ANALYSIS OF PROPOSED UI LAW CHANGE
Wage threshold for receipt of benefits

1. Description of Proposed Change

The 2011 Unemployment Insurance Advisory Council agreed bill, 2011 Wis. Act 198, capped the amount of wages that a claimant may earn and still receive partial benefits at $500. Before Act 198, there was no wage cap in the statute, but a claimant would not receive unemployment benefits if they earned enough wages to receive nothing under the partial UI benefit formula. Section 108.05(3)(dm) currently provides that a claimant is ineligible for benefits if they receive from one or more employers:

- Wages earned for work performed in that week of more than $500, or
- Holiday, vacation, termination or sick pay which, alone or combined with wages earned for work performed in that week, equals more than $500.

Claimants are also ineligible for partial benefits if they work 32 hours or more in a week.

The Governor’s Budget Bill (AB 68 / SB 111) would repeal the $500 weekly maximum earned income disqualification but would not amend the partial benefit formula. Under this proposal and the current partial UI benefit formula, a claimant with a $370 weekly UI benefit rate could receive a partial UI benefit of $5 if they earn $574 per week or less in wages.¹ Claimants who earn $575 per week or more in wages would continue to be ineligible for benefits based on the partial benefit formula and current maximum weekly benefit rate of $370 weekly.

¹ This is a preliminary estimated calculation, subject to revision.
2. Proposed Statutory Changes

Section 108.05 (3) (dm) of the statutes is repealed. Except when otherwise authorized in an approved work-share program under s. 108.062, a claimant is ineligible to receive any benefits for a week if the claimant receives or will receive from one or more employers wages earned for work performed in that week, amounts treated as wages under s. 108.04 (1) (bm) for that week, sick pay, holiday pay, vacation pay, termination pay, bonus pay, back pay, or payments treated as wages under s. 108.04 (12) (e), or any combination thereof, totalling more than $500.

3. Effects of Proposed Change

a. Policy: The proposed change would result in claimants receiving a small partial UI benefit if they earn $500 to $574 in wages, sick, holiday, vacation, termination, bonus, or back pay in a week.

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 for weeks of unemployment beginning in 2022.

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

Summary of Proposal:
Under current law, a claimant for UI benefits is generally ineligible to receive any benefits for a week if the claimant receives or is considered to have received wages or other amounts from employment totaling more than $500. The proposal repeals this ineligibility provision. However, the proposal does not affect the partial benefits formula, which reduces a claimant's weekly UI benefit payment by a certain percentage of wages earned in a week by the claimant.

UI Trust Fund Impact:
This is expected to have a nominal impact of the UI Trust Fund.

IT and Administrative Impact:
This proposal would have an approximate $13,350 IT and $4,450 administrative impact for a total one-time cost of $17,800. There are no ongoing administrative impacts to the UI program.

Trust Fund Methodology:
Removing the $500 limit still leaves two binding constraints on what a claimant may earn and still be allowed UI benefits in a week. The definition of full-time work of 32 hours or more eliminates most claimants who earn over $500 per week. The partial benefit formula will also constrain the amount a person may earn in a week. At the current maximum weekly benefit amount of $370, there would still be an additional earnings limit of $573 per week. Given the two constraints the increase in UI benefits is expected to be minimal.