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RE: Sponsor Testimony - SB 302

Chair Fraizer, Vice-Chair Hall, Ranking Member Lightbody and members of the House Technology and Innovation Committee; thank you for allowing my joint-sponsor and I the opportunity to present sponsor testimony on Senate Bill 302. This legislation stems from the work of the Unemployment Compensation Modernization and Improvement Council (UCMIC) and Auditor Faber's report on JFS. As all of you are aware, over the course of the COVID-19 pandemic, an unprecedented number of people needed financial unemployment assistance. This, in turn, put incredible strain on ODJFS's outdated, antiquated systems, opening the door for fraud and overpayment errors in the PUA and regular unemployment programs.

To date, Ohio has lost more than \$475 million to fraudulent claims by criminals and \$3.3 billion in overpayments. SB 302 seeks to strike a balance between ensuring that Ohioans get the support they need, but that, at the same time, our taxpayer dollars are not being paid out erroneously or leaving the state and country due to fraud. This legislation will require that ODJFS enter into data-sharing agreements with the Dept. of Taxation, the Dept. of Rehabilitation and Correction, and the Dept. of Health in order to gather relevant information required to help determine the eligibility and veracity of unemployment applicants. With regards to federal programs going forward, the Director of JFS will work with the Tax Commissioner to establish an *Income and Eligibility Verification System* to confirm an individual's income using Dept. of Taxation records.

In the interest of preventing fraudulent claims from siphoning tax dollars out of the state, SB 302 requires that JFS, when using direct deposit, only make disbursements to those financial institutions that have a physical presence within Ohio.

One of the many issues discussed during the UCMIC meetings was the lack of employer response (or, more accurately, the inability of JFS to receive those responses due to outdated systems and sheer volume) to questions of applicant eligibility or veracity. SB 302 directs JFS to establish and maintain an online process for employers to report that an applicant/recipient of benefits has failed or is failing to meet any of the eligibility requirements. JFS will also be required to prepare and submit a report to both the Governor and the Legislature summarizing unemployment compensation numbers in Ohio.

Through the committee process in the Senate, we added a number of amendments after conducting interested party meetings with JFS and the Dept. of Taxation.

We amended this bill to remove the \$45 million appropriation. We made the data matching agreement language involving the Department of Health more concise and clear. Additionally, ODJFS will have the option to access Ohio BMV photographic records in order to ensure the authenticity of documents submitted as part of the claim verification process.

We have provided Representative Fraizer with an amendment that will slightly change this, allowing JFS to only use these photographic records to carry out unemployment compensation related work.

Other changes include adding amendments to provide mechanical improvements to the Unemployment Compensation Review Commission (UCRC) appeals process to ensure individuals attend their appeal hearings, enable parameters for telephone appeals hearings, and to establish appropriate procedures if a quorum of commissioners cannot be obtained to allow for due process.

Chair Fraizer and members of the committee, thank you once again for allowing us to present sponsor testimony, we would be happy to take any questions at this time.