



Oho Senate Insurance Committee  
June 7, 2023  
Senate Bill 116

Chairman Hackett, Vice Chair Lang, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for the opportunity to provide testimony on Senate Bill 116 (SB 116). My name is Lisa Hamler-Fugitt and I serve as the Executive Director of the Ohio Association of Foodbanks, Ohio’s largest charitable response to hunger. We represent Ohio’s 12 Feeding America foodbanks and 3,600-member hunger relief charities, including food pantries, soup kitchens, and homeless shelters. Our mission is to provide food and other resources to people in need and to pursue areas of common interest for the benefit of people in need. I want to begin by thanking each of you for your support of our our hunger relief network that distributed over 242 million pounds of food last year and for your decades long commitment and funding for our two critical hunger life lines, the Ohio Food and Agricultural Clearance Programs – which provided more than 25% of the food we distributed.

During the first 3 months of 2023, Ohioans turned to our network for food more than 3.1 million times, a record high since we began reporting statistics in 1997; 60% of those visits were made by children and seniors. The current hunger crisis is unparalleled both in its size and scope due to factors that are outside of our control.

Hunger and food hardships are both symptoms of economic insecurity and poverty, that have been persistent challenges made worse by COVID-19 and the economic fallout it created. Foodbanks have been on the front lines responding for more than 3 years, and our efforts to meet the unprecedented demand has been made worse by record high inflation, supply chain disruptions and shortages, increased costs of food, fuel, feed and fertilizer, labor shortages, extreme weather conditions and drought, global demand and higher cost for raw materials which have driven up the cost of food.

All the while, the state’s official unemployment rate has dropped significantly since the height of the pandemic. The official unemployment rate is no longer an indicator of poverty, hunger, or food insecurity. It’s no longer an indicator of the health of our citizens, community, state, or nation.



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*IN OHIO*  
 2023 POVERTY RATE: **13.16%**  
 2023 HOUSEHOLDS WITH LOW OR VERY  
 LOW FOOD INSECURITY: **10.3%**  
 APRIL 2023 UNEMPLOYMENT RATE: **3.7%**

These significant statistics and grim realities are the reason why I'm here today to present testimony on the need for comprehensive Unemployment Compensation Reform and to share with you the experiences and concerns that we hear from the low-income Ohioans who stand in our food lines. Their stories are often the same, about how they struggle every day just trying to get by on low wage, part-time, temporary, day-labor, and contingent employment, dead-end jobs that provide no access to employer sponsored health insurance, no paid sick or vacation time, no paid time off, no opportunity to save for retirement, no job security, and more often than not – empty promises.

The Unemployment Insurance system is a cornerstone of our economic infrastructure. It supports working people who have lost their jobs through no fault of their own with cash benefits while steadying the economy during crises.

For some of the Ohioans we served throughout the COVID-19 Pandemic, they had earnings high enough to qualify for the State's Unemployment Benefits – they were the fortunate Ohioans. Unfortunately, for far too many other low-income Ohioans, those who had their hours reduced, worked part-time, are self-employed or independent contractors, such as direct care workers for the elderly or disabled, food services and hospitality workers, childcare workers, contingent workers, and others who didn't qualify for and were not eligible for traditional unemployment benefits were only eligible for Pandemic Unemployment Assistance (PUA). This included those whose earnings in their previous wages averaged less than \$280 per week.

The one consistent theme we heard from the Ohioans who lost their jobs through no fault of their own and were turning to local foodbanks, food pantries, soup kitchens, and mass food distribution sites for food, was that the modest Unemployment Compensation they were receiving was a lifeline that allowed them to pay their rent and mortgage, keep their utilities on, put gas in their car and pay for their medicine.





If nothing else, COVID-19 has taught us that if we don't make bold changes to our state and nation's economic and social foundation *now*, we could squander our best chance to save our economy from tanking in the next decade. *Make no mistake*, Unemployment benefit assistance was a godsend for Ohioans, but the COVID Pandemic was a disaster for Ohio's Unemployment Compensation Trust fund that was depleted at a record rate, forcing the state to borrow from the federal government, once again due to the lack of Unemployment Compensation Trust funds solvency, certainly no once in a life time occurrence, according to a 2014 report from Policy Matter Ohio, [How Ohio Has Underfunded Unemployment Compensation \(policymattersohio.org\)](http://policymattersohio.org)

Ohio's trust fund has not met generally accepted solvency standards since 1974. Just prior to the 2001 recession, Ohio had less than two-thirds of the needed reserves to meet the benchmark recommended by the Advisory Council on Unemployment Compensation, a nonpartisan federal commission. This commission called for states to have enough money in their trust funds to pay for one year of benefits at the average of the three highest payout years in the last 20 years or the last three recessions, whichever is longer. During the Great Recession, Ohio's unemployment trust fund broke in January 2009, and accumulated debt that peaked at \$2.6 billion in April 2011.

The recent experiences of the Pandemic and nearly 50 years of historical experiences of Ohio's Unemployment Compensation program offers this committee an opportunity in the best of economic times to modernize the program and ensure the Unemployment Compensation Trust fund is adequately funded and prepared for the next economic downturn –not if it comes, but when it comes.

### **Recommendations to Improve SB 116**

We ask that this committee thoroughly analyze the consequences and current trends of the increasing numbers of low wage, temporary, part-time, and contingent employment as these will no doubt have long-term implications for workers, their families, the economy, and Ohio's state budget.

- Maintain the current dependency benefit to protect unemployed workers' families and their children from falling into poverty, hunger, and homelessness when a parent loses their job through no fault of their own. Consider measures to index and increase UI benefits to levels working families can survive on.



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- Maintain the current 26 weeks of benefit eligibility for unemployed Ohioans without restrictions.
- Increase the Taxable Wage Base to the national average of at least \$15,000.

### Increase the UI Contributions and Revenue

Consider implementing a tax on large businesses that use a lot of contractors. To further account for misclassification that the ABC test cannot reach, and to reduce tax incentives for outsourcing, tax contractor payments at the same rate as employee hours, but only if the contractor receives a Form 1099, and only for large firms.

Replace the dollar earnings requirement with an hours worked requirement. Make part-time workers eligible if they work at least 300 hours in any of the six quarters before separation.

If the state bases eligibility solely on hours worked and extends the period for qualifying hours over six quarters, Ohio can expand UI eligibility to low-paid and part-time workers who are attached to the labor force but whose earnings are too low or uneven to pass the traditional “monetary eligibility” requirement.

Make no mistake, we support work and know that the best way to keep someone out of our food lines is with a good, secure, full-time liveable wage job, with benefits, paid time off and the ability to save for their child’s education, their own retirement and to save for an unexpected crisis. A job that pays enough to support a household at a basic self sufficiency level.

Thank you for your consideration and I would be pleased to answer any questions that you may have.

Respectfully submitted,

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The ABC test. The ABC test, already adopted in a few states, is a simpler and more protective legal test that presumes a worker providing a service to a business is an employee unless: (A) the individual is free from the direction and control of the business; (B) the labor is provided outside the usual course of the business; and (C) the service provider is customarily engaged in their own independently established business. Workers should be able to enforce the law if their employers are fraudulently misclassifying them to evade UI taxes.



Greater Cleveland  
Food Bank

