Policy Matters Ohio

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Unemployment Overhaul is Unbalanced

Jobless workers should not have to pay 83 percent of the cost of making the unemployment compensation trust fund solvent, but that is exactly what is proposed in legislation moving through the Ohio General Assembly, House Bill 620 and Senate Bill 374.

“That is not an equitable share,” said Zach Schiller, research director of Policy Matters Ohio, in testimony on HB 620 to the House Committee on Government Accountability and Oversight today. He urged the committee to make the changes “and come up with a balanced plan, or leave this for the next session.”

The proposals have been touted by the business community as a “balanced” approach to solvency. However, according to a fiscal analysis by the Legislative Service Commission, they would cut benefits by more than $3.5 billion, or 19.5 percent, between 2017 and 2030. Employer taxes would increase by $716 million, or 4.4 percent. That assumes one 1990s-style recession, which is likely in so long a period.

Among other changes, the bills would reduce the maximum number of weeks of benefits from the current 26 to a sliding scale based on the monthly statewide unemployment rate. Claimants filing for benefits now would have seen a maximum number of 20 weeks of benefits had the bill been effect.

“This provision would have reduced benefits for nearly 70,000 Ohioans had it been in place last year,” Schiller said. “Cutting the maximum number of benefit weeks will weaken the positive role unemployment compensation plays in our labor market and economy, and the change is unlikely to generate significantly more employment.”

In prior testimony, Policy Matters offered a proposal that would make the system truly solvent, avoid benefit cuts, and expand coverage to more low-wage Ohio workers.

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