

Testimony Supporting SB 31

To: Ohio Senate Insurance Committee

From: Brian Sikma, *Visiting Fellow*

Chairman Hackett and members of the Senate Insurance Committee, thank you for this opportunity to submit testimony in support of Senate Bill 31. As a visiting fellow with the Opportunity Solutions Project, I study unemployment insurance issues and lately I've seen firsthand the impact that federal policy decisions in this area can have on state labor forces.

There are 405,000 open jobs in the state of Ohio according to the U.S. Department of Labor.¹ Ohio's job market is strong—and employers across the state are looking for anyone with the will to work. It's hard to think of a time when career opportunities have been so abundant and workers have had such a menu of job choices in front of them.

But what happens in each of your districts—with the employers and workers that you talk to on a regular basis—is often far ahead of decisions made in Washington, D.C. Too often a one-size-fits-all approach emerges from hasty decisions made amid a bevy of political calculations and macro-economic estimates. That's what happened in 2020 when the pandemic struck and federal policymakers decided to flood states with nearly \$800 billion in federal unemployment benefits that expanded both the size and scope of the program.²

This decision wasn't based on the needs of Ohio's economy or the ability of job creators to re-open their doors to provide the goods and services that their communities, their state, and the nation needed. It was a quick fix that, in typical D.C. fashion, threw more taxpayer money at a problem and hoped that eventually "dollars spent" would equal "problem solved."

Worst of all, this decision was made without your input and without your oversight. The legislature is a co-equal branch of government responsible for tax, spend, and oversight functions as well as general lawmaking. The fact that almost \$20 billion in federal unemployment insurance benefits were spent in Ohio without the input of the legislature is, frankly, offensive.³ Bureaucrats in Washington, D.C., or Columbus don't know what's best for Ohio employers, workers, and communities because they don't have the same obligation or responsibility that each member of the legislature bears.

The consequence of bypassing the legislature with this spending is stark: 177,000 fewer Ohioans are in the workforce today than there were in January of 2020.⁴ The unemployment rate may have rebounded, but unemployment policy decisions during the pandemic—decisions made without

your input—have left workers on the sidelines even as Ohio employers struggle to attract and retain talent.

SB 31 would solve this problem in the future by ensuring that a handshake between a bureaucrat in Columbus and a bureaucrat in Washington don't result in massive government spending that disincentivizes workforce participation. Only you and your colleagues in this body should have the responsibility of approving or disapproving new spending, and determining for how long certain policies should last before they become detrimental to your constituents.

¹ Bureau of Labor Statistics, "Job openings levels and rates for total nonfarm by state, seasonally adjusted," U.S. Department of Labor (February 1, 2023), <https://www.bls.gov/news.release/jltst.t01.htm>.

² Greg Iacurci, "Pandemic's \$794 billion unemployment benefits were historic." CNBC.com (September 2, 2021), <https://www.cnbc.com/2021/09/02/pandemics-794-billion-unemployment-benefits-were-historic-heres-why.html>.

³ Employment and Training Administration, "Families First Coronavirus Response Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding to States through October 8, 2022," U.S. Department of Labor (March 14, 2023), https://oui.doleta.gov/unemploy/docs/cares_act_funding_state.html.

⁴ Federal Reserve Economic Data, "Civilian Labor Force in Ohio," Federal Reserve Bank of St. Louis (March 14, 2023), <https://fred.stlouisfed.org/series/OHLF>.