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 21, 2021
Held Via Teleconference Due to Public Health Emergency

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

Members: Janell Knutson (Chair), Scott Manley, Mike Gotzler, John Mielke, Susan Quam, Shane Griesbach, Terry Hayden, Dennis Delie and Diann Fechter.

Department Staff: Mark Reihl, Andrew Rubsam, Jim Moe, Amy Pechacek (Secretary - Designee), Danielle Williams (Assistant Deputy Secretary) Pamela McGillivray (Chief Legal Counsel), Jennifer Wakerhauser (Legal Counsel), Tom McHugh, Mary Jan Rosenak, Pam James, Emily Savard, Jason Schunk, Janet Sausen, Emily Savard, Robert Usarek, Pintzu Klimm, Mike Myszewski, Joe Brockman, and Robin Gallagher.

Members of the Public: Anita Krasno (General Counsel, Labor & Industry Review Commission), BJ Dernbach (office of Representative Warren Petryk), Chris Reader (Wisconsin Manufacturers & Commerce), Ryan Horton (Legislative Fiscal Bureau), Victor Forberger (Attorney, Wisconsin UI Clinic), Tyler Longsine (office of Representative James Edming), Barb Santiago, and Bram Sable-Smith.

1. Call to Order and Introduction

Ms. Knutson called the Unemployment Insurance Advisory Council to order at 10:03 am, under the Wisconsin Open Meetings Law. Attendance was taken by roll call, and Ms. Knutson acknowledged the department staff in attendance.

2. Approval of Minutes

Motion by Mr. Terry Hayden, second by Ms. Quam, to approve the minutes of the November 19, 2020, meeting without correction. The vote was taken by roll call and passed unanimously.

3. Department Update

Secretary-designee Amy Pechacek introduced herself to the Council and discussed her background and professional experience.

Ms. Pechacek stated that what happened to the UI Division in 2020 was unprecedented. Ms. Pechacek stated that, between March and December of 2020, the UI Division processed nine million claims. Between 2016 and 2019, the UI Division processed 7.2 million claims. The UI
Division processed the equivalent of four years’ worth of claims in nine months, while using 50-year-old main frame technology. The UI Division expanded from 500 to 1,800 employees during that nine-month period.

Ms. Pechacek stated that she has held listening sessions with employees and other stakeholders and did information gathering.

Ms. Pechacek stated that through a combination of adding staff and contractors, mandating overtime, and using Google Analytics, pending claims older than 21 days have either been resolved or assigned, and the UI Division is ahead of where it was at the same time in December of 2019 for timeliness of claims resolution.

Ms. Pechacek stated that the UI Division will need a full computer system modernization.

Ms. Pechacek thanked the Council for its service.

Mr. Reihl stated that the 1099-G forms are available as of January 19, 2021.

Mr. Reihl stated that the help centers are at full strength. The call wait times are down to a few seconds. The wait time on the PUA Hotline is three minutes.

Mr. Reihl stated that as of January 19, 2021, there were 105 active Work Share programs, with 3,220 participants. Work Share plans have been extended from 6 months to 12 months. Extended Benefits were paid starting in December 2, 2020.

Mr. Reihl stated that the Continued Assistance Act was signed by the President on December 27, 2020. The UI Division is working review the Act for program requirements and to determine what additional computer programming will need to be done. The Division implemented the additional $300 weekly FPUC benefit on January 14, 2020

Mr. Reihl stated that the plain language revisions continue for the initial and weekly claims. The Division has conducted focus groups and solicited feedback from the public on this project.

4. Trust Fund Update

Mr. McHugh stated that $1.4 billion was paid in UI benefits from the trust fund in 2020.

Mr. McHugh stated that the following federal payments were made in 2020:

- FPUC $2.6 billion
- PUA $195.6 million
- PEUC $165.6 million
- LWA $217.4 million

Mr. McHugh stated that tax receipts totaled $499.9 million in 2020, a decrease of 9.7% from 2019.
Mr. McHugh stated that the trust fund balance as of December 31, 2020, was $1.1 billion, down 42% from 2019 and that interest earned in 2020 was $37.9 million, down 15.5% from 2019.

Mr. McHugh stated that a total of $4.8 billion was paid to 603,459 claimants in 2020. The previous high was in 2009, when 566,353 claimants were paid. In 2018, 130,710 claimants were paid. In 2019, 129,888 claimants were paid.

5. Public Hearing Report

Ms. Knutson stated that the department received many comments regarding claimants not being paid on a timely basis and the UI Division not having enough employees. Ms. Knutson stated that copies of the written public comments are included in Council members' packets.


Mr. Rubsam stated that copies of the Act and federal guidance for the Act are included in Council members' packets.

Mr. Rubsam stated that highlights of the Act include:

- Extends state staffing flexibility: Allows the Department to continue to use non-merit staff during the pandemic,
- Extends federal UI programs through March 13, 2021, with a phaseout by April 10, 2021.
- Requires claimants to provide documentation for their PUA claims.
- Requires states to verify the identities of new PUA claimants.
- Extends 50% charging relief for nonprofit employers.
- Extends FPUC at $300 per week through March 13, 2021.
- Creates a mixed earner (MEUC) program that pays an additional $100 per week for people having $5,000 in self-employment income
- Extends 50% federal funding for the first week of UI benefits through March 13, 2021.
- Extends PEUC through March 13, 2021, with a phaseout by April 10, 2021.
- Extends Work Share funding through March 13, 2021.
- Requires states to allow employers to report refusals to return to work.
- Creates technical provision changes to sections of the CARES Act.

7. 2021 AB 1, relating to a state government actions to address the COVID-19 pandemic

Mr. Knutson stated that the Assembly passed AB 1 and that the Senate passed the bill with amendments. The Assembly has not acted on the version that the Senate amended.

Ms. Knutson stated that the bill will require DWD to:

- Reduce the number of pending claims to 2019 levels.
- Staff the UI Call Centers 12 hours a day, seven days a week.
- Suspend the one week waiting period through March 13, 2021.
• Extend the benefit non-charging period for employers through March 13, 2021.
• Extend the Work Share Program modifications in Act 185 through July 4, 2021.

8. Executive Order 103, Relating to a Special Session of the Legislature on Unemployment Insurance Modernization

Ms. Knutson stated that the Special Session held this week was gavelled in and out without action. A copy of the bill is included in members' packets

BMIS Director Pam James gave a presentation to the Council on UI Modernization. Ms. James' presentation is summarized as follows:

The core benefits and appeals systems went into use in the 1970's. The wage and tax programs went into production in 2007 and 2008. Suites went into production in 2008. The customer interface was developed and modernized between 2009 and 2018. Suites was developed in the early 2000's and is almost 20 years old.

Ms. James stated that the UI computer system is complex and outdated. There is separate customer information in both the tax and benefit systems. The implementation of special benefit programs is difficult. Kick-outs from claims goes to a manual claims process.

The recharging process is a significant effort.

Training of staff will be made easier with a fully integrated system.

Why UI needs to modernize its system:

• The current system is inflexible.
• The system is not integrated,
• The system is complex and is a multi-platform system.
• Not all services are available online.
• There is a lack of electronic exchange of documents

Risks and Costs:

• Continued iterative approach is costing millions of dollars
• Support costs are high
• Current system causes delays in implementing new programs

UI System Inefficiencies:

• UI spends $2.6 million in postage and mailing costs
• Customer service levels have declined
• Benefits are not getting into claimants' hands as quickly as the Department would like

Recent Modernizations
- Initial claims rewrites
- Internet Weekly claims
- Worker Portal
- Elimination of IVR
- Initiation of online appeals for claimants

**Modernization to Date 2019-2020**

- Reassessed incremental approach
- Reassessed the appeals process
- Researched fully integrated vendor solutions
- Conducted high-level demonstrations with five vendors

**Modernizes and Integrated System:**

- Electronic communications for claimants and employers
- 24/7 customer self service
- Law and policy changes implemented at a low level
- Technology updates are up to date, flexible and easy to use
- Data is standardized to improve efficiency
- Rules engine in place to configure system changes
- Standard support functions used across all UI services

Ms. James discussed UI's vision for the future by describing what a day in the life of a UI customer would look like.

Ms. James stated that the proposed scope of the project is the full integration of the following UI business functions:

- Benefit claims
- Adjudication' process
- Appeals
- Tax processes
- Program Integration
- US DOL program performance measures

**Full integration will also include:**

- Rules Engines
- E-Services
- Easy creation and maintenance of fact finding
- Common and configurable correspondence engines
- Configurable workflow
Funding Options:

- Request a loan or grant of state GPR monies
- Leverage a master lease to pay back a GPR loan
- Reinstitute the technology fee
- Separate assessment for reimbursable employees
- Allow UI to assess a .2% administrative fee

Estimated Cost:

- $48 million to $70 million
- Cost rises to $90 million, when including interest and the cost of a master lease
- DWD's annual cost will also be dependent on the length of the master lease.

Mr. Delie asked if other states have successfully modernized their systems. Ms. James stated that many states have modernized their systems and those systems are now in use.

Mr. Gotzler asked whether other states are using the five vendor packages. Ms. James stated that multiple states are using these packages and Wisconsin UI is seeing those states in action. Ms. James discussed the systems that Mississippi, Maine, Rhode Island, Missouri, Michigan, Montana, New Mexico, and Colorado are using.

Mr. Gotzler asked how the cost estimates were made. Ms. James stated that the estimates were made based on information from NASWA ITSC and specific contracts between vendors and other states.

Mr. Delie asked if projected cost savings would offset the cost of the new system. Ms. James stated that there would be cost savings, but those savings would be difficult to quantify at this time. There will be savings in postage and savings in staff costs during events like the Pandemic. Cloud computing could also reduce costs, but there are no estimates of potential savings at this time.

Ms. Knutson stated that the Council may want to weigh in on the funding issue.

9. Rulemaking Update

Emergency rule related to SS 013-20, DWD Chs. 127 & 128

Ms. Knutson stated that the current rule expires on February 2, 2021. Work searches would need to begin on February 7, 2021. Staff is drafting a new emergency rule for work search waivers because unemployment levels are still high, and between 2,000 and 3,000 claims may be held each week due to the work available issue.

Mr. Manley asked what the statutory authority is for the Department to have successive emergency rules. Ms. Knutson stated that the Department issued successive emergency rules
before for pre-employment drug screening in the UI program. Ms. Knutson stated that this issue had been researched by Department legal counsel.

Mr. Manley stated that he would like a written explanation of the Department's legal authority to have successive emergency rules using the same scope statement.

Ms. Knutson stated that the Department would be able to use the same scope statement.

Mr. Manley stated that he wants an explanation in writing.

Mr. Mielke stated that he has visited locations that have laid off staff. Mr. Mielke stated that it does not make sense to send people out on work searches during a pandemic.

Emergency Rule 2011, DWD Ch. 113 (EFF. 6/5/20 – 03/01/21)

Mr. Rubsam stated that the Department may need to seek an additional waiver of interest for reimbursable employers.

Emergency Rule 2018, DWD Ch. 102 (Eff. 06/29/20 – 03/31/21)

Mr. Rubsam stated that the Department will not need an extension of this rule.

Emergency Rule 2034, DWD Ch. 120 (Eff. 11/02/2020 – 03/31/21)

Mr. Rubsam stated that this rule will expire at the end of March unless it is extended.

Emergency Rule 2044, Ch. 123 (Eff. 12/7/20 – 5/5/21)

Mr. Rubsam stated that the Department may need to seek an extension of this rule.

10. Research Requests

No research requests were made.

11. Future Meeting Dates

Ms. Knutson stated that the meeting dates for the next two meetings are:

February 18, 2021
March 18, 2021

Ms. Knutson stated that the timeline for the agreed upon bill is included in Council members' packets. Department proposals will be presented at the February meeting. The agreed upon bill could be introduced in Fall of 2021 or January of 2022.
Ms. Knutson asked if the Council wanted to caucus about the modernization project and funding sources.

Mr. Manley stated that he needs information to review in writing regarding the modernization project. Mr. Manley requested, at a minimum, that he be provided with Ms. James' PowerPoint before the next meeting.

Ms. Knutson stated that the council will be provided information on the modernization project and possible funding sources before the next meeting.

Mr. Gotzler asked if the Department is looking for input on the funding mechanisms or the cost of the modernization project.

Ms. Knutson stated the Department is asking for input on how to fund the modernization project.

Mr. Reihl stated that there is no debate about the need to modernize the antiquated, 50-year-old system. Mr. Reihl stated that possible funding sources for the modernization project include, assessments on employers, GPR funding, or a combination of employer assessments and GPR funds. Mr. Reihl stated that he would like the Council to weigh in on funding sources.

Mr. Hayden stated that it was important for the Council to confirm its support for the modernization, in light of what occurred during the pandemic.

Mr. Manley stated that there is a need to modernize the system. The funding question is trickier. There is a public benefit to modernization. Employers, employees, the Department, and taxpayers will all benefit. The funding sources should reflect that the project benefits everyone and that employers should not bear the entire cost. Mr. Manley recommended a combination of GPR and federal funding.

Mr. Gotzler also requested additional information on the modernization project and potential funding sources.

Ms. Knutson stated that she would send Ms. James' PowerPoint to the Council members today and take modernization up at the next meeting.

Mr. Mielke recommended a two-step process for the Council: (1) support modernization; and (2) identify funding sources.

Mr. Hayden moved that the Council go on record to support the modernization of the Department's Unemployment Insurance IT system.

The motion was seconded by Mr. Delie.

The vote was taken by roll call and passed unanimously.

12. Adjourn
Motion to adjourn by Mr. Gotzler, second by Mr. Delie. The vote was taken by roll call and passed unanimously.