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Ohio's unemployment compensation system provides key benefits, but limits eligibility for low-wage workers

Ohio's unemployment compensation system provided the state with a \$2 billion boost between 2001 and 2003. But despite the significant assistance to jobless workers and the economy provided by UC benefits, Ohio's unemployment compensation program has critical shortcomings, especially when it comes to its treatment of low-wage workers. Those are among the findings of a report released today by Policy Matters Ohio and National Employment Law Project.

Unemployed Ohioans are less likely to receive unemployment compensation than jobless workers elsewhere in the United States. For every 100 jobless Ohio workers, only 36 got unemployment compensation in 2003. Nationally, 41 of every 100 jobless workers received benefits last year.

Workers in Ohio must earn more than those in almost any other state in order to qualify for unemployment insurance. Ohio's monetary eligibility requirement, set at 27.5 percent of the state's average weekly wage, amounts to \$181 a week in 2004. This means that a minimum-wage worker working 35 hours weekly and making \$180.25 each week in 2004 (\$9,373) is ineligible for benefits in Ohio. Our analysis of Census Bureau data finds that:

- Extending UC monetary eligibility to individuals working 20-35 hours per week and at least 20 weeks per year at the minimum wage or more (roughly \$100/week) would expand potential UC eligibility by 352,000 individuals, or an additional 6.8% of the total Ohio workforce.
- On average, these currently excluded workers are employed 44 weeks a year, not significantly less than the 50 weeks of work that higher-wage workers currently eligible for UC worked on average.
- Sixty-seven percent of workers who potentially would become eligible for benefits are women. In comparison, 46.4 percent of workers qualifying under current UC rules are female.

Part-time workers in Ohio face other obstacles in obtaining UC benefits. Agency practice results in the denial of benefits to most claimants who state that they are limiting their availability to part-time work, even where these individuals previously worked part-time.

The exclusion of part-timers disproportionately affects low-wage and women workers. A growing number of states, recognizing that the exclusion of part-time workers is based on outdated assumptions that part-time workers are not really supporting families, have expanded eligibility for these workers.

Unemployment compensation helps both jobless workers and the economy by providing benefits to involuntarily jobless workers. Ohio's UC program paid more than \$4 billion in benefits overall in 2001, 2002, and 2003, helping hundreds of thousands of Ohioans each month. By drawing down reserves to pay higher UC claims, the program provided a net \$2 billion boost to the state's economy over and above UC taxes paid by Ohio employers during these years.

In addition, the report notes that in coming years Ohio must ensure better financing of its UC program. By annually adjusting its UC financing mechanism to cover a higher amount of wages as taxable wages, Ohio can broaden its UC financing base and avoid facing steeper tax increases or pressure to restrict benefits during or soon after future economic downturns. And, by adjusting its financing system to allow for the build-up of bigger reserves during economic expansions, the state can reduce the impact of recessions on employer taxes and earn more in federal interest.

Policy Matters Ohio is a nonprofit institute based in Cleveland which researches issues that matter to low- and middle-income Ohioans. National Employment Law Project is non-profit organization based in New York City. NELP has advocated on behalf of low-wage and jobless workers for over 35 years.