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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 376  
136<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 376's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Teska

**Local Impact Statement Procedure Required:** No

Jake Graffius, Budget Analyst

### Highlights

- The bill would decrease the amount of unemployment benefits paid from Ohio's Unemployment Compensation (UC) Fund by about \$1.82 billion from 2026 to 2036, an estimated annual average of \$165.8 million.
- The bill would also decrease contributions to the UC Fund by about \$1.29 billion from 2026 to 2036, an estimated annual average of \$117.4 million; decreasing benefits has the effect of reducing the rate at which employers are taxed.
- The bill would reduce unemployment benefit payments reimbursed by the state and local governments.

### Detailed Analysis

The bill reduces, for benefit years beginning on and after the bill's effective date, the maximum number of weeks for which an individual may receive unemployment benefits in a benefit year from 26 weeks to 20 weeks.

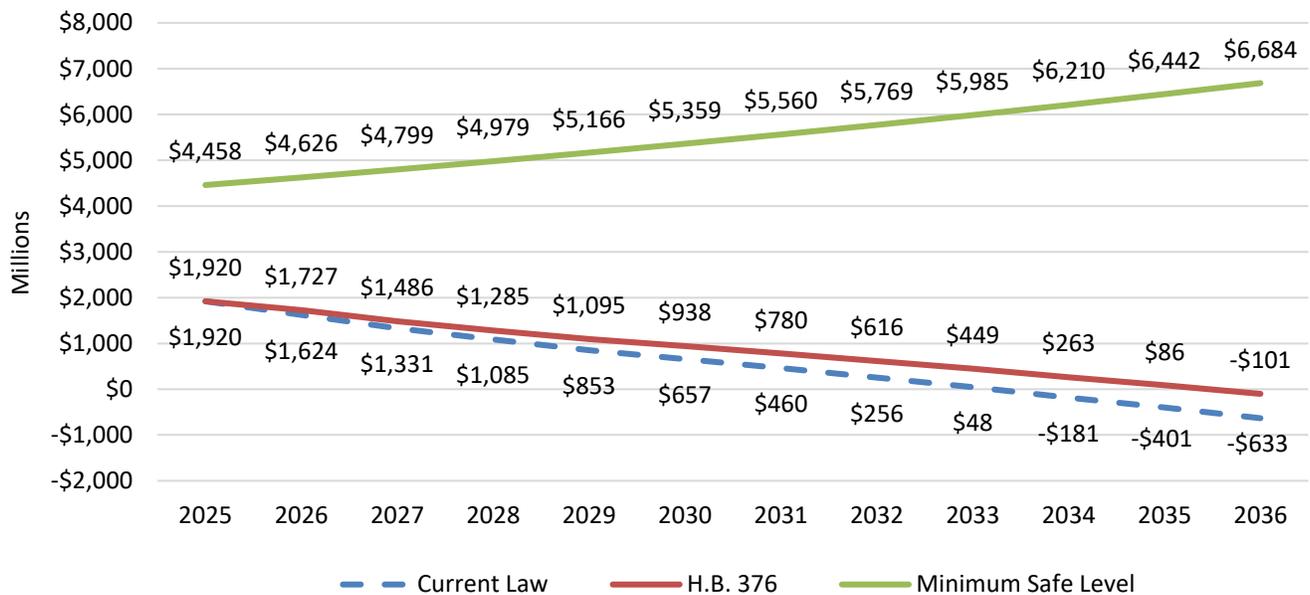
Fiscal data and projections were provided by the Ohio Department of Job and Family Services (ODJFS), which administers the Unemployment Compensation (UC) Fund. ODJFS assumed that unemployment rates (not seasonally adjusted) would range from 4.61% to 5.08% and there would be no recession over the years covered by the scenario.

### Overall impact to the UC Fund

The overall impact to the UC Fund resulting from H.B. 376 can be seen in the chart below. Under current law, the UC Fund would have a negative balance by 2034, and the balance would continue to decrease through 2036. Under H.B. 376, the UC Fund would reach a negative balance

in 2036. Under both H.B. 376 and current law, the balance is not projected to reach the minimum safe level (MSL).<sup>1</sup> Again, this scenario assumes that there is no recession.

**Chart 1: UC Fund Projection**



## Background information

Ohio's Unemployment Program is funded by two taxes at the federal and state level. The Federal Unemployment Tax Act (FUTA) applies a 6% tax to the first \$7,000 in wages paid to covered employees to pay for administration costs. If a state's program satisfies federal requirements, 5.4% of that tax is offset, leaving a 0.6% tax for employers. The State Unemployment Tax Act (SUTA) applies a varying tax to the first \$9,000 in wages paid to covered employees to finance unemployment benefits. The tax rate varies both based on the experience rate of employers as well as changes to the MSL. Information regarding the range of SUTA rates can be found in Table 1 below. The mutualized rate is collected when the mutualized account has a negative balance. The mutualized account is part of the UC Fund. It is used to pay benefits not chargeable to individual employers (e.g., a business has closed).

**Table 1. SUTA Rates by Fiscal Year**

	2024	2025	2026
Lowest Experience Rate	0.4%	0.4%	0.4%
Highest Experience Rate	10.1%	10.1%	10.1%

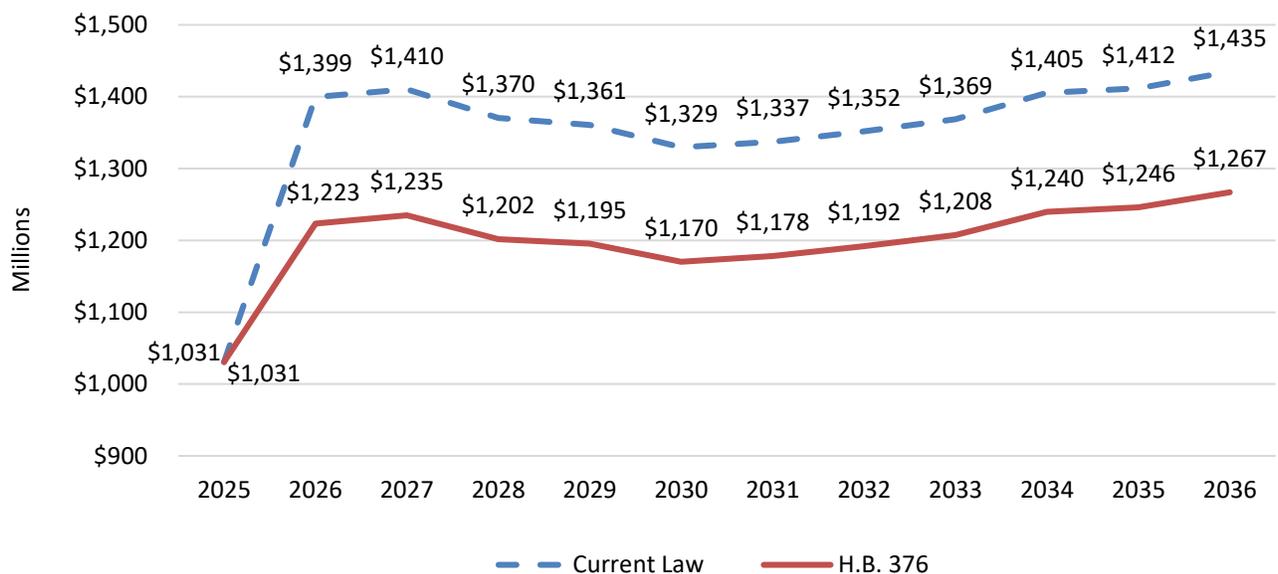
<sup>1</sup> The MSL is essentially the balance needed in the fund that would allow it to remain solvent during a moderate recession. As defined by law, the current MSL as of the July 2025 computation date is \$4.46 billion. However, ODJFS predicts the MSL to rise to around \$6.68 billion by 2036, as seen in Chart 1.

Table 1. SUTA Rates by Fiscal Year			
	2024	2025	2026
Mutualized Rate	0.5%	0.1%	0.0%
New Employer Rate (excludes construction)	2.7%	2.7%	2.85%
New Construction Industry Rate	5.6%	5.6%	5.85%

Ohio’s unemployment compensation system consists of two types of employers: contributory employers, who are mostly private sector employers who pay contributions into the fund, and reimbursing employers, who are mostly public sector employers and certain nonprofits who reimburse the fund when benefits are paid. The analysis below shows the impact on contributory employers. Reimbursing employers who have employees receiving unemployment benefits could realize a reduction in costs due to the bill’s reduction in benefit weeks.

### Benefits

Chart 2: Projected Benefit Payments by Year

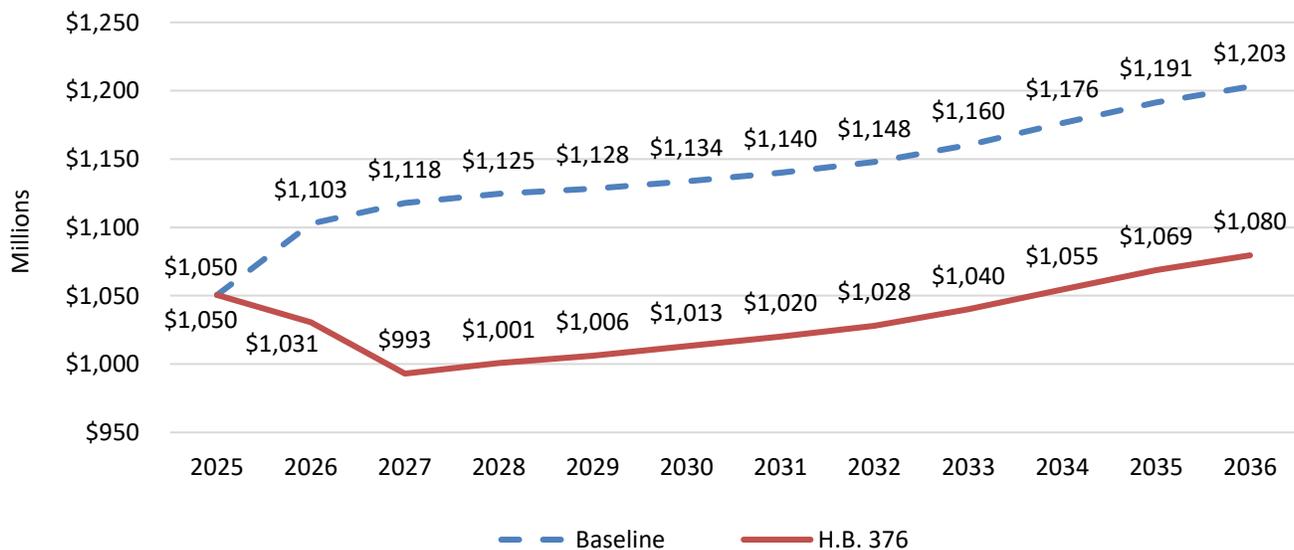


Overall, the fiscal impact of reducing the number of eligible weeks from 26 to 20 will reduce the amount of benefits disbursed. From 2026 to 2036, ODJFS estimates that the average number of weeks would decrease from 13.7 under current law to 12.0 under the bill. The average individual would receive roughly 1.7 fewer weeks under the bill’s lower ceiling. Through 2036, benefit payments would decrease by about \$1.82 billion. The decrease would average \$165.8 million per year. Table 2 below shows the projected total benefit payments for the forecasted years.

Table 2. Projected Benefit Payments by Year		
Year	Current Law	H.B. 376
2025	\$1,030,649,168	\$1,030,649,168
2026	\$1,399,453,583	\$1,223,477,359
2027	\$1,410,263,647	\$1,234,817,063
2028	\$1,370,470,696	\$1,201,714,458
2029	\$1,360,568,274	\$1,195,481,816
2030	\$1,329,485,363	\$1,170,078,974
2031	\$1,337,237,088	\$1,178,079,958
2032	\$1,351,846,386	\$1,192,020,925
2033	\$1,368,690,975	\$1,207,603,092
2034	\$1,405,292,833	\$1,239,863,180
2035	\$1,411,627,871	\$1,245,920,404
2036	\$1,434,816,110	\$1,266,921,189
<b>Total</b>	<b>\$16,210,401,996</b>	<b>\$14,386,627,587</b>

### Contributions

Chart 3: Projected UC Total Contributions



The bill reduces benefit payments, which has the effect of reducing the rate at which employers are taxed. Contribution rates are calculated based on the balance of an employer's account as a percentage of the employer's average annual payroll; by reducing benefits paid, employers will likely have more funds in their account which would reduce an employer's contribution rate. As a result, ODJFS estimates that, in total, the contributions would decrease by about \$1.29 billion from 2026 through 2036 compared to current projections. The average annual total contribution would be approximately \$1.03 billion, about \$117.4 million lower annually than under current law. Table 3 below shows the projected total contributions from unemployment tax revenue for the forecasted years.

<b>Table 3. Projected Unemployment Tax Revenue by Year</b>		
<b>Year</b>	<b>Current Law</b>	<b>H.B. 376</b>
2025	\$1,050,483,000	\$1,050,483,000
2026	\$1,102,762,573	\$1,030,559,979
2027	\$1,117,941,911	\$993,026,840
2028	\$1,124,551,405	\$1,000,830,019
2029	\$1,128,331,209	\$1,006,129,302
2030	\$1,133,785,624	\$1,013,011,318
2031	\$1,139,955,517	\$1,020,035,812
2032	\$1,147,818,499	\$1,028,097,844
2033	\$1,160,315,986	\$1,040,023,491
2034	\$1,176,328,336	\$1,054,625,485
2035	\$1,191,483,867	\$1,068,675,646
2036	\$1,203,038,598	\$1,079,579,382
<b>Total</b>	<b>\$13,676,796,525</b>	<b>\$12,385,078,118</b>