Policy Matters Ohio

Press statement

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Contact: Zach Schiller, 216.361.9801
policymattersohio.org/ucbills-benefitcuts

Unemployment compensation bills would cut benefits

New bills introduced in the Ohio General Assembly today overhauling the unemployment compensation system would cut benefits for jobless workers. While some of the draconian measures in an earlier bill have been eliminated, the cuts would hurt tens of thousands of Ohioans each year when they are unemployed.

Specifically, House Bill 620 and its Senate companion, Senate Bill 374, would reduce the maximum number of weeks of benefits from the current 26 to a sliding scale based on the most recent monthly statewide unemployment rate. Claimants filing for benefits now, and those who have filed since September 2014, would have seen a maximum of 20 weeks had the bill been in effect. Jobless workers in Monroe County would see a cut to 20 weeks though its 9.1 percent unemployment rate would qualify them for 26 weeks were the sliding scale in the bill applied at the county level. This provision would have reduced benefits for nearly 70,000 Ohioans had it been in place last year. In addition, it would be cumbersome to administer.

The bill also freezes maximum weekly benefits at half the average wage, or $435 a week, until after the unemployment trust fund becomes solvent. It takes no steps to allow more low-wage Ohioans to qualify for benefits, when we have among the most stringent qualifying standards in the nation and a persistently low share of unemployed workers receive benefits.

“Ongoing benefit levels are not the main source for Ohio’s weak UC trust fund; inadequate taxes are,” said Zach Schiller, research director. “While we will be studying the bill’s fiscal effects more closely, jobless workers should not be targeted as much as employer tax levels.”

While the bill calls for tax increases, it would still leave the wages that are taxable at just $11,000, well below the national average of more than $13,500 or the $14,000-plus that Ohio would be if it had just adjusted this amount by inflation since the amount was last raised in 1995. It would not fix other flaws in the tax system that undermine its effectiveness. The bill also would set a solvency target below that of the previous bill, and one that as of now would be well below the amount called for in current law.

“We are glad that legislators have dropped some onerous features of the previous bill, but they should make significant changes in this bill or leave it till next session,” Schiller said.

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.