Dept. of Workforce Development: State employers save an estimated $637 million in UI taxes since 2013

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MADISON – Governor Scott Walker announced today that Wisconsin employers who are covered under the state's Unemployment Insurance (UI) program are benefiting from significant savings in the state's UI program, including an estimated $637 million during UI tax years 2013-18. The savings include $155 million by moving from the highest to the lowest state UI tax schedule over three years, as well as an estimated $482 million in UI tax savings from 2013 through 2017 due to Wisconsin's significantly improved economy and lower UI claim levels.

"Businesses looking for compelling reasons to locate to or expand in Wisconsin can look to our UI system, which has moved from a Trust Fund that was $1.4 billion in the red in December 2010 to a positive fund balance of $1.3 billion on June 30, 2017, triggering the state's lowest UI tax schedule this coming year," Governor Walker said. "With a significantly improved business climate, economic growth and smart UI system reforms, employers are adding jobs and Wisconsin workers are finding good-paying opportunities to support themselves and their families."

The UI Trust Fund is supported by taxes paid by covered employers and funds UI benefits to workers who lose employment through no fault of their own and meet other eligibility requirements.

During and after the Great Recession, Wisconsin employers experienced higher state and federal UI taxes due to the unprecedented level of benefits paid to workers. Wisconsin was one of more than 30 states that were forced to rely on federal loans to pay benefits to eligible workers.

Through a combination of reforms to boost UI program integrity and accountability, as well as a vastly improved state economy, Wisconsin rebuilt its Trust Fund, triggering three declines in the UI tax schedule since tax year 2016 and saving the state's 140,000 covered employers a combined $155 million:

2016: $97 million
2017: $38 million
2018: $20 million (Estimated)
Total savings: $155 million

Additionally, six years of employment and job growth have brought the state's unemployment rate down

from 8.1 percent in December 2010 to a near-historic low of 3.1 percent in May 2017. In 2017, initial UI claims are running at their lowest levels in over 30 years, and the number of unemployed Wisconsinites reached its lowest point in May 2017 since February 2000. Due to these and other indicators of a strong economy, employers have improved their UI tax account standing which has resulted in an additional $482 million in UI tax savings through tax years 2013-17:
2013: $88 million
2014: $87 million
2015: $65 million
2016: $119 million
2017: $123 million (Estimated based on 2016 payrolls)
Total savings: $482 million
"Under the leadership of Governor Scott Walker, Wisconsin's economy continues to stack success on top of success," DWD Secretary Allen said. "Multiple economic indicators, such as our near historic low unemployment rate, record levels of employment and strong wage growth, demonstrate that the pro-growth reforms implemented over the last six-plus years are working. Employers continue to hire and Wisconsin workers are benefiting from a robust labor market and strong economy."
For more information on Wisconsin's UI program.