



*BEFORE THE SENATE INSURANCE COMMITTEE
PROPONENT TESTIMONY ON SENATE BILL 31*

Chairman Hackett, Vice Chair Lang, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 31 (SB 31). My name is Kevin Shimp and I am an associate attorney at the law firm Dickinson Wright testifying on behalf of the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate. The organization represents over 8,000 companies that do business in Ohio and their mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

In the Ohio Chamber's efforts to champion economic competitiveness, we support SB 31 because it can help prevent voluntary federal unemployment benefits from distorting Ohio labor markets. Under the bill, future voluntary unemployment compensation programs offered by the federal government that increase the weekly benefit amount or total benefits payable may be rescinded by Ohio's legislature through the adoption of a concurrent resolution. This legislative oversight will serve an important role if a future governor seeks to unreasonably expand unemployment benefits and fails to consider the consequences supplemental unemployment benefits have on Ohio's workforce.

Programs like Federal Pandemic Unemployment Compensation (FPUC) enacted by the CARES Act that offered up to \$600 in additional weekly unemployment benefits can help explain why Ohio's workforce has struggled to recover from the pandemic. The workforce crisis is illustrated by Ohio's labor force participation rate remaining lower today than it was in February of 2019. In fact, there are more than 100,000 fewer Ohioans with a job now than in February of 2019.

The FPUC program also made Ohio's unemployment system a lucrative target for criminal actors seeking to profit off the coronavirus pandemic. With a potential maximum weekly benefit of \$1,080 totaling \$56,160 per year, bad actors sought to commit unemployment fraud at unprecedented levels. The impact of this fraud was felt by employers, employees, and Ohio Department of Jobs and Family Services and it resulted in delayed benefits to those Ohioans who became unemployed through no fault of their own.

Senate Bill 31 seeks to ameliorate the workforce issues and risk of fraud that excessive unemployment benefit cause by providing a check on a governor's authority to unilaterally enter into an agreement with the federal government to provide a supplemental unemployment benefit. Under SB 31, a governor still maintains the authority to enter into these types of agreements, but the legislature will have oversight authority over the program. This oversight authority can be exercised by passing a concurrent resolution that requires a governor to exit the program.

That oversight authority may be beneficial to Ohio's business climate because if a future federal program results in significant workforce issues, the legislature can act to stop the benefit from distorting Ohio's labor markets. Likewise, the legislature can step in to stop Ohio's unemployment system from being exploited by fraudsters if a future benefit similar to FPUC becomes a target for criminal actors.

In closing, the Ohio Chamber supports Senate Bill 31 because it provides an important check on efforts future governors may pursue to expand unemployment benefits that would be harmful to Ohio businesses and labor market.