



HOUSE BILL 321 – (REVISE UNEMPLOYMENT COMPENSATION LAW)

**WRITTEN INTERESTED PARTY TESTIMONY- OHIO HOUSE PUBLIC INSURANCE AND
PENSIONS COMMITTEE**

JUNE 11, 2025

Chairman Peterson and members of the Ohio House Public Insurance and Pensions Committee,

Thank you for the opportunity to provide comments on behalf of the nearly 21,000 members of the National Federation of Independent Business in Ohio (NFIB) on House Bill 321 as it relates to modernizing Ohio's unemployment compensation system.

Founded in 1943, NFIB is the state and nation's largest small business advocacy organization, dedicated to representing the interests of small and independent businesses. NFIB's mission is to promote the right of our members to own, operate and grow their businesses. Our members have an average of 15 or fewer employees, come from all industry sectors, and each of the 88 counties across Ohio.

For several decades, Ohio's unemployment insurance trust fund has been bordering on insolvent, meaning a moderate recession or economic downturn would rapidly exhaust the balance of the fund. The fund's insolvency, however, is an issue that only tends to reappear at the forefront every few years when our economy faces an economic downturn. For instance, as a result of the 2008-2009 recession, Ohio employers were faced with years of increased state and federal unemployment taxes and had to pay back millions in loan and interest repayments over several years to the federal government. This money had to be borrowed as the state's trust fund was quickly depleted to meet our system's high unemployment claim obligations. Seven years went by before the loan was fully paid off in 2016 and that only occurred due to unclaimed fund account dollars being used to complete the payment.

More recently, Ohio's employers were once again going to be faced with increased federal unemployment taxes to pay back the loan, plus interest, that was needed to compensate the system's heavy demand during the pandemic. Fortunately, through the good work of

the General Assembly, the federal loan was repaid, using American Rescue Plan funds from the federal government, saving Ohio employers roughly \$100 million.

With Ohio's unemployment rate low and job demand high, it is time for Ohio to break the cycle of borrowing, tax increases, and eventual loan repayments, and set a course for the state to, at the minimum, be able to repay loans to the federal government within a window of less than two years before penalties kick in and employers have to foot the bill. That is why necessary, meaningful revenue and benefit reforms should be instituted that to create certainty for Ohio employers.

When it comes to achieving solvency, states across the country have instituted their own unique ways of adjusting various "levers" to ensure the proper amount of revenue is brought in while accounting for benefit disbursement. There is no one magic solution to address the mix of revenue and benefits reform that is needed, and all states do things differently. However, one of the main cost drivers to the system is the imbalance, as evidenced by JFS Director Damschroder's testimony, of the amounts that the thirteen brackets of negative-rated employers pay into the UI system versus what their employees receive in benefits. Discussion of reform regarding these negative employer brackets include increasing the maximum contribution rate of 10.1%, a taxable wage base separate from positive rated employers, and finally an employee contribution, which is included in HB 321. When dealing with an insurance model such as unemployment compensation, it is fundamental to address whether the largest users of the system are contributing an adequate amount compared to what they utilize.

One measure that is not included in this legislation but should be looked at is the maximum weeks of eligibility for an individual to receive unemployment benefits. Ohio is currently at 26 weeks of maximum eligibility, the relative norm nationwide for total weeks. According to JFS, last year Ohioans on unemployment only received benefits for an average of 13.7 weeks. We fully understand that some industries are heavily weather dependent and there is not always work available year-round for certain crafts. We also know that during severe economic downturns these benefits are a lifeline for many workers and their families. That is why one proposal, a sliding scale of eligibility weeks, which has been adopted by several states, strikes a fair balance. For instance, a scale of 20 -26 weeks, whereby the maximum weeks increase with the state's unemployment rate, guarantees that lifeline remains but during good economic times it would accelerate the efforts of certain unemployed workers to obtain employment and fill the numerous job opportunities, all while retaining a more robust balance in the state's unemployment trust fund.

Job openings remain plentiful, and in certain industries in particular. According to a recent April NFIB survey of our membership, "over half (55%, seasonally adjusted) of small businesses in the construction industry reported unfilled job openings, the highest of all

industries and 21 points higher than for all firms. Construction was the only industry with an increased level of unfilled job openings from the previous quarter”.¹

There currently exists in statute (ORC 4141.36) a provision whereby employers can offer supplemental unemployment compensation benefits to their employees separate from the state fund. This program should be examined more thoroughly to see if such an option could be taken advantage of by more employers and promoted by JFS as an option for those interested in providing more weeks.

Finally, as part of the solution to bring more revenue into the system, Ohio's employers understand that in order to shore up our system to better prepare for the next economic downturn, they too must share the burden. That is why this legislation would increase the state's taxable wage base, the taxed amount that employers pay on their employee's wages, from the current \$9,000 to \$9,500. This modest increase will keep Ohio competitive with its neighboring states, as all our border states are either at \$9,500 or higher currently. It is our belief that an increase to even \$10,000 would maintain an equal level of competitiveness.

NFIB would like to thank Representative Peterson for starting this necessary dialogue to increase the solvency of Ohio's unemployment compensation system. Over the past few months, NFIB has been part of productive, meaningful discussions with groups representing business and labor with the shared goal of bringing solvency to our UI system. We look forward to continuing those talks into the future and sharing additional reform recommendations with the committee. Thank you for the opportunity to provide comments on HB 321 on behalf of Ohio's small businesses.

Sincerely,

A handwritten signature in black ink, reading "Cameron J. Garczyk". The signature is fluid and cursive, with the first name "Cameron" and last name "Garczyk" clearly legible.

Cameron J. Garczyk
Ohio Assistant State Director
614-221-4107

¹ <https://www.nfib.com/wp-content/uploads/2025/05/SBET-Industry-Report-April-2025.pdf>