

Work & Wages

Testimony on HB 158 before the Senate Finance Committee

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Good afternoon, Chairman Oelslager, Ranking Member Skindell and members of the committee. My name is Hannah Halbert and I am a researcher at Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify.

We support House Bill 158. Allowing workers to receive unemployment benefits if they must quit their jobs to join their spouses on military transfers is smart policy. However, this bill should go further in modernizing both the benefits provided under Ohio's unemployment compensation system and the way the system is financed.

Permitting workers who leave their jobs because they need to follow their spouses to another job is important not just for military families but for all families. Today's workforce with its two-worker families is far different from the workforce of the 1930s when the unemployment system was created. Working Ohioans should not face extra financial hardship when they must leave their jobs to keep their families together. Twenty-six states allow spouses who quit their job to accompany a spouse due to an employment change to claim unemployment. This includes Illinois and Indiana.¹ Another 20 states extend this benefit only to military spouses. That includes Kentucky, Michigan and West Virginia. Ohio is one of only four states that do not offer some statutory protection for relocating working families.

The American Recovery and Reinvestment Act of 2009 recognized the need to modernize unemployment compensation eligibility laws. The Act provided financial incentives to states for expanding good cause quit exemptions to include compelling family reasons. In addition to the change suggested in HB 158, states were also encouraged to extend benefit eligibility to workers who leave their jobs due to domestic violence (41 states), or to care for ill or disabled family members (23 states). These changes recognize that working families are forced to leave jobs for personal reasons that are no fault of their own. In addition to expanding the protections in HB 158 to non-military families, Ohio should recognize these hard choices as well.

At the same time, the bill underlines a key problem with Ohio's UC system: Its flawed financing. Under HB 158, additional benefits would be charged to the mutualized account. This is the account that is supposed to take care of charges for which no individual employer is responsible. That's fair enough.

¹ U.S. Department of Labor, Comparison of State Unemployment Laws, available at <https://oui.doleta.gov/unemploy/comparison2017.asp>.

However, no employer has been charged any mutualized tax since 2012.² You might wonder how that is possible. The reason is that this account has ballooned from the infusion of tax revenues that have nothing to do its operation. That includes, for example, the additional federal unemployment taxes that Ohio employers were charged to pay off our federal debt after our fund went broke. It also includes half of the extra state UC taxes that employers pay because our fund is way below the official solvency target. Both of these tax payments have gone into the mutualized account, though neither has anything to do with the operation of it.

Changing the revised code to eliminate these flaws would bring in substantial revenue, bolstering the fund. At the same time, it would allow Ohio families to gain the additional protection that those in many other states already enjoy.

Thank you for this opportunity to testify. I will be glad to take any questions.

² In 2017, employers were charged a one-time additional state tax in order to pay off state borrowing from unclaimed funds. The state had borrowed from these funds to pay off its federal debt. The Ohio Department of Job & Family Services included these charges as mutualized tax out of convenience, but this has nothing to do with the ongoing operation of that account.