

Ohio unlikely to get \$176M for jobless benefits

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COLUMBUS, Ohio (AP) — As Ohio faced Monday's deadline to expand unemployment benefits and receive \$176 million in federal stimulus money, state officials had not applied for the money and the General Assembly had not scheduled any sessions to take any action.

The federal government set aside \$7 billion for unemployment compensation for states that broaden their unemployment programs. The provision is part of the American Recovery and Reinvestment Act.

"The idea was to reward states who update laws to increase access to benefits," said Wayne Vroman, an unemployment compensation expert under contract with the Ohio Department of Jobs and Family Services.

But Gov. John Kasich says it makes no sense for the state to make long-term changes to a fiscally-damaged system for a one-time payment, spokesman Rob Nichol said. And the jobs department, which administers the state's unemployment compensation system, is not seeking any changes, department spokesman Ben Johnson said.

"We don't feel it's wise to expand benefits at a time when the trust fund is already \$2.6 billion in debt," Johnson said.

Sen. Joe Schiavoni, D-Canfield, introduced a bill that would allow Ohio to receive the money by providing benefits to workers who leave their jobs for family reasons and by extending benefits to people in approved job training. But his bill never came to a vote.

Senate President Tom Niehaus, R-New Richmond, who determines which bills are called in the Senate, was concerned that costs of the long-term changes could outweigh the benefits of one-time funding, spokesman John McClelland said.

Ohio's unemployment compensation program provides short-term income to unemployed workers who lose their jobs through no fault of their own. The weekly benefit is typically half the worker's previous wages up to a set maximum, based on the number of eligible dependents. Benefits may be paid for up to 26 weeks — longer for those who lose their jobs before Dec. 31.

Tamara Chavis, 43, of Columbus relies on unemployment compensation to support her four children. She said she thinks the state should "definitely" take action to expand benefits and net the federal dollars.

"We're going to need the benefits to be extended until we get back on our feet," Chavis said. "It's just a no-brainer."

Chavis worked in property management and leasing for seven years until the real estate market collapsed and left her unemployed last year. Now she spends time updating her resume and looking for job openings at the Central Ohio Workforce Investment Corporation, a nonprofit that works to pair employers with the unemployed. Expanded benefits could allow her to receive more money to care for her children.

So far, 40 states have changed their unemployment compensation systems to receive the federal money, according to the U.S. Department of Labor. Of those, Ohio and five others applied for only one-third of their share of the \$7 billion. Ohio received its third — \$88.2 million — after changing how it calculates benefits by incorporating a worker's most recent earnings.

To receive the remaining two-thirds, the state would have to choose two options from among several: Allow people seeking part-time work to qualify for benefits, extend benefits to those in approved job training programs, increase the allowance for dependents, and provide benefits to people who leave work for certain family reasons, such as domestic violence or transfer of a spouse.

Proponents say the changes are necessary so more Ohioans have access to benefits while they get back on their feet.

Zach Schiller, research director for the think tank Policy Matters Ohio, said the changes would modernize the system for today's economy.

"One-fifth of Ohio workers are part-time. It's becoming more regular, with the bulk of part-time workers being women," Schiller said. "Workers also need more retraining nowadays."

Schiller said the \$176 million would help Ohio pay back money the state has borrowed from the federal government since 2009 to keep benefits flowing during tough economic times. He said the funds could reduce the state's interest payments by \$7 million annually. As for the argument that Ohio would be stuck paying more in the long term, he doesn't buy that.

"Congress didn't want states to grab the money and run, so it didn't allow them to sunset benefits," Schiller said. "But it also didn't require a specific time period for those to be maintained."

Schiller said Ohio's General Assembly could review the changes after a few years and decide to keep, modify or repeal them if they were too expensive.

Taxes on employers pay for unemployment compensation. Last year, employers paid \$1.16 billion to the state, Vroman said. Estimates for an expanded system are uncertain, but it could cost businesses up to \$30 million annually, he said.

Ohio Chamber of Commerce President Andy Doehrel said businesses aren't necessarily opposed to expanding benefits. He said the chamber is in favor of certain provisions, such as providing more money for unemployed people with dependents.

But, he said, "We would want to be very, very aware of the long-term impact on the system. Some of these (changes) could run billions of dollars a year."

Meanwhile, Ohio's unemployment rate has been rising. It was 9 percent in July, up from 8.8 percent in June — the second monthly increase after a two-year decline. In the week ending Aug. 13, Ohio had 529,000 unemployed workers and 213,000 of them getting unemployment benefits.