



WISCONSIN UNEMPLOYMENT INSURANCE

Supporting Integrity, Accountability and Re-employment

2017 Report to the Unemployment Insurance Advisory Council





STATE OF WISCONSIN



Department of Workforce Development

Unemployment Insurance

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"Our mission at DWD is to advance Wisconsin's economy and business climate by empowering and supporting the workforce. An important part of that mission is ensuring we have an unemployment insurance program that is strong, secure, and fiscally sound."

- Secretary Ray Allen, Wisconsin Department of Workforce Development



March 15, 2017

Dear Members of the Unemployment Insurance Advisory Council:

The Department of Workforce Development (DWD) is pleased to present the following report on the state of the Wisconsin Unemployment Insurance (UI) Trust Fund and Wisconsin's UI program. We are proud to report that the state of the Trust Fund and the state of UI program are both strong.

In 2016, both the amount and rate of fraud against the UI program continued to decline significantly and the Trust Fund continued to grow ending the year with a balance of \$1.2 billion, a \$416 million increase from the previous year. As a result the UI employer tax burden will decline by an estimated \$189 million for tax year 2017.

The continued growth of the fund and the drop in UI fraud can be partially attributable to the success of Wisconsin's economy under the leadership of Governor Scott Walker. In 2016:

- ▶ Wisconsin's total employment reached historic levels
- ▶ Average initial unemployment insurance claims were at the lowest level since 1989
- ▶ Average weekly unemployment insurance claims were at the lowest level in at least 30 years
- ▶ Wisconsin's labor force participation rate outpaced the national rate and ranked among the best in the United States

DWD also continues to emphasize anti-fraud initiatives to ensure that a solvent, reliable UI program remains accountable to the employers who fund benefit payments, and benefit payments remain available to workers who lose their employment through no fault of their own. Wisconsin continues to be recognized nationally for our efforts to combat benefit fraud, educate employers and claimants, enforce worker classification laws, and facilitate the rapid re-employment of UI claimants.

Additionally, we continue to modernize our systems to allow more opportunities for the people we serve to interact with the UI program online at their convenience, through modern, mobile friendly and secure web-based claim and inquiry systems. Since its launch in 2014 our redesigned Internet Initial Claims system continues to perform beyond expectations and has dramatically reduced the need for claimants to call a claims specialist. Today, 93 percent of individuals who begin their initial claim online can complete their claim without needing to call a specialist and more than four out of every five UI claimants accessed DWD's online UI systems at least once in 2016.

In 2016, total UI benefit payments declined by 15.5 percent from 2015 to 2016. In comparison, the percent of total benefits paid that were obtained fraudulently declined by 35.3 percent, more than double the rate of decline in total UI benefit payments. An improving economy, enhanced measures to detect and prevent UI fraud, and enhanced customer education all help to ensure a reliable and sustainable UI system for employers and workers.

Contained in this report you will find these and other statistical details, along with a summary of the tools we use to prevent, detect and deter UI fraud.

We will continue to build upon the successes of the past year to protect the integrity of the UI program and look forward to working with you and the members of the Wisconsin State Legislature to advance even more improvements.

Sincerely,



Ray Allen, Secretary
Department of Workforce Development



Joe Handrick, Administrator
Unemployment Insurance Division

Wisconsin ranks 2nd nationally at re-employment outcomes for UI recipients.

~ United States Department of Labor

Moving from Government Dependence to True Independence

Robust Re-employment Services Are Helping Workers

Unemployment Insurance provides a valuable economic stabilizer for families and communities by providing short-term assistance to unemployed workers who qualify for the program while they transition to new employment.

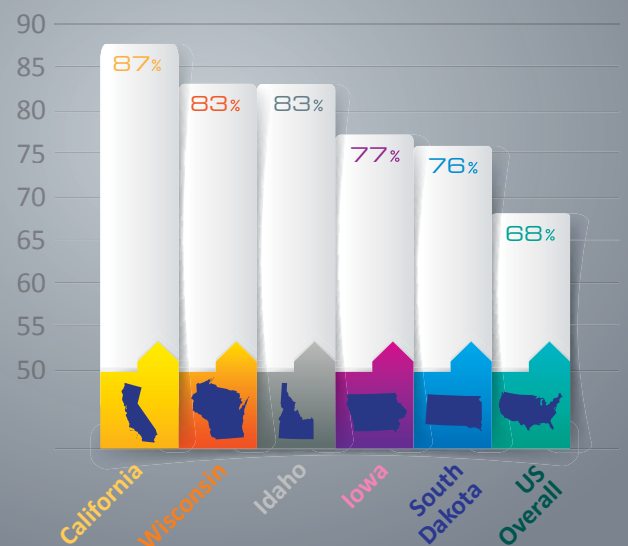
The Department's goal is to ensure individuals receive the assistance they need in the short-term while helping them find new employment for their long-term security.

Under Wisconsin law, UI recipients must register with Job Center of Wisconsin (JCW) and actively seek employment, unless an individual is granted a work search waiver. In 2016, nearly 98 percent of the 101,219 claimants who were required to register with JCW satisfied this requirement.

Once registered with JCW, claimants who are determined to potentially benefit from re-employment assistance are provided a re-employment curriculum tailored to their unique job seeking needs. These services are delivered through a combination of online training modules and in-person counseling at one of 54 local job centers in Wisconsin.

This strategy is working for Wisconsin. According to the most recent data from the U.S. Department of Labor (USDOL), Wisconsin ranks second nationally at re-employment outcomes for UI recipients.

Facilitation of Reemployment Percentage



Percentage of UI claimants who received a first payment in a calendar quarter who are reemployed in the subsequent quarter.

State ranking of Core Measure for Period 07/01/2015 to 06/30/2016 (the most recent period available)
<https://oui.doleta.gov/unemploy/reemploy.asp>



▲ Wisconsin's re-employment services success has garnered nation-wide attention. **Bruce Palzkill**, Deputy Administrator for Wisconsin's Division of Employment and Training, shared our successes with UI personnel from around the nation at a UI seminar in June of 2016.



▲ DWD supports employment services for veterans to help those who have served their nation.

"We are pleased to report that in 2016 both the amount and the rate of fraud against the UI system continued to decline significantly."

~ Secretary Ray Allen

Fraud Overpayments Continue to Decline

Under Governor Walker's leadership, DWD remains committed to ensuring the integrity of the UI program, and our continued focus on combatting not only fraud, but non-fraud overpayments, is working and winning for the employer funded UI Trust Fund.

Fraud against the Wisconsin Unemployment Insurance program is down — both in terms of actual dollars and in terms of a percentage of total unemployment claims.

While these reductions can partially be attributed to a decline in total benefits paid due to the strong Wisconsin economy, they are also solid evidence that our program integrity efforts are working for Wisconsin.

In 2016, while total benefits declined by 15.5 percent, UI fraud overpayments declined by 35.3 percent. That is great news for Wisconsin, as the decline in fraud overpayments continues to outpace the overall decline in UI benefit payments.

DECLINE IN FRAUD OVERPAYMENTS OUTPACING THE OVERALL DECLINE IN UI BENEFIT PAYMENTS

	2016 Amount	2015 Amount	Dollar Reduction	Percent Reduction
Total UI Payments	\$511,891,628	\$605,481,027	\$93,589,399	15.5%
+ Fraud Overpayment¹	\$8,655,187	\$13,384,998	\$4,729,811	35.3%
As Percent of Total Payments	1.7%	2.2%		
+ Non-Fraud Overpayment¹	\$8,902,765	\$11,878,072	\$2,975,262	25.0%
As Percent of Total Payments	1.7%	2.0%		
= OVERPAYMENT TOTALS	\$17,557,952	\$25,263,070	\$7,705,118	30.5%

	2016 Number of Cases	2015 Number of Cases	Case Reduction	Percent Reduction
+ Fraud Cases	8,438	9,793	1,355	13.8%
+ Non-Fraud Cases	59,362	78,851	19,489	24.7%
= CASE TOTALS	67,800	88,644	20,844	23.5%

¹Overpayment figures reflect the amounts detected in the stated calendar year. A portion of those overpayments would have been disbursed in prior calendar years.

In 2016, while total benefits declined by 15.5 percent, UI fraud overpayments declined by 35.3 percent

Non-Fraudulent Overpayments Are Also Down

Non-Fraudulent Overpayments Continue to Decline

As illustrated in the chart on page 3, non-fraud overpayments also declined by 25 percent in 2016. This decline in non-fraud overpayments can be partly attributed to the Department's commitment to enhancing our online systems to make them easier to navigate, more efficient and easier to understand.

A major step forward in this regard occurred in the spring of 2016 with the deployment of a new, redesigned system for individuals filing continued claims.

The new Internet Weekly Claim (IWC) system permits all claimants to file claims online and provides clear, easy-to-follow questions to collect important information. Additionally, the IWC system provides detailed explanations for questions to ensure claimants are responding accurately. The new system is mobile device-friendly to keep up with evolving technology. Although a majority of claimants now file online, our help center continues to provide fast service to those who have inquiries or who need a little extra help. Looking forward the Department plans to make this enhanced online weekly claims filing application available in Spanish.

The Department has also improved notices that are on both telephone and web-based systems regarding the potential legal and financial consequences of committing fraud.

Education is a key component to any prevention and deterrence effort.

The Department provides to claimants a claimant handbook with detailed instructions on the claim filing process and a brochure titled *Top 10 Things You Should Know About the Unemployment Insurance System When Filing Your Claim*, which is posted at <http://dwd.wisconsin.gov/dwd/publications/ui/ucb17144p.pdf>.

We also provide written educational guidance to employers on how to protect themselves and the Trust Fund including a pamphlet titled, *How to Protect Your Business From Higher Taxes*, which is posted at http://dwd.wisconsin.gov/dwd/publications/ui/uct_17287_p.pdf.

Additional resources available to both employees and employers include:

- ▶ UI Internet resources for both employers and employees such as, "Frequently Asked Questions about UI Benefit Fraud," which includes methods for reporting UI fraud; and
- ▶ An employer handbook that contains information on how to properly classify a worker in accordance with Wisconsin law.



"Our primary objective is to prevent fraud from ever happening and detect it early when it does. Our staff is on the front line of that effort."

~ Joe Handrick, UI Administrator



RES

Unemployment Fraud

Non-Fraud Overpayments

Fight Against Fraud

Addenda

Wisconsin a leader in program integrity efforts

Wisconsin is a nationally recognized leader in program integrity efforts including detection and investigation of claimant fraud and worker misclassification.

In December 2016, two Wisconsin UI staff members were invited to speak at the National Association of State Workforce Agencies' (NASWA) UI Integrity Symposium in Baltimore. Invitations were extended after NASWA staff had visited Wisconsin in the fall and were impressed with the actions Wisconsin has taken to help ensure the integrity of the UI program. All of those actions have one thing in common - they succeed because of the highly trained staff that is on the front lines every day.

Amy Banicki, Bureau of Benefit Operations Director, gave a presentation regarding a Wisconsin fictitious employer case and how Wisconsin UI detects and investigates fictitious employers. Mike Myszewski, Worker Misclassification Unit, Bureau of Legal Affairs (BOLA), presented at a workshop on Worker Misclassification and featured DWD's innovative approach to both educating employers and enforcing Wisconsin's worker misclassification laws. Attendance at the conference was approximately 270 participants from 48 states and 2 territories.

Unemployment Fraud is A Crime

Criminal Referral for UI Fraud

The Department pursues criminal prosecution in cases of egregious fraudulent activity and works cooperatively with district attorneys, the Wisconsin Department of Justice, and federal prosecutors. In 2016, 63 cases (with a total dollar amount of \$607,000) were referred for potential state criminal prosecution, reflecting the Department's emphasis on pursuing criminal charges against those who flagrantly abuse the system. Cases referred for criminal prosecution can take several years to resolve. The prosecution of UI fraud not only punishes the offender but serves as a deterrent against future fraudulent activity.

All criminal investigations completed by benefit fraud investigators are referred to BOLA for review by legal and investigative staff to ensure that the investigations meet department standards for prosecution. After the review, BOLA staff refer the cases to either a county district attorney or the Wisconsin Department of Justice. BOLA acts as the liaison between the Department and the prosecuting agency as the case moves through the criminal justice system. BOLA staff serve as advocates at sentencing, not only for the Department, but for our partners in the business and worker community who properly utilize the UI program.

The UI Division has partnered with the Worker's Compensation Division to jointly fund a full-time assistant attorney general (AAG) position in the Department of Justice in 2016. The AAG prosecutes Unemployment Insurance fraud primarily in Milwaukee County and Workers Compensation fraud statewide. The AAG also provides advice and guidance to local prosecutors on UI fraud cases.

Wisconsin: On the Front Line of the Fight Against Fraud

"The vast majority of UI claimants utilize the system properly, but when bad actors commit fraud against the UI program, we will utilize all tools at our disposal, including criminal prosecution, to preserve the program for those who sincerely need it."

~ DWD Deputy Secretary Georgia Maxwell



Post Verification of Wages Cross-Match

Detecting Fraud Faster

Cross-match techniques are some of the most powerful anti-fraud tools employed by the Wisconsin UI system. The Wage Cross-Match is one technique used to detect and prevent potential unemployment fraud by persons who stop reporting wages on their weekly claim.

Prior to December 2015, the Department sent a weekly wage verification form to the employer when the claimant reported wages in a week. Starting in December 2015, the Department began sending employers wage verification notices when claimants who had been reporting wages weekly stop reporting wages in a week. This allows the employer the opportunity to timely report eligibility issues such as work and wages or a separation, which previously may not have been detected until much later.

The Department detected an estimated \$290,483 in fraudulent UI claims last year using this tool.

Worker Misclassification Efforts

Protecting Workers, Protecting Employers

Wisconsin's UI system is not immune from the nationwide challenge of worker misclassification. In 2016, UI auditors identified a total of 8,613 misclassified workers.

Worker misclassification contributes to waste and fraud in the UI program through the loss of UI tax revenue that is deposited into the UI Trust Fund from employers who misclassify workers, and the creation of an unfair business climate which places businesses that follow the law in a position of competitive disadvantage.

The Department has demonstrated its continued commitment to fighting worker misclassification through an ongoing initiative combining education of employers and workers and a robust program of worksite misclassification investigations.

Worker Misclassification Education

Wisconsin's worker classification website remains the only one of its kind in the United States. It provides employers with a clear and understandable process to assist them in determining if their workers are employees or independent contractors.

The Department produced two educational videos in 2016. The first video instructs employers on how to properly classify a worker as an employee or an independent contractor. The second video instructs employers on how to prepare for a tax appeal hearing. Both of these videos are linked to the worker classification website at http://dwd.wisconsin.gov/worker_classification/ui/.

Looking forward, the Department will create two radio public service announcements in 2017. The first will target worker misclassification in general, and the second will target intentional misclassification in the construction industry. Both of the public service announcements will be produced in English and Spanish.

Worker Misclassification Investigations

Worksite investigations are conducted by seven experienced department investigators, six of whom have law enforcement backgrounds in white collar and economic crime investigations. These investigators have been temporary employees funded through a temporary federal grant (set to expire this September). Thanks to a budget reform passed by the Council in 2016, a permanent funding source has been established for these investigators. Department investigators interview suspected misclassified workers at work sites and obtain evidence for use by field auditors and legal staff. One of the investigators speaks fluent Spanish, which aids in conducting investigations in an ethnically diverse construction industry.

The worker misclassification initiative continued to demonstrate success in 2016. The worker classification website yielded 59 tips in 2016 which resulted in 44 misclassification investigations. The investigative staff conducted 658 field investigations that resulted in 167 referrals to the Field Audit Section. On average, an audit conducted by the Department resulting from a referral by investigators yielded 10 misclassified workers and an additional \$3,605 in unpaid UI taxes.

"Misclassification not only deprives workers of the protection afforded by Unemployment Insurance, it also puts employers who pay their fair share UI taxes at a competitive disadvantage with those who misclassify."

~ Mark Reihl, Unemployment Insurance Advisory Council Member

As of February 2017, \$1,129,326 has been generated in UI taxes, interest and penalties as a result of the Department's efforts to detect worker misclassification from these grants. The total dollar amount will continue to increase as a result of audits still being conducted from 2016 misclassification cases.

The investigative staff delivered more than a 20 presentations to hundreds of business and labor group representatives, and provided seven internal training sessions to department staff.

The Department has committed to conducting a total of 650 worker classification field investigations in 2017. In addition, investigative team members will present at construction industry events, labor union meetings and other public forums on worker misclassification, and will hold meetings with individual contractors that have large numbers of misclassified workers. The goal of the meetings will be to educate the employers on worker misclassification, warn them of the legal and financial consequences of misclassification, and work with the employers to bring them into voluntary compliance with the worker classification laws.

Wisconsin's Worker Classification website continues to be the only one in the nation that educates employers on proper classification of workers as either employees or independent contractors

Prevention Tools

Data Analytics

The Wisconsin UI program has instituted cutting-edge data analytics aimed at protecting the UI Trust Fund through prevention of fraud. As with the private sector, identity theft poses a threat to the integrity of Wisconsin's UI program. Across the Department, employees are trained to recognize and report any suspicious activity.

Wisconsin: On the Front Line of the Fight Against Fraud

By cross-referencing Federal Social Security Administration records and Wisconsin Department of Transportation records, the Department attempts to ensure that an individual is not claiming benefits fraudulently on behalf of another person. The Department also reviews employer wage files to determine a claimant's work history.

The Department's current process proactively identifies suspected fraudulent claims, allowing time to place holds on those claims, properly investigate them, and prevent potential improper payments. It is estimated that the data analytics used to identify and prevent claims resulting from identity theft is preventing thousands of dollars in potential losses.

Additional Prevention Approaches

Other fraud prevention tools include:

- ▶ Benefit Payment Notices informing employers of UI benefit charges to their account;
- ▶ Non-citizen work authorization verification with United States Citizenship and Immigration Services (USCIS) when the claimant is not a U.S. citizen;
- ▶ Scanning employer tax and benefit charge information to identify potential fictitious employers.

Detection Tools

Although the Department invests considerable time and resources in fraud prevention activities, when individuals are not deterred from committing UI fraud, the department has a wide range of systems and methods to detect and recover fraudulently obtained benefits. The Department aggressively pursues additional federal funding for the purpose of fighting fraud when it is made available.

Dedicated UI Workers

Staff across the Department review and analyze claims. If they notice something suspicious, they report it and the matter is investigated to ensure the integrity of the program. Staff vigilance is one of our best tools for detection.

In addition, we employ benefit fraud investigators with law enforcement experience and extensive backgrounds in criminal investigations. They work to unravel and resolve the most complex and organized efforts to scam the system. These positions were originally project positions funded by a federal grant, but as of September 2016 those grants expired. Thanks to a budget reform approved by the Council, a permanent funding stream has been established and these investigators have been made permanent.

Cross-Matches

The Department utilizes numerous cross-matches that assist in detecting "work and wage" and other types of UI fraud.

Quarterly Wage Cross-Match - The Department cross-matches benefit payment records with wage records submitted by employers.

Interstate Wage Record Cross-Match - The Department utilizes a quarterly cross-match of benefit payment records with wage records submitted by interstate employers.

Wisconsin and National New Hire Cross-Match - Employers are required to report basic information about employees who are newly hired, rehired, or who return to work after a separation from employment. Department staff cross-match UI payment records with new hire information. In August 2015, Wisconsin began cross-matching quarterly federal wage data from the National Directory of New Hire reports for claimants who are former federal government employees.

Vital Statistics (Death Records) Cross-Match - The Department of Health Services provides a record of deaths in Wisconsin from the Vital Statistics section. This data is then cross-matched with claimant data to determine if UI claims continue to be filed after a claimant is deceased.

Work Search Audits

UI claimants who are required to search for work must submit a copy of their work search record each week a claim is filed. These records are subject to random audits for integrity purposes. Benefits are denied for that week if a work search record is found not to meet legal requirements.

In 2016, the Department conducted 16,747 work search audits. Those audits resulted in 3,196 decisions where work search requirements were not being met. Although these efforts resulted in \$1.47 million in overpaid benefits, our ultimate objective is 100% compliance.

Other Detection Approaches

Additional detection approaches utilized to preserve and protect the integrity of the UI Trust Fund include:

- ▶ Audits of employers resulting in assessments totaling \$1.86 million;
- ▶ Employer complaints and tips from the public concerning suspected fraudulent claims;
- ▶ Using 1099 information from the Internal Revenue Service (IRS) to investigate employers who may be misclassifying employees as independent contractors;
- ▶ Contacts from local, state, and federal law enforcement officers and correctional officers reporting suspicious activities;
- ▶ U.S. Bank utilizes sophisticated fraud monitoring tools, which allows the department to monitor, predict, and respond quickly to suspected fraudulent activity;
- ▶ Contacts with other state agencies, ensuring we investigate all benefits fraud associated with a claimant.

Deterrence Tools

Since 2011 the Governor, Legislature, and the Council have enacted a number of reforms designed to deter tax and benefit fraud against the UI system. In 2016 the Governor, Legislature and Council took additional steps to protect the Trust Fund.

Definition of "Conceal"

The definition of "conceal" was clarified effective April 2016 to create a duty of care for claimants to "provide an accurate and complete response to each inquiry made by the Department in connection with his or her receipt of benefits" and provides a list of factors for the Department to consider when making a concealment determination.

Worker Misclassification Penalties

New penalties for intentional worker misclassification went into effect in October 2016 for construction employers. Any construction employer who knowingly and intentionally misclassifies workers as independent contractors faces a civil penalty of \$500 per employee intentionally misclassified with a maximum penalty of \$7,500 per incident. A construction employer who knowingly and intentionally provides false information in order to misclassify workers after being assessed a civil penalty will face a criminal fine of \$1,000 per employee misclassified with a maximum fine of \$25,000 per incident. A construction employer who coerces individuals to adopt independent contractor status faces a penalty of \$1,000 per employee coerced with a maximum penalty of \$10,000 per employee per year.

"The UI system is funded by employers and intended to help workers in need. Protecting those funds from waste, fraud, and abuse is an important mission."

~ Scott Manley, Unemployment Insurance Advisory Council Member

Wisconsin: On the Front Line of the Fight Against Fraud

Collection Tools

Despite our best efforts, overpayments do occur. But when they do, Wisconsin is very successful at recovering overpayments.

An internal UI longitudinal state study tracked overpayment collections over 10 years and determined 82.5 percent of fraud and 80 percent of non-fraud overpayments were collected.

In 2016 overpayments declined by 30.5 percent to \$17.6 million. Based on our historical success, the Department estimates that at least \$14 million of the overpayments established in 2016 will be recovered in the coming years.

In 2016 the Department recovered \$30 million in overpayments, including almost \$3.7 million in debts older than 5 years. We achieved this by utilizing various mechanisms, including:

Tax Refund Intercept - The Department is able to intercept a claimant's state and federal tax refund. The Department participates in the United States Treasury's Tax Offset Program (TOP) to intercept tax refunds. By utilizing the tools available through TOP, the Department was able to recover \$5.7 million in fraud overpayments and over \$1 million in non-fraud overpayments, penalties, and collections costs. In February 2017 the Department began to recover delinquent tax contributions, interest and penalties through TOP.

Bankruptcy - Fraud debts are not dischargeable in bankruptcy. Department attorneys file adversary petitions to dispute discharge of the debt. A claim is also filed against the assets of the debtor.

Warrants - A lien is placed on the debtor's personal property to secure repayment of a delinquent debt.

Levy Against Wages and Bank Accounts - A levy is issued against wages, bank accounts or any property belonging to the debtor.

Financial Record Matching Program - A financial record matching program is used for debt collectors to identify the bank accounts of delinquent Unemployment Insurance debtors.

DWD recovered \$30 million UI overpayments in 2016, returning the funds to the UI Trust Fund



Addendum A – Overpayment Data

Historical data on benefit payments.

Combined State & Federal	2016	2015	2014	2013	2012
Total Federal & State UI Paid	\$511,891,628	\$605,481,027	\$732,327,104	\$1,270,761,600	\$1,612,616,543
+ Fraud Overpayment¹	\$8,655,187	\$13,384,998	\$20,455,759	\$24,796,194	\$31,505,810
Number of Cases	8,438	9,793	13,034	14,682	15,825
Avg. Overpayment	\$1,026	\$1,367	\$1,569	\$1,689	\$1,991
+ Non-Fraud Overpayment¹	\$8,902,765	\$11,878,072	\$16,891,299	\$26,347,894	\$31,487,390
Number of Cases	59,362	78,851	105,758	153,072	205,055
Avg. Overpayment	\$150	\$151	\$160	\$172	\$154
= OVERPAYMENT TOTALS	\$17,557,952	\$25,263,070	\$37,347,058	\$51,144,088	\$62,993,200
NUMBER OF CASES TOTAL	67,800	88,644	118,792	167,754	220,880
Avg. Overpayment	\$259	\$285	\$314	\$305	\$285

¹Overpayment figures reflect the amounts detected in the stated calendar year. A portion of those overpayments would have been disbursed in prior calendar years.

Fraud Overpayment Detection Amounts and Decisions by Source for 2015-2016.

Detection Method	2016		2015	
	Amount	Decisions	Amount	Decisions
Wage Record Crossmatch	\$3,176,729	2,429	\$6,023,960	3,496
Agency Detection - Not Covered by Other Codes	2,470,748	1,794	3,333,237	2,254
Liabile Employer Protests Benefit Charges	880,186	1,108	1,572,269	1,402
State New Hire Crossmatch	741,198	1,384	946,059	1,383
Tips and Leads from Other than Liabile Employer	417,061	380	372,683	305
Post Verification-No Wages Reported	290,483	690	1,584	4
Post Verification of Wages	201,869	203	422,956	278
Claimant Initiated	135,364	116	250,978	174
Interstate Crossmatch	90,384	24	82,657	29
National New Hire Crossmatch	77,433	67	94,735	68
Appriss Inmate Crossmatch	58,585	119	161,607	326
Audit of Worksearch	41,981	58	316	1
Quality Control	40,953	32	44,325	26
Inmate Crossmatch	16,251	26	16,026	23
Field Audit Discoveries	11,225	5	57,687	18
Other	4,737	3	3,919	6
Total	\$8,655,187	8,438	\$13,384,998	9,793

Addendum A continued – Overpayment Data

Non-Fraud Overpayment Detection Amounts and Decisions by Source for 2015-2016.

Detection Method	2016		2015	
	Amount	Decisions	Amount	Decisions
Post Verification of Wages	\$2,075,314	41,674	\$2,673,474	54,204
Audit of Worksearch	1,426,286	2,860	466,600	976
Liabe Employer Protests Benefit Charges	1,314,236	3,412	1,752,584	5,251
Agency Detection - Not Covered by Other Codes	1,299,539	2,143	2,246,914	3,618
Claimant Initiated	1,157,629	5,397	1,633,618	7,404
Reversals	462,137	326	722,064	430
Wage Record Crossmatch	371,627	791	1,172,981	2,860
Tips and Leads from Other than Liabe Employer	290,773	655	283,306	892
State New Hire Crossmatch	223,271	905	738,458	2,805
Post Verification - No Wages Reported	181,730	975	1,302	4
Quality Control	47,598	87	76,580	114
Appriss Inmate Crossmatch	26,486	89	58,881	171
National New Hire Crossmatch	17,248	34	23,962	84
Inmate Crossmatch	6,417	9	4,972	16
Other	2,474	5	22,376	22
Total	\$8,902,765	59,362	\$11,878,072	78,851

Addendum B – Collection Data

Overpayment *recoveries* in 2016 by year of the decision.

Year Identified	Fraud	Non-fraud	Total
2016	\$1,187,853	\$5,592,843	\$6,780,696
2015	5,017,592	2,229,378	7,246,970
2014	3,262,194	890,585	4,152,779
2013	2,148,884	665,178	2,814,062
2012	1,920,655	618,007	2,538,662
2011	1,919,318	793,984	2,713,302
Greater than 5 years old	2,601,249	1,092,194	3,693,443
Total collected in 2016	\$18,057,745	\$11,882,169	\$29,939,914

Recoveries obtained through the Tax Offset Program.

Federal Tax Offset Program Recoveries	2016	2015	2014	2013	2012	2011
Fraud	\$5,713,579	\$7,495,899	\$8,206,781	\$10,082,628	\$10,769,881	\$2,869,398
Non-Fraud	591,933	867,815	1,030,964	1,563,841	0	0
Other*	549,526	692,655	409,503	58,615	30,267	21,684
Total	\$6,855,038	\$9,056,369	\$9,647,248	\$11,705,084	\$10,800,148	\$2,891,082

State Tax Offset Program Recoveries	2016	2015	2014	2013	2012	2011
Fraud	\$1,323,466	\$1,516,003	\$2,219,663	\$2,724,161	\$3,174,385	\$2,386,358
Non-Fraud	1,276,997	1,655,580	2,555,895	3,084,434	3,537,636	2,001,289
Other*	390,332	358,514	255,895	52,306	64,179	23,837
Total	\$2,990,795	\$3,530,097	\$5,031,453	\$5,860,901	\$6,776,200	\$4,411,484

*Other includes items such as penalties and collection costs

Addendum B continued – Collection Data

Forfeiture Assessment and Collection, Benefit Reduction Amount and Penalty Assessment and Collection 2012-2016*.

Other Fraud-Related Activity	2016	2015	2014	2013	2012
Forfeitures Assessed	\$295,848	\$716,823	\$2,073,555	\$11,949,972	\$39,469,232
Benefit Amount Reduction	\$22,480,473	\$30,152,510	\$43,264,146	\$32,690,125	\$7,582,891
Penalties Assessed	\$3,368,650	\$2,532,081	\$2,823,964	\$2,202,840	\$20,768
Recovered for All Years Assessed	2016	2015	2014	2013	2012
Forfeitures Collected	\$1,109,493	\$1,748,211	\$3,309,935	\$8,595,250	\$9,366,384
BAR Satisfied	\$5,292,259	\$5,050,371	\$5,133,741	\$3,102,731	\$50,632
Penalties Collected	\$2,362,788	\$2,133,735	\$1,774,331	\$327,106	\$603
Overpayments Collected	2016	2015	2014	2013	2012
Fraud	\$18,057,745	\$20,719,194	\$21,773,656	\$23,990,550	\$25,223,873
Non-Fraud	\$11,882,169	\$14,787,703	\$18,686,386	\$25,112,055	\$24,945,202
Total	\$29,939,914	\$35,506,897	\$40,460,042	\$49,102,605	\$50,169,075

*For benefit weeks before 10/21/2012 forfeitures (penalties) were assessed and future UI benefits were withheld to satisfy the assessment. With 2011 Act 198, the forfeiture concept was changed to Benefit Amount Reduction (BAR) or ineligibility for benefits in the amounts of 2 times the weekly benefit rate for the 1st act of fraud, 4 times the weekly benefit rate for the second act of fraud and 8 times the weekly benefit rate for each act subsequent to the second determination.



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