



Agreement Reached on Unemployment Compensation Talks in '17 of Key Parties to Decide on Solvency

Policy Matters Ohio is happy to see talks next year involving key stakeholders affected by the state's unemployment compensation system will determine how to make it solvent. Until Monday, bills were moving through the Ohio General Assembly to overhaul Ohio's unemployment compensation (UC) system mostly by cutting benefits for jobless workers. Instead, the legislature will pass a modest UC package whose main element is an understanding that those affected by the system will get together next year to hammer out a solvency plan.

Ohio's UC system went broke in 2009 and though it has repaid its debt to the federal government, it needs a major improvement in its finances to withstand future recessions. Policy Matters has said along with others that a solvency solution should be based on serious discussions including representatives of workers and employers. Unfortunately, despite hearings on the UC system, such discussions never occurred. Instead, House Bill 620 and Senate Bill 374 would have reduced benefit levels significantly while providing for only modest tax increases. According to an analysis by the Legislative Service Commission, 83 percent of HB 620's costs would have been borne by unemployed workers, including a reduction in the number of weeks of benefits available.

The agreement announced today by House Speaker Cliff Rosenberger calls for a modest and temporary increase in the tax base and a two-year temporary freeze on benefit maximums, both to take effect in 2018. The interim plan also removed a new tax to pay off debt the next time the system incurs it. Labor and business leaders will work to create a full solvency proposal by April 2017. That plan will be evaluated by a neutral, third party actuarial firm, hired by the labor and employer community.

"The main feature of the plan is to involve the key stakeholders in developing what we hope will be a balanced plan," said Zach Schiller, Policy Matters Ohio research director. A Policy Matters Ohio [proposal](#) submitted earlier relied on appropriate employer tax increases and a modest employee contribution to the unemployment compensation fund to bring the state to full solvency, without benefit cuts, while making more low-wage workers eligible for unemployment benefits.

"We believe this new approach will make room for creative solutions. It's a victory for all Ohioans, and we congratulate all those who worked to reach this breakthrough," Schiller said.

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