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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**S.B. 302**  
**134<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for S.B. 302's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Sens. Hackett and Reineke

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- The bill appropriates \$45.0 million in FY 2022 for new Dedicated Purpose Fund 5CV3 appropriation item 655454, Unemployment Compensation – ARPA, to support a new unemployment system to replace the current Ohio Job Insurance benefits system. The unexpended, unencumbered balance remaining at the end of FY 2022 is reappropriated to FY 2023.
- The Ohio Department of Job and Family Services (ODJFS) will experience an indeterminate cost in order to review the proof of identify provided by unemployment insurance applicants determined eligible for benefits. These costs include information technology upgrades and personnel costs. Due to the volume of claims, the personnel costs could be significant.
- ODJFS will experience information technology costs in order to establish data sharing agreements with the Department of Taxation, Department of Rehabilitation and Correction, and Department of Health.
- ODJFS will also experience costs to determine if financial institutions have physical locations in Ohio.

### **Detailed Analysis**

#### **Overview and appropriation**

The bill makes numerous changes to unemployment compensation (UC) law. Additionally, the bill appropriates \$45.0 million in FY 2022 to new Dedicated Purpose Fund 5CV3 appropriation item 655454, Unemployment Compensation – ARPA, to replace the Ohio Job Insurance benefit system, which is currently used to manage UC benefits, with a new system. In addition, the bill

requires the Ohio Department of Job and Family Services (ODJFS) Director to certify to the Director of Budget and Management the unexpended, unencumbered balance of item 655454 at the end of FY 2022 to be reappropriated to FY 2023. The bill reappropriates the amount certified. ODJFS has been in the process of developing a new unemployment compensation system over the past few years, which is referred to as the State of Ohio Unemployment Resource for Claimants and Employers (SOURCE). Some segments of this new system went live on December 6, 2021. According to ODJFS, this appropriation will be able to cover the build of SOURCE. However, the new requirements of the bill could result in additional costs. Overall, the bill would include both one-time and continuing costs.

## **Identification requirements**

The bill requires applicants for state unemployment compensation to provide proof of identity to the administrator of a public employment office in order to receive benefits. ODJFS operates one office in each county, often called one-stops or OhioMeansJobs centers, which are primarily federally funded. The bill will increase costs for these offices and according to the Department will require information technology upgrades to allow these local offices to submit documents electronically. The Department receives federal funds to support the unemployment compensation program and anticipates it may be able to use some administrative funds for some state-level activities. However, the Department would need to use other state funds to fully support this activity. The amount is uncertain at this time, but due to the volume of claimants, could be significant.

## **Additional eligibility screening**

The bill requires ODJFS to request information from several agencies in order to help verify eligibility for UC benefits, including the Department of Taxation when an employer fails to provide certain information within ten working days. The bill also requires the ODJFS Director to enter data matching agreements with the Department of Rehabilitation and Correction for incarceration information and the Department of Health for death records. According to ODJFS, the data matching agreements will require additional SOURCE system enhancements at further cost to the agency. The amount is unknown at this time. To the extent that this data is checked already, administrative costs would decrease.

## **Income verification for federal benefit programs**

The bill requires the ODJFS Director to establish an income and eligibility verification system that uses income tax records for any federal program administered by the Director in a manner similar to the Unemployment Compensation Law that provides money to an individual who loses income but is not eligible for traditional unemployment benefits. This requires the ODJFS Director to establish a data sharing agreement with the Tax Commissioner. The ODJFS Director may request information regarding any remuneration or compensation reported by the individual for the purpose of calculating the individual's income tax. This will pose an indeterminate cost to ODJFS. However, these costs may not be realized until the state administers such a federal unemployment program.

## **Employer complaint system**

The bill requires all of the following of the ODJFS Director to establish and maintain an online process through which an employer can report that an applicant for or a recipient of

unemployment benefits has failed or is failing to meet the nonmonetary requirements for benefit eligibility. The process must allow the employer to make a complaint through a conspicuous internet link located on ODJFS's website. ODJFS currently has a link on its website that allows employers to report eligibility or other issues and ODJFS investigates once it receives such a report. This online process is currently on ODJFS's website, but does not appear, at least at this time, to be part of the new SOURCE. If this system were incorporated into SOURCE, there could be costs to do so.

### **Direct deposits**

The bill also prevents unemployment benefits disbursements by direct deposit to a financial institution unless the institution has a physical location in Ohio that the individual requesting direct deposits can access for the purpose of resolving disputes with the institution. ODJFS will experience costs to determine which financial institutions meet these requirements. Costs will depend on how easily this information can be ascertained and how many financial institutions have to be checked.

### **Annual report**

The bill also requires ODJFS to prepare an annual report providing specified information about claims and a summary of updates or changes to the technology used to administer the unemployment compensation system. This will result in minimal administrative costs for ODJFS.