



**TESTIMONY BEFORE THE
UNEMPLOYMENT COMPENSATION MODERNIZATION AND IMPROVEMENT
COUNCIL**

MARCH 11, 2021

Co-chair Senator Hackett, Co-chair Representative Fraizer, and members of the Unemployment Compensation Modernization and Improvement Council (Council), thank you for the opportunity to appear before you today. My name is Chris Ferruso and I serve as Legislative Director for Ohio NFIB. I am here on behalf of our 21,000 members to share some of the experiences of our association and our members with Ohio's unemployment compensation system.

By way of background, a typical NFIB member in Ohio employs 20 or fewer and does less than \$2 million in annual receipts. Our members come from all industry types and each of the 88 counties. Our members range in size from sole proprietors to large operations employing hundreds.

We know, based upon a survey conducted late third quarter last year, 30 percent of our members were closed because of the various orders from the Ohio Department of Health. Additionally, many of our members saw significant year-over-year revenue loss. Unfortunately, this left many of our members interacting with the unemployment compensation system over the course of the last year. After my remarks, the council will hear from one of these members.

As a trade association representing small businesses, as anticipated, we received many inquiries from our members seeking assistance on appropriately and correctly responding to unemployment claims filings and to assist their employees in receiving benefits. Our members were frustrated by unanswered phone calls and complications with online interactions. The staff at our office made numerous requests to the Ohio Department of Job and Family Services (JFS) for additional

guidance and information. Let me be clear, the staff at JFS was very responsive and helpful in what was, and continues to be, a challenging time for all parties involved. In addition to the contacts we received directly to our office, our third-party administrator who manages our unemployment compensation program, provided to a large portion of our membership, experienced a significant volume of inquiries last year.

What was unexpected, was the large number of calls and contacts we received not from employers but employees. It seems when one uses a search engine for information on Ohio unemployment, NFIB is high up in the queue. We heard from Ohioans across the state who were desperately trying to file their claims or contacting JFS to correct an error or deficiency. We did our best to pass along appropriate contact information. A couple of consistent themes were gratitude that they heard a live voice and they received a callback. I mention this to reiterate what this Council has heard: the volume of claims and claimants far exceeded what the current system could handle. Both employers and claimants were frustrated.

This Council is charged with making recommendations on upgrading and modernizing our antiquated unemployment compensation claims processing/verification system. I would be remiss if I did not stress that employers should not be asked to shoulder any greater burden for this modernization undertaking. We urge that any additional resources needed should come from the general revenue fund.

I would like to briefly pivot to the area of fraud. After the initial challenges with claims processing and verification, fraudulent claims have become the next huge problem, not only in Ohio but nationally. We have heard from many members of their personal experience with fraud. At a recent board meeting, we asked participants if they, an employee, or a family member received a notice of filing, a 1099, or a benefits card in their name. Half of the participants affirmatively indicated such an experience. The well-publicized fraud issues are adding fuel to the frustrations our members already have had with the system. I know this Council and JFS are aware. I also know JFS has prevented thousands of fraudulent forms from being released. However, thousands have gone out and Ohio has paid millions of dollars in fraudulent benefits. This speaks to the desperate need to quickly modernize the unemployment compensation processing systems. I realize I am not telling you something you are unfamiliar with. However, our members are concerned about what these fraudulent payments may mean to their

unemployment taxes. While outside the purview of this Council, I raise this as the legislators serving on the Council will need to address this issue and hopefully agree we need to prevent employers from covering the costs for these fraudulent payments.

As I previously indicated, the Council will hear from one of our members on her experience. Additionally, you will hear testimony on our behalf from a national trade group on the history of unemployment, the changes during the pandemic, and some recommendations to help address the issues that exist in our system today. Co-chairs and members of the Council, thank you for the opportunity to provide some high-level observations from NFIB on staff interactions with our members, and claimants, and their experiences with the unemployment compensation system. I am happy to try and address any questions.