ALEX A. DALLMAN

STATE REPRESENTATIVE • 41ST ASSEMBLY DISTRICT

Testimony in favor of Assembly Bill 153

Assembly Committee on Workforce Development and Economic Opportunities

April 12, 2023

Thank you, Chairman Petryk and committee members, for allowing me to testify before you concerning Assembly Bill 153, relating to the amount of benefits received under unemployment insurance. I would also like to thank Senator Feyen for his leadership on this legislation.

Our current unemployment program provides for 26 weeks of unemployment no matter the current economic conditions and availability to employment. This bill would fix the problem of prolonged unemployed benefits that are keeping people out of the workforce. Benefit weeks would max out at 26, if the unemployment rate was over 9%. The amount of weeks would be reduced according to the table included in the bill all the way down to 14 weeks if unemployment levels reach 3.5%.

With the advisory referendum on requiring able-bodied, childless adults to look for work in order to receive taxpayer-funded welfare benefits passing in the most recent spring election, there is no better time to reform Wisconsin's unemployment program and get more people back into the workforce. States such as Florida, Georgia, North Carolina, and Tennessee that have implemented reforms such as this bill, have yielded more financially stable unemployment funds, 71% lower benefit costs, 59% lower unemployment insurance taxes, and enrollees moving off of the unemployment benefits and back into the workforce twice as fast.

We need to move our focus of public benefits from "unemployment insurance" to "re-employment insurance". In the economic climate we have right now, there is no reason for a person to need half of a year to procure a high-paying, quality job.

Thank you again, Chairman Petryk, for the opportunity to testify before this committee today and I would be happy to answer any questions you may have.

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To: The Assembly Committee on Workforce Development and Economic Opportunities
From: Sen. Dan Feyen
Re: Assembly Bill 153

Hello members of the committee, thank you for taking the time to hear testimony on AB 153.

Wisconsin is experiencing a workforce shortage. Our state has record low unemployment levels yet we also have increasing job vacancies in every sector. We need more people in the workforce and our unemployment system needs reform.

Currently in Wisconsin, an individual eligible for unemployment can receive up to 26 weeks of compensation, no matter the current workforce conditions. This can inhibit people from returning to work.

Assembly Bill 153 would change the way our state determines how long a person is eligible for unemployment. Instead of the blanket 26 weeks, this bill would index the compensation length to the current unemployment rate in Wisconsin. For example, if the state's unemployment rate is less than 3.5%, an individual would be eligible for 14 weeks of UI. The duration would max out at 26 weeks if the state's unemployment rate was over 9%. That is more than three months of coverage during the best economic times and half a year of benefits when getting a job might be more difficult.

Numerous other states have made this change and have seen dramatic decreases in the number of weeks individuals are on unemployment. These states have also seen decreases in unemployment insurance taxes and healthier unemployment funds. The indexing formula used in this legislation was modeled off the other states that have already made this change. This bill also makes these changes to the number of supplemental and extended benefit weeks a person is eligible for.

Unemployment insurance is meant to be temporary. When there are a lot of jobs available, there is no reason why a person needs to be on unemployment for 26 weeks. This common-sense change will incentivize individuals to get back to work quicker.

AB 153 helps to return people to the workforce quicker while still providing the help people deserve should our economy experience a downturn. Thank you very much for holding a public hearing on this bill.

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STATE OF WISCONSIN
DWD
Department of Workforce Development

Tony Evers, Governor
Amy Pechacek, Secretary-designee

Date: Wednesday, April 12, 2023

To: Chair Petryk, Vice-Chair Michalski, and Members of the Assembly Committee on Workforce Development and Economic Opportunities

From: Department of Workforce Development Secretary-designee Amy Pechacek

Written Testimony Regarding AB 147, AB 149, AB 152, and AB 153

Chair Petryk, Vice-Chair Michalski, and Committee Members, thank you for the opportunity to provide written testimony for information only on AB 147, AB 149, AB 152, and AB 153, which propose changes to Wisconsin's unemployment insurance (UI) law and UI program. With more than 130 years of experience analyzing labor market data for employers, policymakers, educational institutions, and job seekers, the Wisconsin Department of Workforce Development is focused on creating and sustaining a thriving economy.

DWD had a record-breaking year in 2022: Wisconsin reached record low unemployment in January through April and reached a new record of only 2.7% in February of this year. Initial and existing weekly unemployment insurance claims are continuing at seasonal, historic lows. Of the $344.5 million unemployment insurance payments made in 2022, only 0.4% were found to be fraud overpayments. We've also seen a record number of apprentices and youth apprentices. To say that Wisconsinites are not working and are sitting on the sidelines is simply not true.

Wisconsin, like the rest of the Midwest, the nation, and much of the world, is facing a worker quantity shortage. The workforce quantity shortage is a global issue due to demographic trends decades in the making. Baby boomers are retiring, which was exacerbated by the pandemic, birth rates have never been lower, and in the last decade, there has been net zero to negative migration to Wisconsin. DWD has taken a proactive rather than punitive approach to these challenges, working to remove employment barriers and connecting employers with underutilized talent pools.

The Governor's budget supports proactive approaches to workforce needs. He announced a $200 million investment to continue the successful Workforce Innovation Grant Program to provide long-term solutions for businesses and, in particular, the healthcare industry to find workers and individuals to obtain family-supporting jobs. Other initiatives include a paid Family Medical Leave Program, investing in child care statewide, continued expansion of the apprenticeship program to retain our emerging workforce, further investment in job centers at correctional institutions, among many others that will build the 21st-century workforce and infrastructure Wisconsin needs.

The long-standing process for new legislation regarding both unemployment insurance and worker's compensation programs is to circulate drafts of proposed policy changes through their respective advisory councils—the Unemployment Insurance Advisory Council and the Worker's Compensation Advisory Council. Additionally, regarding UI law, the Department generally sends all changes to the U.S. Department of Labor for conformity review moving forward. Please note that to DWD's knowledge, the proposed bills did not undergo these processes, nor was DWD staff consulted on the need for the policy change.

Had DWD staff been consulted, the Department would have stressed the need for support of DWD's proactive approach to workforce development, supported by its dedicated staff and modernization efforts. In fact, those modernization efforts to date include:

- Cloud-based omni-channel contact center;
- Virtual customer service agents are available 24 hours a day, 365 days a year, to answer common questions in English and Spanish;
- Online chatbot that can answer common questions in English, Spanish, and Hmong;
- Fraud detection through LexisNexis and National Association of State Workforce Agencies' Integrity Hub;
- Online filing process and document upload that uses AI to enter data instead of manual data entry;
- Secure online messaging with adjudicators; and
- Translation of the UI application into plain language.

Additionally, while this legislation purportedly responds to the recent statewide referendum regarding Wisconsinites' preference to require work search for welfare benefits, it nevertheless misses the mark. The referendum does not apply to unemployment insurance; unemployment insurance is not a welfare program and UI claimants are already required to conduct four work search actions weekly.

While DWD appreciates efforts to bolster Wisconsin's workforce, the proposed bills are not in touch with DWD's current operations or labor trends. The focus on changes to unemployment insurance does not take into account the significant progress DWD has made in terms of modernization and accessibility of the UI program. DWD is better equipped than ever before to handle an influx in UI claims and calls, which is evident given that Wisconsin ranked fifth in the nation in terms of timeliness in administering UI benefits from July to December 2022. Just last month, 88.64% of claimants received their benefits in three days or less of the weekly claim filing date. Some of these bills also have the potential to delay or deny Wisconsinites benefits in times when they need it the most, with the potential to disproportionately impact rural areas and certain industry sectors that do not have as many job opportunities.

AB 147

The bill proposes that UI benefit augmentations, such as the federal programs that provided critical supports for Wisconsinites during the pandemic, will require review by the Joint Committee on Finance (JFC). If federal programs and extended benefits are needed at a future date, this proposed change could delay benefits to Wisconsin citizens in times of high need, negatively affecting Wisconsin's economy by withholding funding that could be used by claimants for good and services.

Additionally, depending on how the federal programs are structured, there is the potential for the state of Wisconsin to lose federal benefits and administrative funding that other states will receive should participation in those federal programs be delayed.

The other proposed changes in AB 147 are either already DWD's current practice, or would not have the intended impact of bolstering Wisconsin's workforce, such as:

- The changes in the definitions of "misconduct" and "absenteeism": the bill would not create additional bases for ineligibility, it would simply shift the reason for claim denials from "substantial fault" to "misconduct." The changes to the misconduct and absenteeism under UI law would only result in a minor reduction in UI operational costs (for claims adjudication). This reclassification would not have tangible benefits to employers either, because in the case of the current or the proposed law, the employer does not pay when the claimant is found ineligible.
    - Additionally, removing "intent" from the definition of misconduct could jeopardize the Department's ability to comply with the federal conformity requirements to receive federal funding.
- Registering out-of-state claimants at their local job center: this is UI's current practice. UI already requires out-of-state claimants to register with their closest public employment office and submit proof of said registration to DWD.
- Work search audits: The division has a well-established work search auditing program. UI claimants who are required to search for work must submit their work search record each week a claim is filed.

These records are subject to random or targeted audits for program integrity purposes. These audits can uncover mistakes made by claimants or instances of intentional fraud, as well as provide an opportunity to educate claimants on what constitutes a valid work search action and what information is needed by the division to verify work searches. In 2022, DWD completed 22,012 work search audits. The audits resulted in 9,045 adverse decisions with benefits denied, including when claimants failed to conduct four valid work search actions. An additional 27,404 adverse determinations were issued for failure to answer the work search question or failure to provide required information on the weekly claim before the claim paid.

- In addition, work search audits are labor intensive. Every audit of two claimants' work searches requires 45 minutes of staff time. To optimize results, UI targets its audits to efficiently and effectively review certain work search activity.
- As claimants complete four work search actions per week, auditing 50% of actions would result in millions of audits per year. This would require a large increase in staffing and substantial investment, and the bill does not allocate any additional positions or funding. Also, an increase in denials of claims will result in additional appeals, which would also require more staff. This bill is financially untenable, operationally infeasible, and unnecessary as DWD is confident in the efficacy of its approach using both random and targets audits identify falsified work search actions.

AB 149

Further, this bill is redundant as employers are currently able to report suspected claimant fraud, including fraud related to work search activities such as attending interviews, turning down job offers, and failing to return to employment or turning down employment offers to DWD. DWD already relies on employers to verify information provided by claimants and to bring other eligibility issues to our attention. They may call or write to DWD at any time to raise an eligibility issue, using the Employer Assistance Line and the online Help Center. Any employer that suspects that someone on UI is committing fraud can also report it on DWD's website. DWD reviews all reports and fraud referrals.

It is worth noting that there are confidentiality measures in place that protect identities of claimants required by federal and state law. DWD could provide data on work search investigations to the legislature, but it could not be made available to the public.

AB 152

Similarly, AB 152 is either DWD's current practice, or would not have the intended impact of bolstering Wisconsin's workforce, such as:

- Transfer of Employees to DWD: The existing interagency staff transfer process and intra-agency temporary assignment of staff sufficiently serves DWD's operations. DWD monitors its workload and vacancies to determine if the Department needs to submit a request for interagency staff transfers or to re-assign its staff. Regardless, solely focusing on transferring staff specifically for the UI Division's operations is outdated given the significant recent modernization efforts.
  - Again, the Department is better equipped than ever before to manage an influx in UI claims and calls, which is evident given that Wisconsin ranked fifth in the nation in terms of timeliness in administering UI benefits from July to December 2022. Just last month, 88.64% of claimants received their benefits in three days or less of the weekly claim filing date.
- Education and Informational Materials: UI already has external training and training videos available. There would be a cost involved with providing additional training requirements and complying with the proposed change, for which the bill does not allocate any funding.
- Database Comparisons: This is unnecessary given DWD's multifaceted, modernized approach to detecting and preventing fraud. Not only does the division cross match with death, employment, and inmate records, DWD is also a part of the National Association of State Workforce Agencies' Integrity Data Hub. The data hub provides access to cross-matching verification options, and nationwide databases, to name a few. DWD's Annual Fraud Report contains more detailed information about our detection tools.
- Identity Proofing: DWD is confident in UI's current system using LexisNexis to verify the identity of each claimant. If the identity proofing measures require uploading of identifying documents, this

would be a barrier to users, and additional staff time could be needed to help claimants with additional technological requirements. An initial estimate is that the proposed identity proofing standards would require a significant cost investment in annual vendor costs and technology development costs. Current UI processes already use targeted identification logic to verify the identity of every claimant.

Regarding the changes outlined in AB 152 related to the UI call center, DWD notably upgraded the call center that has significantly improved accessibility and quality of customer service. DWD transitioned to its cloud-based contact center on its NICE CXone platform. The current contact center is enhanced with the following benefits:

- Modern web-based call delivery system that allows agents to work wherever they have an internet connection, providing greater flexibility for agents in taking and responding to calls;
- Scalability of solution in real time to address changing demands (both up and down);
- Ability to customize in-house call processing in real-time;
- Omnichannel approach that allows DWD to introduce other communication channels (e.g., chat, text messaging);
- Better ability to monitor interactions with customers; and
- Enhanced real-time reporting, including number of unique callers.

Call center hours have been extended with the help of advanced technology. Virtual agents are available 24 hours a day, 365 days a year, to answer claimants' common questions in English and Spanish. There is also an online chatbot that can answer questions in English, Spanish, and Hmong. UI staff are then available for extended hours Monday through Friday 6:15 a.m. to 5:30 p.m. and Saturday 7 a.m. to 1:30 p.m. to answer constituents' further, more complex questions. Prior to the pandemic, staff hours were historically Monday through Friday from 7:45 a.m. to 4:30 p.m. and were then extended during the pandemic.

DWD already closely monitors call volume and wait times for the call center. The monitoring mechanisms in place account for predictable increases due to seasonal and/or holiday trends versus unpredictable spikes. This proposed legislation does not account for these predictable trends; therefore, it would inefficiently assign staff.

This bill also does not factor in significant strides DWD has made in terms of modernization and accessibility to ease the unemployment insurance administration process, such as online filing process, secure online messaging with adjudicators, and translation of the UI application into plain language, which has significantly eased the claimant's experience. The Department is better equipped than ever before to manage a sudden influx in UI claims and calls with its new cloud-based contact center.

AB 153

This bill would change the maximum number of weeks that a regular UI claimant who lost their job through no fault of their own could receive benefits. Currently, the maximum number of weeks of regular UI benefits payable to an eligible claimant who is totally unemployed and who earns sufficient wages to qualify for those benefits is fixed at 26 weeks. Under the bill, the maximum number of weeks available to claimants is determined monthly, based upon the unemployment rate using the most recently available federal data. Once a claimant begins a benefit year, the claimant's maximum number of weeks of regular benefits is fixed for that benefit year.

This method of calculating maximum UI benefit duration is concerning because the unemployment rate is volatile and can rise very quickly. During a recession, it can easily increase multiple percentage points month to month. The bill mechanisms will not be responsive to, or reflective of, current economic situations as it looks back to a previous economic situation to determine benefits. It then fixes the maximum duration a claimant can receive benefits for the rest of that year, further perpetuating the disconnect between the duration of benefits and the current economic situation.

Additionally, AB 153 is not sensitive to local employment rates. A brief look at county-by-county unemployment rates shows that unemployment is higher in the northern part of the state and lower in and around Dane County. The bill could disadvantage individuals in rural areas with fewer local job opportunities by reducing the number of benefit weeks to claimants with eligible employment. The bill is also not sensitive to unemployment rates by industry sector. Re-entering the job market may be easier in some sectors (and in certain times of the year) than others.

Ultimately, the bill is financially untenable and operationally infeasible. Federal unemployment rates are subsequently benchmarked and retroactively adjusted by the U.S. Bureau of Labor Statistics. The unemployment rate in a given month could be retroactively adjusted months later. This bill does not address the ramifications of those adjustments, such as if claw-backs or new payments would be issued, making this change impractical.

Thank you for the opportunity to provide this information.

Statement Before the
Assembly Committee on Workforce Development
And Economic Opportunities

By

Bill G. Smith
State Director
National Federation of Independent Business
Wisconsin

Wednesday, April 12, 2023

Assembly Bills 147, 149, 152, 153

Chair Petryk, members of the Committee, my name is Bill G. Smith, State Director for the National Federation of Independent Business (NFIB), and I appear today on behalf of over 10,000 Wisconsin member firms located throughout Wisconsin, and I report to you today that many of these firms are struggling with a full menu of economic challenges:

- Inflation
- Supply issues
- Economic Uncertainty
- Labor issues

Since 1974, NFIB's Research Foundation has collected Small Business Economic Trends data with a quarterly survey of our members, and since 1986, these quarterly snapshots of the small business economy that have been done on a monthly basis emphasizes the small employer labor market.

According to NFIB's Chief Economist, "The labor force participation rate remains below pre-COVID levels, which is contributing to the shortage of workers available to fill open positions."

The bills before the committee today for your consideration would help provide unemployed individuals with incentives and encouragement to join or return to the workforce, while also responding to the worker shortage currently challenging our small business employers.

Statement Before the Assembly Committee on Workforce Development and Economic Opportunities
Wednesday, April 12, 2023

Assembly Bill 147 would provide important updates to the misconduct statute, creates legislative oversight of enhanced federal benefits and improves the monitoring of the requirements for work search.

Assembly Bill 149 would respond to a common concern from small business employers that too often applicants for jobs fail to show for interviews or report for work when hired.

Assembly Bill 152 would improve participation in the labor market by allowing some flexibility and improving the administration of benefits, especially during periods of high employment.

Assembly Bill 153 would create a linkage between unemployment insurance benefits and current economic conditions.

The unemployment insurance program is not a welfare program. It is a program designed with the intent to provide temporary financial assistance to those individuals who lose their job through no fault of their own.

Unemployment insurance is an important program, funded by employers, that helps protect communities and small businesses from hardship generated by economic downturns. It provides timely financial assistance to unemployed workers, but it was not intended nor should it provide a disincentive for individuals from seeking and obtaining employment.

Mr. Chair, 59 percent of small employers are currently hiring or trying to hire, according to NFIB's Main Street Jobs Report, 42 percent reported raising compensation, and although down four points from February, a net 22 percent plan to raise compensation in the next three months.

Nationally, the labor force participation rate is almost a full percentage point below where it was in February 2020, and while Wisconsin is at 64 percent labor participation rate, slightly above the national average, it is important government do what it can to improve and assist greater participation of workers in the labor market.

Clearly, the labor market continues to be a big challenge for small business employers. NFIB supports passage of these bills because they will help put jobs back on Main Street by providing assistance to UI claimants, creating incentives for individuals to join or return to the workforce, and improve the labor participation rate of the state's workforce.

WMC
Wisconsin's Chamber

TO: Members, Assembly Committee on Workforce Development and Economic Opportunities

FROM: Rachel Ver Velde, Senior Director of Workforce, Education and Employment Policy

DATE: April 12, 2023

RE: Support for Assembly Bills 147, 149, 152 and 153, changes to the unemployment insurance law

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Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to testify in support of Assembly Bills 147, 149, 152 and 153. Thank you, Chairman Petryk, for holding this hearing and highlighting a key concern of employers throughout Wisconsin.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. That mission includes making sure Wisconsin's employers have a capable and willing workforce.

Unfortunately, employers in Wisconsin have severe worker shortages and an inability to fill key positions. According to WMC's most recent *Wisconsin Employer Survey* conducted in January 2023, the biggest challenge facing Wisconsin employers is the workforce shortage, with 85% of employers indicating that they are struggling to hire workers. Moreover, 66% of these employers responded that the workforce shortage is the top public policy issue facing Wisconsin.

The problem is only made worse because too many people have simply dropped out of the workforce and are no longer looking for work. Wisconsin's labor force participation rate is currently 64.5%, which is better than the national average. But, it is significantly lower than our state's peak of 74.5% in 1997. And, even more concerning, it is a full point lower than at the height of the pandemic in April 2020.

This labor participation rate is unsustainable for employers in Wisconsin, especially when coupled with low birth rates and stagnant in-migration. If we want to continue to be a leader in manufacturing, agriculture and other industries, we must have a strong workforce. That is why it is important that government policies do not keep or place individuals on the sidelines.

Assembly Bill 147:
WMC members are very supportive of work search audits and additional oversight for enhanced federal benefits. The pandemic supplemental unemployment benefits provided a financial incentive for workers to remain on the sidelines, instead of filling desperately needed jobs. Employers were extremely disappointed that Governor Evers vetoed legislation to end the $300 per week extra

unemployment benefit last year. That would have provided meaningful relief to our economy. In August of 2021, we had an unemployment rate of 3.9%. When the $300 per week benefit finally phased out in September, 36,435 fewer people collected unemployment benefits by December – a 30% drop in just four months. Those people didn't stay home once the extra benefits ended, they went back to work: Wisconsin added 34,854 workers during the same timeframe. Imagine how much more productive our economy could have been if we would have stopped paying people not to work sooner.

Assembly Bill 149:
WMC members continually have individuals miss interviews or fail to respond to interview requests. It is common for employers to have half or even less of their scheduled interviews actually show up. Unemployment insurance claimants are saying they are fulfilling their work search requirements in order to keep benefits, but they are not actually looking for a job. This legislation creates a needed curb on this practice by saying if the claimant does this more than twice in a month, they lose their weekly benefit.

Assembly Bill 152:
The pandemic showed that is vitally important that there is flexibility in staffing at the Department of Workforce Development (DWD). WMC believes that this bill makes commonsense changes to allow employees from other agencies to help alleviate unemployment insurance backlogs at DWD.

Assembly Bill 153:
WMC members are very supportive of tying the number of weeks of eligibility for unemployment insurance to the state unemployment rate. This important reform will encourage more individuals back in the workforce, particularly when the need is greater, and employers are struggling to find workers.

WMC urges members of the Assembly Committee on Workforce Development and Economic Opportunities to vote in support of Assembly Bills 147, 149, 152 and 153. The reforms in these four bills are vitally important for the health of Wisconsin's workforce and will allow employers to stay and expand in Wisconsin. These reforms will encourage people into the workforce and allow them to experience the dignity of work.

WMC
Wisconsin's Chamber

WISCONSIN
EMPLOYER SURVEY

WINTER 2023

ECONOMY & WORKFORCE

WISCONSIN
EMPLOYER SURVEY

WINTER 2023

EXECUTIVE SUMMARY:
Workforce Shortage Remains with Recession Likely in 2023

A new survey of Wisconsin businesses revealed increased economic uncertainty at the start of 2023, with a majority saying a recession is looming. According to the *Wisconsin Employer Survey*, 60 percent of businesses believe the Wisconsin economy will enter a recession this year.

Wisconsin Manufacturers & Commerce (WMC) — the combined state chamber and manufacturers' association — conducted the survey in mid-December on a variety of topics.

"Wisconsin employers continue to be concerned about the state of the Wisconsin and U.S. economies," said WMC President & CEO Kurt R. Bauer. "High inflation, a persistent workforce shortage and a stagnating business climate are inhibiting economic growth."

Thirty-nine percent of surveyed employers rated the Wisconsin economy as strong or very strong. That is a five-point drop from the Summer and well below the 53 percent who said the economy was strong just a year ago. Nationally, Wisconsin businesses are even more concerned. Twenty percent rated the U.S. economy as strong - down from 39 percent last year.

According to the survey, the uncertainty about the economy has reinforced a pessimistic outlook. In the last four surveys, the number of businesses projecting the Wisconsin economy to grow has dropped from 84 percent in Summer 2021 to just 42 percent today. In fact, the projection for the national economy is even worse. Only one quarter of those surveyed anticipate U.S. economic growth over the next six months.

A major contributing factor to this economic malaise is historically high and unrelenting inflation. Nearly six in 10 businesses have seen costs increase by double digits in the last year. While a small dip from the 67 percent who responded the same six months ago, the *Wisconsin Employer Survey* data shows most businesses are still dealing with record cost increases.

"The Wisconsin economy faces a strange dichotomy, however," added Bauer. "There are still not enough Wisconsinites to fill available jobs, even as we are facing an economic downturn."

On track with previous surveys, 85 percent of businesses are struggling to hire. The workforce shortage has kept unemployment rates low, while driving up wages. According to the *Wisconsin Employer Survey*, one third of businesses plan to increase wages by more than four percent in 2023, and 84 percent plan to increase wages by three percent or more.

In spite of economic concerns, businesses are still hiring. Sixty percent of respondents plan to increase their number of employees in the next six months. While still a majority, this number has dropped consistently in recent surveys - it was 79 percent in the Summer 2021 survey.

WMC
Wisconsin's Chamber

About the Wisconsin Employer Survey

The ***Wisconsin Employer Survey*** is conducted twice a year by WMC. The assessment provides a snapshot of where Wisconsin's employers stand on a number of important issues and outlines their economic outlook for both Wisconsin and the United States. For the Winter 2023 edition, WMC surveyed 164 employers that make up a representative sample of its membership. Businesses of all sizes, industries and geographic locations in Wisconsin participated.

How would you rate the current Wisconsin economy?

39% STRONG	57% MODERATE	4% WEAK

VERY STRONG	3%	MODERATE	57%	VERY WEAK	0%
STRONG	36%			WEAK	4%

How would you rate the current U.S. economy?

20% STRONG	62% MODERATE	18% WEAK

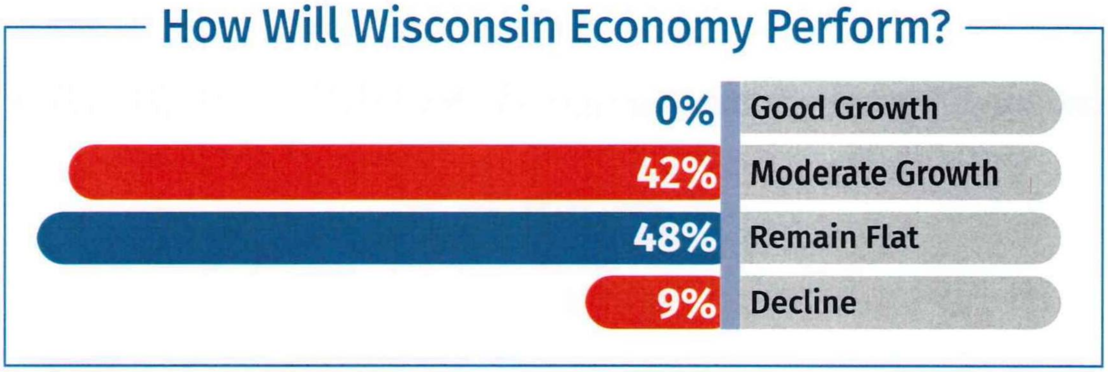
VERY STRONG	0%	MODERATE	62%	VERY WEAK	1%
STRONG	20%			WEAK	17%

** Totals may not add up to 100% due to rounding.*

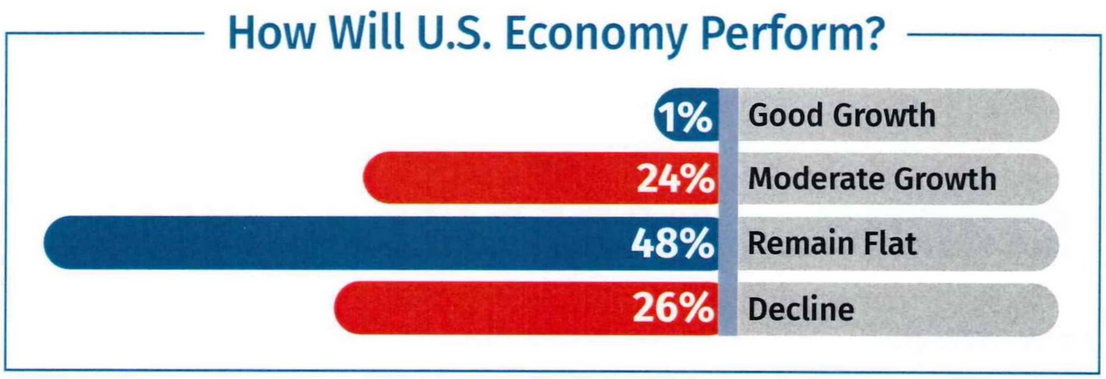
WISCONSIN EMPLOYER SURVEY

WINTER 2023

How will the Wisconsin economy perform over the next 6 months?



How will the U.S. economy perform over the next 6 months?



WMC
Wisconsin's Chamber

How much has **inflation increased** your costs to do business in the last year?

10% OR LESS: 41%

NO CHANGE	0%
1 TO 5% INCREASE	3%
6 TO 10% INCREASE	38%

OVER 10%: 59%

11 TO 20% INCREASE	40%
21 TO 30% INCREASE	12%
OVER 30% INCREASE	7%

How much have your company's **energy costs** increased in the last year?

10% OR LESS: 56%

NO CHANGE	4%
1 TO 5% INCREASE	10%
6 TO 10% INCREASE	42%

OVER 10%: 43%

11 TO 20% INCREASE	32%
21 TO 30% INCREASE	8%
OVER 30% INCREASE	3%

WISCONSIN
EMPLOYER SURVEY

WINTER 2023

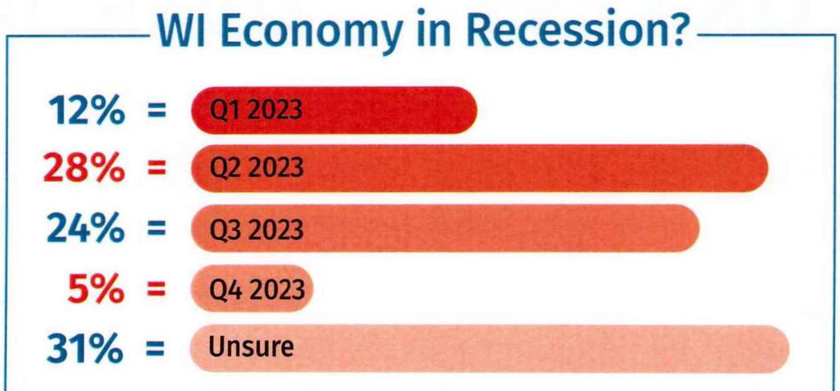
Do you expect the Wisconsin economy to enter a recession within the next year?

YES 60%

NO 14%

UNSURE 25%

If yes, when do you expect the Wisconsin economy to be in a recession?



WMC
Wisconsin's Chamber

Are you **having trouble hiring** employees?

YES	NO
85%	15%

How much do you expect hourly wages to **increase or decrease** in your company in 2023?

2023 Hourly Wages: Increase or Decrease?

5%	Increase 0 to 2.0 Percent
12%	Increase 2.1 to 2.9 Percent
25%	Increase 3.0 to 3.5 Percent
25%	Increase 3.6 to 4.0 Percent
34%	Increase 4.1 Percent or Above
0%	Stay the Same

17% INCREASE WAGES LESS THAN 3%

84% INCREASE WAGES MORE THAN 3%

In the next 6 months, do you anticipate your **number of employees** to:

60% INCREASE	4% DECREASE	36% NO CHANGE

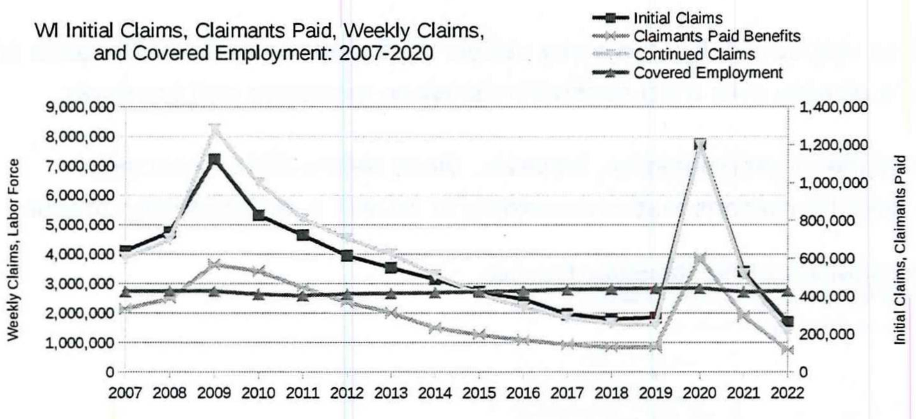
WISCONSIN
EMPLOYER SURVEY
ECONOMY & WORKFORCE

From Victor Forberger

Graph

Year	Claimants Paid Benefits	Initial Claims	Continued Claims	Covered Employment	Insured Unemployment Rate	Claimants Paid/Initial Claims	2% of initial claims	Fed. Programs
2007	332,982	638,548	3,859,801	2,732,290	2.72	52.15%	12,771	
2008	386,574	736,245	4,499,063	2,746,602	3.15	52.51%	14,725	EUC and EUC (1-2)
2009	566,353	1,125,127	8,242,393	2,739,145	5.78	50.34%	22,503	EUC (1-2 and 1-4)
2010	530,886	826,872	6,401,017	2,634,645	4.66	64.20%	16,537	EUC (1-4)
2011	445,538	722,018	5,203,327	2,596,826	3.78	61.71%	14,440	EUC (1-4)
2012	366,829	613,667	4,518,831	2,642,306	3.29	59.78%	12,273	EUC (1-4 and 1-4 revised)
2013	312,325	550,050	4,003,216	2,664,048	2.89	56.78%	11,001	EUC (1-4 revised)
2014	233,129	488,472	3,295,590	2,693,988	2.35	47.73%	9,769	
2015	197,070	423,858	2,637,618	2,722,302	1.87	46.49%	8,477	
2016	168,006	385,405	2,197,136	2,759,140	1.50	43.59%	7,708	
2017	144,727	305,813	1,835,594	2,793,316	1.27	47.33%	6,116	
2018	130,710	279,912	1,638,915	2,817,338	1.12	46.70%	5,598	
2019	129,888	287,043	1,592,892	2,841,153	1.08	45.25%	5,741	
2020	603,459	1,202,700	7,713,079	2,854,373	5.20	50.18%	24,054	PUA, PEUC, PUC, LWA
2021	295,249	529,476	3,318,291	2,722,224	2.33	55.76%	10,590	PUA, PEUC, PUC, MEUC
2022	116,302	263,248	1,308,406	2,754,514	0.90	44.18%	5,265	

Source: https://oui.doleta.gov/unemploy/claims.asp and DWD Financial Reports for claimants paid data (IRS 1099)
Note: all 2020 and on initial claims and continued claims data does NOT include PUA claims, but Claimants Paid Benefits does include those paid PUA and PEUC



Claim filing after the pandemic

vforberger : : 11/13/2022

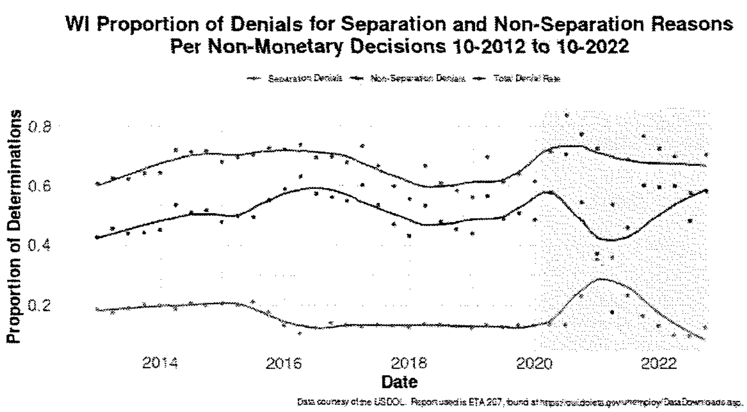
In late 2022, it is time to see what has happened in Wisconsin with unemployment claim-filing.

> *Note:* The charts presented here are from the Unemployment Insurance Data Explorer, which takes DOL unemployment data obtained from the states and provides a quick way to see what this data means.

Why claims are denied

First, some basic facts need to be introduced. Far too many people think that unemployment claims are *approved or denied because of a dispute over a job separation between employee and employer.*

That has not been the case since the Great Recession, however. Since before 2014, most initial determinations have denied a claim for reasons that have nothing to do with a job separation reason.



The green line on this chart shows the proportion of initial determination denials that are based on a job separation reason. From 2013 to 2015, roughly 20% of denial reasons were because of a dispute over the job separation. By 2016, that percentage was down to just over 10% and stayed there until the pandemic. Then the percentage climbed steadily to around 30% of all denials. This increase was because the

Department examined all lay-offs arising from the pandemic for a prior disqualifying separation within a claimant's benefit year to find a reason for denying that pandemic-related layoff claim. Yes, even though experience-rating charges were supposed to be waived during the pandemic, the Department still looked for disqualifying reasons from a prior job loss in which to deny eligibility.

So, with the pandemic now over, denials based on separations have declined markedly. With the hot job market, separation reasons are now below 10%.

So, the real story of why claims are denied has nothing to with a dispute between employer and employee over the job separation. The red line showing non-separation reasons is where most denials now happen. In 2013, over 40% of the initial determinations denying a claim were for reasons that had nothing to do with a job separation, and this percentage began climbing steadily due to new job search requirements, the move to on-line only claims-filing for initial claims and weekly certifications, and confusing and legalistic guidance about claim-filing. By 2016 to 2017, that percentage had climbed to 60%, but fell back down to just over 50% by 2018 (with no change in the law, election year anyone?). In 2019, still without any changes in law, the percentage began climbing again and was back at around 60% when the pandemic started. Yikes.

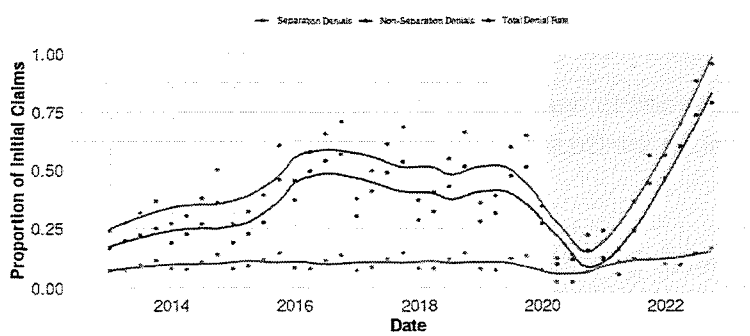
With the pandemic, this percentage declined back down to 2013 levels of just over 40%. In 2021 and 2022, however, there has been a rapid rise in these non-separation denial reasons, and Wisconsin is back at around 60% of all initial determination denying eligibility for non-separation reasons.

So, for many years now, the hurdle for eligibility has had little to do with job separation reasons and much to do with satisfying Department claim-filing requirements.

The true significance of the role of non-separation reasons can be seen in what happens per initial claim.

> *Note:* An initial claim is what a claimant files to report a job loss for which he or she wants to claim unemployment benefits. No benefits are paid, however, based on an initial claim. Claimants must then file weekly certifications (called continuing claims in other states) for each week they want to be paid unemployment benefits. Because initial claims start an unemployment claim, they measure job losses and the claimants affected by those job losses. Weekly certifications, on other hand, only measure the number of people still successfully filing unemployment claims or who are still seeking to file such claims.

WI Proportion of Denials for Separation and Non-Separation Reasons Per Initial Claims 10-2012 to 10-2022



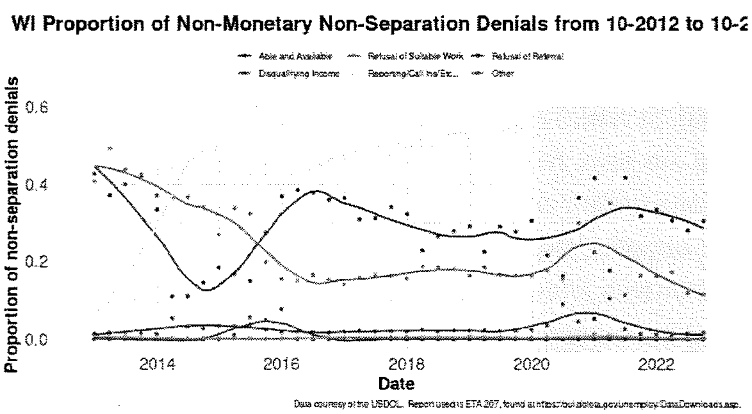
Data courtesy of the USDOL. Report used is ETA 207, found at https://oui.doleta.gov/unemploy/DataDownloads.asp.

Outside of a slight dip in the pandemic and a recent increase in 2022, the green line for separation reasons hardly changed at all. The red line for non-separation reasons, however, began to nearly double in 2015 from 25% to almost 50%. By 2018, this denial rate for initial claims had declined slightly to just over 40%. And, there was a steep decline that began in 2019 just before the pandemic struck, and that steep decline continued into the pandemic, such that in 2020 the denial rate was almost the same as the denial rate for job separations. Since then, however, the denial rate for non-separation reasons for initial claims has sky-rocketed and is nearing 80% by the end of 2022. Together with the separation denial rate for initial claims climbing slightly to 15% at the end of 2022 (a seasonal climb every fall because, you know, winter), nearly 95% of initial claims were being denied at the end of 2022. Wow!

Just what are non-separation reasons

So, separation reasons (misconduct, substantial fault, or quitting a job without good cause) are not why the Department is finding the vast majority of claimants not eligible for unemployment benefits. The real reason the Department is finding claimants not eligible for unemployment benefits has to do with non-separation reasons.

Non-separation reasons usually are reasons directly related to a claimant not satisfying Department-mandated eligibility requirements. Other than an increase in job searches (from two to four in 2011) and the Department-initiated end of winter work search waivers, these mandates have been unchanged legally since before 2010. What has changed significantly is how the Department has implemented these requirements. Here is what has been happening since 2013.



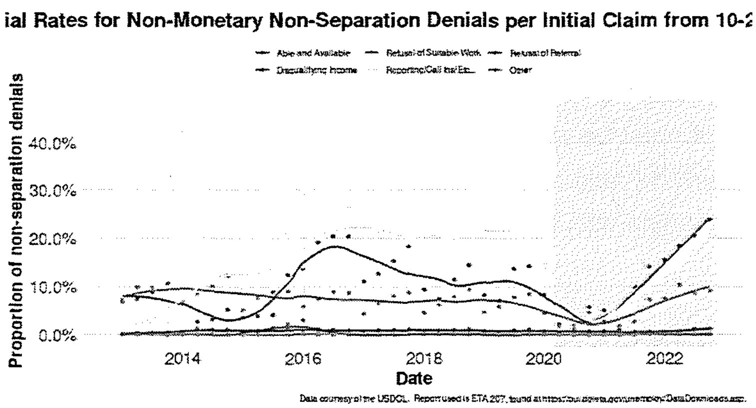
The red (able and available for work), yellow (satisfying job search requirements), and green (other) have gone up and down dramatically over the past ten years.

Since 2016, able and available requirements have led to nearly 30% of all determinations being a denial. This large number of denials is happening because the Department ignores its own legal requirements for determining able and available.

Since 2015, denials because claimants fail to satisfy job search requirements have hovered over 40% and even over 50% except for a rock-like drop at the end of 2021 (discussed below). The job search requirements are leading to all of these denials through a combination of factors, notably the fact that all job searches must be reported on weekly certifications, and that mandated RESEA training and job registration are on-line only, even though the on-line guidance and assistance for accomplishing these goals are meager at best.

Other denial reasons — a catchall category — was at an over 40% denial rate in 2013, but declined steadily to around 15% by 2017 outside of a significant bump to around 25%/30% when the pandemic started. This denial category has been declining since then, however, and is approaching 10% by the end of 2022.

The impact of these changes can truly be seen when looking at these reasons per initial claim.



Both the job search (yellow line) and able and available (red line) plunged when the pandemic started, only to begin steep climbs in 2021. By the end of 2022, able and available reasons were leading to the disqualification of nearly 25% of all initial claims and job search issues were leading to the disqualification of over 45% of initial claims. These two reasons alone account for approximately 65% of all initial claims being denied at the end of 2022.

To understand just what is going on with these numbers, here are Wisconsin's actual numbers for the second quarters of 2020 (57,466 initial determinations issued) and 2022 (59,564 initial determinations issued).

	Able/Avail		Income		Suit.Work		Jobs		Referal		Other	
	Eli	Den	Eli	Den	Eli	Den	Eli	Den	Eli	Den	Eli	Den
2020	133	9,195	0	5,095	169	59	112	33,623	0	0	282	8,798
2022	2,809	10,339	0	581	119	91	15,129	21,586	0	0	4,777	4,133

Thousands of claims were denied at the start of the pandemic because claimants failed to register themselves at the jobcenter website. *See* "Missed job center registration" at Unemployment delays, part 2. While Wisconsin waived actual job searches, the state did not waive this registration requirement, and so far too many people had their claims denied for this reason. With this data, we now have a number for those denied for failing to register: *more than 33,000.* Only at the end of 2020 did the Department realize this job registration snafu was its own fault and stopped processing denials for this reason for a short time (until job searches were re-instated). What happened in mid-2020 was an tidal wave of determinations on this one issue of failed job registration.

By the second quarter of 2022, job search requirements and RESEA training were back in place, so job registration is again just one of many ways a claimant can be disqualified. When they complete these requirements, an initial determination finding them eligible *as of the date the requirement is completed* is issued. Hence, there are thousands of initial determinations now finding claimants eligible after they are originally denied eligibility for a few weeks.

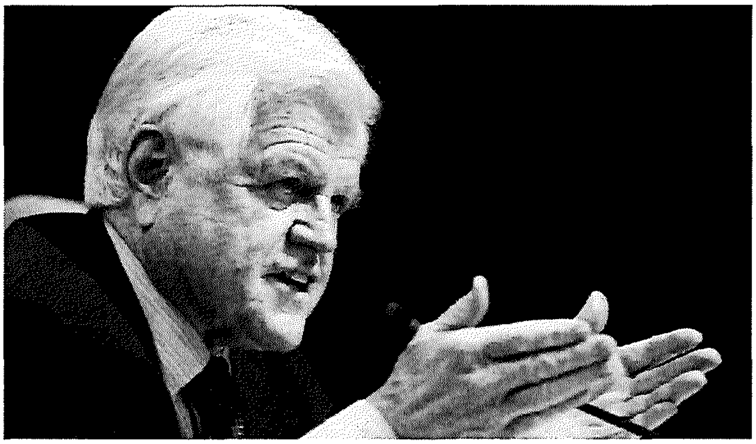
As obvious in this data, a great deal of work and effort by both the Department and claimants is being spent on these requirements because claimants do not understand what is required of them in the first place.

And, as for the able and available disqualifications, in these situations the Department is simply ignoring its own law and applying a disqualification as it understands it — a claimant must be able to work 32 or more hours in a week in order to qualify for unemployment benefits — rather than what the actual requirements pursuant to unemployment law are — a claimant must be able to work as many hours in a week as physically or mentally capable of working, and will be able and available for work even if that number is less than 32 hours in a week. Most claimants in Wisconsin with a disability are being denied eligibility for no legal reason.

Overall, what this data shows is that the vast majority of people in Wisconsin filing unemployment claims today are being denied eligibility, and these denials almost always are based on claimants failing to satisfy Department claim-filing requirements. That is the story of unemployment in Wisconsin.

Legislature pushes a bunch of no-reform unemployment proposals

vforberger : : 4/11/2023



Updated 12 April 2023 (added links to various policy briefs from NELP and a quotation from the 2023 fraud report).

With the April 2023 election, an incredibly general, state-wide advisory ballot question about people on welfare needing to work passed by wide margins.

The Wisconsin legislature has taken that passage as a message to suddenly revamp and fine tune unemployment eligibility without actually fixing any of the problems with unemployment claim-filing in this state.

First some background.

It is vital to know that unemployment claim-filing is now in 2023 much, much different from what used to occur.

Year	Claimants Paid Benefits	Initial Claims
2007	332,982	638,548
2008	386,574	736,245
2009	566,353	1,125,127
2010	530,886	826,872
2011	445,538	722,018
2012	366,829	613,667
2013	312,325	550,050
2014	233,129	488,472
2015	197,070	423,858
2016	168,006	385,405
2017	144,727	305,813
2018	130,710	279,912
2019	129,888	287,043

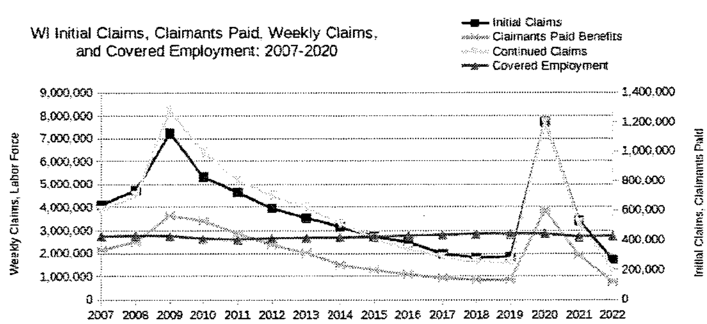
2020	603,459	1,202,700
2021	295,249	529,476
2022	116,302	263,248

As this data reveals, claim-filing in Wisconsin had plummeted just before the Covid-19 pandemic in 2020. In 2018, there was a record low of initial claims filed by individuals, and in 2019 there was a record low in the number of people who were paid unemployment benefits in Wisconsin.

Compare these numbers with what existed in 2007, a "normal" economic year when initial claims and weekly certifications were around 10 questions each and could be filed via a phone call. In that year, there were 638,548 initial claims, and 332,982 claimants were paid benefits that year (more than one out of every ten workers received unemployment benefits that year).

Obviously, the Covid-19 pandemic reversed that trend. But, that reversal was incredibly short-lived. In 2022, new record lows for claimants paid benefits *and* for initial claims filed in the state were set. Initial claims in 2022 were roughly 89% of the number of initial claims filed in 2019, and paid claimants in 2022 were under 90% of 2019 levels. And, this trend of ever declining unemployment has continued into 2023. As of week 13 of 2023, initial claims are running at around 84% of 2022 levels. So, 2023 is likely going to set still another record low for initial claims and in benefits paid to claimants.

At the same time that unemployment claim-filing has declined and declined and then declined some more, the labor force in Wisconsin has been relatively stagnant and unchanging throughout this time period.



In 2007, there were 2,732,290 workers in Wisconsin, and in 2022 there were 2,754,514 workers, an increase of only 22,224 after 15 years.

So, unemployment has become less and less an issue for Wisconsin workers. The data right now indicates that the vast majority of claims are filed in the winter months, when scores of businesses like landscaping, road building, some construction, and others cannot operate because of winter conditions.

Into this picture of unemployment claim-filing comes the state legislature now with a bunch of sticks to beat over the head of the few people still seeking unemployment benefits. Here is a rundown of these proposals.

AB147

This bill provides new ways to disqualify claimants for misconduct for:

- *any* damage to employers' property *and* records done unintentionally, by accident,
- possible violations of employers' social media policies, and
- violations of employers' absenteeism policies pursuant to Beres.

This expansion of *Beres* and accidental damage raise a serious risk of Wisconsin employers losing their FUTA tax exemption, because the misconduct penalty of lost wages in a benefit year can only be applied to intentional employee conduct.

> As noted by the Commission in its briefing in *Beres,* this employer-determined misconduct for non-intentional absences (in both *Beres* and *Stangel,* the employees were absent because of illnesses over which they had no control) ran the risk of Wisconsin being found by the US Department of Labor to no longer be in compliance with federal requirements for unemployment. That lack of compliance could well lead to Wisconsin employers losing a tax credit and seeing their federal unemployment taxes jumping from a 0.5% to 7.0% tax rate — quite a jump.

As to the social media violation, this proposed change is basically incomprehensible. As written, this proposed statute makes any social media violation by an employee into misconduct. Accordingly, any employer discharge for a social media policy can now subject an employee to a misconduct disqualification. Hence, this provision is also likely to put state employers at risk of losing their FUTA tax exemption.

AB147 also mandates that employees with combined wage claims (also called interstate claims) who live outside of Wisconsin must register with the job center in their state. The problems with this proposed change are two-fold. First, the Department already requires claimants to do this registration. Second, this requirement ignores the fact that not all states and territories have job registration systems. Indeed, Minnesota, just next door, has no such requirement or system. As a result, Wisconsin is requiring claimants to do something that cannot actually be done in a state that lacks a job center like Wisconsin's.

AB147 continues with still more nonsense. At present, the Department audits about 10% of all work searches. This proposal wants to increase the number of work searches being audited to 50%. As a result, it would either require the Department to quintuple its workforce or force current employees to do nothing but work search auditing.

Finally, in a pique over the PUA and MEUC benefits and supplemental PUC benefits that were made available during the pandemic, the legislature wants the Joint Committee on Finance to have a voice in whether similar funds and benefits become available in the state in the future. As evident here, the legislators simply fail to understand that Wisconsin has a partial wage formula that *encourages* people to work while claiming unemployment benefits. Indeed, raising the benefit levels and removing the current $500 cap would probably lead to more people working while collecting unemployment, not less. Apparently, basic economics is not needed for unemployment legislation.

AB149

- Requires the Department to allow employers to report people who do not show up for interviews, who declines a job interview, who miss an interview, who miss work, or who fail to return to a job after being recalled. The Department, however, already encourages employers to report this information. *See, e.g.,* Refused Work, Work Available with Current Employer, and Report Unemployment Fraud. All of these employee actions would also lead to a loss of benefits, IF the person was claiming benefits at the time.

So, this portion of the bill changes nothing that it purports to do. Claimants who fail to attend a job interview for reasons that do not relate to illness or finding another job are likely to be found ineligible for benefits and perhaps even guilty of fraud/concealment. Indeed, this proposal actually makes claim-filing less onerous by allowing a person to have one such report as NOT counting against their eligibility (when right now, all such reports are investigated and ineligibility found if the claimant lacks the required legal justification).

Furthermore, this proposal ignores the fact that claimants are already doing four job searches a week in an economic climate where employers are desperate for finding employees to hire. Accordingly, employees may well find new jobs and skip interviews or offers to return to jobs after finding new jobs that pay more. And, as shown already, in 2022 and 2023, claim-filing is at record lows. In short, this proposal pretends that the labor supply is growing and that there are numerous unemployed people looking for jobs while claiming unemployment benefits, when the claim-filing data indicates the exact opposite.

- Require the Department to provide various employer information in its fraud reports and job search information to claimants.

This proposal adds: (a) some mandatory employer-reporting information to future Department Fraud Reports about missed job interviews and the like to the Department, and (b) a requirement to provide claimants with vital work search information that they now have to search for on their own.

As NELP points out, *work search requirements have become an incredibly effective mechanism for keeping benefits out of claimants' hands*. Job searches themselves are easy, but the online-only reporting requirements are difficult to satisfy. As the 2023 Fraud Report at 6 reveals:

> In 2022, DWD completed 22,012 work search audits. The audits resulted in 9,045 adverse decisions with benefits denied, including when claimants failed to conduct four valid work search actions. An additional 27,404 adverse determinations were issued for failure to answer the work search question or failure to provide required information on the weekly claim before the claim paid.

Nearly 28,000 claimants in 2022 (out of 263,248 initial claims, or one out of every nine claimants) lost out on benefits because they did not supply required job search information in the first place, even before an audit took place. When one out of every nine people fail to finish something, that reporting requirement is, by definition, NOT easy and understandable.

AB150

This bill is a repeat of the re-employment bill from the previous session, and is still misguided, liberal, big government intervention into micro-managing people's work lives.

AB152

This bill appears to be a Department-sponsored initiative and mandates things already being done by the Department or which the Department would like to do.

- Identity verification — mandates identity verification for claimants (currently based on Wisconsin-issued IDs).
- Mandatory unemployment training for employers that are free to attend and videos for claimants. What should be required here is that the Department again mail out printed copies of the claimants' handbook rather than just a sheet of paper — a claim confirmation — with a URL for the handbook on it.
- Expanded call center hours whenever there is a declared state of emergency or call volume has increased by 300% from the previous level of a year ago. At present, numerous claimants are reporting to me that 15-20 phone calls a day are all leading to busy signals, so perhaps an increase of 50% should lead to expanded call center hours.
- Mandatory comparison with death records, new hire reporting, and prison records on a weekly basis. The Department already does this cross-match, though delayed by weeks or months.

What should be required is that DWD be mandated to do cross-matches with the quarterly unemployment tax reports the Department receives from employers in April, July, October, and January of each year for all weekly certifications filed during the previous four months (the Department's current practice is to do a cross match on employer's quarterly unemployment tax reports from nine to twelve months after the weekly certifications have been filed).

The Department should also be mandated to do cross-matches with employer's payroll tax withholding reports submitted to the Department of Revenue on a monthly basis. In this way, any over-payments of unemployment benefits would be minimized to a month or less. Moreover, employers would no longer need to submit UCB-23 Wage Verification/Eligibility reports, as the Department would already have this information from the wage/tax withholding reports from the Department of Revenue.

- Unilateral transfer of administrative law judges from other state agencies to DWD for handling unemployment hearings.

Rather than hiring and training attorneys properly, the Department wants to force attorneys who handle environmental regulation cases, discrimination matters, or workers compensation cases into hearing and deciding unemployment cases. What the Department should be focused on is adequate training and hiring, not another kind of quick fix. As I have pointed out elsewhere, the skyrocketing number of denials and over-payments is largely because of inadequate information available to claimants. So, getting claimants educated with concrete, specific advice in place of legalisms so as to avoid all the denials in the first place is what is needed here.

AB153

This proposal seeks to limit the number of weeks of unemployment benefits available according to the state unemployment rate. An unemployment rate of 3.5% or less would mean only 14 possible weeks of unemployment benefits would be available. Only when the unemployment rate was higher than 9% would the full 26 weeks of benefits be available.

This proposal fundamentally misunderstands how unemployment works and why it exists. Unemployment benefits are not something that workers earn. Rather, unemployment is an insurance benefit for maintaining consumer demand for which employers pay a premium, based on their experience rating. As explicitly stated in Wis. Stat. § 108.01 (emphasis supplied):

> (1) Unemployment in Wisconsin is recognized as an urgent public problem, gravely affecting the health, morals and welfare of the people of this state. *The burdens resulting from irregular employment and reduced annual earnings fall directly on the unemployed worker and his or her family. The decreased and irregular purchasing power of wage earners in turn vitally affects the livelihood of farmers, merchants and manufacturers, results in a decreased demand for their products, and thus tends partially to paralyze the economic life of the entire state. In good times and in bad times unemployment is a heavy social cost, directly affecting many thousands of wage earners.* **Each employing unit in Wisconsin should pay at least a part of this social cost, connected with its own irregular operations, by financing benefits for its own unemployed workers. Each employer's contribution rate should vary in accordance with its own unemployment costs, as shown by experience under this chapter. Whether or not a given employing unit can provide steadier work and wages for its own employees, it can reasonably be required to build up a limited reserve for unemployment, out of which benefits shall be paid to its eligible unemployed workers, as a matter of right, based on their respective wages and lengths of service.**
>
> (2) The economic burdens resulting from unemployment should not only be shared more fairly, but should also be decreased and prevented as far as possible. **A sound system of unemployment reserves, contributions and benefits should induce and reward steady operations by each employer, since the employer is in a better position than any other agency to share in and to reduce the social costs of its own irregular employment.** Employers and employees throughout the state should cooperate, in advisory committees under government supervision, to promote and encourage the steadiest possible employment. A more adequate system of free public employment offices should be provided, at the expense of employers, to place workers more efficiently and to shorten the periods between jobs. Education and retraining of workers during their unemployment should be

encouraged. Governmental construction providing emergency relief through work and wages should be stimulated.

(3) A gradual and constructive solution of the unemployment problem along these lines has become an imperative public need.

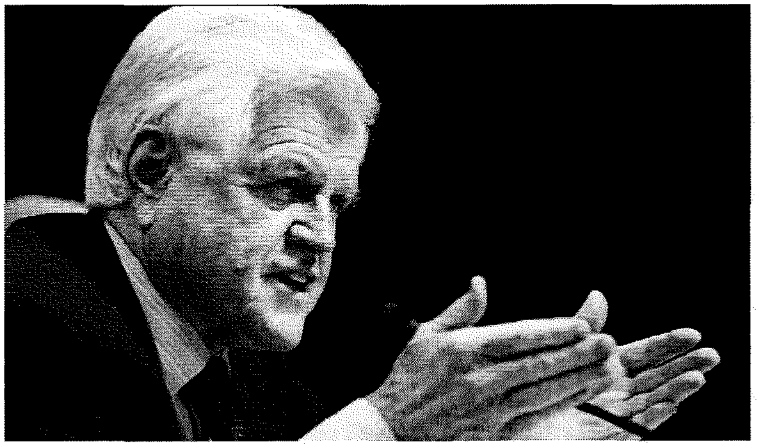
In other words, unemployment is a lot like automobile insurance. The more accidents you have (i.e., more layoffs and claims), the higher your insurance premium. And, just because a driver may have been "accident-free" for some time does not mean the driver should then cut coverage — especially just before the driver hits a busload of school children on the highway. This proposal is essentially pretending that Wisconsin will forever in the future be "accident-free."

NELP has some excellent information on unemployment financing and why limits on the number of weeks makes no sense and is actually harmful:

> Business interests often overlook the vital stabilizing effect UI has on local economies, even though this is also a foundational purpose of the program. UI is an automatic stabilizer: by temporarily replacing some of the lost wages of unemployed workers, it automatically fuels overall economic demand when private spending declines during a national recession or local downturn. Cutting benefit duration reduces this stabilizing function, making layoffs more harmful to the economy.

Replacing unemployment with reemployment

vforberger : : 10/22/2021



Rep. Petryk, Rep. Penterman, and Sen. Roth have proposed a major revamp of unemployment support that would re-make the Department of Workforce Development into a government-sponsored job coach that would, presumably, guide claimants to new jobs.

In place of a free labor market, where claimants get to make their own decisions about which jobs to apply to and how to go about searching for work, these politicians want to mandate government involvement and even control of claimants' job search efforts. Here is what they propose.

- The Department **must** provide claimants with four potential job opportunities, one or more of which could be a temporary help company. Claimants who do not apply for work with that temp company are likely to lose their eligibility for unemployment benefits.
- RESEA training will be **mandatory** for all claimants. This requirement is already understood as required by the Department, but this proposal removes any discretion and makes attending a job search training seminar mandatory for all claimants who seem likely to exhaust their eligibility.
- That drug testing for claimants **must** be implemented by the Department. As previously noted, this drug testing would require the Department to provide drug treatment counseling as well for those who test positive or fail to appear for a drug test.
- As of a claimant's second weekly certification, claimants **must** have a resume on the Job Center of Wisconsin website. This requirement already exists for every claimant's benefit year, however, per the job registration requirement. *See* Laura Hoffman, UI Hearing No.17002961MW (16 Nov. 2017) (claimant must complete job registration requirement within 14 days of initiating a claim for unemployment benefits). So, this proposal is nothing more than shortening the requirement to seven days.

- Starting with the third week claimed, two of a claimant's four job searches **must** be job applications or job interviews.
- When there are three weeks of unemployment benefits left in a claimant's benefit year, the claimant **must** attend a reemployment counseling session with a Department staffer.
- The Department **must** compile reports regarding claimants' job experience for the three years after the claimant first receives unemployment benefits. This part of the proposal is likely to run afoul of federal claimant confidentiality requirements. To the extent that this request reflects general job experience and claimant experience broken down by county or region, there is nothing preventing such a general report from being prepared by the Department right now.

As the sponsors of this proposal explain in their introductory memo about the changes they propose:

> * Requiring the Department of Workforce Development to engage in universal workforce assessments and reemployment services by providing individuals early access to customized workforce services to get them access to employment services at the start of the UI claim.
>
> o This means claimants will receive an online career readiness assessment when starting their claim to identify their career skills and talents.
>
> o DWD will then use this information to develop a personalized employment plan for the individual.
>
> o Require the claimant to participate in services to help complete their employment plan, like resume writing workshops, soft-skills training, and employment workshops.

Perhaps the most odious change being proposed is to add the following language in a proposed Wis. Stat. § 108.01(2m) as a fundamental goal of unemployment benefits:

> The Social Security Act requires that, in order for an individual to be eligible for reemployment assistance benefits, the individual must be able to work, available to work, and actively seeking work. The reemployment assistance program in Wisconsin should enact and focus on policies that complement individuals' efforts to find employment.

There has been a great deal of litigation in other states who ended their PUC and PUA and PEUC benefits prematurely under the pretense that these programs kept the unemployed from finding jobs. Litigation has been lost in some of those states that had a reemployment provision similar to the one being proposed here. Courts found that reemployment, rather than financial support after a job loss, meant that states had to end these programs prematurely. So, this proposal in essence is to make it easier for a state to end future federal emergency benefits under the guise of reemployment.

> *Note:* To reinforce the importance of reemployment over unemployment, the majority of the proposed bill is concerned with changing the name of unemployment to reemployment.

The only helpful change in this proposal is to expand the earnings disregard to $30 *or* 40% of a claimant's weekly benefit rate, whichever is greater, for calculating a claimant's partial benefit. For example, a claimant with a weekly benefit rate of $250 would have an earnings disregard $100 rather than the current $30. So, weekly earnings of $90 would mean the claimant would keep all $250 in unemployment benefits that week, and weekly earnings of $400 would mean the claimant would still receive $49 in unemployment benefits that week. Unfortunately, this proposal keeps the $500 wage cap in place, so a claimant still loses all eligibility when earnings wages of $500 or more.

> *Note:* The proposal also includes bonuses to employers for hiring long term unemployed workers. Such efforts are generally considered ineffectual or even foolish.

In short, this proposal seeks to make a government agency into an entity that micro-manages claimants' job search efforts. Free-market Republicans are certainly not behind this proposal. Rather than creating an environment by which claimants could educate themselves and improve their job skills, this proposal is mainly concerned with forcing job searches down the throats of claimants so as to create a pool of labor for temp companies to draw on. Say what you want about the big government plans of Ted Kennedy, but he never sought to turn government into a mechanism for attacking working people when they are down and jobless.

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Month-Yr	Beginning	Addition	Disbursement	Total Amount	UI amount (Addition / 25%)*	Notes
Dec 2015	$1,138,000	$8,102.47	-$133.93	$1,146,000	$32,409.88	
Jan 2016	$1,146,000	$12,091.89	-$196.34	$1,158,000	$48,367.56	
Feb 2016	$1,158,000	$26,315.17	$19,255.37	$1,165,000	$105,260.68	
Mar 2016	$1,165,000	$75,053.99	-$366.46	$1,241,000	$300,215.96	
Apr 2016	$1,241,000	$71,592.92	$19,067.34	$1,293,000	$286,371.68	
May 2016	$1,293,000	$72,107.43	-$435.75	$1,366,000	$288,429.72	
Jun 2016	$1,366,000	$44,568.49	-$482.94	$1,411,000	$178,273.96	
Jul 2016	$1,411,000	$58,088.11	$18,719.16	$1,450,000	$232,352.44	
Aug 2016	$1,450,000	$77,247.27	-$9,391,965.92	$10,920,000	$308,989.08	UI ER taxes diversion and excess funds transfer
Sep 2016	$10,920,000	$61,369.29	-$1,637.09	$10,983,000	$245,477.16	
Oct 2016	$10,983,000	$76,741.69	$15,144.37	$11,044,000	$306,966.76	
Nov 2016	$11,044,000	$0.00	-$4,055.23	$11,048,000	$0.00	
Dec 2016	$11,048,000	$172,191.84	-$3,898.74	$11,224,000	$688,767.36	
Jan 2017	$11,224,000	$77,575.03	$14,343.46	$11,288,000	$310,300.12	
Feb 2017	$11,288,000	$90,834.45	$1,901.42	$11,377,000	$363,337.80	
Mar 2017	$11,377,000	$193,606.50	$786.38	$11,569,000	$774,426.00	
Apr 2017	$11,569,000	$339,318.74	$7,451,369.14	$4,457,000	$1,357,274.96	
May 2017	$4,457,000	$1,881,399.37	$37,557.21	$6,301,000	$7,525,597.48	UI ER taxes diversion
Jun 2017	$6,301,000	$90,420.80	-$37,426.39	$6,429,000	$361,683.20	
Jul 2017	$6,429,000	$88,885.49	$22,387.47	$6,495,000	$355,541.96	
Aug 2017	$6,495,000	$779,559.22	$22,933.02	$7,252,000	$3,118,236.88	
Sep 2017	$7,252,000	$71,251.19	$1,826.29	$7,322,000	$285,004.76	
Oct 2017	$7,322,000	$63,730.83	$24,815.08	$7,360,000	$254,923.32	
Nov 2017	$7,360,000	$457,247.50	$38,712.76	$7,779,000	$1,828,990.00	
Dec 2017	$7,779,000	$59,147.71	$290.79	$7,838,000	$236,590.84	
Jan 2018	$7,838,000	$68,801.77	$18,341.60	$7,888,000	$275,207.08	
Feb 2018	$7,888,000	$360,411.57	$35,397.74	$8,213,000	$1,441,646.28	
Mar 2018	$8,213,000	$100,052.28	$58,362.80	$8,255,000	$400,209.12	
Apr 2018	$8,255,000	$297,457.75	$89,873.50	$8,463,000	$1,189,831.00	
May 2018	$8,463,000	$1,924,160.24	$85,761.41	$10,301,000	$7,696,640.96	UI ER taxes diversion
Jun 2018	$10,301,000	$86,497.32	$117,475.00	$10,270,000	$345,989.28	
Jul 2018	$10,270,000	$72,138.44	$390.46	$10,342,000	$288,553.76	
Aug 2018	$10,342,000	$765,657.27	-$3,066.68	$11,110,000	$3,062,629.08	
Sep 2018	$11,110,000	$60,928.08	$1,438.57	$11,170,000	$243,712.32	
Oct 2018	$11,170,000	$61,942.33	$30,281.62	$11,202,000	$247,769.32	
Nov 2018	$11,202,000	$476,085.75	$31,431.74	$11,646,000	$1,904,343.00	
Dec 2018	$11,646,000	$63,136.69	$23,111.90	$11,686,000	$252,546.76	
Jan 2019	$11,686,000	$72,865.63	$25,329.45	$11,734,000	$291,462.52	
Feb 2019	$11,734,000	$378,403.45	$27,965.97	$12,084,000	$1,513,613.80	
Mar 2019	$12,084,000	$120,856.14	$9,543.27	$12,196,000	$483,424.56	
Apr 2019	$12,196,000	$240,317.36	$85,821.61	$12,350,000	$961,269.44	
May 2019	$12,350,000	$1,956,843.90	$78,370.46	$14,229,000	$7,827,375.60	UI ER taxes diversion
Jun 2019	$14,229,000	$91,161.51	$63,222.18	$14,257,000	$364,646.04	
Jul 2019	$14,257,000	$69,902.97	-$415,378.61	$14,742,000	$279,611.88	
Aug 2019	$14,742,000	$769,884.26	$49,729.12	$15,462,000	$3,079,537.04	

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Sep 2019	$15,462,000	$65,769.37	-$11,562.17	$15,539,000	$263,077.48	
Oct 2019	$15,539,000	$67,467.19	$2,484,532.38	$13,122,000	$269,868.76	
Nov 2019	$13,122,000	$477,146.91	$1,833,441.58	$11,766,000	$1,908,587.64	
Dec 2019	$11,766,000	$57,080.46	$167,920.98	$11,655,000	$228,321.84	
Jan 2020	$11,655,000	$77,142.25	$6,361.06	$11,726,000	$308,569.00	
Feb 2020	$11,726,000	$351,922.59	$21,171.49	$12,057,000	$1,407,690.36	
Mar 2020	$12,057,000	$110,449.96	-$2,298.37	$12,169,000	$441,799.84	
Apr 2020	$12,169,000	$240,624.22	-$2,395.04	$12,412,000	$962,496.88	
May 2020	$12,412,000	$0.00	$28,425.62	$12,384,000	$0.00	
Jun 2020	$12,384,000	$2,046,908.55	-$413.65	$14,431,000	$8,187,634.20	UI ER taxes diversion
Jul 2020	$14,431,000	$0.00	$8,780.44	$14,422,000	$0.00	
Aug 2020	$14,422,000	$47,319.23	$30,645.29	$14,439,000	$189,276.92	
Sep 2020	$14,439,000	$682,105.60	$6,107.89	$15,115,000	$2,728,422.40	
Oct 2020	$15,115,000	$34,304.30	$7,768.37	$15,142,000	$137,217.20	
Nov 2020	$15,142,000	$387,871.95	$22,906.33	$15,507,000	$1,551,487.80	
Dec 2020	$15,507,000	$28,481.96	$13,766.02	$15,521,000	$113,927.84	
Jan 2021	$15,521,000	$43,564.29	-$23,002.86	$15,588,000	$174,257.16	
Feb 2021	$15,588,000	$335,847.81	$9,706.80	$15,914,000	$1,343,391.24	
Mar 2021	$15,914,000	$53,216.21	$43,112.82	$15,924,000	$212,864.84	
Apr 2021	$15,924,000	$184,245.37	$22,149.90	$16,086,000	$736,981.48	
May 2021	$16,086,000	$1,984,544.85	$16,507.21	$18,054,000	$7,938,179.40	UI ER taxes diversion
Jun 2021	$18,054,000	$81,980.18	$16,022.15	$18,120,000	$327,920.72	
Jul 2021	$18,120,000	$76,608.51	-$485,516.01	$18,682,000	$306,434.04	
Aug 2021	$18,682,000	$777,741.91	$16,410.44	$19,444,000	$3,110,967.64	??
Sep 2021	$19,444,000	$65,074.34	$7,510.78	$19,501,000	$260,297.36	
Oct 2021	$19,501,000	$57,084.04	$14,440.65	$19,544,000	$228,336.16	
Nov 2021	$19,544,000	$468,577.89	$7,673.39	$20,005,000	$1,874,311.56	??
Dec 2021	$20,005,000	$48,145.99	$7,262.74	$20,046,000	$192,583.96	
Jan 2022	$20,046,000	$47,729.62	$19,336.10	$20,074,000	$190,918.48	
Feb 2022	$20,074,000	$0.00	$23,634.05	$20,050,000	$0.00	
Mar 2022	$20,050,000	$565,670.64	$5,165.37	$20,611,000	$2,262,682.56	
Apr 2022	$20,611,000	$0.00	-$4,335.22	$20,615,000	$0.00	
May 2022	$20,615,000	$2,881,608.73	$14,663.39	$23,482,000	$11,526,434.92	UI ER taxes diversion
Jun 2022	$23,482,000	$133,341.37	$20,990.09	$23,595,000	$533,365.48	
Jul 2022	$23,595,000	$104,229.07	$9,229.75	$23,690,000	$416,916.28	
Aug 2022	$23,690,000	$824,539.88	$2,067.08	$24,512,000	$3,298,159.52	
Sep 2022	$24,512,000	$120,169.86	-$42,587.31	$24,675,000	$480,679.44	
Oct 2022	$24,675,000	$129,596.81	-$48,801.81	$24,853,000	$518,387.24	
Nov 2022	$24,853,000	$550,799.77	-$38,318.21	$25,442,000	$2,203,199.08	
Dec 2022	$25,442,000	$112,817.37	-$64,185.12	$25,619,000	$451,269.48	
Jan 2023	$25,619,000	$194,497.05	-$81,066.53	$25,895,000	$777,988.20	
Feb 2023	$25,895,000	$554,198.13	-$66,708.41	$26,516,000	$2,216,792.52	
Mar 2023	$26,516,000	$226,479.94	-$78,630.93	$26,821,000	$905,919.76	
Apr 2023						
May 2023						
Jun 2023						
Jul 2023						

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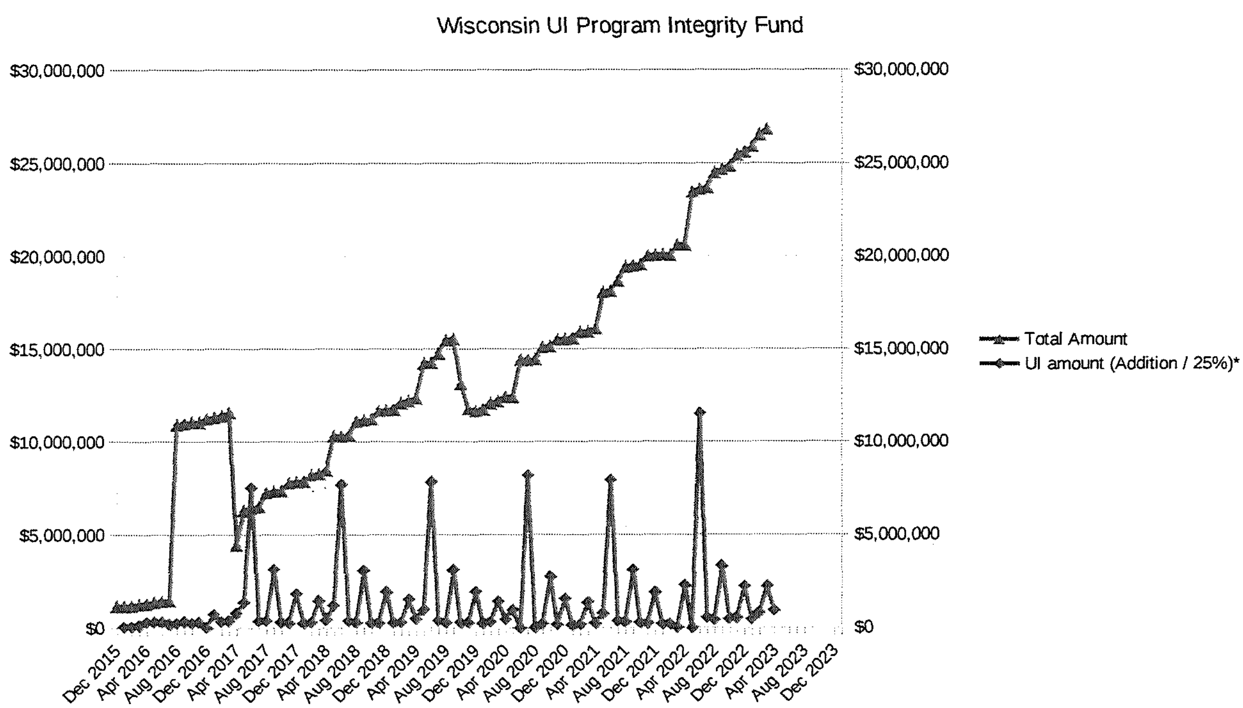
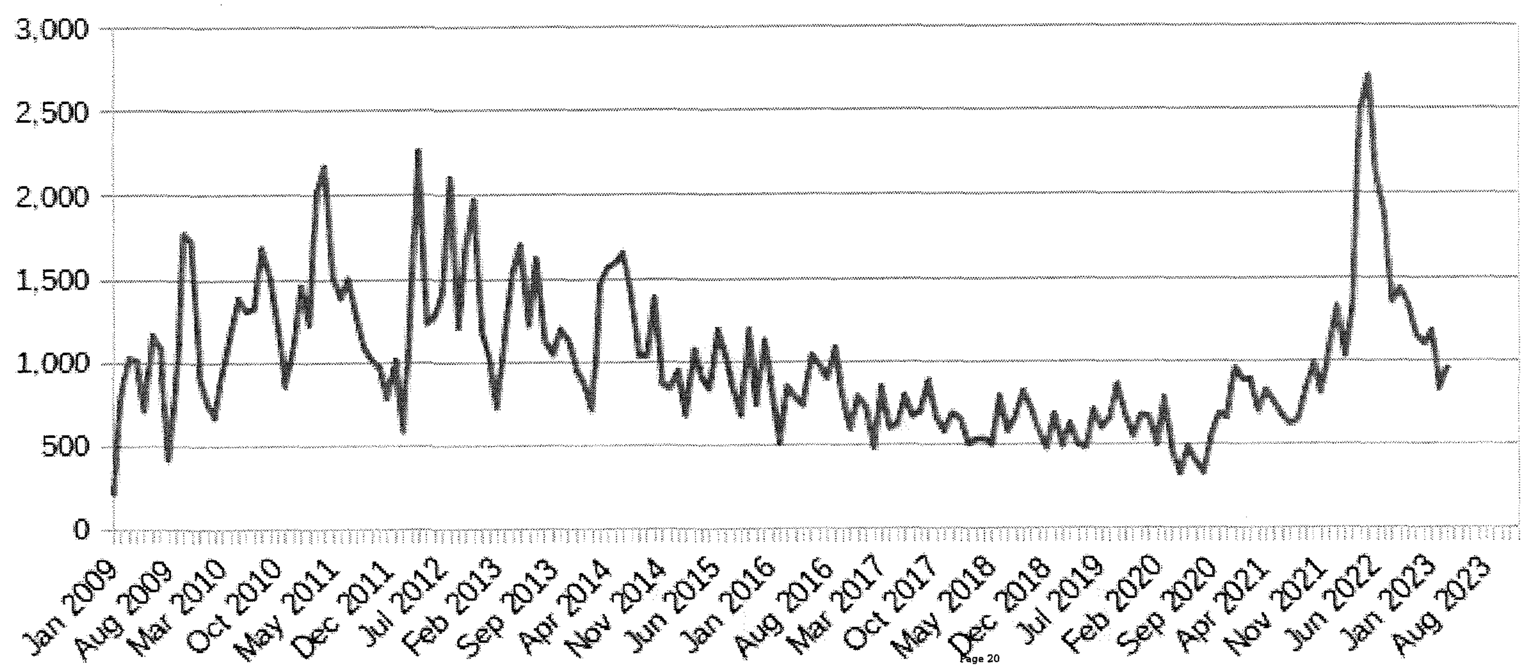
Aug 2023
Sep 2023
Oct 2023
Nov 2023
Dec 2023
Jan 2024

https://doa.wi.gov/Pages/StateFinances/ReceiptsandDisbursements.aspx
(Monthly Statement of Receipts and Disbursements by Fund)

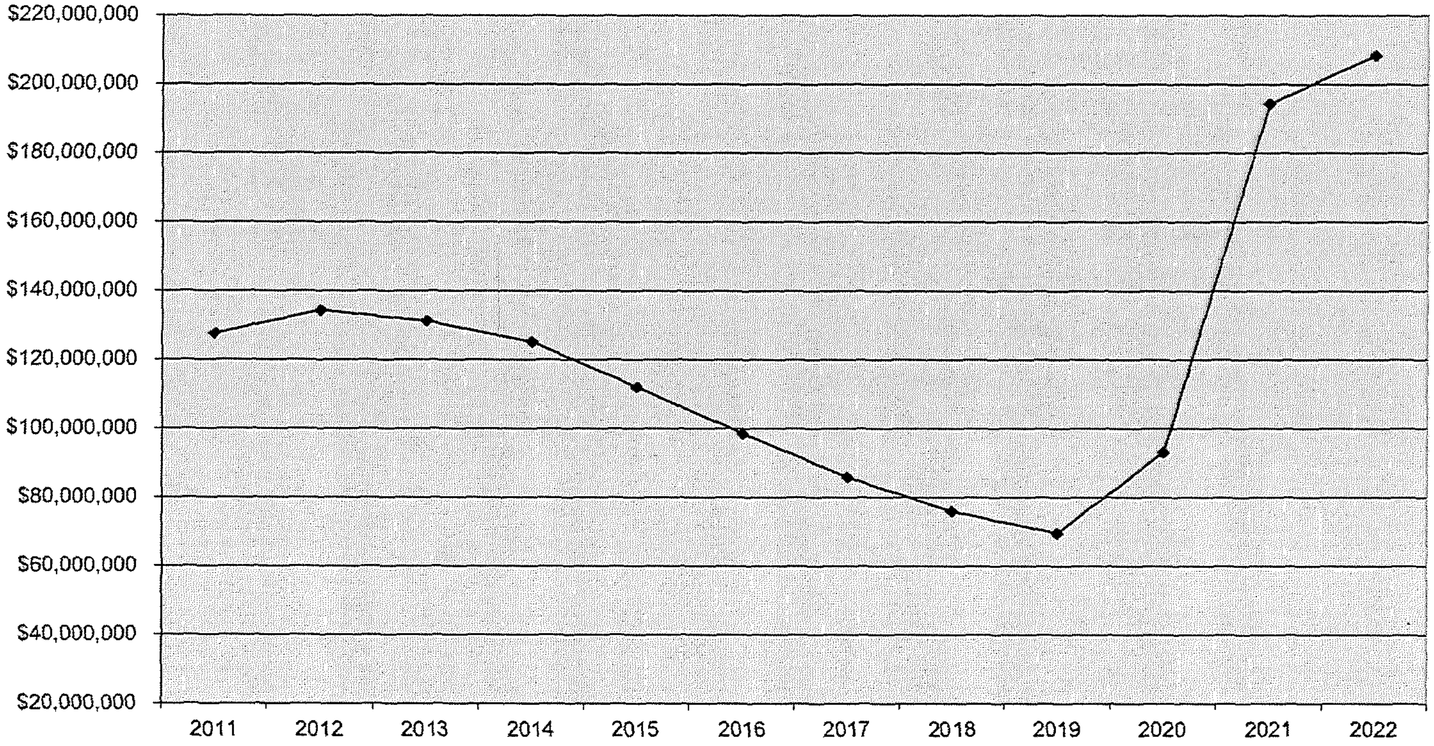
* UI Amount is the amount of unemployment benefits the 25% administrative penalty is applied against



Number of DWD collection court warrants filed per month



TOTAL BENEFIT OVERPAYMENT RECEIVABLES
(for all years as of December)



Source: Monthly Balance Sheet

* * * DETAIL FOR INFORMATION PURPOSES ONLY * * *

** WISCONSIN ***

F Y 2 0 2 2 A L L O C A T I O N MAYTARGS March 28, 2022

WORK HOURS 1,806.42

FUNCTION	MPU	WORKLOAD	STAFFYRS	PS/PB	DOLLARS
INITIAL CLAIMS	19.764	218,423	39.8	124,361	4,949,568
WEEKS CLAIMED	1.373	1,377,953	17.5	124,159	2,172,783
NON MONETARY	44.865	167,754	69.4	122,287	8,486,718
APPEALS	186.467	24,495	42.1	108,261	4,557,788
SAVE			0.5	103,218	51,609
CLAIMS ACTIVITY STAFF			169.3	119,424	20,218,466
WAGE RECORDS	0.044	13,339,908	5.4	93,898	507,049
TAX FUNCTIONS	47.73	145,314	64.0	85,543	5,474,752
EMPLOYER ACTIVITY STAFF			69.4	86,193	5,981,801
BENEFIT PMT CONTROL			133.3	91,469	12,192,818
UI PERFORMS		480	98.7	73,610	7,265,307
OPERATING STAFF			470.7	97,001	45,658,392
SUPPORT	9.86%		46.4	127,731	5,926,718
AS&T			35.2	96,869	3,409,789
TOTAL STAFF			552.3	99,574	54,994,899
NON-PERSONAL SERVICES					6,258,021
STOP-LOSS/STOP-GAIN					-1,276,322
TOTAL ALLOCATION (excluding POSTAGE)					59,976,598
POSTAGE					2,077,773
TOTAL ALLOCATION (including POSTAGE)					62,054,371

** Prepared by DOL/ETA/OUI, Division of Fiscal and Actuarial Services **

From UIPL No. 18-22 (21 Sept. 2022) at 58

* * * DETAIL FOR INFORMATION PURPOSES ONLY * * *

** WISCONSIN **

F Y 2 0 2 3 A L L O C A T I O N MAYTARGS August 11, 2022

WORK HOURS 1,762.90

FUNCTION	MPU	WORKLOAD	STAFFYRS	PS/PB	DOLLARS
INITIAL CLAIMS	18.351	179,690	31.2	69,910	2,181,192
WEEKS CLAIMED	1.303	1,318,573	16.2	69,910	1,132,542
NON MONETARY	44.831	140,336	59.5	89,707	5,337,567
APPEALS	132.984	25,872	32.5	164,502	5,346,315
SAVE			0.5	89,287	44,644
CLAIMS ACTIVITY STAFF			139.9	100,374	14,042,260
WAGE RECORDS	0.038	14,006,699	5.0	67,246	336,230
TAX FUNCTIONS	40.624	157,422	60.5	77,005	4,658,803
EMPLOYER ACTIVITY STAFF			65.5	76,260	4,995,033
BENEFIT PMT CONTROL			106.7	98,216	10,479,647
UI PERFORMS		480	52.7	81,992	4,320,978
OPERATING STAFF			364.8	92,757	33,837,918
SUPPORT	10.01%		36.5	89,120	3,252,880
AS&T			67	98,060	6,570,020
TOTAL STAFF			468.3	93,233	43,660,818
NON-PERSONAL SERVICES					15,223,259
STOP-LOSS/STOP-GAIN					4,091,351
TOTAL ALLOCATION (excluding POSTAGE)					62,975,428
POSTAGE					1,944,971
TOTAL ALLOCATION (including POSTAGE)					64,920,399

** Prepared by DOL/ETA/OUI, Division of Fiscal and Actuarial Services **

WISCONSIN INSTITUTE FOR LAW & LIBERTY

Testimony in Support of Assembly Bills 149, 152 & 153

Assembly Committee on Workforce Development and Economic Opportunities
Wednesday, April 12, 2023

Chairman Petryk, Vice-Chair Michalski and members of the Assembly Committee on Workforce Development and Economic Opportunities,

Thank you for accepting my testimony in support of Assembly Bill 149, 152 and 153. We appreciate the committee's consideration of this important legislation.

Assembly Bill 149

AB 149 would address an important issue that employers are experiencing across the state, "ghosting." "Ghosting" is when a prospective employee abruptly cuts off all communication with a potential employer or recruiter, typically after having scheduled or attended an interview, without providing any explanation or follow-up. This trend is occurring nationwide with a recent survey reporting that 76% of employers reporting that they had been ghosted in recent years.[i] AB 149 would ensure that unemployment recipients are making a good faith effort to find and job and not just using prospective employers to fulfill the work search requirement. The bill also includes a formalized mechanism for employers that have been ghosted to report this to DWD.

Assembly Bill 152

AB 152 makes a number of prudent changes to the administration of the UI program. Perhaps most important amongst these changes, is a weekly crosscheck with employment databases, prison records and death records. This provision will improve program integrity and lower the need to recoup overpayments by ensuring that UI recipients are actually eligible for the program.

Assembly Bill 153

AB 153 would tie the number of weekly unemployment benefits an individual could receive to the state's overall unemployment rate. This bill has the potential to benefit both workers and the broader economy in Wisconsin.

By linking the number of weekly unemployment benefits to the state's overall unemployment rate, this legislation would provide a crucial incentive for workers to re-enter the workforce more quickly. This is particularly important in a time when the economy is recovering from the COVID-19 pandemic, and many businesses are struggling to find workers.

Under the proposed legislation, claimants would receive 26 weeks of benefits if the state unemployment rate was greater than 9%. This ensures that those who are facing significant job losses due to economic downturns still have the support they need to get back on their feet. However, as the unemployment rate drops and more job opportunities become available, the number of weeks that claimants can receive benefits would decrease, to as few as 14 weeks if the unemployment rate was at 3.5% or lower.

This approach strikes a balance between providing critical support to workers in times of economic hardship and incentivizing them to find new employment as soon as possible. By promoting faster reemployment and reducing the number of weeks that workers rely on unemployment benefits, this policy has the potential to increase productivity and promote economic growth across the state.

Moreover, this bill has the potential to benefit the state's unemployment trust fund. Indexing unemployment benefits to the unemployment rate can also help to reduce the burden on the state's unemployment trust funds during economic downturns. According to the US Department of Labor, Wisconsin's unemployment trust fund is under the recommended minimum adequate solvency level, ranking 33rd out of 50 states in solvency rating.[ii] By reducing the number of weeks that workers rely on unemployment benefits during periods of low unemployment, this policy could help to ensure that the trust fund remains solvent and can continue to support workers in times of need.

In total, 11 states have implemented an indexing policy.[iii] A 2021 study by the Foundation for Government Accountability found that based on experience from other states that had implemented indexing, Wisconsin could expect the average duration of people collecting unemployment benefits to drop from 17.6 weeks to 12.9 weeks.[iv] With nearly 100,000 available jobs on the Job Center of Wisconsin website, this change would not only benefit small businesses struggling to fill positions but would also help workers reenter the workforce in a timelier manner.

In conclusion, we urge the committee to adopt these bills as they have the potential to benefit not only workers but also businesses and the broader Wisconsin economy. By encouraging more workers to return to the workforce and helping to strengthen the state's unemployment trust fund, these bills could be valuable tools in promoting economic growth and stability in the years ahead.

Kyle Koenen
Policy Director
Wisconsin Institute for Law & Liberty

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[i] https://www.forbes.com/sites/jackkelly/2021/02/17/a-new-study-by-indeed-confirms-that-ghosting-during-the-hiring-process-has-hit-crisis-levels/?sh=5d8eea5799c4
[ii] https://oui.doleta.gov/unemploy/docs/trustFundSolvReport2023.pdf
[iii] https://ballotpedia.org/Indexing_unemployment_benefits
[iv] https://thefga.org/research/indexing-unemployment-in-the-wake-of-covid19/