

November 21, 2016

Local Chambers Join Call for Unemployment Compensation System Reform

Since the introduction just over a year ago of House Bill 394, legislation that takes a comprehensive and balanced approach to fixing the broken unemployment compensation system in Ohio, the Ohio Chamber has been urging the General Assembly to take action to address core issues with the system.

Last week, the Ohio Chamber and 25 local chambers of commerce across Ohio sent a [letter](#) to the General Assembly saying that the time to act is now, as the issue is simply too important to wait any longer. These chambers all recognize that fixing the unemployment compensation system is critical to ensuring Ohio remains competitive.

On the heels of this letter, Speaker of the House Cliff Rosenberger announced last week that a substitute version of HB 394 will be unveiled the week after Thanksgiving, and that the bill is his top priority to finalize before the legislature wraps up in early December.

While the details of the substitute bill have yet to emerge, it will likely include an increase in employer state tax contributions coupled with modest reductions in benefits. The ultimate objective is to build a positive balance in the fund, thus avoiding the need to borrow from the federal government to pay unemployment claims during a future recession. As most employers know, such borrowing in 2008 and 2009 is what led to a massive debt owed to the federal government and subsequent large financial penalties on employers. Although the debt has now been repaid – at a cost to Ohio employers of approximately \$1.5 billion – Ohio can't risk repeating this pattern in the future.

Organized labor represents the biggest obstacle to enacting HB 394, as labor objects to any reduction whatsoever in benefits. However, a balanced solution that addresses both sides of the equation is the only way to truly and satisfactorily solve the problem.

Ohio's unemployment compensation system has been essentially insolvent and unsustainable for years. The last time major changes were made to address problems with it was in the 1980s. Thus, the time to fix the system is now, while the unemployment rate is low and before another economic downturn.

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