



SENATE BILL 302 – UNEMPLOYMENT COMPENSATION VERIFICATION

OHIO SENATE INSURANCE COMMITTEE

MARCH 30, 2022

Chairman Hackett, Vice-Chair Romanchuk, Ranking-Member Craig, and members of the Ohio Senate Insurance Committee, thank you for the opportunity to provide testimony on Senate Bill 302. My name is Chris Ferruso and I serve as Legislative Director for NFIB in Ohio. Senate Bill 302 aims to ensure unemployment compensation claimants are legitimate and eligible for benefits, allows employers to help identify recipients who are no longer meeting the work search requirements, and makes an appropriation for the Ohio Department of Job & Family Services (JFS) for a new unemployment benefits system.

By way of background, NFIB members come from all industry sectors in all 88 counties across Ohio. Our typical member employs 15 or fewer and has less than \$2 million in gross receipts. The diversity of our membership runs the spectrum of business operations from sole-proprietors operating out of their homes to large manufacturers that employ hundreds.

The rampant fraud and overpayments that plagued Ohio's unemployment compensation system are well documented. The numbers from the Unemployment Modernization and Improvement Council show over \$5 billion in fraudulent payments and overpayments. While the bulk of these dollars are federal, they are dollars that should never have been distributed in the first place. Further, it is important to note that erroneous state unemployment payments can create a greater strain on Ohio's unemployment insurance trust fund balance. When Ohio has outstanding trust fund loans, they begin to trigger employer tax increases after two years. We are grateful for the General Assembly enacting House Bill 168 to pay off the outstanding unemployment insurance trust fund loan to the federal government, saving employers potentially hundreds of millions of dollars.

However, erroneous payments only further drain our system and Senate Bill 302 seeks to address this problem. Senate Bill 302 will permit the JFS to seek data from the Ohio Department of Taxation, Ohio Department of Rehabilitation and Corrections, and the Ohio Department of Health, for verification of information necessary to determine eligibility. These important lines of information sharing are long overdue and will hopefully avoid the distribution of benefits to ineligible applicants as well as provide the correct benefit payments to eligible individuals.

Additionally, Senate Bill 302 creates a mechanism for employers to report individuals to JFS that may no longer be meeting the necessary work search obligations required for ongoing eligibility. This provision

allows employers, who are on the front lines of hiring and employee interaction, to assist the state in ensuring benefits go to those that are truly unemployed, searching for work, and/or are participating in job training.

Senate Bill 302 has a substantial appropriation to provide the necessary resources for JFS to update their computer systems. Auditor of State Keith Faber's performance audit¹ highlights the need for JFS to modernize its antiquated systems. Before the pandemic, Ohio processed 87 percent of claims within the first two weeks, and zero or very few took more than 70 days. Contrast that with October 2020, where 40 percent of claims took more than 70 days to process. We know JFS experienced an unprecedented volume of applications and inquiries. Their systems simply were unable to handle this incredible spike. An NFIB member who works in information technology quipped it is like Mario Andretti driving a Yugo. The know how was there, but the software limited the skills of claims intake and processing.

We also had a member share her pandemic unemployment experiences with the Modernization and Improvement Council. She was shuttered at the onset of the pandemic, and her employees were rightfully seeking unemployment benefits. Of the numerous issues she experienced a few highlights include two to three hours wait times between March and July 2020, employee notice of denial before all information was sent resulting in appeals further delaying benefit payment, and denial of benefits before the employer was asked for any information and an employer interface that she found to be cumbersome. The appropriation in Senate Bill 302 will hopefully provide sufficient resources for JFS to replace their current benefits system with one better equipped to serve employers and claimants and address these types of issues.

Senate Bill 302 aims to ensure benefits are only paid to eligible individuals and provides dollars for long-needed JFS benefits system upgrades. We recommend favorable passage of Senate Bill 302.

Thank you Mr. Chairman and members of the committee, I would be happy to try and address any questions.

¹ https://ohioauditor.gov/performance/ODJFS_2021/ODJFS_Audit_Highlights.pdf