

# Ohio to start paying off loan for jobless aid

COLUMBUS (AP) -- Ohio plans to start paying back a \$2.6 billion federal loan taken out during the recession to replenish a fund that pays unemployment benefits, though payments could have been smaller had the state accepted additional stimulus money.

The state this month plans to pay \$370 million, representing \$70 million in interest and \$300 million to pay down the principle, according to a report in Wednesday's edition of The Columbus Dispatch.

The \$70 million was set aside by state lawmakers from money Ohio received in a settlement with tobacco companies, Ohio Department of Job and Family Services spokesman Ben Johnson said. The \$300 million will come from the state's unemployment trust fund, which Johnson said is recovering.

The \$70 million is owed by Sept. 30, the end of a grace period included in the 2009 stimulus that delayed interest payments. The \$300 million principal payment avoids further interest by paying down all money borrowed this year.

Ohio last month declined to expand jobless benefits in order to net a \$176 million stimulus payment from the federal government. Zach Schiller, with the think tank Policy Matters Ohio, said at the time that the money could have been used to pay down the loan, which would have saved taxpayers \$7 million annually in interest payments.

The federal government had set aside \$7 billion to award to states that expanded jobless benefits as the nation recovers from the recent recession.

Johnson said Ohio's Jobs Department didn't feel it was wise to expand benefits when the trust fund already owed \$2.6 billion. Gov. John Kasich didn't think it made sense to make potentially costly long-term changes to the system just to receive a one-time payment, spokesman Rob Nichols had said.

The unemployment compensation program provides short-term income to unemployed workers who lose their jobs through no fault of their own. Ohio began borrowing from the federal government in early 2009 as the trust fund dwindled after years of paying out more in benefits than it took in from unemployment taxes.

Johnson said unemployment filings have dropped, reducing but not eliminating the need for Ohio to borrow from the federal trust fund.