

LEGAL ACTION OF WISCONSIN

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TO: Senate Committee on Economic and Workforce Development
FROM: Abby Bar-Lev Wiley, Legislative Director, Legal Action of Wisconsin
RE: Impact of SB 914/AB 883 on Legal Action's Clients
DATE: February 9, 2022

Thank you for the opportunity to provide comments on SB 914/AB 883. Legal Action of Wisconsin (LAW) is the largest non-profit law firm providing high-quality, free civil legal aid to low-income people in 39 of Wisconsin's southern counties. Our broad reach and expertise mean that we see what poverty looks like over a wide swath of the state, from urban and rural areas, from farmworkers to construction workers. One of our priority areas focuses on helping clients secure and maintain the government benefits necessary to meet their most basic needs including food, shelter, health, and income. Legal Action has serious concerns about how SB 914/AB 883 would impact our low-income clients.

Barriers to Unemployment Insurance Harm the Economy

The purpose of unemployment insurance benefits under Wisc. Chapter 108.01 recognizes the perilous economic impact of unemployment: "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.*" (emphasis added). Unemployment insurance programs support not only the individuals who receive the benefits, but the businesses supported by those consumers, and the economy at large.

As people search for family-sustaining employment, their unemployment insurance benefits are often the sole reason they can keep the lights on, the heat running, the rent paid, and buy new socks or shoes or clothes for growing children. Time and again, unemployment insurance has been found to aid the economy by ensuring that workers who lose employment through no fault of their own can continue to contribute to the economy. During the Great Recession, for example, every \$1 of unemployment insurance generated \$1.61 into local and state economies.¹ Research "shows definitively" that "spending falls much further in those households afflicted by job loss when they do not receive UI benefits."² Had Congress's \$600 boost to unemployment insurance benefits in the CARES Act been extended through mid-2021, the Economic Policy Institute estimated that the extension would have provided "an average quarterly boost to gross domestic product (GDP) of 3.7% and employment of 5.1 million workers."³ Creating barriers to

¹ *Id.* at 3.

² Josh Bivens, *Cutting off the \$600 boost to unemployment benefits would be both cruel and bad economics*, Economic Policy Inst., June 26, 2020, <https://www.epi.org/blog/cutting-off-the-600-boost-to-unemployment-benefits-would-be-both-cruel-and-bad-economics-new-personal-income-data-show-just-how-steep-the-coming-fiscal-cliff-will-be/>.

³ *Id.*

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obtaining unemployment insurance benefits for those in need puts more families further into financial crisis, takes money out of the economy, increases reliance on other public benefits, and makes it harder to find work. The unhoused, the hungry, and those in other financial crises often cannot pay for transportation, maintain access to cell phone and the internet, or provide employers with an address to be contacted at.

Drug Testing

SB 914 would require DWD to immediately implement drug testing as a requirement for unemployment insurance eligibility. By doing so, this bill makes it harder for our clients to access benefits that are often *the* reason they can keep the lights on, the heat running, the rent paid, and buy new socks or shoes or clothes for growing children as they search for family-sustaining employment. Additionally, this new requirement demonizes individuals struggling with drug addiction. Rather than creating new policies and programs to support individuals with addictions work to heal, a drug testing requirement takes essential life-giving economic support away. Limiting economic supports only furthers the vulnerability of these individuals to remain connected to drugs.

It is important DWD have the authority to determine how and when to implement policies under its purview. When implementing a new policy, it is critical that implementation is deliberate and careful to ensure that the policy is appropriately circumscribed, that as many claimants as possible are aware of the new requirements, that processes are in place to efficiently manage the influx of work on DWD's end, and that DWD is ready to communicate clearly and easily with claimants. Implementing a drug testing requirement is particularly complicated; it requires more of claimants and of DWD than filling out forms, applying for positions online, making certifications. It also requires people with low incomes who are already devoting every minute of their day to working or job searches in order to provide for their families, to make time to complete a drug test. Presumably, individuals would have to go to a location outside of their home to complete a drug test. This bill poses additional hurdles on both low-income individuals, as well as the DWD.

Using ARPA Funds for Employer Grants

Legal Action appreciates that SB 914 acknowledges the ongoing impact that the pandemic has on Wisconsinites by attempting to encourage employers to hire employees who were laid off during the pandemic. It is certainly true that for our low-income clients, the pandemic economy has changed their lives drastically, and for many of them, the pandemic is very much not over. People are still getting sick with COVID-19. They are experiencing job losses or cuts or missed days related to Covid for themselves or their families. As they search for work, our clients continue to expose themselves regardless of their individual risk level by attending job interviews, training programs, workshops. The jobs individuals are applying for typically are not jobs with flexibility that allows for remote work or paid time off.

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Certainly, encouraging employers to hire long-term unemployed individuals is well-intentioned. However, we are concerned about SB 914's approach to require the Governor to use ARPA funding for this purpose. Our low-income clients—just like everyone else—deserve safe, family-sustaining jobs. The bill does not specify whether employers must hire employees full-time or part-time to earn the \$2000 bonus. Under the bill, an employer could be incentivized to change a full-time position with benefits to two part-time positions without benefits, therefore receiving \$4,000 for two employees instead of one. The grant created by bill is ripe for exploitation without meaningful guarantees to job applicants.

General qualifying requirements

Legal Action is deeply concerned that changes to unemployment insurance's general qualifying requirements would create delays in benefits for our clients, or would mean that otherwise eligible claimants are denied benefits because they were unable to complete or understand the new requirements. While our clients rely on unemployment insurance benefits as important family stabilizing supports, benefits are not easy to obtain. When someone loses employment through no fault of their own and begins applying for unemployment benefits, they face a bewildering and glacial bureaucracy. They must satisfy onerous and confusing work search requirements. The system works slowly, and benefits are often delayed. SB 914 would add time-sensitive requirements for continued unemployment eligibility, including requiring that, *“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 *“when a claimant is claiming benefits with less than three weeks of benefits left, that the claimant complete a reemployment counseling session.”* These requirements would be extremely difficult for our low-income clients to meet; the implication is that if they are late on either of these requirements or are not able to secure direct contacts with employers, they would lose their benefits.

On top of the requirement that a claimant with fewer than three weeks of benefits remaining be required to complete a reemployment counseling session, the bill requires DWD to identify when a claimant is “likely to exhaust” their benefits, and requires those claimants to participate in a public employment office workshop or training program. Under this requirement, DWD is asked to speculate about each claimant's likelihood of exhausting benefits, a highly personalized and subjective analysis.

Taking time away from job searching in order to attend these programs and a counseling session when an individual is nearing the end of their unemployment benefits means the individual actually has less time available to devote to finding a job, making it more likely that they would exhaust their benefits without being reemployed.

The bill also requires DWD to use a claimant's “information, materials, and resume...to assess

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a claimant’s efforts, skills, and ability to find or obtain work and to develop a list of potential opportunities for the claimant to obtain suitable work,” requiring DWD to provide at least four such potential opportunities each week. While these aspirations are laudable, the heavy lift it would require of DWD is simply not realistic without a significant influx of resources to the department. The work proposed by the bill would be highly personalized for each claimant. In the week of January 23-29, 2022, there were 43,640 weekly unemployment insurance claims and 7,646 initial claims. Without a significant increase of resources to DWD, DWD would almost certainly have to draw agency employees away from other duties in order to satisfy SB 914’s requirements. As a result, Legal Action is concerned there would be significant additional delays processing critical unemployment benefits and getting them to eligible claimants.

The effect of SB 914’s changes on our clients would be to delay or prevent benefits. Overall, we are deeply concerned that the changes proposed in SB 914 would have long-lasting negative impacts on our clients while increasing administrative burdens that slow the process and create additional and unnecessary delays to receiving benefits.

Thank you for your consideration.

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