

Ohio says 'no' to \$176 million in federal aid for jobless benefits

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By [Stephen Koff, The Plain Dealer](#)

Washington, D.C. -- The state of Ohio says you don't get anything for free -- not even free money, \$176.3 million worth from the federal government to expand benefits for jobless Ohioans.



Lisa DeJong, The Plain DealerJob seekers wait in line

outside the Cleveland State University student center along Euclid Avenue for a job fair earlier this month.

Saying it fears long-term entanglements, Ohio let the deadline pass Monday without applying for the money, which could have gone toward offering unemployment benefits while residents were in approved job training programs, or while they sought only part-time work.

Or Ohio could have used the money to give more aid than it does now to jobless residents with children. As a fourth option, it could have expanded benefits to people who had to leave their jobs due to domestic violence, a spouse's job transfer or illness of an immediate relative.

The state would have had to pick two of these uses for the money, which would come from the American Recovery and Reinvestment Act of 2009, which provided \$7 billion nationwide for expanded unemployment benefits. But the state legislature, with clear signals from Gov. John Kasich's administration, let the application deadline expire Monday without action. This put Ohio at odds with at least 33 other states, including Utah, Georgia and South Carolina.

"It would create new costs," said Ben Johnson, spokesman for the Ohio Department of Job and Family Services, or ODJFS, which administers the state's unemployment compensation program. "It would be expanding benefits based on a one-time infusion of money."

Ohio is already \$2.6 billion in debt to the federal government for money it needed to continue its regular unemployment program, Johnson said. He said the state did not want to risk adding new costs by expanding programs it then would have to continue -- at state expense -- after the federal money ran out.

These and other details are in dispute.

Advocates for laid-off Ohio workers say that while states had to agree in their applications to no "sunsets" on expanded benefits, state legislatures could repeal their agreements as soon as a year later if the programs cost too much. U.S. Department of Labor officials have said as much.

The stimulus money will pay for about four years' worth of expanded benefits, and "a lot of states have taken the position of taking the money and setting up a study commission" to look at the cost after a few years, said Rebecca Dixon, a policy analyst for the National Employment Law Project.

Ohio Sen. Joe Schiavoni, a Democrat from Canfield, had a bill to do just that but it never got traction.

"It is a shame that this deadline has passed, because this is funding that could have helped unemployed Ohioans and their families," Schiavoni said in a statement.

As recently as June, ODJFS officials supported applying for the federal program, calling it "an extraordinary opportunity" with only "modest drawbacks."

Asked why the state changed its mind, Johnson said, "That was kind of an initial study of what modernization could mean, but ultimately we decided not to move forward." The

primary factor, he said, was the existing debt and fear that future obligations would only compound it.

But critics of the state's decision say the federal money could have helped the state deal with the debt. The state could have obtained the money quickly but would not be obligated to start spending it for a year. In the meantime, while revenues are down, it could have used some of the money toward debt reduction or interest payments, Dixon said.

The money also might have helped postpone unemployment-tax hikes that employers will soon face, while providing jobless residents with training opportunities, said Zach Schiller, research director for Policy Matters Ohio, a think tank that deals with economic and social issues.

"These are things that the state should be trying as a matter of sound policy," Schiller said.

"These are not things that are being pushed on us as part of 'big government.'"

Business groups were interested in the modernization potential of the unemployment system, with a chance to smooth out existing program inequities and improve job training. But businesses also saw problems with accepting the federal money and deciding on the expanded focus of unemployment programs.

"The problem was, you couldn't get the right mix in terms of looking at these," said Andrew Doehrel, president and CEO of the Ohio Chamber of Commerce. Doehrel said he, too, worried about the prospect of long-term state obligations, even while knowing that the General Assembly could always repeal the new programs if they became burdens. That relies on a state legislature whose makeup and disposition cannot possibly be known, he suggested.

"You tell me where the legislature's going to be three years from now and maybe I'll be more comfortable with it," Doehrel said.