

Testimony before the Senate Committee on Government Operations, Labor and Economic Development

Senator André Jacque

Senate Bill 197

May 6, 2025

Mr. Chairman and Members:

Wisconsin's unemployment insurance (UI) program is intended to provide assistance to those who lose their job through no fault of their own, provided they have earned enough wages to qualify for benefits.

Unfortunately, it has become clear in the last few years that Wisconsin's UI program has strayed from the equally important purpose of providing employment assistance to help out-of-work state citizens while they actively look for another job that can support themselves and their families.

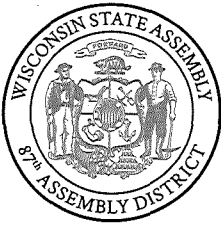
In fact, not only does federal law require those receiving benefits to be able to work, available for work, and actively seeking work; right now Wisconsin has a workforce shortage in most sectors of our state's economy. By re-focusing UI towards helping people find work, the Reemployment Assistance Act can enable them to start their next career sooner, while helping employers connect with the skills and talent they need right now.

That's why Senate Bill 197 reforms the UI program by directing the Department of Workforce Development (DWD) to make job searches more meaningful and provide claimants access to additional reemployment services. The measure:

- Renames the UI program to the Division of Reemployment Assistance
- Requires the DWD to administer universal workforce assessments and reemployment services by providing individuals early access to customized workforce services, giving them access to employment services at the start of the UI claim.
- These services include online career readiness assessments to identify their career skills and talents, from which DWD will develop a personalized employment plan.

Wisconsin voters recognized the need for reform when they overwhelmingly approved a work requirement referendum in the April 2023 election. Senate Bill 197 responds to that expressed approval by making common-sense changes that will help people transition back into the economy and into their next career as soon as possible. When claimants return to work even a week earlier, it saves the UI Trust Fund millions of dollars and keeps UI tax rates low.

Thank you for your consideration of Senate Bill 197.



WISCONSIN STATE REPRESENTATIVE

Brent Jacobson

87TH ASSEMBLY DISTRICT

Testimony in Support of Senate Bill 197

Senate Committee on Government Operations, Labor and Economic Development

May 6th 2025

Thank you, Chairman Feyen and members of the committee, for the opportunity to submit testimony on Senate Bill 197. This legislation would reform Wisconsin's Unemployment Insurance (UI) program to ensure it helps direct unemployed Wisconsinites back into the workforce.

In the 2023 April election, the voters of Wisconsin showed overwhelming support for the state helping people able to work to find work. In the years since that election, Wisconsin's workforce shortage has not abated. For that reason, I am reintroducing legislation from that session that would help clarify the UI program in our state and reform it to help people find a job.

First, SB 197 changes the name of the program from Unemployment Insurance to Reemployment Assistance. Under federal law, someone who is receiving UI is required to be able to and actively seek work. UI is, at its core, a program to help individuals reenter the workforce. This name change would help emphasize this core function of UI, and better reflects what the program aims to accomplish.

Secondly, SB 197 requires the Department of Workforce Development (DWD) to get serious about helping people on UI with their weekly work searches. Under this bill, DWD would be required to take peoples resumes and match them with open jobs. Then a person would be required to, at a minimum, reach out to two employers that are hiring. Data shows that when people have more useful work searches, they can find a job sooner.

Next, to compliment work searches, SB 197 expands the US Department of Labor's Reemployment Services and Eligibility Assessment (RESEA) program to everyone on UI. RESEA councilors create a one-on-one job plan and then provide extra services to help people. RESEA councilors help individuals seeking work to understand today's labor market, or how to act and dress during an interview. This program has shown its success both in Wisconsin and in the US. However, in Wisconsin participation is currently a voluntary. By making participation mandatory, we this bill ensures that people on UI have the skills to be successful when they look for new employment. In addition, this bill requires DWD to provide a workforce counseling session to someone who is in the final three weeks of receiving benefits.

In both my district and throughout Wisconsin, businesses are feeling a shortage of workers. Just this week, there are nearly double the number of jobs openings as there are job seekers on the states job board. SB 197 provides common-sense ideas and innovations to help those who lost their job through no fault of their own transition back into the economy as quickly as possible. SB 197 will ensure that when Wisconsinites become unemployed, our state helps them transition back to the best economic assistance program there is: a job.

Thank you again for your time and consideration of this legislation. I respectfully ask for your support in recommending this bill for passage.

Written Testimony on SB 197
Amy Pechacek, Secretary Department of Workforce Development
May 6, 2025

Chair Feyen, Vice-Chair Kapenga, Ranking Member Spreitzer and Members of the Senate Committee on Government Operations, Labor and Economic Development, thank you for the opportunity to provide written testimony for information only on SB 197. Thank you to Representative Jacobson and Senator Jacque for their interest in the Unemployment Insurance Division and the federal Reemployment Services and Eligibility Assessment grants (RESEA).

SB 197 renames the unemployment insurance (UI) program and the Unemployment Insurance Division. The bill requires the Department of Workforce Development (DWD) to continue to participate in the RESEA program and provide certain RESEA services to all UI claimants. Further, the bill amends the UI work search requirements to require specific work search actions, requires DWD to provide claimants with potential job opportunities each week, and mandates participation in a public employment office workshop or training program.

DWD has concerns about this proposal due to the anticipated reporting burden for employers, potential costs, bureaucratic requirements, and lack of sustainable funding. Additionally, DWD is already performing several key functions noted in the proposal. One of DWD's primary responsibilities is to provide job services, training, and employment assistance to people looking for jobs while working with employers to find the necessary workers to fill current job openings.

Wisconsin's proactive approach to workforce development already delivers results. Wisconsin's innovative programs and recent investments in workforce development are effectively connecting job seekers with employers and engaging previously underrepresented and underemployed populations with jobs. The Division of Employment and Training's Bureau of Job Service currently functions as a "Reemployment Division," working in the community, supporting Department of Corrections job labs, providing services in hard-to-reach locations through mobile career labs, and working in schools and libraries to help people get their next job. The Job Center of Wisconsin website currently hosts approximately 35,000 resumes and functions to connect job seekers and employers.

Other ways DWD is already performing the functions proposed in the bill include:

- DWD works to prevent layoffs at Wisconsin companies. Through the Work-Share program, instead of laying off workers, a qualified employer can plan to reduce work hours for at least 20 employees, thus aiding the employer to retain its valued, skilled and/or trained employees.
- DWD's Bureau of Job Service administers the Reemployment Services and Eligibility Assessment (RESEA) program. Each year, 30,000 to 40,000 UI claimants have the ability to receive an employment plan, job search assistance, work search review, employment counseling through Job Service licensed career counselors, referrals to training programs, and career exploration. RESEA grants are awarded by the U.S. Department of Labor. DWD will continue to participate as long as funding for the program continues. Currently, funding is formula-based dependent on metrics.

- DWD's Job Center of Wisconsin website allows UI claimants and other users to receive daily or weekly email notifications for jobs that fit their search criteria.
- Work registration is already a requirement. UI claimants are required to register for work (including the completion of a resume) with the Job Center of Wisconsin website within 14 days of their initial application for UI benefits.
- Re-employment services are also already a requirement. Again, claimants that are registered with the Job Center of Wisconsin are required to seek work as well as complete an online orientation and assessment.
- DWD's Bureau of Job Service is currently undertaking a comprehensive evaluation of the RESEA program to identify the interventions that provide the best possible employment outcomes and reduce the duration of UI benefits. A final report outlining the findings of this evaluation will be available in 2025.

Creating new and burdensome reporting requirements for employers and erecting more barriers for job seekers, diminishing access to funds invested for people experiencing job loss as proposed would hinder the state's economic progress. At the same time, creating additional bureaucratic mandates, shuffling existing division responsibilities, and changing the name of a DWD division would only increase costs and confusion with no clear benefits.

Thank you for the opportunity to provide testimony. Please reach out if you have any additional questions.



TESTIMONY IN SUPPORT OF SB 197

Presented to

Wisconsin Senate Committee on Government Operations,
Labor and Economic Development

May 6, 2025

John Mazin, *Visiting Fellow*
FGA Action

Chairman Feyen and members of the Assembly Committee on Public Benefit Reform, my name is John Mazin and I'm a visiting fellow with FGA Action, where I advocate for legislation that promotes re-employment and workforce growth. I am testifying in support of SB 197.

During the Great Depression, Wisconsin became the birthplace of state-run unemployment insurance programs. New Deal reformers seized on the idea and made the policy part of the landmark Social Security Act of 1935. In codifying this safety net for employment, they preserved the flexibility of states to design their programs in a way that fosters immediate support for the needy and re-employment as soon as possible.

Outlining the broad contours of his agenda, President Franklin D. Roosevelt declared that "work and security...are the spiritual values, the true goal" of government policy.¹

Through a job, the former provides the latter. Renaming the unemployment insurance program the "Reemployment Assistance Program," as SB 197 does, clarifies the original purpose and mission of this program.

Clarification is certainly needed. A 2023 report by the U.S. Department of Labor showed that a majority of unemployed individuals do not apply for unemployment benefits because they aren't sure if the program applies to them. Emphasizing that the program exists to support a transition to the next job is a great step in communicating the program's purpose for a new generation of workers.²

With more than 155,000 open jobs in Wisconsin according to the most recent Department of Workforce Development data, SB 197's clarification of work-search requirements will ensure that unemployment insurance claimants and the Department of Workforce Development (DWD) are working efficiently and effectively to find re-employment.³

In order for work search to be meaningful, it must be specific, employer-focused, and verifiable. SB 197 accomplishes all three of these goals by requiring UI claimants, starting in their third week of benefits, to complete two of their required four weekly work-search actions via direct engagement with a hiring employer. This is a win-win for employers and workers. It allows newly unemployed workers time within the first two weeks to develop a work search plan and resume while ensuring that the goal of work search efforts remains productive and meaningful contact with employers seeking workers. If the period of unemployment continues, claimants are still able to fulfill half of their work-search actions by participating in DWD's current menu of job search and skill development and training opportunities.⁴

DWD currently prioritizes workers finding a new job, as evidenced by the Job Center of Wisconsin, the department's digital re-employment service. SB 197 enhances this tool by requiring DWD to

proactively match job openings reported by employers with the skills of recently unemployed workers. South Carolina's Department of Employment and Workforce pioneered a model of this to eliminate return-to-work hesitancy among the state's unemployed workforce. That program collects worker information through the UI claims process and then matches the skills, experience, credentials, and approximate salary of that worker with open jobs in the state.⁵ Under the South Carolina program and the proposal in SB 197, the worker is required to apply for a job, but ultimately the decision to hire or not hire remains with the employer.

In closing, SB 197 is a strong bill. It ensures the UI program functions as intended, and it contains straightforward reforms that promote re-employment at a time when Wisconsin faces a persistent labor shortage.

¹ Franklin Delano Roosevelt, Address Accepting the Presidential Nomination at the Democratic National Convention in Chicago, (1932), The American Presidency Project, <https://www.presidency.ucsb.edu/documents/address-accepting-the-presidential-nomination-the-democratic-national-convention-chicago-1>.

² Bureau of Labor Statistics, "Characteristics of Unemployment Insurance Applicants and Benefit Recipients Summary," U.S. Department of Labor (2023), <https://www.bls.gov/news.release/uisup.nr0.htm>.

³ Job Center of Wisconsin, "Monthly Job Openings & Labor Turnover Survey (JOLTS)," State of Wisconsin Department of Workforce Development (2025), <https://jobcenterofwisconsin.com/wisconomy/pub/jolts.htm>

⁴ "Work Search Requirements," Wisconsin Department of Workforce Development (2023), <https://dwd.wisconsin.gov/uiben/worksearch-requirements.htm>.

⁵ Andrew James, ABC 15, "A new 'forced referral' program begins in hopes of helping reported SC labor shortages," wpde.com (2021), <https://wpde.com/news/local/a-new-forced-referral-program-begins-in-hopes-of-helping-reported-sc-labor-shortages>.



TO: Members, Senate Committee on Government Operations, Labor & Economic Development

FROM: Rachel Ver Velde, Associate Vice President of Government Relations

DATE: May 6, 2025

RE: Support for Senate Bills 196, 197, 198, 200 and 201; changes to the unemployment insurance law

Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to testify in support of Senate Bills 196, 197, 198, 200 and 201. Thank you, Chairman Feyen, 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.

While the worker shortage has improved for Wisconsin employers recently, too many are still unable to fill key positions. According to WMC's most recent *Wisconsin Employer Survey* released in January 2025, 63% of employers indicate that they are struggling to hire workers. Employers tell us that it is particularly difficult to find workers with the right skills and training.

Employers are also concerned that many people have simply dropped out of the workforce and are no longer looking for work. Wisconsin's labor force participation rate is currently 65.2%, which is better than the national average. However, it is significantly lower than our state's peak of 74.5% in 1997. Further, it is concerning that our current level is the same as the labor participation rate 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. 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.

Senate Bill 196/Assembly Bill 169:

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, they are not considered to have conducted a reasonable search for work in a week and therefore they lose their weekly benefit for that week.

Senate Bill 197/Assembly Bill 164:

WMC is glad to see this bill rightly change the focus of unemployment insurance to reemployment. It is important that individuals have access to career coaching and an individualized employment plan in order to set them up for future success. WMC is also supportive of requiring at least two of the required work search actions be direct contacts with potential employers starting with the third week and all subsequent weeks of a claimant's benefit year.

Senate Bill 198/Assembly Bill 167:

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. 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 had stopped paying people not to work sooner.

Senate Bill 200/Assembly Bill 168:

The pandemic showed that flexibility in staffing at the Department of Development (DWD) is vitally important. WMC believes that this bill makes sensible changes to allow employees from other agencies to help alleviate unemployment insurance backlogs at DWD. WMC is also supportive of the requirement to double check a claimant's identity, including weekly crosschecks with prison, employment, immigration and death databases.

Senate Bill 201/Assembly Bill 162:

It is important to have a standard set of metrics for all of Wisconsin's workforce development programs. With multiple agencies overseeing a multitude of programs, it is important that the legislature, business community and public can evaluate the effectiveness of each program. This legislation's commonsense requirement to report this data in the same format utilizing the primary indicators of performance under the Workforce Innovation and Opportunity Act (WIOA) will allow equal evaluation of the quality of each program and will tell us which programs are the best to utilize in the future.

WMC urges members of the Senate Committee on Government Operations, Labor & Economic Development to vote in support of Senate Bills 196, 197, 198, 200 and 201. The reforms in these five bills are 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.



May 6, 2025

TO: Members
Senate Committee on Government Operations, Labor & Economic Development

FR: Brian Dake
President
Wisconsin Independent Businesses

RE: 2025 Senate Bill (SB) 196 relating to: various changes to the unemployment insurance law; 2025 Senate Bill (SB) 197 relation to: various changes to the unemployment insurance law and federal Reemployment Services and Eligibility Assessment grants; 2025 Senate Bill (SB) 198 relating to: various changes to the unemployment insurance law and requiring approval by the Joint Committee on Finance of certain federally authorized unemployment benefits; 2025 Senate Bill (SB) 200 relating to: various changes to the unemployment insurance law.

Chair Feyen and committee members, my name is Brian Dake, President of Wisconsin Independent Businesses. Thank you for the opportunity to testify in support of the Senate Bill (SB) 196, Senate Bill (SB) 197, Senate Bill (SB) 198, and Senate Bill (SB) 200.

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. We proudly represent nearly 2,000 small, independent business owners throughout Wisconsin. Most of our members, approximately 85%, own and operate businesses that have fewer than 25 employees and annual gross revenues of less than \$5 million. Our membership reflects the range of small businesses that exist in communities throughout Wisconsin.

WIB...Helping you where you need it.

PO Box 2135 | Madison, Wisconsin 53701 | 800-362-9644 | www.wibiz.org

In 2011, we surveyed our members about Wisconsin's Unemployment Insurance (UI) law. From their responses, we developed the following set of objectives to guide our advocacy efforts:

- reduce the state UI tax burden on small businesses;
- increase UI claimant accountability;
- reduce the incidence of UI fraud;
- bring clarity to the enforcement of UI laws and regulations; and
- transition UI claimants back to work quickly.

If enacted into law, these four bills would accomplish these important objectives.

2025 Senate Bill (SB) 196

“Ghosting” is a dubious practice in which a prospective employee does not show up for a scheduled job interview or respond to an offer of employment from an employer. While employers cannot legally compel a prospective employee to sit for a job interview or respond to a job offer, “ghosting” by a UI claimant could be a fraudulent act.

SB 196 sets forth a process whereby a Wisconsin employer may voluntarily report a potential instance of “ghosting” to the Wisconsin Department of Workforce Development (DWD) for further investigation. If the Department determines a UI claimant was engaged in “ghosting,” he/she would be ineligible for UI benefits for the week in which the “ghosting” occurred.

2025 Senate Bill (SB) 197

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 state UI Trust Fund (Fund) balance. The higher the Fund balance, the lower the UI tax schedule.
- 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 employer pays.

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

SB 197 includes two provisions which should result in more UI claimants transitioning back to work quickly which in turn would lessen the UI tax burden on Wisconsin small businesses. Of note, SB 197 would:

- require for the third and subsequent weeks of a claimant's benefit year, at least two of the required weekly work search actions be direct contacts with potential employers; and
- require the DWD to provide each UI claimant with potential employment opportunities each week. To fulfill their weekly work search requirement, a UI claimant would be required to apply for the specific positions provided by the DWD.

2025 Senate Bill (SB) 198

To remain eligible for state UI benefits, claimants must conduct at least four weekly work search actions and report them to the DWD when filing their weekly UI claim.

State law also requires the DWD to conduct random work search audits and report annually to the Unemployment Insurance Advisory Council on the number and the results of work search audits conducted in the previous year. An analysis of this data for an eight-year period beginning in 2017 is very revealing.

Year	Audits Conducted	Decisions Where Work Search Requirements Were Not Met
2017	33,589	7,452
2018	32,772	6,392
2019	31,263	7,118
2020	766	208 (pandemic)
2021	1,261	962 (pandemic)
2022	22,012	9,045
2023	15,488	6,087
2024	10,626	4,545
Total	147,777	41,809

Over this eight-year period, 28% of all DWD work search audits conducted found that claimants failed to fulfill their weekly work search requirements. Over the three-year period beginning in 2022, 41% of all DWD work search audits conducted found that claimants failed to fulfill their weekly work search requirements.

SB 198 would require the DWD to conduct random audits for at least 50% of all work search actions reported to have been performed by claimants. The DWD work search audit data justifies the need for enhanced work search authentication to ensure UI claimants fulfill their weekly work search requirements.

A guiding principle of the UI program is that benefits are only paid to eligible workers who are unemployed through no fault of their own. Consistent with this principle, employees terminated due to workplace misconduct are ineligible for UI benefits.

With the support of WIB, Wisconsin lawmakers modernized the state's Employee Misconduct law more than a decade ago. 2013 Wisconsin Act 20 defined misconduct and enumerated that misconduct includes seven general actions by an employee for which the terminated employee would be ineligible for UI benefits for a specified period. They are:

- violation of an employer's drug and alcohol policy;
- theft of an employer's property or services;
- conviction of a crime, if the conviction makes it impossible for the employee to perform employment-related duties;
- acts of workplace harassment, assault, or physical violence;
- chronic absenteeism or excessive tardiness;
- falsifying the employer's business records, and;
- willful and deliberate violation of a written and uniformly applied standard for an employer that is licensed or certified by a governmental agency.

Over the last decade, various provisions of this law have been subject to legal challenge, business practices and operations have changed, and unforeseen instances of employee misconduct have arisen. For these reasons, we are pleased that AB 167 would update the Employee Misconduct statute. Of note, this legislation would:

- replace the existing misconduct standard for chronic absenteeism or excessive tardiness with a new standard that is consistent with the unanimous ruling by the Wisconsin Supreme Court in *Wisconsin Department of Workforce Development v. Wisconsin Labor and Industry Review Commission* (2018);

- enumerate unauthorized distribution of an employer's confidential or proprietary information, and use of an employer's credit card for an unauthorized or a nonbusiness purpose without prior approval from the employer as employee misconduct; and
- enumerate a violation of an employer's reasonable employment policy that covers the use of social media as employee misconduct.

2025 Senate Bill (SB) 200

Two recent reports from the United States Government Accountability Office (GAO) validate our advocacy efforts focused on reducing UI fraud.

In June 2022, the GAO issued a report to Congress entitled “Unemployment Insurance Transformation Needed to Address Program Design, Infrastructure, and Integrity Risks” in which it advised federal lawmakers that the UI program has been added to its “High Risk” designation list. This extraordinary designation is conferred upon federal programs in need of transformation and/or vulnerable to waste, fraud, abuse, and mismanagement.

In December 2022, the GAO issued a report to Congress entitled “Unemployment Insurance Data Indicate Substantial Level of Fraud during the Pandemic; DOL Should Implement an Antifraud Strategy.” While the GAO chastised the DOL for not implementing an overall UI antifraud strategy, their report provided federal lawmakers with a list of actions taken by the DOL to assist states combat UI fraud. The report noted:

- The DOL provided funding to procure and implement an identity verification solution, which became available to states in July 2020. This service provides new datasets to conduct enhanced UI claimant identity verification by states to prevent fraudulent claims from being paid based on false identities. It also contains a cross match with the Social Security Administration (SSA) Death Master File to identify the use of a deceased person’s Social Security number being used to file for benefits.
- The DOL provided funding to procure and implement a bank account verification service, which became available to states in February 2022. This service aids states in proactively identifying and authenticating bank account information provided by a UI claimant by validating the account status and ensuring the claimant is the owner or authorized user prior to initiating the UI benefit payment.
- The DOL is working with the SSA to establish a secure data exchange that allows states to cross match UI claims data with incarceration records. While some states have access to various local, state, or federal incarceration cross matches, the DOL encouraged all states to regularly cross match UI claims against prisoner records to ensure UI benefits are only paid to eligible individuals.

This GAO report also footnoted an August 11, 2021, Unemployment Insurance Program Letter (UIPL) from the DOL in which the agency “strongly encouraged all states to implement NIST-compliant identity proofing, specifically IAL 2 and AAL 2, before claimants start filling out the UI claims application and for re-accessing their account.”

The DWD is currently in the process of modernizing its UI information system. With funding and resources available from the DOL, the time is now for the State of Wisconsin to adopt the UI fraud prevention recommendations from the GAO and the DOL.

Passage of SB 200 would ensure that happens.

Conclusion

We respectfully ask for your support of SB 196, SB 197, SB 198, and SB 200.

Thank you in advance for your consideration.