



ROBIN J. VOS

SPEAKER OF THE WISCONSIN STATE ASSEMBLY

**Testimony on Assembly Bill 336
Assembly Committee on Workforce Development
May 26, 2021**

Thank you Chair Petryk and members of the Assembly Committee on Workforce Development for holding a hearing today on Assembly Bill 336. This important legislation terminates the state's participation in the enhanced federal unemployment benefit programs and ensures beneficiaries continue to actively seek employment through work search requirements.

Employers throughout Wisconsin have said the inability to find workers has reached a crisis level in our state. The past year has been a difficult one for all of us, especially those who were forced to close their businesses and lose their livelihoods. For those who have remained at work over the past year, many are feeling overwhelmed and overworked. Longer hours, double shifts and fewer days off have made it even more difficult for those who have remained employed throughout the pandemic.

With ample supply of the vaccine and citizens beginning to feel safer, it is more important than ever to get our economy back on track and continue returning to normalcy. We cannot afford to have able-bodied workers on the sidelines. Simply, Wisconsin businesses cannot continue to compete with the federal government's unemployment benefits. While this bill may not be a silver bullet, it will remove one more important barrier to getting Wisconsinites to rejoin the workforce.

With passage of this bill, Wisconsin would join nearly half of the states in ending these enhanced unemployment benefits before September. The following 23 other states have made the decision to end these federal enhanced benefits early and it's time Wisconsin does the same: Alabama, Alaska, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Mississippi, Missouri, Montana, New Hampshire, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia and Wyoming.

I ask the committee to join me in supporting Assembly Bill 336 and taking one more step in our state's transition to post-pandemic normalcy.



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

May 26, 2021

Assembly Committee on Workforce Development Testimony on Assembly Bill 336

Thank you Chairman Petryk and committee members for hearing Assembly Bill (AB) 336, which would end Wisconsin's participation in federal enhanced unemployment benefit programs and reinstate the work search requirements for unemployment insurance. I appreciate the support of the chairman, Representatives Dittrich, Gundrum, Edming, Murphy, Rozar, and Armstrong, who are cosponsors of the bill.

AB 336 has two main provisions. First it would direct the governor and secretary of the Department of Workforce Development (DWD) to end Wisconsin's participation in the following federal programs:

- a. Pandemic Unemployment Assistance (PUA) program
- b. Pandemic Emergency Unemployment Compensation (PEUC) program
- c. Federal Pandemic Unemployment Compensation (FPUC) program
- d. Mixed Earner Unemployment Compensation (MEUC) program

The second part of the bill prohibits DWD from waiving the work search requirement for any reason that is related to COVID-19. President Biden has directed the U.S. Secretary of Labor to work with states to reinstate work search requirements for UI recipients. At the time I circulated this bill for co-sponsors, 36 other states had restored the work search requirement.

Thanks to action taken by JCRAR, the work search requirement issue has already been addressed. DWD Emergency Rule 2106 was suspended last week and the work search requirement was restored as of Sunday, May 23, 2021. Our action on this bill would just reiterate legislative intent.

The employers in my senate district are desperate for workers. They have significantly raised wages, are offering sign-on bonuses and are begging people to work for them. But they cannot compete with the generous federal unemployment benefits that nearly double UI checks. We need to return to regular unemployment compensation programs and encourage able-bodied Wisconsinites to get back to work.

Committee members should have written testimony from one of several employers I spoke to during Small Business Week. Rich Uselman is the Vice President – Operations for Nu-Pak, LLC located in Boscobel, Wisconsin.

This bill is supported by the Association of Wisconsin Tourism Attractions, Midwest Food Products Association, Wisconsin Hotel and Lodging Association, Wisconsin Independent Businesses, Wisconsin Manufacturers & Commerce (on behalf of 50 local Chambers of Commerce), Wisconsin Petroleum Marketers & Convenience Store Association, and WPS Health Insurance.

Thank you again to the committee for hearing this proposal, and your timely action on the bill.

Re-instating the weekly work search requirement will also help bring some people back into the work force and help our industry. However, that is a “double edged” sword for our restaurateurs. Many of them are already finding that folks will apply for positions to satisfy their work search requirements, but then either not show up for the interviews or even worse, not show up for their first day of work. Unfortunately, our industry is one that many folks take advantage of to “ghost” when it comes to completing their work search requirements.

As I mentioned earlier, the federal UI benefits are not the only reason restaurants and other businesses are struggling to get workers. Many of our members have told us they have furloughed part-time employees who want to come back to work, but they have no childcare. Our industry depends on part time front of the house workers; those people who want to work a few lunch or dinner shifts each week to supplement their family income or pay for school. Part time parents who want flexibility in their work schedule are finding they no longer have access to childcare settings who can accommodate caring for their children on a part time basis. So many childcare facilities and providers have reduced capacity or gone out of business. We sincerely hope the legislature will also look at ways it can help these workers return to the work force and help solve the childcare shortage.

While the state legislature does not directly legislate on immigration and work visas, we feel we need to let you know this is also a huge factor why we do not have enough workers as we enter the summer and fall tourism seasons. Wisconsin tourism businesses statewide rely on J-1 Student Visa workers from all over the world. These students come to the US to work for three months. Our industry also has many H-2B Visa holders who work and live in the US for up to two years. Both of these types of visas are integral to providing workers in more rural tourist areas, where the local population is nowhere near large enough to fill the seasonal jobs available. The Wisconsin Dells alone is short 4,000 J-1 workers going into June.

As our population in Wisconsin ages and birth rates decline, the sheer number of people available for work does not meet the demand we have in our state. During the pandemic, our industry lost many workers to other industries as federal UI benefits ran out in August or they were unable to access those benefits because of the backlog in the UI system. Out of necessity, they took jobs in other industries and those employers are working hard with incentives to keep them.

We cannot blame them. Our industry was forced to furlough many hard working, great people. We took many calls of restaurant owners in tears because they have never had to do a mass layoff of their employees, many who have been with them for decades. Now they have lost some of their best employees and there are not enough people in our state to replace them. This is why the WRA, along with the National Restaurant Association works hard on federal immigration reform, so that people who want to come to the United States to work, can do so.

Thank you for your time today to talk to you and I can take any questions you may have.



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May 2, 2021

TO: Assembly Committee on Workforce Development
Warren Petryk, Chair

FR: Kristine Hillmer, President and CEO

RE: Testimony on AB 336

Thank you Mr. Chairman and committee for the opportunity to speak to today. We tried hard to secure restaurant owners to join us today to tell you their stories regarding their efforts to hire workers. Unfortunately so many restaurant owners are so short-handed, they must be in their businesses day and night to ensure their customers are taken care of. On their behalf, I will present comments on AB 336 and the worker shortage.

The Wisconsin Restaurant Association (WRA) represents over 7,000 restaurant locations statewide. Our organization represents all segments of the restaurant and hospitality industry; our membership includes food establishments of all types and sizes, such as seasonal drive-ins, supper clubs, diners, locally owned franchisees, fine-dining and hotels/resorts. Over 75 percent of our membership are independent restaurants. Regardless of ownership type, all restaurants are the cornerstones of their neighborhoods and communities. Restaurants not only provide great food, drink and hospitality, they support schools, teams, charities and churches with fundraising and donations. They provide meeting places to celebrate, mourn and organize, or just provide a safe, tasty meal for a busy family.

I am sure you all know the toll the COVID-19 pandemic has taken on the entire hospitality and tourism industry. The vast majority of restaurants have seen steep declines in their sales, price increases in supplies and services and in some places, severe restrictions on their ability to be open and safely serve customers. There is a light at the end of the tunnel – restrictions are close to being sunsetted, customers are slowly returning and restaurateurs are now hopeful for a busy summer season. **No matter how busy our members get this summer, it will not make up for the losses and debt incurred in 2020.**

Now, as restaurants are ready to re-open and hire employees for their anticipated busy summer, they along with other businesses are struggling to find workers. In our April survey of Wisconsin restaurants, 83 percent at staffing levels below where they need to be. Many are offering much higher wages and other incentives to bring former employees back or to hire new ones. We are hearing from many restaurants across the state they are offering an average of \$3/hour or more for back of the house positions and it is common to hear that entry-level dishwashers, with no prior work experience, are starting at \$15/hour or higher.

The additional federal UI benefits are one of the many barriers restaurants are facing in bringing their staff teams back to pre-pandemic levels. We have heard stories of how furloughed workers are staying on the sidelines and turning down some or all work that offered to them, even when the wages they would earn are higher than what they receive in UI benefits. Ending the federal benefits will encourage those workers to return to full time employment and many will earn more than they did prior to the pandemic. This is why WRA supports AB 336, but we feel it is not the only reason why we cannot find employees.



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Testimony on Assembly Bill 336
Assembly Committee on Workforce Development
May 26, 2021

Thank you, Chairman Petryk, Vice-Chairwoman Dittrich and members of the Assembly Committee on Workforce Development for accepting our testimony in favor of Senate Bill 354 today. I would also like to thank Speaker Vos and Senator Marklein for authoring this important legislation.

WILL's Research Director, Dr. Will Flanders, recently wrote an analysis highlighting the number of jobs statewide that could be negatively impacted by the additional \$300 weekly benefit. Utilizing federal Bureau of Labor Statistics wage data, Dr. Flanders estimates that approximately 11% of the state's workforce, approximately 330,000 people, work in jobs where more money can be made on unemployment with the \$300 weekly bonus than by working. This includes nearly 200,000 workers in the food service industry.

Economic research has also shown that generous unemployment benefits can harm employment levels. A 2014 paper examined employment levels at the end of extended unemployment benefits in the aftermath of the Great Recession, and found that employment increased significantly once the benefit ended. Another paper found that the longer durations of unemployment lead to decreased lifetime earnings and has negative effects on homeownership. Our own research in Wisconsin showed that reforms to the welfare system that reduce benefits for a failure to engage in job searches resulted in lower unemployment during the Walker era.

The bottom line is that we are far removed from the economic cliff that we believed we were headed towards at the beginning of the pandemic. Wisconsin's unemployment rate has dropped significantly from its peak of 14.8% in April of 2020, back to a rate of 3.8%. The bigger problem seems to be that employers around the state are struggling to find people to return to work. A recent survey by the National Federation of Independent Businesses found that 44% of

small businesses have open jobs they cannot fill and DWD's Job Center of Wisconsin website has nearly 108,000 job openings.

Our unemployment system was always designed to be a temporary benefit for individuals who lost a job through no fault of their own, while they searched for work. Unfortunately, federal benefits in wake of the pandemic have disincentivized finding work by lengthening the maximum benefit period and increasing overall benefit amounts. We aren't far removed from the Fall of 2019, when weekly unemployment claims in Wisconsin were hovering around 20,000. Today, weekly claims are over 80,000.

To date, 23 states have announced plans to return to a normalized level of unemployment benefits, by ending the enhanced \$300 weekly federal unemployment benefit early. States should be incentivizing long term employment opportunities, as they have better outcomes for individuals. Wisconsin should join this movement. With the economy improving, Assembly Bill 336 represents a prudent step towards returning Wisconsin back to a sense of normalcy and encouraging people to return to work.

Kyle Koenen

Policy Director

Wisconsin Institute for Law & Liberty

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Tony Evers, Governor
Amy Pechacek, Secretary-designee

Date: Wednesday, May 26, 2021

To: Chair Warren Petryk, Vice Chair Barbara Dittrich, and Members of the Assembly Committee on Workforce Development

From: Department of Workforce Development Secretary-designee Amy Pechacek

Written Testimony Regarding Assembly Bill 336

Chair Petryk, Vice Chair Dittrich, and Committee Members, thank you for the opportunity to provide written testimony about AB 336, which proposes to terminate the State of Wisconsin's participation in the federal programs that provide supplemental unemployment insurance benefits to assist individuals that have experienced job loss or loss of income due to impacts of the COVID-19 pandemic. Currently, Wisconsin is participating in these federal programs as provided under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) that was passed on March 27, 2020, and continued and extended under the Continued Assistance Act (CAA) passed on December 27, 2020 and the American Rescue Plan Act (ARPA) passed on March 11, 2021. These critical assistance programs include:

- Pandemic Unemployment Assistance (PUA), which provides a maximum weekly benefit of \$370 to workers who are not otherwise eligible for regular state unemployment insurance (UI) benefits, such as self-employed individuals and certain independent contractors that experienced a loss of income during the pandemic, as well as individuals with limited recent work history.
- Pandemic Emergency Unemployment Compensation (PEUC) is a temporary program that provides up to 53 additional weeks of payments to individuals who have exhausted their regular 26 weeks of state UI benefits. PEUC does not apply to those receiving PUA.
- Federal Pandemic Unemployment Compensation (FPUC), which provides additional federal benefits (currently \$300 per week) to individuals receiving regular state UI.
- Mixed Earner Unemployment Compensation (MEUC) provides an additional \$100/week payment to individuals who are receiving regular UI benefits and earned at least \$5,000 in net earnings from self-employment in the tax year prior to the individual's initial claim.

In the past year, these additional federal benefits programs have helped individuals and families who lost jobs or income get by during a global pandemic and economic crisis. PUA, for example, helped to catch those who are self-employed and would have fallen through the cracks of standard safety net systems. And, PEUC has been a tremendous help for those who exhausted their state benefits because they were unable to restart or find new jobs until the economy improved, which took longer than 26 weeks (the time limit that individuals may be eligible for regular UI benefits per year). Without these additional programs, the impacts of a historically high unemployment rate and the already limited amount of state UI benefits folks receive, hundreds of thousands of Wisconsinites would have been financially devastated. The economic impact on individuals, families, and businesses was bad enough, but these important programs kept many folks afloat.

Last week at the Joint Committee on Review of Administrative Rules (JCRAR) hearing on Emergency Rule 2106, I shared some context on our state's labor force. According to the U.S. Bureau of Labor Statistics, in March, Wisconsin's labor force participation rate was at 65.7 percent, 4.2 percent higher than the national rate of 61.5 percent and down only 0.2 percent from March 2020. Wisconsin's unemployment rate in March

2021 was 3.8 percent, while the national unemployment rate was 6.0 percent. In March 2020, the unemployment rate was 3.2 percent. While we have continued to see job growth since the height of the pandemic, Wisconsin was still down about 129,000 jobs from March 2020 to March 2021.

I am providing this information because even with the impacts of the COVID-19 pandemic beginning to subside in the U.S. and Wisconsin, our state's economy is not yet back at full strength. There are many employers that have not yet been able to restore their full operations and there are many Wisconsin workers still relying on the UI program for income replacement and DWD generally for assistance in securing self-sustaining employment. For the week ending May 15, 2021, the Department received 21,916 weekly claims for federal PUA, 33,923 weekly claims for federal PEUC, and 73,885 claims for regular state UI. We continue to see strong interest from folks looking for new jobs and career opportunities. Calls to our Job Service Call Center and resumes posted on Job Center of Wisconsin remain more than double what they were at pre-pandemic levels.

These critical federal programs helped mitigate the spread of the COVID-19 virus and lessen the impacts of the economic downturn, and we recognize both that many employers have not been hiring at pre-pandemic levels and that many workers have had to increase their caregiving responsibilities. As more Wisconsinites are vaccinated and more workplaces have the necessary strategies and equipment in place to operate safely, people are becoming more comfortable to visit public places again, allowing more businesses to resume normal operations and hiring. However, these recovering conditions are not yet consistent across all regions of our state nor across all industries.

While public health restrictions are beginning to loosen, the pandemic is not over. With approximately 40 percent of all Wisconsinites fully vaccinated, the risk of outbreaks and new cases due to variant strains of the virus poses a risk to a full return to "normalcy" by summer. With the current slowed rate of individuals receiving the vaccine, the Department of Health Services estimates that Wisconsin will not reach the 70% vaccination rate needed for 'herd immunity' until September or October. These federal unemployment assistance programs continue to necessarily assist those claimants who would work but for ongoing COVID-related reasons, such as being quarantined, waiting for the full effects of a vaccine two weeks after a second shot, or needing to be home with children still enrolled in virtual or hybrid schooling or with less subsidized childcare options for the approaching summer break.

As with JCRAR's reinstatement of the work search requirements last week, it is also important to note that ending these federal programs early may also have a disproportionate effect on claimants most hard-hit by job loss due to the pandemic and those with the most challenges trying to re-enter the workforce. Reports have shown that low-wage workers, people of color, and women had higher rates of job loss during the pandemic and have slower rates of economic recovery.

After all, receiving UI benefits is not the disincentive for getting people back to work as some may believe. Wisconsin has been leading the nation in unemployment rate recovery, with our employment rate nearing pre-pandemic levels. The Wisconsinites who can are going back to work quickly. Individuals that remain unemployed or underemployed due to no fault of their own receive the extra funds, and in turn, use that money for consumer spending in our local economies and businesses. The federal benefits provided pay businesses for household goods and necessities, groceries, gas, and it is estimated that for every \$1 of federal dollars spent an additional \$2 in further economic activity is generated. If Wisconsin terminates the federal unemployment assistance programs now, the total amount of benefit payments that would be foregone due to the enactment of this bill is estimated at \$609 million. That is \$609 million dollars lost in potential consumer spending in our recovering economy.

Several recently released reports have shown that there is no evidence that these federal programs had a substantial effect on employment after the \$600 benefits expired last July (FPUC is now only \$300 in additional support for individuals on regular UI). The studies showed that more than half of those who received a \$600 federal unemployment check returned to work before the supplement expired. The gap between what individuals receive in these benefits and what they would earn in full-time employment is not a widespread issue at this point in the pandemic recovery. In 2020, the average regular UI check received in

Wisconsin was \$295/week, so even with the FPUC supplement, that is \$14.88 per hour, and does not include things like fringe benefits, health insurance, retirement matching and savings, and paid leave.

In addition, reports also show that rural areas have benefited most from the federal pandemic unemployment compensation programs because job growth was slower pre-pandemic and is slower in recovery than urban areas. Individuals and families in rural areas have tended to have had lower wages and faced other barriers to recovery such as being older and issues accessing transportation, internet, and health care. Hardest hit rural Wisconsinites also face other challenges to full recovery, such being able to pay for overdue utilities, childcare, or health care and tackling barriers like food and housing insecurity.

Unfortunately, simply ending the federal pandemic unemployment benefits will not solve the worker shortage many employers are experiencing. Worker quantity was an issue in Wisconsin before the Great Recession, before the COVID-19 pandemic, and is predicted to be even more acute throughout economic recovery and growth. Companies are raising wages and benefits to try to attract workers; wages and benefits that exceed the levels of state and federal benefits folks receive on UI. It is the other barriers that workers and employers face that are flattening our workforce. Some examples include an increase in older workers retiring and leaving the workforce, a mismatch between the skills workers have and the skills employers require, a shortage of Visa workers, and those lacking access to transportation, child, dependent, or elder care, and health care.

Prematurely ending the federal programs that serve as a life raft for thousands of Wisconsinites will hinder their ability to stabilize their families as they find ways to recover. While we certainly understand and share the committee's interest in encouraging all UI claimants to fully return to work, we find it more prudent to provide these families with a little more time and assistance to overcome these barriers so that we mitigate the risk of greater financial setbacks to these families and to our state's economy overall.

Thank you for your consideration.

May 26, 2021

**Assembly Committee on Workforce Development
Testimony on Assembly Bill 336**

Thank you Chairman Petryk and committee members for hearing Assembly Bill (AB) 336, which would restore Wisconsin's Unemployment Insurance benefits to pre-pandemic levels.

My name is Rich Uselman, VP Operations Nu-Pak, LLC in Boscobel Wisconsin. I would welcome the opportunity to testify in person today, but the demand on our business requires me to be in Boscobel. Due to the shortage of workers, I will be working on the lines today trying to support our customers and employees through this period.

A couple weeks ago, Sen. Marklein was reaching out to businesses for Small Business Week. He called me to see how things were going. I am frustrated. We currently have our customers on allocation because we cannot find enough people to support our business. We have experienced a sharp decline in the number of applicants over the last 3 to 4 months. We turn away orders for \$1MM to \$1.5MM a week. We commissioned an \$8MM project in March that we currently cannot fully utilize due to the labor issues. The worst part is we do not compete with other businesses for employees, we compete with the couch. Look at the labor participation rates and tell me I am wrong.

Nu-Pak started in 1994 and moved to Boscobel in 1999. Nu-Pak's first operation was in a Dairy that was converted into a food plant. We have continued over that time to grow including two additions at our South Facility and then our North Plant expansion in 2013. We have seen expansive growth due to our uncompromising dedication to food safety.

Nu-Pak currently employs 340 people. We have the need for 80 employees just to meet our current demand. To date the only thing limiting our growth potential is our ability to staff. We are currently paying up to \$17/HR for production employees. We have multiple opportunities for our employees' growth as well. Unfortunately, we are looking at areas outside of Wisconsin for expansion because the labor market is unsustainable.

Our current openings provide competitive wages, full benefits that include medical, dental, vision, short- and long-term disability insurance, 401(k) with company match, and paid time off.

AB 336 should end the bonus being paid to people that are not working. At least this would end any labor market disruptions and allow us to understand the market pressures we are facing. Right now, it is impossible to plan for the future not knowing how government is going to disrupt business.

Thank you for the opportunity to share my concerns with the committee. I urge you to support the bill.

Sincerely,

Rich Uselman



1025 South Moorland Road, Suite 200
Brookfield, WI 53005

To: Members of the Assembly Committee on Workforce Development
Representative Warren Petryk, Chairman

From: Bill Elliott, President & CEO
Kathi Kilgore, Contract Lobbyist

Date: May 26, 2021

Re: Support for AB 336 – Federal Unemployment Benefit Programs & Work Search Requirements for Unemployment Insurance

The Wisconsin Hotel & Lodging Association represents hotels, motels, resorts, inns, bed & breakfasts, and lodging executives throughout the state. It is on behalf of these members that we respectfully request your support of AB 336.

Wisconsin's lodging industry suffered a terrible blow when COVID-19 hit more than a year ago. Many lodging facilities were forced to close their doors due to the almost immediate halt in travel. As time went on, we were forced to make the heart wrenching decision to lay off staff as it became apparent that the pandemic was not going away anytime soon. Make no mistake, the effects are still being felt by many in our industry, some losing tens to hundreds of thousands of dollars per month as we just try to stay afloat. Now as we begin to try to bring our employees back, we often find that they have switched to industries that were not as significantly impacted by the pandemic, or they choose to stay on unemployment instead of rejoining the workforce.

As we slowly dig out of the hole left by the pandemic, the biggest problem that plagues the lodging industry across the state is the lack of sufficient workforce. We have heard from many WH&LA members from around the state that they will not be able to make as many rooms available, open some of their amenities, or limit their hours of services because they do not have enough employees to run the lodging properties adequately and safely.

Typically, many tourism destinations in Wisconsin rely on the J-1 visa program to fill thousands of seasonal positions during our peak season. While the ban on J-1 workers expired earlier this year, many of the students who applied for these visas were not able to get the necessary appointments at embassies that would allow them to come here. This has been especially problematic for the Wisconsin Dells and Door County areas that do not have a large population of local workers to draw from.

Adding to the problem of a lack of J-1 visa workers, WH&LA members across the state report that as they attempt to build back their workforce to prepare for what we all hope is a successful summer travel season, they receive very few job applicants, and many times applicants don't return calls or show up for their interviews. We know that this is a problem faced by many industries throughout Wisconsin and the USA, which shows us that now is the time to end Wisconsin's participation in the federal unemployment benefits program and to make sure that the work search requirements are in place for those who are still collecting unemployment benefits. It's time for Wisconsin to get back to work.

On behalf of the members of the Wisconsin Hotel & Lodging Association across the state, we ask for you to support AB 336. Thank you for your consideration.



May 26, 2021

**TO: Members
Assembly Committee on Workforce Development**

**FR: Brian Dake
President
Wisconsin Independent Businesses**

RE: 2021 Assembly Bill (AB) 336 relating to: participation in federal unemployment benefit programs and work search requirements for unemployment insurance.

Chair Petryk and committee members my name is Brian Dake, President of Wisconsin Independent Businesses. Thank you for the opportunity to testify in support of 2021 Assembly Bill (AB) 336.

By way of background, Wisconsin Independent Businesses (WIB) was formed in 1977 to provide small, independent business owners with an effective voice in the legislative and regulatory activities of state government. Today, we proudly represent thousands of small businesses throughout Wisconsin. Most of our members (approximately 85%) own and operate businesses that fit within the legal definition of a small business – fewer than 25 employees and/or annual gross revenues of less than \$5 million.

For Wisconsin small employers, filling open positions is extraordinarily difficult. This multifaceted problem began well before the COVID-19 pandemic and is likely to continue into the foreseeable future.

That said, certain federal and state governmental actions taken in response to the COVID-19 pandemic have made this near-term workforce shortage particularly troublesome for Wisconsin small employers.

Federal

Through the week ending September 4, 2021, unemployed workers who are eligible for state or federal unemployment insurance (UI) benefits will receive an additional weekly supplemental payment of \$300 from the federal government. In Wisconsin, the maximum weekly state UI benefit payment is \$370. Therefore, eligible UI claimants can receive up to \$670 per week or \$16.75 per hour.

Wisconsin small employers must offer prospective workers a competitive wage. Hourly pay of \$10, \$12, \$15 or more for entry level positions are common. Employees who are reliable and perform well on the job can expect to earn much more in a relatively short period of time.

The supplemental federal payments have distorted these marketplace circumstances. Many Wisconsin small employers cannot afford to pay prospective employees more than they can collect in weekly UI benefits. Moreover, there are UI claimants who are content to receive the weekly enhanced federal unemployment compensation along with their regular state UI benefits rather than seek gainful employment.

From our perspective, SB 354 is the near-term solution. Without the supplemental payments from the federal government, small employers would be in a better position to fill vacancies and unemployed workers would have a greater incentive to rejoin the workforce.

State

On March 18, 2020, Governor Evers directed the Wisconsin Department of Workforce Development (DWD) to waive the work search requirements due to the COVID-19 pandemic. On May 9, 2020, DWD issued an Emergency Rule to clarify the waiver of the work search requirements would be in effect until October 15, 2020.

The surge in COVID-19 cases last fall, prompted DWD to request an extension of waiver of the work search requirements through February 2, 2021 from the Wisconsin State Legislature. This request was granted. In early February, DWD issued a new Emergency Rule extending the waiver of the work search requirements to July 10, 2021.

With the support of WIB, the Joint Committee for Review of Administrative Rules recently restored the work search requirements. Beginning on Sunday, May 23, 2021, UI claimants must:

- register on JobCenterofWisconsin.com and post their resume on the site;
- perform four valid weekly work search actions; and
- report their work search actions when filing weekly claims starting May 30, 2021.

Claimants who do not complete these tasks will be denied UI benefits for that week. AB 336 ensures these modest work search requirements for UI claimants remain in place during the final stages of the COVID-19 pandemic.

We respectfully ask for your support of AB 336.

Thank you in advance for your consideration.



Testimony, AB336

Wednesday, May 26th

Shawn Phetteplace, State Manager

Chairman Petryk, Dittrich and Members of the Committee on Workforce Development:

My name is Shawn Phetteplace and I am the State Manager for the Wisconsin Chapter of the Main Street Alliance. We represent over 100 member businesses across the state and are rapidly growing. We are here today to testify against and urge a no vote on AB336.

We are mostly here to speak on the rejection of the enhanced \$300 in unemployment insurance that folks around our state who are out work are currently receiving. As I have spoken with employers across the state, including businesses with over 100 staff, they paint a different picture than has been portrayed by the majority in the state legislature. According to the Bipartisan Policy Center we have lost nearly 4.5 million childcare slots during the pandemic, causing huge shortages of access for families across our country. In addition, the combination of robust hiring happening concurrently throughout the economy and the fact that many folks have left the industries for alternative work have created these challenges much more than any impact enhanced UI has had.

The Chicago Federal Reserve released a report entitled "How Do Unemployment Benefits Relate to Job Search Behavior" that demonstrates that the underlying premise of AB336 is deeply flawed. The report states, "we find that those currently receiving UI

benefits search intensely for new work, and their effort appears to be somewhat greater than that of the unemployed not receiving benefits. At the same time, once individuals exhaust their benefits, their search effort drops precipitously. Finally, those collecting UI benefits tend to receive better job offers than those who have exhausted their benefits. This may be because the quality of job offers declines the longer an individual is unemployed. Regardless, both groups receive poorer offers than the employed or those currently out of the labor force.”

What we hear from employers is that their employees need access to health insurance. Many smaller employers can't afford group coverage. Providing Badgercare expansion, with a public option, as outlined in the Governor's budget would do much to address this. Furthermore, passing the WisconsinSaves plan would also help provide access to a critical benefit for workers. If you work, you should be able to make ends meet, go to the doctor and save for retirement. If we want to attract workers to the industries currently experiencing worker shortages we need to deal with these structural issues instead of a misguided attempt to cut off benefits which has been proven to have the opposite effect laid out here.



TO: Assembly Committee on Workforce Development
FROM: Scott Manley, Executive Vice President of Government Relations
RE: Support for Assembly Bill 336
DATE: May 26, 2021

Representative Petryk and members of the Committee on Workforce Development, thank you for holding a public hearing today on Assembly Bill 336 today. I would also like to thank Speaker Vos and Senator Marklein for their leadership in introducing this important legislation.

Wisconsin Manufacturers & Commerce (WMC) is the state manufacturers association, state chamber of commerce, and largest general business association in Wisconsin with over 3,800 employer members from all sectors of the economy located throughout the state. Our mission since our founding in 1911 has been to make Wisconsin the most competitive state in the nation in which to do business.

Unfortunately, today our state is not competitive from a workforce standpoint because employers are unable to find and hire workers. There are several reasons why many able-bodied workers remain on the sideline, but one of the biggest reasons, and the one that is the subject of the legislation before you this morning, is the federal \$300 per week enhanced unemployment benefit. Ending this incentive to remain unemployed is a critical step necessary to address the workforce crisis facing Wisconsin employers.

No area or industry in our state has been spared from the dire impacts of this well-meaning but harmful federal policy. Restaurants, retailers, banks, grocery stores, manufacturers and hardware stores alike cannot find workers. To be clear, employers struggled to find workers even prior to the pandemic, and businesses competed fiercely among themselves to attract talent. Today, however, businesses are competing against overly-generous government benefits that are serving as a disincentive for far too many workers to stay on the sidelines as opposed to retuning to the workforce.

If the state does not act, individuals will remain eligible for up to \$670 per week in unemployment benefits through early September. That is the equivalent of wages equal to \$16.75 per hour for a 40-hour workweek. Every single day we hear from employers that this expanded unemployment benefit is creating a strong disincentive to work, and makes it difficult to hire and fill open positions. Our economy cannot afford to have able-bodied workers remaining unemployed while thousands of jobs are available today.

In response to the tight labor market, employers have increased wages, benefits, and other incentives. But they simply are unable to compete with government paying people to not work, nor should they have to.

The inability to fill job postings has been incredibly disruptive to employers, and may do lasting damage to our economy. Some service and hospitality businesses have been forced to close their business one or two days per week (or shutdown altogether) because they cannot find workers. Wisconsin's tourism industry will face severe consequences if they cannot hire workers for the summer tourist season. How many of those small businesses can survive without workers?

Manufacturers have been forced to turn down orders for their products because they cannot staff their production lines, leading to supply chain shortages and missed economic opportunities. In addition, some manufacturers are losing existing contracts because they cannot fulfill them due to a lack of workers – those contracts may very well go to a business in another state or country, and may never come back. The loss of those contracts jeopardizes middle class jobs.

The long-term consequences of this crisis will not be limited to businesses, it will harm workers consumers as well. The supply chain shortages caused by the inability to find workers will lead to downstream impacts on manufacturing and construction employees, who will not be able to work because of material shortages. And we are already seeing the impacts on consumer prices for cars, lumber, steel, new home construction, etc. that result when supply chains are disrupted and production decreases due to a lack of available workers.

The reality today is that anyone who wants to work has an opportunity to do so. Last week there were just short of 80,000 people collecting unemployment benefits in Wisconsin. Yet there are over 109,000 jobs available on the DWD Jobs Center website. With COVID-19 numbers dwindling, and free vaccines available to anyone who wants one, there is simply no longer an excuse to stay on the sidelines, nor is there a justification to pay people an extra \$300 per week to do so.

Over 50 local chambers of commerce from throughout the state along with 15 employer trade associations representing a diverse cross-section of the economy have so far joined our coalition in support of ending the \$300 enhanced federal benefits in our state – just as at least 22 other states have already done.

On behalf of the business community, we ask you to support AB 336 and end Wisconsin's participation in the federal enhanced unemployment benefits. We simply cannot wait until September to provide relief from this economic crisis. Thank you for the opportunity to provide our perspective on this legislation, and I would be happy to answer any questions.