum 53 weeks in benefits that may be claimed under the PEUC program, 40 of these weeks could only be paid for the week ending January 2, 2021 or later.

Pandemic Unemployment Assistance (PUA). The Pandemic Unemployment Assistance (PUA) program expanded UI coverage to many workers who are typically not eligible for UI benefits, such as self-employed workers, independent contractors, freelancers, and those workers that did not have sufficient work history to qualify for

Table 1: Federally-Funded Unemployment Insurance Benefit Programs During the COVID-19 Pandemic

	Pandemic Emergency Unemployment Compensation (PEUC)	Pandemic Unemployment Assistance (PUA)	Federal Pandemic Unemployment Compensation (FPUC) - First Round	Federal Pandemic Unemployment Compensation (FPUC) - Second Round	Lost Wages Assistance (LWA)
First Payable Week	Week ending April 4, 2020	Week ending February 8, 2020	Week ending April 4, 2020	Week ending January 2, 2021	Week ending August 1, 2020
Last Payable Week	Week Ending September 4, 2021	Week ending September 4, 2021	Week ending July 25, 2020	Week ending September 4, 2021	Week ending September 5, 2020
Benefit Amount	Same as claimant's regular UI benefit	\$163 minimum weekly benefit up to a \$370 maximum	Regular benefit + \$600 weekly supplemental payment	Regular benefit + \$300 weekly supplemental payment	Regular benefit + \$300 weekly supplemental payment
Duration of Benefits	Up to 53 weeks	Up to 79 weeks	Up to 17 weeks	Up to 36 weeks	Up to 6 weeks
Eligibility	Individuals who have exhausted regular UI	Individuals not eligible for regular UI, PEUC or EB and are unemployed or unable or unavailable to work because of a listed COVID-19 related reason in the CARES Act	Individuals collecting regular UI, PEUC, EB, or PUA*	Individuals collecting regular UI, PEUC, EB, or PUA*	Individuals who certify they are unemployed due to disruptions caused by COVID-19 and are receiving a minimum weekly benefit of \$100 from UI, PUA, PEUC, or EB
Total Federal Payments	\$549.7 million	\$350.0 million	\$3,838.2 million		\$233.8 million

*Must be eligible to receive at least \$5 (using the partial wage formula)

regular state UI benefits. The temporary federal expansion of UI is for those workers not eligible for regular or extended benefits under state or federal law, so long as their unemployment was connected to COVID-19.

To be eligible for PUA, an individual must have been otherwise able or available to work, but made unemployed, partially unemployed, or

unable or unavailable to work because the individual: (a) had been diagnosed with COVID-19 or was experiencing symptoms of COVID-19 and was seeking a medical diagnosis; (b) was a member of household where a household member has been diagnosed with COVID-19; (c) was providing care for a member of their family or household diagnosed with COVID-19; (d) was the primary caregiver for a child or other person in

their household who is unable to attend school or another facility that is closed as a direct result of COVID-19; (e) was unable to reach their place of employment due to an imposed quarantine or because they had been advised by a health care provider to self-quarantine due to COVID-19; (f) was scheduled to commence employment and did not have a job or was unable to reach the job as a direct result of the COVID-19; (g) had become the major supporter for a household because the head of the household had died from COVID-19; (h) quit their job as a direct result of COVID-19; or (i) was employed at a place of employment that was closed as a direct result of COVID-19.

PUA benefits were payable for weeks of unemployment beginning on the week ending February 8, 2020, through the week ending September 4, 2021. The deadline to apply for PUA was October 6, 2021.

The PUA weekly benefit amount for qualifying individuals cannot result in a weekly PUA benefit payment that was less than \$163 or more than \$370. In addition, PUA recipients qualified for the weekly Federal Pandemic Unemployment Compensation supplemental payments described in the following section. The total number of weeks qualified individuals may receive PUA may not exceed 79 weeks.

Federal Pandemic Unemployment Compensation (FPUC). The CARES Act provided that from the week ending April 4, 2020, through the week ending July 25, 2020, the federal government would provide temporary Federal Pandemic Unemployment Compensation (FPUC) of \$600 a week to any individual eligible for state or federal unemployment benefits. Subsequently, the Continued Assistance Act, as extended by the American Rescue Plan Act, provided that from the week ending January 2, 2021, through the week ending September 4, 2021, the federal government would provide temporary FPUC payments of \$300 a

week to any individual eligible for state or federal unemployment benefits. FPUC automatically provided these supplemental payments to individuals who were collecting regular UI benefit payments as well as those individuals that received payments under the PUA, PEUC, work-share, and other federal UI programs. Under the CARES Act, states would be fully reimbursed for the cost of administering the supplement and for the cost of the supplement itself.

Lost Wages Assistance (LWA). The Lost Wages Assistance (LWA) program, provided an additional \$300 per week to eligible claimants who certified that they are unemployed or partially unemployed due to disruptions caused by COVID-19. LWA payments were provided from the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund.

LWA payments were made retroactively to eligible individuals for up to six weeks beginning with the week ending August 1 and ending with the week ending September 5, 2020. Claimants must have had a weekly benefit rate of at least \$100 in one of the following unemployment benefit programs to qualify for LWA payments: regular UI, PUA, PEUC, extended benefits, or work-share. Similar to the FPUC supplementary benefit, individuals are not required to file a separate application to receive LWA benefits.

Mixed Earners Unemployment Compensation (MEUC). ARPA created the MEUC program which provided an additional \$100 per week payment to individuals who received regular UI benefits and earned at least \$5,000 in net earnings from self-employment in the tax year prior to the individual's initial claim. Claimants for the MEUC additional benefit were required to supply necessary documentation to prove net self-employment earnings. MEUC benefits were payable for the week ending January 2, 2021

through week ending September 4, 2021.

Full Federal Funding for States with Existing Work-Share Plans. For states with a federally-approved work-share program, like Wisconsin, the CARES Act, as extended by the Continued Assistance Act, as extended by the American Rescue Plan Act, provided 100% federally-funded UI benefits through September 4, 2021. Under current law, Wisconsin's work-share program is funded entirely through the employer's reserve account.

Work-share programs, which are also called "short-term compensation programs" under federal law, are designed to provide a prorated unemployment benefit for employees of employers who voluntarily make an agreement with the state to reduce work hours instead of laying off workers. Work-share programs are described later in greater detail.

Full Federal Funding of First Week of Regular UI. The CARES Act provided temporary 100% federal funding of the first week of regular UI benefits through the week ending December 26, 2020, for states with no waiting week. Under the Continued Assistance Act, as extended by the American Rescue Plan Act, this provision was extended through the week ending September 4, 2021.

States may enter into an agreement with USDOL for this funding if the state law, or a waiver of state law, provides that compensation is paid to individuals for their first week of regular UI without a waiting week. An agreement implementing this provision of the CARES Act was signed by the DWD Secretary and USDOL on March 28, 2020. Subsequently, 2019 Wisconsin Act 185 took effect on April 17, 2020, and temporarily suspended the state's waiting week requirement with respect to benefit years that begin after March 12, 2020, and before February 7, 2021.

Subsequent guidance provided to DWD by USDOL determined that full federal funding for first-week benefits in Wisconsin would be available for the weeks beginning April 19, 2020, the first week following the enactment of Act 185. 2021 Wisconsin Act 4 extended the waiver of the state's waiting week requirement through the week ending March 13, 2021.

Emergency Relief for Government Entities and Nonprofits. The CARES Act, as subsequently extended by the Continued Assistance Act, provided federal funding to states to reimburse certain nonprofits, government agencies, and Native American tribes for 50% of the costs they incur to pay regular UI benefits from the week ending March 21, 2020, through the week ending April 3, 2021. The American Rescue Plan Act provided a reimbursement rate of 75% of the costs incurred to pay regular UI benefits from the week ending April 10, 2021, through the week ending September 4, 2021. Certain employers pay for unemployment benefits on a reimbursement basis, rather than through periodic contributions to the unemployment insurance trust fund. Reimbursable employers are discussed later in greater detail.

Additional Unemployment Program Administrative Funding. Under the Families First Act, Wisconsin's share of emergency administrative grants is \$18,914,800. Funding is allocated in two equal allotments of \$9,457,400, if certain criteria are satisfied. To receive the first allotment, the state is required to show that certain basic UI processing, accessibility and notification procedures were in place. To receive second allotment, the state is required to: (a) have at least a 10% increase in initial UI claims over the same rolling quarter in the previous calendar year; (b) commit to maintain and strengthen access to the UI system; and (c) demonstrate steps it has taken or will take to ease eligibility requirements and access to UI, including modifying or suspending work

search requirements, the waiting week, and non-charging of employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers.

According to USDOL guidance, the intent of the non-charging provision in the Families First Act is to encourage states to place certain COVID-19-related charges against the state's balancing account, instead of the employer's reserve account. Payments from the state's balancing account would not directly impact employers' reserve accounts or experience rating, which would adversely affect their contributory tax rates. 2019 Act 185 subsequently took additional action regarding the application of benefits charges. These provisions are discussed later in greater detail.

DWD received both funding allotments and deposited the amounts in a segregated subaccount in the state's UI trust fund. Families First Act funding may only be used for the administration of the UI program and is not available to pay benefits.

State Response to COVID-19 Pandemic

2019 Act 185 and 2021 Act 4 ("Acts 185 and 4") made several modifications to state unemployment insurance law to increase flexibility of certain programs in response to the pandemic, as well as to accommodate federal law changes. Several provisions of Acts 185 and 4 reference Executive Order 72, which the Governor issued on March 12, 2020, declaring a public health emergency in Wisconsin.

Additionally, DWD in 2020 took administrative action to temporarily suspend certain UI benefit eligibility criteria related to work searches and persons being considered able and available to work during the COVID-19 pandemic. The administrative measures were intended to acknowledge the need for persons with known or

potential exposure to the virus, or exhibiting symptoms consistent with infection, to isolate from others in the interest of public health. These administrative measures are described in later sections.

Waiting Week Suspension. Acts 185 and 4, temporarily suspended the waiting week under current law with respect to benefit years that begin after March 12, 2020, through the week ending March 13, 2021. The Department was also required to seek the maximum amount of federal reimbursement for UI benefits that are payable for the first week of a claimant's benefit year as a result of these provisions.

Act 185 took effect on April 17, 2020, and as a result of subsequent guidance provided by USDOL, full federal funding was made available under the CARES Act for first-week benefits in Wisconsin for the weeks beginning April 19, 2020, the first week following the enactment of Act 185.

Non-Charging Employers. For employers subject to contribution financing, Acts 185 and 4 provide that 100% of the UI benefits for initial claims related to the public health emergency declared on March 12, 2020, by Executive Order 72 must be charged, not to the employer's account, but to the balancing account of the UI trust fund.

For reimbursable employers, Acts 185 and 4 provide that part of the UI benefits for initial claims related to the public health emergency declared on March 12, 2020, by Executive Order 72, will be charged to a DWD appropriation for employer paid interest and penalties, the remainder will be paid by the federal government. The federal government paid up to 75% of those benefits. The charging relief for reimbursable employers under Acts 185 and 4 was effective for state UI benefits paid for the period of March 15, 2020,

through March 13, 2021.

Following the passage of Acts 185 and 4, DWD promulgated emergency rules to clarify the treatment of benefit charging relief. Under those rules, DWD presumed that all benefit charges for the period of March 15, 2020, through March 13, 2021, are related to the public health emergency declared by Executive Order 72 so that benefit charges from this period could be recharged from employer accounts to the UI trust fund's balancing account and to DWD's interest and penalties ("I&P") appropriation for reimbursable employers. Act 4 specified that an employer was not required to submit a request to the Department for charging relief under this provision.

The I&P appropriation liability for reimbursable employers totaled \$69.7 million. After paying the full reimbursable employer liability in 2021-22, DWD's I&P appropriation closed the year with a \$49.2 million negative continuing cash balance, which is being brought into a positive condition using I&P revenues collected annually (-\$42.4 million at end of 2023-24). Assuming revenue collections and expenditures continue at rates similar to prior years (\$3.9 million average annual revenues, \$0.9 million average annual expenditures), bringing the \$42.4 million negative cash balance to a positive condition will take approximately 15 years.

Work-Share Program Expansion. Act 185 temporarily suspended certain requirements of work-share plans submitted by employers. Act 185 specified that, for work-share plans submitted on or after April 17, 2020, and before December 31, 2020: (a) work-share plans must cover at least two positions that are filled on the effective date of the work-share program, rather than at least the greater of 20 positions or 10% of employees in a work unit under the program's standard statutory provisions; (b) the maximum reduction in working hours under a work-share program may be either

60% of the normal hours per week of the employees included under a work-share plan, or any other maximum provided by federal law, whichever is greater, rather than a 50% typical reduction under state law; and (c) reduced working hours are to be apportioned equitably among employees in the work-share program. Some of these temporary changes were made permanent under 2021 Wisconsin Act 231. The work-share program as it exists in current law is described in a later section.

Determining Availability for Suitable Work. DWD promulgated an emergency rule under which DWD would consider persons available for suitable work if the claimant is perceived by an employer as exhibiting COVID-19 symptoms preventing a return to work, or the claimant is quarantined by a medical professional due to COVID-19 symptoms, or the claimant is instructed to stay home under local, state or federal government direction or guidance due to COVID-19. Additionally, one of the following would have to apply: (a) the employer has instructed the claimant to return to work after the employee no longer exhibits symptoms, after a set amount of time to see if the disease is present, or after the quarantine is over; (b) the employer has not provided clear instruction for the claimant to return to work; or (c) the claimant would be available for other work with another employer but for the perceived COVID-19 symptoms preventing a return to work or but for the quarantine.

The emergency rule was first promulgated in May, 2020, extended in February, 2021, and suspended on May 19, 2021, by vote of the Joint Committee for Review of Administrative Rules.

Work Search Waiver. DWD promulgated an emergency administrative rule providing that the existence of a public health emergency, as declared under state or federal law related to the SARS-CoV-2 novel coronavirus, constituted four

work search actions. The provision does not apply if federal law specifically requires a claimant to actively seek work to receive federal benefits. The emergency rule was first promulgated in May, 2020, extended in February, 2021, and finally suspended on May 19, 2021, by vote of the Joint Committee for Review of Administrative Rules.

Full Federal Funding of Extended Benefits.

For states that qualify to receive both emergency administrative grant allotments under the Families First Act, and meet the required unemployment thresholds to trigger on the extended benefits (EB) program, the federal government will fund 100% of EB payments provided to individuals through March 14, 2021, thus eliminating the requirement that the state cover 50% of EB costs as is normally required.

EB allows unemployed individuals who exhaust their regular UI benefits and PEUC benefits to be eligible for up to an additional 13 weeks of benefits. Wisconsin triggered onto the EB program, effective May 17, 2020, due to an increase in the state's unemployment rate. Wisconsin met the criteria for turning off the EB program, effective November 7, 2020. Through the conclusion of the full federal funding period, the Department paid out \$9.5 million in federally-funded EB payments to claimants.

Wisconsin Unemployment Insurance System

The following sections provide descriptions of the components of the state's unemployment insurance system.

Covered Employers and Employment

Wisconsin's unemployment insurance law divides employers into three main categories, each

of which is treated differently in determining whether they are subject to the provisions of this law. All governmental units and Native American tribes are covered employers regardless of the number of people they employ or the size of their payroll. Nonprofit organizations that have a 501(c)(3) ruling from the IRS are covered employers if they employ at least four individuals for some portion of a day during at least 20 different weeks during the current or preceding year. In general, private, for-profit businesses must make unemployment insurance contribution (tax) payments if they pay wages of at least \$1,500 for employment during a calendar quarter, or if they employ at least one individual for some portion of a day during at least 20 different weeks, during either the current or preceding year.

In addition to these general provisions, certain types of businesses, such as agricultural concerns, those employing domestic workers, limited liability companies, and partnerships, are governed by specific coverage requirements. For example, a concern or individual employing domestic workers is a covered employer if wages of at least \$1,000 are paid for domestic labor during a calendar quarter, during the current or preceding year.

Prospective UI claimants may have recent employment with more than one entity or employer. Under unemployment insurance law, DWD's administrative method for determining an employer of an employee if there is more than one employing unit involves the consideration of a number of factors to determine which employer has the most significant relationship and rights by contract with the employee.

Employers that are not covered by Wisconsin's unemployment insurance law may file a written election with DWD to become a covered employer. Such an election is subject to DWD's approval and is in effect for at least two years. The state's law also contains a provision to ensure that the law remains in compliance with the minimum federal standards. This provision states that an

employer is covered by Wisconsin law if the employer is subject to the federal unemployment insurance law or if this coverage is required to obtain the full tax credit against the federal unemployment tax.

For an individual to be eligible for unemployment insurance benefits, the individual must have been employed in covered employment. In most situations, this employment will have been at a work location within the state's boundaries. In some cases, work for an employer may have been in more than one state or country. Special provisions of the state's unemployment insurance law are applied in these cases to determine whether the employment is covered under Wisconsin's law. In some circumstances, an employer may execute an agreement to designate either Wisconsin or another state as the state in which the employer's workers will be covered. Certain other types of service are specifically excluded from this coverage, and are listed in Appendix I.

Financing Unemployment Insurance Benefits

Wisconsin and federal unemployment insurance laws establish several methods to finance the various benefit programs. The type of financing used varies both by type of employer and type of benefit. However, the payment of benefits to claimants and the amount of these benefits are independent of the type of financing used.

In general, benefits paid to claimants who have been employed by most governmental units and some of the nonprofit organizations in the state are financed through direct reimbursement from the employer. Benefits paid to claimants who have been employed by private, for-profit firms or the remaining governmental units and nonprofit organizations are financed through taxes these employers are required to pay to the state's unemployment trust fund. The level of taxes an individual employer is required to pay depends on the size of the employer's taxable payroll and the employer's past unemployment experience. Employers with

considerable unemployment experience are required to pay higher taxes than those with lesser levels of unemployment experience and the same taxable payroll.

Wisconsin's unemployment insurance law establishes two types of financing for unemployment insurance benefits. Private, for-profit employers covered by the unemployment insurance law are required to use contribution financing. Nonprofit organizations, governmental units other than the state, and Native American tribes have the option of choosing either contribution or reimbursement financing. The state must use reimbursement financing. Approximately 40% of nonprofit organizations and almost all governmental units have elected to use reimbursement financing.

Employers covered by the state unemployment insurance law are required to submit quarterly wage and contribution reports to DWD. The wage data includes employee names and Social Security numbers and total gross wages paid during the quarter. In addition, a quarterly contribution report includes wage and tax information. (Employers may file a combined contribution wage report. Reimbursement employers do not pay a quarterly tax, but still must file the quarterly reports.) The due dates for contribution and wage reports are as follows: (a) first calendar quarter -- April 30; (b) second calendar quarter -- July 31; (c) third calendar quarter -- October 31; and (d) fourth calendar quarter -- January 31. Wage and contribution reports may be submitted electronically, through the internet, or on paper reports. All employer agents that submit wage and contribution reports for employers, as well as each employer of 25 or more employees that elects not to use an employer agent for filing, must file electronically in a manner and form prescribed by DWD unless the requirement is waived by the Department.

The Department may assess two types of penalties for late wage reporting. A late filing fee of \$50 can be charged if the employer files its quarterly wage report within 30 days after the due date.

A non-filing fee of the greater of \$100 or \$20 per employee can be charged for a quarterly wage report filed more than 30 days after the due date. Employers and employer agents that do not file quarterly wage reports electronically, in a manner and form prescribed by DWD, can be assessed a penalty of \$20 per employee. Employers are subject to a penalty of \$25 per report for not filing a contribution report in a prescribed format. Employer agents are assessed a penalty of \$25 for each employer whose contribution report is not filed in a prescribed format.

Each employer agent is required to pay all contributions for each employer represented by the agent using electronic funds transfer. Individual employers with total net contribution payments of at least \$10,000 for any 12-month period ending on June 30 are required to pay all future contribution payments by electronic funds transfer, beginning with the next calendar year. Any employer or employer agent that is required to make contribution payments by an electronic transfer and that makes such payments by a method inconsistent with that prescribed by the Department is subject to a penalty equal to the greater of \$50 or 0.5% of the total contributions improperly paid. An employer that is delinquent in making a required contribution payment is subject to a monthly interest rate equal to a 9% annualized rate or to 2% more than the prime rate as published in the Wall Street Journal as of September 30 of the preceding year, whichever is greater. DWD may waive or decrease the interest charged to employees in limited circumstances as prescribed by administrative rule.

Contribution Financing

Employers subject to contribution financing are required to make contribution payments to the unemployment insurance trust fund. These contribution payments must be paid by all covered employers regardless of the nature of the business. However, the amount of these payments will reflect fluctuations in the level of employment. The specific payments made by a business are

determined by applying the employer's combined contribution and solvency rates to its taxable payroll. An employer's taxable payroll is equal to the first \$14,000 in wages paid to each employee working in covered employment.

The employer's contribution rate and, indirectly, its solvency rate, are based on the employer's unemployment experience. This experience is reflected in an employer's reserve account balance in the unemployment reserve fund. The reserve account balance is the net of all tax payments less benefit charges for that employer, which includes tax payments made through July 31 and benefit payments made through June 30. To determine the applicable contribution rates, each June 30 the balance in an employer's reserve account is calculated and divided by the employer's taxable payroll for the preceding four calendar quarters. This computation yields a "reserve percentage," which serves as an indicator of the status of the employer's reserve account in relationship to the size of the employer's taxable payroll. A positive reserve percentage indicates that an employer has paid more in contributions than its employees have drawn in benefits, while a negative reserve percentage indicates that the opposite is true.

To determine an employer's contribution rate, the employer's reserve percentage is then applied to the statutory rate schedule. As an employer's reserve percentage serves as a relative indicator of the employer's unemployment experience, the employer's contribution rate will increase as the employer lays off an increasing number of people. The required contribution payment an employer must make is calculated by multiplying the employer's taxable payroll by the employer's contribution rate. This payment is then credited to the employer's reserve account.

Each employer's reserve account is maintained to keep track of the employer's payment and unemployment experience and does not represent a portion of the reserve fund that is earmarked for the former employees of each employer. Most of

the benefits paid to an employer's laid-off employees are charged against the employer's reserve account, although the benefits are actually paid from the UI trust fund's reserve fund.

The contribution rate paid by an employer for a given year may be affected by two provisions of the state's unemployment insurance law. First, for an employer whose reserve percentage equals or exceeds zero (positive reserve percentage), current law limits to 1% any increase in the contribution rate from one calendar year to the next. Employers with a reserve percentage of less than zero (negative reserve percentage) cannot have an increase in the contribution rate of more than 2% from one year to the next. (The next highest rate in the statutory table is used if there is no rate exactly 1% or 2% higher.) Therefore, any increase in the contribution rates paid by an employer from one calendar year to the next is limited, even though the employer's reserve percentage might warrant a larger increase.

Second, employers are allowed to make voluntary contributions to their reserve accounts for the purpose of increasing their reserve percentage which, in turn, would lower the contribution rate. These payments must be received by the Department no later than November 30. However, voluntary contributions can be used to lower the contribution rate only to the next lowest level in the rate schedule. In addition, an employer cannot make a voluntary contribution for five years after having written off a negative balance in the employer's reserve account to the UI trust fund's balancing account. Any contributions in excess of the amount required to reduce the employer's rate to the extent permitted is applied against any outstanding liability or, in the absence of any liability, is to be refunded or used as a credit against future contributions payable by the employer.

Employers may make voluntary contributions to their reserve account if employee layoffs were a result of a catastrophic event, provided the employer was not primarily responsible for the

catastrophic event, in which the employer suffered physical damage to its business. The voluntary contribution can be used as a credit to increase the employer's reserve percentage to no greater than the reserve percentage that would have applied to the employer as of the next computation date had damage not caused the employer to lay off its staff. In order to claim the credit, the voluntary contribution must be paid to the Department by November 30.

For new employers and existing employers first subject to contribution payments, the basic contribution rate is 2.5% for the first three calendar years for which they make contributions. In addition, new employers also pay a solvency rate of 0.55% for employers with taxable payrolls under \$500,000 and 0.75% for employers with taxable payrolls of \$500,000 or more in 2025. However, new employers with a taxable payroll in excess of \$10 million may elect to pay a contribution rate of 1% of taxable payroll. A further exception is made for new employers in the construction industry, who are assigned rates for the first three calendar years equal to the average rate for all construction industry employers. The rate for new employers in the construction industry is recalculated annually. Once an employer has been subject to contribution payments for three calendar years, the employer's contribution rate is computed in the normal manner and is based on the employer's unemployment experience.

All employers who make regular contributions to the unemployment insurance reserve fund are also required to make solvency contributions. These payments are credited to the UI trust fund's balancing account, not the individual employer's reserve account, so that solvency contributions do not affect the employer's reserve percentage. The solvency contribution rate for each employer is determined by linking the employer's contribution tax rate to the appropriate solvency tax rate in the statutory rate schedule.

Under current law, there are four different sets

of contribution and solvency rate schedules. In addition, each solvency rate schedule distinguishes between employers with taxable payrolls of less than \$500,000 and employers with taxable payrolls of \$500,000 or more. The specific rate schedule that applies in a given year depends upon the balance in the state's unemployment reserve fund on the prior June 30. Table 2 shows the statutory contribution and solvency tax rate schedules. Schedule A is effective if the balance in the state's unemployment reserve fund is less than \$300 million. Schedule B is in effect if the balance in the fund is at least \$300 million but less than \$900 million. Schedule C applies if the balance in the fund is at least \$900 million, but less than \$1.2 billion, and Schedule D applies if the balance is at least \$1.2 billion. These schedules provide for lower employer contributions for years in which the fund's balance is relatively high.

Based on the balance in the state's UI trust fund as of June 30, 2024, Schedule D applies for unemployment insurance taxes due for calendar year 2025. As a result, the contribution rate schedule in effect ranges from 0.00% to 10.70%, while the solvency rate schedule ranges from 0.00% to 1.30%. The combined contribution and solvency unemployment insurance rate schedule ranges from a minimum of 0.00% to a maximum of 12.00%.

As noted, solvency contributions are credited to the UI trust fund's balancing account rather than the individual employer's reserve account. In certain cases, the fund's balancing account is used to pay benefits that cannot be charged to an individual employer's reserve account. For example, when benefits exceed the contributions paid by an employer who has gone out of business, the unpaid amount is charged to the balancing account. The balancing account is also used to offset individual employer write-offs. Under current law, negative June 30 unemployment reserve account balances in excess of 10% of the employer's annual payroll can be written off (deleted) and the liability shifted to the balancing account.

Employers make contribution payments to the UI trust fund on a quarterly basis. The employer uses the contribution report to determine liability through the following steps:

- a. Listing the total covered wages paid to employees in the previous quarter.
- b. Deducting wages paid to employees after the first \$14,000 per year per employee.
- c. Multiplying the remaining taxable payroll by its total contribution rate to get the total contribution liability.

In order to illustrate the computation of contribution and solvency liability, a detailed example is provided in Appendix II.

As previously described, an employer has one month after the end of each quarter to make the required contribution payment, and if the employer does not meet the due date, late filing fees are assessed and interest begins accruing. In addition, if an employer neglects or refuses to pay any debt after DWD has made a request for payment, then the Department may collect the debt and any associated expenses by using the powers of levy and distraint on any property owned by the employer.

Any employer in good standing that has a first quarter contribution liability of \$1,000 or more may defer payment of 60% of its first quarter contribution liability, without interest, and contribute the deferred liabilities under a prescribed formula over the remaining quarters along with full payments for each of those subsequent quarters. All other deferred first-quarter payments must be made in full by the time due, or the first-quarter liability becomes delinquent and begins accruing interest from April 30. If an employer fails to pay at least 40% of the first-quarter liability on or before April 30 of the year in which the liability accrues, the employer cannot defer payment of the

Table 2: Employers' Contribution and Solvency Rate Schedules

<u>Reserve Percent</u>	<i>SCHEDULE A</i>			<i>SCHEDULE B</i>			<i>SCHEDULE C</i>			<i>SCHEDULE D</i>		
	<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>	
	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000
15.0% or more	0.07%	0.20%	0.63%	0.00%	0.05%	0.10%	0.00%	0.00%	0.05%	0.00%	0.00%	0.05%
10.0% to 15.0%	0.07	0.20	0.63	0.00	0.25	0.30	0.00	0.22	0.25	0.00	0.12	0.15
9.5% to 10.0%	0.25	0.20	0.80	0.15	0.25	0.35	0.15	0.22	0.25	0.05	0.22	0.25
9.0% to 9.5%	0.33	0.20	0.90	0.25	0.25	0.40	0.25	0.22	0.25	0.15	0.22	0.25
8.5% to 9.0%	0.52	0.40	0.90	0.45	0.40	0.50	0.45	0.30	0.35	0.35	0.30	0.35
8.0% to 8.5%	0.59	0.50	1.00	0.60	0.40	0.55	0.60	0.30	0.40	0.50	0.30	0.40
7.5% to 8.0%	0.66	0.60	1.10	0.70	0.40	0.60	0.70	0.30	0.45	0.60	0.30	0.45
7.0% to 7.5%	0.77	0.70	1.20	0.85	0.45	0.65	0.85	0.35	0.50	0.75	0.35	0.50
6.5% to 7.0%	1.03	0.80	1.20	1.10	0.50	0.70	1.10	0.35	0.55	1.00	0.35	0.55
6.0% to 6.5%	1.28	0.90	1.30	1.40	0.55	0.75	1.40	0.40	0.60	1.30	0.40	0.60
5.5% to 6.0%	1.62	1.00	1.40	1.75	0.65	0.80	1.75	0.45	0.65	1.65	0.45	0.65
5.0% to 5.5%	1.96	1.10	1.50	2.10	0.70	0.85	2.10	0.50	0.70	2.00	0.50	0.70
4.5% to 5.0%	2.30	1.10	1.60	2.45	0.75	0.90	2.45	0.55	0.75	2.35	0.55	0.75
4.0% to 4.5%	2.64	1.20	1.70	2.80	0.80	0.90	2.80	0.60	0.75	2.70	0.60	0.75
3.5% to 4.0%	2.98	1.30	1.80	3.25	0.85	0.90	3.25	0.60	0.75	3.15	0.60	0.75
0.0% to 3.5%	3.37	1.40	1.90	3.80	0.85	0.90	3.80	0.60	0.75	3.70	0.60	0.75
0.0% to -1.0%	5.30	1.30	1.30	5.30	1.30	1.30	5.30	1.10	1.10	5.30	1.10	1.10
-1.0% to -2.0%	5.80	1.30	1.30	5.80	1.30	1.30	5.80	1.10	1.10	5.80	1.10	1.10
-2.0% to -3.0%	6.30	1.30	1.30	6.30	1.30	1.30	6.30	1.10	1.10	6.30	1.10	1.10
-3.0% to -4.0%	6.80	1.30	1.30	6.80	1.30	1.30	6.80	1.10	1.10	6.80	1.10	1.10
-4.0% to -5.0%	7.30	1.30	1.30	7.30	1.30	1.30	7.30	1.20	1.20	7.30	1.20	1.20
-5.0% to -6.0%	7.80	1.30	1.30	7.80	1.30	1.30	7.80	1.25	1.25	7.80	1.25	1.25
-6.0% to -7.0%	8.50	1.30	1.30	8.50	1.30	1.30	8.50	1.30	1.30	8.50	1.25	1.25
-7.0% to -8.0%	9.25	1.30	1.30	9.25	1.30	1.30	9.25	1.30	1.30	9.25	1.30	1.30
-8.0% to 9.0%	10.00	1.30	1.30	10.00	1.30	1.30	10.00	1.30	1.30	10.00	1.30	1.30
-9.0% or less	10.70	1.30	1.30	10.70	1.30	1.30	10.70	1.30	1.30	10.70	1.30	1.30

Schedule A is effective when the UI trust fund balance is less than \$300 million.

Schedule B is effective when the UI trust fund balance is \$300 million but less than \$900 million.

Schedule C is effective when the UI trust fund balance is \$900 million but less than \$1.2 billion.

Schedule D is effective when the UI trust fund balance is \$1.2 billion or more.

balance of the liability. An employer that elects to defer payment of first quarter contributions is required to file contribution reports and wage reports electronically.

Interest charged on an unpaid balance is deposited in a DWD appropriation account for interest and penalty payments. A detailed example involving a hypothetical employer and illustrating how contribution financing works over a period of time is provided in Appendix III.

Reimbursement Financing

Reimbursement financing is used by almost all governmental units and approximately 40% of nonprofit, nongovernmental organizations. Under Wisconsin's unemployment insurance law, the state is required to use reimbursement financing. Other governmental units must use reimbursement financing unless they elect to use contribution financing. Nonprofit, nongovernmental organizations and Native American tribes may elect to use reimbursement financing instead of contribution financing. Nonprofit employers that are nongovernmental entities are required to post an assurance of reimbursement with the treasurer of the unemployment insurance trust fund. The assurance required must equal at least 4% of the greater of the employer's taxable wages in the past calendar year or the employer's anticipated payroll for the current year, and can be in the form of a surety bond, letter of credit, certificate of deposit, or other nonnegotiable instrument of fixed value. Reimbursement financing employers must also file the quarterly tax and wage reports.

Employers that use reimbursement financing maintain separate accounts in the unemployment insurance trust fund. Benefits paid to laid-off employees are charged to the account and the employers make reimbursement payments to the account for those benefits. Whenever an employer's reimbursement account has a negative balance at the close of a calendar month, the employer is sent a statement showing unemployment insurance

benefits paid during the month to current and former employees who are now unemployed. Reimbursement payments are due 20 days after the statement date.

Reimbursement employers are considered delinquent if they do not pay the amount due on or before the due date. If delinquent, interest is charged at the annualized rate of 9% or 2% more than the prime rate as published in the Wall Street Journal as of September 30 of the preceding year, whichever is greater. When a nonprofit organization that has filed an assurance of reimbursement becomes delinquent, the Department must exhaust all collection methods at its disposal before liquidating the assurance of payment. For governmental units, excessive delinquent payments can be recovered by withholding any aid payments the units are entitled to receive from the state.

Certain nonprofit employers that elect reimbursement financing are subject to an assessment for payment of uncollectible benefit reimbursements from out-of-business employers if the amount of uncollectible benefit payments exceeds \$5,000. The total annual assessment against all nonprofit employers is limited to \$200,000, with no assessment for any employer that would be charged an amount less than \$20 for a calendar year. Within the UI trust fund's balancing account, \$2,000,000 is set-aside for charging of benefits financed by reimbursable employers in cases of identity theft. In lieu of or in addition to assessing nonprofit employers, and so long as the balance of the set-aside does not fall below \$1,750,000, the Department may apply amounts from the set-aside to amounts determined to be uncollectible. As of August 1, 2024, the balance of the set-aside was \$1,321,543.

Reimbursement financing presents a more direct link between benefits paid to an employer's former employees and the payments that the employer is required to make. This type of financing, therefore, generally does not have implications for

the solvency of the state's unemployment insurance system.

Eligibility for Unemployment Insurance Benefits

To be eligible for regular unemployment insurance benefits, an individual must have been employed in covered employment either totally or partially, be able and available for work, be conducting a reasonable search for suitable work, be registered for work with a public employment office, and provide information and job application materials as requested by DWD and participate in workshops, trainings and other similar re-employment services as required by the Department.

Wisconsin's unemployment insurance law includes several provisions that may render some individuals ineligible to receive some or all of the regular benefits that they would otherwise receive. These provisions are listed and described below:

1. Discharge for Misconduct or Substantial Fault. The Department uses a two-tier standard to determine whether claimants who are discharged qualify for UI benefits. A claimant will be disqualified if they are discharged for misconduct or for substantial fault connected with the employment. If it cannot be determined that the employee was discharged for misconduct, a disqualification under substantial fault is considered by the Department. The burden for establishing misconduct or substantial fault is on the employer.

The definition of "misconduct" is one or more actions or conduct showing such willful or wanton disregard of an employer's interests as is found in deliberate violations or disregard of standards of behavior that an employer has a right to expect of their employees, or in carelessness or negligence of such degree or recurrence as to manifest culpability, wrongful intent, or evil design of equal severity to such disregard, or to show an intentional and substantial disregard of an employer's

interests, or of an employee's duties and obligations to their employer. In addition, "misconduct" actions include:

a. A violation of an employer's reasonable written drug and alcohol policy;

b. A theft of an employer's property or services, theft of currency of any value, felonious conduct connected with the claimant's employment, or intentional or negligent conduct by a claimant that causes substantial damage to their employer's property;

c. A conviction of a crime or other offense subject to civil forfeiture, while on or off duty, if the conviction makes it impossible for the claimant to perform the duties that the claimant performs for the employer;

d. One or more threats or acts of harassment, assault, or other physical violence instigated by a claimant at the employer's workplace;

e. Certain absenteeism or excessive tardiness by an employee in violation of a policy of the employer, if the employee does not provide to their employer both notice and one or more valid reasons for the absenteeism or tardiness;

f. Falsifying the employer's business records; or

g. A willful and deliberate violation of a written and uniformly applied standard by a claimant for an employer that is licensed or certified by a governmental agency, if the violation would cause the employer to be sanctioned or to have its license or certification suspended by the agency.

The definition of "substantial fault" includes those acts or omissions of an employee over which the employee exercised reasonable control and that violate reasonable requirements of the employer. Substantial fault essentially means that if an employer establishes a reasonable

job policy to which an employee can conform, failure to conform constitutes substantial fault. Substantial fault does not include: (a) minor infractions of the employer's rules, unless the employee repeats the violation after receiving a warning; (b) unintentional mistakes made by the employee; or (c) not performing work because the employee lacks skill, ability, or was not supplied equipment.

An employee who is discharged for misconduct or substantial fault connected with their employment will have total entitlement for benefits reduced with respect to wages from the discharging employer and is ineligible for benefits based on work for other employers unless they requalify. In order to requalify, seven weeks must elapse since the end of the week in which the discharge occurs and the employee must earn wages in subsequent covered employment equal to at least 14 times the weekly benefit rate they would have received if termination had not occurred. For purposes of determining total entitlement for those discharged for misconduct, the wages paid by the employer that terminates the employment are excluded from base-period wages if the employee requalifies for benefits. As a result, the discharging employer is not liable for requalified employee benefits. However, in determining total entitlement for those discharged for substantial fault, the wages paid by the employer that terminates the employment may be used in determining the claimant's amount of base-period wages if the employee requalifies for benefits. If the claimant requalifies, the employer is not charged for any benefit payments, but instead these benefits will be charged to the UI trust fund's balancing account.

2. Disciplinary Suspension. A suspension is usually considered for good cause when it is reasonable discipline in response to inappropriate behavior or a rule violation. A suspension is considered reasonable when it can be established that the inappropriate behavior was within the employee's

ability to control or that the employee was responsible for a work rule violation. An employee who is suspended for good cause connected with their employment is ineligible for benefits until three weeks have elapsed since the end of the week in which the suspension occurs unless the suspension ends sooner.

3. Voluntary Termination of Employment. Under most circumstances, an employee who voluntarily terminates their employment with an employing unit is ineligible to receive any benefits unless they requalify. An individual whose employer grants the individual's voluntary request to indefinitely reduce the number of hours they work may be treated as voluntarily terminating employment. In order to requalify, the employee must earn wages at subsequent employment equal to at least six times the weekly benefit rate that would have been received had the termination not occurred. The benefits based on wages paid by the employer from whom the claimant voluntarily terminates employment are charged to the UI trust fund's balancing account.

There are a number of exceptions to the general requalification requirement for employees that quit. Current exceptions include:

- a. Termination with good cause attributable to the employer, including sexual harassment where the employer knew or should have known but failed to take corrective action;
- b. Termination because the employee or employee's family member had a verified illness or disability necessitating care for a time period longer than the employer was willing to grant leave;
- c. Accepting a layoff in lieu of another employee;
- d. Termination due to certain transfers to another work shift;

e. Termination due to domestic abuse or threats to personal safety of the employee or employee's family member if the employee has acquired a protective order against the harasser, acquired a report by a law enforcement agency documenting the abuse, or concerns are voiced by a health care professional or an employee of a domestic violence shelter;

f. Termination of employment due to honorable discharge from military service;

g. Termination to accept another job in covered employment if that job offers the employee equal or greater pay, equal or more hours, the opportunity for significantly longer-term employment, or if it is closer to the employee's home (applies regardless of whether the employee is working at a part-time job or whether the claimant earns a certain amount of wages in the subsequent work);

h. Termination with good cause and within the first 30 calendar days after starting work, but only if the employee could have originally refused to accept employment at the new job and still have collected UI benefits as a result of the new job not being deemed suitable work, as described in the next section; or

i. Termination if the employee's spouse is an active duty member of the U.S. Armed Forces who is required to relocate by the Armed Forces to a location that is impracticable for the employee to commute to work.

4. Suitable Work. The suitable work disqualification is for refusing an offer of suitable work made by a prospective employer and received by a claimant. The job offer must be a bona fide attempt to secure the individual's service. It must be an unconditional offer of work that the individual has the opportunity to accept or reject, and all the terms of the job such as wage, hours, duties, and other information must be explained or available.

The Department uses a tiered definition of suitable work, tying a refusal of an offer of work to the length of time the claimant has been unemployed. During an initial six-week canvassing period, suitable work means work that is not at a lower grade of skill than one of the claimant's most recent jobs and that pays at least 75% of what the claimant recently earned at one of the claimant's most recent jobs. With respect to the seventh week after the employee became unemployed and any week thereafter, suitable work means any work that the employee is capable of performing, regardless of whether the employee has any relevant experience or training, that pays wages that are above the lowest quartile of wages for similar work in the labor market area in which the work is located.

A claimant may refuse work for good cause and maintain eligibility for unemployment insurance benefits. An employee has good cause only if DWD determines that the failure to accept suitable work is related to the employee's personal safety, the employee's sincerely held religious beliefs, an unreasonable commuting distance, or if the employee had another compelling reason that would have made accepting the offer unreasonable.

If it is determined that an employee without good cause fails to accept suitable work when offered or fails to return to work when recalled, the employee is ineligible to receive any benefits unless they requalify by earning in subsequent employment six times the weekly benefit that would have been received had the refusal of suitable work not occurred.

5. Unable/Unavailable for Work. In general, an employee is ineligible for unemployment insurance benefits for any week in which the employee is, with due notice, called by the employer to report for work and is unavailable or unable to perform more than 16 hours of scheduled work. If the employee is unavailable or unable to work, but the scheduled work is 16 or fewer hours for the

week, the partial benefits formula is applied to the wages that could have been earned to determine the employee's unemployment insurance benefits. If an employee is terminated or suspended by an employer, or is on a leave of absence, because the employee is unavailable or unable to perform work, the employee is ineligible for benefits. However, for the first week of separation, if 16 hours or less of scheduled work are missed, unemployment insurance benefits will be determined by applying the partial benefits formula to wages earned and those that could have been earned.

6. Work Search. Individuals are required to perform at least four work search actions that constitute a reasonable search as prescribed by rule. In addition, the Department may, by rule, require an individual to take more than four reasonable work search actions in any week or waive work search requirements under certain conditions. A claimant is ineligible to receive benefits for any week for which there is a determination that the claimant failed to conduct a reasonable search for suitable work and the Department has not waived the search requirement.

The work search requirement may be waived if the claimant: (a) is currently laid off from employment but there is a reasonable expectation of return to employment within a period of eight weeks, with a possible four-week extension; (b) has a reasonable expectation of starting employment with a new employer within four weeks; (c) has been laid off from work and routinely obtains work through a labor union; (d) is summoned to serve as a juror; (e) is enrolled in and participating in an approved training, work-share, or self-employment assistance program; (f) has not complied with the requirement because of an error made by the Department; (g) performs any work for his or her customary employer; (h) has been referred for reemployment services; or (i) was not aware of the requirement because the claimant's employer failed to post the necessary workplace notice.

If, with some exceptions, a claimant's last employer was a "temporary help company," the claimant must contact that employer weekly for an assignment or the claimant is considered to not have conducted a reasonable search for suitable work. If the claimant does contact the temporary help company, the claimant will have satisfied one of the required weekly work search actions.

7. Drug Testing and Treatment. 2015 Wisconsin Act 55 required DWD to create two drug testing and treatment programs tied to unemployment insurance: a pre-employment and an occupational drug testing program.

Under the pre-employment drug testing program, an employer may voluntarily submit to DWD the results of a test for the unlawful use of controlled substances that was conducted on an individual as pre-employment screening or notify DWD that an individual declined to submit to such a test as a condition of employment. If an individual tests positive for controlled substances without a valid prescription for the drug, or if the individual refuses to take the test, there is a rebuttable presumption that the claimant refused to accept suitable work. If an employer reports that an individual refused to submit to a drug test or tested positive for a controlled substance, the claimant would be ineligible for UI benefits until the individual earns wages in subsequent employment equal to at least six times the individual's weekly benefit rate. A claimant who tests positive for a controlled substance as part of a pre-employment screening may maintain eligibility for UI benefits for each week in which the claimant is in full compliance with a state-sponsored substance abuse treatment program and job skills assessment.

The Department adopted the necessary emergency rules to govern the pre-employment program as DWD 131, effective April 26, 2016. Chapter DWD 131 became a permanent rule May 1, 2017. Through August 30, 2024, the Department has indicated that 112 reports have been filed by employers regarding an individuals' failure of a

pre-employment drug test and that 60 reports have been filed by employers regarding an individuals' refusal to take a pre-employment drug test.

Under the occupational drug testing program, when a claimant applies for UI benefits, DWD would determine whether the claimant is an individual for whom suitable work is only available in an occupation that regularly conducts testing. If the claimant's only suitable work is in an occupation that regularly conducts drug testing, as determined by USDOL and DWD rules, DWD must screen the claimant to determine whether the claimant should be required to submit to a drug test. The results of the initial screening must provide a reasonable suspicion that the claimant has engaged in the unlawful use of controlled substances to require that the claimant submit to a drug test. If the claimant refuses to submit to a drug test or tests positive for a controlled substance for which the claimant does not have a valid prescription, the claimant is ineligible for UI benefits. A claimant who tests positive may maintain eligibility for UI benefits for each week in which they are in full compliance with a state-sponsored substance abuse treatment program and a state-sponsored job skills assessment.

Final USDOL rules regarding which occupations can be subject to drug testing became effective September 30, 2016. The list of occupations in the 2016 final rule was limited to certain occupations and those in which drug testing is required by federal or state law. U.S. House Joint Resolution 42, signed by the President, nullified these rules effective March 31, 2017.

On November 5, 2018, USDOL published a Notice of Proposed Rulemaking to reissue the rule identifying occupations that regularly conduct drug testing. Final USDOL rules regarding which occupations can be subject to drug testing became effective November 4, 2019. In this rule, the USDOL expands the consideration of what occupations regularly conduct drug testing by including those occupations for which each state has a

factual basis for finding that employers in that state conduct drug testing as a standard eligibility requirement for employing or retaining employees in the occupation. On January 16, 2020, the UIAC approved a draft scope statement for the administrative rule related to occupational drug testing. However, as of January, 2025, DWD has not promulgated rules to implement occupational drug testing.

8. Labor Disputes. An employee who is unemployed due to a strike or other bona fide labor dispute, other than a lockout, is ineligible for benefits for any week in which the strike or labor dispute is in active progress in the establishment in which they were employed. A lockout is defined as the barring of one or more employees from their employment in an establishment by an employer as part of a labor dispute, which is not directly subsequent to a strike or other job action or which continues after the termination of a strike or other job action.

9. Located Outside the U.S. or Canada. An individual is generally not considered available for work in any week in which the individual is located in a country other than the United States or Canada for more than 48 hours.

10. Educational (School-Year) Employees. A school-year employee who performs services in an instructional, research, or principal administrative capacity is ineligible for benefits based on services for any unemployment occurring:

a. During the period between two successive academic years or terms if the school-year employee performed such services in the first year or term and if there was a reasonable assurance that they would be reemployed in the same capacity by the same type of employer in the second academic year or term.

b. During the period between two regular but not successive terms under an agreement between the employer and school-year employee which

provides for such a period, if the school-year employee performed such services in the first term and there was reasonable assurance that they would be reemployed in the same capacity by the same type of employer in the second academic year or term.

c. During an established and customary vacation period or holiday recess if the school-year employee performed such services in the period immediately before the vacation period or holiday recess and if there was reasonable assurance that they would perform services for the same type of employer in the period immediately following the vacation period or holiday recess.

The restrictions under items (a) and (c) above also apply to school-year employees who perform services that are not in an instructional, research, or principal administrative capacity. Item (b) does not apply to these employees.

"School-year employee" is defined as an employee of an educational institution or an educational service agency or an employee of a governmental unit, Native American tribe, or nonprofit organization that provides services to, or on behalf of, an educational institution, who performs services under an employment contract that does not require services be performed on a year-round basis. Employees hired to work for the entire year rather than for an academic year are excluded from the benefit eligibility restrictions. An educational institution is a school that provides education and/or training, maintains a regular faculty and curriculum, and has a regular organized body of students in attendance. An educational service agency is a government entity or tribal unit established and operated exclusively for the purpose of providing services to one or more educational institutions.

11. Approved Training Exception. If an individual is enrolled in training approved by the Department, DWD may not reduce benefits or disqualify an individual for the following reasons: (1)

suspension or termination because of unavailability or inability to perform work; (2) suspension or termination for being absent 16 hours or less in the first week of leave; (3) failure to be available for work; (4) failure to search for suitable work; (5) inability to perform work that the employee terminated due to illness or disability of an immediate family member; (6) unavailability for suitable work; or (7) voluntary termination of employment for good cause.

The types of programs that may be considered approved training are:

a. A course of vocational training or basic education that is a prerequisite to such training in which an individual is enrolled if: (1) the course is expected to increase the individual's opportunities to obtain employment; (2) the course is given by a Wisconsin Technical College System school or other DWD-approved institution; (3) the individual is enrolled full-time as determined by the institution; (4) the course does not grant substantial credit leading to a bachelor's or higher degree; and (5) the individual is attending regularly and making satisfactory progress in the course.

b. A program administered by the Department for the training of unemployed workers, other than the youth apprenticeship program.

c. The plan of any state for training under the federal Trade Act.

d. A plan for training approved under the Workforce Innovation and Opportunity Act or another federal law that enhances job skills.

The Department cannot deny benefits for a voluntary termination of work if the individual leaves unsuitable work that was temporarily entered into during a break in training or approved training to enter or continue training upon the commencement of training. Benefits cannot be denied if the individual left on-the-job training within 30 days

after commencing training because the training did not meet the requirements of the federal Trade Act.

Requirements to requalify for benefits, as provided under the provisions for voluntary termination of work and failure to accept suitable work, do not apply while the individual is enrolled in training approved under the federal Trade Act, the Workforce Innovation and Opportunity Act, or another federal law that enhances job skills. DWD must charge the fund's balancing account for the cost of benefits paid to an individual that would otherwise be chargeable to the reserve account of an employer that is subject to the contribution requirements if the individual receives benefits while in approved training. To qualify for an approved training course, the Department may require a certification from the training institution showing the individual's attendance and progress in the course.

Determination of Unemployment Insurance Benefits

In order to claim unemployment insurance benefits, an unemployed worker must first notify DWD during that week or within seven days after the close of that week by filing on the internet. Subsequently, DWD will determine the claimant's eligibility and weekly benefit rate based on quarterly wage record reports filed by each employer. An employer or a claimant can question the Department's eligibility determination and computation of the weekly benefit rate.

If an individual meets the qualifying requirements, they receive unemployment insurance benefits based on wages paid in the base period.

Base Period. "Base period" means the period that is used to compute an employee's benefit rights and generally consists of the first four of the five most recently completed calendar quarters preceding an employee's benefit year. An

employee who does not qualify for benefits using this base period can use an alternative base period consisting of the four most recently completed calendar quarters preceding the employee's benefit year. Wages used to establish eligibility under this alternative base period cannot be used to establish a future regular benefit year.

A claimant must have been paid 35 times their weekly benefit rate in the base period, including wage payments that are four times the weekly benefit rate in quarters other than that in which the highest wage payments occur.

Weekly Benefit Rate. The weekly benefit rate is equal to 4% of wages paid in the calendar quarter in which the highest wages were paid to the claimant up to a maximum weekly benefit rate of \$370. The minimum weekly benefit rate is \$54. The maximum benefits available are the lesser of 26 times the weekly benefit rate or 40% of total base-period wages.

The maximum weekly benefit rate was increased from 1992 through 2003, and again in 2006, 2007, 2009 and 2014.

No benefits are payable to a claimant who is paid less than \$1,350 in the high quarter, which is the amount necessary to generate a minimum weekly benefit payment.

Benefit Year. "Benefit year" means the 52-week period beginning with a valid new claim week for which an employee's benefit rights are computed. An employee is authorized to establish a benefit year whenever: (a) the employee earns sufficient wages both in the high quarter and outside the high quarter and is eligible to receive benefits; (b) has experienced at least a 25% reduction in hours worked in one week as compared to the average weekly hours worked for the preceding 13 weeks; or (c) expects to be eligible to receive benefits during the next 13 weeks. As noted, the claimant must wait one week prior to receiving unemployment insurance benefits.

Table 3: Wages Paid to Hypothetical Claimant in First Four of Last Five Quarters

Calendar Quarter	Earnings
Quarter 1	\$4,000
Quarter 2	4,200
Quarter 3	4,500
Quarter 4	<u>11,800</u>
	\$24,500

Benefit Computation Example. Table 3 includes information to illustrate the method of determining the unemployment insurance benefits that a hypothetical claimant would receive.

The table shows that the hypothetical claimant was paid a total of \$24,500 in the base period and \$11,800 in the calendar quarter in which the highest wages were paid. Because the base period generally is the first four of the previous five quarters, in this example, pay in the most recent calendar quarter is not shown in the table and not included in base-period wages.

The first step in computing the claimant's benefit payments is to determine the weekly benefit rate. The weekly benefit rate is equal to 4% of the wages in the calendar quarter in which the highest wages were paid. In this case, that would be 4% of \$11,800 or \$472. Under Wisconsin law, a statutory formula is used to perform this calculation. However, because the calculated rate exceeds the maximum weekly benefit rate provided in the statutes, the maximum statutory rate of \$370 would apply. (Appendix IV shows the complete schedule used to determine weekly benefit amounts.)

In order to be eligible for benefits, current law requires that the claimant must be paid total wages in the base period equal to 35 times the weekly benefit rate, including an amount at least four times the weekly benefit rate in quarters other than that in which the highest payments occur. With a weekly benefit rate of \$370, the claimant must be paid total wages of 35 x \$370 or \$12,950, and 4 x \$370 or \$1,480 of that amount must be paid

outside the quarter with the highest wages. In the example, the claimant was paid total wages of \$24,500, including \$12,700 outside the high quarter and, as a result, is eligible to receive benefits.

Total benefit payments are the lesser of 26 times the weekly benefit rate or 40% of base-period wages. For the hypothetical claimant that amount would be \$9,620, or 26 times the weekly benefit rate (26 x \$370) rather than 40% of base-period wages, which would be \$9,800 (.40 x \$24,500). The number of weeks for which the weekly benefit payment would be received is determined by dividing total benefit payments by the weekly benefit rate. In this case, that results in 26 weeks during which benefits would be paid ($\$9,620 \div \370).

In general, if a claimant has base-period wages with more than one employer, each employer's reserve account in the UI trust fund is charged for benefits paid in proportion to the claimant's base-period wages paid by that employer. However, employers who pay total wages that are less than 5% of the claimant's base-period wages are generally not charged for benefits based on such wages. Instead, each other employer with a share of base-period wages is charged for these benefits in the same proportion that base-period wages from such employers bear to total base-period wages from such employers.

Treatment of Other Income. Generally, compensation in lieu of wages, including temporary worker's compensation payments, back pay, bonus pay, vacation pay, holiday pay, termination pay, and sick pay paid directly by the employer at the employee's usual rate of pay, are treated as base-period wages for the purposes of benefit qualification and the determination of an individual's weekly benefit amount. Also, such payments are treated in the same manner as wages earned in partial employment and can act to reduce or deny a claimant's benefit payment.

Retirement pay, however, is treated somewhat differently than other nonwage payments. An individual's regular benefit payment will be reduced by the amount of retirement pay paid in that week and financed by contributions made by an employer in the claimant's base period. One-half of the amount is considered to have been financed by the employer and the weekly unemployment insurance benefit payment is reduced by one-half of any pension payments an individual received for that week, unless evidence is provided to DWD that a separately calculated fraction should be used. If an individual receives retirement pay that is entirely financed by employer contributions, their unemployment payment for that week will be reduced by the entire amount of the retirement pay. However, Social Security payments are not subject to this treatment. There is no reduction in unemployment insurance benefits for any amount of Social Security benefits received.

Certain types of disability payments will disqualify a claimant from UI benefits, including both temporary and permanent total disability worker's compensation payments. In addition, a claimant cannot simultaneously collect both Social Security Disability Insurance benefits and UI benefits.

Prior to 2013, the value of an employee fringe benefit plan (cafeteria plan) was included in the employee's wage base to calculate UI benefits, although such cafeteria plans are typically not taxed as wages. 2013 Wisconsin Act 36 makes consistent the treatment of cafeteria plan payments by not paying UI benefits on untaxed benefits.

In addition to reductions made for the receipt of wages or other types of pay, a claimant's weekly benefit payment can be reduced to pay child support obligations. If an agency enforcing a child support order notifies DWD, the Department is required to deduct the amount designated by the child support order from each week's payment. The Department then forwards this amount to the child support enforcement agency.

Weekly Certification. In order to receive regular benefits, an individual must file a weekly certification with the Department by internet within 14 days after the end of the week for which benefits are claimed. A weekly certification is the method by which a claimant submits information to the Department regarding the claimant's employment status and availability for work, and which establishes a basis for the payment of unemployment benefits. Along with general qualifying information, the information submitted indicates whether the individual earned any wages, or any vacation, holiday, termination, retirement, or back pay during a given week. Each of these items may have an impact on the amount of the individual's benefit payment or whether the individual will receive a payment at all for that week.

Partial Employment

Regular unemployment benefits may be available to individuals who are partially employed during a week. To determine the benefit payment received by an individual who is partially employed, the first \$30 of wages is excluded and the benefit payment is reduced by 67% of the individual's remaining wages. No benefit payment of less than \$5 may be made.

However, a claimant is ineligible to receive partial benefits for a week if the claimant worked 32 hours or more in a week or the claimant: (a) performs work; (b) would have earned wages for available work that the claimant did not accept; or (c) receives holiday pay, vacation pay, termination pay, or sick pay that alone or in combination total 32 or more hours. A claimant is ineligible to receive partial benefits for a week if the claimant receives wages earned for work performed in that week, sick pay, holiday pay, vacation pay, termination pay, bonus pay, back pay, or any combination thereof, totaling more than \$500 during that week.

Work Share

Also called short-term compensation, work share is designed to help employers and employees adjust to business downturns. Instead of laying off workers, an employer can plan to reduce work hours. Full-time and part-time workers whose hours are reduced under an approved work-share plan receive UI benefits that are prorated for the partial work reduction. The employer must submit a work-share plan to the Department for its approval.

Through this plan, the employer must certify that the employer will:

- a. Reduce the hours of employees instead of conducting layoffs;
- b. Reduce the employees' work week hours between the range of 10% to 60%;
- c. Provide its normal retirement and health care benefits to work-share employees;
- d. Include in the plan the method the employer will use to provide notice to an employee whose work week will be reduced, unless this is not feasible;
- e. Include in the plan an estimate of the number of layoffs avoided as a result of the work-share program;
- f. Provide that at least two positions are covered by the work-share program on the effective date of the program;
- g. Not include employees who are employed on a seasonal, temporary, or intermittent basis;
- h. Prevent the layoff of at least two jobs by implementing the work-share program; and
- i. Include only employees that have been engaged in employment with the employer for a

period of at least three months.

Other requirements include: (a) employees do not need to be available for work or satisfy normal work-search action requirements, except the employee must be available to the work-share employer to address an increase in business demand; (b) employees may participate in training to enhance job skills without affecting availability for work upon approval by the Department; and (c) a participating employer may only participate up to 12 months in a five-year period.

The program was implemented December 31, 2013. Until August 22, 2015, the federal government reimbursed a substantial share (92.7%) of the employer's share of unemployment insurance charges under an approved work-share plan. After this date, benefits paid under an approved work-share plan are charged against an employer's reserve account in the same manner as regular UI benefits. The federal government awarded a grant to DWD in 2015 to implement the work-share program. States that receive federal grant money must continue their work-share programs for at least five years after the grant award.

Administration of the Unemployment Insurance System

The DWD Division of Unemployment Insurance administers Wisconsin's unemployment insurance law. A review of certain administrative decisions made by the UI Division can be requested of the Labor and Industry Review Commission (LIRC), which is attached to the Department of Administration for limited administrative purposes.

Financing for the administration of the unemployment insurance system is provided by the federal government through revenues from the

federal unemployment tax. In order for DWD to receive this funding, the state's unemployment insurance law must be approved by the U.S. Secretary of Labor. This approval is given on an annual basis and is contingent upon Wisconsin's unemployment insurance law meeting various criteria specified in federal law.

DWD has three benefit centers and a statewide hearing office that handles appeals. In addition, DWD has entered into reciprocal arrangements with similar agencies in other states to aid in the administration of unemployment insurance benefits in situations involving employment or employers in more than one state.

In addition to administering unemployment tax and benefit payments, the Department must also: (a) maintain a portal on the internet that allows employers to log in and file complaints related to the administration of UI law; (b) create and periodically update a handbook that informs employers about the provisions and requirements of UI law; (c) provide information to employers concerning the financing of the UI system, including the computation of reserve percentages and their effect on the contribution and solvency rates of employers; (d) require LIRC to maintain a searchable, electronic database of its significant UI decisions; and (e) conduct an initial training for all administrative law judges, as well as require each administrative law judge to satisfy continuing education requirements.

Benefit Appeals Process

If a dispute originates over a claim or a liability for penalties filed by an individual, a regional adjudication center will make an investigation and issue an initial determination. Benefits will either be paid to or withheld from the individual on the basis of this determination, regardless of whether the losing party plans to appeal the decision. If a party to the dispute disagrees with the initial determination, that party has 14 days to file a written request for an appeal, accompanied by a statement

of the reason for the disagreement.

After DWD's UI hearing office receives an appeal requesting a hearing, the hearing office processes the appeal, and schedules it for a hearing before an administrative law judge. Hearings statewide are conducted by telephone. DWD has hearing space available in Madison and Milwaukee, or access to other publicly available space, such as Job Centers, to accommodate the need for ad hoc in-person hearings.

The hearings are quasi-judicial proceedings, during which both sides are allowed to give testimony and cross-examine each other under oath. The administrative law judges ask questions of the parties involved to bring out any relevant facts. A written decision is issued by the administrative law judge based on the testimony and evidence produced at the hearing. The majority of cases involve proof by a "preponderance of the evidence" (the more convincing evidence). Whoever has the burden of proof must show it is more probable than not that the claim made is true.

The decision of an administrative law judge can be appealed to LIRC within 21 days of the decision. The Commission will usually accept only exhibits and a synopsis of the hearing record and will not usually take new testimony. However, the Commission is authorized to request additional information. LIRC will review the information and issue a decision. This decision can be appealed within 30 days to the Circuit Court. In addition, DWD must be named as an adverse party if an employer appeals a LIRC case to address any issue other than benefit claims.

At each stage in the appeals process, benefits are either paid or denied based on the most recent decision. If an individual has received benefits during the course of the appeals process, these benefits must be repaid if the final decision is in favor of the employer. If a claimant is denied benefits which are later granted on appeal, the claimant is paid for all weeks for which benefits were

withheld as a result of the issue under appeal.

When benefits must be recovered because of the loss of an appeal, the reserve accounts of for-profit employers and nonprofit organizations that make contribution payments are immediately credited for the amount of the benefits paid to the individual. These benefits are then charged to the balancing account of the UI trust fund until they are repaid by the individual. In cases involving governmental units or nonprofit organizations that make reimbursement payments, these entities are not credited until the benefits are repaid by the individual.

The Department of Justice (DOJ) is specifically authorized to enforce the state unemployment insurance law. DWD's program revenue appropriation for unemployment interest and penalty payments provides funding for DOJ enforcement activities.

Unemployment Insurance Advisory Council

The statutory Unemployment Insurance Advisory Council (UIAC) advises the Department on matters related to unemployment insurance. The UIAC is composed of five employer and five employee representatives, who are appointed by the DWD Secretary to serve six-year terms. In making these appointments, the Secretary is required to consider achieving balanced representation of the industrial, commercial, construction, nonprofit, and public sectors of the state's economy and to appoint at least one employer representative who is either the owner of a small business or a representative of an association primarily composed of small businesses. In addition to these voting members, the Secretary must appoint a permanent classified employee of the Department to serve as a nonvoting chairperson.

The UIAC is required to advise the Department in carrying out the purposes of the Wisconsin unemployment insurance law and may submit its

recommendations for changes in the unemployment insurance law to the Legislature and report its views on any other pending legislation that relates to unemployment insurance. In order to take action as a body, seven members of the UIAC must vote for a proposal.

Program Integrity

A UI claimant commits fraud by providing false or inaccurate information to the Department when filing a claim for UI benefits in an effort to obtain monies to which they are not entitled. Similarly, an employer commits fraud when they provide false information to DWD in an effort to obtain a lower tax rating or deliberately misclassify an employee as an independent contractor to avoid paying the UI tax altogether. According to the Department, \$10.1 million in fraud overpayments and \$22.7 million in non-fraud overpayments were recovered in 2023.

Using a variety of tools, DWD is able to identify both fraud and non-fraud overpayments. These tools include the ability to detect overpayments by cross-matching benefit claims against employment, death, immigration and incarceration records. The Department's powers include the authority to conduct random audits of claimants' work search efforts. The Department currently has 12.79 full-time equivalent fraud investigators supported by both segregated (program integrity fund) and federal (UI administrative grant) funding.

There is a potential for fraud whenever a claimant conceals or misrepresents benefit eligibility information. Claimants are totally ineligible for benefits, including any partial benefits for which the claimant would otherwise be eligible, for each week the claimant conceals wages or hours worked, holiday pay, vacation pay, termination pay, or sick pay. Claimants must provide an accurate and complete response to each inquiry made by the Department in connection with their receipt of benefits. The statutes provide a list of

factors for DWD to consider in determining whether a claimant intended to mislead the Department. The Department is not required to prove that a claimant had an intent to receive improper benefits to find concealment.

Regarding the collection of unpaid debts, DWD uses a variety of recovery tools such as UI benefit offsets, wage garnishments, levies, liens and warrants. In addition, the Department has been granted the authority to: (a) recover benefit overpayments from a claimant's federal income tax refund through the U.S. Treasury's Tax Offset Program; (b) intercept an employer's federal income tax refunds to recover debts due to the Department; (c) intercept state income tax refunds, lottery payments, state vendor payments, and unclaimed property of employers and personally liable individuals who owe debts to the Department; (d) enter into agreements with financial institutions to match UI delinquent debtor files against bank accounts held at Wisconsin financial institutions; and (e) use Social Security numbers collected by the Department of Transportation for the sole purpose of administering DWD's UI collection responsibilities.

In addition to the detection and collection of UI debts, penalties are assessed as a consequence of fraud. 2011 Wisconsin Act 236 created a 15% surcharge imposed on certain fraudulent overpayments made to claimants. 2015 Act 55 increased the fraudulent overpayment surcharge to 40%, effective October 4, 2015. Under Act 55, the amount of the civil penalty that represents 15% of the overpayment will continue to be deposited into the UI trust fund and the amount of the penalty that represents 25% of the overpayment will be deposited in the Department's program integrity fund. Table 4 shows that UI fraud penalty payments totaled \$4.8 million in 2023-24, of which \$1.8 million was deposited to the UI trust fund and \$3.0 million was deposited to the UI program integrity fund.

Table 4: History of UI Fraud Penalty Payment Collections

State Fiscal Year	Deposited to the UI Program Integrity Fund*	Deposited to the UI Trust Fund**	Total
2014-15	\$205,580	\$1,891,270	\$2,096,850
2015-16	394,497	1,663,534	2,058,031
2016-17	1,368,366	1,145,620	2,513,986
2017-18	1,067,198	793,433	1,860,631
2018-19	1,005,006	697,057	1,702,063
2019-20	951,797	630,387	1,582,184
2020-21	644,197	421,553	1,065,750
2021-22	1,577,091	1,131,021	2,708,112
2022-23	2,867,274	2,006,372	4,873,646
2023-24	3,015,080	1,818,355	4,833,435

* Includes fraud penalty revenue from 15% surcharge established between October 21, 2012 - October 20, 2013, and fraud penalty revenue from 25% surcharge established from October 4, 2015 - present.

** Includes fraud penalty revenue from 15% surcharge established from October 21, 2013 - present.

DWD's program integrity fund is a separate nonlapsible fund only used for payment of costs associated with program integrity activities. The fund condition is shown in Table 5. In addition to penalty proceeds from claimants and employers, the fund has several additional revenue sources. DWD may require contribution employers to pay a 0.01% program integrity assessment with a corresponding reduction in the solvency tax. The fee was first imposed on January 1, 2017, and generated \$3,588,000 in 2023-24. The Department may also transfer funds that exist after the repayment of the interest on the federal loans to the balancing account, the unemployment program integrity fund, or both. On August 19, 2016, DWD transferred \$9,391,500 to the Department's program integrity fund. DWD may also transfer any unencumbered funds from the Department's UI drug testing and treatment biennial GPR appropriation account to DWD's program integrity fund.

Penalty payments made by claimants are in addition to a reduction of future benefits for acts of fraud by two, four and eight times the weekly benefit rate, escalating with repeat offenses. Benefit

Table 5: Program Integrity Fund Condition, Actuals for 2020-21 through 2023-24

	2020-21	2021-22	2022-23	2023-24
Opening Balance	\$14,452,044	\$18,606,657	\$23,587,668	\$31,495,923
Annual Revenue	4,355,257	5,168,258	8,076,642	8,682,379
Fund Expenditures	<u>-200,644</u>	<u>-187,247</u>	<u>-168,387</u>	<u>-16,055</u>
Ending Balance	\$18,606,657	\$23,587,668	\$31,495,923	\$40,162,247

reductions remain in effect for six years or until satisfied, whichever occurs first. DWD may also deny an application for or revoke a license or credential issued by a state agency if the license holder or applicant is liable for delinquent UI contributions.

Criminal penalties for UI fraud are based on the amount of benefits fraudulently obtained. If the value of UI benefits fraudulently obtained is \$2,500 or less, the claimant can be charged with a Class A misdemeanor and up to a \$10,000 fine or imprisonment up to nine months, or both. If the value of UI benefits fraudulently obtained is more than \$2,500, up to \$5,000, the claimant can be charged with a Class I felony and up to a \$10,000 fine or imprisonment up to 3.5 years, or both. If the value of UI benefits fraudulently obtained is more than \$5,000, up to \$10,000, the claimant can be charged with a Class H felony and up to a \$10,000 fine or imprisonment up to six years, or both. If the value of UI benefits fraudulently obtained is more than \$10,000, the claimant can be charged with a Class G felony and up to a \$25,000 fine or imprisonment up to 10 years, or both.

Construction employers that intentionally misclassify an employee as a nonemployee are fraudulent and can be subject to both criminal and administrative penalties. There is a criminal fine of \$1,000 for each employee who is misclassified, subject to a maximum fine of \$25,000 for construction employers who knowingly and intentionally attempt to misclassify workers. There are two administrative assessments for construction employers. The first penalty is directed at those employers who knowingly and

intentionally misclassify workers as independent contractors. The assessment is \$500 per employee with a maximum assessment of \$7,500 per employer per incident. The second assessment is directed at those employers who coerce individuals to adopt independent contractor status. The assessment is \$1,000 per employee coerced with a maximum assessment of \$10,000 per employer per year. Assessment proceeds are deposited into the unemployment program integrity fund. The Department is required to assess the administrative assessments before the employer can be charged for the criminal fine.

DWD is required to issue a summary of the Department's activities related to detection and prosecution of UI fraud in the preceding year and submit it to the UIAC annually by March 15.

Unemployment Insurance Trust Fund

DWD is responsible for certain administrative aspects of the state's UI trust fund. This fund consists of all the contributions and other payments made under the state's unemployment insurance law. Federal law requires that the unemployment reserves in this fund be kept on deposit with the U.S. Treasury. The U.S. Bank, which receives the employers' payments, transfers these funds to the U.S. Treasury, which pays interest on the money in nondebtor states' accounts. Unemployment insurance trust fund revenues can be expended only on unemployment insurance benefit payments. As the fund is maintained by the federal government,

it is not included in the Wisconsin Annual Fiscal Report.

To withdraw money to make regular unemployment insurance benefit payments, DWD notifies the U.S. Treasury of its estimate of funds needed to cover benefit payments. Upon notification, the Treasury makes a wire transfer of funds from the Wisconsin account at the U.S. Treasury to a separate checking account maintained at U.S. Bank for benefit payments. Benefits are then debited to this account as benefit payments are processed.

If the amounts in Wisconsin's UI trust fund account at the U.S. Treasury are insufficient to cover anticipated benefit payments, the state can borrow from the federal unemployment account. This borrowing is done at an interest rate of the unemployment insurance trust fund yield from the fourth quarter of the previous calendar year, up to 10%. However, no interest is charged for some short-term loans under certain circumstances, including that the loan is repaid by specified dates and meets other federally specified criteria.

The Department is required to submit information on the status of the UI trust fund to the Legislature on a biennial basis. The DWD Secretary is required to submit a statement of unemployment insurance financial outlook to the Governor, the Legislature and the UIAC no later than May 31 of each even-numbered year. This statement must include the following:

a. Proposed changes in the laws, if any, relating to unemployment insurance financing, benefits, and administration;

b. Projections of unemployment insurance operations through the second year following the close of the biennium, including benefit payments, tax collections, borrowing or debt repayments, and the amount of interest charges, if any, under both current law and any proposed changes;

c. The economic and public policy assumptions upon which the projections are made and the impact that variations from these assumptions would have on the projections;

d. If significant cash reserves in the UI trust fund are projected throughout the forecast period, a statement giving the reasons why the reserves should be retained in the fund; and

e. If unemployment insurance program debt is projected at the end of the forecast period, the methods proposed to liquidate the debt.

DWD is required to consider the UIAC's proposals for administrative or legislative action and to review the proposals for possible incorporation into the Department's legislative recommendations. The DWD Secretary is required to issue a report to the Governor and Legislature, no later than January 31 of each even-numbered year, summarizing the deliberations of the UIAC and the position of the UIAC, if any, concerning each proposed change in unemployment insurance laws.

The Department is required to post the most recent version of the May 31 financial outlook statement and the most recent version of the January 31 report on DWD's website.

Financial Status of the UI Trust Fund

Table 6 shows the fund's year-end (December 31) balance and outstanding debt for 1982 through 2023. The table shows that the year-end deficit in the trust fund reached a high of \$637 million at the end of 1983. The decline in the balance through 1983 reflect the impact of the early 1980s recession. However, the deficit gradually decreased following legislative changes intended to stabilize the fund through the 1980s. The fund had a positive ending balance at the end of 1986.

The balance in the UI trust fund grew to \$1.815

Table 6: Year-End Unemployment Insurance Trust Fund Balance and Outstanding Loans (In Millions)

Calendar Year	Revenues*	Benefit Expenditures	Year End Fund Balance
1982	\$223	\$688	-\$416
1983	298	519	-637
1984	565	347	-419
1985	573	406	-252
1986	648	352	43
1987	658	304	397
1988	615	266	746
1989	588	302	1,032
1990	513	341	1,203
1991	447	478	1,174
1992	448	438	1,184
1993	476	394	1,266
1994	505	377	1,394
1995	520	418	1,496
1996	517	471	1,542
1997	524	445	1,621
1998	524	452	1,693
1999	544	466	1,771
2000	559	515	1,815
2001	542	791	1,566
2002	684	949	1,301
2003	562	932	931
2004	644	798	777
2005	729	756	750
2006	723	756	717
2007	686	849	554
2008	649	1,020	183
2009	778	1,876	-915
2010	850	1,283	-1,348
2011	1,115	1,006	-1,239
2012	1,234	871	-876
2013	1,268	793	-401
2014	1,257	642	214
2015	1,063	535	741
2016	874	458	1,157
2017	721	408	1,470
2018	635	376	1,729
2019	602	372	1,959
2020	628	1,450	1,137
2021	501	590	1,048
2022	530	274	1,304
2023	662	339	1,627

* Includes tax receipts, earned interest, 2002 federal Reed Act funding, FUTA credit reduction payments (2012-15), certain other federal distributions, and the \$120 million transferred into the UI trust fund (\$60 million in 2022, and \$60 million in 2023) from the state's general fund as specified in 2021 Act 58.

billion at the end of 2000 and then declined to a low of -\$1.348 billion at the end of 2010. The decline in the balance from 2001 through 2003 reflects the impact of the 2000 recession. However, the fund balance continued to decline from 2004 through 2008. As a result, the fund had insufficient reserves to pay additional benefits during the 2007-2009 recession, and the fund ended each year from 2009 through 2013 with a negative balance. The fund has had a positive year-end balance since 2014.

Beginning in 2004, federal Reed Act monies were used to fund administrative expenses. In 2002, the federal government made a one-time distribution of Reed Act funds to the states. Wisconsin received an allocation of \$166 million, which was placed in the UI trust fund.

In response to the decline in the UI trust fund balance during the 2000s, 2005 Wisconsin Act 86 required DWD to analyze the long-term fiscal stability of the trust fund and present the analysis to the UIAC. The report indicated that the financing system for the fund did not adequately reflect growth in the economy and that assignment of tax rates on the basis of employers' unemployment experiences had declined in importance, because fewer benefits were charged to employer reserve accounts and more benefits were charged to the balancing account. Specifically, the report indicated that: (a) employee wages had increased but the employers' taxable wage base was defined as \$10,500 since 1986; (b) covered private employment increased 21% between 1990 and 2005, which resulted in an increase in the number of unemployed workers and UI benefit payments at any given rate of unemployment; and (c) the amount of benefits paid from the balancing account increased from \$42 million in 1990 to \$118 million in 2005, while there was no increase in solvency tax rates, which are used to fund the balancing account. (The increase in charges to the balancing account is primarily due to charges for employees who quit one job, take another, and then are laid

off, and for write-offs by employers with negative reserve account balances in excess of 10%.)

A number of changes were included in 2007 Wisconsin Act 59 to address these issues. The taxable wage base was increased from \$10,500 to \$12,000 for 2009 and 2010, \$13,000 in 2011 and 2012, and \$14,000 in 2013 and thereafter. The amount of wages necessary to qualify for UI benefits was increased from 30 to 35 times the claimant's weekly benefit rate. The Act increased the solvency rates for all employers and decreased the contribution rates by a corresponding amount. Specifically, on all of the contribution and solvency rate schedules (A, B, C, D) the solvency rates were increased by 0.2% and the contribution rates were decreased by a corresponding 0.2% for employers with positive reserve account balances. The solvency rates were increased by 0.4% and the contribution rates were decreased by a corresponding 0.4% for employers with negative reserve account balances.

Federal Trust Fund Loan: 2009-2014

Wisconsin and several other states began borrowing money from the U.S. Treasury in 2009 to meet the increased amount of benefit payments to unemployed individuals during the 2007-09 recession. The federal government suspended the payment and accrual of interest on borrowed

federal funds for all states through December 31, 2010. Beginning with the 2011 payment, states were again required to pay interest on September 30th of each year in which interest has accrued during the prior 12 months. Federal law forbids using regular state UI taxes to pay this interest. State law requires DWD to determine an annual special assessment for interest (SAFI) on employers subject to the state's unemployment insurance law, the proceeds of which are used to pay the amount of interest due to the U.S. Treasury. The assessment is based on the employer's taxable payroll. The SAFI rate for employers using reimbursement financing must be equal to 75% of the rate imposed on employers using contribution financing. Employers with taxable payroll of \$25,000 or less for the prior calendar year are exempt from the assessment. Subject to these restrictions, DWD must set the SAFI rate at a level sufficient to generate the required interest payment.

Table 7 shows the SAFI rates that were imposed on employers and the amount of interest paid to the federal government in 2011 through 2014. The reduced rate for 2012 was, in part, a result of the 2011 assessment generating a greater amount of revenue than DWD had expected. The Department carried that balance to offset part of the employers' 2012 assessment. In addition, the 2012 assessment was imposed on a higher taxable

Table 7: Interest Paid to the Federal Government and SAFI Rates Imposed on Employers

Year	Assessment Rate for Employers Subject to Contribution Financing	Assessment Rate for Employers Subject to Reimbursement Financing	Amount Paid to Federal Government (Millions)
2011	0.2249%	0.1687%	\$42.3
2012	0.0806	0.0605	35.8
2013	N/A	N/A	18.9
2014	N/A	N/A	5.9

Note: For comparing the assessments, the taxable wage base per employee was \$12,000 in 2011 and \$13,000 in 2012. Also, 2013 and 2014 payments were made using state GPR rather than employer assessments.

wage base (\$13,000 instead of \$12,000 per employee), which also contributed to the lower assessment rate.

The amount collected by the SAFI and all interest and penalties on those assessments are deposited into a separate, nonlapsible trust fund called the unemployment interest payment fund. For a year in which the amount collected exceeds the interest payment due, the balance must be used to pay interest owed in subsequent years on advances from the federal unemployment account. If DWD determines that additional interest payments in subsequent years are unlikely, the balance must be deposited into the balancing account of the UI trust fund, the unemployment program integrity fund, or both.

2013 Wisconsin Act 20 included a provision allocating up to \$30 million of state general purpose revenue (GPR) to pay interest due on UI trust fund loans from the federal government during the 2013-15 biennium. The \$18.9 million in interest due September 30, 2013, and the \$5.9 million interest due September 30, 2014, were paid using these state funds. This means employers were not assessed for the interest due to the federal government on Wisconsin's outstanding unemployment loans for 2013 and 2014. The federal loan was fully repaid in July 2014.

Under federal law, if a state has outstanding loan balances on January 1 for two consecutive years, and does not repay the full amount of its loans prior to November 10 of the second year, the FUTA tax credit to employers is reduced by 0.3%. For each subsequent year in which the fund remains in deficit, the FUTA credit is reduced by an additional 0.3%. For calendar year 2011, the FUTA tax credit of 5.4% was reduced to 5.1%. Revenue generated by the federal reduction in the FUTA tax credit is generally deposited into the fund in the following year. The 2011 credit reduction generated approximately \$47 million and was deposited into the fund in 2012. The FUTA credit was reduced to 4.8% for 2012 and

Table 8: FUTA Tax Rate on Wisconsin Employers

Year	FUTA Tax Rate	FUTA Tax Credit	Effective FUTA Tax Rate Paid by Employers
2011	6.00%	5.10%	0.90%
2012	6.00	4.80	1.20
2013	6.00	4.50	1.50
2014 to Current	6.00	5.40	0.60

4.5% for 2013. The trust fund balance was positive on November 9, 2014, which meant that the effective FUTA tax rate for 2014, payable January 31, 2015, returned to 0.6% on the first \$7,000 of employee's wages. Table 8 shows the FUTA tax credit and effective FUTA tax rate paid by Wisconsin employers from 2011 through 2014. The effective FUTA tax rate paid by employers has remained 0.6% since 2014.

As shown in Table 6, UI benefit expenditures declined steadily between 2009 and 2019 as the result of a recovering economy, a lower state unemployment rate, and a historically low level of unemployment claims. This period of continually lower benefit expenditures was interrupted by the pandemic which caused a spike in benefit expenditures in 2020 and, to a smaller degree, 2021. Through 2023, benefit expenditures are tracking in line with the lower number of UI claims experience during the pre-covid 2015-2019 period.

From 2009 through 2015, UI trust fund revenues rebounded due to: (a) the state taxable wage base increasing to \$14,000 in 2013 and thereafter; (b) a larger tax base from business expansion and job growth; (c) Schedule A going into effect in 2010; and (d) higher contribution rates compared to prior years resulting from lower employer reserve percentages.

Starting in 2015, UI trust fund revenues slowed as a result of higher employer reserve percentages and continually more favorable rate schedules. Taxable employers moved from Schedule A to B

in 2016, Schedule B to C in 2017, and from Schedule C to D in 2018.

2021 Act 59 statutorily fixed the rate schedule for 2022 and 2023 to Schedule D, the lowest rate schedule. In addition, 2021 Act 58 transferred \$60,000,000 in fiscal year 2021-22 and \$60,000,000 in fiscal year 2022-23 from the state's general fund to the UI trust fund. The net result of Acts 58 and 59 was that contributory employers did not pay increased UI taxes under a different schedule in 2022 and 2023, while the UI trust fund received the same amount of increased revenue anticipated under a higher rate schedule during those years. The UI trust fund balance will again determine the rate schedule for 2024, and thereafter. Schedule D, the lowest rate schedule, is in effect in 2025 based on the June 30, 2024 UI trust fund balance.

During the COVID-19 pandemic, many state and federal laws relieved employers of the burden of future tax rate increases due to the pandemic. Under 2019 Wis. Act 185 and 2021 Act 4, UI benefits paid during the pandemic period were instead charged to the UI balancing account rather than charged to employer accounts. This prevents the UI benefit charges during the pandemic period from impacting employers' experience ratings. This explains why Table 6 shows tax revenues decline through the pandemic period despite the spike in benefit payments in 2021.

Trust Fund Solvency

As shown in Table 6, the UI trust fund's year-end balance for 2023 was \$1,627 million, or down from \$1,959 million in 2019 which was Wisconsin's largest trust fund balance in history. However, the dollar amount in a state trust fund is not a precise measure of state solvency, because no comparison is made to the fund's potential benefit liabilities or state payroll size.

USDOL's metric for measuring the solvency of state UI trust funds is called the Average High Cost Multiple (AHCM). Generally, the AHCM measures the trust fund balance as a percentage of total payroll against an average of either the three highest-cost benefit years of the last 20 years, or the last three recessions, whichever time period is longer. USDOL recommends that state trust fund balances support at least a 1.0 AHCM. Values of 1.0 or higher are desirable because it means that a state's reserves are sufficient to cover one year of payments at an expected recessionary benefit payout rate.

As of January 1, 2020, just prior to the COVID-19 pandemic, Wisconsin's AHCM was equal to 0.97, or just under the recommended 1.0 level. This situation for the state and for employers compares favorably to the period immediately preceding the 2007-2009 recession; Wisconsin's AHCM at the end of 2006, just prior to the recession, was 0.29 and the state's trust fund balance was \$554 million.

In part due to the relative health of the state's UI trust fund heading into the pandemic, Wisconsin avoided having to borrow from the federal government to pay UI benefits during the 2020-2022 pandemic period. In fact, during this period, the fund balance only briefly dropped below \$1 billion. This compares favorably to the experience of 23 states that needed to borrow federal funds to pay unemployment benefits during the pandemic, with two states still repaying their federal loans at the end of 2024.

Wisconsin's UI trust fund's year-end balance for 2023, including the \$120 million transferred from the state's general fund into the fund as provided under 2021 Act 58, was \$1,627 million, resulting in an AHCM of 0.64. According to the USDOL, as of January 1, 2024, the solvency levels of state UI trust funds in 19 states met the recommended 1.0 minimum solvency standard.

APPENDIX I

Excluded Employment

The following types of employment are excluded from coverage by Wisconsin's unemployment insurance law. Wages may be subject to FUTA tax even if they are excluded from Wisconsin's unemployment tax.

Governmental Units and Native American Tribes

1. Service as an official elected by vote of the public or as an official appointed to fill the unexpired term of a vacant position normally filled by vote of the public.

2. Service as a member of a legislative body or the judiciary of a state or political subdivision, or as a member of an elective legislative body or the judiciary of a tribe.

3. Service as a member of the Wisconsin National Guard in a military capacity.

4. Service as an employee serving solely on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency.

5. Service in a major nontenured policymaking or advisory position, under the laws of this state or a tribe, or in a policymaking or advisory position taking less than eight hours per week.

Governmental Units, Tribes, or Nonprofit Organizations

1. Service by an individual receiving work relief or work training as part of an unemployment work-relief or work-training program assisted or financed in whole or in part by any federal agency, other governmental agency, or tribe, unless coverage is required as a condition for participation in

the program.

2. Service by an individual receiving rehabilitation in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age, injury, or physical or mental deficiency.

3. Service by an individual performing remunerative work in a facility which provides remunerative work for individuals who cannot be readily absorbed in the competitive labor market because of impaired physical or mental capacity.

4. Service by an inmate of a custodial or penal institution.

Nonprofit Organizations

1. Service in the employ of a church or a convention or association of churches.

2. Service in the employ of an organization operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church or a convention or association of churches.

3. Service by a duly ordained, commissioned, or licensed minister of a church in the exercise of their ministry or service by a member of a religious order in the exercise of duties required by the order.

Educational Institutions

1. Service by a student who is enrolled and is regularly attending classes at an educational institution.

2. Service by the spouse of such a student, if given written notice at the start of the service that the work is under a program to provide financial assistance to the student and that the work will not be covered by any program of unemployment insurance.

Specified Employers

1. Service by an individual who is enrolled as a student at a nonprofit or public educational institution that maintains a regular faculty, curriculum, and organized body of students in a full-time program taken for credit, which combines academic instruction with work experience as an integral part of the program, unless the program was established by or on behalf of an employer or employers.

2. Service as a student nurse in the employ of a hospital or nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school.

3. Service as an intern in the employ of a hospital by an individual who has completed a four-year course in a medical school.

4. Service in the employ of a hospital by a patient of the hospital.

5. Service in any calendar quarter in the employ of most organizations exempt from the federal income tax if the remuneration for the service is less than \$50.

6. Service by a nonresident alien holding a Student (F and M) Visa, Exchange Visitor (J) Visa or Cultural Exchange (Q) Visa for the period they are temporarily present in the U.S. as a nonimmigrant under federal law if the service is performed to carry out the purpose for which the alien is admitted to the U.S., or service by the spouse or child of the alien, if the spouse or child were also admitted for the same purpose.

7. Service in state and national AmeriCorps programs when payment for the services are federal monthly living allowances and eligibility for educational awards upon completion of services. The exclusion does not apply to AmeriCorps state and national program participants who are performing service as part of a professional corps program or an educational awards program.

8. Service by an individual to an ill or disabled family member related by blood or adoption as a spouse, parent, child, grandparent, grandchild, step parent, step child, or domestic partner if the service is personal care or companionship and the employee is employed by the ill or disabled family member.

9. Service performed by an inmate of a state or federal prison.

10. Service performed by a full-time student for less than 13 calendar weeks in a calendar year in the employment of an organized camp, if either: (a) the camp does not operate for more than seven months in the calendar year and did not operate for more than seven months in the preceding calendar year; or (b) the camp had average gross receipts for any six months in the preceding calendar year that were not more than 33.3% of its average gross receipts for the other six months in the preceding calendar year.

Private For-Profit Employers

1. Service in agricultural labor unless the employer paid wages for agricultural labor of at least \$20,000 in any calendar quarter or employed at least 10 individuals in agricultural labor for some part of a day in at least 20 weeks.

2. Service as a domestic unless the employer paid wages of at least \$1,000 in any calendar quarter for the service of one or more domestics.

3. Service as a caddy on a golf course.

4. Service as an individual selling or distributing newspapers or magazines on the street or from house to house.

5. Service for which unemployment insurance is payable under the federal Railroad Unemployment Insurance Act.

6. Service by an individual working for another person as an insurance agent or solicitor if all such service is performed for remuneration solely by way of commissions.

7. Service by an individual that is a real estate licensee under state law if 75% of the worker's remuneration is directly related to sales or other output, including the performance of services, rather than to the number of hours worked, and if the individual must perform the services under a written contract that provides that the individual will not be treated as an employee with respect to the services for federal tax purposes.

8. Service as an unpaid officer of a corporation or association or as an unpaid manager of an LLC.

9. Service covered by any other unemployment insurance law pursuant to a reciprocal agreement between DWD and the administrative agency of another jurisdiction.

10. Service by an individual in the employ of the individual's son, daughter, or spouse and service by an individual under the age of 18 for their parent.

11. Service for an employer who would otherwise be subject to the state unemployment insurance law as a result of federal unemployment insurance law if the employer covers the service under the law of another jurisdiction and approval is granted by DWD.

12. Service by an individual as a court reporter if the individual receives wages on a per

diem basis.

13. Service by an individual who is engaged, in a home or otherwise than in a permanent retail establishment, in the service of selling or soliciting the sale of consumer products for use, sale, or resale by the buyer, if substantially all payments are directly related to the sales or other output related to sales rather than to hours worked.

14. Service in any type of maritime service specifically excluded from coverage under the Federal Unemployment Tax Act.

15. Service by an individual who leases a motor vehicle used for taxicab purposes or equipment that is attached and that becomes part of the vehicle under a bona-fide lease agreement, provided that: (a) the individual retains the income earned through the use of the leased motor vehicle or equipment; (b) the individual receives no direct compensation from the lessor; and (c) the amount of the lease payment is not contingent upon the income generated through the use of the motor vehicle or equipment.

16. Work for a seasonal employer if, prior to such employment, the individual receives written notice from the seasonal employer that such service might not qualify the individual for unemployment insurance benefits unless: (a) the individual is employed by the employer for at least 90 days; or (b) the individual is paid at least \$500 from one or more other covered employers.

DWD is authorized to designate an employer a seasonal employer if:

a. The employer is in a tourism, recreational, or tourist service industry, including operation of a hotel, inn, camp, tourism attraction, restaurant, ice cream or soft drink stand, drive-in theater, racetrack, park, carnival, country club, golf course, swimming pool, chair lift, or ski resort, or the employer has been classified by DWD as primarily engaged in agricultural production,

agricultural services, forestry or commercial fishing, hunting, or trapping;

b. The employer customarily operates primarily during two calendar quarters within a year;

c. At least 75% of the wages paid by the employer during the preceding year were paid in the two calendar quarters of the business' seasonal operations; and

d. The employer is not delinquent in making unemployment insurance contribution payments or in filing a contribution report.

17. Service provided to a recipient of medical assistance (MA) by an individual who is not an employee of a home health agency if the service is:

a. Private duty nursing service or part-time intermittent care for which MA reimbursement is available as a covered service, provided by an

individual who is certified by the Department of Health Services (DHS) as a nurse in independent practice or as an independent nurse practitioner; or

b. Respiratory care service for ventilator-dependent individuals for which MA reimbursement is available as a covered service, provided by an individual who is certified by DHS as a provider of respiratory care services in independent practice.

If the remuneration for employment that is excluded from the state unemployment tax under these provisions is subject to the federal unemployment tax, such remuneration will not be excluded from the state tax during the period in which the remuneration is subject to the federal tax. Also, if employment that is excluded from state coverage is required by the Federal Unemployment Tax Act, the Social Security Act, or any other federal law to be employment as a condition for receiving a federal tax credit, then the exclusion does not apply under state law.

APPENDIX II

Computation of Contribution Liability

In order to illustrate how the unemployment insurance contribution tax liability is determined, Table 9 provides information for a hypothetical firm.

It is assumed that this firm employs three individuals in covered employment for the entire year and that a fourth employee works half of the year, quits, and then is replaced in the third quarter with a fifth employee. It is further assumed that the firm has a contribution rate of 1.62% and a solvency rate of 1.00% for a total rate of 2.62%. (This would imply a reserve percentage of 5.5% to 6.0% under rate Schedule A. The firm is subject to the solvency rate schedule for businesses with a taxable payroll of less than \$500,000.)

As Table 9 indicates, this hypothetical employer would pay a total of \$1,730 in unemployment insurance taxes to the UI trust fund. Since most of the employer's workers were employed from the beginning of the year and the contribution liability is based on the first \$14,000 of wages for each employee, most of the contribution payments are paid for the first half of the year (\$1,219 out of \$1,730, or 70.5%). Since contribution payments are based on taxable payroll rather than total payroll, differences in employee turnover can result in differing levels of contributions for employers with identical total payrolls. In general, employers subject to contribution financing provisions are required to file a contribution report

Table 9: Hypothetical Employer Contributions

	Payroll Records				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Employee 1	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Employee 2	6,250	6,250	6,250	6,250	25,000
Employee 3	5,000	5,000	5,000	5,000	20,000
Employee 4	5,000	5,000	0	0	10,000
Employee 5	<u>0</u>	<u>0</u>	<u>7,000</u>	<u>7,000</u>	<u>14,000</u>
Total Payroll	\$31,250	\$31,250	\$33,250	\$33,250	\$129,000
	Covered Payroll Over \$14,000 Per Employee				
Employee 1	\$1,000	\$15,000	\$15,000	\$15,000	\$46,000
Employee 2	0	0	4,750	6,250	11,000
Employee 3	0	0	1,000	5,000	6,000
Employee 4	0	0	0	0	0
Employee 5	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Payroll	\$1,000	\$15,000	\$20,750	\$26,250	\$63,000
	Contribution Liability Computation				
Total Payroll	\$31,250	\$31,250	\$33,250	\$33,250	\$129,000
- Payroll Over \$14,000	<u>- 1,000</u>	<u>- 15,000</u>	<u>- 20,750</u>	<u>- 26,250</u>	<u>- 63,000</u>
Taxable Payroll	\$30,250	\$16,250	\$12,500	\$7,000	\$66,000
X Total Tax Rate	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>
Total Liability	\$793	\$426	\$328	\$183	\$1,730

and make the required contribution payments for that calendar quarter at the close of the month following the calendar quarter for which the contributions are made. However, an employer that has a first quarter contribution liability of \$1,000 or more may defer payment to later due dates of 60% of its first quarter contribution liability, without interest, if certain conditions are met, as described previously in the section on contribution financing.

APPENDIX III

Mechanics of Contribution Financing Over Time

The following tables are designed to reflect the manner in which contribution financing operates over a period of time. For the purposes of this example, it is assumed that the employer had a June 30, 2024, reserve account balance of \$2,000, that its taxable payroll for the preceding twelve months (Q3 2023 through Q2 2024) was \$62,000 and that its regular contribution rate for the 2024 calendar year was 3.37%. This implies a June, 2023, reserve percentage of 0% to 3.5%. It is further assumed Schedule A of the unemployment insurance tax rate schedules was effective for calendar year 2024 and all subsequent years in this illustration. It is also assumed that the employer had a taxable payroll of \$8,000 for the last six months of 2024, and no benefits were paid during this period.

The employer's regular contribution rate for the 2025 calendar year is determined by dividing the June 30, 2024, reserve account balance of \$2,000 by the taxable payroll for the preceding twelve months (\$62,000). This computation yields a reserve percentage of 3.23%. It is assumed Schedule A of the tax rate schedules is effective 2025. Comparing this reserve percentage to Schedule A of the unemployment insurance tax rate schedules results in a regular contribution rate of 3.37%. The associated solvency rate is 1.40% for a total rate of 4.77% for calendar year 2025.

The employer's opening balance for calendar year 2025 can be determined by taking the June 30, 2024, reserve account balance of \$2,000, adding regular contributions made during the last six months of 2024 ($3.37\% \times \$8,000 = \270), and subtracting any benefit payments made during that period (\$0). This calculation results in a Jan-

uary 1, 2025, reserve account balance of \$2,270. Table 10 shows the employer's contribution and benefit experience for calendar year 2025.

Table 10: Calendar Year 2025

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	\$2,270	\$3,214	\$3,905	\$4,215	\$2,270
Taxable Payroll	28,000	20,500	9,200	5,500	63,200
X Contribution Rate	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>
Regular Contributions	\$944	\$691	\$310	\$185	\$2,130
Benefits Paid	0	0	0	0	0
Closing Balance	\$3,214	\$3,905	\$4,215	\$4,400	\$4,400

As this table indicates, in 2025, the employer made regular contribution payments of \$2,130 and did not experience any layoffs. To compute the employer's contribution rate for calendar year 2026, the closing balance for the second quarter, \$3,905, is divided by the taxable payroll for the preceding twelve months (\$8,000 for the last six months of 2024, and \$48,500 for the first six months of 2025 = \$56,500). This computation yields a reserve percentage of 6.91% and a corresponding contribution rate of 1.03% on Schedule A. The lack of layoffs and related benefit payments in the period from July 1, 2024, to June 30, 2025, produced a lower contribution rate for the employer. Note that solvency payments are not credited to individual employer's reserve account and, therefore, are not included in determining employer contribution rates. Table 11 provides information for calendar year 2026.

Table 11: Calendar Year 2026

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	\$4,400	\$4,632	\$5,103	\$1,970	\$4,400
Taxable Payroll	22,500	19,500	6,500	3,200	51,700
X Contribution Rate	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>
Regular Contributions	\$232	\$201	\$67	\$33	\$533
Voluntary Contribution	\$0	\$270	\$0	\$0	\$270
Benefits Paid	0	0	\$3,200	\$3,200	\$6,400
Closing Balance	\$4,632	\$5,103	\$1,970	-\$1,197	-\$1,197

In 2026, the employer made regular contribution payments of \$533, and laid off two workers who received benefits of \$6,400. The calculation of the calendar year regular contribution rate for 2027 is made by dividing the June 30, 2026, closing balance by the taxable payroll for the preceding twelve months (third-quarter 2025 through second-quarter 2026). Without a voluntary contribution, the June 30 balance would be \$4,833. The previous twelve-month taxable payroll was \$56,700 (\$14,700 for the last six months of 2025 and \$42,000 for the first six months of 2026). Dividing these numbers results in a reserve percentage of 8.52%, and a corresponding contribution rate for calendar year 2027 of 0.52%. However, Table 11 assumes that the employer makes a voluntary contribution of \$270 (resulting in total contributions toward the June 30 balance of \$803) in order to increase its reserve percentage to 9.0% and reduce its 2027 contribution rate to 0.33%. It should be noted that, while the voluntary payment is paid in November, the payment affects the employer's balance for the prior June 30. For purposes of this table and for calculating the following year's contribution rate, the payment is shown to have occurred in the second quarter of 2026 even though the payment was made in the fourth quarter of 2026. If the employer expects taxable payroll to continue at about \$56,500, the voluntary contribution may reduce total contribution

payments over time. Also, note that, even though the employer laid off two workers in the second half of the year and ended with a negative reserve account balance, this experience will not be reflected in a higher contribution rate until calendar year 2028.

As Table 12 for calendar year 2027 indicates, the employer made regular contributions of \$212 in 2027, and recalled the two laid-off employees so that no benefits were charged to the employer's reserve account. The contribution rate in 2028 can be computed by dividing the June 30, 2027, closing balance (-\$1,033) by the prior year's taxable payroll (\$9,700 for the last six months of 2026, and \$49,500 for the first six months of 2027 = \$59,200). This computation produces a reserve percentage of -1.74% and a corresponding contribution rate of 5.8% on Schedule A. However, under Wisconsin law, the contribution rate paid by an employer with a negative reserve account balance cannot increase annually by more than two percentage points. As a result, in 2028, the employer in this example would be subject to a contribution rate of 2.33% (0.33% + 2.0%). Since there is no 2.33% regular contribution rate in Schedule A, the next highest regular contribution rate in the Schedule, 2.64%, is assigned for calendar year 2028. Note again that this increase in the 2028 contribution rate is the result of layoffs during the last six months of 2026.

Table 12: Calendar Year 2027

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	-\$1,197	-\$1,106	-\$1,033	-\$1,002	-\$1,197
Taxable Payroll	27,500	22,000	9,300	5,200	64,000
X Contribution Rate	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>
Regular Contributions	\$91	\$73	\$31	\$17	\$212
Benefits Paid	0	0	0	0	0
Closing Balance	-\$1,106	-\$1,033	-\$1,002	-\$985	-\$985

During calendar year 2028, as shown in Table 13, the employer made regular contributions of \$1,718 and briefly laid off one employee during the second quarter. The benefits paid to this employee (\$320) would have an impact on the contribution rate for calendar year 2029, since the employer's June 30, 2028, reserve percentage would have been positive, between 0.0% and 3.5%, without the benefit payments. The employer's reserve percentage for determining the 2029 contribution rate is calculated by dividing the June 30, 2028, closing balance of -\$12 by taxable payroll for the previous twelve months (\$14,500 for the last six months of 2027, and \$49,000 for the first six months of 2028 = \$63,500). This results in a reserve percentage of -0.02% and a corresponding regular contribution rate of 5.30% for 2029. Again, the employer is subject to rate increase limits, but in this case there is not a rate of 4.64%, and the next highest rate is 5.30%. However, if the employer had made a voluntary contribution of \$13, there would be a positive reserve percentage (between 0% and 3.5%) and the corresponding rate would be 3.37%. If taxable wages remained stable, the employer would reduce contributions by \$1,256 $[(.053 - .0337) \times \$65,100 = \$1,256]$.

This example illustrates the lag present in the method of contribution financing under Wisconsin's

Table 13: Calendar Year 2028

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	-\$985	-\$233	-\$12	\$255	-\$985
Taxable Payroll	28,500	20,500	10,100	6,000	65,100
X Contribution Rate	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>
Regular Contributions	\$752	\$541	\$267	\$158	\$1,718
Benefits Paid	0	320	0	0	320
Closing Balance	-\$233	-\$12	\$255	\$413	\$413

unemployment insurance law. The hypothetical employer had regular contribution rates of 3.37% in 2025, 1.03% in 2026, 0.33% in 2027, 2.64% in 2028, and 5.3% in 2029. The employer's laid-off workers collected unemployment benefits of \$0 in 2025, \$6,400 in 2026, \$0 in 2027, and \$320 in 2028. The employer paid its lowest contribution rates during the years (2026 and 2027) in which it generated negative reserve account balances. Conversely, it paid relatively higher rates in years in which it had positive reserve account balances (2025 and 2028). This lag makes the financing of unemployment insurance benefits counter-cyclical in its response to changing unemployment conditions.

APPENDIX IV

Weekly Benefit Rate Schedule

Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate
Under	\$1,350.00	\$0	\$2,275.00	to \$2,299.99	\$91	\$3,225.00	to \$3,249.99	\$129	\$4,175.00	to \$4,199.99	\$167
1,350.00	to 1,374.99	54	2,300.00	to 2,324.99	92	3,250.00	to 3,274.99	130	4,200.00	to 4,224.99	168
1,375.00	to 1,399.99	55	2,325.00	to 2,349.99	93	3,275.00	to 3,299.99	131	4,225.00	to 4,249.99	169
1,400.00	to 1,424.99	56	2,350.00	to 2,374.99	94	3,300.00	to 3,324.99	132	4,250.00	to 4,274.99	170
1,425.00	to 1,449.99	57	2,375.00	to 2,399.99	95	3,325.00	to 3,349.99	133	4,275.00	to 4,299.99	171
1,450.00	to 1,474.99	58	2,400.00	to 2,424.99	96	3,350.00	to 3,374.99	134	4,300.00	to 4,324.99	172
1,475.00	to 1,499.99	59	2,425.00	to 2,449.99	97	3,375.00	to 3,399.99	135	4,325.00	to 4,349.99	173
1,500.00	to 1,524.99	60	2,450.00	to 2,474.99	98	3,400.00	to 3,424.99	136	4,350.00	to 4,374.99	174
1,525.00	to 1,549.99	61	2,475.00	to 2,499.99	99	3,425.00	to 3,449.99	137	4,375.00	to 4,399.99	175
1,550.00	to 1,574.99	62	2,500.00	to 2,524.99	100	3,450.00	to 3,474.99	138	4,400.00	to 4,424.99	176
1,575.00	to 1,599.99	63	2,525.00	to 2,549.99	101	3,475.00	to 3,499.99	139	4,425.00	to 4,449.99	177
1,600.00	to 1,624.99	64	2,550.00	to 2,574.99	102	3,500.00	to 3,524.99	140	4,450.00	to 4,474.99	178
1,625.00	to 1,649.99	65	2,575.00	to 2,599.99	103	3,525.00	to 3,549.99	141	4,475.00	to 4,499.99	179
1,650.00	to 1,674.99	66	2,600.00	to 2,624.99	104	3,550.00	to 3,574.99	142	4,500.00	to 4,524.99	180
1,675.00	to 1,699.99	67	2,625.00	to 2,649.99	105	3,575.00	to 3,599.99	143	4,525.00	to 4,549.99	181
1,700.00	to 1,724.99	68	2,650.00	to 2,674.99	106	3,600.00	to 3,624.99	144	4,550.00	to 4,574.99	182
1,725.00	to 1,749.99	69	2,675.00	to 2,699.99	107	3,625.00	to 3,649.99	145	4,575.00	to 4,599.99	183
1,750.00	to 1,774.99	70	2,700.00	to 2,724.99	108	3,650.00	to 3,674.99	146	4,600.00	to 4,624.99	184
1,775.00	to 1,799.99	71	2,725.00	to 2,749.99	109	3,675.00	to 3,699.99	147	4,625.00	to 4,649.99	185
1,800.00	to 1,824.99	72	2,750.00	to 2,774.99	110	3,700.00	to 3,724.99	148	4,650.00	to 4,674.99	186
1,825.00	to 1,849.99	73	2,775.00	to 2,799.99	111	3,725.00	to 3,749.99	149	4,675.00	to 4,699.99	187
1,850.00	to 1,874.99	74	2,800.00	to 2,824.99	112	3,750.00	to 3,774.99	150	4,700.00	to 4,724.99	188
1,875.00	to 1,899.99	75	2,825.00	to 2,849.99	113	3,775.00	to 3,799.99	151	4,725.00	to 4,749.99	189
1,900.00	to 1,924.99	76	2,850.00	to 2,874.99	114	3,800.00	to 3,824.99	152	4,750.00	to 4,774.99	190
1,925.00	to 1,949.99	77	2,875.00	to 2,899.99	115	3,825.00	to 3,849.99	153	4,775.00	to 4,799.99	191
1,950.00	to 1,974.99	78	2,900.00	to 2,924.99	116	3,850.00	to 3,874.99	154	4,800.00	to 4,824.99	192
1,975.00	to 1,999.99	79	2,925.00	to 2,949.99	117	3,875.00	to 3,899.99	155	4,825.00	to 4,849.99	193
2,000.00	to 2,024.99	80	2,950.00	to 2,974.99	118	3,900.00	to 3,924.99	156	4,850.00	to 4,874.99	194
2,025.00	to 2,049.99	81	2,975.00	to 2,999.99	119	3,925.00	to 3,949.99	157	4,875.00	to 4,899.99	195
2,050.00	to 2,074.99	82	3,000.00	to 3,024.99	120	3,950.00	to 3,974.99	158	4,900.00	to 4,924.99	196
2,075.00	to 2,099.99	83	3,025.00	to 3,049.99	121	3,975.00	to 3,999.99	159	4,925.00	to 4,949.99	197
2,100.00	to 2,124.99	84	3,050.00	to 3,074.99	122	4,000.00	to 4,024.99	160	4,950.00	to 4,974.99	198
2,125.00	to 2,149.99	85	3,075.00	to 3,099.99	123	4,025.00	to 4,049.99	161	4,975.00	to 4,999.99	199
2,150.00	to 2,174.99	86	3,100.00	to 3,124.99	124	4,050.00	to 4,074.99	162	5,000.00	to 5,024.99	200
2,175.00	to 2,199.99	87	3,125.00	to 3,149.99	125	4,075.00	to 4,099.99	163	5,025.00	to 5,049.99	201
2,200.00	to 2,224.99	88	3,150.00	to 3,174.99	126	4,100.00	to 4,124.99	164	5,050.00	to 5,074.99	202
2,225.00	to 2,249.99	89	3,175.00	to 3,199.99	127	4,125.00	to 4,149.99	165	5,075.00	to 5,099.99	203
2,250.00	to 2,274.99	90	3,200.00	to 3,224.99	128	4,150.00	to 4,174.99	166	5,100.00	to 5,124.99	204

Highest Quarterly Wages Paid	Weekly Benefit Rate	Highest Quarterly Wages Paid	Weekly Benefit Rate	Highest Quarterly Wages Paid	Weekly Benefit Rate	Highest Quarterly Wages Paid	Weekly Benefit Rate
\$5,125.00 to 5,149.99	\$205	\$6,150.00 to 6,174.99	\$246	\$7,175.00 to 7,199.99	\$287	\$8,200.00 to 8,224.99	\$328
5,150.00 to 5,174.99	206	6,175.00 to 6,199.99	247	7,200.00 to 7,224.99	288	8,225.00 to 8,249.99	329
5,175.00 to 5,199.99	207	6,200.00 to 6,224.99	248	7,225.00 to 7,249.99	289	8,250.00 to 8,274.99	330
5,200.00 to 5,224.99	208	6,225.00 to 6,249.99	249	7,250.00 to 7,274.99	290	8,275.00 to 8,299.99	331
5,225.00 to 5,249.99	209	6,250.00 to 6,274.99	250	7,275.00 to 7,299.99	291	8,300.00 to 8,324.99	332
5,250.00 to 5,274.99	210	6,275.00 to 6,299.99	251	7,300.00 to 7,324.99	292	8,325.00 to 8,349.99	333
5,275.00 to 5,299.99	211	6,300.00 to 6,324.99	252	7,325.00 to 7,349.99	293	8,350.00 to 8,374.99	334
5,300.00 to 5,324.99	212	6,325.00 to 6,349.99	253	7,350.00 to 7,374.99	294	8,375.00 to 8,399.99	335
5,325.00 to 5,349.99	213	6,350.00 to 6,374.99	254	7,375.00 to 7,399.99	295	8,400.00 to 8,424.99	336
5,350.00 to 5,374.99	214	6,375.00 to 6,399.99	255	7,400.00 to 7,424.99	296	8,425.00 to 8,449.99	337
5,375.00 to 5,399.99	215	6,400.00 to 6,424.99	256	7,425.00 to 7,449.99	297	8,450.00 to 8,474.99	338
5,400.00 to 5,424.99	216	6,425.00 to 6,449.99	257	7,450.00 to 7,474.99	298	8,475.00 to 8,499.99	339
5,425.00 to 5,449.99	217	6,450.00 to 6,474.99	258	7,475.00 to 7,499.99	299	8,500.00 to 8,524.99	340
5,450.00 to 5,474.99	218	6,475.00 to 6,499.99	259	7,500.00 to 7,524.99	300	8,525.00 to 8,549.99	341
5,475.00 to 5,499.99	219	6,500.00 to 6,524.99	260	7,525.00 to 7,549.99	301	8,550.00 to 8,574.99	342
5,500.00 to 5,524.99	220	6,525.00 to 6,549.99	261	7,550.00 to 7,574.99	302	8,575.00 to 8,599.99	343
5,525.00 to 5,549.99	221	6,550.00 to 6,574.99	262	7,575.00 to 7,599.99	303	8,600.00 to 8,624.99	344
5,550.00 to 5,574.99	222	6,575.00 to 6,599.99	263	7,600.00 to 7,624.99	304	8,625.00 to 8,649.99	345
5,575.00 to 5,599.99	223	6,600.00 to 6,624.99	264	7,625.00 to 7,649.99	305	8,650.00 to 8,674.99	346
5,600.00 to 5,624.99	224	6,625.00 to 6,649.99	265	7,650.00 to 7,674.99	306	8,675.00 to 8,699.99	347
5,625.00 to 5,649.99	225	6,650.00 to 6,674.99	266	7,675.00 to 7,699.99	307	8,700.00 to 8,724.99	348
5,650.00 to 5,674.99	226	6,675.00 to 6,699.99	267	7,700.00 to 7,724.99	308	8,725.00 to 8,749.99	349
5,675.00 to 5,699.99	227	6,700.00 to 6,724.99	268	7,725.00 to 7,749.99	309	8,750.00 to 8,774.99	350
5,700.00 to 5,724.99	228	6,725.00 to 6,749.99	269	7,750.00 to 7,774.99	310	8,775.00 to 8,799.99	351
5,725.00 to 5,749.99	229	6,750.00 to 6,774.99	270	7,775.00 to 7,799.99	311	8,800.00 to 8,824.99	352
5,750.00 to 5,774.99	230	6,775.00 to 6,799.99	271	7,800.00 to 7,824.99	312	8,825.00 to 8,849.99	353
5,775.00 to 5,799.99	231	6,800.00 to 6,824.99	272	7,825.00 to 7,849.99	313	8,850.00 to 8,874.99	354
5,800.00 to 5,824.99	232	6,825.00 to 6,849.99	273	7,850.00 to 7,874.99	314	8,875.00 to 8,899.99	355
5,825.00 to 5,849.99	233	6,850.00 to 6,874.99	274	7,875.00 to 7,899.99	315	8,900.00 to 8,924.99	356
5,850.00 to 5,874.99	234	6,875.00 to 6,899.99	275	7,900.00 to 7,924.99	316	8,925.00 to 8,949.99	357
5,875.00 to 5,899.99	235	6,900.00 to 6,924.99	276	7,925.00 to 7,949.99	317	8,950.00 to 8,974.99	358
5,900.00 to 5,924.99	236	6,925.00 to 6,949.99	277	7,950.00 to 7,974.99	318	8,975.00 to 8,999.99	359
5,925.00 to 5,949.99	237	6,950.00 to 6,974.99	278	7,975.00 to 7,999.99	319	9,000.00 to 9,024.99	360
5,950.00 to 5,974.99	238	6,975.00 to 6,999.99	279	8,000.00 to 8,024.99	320	9,025.00 to 9,049.99	361
5,975.00 to 5,999.99	239	7,000.00 to 7,024.99	280	8,025.00 to 8,049.99	321	9,050.00 to 9,074.99	362
6,000.00 to 6,024.99	240	7,025.00 to 7,049.99	281	8,050.00 to 8,074.99	322	9,075.00 to 9,099.99	363
6,025.00 to 6,049.99	241	7,050.00 to 7,074.99	282	8,075.00 to 8,099.99	323	9,100.00 to 9,124.99	364
6,050.00 to 6,074.99	242	7,075.00 to 7,099.99	283	8,100.00 to 8,124.99	324	9,125.00 to 9,149.99	365
6,075.00 to 6,099.99	243	7,100.00 to 7,124.99	284	8,125.00 to 8,149.99	325	9,150.00 to 9,174.99	366
6,100.00 to 6,124.99	244	7,125.00 to 7,149.99	285	8,150.00 to 8,174.99	326	9,175.00 to 9,199.99	367
6,125.00 to 6,149.99	245	7,150.00 to 7,174.99	286	8,175.00 to 8,199.99	327	9,200.00 to 9,224.99	368
						9,225.00 to 9,249.99	369
						9,250.00 and over	370

Calendar No. 29

119TH CONGRESS
1ST SESSION

H. R. 1156

IN THE SENATE OF THE UNITED STATES

MARCH 12, 2025

Received; read the first time

MARCH 13, 2025

Read the second time and placed on the calendar

AN ACT

To amend the CARES Act to extend the statute of limitations for fraud under certain unemployment programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Pandemic Unemploy-
5 ment Fraud Enforcement Act”.

1 **SEC. 2. EXTENSION OF THE STATUTE OF LIMITATIONS FOR**
2 **FRAUD BY INDIVIDUALS UNDER CERTAIN UN-**
3 **EMPLOYMENT PROGRAMS.**

4 (a) PANDEMIC UNEMPLOYMENT ASSISTANCE.—Sec-
5 tion 2102 of the CARES Act (15 U.S.C. 9021) is amend-
6 ed—

7 (1) by redesignating subsection (h) as sub-
8 section (i); and

9 (2) by inserting after subsection (g) the fol-
10 lowing new subsection:

11 “(h) STATUTE OF LIMITATIONS.—

12 “(1) IN GENERAL.—Notwithstanding any other
13 provision of law and subject to paragraph (2), any
14 criminal prosecution or civil enforcement action for
15 a violation of, or conspiracy to violate, section 371,
16 641, 1028A, 1029, 1341, 1343, 1344, 1349, 1956,
17 or 1957 of title 18, United States Code, or section
18 3729 or 3801 of title 31, United States Code, with
19 respect to any unemployment compensation claim
20 funded in whole or in part by pandemic unemploy-
21 ment assistance under this section shall be brought
22 not later than 10 years after the date of the viola-
23 tion or conspiracy.

24 “(2) EXCEPTION.—Paragraph (1) shall not
25 apply with respect to a criminal prosecution or civil
26 enforcement action if the statute of limitations appli-

1 cable to such criminal prosecution or civil enforce-
2 ment action expired prior to the date of enactment
3 of the Pandemic Unemployment Fraud Enforcement
4 Act.”.

5 (b) FEDERAL PANDEMIC UNEMPLOYMENT COM-
6 PENSATION AND MIXED EARNER UNEMPLOYMENT COM-
7 PENSATION.—Section 2104(f) of the CARES Act (15
8 U.S.C. 9023(f)) is amended by adding at the end the fol-
9 lowing new paragraph:

10 “(5) STATUTE OF LIMITATIONS.—

11 “(A) IN GENERAL.—Notwithstanding any
12 other provision of law and subject to subpara-
13 graph (B), any criminal prosecution or civil en-
14 forcement action for a violation of, or con-
15 spiracy to violate, section 371, 641, 1028A,
16 1029, 1341, 1343, 1344, 1349, 1956, or 1957
17 of title 18, United States Code, or section 3729
18 or 3801 of title 31, United States Code, with
19 respect to any unemployment compensation
20 claim funded in whole or in part by Federal
21 Pandemic Unemployment Compensation or
22 Mixed Earner Unemployment Compensation
23 under this section shall be brought not later
24 than 10 years after the date of the violation or
25 conspiracy.

1 “(B) EXCEPTION.—Subparagraph (A)
2 shall not apply with respect to a criminal pros-
3 ecution or civil enforcement action if the statute
4 of limitations applicable to such criminal pros-
5 ecution or civil enforcement action expired prior
6 to the date of enactment of the Pandemic Un-
7 employment Fraud Enforcement Act.”.

8 (c) PANDEMIC EMERGENCY UNEMPLOYMENT COM-
9 PENSATION.—Section 2107(e) of the CARES Act (15
10 U.S.C. 9025(e)) is amended by adding at the end the fol-
11 lowing new paragraph:

12 “(5) STATUTE OF LIMITATIONS.—

13 “(A) IN GENERAL.—Notwithstanding any
14 other provision of law and subject to subpara-
15 graph (B), any criminal prosecution or civil en-
16 forcement action for a violation of, or con-
17 spiracy to violate, section 371, 641, 1028A,
18 1029, 1341, 1343, 1344, 1349, 1956, or 1957
19 of title 18, United States Code, or section 3729
20 or 3801 of title 31, United States Code, with
21 respect to any unemployment compensation
22 claim funded in whole or in part by Pandemic
23 Emergency Unemployment Compensation under
24 this section shall be brought not later than 10



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-5530/1
MED:wlj/amn/emw

2023 BILL

1 **AN ACT** *to repeal* 108.17 (2g), 108.17 (7) and 108.205 (1m); *to renumber and*
2 *amend* 108.04 (11) (cm); *to amend* 108.04 (11) (d), 108.04 (11) (f), 108.095 (2),
3 108.14 (2e), 108.16 (3) (a), 108.17 (2), 108.17 (2b), 108.205 (2), 108.22 (1) (ac),
4 108.22 (1) (ad) 1., 108.22 (1) (af) and 108.225 (16) (am) 1. c.; and *to create*
5 108.022, 108.04 (11) (cm) 2. and 108.185 of the statutes; **relating to:** various
6 changes to the unemployment insurance law.

Analysis by the Legislative Reference Bureau

This bill makes various changes in the unemployment insurance (UI) law, which is administered by the Department of Workforce Development. Significant changes include all of the following:

Penalties for obtaining benefits in the name of another person

Under current law, if any person makes a false statement or representation in order to obtain benefits in the name of another person, the person may be required to repay the amount of the benefits obtained and to pay an additional amount equal to the amount of benefits obtained. Current law does not specify a penalty for when such a person makes a false statement or representation in order to obtain benefits in the name of another person but fails to obtain any benefits.

The bill provides that if a person makes a false statement or representation on an initial claim in order to intentionally obtain benefits in the name of another

BILL

person, but fails to obtain benefits, the person is subject to a penalty of \$5,000. The bill also makes a number of other minor changes to the existing penalty provision.

Use of electronic methods for filing, payments, and reporting

Currently, with certain exceptions, each employer that has employees who are engaged in employment covered by the UI law must file quarterly contribution (tax) and employment and wage reports and make quarterly contribution payments to DWD. An employer of 25 or more employees or an employer agent that files reports on behalf of any employer must file its reports electronically. Current law also requires each employer that makes contributions for any 12-month period ending on June 30 equal to a total of at least \$10,000 to make all contribution payments electronically in the following year. Finally, current law allows DWD to provide a secure means of electronic interchange between itself and employing units, claimants, and other persons that, upon request to and with prior approval by DWD, may be used for transmission or receipt of any document specified by DWD that is related to the administration of the UI law in lieu of any other means of submission or receipt.

The bill makes use of these electronic methods mandatory in all cases unless the employer or other person demonstrates good cause for being unable to use the electronic method. The bill specifies what constitutes good cause for purposes of these provisions. The bill also makes various corresponding changes to penalty provisions that apply in the case of nonuse of these required electronic methods. The bill further provides that DWD may permit the use of electronic records and electronic signatures for any document specified by DWD that is related to the administration of the UI law.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 108.022 of the statutes is created to read:
- 2 **108.022 Electronic payments and filings; good cause.** For purposes of
- 3 requirements to use electronic filing, payment, or interchange methods specified
- 4 under ss. 108.14 (2e), 108.17 (2b) and (7) (a), 108.185, and 108.205 (2), good cause for
- 5 not using such method includes all of the following, as determined by the
- 6 department:
- 7 **(1)** Having limited or no Internet access.

BILL

1 **(2)** Having digital literacy limitations.

2 **(3)** Having communication barriers, such as having a vision or other disability
3 that prevents the ease of using the electronic method or having limited or no English
4 proficiency.

5 **(4)** The presence of other circumstances that make use of the electronic method
6 unusually difficult for the person, as determined by the department.

7 **SECTION 2.** 108.04 (11) (cm) of the statutes is renumbered 108.04 (11) (cm) 1.
8 and amended to read:

9 108.04 **(11)** (cm) 1. If any person makes a false statement or representation in
10 order to obtain, for his or her own benefit, benefits in the name of another person and
11 obtains such benefits, the benefits received by that person constitute a benefit
12 overpayment. Such person ~~may~~ shall, by a determination or decision issued under
13 s. 108.095, be required to repay the amount of the benefits obtained and shall
14 additionally be assessed ~~an administrative assessment in an additional~~ a penalty in
15 an amount equal to the amount of benefits obtained.

16 **SECTION 3.** 108.04 (11) (cm) 2. of the statutes is created to read:

17 108.04 **(11)** (cm) 2. If any person makes a false statement or representation on
18 an initial claim in order to intentionally obtain, for his or her own benefit, benefits
19 in the name of another person but fails to obtain benefits, that person shall, by a
20 determination or decision issued under s. 108.095, be assessed a penalty of \$5,000.

21 **SECTION 4.** 108.04 (11) (d) of the statutes is amended to read:

22 108.04 **(11)** (d) In addition to other remedies, the department may, by civil
23 action, recover any benefits obtained by means of any false statement or
24 representation or any ~~administrative assessment~~ penalty imposed under par. (cm).

BILL

1 Chapter 778 does not apply to collection of any benefits or assessment penalty under
2 this paragraph.

3 **SECTION 5.** 108.04 (11) (f) of the statutes is amended to read:

4 108.04 **(11)** (f) All amounts forfeited under par. (c) and all ~~collections from~~
5 ~~administrative assessments~~ penalties collected under par. (cm) shall be credited to
6 the administrative account.

7 **SECTION 6.** 108.095 (2) of the statutes is amended to read:

8 108.095 **(2)** The department shall investigate whether any person has obtained
9 or attempted to obtain benefits that were payable to another person by means of any
10 false statement or representation, and may issue an initial determination
11 concerning its findings. The department shall electronically deliver a copy of the
12 determination to, or mail a copy of the determination to the last-known address of,
13 each party affected thereby. Unless designated by a determination under this
14 section, an employing unit is not a party to the determination. The department may
15 set aside or amend the determination at any time prior to a hearing concerning the
16 determination under sub. (5) on the basis of subsequent information or to correct a
17 mistake, including an error of law.

18 **SECTION 7.** 108.14 (2e) of the statutes is amended to read:

19 108.14 **(2e)** The department ~~may~~ shall provide a secure means of electronic
20 interchange between itself and employing units, claimants, and other persons that,
21 ~~upon request to and with prior approval by the department, may~~ shall be used for
22 departmental transmission or receipt of any document specified by the department
23 that is related to the administration of this chapter and related federal programs in
24 lieu of any other means of submission or receipt specified in this chapter. The secure
25 means of electronic interchange shall be used by employing units, claimants, and

BILL

1 other persons unless the person demonstrates good cause, as specified in s. 108.022,
2 for being unable to use the secure means of electronic interchange. Subject to s.
3 137.25 (2) and any rules promulgated thereunder, the department may permit the
4 use of electronic records and electronic signatures for any document specified by the
5 department that is related to the administration of this chapter. If a due date is
6 established by statute for the receipt of any document that is submitted
7 electronically to the department under this subsection, then that submission is
8 timely only if the document is submitted by midnight of the statutory due date.

9 **SECTION 8.** 108.16 (3) (a) of the statutes is amended to read:

10 108.16 **(3)** (a) Any overpayment for which the claimant's liability to reimburse
11 the fund is established under s. 108.22 (8) or any assessment penalty under s. 108.04
12 (11) (cm) for which a final determination has been issued under s. 108.09 or 108.095
13 upon receipt of certification by the department that reasonable efforts have been
14 made to recover the overpayment or the amount of the assessment penalty and that
15 the amount due is uncollectible.

16 **SECTION 9.** 108.17 (2) of the statutes is amended to read:

17 108.17 **(2)** (a) Except as provided in par. (b) and subject to sub. (2b) and s.
18 108.185, every employer that is subject to a contribution requirement shall file
19 quarterly reports of contributions required under this chapter with the department,
20 and pay contributions to the department, in such manner as the department
21 prescribes. Each contribution report and payment is due at the close of the month
22 next following the end of the applicable calendar quarter, except as authorized in sub.
23 (2c) or as the department may assign a later due date pursuant to sub. (1m) or
24 general department rules.

BILL

1 (b) The department may electronically provide a means whereby an employer
2 that files its employment and wage reports electronically may determine the amount
3 of contributions due for payment by the employer under s. 108.18 for each quarter.
4 If an employer that is subject to a contribution requirement files its employment and
5 wage reports under s. 108.205 (1) electronically, in the manner prescribed by the
6 department ~~for purposes of this paragraph~~ under s. 108.205 (2), the department may
7 require the employer to determine electronically the amount of contributions due for
8 payment by the employer under s. 108.18 for each quarter. In such case, the
9 employer is excused from filing contribution reports under par. (a). The employer
10 shall pay the amount due for each quarter by the due date specified in par. (a).

11 **SECTION 10.** 108.17 (2b) of the statutes is amended to read:

12 108.17 (2b) The department shall prescribe a form and methodology for filing
13 contribution reports under sub. (2) electronically. Each employer of ~~25 or more~~
14 ~~employees, as determined under s. 108.22 (1) (ae), that does not use an~~ and employer
15 ~~agent to file its contribution reports under this section~~ shall file its contribution
16 reports electronically in the manner and form prescribed by the department. ~~Each~~
17 ~~employer that becomes subject to an electronic reporting requirement under this~~
18 ~~subsection shall file its initial report under this subsection for the quarter during~~
19 ~~which the employer becomes subject to the reporting requirement. Once an employer~~
20 ~~becomes subject to a reporting requirement under this subsection, it shall continue~~
21 ~~to file its reports under this subsection unless that requirement is waived by the~~
22 ~~department~~ unless the employer demonstrates good cause, as specified in s. 108.022,
23 for being unable to file contribution reports electronically.

24 **SECTION 11.** 108.17 (2g) of the statutes is repealed.

25 **SECTION 12.** 108.17 (7) of the statutes is repealed.

BILL

1 **SECTION 13.** 108.185 of the statutes is created to read:

2 **108.185 Payment of contributions and reimbursements; good cause.**

3 Each employer, employer agent, person liable under s. 108.22 (9), and private agency
4 liable under s. 108.22 (10) shall pay all contributions, reimbursements, interest,
5 penalties, assessments, and other amounts due under this chapter by means of
6 electronic funds transfer or another electronic method as approved by the
7 department unless the employer, employer agent, person, or private agency
8 demonstrates good cause, as specified in s. 108.022, for being unable to pay such
9 amounts electronically.

10 **SECTION 14.** 108.205 (1m) of the statutes is repealed.

11 **SECTION 15.** 108.205 (2) of the statutes is amended to read:

12 108.205 (2) ~~Each employer of 25 or more employees, as determined under s.~~
13 ~~108.22 (1) (ae), that does not use an employer agent to file its reports under this~~
14 ~~section and employer agent shall file the quarterly report under sub. (1)~~
15 ~~electronically in the manner and form prescribed by the department. An employer~~
16 ~~that becomes subject to an electronic reporting requirement under this subsection~~
17 ~~shall file its initial report under this subsection for the quarter during which the~~
18 ~~employer becomes subject to the reporting requirement. Once an employer becomes~~
19 ~~subject to the reporting requirement under this subsection, the employer shall~~
20 ~~continue to file its quarterly reports under this subsection unless that requirement~~
21 ~~is waived by the department unless the employer demonstrates good cause, as~~
22 ~~specified in s. 108.022, for being unable to file reports electronically.~~

23 **SECTION 16.** 108.22 (1) (ac) of the statutes is amended to read:

24 108.22 (1) (ac) In addition to any fee assessed under par. (a), the department
25 may assess an employer or employer agent that is subject to the reporting

BILL**SECTION 16**

1 requirement under s. 108.205 (2) and that fails to file its report in the manner and
2 form prescribed under that subsection a penalty of \$20 for each employee whose
3 information is not reported in the that manner and form prescribed under s. 108.205
4 ~~(1m) (b) or (2)~~.

5 **SECTION 17.** 108.22 (1) (ad) 1. of the statutes is amended to read:

6 108.22 (1) (ad) 1. An employer agent that is subject to the reporting
7 requirements under s. 108.17 ~~(2g) (2b)~~ and that fails to file a contribution report in
8 accordance with s. 108.17 ~~(2g) (2b)~~ may be assessed a penalty by the department in
9 the amount of \$25 for each employer whose report is not filed electronically in the
10 manner and form prescribed by the department.

11 **SECTION 18.** 108.22 (1) (af) of the statutes is amended to read:

12 108.22 (1) (af) In addition to the fee assessed under par. (a), the department
13 may assess ~~an employer or employer agent~~ a person that is subject to a requirement
14 required to make contributions a payment to the department by means of an
15 electronic funds transfer method under s. ~~108.17 (7) 108.185~~ and that pays
16 contributions makes the payment by any method inconsistent with s. ~~108.17 (7)~~
17 108.185 a penalty of the greater of \$50 or an amount equal to one-half of ~~one~~ 1
18 percent of the total contributions amount paid by the employer or employer agent
19 person for the quarter in which the violation occurs.

20 **SECTION 19.** 108.225 (16) (am) 1. c. of the statutes is amended to read:

21 108.225 (16) (am) 1. c. The department may decrease or eliminate the
22 exemption from levy under this paragraph if a final determination has been issued
23 under s. 108.09 or 108.095 or a judgment has been entered under s. 108.24 (1) in
24 which the debtor has been found guilty of making a false statement or representation
25 to obtain benefits and the benefits and any assessment penalty under s. 108.04 (11)

BILL

1 (cm) have not been paid or reimbursed at the time that the levy is issued, unless the
2 fund's treasurer has written off the debt under s. 108.16 (3) (a).

SECTION 20. Nonstatutory provisions.

3
4 (1) The department of workforce development shall submit to the legislative
5 reference bureau for publication in the Wisconsin administrative register a notice
6 indicating the date upon which the department is able to implement the treatment
7 of s. 108.14 (2e).

SECTION 21. Initial applicability.

8
9 (1) The treatment of ss. 108.04 (11) (d) and (f), 108.16 (3) (a), and 108.225 (16)
10 (am) 1. c., the renumbering and amendment of s. 108.04 (11) (cm), and the creation
11 of s. 108.04 (11) (cm) 2. first apply to determinations issued under s. 108.095 on the
12 effective date of this subsection.

13 **SECTION 22. Effective dates.** This act takes effect on the Sunday after
14 publication, except as follows:

15 (1) The treatment of s. 108.14 (2e) takes effect on the date specified in the notice
16 published in the Wisconsin administrative register under SECTION 20 (1) of this act.

17 (2) The treatment of ss. 108.17 (2), (2b), (2g), and (7), 108.185, 108.205 (1m) and
18 (2), and 108.22 (1) (ac), (ad) 1., and (af) takes effect on February 1, 2025.

19 (END)



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-5529/1
MED:skw

2023 BILL

1 **AN ACT** *to repeal* 20.445 (1) (gg), 20.445 (1) (gm), 108.02 (1), 108.14 (7) (c) and
2 108.14 (23) (d); *to renumber and amend* 20.445 (1) (gc), 20.445 (1) (gd), 20.445
3 (1) (gh), 108.14 (12) (e), 108.14 (18), 108.19 (1), 108.19 (1m), 108.19 (1n), 108.19
4 (1p), 108.19 (1q), 108.19 (1s), 108.19 (2), 108.19 (2m) and 108.19 (4); *to*
5 **consolidate, renumber and amend** 108.14 (12) (a) to (d), 108.161 (1) and
6 (1m) and 108.161 (5) and (6); *to amend* 20.445 (1) (n), 20.445 (1) (nb), 20.445
7 (1) (nd), 20.445 (1) (ne), 20.445 (1) (u), 20.445 (1) (v), 25.17 (1) (xe), 25.17 (1) (xf),
8 103.05 (5) (d), 108.04 (11) (f), 108.07 (5) (am) (intro.), 108.07 (5) (am) 1., 108.07
9 (5) (am) 3., 108.07 (6), 108.09 (5) (b), 108.14 (2m), 108.14 (3m), 108.14 (16),
10 108.16 (5) (c), 108.16 (6) (k), 108.16 (6) (m), 108.16 (8) (f), 108.161 (title), 108.161
11 (2), 108.161 (3), 108.161 (3e), 108.161 (4), 108.161 (7), 108.161 (8), 108.161 (9),
12 108.162 (7), 108.17 (2m), 108.17 (3), 108.17 (3m), 108.18 (7) (a) 1., 108.18 (7) (h),
13 108.19 (1e) (a), 108.19 (1e) (d), 108.19 (1f) (a), 108.19 (1f) (c), 108.22 (1) (am) and
14 108.22 (1m); *to repeal and recreate* 108.19 (title) and 108.20; and *to create*

BILL

1 20.427 (1) (g), 108.19 (1) (d), 108.19 (1e) (cm) and 108.19 (1m) (e) of the statutes;
2 **relating to:** various changes to the unemployment insurance law and making
3 an appropriation.

Analysis by the Legislative Reference Bureau

This bill makes various changes in the unemployment insurance (UI) law, which is administered by the Department of Workforce Development. Significant changes include all of the following:

Segregated fund

The bill creates a segregated fund to receive various program revenue moneys received by DWD under the UI law that are not otherwise credited to other segregated funds, including various moneys collected by DWD as interest and penalties under the UI law and all other nonfederal moneys received for the administration of the UI law that are not otherwise appropriated. Current law provides for depositing these revenues in appropriations in the general fund.

Other changes

The bill makes various changes to a) reorganize, clarify, and update provisions relating to the financing of the UI law; and b) address numerous out-of-date or erroneous cross-references in the UI law, including all of the following:

1. Repealing and consolidating certain appropriations and making other changes to clarify the funding sources and receiving appropriations for various revenues and expenses under the UI law.
2. Creating a program revenue appropriation for the Labor and Industry Review Commission to collect moneys received for the copying and generation of documents and for other services provided in carrying out its functions.
3. Deleting obsolete references to state laws.
4. Correcting various cross-references that are otherwise incomplete or erroneous.
5. Replacing certain references to provisions in federal acts or to the Internal Revenue Code with references to the U.S. Code in order to facilitate accessibility to federal law.
6. Making other nonsubstantive changes to the UI law to improve organization, modernize language, and provide further clarity, specificity, and consistency in the law.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

BILL

1 **SECTION 1.** 20.427 (1) (g) of the statutes is created to read:

2 20.427 (1) (g) *Agency collections.* All moneys received from fees or other
3 charges for copying of documents, generation of copies of documents from optical disc
4 or electronic storage, publication of books, and other services provided in carrying
5 out the functions of the labor and industry review commission.

6 **SECTION 2.** 20.445 (1) (gc) of the statutes is renumbered 20.445 (1) (wc) and
7 amended to read:

8 20.445 (1) (wc) *Unemployment administration.* ~~All From the unemployment~~
9 administration fund, all moneys received by the department under s. 108.19 ~~not~~
10 ~~otherwise appropriated under this subsection (1)~~ for the administration of ch. 108.

11 **SECTION 3.** 20.445 (1) (gd) of the statutes is renumbered 20.445 (1) (wd) and
12 amended to read:

13 20.445 (1) (wd) *Unemployment interest and penalty payments.* ~~All From the~~
14 unemployment administration fund, all moneys received as interest and penalties
15 collected under ss. 108.04 (11) (c) and (cm) ~~and (13) (e)~~ and 108.22 except interest and
16 penalties deposited under s. 108.19 (1q), ~~and forfeitures under s. 103.05 (5), all~~
17 ~~moneys not appropriated under par. (gg) and 108.20 (3), all moneys received as~~
18 forfeitures under s. 103.05 (5), all moneys received under s. 108.09 (5) (c), all moneys
19 received under s. 108.14 (16), all moneys received under s. 108.18 (1) (c), all moneys
20 transferred to this appropriation account from the appropriation account under par.
21 (gh) (wh), and all other nonfederal moneys received for the employment service or
22 for the administration of ch. 108 that are not otherwise appropriated under this
23 subsection, for the payment of benefits specified in s. 108.07 (5) ~~and 1987 Wisconsin~~
24 ~~Act 38, section 132 (1) (e),~~ for the payment of interest to employers under s. 108.17
25 (3m), for research relating to the condition of the unemployment reserve fund under

BILL**SECTION 3**

1 s. 108.14 (6), for administration of the unemployment insurance program and federal
2 or state unemployment insurance programs authorized by the governor under s.
3 16.54, for satisfaction of any federal audit exception concerning a payment from the
4 unemployment reserve fund or any federal aid disallowance concerning the
5 unemployment insurance program, for assistance to the department of justice in the
6 enforcement of ch. 108, for the payment of interest due on advances from the federal
7 unemployment account under ~~title XII of the social security act~~ 42 USC 1321 to 1324
8 to the unemployment reserve fund, and for payments made to the unemployment
9 reserve fund to obtain a lower interest rate or deferral of interest payments on these
10 advances, ~~except as otherwise provided in s. 108.20.~~

11 **SECTION 4.** 20.445 (1) (gg) of the statutes is repealed.

12 **SECTION 5.** 20.445 (1) (gh) of the statutes is renumbered 20.445 (1) (wh) and
13 amended to read:

14 20.445 (1) (wh) *Unemployment information technology systems; assessments.*
15 ~~All~~ From the unemployment administration fund, all moneys received from
16 assessments levied under s. 108.19 (1e) (a) and ~~1997 Wisconsin Act 39, section 164~~
17 ~~(2)~~, for the purpose specified in s. 108.19 (1e) (d). The treasurer of the unemployment
18 reserve fund may transfer moneys from this appropriation account to the
19 appropriation account under par. ~~(gd)~~ (wd).

20 **SECTION 6.** 20.445 (1) (gm) of the statutes is repealed.

21 **SECTION 7.** 20.445 (1) (n) of the statutes is amended to read:

22 20.445 (1) (n) *Employment assistance and unemployment insurance*
23 *administration; federal moneys.* All federal moneys received, as authorized by the
24 governor under s. 16.54, for the administration of employment assistance and
25 unemployment insurance programs of the department, for the performance of the

BILL

1 department's other functions under subch. I of ch. 106 and ch. 108, and to pay the
2 compensation and expenses of appeal tribunals and of employment councils
3 appointed under s. 108.14, to be used for such purposes, except as provided in s.
4 108.161 (3e), and, from the moneys received by this state under ~~section 903~~ 42 USC
5 1103 (d) of the federal Social Security Act, as amended, to transfer to the
6 appropriation account under par. (nb) an amount determined by the treasurer of the
7 unemployment reserve fund not exceeding the lesser of the amount specified in s.
8 108.161 (4) (d) or the amounts in the schedule under par. (nb), to transfer to the
9 appropriation account under par. (nd) an amount determined by the treasurer of the
10 unemployment reserve fund not exceeding the lesser of the amount specified in s.
11 108.161 (4) (d) or the amounts in the schedule under par. (nd), to transfer to the
12 appropriation account under par. (ne) an amount not exceeding the lesser of the
13 amount specified in s. 108.161 (4) (d) or the sum of the amounts in the schedule under
14 par. (ne) and the amount determined by the treasurer of the unemployment reserve
15 fund that is required to pay for the cost of banking services incurred by the
16 unemployment reserve fund, and to transfer to the appropriation account under s.
17 20.427 (1) (k) an amount determined by the treasurer of the unemployment reserve
18 fund.

19 **SECTION 8.** 20.445 (1) (nb) of the statutes is amended to read:

20 20.445 (1) (nb) *Unemployment administration; information technology*
21 *systems.* From the moneys received from the federal government under ~~section 903~~
22 42 USC 1103 (d) of the federal Social Security Act, as amended, as a continuing
23 appropriation, the amounts in the schedule, as authorized by the governor under s.
24 16.54, for the purpose specified in s. 108.19 (1e) (d). All moneys transferred from par.
25 (n) for this purpose shall be credited to this appropriation account. No moneys may

BILL

1 be expended from this appropriation unless the treasurer of the unemployment
2 reserve fund determines that such expenditure is currently needed for the purpose
3 specified in s. 108.19 (1e) (d).

4 **SECTION 9.** 20.445 (1) (nd) of the statutes is amended to read:

5 20.445 (1) (nd) *Unemployment administration; apprenticeship and other*
6 *employment services.* From the moneys received from the federal government under
7 ~~section 903~~ 42 USC 1103 (d) of the federal Social Security Act, as amended, the
8 amounts in the schedule, as authorized by the governor under s. 16.54, to be used for
9 administration by the department of apprenticeship programs under subch. I of ch.
10 106 and for administration and service delivery of employment and workforce
11 information services, including the delivery of reemployment assistance services to
12 unemployment insurance claimants. All moneys transferred from par. (n) for this
13 purpose shall be credited to this appropriation account. No moneys may be expended
14 from this appropriation unless the treasurer of the unemployment reserve fund
15 determines that such expenditure is currently needed for the purposes specified in
16 this paragraph.

17 **SECTION 10.** 20.445 (1) (ne) of the statutes is amended to read:

18 20.445 (1) (ne) *Unemployment insurance administration and bank service*
19 *costs.* From the moneys received by this state under ~~section 903 of the federal Social~~
20 ~~Security Act, as amended~~ 42 USC 1103, all moneys transferred from the
21 appropriation account under par. (n) to be used for the administration of
22 unemployment insurance and for the payment of the cost of banking services
23 incurred by the unemployment reserve fund. No moneys may be expended from this
24 appropriation unless the treasurer of the unemployment reserve fund determines

BILL

1 that such expenditure is currently needed for the purpose specified in this
2 paragraph.

3 **SECTION 11.** 20.445 (1) (u) of the statutes is amended to read:

4 20.445 (1) (u) *Unemployment interest payments and transfers.* From the
5 unemployment interest payment fund, all moneys received from assessments under
6 s. 108.19 (1m) (a) for the purpose of making the payments and transfers authorized
7 under s. 108.19 (1m) (f).

8 **SECTION 12.** 20.445 (1) (v) of the statutes is amended to read:

9 20.445 (1) (v) *Unemployment program integrity.* From the unemployment
10 program integrity fund, all moneys received from sources identified under s. ~~108.19~~
11 ~~(1s) 108.20 (2)~~ (a) for the purpose of making the payments authorized under s. ~~108.19~~
12 ~~(1s) 108.20 (2)~~ (b).

13 **SECTION 13.** 25.17 (1) (xe) of the statutes is amended to read:

14 25.17 (1) (xe) Unemployment interest payment fund (s. ~~108.19 (1q)~~ 108.20 (3));

15 **SECTION 14.** 25.17 (1) (xf) of the statutes is amended to read:

16 25.17 (1) (xf) Unemployment program integrity fund (s. ~~108.19 (1s)~~ 108.20 (2));

17 **SECTION 15.** 103.05 (5) (d) of the statutes is amended to read:

18 103.05 (5) (d) The department shall deposit all moneys received under this
19 subsection in the appropriation account under s. 20.445 (1) (~~gd~~) (wd).

20 **SECTION 16.** 108.02 (1) of the statutes is repealed.

21 **SECTION 17.** 108.04 (11) (f) of the statutes is amended to read:

22 108.04 (11) (f) All amounts forfeited under par. (c) and all collections from
23 administrative assessments under par. (cm) shall be credited to the administrative
24 account appropriation under s. 20.445 (1) (wd).

25 **SECTION 18.** 108.07 (5) (am) (intro.) of the statutes is amended to read:

BILL**SECTION 18**

1 108.07 (5) (am) (intro.) Except as provided in sub. (7), whenever benefits
2 ~~which that~~ would otherwise be chargeable to the fund's balancing account are paid
3 based on wages paid by an employer that is not subject to the contribution
4 requirements of ss. 108.17 and 108.18, and the benefits are so chargeable under
5 sub. (3) or s. 108.04 (1) (f) ~~or, (5),~~ or (5g) or 108.14 (8n) (e), or under s. 108.16 (6m)
6 (e) for benefits specified in s. 108.16 (3) (b), the department shall charge the
7 benefits as follows:

8 **SECTION 19.** 108.07 (5) (am) 1. of the statutes is amended to read:

9 108.07 (5) (am) 1. If no employer from which the claimant has base period
10 wages is subject to the contribution requirements of ss. 108.17 and 108.18, the
11 benefits shall be ~~charged to the administrative account and~~ paid from the
12 appropriation under s. 20.445 (1) (gd) (wd).

13 **SECTION 20.** 108.07 (5) (am) 3. of the statutes is amended to read:

14 108.07 (5) (am) 3. If 2 or more employers from which the claimant has base
15 period wages are not subject to the contribution requirements of ss. 108.17 and
16 108.18, and one or more employers from which the claimant has base period wages
17 are subject to the contribution requirements of ss. 108.17 and 108.18, that
18 percentage of the employee's benefits which would otherwise be chargeable to the
19 fund's balancing account under sub. (3) or s. 108.04 (1) (f) ~~or, (5),~~ or (5g), or under s.
20 108.16 (6m) (e) for benefits specified in s. 108.16 (3) (b), shall be ~~charged to the~~
21 ~~administrative account and~~ paid from the appropriation under s. 20.445 (1) (gd) (wd).

22 **SECTION 21.** 108.07 (6) of the statutes is amended to read:

23 108.07 (6) The department may initially charge benefits otherwise ~~chargeable~~
24 ~~to the administrative account~~ payable from the appropriation under s. 20.445 (1)
25 (wd) as provided under this section to the fund's balancing account, and periodically

BILL

1 reimburse the charges to the balancing account from the ~~administrative account~~
2 appropriation under s. 20.445 (1) (wd).

3 **SECTION 22.** 108.09 (5) (b) of the statutes is amended to read:

4 108.09 (5) (b) All testimony at any hearing under this section shall be recorded
5 by electronic means, but need not be transcribed unless either of the parties requests
6 a transcript before expiration of that party's right to further appeal under this
7 section and pays a fee to the commission in advance, the amount of which shall be
8 established by rule of the commission. When the commission provides a transcript
9 to one of the parties upon request, the commission shall also provide a copy of the
10 transcript to all other parties free of charge. The transcript fee collected shall be paid
11 ~~to the administrative account~~ credited to the appropriation account under s. 20.427
12 (1) (g).

13 **SECTION 23.** 108.14 (2m) of the statutes is amended to read:

14 108.14 (2m) In the discharge of their duties under this chapter an appeal
15 tribunal, commissioner, or other authorized representative of the department or
16 commission may administer oaths to persons appearing before them, take
17 depositions, certify to official acts, and by subpoenas, served in the manner in which
18 circuit court subpoenas are served, compel attendance of witnesses and the
19 production of books, papers, documents, and records necessary or convenient to be
20 used by them in connection with any investigation, hearing, or other proceeding
21 under this chapter. A party's attorney of record may issue a subpoena to compel the
22 attendance of a witness or the production of evidence. A subpoena issued by an
23 attorney must be in substantially the same form as provided in s. 805.07 (4) and must
24 be served in the manner provided in s. 805.07 (5). The attorney shall, at the time of
25 issuance, send a copy of the subpoena to the appeal tribunal or other representative

BILL**SECTION 23**

1 of the department responsible for conducting the proceeding. However, in any
2 investigation, hearing, or other proceeding involving the administration of oaths or
3 the use of subpoenas under this subsection due notice shall be given to any interested
4 party involved, who shall be given an opportunity to appear and be heard at any such
5 proceeding and to examine witnesses and otherwise participate therein. Witness
6 fees and travel expenses involved in proceedings under this chapter may be allowed
7 by the appeal tribunal or representative of the department at rates specified by
8 department rules, and shall be paid from the ~~administrative account~~ appropriation
9 under s. 20.445 (1) (n).

10 **SECTION 24.** 108.14 (3m) of the statutes is amended to read:

11 108.14 (3m) In any court action to enforce this chapter the department, the
12 commission, and the state may be represented by any licensed attorney who is an
13 employee of the department or the commission and is designated by either of them
14 for this purpose or at the request of either of them by the department of justice. If
15 the governor designates special counsel to defend, in behalf of the state, the validity
16 of this chapter or of any provision of ~~Title IX of the social security act~~ 42 USC 1101
17 to 1111, the expenses and compensation of the special counsel and of any experts
18 employed by the department in connection with that proceeding may be charged to
19 the ~~administrative account~~ appropriation under s. 20.445 (1) (wd). If the
20 compensation is being determined on a contingent fee basis, the contract is subject
21 to s. 20.9305.

22 **SECTION 25.** 108.14 (7) (c) of the statutes is repealed.

23 **SECTION 26.** 108.14 (12) (a) to (d) of the statutes are consolidated, renumbered
24 108.14 (12) (am) and amended to read:

BILL

1 108.14 **(12)** (am) Consistently with the provisions of ~~pars. (8) and (9) of section~~
2 ~~303 (a) of Title III of the federal social security act, 42 USC 503 (a) (8) and (9), the~~
3 ~~department shall expend~~ all moneys received in the federal administrative financing
4 account from any federal agency under said Title III ~~shall be expended 42 USC ch.~~
5 ~~7 subch. III solely for the purposes and in the amounts found necessary by said that~~
6 ~~agency for the proper and efficient administration of this chapter. (b) Consistently~~
7 ~~with said provisions of said Title III, any~~ The department shall replace, within a
8 ~~reasonable time, any such moneys, that were received prior to before~~ July 1, 1941,
9 and ~~remaining~~ remained unencumbered on said ~~that~~ date, or ~~that were~~ received on
10 or after said ~~that~~ date, ~~which, because of any action or contingency, have been if the~~
11 moneys are lost or have been expended for purposes other than, or in amounts in
12 excess of, those found necessary by said the federal agency for the proper
13 administration of this chapter, ~~shall be replaced within a reasonable time. This~~
14 ~~paragraph is the declared policy of this state, as enunciated by the 1941 legislature,~~
15 and shall be implemented as further provided in this subsection. (c). If it is believed
16 that any amount of money thus received ~~has been thus~~ is lost or improperly
17 expended, the department, on its own motion or on notice from said the federal
18 agency, shall promptly investigate and determine the matter and shall, depending
19 on the nature of its determination, take such steps as it ~~may deem~~ considers
20 necessary to protect the interests of the state. (d) If it is finally determined that
21 moneys ~~thus received~~ have been ~~thus~~ lost or improperly expended, then the
22 department shall either make the necessary replacement from ~~those moneys in the~~
23 ~~administrative account specified in s. 108.20 (2m)~~ the appropriation under s. 20.445
24 (1) (wd) or shall submit, at the next budget hearings conducted by the governor and
25 at the budget hearings conducted by the next legislature convened in regular session,

BILL**SECTION 26**

1 a request that the necessary replacement be made by an appropriation from the
2 general fund.

3 **SECTION 27.** 108.14 (12) (e) of the statutes is renumbered 108.14 (12) (bm) and
4 amended to read:

5 108.14 (12) (bm) This subsection shall not be construed to relieve this state of
6 any obligation existing ~~prior to its enactment before July 1, 1941,~~ with respect to
7 moneys received ~~prior to before July 1, 1941, pursuant to said Title III under 42 USC~~
8 ch. 7 subch. III.

9 **SECTION 28.** 108.14 (16) of the statutes is amended to read:

10 108.14 (16) The department shall have duplicated or printed, ~~and shall~~
11 ~~distribute without charge, such employment security~~ any reports, studies and,
12 forms, records, decisions, regulations, rules, or other materials, including the text of
13 this chapter ~~and, the handbook under sub. (23), and other~~ instructional or
14 explanatory pamphlets for employers or workers, as that it deems necessary for
15 public information or for the proper administration of this chapter; ~~but the.~~ The
16 department may collect a reasonable charge, which shall be credited to the
17 administrative appropriation account under s. 20.445 (1) (wd), for any such item the
18 cost of which is not fully covered by federal administrative grants.

19 **SECTION 29.** 108.14 (18) of the statutes is renumbered 108.19 (1e) (e) and
20 amended to read:

21 108.19 (1e) (e) No later than the end of the month following each quarter in
22 which the department expends moneys derived from assessments levied under s.
23 ~~108.19 (1e)~~ this subsection, the department shall submit a report to the council on
24 unemployment insurance describing the use of the moneys expended and the status
25 at the end of the quarter of any project for which moneys were expended.

BILL

1 **SECTION 30.** 108.14 (23) (d) of the statutes is repealed.

2 **SECTION 31.** 108.16 (5) (c) of the statutes is amended to read:

3 108.16 (5) (c) While the state has an account in the “Unemployment Trust
4 Fund”,” public deposit insurance charges on the fund’s balances held in banks,
5 savings banks, savings and loan associations, and credit unions in this state, the
6 premiums on surety bonds required of the fund’s treasurer under this section, and
7 any other expense of administration otherwise payable from the fund’s interest
8 earnings, shall be paid from the ~~administrative account~~ appropriation under s.
9 20.445 (1) (n) or (ne).

10 **SECTION 32.** 108.16 (6) (k) of the statutes is amended to read:

11 108.16 (6) (k) All payments to the fund from the ~~administrative account as~~
12 ~~authorized under s. 108.20 (2m)~~ appropriation under s. 20.445 (1) (wd).

13 **SECTION 33.** 108.16 (6) (m) of the statutes is amended to read:

14 108.16 (6) (m) Any amounts transferred to the balancing account from the
15 unemployment interest payment fund under s. 108.19 (1m) (f).

16 **SECTION 34.** 108.16 (8) (f) of the statutes is amended to read:

17 108.16 (8) (f) The successor shall take over and continue the transferor’s
18 account, including its positive or negative balance and all other aspects of its
19 experience under this chapter in proportion to the payroll assignable to the
20 transferred business and the liability of the successor shall be proportioned to the
21 extent of the transferred business. The transferor and the successor shall be jointly
22 and severally liable for any amounts owed by the transferor ~~to the fund and to the~~
23 ~~administrative account~~ under this chapter at the time of the transfer, but a successor
24 under par. (c) is not liable for the debts of the transferor except in the case of fraud
25 or malfeasance.

BILL**SECTION 35**

1 **SECTION 35.** 108.161 (title) of the statutes is amended to read:

2 **108.161 (title) Federal administrative financing account; Reed Act**
3 **distributions.**

4 **SECTION 36.** 108.161 (1) and (1m) of the statutes are consolidated, renumbered
5 108.161 (1) and amended to read:

6 108.161 (1) The fund's treasurer shall maintain within the fund an
7 employment security "federal administrative financing account", and shall credit
8 thereto to that account all amounts credited to the fund pursuant to the federal
9 employment security administrative financing act (of 1954) and section 903 of the
10 federal social security act, as amended. ~~(1m) The treasurer of the fund shall also~~
11 ~~credit to said account~~ under 42 USC 1101 to 1103 and all federal moneys credited to
12 the fund pursuant to under sub. (8).

13 **SECTION 37.** 108.161 (2) of the statutes is amended to read:

14 108.161 (2) The requirements of ~~said section 903~~ 42 USC 1103 shall control any
15 appropriation, withdrawal, and use of any moneys in said the federal administrative
16 financing account.

17 **SECTION 38.** 108.161 (3) of the statutes is amended to read:

18 108.161 (3) Consistently with this chapter and ~~said section 903~~, such 42 USC
19 1103, moneys in the federal administrative financing account shall be used solely for
20 benefits or employment security administration by the department, including
21 unemployment insurance, employment service, apprenticeship programs, and
22 related statistical operations.

23 **SECTION 39.** 108.161 (3e) of the statutes is amended to read:

24 108.161 (3e) Notwithstanding sub. (3), any moneys allocated under ~~section 903~~
25 ~~of the federal Social Security Act, as amended,~~ 42 USC 1103 for federal fiscal years

BILL

1 2000 and 2001 and the first \$2,389,107 of any distribution received by this state
2 under ~~section 903 of that act~~ 42 USC 1103 in federal fiscal year 2002 shall be used
3 solely for unemployment insurance administration.

4 **SECTION 40.** 108.161 (4) of the statutes is amended to read:

5 108.161 (4) ~~Such moneys~~ Moneys in the federal administrative financing
6 account shall be encumbered and spent for employment security administrative
7 purposes only pursuant to, and after the effective date of, a specific legislative
8 appropriation enactment that does all of the following:

9 (a) ~~Stating States~~ for which such purposes and in what amounts the
10 appropriation is being made to ~~the administrative account created by s. 108.20.~~

11 (b) ~~Directing Directs~~ the fund's treasurer to transfer the appropriated amounts
12 to ~~the administrative account~~ the appropriation account under s. 20.445 (1) (n) only
13 as and to the extent that they are currently needed for such expenditures, and
14 ~~directing directs~~ that there shall be restored to the federal administrative financing
15 ~~account created by sub. (1)~~ any amount thus transferred ~~which~~ that has ceased to be
16 needed or available for such expenditures.

17 (c) ~~Specifying Specifies~~ that the appropriated amounts are available for
18 obligation solely within the 2 years beginning on the appropriation law's date of
19 enactment. This paragraph does not apply to the appropriations under s. 20.445 (1)
20 (nd) and (ne) or to any amounts expended from the appropriation under s. 20.445 (1)
21 (nb) from moneys transferred to this state on March 13, 2002, pursuant to ~~section 903~~
22 ~~(d) of the federal Social Security Act~~ 42 USC 1103 (d).

23 (d) ~~Limiting Limits~~ the total amount ~~which~~ that may be obligated during any
24 fiscal year to the aggregate of all amounts credited under sub. (1), including amounts

BILL**SECTION 40**

1 credited pursuant to under sub. (8), reduced at the time of any obligation by the sum
2 of the moneys obligated and charged against any of the amounts credited.

3 **SECTION 41.** 108.161 (5) and (6) of the statutes are consolidated, renumbered
4 108.161 (5m) and amended to read:

5 108.161 **(5m)** The total of the amounts ~~thus~~ appropriated under sub. (4) for use
6 in any fiscal year shall in no event exceed the moneys available for such use
7 hereunder under this section, considering the timing of credits hereunder under this
8 section and the sums already spent or appropriated or transferred or otherwise
9 encumbered hereunder. (6) under this section. The fund's treasurer shall keep a
10 record of all such ~~times and amounts; shall charge transactions and shall do all of the~~
11 following:

12 (a) Charge each sum against the earliest credits ~~duly~~ available therefor; ~~shall~~
13 ~~include.~~

14 (b) Include any sum ~~thus~~ that has been appropriated but not yet spent
15 hereunder under this section in computing the fund's net balance as of the close of
16 any month, in line with the federal requirement that any such sum shall, until spent,
17 be considered part of the fund; ~~and shall certify.~~

18 (c) Certify the relevant facts whenever necessary hereunder.

19 **SECTION 42.** 108.161 (7) of the statutes is amended to read:

20 108.161 **(7)** If any moneys appropriated ~~hereunder~~ under this section are used
21 to buy and hold suitable land, ~~with a view to the future construction of an~~ and to build
22 a suitable employment security building thereon, and if such land is later sold or
23 transferred to other use, the proceeds of such sale (~~or the value of such land when~~
24 transferred), shall be credited to the federal administrative financing account
25 ~~created by sub. (1)~~ except as otherwise provided in ss. 13.48 (14) and 16.848.

BILL

1 **SECTION 43.** 108.161 (8) of the statutes is amended to read:

2 108.161 (8) If any sums are appropriated and spent hereunder under this
3 section to buy land and to build a suitable employment security building thereon, or
4 to purchase information technology hardware and software, ~~then~~ any federal
5 moneys thereafter credited to the fund or paid to the department by way of gradual
6 reimbursement of such employment security capital expenditures, or in lieu of the
7 estimated periodic amounts ~~which~~ that would otherwise (, in the absence of such
8 expenditures), be federally granted for the rental of substantially equivalent
9 quarters, shall be credited to the federal administrative financing account ~~created~~
10 ~~by sub. (1)~~, consistently with any federal requirements applicable to the handling
11 and crediting of such moneys.

12 **SECTION 44.** 108.161 (9) of the statutes is amended to read:

13 108.161 (9) Any land and building or office quarters acquired under this section
14 shall continue to be used for employment security purposes. Realty or quarters may
15 not be sold or transferred to other use if prior action is taken under s. 13.48 (14) (am)
16 or 16.848 (1) and may not be sold or transferred without the governor's approval. The
17 proceeds from the sale, or the value of realty or quarters upon transfer, shall be
18 credited to the federal administrative financing account ~~established in sub. (1)~~ or
19 credited to the ~~fund established in s. 108.20~~ appropriate appropriation account
20 under s. 20.445, or both as determined by the department in accordance with federal
21 requirements. Equivalent substitute rent-free quarters may be provided, as
22 federally approved. Amounts credited under this subsection shall be used solely to
23 finance employment security quarters according to federal requirements.

24 **SECTION 45.** 108.162 (7) of the statutes is amended to read:

BILL**SECTION 45**

1 108.162 (7) Any amount appropriated under s. 20.445 (1) (na) ~~which~~ that has
2 not been obligated shall be available for employment security local office building
3 projects, consistent with this section and ~~ss. s. 108.161 and 108.20.~~

4 **SECTION 46.** 108.17 (2m) of the statutes is amended to read:

5 108.17 (2m) When a written statement of account is issued to an employer by
6 the department, ~~showing as duly credited~~ that shows a specified amount received
7 from the employer under this chapter as having been credited, no other form of state
8 receipt ~~therefor~~ is required.

9 **SECTION 47.** 108.17 (3) of the statutes is amended to read:

10 108.17 (3) If an employing unit ~~makes application~~ applies to the department
11 to adjust an alleged overpayment by the employer of contributions or interest under
12 this chapter, and files such an application within 3 years after the close of the
13 calendar year in which such payment was made, the department shall ~~make a~~
14 ~~determination~~ determine under s. 108.10 ~~as to the existence and whether and to~~
15 ~~what~~ extent of any such an overpayment, and said section shall apply to such
16 ~~determination~~ exists. Except as provided in sub. (3m), the department shall allow
17 an employer a credit for any amount determined under s. 108.10 to have been
18 erroneously paid by the employer, without interest, against its future contribution
19 payments; or, if the department finds it impracticable to allow the employer such a
20 credit, it shall refund ~~such~~ the overpayment to the employer, without interest, from
21 the fund or the ~~administrative account, as the case may be~~ appropriate appropriation
22 under s. 20.445.

23 **SECTION 48.** 108.17 (3m) of the statutes is amended to read:

24 108.17 (3m) If an appeal tribunal or the commission issues a decision under
25 s. 108.10 (2), or a court issues a decision on review under s. 108.10 (4), in which it is

BILL

1 determined that an amount has been erroneously paid by an employer, the
2 department shall, from the ~~administrative account~~ appropriation under s. 20.445 (1)
3 (wd), credit the employer with interest at the rate of 0.75 percent per month or
4 fraction thereof on the amount of the erroneous payment. Interest shall accrue from
5 the month which the erroneous payment was made until the month in which it is
6 either used as a credit against future contributions or refunded to the employer.

7 **SECTION 49.** 108.18 (7) (a) 1. of the statutes is amended to read:

8 108.18 (7) (a) 1. Except as provided in pars. (b) to (i), any employer may make
9 payments to the fund during the month of November in excess of those required by
10 this section and s. 108.19 (1), ~~(1e)~~, and ~~(1f)~~. Each payment shall be credited to the
11 employer's account for the purpose of computing the employer's reserve percentage
12 as of the immediately preceding computation date.

13 **SECTION 50.** 108.18 (7) (h) of the statutes is amended to read:

14 108.18 (7) (h) The department shall establish contributions, other than those
15 contributions required by this section and assessments required under s. 108.19 (1),
16 ~~(1e)~~, and ~~(1f)~~ and contributions other than those submitted during the month of
17 November or authorized under par. (f) or (i) 2., as a credit, without interest, against
18 future contributions payable by the employer or shall refund the contributions at the
19 employer's option.

20 **SECTION 51.** 108.19 (title) of the statutes is repealed and recreated to read:

21 **108.19 (title) Special assessments.**

22 **SECTION 52.** 108.19 (1) of the statutes is renumbered 108.19 (1) (a) and
23 amended to read:

24 108.19 (1) (a) Each employer subject to this chapter shall regularly ~~contribute~~
25 ~~to the administrative account at the rate of two-tenths of one~~ pay an assessment

BILL**SECTION 52**

1 equal to 0.2 percent per year on its payroll, except that the department may prescribe
2 at the close of any fiscal year such lower rates of ~~contribution~~ under this section
3 subsection, to apply to classes of employers throughout the ensuing fiscal year, as will
4 in the department's judgment adequately finance the administration of this chapter,
5 and as will in the department's judgment fairly represent the relative cost of the
6 services rendered by the department to each such class.

7 **SECTION 53.** 108.19 (1) (d) of the statutes is created to read:

8 108.19 (1) (d) Assessments under this subsection shall be credited to the
9 appropriation account under s. 20.445 (1) (wc).

10 **SECTION 54.** 108.19 (1e) (a) of the statutes is amended to read:

11 108.19 (1e) (a) Except as provided in par. (b), each employer, other than an
12 employer that finances benefits by reimbursement in lieu of contributions under s.
13 108.15, 108.151, or 108.152 shall, in addition to other ~~contributions~~ amounts payable
14 under s. 108.18 and this section, pay an assessment ~~to the administrative account~~
15 for each year ~~prior to~~ before the year 2010 equal to the lesser of 0.01 percent of its
16 payroll for that year or the solvency contribution that would otherwise be payable
17 by the employer under s. 108.18 (9) for that year.

18 **SECTION 55.** 108.19 (1e) (cm) of the statutes is created to read:

19 108.19 (1e) (cm) Assessments under this subsection shall be credited to the
20 appropriation under s. 20.445 (1) (wh).

21 **SECTION 56.** 108.19 (1e) (d) of the statutes is amended to read:

22 108.19 (1e) (d) The department may expend the moneys received from
23 assessments levied under this subsection in the amounts authorized under s. 20.445
24 (1) ~~(gh)~~ (wh) for the renovation and modernization of unemployment insurance
25 information technology systems, specifically including development and

BILL

1 implementation of a new system and reengineering of automated processes and
2 manual business functions.

3 **SECTION 57.** 108.19 (1f) (a) of the statutes is amended to read:

4 108.19 (1f) (a) Except as provided in par. (b), each employer, other than an
5 employer that finances benefits by reimbursement in lieu of contributions under s.
6 108.15, 108.151, or 108.152 shall, in addition to other ~~contributions~~ amounts payable
7 under s. 108.18 and this section, pay an assessment for each year equal to the lesser
8 of 0.01 percent of its payroll for that year or the solvency contribution that would
9 otherwise be payable by the employer under s. 108.18 (9) for that year.

10 (d) Assessments under this ~~paragraph~~ subsection shall be deposited in the
11 unemployment program integrity fund.

12 **SECTION 58.** 108.19 (1f) (c) of the statutes is amended to read:

13 108.19 (1f) (c) Notwithstanding par. (a), the department may, if it finds that the
14 full amount of the levy is not required to effect the purposes specified in ~~sub. (1s)~~ s.
15 108.20 (2) (b) for any year, prescribe a reduced levy for that year and in such case shall
16 publish in the notice under par. (b) the rate of the reduced levy.

17 **SECTION 59.** 108.19 (1m) of the statutes is renumbered 108.19 (1m) (a) and
18 amended to read:

19 108.19 (1m) (a) Each employer subject to this chapter as of the date a rate is
20 established under this subsection shall pay an assessment ~~to the unemployment~~
21 ~~interest payment fund~~ at a rate established by the department sufficient to pay
22 interest due on advances from the federal unemployment account under ~~Title XII of~~
23 ~~the federal social security act~~, 42 USC 1321 to 1324. The rate established by the
24 department for employers who finance benefits under s. 108.15 (2), 108.151 (2), or
25 108.152 (1) shall be 75 percent of the rate established for other employers. The

BILL**SECTION 59**

1 amount of any employer's assessment shall be the product of the rate established for
2 that employer multiplied by the employer's payroll of the previous calendar year as
3 taken from quarterly employment and wage reports filed by the employer under s.
4 108.205 (1) or, in the absence of the filing of such reports, estimates made by the
5 department.

6 (d) Each assessment made under this subsection is due within 30 days after the
7 date the department issues the assessment. ~~If the~~

8 (f) The department shall use amounts collected from employers under this
9 subsection ~~exceed the amounts needed to pay interest due on advances from the~~
10 federal unemployment account under 42 USC 1321 to 1324. If the amounts collected
11 exceed the amounts needed to pay that interest for a given year, the department shall
12 use any the excess to pay interest owed in subsequent years on advances from the
13 federal unemployment account. If the department determines that additional
14 interest obligations are unlikely, the department shall transfer the excess to the
15 fund's balancing account ~~of the fund,~~ the unemployment program integrity fund, or
16 both in amounts determined by the department.

17 **SECTION 60.** 108.19 (1m) (e) of the statutes is created to read:

18 108.19 **(1m)** (e) Assessments under this subsection shall be deposited in the
19 unemployment interest payment fund.

20 **SECTION 61.** 108.19 (1n) of the statutes is renumbered 108.19 (1m) (b) and
21 amended to read:

22 108.19 **(1m)** (b) The department shall publish as a class 1 notice under ch. 985
23 any rate established under ~~sub. (1m) par. (a)~~ within 10 days of after the date that the
24 rate is established.

BILL

1 **SECTION 62.** 108.19 (1p) of the statutes is renumbered 108.19 (1m) (c) and
2 amended to read:

3 108.19 **(1m)** (c) Notwithstanding ~~sub. (1m) par. (a)~~, an employer having a
4 payroll of \$25,000 or less for the preceding calendar year is exempt from any
5 assessment under ~~sub. (1m) this subsection~~.

6 **SECTION 63.** 108.19 (1q) of the statutes is renumbered 108.20 (3) and amended
7 to read:

8 108.20 **(3)** UNEMPLOYMENT INTEREST PAYMENT FUND. There is created a separate,
9 nonlapsible trust fund designated as the unemployment interest payment fund
10 consisting of all amounts collected under ~~sub. s. 108.19~~ (1m) (a) and all interest and
11 penalties on those amounts collected under s. 108.22.

12 **SECTION 64.** 108.19 (1s) of the statutes is renumbered 108.20 (2), and 108.20
13 (2) (a) 2. and 3., as renumbered, are amended to read:

14 108.20 **(2)** (a) 2. Assessments levied and deposited into the unemployment
15 program integrity fund under ~~sub. (1f) s. 108.19~~ (1f).

16 3. Amounts transferred under ~~sub. (1m) s. 108.19~~ (1m) (f).

17 **SECTION 65.** 108.19 (2) of the statutes is renumbered 108.19 (1) (b) and
18 amended to read:

19 108.19 **(1)** (b) If the department finds, at any time within a fiscal year for which
20 it has prescribed lower contribution rates to the administrative account than the
21 maximum rate permitted under ~~sub. (1) par. (a)~~, that such lower rates will not
22 adequately finance the administration of this chapter or are excessive for that
23 purpose, the department may by general rule prescribe a new schedule of rates in no
24 case exceeding the specified maximum to apply under this section subsection for the
25 balance of the fiscal year.

BILL**SECTION 66**

1 **SECTION 66.** 108.19 (2m) of the statutes is renumbered 108.19 (1) (c) and
2 amended to read:

3 108.19 (1) (c) Within the limit specified by ~~sub. (1)~~ under par. (a), the
4 department may by rule prescribe at any time as to any period any such rate or rates
5 or schedule as it deems necessary and proper ~~hereunder~~ under this subsection.
6 Unless thus prescribed, no such rate or rates or schedule shall apply under ~~sub. (1)~~
7 ~~or (2)~~ par. (a) or (b).

8 **SECTION 67.** 108.19 (4) of the statutes is renumbered 108.18 (1) (c) and
9 amended to read:

10 108.18 (1) (c) ~~If section 303 Notwithstanding par. (b), if 42 USC 503 (a) (5) of~~
11 ~~title III of the social security act and section 26 USC 3304 (a) (4) of the internal~~
12 ~~revenue code are amended to permit a state agency to use, in financing~~
13 ~~administrative expenditures incurred in carrying out its employment security~~
14 ~~functions, some any part of the moneys collected or to be collected under the state~~
15 ~~unemployment insurance law, an employer's contributions in partial or complete~~
16 ~~substitution for grants under title III 42 USC 501 to 506, then this chapter shall, by~~
17 ~~rule of the department, be modified in the manner and to the extent and within the~~
18 ~~limits necessary to permit such use by the department under this chapter; and the~~
19 ~~modifications shall become effective on the same date as such use becomes~~
20 ~~permissible under the federal amendments~~ the department may credit any portion
21 of that part of an employer's contributions to the appropriation under s. 20.445 (1)
22 (wd).

23 **SECTION 68.** 108.20 of the statutes is repealed and recreated to read:

24 **108.20 Segregated funds. (1) UNEMPLOYMENT ADMINISTRATION FUND.** There
25 is created a separate, nonlapsible trust fund designated as the unemployment

BILL

1 administration fund consisting of moneys credited to the appropriation accounts
2 under s. 20.445 (1) (wc), (wd), and (wh).

3 **(2) UNEMPLOYMENT PROGRAM INTEGRITY FUND.**

4 **SECTION 69.** 108.22 (1) (am) of the statutes is amended to read:

5 108.22 **(1)** (am) The interest, penalties, and tardy filing fees levied under pars.
6 (a), (ac), (ad), and (af) shall be paid to the department and credited to the
7 ~~administrative account~~ appropriation under s. 20.445 (1) (wd).

8 **SECTION 70.** 108.22 (1m) of the statutes is amended to read:

9 108.22 **(1m)** If any person owes any contributions, reimbursements or
10 assessments under s. 108.15, 108.151, 108.152, 108.155, or 108.19 ~~(1m)~~, benefit
11 overpayments, interest, fees, payments for forfeitures, other penalties, or any other
12 amount to the department under this chapter and fails to pay the amount owed, the
13 department has a perfected lien upon the right, title, and interest in all of the
14 person's real and personal property located in this state in the amount finally
15 determined to be owed, plus costs. Except where creation of a lien is barred or stayed
16 by bankruptcy or other insolvency law, the lien is effective upon the earlier of the date
17 on which the amount is first due or the date on which the department issues a
18 determination of the amount owed under this chapter and shall continue until the
19 amount owed, plus costs and interest to the date of payment, is paid, except as
20 provided in sub. (8) (d). If a lien is initially barred or stayed by bankruptcy or other
21 insolvency law, it shall become effective immediately upon expiration or removal of
22 such bar or stay. The perfected lien does not give the department priority over
23 lienholders, mortgagees, purchasers for value, judgment creditors, and pledges
24 whose interests have been recorded before the department's lien is recorded.

25 **SECTION 71. Fiscal changes.**



2025 ASSEMBLY BILL 50

February 18, 2025 - Introduced by JOINT COMMITTEE ON FINANCE, by request of Governor Tony Evers. Referred to Joint Committee on Finance.

- 1 **AN ACT; relating to:** state finances and appropriations, constituting the
2 executive budget act of the 2025 legislature.

Analysis by the Legislative Reference Bureau

INTRODUCTION

This bill is the executive budget bill under section 16.47 (1) of the statutes. It contains the governor's recommendations for appropriations for the 2025–27 fiscal biennium.

The bill sets the appropriation levels in chapter 20 of the statutes for the 2025–27 fiscal biennium. The descriptions that follow in this analysis relate to the most significant changes in the law that are proposed in the bill.

For additional information concerning the bill, see the Department of Administration's publication *Budget in Brief* and the executive budget books, the Legislative Fiscal Bureau's summary document, and the Legislative Reference Bureau's drafting files, which contain separate drafts on each policy item.

GUIDE TO THE BILL

The budget bill is organized like other bills. First, treatments of statutes appear in ascending numerical order of the statute affected. Next, any treatments of prior session laws appear ordered by the year of original enactment and then by act number (for instance, a treatment of 2021 Wisconsin Act 15 would precede a

ASSEMBLY BILL 50

treatment of 2023 Wisconsin Act 6). Next, any treatments of the Administrative Rules appear.

The remaining sections of the budget bill are organized by type of provision and, within each type, alphabetically by state agency. The first two digits of the four-digit section number indicate the type of provision:

91XX Nonstatutory provisions.

92XX Fiscal changes.

93XX Initial applicability.

94XX Effective dates.

The remaining two digits indicate the state agency or subject area to which the provision relates:

XX01 Administration.

XX02 Agriculture, Trade and Consumer Protection.

XX03 Arts Board.

XX04 Building Commission.

XX05 Child Abuse and Neglect Prevention Board.

XX06 Children and Families.

XX07 Circuit Courts.

XX08 Corrections.

XX09 Court of Appeals.

XX10 District Attorneys.

XX11 Educational Communications Board.

XX12 Elections Commission.

XX13 Employee Trust Funds.

XX14 Employment Relations Commission.

XX15 Ethics Commission.

XX16 Financial Institutions.

XX17 Governor.

XX18 Health and Educational Facilities Authority.

XX19 Health Services.

XX20 Higher Educational Aids Board.

XX21 Historical Society.

XX22 Housing and Economic Development Authority.

XX23 Insurance.

XX24 Investment Board.

XX25 Joint Committee on Finance.

XX26 Judicial Commission.

XX27 Justice.

XX28 Legislature.

XX29 Lieutenant Governor.

XX30 Local Government.

XX31 Military Affairs.

ASSEMBLY BILL 50

- XX32 Natural Resources.**
- XX33 Public Defender Board.**
- XX34 Public Instruction.**
- XX35 Public Lands, Board of Commissioners of.**
- XX36 Public Service Commission.**
- XX37 Revenue.**
- XX38 Safety and Professional Services.**
- XX39 Secretary of State.**
- XX40 State Fair Park Board.**
- XX41 Supreme Court.**
- XX42 Technical College System.**
- XX43 Tourism.**
- XX44 Transportation.**
- XX45 Treasurer.**
- XX46 University of Wisconsin Hospitals and Clinics Authority;
Medical College of Wisconsin.**
- XX47 University of Wisconsin System.**
- XX48 Veterans Affairs.**
- XX49 Wisconsin Economic Development Corporation.**
- XX50 Workforce Development.**
- XX51 Other.**

For example, for general nonstatutory provisions relating to the State Historical Society, see SECTION 9121. For any agency not assigned a two-digit identification number or any provision that does not relate to the functions of a particular agency, see number 51 (**Other**) within each type of provision. Separate section numbers and headings appear for each type of provision and for each state agency, even if there are no provisions included in that section number and heading.

Following is a list of the most commonly used abbreviations appearing in the analysis:

BCPL.....Board of Commissioners of Public Lands
 DATCP.....Department of Agriculture, Trade and Consumer Protection
 DCFDepartment of Children and Families
 DFI.....Department of Financial Institutions
 DHS.....Department of Health Services
 DMA.....Department of Military Affairs
 DNR.....Department of Natural Resources
 DOA.....Department of Administration
 DOC.....Department of Corrections
 DOJDepartment of Justice
 DOR.....Department of Revenue
 DOTDepartment of Transportation
 DPIDepartment of Public Instruction

ASSEMBLY BILL 50

DSPS.....Department of Safety and Professional Services
 DVA.....Department of Veterans Affairs
 DWD.....Department of Workforce Development
 ETF.....Department of Employee Trust Funds
 GPR.....General purpose revenue
 HEABHigher Educational Aids Board
 JCF.....Joint Committee on Finance
 OCI.....Office of the Commissioner of Insurance
 PSC.....Public Service Commission
 SPD.....State Public Defender
 SHS.....State Historical Society
 TCS.....Technical College System
 UW.....University of Wisconsin
 WEDC Wisconsin Economic Development Corporation
 WHEDA.....Wisconsin Housing and Economic Development Authority
 WHEFA..... Wisconsin Health and Educational Facilities Authority

AGRICULTURE
Grants for biodigester operator certification and regional planning

This bill requires DATCP to provide grants to individuals seeking biodigester operator certification. Biodigesters are used to break down organic material into gas, liquids, and solids.

The bill also requires DATCP to provide planning grants for establishing regional biodigesters in the state.

Dairy agriculture resilience investment now grant pilot program

The bill requires DATCP to create a dairy agriculture resilience investment now grant pilot program, under which DATCP must provide grants to dairy producers with fewer than 1,000 head of milking cows to undertake projects designed to improve the dairy producers' operational efficiency and resilience.

Transition to grass pilot program

The bill creates a transition to grass pilot program in DATCP to provide support and grants to farmers who are implementing livestock grass-based managed grazing systems and farmers and agribusinesses in the grass-fed livestock business. Under the bill, DATCP may award up to \$40,000 to each grantee and must disperse 75 percent of the award in the first year following DATCP's decision to grant the award and 12.5 percent of the award in each of the second and third years following DATCP's decision to grant the award.

Farmland preservation implementation grants

The bill authorizes DATCP to award grants to counties to implement a certified county farmland preservation plan.

ASSEMBLY BILL 50***Local employment regulations***

The bill eliminates the preemptions of local governments from enacting or enforcing ordinances related to the following:

1. Regulations related to wage claims and collections.
2. Regulation of employee hours and overtime, including scheduling of employee work hours or shifts.
3. The employment benefits an employer may be required to provide to its employees.
4. An employer's right to solicit information regarding the salary history of prospective employees.
5. Regulations related to minimum wage.
6. Occupational licensing requirements that are more stringent than a state requirement. See *Local Government*.

Certain state and local employment regulations

The bill eliminates the following:

1. The prohibition of the state and local governments from requiring any person to waive the person's rights under state or federal labor laws as a condition of any approval by the state or local government.
2. A provision under which neither the state nor a local government may enact a statute or ordinance, adopt a policy or regulation, or impose a contract, zoning, permitting, or licensing requirement, or any other condition, that would require any person to accept any provision that is a subject of collective bargaining under state labor laws or the federal National Labor Relations Act.

Worker classification notice and posting

Current law requires DWD to perform certain duties related to worker classification, including for purposes of promoting and achieving compliance by employers with state employment laws. The bill requires DWD to design and make available to employers a notice regarding worker classification laws, requirements for employers and employees, and penalties for noncompliance. Under the bill, all employers in this state must post the notice in a conspicuous place where notices to employees are customarily posted. Finally, the bill provides a penalty of not more than \$100 for an employer who does not post the notice as required.

WORKER'S COMPENSATION***Expansion of PTSD coverage for first responders***

The bill makes changes to the conditions of liability for worker's compensation benefits for emergency medical responders, emergency medical services practitioners, volunteer firefighters, correctional officers, emergency dispatchers, coroners and coroner staff members, and medical examiners and medical examiner staff members (collectively, "first responders"), who are diagnosed with post-traumatic stress disorder (PTSD).

Under current law, if a law enforcement officer or full-time firefighter is

ASSEMBLY BILL 50***Worker's compensation; substantial fault***

Currently, under the worker's compensation law, an employer is not liable for temporary disability benefits during an employee's healing period if the employee is suspended or terminated from employment due to misconduct by the employee connected with the employee's work. Current law defines "misconduct" by reference to the unemployment insurance (UI) law. The bill changes the definition of "misconduct" under the UI law, which change also applies for purposes of the worker's compensation law as described above.

Reimbursements for supplemental worker's compensation benefits

Under current law, worker's compensation insurers must pay supplemental benefits to certain employees who were permanently disabled by an injury that is compensable under worker's compensation.

DWD is authorized to collect up to \$5,000,000 from insurers that provide worker's compensation insurance to provide those supplemental benefits. This money must be used exclusively to provide reimbursements to insurers that pay those supplemental benefits and that request reimbursements. The bill creates a new, separate appropriation in the worker's compensation operations fund, to be used exclusively to provide these reimbursements. The bill does not increase revenue to DWD or collections from insurers.

UNEMPLOYMENT INSURANCE***Unemployment insurance; worker misclassification penalties***

Current law requires DWD to assess an administrative penalty against an employer engaged in construction projects or in the painting or drywall finishing of buildings or other structures who knowingly and intentionally provides false information to DWD for the purpose of misclassifying or attempting to misclassify an individual who is an employee of the employer as a nonemployee under the UI law. The penalty under current law is \$500 for each employee who is misclassified, not to exceed \$7,500 per incident. In addition, current law provides for criminal fines of up to \$25,000 for employers who, after having previously been assessed such an administrative penalty, commit another violation. Current law additionally requires DWD to assess an administrative penalty against such an employer who, through coercion, requires an employee to adopt the status of a nonemployee; the penalty amount is \$1,000 for each employee so coerced, but not to exceed \$10,000 per calendar year. Penalties are deposited into the unemployment program integrity fund.

The bill does the following: 1) removes the \$7,500 and \$10,000 limitations on the administrative penalties and provides that the penalties double for each act occurring after the date of the first determination of a violation; 2) removes the limitations on the types of employers to whom the prohibitions apply, making them applicable to any type of employer; and 3) specifies that DWD may make referrals for criminal prosecution for alleged criminal misclassification violations regardless

ASSEMBLY BILL 50

of whether an employer has been subject to any other penalty or assessment under the UI law.

Increasing maximum weekly benefits

Under current law, a person who qualifies for UI receives a weekly benefit rate equal to a percentage of that person's past earnings, but the weekly benefit rate is capped at \$370. The bill changes the maximum weekly benefit rate in the following ways:

1. For benefits paid for weeks of unemployment beginning on or after January 4, 2026, but before January 3, 2027, the maximum weekly benefit rate is capped at \$497.

2. For benefits paid for weeks of unemployment beginning on or after January 3, 2027, the maximum weekly benefit rate is increased based upon the change in the consumer price index and is then increased on the same basis annually thereafter.

Increasing benefit wage cap

Under current law, a person who qualifies for UI is ineligible to receive any UI benefits for a week if the person receives or will receive wages or certain other earnings totalling more than \$500 (wage cap). The bill changes the wage cap in the following ways:

1. For weeks of unemployment beginning on or after January 4, 2026, but before January 3, 2027, the wage cap is increased to \$672.

2. For weeks of unemployment beginning on or after January 3, 2027, the wage cap is increased based upon the change in the consumer price index and is then increased on the same basis annually thereafter.

Substantial fault

Under current law, a claimant for UI benefits whose work is terminated by his or her employer for substantial fault by the claimant connected with the claimant's work is ineligible to receive UI benefits until the claimant satisfies certain requalification criteria. With certain exceptions, current law defines "substantial fault" to include those acts or omissions of a claimant over which the claimant exercised reasonable control and that violate reasonable requirements of the claimant's employer. The bill eliminates this provision on substantial fault.

Misconduct

Under current law, a claimant for UI benefits whose work is terminated by his or her employer for misconduct by the claimant connected with the claimant's work is ineligible to receive UI benefits until the claimant satisfies certain requalification criteria, and the claimant's wages paid by the employer that terminates the claimant for misconduct are excluded for purposes of calculating benefit entitlement. Current law defines "misconduct" using a general, common law standard derived from *Boynton Cab Co. v. Neubeck*, 237 Wis. 249 (1941), and enumerates several specific types of conduct that also constitute misconduct. Under one of these specific provisions, misconduct includes 1) absenteeism on more

ASSEMBLY BILL 50

than two occasions within the 120-day period before the date of the claimant's termination, unless otherwise specified by his or her employer in an employment manual of which the claimant has acknowledged receipt with his or her signature, or 2) excessive tardiness by a claimant in violation of a policy of the employer that has been communicated to the claimant. In *Department of Workforce Development v. Labor and Industry Review Commission (Beres)*, 2018 WI 77, the supreme court held that an employer could, under the language described above, institute an attendance policy more restrictive than two occasions within the 120-day period.

Current law also provides that absenteeism or tardiness count as misconduct only if the claimant did not provide to his or her employer both notice and one or more valid reasons for the absenteeism or tardiness. In *Bevco Precision Manufacturing v. Labor and Industry Review Commission*, 2024 WI App. 54, the court of appeals held that under *Beres*, this qualifying language did not apply if an employer had adopted its own standard on absenteeism and tardiness, as described above.

The bill does all of the following:

1. Eliminates the language referencing “excessive tardiness.”
2. Reverses the holding in *Bevco* by providing that a claimant's notice and reason for an occasion of absenteeism or tardiness are to be analyzed under the common law misconduct standard. Under the bill, therefore, an employer may not establish its own policy for determining the reasonableness of absenteeism or tardiness. The bill does not, however, affect the general ability of an employer to institute a standard for absenteeism and tardiness more restrictive than two occasions within the 120-day period before termination.
3. Clarifies, in another provision defining misconduct, that “tribal government” has the meaning given under state and federal law for what is considered an Indian tribe.

Drug testing

Current state law requires DWD to establish a program to test certain claimants who apply for UI benefits for the presence of controlled substances in a manner that is consistent with federal law. A claimant who tests positive for a controlled substance for which the claimant does not have a prescription is ineligible for UI benefits until certain requalification criteria are satisfied or unless he or she enrolls in a substance abuse treatment program and undergoes a job skills assessment, and a claimant who declines to submit to a test is simply ineligible for benefits until he or she requalifies. The bill eliminates the requirement to establish the drug testing program.

Also under current law, an employer may voluntarily submit to DWD the results of a preemployment test for the presence of controlled substances that was conducted on an individual as a condition of an offer of employment or notify DWD that an individual declined to submit to such a test. If DWD then verifies that submission, the employee may be ineligible for UI benefits until he or she requalifies. However, a claimant who tested positive may maintain eligibility by

ASSEMBLY BILL 50

enrolling in a substance abuse treatment program and undergoing a job skills assessment. The bill eliminates these preemployment drug testing provisions.

Acceptance of suitable work

Under current law, if a claimant for UI benefits fails, without good cause, to accept suitable work when offered, the claimant is ineligible to receive benefits until he or she earns wages after the week in which the failure occurs equal to at least six times the claimant's weekly UI benefit rate in covered employment. Current law specifies what is considered "suitable work" for purposes of these provisions, with different standards applying depending on whether six weeks have elapsed since the claimant became unemployed. Once six weeks have elapsed since the claimant became unemployed, the claimant is required to accept work that pays lower and involves a lower grade of skill.

The bill modifies these provisions described above so that the claimant is not required to accept less favorable work until *10 weeks* have elapsed since the claimant became unemployed.

Quits due to nonsuitable work

Under current law, unless an exception applies, if a claimant for UI benefits quits his or her job, the claimant is generally ineligible to receive UI benefits until he or she qualifies through subsequent employment. Under one such exception, if a claimant quits his or her job and 1) the claimant accepted work that was not suitable work under the UI law or work that the claimant could have refused, and 2) the claimant terminated the work within 30 calendar days after starting the work, the claimant remains eligible to collect UI benefits. Under the bill, this exemption applies if the claimant terminated that work within *10 weeks* after starting the work.

Waiting period

Currently, a claimant must wait one week after becoming eligible to receive UI benefits before the claimant may receive benefits for a week of unemployment, except for periods during which the waiting period is suspended. The waiting period does not affect the maximum number of weeks of a claimant's benefit eligibility.

The bill deletes the one-week waiting period, thus permitting a claimant to receive UI benefits beginning with his or her first week of eligibility.

Work search and registration

Under current law, a claimant for UI benefits is generally required to register for work and to conduct a work search for each week in order to remain eligible. Current law requires DWD to waive these requirements under certain circumstances, for example, if a claimant who is laid off from work reasonably expects to be recalled to work within 12 weeks, will start a new job within four weeks, routinely obtains work through a labor union referral, or is participating in a training or work share program. Under current law, DWD may modify the

ASSEMBLY BILL 50

statutory waivers or establish additional waivers by rule only if doing so is required or specifically allowed by federal law.

The bill removes the waiver requirements from statute and instead allows DWD to establish waivers for the registration for work and work search requirements by rule. DWD may establish a waiver by emergency rule if the secretary of workforce development determines that the waiver is needed only on a temporary basis or that permanent rules are not warranted, and the bill allows the secretary to extend the emergency rule for up to 60 days at a time. Also, the bill specifies that the work search requirement does not apply to a claimant who has been laid off but DWD determines that the claimant has a reasonable expectation to be recalled to work.

Social security disability insurance payments

Under current law, in any week in any month that a claimant is issued a benefit under the federal Social Security Disability Insurance program (SSDI payment), that claimant is ineligible for UI benefits. The bill eliminates that prohibition and instead requires DWD to reduce a claimant's UI benefit payments by the amount of SSDI payments. The bill requires DWD to allocate a monthly SSDI payment by allocating to each week the fraction of the payment attributable to that week.

Quits due to relocations

Under current law, unless an exception applies, if an individual quits his or her job, the individual is generally ineligible to receive UI benefits until he or she qualifies through subsequent employment.

Under one such exception, if the employee's spouse is a member of the U.S. armed forces on active duty and is relocated, and the employee quits his or her job in order to relocate with his or her spouse, the employee remains eligible to collect UI benefits. The bill expands this exception so that it applies to an employee who quits employment in order to relocate with a spouse who is required by any employer, not just the U.S. armed forces, to relocate.

Electronic communications

Currently, with certain exceptions, each employer that has employees who are engaged in employment covered by the UI law must file quarterly contribution (tax) and employment and wage reports and make quarterly contribution payments to DWD. An employer of 25 or more employees or an employer agent that files reports on behalf of any employer must file its reports electronically. Current law also requires each employer that makes contributions for any 12-month period ending on June 30 equal to a total of at least \$10,000 to make all contribution payments electronically in the following year. Finally, current law allows DWD to provide a secure means of electronic interchange between itself and employing units, claimants, and other persons that, upon request to and with prior approval by DWD, may be used for transmission or receipt of any document specified by DWD

ASSEMBLY BILL 50

that is related to the administration of the UI law in lieu of any other means of submission or receipt.

The bill makes use of these electronic methods mandatory in all cases unless the employer or other person demonstrates good cause for being unable to use the electronic method. The bill specifies what constitutes good cause for purposes of these provisions. The bill also makes various corresponding changes to penalty provisions that apply in the case of nonuse of these required electronic methods. The bill further provides that DWD may permit the use of electronic records and electronic signatures for any document specified by DWD that is related to the administration of the UI law.

JOBS AND JOB TRAINING***Wisconsin Fast Forward grants***

Under current law, DWD awards grants under what is commonly known as the Wisconsin Fast Forward program, for various workforce training purposes. The bill adds grants for education and training in the use of artificial intelligence to the allowed uses of funds under the program and requires DWD to collaborate with DHS and DPI in administering the program. The bill also requires DWD to allocate moneys under the Wisconsin Fast Forward program as follows:

1. A total of \$2,000,000 in GPR funding in fiscal year 2025–26 for green jobs training.

2. A total of \$200,000 in GPR funding in each year of the 2025–27 fiscal biennium for grants to help school districts to prepare students for a future that includes artificial intelligence.

3. A total of \$1,000,000 in GPR funding in each year of the 2025–27 fiscal biennium to provide grants to support costs of sponsoring teacher apprentices.

4. A total of \$500,000 in GPR funding in each year of the 2025–27 fiscal biennium to support training in the health care industry.

Youth to registered apprentice grant program

The bill requires DWD to develop and administer a grant program to award grants to local youth apprenticeship consortia to encourage individuals who are enrolled in youth apprenticeship programs to continue their careers in registered apprenticeship programs. The bill limits grants to no more than \$350,000 in any fiscal year.

On-the-job learning grant program

The bill requires DWD to develop and administer a grant program to award grants to employers for costs related to apprenticeship programs, specifically wages for apprentices and costs for mentoring and instruction. Eligible employers are healthcare employers under a pilot program and small or new employers that have never had an apprenticeship program or have not had an apprenticeship program in the particular trade, craft, or business for which the employer seeks the grant in the five years before applying for the grant.

Workforce innovation grant program

The bill requires DWD to establish and operate a program to provide grants to

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	(md) Federal project aids	PR-F	C	543,600	543,600
2		(1) PROGRAM TOTALS			
3	GENERAL PURPOSE REVENUE			114,200	114,200
4	PROGRAM REVENUE			1,771,300	1,682,200
5	FEDERAL			(1,771,300)	(1,682,200)
6	OTHER			(-0-)	(-0-)
7	TOTAL-ALL SOURCES			1,885,500	1,796,400
8		20.438 DEPARTMENT TOTALS			
9	GENERAL PURPOSE REVENUE			114,200	114,200
10	PROGRAM REVENUE			1,771,300	1,682,200
11	FEDERAL			(1,771,300)	(1,682,200)
12	OTHER			(-0-)	(-0-)
13	TOTAL-ALL SOURCES			1,885,500	1,796,400
14	20.440 Health and Educational Facilities Authority				
15	(1) CONSTRUCTION OF HEALTH AND EDUCATIONAL FACILITIES				
16	(a) General program operations	GPR	C	-0-	-0-
17		(1) PROGRAM TOTALS			
18	GENERAL PURPOSE REVENUE			-0-	-0-
19	TOTAL-ALL SOURCES			-0-	-0-
20	(2) RURAL HOSPITAL LOAN GUARANTEE				
21	(a) Rural assistance loan fund	GPR	C	-0-	-0-
22		(2) PROGRAM TOTALS			
23	GENERAL PURPOSE REVENUE			-0-	-0-
24	TOTAL-ALL SOURCES			-0-	-0-
25		20.440 DEPARTMENT TOTALS			
26	GENERAL PURPOSE REVENUE			-0-	-0-
27	TOTAL-ALL SOURCES			-0-	-0-
28	20.445 Workforce Development, Department of				
29	(1) WORKFORCE DEVELOPMENT				
30	(a) General program operations	GPR	A	14,003,200	14,472,400
31	(aa) Special death benefit	GPR	S	525,000	525,000

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	(am) Unemployment insurance; general				
2	administration	GPR	C	-0-	-0-
3	(b) Workforce training; programs,				
4	grants, services, and contracts	GPR	C	8,750,000	6,750,000
5	(bg) Worker training and employment				
6	program	GPR	C	-0-	-0-
7	(bm) Workforce training;				
8	administration	GPR	B	3,775,600	3,775,600
9	(bt) Workforce development; grants for				
10	teacher training and recruitment	GPR	B	500,000	500,000
11	(bw) Workforce innovation grants	GPR	C	140,000,000	-0-
12	(bz) Career and technical education				
13	incentive grants	GPR	A	8,000,000	8,000,000
14	(c) Career and technical education				
15	completion awards	GPR	S	51,500	51,500
16	(cg) Technical education equipment				
17	grants	GPR	A	1,200,000	1,200,000
18	(cm) Wisconsin worker advancement				
19	program	GPR	C	15,000,000	5,000,000
20	(cr) State supplement to employment				
21	opportunity demonstration				
22	projects	GPR	A	200,600	200,600
23	(d) Reimbursement for tuition				
24	payments	GPR	A	802,000	926,000

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	(dg) Teacher development program				
2	grants	GPR	A	-0-	-0-
3	(dr) Apprenticeship programs	GPR	A	500,000	500,000
4	(e) Local youth apprenticeship grants	GPR	S	13,689,200	17,600,000
5	(em) Youth-to-registered				
6	apprenticeship grant program	GPR	C	250,000	250,000
7	(er) On-the-job learning grant				
8	program	GPR	C	2,250,000	1,500,000
9	(f) Death and disability benefit				
10	payments; public insurrections	GPR	S	-0-	-0-
11	(fg) Employment transit assistance				
12	grants	GPR	A	464,800	464,800
13	(fm) Youth summer jobs programs	GPR	A	422,400	422,400
14	(g) Gifts and grants	PR	C	-0-	-0-
15	(ga) Auxiliary services	PR	C	394,700	394,700
16	(gb) Local agreements	PR	C	267,100	267,100
17	(gc) Unemployment administration	PR	C	-0-	-0-
18	(gd) Unemployment interest and				
19	penalty payments	PR	C	1,803,100	1,803,100
20	(gg) Unemployment information				
21	technology systems; interest and				
22	penalties	PR	C	-0-	-0-
23	(gh) Unemployment information				
24	technology systems; assessments	PR	C	-0-	-0-

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	(gk) Permit system for employment of				
2	minors; fees	PR	A	164,500	164,500
3	(gm) Unemployment insurance				
4	handbook	PR	C	-0-	-0-
5	(gr) Agricultural education and				
6	workforce development council,				
7	gifts and grants	PR	C	-0-	-0-
8	(ka) Interagency and intra-agency				
9	agreements	PR-S	C	36,378,600	36,378,600
10	(kc) Administrative services	PR-S	A	41,082,700	41,082,700
11	(km) Nursing workforce survey and				
12	grants	PR-S	C	155,600	155,600
13	(m) Workforce investment and				
14	assistance; federal moneys	PR-F	C	65,271,100	62,195,200
15	(n) Employment assistance and				
16	unemployment insurance				
17	administration; federal moneys	PR-F	C	71,465,900	68,378,400
18	(na) Employment security buildings				
19	and equipment	PR-F	C	-0-	-0-
20	(nb) Unemployment administration;				
21	information technology systems	PR-F	C	-0-	-0-
22	(nd) Unemployment administration;				
23	apprenticeship and other				
24	employment services	PR-F	A	523,000	523,000

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	(ne) Unemployment insurance				
2	administration and bank service				
3	costs	PR-F	C	-0-	-0-
4	(o) Equal rights; federal moneys	PR-F	C	1,274,700	1,250,000
5	(p) Worker's compensation; federal				
6	moneys	PR-F	C	-0-	-0-
7	(pz) Indirect cost reimbursements	PR-F	C	25,300	25,300
8	(ra) Worker's compensation operations				
9	fund; administration	SEG	S	17,186,000	17,520,600
10	(rb) Worker's compensation operations				
11	fund; contracts	SEG	C	93,900	93,900
12	(rr) Worker's compensation operations				
13	fund; special assessment insurer				
14	reimbursements	SEG	A	5,000,000	5,000,000
15	(s) Self-insured employers liability				
16	fund	SEG	C	-0-	-0-
17	(sm) Uninsured employers fund;				
18	payments	SEG	S	5,500,000	5,500,000
19	(t) Work injury supplemental benefit				
20	fund	SEG	C	5,360,000	5,360,000
21	(u) Unemployment interest payments				
22	and transfers	SEG	C	-0-	-0-
23	(v) Unemployment program integrity	SEG	C	1,027,400	1,027,400
24		(1) PROGRAM TOTALS			
25	GENERAL PURPOSE REVENUE			210,384,300	62,138,300
26	PROGRAM REVENUE			218,806,300	212,618,200
27	FEDERAL			(138,560,000)	(132,371,900)
28	OTHER			(2,629,400)	(2,629,400)

ASSEMBLY BILL 50**SECTION 135**

	STATUTE, AGENCY AND PURPOSE	SOURCE	TYPE	2025-2026	2026-2027
1	SERVICE			(77,616,900)	(77,616,900)
2	SEGREGATED REVENUE			34,167,300	34,501,900
3	OTHER			(34,167,300)	(34,501,900)
4	TOTAL-ALL SOURCES			463,357,900	309,258,400
5	(5) VOCATIONAL REHABILITATION SERVICES				
6	(a) General program operations;				
7	purchased services for clients	GPR	C	29,060,400	33,189,900
8	(gg) Contractual services	PR	C	-0-	-0-
9	(gp) Contractual aids	PR	C	-0-	-0-
10	(h) Enterprises and services for blind				
11	and visually impaired	PR	C	149,100	149,100
12	(he) Supervised business enterprise	PR	C	125,000	125,000
13	(i) Gifts and grants	PR	C	1,000	1,000
14	(kg) Vocational rehabilitation services				
15	for tribes	PR-S	A	314,900	314,900
16	(kx) Interagency and intra-agency				
17	programs	PR-S	C	-0-	-0-
18	(ky) Interagency and intra-agency aids	PR-S	C	-0-	-0-
19	(kz) Interagency and intra-agency local				
20	assistance	PR-S	C	-0-	-0-
21	(m) Federal project operations	PR-F	C	50,000	50,000
22	(ma) Federal project aids	PR-F	C	5,730,200	1,661,000
23	(n) Federal program aids and				
24	operations	PR-F	C	92,431,700	117,982,100
25	(nL) Federal program local assistance	PR-F	C	-0-	-0-
26		(5) PROGRAM TOTALS			
27	GENERAL PURPOSE REVENUE			29,060,400	33,189,900
28	PROGRAM REVENUE			98,801,900	120,283,100

ASSEMBLY BILL 50**SECTION 306**

1 received under s. 49.854, except for moneys received under s. 49.854 (11) (b), all
2 moneys received under ss. 767.57 and 767.75 for child or family support,
3 maintenance, spousal support, health care expenses, or birth expenses, all other
4 moneys received under judgments or orders in actions affecting the family, as
5 defined in s. 767.001 (1), and all moneys received under s. 49.855 (4) from the
6 department of revenue or the department of administration that were withheld by
7 the department of revenue or the internal revenue service for delinquent child
8 support, family support, or maintenance or outstanding court-ordered amounts for
9 past support, medical expenses, or birth expenses, for disbursement to the persons
10 for whom the payments are awarded, and, if assigned under s. 48.57 (3m) (b) 2. or
11 (3n) (b) 2., ~~48.645 (3)~~, 49.145 (2) (s), 49.19 (4) (h) 1. b., or 49.775 (2) (bm), for transfer
12 to the appropriation account under par. (k). Estimated disbursements under this
13 paragraph shall not be included in the schedule under s. 20.005.

14 **SECTION 307.** 20.445 (1) (aL) of the statutes is repealed.

15 **SECTION 308.** 20.445 (1) (am) of the statutes is created to read:

16 20.445 (1) (am) *Unemployment insurance; general administration.* As a
17 continuing appropriation, the amounts in the schedule for administration of ch.
18 108.

19 **SECTION 309.** 20.445 (1) (b) of the statutes is amended to read:

20 20.445 (1) (b) *Workforce training; programs, grants, services, and contracts.*
21 ~~The~~ As a continuing appropriation, the amounts in the schedule for the workforce
22 training programs, grants, and services under s. 106.27 (1), (1g), (1j), (1r), and (1u)
23 and for the costs associated with contracts entered into under s. 47.07.

24 **SECTION 310.** 20.445 (1) (bw) of the statutes is created to read:

ASSEMBLY BILL 50**SECTION 1621**

1 \$1,000 for each violation. Each day of continued violation constitutes a separate
2 offense.

3 (7) NOTICE POSTED. An employer shall post, in one or more conspicuous places
4 where notices to employees are customarily posted, a notice in a form approved by
5 the department setting forth employees' rights under this section. An employer
6 that violates this subsection shall forfeit not more than \$100 for each violation.

7 **SECTION 1622.** 103.06 (1) (b) (intro.) of the statutes is amended to read:

8 103.06 (1) (b) (intro.) "Employee" means, for purposes of compliance with the
9 requirements specified in sub. (3) (a), any of the following who is employed by an
10 employer:

11 **SECTION 1623.** 103.06 (1) (c) (intro.) of the statutes is amended to read:

12 103.06 (1) (c) (intro.) "Employer" means, for purposes of compliance with the
13 requirements specified in sub. (3) (a), any of the following that is engaged in the
14 work described in s. 108.18 (2) (c):

15 **SECTION 1624.** 103.06 (2) of the statutes is renumbered 103.06 (10), and
16 103.06 (10) (intro.) and (a), as renumbered, are amended to read:

17 103.06 (10) WORKER CLASSIFICATION COMPLIANCE; DUTIES OF DEPARTMENT.
18 (intro.) ~~For purposes of promoting and achieving compliance by employers with the~~
19 ~~laws specified in sub. (3) (a) through the proper classification of persons performing~~
20 ~~services for an employer as employees and nonemployees, the~~ The department shall
21 do all of the following:

22 (a) Educate employers, employees, nonemployees, and the public about the
23 proper classification of persons performing services for an employer as employees

ASSEMBLY BILL 50**SECTION 1624**

1 and nonemployees. The department shall establish and maintain on the
2 department's website information regarding worker classification laws,
3 requirements for employers and employees, penalties for noncompliance, and
4 contact information at each state agency that administers worker classification
5 laws.

6 **SECTION 1625.** 103.06 (10) (f) of the statutes is created to read:

7 103.06 (10) (f) Design and make available to employers a notice regarding
8 worker classification laws, requirements for employers and employees, and
9 penalties for noncompliance. The department shall promulgate rules to implement
10 this paragraph.

11 **SECTION 1626.** 103.06 (11) of the statutes is created to read:

12 103.06 (11) NOTICE. All employers shall post, in one or more conspicuous
13 places where notices to employees are customarily posted, the notice designed by
14 the department under sub. (10) (f). Any employer who violates this subsection shall
15 forfeit not more than \$100 for each offense.

16 **SECTION 1627.** 103.08 of the statutes is created to read:

17 **103.08 Paid family and medical leave. (1) DEFINITIONS.** In this section:

18 (a) "Application year" means the 12-month period beginning on the first day
19 of the first calendar week for which leave benefits are claimed by an employee under
20 this section.

21 (b) "Average weekly earnings" means one-thirteenth of the wages paid to an
22 employee during the last completed calendar quarter prior to the employee's date of
23 eligibility for leave benefits under this section and includes all sick, holiday,

ASSEMBLY BILL 50**SECTION 1699**

1 because of sex, race, color, creed, sexual orientation, national origin, or ancestry or
2 because a person holds or does not hold a license under s. 343.03 (3r).

3 **SECTION 1700.** 106.52 (3) (a) 3. of the statutes is amended to read:

4 106.52 (3) (a) 3. Directly or indirectly publish, circulate, display or mail any
5 written communication which the communicator knows is to the effect that any of
6 the facilities of any public place of accommodation or amusement will be denied to
7 any person by reason of sex, race, color, creed, disability, sexual orientation,
8 national origin, or ancestry or because a person holds or does not hold a license
9 under s. 343.03 (3r) or that the patronage of a person is unwelcome, objectionable or
10 unacceptable for any of those reasons.

11 **SECTION 1701.** 106.52 (3) (a) 4. of the statutes is amended to read:

12 106.52 (3) (a) 4. Refuse to furnish or charge another a higher rate for any
13 automobile insurance because of race, color, creed, disability, national origin, or
14 ancestry or because a person holds or does not hold a license under s. 343.03 (3r).

15 **SECTION 1702.** 106.52 (3) (a) 5. of the statutes is amended to read:

16 106.52 (3) (a) 5. Refuse to rent, charge a higher price than the regular rate or
17 give preferential treatment, because of sex, race, color, creed, sexual orientation,
18 national origin, or ancestry or because a person holds or does not hold a license
19 under s. 343.03 (3r), regarding the use of any private facilities commonly rented to
20 the public.

21 **SECTION 1703.** 108.02 (18r) of the statutes is created to read:

22 108.02 (18r) MARIJUANA. "Marijuana" has the meaning given in s. 111.32
23 (11m).

ASSEMBLY BILL 50**SECTION 1704**

1 **SECTION 1704.** 108.02 (26m) of the statutes is repealed.

2 **SECTION 1705.** 108.022 of the statutes is created to read:

3 **108.022 Electronic payments and filings; good cause.** For purposes of
4 requirements to use electronic filing, payment, or interchange methods specified
5 under ss. 108.14 (2e), 108.17 (2b) and (7) (a), 108.185, and 108.205 (2), good cause
6 for not using such method includes all of the following, as determined by the
7 department:

8 (1) Having limited or no Internet access.

9 (2) Having digital literacy limitations.

10 (3) Having communication barriers, such as having a vision or other
11 disability that prevents the ease of using the electronic method or having limited or
12 no English proficiency.

13 (4) The presence of other circumstances that make use of the electronic
14 method unusually difficult for the person, as determined by the department.

15 **SECTION 1706.** 108.04 (2) (a) (intro.) of the statutes is amended to read:

16 108.04 (2) (a) (intro.) Except as provided in ~~pars. par. (b) to (bd)~~, sub. (16) (am)
17 and (b), and s. 108.062 (10) and (10m) and as otherwise expressly provided, a
18 claimant is eligible for benefits as to any given week only if all of the following apply:

19 **SECTION 1707.** 108.04 (2) (a) 3. of the statutes is repealed and recreated to
20 read:

21 108.04 (2) (a) 3. The claimant conducts a reasonable search for suitable work
22 during that week and provides verification of that search to the department. The
23 search for suitable work must include at least 4 actions per week that constitute a

ASSEMBLY BILL 50**SECTION 1707**

1 reasonable search as prescribed by rule of the department. In addition, the
2 department may, by rule, require a claimant to take more than 4 reasonable work
3 search actions in any week. The department shall require a uniform number of
4 reasonable work search actions for similar types of claimants. This subdivision
5 does not apply to a claimant if the department determines that the claimant is
6 currently laid off from employment with an employer but there is a reasonable
7 expectation of reemployment of the individual by that employer. In determining
8 whether the claimant has a reasonable expectation of reemployment by an
9 employer, the department shall request the employer to verify the claimant's
10 employment status and shall consider all of the following:

11 a. The history of layoffs and reemployments by the employer.

12 b. Any information that the employer furnished to the claimant or the
13 department concerning the claimant's anticipated reemployment date.

14 c. Whether the claimant has recall rights with the employer under the terms
15 of any applicable collective bargaining agreement.

16 **SECTION 1708.** 108.04 (2) (b) of the statutes is repealed and recreated to read:

17 108.04 (2) (b) 1. The department may, by rule, establish waivers from the
18 registration for work requirement under par. (a) 2. and the work search
19 requirement under par. (a) 3.

20 2. a. The department may promulgate rules under subd. 1. as emergency
21 rules, using the procedure under s. 227.24, if the secretary of workforce
22 development determines that the waiver is needed only on a temporary basis or that
23 permanent rules are not warranted. Notwithstanding s. 227.24 (1) (a) and (3), the

ASSEMBLY BILL 50**SECTION 1708**

1 department is not required to provide evidence that promulgating a rule under this
2 subd. 2. a. as an emergency rule is necessary for the preservation of the public
3 peace, health, safety, or welfare and is not required to provide a finding of
4 emergency for a rule promulgated under this subd. 2. a. Except as provided under
5 subd. 2. b., a rule promulgated under this subd. 2. a. remains in effect only for 150
6 days.

7 b. Notwithstanding s. 227.24 (2), the secretary of workforce development may
8 extend the effective period of an emergency rule promulgated under subd. 2. a. for a
9 period specified by the secretary not to exceed 60 days. Any number of extensions
10 may be granted under this subd. 2. b. Whenever the secretary extends an
11 emergency rule under this subd. 2. b., it shall file a statement of its action with the
12 legislative reference bureau. The statement shall identify the specific emergency
13 rule to which it relates.

14 **SECTION 1709.** 108.04 (2) (bb) of the statutes is repealed.

15 **SECTION 1710.** 108.04 (2) (bd) of the statutes is repealed.

16 **SECTION 1711.** 108.04 (2) (bm) of the statutes is amended to read:

17 108.04 (2) (bm) A claimant is ineligible to receive benefits for any week for
18 which there is a determination that the claimant failed to comply with the
19 registration for work and work search requirements under par. (a) 2. or 3. or failed
20 to provide verification to the department that the claimant complied with those
21 requirements, unless the department has waived those requirements under par.
22 (b), ~~(bb)~~, or ~~(bd)~~ or s. 108.062 (10m). If the department has paid benefits to a
23 claimant for any such week, the department may recover the overpayment under s.
24 108.22.

ASSEMBLY BILL 50**SECTION 1712**

1 **SECTION 1712.** 108.04 (2) (h) of the statutes is amended to read:

2 108.04 (2) (h) A claimant shall, when the claimant first files a claim for
3 benefits under this chapter and during each subsequent week the claimant files for
4 benefits under this chapter, inform the department whether he or she is receiving
5 social security disability insurance payments, as defined in ~~sub. (12) (f) 2m s.~~
6 108.05 (7m) (b). If the claimant is receiving social security disability insurance
7 payments, the claimant shall, in the manner prescribed by the department, report
8 to the department the amount of the social security disability insurance payments.

9 **SECTION 1713.** 108.04 (3) of the statutes is repealed.

10 **SECTION 1714.** 108.04 (5) (intro.) of the statutes is renumbered 108.04 (5)
11 (cm) and amended to read:

12 108.04 (5) (cm) An employee whose work is terminated by an employing unit
13 for misconduct by the employee connected with the employee's work is ineligible to
14 receive benefits until 7 weeks have elapsed since the end of the week in which the
15 discharge occurs and the employee earns wages after the week in which the
16 discharge occurs equal to at least 14 times the employee's weekly benefit rate under
17 s. 108.05 (1) in employment or other work covered by the unemployment insurance
18 law of any state or the federal government. For purposes of requalification, the
19 employee's weekly benefit rate shall be the rate that would have been paid had the
20 discharge not occurred. The wages paid to an employee by an employer which
21 terminates employment of the employee for misconduct connected with the
22 employee's employment shall be excluded from the employee's base period wages
23 under s. 108.06 (1) for purposes of benefit entitlement. This ~~subsection~~ paragraph
24 does not preclude an employee who has employment with an employer other than

ASSEMBLY BILL 50**SECTION 1714**

1 the employer which terminated the employee for misconduct from establishing a
2 benefit year using the base period wages excluded under this ~~subsection~~ paragraph
3 if the employee qualifies to establish a benefit year under s. 108.06 (2) (a). The
4 department shall charge to the fund's balancing account any benefits otherwise
5 chargeable to the account of an employer that is subject to the contribution
6 requirements under ss. 108.17 and 108.18 from which base period wages are
7 excluded under this ~~subsection~~ paragraph.

8 (am) For purposes of this subsection, "misconduct" means one or more actions
9 or conduct evincing such willful or wanton disregard of an employer's interests as is
10 found in deliberate violations or disregard of standards of behavior which an
11 employer has a right to expect of his or her employees, or in carelessness or
12 negligence of such degree or recurrence as to manifest culpability, wrongful intent,
13 or evil design of equal severity to such disregard, or to show an intentional and
14 substantial disregard of an employer's interests, or of an employee's duties and
15 obligations to his or her employer.

16 (bm) In addition to the conduct described in par. (am), "misconduct" includes
17 all of the following:

18 **SECTION 1715.** 108.04 (5) (a) to (g) of the statutes are renumbered 108.04 (5)
19 (bm) 1. to 7., and 108.04 (5) (bm) 5. and 7., as renumbered, are amended to read:

20 108.04 (5) (bm) 5. Absenteeism by an employee on more than 2 occasions
21 within the 120-day period before the date of the employee's termination, unless
22 otherwise specified by his or her employer in an employment manual of which the
23 employee has acknowledged receipt with his or her signature, ~~or excessive tardiness~~
24 ~~by an employee in violation of a policy of the employer that has been communicated~~

ASSEMBLY BILL 50**SECTION 1715**

1 ~~to the employee~~, if the employee does not provide to his or her employer both notice
2 and one or more valid reasons for the absenteeism ~~or tardiness~~. For purposes of this
3 subdivision, an employee's notice and reason for an occasion of absenteeism or
4 tardiness shall be analyzed under the standard specified in par. (am).

5 7. Unless directed by the employer, a willful and deliberate violation of a
6 written and uniformly applied standard or regulation of the federal government or
7 a state or Indian tribal government by an employee of an employer that is licensed
8 or certified by a governmental agency, which standard or regulation has been
9 communicated by the employer to the employee and which violation would cause the
10 employer to be sanctioned or to have its license or certification suspended by the
11 agency.

12 **SECTION 1716.** 108.04 (5g) of the statutes is repealed.

13 **SECTION 1717.** 108.04 (5m) of the statutes is created to read:

14 108.04 **(5m)** DISCHARGE FOR USE OF MARIJUANA. (a) Notwithstanding sub.
15 (5), "misconduct," for purposes of sub. (5), does not include the employee's use of
16 marijuana off the employer's premises during nonworking hours or a violation of
17 the employer's policy concerning such use, unless termination of the employee
18 because of that use is permitted under s. 111.35.

19 (b) Notwithstanding sub. (5g), "substantial fault," for purposes of sub. (5g),
20 does not include the employee's use of marijuana off the employer's premises during
21 nonworking hours or a violation of the employer's policy concerning such use, unless
22 termination of the employee because of that use is permitted under s. 111.35.

23 **SECTION 1718.** 108.04 (7) (e) of the statutes is amended to read:

24 108.04 **(7)** (e) Paragraph (a) does not apply if the department determines that

ASSEMBLY BILL 50**SECTION 1718**

1 the employee accepted work that the employee could have failed to accept under sub.
2 (8) and terminated the work on the same grounds and within the first ~~30 calendar~~
3 ~~days~~ 10 weeks after starting the work, or that the employee accepted work that the
4 employee could have refused under sub. (9) and terminated the work within the
5 first ~~30 calendar days~~ 10 weeks after starting the work. For purposes of this
6 paragraph, an employee has the same grounds for voluntarily terminating work if
7 the employee could have failed to accept the work under sub. (8) (d) to (em) when it
8 was offered, regardless of the reason articulated by the employee for the
9 termination.

10 **SECTION 1719.** 108.04 (7) (t) 1. of the statutes is repealed.

11 **SECTION 1720.** 108.04 (7) (t) 2. of the statutes is amended to read:

12 108.04 (7) (t) 2. The employee's spouse was required by ~~the U.S. armed forces~~
13 his or her employing unit to relocate to a place to which it is impractical for the
14 employee to commute.

15 **SECTION 1721.** 108.04 (8) (a) of the statutes is amended to read:

16 108.04 (8) (a) ~~Except as provided in par. (b), if~~ If an employee fails, without
17 good cause, to accept suitable work when offered, the employee is ineligible to
18 receive benefits until the employee earns wages after the week in which the failure
19 occurs equal to at least 6 times the employee's weekly benefit rate under s. 108.05
20 (1) in employment or other work covered by the unemployment insurance law of any
21 state or the federal government. For purposes of requalification, the employee's
22 weekly benefit rate shall be that rate which would have been paid had the failure
23 not occurred. This paragraph does not preclude an employee from establishing a

ASSEMBLY BILL 50**SECTION 1721**

1 benefit year during a period in which the employee is ineligible to receive benefits
2 under this paragraph if the employee qualifies to establish a benefit year under s.
3 108.06 (2) (a). ~~Except as provided in par. (b), the~~ The department shall charge to
4 the fund's balancing account any benefits otherwise chargeable to the account of an
5 employer that is subject to the contribution requirements under ss. 108.17 and
6 108.18 whenever an employee of that employer fails, without good cause, to accept
7 suitable work offered by that employer.

8 **SECTION 1722.** 108.04 (8) (b) of the statutes is repealed.

9 **SECTION 1723.** 108.04 (8) (d) (intro.) of the statutes is amended to read:

10 108.04 (8) (d) (intro.) With respect to the first ~~6~~ 10 weeks after the employee
11 became unemployed, "suitable work," for purposes of par. (a), means work to which
12 all of the following apply:

13 **SECTION 1724.** 108.04 (8) (dm) of the statutes is amended to read:

14 108.04 (8) (dm) With respect to the ~~7th~~ 11th week after the employee became
15 unemployed and any week thereafter, "suitable work," for purposes of par. (a),
16 means any work that the employee is capable of performing, regardless of whether
17 the employee has any relevant experience or training, that pays wages that are
18 above the lowest quartile of wages for similar work in the labor market area in
19 which the work is located, as determined by the department.

20 **SECTION 1725.** 108.04 (11) (bm) of the statutes is amended to read:

21 108.04 (11) (bm) The department shall apply any ineligibility under par. (be)
22 against benefits and weeks of eligibility for which the claimant would otherwise be
23 eligible after the week of concealment and within 6 years after the date of an initial

ASSEMBLY BILL 50**SECTION 1725**

1 determination issued under s. 108.09 finding that a concealment occurred. The
2 ~~claimant shall not receive waiting period credit under sub. (3) for the period of~~
3 ~~ineligibility applied under par. (be).~~ If no benefit rate applies to the week for which
4 the claim is made, the department shall use the claimant's benefit rate for the
5 claimant's next benefit year beginning after the week of concealment to determine
6 the amount of the benefit reduction.

7 **SECTION 1726.** 108.04 (12) (f) 1m. and 2m. of the statutes are renumbered
8 108.05 (7m) (a) and (b) and amended to read:

9 108.05 (**7m**) (a) The intent of the legislature in enacting this ~~paragraph~~
10 subsection is to prevent the payment of duplicative government benefits for the
11 replacement of lost earnings or income, regardless of an individual's ability to work.

12 (b) In this ~~paragraph~~ subsection, "social security disability insurance
13 payment" means a payment of social security disability insurance benefits under 42
14 USC ch. 7 subch. II.

15 **SECTION 1727.** 108.04 (12) (f) 3. of the statutes is repealed.

16 **SECTION 1728.** 108.04 (12) (f) 4. of the statutes is renumbered 108.05 (7m) (e).

17 **SECTION 1729.** 108.05 (1) (cm) of the statutes is created to read:

18 108.05 (**1**) (cm) For purposes of par. (r), the department shall set the
19 maximum weekly benefit amount as follows:

20 1. For benefits paid for a week of total unemployment that commences on or
21 after January 5, 2014, but before January 4, 2026, \$370.

22 2. For benefits paid for a week of total unemployment that commences on or
23 after January 4, 2026, but before January 3, 2027, \$497.

ASSEMBLY BILL 50**SECTION 1729**

1 3. For benefits paid for a week of total unemployment that commences on or
2 after January 3, 2027, the department shall set the maximum weekly benefit
3 amount as provided under sub. (2).

4 **SECTION 1730.** 108.05 (1) (r) of the statutes is renumbered 108.05 (1) (r)
5 (intro.) and amended to read:

6 108.05 (1) (r) (intro.) Except as provided in s. 108.062 (6) (a), each eligible
7 employee shall be paid benefits for each week of total unemployment ~~that~~
8 ~~commences on or after January 5, 2014, at the a~~ weekly benefit rate ~~specified in this~~
9 ~~paragraph. Unless sub. (1m) applies, the weekly benefit rate shall equal to~~ 4
10 percent of the employee's base period wages that were paid during that quarter of
11 the employee's base period in which the employee was paid the highest total wages,
12 rounded down to the nearest whole dollar, ~~except that, if that amount~~ as provided
13 under sub. (1m) and except as follows:

14 1. If the employee's weekly benefit rate calculated under this paragraph is
15 less than \$54, no benefits are payable to the employee and, if that amount.

16 2. If the employee's weekly benefit rate is more than \$370 the maximum
17 weekly benefit amount specified in par. (cm), the employee's weekly benefit rate
18 shall be \$370 and except that, if the maximum weekly benefit amount specified in
19 par. (cm).

20 3. If the employee's benefits are exhausted during any week under s. 108.06
21 (1), the employee shall be paid the remaining amount of benefits payable to the
22 employee under s. 108.06 (1).

23 (s) The department shall publish on its Internet site a weekly benefit rate

ASSEMBLY BILL 50**SECTION 1730**

1 schedule of quarterly wages and the corresponding weekly benefit rates as
2 calculated in accordance with this ~~paragraph~~ subsection.

3 **SECTION 1731.** 108.05 (2) of the statutes is created to read:

4 108.05 (2) INDEXING. (a) For benefits paid or payable for a week that
5 commences on or after January 3, 2027, the department shall set the maximum
6 weekly benefit amount under sub. (1) (cm) 3. and the wage limitation under sub. (3)
7 (dm) 2. c. by doing the following:

8 1. Except as provided in subd. 2., calculating the percentage difference
9 between the consumer price index for the 12-month period ending on July 31 of the
10 prior year and the consumer price index for the 12-month period ending on July 31
11 of the year before the prior year, adjusting the prior year's amount or limitation by
12 that percentage difference, and rounding that result to the nearest whole dollar.

13 2. If the consumer price index for the 12-month period ending on July 31 of
14 the prior year has not increased over the consumer price index for the 12-month
15 period ending on July 31 of the year before the prior year, setting the amount or
16 limitation at the same amount or limitation that was in effect in the previous year.

17 (b) An adjustment under this subsection of the maximum weekly benefit
18 amount under sub. (1) (cm) 3. and the wage limitation under sub. (3) (dm) 2. c. shall
19 take effect on the 1st Sunday in January of each calendar year.

20 **SECTION 1732.** 108.05 (3) (dm) of the statutes is renumbered 108.05 (3) (dm)

21 1. and amended to read:

22 108.05 (3) (dm) 1. Except when otherwise authorized in an approved work-
23 share program under s. 108.062, a claimant is ineligible to receive any benefits for a

ASSEMBLY BILL 50**SECTION 1732**

1 week if the claimant receives or will receive from one or more employers wages
2 earned for work performed in that week, amounts treated as wages under s. 108.04
3 (1) (bm) for that week, sick pay, holiday pay, vacation pay, termination pay, bonus
4 pay, back pay, or payments treated as wages under s. 108.04 (12) (e), or any
5 combination thereof, totalling more than ~~\$500~~ the amount specified in subd. 2.

6 **SECTION 1733.** 108.05 (3) (dm) 2. of the statutes is created to read:

7 108.05 (3) (dm) 2. The department shall set the wage limitation under subd.

8 1. as follows:

9 a. For a week of unemployment that commences before January 4, 2026, \$500.

10 b. For a week of unemployment that commences on or after January 4, 2026,
11 but before January 3, 2027, \$672.

12 c. For a week of unemployment that commences on or after January 3, 2027,
13 the department shall set the wage limitation as provided under sub. (2).

14 **SECTION 1734.** 108.05 (7m) (title), (c) and (d) of the statutes are created to
15 read:

16 108.05 (7m) (title) SOCIAL SECURITY DISABILITY INSURANCE PAYMENTS.

17 (c) If a monthly social security disability insurance payment is issued to a
18 claimant, the department shall reduce benefits otherwise payable to the claimant
19 for a given week in accordance with par. (d). This subsection does not apply to a
20 lump sum social security disability insurance payment in the nature of a retroactive
21 payment or back pay.

22 (d) The department shall allocate a monthly social security disability
23 insurance payment by allocating to each week the fraction of the payment
24 attributable to that week.

ASSEMBLY BILL 50**SECTION 1735**

1 **SECTION 1735.** 108.05 (9) of the statutes is amended to read:

2 108.05 **(9)** ROUNDING OF BENEFIT AMOUNTS. Notwithstanding sub. (1),
3 benefits payable for a week of unemployment as a result of applying sub. (1m), (3)
4 ~~or~~, (7), or (7m) or s. 108.04 (11) or (12), 108.06 (1), 108.13 (4) or (5) or 108.135 shall
5 be rounded down to the next lowest dollar.

6 **SECTION 1736.** 108.05 (10) (intro.) of the statutes is amended to read:

7 108.05 **(10)** DEDUCTIONS FROM BENEFIT PAYMENTS. (intro.) After calculating
8 the benefit payment due to be paid for a week under subs. (1) to ~~(7)~~ (7m), the
9 department shall make deductions from that payment to the extent that the
10 payment is sufficient to make the following payments in the following order:

11 **SECTION 1737.** 108.133 of the statutes, as affected by 2025 Wisconsin Act
12 (this act), is repealed.

13 **SECTION 1738.** 108.133 (1) (ar) of the statutes is renumbered 108.133 (1) (ar)
14 1. and amended to read:

15 108.133 **(1)** (ar) 1. Notwithstanding s. 108.02 (9), “controlled substance” has
16 the meaning given in 21 USC 802, except as provided in subd. 2.

17 **SECTION 1739.** 108.133 (1) (ar) 2. of the statutes is created to read:

18 108.133 **(1)** (ar) 2. “Controlled substance” does not include
19 tetrahydrocannabinols, commonly known as “THC,” in any form including
20 tetrahydrocannabinols contained in marijuana, obtained from marijuana, or
21 chemically synthesized.

22 **SECTION 1740.** 108.14 (2e) of the statutes is amended to read:

23 108.14 **(2e)** The department ~~may~~ shall provide a secure means of electronic
24 interchange between itself and employing units, claimants, and other persons that,

ASSEMBLY BILL 50**SECTION 1740**

1 ~~upon request to and with prior approval by the department, may~~ shall be used for
2 departmental transmission or receipt of any document specified by the department
3 that is related to the administration of this chapter and related federal programs in
4 lieu of any other means of submission or receipt specified in this chapter. The
5 secure means of electronic interchange shall be used by employing units, claimants,
6 and other persons unless the person demonstrates good cause, as specified in s.
7 108.022, for being unable to use the secure means of electronic interchange. Subject
8 to s. 137.25 (2) and any rules promulgated thereunder, the department may permit
9 the use of electronic records and electronic signatures for any document specified by
10 the department that is related to the administration of this chapter. If a due date is
11 established by statute for the receipt of any document that is submitted
12 electronically to the department under this subsection, then that submission is
13 timely only if the document is submitted by midnight of the statutory due date.

14 **SECTION 1741.** 108.14 (8n) (e) of the statutes is amended to read:

15 108.14 (8n) (e) The department shall charge this state's share of any benefits
16 paid under this subsection to the account of each employer by which the employee
17 claiming benefits was employed in the applicable base period, in proportion to the
18 total amount of wages he or she earned from each employer in the base period,
19 except that if s. 108.04 (1) (f), (5), (5g), (7) (a), (c), (cg), (e), (L), (q), (s), or (t), (7m), or
20 (8) (a) ~~to~~ and (c); or 108.07 (3), (3r), or (5) (am) 2., ~~or 108.133 (3) (f)~~ would have
21 applied to employment by such an employer who is subject to the contribution
22 requirements of ss. 108.17 and 108.18, the department shall charge the share of
23 benefits based on employment with that employer to the fund's balancing account,
24 or, if s. 108.04 (1) (f), (5), or (5g) or 108.07 (3) would have applied to an employer that

ASSEMBLY BILL 50**SECTION 1741**

1 is not subject to the contribution requirements of ss. 108.17 and 108.18, the
2 department shall charge the share of benefits based on that employment in
3 accordance with s. 108.07 (5) (am) 1. and 2. The department shall also charge the
4 fund's balancing account with any other state's share of such benefits pending
5 reimbursement by that state.

6 **SECTION 1742.** 108.14 (8n) (e) of the statutes, as affected by 2025 Wisconsin
7 Act (this act), is amended to read:

8 108.14 **(8n)** (e) The department shall charge this state's share of any benefits
9 paid under this subsection to the account of each employer by which the employee
10 claiming benefits was employed in the applicable base period, in proportion to the
11 total amount of wages he or she earned from each employer in the base period,
12 except that if s. 108.04 (1) (f), (5), ~~(5g)~~, (7) (a), (c), (cg), (e), (L), (q), (s), or (t), (7m), or
13 (8) (a) and (c) or 108.07 (3), (3r), or (5) (am) 2. would have applied to employment by
14 such an employer who is subject to the contribution requirements of ss. 108.17 and
15 108.18, the department shall charge the share of benefits based on employment
16 with that employer to the fund's balancing account, or, if s. 108.04 (1) (f); or (5), ~~or~~
17 ~~(5g)~~ or 108.07 (3) would have applied to an employer that is not subject to the
18 contribution requirements of ss. 108.17 and 108.18, the department shall charge
19 the share of benefits based on that employment in accordance with s. 108.07 (5)
20 (am) 1. and 2. The department shall also charge the fund's balancing account with
21 any other state's share of such benefits pending reimbursement by that state.

22 **SECTION 1743.** 108.141 (7) (a) of the statutes is amended to read:

23 108.141 **(7)** (a) The department shall charge the state's share of each week of
24 extended benefits to each employer's account in proportion to the employer's share

ASSEMBLY BILL 50**SECTION 1743**

1 of the total wages of the employee receiving the benefits in the employee's base
2 period, except that if the employer is subject to the contribution requirements of ss.
3 108.17 and 108.18 the department shall charge the share of extended benefits to
4 which s. 108.04 (1) (f), (5), (5g), (7) (a), (c), (cg), (e), (L), (q), (s), or (t), (7m), or (8) (a)
5 ~~to~~ and (c); or 108.07 (3), (3r), or (5) (am) 2., ~~or 108.133 (3) (f)~~ applies to the fund's
6 balancing account.

7 **SECTION 1744.** 108.141 (7) (a) of the statutes, as affected by 2025 Wisconsin
8 Act (this act), is amended to read:

9 108.141 (7) (a) The department shall charge the state's share of each week of
10 extended benefits to each employer's account in proportion to the employer's share
11 of the total wages of the employee receiving the benefits in the employee's base
12 period, except that if the employer is subject to the contribution requirements of ss.
13 108.17 and 108.18 the department shall charge the share of extended benefits to
14 which s. 108.04 (1) (f), (5), (~~5g~~), (7) (a), (c), (cg), (e), (L), (q), (s), or (t), (7m), or (8) (a)
15 and (c) or 108.07 (3), (3r), or (5) (am) 2. applies to the fund's balancing account.

16 **SECTION 1745.** 108.16 (6m) (a) of the statutes is amended to read:

17 108.16 (6m) (a) The benefits thus chargeable under sub. (7) (a) or (b) or s.
18 108.04 (1) (f), (5), (5g), (7) (u), (7m), (8) (a) ~~to~~ and (c), (13) (c) or (d) or (16) (e), 108.07
19 (3), (3r), (5) (am) 2. and (bm) 3. a., (5m), and (6), ~~108.133 (3) (f)~~, 108.14 (8n) (e),
20 108.141, 108.15, 108.151, or 108.152.

21 **SECTION 1746.** 108.16 (6m) (a) of the statutes, as affected by 2025 Wisconsin
22 Act (this act), is amended to read:

23 108.16 (6m) (a) The benefits thus chargeable under sub. (7) (a) or (b) or s.
24 108.04 (1) (f), (5), (~~5g~~), (7) (u), (7m), (8) (a) and (c), (13) (c) or (d) or (16) (e), 108.07 (3),

ASSEMBLY BILL 50**SECTION 1746**

1 (3r), (5) (am) 2. and (bm) 3. a., (5m), and (6), 108.14 (8n) (e), 108.141, 108.15,
2 108.151, or 108.152.

3 **SECTION 1747.** 108.17 (2) of the statutes is amended to read:

4 108.17 (2) (a) Except as provided in par. (b) and subject to sub. (2b) and s.
5 108.185, every employer that is subject to a contribution requirement shall file
6 quarterly reports of contributions required under this chapter with the
7 department, and pay contributions to the department, in such manner as the
8 department prescribes. Each contribution report and payment is due at the close of
9 the month next following the end of the applicable calendar quarter, except as
10 authorized in sub. (2c) or as the department may assign a later due date pursuant
11 to sub. (1m) or general department rules.

12 (b) The department may electronically provide a means whereby an employer
13 that files its employment and wage reports electronically may determine the
14 amount of contributions due for payment by the employer under s. 108.18 for each
15 quarter. If an employer that is subject to a contribution requirement files its
16 employment and wage reports under s. 108.205 (1) electronically, in the manner
17 prescribed by the department ~~for purposes of this paragraph~~ under s. 108.205 (2),
18 the department may require the employer to determine electronically the amount of
19 contributions due for payment by the employer under s. 108.18 for each quarter. In
20 such case, the employer is excused from filing contribution reports under par. (a).
21 The employer shall pay the amount due for each quarter by the due date specified in
22 par. (a).

23 **SECTION 1748.** 108.17 (2b) of the statutes is amended to read:

ASSEMBLY BILL 50**SECTION 1748**

1 108.17 **(2b)** The department shall prescribe a form and methodology for filing
2 contribution reports under sub. (2) electronically. Each employer ~~of 25 or more~~
3 ~~employees, as determined under s. 108.22 (1) (ac), that does not use an~~ and
4 ~~employer agent to file its contribution reports under this section~~ shall file its
5 contribution reports electronically in the manner and form prescribed by the
6 department. ~~Each employer that becomes subject to an electronic reporting~~
7 ~~requirement under this subsection shall file its initial report under this subsection~~
8 ~~for the quarter during which the employer becomes subject to the reporting~~
9 ~~requirement. Once an employer becomes subject to a reporting requirement under~~
10 ~~this subsection, it shall continue to file its reports under this subsection unless that~~
11 ~~requirement is waived by the department~~ unless the employer demonstrates good
12 cause, as specified in s. 108.022, for being unable to file contribution reports
13 electronically.

14 **SECTION 1749.** 108.17 (2g) of the statutes is repealed.

15 **SECTION 1750.** 108.17 (7) of the statutes is repealed.

16 **SECTION 1751.** 108.185 of the statutes is created to read:

17 **108.185 Payment of contributions and reimbursements; good cause.**

18 Each employer, employer agent, person liable under s. 108.22 (9), and private
19 agency liable under s. 108.22 (10) shall pay all contributions, reimbursements,
20 interest, penalties, assessments, and other amounts due under this chapter by
21 means of electronic funds transfer or another electronic method as approved by the
22 department unless the employer, employer agent, person, or private agency

ASSEMBLY BILL 50**SECTION 1751**

1 demonstrates good cause, as specified in s. 108.022, for being unable to pay such
2 amounts electronically.

3 **SECTION 1752.** 108.19 (1s) (a) 5. of the statutes is repealed.

4 **SECTION 1753.** 108.205 (1m) of the statutes is repealed.

5 **SECTION 1754.** 108.205 (2) of the statutes is amended to read:

6 108.205 (2) Each employer ~~of 25 or more employees, as determined under s.~~
7 ~~108.22 (1) (ae), that does not use an employer agent to file its reports under this~~
8 ~~section and employer agent~~ shall file the quarterly report under sub. (1)
9 electronically in the manner and form prescribed by the department. ~~An employer~~
10 ~~that becomes subject to an electronic reporting requirement under this subsection~~
11 ~~shall file its initial report under this subsection for the quarter during which the~~
12 ~~employer becomes subject to the reporting requirement. Once an employer becomes~~
13 ~~subject to the reporting requirement under this subsection, the employer shall~~
14 ~~continue to file its quarterly reports under this subsection unless that requirement~~
15 ~~is waived by the department unless the employer demonstrates good cause, as~~
16 specified in s. 108.022, for being unable to file reports electronically.

17 **SECTION 1755.** 108.22 (1) (ac) of the statutes is amended to read:

18 108.22 (1) (ac) In addition to any fee assessed under par. (a), the department
19 may assess an employer or employer agent that is subject to the reporting
20 requirement under s. 108.205 (2) and that fails to file its report in the manner and
21 form prescribed under that subsection a penalty of \$20 for each employee whose
22 information is not reported in the that manner and form ~~prescribed under s.~~
23 ~~108.205 (1m) (b) or (2).~~

ASSEMBLY BILL 50**SECTION 1756**

1 **SECTION 1756.** 108.22 (1) (ad) 1. of the statutes is amended to read:

2 108.22 (1) (ad) 1. An employer agent that is subject to the reporting
3 requirements under s. 108.17 ~~(2g)~~ (2b) and that fails to file a contribution report in
4 accordance with s. 108.17 ~~(2g)~~ (2b) may be assessed a penalty by the department in
5 the amount of \$25 for each employer whose report is not filed electronically in the
6 manner and form prescribed by the department.

7 **SECTION 1757.** 108.22 (1) (af) of the statutes is amended to read:

8 108.22 (1) (af) In addition to the fee assessed under par. (a), the department
9 may assess ~~an employer or employer agent~~ a person that is ~~subject to a requirement~~
10 required to make ~~contributions~~ a payment to the department by means of an
11 electronic ~~funds transfer~~ method under s. ~~108.17 (7)~~ 108.185 and that ~~pays~~
12 ~~contributions~~ makes the payment by any method inconsistent with s. ~~108.17 (7)~~
13 108.185 a penalty of the greater of \$50 or an amount equal to one-half of ~~one~~ 1
14 percent of the total ~~contributions~~ amount paid by the ~~employer or employer agent~~
15 person for the quarter in which the violation occurs.

16 **SECTION 1758.** 108.221 (1) (a) of the statutes is renumbered 108.221 (1) (a)
17 (intro.) and amended to read:

18 108.221 (1) (a) (intro.) Any employer ~~described in s. 108.18 (2) (c) or engaged~~
19 ~~in the painting or drywall finishing of buildings or other structures~~ who knowingly
20 and intentionally provides false information to the department for the purpose of
21 misclassifying or attempting to misclassify an individual who is an employee of the
22 employer as a nonemployee shall, for each incident, be assessed a penalty by the
23 department as follows:

ASSEMBLY BILL 50**SECTION 1758**

1 1. For each act occurring before the date of the first determination of a
2 violation of this subsection, the employer shall be assessed a penalty in the amount
3 of \$500 for each employee who is misclassified, ~~but not to exceed \$7,500 per~~
4 ~~incident.~~

5 **SECTION 1759.** 108.221 (1) (a) 2. of the statutes is created to read:

6 108.221 (1) (a) 2. For each act occurring after the date of the first
7 determination of a violation of this subsection, the employer shall be assessed a
8 penalty in the amount of \$1,000 for each employee who is misclassified.

9 **SECTION 1760.** 108.221 (2) of the statutes is renumbered 108.221 (2) (intro.)
10 and amended to read:

11 108.221 (2) (intro.) Any employer ~~described in s. 108.18 (2) (c) or engaged in~~
12 ~~the painting or drywall finishing of buildings or other structures~~ who, through
13 coercion, requires an individual to adopt the status of a nonemployee shall be
14 assessed a penalty by the department as follows:

15 (a) For each act occurring before the date of the first determination of a
16 violation of this subsection, the employer shall be assessed a penalty in the amount
17 of \$1,000 for each individual so coerced, ~~but not to exceed \$10,000 per calendar year.~~

18 **SECTION 1761.** 108.221 (2) (b) of the statutes is created to read:

19 108.221 (2) (b) For each act occurring after the date of the first determination
20 of a violation of this subsection, the employer shall be assessed a penalty in the
21 amount of \$2,000 for each individual so coerced.

22 **SECTION 1762.** 108.24 (2m) of the statutes is amended to read:

23 108.24 (2m) Any employer ~~described in s. 108.18 (2) (c) or engaged in the~~

ASSEMBLY BILL 50**SECTION 1762**

1 ~~painting or drywall finishing of buildings or other structures~~ who, after having
2 previously been assessed an administrative penalty by the department under s.
3 108.221 (1), knowingly and intentionally provides false information to the
4 department for the purpose of misclassifying or attempting to misclassify an
5 individual who is an employee of the employer as a nonemployee shall be fined
6 \$1,000 for each employee who is misclassified, subject to a maximum fine of \$25,000
7 for each violation. The department may, regardless of whether an employer has
8 been subject to any administrative assessment under s. 108.221 or any other
9 penalty or assessment under this chapter, refer violations of this subsection for
10 prosecution by the department of justice or the district attorney for the county in
11 which the violation occurred.

12 **SECTION 1763.** 109.03 (1) (b) of the statutes is amended to read:

13 109.03 (1) (b) School district employees, cooperative educational service
14 agency employees, and private school employees who voluntarily request payment
15 over a 12-month period for personal services performed during the school year,
16 unless, ~~with respect to private school employees~~, the employees are covered under a
17 valid collective bargaining agreement which precludes this method of payment.

18 **SECTION 1764.** 109.09 (1) of the statutes is amended to read:

19 109.09 (1) The department shall investigate and attempt equitably to adjust
20 controversies between employers and employees ~~as to~~ regarding alleged wage
21 claims. The department may receive and investigate any wage claim that is filed
22 with the department, or received by the department under s. 109.10 (4), no later
23 than 2 years after the date the wages are due. The department may, after receiving

ASSEMBLY BILL 50**SECTION 2350**

1 (4m), but no individual may be an account owner of more than one catastrophe
2 savings account.

3 **SECTION 2351.** 224.77 (1) (o) of the statutes is amended to read:

4 224.77 (1) (o) In the course of practice as a mortgage banker, mortgage loan
5 originator, or mortgage broker, except in relation to housing designed to meet the
6 needs of elderly individuals, treat a person unequally solely because of sex, race,
7 color, handicap, sexual orientation, as defined in s. 111.32 (13m), religion, national
8 origin, age, or ancestry, the person's lawful source of income, or the sex, marital
9 status, status as a holder or nonholder of a license under s. 343.03 (3r), or status as
10 a victim of domestic abuse, sexual assault, or stalking, as defined in s. 106.50 (1m)
11 (u), of the person maintaining a household.

12 **SECTION 2352.** 227.01 (13) (n) of the statutes is amended to read:

13 227.01 (13) (n) Fixes or approves rates, prices or charges, including a
14 maximum weekly benefit amount or wage limitation under s. 108.05 (2), unless a
15 statute specifically requires them to be fixed or approved by rule.

16 **SECTION 2353.** 227.01 (13) (t) of the statutes is created to read:

17 227.01 (13) (t) Ascertain and determines prevailing wage rates under ss.
18 66.0903, 103.49, 103.50, and 229.8275, except that any action or inaction which
19 ascertains and determines prevailing wage rates under ss. 66.0903, 103.49, 103.50,
20 and 229.8275 is subject to judicial review under s. 227.40.

21 **SECTION 2354.** 227.01 (13) (zxm) of the statutes is created to read:

22 227.01 (13) (zxm) Establishes or adjusts a renewal date or renewal cycle for
23 credentials that are subject to periodic renewal under s. 440.08 (2) (a) 1n.

ASSEMBLY BILL 50**SECTION 9150**

1 (a) The secretary of workforce development shall establish a minimum wage
2 study committee under s. 15.04 (1) (c). The committee shall consist of the following:

- 3 1. Five members appointed by the governor.
- 4 2. One member appointed by the speaker of the assembly.
- 5 3. One member appointed by the minority leader of the assembly.
- 6 4. One member appointed by the majority leader of the senate.
- 7 5. One member appointed by the minority leader of the senate.

8 (b) The committee created under par. (a) shall study options to increase the
9 minimum wage for workers in this state to ensure that all Wisconsin workers earn
10 a living wage.

11 (c) No later than October 1, 2026, the committee created under par. (a) shall
12 submit to the governor and the appropriate standing committees of the legislature
13 in the manner provided under s. 13.172 (3) a report that includes recommendations
14 regarding the options for achieving a minimum wage and other means of increasing
15 worker compensation in this state that allow a worker to earn a living wage.

16 (d) The minimum wage study committee terminates upon submission of the
17 report under par. (c).

18 (5) UNEMPLOYMENT INSURANCE; ELECTRONIC COMMUNICATIONS. The
19 department of workforce development shall submit to the legislative reference
20 bureau for publication in the Wisconsin administrative register a notice indicating
21 the date upon which the department is able to implement the treatment of s. 108.14
22 (2e).

23 (6) WISCONSIN FAST FORWARD ALLOCATIONS.

24 (a) *Green jobs training*. From the appropriation under s. 20.445 (1) (b), in

ASSEMBLY BILL 50**SECTION 9350**

1 The treatment of s. 111.335 (3) (ag) first applies to an application for employment
2 submitted to an employer on the effective date of this subsection.

3 (2) EMPLOYMENT DISCRIMINATION DAMAGES. The treatment of ss. 111.39 (4)
4 (d) and (5) (b) and (d), 111.397, 814.04 (intro.) (by SECTION 3087), and 893.995 first
5 applies to acts of employment discrimination, unfair honesty testing, or unfair
6 genetic testing committed on the effective date of this subsection.

7 (3) FIRST RESPONDER PTSD COVERAGE. The treatment of s. 102.17 (9) (a) 1.,
8 1c., 1e., 1g., and 1p. and (b) (intro.) first applies to injuries reported on the effective
9 date of rate changes for worker's compensation insurance approved by the
10 commissioner of insurance under s. 626.13 after the effective date of this
11 subsection.

12 (4) WORKER MISCLASSIFICATION PENALTIES. The treatment of ss. 102.82 (2)
13 (a), (ab), and (ad), 102.85 (1) and (2) (c), and 108.221 (1) (a) 2. and (2) (b) first applies
14 to violations committed on the effective date of this subsection, but does not
15 preclude the counting of other violations as prior violations for purposes of
16 assessing penalties.

17 (5) PREDICTABLE WORK SCHEDULES FOR RETAIL, FOOD SERVICE, AND CLEANING
18 EMPLOYEES. The treatment of s. 103.035 first applies to an employee who is covered
19 by a collective bargaining agreement that contains provisions inconsistent with s.
20 103.035 on the day on which the collective bargaining agreement expires or is
21 extended, modified, or renewed, whichever occurs first.

22 (6) UNEMPLOYMENT INSURANCE; SSDI PAYMENTS. The treatment of ss. 108.04
23 (2) (h) and (12) (f) 1m., 2m., 3., and 4. and 108.05 (7m) (title), (c), and (d), (9), and

ASSEMBLY BILL 50**SECTION 9350**

1 (10) (intro.) first applies to determinations issued under s. 108.09 on the effective
2 date of this subsection.

3 (7) UNEMPLOYMENT INSURANCE; DELETION OF WAITING PERIOD. The treatment
4 of ss. 108.02 (26m) and 108.04 (3) and (11) (bm) first applies to benefit years
5 beginning on the effective date of this subsection.

6 (8) UNEMPLOYMENT INSURANCE; SUBSTANTIAL FAULT. The treatment of ss.
7 108.04 (5g) and 108.16 (6m) (a) (by SECTION 1746) first applies with respect to
8 determinations issued under s. 108.09 on the effective date of this subsection.

9 (9) UNEMPLOYMENT INSURANCE; WORK SEARCH AND REGISTRATION WAIVERS.
10 The treatment of s. 108.04 (2) (a) (intro.) and 3., (b), (bb), (bd), and (bm) first applies
11 to initial claims for benefits filed on the effective date of this subsection.

12 (10) UNEMPLOYMENT INSURANCE; QUILTS DUE TO RELOCATIONS. The treatment
13 of s. 108.04 (7) (t) 1. and 2. first applies to determinations issued under s. 108.09 on
14 the effective date of this subsection.

15 (11) UNEMPLOYMENT INSURANCE; QUILTS FOR CERTAIN WORK. The treatment of
16 s. 108.04 (7) (e) first applies to determinations issued under s. 108.09 on the
17 effective date of this subsection.

18 (12) UNEMPLOYMENT INSURANCE; SUITABLE WORK. The treatment of s. 108.04
19 (8) (d) (intro.) and (dm) first applies to determinations issued under s. 108.09 on the
20 effective date of this subsection.

21 (13) UNEMPLOYMENT INSURANCE; DRUG TESTING. The treatment of ss. 108.04
22 (8) (b) and 108.133 (4) (a) first applies to initial claims for benefits filed on the
23 effective date of this subsection.

ASSEMBLY BILL 50**SECTION 9350**

1 (14) UNEMPLOYMENT INSURANCE; MISCONDUCT. The treatment of s. 108.04 (5)
2 (intro.) and (a) to (g) first applies with respect to determinations issued under s.
3 108.09 on the effective date of this subsection.

4 (15) PREVAILING WAGE. The treatment of ss. 19.36 (12), 66.0129 (5), 66.0903
5 (1) (a), (am), (b), (c), (cm), (dr), (em), (f), (g), (hm), (im), and (j), (1m) (b), and (2) to
6 (12), 84.41 (3), 84.54, 86.51, 103.005 (12) (a), 103.49, 103.50, 103.503 (1) (a), (e), and
7 (g), (2), and (3) (a) 2., 104.001 (4), 106.04, 109.09 (1), 111.322 (2m) (a) (with respect
8 to s. 103.50), (b) (with respect to s. 103.50), and (c), 227.01 (13) (t), 229.682 (2),
9 229.8275, 946.15, and 978.05 (6) (a) first apply, with respect to a project of public
10 works that is subject to bidding, to a project for which the request for bids is issued
11 on the effective date of this subsection and, with respect to a project of public works
12 that is not subject to bidding, to a project the contract for which is entered into on
13 the effective date of this subsection.

14 (16) DISCRIMINATION. The treatment of ss. 66.0903 (10) (d), 111.322 (2m) (c),
15 and 229.8275 first applies to acts of discrimination that occur on the effective date
16 of this subsection.

17 (17) FAMILY AND MEDICAL LEAVE. The treatment of s. 103.10 (12) (b) first
18 applies to a violation that occurs, or that an employee should reasonably have
19 known occurred, on the effective date of this subsection.

20 (18) LEAVE BENEFITS ELIGIBILITY. The treatment of s. 103.108 (2) first applies
21 to a period of family leave, as defined in s. 103.108 (1) (f), or a period of medical
22 leave, as defined in s. 103.105 (1) (i), commencing on January 1, 2027.

23 **SECTION 9351. Initial applicability; Other.**

ASSEMBLY BILL 50**SECTION 9444**

1 and (d), and (7) (a) (intro.) and (c), 343.17 (3) (a) 16., 343.20 (1) (f), (1m), and (2) (a),
2 343.50 (3) (a) and (b), (5) (b), (bm), and (c), (6), (8) (c) 6., and (10) (c), 452.14 (3) (n),
3 and 632.35, the renumbering and amendment of s. 343.14 (2) (br) and (es), the
4 creation of s. 343.14 (2) (br) 2. and (es) 2m., and SECTION 9344 (1) of this act take
5 effect on the first day of the 4th month beginning after publication.

6 **SECTION 9445. Effective dates; Treasurer.**

7 **SECTION 9446. Effective dates; University of Wisconsin Hospitals and**
8 **Clinics Authority; Medical College of Wisconsin.**

9 **SECTION 9447. Effective dates; University of Wisconsin System.**

10 **SECTION 9448. Effective dates; Veterans Affairs.**

11 **SECTION 9449. Effective dates; Wisconsin Economic Development**
12 **Corporation.**

13 **SECTION 9450. Effective dates; Workforce Development.**

14 (1) EMPLOYMENT DISCRIMINATION; CONSIDERATION OF CONVICTION RECORD.
15 The treatment of s. 111.335 (3) (ag) and SECTION 9350 (1) of this act take effect on
16 the first day of the 6th month beginning after publication.

17 (2) PREDICTABLE WORK SCHEDULES FOR RETAIL, FOOD SERVICE, AND CLEANING
18 EMPLOYEES. The treatment of s. 103.035 takes effect on the first day of the 6th
19 month beginning after publication.

20 (3) UNEMPLOYMENT INSURANCE; SSDI PAYMENTS. The treatment of ss. 108.04
21 (2) (h) and (12) (f) 1m., 2m., 3., and 4. and 108.05 (7m) (title), (c), and (d), (9), and
22 (10) (intro.) and SECTION 9350 (6) of this act take effect on the first Sunday of the
23 7th month beginning after publication.

24 (4) UNEMPLOYMENT INSURANCE; DELETION OF WAITING PERIOD. The treatment

ASSEMBLY BILL 50**SECTION 9450**

1 of ss. 108.02 (26m) and 108.04 (3) and (11) (bm) and SECTION 9350 (7) of this act
2 take effect on the Sunday after publication.

3 (5) UNEMPLOYMENT INSURANCE AND WORKER'S COMPENSATION; SUBSTANTIAL
4 FAULT. The treatment of ss. 102.43 (9) (e), 108.04 (5g), 108.14 (8n) (e) (by SECTION
5 1742), 108.141 (7) (a) (by SECTION 1744), and 108.16 (6m) (a) (by SECTION 1746)
6 and SECTION 9350 (8) of this act take effect on January 4, 2026.

7 (6) UNEMPLOYMENT INSURANCE; WORK SEARCH AND REGISTRATION WAIVERS.
8 The treatment of s. 108.04 (2) (a) (intro.) and 3., (b), (bb), (bd), and (bm) and
9 SECTION 9350 (9) of this act take effect on the Sunday after publication.

10 (7) UNEMPLOYMENT INSURANCE; QUILTS DUE TO RELOCATIONS. The treatment
11 of s. 108.04 (7) (t) 1. and 2. and SECTION 9350 (10) of this act take effect on the first
12 Sunday of the 2nd month beginning after publication.

13 (8) UNEMPLOYMENT INSURANCE; QUIT EXCEPTION. The treatment of s. 108.04
14 (7) (e) and SECTION 9350 (11) of this act take effect on the first Sunday of the 2nd
15 month beginning after publication.

16 (9) UNEMPLOYMENT INSURANCE; SUITABLE WORK. The treatment of s. 108.04
17 (8) (d) (intro.) and (dm) and SECTION 9350 (12) of this act take effect on the first
18 Sunday of the 2nd month beginning after publication.

19 (10) UNEMPLOYMENT INSURANCE; DRUG TESTING. The treatment of ss. 108.04
20 (8) (a) and (b), 108.14 (8n) (e) (by SECTION 1741), 108.141 (7) (a) (by SECTION 1743),
21 108.16 (6m) (a) (by SECTION 1745), and 108.19 (1s) (a) 5. and the repeal of s. 108.133
22 and SECTION 9350 (13) of this act take effect on July 6, 2025, or the first Sunday
23 after publication, whichever is later.

ASSEMBLY BILL 50**SECTION 9450**

1 (11) UNEMPLOYMENT INSURANCE; ELECTRONIC COMMUNICATIONS. The
2 treatment of s. 108.14 (2e) takes effect on the date specified in the notice published
3 in the Wisconsin administrative register under SECTION 9150 (5) of this act.

4 (12) UNEMPLOYMENT INSURANCE; ELECTRONIC FILING. The treatment of ss.
5 108.17 (2), (2b), (2g), and (7), 108.185, 108.205 (1m) and (2), and 108.22 (1) (ac), (ad)
6 1., and (af) takes effect on January 1, 2027.

7 (13) UNEMPLOYMENT INSURANCE AND WORKER'S COMPENSATION; MISCONDUCT.
8 The treatment of s. 108.04 (5) (intro.) and (a) to (g) and SECTION 9350 (14) of this act
9 take effect on January 4, 2026.

10 (14) PAID FAMILY AND MEDICAL LEAVE BENEFITS. The treatment of s. 103.08
11 takes effect on January 1, 2027.

12 **SECTION 9451. Effective dates; Other.**

13 (1) REAL ESTATE CONDITION REPORTS; DISCLOSURES RELATED TO FLOODING.
14 The treatment of of ss. 709.03 (form) A7., F4., G1., and G1m. and 709.033 (form)
15 A7., E3., F3m., and F3n. and SECTION 9151 (3) and SECTION 9351 (6) takes effect on
16 the first day of the 7th month beginning after publication.

17 (2) EXPUNGEMENT. The treatment of ss. 111.335 (3) (a), (ah), and (g) and (4)
18 (b), (c) 1. (intro.), (e), and (f) 1., 950.04 (1v) (g), 973.015 (1b), (1m) (a) 3. a., c., cg., cr.,
19 and d. and 4., (b), and (c), and (4), and 973.25 (1) (a), the renumbering and
20 amendment of s. 973.015 (1m) (a) 1., the creation of s. 973.015 (1m) (a) 1. a. and b.,
21 and SECTION 9351 (7) of this act take effect on the first day of the 13th month
22 beginning after publication.

23

(END)

D25-01
Electronic Communication and Filing

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Electronic Communication and Filing

1. Description of Proposed Change

Employers must file quarterly tax and wage reports showing the names, Social Security numbers, and wages paid to their employees. Employers with at least 25 employees must file those reports electronically, but all employers may file electronically. Electronic filing is more efficient for employers, ensures that reports are not lost in the mail, and reduces administrative costs for the Department. Employers who make contribution payments of at least \$10,000 annually must make those payments by electronic funds transfer but any employer may do so. Currently, about 96% of employers file their tax and wage reports electronically and pay their contributions electronically. Current law also permits the Department to electronically communicate with those who opt for that form of communication—though not all Department communication can currently be sent electronically.

In 2024, the UI Advisory Council approved a Department proposal to make the electronic filing, electronic payment, and electronic communication provisions mandatory unless the person demonstrates good cause for being unable to use the electronic method. The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, includes a proposal identical to the one approved by the Council in 2024. In the Budget Bill, “good cause” is defined to include employers with limited or no internet connection, the filer having digital literacy concerns, the filer having communication barriers (such as a vision disability or other disability that prevents the ease of electronic filing, or being an individual with limited English proficiency), or other circumstances that make electronic filing unusually difficult, as determined by the Department. The Budget Bill also

D25-01
Electronic Communication and Filing

provides that the Department may use electronic records and electronic signatures. The provision related to electronic communication would be effective when the Department has the technological capability to fully implement it. The tax filing and payment provisions would be effective on January 1, 2027, so that employers have enough time to adjust to the new electronic filing and payment requirements.

The Department continues to modernize its unemployment insurance information technology systems with the expectation that a new system will result in administrative efficiencies for the Department and better customer service. This proposal will ensure the maximization of such efficiencies and service improvements while safeguarding the rights of those whose access to electronic means is severely limited or unavailable.

2. Proposed Statutory Changes

The proposed statutory changes would be identical to the UI Advisory Council-approved language from 2024 except that the effective date would be January 1, 2027 instead of February 1, 2025.

Section 108.14 (2e) of the statutes is amended to read:

108.14 (2e) The department ~~may~~ shall provide a secure means of electronic interchange between itself and employing units, claimants, and other persons that, ~~upon request to and with prior approval by the department, may~~ shall be used for departmental transmission or receipt of any document specified by the department that is related to the administration of this chapter and related federal programs in lieu of any other means of submission or receipt specified in this chapter. The secure means of electronic interchange shall be used by employing units, claimants, and other persons unless the person demonstrates good cause, as specified in s. 108.022, for being unable to use the secure means of electronic interchange. Subject to s. 137.25 (2) and any

D25-01
Electronic Communication and Filing

rules promulgated thereunder, the department may permit the use of electronic records and electronic signatures for any document specified by the department that is related to the administration of this chapter. If a due date is established by statute for the receipt of any document that is submitted electronically to the department under this subsection, then that submission is timely only if the document is submitted by midnight of the statutory due date.

Section 108.17 (2) of the statutes is amended to read:

108.17 (2) (a) Except as provided in par. (b) and subject to sub. (2b) and s. 108.185, every employer that is subject to a contribution requirement shall file quarterly reports of contributions required under this chapter with the department, and pay contributions to the department, in such manner as the department prescribes. Each contribution report and payment is due at the close of the month next following the end of the applicable calendar quarter, except as authorized in sub. (2c) or as the department may assign a later due date pursuant to sub. (1m) or general department rules.

(b) The department may electronically provide a means whereby an employer that files its employment and wage reports electronically may determine the amount of contributions due for payment by the employer under s. 108.18 for each quarter. If an employer that is subject to a contribution requirement files its employment and wage reports under s. 108.205 (1) electronically, in the manner prescribed by the department ~~for purposes of this paragraph under s. 108.205 (2),~~ the department may require the employer to determine electronically the amount of contributions due for payment by the employer under s. 108.18 for each quarter. In such case, the employer is excused from filing contribution reports under par. (a). The employer shall pay the amount due for each quarter by the due date specified in par. (a).

D25-01
Electronic Communication and Filing

Section 108.17 (2b) of the statutes is amended to read:

108.17 (2b) The department shall prescribe a form and methodology for filing contribution reports under sub. (2) electronically. Each employer ~~of 25 or more employees, as determined under s. 108.22 (1) (ae), that does not use an and employer agent to file its contribution reports under this section~~ shall file its contribution reports electronically in the manner and form prescribed by the department. ~~Each employer that becomes subject to an electronic reporting requirement under this subsection shall file its initial report under this subsection for the quarter during which the employer becomes subject to the reporting requirement. Once an employer becomes subject to a reporting requirement under this subsection, it shall continue to file its reports under this subsection unless that requirement is waived by the department unless the employer demonstrates good cause, as specified in s. 108.022, for being unable to file contribution reports electronically.~~

Section 108.17 (2g) of the statutes is repealed.

Section 108.17 (7) of the statutes is repealed.

Section 108.185 of the statutes is created to read:

108.185 Payment of contributions and reimbursements; good cause. Each employer, employer agent, person liable under s. 108.22 (9), and private agency liable under s. 108.22 (10) shall pay all contributions, reimbursements, interest, penalties, assessments, and other amounts due under this chapter by means of electronic funds transfer or another electronic method as approved by the department unless the employer, employer agent, person, or private agency demonstrates good cause, as specified in s. 108.022, for being unable to pay such amounts electronically.

Section 108.205 (1m) of the statutes is repealed.

D25-01
Electronic Communication and Filing

Section 108.205 (2) of the statutes is amended to read:

108.205 (2) Each employer of ~~25 or more employees, as determined under s. 108.22 (1) (ae), that does not use an employer agent to file its reports under this section~~ and employer agent shall file the quarterly report under sub. (1) electronically in the manner and form prescribed by the department. ~~An employer that becomes subject to an electronic reporting requirement under this subsection shall file its initial report under this subsection for the quarter during which the employer becomes subject to the reporting requirement. Once an employer becomes subject to the reporting requirement under this subsection, the employer shall continue to file its quarterly reports under this subsection unless that requirement is waived by the department unless the employer demonstrates good cause, as specified in s. 108.022, for being unable to file reports electronically.~~

Section 108.22 (1) (ac) of the statutes is amended to read:

108.22 (1) (ac) In addition to any fee assessed under par. (a), the department may assess an employer or employer agent that is subject to the reporting requirement under s. 108.205 (2) and that fails to file its report in the manner and form prescribed under that subsection a penalty of \$20 for each employee whose information is not reported in the that manner and form ~~prescribed under s. 108.205 (1m) (b) or (2).~~

Section 108.22 (1) (ad) 1. of the statutes is amended to read:

108.22 (1) (ad) 1. An employer agent that is subject to the reporting requirements under s. 108.17 ~~(2g) (2b)~~ and that fails to file a contribution report in accordance with s. 108.17 ~~(2g) (2b)~~ may be assessed a penalty by the department in the amount of \$25 for each employer whose report is not filed electronically in the manner and form prescribed by the department.

D25-01
Electronic Communication and Filing

Section 108.22 (1) (af) of the statutes is amended to read:

108.22 (1) (af) In addition to the fee assessed under par. (a), the department may assess ~~an~~ ~~employer or employer agent~~ a person that is ~~subject to a requirement~~ required to make ~~contributions~~ a payment to the department by means of an electronic ~~funds transfer~~ method under s. ~~108.17(7)~~ 108.185 and that ~~pays contributions~~ makes the payment by any method inconsistent with s. ~~108.17(7)~~ 108.185 a penalty of the greater of \$50 or an amount equal to one-half of ~~one~~ 1 percent of the total ~~contributions~~ amount paid by the ~~employer or employer agent~~ person for the quarter in which the violation occurs

3. Effects of Proposed Change

- a. **Policy:** The proposed change will result in increased efficiencies and improved experiences for claimants and employers.
- b. **Administrative:** This proposal will require training of Department staff.
- c. **Fiscal:** A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

The treatment of section 108.14 (2e) will take effect on the date specified in the notice published in the register. The other provisions will take effect on January 1, 2027.

D25-02
Worker Misclassification Penalties

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Worker Misclassification Penalties

1. Description of Proposed Change

Administrative and criminal penalties were created, as part of the 2015-2016 UIAC Agreed Bill, for employers who intentionally misclassify their workers as independent contractors. The current penalties only apply to construction employers and are:

1. \$500 administrative penalty for each employee who is misclassified, but not to exceed \$7,500 per incident.
2. \$1,000 criminal fine for each employee who is misclassified, subject to a maximum fine of \$25,000 for each violation, but only if the employer has previously been assessed a administrative penalty for misclassified workers.
3. \$1,000 administrative penalty for each individual coerced to adopt independent contractor status, up to \$10,000 per calendar year.

The administrative penalties are deposited into the Department's program integrity fund, which is used, in part, to fund the costs of staff who investigate employee classification.

The Joint Task Force on Payroll Fraud and Worker Misclassification recommended that the penalties for intentional worker misclassification be structured to deter repeat violations.¹ The Budget Bill (2025 AB 50 / 2025 SB 45) proposes to amend the administrative penalties statutes by having the penalties potentially apply to all employers. The Bill also eliminates the \$7,500 and \$10,000 caps on the administrative penalties and doubles the penalties for subsequent violations. The Bill amends the criminal penalties to potentially apply to any employer.

¹ [Joint Task Force on Payroll Fraud and Worker Misclassification 2020 Report](#), p. 10.

D25-02
Worker Misclassification Penalties

2. Proposed Statutory Changes²

Section 108.221 (1) (a) of the statutes is renumbered 108.221 (1) (a) (intro.) and amended to read:

Any employer ~~described in s. 108.18 (2) (c) or engaged in the painting or drywall finishing of buildings or other structures~~ who knowingly and intentionally provides false information to the department for the purpose of misclassifying or attempting to misclassify an individual who is an employee of the employer as a nonemployee shall, for each incident, be assessed a penalty by the department as follows:

1. For each act occurring before the date of the first determination of a violation of this subsection, the employer shall be assessed a penalty in the amount of \$500 for each employee who is misclassified, but not to exceed \$7,500 per incident.

Section 108.221 (1) (a) 2. of the statutes is created to read:

For each act occurring after the date of the first determination of a violation of this subsection, the employer shall be assessed a penalty in the amount of \$1,000 for each employee who is misclassified.

Section 108.221 (2) of the statutes is renumbered 108.221 (2) (intro.) and amended to read:

Any employer ~~described in s. 108.18 (2) (c) or engaged in the painting or drywall finishing of buildings or other structures~~ who, through coercion, requires an individual to adopt the status of a nonemployee shall be assessed a penalty by the department as follows:

- (a) For each act occurring before the date of the first determination of a violation of this subsection, the employer shall be assessed a penalty in the amount of \$1,000 for each individual so coerced, but not to exceed \$10,000 per calendar year.

² Subject to revision to ensure cross-references are corrected.

D25-02
Worker Misclassification Penalties

Section 108.221 (2) (b) of the statutes is created to read:

For each act occurring after the date of the first determination of a violation of this subsection, the employer shall be assessed a penalty in the amount of \$2,000 for each individual so coerced.

Section 108.24 (2m) of the statutes is amended to read:

Any employer ~~described in s. 108.18 (2) (c) or engaged in the painting or drywall finishing of buildings or other structures~~ who, after having previously been assessed an administrative penalty by the department under s. 108.221 (1), knowingly and intentionally provides false information to the department for the purpose of misclassifying or attempting to misclassify an individual who is an employee of the employer as a nonemployee shall be fined \$1,000 for each employee who is misclassified, subject to a maximum fine of \$25,000 for each violation. The department may, regardless of whether an employer has been subject to any administrative assessment under s. 108.221 or any other penalty or assessment under this chapter, refer violations of this subsection for prosecution by the department of justice or the district attorney for the county in which the violation occurred.

3. Effects of Proposed Change

- a. **Policy:** The proposed change will permit the Department to assess administrative penalties against any employer that intentionally misclassifies workers as independent contractors and will increase the amount of the penalties for subsequent violations.
- b. **Administrative:** This proposal will require training of Department staff.
- c. **Fiscal:** A fiscal estimate will be provided at a future meeting.

D25-02
Worker Misclassification Penalties

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective for employees misclassified after the law change is enacted.

D25-03
Repeal Waiting Week

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Repeal Waiting Week

1. Description of Proposed Change

The 2011 Budget, 2011 Wis. Act 32, established a waiting week for unemployment insurance benefits, effective January 2012, which had not existed since 1977. During the pandemic, the waiting week was suspended because the federal government provided full funding of benefits for the first week of unemployment.

For every new benefit year, no benefits are payable for the first week a claimant would otherwise be eligible for benefits. The waiting week may be a week in which full or partial benefits are payable. The waiting week does not reduce a claimant's maximum benefit amount. A waiting period delays payments to qualified UI claimants that would otherwise spend the funds in Wisconsin supporting our state's economy. USDOL's Comparison of State Unemployment Laws 2023 reports that eight states do not have a waiting week.

Several legislative attempts have been made to eliminate the one-week waiting period including 2013 Assembly Bill 374, 2015 Assembly Bill 318, and Governor's 2021-23 Executive Budget. The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would repeal the waiting week.

Like the 2025 Budget Bill, this proposal would repeal the one-week waiting week for unemployment insurance benefits.

D25-03
Repeal Waiting Week

2. Proposed Statutory Changes¹

Section 108.02 (26m) of the statutes is repealed.

~~Waiting Period. “Waiting period” means any period of time under s. 108.04 (3) for which no benefits are payable to a claimant as a condition precedent to receipt of benefits.~~

Section 108.04 (3) of the statutes is repealed.

~~(a) Subject to par. (b), the first week of a claimant’s benefit year for which the claimant has timely applied and is otherwise eligible for regular benefits under this chapter is the claimant’s waiting period for that benefit year.~~

~~(b) Paragraph (a) does not apply with respect to benefit years that begin after March 12, 2020, and before March 14, 2021. The department shall seek the maximum amount of federal reimbursement for benefits that are, during the time period specified in this paragraph, payable for the first week of a claimant’s benefit year as a result of the application of this paragraph.~~

Section 108.04 (11) (bm) of the statutes is amended to read:

The department shall apply any ineligibility under par. (be) against benefits and weeks of eligibility for which the claimant would otherwise be eligible after the week of concealment and within 6 years after the date of an initial determination issued under s. 108.09 finding that a concealment occurred. ~~The claimant shall not receive waiting period credit under s. 108.04 (3) for the period of ineligibility applied under par. (be).~~ If no benefit rate applies to the week for which the claim is made, the department shall use the claimant’s benefit rate for the claimant’s next benefit year beginning after the week of concealment to determine the amount of the benefit reduction.

¹ Additional cross-references may be amended.

D25-03
Repeal Waiting Week

3. Effects of Proposed Change

- a. Policy. The proposed change would result in increased payment of unemployment insurance benefits to claimants who do not exhaust their benefit duration limit.
- b. Administrative. This proposal will require training of Department staff.
- c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would apply to benefit years beginning on the effective date of the

D25-04
Increase Maximum Weekly Benefit Rate

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Increase Maximum Weekly Benefit Rate

1. Description of Proposed Change

2013 Wis. Act 36 increased the maximum weekly benefit rate for unemployment insurance benefits from \$363 to \$370 starting January 2014. The maximum weekly benefit rate has not increased since then.

The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would increase the maximum weekly benefit rate from \$370 to \$497 per week for 2026. In January 2027 and each year thereafter, the maximum weekly benefit rate would be increased based on the consumer price index. If the consumer price index does not increase, then the maximum weekly benefit rate would remain the same.

Unemployment benefits, funded by employer contributions, provide temporary economic assistance to Wisconsin's eligible workers during times of unemployment. By contributing to the UI system, Wisconsin employers protect the pool of highly skilled workers and reduce the likelihood that workers affected by a layoff or temporary downturn will take their skills and talents to other states. Wisconsin maximum weekly benefit rate at \$370 is significantly lower than neighboring states: Minnesota maximum weekly benefit rate \$914; Illinois, \$593; and Iowa, \$602. Michigan passed legislation to increase its maximum weekly benefit rate to \$614 over the next three years and then increase the rate by the Consumer Price Index annually thereafter.

This proposal mirrors the 2025 Budget Bill's proposal pertaining to maximum weekly benefit.

D25-04
Increase Maximum Weekly Benefit Rate

2. Proposed Statutory Changes¹

Section 108.05 (1) (cm) of the statutes is created to read:

108.05 (1) (cm) For purposes of par. (r), the department shall set the maximum weekly benefit amount as follows:

1. For benefits paid for a week of total unemployment that commences on or after January 5, 2014, but before January 4, 2026, \$370.
2. For benefits paid for a week of total unemployment that commences on or after January 4, 2026, but before January 3, 2027, \$497
3. For benefits paid for a week of total unemployment that commences on or after January 3, 2027, the department shall set the maximum weekly benefit amount as provided under sub. (2).

Section 108.05 (1) (r) of the statutes is renumbered 108.05 (1) (r) (intro.) and amended to read:

(intro.) Except as provided in s. 108.062 (6) (a), each eligible employee shall be paid benefits for each week of total unemployment ~~that commences on or after January 5, 2014, at the a~~ weekly benefit rate ~~specified in this paragraph. Unless sub. (1m) applies, the weekly benefit rate shall~~ equal to 4 percent of the employee's base period wages that were paid during that quarter of the employee's base period in which the employee was paid the highest total wages, rounded down to the nearest whole dollar, except that, if that amount as provided under sub. (1m) and except as follows:

1. If the employee's weekly benefit rate calculated under this paragraph is less than \$54, no benefits are payable to the employee and, if that amount.

¹ Subject to revision to ensure cross-references are corrected.

D25-04
Increase Maximum Weekly Benefit Rate

2. If the employee's weekly benefit rate is more than \$370 the maximum weekly benefit amount specified in par. (cm), the employee's weekly benefit rate shall be \$370 and except that, if the maximum weekly benefit amount specified in par. (cm).

3. If the employee's benefits are exhausted during any week under s. 108.06 (1), the employee shall be paid the remaining amount of benefits payable to the employee under s. 108.06 (1).

(s) The department shall publish on its Internet site a weekly benefit rate schedule of quarterly wages and the corresponding weekly benefit rates as calculated in accordance with this paragraph subsection.

108.05 (2) of the statutes is created to read:

INDEXING. (a) For benefits paid or payable for a week that commences on or after January 3, 2027, the department shall set the maximum weekly benefit amount under sub. (1) (cm) 3. and the wage limitation under sub. (3) (dm) 2. c. by doing the following:

1. Except as provided in subd. 2., calculating the percentage difference between the consumer price index for the 12-month period ending on July 31 of the prior year and the consumer price index for the 12-month period ending on July 31 of the year before the prior year, adjusting the prior year's amount or limitation by that percentage difference, and rounding that result to the nearest whole dollar.

2. If the consumer price index for the 12-month period ending on July 31 of the prior year has not increased over the consumer price index for the 12-month period ending on July 31 of the year before the prior year, setting the amount or limitation at the same amount or limitation that was in effect in the previous year.

D25-04
Increase Maximum Weekly Benefit Rate

(b) An adjustment under this subsection of the maximum weekly benefit amount under sub. (1) (cm) 3. and the wage limitation under sub. (3) (dm) 2. c. shall take effect on the 1st Sunday in January of each calendar year.

3. Effects of Proposed Change

- a. Policy. The proposed change would increase the maximum weekly benefit rate to reflect increases in the average weekly wage.
- b. Administrative. This proposal will require training of Department staff.
- c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective for weeks of unemployment beginning January 4, 2026.

D25-05

Increase and Index Maximum Wage Cap for the Partial Benefit Formula

Date: March 20, 2025

Proposed by: DWD

Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE

Increase and Index Maximum Wage Cap for the Partial Benefit Formula

1. Description of Proposed Change

The 2011 Unemployment Insurance Advisory Council agreed bill, 2011 Wis. Act 198, capped the amount of wages that a claimant may earn and still receive partial benefits at \$500.

Before Act 198, there was no wage cap in the statute, but a claimant would not receive unemployment benefits if they earned more wages than the partial benefit formula allowed.

Section 108.05(3)(dm) currently provides that claimants are ineligible for benefits if they receive from one or more employers:

- Wages earned for work performed in that week of more than \$500, or
- Holiday, vacation, termination or sick pay which, alone or combined with wages earned for work performed in that week, equals more than \$500.

Claimants are also ineligible for partial benefits if they work 32 hours or more in a week.

The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would increase the \$500 weekly maximum earned income disqualification to \$672 for 2026. In January 2027 and each year thereafter, the cap would be increased based on the consumer price index. This proposal mirrors the Budget Bill provision.

D25-05

Increase and Index Maximum Wage Cap for the Partial Benefit Formula

2. Proposed Statutory Changes¹

Section 108.05 (3) (dm) of the statutes is renumbered 108.05 (3) (dm) 1. and amended to read:

Except when otherwise authorized in an approved work-share program under s. 108.062, a claimant is ineligible to receive any benefits for a week if the claimant receives or will receive from one or more employers wages earned for work performed in that week, amounts treated as wages under s. 108.04 (1) (bm) for that week, sick pay, holiday pay, vacation pay, termination pay, bonus pay, back pay, or payments treated as wages under s. 108.04 (12) (e), or any combination thereof, ~~totaling~~ totaling more than \$500 the amount determined under subd. 2.

Section 108.05 (3) (dm) 2. of the statutes is created to read:

The department shall set the wage limitation under subd. 1. as follows:

- a. For a week of unemployment that commences before January 4, 2026, \$500.
- b. For a week of unemployment that commences on or after January 4, 2026, but before January 3, 2027, \$672.
- c. For a week of unemployment that commences on or after January 3, 2027, the department shall set the wage limitation as provided under sub. (2).

[The indexing for future years would be calculated based on the consumer price index method proposed for the maximum weekly benefit rate increase.]

3. Effects of Proposed Change

- a. Policy. The proposed change would result in a significant increase to the maximum wage cap for the partial benefit formula for 2026 followed by slight increases to the maximum wage cap for the partial benefit formula each year after 2026.
- b. Administrative. This proposal will require training of Department staff.

¹ Additional cross-references may be amended.

D25-05
Increase and Index Maximum Wage Cap for the Partial Benefit Formula

c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective for weeks of unemployment beginning January 4, 2026.

D25-06

Amend Social Security Disability Insurance Disqualification

Date: March 20, 2025

Proposed by: DWD

Prepared by: Bureau of Legal Affairs

**ANALYSIS OF PROPOSED UI LAW CHANGE
Amend Social Security Disability Insurance Disqualification**

1. Description of Proposed Change

Currently, recipients of federal Social Security Disability Insurance (“SSDI”) payments are ineligible for unemployment insurance benefits under s. 108.04(12)(f). Recipients of pension payments are eligible for unemployment insurance benefits, but the unemployment benefit is reduced by the pension payment (s. 108.05(7)). Allowing SSDI recipients to be eligible for UI benefits would treat workers with disabilities similar to recipients of pension payments.

Further, in *Bemke, et al v. Pechacek*, W.D. Wis. Case No. Case 3:21-cv-00560-wmc, a federal district court recently found that the prohibition on SSDI recipients receiving UI benefits, while not motivated by discriminatory animus, has a disparate impact on disabled persons under Title II of the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973. While that litigation is not final, based on its decision on motions for summary judgment, it appears likely that the court will invalidate this provision of Wisconsin's UI law.

The Budget Bill (2025 AB 50 / 2025 SB 45) proposes to amend the prohibition on receipt of UI for SSDI recipients by reducing the amount of weekly UI benefits by the proportionate amount of the claimant’s SSDI payment.

Under this proposal, a claimant who receives \$1,000 monthly in SSDI and would otherwise be eligible for \$300 weekly in UI would receive a weekly UI payment of \$69.¹

¹ This calculation is preliminary and subject to revision.

D25-06

Amend Social Security Disability Insurance Disqualification

2. Proposed Statutory Changes

Section 108.04 (2) (h) of the statutes is amended to read:

A claimant shall, when the claimant first files a claim for benefits under this chapter and during each subsequent week the claimant files for benefits under this chapter, inform the department whether he or she is receiving social security disability insurance payments, as defined in ~~sub. (12)~~ ~~(f)~~ 2m s. 108.05 (7m) (b). If the claimant is receiving social security disability insurance payments, the claimant shall, in the manner prescribed by the department, report to the department the amount of the social security disability insurance payments.

Section 108.04 (12) (f) 1m. and 2m. of the statutes are renumbered 108.05 (7m) (a) and (b) and amended to read:

(a) The intent of the legislature in enacting this ~~paragraph~~ subsection is to prevent the payment of duplicative government benefits for the replacement of lost earnings or income, regardless of an individual's ability to work.

(b) In this ~~paragraph~~ subsection, "social security disability insurance payment" means a payment of social security disability insurance benefits under 42 USC ch. 7 subch. II.

Section 108.04 (12) (f) 3. of the statutes is repealed.

Section 108.04 (12) (f) 4. of the statutes is renumbered 108.05 (7m) (e).

Section 108.05 (7m) (title), (c) and (d) of the statutes are created to read:

(title) SOCIAL SECURITY DISABILITY INSURANCE PAYMENTS.

(c) If a monthly social security disability insurance payment is issued to a claimant, the department shall reduce benefits otherwise payable to the claimant for a given week in accordance with par.

(d). This subsection does not apply to a lump sum social security disability insurance payment in the nature of a retroactive payment or back pay.

D25-06

Amend Social Security Disability Insurance Disqualification

(d) The department shall allocate a monthly social security disability insurance payment by allocating to each week the fraction of the payment attributable to that week.

Section 108.05 (9) of the statutes is amended to read:

(9) ROUNDING OF BENEFIT AMOUNTS. Notwithstanding sub. (1), benefits payable for a week of unemployment as a result of applying sub. (1m), (3) ~~or (7)~~, or (7m) or s. 108.04 (11) or (12), 108.06 (1), 108.13 (4) or (5) or 108.135 shall be rounded down to the next lowest dollar.

Section 108.05 (10) (intro.) of the statutes is amended to read:

(10) DEDUCTIONS FROM BENEFIT PAYMENTS. (intro.) After calculating the benefit payment due to be paid for a week under subs. (1) to ~~(7)~~ (7m), the department shall make deductions from that payment to the extent that the payment is sufficient to make the following payments in the following order:

3. Effects of Proposed Change

- a. **Policy:** Under this proposed change, recipients of SSDI may receive UI benefits, but the benefits would be reduced due to the receipt of SSDI benefits.
- b. **Administrative:** This proposal will require training of Department staff.
- c. **Fiscal:** A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would take effect on the first Sunday of the 7th month beginning after publication.

D25-07
Repeal UI Drug Testing

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Repeal UI Drug Testing

1. Description of Proposed Change

Pre-Employment Drug Testing and Drug Treatment

The 2015 Budget, 2015 Wis. Act 55,¹ created Wis. Stat. §§ 108.04(8)(b) and 108.133, requiring the Department, by administrative rule, to create a voluntary program for employers to report the results of a failed or refused pre-employment drug test to DWD for individuals in occupations that regularly conduct drug testing, as defined by the U.S. Department of Labor.² If a reported individual is receiving UI benefits, the individual is presumed to have failed, without good cause, to accept suitable work and is ineligible for benefits.³ If the drug test was failed, the individual may maintain eligibility for UI benefits if the individual enrolls in and complies with a substance abuse treatment program, completes a job skills assessment and otherwise meets all program requirements. Under this law, DWD would pay the reasonable cost of drug treatment, however, the Legislature appropriated only \$250,000 annually for administration of the program, testing, and treatment.

No claimants have been determined to be ineligible for UI benefits under the pre-employment drug testing statutes and rules and denied benefits because of the employers' reports of a failed drug test as a condition of an offer of employment. Because no claimants have been determined to be ineligible for UI benefits under the pre-employment drug testing statutes and

¹ The provisions in the Budget Bill for pre-employment and occupational drug testing were not presented to the UIAC for approval and were not included in the agreed bill.

² See [20 CFR § 620.3](#).

³ However, the provisions of Wis. Stat. § 108.04(9) still apply.

D25-07
Repeal UI Drug Testing

rules, no claimants have maintained benefit eligibility by enrolling in and complying with a substance abuse treatment program and completing a job skills assessment.

The Legislature appropriates \$250,000 of GPR funding annually (\$500,000 per biennium) to DWD to fund and administer UI drug testing and treatment programs for both pre-employment and occupational drug testing programs. No GPR funds have been expended for substance abuse treatment programs as a result of pre-employment drug testing reports filed by employers. Unused appropriated GPR funds are transferred to the Program Integrity Fund at the end of the biennium.⁴

The Governor's 21-23 Executive Budget Bill proposed to repeal the UI pre-employment and UI occupational drug testing statutes and to provide that the GPR be used for administration of the UI program.

Similarly, the 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would repeal the pre-employment and occupational drug testing statutes. Like the 2025 Budget Bill, this proposal would repeal the pre-employment and occupational drug testing statutes. Employees who are terminated for drug use may be found ineligible for benefits under the drug testing misconduct statute, section 108.04(5)(a), general misconduct, or substantial fault.

2. Proposed Statutory Changes⁵

Section 108.04(8)(b) of the statutes is repealed.

Section 108.133 of the statutes is repealed.

Wis. Admin. Code Chapter DWD 131, "Pre-Employment Drug Testing, Substance Abuse Treatment Program and Job Skills Assessment," is repealed.

⁴ 2017 Wis. Act 157, effective April 1, 2018.

⁵ Additional cross-references may also need to be amended.

D25-07
Repeal UI Drug Testing

3. Effects of Proposed Change

Fiscal: The proposed change will save GPR funding of \$500,000 per biennium. The proposal would not affect benefit payments or UI tax revenue. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. The Department recommends that any changes to the unemployment insurance law be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would first apply to initial claims filed on or after the effective date.

D25-08
Misconduct

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Misconduct

1. Description of Proposed Change

Current law provides that an employee’s termination for attendance violations may disqualify them from receiving unemployment insurance benefits if misconduct or substantial fault are found. Attendance cases are reviewed under a three-step approach. First, the employee’s conduct is analyzed under section 108.04(5)(e), which provides that the discharge is for misconduct if the following criteria are met:

Absenteeism by an employee on more than 2 occasions within the 120-day period before the date of the employee’s termination, unless otherwise specified by his or her employer in an employment manual of which the employee has acknowledged receipt with his or her signature, or excessive tardiness by an employee in violation of a policy of the employer that has been communicated to the employee, if the employee does not provide to his or her employer both notice and one or more valid reasons for the absenteeism or tardiness.

The Wisconsin Supreme Court, in the *Beres* case, held that section 108.04(5)(e) “allows an employer to adopt its own absenteeism policy that differs from the policy set forth in § 108.04(5)(e), and that termination for the violation of the employer’s absenteeism policy will result in disqualification from receiving unemployment compensation benefits even if the employer’s policy is more restrictive than the absenteeism policy set forth in the statute.”¹

A recent published Wisconsin Court of Appeals decision, *Bevco Precision Mfg. Co. v. Wisconsin Lab. & Indus. Rev. Comm’n*, 2024 WI App 54, interpreted the *Beres* decision to mean “that violation of an employer’s attendance policy of which an employee is aware (as evidenced

¹ *Wisconsin Dep’t of Workforce Dev. v. Wisconsin Lab. & Indus. Rev. Comm’n*, 2018 WI 77, ¶ 5, 382 Wis. 2d 611, 616, 914 N.W.2d 625, 628.

D25-08
Misconduct

by a signed acknowledgement of receipt) constitutes 'misconduct' for the purpose of disqualification from unemployment benefits, full stop.”² This new decision means that the notice and reasons for absenteeism are not to be analyzed under the common law. Under *Bevco*, misconduct may now be found when an employer has a “no fault” attendance policy that results in termination regardless of the reasons for the absences and regardless of whether the employee gives notice of the absences.

If the employee’s attendance violations do not fall within the parameters of section 108.04(5)(e), then the employee’s conduct is analyzed under “general” misconduct, the standard in the current version of section 108.04(5)(intro). This definition of misconduct from the Supreme Court’s decision in the *Boynton Cab* case, limits “misconduct” to "conduct evincing such wilful or wanton disregard of an employer’s interests"³

The Federal Unemployment Tax Act permits states to totally reduce (deny) unemployment benefits to a worker only for “discharge for misconduct connected with his work, fraud in connection with a claim for compensation, or receipt of disqualifying income.”⁴ The US Department of Labor interprets federal law to mean that states may only find misconduct where the worker’s conduct is “an intentional or controllable act or failure to take action, which shows a deliberate disregard of the employer’s interests.”⁵ “Section 3304(a)(10) protects claimants’ right to compensation by preventing states from enacting overly-severe denial provisions except

² *Bevco Precision Mfg. Co. v. Wisconsin Lab. & Indus. Rev. Comm’n*, 2024 WI App 54, ¶ 18, 413 Wis. 2d 668, 680, 12 N.W.3d 552, 558.

³ *Boynton Cab Co. v. Neubeck*, 237 Wis. 249, 296 N.W. 636, 640 (1941).

⁴ 26 USC § 3304(a)(10).

⁵ *Benefit Denials*, UNITED STATES DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, <https://oui.doleta.gov/unemploy/content/denialinformation.asp>.

D25-08
Misconduct

for serious offenses.”⁶ (See also the US Department of Labor’s Employment and Training Handbook).⁷

This proposal, which adopts the same proposal in the 2025 Budget Bill, reinstates the general misconduct standard in conformity with federal standards. It provides that when determining misconduct for attendance violations or excessive tardiness, if the employee's notice and reason for an attendance violation are valid and if their conduct does not violate the current general misconduct standard, then misconduct is not found.

Additionally, the 2025 Budget Bill also proposes to legalize marijuana possession. Section 1717 of the Budget Bill provides that misconduct and substantial fault do “not include the employee’s use of marijuana off the employer’s premises during nonworking hours or a violation of the employer’s policy concerning such use, unless termination of the employee because of that use is permitted under s. 111.35.” Under current law, an employment termination may also be found to be misconduct if it is the result of a “violation by an employee of an employer’s reasonable written policy concerning the use of alcohol beverages, or use of a controlled substance or a controlled substance analog, if the employee had knowledge of the” policy and admitted to using the alcohol or drugs or tested positive for the use of alcohol or drugs. (Wis. Stat. § 108.04(5)(a)). If the use is lawful and under nonworking hours, this proposal provides that it is not misconduct or substantial fault, except as provided under s. 111.35.

⁶ Total Reduction/Cancellation of Wage Credits, UNITED STATES DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, Benefit Standards of Conformity Requirements for State UC Laws, available at https://oui.doleta.gov/unemploy/pdf/uilaws_wagecredits.pdf.

⁷ The Legal Authority of Unemployment Insurance Program Letters and Similar Directives, UNITED STATES DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, Unemployment Insurance Program Letter No. 01-96 (Oct. 5, 1995) available at <https://wdr.doleta.gov/directives/attach/UIPL1-96.cfm> (explaining the legal effect of US-DOL directives, including that such directives “state or clarify the Department’s position, particularly with respect to the Department’s interpretation of the minimum Federal requirements for conformity or compliance, thereby assuring greater uniformity of application of such requirements by the States.”).

D25-08
Misconduct

2. Proposed Statutory Changes

Section 108.04 (5) (intro.) of the statutes is renumbered 108.04 (5) (cm) and amended to

read: (cm) An employee whose work is terminated by an employing unit for misconduct by the employee connected with the employee's work is ineligible to receive benefits until 7 weeks have elapsed since the end of the week in which the discharge occurs and the employee earns wages after the week in which the discharge occurs equal to at least 14 times the employee's weekly benefit rate under s. 108.05 (1) in employment or other work covered by the unemployment insurance law of any state or the federal government. For purposes of requalification, the employee's weekly benefit rate shall be the rate that would have been paid had the discharge not occurred. The wages paid to an employee by an employer which terminates employment of the employee for misconduct connected with the employee's employment shall be excluded from the employee's base period wages under s. 108.06 (1) for purposes of benefit entitlement. This ~~subsection~~ paragraph does not preclude an employee who has employment with an employer other than the employer which terminated the employee for misconduct from establishing a benefit year using the base period wages excluded under this ~~subsection~~ paragraph if the employee qualifies to establish a benefit year under s. 108.06 (2) (a). The department shall charge to the fund's balancing account any benefits otherwise chargeable to the account of an employer that is subject to the contribution requirements under ss. 108.17 and 108.18 from which base period wages are excluded under this ~~subsection~~ paragraph.

(am) For purposes of this subsection, "misconduct" means one or more actions or conduct evincing such willful or wanton disregard of an employer's interests as is found in deliberate violations or disregard of standards of behavior which an employer has a right to expect of his or

D25-08
Misconduct

her employees, or in carelessness or negligence of such degree or recurrence as to manifest culpability, wrongful intent, or evil design of equal severity to such disregard, or to show an intentional and substantial disregard of an employer's interests, or of an employee's duties and obligations to his or her employer.

(bm) In addition to the conduct described in par. (am), "misconduct" includes all of the following:

Section 108.04 (5) (a) to (g) of the statutes are renumbered 108.04 (5) (bm) 1. to 7., and 108.04 (5) (bm) 5. and 7., as renumbered, are amended to read:

108.04 (5) (bm) 5. Absenteeism by an employee on more than 2 occasions within the 120-day period before the date of the employee's termination, unless otherwise specified by his or her employer in an employment manual of which the employee has acknowledged receipt with his or her signature, ~~or excessive tardiness by an employee in violation of a policy of the employer that has been communicated to the employee,~~ if the employee does not provide to his or her employer both notice and one or more valid reasons for the absenteeism ~~or tardiness~~. For purposes of this subdivision, an employee's notice and reason for an occasion of absenteeism or tardiness shall be analyzed under the standard specified in par. (am).

7. Unless directed by the employer, a willful and deliberate violation of a written and uniformly applied standard or regulation of the federal government or a state or Indian tribal government by an employee of an employer that is licensed or certified by a governmental agency, which standard or regulation has been communicated by the employer to the employee and which violation would cause the employer to be sanctioned or to have its license or certification suspended or revoked by the agency.

Section 108.04 (5m) of the statutes is created to read:

D25-08
Misconduct

DISCHARGE FOR USE OF MARIJUANA. (a) Notwithstanding sub. (5), “misconduct,” for purposes of sub. (5), does not include the employee’s use of marijuana off the employer’s premises during nonworking hours or a violation of the employer’s policy concerning such use, unless termination of the employee because of that use is permitted under s. 111.35.

(b) Notwithstanding sub. (5g), “substantial fault,” for purposes of sub. (5g), does not include the employee’s use of marijuana off the employer’s premises during nonworking hours or a violation of the employer’s policy concerning such use, unless termination of the employee because of that use is permitted under s. 111.35.

3. Effects of Proposed Change

- a. Policy: The proposed change will clarify the circumstances where attendance violations and marijuana use result in a finding of misconduct or substantial fault.
- b. Administrative: This proposal will require training of Department staff.
- c. Fiscal: A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal will apply to determinations issued on or after the effective date of the agreed-upon bill.

D25-09
Repeal Substantial Fault

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Repeal Substantial Fault

1. Description of Proposed Change

Under current law, a discharged employee is ineligible for unemployment insurance benefits if the discharge is for misconduct or substantial fault by the employee connected with their employment. In either case, the employee is ineligible for unemployment benefits until seven weeks have elapsed since the end of the week in which the discharge occurs, and the employee earns wages after the week in which the discharge occurs equal to at least 14 times the employee's weekly benefit rate.

For misconduct discharges (but not for substantial fault), the wages paid by an employer which terminates the employee for misconduct are excluded from the employee's base period wages for purposes of benefit entitlement. This is known as cancellation of wage credits.

The 2013 Budget, 2013 Wis. Act 20, repealed a disqualification for attendance failures in section 108.04(5g) and replaced it with the disqualification for substantial fault:

(a) An employee whose work is terminated by an employing unit for substantial fault by the employee connected with the employee's work is ineligible to receive benefits until 7 weeks have elapsed since the end of the week in which the termination occurs and the employee earns wages after the week in which the termination occurs equal to at least 14 times the employee's weekly benefit rate under s. 108.05 (1) in employment or other work covered by the unemployment insurance law of any state or the federal government. For purposes of requalification, the employee's benefit rate shall be the rate that would have been paid had the discharge not occurred. For purposes of this paragraph, "substantial fault" includes those acts or omissions of an employee over which the employee exercised reasonable control and which violate reasonable requirements of the employee's employer but does not include any of the following:

1. One or more minor infractions of rules unless an infraction is repeated after the employer warns the employee about the infraction.

D25-09
Repeal Substantial Fault

2. One or more inadvertent errors made by the employee.
3. Any failure of the employee to perform work because of insufficient skill, ability, or equipment.

Act 20 also created a two-tiered approach for deciding certain absentee and tardiness issues. Under current law, absenteeism and tardiness cases are analyzed first under s. 108.04(5)(e), then under general misconduct (s. 108.04(5)(intro)). If disqualification does not result under s. 108.04(5)(e) or general misconduct, the next step is to analyze the reasons for discharge under substantial fault.

The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would repeal substantial fault.

Like the 2025 Budget Bill, this proposal would repeal substantial fault. The substantial fault statute has been the subject of litigation to the courts, including the Supreme Court. Repealing substantial fault would result in more predictability for claimants and employers. The Department is unaware of any other state having an unemployment insurance benefit disqualification for substantial fault, but North Carolina previously had a substantial fault disqualification.

2. Proposed Statutory Changes¹

Section 108.04(5g) of the statutes is repealed.

3. Effects of Proposed Change

- a. Policy. The proposed change would result in payment of unemployment insurance benefits to claimants who would currently be denied on substantial fault grounds. The proposed change would result in more predictability for claimants and employers. The proposed change could result in less litigation on discharge issues.
- b. Administrative. This proposal will require training of Department staff.

¹ Cross-references to the substantial fault statute would also be repealed.

D25-09
Repeal Substantial Fault

c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would apply to determinations issued on the first Sunday after the effective date of the repealed statute.

D25-10
Suitable Work

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Suitable Work

1. Description of Proposed Change

The definition of “suitable work” in the Unemployment Insurance law provides a standard for determining whether an unemployment benefit claimant has good cause for accepting work when offered. The Unemployment Insurance administrative rules currently define “suitable work” as “work that is reasonable considering the claimant’s training, experience, and duration of unemployment as well as the availability of jobs in the labor market.”¹

Under the 2015 Unemployment Insurance Advisory Council agreed bill, 2015 Wis. Act 334, suitable work changes, a two-tiered approach is used to determine whether work refused is suitable based on when the job is refused. For claimants who refuse a job within the first six weeks of unemployment, the Department will compare the skill level and rate of pay to the claimant’s most recent jobs and determine whether the hourly wage is at least 75 percent of what the claimant earned in their highest paying most recent job.² Beginning in the seventh week after the claimant became unemployed, suitable work means any work that the claimant is capable of performing, as determined by the Department.

Also, under current law, if a claimant has accepted work that was not suitable under the UI law, which the claimant could have refused with good cause, and the claimant terminates the

¹ Wis. Admin. Code DWD § 100.02(61).

² Wis. Stat. § 108.04(8)(d).

D25-10
Suitable Work

work within 30 calendar days, a claimant is eligible to receive UI benefits (generally, an individual is not eligible for UI benefits if they quit a job).

The Governor's 2021-23 Executive Budget included a proposal to change UI suitable work law to allow a claimant four additional weeks to find work that matches their skill level and replaces the majority of their lost wages. The Governor's 2021-23 Executive Budget also proposed to extend the period a UI claimant has to try out a job from 30 days to 10 weeks and, if the individual determined the job was not suitable, retain eligibility for UI benefits.

A proposal extending the time available to find and try out suitable work helps an individual avoid a significant deterioration in job quality or wages. An individual with unique or specialized skills may need a longer period to find work in their field due to, for instance, a scarcity of jobs in their field or because work may become more available during certain times of the year. Extending the period to look for suitable work, gives an individual a better chance to stay in their field and maintain their skills. Similarly, upon taking a position, it may take an individual more than 30 days to determine if the accepted work utilizes their skills, or if a monthly or annual pay rate is within 75 percent of their prior pay.

The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, proposes again the following changes related to suitable work: (1) extends the period, from 6 weeks to 10 weeks, that claimants must find work that is comparable to the work lost; and (2) allows claimants up to 10 weeks (a change from 30 days) to determine if a job taken is suitable.

This proposal adopts the proposed changes in the 2025 Budget Bill related to suitable work.

D25-10
Suitable Work

2. Proposed Statutory Changes³

Section 108.04 (7) (e) of the statutes is amended to read:

Paragraph (a) does not apply if the department determines that the employee accepted work that the employee accepted work that the employee could have failed to accept under sub. (8) and terminated the work on the same grounds and within the first ~~30 calendar days~~ 10 weeks after starting the work, or that the employee accepted work that the employee could have refused under sub. (9) and terminated the work within the first ~~30 calendar days~~ 10 weeks after starting the work. For purposes of this paragraph, an employee has the same grounds for voluntarily terminating work if the employee could have failed to accept the work under sub. (8) (d) to (em) when it was offered, regardless of the reason articulated by the employee for the termination.

Section 108.04 (8) (d) (intro) of the statutes is amended to read:

With respect to the first ~~6~~ 10 weeks after the employee became unemployed, “suitable work,” for purposes of par. (a), means work to which all of the following apply:

Section 108.04 (8) (dm) of the statutes is amended to read:

With respect to the ~~7th~~ 11th week after the employee became unemployed and any week thereafter, “suitable work,” for purposes of par. (a), means any work that the employee is capable of performing, regardless of whether the employee has any relevant experience or training, that pays wages that are above the lowest quartile of wages for similar work in the labor market area in which the work is located, as determined by the department.

³ Subject to revision to ensure cross-references are corrected.

D25-10
Suitable Work

3. Effects of Proposed Change

- a. Policy. The proposed change will provide claimants with more time to refuse work and continue to receive unemployment benefits.
- b. Administrative. This proposal will require training of Department staff.
- c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would first apply to determinations issued on or after the effective date of the proposal.

D25-11
Quit Exception for Relocating Spouse

Date: March 20, 2025
Proposed by: DWD
Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Quit Exception for Relocating Spouse

1. Description of Proposed Change

Employees who quit a job are generally ineligible for unemployment insurance benefits unless an exception applies.

As a condition of Wisconsin receiving federal grant money (American Recovery and Reinvestment Act of 2009 Funds), 2009 Wis. Act 11 created a quit exception. The exception permitted claimants to be eligible for unemployment insurance benefits (assuming they were otherwise qualified) if they quit their job to move with a spouse who was required to relocate for employment, and it would have been impractical for the claimant to commute from the new location.

The 2013 Budget Act, 2013 Wis. Act 20, amended and repealed several quit exceptions, including amending the “quit to relocate” exception in Wis. Stat. § 108.04(7)(t). The amended quit exception, effective January 2014, was narrowed to cover only a claimant whose spouse is on active duty with the U.S. Armed Forces, is required to relocate by the U.S. Armed Forces and it is impractical for the claimant to commute to work.

The 2025 Budget Bill, 2025 AB 50 / 2019 SB 45, effectively repeals the changes to this quit exception made by 2013 Wis. Act 20 and provides that the quit exception covers all spouses who move with a relocating spouse, not just those serving in the U.S. Armed Forces.

This proposal adopts the Budget Bill changes related to the quit exception.

D25-11
Quit Exception for Relocating Spouse

2. Proposed Statutory Changes¹

Section 108.04 (7) (t) 1. of the statutes is repealed.

~~1. The employee's spouse is a member of the U.S. armed forces on active duty.~~

Section 108.04 (7) (t) 2. of the statutes is amended to read:

The employee's spouse was required by ~~the U.S. armed forces~~ his or her employing unit to relocate to a place to which it is impractical for the employee to commute.

3. Effects of Proposed Change

- a. Policy. The proposed change may encourage workers to relocate to take better jobs. This proposal may ensure that spouses of workers who relocate to take better jobs can receive unemployment insurance benefits after relocating if it is impractical for the spouse to commute, assuming that the spouse is otherwise eligible for unemployment insurance benefits.
- b. Administrative. This proposal will require training of Department staff.
- c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective with the other provisions of the agreed bill.

¹ Cross-references may be amended.

D25-12

Repeal Work Search and Work Registration Waivers from Statute

Date: March 20, 2025

Proposed by: DWD

Prepared by: Bureau of Legal Affairs

ANALYSIS OF PROPOSED UI LAW CHANGE
Repeal Work Search and Work Registration Waivers from Statute

1. Description of Proposed Change

Federal law requires claimants to be actively seeking work and to register for work. In Wisconsin, unemployment benefit claimants must conduct at least four work searches each week and register for work, unless a waiver relieves them of these requirements.

Before 2017 Wis. Act 370 (enacted during the 2018 extraordinary session), the unemployment work search waivers were set forth in Wis. Admin. Code DWD § 127.02. The unemployment work registration waivers were in Wis. Admin. Code DWD § 126.03. Act 370 codified in statute the work search and work registration waivers that existed in Administrative Code chapters DWD 126 and 127 (2018). Act 370 also created statutory language to permit the Department to promulgate administrative rules that modify the statutory work search and work registration waivers or create additional work search or work registration waivers “to comply with a requirement under federal law or is specifically allowed under federal law.” During the pandemic, the Department promulgated emergency rules to add waivers during the public health emergency. Those temporary waivers have expired.

The 2025 Budget Bill, 2025 AB 50 / 2025 SB 45, would repeal the work search waiver provisions in statute as created by Act 370, restore the applicable statutes to their pre-Act 370 language, and direct the Department to establish work search waivers by administrative rule, including by emergency rule for temporary waivers. The Budget Bill proposal would permit the Department to promulgate the emergency rule without making a finding of emergency and would permit the emergency rule to be extended up to 60 days without the prior approval of the

D25-12

Repeal Work Search and Work Registration Waivers from Statute

Joint Committee for Review of Administrative Rules and without a limit on the number of extensions. This proposal mirrors the 2025 Budget Bill proposal.

2. Proposed Statutory Changes¹

Section 108.04 (2) (a) (intro.) of the statutes is amended to read:

Except as provided in ~~par. (b) to (bd)~~, sub. (16) (am) and (b), and s. 108.062 (10) and (10m) and as otherwise expressly provided, a claimant is eligible for benefits as to any given week only if all of the following apply:

Section 108.04 (2) (a) 3. of the statutes is repealed and recreated to read:

The claimant conducts a reasonable search for suitable work during that week and provides verification of that search to the department. The search for suitable work must include at least 4 actions per week that constitute a reasonable search as prescribed by rule of the department. In addition, the department may, by rule, require a claimant to take more than 4 reasonable work search actions in any week. The department shall require a uniform number of reasonable work search actions for similar types of claimants. This subdivision does not apply to a claimant if the department determines that the claimant is currently laid off from employment with an employer but there is a reasonable expectation of reemployment of the individual by that employer. In determining whether the claimant has a reasonable expectation of reemployment by an employer, the department shall request the employer to verify the claimant's employment status and shall consider all of the following:

- a. The history of layoffs and reemployments by the employer.
- b. Any information that the employer furnished to the claimant or the department concerning the claimant's anticipated reemployment date.

¹ Subject to revision to ensure cross-references are corrected.

D25-12

Repeal Work Search and Work Registration Waivers from Statute

- c. Whether the claimant has recall rights with the employer under the terms of any applicable collective bargaining agreement.

Section 108.04 (2) (b) of the statutes is repealed and recreated to read:

1. The department may, by rule, establish waivers from the registration for work requirement under par. (a) 2. and the work search requirement under par. (a) 3.

2. a. The department may promulgate rules under subd. 1. as emergency rules, using the procedure under s. 227.24, if the secretary of workforce development determines that the waiver is needed only on a temporary basis or that permanent rules are not warranted. Notwithstanding s. 227.24 (1) (a) and (3), the department is not required to provide evidence that promulgating a rule under this subd. 2. a. as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this subd. 2. a. Except as provided under subd. 2. b., a rule promulgated under this subd. 2. a. remains in effect only for 150 days.

b. Notwithstanding s. 227.24 (2), the secretary of workforce development may extend the effective period of an emergency rule promulgated under subd. 2. a. for a period specified by the secretary not to exceed 60 days. Any number of extensions may be granted under this subd. 2. b. Whenever the secretary extends an emergency rule under this subd. 2. b., it shall file a statement of its action with the legislative reference bureau. The statement shall identify the specific emergency rule to which it relates.

Section 108.04 (2) (bb) of the statutes is repealed.

Section 108.04 (2) (bd) of the statutes is repealed.

D25-12

Repeal Work Search and Work Registration Waivers from Statute

Section 108.04 (2) (bm) of the statutes is amended to read:

A claimant is ineligible to receive benefits for any week for which there is a determination that the claimant failed to comply with the registration for work and work search requirements under par. (a) 2. or 3. or failed to provide verification to the department that the claimant complied with those requirements, unless the department has waived those requirements under par. (b), ~~(bb)~~, or ~~(bd)~~ or s. 108.062 (10m). If the department has paid benefits to a claimant for any such week, the department may recover the overpayment under s. 108.22.

3. Effects of Proposed Change

- a. Policy. The proposed change would restore the law on work search and work registration waivers to the status quo before Act 370 and permit waivers to again be modified by rule.
- b. Administrative. This proposal will require training of Department staff.
- c. Fiscal. A fiscal estimate will be provided at a future meeting.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective with the other provisions of the agreed bill.

2025 UIAC Proposals

No.	Title	Presented	Action
D25-01	Electronic Communication and Filing	3/20/25	
D25-02	Worker Misclassification Penalties	3/20/25	
D25-03	Repeal Waiting Week	3/20/25	
D25-04	Increase Maximum Weekly Benefit Amount	3/20/25	
D25-05	Increase and Index Maximum Wage Cap	3/20/25	
D25-06	Amend SSDI Disqualification	3/20/25	
D25-07	Repeal UI Drug Testing	3/20/25	
D25-08	Misconduct	3/20/25	
D25-09	Repeal Substantial Fault	3/20/25	
D25-10	Suitable Work	3/20/25	
D25-11	Quit Exception for Relocating Spouse	3/20/25	
D25-12	Repeal Work Search and Work Registration Waivers from Statute	3/20/25	

Unemployment Insurance Advisory Council Tentative Schedule for 2025-2026 Session

January 16, 2025	Scheduled UIAC Meeting Discuss Public Hearing Comments
March 20, 2025	Scheduled UIAC Meeting Discuss Department Law Change Proposals UI Fraud Report
April 17, 2025	Scheduled UIAC Meeting Discuss Department Law Change Proposals Exchange of Labor & Management Law Change Proposals
May 15, 2025	Scheduled UIAC Meeting Discuss Department Law Change Proposals Discuss Labor & Management Proposals
June 19, 2025	Scheduled UIAC Meeting Discuss Department Law Change Proposals Discuss Labor & Management Proposals
July 17, 2025	Scheduled UIAC Meeting Discussion and Agreement on Law Changes for Agreed Upon Bill
August 21, 2025	Scheduled UIAC Meeting Review and approval of draft of Agreed Upon Bill
September 18, 2025	Scheduled UIAC Meeting Final review and approval of LRB draft of Agreed Upon Bill
October 16, 2025	Scheduled UIAC Meeting Agreed Upon Bill Sent to the Legislature for Introduction UIAC Activities Report (due January 2026)
November 20, 2025	Scheduled UIAC Meeting
December 18, 2025	Tentative UIAC Meeting
January 15, 2026	Tentative UIAC Meeting