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**Testimony on Senate Bill 354**  
*Senate Committee on Labor and Regulatory Reform*  
May 26, 2021

Thank you, Chairman Nass, Vice-Chairman Wanggaard and members of the Senate Committee on Labor and Regulatory Reform for accepting our testimony in favor of Senate Bill 354 today. I would also like to thank Senator Marklein and Speaker Vos for authoring this important legislation.

WILL's Research Director, Dr. Will Flanders, [recently wrote an analysis](#) highlighting the number of jobs statewide that could be negatively impacted by the additional \$300 weekly benefit. Utilizing federal Bureau of Labor Statistics wage data, Dr. Flanders estimates that approximately 11% of the state's workforce, approximately 330,000 people, work in jobs where more money can be made on unemployment with the \$300 weekly bonus than by working. This includes nearly 200,000 workers in the food service industry.

Economic research has also shown that generous unemployment benefits can harm employment levels. A [2014 paper](#) examined employment levels at the end of extended unemployment benefits in the aftermath of the Great Recession, and found that employment increased significantly once the benefit ended. Another [paper](#) found that the longer durations of unemployment lead to decreased lifetime earnings and has negative effects on homeownership. Our own [research in Wisconsin](#) showed that reforms to the welfare system that reduce benefits for a failure to engage in job searches resulted in lower unemployment during the Walker era.

The bottom line is that we are far removed from the economic cliff that we believed we were headed towards at the beginning of the pandemic. Wisconsin's unemployment rate has dropped significantly from its peak of 14.8% in April of 2020, back to a rate of 3.8%. The bigger problem seems to be that employers around the state are struggling to find people to return to work. A [recent survey](#) by the National Federation of Independent Businesses found that 44% of small businesses have open jobs they cannot fill and DWD's Job Center of Wisconsin website has nearly 108,000 job openings.

Our unemployment system was always designed to be a temporary benefit for individuals who lost a job through no fault of their own, while they searched for work. Unfortunately, federal benefits in the wake of the pandemic have disincentivized finding work by lengthening the maximum benefit period and increasing overall benefit amounts. We aren't far removed

from the Fall of 2019, when weekly unemployment claims in Wisconsin were hovering around 20,000. Today, weekly claims are over [80,000](#).

To date, 23 states have announced plans to return to a normalized level of unemployment benefits, by ending the enhanced \$300 weekly federal unemployment benefit early. States should be incentivizing long term employment opportunities, as they have better outcomes for individuals. Wisconsin should join this movement. With the economy improving, Senate Bill 354 represents a prudent step towards returning Wisconsin to a sense of normalcy and encouraging people to return to work.

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