



## Unemployment Insurance Advisory Council

### Meeting Agenda

September 15, 2022, 10:00 a.m.

#### **The public may attend by teleconference:**

Phone: 415-655-0003 or 855-282-6330 (toll free) or [WebEx](#)  
Meeting number (access code): 2596 810 6223 Password: DWD1

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

1. Call to order and introductions
2. Approval of minutes of the May 19, 2022 UIAC meeting
3. Department update
4. Report on information technology systems update (4/1/22 – 6/30/22)
5. Worker Classification Section update – Mike Myszewski
6. Trust Fund update – Shashank Partha
7. Program Integrity Assessment
8. Rulemaking update
  - Permanent Rule, DWD ch. 100-150 ([CR 22-010](#)) eff. 7/1/22
    - Converting references from Standard Industrial Classification codes to the North American Industry Classification System codes; and other minor technical changes to the unemployment insurance program.
  - Permanent Rule, LIRC ch. 1-4 ([CR 21-105](#)) eff. 8/1/22
    - Rules of procedure of the Labor and Industry Review Commission.
9. Research requests
10. Unemployment Insurance Public Hearing schedule
11. Future meeting dates: October 20, 2022, November 17, 2022, Jan. 19, 2023
12. 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 may discuss other items, including those on any attached lists.
- ❖ The Council members may attend the meeting by teleconference.
- ❖ 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

May 19, 2022

Held In-person and 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), David Bohl, Dennis Delie, Sally Feistel, Mike Gotzler, Shane Griesbach, Terry Hayden, Scott Manley, Susan Quam and Kathy Thornton-Bias.

**Department Staff:** Amy Pechacek, Jim Chiolino, Jason Schunk, Jim Moe, Andy Rubsam, Jenifer Cole (Legislative Liaison), Caitlin Madden (Deputy Legal Counsel), Samantha Ahrendt (Staff Counsel), Jeff Laesch, Shashank Partha, Janet Sausen, Robert Usarek, Mary Jan Rosenak, Mike Myszewski and Joe Brockman

**Members of the Public:** BJ Dernbach (Rep. Warren Petryk), Ryan Horton (Legislative Fiscal Bureau, Tyler Longsine (Rep. James Edming), Victor Forberger (Attorney, Wisconsin UI Clinic), Corey Gall (WPTA)

### 1. Call to Order and Introduction

Ms. Knutson called the Unemployment Insurance Advisory Council to order at 10:15 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. Hayden, second by Mr. Gotzler to approve the minutes of the February 17, 2022, meeting. The vote was taken by roll call and passed unanimously

### 3. Governor's Proclamation

Secretary-designee Pechacek addressed the Council and congratulated the UIAC on the passage of the agreed bill and the 90<sup>th</sup> anniversary of the Unemployment Insurance Advisory Council. Secretary-designee Pechacek stated that this process, management and labor, working together to improve the law, has been the hallmark of Wisconsin's model UI program from the start. The UIAC is a national model for stability, success, and reason because of the work of the members. She closed by saying "on behalf of Governor Evers, the people of Wisconsin, workers, their families, and employers, thank you."

Andy Rubsam read the highlights of the Governor's Certificate of Commendation Honoring the UIAC on its 90<sup>th</sup> Anniversary. He then presented an informative PowerPoint on the history of the Wisconsin Unemployment Insurance Program from its inception in 1932 through today.

#### **4. Department Update**

Mr. Chiolino stated that, in late April, UI rolled out a Spanish language claimant portal. Claimants will now be able to submit their initial claims in Spanish.

Mr. Chiolino stated that the Department issued a press release regarding UI's new Data Dashboard that has been recently rolled out. Mr. Chiolino provided a description of the dashboard's features.

Ms. Thornton-Bias asked if UI marketed the Spanish language claimant portal. Mr. Chiolino responded that the Department did market the rollout and had a communications plan in place for the rollout.

#### **5. Trust Fund Update**

Ms. Knutson stated that the financial report is found in members' packets. Ms. Knutson stated that, as of May 18, 2022, the Trust Fund balance was about \$1.2 billion. Ms. Knutson stated that claimant payments have decreased 57% from the same period in 2021. Ms. Knutson stated that tax receipts have increased 4% over the same period in 2021. Ms. Knutson stated that there are charts in the members' packets showing the history of claimant payments and benefits paid from 2009 through 2021.

#### **6. Financial Outlook**

Mr. Usarek presented the 2022 Financial Outlook for the UI program.

Mr. Usarek stated that the release of the Financial Outlook Report changed from odd to even years due to the recent law change. The last report was released in 2021.

Mr. Usarek stated that the Trust Fund has decreased slightly over the past year. Mr. Usarek stated that at the end of 2020 the UI Trust Fund balance was \$1.049 billion. At the end of 2021, the Trust Fund balance was \$1.016 billion.

Mr. Usarek then provided the Council members with an overview of recent Trust Fund activity by presenting a PowerPoint presentation.

Mr. Usarek provided the Council with projected Trust Fund balances for the next three years:

2022 \$1.233 Billion

2023 \$1.423 Billion

2024: \$1.496 Billion

Ms. Knutson stated that Tax Schedule D will be in effect for 2023.

Mr. Usarek stated that revenues and Trust Fund balances are based upon Tax Schedule D.

## **7. Fraud Report to the Unemployment Insurance Advisory Council**

Ms. Knutson stated that the Fraud Report can be found in Council members' packets. Ms. Knutson called members' attention to the fraud detection tools discussed in the report.

Ms. Knutson highlighted the following additional information in the report:

### Worker Misclassification update for Calendar Year 2021

Audits: 1,709

Misclassified Workers Identified: 3,365

Field Investigations: 287

### Work Search

Work search audits: 1,261

Requirements not met: 961 Determinations

## **8. Legislation Update**

### UIAC Policy Bill (2021 Wis. Act 231) with plain language summary

Ms. Knutson stated that a plain language summary of Act 231 can be found in Council members' packets.

Ms. Knutson stated that there are different effective dates for the various provisions of the bill.

## **9. Rulemaking Update**

### Proposed Permanent Rule, DWD Ch. 100-150 (CR 22-010)

This rule will convert references from Standard Industrial Classification codes to North American Industry Classification codes, and other minor technical changes to the unemployment insurance program.

Mr. Rubsam stated that this proposed rule will become effective in July or August of 2022.

## **10. Judicial Update**

### Wisconsin Department of Workforce Development v. Labor and Industry Review Commission

Mr. Rubsam stated that this decision can be found on page 99 of members' packets. The decision was issued on May 10, 2022, and was not recommended for publication.

The Court of Appeals in Milwaukee overturned a circuit court decision and found that an employee's use of derogatory, homophobic language about her coworker's sexual orientation constituted misconduct and as a result the employee was not entitled to unemployment benefits

## **11. Research Requests**

Ms. Knutson stated that the Department has responses to two research requests from the last council meeting.

### Contractors

Mr. Chiolino stated that number of contract staff employed by the Department declined from 940 in early 2022 to 100 today. That number will decline to zero when the remaining 100 contractor staff in the Call Centers end their employment on July 15, 2022.

### Occupational Drug Testing

Ms. Knutson stated that the information requested on occupational drug testing can be found in memo form on page 116 of members' packets. BOLA's memo contains the USDOL federal rules to state implement occupational drug testing.

Mr. Manley asked what the Department's timeline was for implementation of occupational drug testing.

Ms. Knutson stated that since a Scope Statement has not yet been approved, there is no definite date for implementation of occupational drug testing. Ms. Knutson stated that the Department cannot promulgate a rule until the Scope Statement has been approved.

## **12. Future Meeting Dates**

The members indicated that they would like to recess until the fall. Ms. Knutson stated that the date of the next meeting date will be September 15, 2022.

Ms. Knutson stated that if meetings would be needed during the summer months, the following dates have been reserved: June 16, 2022, July 21, 2022, and August 18, 2022.

Ms. Knutson stated that she will advise the Council by email of Trust Fund balances and revenues.

Ms. Knutson stated that the September meeting will be held in-person and will have a virtual option. The public hearing will take place in November of 2022. The hearing will be conducted in the same manner as past years. The date of the hearing will be determined.

## **13. Adjourn**

Motion by Ms. Quam, second by Mr. Hayden, to adjourn the meeting. The vote was taken by voice vote and passed unanimously. The meeting was adjourned at 11:09 am.

# STATE OF WISCONSIN

SENATE CHAIR  
**Howard Marklein**

316 East, State Capitol  
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Madison, WI 53707-7882  
Phone: (608) 266-0703



ASSEMBLY CHAIR  
**Mark Born**

308 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8953  
Phone: (608) 266-2540

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: July 28, 2022

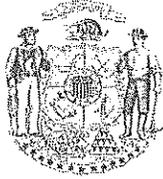
Re: DOA/DWD Report to JFC

Attached is a report from the Department of Administration and the Department of Workforce Development on the progress of the unemployment insurance (UI) systems modernization project, pursuant to s. 108.14(27)(e), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB:jm



JUL 28 2022  
St. Finance

# State of Wisconsin

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Date: July 27, 2022

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

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

Department of Workforce Development Secretary-designee Amy Pechacek *Amy Pechacek*

Subject: 2021 Wisconsin Act 4 Quarterly Report – Second Quarter 2022

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 update the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from April 1 through June 30, 2022. We are pleased to share in this report that DWD has continued to make good progress in its UI modernization efforts.

## **Cloud Based Contact Center**

As previously reported, DWD's first step in undertaking UI system modernization was the purchase of an integrated cloud-based communications and messaging center that offers seamless integration of a telephony system with enhanced features and reporting solutions. DWD contracted with Nice CXone, a cloud-based Customer Contact Center, through the NASPO ValuePoint Contract to provide call center services. Effective during this reporting period, DWD finalized implementation of the communications and messaging center with an integrated artificial intelligence (AI) component that answers frequently asked questions after hours. The modernized call center services are fully operational and are currently in a maintenance mode to make continuous improvements. The Department will continue to evaluate the programming and make updates as appropriate.

DWD used federal funds for the purchase of the cloud-based communications and messaging center. Governor Evers has directed \$80 million of American Rescue Plan Act (ARPA) funds to ensure that the UI modernization project is fully funded.

## **Unemployment Insurance System Modernization**

The Unemployment Insurance (UI) Modernization is the effort to modernize the UI IT systems from a COBOL-based mainframe system to a cloud-based flexible system able to nimbly adopt to changes in the demands on the agency and changes in the program requirements. The goal of this project is to create a more modern, maintainable, sustainable, adaptable system to meet the current and changing UI needs. Over time, the project will entirely replace the existing, antiquated mainframe, which has limitations in the availability of the system and directly impacts staffing and recruiting resources. 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.

As previously reported, DWD has been working with Wisconsin-based Flexion to develop many of the early components of a modernized system. We are taking a two-pronged approach to our work with Flexion: 1) To establish a cloud-based infrastructure that is modern, secure, and flexible enough to meet the changing demands; and 2) To begin development work to incrementally move the processing of claims from the legacy system to the modern solution in an agile and iterative approach. This approach allows for continuous improvement of the overall development process to ensure each phase of development meets the needs of the UI programs. During this reporting period, the development has focused on creating a working estimation screen for UI benefits that develops working software prototypes and the connection between the mainframe and modern systems. The estimation screen is used as a calculator to estimate a claimant's benefits based on limited wage information, which refers to system-available wage information or manually entered wage information.

The development team has been working on the first iteration of a validator, which will be introduced as part of the estimation screen. The validator will compare the information from the modern system to the legacy system to determine the accuracy of the modernized system to the legacy system. The modern estimator tool establishes the core calculation engine that will perform the calculations for the UI claimant's benefits and correctly charge employers. The core calculation engine will continue to grow incrementally until it can perform all complex benefit calculations. The work on the calculation engine is fundamental to the development of a working UI system. Establishing this calculation engine, while one of the most challenging elements, will create the foundation on which everything else will be built.

The core elements of the estimation screen were developed during the second quarter of 2022. The working prototype of the calculations is functioning in a user test environment. In the coming quarter, the team will work to finalize the infrastructure, enhance the functionality to include prior claims, and complete the validator. Upcoming development related to security and vulnerability perspectives will also be completed in preparation of the validator and estimation screen being put into full production. Until the estimation screen is operationally deployed, UI staff will be able to test and validate the results within the user test estimation screen as part of our iterative, agile model of system development that allows for continuous improvement throughout the process.

During the last quarter, the following items were completed:

- Infrastructure:
  - Developed an initial vulnerability response plan to address initial setup, processes, and policies for changes, and templates to support any findings.
  - Built out an automated workflow for building, scanning, attesting, approval, and deployment of software in a test environment. This step is essential for secure and smooth production and deployment practices.
  - Established a working proof of concept for a communication between the modern estimation screen under development and the legacy system.
  - Established security baselines and began to establish procedures and protocols.
- Data:
  - Developed a playbook that establishes practices and procedures for the de-identification of data, the process for extracting data from the current legacy DB2 database, and maintaining that data in a modern database. This is to keep claimant and employer information secure in the new data model.

- Established the foundational design and implementation of data storage in DWD's cloud platform.
- Developed a working model of the existing data to support the initial development.
- User Experience:
  - Conducted user experience efforts to identify opportunities and process improvements for calculating a benefit and applying the charging to employers. This work, a continuation of work from the previous quarter, identified ways to meet the program requirements in efficient manner, while making it easy for staff to use for staff.
  - Established consistent design patterns across the projects.

In addition to completing phases of the cloud-based contact center, the AI chatbot, and the work with Flexion since our last report, DWD is also proud to share that it has expanded access to Spanish-speaking claimants as part of its efforts to meet the needs of customers and enhance online services. The online unemployment claimant portal and initial claim application are now available in Spanish. Spanish-speaking claimants can now:

- File an initial claim application any time the system is available.
- View UI initial claim information.
- Update payment and withholding information.
- File an appeal.
- Print benefit summary statements.
- Enroll for and view secure messages.
- Set a language preference for communication and receive translated documents.
- Claimants may access the Spanish version of the claims portal by selecting the "Español" link on the [login page](#). Previously, we only provided access to these services to people whose preferred language is not English through in-person or phone interpretation and online claims filing in Spanish.
- Folks can still get assistance over the phone.

These expanded services build on DWD's past efforts, which include an upgraded UI claims portal that features better functionality and new features, including secure document upload, a message center for direct communication from claims specialists and adjudicators, text notifications, a mobile-friendly design, and the option to request accommodations related to a disability for an appeal. DWD also made it easier to file for UI benefits by updating the language for both its initial and weekly UI claim applications to feature "plain language" as much as possible.

DWD also released a [new UI dashboard](#) that provides insight into the strength of Wisconsin's economic recovery from the COVID-19 downturn. For example, the new dashboard shows how the claim volume during 2020 eclipsed the past 36 years, including the years known as the "Great Recession," and how the recovery has reduced the number of unemployed people filing claims.

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in October 2022. In the meantime, please do not hesitate to contact us with any questions.

## UI Reserve Fund Highlights

September 15, 2022

- Benefit payments through July 2022 declined by \$246.3 million or 56.6% when compared to benefits paid through July 2021.

<b>Benefits Paid</b>	<b>2022 YTD*</b> <i>(in millions)</i>	<b>2021 YTD*</b> <i>(in millions)</i>	<b>Change</b> <i>(in millions)</i>	<b>Change</b> <i>(in percent)</i>
Total Regular UI Paid	\$188.9	\$435.2	(\$246.3)	(56.6%)

- Tax receipts through July 2022 declined by \$14.9 million or 3.8% when compared to taxes paid through July 2021. Since both tax years were rated in Schedule D, any change reflects the improvement of individual employers' tax rates.

<b>Tax Receipts</b>	<b>2022 YTD*</b> <i>(in millions)</i>	<b>2021 YTD*</b> <i>(in millions)</i>	<b>Change</b> <i>(in millions)</i>	<b>Change</b> <i>(in percent)</i>
Total Tax Receipts	\$373.3	\$388.2	(\$14.9)	(3.8%)

- The July 2022 Trust Fund ending balance was under \$1.3 billion, an increase of 26.7% when compared to the same time last year. \$1,227,537 of the UI Trust Fund Balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

<b>UI Trust Fund Balance</b>	<b>July 2022</b> <i>(in millions)</i>	<b>July 2021</b> <i>(in millions)</i>	<b>Change</b> <i>(in millions)</i>	<b>Change</b> <i>(in percent)</i>
Cash Analysis Statement	\$1,266.4	\$999.2	\$267.2	26.7%

- Interest earned on the Trust Fund is received quarterly. Interest for the first two quarters of 2022 was \$9.2 million compared to \$11.8 million for the same period last year. The U.S. Treasury annualized interest rate for this quarter is 1.6%.

<b>UI Trust Fund Interest</b>	<b>2022 YTD*</b> <i>(in millions)</i>	<b>2021 YTD*</b> <i>(in millions)</i>	<b>Change</b> <i>(in millions)</i>	<b>Change</b> <i>(in percent)</i>
Total Interest Earned	\$9.2	\$11.8	(\$2.6)	(22.0%)

\*All calendar year-to-date (YTD) numbers are based on the July 31, 2022, Financial Statements.

# FINANCIAL STATEMENTS

For the Month Ended July 31, 2022



Unemployment Insurance Division

Bureau of Tax and Accounting

DEPARTMENT OF WORKFORCE DEVELOPMENT  
U.I. TREASURER'S REPORT  
BALANCE SHEET  
FOR THE MONTH ENDED July 31, 2022

<u>ASSETS</u>	<u>CURRENT YEAR</u>	<u>PRIOR YEAR</u>
<b>CASH:</b>		
U.I. CONTRIBUTION ACCOUNT	36,523,918.32	40,333,246.80
U.I. BENEFIT ACCOUNTS	(1,645,494.69)	(2,858,417.79)
U.I. TRUST FUND ACCOUNTS (1) (2) (3)	<u>1,322,999,052.06</u>	<u>1,058,390,187.58</u>
TOTAL CASH	<u>1,357,877,475.69</u>	<u>1,095,865,016.59</u>
<b>ACCOUNTS RECEIVABLE:</b>		
BENEFIT OVERPAYMENT RECEIVABLES	205,897,384.31	158,959,034.72
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(60,905,210.73)</u>	<u>(44,189,215.05)</u>
NET BENEFIT OVERPAYMENT RECEIVABLES	144,992,173.58	114,769,819.67
TAXABLE EMPLOYER RFB & SOLVENCY RECEIV (5) (6)	32,598,513.09	29,286,136.70
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS (4)	<u>(16,036,622.81)</u>	<u>(15,105,025.15)</u>
NET TAXABLE EMPLOYER RFB & SOLVENCY RECEIV	16,561,890.28	14,181,111.55
OTHER EMPLOYER RECEIVABLES	22,626,778.79	57,882,242.27
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(9,149,559.69)</u>	<u>(9,066,004.85)</u>
NET OTHER EMPLOYER RECEIVABLES	13,477,219.10	48,816,237.42
TOTAL ACCOUNTS RECEIVABLE	<u>175,031,282.96</u>	<u>177,767,168.64</u>
TOTAL ASSETS	<u><u>1,532,908,758.65</u></u>	<u><u>1,273,632,185.23</u></u>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>LIABILITIES:</b>		
CONTINGENT LIABILITIES (7)	115,854,298.71	87,993,773.52
OTHER LIABILITIES	61,329,380.24	18,427,763.85
FEDERAL BENEFIT PROGRAMS	300,275.98	(2,082,718.67)
CHILD SUPPORT HOLDING ACCOUNT	28,241.00	93,333.00
FEDERAL WITHHOLDING TAXES DUE	149,011.00	382,838.00
STATE WITHHOLDING TAXES DUE	518,934.84	5,012,542.00
DUE TO OTHER GOVERNMENTS (8)	<u>1,138,364.43</u>	<u>1,102,164.14</u>
TOTAL LIABILITIES	179,318,506.20	110,929,695.84
<b>EQUITY:</b>		
RESERVE FUND BALANCE	2,666,492,341.87	1,530,857,231.97
BALANCING ACCOUNT	<u>(1,312,902,089.42)</u>	<u>(368,154,742.58)</u>
TOTAL EQUITY	<u>1,353,590,252.45</u>	<u>1,162,702,489.39</u>
TOTAL LIABILITIES AND EQUITY	<u><u>1,532,908,758.65</u></u>	<u><u>1,273,632,185.23</u></u>

1. \$19,199,357 of this balance is for administration purposes and is not available to pay benefits.
2. \$1,227,537 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.
3. \$11,529,534 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 31.2%. The allowance for uncollectible delinquent employer taxes is 44.8%. 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 \$634,176. Deferrals for the prior year were \$835,310.
6. \$14,640,257, or 44.9%, of this balance is estimated.
7. \$95,903,021 of this balance is net benefit overpayments which, when collected, will be credited to a reimbursable or federal program. \$19,951,278 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 \$560. The 07/31/2022 balance of the Unemployment Interest Payment Fund (DWD Fund 214) is \$63,190. Total Life-to-date transfers from DWD Fund 214 to the Unemployment Program Integrity Fund (DWD Fund 298) were \$9,501,460.

DEPARTMENT OF WORKFORCE DEVELOPMENT  
U.I. TREASURER'S REPORT  
RESERVE FUND ANALYSIS  
FOR THE MONTH ENDED July 31, 2022

	<u>CURRENT ACTIVITY</u>	<u>YTD ACTIVITY</u>	<u>PRIOR YTD</u>
BALANCE AT BEGINNING OF MONTH/YEAR:			
U.I. TAXABLE ACCOUNTS	3,063,684,980.00	3,025,371,200.23	2,067,917,022.31
BALANCING ACCOUNT	<u>(1,788,205,354.86)</u>	<u>(1,920,053,262.30)</u>	<u>(896,424,588.78)</u>
TOTAL BALANCE	1,275,479,625.14	1,105,317,937.93	1,171,492,433.53
<b>INCREASES:</b>			
TAX RECEIPTS/RFB PAID	70,115,476.26	257,371,242.76	271,920,330.43
ACCRUED REVENUES	(3,215,213.57)	3,357,651.22	2,595,153.68
SOLVENCY PAID	26,984,397.37	115,881,711.26	116,252,628.96
FORFEITURES	0.00	960.00	9,384.00
BENEFIT CONCEALMENT INCOME	100,185.92	1,008,275.59	361,688.08
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	60,000,000.00	0.00
INTEREST EARNED ON TRUST FUND	0.00	9,200,375.96	11,806,827.19
FUTA TAX CREDITS	196.60	1,165.60	7,405.82
OTHER CHANGES	2,359.68	<u>(17,227.70)</u>	<u>28,306,933.77</u>
TOTAL INCREASES	<u>93,987,402.26</u>	<u>446,804,154.69</u>	<u>431,260,351.93</u>
<b>DECREASES:</b>			
TAXABLE EMPLOYER DISBURSEMENTS	13,141,336.96	141,165,025.05	338,217,745.57
QUIT NONCHARGE BENEFITS	2,225,950.83	15,798,918.92	66,973,757.76
OTHER DECREASES	(28,176.44)	9,903,154.14	5,119,454.32
OTHER NONCHARGE BENEFITS	537,663.60	<u>31,664,742.06</u>	<u>29,739,338.42</u>
TOTAL DECREASES	<u>15,876,774.95</u>	<u>198,531,840.17</u>	<u>440,050,296.07</u>
BALANCE AT END OF MONTH/YEAR:			
RESERVE FUND BALANCE	2,666,492,341.87	2,666,492,341.87	1,530,857,231.97
BALANCING ACCOUNT	<u>(1,312,902,089.42)</u>	<u>(1,312,902,089.42)</u>	<u>(368,154,742.58)</u>
TOTAL BALANCE (9) (10) (11) (12)	<u><u>1,353,590,252.45</u></u>	<u><u>1,353,590,252.45</u></u>	<u><u>1,162,702,489.39</u></u>

9. This balance differs from the cash balance related to taxable employers of \$1,297,147,289 because of non-cash accrual items.

10. \$19,199,357 of this balance is set up in the Trust Fund in two subaccounts to be used for administration purposes and is not available to pay benefits.

11. \$1,227,537 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

12. \$11,529,534 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.

08/22/2022

**DEPARTMENT OF WORKFORCE DEVELOPMENT  
U.I. TREASURER'S REPORT  
RECEIPTS AND DISBURSEMENTS STATEMENT  
FOR THE MONTH ENDED 07/31/2022**

<u>RECEIPTS</u>	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE</u>	<u>PRIOR YEAR TO DATE</u>
TAX RECEIPTS/RFB	\$70,115,476.26	\$257,371,242.76	\$271,920,330.43
SOLVENCY	26,984,397.37	115,881,711.26	116,252,628.96
ADMINISTRATIVE FEE	29.38	201.07	419.77
ADMINISTRATIVE FEE - PROGRAM INTEGRITY	688,149.60	3,089,170.91	2,890,132.34
UNUSED CREDITS	1,547,859.32	925,511.86	3,838,805.79
GOVERNMENTAL UNITS	567,978.87	4,892,834.94	18,935,791.29
NONPROFITS	645,724.76	5,289,970.03	16,465,865.50
INTERSTATE CLAIMS (CWC)	115,104.61	1,990,818.69	7,441,005.67
ERROR SUSPENSE	196,443.50	296,070.95	115,917.05
FEDERAL PROGRAMS RECEIPTS	(209,297.84)	25,978,503.73	1,536,997,389.39
OVERPAYMENT COLLECTIONS	2,239,445.64	24,272,654.81	27,167,220.95
FORFEITURES	0.00	960.00	9,384.00
BENEFIT CONCEALMENT INCOME	100,185.92	1,008,275.59	361,688.08
EMPLOYER REFUNDS	(1,297,702.37)	(89,157,399.37)	(3,647,669.69)
COURT COSTS	35,489.54	243,226.28	225,812.34
INTEREST & PENALTY	271,862.51	2,032,748.00	2,133,211.84
CARD PAYMENT SERVICE FEE	2,744.69	16,186.09	18,104.88
BENEFIT CONCEALMENT PENALTY-PROGRAM INTEGRITY	134,512.11	1,413,713.13	542,665.85
MISCLASSIFIED EMPLOYEE PENALTY-PROG INTEGRITY	833.25	333.25	12,819.84
LEVY NONCOMPLIANCE PENALTY-PROGRAM INTEGRITY	1,044.92	6,172.40	25,940.57
SPECIAL ASSESSMENT FOR INTEREST	559.80	7,746.68	10,137.95
LOST WAGES ASSISTANCE (LWA) ADMIN	0.00	33,229.41	365,897.89
EMERGENCY UC RELIEF (EUR)	0.00	0.00	23,554,996.00
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	60,000,000.00	0.00
INTEREST EARNED ON U.I. TRUST FUND BALANCE	0.00	9,200,375.96	11,806,827.19
MISCELLANEOUS	11,491.54	67,019.27	42,384.83
<b>TOTAL RECEIPTS</b>	<b>\$102,152,333.38</b>	<b>\$424,861,277.70</b>	<b>\$2,037,487,708.71</b>
 <b>DISBURSEMENTS</b>			
CHARGES TO TAXABLE EMPLOYERS	\$16,213,930.82	\$167,438,445.06	\$379,207,842.20
NONPROFIT CLAIMANTS	804,666.19	2,832,180.27	15,196,954.72
GOVERNMENTAL CLAIMANTS	580,654.45	1,603,370.56	14,366,097.98
INTERSTATE CLAIMS (CWC)	180,796.03	1,888,787.16	4,848,815.46
QUITS	2,225,950.83	15,798,918.92	66,973,757.76
OTHER NON-CHARGE BENEFITS	526,563.89	(35,517,294.75)	29,603,421.33
CLOSED EMPLOYERS	600.70	(2,028.45)	(1,936.22)
ERROR CLEARING ACCOUNT	(1,641.00)	0.00	0.00
FEDERAL PROGRAMS			
FEDERAL EMPLOYEES (UCFE)	96,756.37	949,543.41	2,755,283.09
EX-MILITARY (UCX)	9,673.22	193,288.87	936,817.97
TRADE ALLOWANCE (TRA/TRA-NAFTA)	46,722.00	815,070.86	(242,712.76)
WORK-SHARE (STC)	(3,205.99)	970,934.64	954,643.31
FEDERAL PANDEMIC UC (FPUC)	(238,495.55)	7,970,832.46	1,061,799,680.97
LOST WAGES ASSISTANCE \$300 ADD-ON (LWA)	(36,925.42)	3,259,181.44	11,417,494.79
MIXED EARNERS UC (MEUC)	2,800.00	35,600.00	209,600.00
PANDEMIC UNEMPLOYMENT ASSISTANCE (PUA)	8,976.33	3,493,986.85	122,633,345.92
PANDEMIC EMERGENCY UC (PEUC)	(128,737.40)	5,514,892.34	315,516,615.43
PANDEMIC FIRST WEEK (PFW)	(1,846.74)	723,288.86	20,000,000.00
EMER UC RELIEF REIMB EMPL (EUR)	(32,212.62)	2,093,143.00	62,920.10
2003 TEMPORARY EMERGENCY UI (TEUC)	(965.70)	(6,853.40)	(6,815.00)
FEDERAL ADD'L COMPENSATION \$25 ADD-ON (FAC)	(17,992.11)	(100,792.09)	(121,968.77)
FEDERAL EMERGENCY UI (EUC)	(124,118.39)	(896,977.44)	(1,011,578.22)
FEDERAL EXTENDED BENEFITS (EB)	(8,427.81)	(5,705.51)	4,420,903.48
FEDERAL EMPLOYEES EXTENDED BEN (UCFE EB)	0.00	0.00	21,603.66
FEDERAL EX-MILITARY EXTENDED BEN (UCX EB)	0.00	(147.52)	1,629.11
INTERSTATE CLAIMS EXTENDED BENEFITS (CWC EB)	39,660.89	74,296.31	66,354.64
INTEREST & PENALTY	247,970.77	2,016,190.77	2,079,621.43
CARD PAYMENT SERVICE FEE TRANSFER	1,687.04	15,054.04	17,111.44
PROGRAM INTEGRITY	104,229.07	3,732,579.43	2,737,380.98
SPECIAL ASSESSMENT FOR INTEREST	4,114.57	11,147.53	13,626.85
COURT COSTS	31,408.91	223,974.25	224,578.37
ADMINISTRATIVE FEE TRANSFER	15.61	186.51	421.79
LOST WAGES ASSISTANCE (LWA) ADMIN TRANSFER	0.00	33,229.41	365,897.89
FEDERAL WITHHOLDING	(100,400.00)	(74,601.00)	(24,692.00)
STATE WITHHOLDING	1,045,605.25	2,413,146.64	18,753,900.48
REED ACT & ARRA SPECIAL ADMIN EXPENDITURES	0.00	1,021,900.43	121,258.73
FEDERAL LOAN REPAYMENTS	(196.60)	(1,165.60)	(7,405.82)
<b>TOTAL DISBURSEMENTS</b>	<b>\$21,477,617.61</b>	<b>\$188,517,604.26</b>	<b>\$2,073,891,471.09</b>
 NET INCREASE(DECREASE)	 <u>80,674,715.77</u>	 <u>236,343,673.44</u>	 <u>(36,403,762.38)</u>
BALANCE AT BEGINNING OF MONTH/YEAR	\$1,277,202,759.92	\$1,121,533,802.25	\$1,132,268,778.97
 BALANCE AT END OF MONTH/YEAR	 <u>\$1,357,877,475.69</u>	 <u>\$1,357,877,475.69</u>	 <u>\$1,095,865,016.59</u>

DEPARTMENT OF WORKFORCE DEVELOPMENT  
U.I. TREASURER'S REPORT  
CASH ANALYSIS  
FOR THE MONTH ENDED July 31, 2022

	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BEGINNING U.I. CASH BALANCE	\$1,216,626,068.89	\$1,048,002,601.08	\$1,137,108,896.48
INCREASES:			
TAX RECEIPTS/RFB PAID	70,115,476.26	257,371,242.76	271,920,330.43
U.I. PAYMENTS CREDITED TO SURPLUS	26,282,322.06	114,598,246.76	126,752,619.69
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	60,000,000.00	0.00
INTEREST EARNED ON TRUST FUND	0.00	9,200,375.96	11,806,827.19
FUTA TAX CREDITS	196.60	1,165.60	7,405.82
TOTAL INCREASE IN CASH	<u>96,397,994.92</u>	<u>441,171,031.08</u>	<u>410,487,183.13</u>
TOTAL CASH AVAILABLE	<u>1,313,024,063.81</u>	<u>1,489,173,632.16</u>	<u>1,547,596,079.61</u>
DECREASES:			
TAXABLE EMPLOYER DISBURSEMENTS	13,141,336.96	141,165,025.05	338,217,745.57
BENEFITS CHARGED TO SURPLUS	2,767,650.61	47,746,274.82	97,010,348.81
TOTAL BENEFITS PAID DURING PERIOD	<u>15,908,987.57</u>	<u>188,911,299.87</u>	<u>435,228,094.38</u>
REED ACT EXPENDITURES	0.00	1,021,900.43	121,258.73
EMER UC RELIEF REIMB EMPL EXPENDITURES	<u>(32,212.62)</u>	<u>2,093,143.00</u>	<u>62,920.10</u>
ENDING U.I. CASH BALANCE (13) (14) (15) (16)	<u><u>1,297,147,288.86</u></u>	<u><u>1,297,147,288.86</u></u>	<u><u>1,112,183,806.40</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. \$18,914,772 of this balance was set up in 2020 in the Trust Fund as an Emergency Admin Grant (EUISAA) subaccount to be used for administration of the Unemployment Compensation Program and is not available to pay benefits.

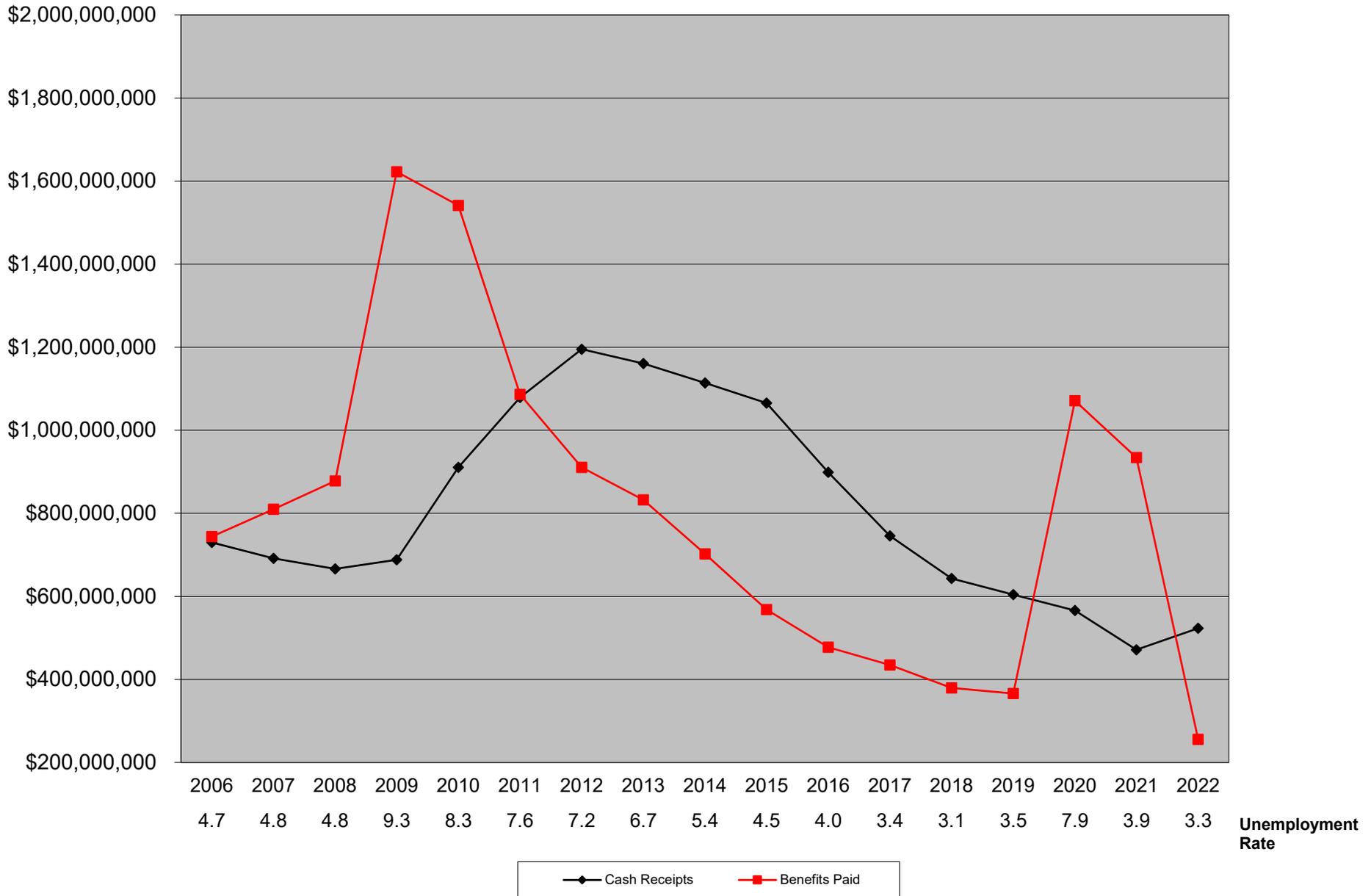
15. \$1,227,537 of this balance is the remaining amount set aside for charging of benefits financed by Reimbursable Employers in cases of Identity Theft.

16. \$11,529,534 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.

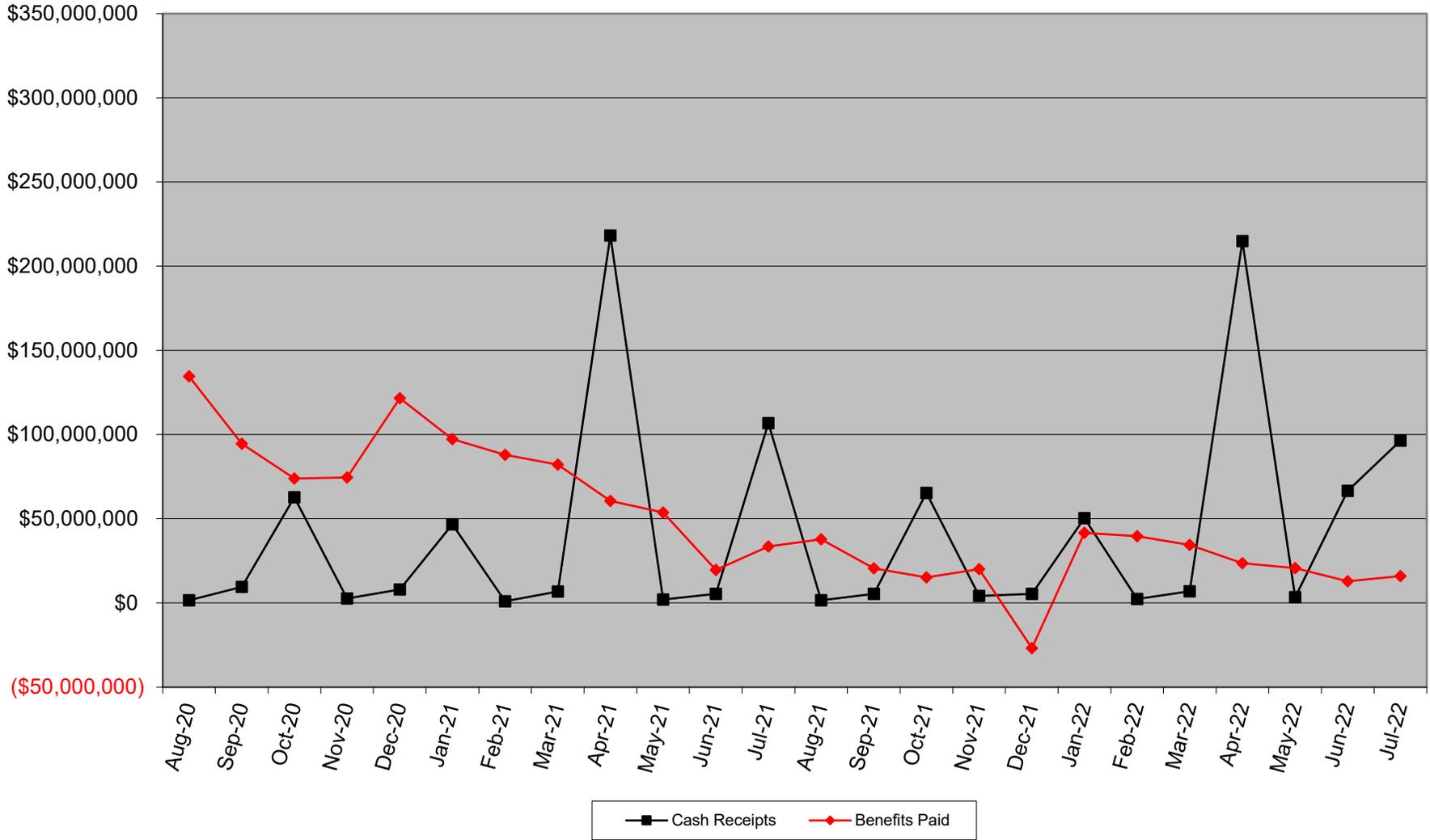
BUREAU OF TAX AND ACCOUNTING  
U.I. TREASURER'S REPORT  
BALANCING ACCT SUMMARY  
FOR THE MONTH ENDED July 31, 2022

	<u>CURRENT ACTIVITY</u>	<u>YEAR TO DATE ACTIVITY</u>	<u>PRIOR YTD ACTIVITY</u>
BALANCE AT THE BEGINNING OF THE MONTH/YEAR	(\$1,392,968,976.26)	(\$1,527,719,203.28)	(\$484,263,072.65)
INCREASES:			
U.I. PAYMENTS CREDITED TO SURPLUS:			
SOLVENCY PAID	26,984,397.37	115,881,711.26	116,252,628.96
FORFEITURES	0.00	960.00	9,384.00
OTHER INCREASES	<u>(702,075.31)</u>	<u>(1,284,424.50)</u>	<u>10,490,606.73</u>
U.I. PAYMENTS CREDITED TO SURPLUS SUBTOTAL	26,282,322.06	114,598,246.76	126,752,619.69
TRANSFERS BETWEEN SURPLUS ACCTS	76,842.58	25,435,680.20	24,217,322.02
2021 WI ACT 58 TRANSFERS TO TRUST FUND	0.00	60,000,000.00	0.00
INTEREST EARNED ON TRUST FUND	0.00	9,200,375.96	11,806,827.19
FUTA TAX CREDITS	<u>196.60</u>	<u>1,165.60</u>	<u>7,405.82</u>
TOTAL INCREASES	26,359,361.24	209,235,468.52	162,784,174.72
DECREASES:			
BENEFITS CHARGED TO SURPLUS:			
QUITS	2,225,950.83	15,798,918.92	66,973,757.76
OTHER NON-CHARGE BENEFITS	<u>541,699.78</u>	<u>31,947,355.90</u>	<u>30,036,591.05</u>
BENEFITS CHARGED TO SURPLUS SUBTOTAL	2,767,650.61	47,746,274.82	97,010,348.81
REED ACT EXPENDITURES	0.00	1,021,900.43	121,258.73
EMER UC RELIEF REIMB EMPL EXPENDITURES	<u>(32,212.62)</u>	<u>2,093,143.00</u>	<u>62,920.10</u>
BALANCE AT THE END OF THE MONTH/YEAR	<u><u>(1,369,345,053.01)</u></u>	<u><u>(1,369,345,053.01)</u></u>	<u><u>(418,673,425.57)</u></u>

## Cash Activity Related to Taxable Employers with WI Unemployment Rate (for all years from August to July)

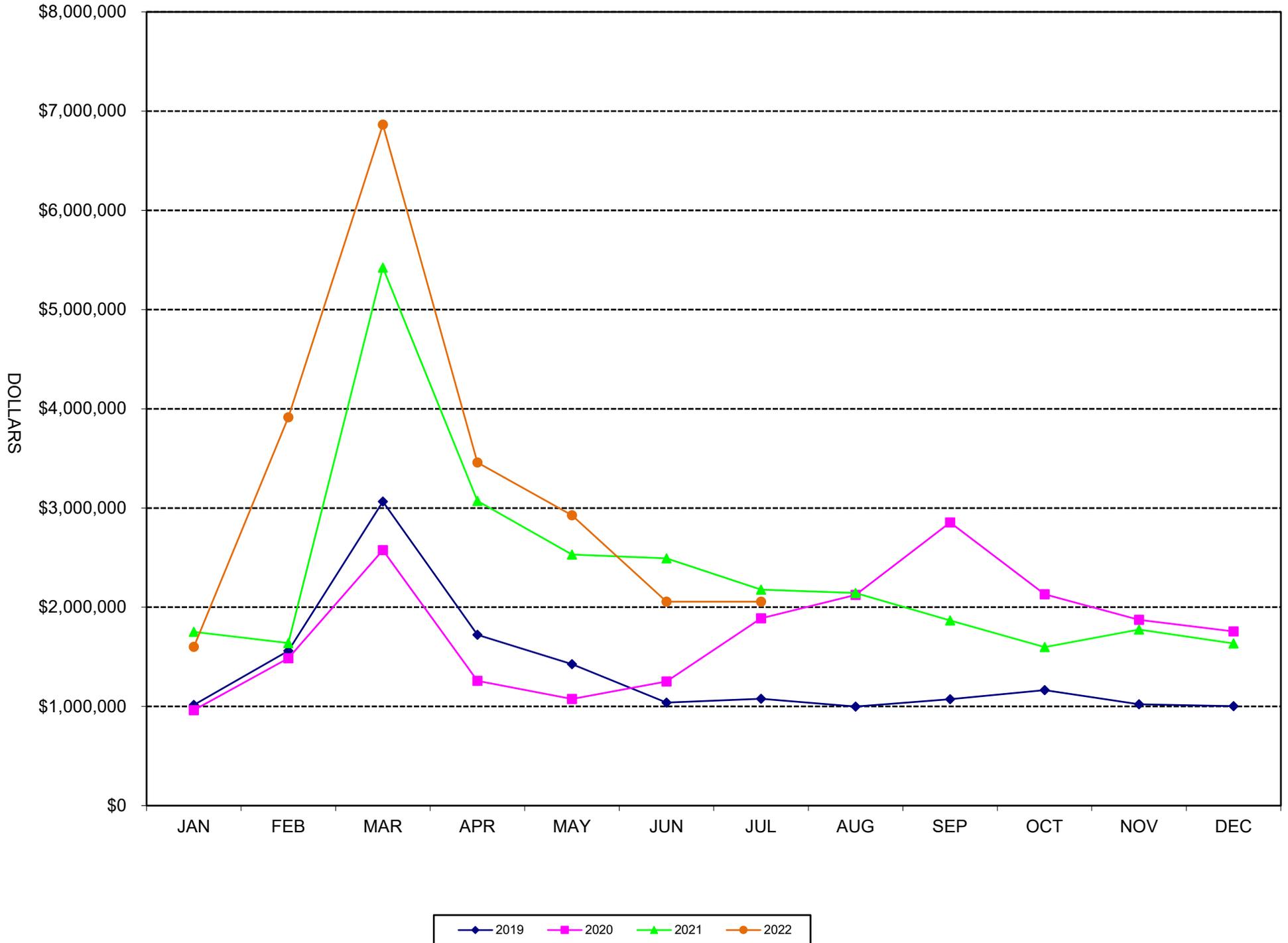


### Cash Activity Related to Taxable Employers - Most Recent 24 Months Excluding FUTA Tax Credits

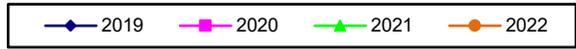
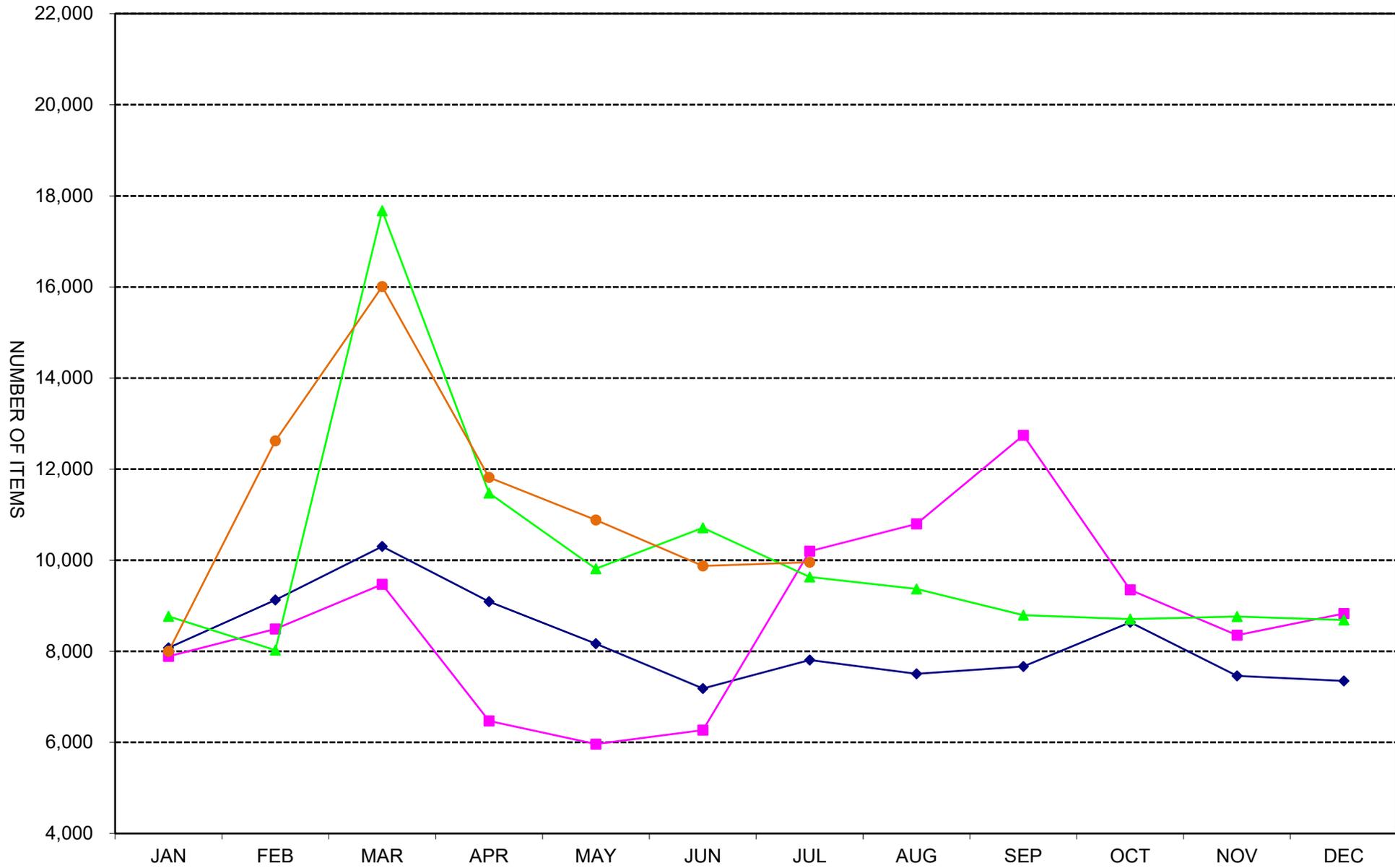


# MONTHLY OVERPAYMENT CASH RECEIPTS

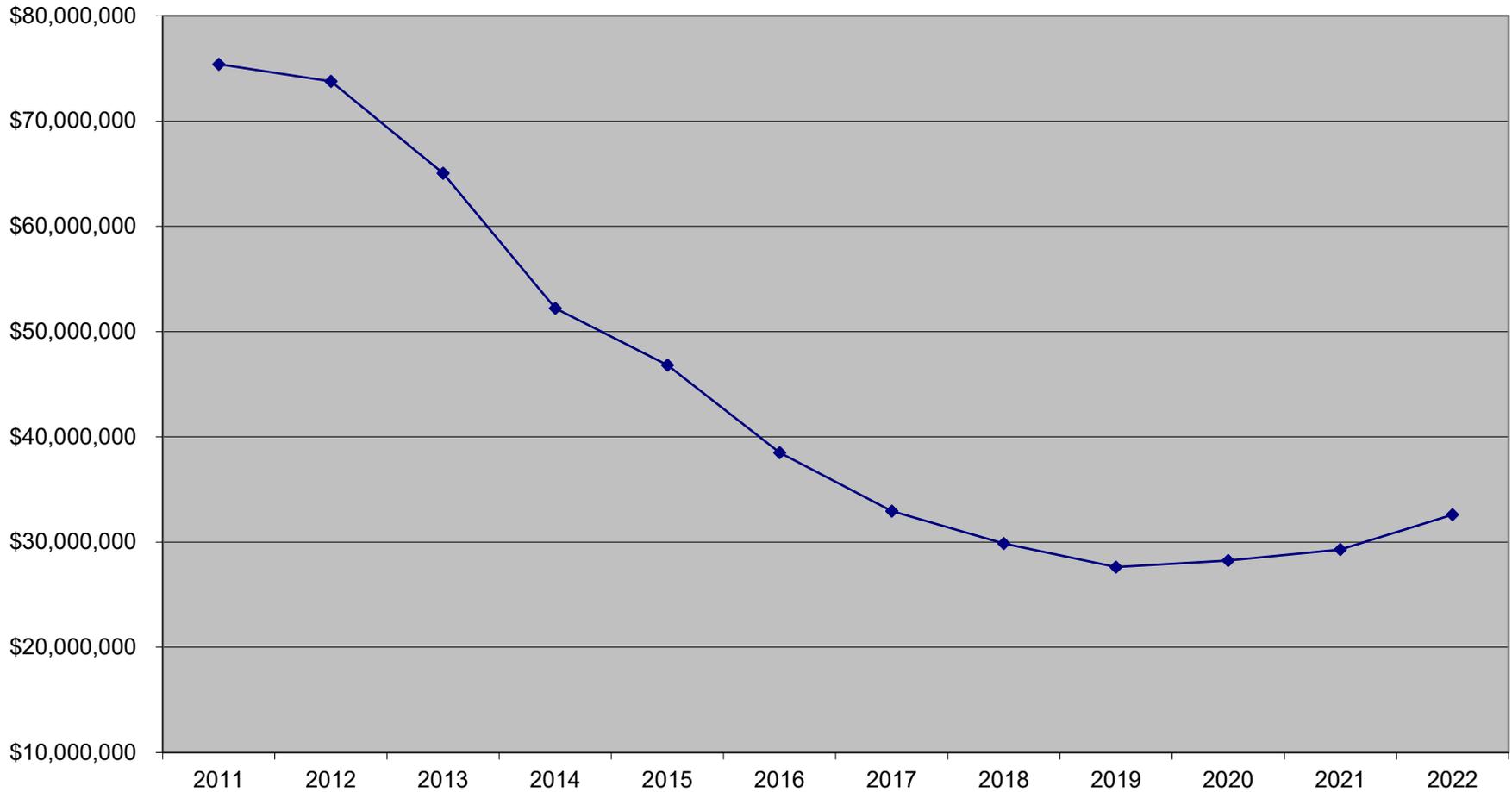
(by dollar amount)



# MONTHLY OVERPAYMENT CASH RECEIPTS (by number of items)

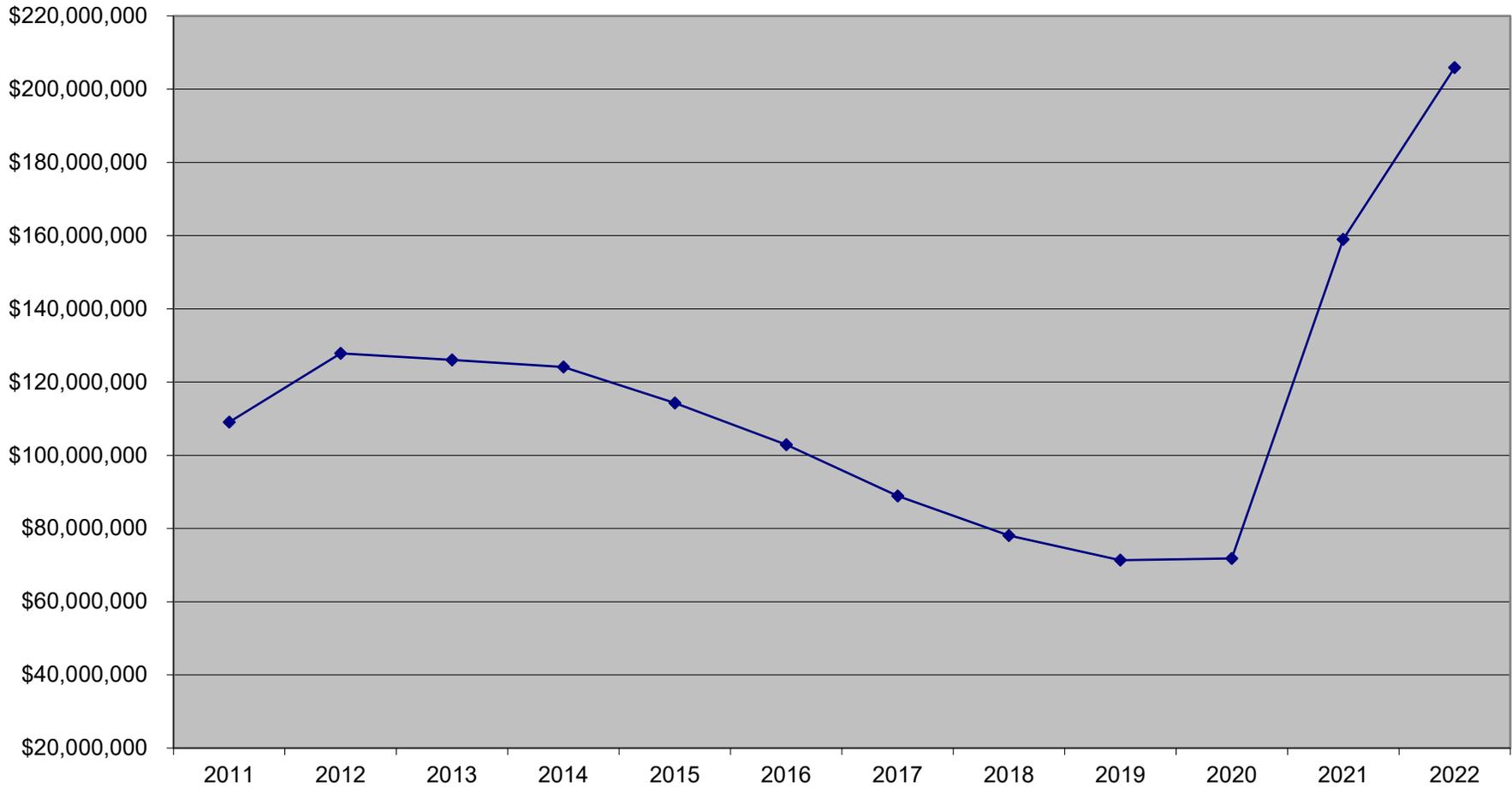


**TOTAL TAXABLE EMPLOYER RFB & SOLVENCY RECEIVABLES**  
**(for all years as of July)**



**Source: Monthly Balance Sheet**

**TOTAL BENEFIT OVERPAYMENT RECEIVABLES**  
**(for all years as of July)**



**Source: Monthly Balance Sheet**

September 15, 2022

Dear Members of the Unemployment Insurance Advisory Council:

In 2016, the Council and Legislature approved a law authorizing a 0.01% assessment of employers for program integrity efforts, which is offset by a corresponding reduction in the solvency tax. This assessment maintains funding for anti-fraud and other program integrity efforts and has been authorized each year since the law was in effect.

The law requires me to consult with the Council and to consider the balance of the Unemployment Insurance Trust Fund before approving the assessment. The assessment notice must be published by November 30.

In weighing the need for continued funding of program integrity efforts with Trust Fund balance, **I recommend that the Department invest the 0.01% assessment into the Program Integrity Fund**, which will allow the Department to continue all current program integrity operations with no corresponding tax increase on employers.

In making this recommendation, I considered the following:

- The amount that would be generated for the Program Integrity Fund from this assessment is projected to be \$3.3 million for the year. This represents about 5.7% of the annual base federal UI administrative grant.
- The Trust Fund balance on July 31, 2022 was about \$1.266 billion. The projected assessment amount represents about 0.26% of this balance.
- The Department is in the process of hiring additional staff to work on criminal prosecution cases.
- The Department has been devoting resources to coordinate anti-fraud efforts with the Wisconsin Attorney General and the US-DOL Office of Inspector General.
- Like most states, Wisconsin has faced increased attempts by sophisticated international groups to defraud the unemployment insurance system during the past few years. As we build our new information technology system, we are continuing to implement best practices in combatting these new types of fraud threats.

The Department intends to continue placing a priority on program integrity and anti-fraud efforts. To this end, I believe the use of the 0.01% assessment to fund integrity efforts continues to be warranted.

The Department will use these funds to continue its program integrity efforts like fraud investigations, worker classification enforcement, worker classification public outreach efforts, identity verification and cross-matching efforts, and investigation and prosecution of criminal UI fraud.

I would appreciate your continued support for this proposal, which you have given each year since 2017. I value your consideration and service to the Department and the citizens of Wisconsin.

Sincerely,



Amy Pechacek  
Secretary-designee