

OHIO NEEDS TO RETHINK ITS UNEMPLOYMENT

COMPENSATION SYSTEM

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Unemployment insurance is crucial, temporary support for workers who lose their jobs through no fault of their own. Last year, more than 350,000 Ohioans received benefits, averaging \$254 a week.

Many jobless workers in Ohio are not eligible for insurance, however. Ohio has among the highest earnings requirements in the country. To qualify for unemployment, Ohioans must earn \$172 a week for at least 20 weeks. This discriminates against workers who may have put in just as many hours as others, but don't make enough per hour.

Ohio is the only state in the nation where a minimum-wage worker employed 30 hours a week does not qualify for unemployment insurance. The typical part-time worker in Ohio who makes \$8 an hour and works 20 hours a week wouldn't qualify, either. These requirements mean that many of those who leave welfare to go to work will not earn enough to receive benefits if they lose their jobs. These same workers may be most at risk under the "last hired, first fired" rule of thumb.

Ohio wasn't always this stingy. At one time, it only required claimants to earn \$20 a week to qualify, but the amount was raised in the early 1980s when the fund was in trouble. It was not reduced even when the fund recovered.

Part-timers also have problems qualifying for unemployment insurance if they seek jobs with the same hours as the jobs they lost. A clerk who lost a 30-hour-a-week job may not get benefits if she seeks an identical position.

Women, who make up 70 percent of Ohio's part-time workforce of 1 million, are disproportionately affected by this rule. It may help explain why last year, only 36 percent of unemployed women in the state received unemployment benefits, compared to 51 percent of unemployed men, according to a recent study of state systems.

Recognizing that part-time work is now crucial to our economy, a number of states allow claimants to seek part-time work and receive benefits. In California, part-timers can qualify if they are looking for jobs with similar terms as those they lost if there is reasonable demand for part-time services.

Unemployment insurance benefits are financed by employer taxes, not from the state budget. Employers pay different rates,

based on how much they have paid into the system and how much has been paid out in claims to jobless workers they once employed.

Though tax rates are beginning to go up, as they always do after unemployment claims rise, Ohio cut taxes more than most states when the economy was expanding in the 1990s, and continues to tax employers less than most states. Last year, unemployment tax rates in Ohio ranked 35th among states compared to the amount of wages paid.

The state can afford to widen eligibility so that more workers can collect benefits. It should lower the earnings requirements and expand eligibility to those employed for 20 weeks at 20 hours a week at the minimum wage. That would provide vital support for tens of thousands of jobless workers every year, and would better fit the needs of today's workforce.

Reforming the system would probably cost less than \$25 million a year. That's small potatoes for a system that last year paid out \$1.2 billion in benefits. The Ohio Department of Job and Family Services (ODJFS), which runs the unemployment insurance system, expects the state's unemployment trust fund to stay above the \$1 billion level for the next few years.

One reason for that is Ohio's fund, like that of other states, recently received money from the federal unemployment insurance trust fund.

An advisory council that is responsible for recommending changes in unemployment-insurance law agreed recently that some of the newly received money should go for administrative costs and system upgrades. The council, which is composed of state legislators and representatives from business and labor appointed by the governor, also named a subcommittee to consider changes to the system, including broadening availability of benefits for lower-wage and part-time workers.

It's time the unemployment compensation system provided support for these workers, too, so they can survive job setbacks and still meet basic needs.