



# PRESS RELEASE

May 31, 2023  
Contact: Zach Schiller  
zschiller@policymattersohio.org  
216.272.9072

## Ohio bill would slash unemployment benefits A business tax cut masquerades as a solvency plan

A bill in the Ohio Senate would slash unemployment benefits, leaving half of jobless Ohioans who qualified without their unemployment compensation (UC) before they find work, according to a state analysis.

Senate Bill 116, currently being heard in the Senate Insurance Committee, would cut the maximum number of weeks of UC benefits. Instead of the current 26 weeks, unemployed Ohioans would be eligible for between 12 and 20 weeks of benefits, depending on the unemployment rate. Under the bill, claimants who become unemployed this year could get only 12 weeks of benefits, even if the economy plunges into recession. There would have been only a 12-week maximum during 2020, in the midst of the pandemic.

An analysis of the bill by the Ohio Department of Job & Family Services (ODJFS) found that over a 13-year period, it would result in an overall benefit cut of more than \$7 billion, or 38.95%. That cut would largely pay out in the form of tax cuts for businesses, not make the UC fund truly solvent. Overall, ODJFS found that businesses would get \$4.9 billion in tax cuts, a 30.97% reduction.

“Ohio legislators shouldn’t slash benefits for unemployed workers largely to fund a business tax cut,” said Zach Schiller, Policy Matters Ohio’s research director. “This bill is a gut punch to Ohio’s families when they are down — and it will hurt the state economy, too.”

UC benefits are an “automatic stabilizer” that helps families keep spending, supporting local businesses and preventing a downward spiral in demand that would trigger additional layoffs. Thirty-seven states offer at least 26 weeks of benefits, allowing unemployed workers to seek employment that matches their skills, rather than taking any job immediately available.

The changes in SB 116, which also include the elimination of dependency benefits and a modest increase in the amount of employee wages on which employers pay tax, would increase the amount in the state’s UC trust fund. However, the fund would still go broke in even a modest recession. The ODJFS analysis does not include a recession during the 13-year period, meaning it likely understates the benefit reductions and tax cuts.

“If the General Assembly wants to get serious about making Ohio’s UC trust fund solvent, it should start by boosting the amount of wages that is taxed,” Schiller said. “Instead of the puny increase in SB 116, from the current \$9,000 to just \$9,500 —

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

after 28 years without an increase — taxable wages should be raised at least to the national average of over \$15,000.”

SB 116 could especially harm workers in areas with high unemployment, such as much of Southeast Ohio, and groups with high unemployment, such as Black workers. While statewide unemployment might be below the 5.5% rate at which the maximum would be set at 12 weeks, it could be much higher in some communities. For instance, in February 2020, just before the pandemic, seven counties had unemployment rates over 8%, including Monroe, at 11.1%. Yet the statewide rate was 4.7%, so only 12 weeks of benefits would have been available all over Ohio. (County rates are not seasonally adjusted, as the statewide rates used in the bill are, but that would not change the data dramatically.)

Proponents of the bill mistakenly claim that it will boost the share of Ohioans who are in the labor force. However, claimants receiving UC benefits already are defined to be part of the workforce, which includes those employed as well as those searching for work. If their numbers declined, it would do nothing to increase the size of the labor force. Moreover, only a tiny share of the 9.3 million working-age Ohioans is receiving unemployment benefits: 45,021 on average per week during the first quarter of the year. In North Carolina, a state cited by proponents because of its sliding scale, the labor force participation rate is lower than it is in Ohio.

“The real problem with Ohio’s UC program is not that unemployed workers stay too long, but that it covers far too few jobless Ohioans,” Schiller said. “Last year, just 16.2% of unemployed Ohio workers received UC benefits, ranking 37th in the country. Instead of trying to boot Ohioans off the program, as SB 116 would do, the General Assembly should reduce the state’s [stringent earnings requirement](#) to qualify for benefits.”

Of those Ohioans who get unemployment benefits, a smaller share uses the full amount available than in almost any other state. But ODJFS found that under SB 116, that share would more than double, so more than half of all of those getting benefits would exhaust them before they found another job.

“Senate Bill 116 won’t put Ohio’s UC trust fund on solid ground.” Schiller said. “It won’t increase the number of Ohioans in the labor force. Rather, it would transfer funds from unemployed workers to employers and leave struggling Ohio families to face additional hardship.”