In drafting our proposals for the 2021 Agreed Upon Bill, the Labor Caucus took a thoughtful approach, in an attempt to address issues within Wisconsin’s Unemployment Insurance System which have simply been ignored for too long. Over the past decade, UI in Wisconsin has undergone numerous changes that has reduced the amount of UI Benefits paid out, but outside of the recent Federal Pandemic Response, little has been done to address the desperate needs of unemployed claimants in WI or to address the adequacy of Wisconsin’s UI Trust Fund.

Our proposals achieve what we believe is a balanced approach to addressing the needs of both employers and UI claimants in Wisconsin.

1. **Gradually Transition UI Trust Fund Tax Schedules from being based on UI-TF Balance in Dollars ($) to being based on Average High Cost Multiple (AHCM)**

Average High Cost Multiple (AHCM) is the measure used by US-DOL to determine the adequacy of a state’s UI Trust Fund. Maintaining the minimum recommended AHCM of 1.0, estimates that a state’s UI Trust Fund will have reserves to pay UI Benefits for 1 year (12 months) at it’s historic high payout rate (based on that state’s experience over the previous 20 years or a period covering 3 recessions, whichever is longer).

This proposed gradual transition assures that there will be no sharp increases in the UI Tax Rate for Wisconsin’s employers, at the same time transitioning Wisconsin’s UI Trust Fund to a sustainable model for the long term.

Not withstanding any legislative action, the provisions of this proposal are as follows:

a. Restructure UI Tax Schedules to AHCM as follows:

   - **Schedule A** = When UI Trust Fund is below .5 AHCM
   - **Schedule B** = When UI Trust Fund is between .5 – 1.0 AHCM
   - **Schedule C** = When UI Trust Fund is between 1.0 – 1.25 AHCM
   - **Schedule D** = When UI Trust Fund is above 1.25 AHCM

b. Remain in UI Tax Schedule D for benefit years 2022 and 2023

c. Restrict potential tax schedule increases for benefit years 2024 and 2025 to be no more than one (1) “Schedule” higher than the previous year.
2. **Gradually Increase the Maximum Weekly UI Benefit Rate to $450/week**

An increase in the maximum weekly benefit rate is long overdue for UI Claimants in Wisconsin. The $370.00 Maximum Weekly Benefit Rate in Wisconsin ranks at the bottom for midwestern states and is nearly $76.00/week below the national average.

In balancing the UI Trust Funds need to recover post-pandemic, this proposal provides modest increases yearly throughout a 4-year period. The proposed maximum weekly benefit increase schedule is as follows:

<table>
<thead>
<tr>
<th>Benefit Year</th>
<th>Increase</th>
<th>Maximum Weekly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$20</td>
<td>$390/week</td>
</tr>
<tr>
<td>2024</td>
<td>$20</td>
<td>$410/week</td>
</tr>
<tr>
<td>2025</td>
<td>$20</td>
<td>$430/week</td>
</tr>
<tr>
<td>2026</td>
<td>$20</td>
<td>$450/week</td>
</tr>
</tbody>
</table>

3. **Eliminate 1-Week Waiting Period**

When a person loses their job, their entire life is upended. They are at a crisis point. Questions of how to feed my family, make my house/car payment, and pay for adequate health insurance need to be addressed immediately, let alone managing personal feelings of self worth and other mental health concerns.

Not providing UI Benefits the first week a person is unemployed is cruel and only exasperates their already desperate situation. This proposal is to eliminate the 1-week waiting period to receive UI Benefits.

4. **Expand Worker Miss-Classification to all Industries and Amend Penalties to be equivalent to those of Claimant fraud**

Worker Misclassification is estimated to cost Wisconsin $200 Million each year in unpaid taxes. Worker Mis-Classification is an criminal act, that undercuts and negatively impacts all honest & legitimate employers in Wisconsin. Intentional Worker Misclassification is Tax Fraud and Insurance Fraud, which needs to be eliminated in WI.

This proposal recommends the adoption of Department Proposal D21-26 and implement future recommendations that are made by the Joint Taskforce on Payroll Fraud and Worker Misclassification.

5. **Request DWD-UI Division to complete a thorough funding review of Wisconsin’s UI Trust Fund to ensure equity across all tax schedules, while at the same time ensuring UI Trust Fund sustainability**