Ohio's low-wage earners fall into loosely woven safety net
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As the drumbeat of layoffs grows louder, unemployment insurance is becoming a more crucial safety net for many Ohioans.

But that net isn't woven thick enough to keep many from falling through it. In Ohio, only 31 percent of unemployed workers received benefits last year, well below the national average.

Though there are a number of reasons for this, many jobless workers simply aren't eligible for insurance.

Ohio has one of the strictest standards in the country for how much it requires workers to earn to qualify: an average of $169 a week for at least 20 weeks. While that may not seem like a lot, consider this: The typical Ohioan working part-time makes $8 an hour and works 20 hours a week. That worker would not qualify for unemployment benefits if she lost her job.

The minimum earnings needed to receive jobless benefits climbed sharply in the 1980s and has never returned to previous levels.

However, Ohio's system doesn't just exclude many who are low-paid. It also doesn't cover those who leave their jobs for pressing family responsibilities, such as taking care of a sick parent or child. And a retail clerk or hotel bellhop who loses a 30-hour-a-week job often can't get benefits if he seeks an identical part-time position.

Women are affected disproportionately by these rules. And now that lifetime limits on welfare benefits have been implemented, it's all the more important that single mothers who've lost their jobs have access to unemployment insurance.

Unlike most states, Ohio provides additional benefits to jobless workers with dependents. However, in a bizarre twist, only those who had been making the average wage or very close to it are eligible. Benefits on average wouldn't allow a family of three to meet the federal poverty level, and are especially skimpy for low-wage workers.

Bills introduced in the U.S. Senate by Sens. Max Baucus of Montana and Edward Kennedy of Massachusetts would remedy some of these ills temporarily, using the federal unemployment trust fund to increase benefit levels and ensure benefits for part-time workers who lost jobs and sought similar work. They also would extend benefits for 13 weeks beyond the current 26-week limit, which is becoming more important as unemployment rises and it's harder to find work. Either of the bills could bring Ohio unemployed as much as $500 million in additional benefits over the course of a year, according to the National Employment Law Project.

By contrast, legislation passed by the U.S. House last week would return money to states from the federal trust fund. That would not immediately help Ohio's jobless. And unless the state directed otherwise, the funds could wind up just lowering employer taxes, rather than providing workers the added benefits they need.

Even if Ohio gets the right kind of temporary relief from federal legislation, the state must plug the holes in its unemployment insurance system. As a starting point, it could reduce its earnings requirements by allowing any minimum-wage earner working 20 hours a week for 20 weeks to qualify. It should also allow workers to collect benefits if they leave a job for compelling family reasons, such as caring for a sick parent or child, and consider revising the system of dependent allowances.

The state can afford such changes. In Ohio as in other states, money for unemployment benefits doesn't come out of the state budget, but from a separate fund held by the federal government and paid for by employer taxes. Even more than other states, Ohio has slashed tax rates since the mid-1990s. Some 35,000 employers aren't paying any state unemployment taxes at all this year.

That break will end next year, the Department of Job & Family Services reported earlier this month, as the wave of unemployment has begun to sop up the state's insurance fund. Even so, tax levels are virtually certain to remain below the national average next year, and the department has predicted that the fund will remain in the black if the recession matches the one a decade ago. The state also could overhaul the system's tax structure to improve its financial stability.

As much as it helps the jobless stay on their feet, unemployment insurance also aids those who never draw benefits themselves. It is what economists call an "automatic stabilizer." A dollar paid in benefits to an unemployed worker is almost certain to be spent, and the insurance system bolsters the economy by pumping those dollars into it.

This is Economics 101. It was confirmed again in a recent study by economist Lawrence Chimerine and others that showed that recessions, as measured by declines in real economic output, would be about 15 percent deeper if unemployment insurance didn't exist. Unemployment insurance, in short, is well worth a boost in Ohio.