



Senators George Lang and Mark Romanchuk
Senate Bill 116
Sponsor Testimony
Senate Insurance Committee
May 3, 2023

Chairman Hackett, Ranking Member Craig, and other members of the Senate Insurance Committee, thank you for providing my joint sponsor, Senator Romanchuk, and I the opportunity to present sponsor testimony on Senate Bill 116, which seeks to reform Ohio’s current unemployment compensation system.

As I am sure we can all attest to, businesses in each of our districts across the state are mirroring a national trend of being under-staffed. Everywhere you look, there seems to be a “help wanted” sign in every window, from small mom and pop shops operated by Bob and Betty Buckeye, to big corporations like Intel, Honda, Ford, Amazon, and Google with dozens of positions to fill. In the last five years alone, over 600,000 new businesses have come to Ohio, more than the last 20 years combined.

Workforce needs are the number one issue plaguing our economy today. We see headlines full of encouraging news when it comes to unemployment statistics in Ohio. Currently,

Ohio's unemployment rate is around 3.8%, which is great. However, what you do not hear is that Ohio's *labor participation rate is only around 63%*. Subtracting the unemployment rate, this means roughly 33%, or 1/3, of Ohioans are not participating in the labor market. The fact of the matter is that this data shows there are vast segments of Ohio's population who are not using the unemployment system for its intended purpose, which is for unexpected separation from employment through no fault of the employee. When individuals are filing every year like clockwork for the maximum benefits, it is not unexpected, especially when every job sector appears to be hiring. This practice causes a drain on the resources from legitimate claimants who need the system's temporary help to get them back on their feet.

SB 116 seeks to answer this problem and aims to get Ohioans back to work. There are three reforms to the unemployment system within this bill to accomplish this task:

- 1.) **The taxable wage base for employer contributions is changed to \$9,500.** This was the taxable amount in calendar years 2018 and 2019, but in 2020 it changed to its current level of \$9,000.
- 2.) **The maximum amount of eligible weeks that someone could receive unemployment compensation would be dependent on the overall unemployment rate via a sliding scale from 12-20 weeks.** The sum of the total monthly employment reported for the previous twelve-month period shall be divided by twelve to determine the

average monthly employment rate. The scale would be outlined as follows:

| Average Monthly Unemployment Rate | Maximum Number of Benefit Weeks |
|--|--|
| 5.5% or below | 12 |
| > 5.5% - 6% | 13 |
| > 6% - 6.5% | 14 |
| > 6.5% - 7% | 15 |
| > 7% - 7.5% | 16 |
| > 7.5% - 8% | 17 |
| > 8% - 8.5% | 18 |
| > 8.5% - 9% | 19 |
| > 9% | 20 |

- 3.) **SB 116 gets rid of the dependency benefit.** Ohio is one of only 13 states whose unemployment system includes this benefit. Currently, this benefit only supports the top wage earners in the system because to qualify for this benefit, other than having dependents, you must have an average weekly wage that exceeds the statewide average. This further incentivizes unemployed individuals from looking for gainful employment.

Furthermore, as to the subject of weekly benefit amounts, SB 116 stipulates that no individual's weekly benefit amount shall exceed fifty per cent of the statewide average weekly wage. SB 116 requires the Director of JFS to determine the average weekly wage by taking the sum total wages reported for the

previous twelve-month period and dividing it by the average monthly employment to determine the average annual wage. Then, the average annual wage shall be divided by fifty-two to determine the statewide average weekly wage.

By making these three reforms, we can ensure that the Ohio labor market is competitive, while also directing assistance to those who truly need it. SB 116 will get Ohioans back to work, and will continue our state down the path of becoming an economic powerhouse.