ANALYSIS OF PROPOSED UI LAW CHANGE
Repeal Waiting Week

1. Description of Proposed Change

The first Wisconsin unemployment benefit claimant had a three-week waiting period before receiving the first unemployment check in 1936. In 1941, the waiting period was reduced to two weeks. In 1951, the waiting period was further reduced to one week. In 1969, the waiting period was still one week, but a claimant could receive benefits for that week if they obtained employment within 10 weeks of the start of their benefit year. The waiting week was repealed in 1977.

The 2011 Budget, 2011 Wis. Act 32, recreated a waiting week for unemployment insurance benefits, effective January 2012. For every new benefit year, no benefits are payable for the first week a claimant would otherwise be eligible for benefits. The waiting week may be a week in which full or partial benefits are payable. The waiting week does not reduce a claimant’s maximum benefit amount. About 42 states have a waiting week during non-pandemic times.

The one-week delay in benefit payments does not reduce a claimant’s total amount of benefits that they are eligible for.

During the 2020-2021 COVID-19 pandemic, Wisconsin suspended the waiting week for the period of March 15, 2020-March 13, 2021 because the federal government funded benefits for the first week of unemployment for states that did not have a waiting week.

The Governor’s Budget Bill (AB 68 / SB 111) would permanently repeal the waiting week.
2. Proposed Statutory Changes

Section 108.02 (26m) of the statutes is repealed.

Section 108.04 (3) of the statutes is repealed.

108.04 (11) (bm) of the statutes is amended to read:

The department shall apply any ineligibility under par. (be) against benefits and weeks of eligibility for which the claimant would otherwise be eligible after the week of concealment and within 6 years after the date of an initial determination issued under s. 108.09 finding that a concealment occurred. The claimant shall not receive waiting period credit under s. 108.04 (3) for the period of ineligibility applied under par. (be). If no benefit rate applies to the week for which the claim is made, the department shall use the claimant’s benefit rate for the claimant’s next benefit year beginning after the week of concealment to determine the amount of the benefit reduction.

3. Effects of Proposed Change

a. Policy: The proposed change would result in increased payment of unemployment insurance benefits to claimants who do not exhaust their benefit duration limit.

b. Administrative: This proposal will require training of Department staff.

c. Fiscal: A fiscal estimate is not yet available.

4. State and Federal Issues

There are no known federal conformity issues with this proposal. All changes to the unemployment insurance law should be sent to the U.S. Department of Labor for conformity review.

5. Proposed Effective/Applicability Date

This proposal would be effective with the other provisions of the agreed bill.

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1 Subject to revision to ensure cross-references are corrected.
FISCAL ANALYSIS OF PROPOSED LAW CHANGE

Summary of Proposal:
Currently, a claimant must wait one week after becoming eligible to receive UI benefits before the claimant may receive benefits for a week of unemployment, except for periods during which the waiting period is suspended. The waiting period does not affect the maximum number of weeks of a claimant's benefit eligibility. The proposal deletes the one-week waiting period, thus permitting a claimant to receive UI benefits beginning with his or her first week of eligibility.

UI Trust Fund Impact:
This proposal is estimated to cost the UI Trust Fund approximately $26.1 million annually based on increased benefit payments.

IT and Administrative Impact:
IT impact to the Unemployment Insurance program is expected to be nominal unless the change is made retroactive. A retroactive change would require $1,157 of IT cost and a one-time administrative impact of $381 for a total one-time cost of $1,538. There should be no ongoing administrative impact to the UI program.

Trust Fund Methodology:
Eliminating the waiting week will increase UI benefits by 5% annually. Using benefits charged to taxable employers for the period of 2009 to 2019, the average increase in UI benefits would be $39 million annually. This would lead to an increase of UI taxes of $12.9 million for a net expected average change of $26.1 million annually.

Under federal law, states that do not have a waiting week are fully responsible for the first week of extended benefits instead of the typical fifty percent of cost under the Extended Benefits program. However, during the past two recessions this charge was waived.