



Unemployment Compensation

Testimony on HB 614 before the Senate Government Oversight and Reform Committee

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Good morning, Chairman Coley, Ranking Member Craig and members of the committee. My name is Zach Schiller and I am research director of 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 welcome efforts of the sponsors to develop solutions for the unemployed Ohioans who have had enormous difficulty filing their claims. Creating a council to review this more closely is a useful step that we support. However, Ohioans who have been laid off need immediate action, and specific, concrete steps in addition to those in the House bill. The new council should be directed to make increasing the share of unemployed Ohioans who receive benefits one of its primary goals. In addition, the council should work closely with unemployed workers and those who represent them in this process. The auditor should consult with them. And the General Assembly must devote the necessary funding to ensure that the unemployment compensation (UC) system works.

We are glad to see the bill would create an Unemployment Modernization and Improvement Council (UMIC). However, the deadline for a report from the council should be moved up—six months is too long. Three months should be sufficient for initial recommendations.

The exclusion of many Ohioans who are paid low wages is one reason that Ohio has persistently provided UC benefits to a smaller share of jobless workers than most states over the last two decades. Boosting the share of unemployed Ohioans who receive UC on a long-term basis should be an explicit goal of the new council. It should also review how well the agency is doing in improving our reciprocity rate and responding to the federal mandate to do so (Congress included that requirement in the Families First Coronavirus Response Act). Specifically, it should include a review of other states with higher reciprocity rates and what steps they have taken so more unemployed workers have access to benefits. It also should examine if the Ohio Department of Job & Family Services (ODJFS) is doing all that is needed to make jobless Ohioans aware of the benefits available to them. The auditor of state should also examine these same questions. Both UMIC and the auditor should look into why Ohio lagged behind other states in making Pandemic Unemployment Assistance (PUA) available, and why it required claimants to reapply for PUA after applying for regular benefits. By contrast, some other states allowed workers to apply once and if they were denied regular benefits, simply held their applications until they could be processed for PUA. Any new information technology that Ohio adopts for its UC system should be more capable of such flexibility.

Numerous news reports, testimony in the House and sponsor testimony before this committee have detailed the challenges faced by claimants when they attempted to apply for benefits. While a more detailed study is welcome, lawmakers can mandate certain improvements now. For example, they can set a reasonable telephone wait time, and require ODJFS make regular public reports on its progress in meeting it.

Whatever standard policymakers set, there need to be people to answer the phone. Improving Ohio's unemployment compensation system so it provides good service is going to take more money, not less. While more federal support is

necessary, we can't be certain how much will be available. Governor DeWine already has taken steps to cut state spending this fiscal year, and the Office of Budget & Management has reported that revenues will be more than \$2 billion lower than anticipated earlier. The General Assembly must be ready to raise revenues to ensure that the UC system is responsive to the needs of unemployed Ohioans. Reining in unproductive tax breaks like the business income deduction is a place to start.

It is helpful that the new council will have two members who represent employees. The General Assembly needs to do more to ensure a voice for unemployed workers and their representatives in improving the UC system. Prior to the implementation of new benefits and appeals systems, claimant representatives such as legal aid societies should be given comprehensive information on how those systems will work, how they will change what claimants must do to apply and receive benefits, how easily systems will handle differing claim situations and what their volume capacity are. They should have an opportunity to respond to that information and for those responses to be taken into account before the systems become operational. Separate from these new systems, an ongoing process should be established for ODJFS to meet with claimant representatives on UC policies and procedures and proposed changes in them. Likewise, the auditor should consult with claimant representatives as a part of his report.

HB 614 calls for the auditor to identify "the amount of state funds necessary to supplement federal funding for the purpose of administering claims for benefits." This responsibility rests more appropriately with the Unemployment Modernization and Improvement Council. With the recent upsurge in claims, appeals will increase. The council should make recommendations ensuring the appeals system is sufficiently funded to handle the volume.

Policymakers should take down other barriers to participation in the UC system as well. Ohio workers who lack access to computers or the internet, as well as those who are not proficient in English, need to be served. Ohio's unemployment compensation system is too often inaccessible to those with limited English proficiency (LEP). The online application portal should be available in Spanish, at a minimum. Language access should be provided for all 14 languages identified by ODJFS as large enough to require translation assistance. The council should also make recommendations on measures that should be taken to ensure those with poor or no internet access, or lacking computers, are easily able to apply and make continued claims.

Both the UMIC and the auditor should also include in their reviews of the UC system how it serves Ohioans of different races, ages and genders and make recommendations to ensure that all are served equally and well.

Ohio policymakers have not made the provision of unemployment benefits a priority. That is the unfortunate but simple fact. Instead, they too often have made it harder for applicants to receive UC benefits. Such a system is not likely to be one that can dispense benefits as readily as it should when recession arrives. To be sure, no one could have predicted that in just four weeks, more Ohioans would file for benefits than in the previous two years. No state was well equipped to process the huge increase in claims that came with the pandemic, and federal support for the administration of the system had flagged. However, Ohio's leaders had not done enough to be prepared for a major upsurge in claims.

Unemployment compensation not only is a lifeline for families, but a crucial support to the economy. The \$11.4 billion paid out to Ohio claimants over the 23 weeks ended Aug. 22 has rippled out through our communities, helping businesses. Economists Alan Blinder and Mark Zandi found that every dollar spent in the last recession on unemployment benefits produced \$1.61 in economic activity. To provide this especially vital support when times are bad, the unemployment compensation system needs support even when the economy is doing better. HB 614 is a first step in that direction. It must lead to a reexamination of Ohio's overall approach to UC so that more jobless Ohioans can readily access the benefits they and their communities so badly need.

Thank you for this opportunity to testify.