



# WISCONSIN LEGISLATURE

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P.O. Box 7882 • Madison, WI 53707-7882

Date: January 26, 2022

To: Members of the Assembly Labor and Integrated Employment Committee

From: Representatives Warren Petryk, William Penterman & Senator Roger Roth

Re: Testimony regarding Assembly Bill 883

Thank you Chairman Edming and fellow members of the committee. We are here today regarding our reemployment assistance legislation.

As we travel throughout our district and talk with business owners, restaurant workers, as well as local manufacturers, and farmers – one thing is clear, this worker shortage is real and alarming. There are 30% more jobs listed today on [jobcenterofwisconsin.com](http://jobcenterofwisconsin.com) than before the pandemic started. That is why we need to take this opportunity now to reform the unemployment insurance program to refocus it towards reemployment assistance and get people back to work as quickly as possible.

Assembly Bill 883 makes a series of common-sense changes to the unemployment insurance program to get people the support that they need to transition back to the economy and get them into their next career earlier. For example, the need to get people back to work is not mentioned in the original statement that created the unemployment insurance program, despite Federal Law requiring that for someone to receive benefits they must be able to work, be available for work, and be actively seeking work (A provision signed into law by President Obama). This needs to change, and we need to change the name of the program from Unemployment Insurance to Reemployment Assistance to help people better understand the expectations of the program.

Secondly, we need to make work searches more meaningful for individuals. The US Department of Labor found having less-stringent employment searches creates a greater likelihood of someone not finding employment at all. To help people with their work searches, DWD would be required to make suitable job referrals to claimants each week based on the skills that they list on their resume. In addition, 2 of their 4 weekly work searches will need to be with employers.

Once they are beginning to look for work, DWD needs to support Reemployment Assistance claimants by providing them access to additional reemployment services. Wisconsin currently participates in limited Federal Reemployment Services and Eligibility Assessments (RESEA). These assessments need to include all individuals. By having universal RESEA, the department

will be able to access someone's likelihood of employability and match them with customized services.

This concept has worked in other states, such as Nebraska, where universal assessment started in 2015. They found that by helping people while they were claiming unemployment funds, the state was able to lower duration rates and increase the likelihood that someone kept a job after 2 years. We know this program has proven positive results, and there is no reason not to expand it to everyone.

We need to also increase the incentives for people to accept work while on reemployment assistance. Having an individual hold a part-time job vs. no job keeps them connected and engaged in the labor market, increasing their likelihood of finding their next career. This bill would allow people to keep a larger amount of their wages while claiming reemployment assistance. A similar proposal to the one we proposed was passed in Georgia during the pandemic with success. Georgia found that when they increased the incentive for people to find work, 77% of people found some type of employment.

Finally, we need to help those who are long-term unemployed. The US Department of Labor recently came out and said "The number of long-term unemployed (those jobless for 27 weeks or more) declined by 185,000 to 2.0 million in December. This measure is down from 4.0 million a year earlier but is 887,000 higher than in February 2020. The long-term unemployed accounted for 31.7% of the total unemployed in December."

We can also help these long-term unemployed by providing a hiring incentive for businesses. A business could receive up to \$2,000 for hiring someone from this category to help offset onboarding costs, training, or could use it as a hiring bonus. Additionally, under this bill, DWD would be required to provide additional counselling before someone ends their reemployment assistance and finishes their benefits.

Wisconsinites who lose their job through no fault of their own need a hand-up to help them transition to their next job opportunity. This bill transforms Wisconsin's outdated unemployment insurance program into an innovative, dynamic model of reemployment by helping connect people to the numerous jobs employers are urgently seeking to fill.

Thank you again for your time and consideration of our legislation.



**THE LEADING VOICE  
FOR WISCONSIN SMALL  
AND INDEPENDENT BUSINESSES**

**January 26, 2022**

**TO: Members  
Assembly Committee on Labor and Integrated Employment**

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

**RE: 2021 Assembly Bill (AB) 883 relating to: various changes to the unemployment insurance law, a grant program for hiring qualified long-term unemployment recipients, allocation of federal American Rescue Plan Act of 2021 funding for certain purposes, the state plan under the federal Workforce Innovation and Opportunity Act of 2014, federal Reemployment Services and Eligibility Assessment grants, employment outcome data reporting, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, and granting rule-making authority.**

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Chairman Edming 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) 883.

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 more than 2,000 small business owners 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.

***WIB...Helping you where you need it.***

PO Box 2135 | Madison, Wisconsin 53701 | 800-362-9644 | [www.wibiz.org](http://www.wibiz.org)

WIB supports AB 883 because we believe this omnibus legislation will help:

- reduce the UI tax burden on small employers;
- transition UI claimants to gainful employment quickly;
- enhance accountability on the part of UI claimants; and
- small employers fill open positions.

I provide to you further detail on each of these objectives.

Wisconsin employers are assessed state UI taxes on the first \$14,000 in wages paid to each employee. The state UI tax rate an employer pays is determined by two factors. They are:

- UI tax schedule in effect for a given rate year which is determined by the UI Trust Fund (Fund) balance. With your support, 2021 Wisconsin Act 59 shielded Wisconsin employers from higher state UI taxes attributable to the decline in the Fund balance in calendar years 2022 and 2023.
- Employer's experience with the UI system. The more current or former employees of an employer collect in UI benefits, the higher the tax rate that employers pay.

UI claimants who quickly transition to gainful employment have a limited impact on an employer's UI tax burden. Conversely, an employer's UI tax burden increases significantly when a UI claimant draws months of weekly UI benefits.

AB 883 includes several provisions which should result in more UI claimants transitioning to gainful employment quickly which in turn would lessen the UI tax burden on Wisconsin small businesses. Of note, the bill requires:

- for the third and subsequent weeks of a claimant's benefit year, that at least two of the required weekly work search actions be direct contacts with potential employers; and
- the Department of Workforce Development (DWD) to provide each claimant with at least four potential opportunities each week, one or more of which may be opportunities with a temporary help company.

The state UI program is not an entitlement program. UI benefits are funded through taxes paid by employers and claimants are required to fulfill certain eligibility requirements to receive weekly UI benefits. The most significant of these requirements is the four weekly work search actions.

Under current law, a UI claimant who completes the required weekly work search actions is not required to apply for any specific positions on the list of potential opportunities to satisfy the work search requirement. In other words, searching for work does not require the UI claimant to apply for a specific job opening.

AB 883 closes this “loophole” and instead requires UI claimants to apply for specific positions on the list of potential opportunities to satisfy the weekly work search requirement.

As you know, many Wisconsin small businesses are struggling to fill open positions. This problem began before the pandemic and is likely to continue well into the future. From our perspective, increasing the pool of “job ready” workers available for small employers to hire requires a multi-faceted approach and AB 883 offers some meaningful solutions.

According to DWD, the total number of people in Wisconsin who are counted as unemployed was 86,200 in December. The number of unemployed Wisconsin workers is probably higher given that the state’s labor participation rate in December was 66.4%.

As of yesterday, there were 131,577 job openings posted on the Job Center of Wisconsin website. There are probably more job openings given that not every Wisconsin employer posts their openings on this website.

With a surplus of job openings as compared to the number of unemployed workers in Wisconsin, we believe DWD should devote more resources to helping unemployed workers find gainful employment. AB 883 facilitates this effort by requiring DWD to assess a claimant's efforts, skills, and ability to find or obtain work and to develop a list of potential opportunities for a claimant to obtain suitable work.

We respectfully ask for your support of AB 883.

Thank you in advance for your consideration.



## **Assembly Bill 883**

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### **Wisconsin Assembly Committee on Labor and Integrated Employment**

January 26, 2022

Sam Adolphsen  
*Visiting Fellow*  
Opportunity Solutions Project

Chairman Edming and members of the committee,

My name is Sam Adolphsen, and I am a visiting fellow at Opportunity Solutions Project (OSP). OSP is a non-profit, nonpartisan advocacy organization dedicated to advancing policies that reduce barriers to work.

Thank you for hearing this legislation before your committee. I am submitting this testimony in support of Assembly Bill 883.

With a record number of open jobs across the state, Wisconsin businesses are struggling to hire workers. With so many jobs available, and with businesses desperate to hire, now is the time for the Wisconsin legislature to modernize its unemployment system to help get its temporarily unemployed workers back into the workforce. This would be good for Wisconsin and businesses across the state, but even better for the unemployed and their families.

The goal of Wisconsin's system shouldn't be unemployment (that is, merely compensating the unemployed), but rather, the goal should be *reemployment* (helping those who've lost their jobs to find new ones as quickly as possible, supporting them along the way). This bill affirms that goal through several commonsense policy changes designed to help assist the unemployed back into the workforce (and to gently nudge them when needed).

There are three specific reforms in this bill that I would like to draw your attention to as they offer significant improvements to Wisconsin's current unemployment system.

First, this bill replaces all statutory references to "unemployment insurance" with the term "reemployment assistance" and requires the program and its benefits to be known as "reemployment assistance." The bill goes even further, requiring the creation of a Division of Reemployment Assistance within the DWD, to oversee the administration of the state's reemployment assistance program.

This change is important because it clarifies the true purpose of Wisconsin's unemployment system: reemployment. Changing this terminology will help establish expectations not only for claimants as they enter the system, but for the system's administrators as well. Everything they do must be geared around a single united purpose: reemployment. These changes make that purpose crystal clear.

Second, the bill creates several new requirements for claimants to help encourage them to engage in meaningful work search activities. For instance, it creates a requirement, starting the third week that a claimant is receiving benefits, that at least two of the required weekly work search actions engaged in, be direct contacts with potential employers. In addition, claimants would be required to keep a current resume posted on the DWD's job center website, and reemployment counseling will become mandatory for those who find themselves still unemployed with less than three weeks of benefits remaining.

Contacting potential employers directly, posting your resume on the job center site, and taking advantage of reemployment counseling if you find yourself still unemployed with less than three weeks of benefits remaining, are reasonable efforts every claimant should be making. If you're out of work, then finding work needs to become your full-time job. This bill makes these simple efforts

a requirement, ensuring that claimants who are struggling to find reemployment are at least making these minimal efforts.

Third, this bill adds a requirement that DWD take a more active role in helping claimants to find reemployment opportunities. It does this by requiring DWD to compel claimants to participate in a public employment office workshop or training program if the claimant is at a high risk of exhausting their benefits before gaining reemployment, and by requiring DWD to provide each claimant with at least four suitable potential job opportunities each week which claimants are required to apply for.

Helping to pair claimants up with suitable jobs, and then ensuring they actually apply for those jobs, is a no brainer, if the goal truly is to get folks reemployed and back into the workforce. This bill codifies both requirements, significantly improving the state program in the process.

With the workforce challenges currently confronting Wisconsin and the rest of the country, the legislature has, with this bill, an opportunity to modernize its unemployment system to make its primary goal that of *reemployment*, rather than unemployment. Today, I strongly urge you to take that opportunity and pass this bill.

Thank you for your time.

Sam Adolphsen,  
OSP Visiting Fellow

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