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# POLICY MATTERS OHIO

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Read the report: <http://www.policymattersohio.org/StimulusForOhio2009.htm>

## **U.S. stimulus act boosts Ohio with unemployment compensation aid But report finds state still lags in taking full advantage of the federal law**

The federal stimulus act is paying extended or extra unemployment compensation benefits to hundreds of thousands of Ohioans and adding \$30 million to the state economy each week. At the same time, it also is saving money for the state and Ohio's employers.

Those are two of the conclusions of a report issued today by Policy Matters Ohio.

The report found that jobless Ohioans will receive more than \$1 billion in additional unemployment benefits because of the American Recovery and Reinvestment Act, most of it this year. Since April 1, more than 77,000 Ohioans who otherwise would have run out of unemployment compensation have started to receive additional payments under the extensions included in the law. They are also among the 336,000 jobless Ohioans getting an extra \$25 added to their checks each week.

"Strengthening unemployment benefits allows jobless workers and their families to continue essential spending and at the same time helps local businesses and communities," said Zach Schiller, Policy Matters Ohio research director and author of the report. Simulations by Moody's Economy.com indicate that each dollar spent on UC benefits generates \$1.63 in near-term Gross Domestic Product.

The ARRA also:

- Waived interest charges through 2010 on Ohio's borrowings from the U.S. for its unemployment compensation trust fund, helping Ohio employers avoid what likely would have been tens of millions of dollars in additional taxes.
- Is saving the state trust fund more than \$4 million a week because the federal government is picking up half the cost of another extended benefit program. An estimated 27,000 Ohioans are participating in this program.
- Provided administrative funding for Ohio's UC system, and
- Will allow jobless Ohioans to avoid paying income taxes on the first \$2,400 of unemployment benefits this year.

However, the report notes that Ohio has not fully taken advantage of the act. The state unemployment trust fund has received \$88.2 million because Ohio counts workers' most recent earnings if they are laid



off and apply for UC, a reform the state adopted years ago. But if the state enacts additional policies that will provide benefits to some of those who are currently excluded, such as part-time workers, it can obtain another \$176 million for its trust fund. Twenty-two other states already have taken such steps. “Ohio needs to update its unemployment compensation system so it reflects the realities of today’s workplace,” Schiller said.

Despite the extended benefits provided by the ARRA, the duration and severity of the recession mean that many Ohioans will run out of UC benefits before the end of the year. “Congress should act soon to provide more help to those who are out of work and also to extend the act’s benefits beyond 2009,” Schiller said.

“As much as the unemployment compensation benefits under the ARRA have helped hundreds of thousands of Ohioans, the payment of these and other benefits has only blunted the impact of the recession. Additional steps will have to be taken to turn the economy around,” he added.

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

