To: Unemployment Insurance Advisory Council

From: Andy Rubsam

Cc: Janell Knutson

Date: January 14, 2016

Re: D15-06 – Appeals Modernization – LRB version of statutory changes

The Unemployment Insurance Advisory Council voted to approve the Department's proposal to revise certain appeal procedures and to provide for electronic delivery of decisions at the January 7, 2016 meeting. The Legislative Reference Bureau prepared a draft of the proposal and made changes to the statutory language.

The LRB has modified the language of the appeals modernization proposal as follows:

- Amending section 103.06(c) and (d), involving appeals of stop work orders, to
 provide for electronic delivery of decisions because those provisions refer to the
 appeals procedures in section 108.09.
- 2. Amending section 108.09(5)(c) to provide for recording hearings by "electronic means" instead of "tape recording" in order to be consistent with the other changes that are made.
- 3. The addition of language that appeared to be missing in certain places in s. 108.09(4) (d) and (e), for consistency and parallel structure among the provisions.
- Changing certain provisions for consistency, such as uses of "department" to "appeal tribunal."
- 5. Changes to be more concise. For example, shortening the phrase "explanation for failure to appear at a hearing" to "explanation" when used subsequently within a paragraph.

The Department considers these changes to be technical, not substantive, and requests that the Council approve the LRB version of the language.



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State of Misconsin 2015 - 2016 LEGISLATURE

LRB-4395/P1 MED&AJM:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

AN ACT to repeal 108.09 (2) (cm); to amend 103.06 (6) (c), 103.06 (6) (d), 108.09 (2) (a), 108.09 (2) (d), 108.09 (2r), 108.09 (4) (c), 108.09 (4) (d) 1. and 2., 108.09 (4) (e), 108.09 (4) (f) 1., 108.09 (4) (f) 2. (intro.), 108.09 (4) (f) 3., 108.09 (5) (b), 108.09 (5) (d), 108.09 (6) (a), 108.09 (6) (b), 108.09 (6) (c), 108.09 (6) (d), 108.095 (2), 108.095 (3), 108.095 (7), 108.10 (1), 108.10 (2) and 108.10 (6); and to repeal and recreate 108.09 (4) (d) 3. and 108.09 (5) (c) of the statutes; relating to: determinations, decisions, and orders under the unemployment insurance law.

Analysis by the Legislative Reference Bureau

Administrative review of UI decisions

Under current law, initial determinations regarding UI matters are made by the Department of Workforce Development. Those determinations may be appealed to appeal tribunals (ALJs), and an ALJ's decision may be appealed to the Labor and Industry Review Commission. A decision of the commission may then be appealed to circuit court. This bill makes a number of changes to the processes under current law for issuing and appealing decisions, determinations, and orders under the UI law, including the following:

1. If a party fails to appear at a hearing on the merits of a UI determination, current law provides for a hearing on the issue of whether a party had good cause for failing to appear at the hearing. The bill allows an ALJ to issue, without a hearing,

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a decision on the issue of whether a party to a determination had good cause for failing to appear at such a hearing. The bill allows the ALJ to make the decision based upon the party's explanation for failing to appear, as well as any response submitted to that explanation by the opposing party. The bill allows the opposing party seven days to submit such a response to the party's explanation for failing to appear.

- 2. The bill allows for the electronic delivery of UI determinations and decisions, in addition to or instead of mailing.
- 3. Under current law, all testimony at UI hearings before ALJs must be taken down by a stenographer, or recorded by a recording machine. The bill instead provides that all such testimony must be recorded by electronic means and allows LIRC to use the electronic recording in a review of an ALJ's decision. As under current law, the bill allows a party, for a fee, to request a transcript of the hearing.

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

SECTION 1. 103.06 (6) (c) of the statutes is amended to read:

103.06 (6) (c) The employer or the department may request a review of an appeal tribunal's decision by petitioning the commission for review of the decision within 21 days after the decision was electronically delivered to the employer or mailed to the employer's last-known address. The commission shall conduct the review in the manner described in s. 108.09 (6). An order to stop work that is in effect under par. (b) 3. shall remain in effect as provided in par. (b) 3. during the pendency of a review under this paragraph. A decision of the commission under this paragraph is final and the provisions of s. 108.10 (6) and (7) shall apply to the decision unless judicial review of the decision is requested under par. (d). A decision of the commission under this paragraph is subject to judicial review only as provided in par. (d) and not as provided in ch. 227.

SECTION 2. 103.06 (6) (d) of the statutes is amended to read:

103.06 (6) (d) The employer or the department may commence an action for the judicial review of a decision of the commission under par. (c) within 30 days after the

decision was <u>electronically delivered to the employer or</u> mailed to the employer's last-known address. The scope of judicial review under this paragraph, and the manner of that review insofar as is applicable, shall be the same as that provided in s. 108.09 (7). An order to stop work that is in effect under par. (b) 3. shall remain in effect as provided in par. (b) 3. during the pendency of a review under this paragraph.

SECTION 3. 108.09 (2) (a) of the statutes is amended to read:

108.09 (2) (a) The department shall promptly issue a computation setting forth the employee's potential benefit rights based on reports filed by an employer or employers under s. 108.205, or on the employee's statement and any other information then available. The results of the computation, a recomputation, or pertinent portion of either, shall be delivered electronically to, or mailed to the last-known address of, each party. The department may recompute an employee's potential benefit rights at any time on the basis of subsequent information or to correct a mistake, including an error of law, except that a party's failure to make specific written objection, received by the department within 14 days after the above electronic delivery or mailing, as to a computation or recomputation is a waiver by such party of any objection thereto. Any objections to a computation which that are not satisfactorily resolved by recomputation shall be resolved by a determination under par. (b).

SECTION 4. 108.09 (2) (cm) of the statutes is repealed.

SECTION 5. 108.09 (2) (d) of the statutes is amended to read:

108.09 (2) (d) A copy of each determination shall be <u>delivered electronically to</u>, or mailed to the last-known address of, each of the parties <u>party</u>, except that a party's copy of any determination may be given to such party instead of being <u>electronically</u> <u>delivered or mailed</u>.

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SECTION 6. 108.09 (2r) of the statutes is amended to read:

108.09 (2r) Hearing request. Any party to a determination may request a hearing as to any matter in that determination if such the request is made in accordance with the procedure prescribed by the department and is received by the department an appeal tribunal or postmarked within 14 days after a copy of the determination was delivered electronically, mailed, or given to such the party, whichever first occurs.

SECTION 7. 108.09 (4) (c) of the statutes is amended to read:

108.09 (4) (c) Late appeal. If a party files an appeal which that is not timely, an appeal tribunal shall review the appellant's written reasons for filing the late appeal. If those reasons, when taken as true and construed most favorably to the appellant, do not constitute a reason beyond the appellant's control, the appeal tribunal may dismiss the appeal without a hearing and issue a decision accordingly. Otherwise, the department may schedule a hearing concerning the question of whether the appeal was filed late for a reason that was beyond the appellant's control. The department may also provisionally schedule a hearing concerning any matter in the determination being appealed. After hearing testimony on the late appeal question, the appeal tribunal shall issue a decision which that makes ultimate findings of fact and conclusions of law concerning whether the appellant's appeal was filed late for a reason that was beyond the appellant's control and which that, in accordance with those findings and conclusions, either dismisses the appeal or determines that the appeal was filed late for a reason that was beyond the appellant's control. If the appeal is not dismissed, the same or another appeal tribunal established by the department for this purpose, after conducting a hearing.

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shall then issue a decision under sub. (3) (b) concerning any matter in the determination.

SECTION 8. 108.09 (4) (d) 1. and 2. of the statutes are amended to read:

108.09 (4) (d) 1. If the appellant fails to appear at a hearing held under this section and due notice of the hearing was <u>electronically delivered to the appellant or</u> mailed to the appellant's last-known address, the appeal tribunal shall issue a decision dismissing the request for hearing unless subd. 2. applies.

2. If the appellant delivers or transmits submits to the appeal tribunal a written explanation for nonappearance to the department which failing to appear at the hearing that is received before a decision under subd. 1. is electronically delivered or mailed, the department may so notify each party and schedule a hearing concerning whether there was good cause for under subd. 1., an appeal tribunal shall review the appellant's nonappearance. The department may also provisionally schedule a hearing concerning any matter in the determination. If, after hearing testimony, explanation. The appeal tribunal shall electronically deliver or mail to the respondent a copy of the appellant's explanation. The respondent may, within 7 days after the appeal tribunal electronically delivers or mails the appellant's explanation to the respondent, submit to the appeal tribunal a written response to the appellant's explanation. If the appeal tribunal finds that the appellant's explanation does not establish good cause for nonappearance failing to appear, the appeal tribunal shall issue a may dismiss the appeal without a hearing and acknowledge receipt of the explanation in its decision containing this finding and dismissing the appeal. If, after hearing testimony, the appeal tribunal finds that the appellant's explanation establishes good cause for nonappearance failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision

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may be issued without a hearing. The same or another appeal tribunal established by the department for this purpose shall then issue a decision under sub. (3) (b) after conducting a hearing concerning any matter in the determination. If such a hearing is held concerning any matter in the determination, the appeal tribunal shall only consider testimony and other evidence admitted at that hearing in making a decision.

SECTION 9. 108.09 (4) (d) 3. of the statutes is repealed and recreated to read:

108.09 (4) (d) 3. If the appellant submits to the appeal tribunal a written explanation for failing to appear at the hearing that is received within 21 days after a decision is electronically delivered or mailed under subd. 1., an appeal tribunal shall review the appellant's explanation. The appeal tribunal shall electronically deliver or mail to the respondent a copy of the appellant's explanation. respondent may, within 7 days after the appeal tribunal electronically delivers or mails the appellant's explanation to the respondent, submit to the appeal tribunal a written response to the appellant's explanation. If the appeal tribunal finds that the appellant's explanation does not establish good cause for failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision may be issued without a hearing. If the appeal tribunal finds that the appellant's explanation establishes good cause for failing to appear, the appeal tribunal shall issue a decision containing this finding and may set aside the original decision and schedule a hearing concerning any matter in the determination. The same or another appeal tribunal established by the department for this purpose shall then issue a decision under sub. (3) (b) after conducting a hearing concerning any matter in the determination. If such a hearing is held concerning any matter in the

determination, the appeal tribunal shall only consider the testimony and other evidence admitted at that hearing in making a decision.

SECTION 10. 108.09 (4) (e) of the statutes is amended to read:

108.09 (4) (e) Respondent's failure to appear. 1. If the respondent fails to appear at a hearing held under this section but the appellant is present, and due notice of the hearing was electronically delivered to the respondent or mailed to the respondent's last—known address, the appeal tribunal shall hold the hearing. The appeal tribunal shall consider records and information already submitted to the department by the appellant and the respondent regarding the determination or the appeal, take the testimony of the appellant and any witnesses, and shall issue a decision under sub. (3) (b) unless subd. 2. applies.

2. If the respondent delivers or transmits submits to the appeal tribunal a written explanation for nonappearance to the department which failing to appear at the hearing that is received before a decision favorable to the respondent is electronically delivered or mailed under subd. 1., the appeal tribunal shall acknowledge receipt of the explanation in its decision but shall take no further action concerning the explanation at that time. If the respondent delivers or transmits submits to the appeal tribunal a written explanation for nonappearance to the department which failing to appear that is received before a decision unfavorable to the respondent is electronically delivered or mailed under subd. 1., the department may so notify each party and may schedule a hearing concerning whether there was good cause for the respondent's nonappearance. The department may also provisionally schedule a hearing for further testimony concerning any matter in the determination. If, after hearing testimony, the appeal tribunal finds that the respondent's explanation does not establish good cause for nonappearance, the

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appeal tribunal shall issue a decision containing this finding. The same or another appeal tribunal established by the department for this purpose shall also issue a decision based on the testimony and other evidence presented at the hearing at which the respondent failed to appear. If, after hearing testimony, the appeal tribunal finds that the respondent's explanation an appeal tribunal shall review the respondent's explanation. The appeal tribunal shall electronically deliver or mail to the appellant a copy of the respondent's explanation. The appellant may, within 7 days after the appeal tribunal electronically delivers or mails the respondent's explanation to the appellant, submit to the appeal tribunal a written response to the respondent's explanation. If the appeal tribunal finds that the respondent's explanation does not establish good cause for failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision may be issued without a hearing. If the appeal tribunal finds that the respondent's explanation establishes good cause for nonappearance failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision may be issued without a hearing. The same or another appeal tribunal established by the department for this purpose shall then issue a decision under sub. (3) (b) after conducting a hearing concerning any matter in the determination. If such a 2nd hearing is held concerning any matter in the determination, the appeal tribunal shall only consider testimony and other evidence admitted at that hearing in making a decision.

3. If the respondent delivers or transmits submits to the appeal tribunal a written explanation for nonappearance to the department which failing to appear at the hearing that is received within 21 days after a decision favorable to the respondent is electronically delivered or mailed under subd. 1., the department appeal tribunal shall notify the respondent of receipt of the explanation and that

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since the decision was favorable to the respondent no further action concerning the explanation will be taken at that time. If the respondent delivers or transmits submits to the appeal tribunal a written explanation for nonappearance to the department which failing to appear that is received within 21 days after a decision unfavorable to the respondent is electronically delivered or mailed under subd. 1., the an appeal tribunal shall review the respondent's explanation. The appeal tribunal shall electronically deliver or mail to the appellant a copy of the respondent's The appellant may, within 7 days after the appeal tribunal electronically delivers or mails the respondent's explanation to the appellant, submit to the appeal tribunal a written response to the respondent's explanation. If the appeal tribunal finds that the respondent's explanation does not establish good cause for failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision may be issued without a hearing. If the appeal tribunal finds that the respondent's explanation establishes good cause for failing to appear, the appeal tribunal shall issue a decision containing this finding, and such a decision may be issued without a hearing. The appeal tribunal may set aside the original decision and the department may schedule a hearing concerning whether there was good cause for the respondent's nonappearance. The department may also provisionally schedule a hearing concerning any matter in the determination. If the original decision is not set aside, the appeal tribunal may, on its own motion, amend or set aside that decision within 21 days after the decision concerning whether there was good cause for the respondent's nonappearance is mailed failing to appear under subd. 1. If, after hearing testimony, the appeal tribunal finds that the respondent's explanation does not establish good cause for nonappearance, the appeal tribunal shall issue a decision containing this finding and, if necessary, reinstating the

decision which was set aside. If, after hearing testimony, the appeal tribunal finds that the respondent's explanation establishes good cause for nonappearance, the same or another appeal tribunal established by the department for this purpose shall issue a decision containing this finding. The same or another appeal tribunal established by the department for this purpose shall then issue a decision under sub.

(3) (b) after conducting a hearing concerning any matter in the determination. If such a 2nd hearing is held concerning any matter in the determination, the appeal tribunal shall only consider the testimony and other evidence admitted at that hearing in making a decision.

SECTION 11. 108.09 (4) (f) 1. of the statutes is amended to read:

108.09 (4) (f) 1. Except as provided in par. (e) 3., within 21 days after its decision was electronically delivered or mailed to the parties, the appeal tribunal may, on its own motion, amend or set aside its decision and may thereafter make new findings and issue a decision on the basis of evidence previously submitted in such case, or the same or another appeal tribunal may make new findings and issue a decision after taking additional testimony.

SECTION 12. 108.09 (4) (f) 2. (intro.) of the statutes is amended to read:

108.09 (4) (f) 2. (intro.) Unless a party or the department has filed a timely petition for review of the appeal tribunal decision by the commission, the appeal tribunal may set aside or amend an appeal tribunal decision, or portion thereof, at any time if the appeal tribunal finds that:

SECTION 13. 108.09 (4) (f) 3. of the statutes is amended to read:

108.09 (4) (f) 3. Unless a party or the department has filed a timely petition for review of the appeal tribunal decision by the commission, the appeal tribunal may, within 2 years after the date of the decision, reopen its decision if it has reason to

believe that a party offered false evidence or a witness gave false testimony on an issue material to its decision. Thereafter, and after receiving additional evidence or taking additional testimony, the same or another appeal tribunal may set aside its original decision, make new findings, and issue a decision.

SECTION 14. 108.09 (5) (b) of the statutes is amended to read:

108.09 (5) (b) All testimony at any hearing under this section shall be taken down by a stenographer, or recorded by a recording machine electronic means, but need not be transcribed unless either of the parties requests a transcript prior to before expiration of that party's right to further appeal under this section and pays a fee to the commission in advance, the amount of which shall be established by rule of the commission. When the commission provides a transcript is thus furnished to one of the parties upon request, the commission shall also provide a copy of the transcript shall be furnished the to all other party parties free of charge. The transcript fee thus collected shall be paid to the administrative account.

SECTION 15. 108.09 (5) (c) of the statutes is repealed and recreated to read:

108.09 (5) (c) The department shall furnish a copy of the electronic recording to the parties upon payment of any fee required by the department by rule.

SECTION 16. 108.09 (5) (d) of the statutes is amended to read:

108.09 (5) (d) In its review of the decision of an appeal tribunal, the commission shall use the electronic recording of the hearing or a written synopsis of the testimony and other evidence taken at a hearing or shall use a transcript of the hearing prepared, under the direction of the department or commission, by an employee of the department, an employee of the commission or a contractor. If a party shows to the commission that a synopsis is not sufficiently complete and accurate to fairly reflect the relevant and material testimony and other evidence

taken, the commission shall direct the preparation of a transcript. If a transcript is prepared, the transcript shall indicate the transcriber's name and whether the transcriber is an employee of the department, an employee of the commission, or a contractor and shall also use any other evidence taken at the hearing.

SECTION 17. 108.09 (6) (a) of the statutes is amended to read:

108.09 (6) (a) The department or any party may petition the commission for review of an appeal tribunal decision, pursuant to commission rules promulgated by the commission, if such the petition is received by the department or commission or postmarked within 21 days after the appeal tribunal decision was electronically delivered to the party or mailed to the party's last–known address. The commission shall dismiss any petition if not timely filed unless the petitioner shows probable good cause that the reason for having failed to file the petition timely was beyond the control of the petitioner. If the petition is not dismissed, the commission may take action under par. (d).

SECTION 18. 108.09 (6) (b) of the statutes is amended to read:

108.09 (6) (b) Within 28 days after a decision of the commission is <u>electronically</u> delivered or mailed to the parties, the commission may, on its own motion, set aside the decision for further consideration and take action under par. (d).

SECTION 19. 108.09 (6) (c) of the statutes is amended to read:

108.09 (6) (c) On its own motion, for reasons it deems sufficient, the commission may set aside any final determination of the department or appeal tribunal or commission decision within 2 years from after the date thereof upon grounds of mistake or newly discovered evidence, and take action under par. (d). The commission may set aside any final determination of the department or any decision of an appeal tribunal or of the commission at any time, and take action under par.

(d), if the benefits paid or payable to a claimant have been affected by wages earned by the claimant which that have not been paid, and the commission is provided with notice from the appropriate state or federal court or agency that a wage claim for those wages will not be paid in whole or in part.

SECTION 20. 108.09 (6) (d) of the statutes is amended to read:

108.09 (6) (d) In any case before the commission for action under this subsection, the commission may affirm, reverse, modify, or set aside the decision on the basis of the evidence previously submitted, may; order the taking of additional evidence as to such matters as it may direct, or it may; or remand the matter to the department for further proceedings.

SECTION 21. 108.095 (2) of the statutes is amended to read:

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

SECTION 22. 108.095 (3) of the statutes is amended to read:

108.095 (3) Any party to a determination may appeal that determination by requesting a hearing concerning any matter in that determination if the request is

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received by the department or postmarked within 14 days after the <u>electronic</u> delivery or mailing.

Section 23. 108.095 (7) of the statutes is amended to read:

108.095 (7) Any party may commence an action for judicial review of a decision of the commission under this section, after exhausting the remedies provided under this section, by commencing the action within 30 days after the decision of the commission is <u>delivered electronically or mailed</u> to the department and <u>is delivered electronically to</u>, or <u>mailed to</u> the last–known address of, each other party. The scope and manner of judicial review is the same as that provided in s. 108.09 (7).

SECTION 24. 108.10 (1) of the statutes is amended to read:

108.10 (1) The department shall investigate the status, and the existence and extent of liability of an employing unit, and may issue an initial determination accordingly. The department may set aside or amend the determination at any time prior to a hearing on the determination on the basis of subsequent information or to correct a mistake, including an error of law. The department shall electronically deliver a copy of each determination to, or mail a copy of each determination to the last–known address of, the employing unit affected thereby. The employing unit may request a hearing as to any matter in that determination if the request is received by the department or postmarked within 21 days after the mailing and in accordance with such procedure as the department prescribes by rule.

SECTION 25. 108.10 (2) of the statutes is amended to read:

108.10 (2) Any hearing duly requested shall be held before an appeal tribunal established as provided by s. 108.09 (3), and s. 108.09 (4) and (5) shall be applicable to the proceedings before such tribunal. The department may be a party in any proceedings before an appeal tribunal. The employing unit or the department may

petition the commission for review of the appeal tribunal's decision under s. 108.09 (6).

SECTION 26. 108.10 (6) of the statutes is amended to read:

108.10 (6) Any determination by the department or any decision by an appeal tribunal or by the commission is conclusive with respect to an employing unit unless it the department or the employing unit files a timely request for a hearing or petition for review as provided in this section. A determination or decision is binding upon the department only insofar as the relevant facts were included in the record which that was before the department at the time the determination was issued, or before the appeal tribunal or commission at the time the decision was issued.

(END)