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Ohio Workers to Bear the Burden for Unemployment Compensation System Solvency

In the final days of the legislative session, after two decades without any action to improve the solvency of the state's Unemployment Compensation system, state lawmakers are rushing to impose massive benefits cuts for Ohio workers who lose their job through no fault of their own.

Legislation introduced this week (House Bill 620) would slash unemployment compensation benefits by more than \$3.5 billion over the next 14 years, a reduction of nearly 20 percent. Legislative leaders have said they intend to pass HB 620 during the lame duck session prior to the end of the year; Effectively dismantling one of Ohio's most effective poverty prevention programs.

Earlier this year, the General Assembly rightly scrapped HB 394 that would have cut unemployment compensation benefits even more severely while reducing the amount of taxes that employers pay into the system. The more recent version of the bill will increase employer taxes slightly, but far less than the proposed reduction to employee benefits.

A fiscal analysis by the non-partisan Legislative Service Commission shows the bill would reduce unemployment benefits by as much as \$3.5 billion from 2017 to 2030, 19.5 percent, while employer taxes would increase by \$716 million, or 4.4 percent. This means workers will pay for 83 percent of the cost of bolstering the solvency of the Unemployment Compensation Trust Fund.

"We were hopeful that lawmakers would come back with a more balanced approach to modernize the state's unemployment compensation system in a way that reflects the decades-long shift to an economy dependent on low-wage, part-time and temporary jobs. Unfortunately, House Bill 620 is another attempt to achieve system solvency on the backs of working Ohioans," said William Sundermeyer, State Director of Advocates for Ohio's Future.

HB 620 will also reduce the number of benefit weeks from 26 weeks to 20 weeks, freeze maximum weekly benefits at half the average wage or an estimated \$450 a week, and replace the current family dependency allowance system with benefits amounting to no more than \$8.00 a week.