



Senate Joint Resolution 4 Proponent Testimony

Chairman Dolan, Vice Chair Burke, Ranking Member Sykes and members of the Senate Finance Committee my name is Tom Balzer and I am the President and CEO of the Ohio Trucking Association (OTA) and the Ohio Association of Movers (OAM). Collectively, we represent trucking, moving, logistics and warehouse companies and allied vendor members. Thank you for allowing me the opportunity to provide testimony today in support of Senate Joint Resolution 4 (SJR 4). This measure is important to give Ohio another tool to help repay any federal debt that is required to support Ohio's unemployment compensation system.

It goes without saying that the COVID-19 pandemic has put a strain on Ohio's unemployment compensation. According to Governor DeWine's briefing on May 28th, over the last 10 weeks, ODJFS has distributed more than \$3.1 billion in unemployment compensation payments to more than 644,000 claimants. The number of initial jobless claims filed in Ohio over the last 10 weeks (1,257,838) is more than the combined total of those filed during the last three years. This strain was amplified during the crisis by the decision to waive the one-week waiting period to receive benefits. Antidotally, this decision alone has the potential to increase the load on unemployment compensation system by \$250-\$500 million.

Ohio finds itself in a similar situation as it did following the great recession. In 2009, the fund became insolvent and Ohio had to borrow over \$3 billion from the federal government. Like then, Ohio will likely need to borrow from the federal government to ensure that the state's unemployment compensation benefits are paid. Just like during the great recession, Ohio's employers face paying off this debt.

Following the great recession Ohio's employers paid interest on the federal loan and were facing additional penalties until the debt was repaid in 2016 following the passage of HB 390. At the urging of the Ohio Trucking Association, HB 390 used a one-time loan from Ohio's unclaimed funds to pay off the federal debt. Repaying the unemployment compensation debt saved Ohio's businesses approximately \$400 million. Unfortunately, since that debt was paid, Ohio has failed to enact long-term reforms to Ohio's unemployment compensation system. Inaction has made the

unsustainable system vulnerable during economic downturns, which is exactly where we are today.

SJR 4 would allow the Ohio General Assembly to ask voters to approve obligations to repay a loan from the federal government to the unemployment compensation fund. Multiple other states have successfully utilize a similar process. The question isn't "if" but "when" Ohio will need to borrow from the federal government to ensure the unemployment compensation system remains solvent. When we do, the authority provided in SJR 4 could provide Ohio an additional tool that could, and likely would only, be used if it would save the state, and Ohio's businesses money.

While I urge this committee to support SJR 4 to address the current crisis facing Ohio, I also encourage Ohio's lawmakers to work on a long-term solution aimed at bringing stability to the state's unemployment compensation system.

Sincerely,

A handwritten signature in black ink that reads "Tom 16". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Thomas A. Balzer, CAE
President and CEO
Ohio Trucking Association/Ohio Association of Movers