

March 11, 2021

Testimony Before the

Unemployment Compensation Modernization and Improvement Council

By Clara Osterhage

Co-Chairs Hackett and Fraizer and members of the Council:

My name is Clara Osterhage. It is a privilege to speak with you today and to share my experiences with the unemployment system as a small business owner in Ohio. I franchise eighty-one Great Clips hair salons located predominantly in Ohio with several in neighboring West Virginia, Kentucky, and Indiana. I currently employ nearly 700 individuals. I proudly serve as a member of the Ohio NFIB Leadership Council and am grateful for the advocacy the NFIB provides for thousands of small businesses throughout the state.

I have always been frustrated with the unemployment system. For the past 25 years, as a business owner and advocate for the fair distribution of government-controlled benefits, I have actively fought on a case-by-case basis to make sure that is the case. Defending situations that should not result in benefits is key to keeping rates in check, and that too has always been important to me.

Ohio's unemployment system, while better than the systems of the other states we operate in, is antiquated and difficult to navigate. I have never been confident that I was getting what I needed to be responsive to the claims.

It was counterintuitive for me to take on a new role with my employees last Spring, working to actually assist them in accessing unemployment benefits. We laid off the majority of our employees when Governor DeWine ordered hair salons to close, and I immediately saw the need for us to start providing support to them with benefits applications.

What a journey that was for everyone. A few of the more common issues that we experienced:

- The average on-hold time to reach someone at the agency between March and July of 2020 was between two and three hours.
- Accidental hang-ups or erroneous transfers were common, requiring that the call be started again.
- The wording of the questions that the employees had to answer was confusing and often resulted in them answering incorrectly, being denied, and having to appeal their case.
- Some not all employees were required to submit important documents to substantiate their case (driver's license, marriage license, social security card, birth certificate, etc.).
 - With agency personnel working remotely and agencies not being open for visits, dropping the documents off was not an option.
 - Many employees did not have access to the technology needed to submit the documents electronically.
 - Often the employees put original documents in the US mail to submit, praying that they would be returned without incident.
- Our pay week runs from Saturday through Friday and unemployment benefits run from Sunday through Saturday. When earnings were reported incorrectly to the agency, employees needed to pay funds back.
- Frequently employees did not know what their account pin number was, and the only way to reset it was to call the agency.
- Sometimes employees received notices of being denied before all of their information had been submitted.
- Oftentimes appeals had to be filed to provide additional information needed resulting in delays in benefits.
- Employees were told that the employer was holding up benefits due to not responding, which was not accurate.
- Employees would have to file multiple appeals in order to get benefits even after all additional documents had been submitted like physician notes, leave of absence (LOA) forms, etc.
- Response time from the agency was not consistent and sometimes <u>very</u> lengthy or delayed.

- Some charges on the employer account were noted to be part of the account mutualization provision, but many were not requiring employer appeal.
- Employers had no way to assist employees with LOA's that qualified for benefits and did not have information to share about the next steps.
- There were differences in the correspondence being sent to the employer versus that which was sent to the employee. For example, the employee would receive a denial of benefits when the employer received approval.
- At times, the employee would receive a denial when the employer hadn't even been asked for separation information.
- Employees were sometimes told that the employer rejected or denied the benefits.
- While the government crafted the rules about quarantining and the health department is responsible for managing contact tracing, the unemployment agency requires health department documentation for quarantining which sometimes was not done or provided.
- Information provided to the employees about the difference between regular benefits versus Pandemic Unemployment Assistance (PUA) is not consistent. Employees are being told to enter different reasons for not working.

And while not your issue or charge to fix, the additional weekly unemployment benefits that were given didn't help matters. When we were allowed to re-open in May, motivating employees to return to work when they were receiving an additional \$600 per week - on top of their regular unemployment benefits - was one of the most challenging things we had to overcome.

The issues experienced with the Ohio Department of Job and Family Services over the last year are clearly technology, process, and capacity related. The agency has already had an outdated system of managing claims and communicating with its key stakeholders - the employee and the employer, let alone educating anyone. Layer a pandemic on top of that system, and you have the challenges and frustrations I just referenced.

But, let's talk about the REAL impact on Ohioans.

• After a week or so, I had employees who did not have the ability to feed their children, let alone pay their rent and utilities.

- I created a communication pipeline so that employees could reach out to me directly if their food supply or other necessary items ran short and were in peril.
- O I distributed Walmart gift cards to those individuals in \$50 increments, issuing over \$10,000 in cards over the March-May time period.
- The actual unemployment benefit was so delayed for so many people that it was not helpful in the way that it was intended.
- I felt a palpable erosion of confidence in survival from my employees. While trying to navigate all of my business concerns, I spent hours on the phone with employees, listening to their stories and trying to help them.
- I reassigned two of my employees to do nothing but assist other employees in working their way through the unemployment system, as their frustration levels were extraordinarily high.

And that isn't the end of the saga. The issues continue to haunt our employees. When they are told to quarantine, they are eligible for benefits, but the process and delays in getting money in their hands continue to plague us.

While under the cloak of "mutualization," I knew that nothing was going to be free. While I am grateful for the assistance that was made available to our people, the increase in my unemployment rate is now added to the list of the additional small business threats - particularly the ones currently proposed by the Federal government. It is becoming more and more difficult to be a small business owner and a great job provider. Our business continues to be down between 20 to 30%.

I thank you for your work on this very important initiative. I am hopeful that your comprehensive recommendations will be met with motivation to fix the system for the long term.

I appreciate your time today and the opportunity to share the experiences of both me, as an employer, and my employees in navigating Ohio's unemployment compensation system.

Exhibit A: DJFS landing page for employers

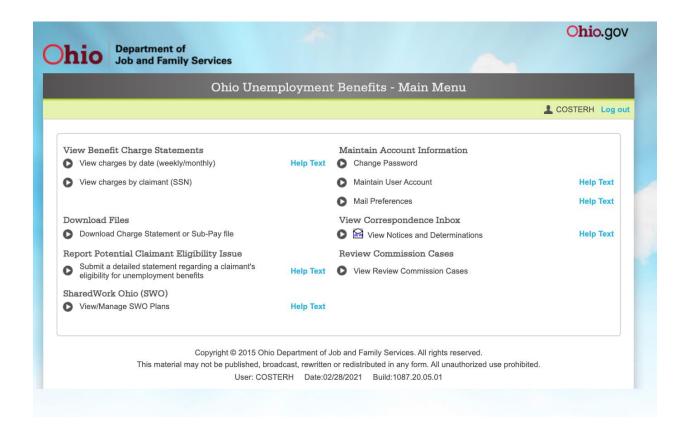


Exhibit B: Correspondence inbox for employers

Each page has 10 entries. At one point, we had over 20 pages of entries. These are very difficult to navigate and manage.

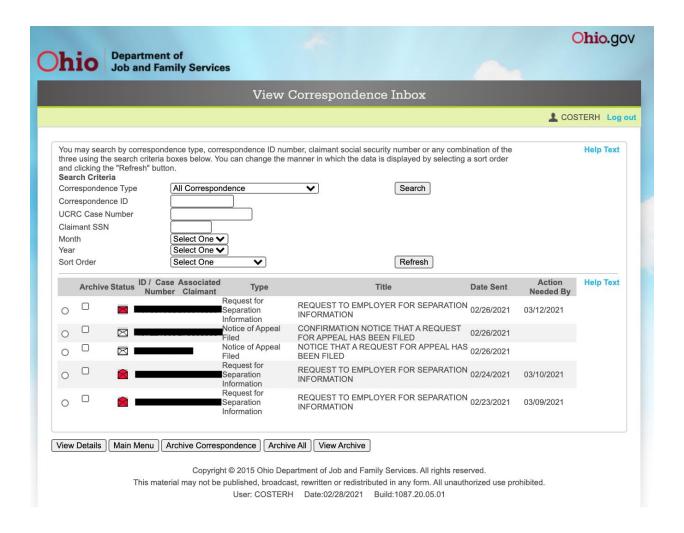


Exhibit C: Employer Request for Separation Information

Note: The content of this form is abbreviated as compared to the written document via USPS. The employer is not given a chance to provide any detail of the separation.

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SOB and Fami	ily Services					
	Response to Re	quest for Sep	aration Informa	tion		
					♣ COSTERH	Log ou
Form Id Number Employer Name	R.L.O. INC.	UI Accou	int Number		Help	Text
Claimant Name		SSN	-	BYE	02/05/2022	
. Is the account number reported. Was the claimant's employmen		insurance law?		Yes O No Yes O No	Help T	lext .
sa.For the most recent period of	employment, provide the start d	ate (mm/dd/yyyy).				
b.For the most recent period of						
 From the start date you listed i and earn at least \$1680.00. If no, 	n question #3, did the claimant	work in at least 6 weeks	C	Yes O No		
a. How many weeks did the cl			[
b. How much did the claimant		1 1 1 1 1	\$[
c. Did the claimant have any p start date you list in questio	periods of employment with you in #3?	prior to the	C	Yes O No		
i. If you have paid or will pay this	annlicant any money allocated	to the period subseque	nt to 02/07/2021 please	complete all applica	ble fields	
Start Date		Total Amt	Normal Weekly Wage	Monthly		Text
a.Pension		\$	\$	\$		
Allocated	From Through	Total Amt	Normal Weekly Wage			
b.Severance		\$	\$			
c.Vacation		\$				
Date	Payment Amt					
d.1 st Holiday	\$					
2 nd Holiday	\$					
6. Please enter all wages earned	by the claimant from		\$	٦	Help	Text
02/07/2021 to 02/13/2021 'a. Claimant's stated reason for s	separation was			_ /Fired /Medical co	andition	
b. What was the reason for clair			Select	• • • • • • • • • • • • • • • • • • •	_	
employment? c. Why?				o load this list	_	
 writer Is the claimant expected to retire 	urn to work?		O Yes O N			
If yes,	7					
a. What is the date?				(mm/dd/yyyy)		