Ohio Legislative Service Commission

www.lsc.ohio.gov

Office of Research and Drafting

Legislative Budget Office

S.B. 116

135th General Assembly

Bill Analysis

Click here for S.B. 116's Fiscal Note

Version: As Introduced

Primary Sponsors: Sens. Lang and Romanchuk

Kelly Bomba, Attorney

SUMMARY

- Raises the taxable wage base used for calculating employer contributions under Ohio's Unemployment Compensation Law from $9,000 to $9,500, beginning on January 1, 2024.
- Eliminates, for benefit years beginning on or after the bill's effective date, the dependency class caps for weekly unemployment benefit amount determinations and makes the maximum weekly benefit amount an individual may receive 50% of the individual's average weekly wage, up to 50% of the statewide average weekly wage.
- Reduces, for benefit years beginning on and after the bill's effective date, the maximum number of weeks for which an individual may receive unemployment benefits in a benefit year from 26 weeks to a range of 12 to 20 weeks, based on the unemployment rate in Ohio at the time the initial application is filed.

DETAILED ANALYSIS

Taxable wage base increase

The bill increases the taxable wage base used for calculating employer contributions under Ohio's Unemployment Compensation Law from $9,000 to $9,500, beginning on January 1, 2024.[1]

Ohio's unemployment compensation system consists of two types of employers: contributory employers, who are mostly private sector employers who pay contributions into the Unemployment Compensation Fund (the fund from which unemployment benefits are paid), and reimbursing employers, who are mostly public sector employers and certain

[1] R.C. 4141.01(G).

nonprofits who reimburse the fund when benefits are paid. With respect to contributory employers, to determine the amount of the employer's contribution, the Director of Job and Family Services determines the employer's contribution rate and applies it in the following calendar year to the wages of each of the employer's employees. But contributions are payable on employee wages only up to the "taxable wage base," which is currently $9,000. Wages paid by an employer to a particular employee in excess of the taxable wage base are not subject to contribution.[2]

Dependency class cap elimination

For benefit years beginning on or after the bill's effective date, the bill eliminates dependency classes for weekly unemployment benefit amount determinations and generally makes the maximum weekly benefit amount an individual may receive 50% of the statewide average weekly wage. Under continuing law, an individual's "benefit year" is generally the 52-week period beginning with the first day of the week with respect to which the individual first files a valid application for determination of benefit rights (the first step in applying for unemployment benefits that determines whether the individual has worked long enough in covered employment and earned enough to qualify for unemployment benefits).[3]

Under continuing law, weekly benefit amounts are 50% of an individual's average weekly wage during the individual's base period up to a statutory maximum. Current law statutory maximums are based on the number of allowable dependents claimed as follows:

- If an individual has no dependents, 50% of the statewide average weekly wage ($561 in 2023).
- If an individual has one or two dependents, 60% of the statewide average weekly wage ($680 in 2023).
- If an individual has three or more dependents, 66⅔% of the statewide average weekly wage ($757 in 2023).

Continuing law requires the Director to determine the statewide average weekly wage each year based on the average weekly earnings of all workers in employment subject to Ohio's Unemployment Compensation Law during the preceding 12-month period ending June 30.[4]

For example, suppose Fred had an average weekly wage of $1,200. Under current law, if Fred has no dependents, Fred's weekly benefit amount is $561. This is because 50% of Fred's

---

[2] R.C. 4141.01(G) and (L); R.C. 4141.241, 4141.242, and 4141.25, not in the bill; and Ohio Administrative Code 4141-9-01.

[3] R.C. 4141.01(R).

[4] R.C. 4141.30 and 4141.02, with conforming changes in R.C. 4141.01(R)(3), 4141.29, 4141.43, and 4141.53; Ohio Department of Job and Family Services, How Ohio's Unemployment Insurance Benefit Amounts Are Calculated (PDF), which may be accessed by clicking on "How UI Benefits Are Calculated" on the Department of Job and Family Services' unemployment website: jfs.ohio.gov/.

average weekly wage is $600, which is greater than the allowed maximum for someone who does not have dependents. If Fred has one or two dependents, or three or more dependents, Fred's weekly benefit amount would be $600, because 50% of Fred's average weekly wage ($600) is less than the maximum amount payable ($680 for one to two dependents, $757 for three or more dependents).[5]

Under the bill, Fred's weekly benefit amount is $561, regardless of the number of dependents. This is because 50% of Fred's average weekly wage, $600, is greater than 50% of the statewide average weekly wage.

Maximum benefit weeks

The bill reduces, for benefit years beginning on and after the bill's effective date, the maximum number of weeks for which an individual may receive unemployment benefits in a benefit year from 26 weeks to a range of 12 to 20 weeks, based on Ohio's unemployment rate. The bill requires the Director to determine the maximum number of weeks an individual may receive unemployment benefits based on the adjusted unemployment rate that applies to the six-month period during which the application for benefit rights is filed as follows:

Adjusted unemployment rate	Maximum number of weeks
5.5% or below	12
Greater than 5.5% to 6%	13
Greater than 6% to 6.5%	14
Greater than 6.5% to 7%	15
Greater than 7% to 7.5%	16
Greater than 7.5% to 8%	17
Greater than 8% to 8.5%	18
Greater than 8.5% to 9%	19
Greater than 9%	20

[5] See page 19 of the Workers' Guide to Unemployment Insurance, which may be accessed by conducting a keyword "workers guide to unemployment" search on the Department of Job and Family Services website: jfs.ohio.gov, and clicking on the link for "Unemployed Workers – More Information."

To determine the adjusted unemployment rate in effect for January 1 to June 30 of each year, the Director must average Ohio's seasonally adjusted unemployment rates, as determined by the U.S. Department of Labor, for the immediately preceding months of July, August, and September. To determine the adjusted unemployment rate in effect for July 1 to December 31 of each year, the bill requires the Director to average Ohio's seasonally adjusted unemployment rates, as determined by the Department, for the immediately preceding months of January, February, and March.

Under current law, an individual is entitled to receive benefits for 20 weeks for the first 20 qualifying weeks of employment in the individual's base period. One additional benefit week is added for each qualifying week above 20 weeks, up to a maximum of 26 total benefit weeks. Continuing law prohibits the total benefits an individual may receive from exceeding an amount equal to the maximum number of weeks an individual may receive unemployment benefits times the individual's weekly benefit amount.[6]

HISTORY

Action	Date
Introduced	04-26-23

ANSB0116IN-135/ts

[6] R.C. 4141.30(F) and (G).