



WISCONSIN STATE LEGISLATURE

## Joint Audit Committee

Committee Co-Chairs:

State Senator Robert Cowles

State Representative Samantha Kerkman

NEWS RELEASE  
FOR IMMEDIATE RELEASE  
July 30, 2021

For More Information Contact:  
Senator Cowles ~ 800.334.1465  
Representative Kerkman ~ 888.529.0061

### **Audit Reports Noncompliance with Unemployment Insurance Appeals Timeliness**

**MADISON** – Today, the nonpartisan Legislative Audit Bureau (LAB) released a semi-annual report (report 21-11) highlighting the activity of the Bureau’s Fraud, Waste, and Mismanagement hotline for the period from January 1, 2021, through June 30, 2021. The Bureau’s hotline, which was established in April 2008, provides the public, state employees, and contractors a way to confidentially report potential fraud, inefficiencies, abuse, and other improper activities in state agencies or programs.

From January through June 2021, 61 reports were made to the hotline, of which 45 were state-related. During this period, the hotline received a total of 30 reports that pertained to the Unemployment Insurance (UI) program and that involved 53 issues such as benefit payment delays, call center effectiveness, and appeals timeliness.

To comply with federal timeliness regulations for appeals, a state must resolve 80 percent of appeals within 45 days. LAB reviewed the appeal timeliness data DWD reported to the federal government and found that DWD had not complied with federal regulations because it did not resolve appeal decisions in a timely manner from June 2020 through May 2021. For May 2021, DWD reported that it resolved 17.5 percent of appeals within 45 days. LAB also reviewed appeals data reported in May 2021 for 45 states and territories and found that only 2 were in compliance with federal requirements for issuing appeal decisions in a timely manner. Overall, more than 14,500 appeals were awaiting a decision by DWD in May 2021. LAB recommended that DWD report to the Joint Legislative Audit Committee by September 16, 2021, on its plan to achieve compliance and on the status of appeals as of August 31, 2021.

“I’m not surprised by this finding. It confirms what my colleagues and I have been hearing all along from our constituents, and I am disappointed all over again by DWD’s failure to anticipate critical needs,” said Representative Samantha Kerkman (R-Salem Lakes). “DWD didn’t ramp up hiring administrative law judges or appeals support staff until December. They couldn’t have predicted the pandemic and the tsunami of initial claims, but knowing the enormous peaks at other points throughout the claims process – jammed phone lines, mountains of claims requiring an initial determination – they should have been able to predict the huge swell in appeals that was looming and could have acted much earlier to minimize the impact on workers who were anxiously awaiting their appeals and desperately hopeful to receive UI payments.”

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SENATOR COWLES

P.O. Box 7882 • Madison, WI 53707-7882  
(608) 266-0484 • Fax: (608) 267-0304

REPRESENTATIVE KERKMAN

P.O. Box 8952 • Madison, WI 53708-8952  
(608) 266-2530 • Fax (608) 282-3661

“In July 2020, LAB reported that DWD overpaid UI claimants by \$21.2 million. In September 2020, it was reported that DWD had only answered 0.5% of calls made to their call centers. In December 2020, it was reported that DWD was responsible for 11 weeks of delay, on average, to resolve an individual’s initial claim when additional information was needed. Today, LAB reported that DWD has been in noncompliance with federal regulations to issue UI appeal decisions in a timely manner since June of 2020. That’s 13 months of missing the mark. 14,500 individuals are still awaiting a decision on their appeal to get UI benefits. While the global pandemic was an unparalleled event that stressed our UI program, the Department should have anticipated the next steps, which should have been taken to advance this bubble of claimants through the program. Instead, these audit reports highlight further lethargic reactions by DWD that have resulted in noncompliance, delays, and mismanagement,” said Senator Robert Cowles (R-Green Bay).

Copies of report 21-11 may be obtained from LAB’s website at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab) or by calling (608) 266-2818. Individuals may report concerns related to state government activities, including those involving the University of Wisconsin System and its institutions, to LAB by calling the toll-free hotline at 1-877-FRAUD-17, through a secure online reporting form available at [www.legis.wisconsin.gov/lab/hotline](http://www.legis.wisconsin.gov/lab/hotline), or by mail. By law, the identity of the individual making the report will remain confidential.

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