



February 19, 2013

Testimony of Janell Knutson, DWD Unemployment Insurance Division
2013 SB 26, AB 15 Work Sharing Program

1. The role of the UIAC in UI legislation.

The UIAC members consist of 5 representatives from Management and 5 Representatives from Labor appointed by the DWD Secretary for staggered 6 year terms. I am the non-voting chair.

Two of the statutory responsibilities of the Unemployment Insurance Advisory Council are to:

- (1) Report its views on pending legislation affecting the unemployment program to Legislative committees; and
- (2) Submit its recommended changes in the unemployment law to the Legislature.

The Council has performed this role for the Legislature and the program's administration for more than 75 years. The Council has stabilized legislative policymaking for the unemployment program. Among the current members of the Council are several who have provided expertise and continuity for the program over many years and represent a wide-range of stakeholders in the unemployment insurance program.

2. Sequestration and the impact it MAY have on the grants available for work-sharing.

Federal reimbursement for short-time compensation programs is one of the programs that will be impacted by sequestration:

- (a) During a national teleconference on February 8, 2013 Gay Gilbert, Administrator Office of Unemployment Insurance Employment and Training Administration U.S. Department of Labor, was not sure of what percentage of reimbursement to employers or grant for administrative costs would be impacted by sequestration.
- (b) Ms. Gilbert also stated that for those programs impacted by sequestration there is a mandated five percentage cut in total spending for *all* of FFY 2013. Since March is 5 months into the federal fiscal year, sequestration will impact these programs by a greater amount than 5 percent for the remainder of 2013 and is more likely to be in the 10 percent range.
- (c) It is anticipated that the DOL will be providing written guidance on this topic within this month. Since it will be impacting many programs within Unemployment Insurance the overall impact on the program will significantly delay implementation and the ability to successfully start-up a work share program.

3. The role the USDOL will play in grant approval.

The Department of Labor has produced a grant checklist that states applying for a grant may use as part of the application process. (A copy of this grant checklist is attached.)

The grant checklist provided by the Department of Labor shows that DOL will be extensively involved in the process of ensuring that Wisconsin's program averts layoffs and complies with the requirements contained in Section 2164 of the Middle Class Tax Relief and Job Creation Act of 2012. The deadline for grant applications for implementation of the program is December 31, 2014. (The reimbursement of benefits ends on August 22, 2015.)

4. The implementation date and the amount of programming necessary.

The possible implementation dates (June 30, 2013 or December 31, 2013) proposed in the legislation are too quick for the estimated 6,000 hours in programming necessary to implement a work share program. The Department has estimated that it will need until April 2014 to implement a work sharing program.

SHORT-TIME COMPENSATION (STC) APPLICATION CHECKLIST

This checklist will help states submit complete applications for an STC grant under Section 2164 of the Middle Class Tax Relief and Job Creation Act of 2012 to the Secretary of Labor. The use of this checklist is not mandatory.

Checklist Item	Y	N	N/A	Remarks
1. A copy of the state STC law along with the state's explanation of how the law conforms to Section 3306(v), Federal Unemployment Tax Act.				
2. If the state is applying for a grant to implement or improve a state STC program, the state must submit a narrative description of the grant/funding request and a detailed project plan with a quarterly timeline for the implementation/improvement for the STC program. The plan must include: <ul style="list-style-type: none"> • A description of the infrastructure needed to automate the submission and approval of STC employer plans and the filing and approval of initial and continued STC claims; and/or • A description of any plans to hire and/or train STC staff for STC program implementation. 				
3. If the state is applying for a grant to promote and enroll employers in the STC program, the state must submit a narrative description of the grant/funding request and a detailed project plan with a quarterly timeline for the promotion and enrollment activities for the STC program. The plan must include: <ul style="list-style-type: none"> • The creation and ongoing support of Rapid Response teams to advise employers about alternatives to layoffs; • The provision of education or assistance to employers to enable them to participate in The STC program; and/or • STC program outreach tools. 				
4. A description of the state's quarterly and cumulative goals and desired outcomes for the STC program that may include but is not limited to: <ul style="list-style-type: none"> • Outreach efforts and partnerships established to increase employer STC program awareness; • Employers educated and/or contacted about the STC program; • Unemployment Insurance (UI) and workforce system staff training for STC program activities; • STC employer plans established; and • Number of anticipated layoffs averted. 				

5. An assurance that the state will expend funds according to the requirements of the STC grant(s).			
6. An assurance that the state will submit required reports on STC activities.			
7. A description (or copy) of a written agreement/Memorandum of Understanding between the UI agency and appropriate workforce system partners to develop a coordinated plan to avert layoffs.			
8. An assurance that the state will recover any STC overpayments in accordance with the state UI law.			
9. An assurance that the state will develop processes for auditing and monitoring STC employers' plans and STC payments.			
10. A description of how the state will sustain grant(s) activities. The plan may include leveraging Workforce Investment Act Rapid Response grant funds to support promotion and enrollment activities to encourage employers to participate in the STC program.			
11. An STC grant application signed and dated by state Administrator.			
12. And the name, telephone number, and e-mail address of state STC program contact.			



EDWARD BROOKS

STATE REPRESENTATIVE

Testimony – Assembly Bill 15
Assembly Committee on Workforce Development

February 19, 2013

Madame Chair and Members,

Thank you for the opportunity to testify before you today in favor of Assembly Bill 15 – the Keep Wisconsin Working Act. Assembly Bill 15 is a win-win proposal for Wisconsin's businesses and workers.

Assembly Bill 15 creates a voluntary shared work opportunity for employers and serves as a temporary and practical alternative to lay-offs. Employees are paid through UI for a percentage of their work and they work the balance in their regular position with the business. The employer must have at least a 10% work reduction and cover 20 positions in order to participate in a work-share program as part of the federal requirement for participation.

The benefits:

Employers keep their skilled workforce and it affords employers the opportunity to:

- Maintain continuity of skilled workforce
- Stay prepared for when the business upswing occurs because the workforce remains in place
- Avoid time and expense of training new employees
- Preserve workforce productivity by avoiding the insecurity and organizational disruption that are characteristic of lay-offs

Employees likewise benefit as they are able to:

- Avoid full lay-off and unemployment
- Maintain employment continuity and skill set
- Preserve the workforce in preparation of the business upswing
- Avoid the disruption and insecurity characteristic of lay-offs

Assembly Bill 15 may help strengthen the Unemployment Insurance Trust Fund (UI). Wisconsin's businesses paid over \$35 million in assessments to help pay off nearly \$900 million debt we owe to the federal UI Trust Fund, according to the US Treasury.

Currently 24 states – including our neighbors Minnesota, Iowa, Michigan – have work-share programs in place. We believe this is a good step for us to take to help businesses struggling in our slow to recover economy. Work-share is one more tool for the business community to use to Keep Wisconsin Working.



PAUL FARROW

STATE SENATOR

Testimony on SB 26/AB 15 – Wisconsin Work Share Program

Assembly Committee on Workforce Development

February 19, 2013

Good Afternoon. Thank you to Chairperson Loudbeck and the members of the Assembly Committee on Workforce Development for holding this hearing today.

Over the past two years, our Legislature has worked tirelessly to improve the economic condition of our state. We still have a long way to go to ensure that every Wisconsinite is able to have a family supporting job.

To that end, I come before you today to request your support for SB 26, which creates the Wisconsin Work Share Program. This program will enable employers and employees to better survive the natural business cycle.

The program will work by allowing businesses in the state, in cooperation with the Department of Workforce Development, to create a retention plan where instead of laying off an employee they can reduce their hours. This will help employers to reduce their workforce to cope with sliding demand, while still retaining skilled workers.

The program will help employees by allowing them to stay on the job and continue to contribute to our economic system, while providing them with temporary assistance to cope with the reduction in pay.

The funding for this program will operate within the existing Unemployment Insurance structure. Currently, a business has to layoff an employee in order to be eligible for UI. Under this program, they will retain the employee and be allowed to use the Unemployment Insurance to supplement the pay of an employee. This will save the State of Wisconsin money by both reducing the number and amount of Unemployment Insurance claims.

In addition, the federal government has set aside funds for this program. The on-going cost of the program would be negligible and it could potentially save Wisconsin's Unemployment Trust Fund millions of dollars.

I am happy to say that this plan is supported by both Conservative and Liberal groups as an effective way to manage the demands of the business cycle. Regardless, this remains a great way to help both employers and employees.

The bill differs between previous bills in two significant ways. First, it will delay the implementation to June 30th (with the opportunity for a 6-month extension) to give the Department of Workforce



PAUL FARROW

STATE SENATOR

Development the time to implement this program in the most effective and cost-efficient manner. Second, it removes the requirement that a work-share agreement get approval from a union representative. Federal law does not require this provision and the bill already contains important protections for employees.

There are currently 24 states, including neighboring Michigan, Minnesota, and Iowa, that have a work-share program. This program has been proven to be an effective tool to keep people on the job.

Although this is not a permanent solution to the problems our state faces when it comes to unemployment insurance or job growth, it is a good first step. I am hopeful that this committee will continue to search for long-term solutions but in the meantime, this program will help keep our citizens working.

I again want to thank the Committee for their time and attention. I am happy to answer any questions that the committee may have.