
Date: Wednesday, April 12, 2023

To: Chair Penterman, Vice-Chair Sapik, and Members of the Assembly Committee on Labor and Integrated Employment

From: Department of Workforce Development Secretary-designee Amy Pechacek

Written Testimony Regarding AB 150 and AB 151

Chair Penterman, Vice-Chair Sapik, and Committee Members, thank you for the opportunity to provide written testimony for information only on AB 150 and AB 151, which propose significant changes to Wisconsin's unemployment insurance program and workforce development programs broadly. 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 the unemployment insurance program is to circulate drafts of proposed policy changes through the Unemployment Insurance Advisory Council. Additionally, regarding UI law, the Department generally sends all proposed 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.

While DWD appreciates efforts to bolster Wisconsin's workforce, the proposed bills are not in touch with DWD's current operations or labor trends. To the Department, bolstering Wisconsin's workforce means

breaking down barriers for Wisconsinites so they can obtain family-sustaining jobs, unlike the proposed bill that would create additional burdens for folks during a time of need.

AB 150

DWD has significant concerns about this proposal due to the anticipated reporting burden for employers, potential costs, bureaucratic requirements, and lack of sustainable funding. While DWD already is performing several key functions noted in the proposal, other requirements in the bill appear to be based on an inaccurate read of Wisconsin's real labor market challenges.

DWD is already effectively serving job seekers, employers, and employees as DWD's primary responsibilities include providing 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. DWD's six divisions, Employment and Training Vocational Rehabilitation, Unemployment Insurance, Worker's Compensation, Equal Rights, and Administrative Services, coordinate closely to connect job seekers with employment opportunities; ensure that Wisconsin's diverse workforce is equipped with in-demand skills; and administer funds, including the over \$1.1 billion Unemployment Insurance Trust Fund.

Wisconsin's proactive approach to workforce development already delivers results. Wisconsin's innovative responses and recent investments in workforce development are effectively connecting job seekers with employers and engaging previously underrepresented and underemployment populations with jobs. The Division of Employment and Training's Bureau of Job Service currently functions as a "Reemployment Division," working in the community, connecting online, supporting Department of Corrections job labs, providing services in hard-to-reach locations through the mobile career lab, 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 Job Service administers the Re-employment Services and Eligibility Assessment (RESEA) program. The program serves 25,000 to 35,000 UI claimants a year with an employment plan, job search assistance, work search review, employment counseling with Job Service licensed career counselors, referrals to training programs, and career exploration.
- Work Registration is already a requirement. UI claimants are required to register for work (including the completion of a resume) with the Wisconsin Job Service online within 14 days of their initial application for UI benefits.
- Re-employment Services are also already a requirement. Again, claimants that are registered with Wisconsin Job Service are required to seek work as well as complete an online orientation and assessment.
- DWD's Job Service is currently undertaking a comprehensive program evaluation of the RESEA program to identify the interventions that provide the best possible employment outcomes and reduce the duration of benefits. The evaluation will continue through 2024.

Creating new and burdensome reporting requirements for employers, erecting more barriers for job seekers, diminishing access to funds invested for people experiencing job loss, and creating more challenges for those suffering from substance abuse disorder as proposed would hinder the state's economic progress, not help. At the same time, establishing complex programs with unsustainable funding, creating additional bureaucratic mandates, shuffling existing division responsibilities, and changing the name of a DWD division would only increase costs with no clear benefits.

AB 151

The Workforce Innovation and Opportunity Act, as amended during the Obama Administration, is marquee federal legislation to improve workforce services for job seekers, including youth and those with historical barriers to unemployment, into high-quality job and careers, as well as helping employers hire and retain

workers. WIOA also requires States and local areas to enhance coordination and partnerships with local entities and supportive service agencies for strengthened service delivery. DWD's WIOA programs are successfully administered in conjunction with its partners, the Workforce Development Boards, the Wisconsin Technical College System, the Department of Public Instruction, the Department of Children and Families, the Wisconsin Economic Development Corporation, employers, employees, job seekers, students, among other partners.

Building off its WIOA programs' successes, DWD already uses the approaches learned through WIOA in other training programs when applicable. For example, DWD has used its WIOA-trained staff to administer the Workforce Innovation Grants under Governor Evers's Workforce Solutions Initiatives. However, not all programs fit into WIOA's structure, and, in fact, some of DWD's state programs have their own statutory requirements that do not necessarily align with the WIOA requirements. For example, the Wisconsin Fast Forward grant program, a long-standing state-funded workforce training program, is designed to award funds to businesses from all Wisconsin industry sectors that reimburse the costs of customized occupational training for unemployed, underemployed, and incumbent workers. The customized, business-driven training will qualify workers for full-time employment, higher level employment, or increased wages. It is available to all industry sectors and companies of any size. The Wisconsin Fast Forward program has its own reporting structure, performance metrics, and compliance requirements set under state law and regulations that would need to be modified under the proposed bill. DWD would like to continue to operate Wisconsin Fast Forward, and other non-WIOA workforce training programs, with flexibility and innovation to best meet local workforce needs.

Thank you for the opportunity to provide this information.