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Ohio excludes workers from unemployment compensation who are covered in other states, analysis finds

Ohio is the only state in the country in which a worker earning the minimum wage and working all year for 35 hours a week will not qualify for unemployment compensation. Similarly, it is the only state in which a worker making $9 an hour working all year for 20 hours a week will not qualify.

Those are two of the key findings of an analysis by the National Employment Law Project and released today by Policy Matters Ohio on how Ohio's monetary eligibility standard compares with that of other states. The analysis is available at http://www.policymattersohio.org/pdf/ucomp_ohio_excludes_2006_02.pdf.

The comparison finds that Ohio is out of line with the nation. Only two states, Washington and North Carolina, require higher minimum earnings during the base year of employment than Ohio does.

Right now, Ohio is one of only 11 states that do not allow minimum-wage workers working all year for 20 hours a week to qualify for benefits. Reducing the eligibility standard to the equivalent of 20 hours a week for 20 weeks at the federal minimum wage would bring Ohio closer to the mainstream, covering thousands of workers at a modest cost. The Department of Job & Family Services in 2003 estimated the annual cost of such a change at between $4 million and $6 million. To put this in perspective, Ohio last year paid overall benefits of more than $1.1 billion.

If the current pattern continues, not too long from now, some Ohio workers who are employed 40 hours a week will not be eligible for unemployment compensation, simply because their wages are too low. This year, with our required average weekly earnings of $193, that is true of workers employed at the federal minimum wage who work all year for 37 hours a week. Many others making a good deal more than the minimum wage also are excluded from the system. Employers of such workers still pay taxes on the first $9,000 of their annual wages, even though such employees are not able to get benefits should they be laid off.

All data in the table cover rules as of 2005. States use different kinds of systems to set eligibility requirements, with UC eligibility dependent on work schedules throughout the year, not just the total amount of earnings. Most states require a minimum amount of earnings in both one quarter and the year as a whole. In 2005, the year covered by the comparison, Ohio required workers to work at least 20 weeks, and average $186 a week during those weeks they were employed.

National Employment Law Project is a nonprofit organization based in New York City that has advocated on behalf of low-wage and jobless workers for over 35 years. Policy Matters Ohio is a nonprofit institute with offices in Cleveland and Columbus that does research on issues that matter to Ohio's working people. A 2004 report on Ohio's unemployment compensation system by NELP and Policy Matters Ohio is available at http://www.policymattersohio.org/ucompohio.htm.