



EXECUTIVE SUMMARY

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WORK AND WAGES

A ray of hope for low-paid workers

SB 355 would expand Unemployment Compensation coverage to 482,000 Ohioans

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Everyone who works deserves the security of knowing that if their job ends, they'll be able to get by long enough to find a new one, no matter how much they are paid. Yet, Ohio's excessively high pay threshold to qualify for unemployment benefits means that many people who are laid off could lose everything. Moreover, years of policies and practices that exclude and undervalue people of color and women mean workers in these groups are more likely to be paid low wages and less likely to qualify for unemployment. Some 840,000 Ohioans — about 15% of the employed workforce — are excluded from eligibility for unemployment insurance, mostly due to low pay. A bill introduced this summer would change that.

Senate Bill 355, introduced by Sen. Teresa Fedor (D-Toledo), would strengthen Ohio's unemployment system and make it more fair. The bill contains a new test for how much one must be paid to qualify for benefits. Individuals would need to be paid at least \$1,500 in a year and \$1,000 in at least one quarter during the year to qualify for unemployment compensation (UC), plus work at least 20 weeks out of the year. The measure is especially important in Ohio because policymakers have set an exorbitantly high pay threshold to qualify for benefits, making it harder to qualify than in all but a handful of states.

For nearly all of the last 20 years, a smaller share of unemployed workers in Ohio has received UC than in other states. Several barriers in our UC system block working people from support, but one of the largest is the high pay threshold. To qualify, Ohio workers must have been paid 27.5% of the state average weekly wage over at least 20 weeks — \$298 a week — an absolute minimum of \$5,960 a year. Only three states have a higher minimum amount.

Based on this year's state minimum wage of \$9.30 an hour, the \$298 weekly pay requirement means someone who works 32 hours a week at minimum wage will never qualify for benefits. Moreover, low-paid Ohioans must work many more hours than their better-paid counterparts to be covered. An Ohioan paid the 10th percentile wage — less than 90% of all workers — must work 25.5 hours per week to qualify for unemployment benefits under Ohio's current rules. This is four times the hours a highly paid worker at the 90th percentile would have to work (6.2 hours).

Based on census survey data, Policy Matters Ohio estimates that 482,000 Ohio workers who wouldn't currently qualify for benefits because they don't meet the stiff earnings test would be covered under the bill. It would extend coverage to more than half of the Ohioans currently left out (8.9% of Ohio workers) if they are laid off. Years of policies and practices have exploited and undervalued the labor of workers of color and women, both of whom are paid lower wages than white men and must work more hours to qualify for UC. SB 355 would help people of all backgrounds recover from a layoff by reducing the racial and gender UC coverage disparity. The Ohio General Assembly should pass Senate Bill 355.