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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 302
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Hackett and Reineke

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SUMMARY

- Requires the Director of Job and Family Services to request tax withholding information from an employer's tax returns when the employer fails to provide requested information within ten working days.
- Requires the ODJFS Director to enter data matching agreements with the Department of Rehabilitation and Correction and the Department of Health under which the DRC Director and ODH Director provide the ODJFS Director with current incarceration information and death records, respectively.
- Requires applicants for unemployment benefits to provide proof of identity to the administrator of a public employment office to receive unemployment benefits.
- Requires the ODJFS Director to include notice of the bill's identification requirement in valid determinations for benefit rights.
- Applies the bill's identification requirement to claims for unemployment benefits that are pending on or before the bill's effective date.
- 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.
- Requires 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.
- Requires the ODJFS Director 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.
- Makes an appropriation.

DETAILED ANALYSIS

Additional eligibility screening for unemployment benefits

Background – application process

The bill requires the Director of Job and Family Services (ODJFS) to check specific sources of data when determining an individual’s eligibility for unemployment benefits. Determining eligibility is a two-phase process. In the first phase, an individual files an initial application for a determination of benefit rights, which generally examines whether the individual worked and earned enough to be eligible for benefits (“monetary eligibility”). On receiving the initial application, continuing law requires the ODJFS Director to promptly notify the individual’s most recent employer and request the reason for the individual’s unemployment. The ODJFS Director also may request additional information from the individual and any employers identified in the application. An employer must provide requested information within ten working days after the Director sends the request. The ODJFS Director determines whether an initial application is valid using the gathered information and any other available sources. This application is used to establish the individual’s benefit year, which is the 52-week period during which the individual may file claims for benefits based on satisfying the monetary eligibility requirements.

After filing a valid initial application and establishing a benefit year, an individual enters the second phase of the process. In the second phase, the individual must file a claim for benefits each week the individual seeks benefits during the individual’s benefit year. At this point of the process, the individual must satisfy “nonmonetary requirements.” The nonmonetary requirements concern filing appropriate paperwork, the reason why the individual is unemployed, and work search requirements.¹

Income tax information to resolve initial applications

Under the bill, if an employer fails to provide requested information within ten working days, the ODJFS Director must provide the individual’s and employer’s names and addresses to the Tax Commissioner. The Tax Commissioner must provide the ODJFS Director information from the most recent income tax withholding return filed by the employer identifying the individual and specifying the amount of remuneration paid to the individual during the period covered by the return.²

Unless an exception applies, continuing law specifies that any information in tax returns is confidential and may not be disclosed by an employee of the Department of Taxation or any other individual. The bill adds a new exception allowing Department employees to disclose

¹ R.C. 4141.28 and R.C. 4141.01 and 4141.29, not in the bill.

² R.C. 4141.28(B).

information requested by the ODJFS Director for the purpose of determining whether an initial application is valid.³

Data matching agreements

The bill requires the ODJFS Director to enter data matching agreements with the Department of Rehabilitation and Correction (DRC) and the Director of Health (ODH). Under the agreement with the DRC Director, the DRC Director must provide the ODJFS Director with a searchable list, updated weekly, identifying all individuals committed to DRC institutions. DRC must share its records with the ODJFS Director to the extent necessary to effectuate the agreement.

Under the agreement with the ODH Director, the ODH Director must allow the ODJFS Director to search death records in the system of vital statistics established and maintained by the ODH Director in accordance with continuing law.

The ODJFS Director must check the list provided by the DRC Director and the death records when determining the validity of an initial application or a claim for benefits.⁴

Under continuing law, an individual, among other requirements, must be available for suitable work to receive unemployment benefits. While a deceased individual cannot be available for suitable work, an individual in DRC custody may be available under certain circumstances. The availability determination depends on the facts and circumstances of each case.⁵

Required identification for unemployment benefits

The bill requires applicants for unemployment benefits to present either of the following to the administrator of a public employment office maintained by the ODJFS Director under continuing law to receive unemployment benefits:

- A driver's license;
- Two documents that contain the applicant's name and address and that the Registrar of Motor Vehicles would accept for the purpose of issuing a driver's license.

The administrator must notify the ODJFS Director when the applicant has presented the documents. An applicant is not required to present the documents to an administrator more than once during a benefit year.

³ R.C. 5703.21 and 5747.18.

⁴ R.C. 4141.287, 4141.288, and 5120.212.

⁵ R.C. 4141.29, not in the bill; and see, e.g., *Hageman v. Administrator, Ohio Bureau of Employment Services*, 1991 Ohio App. Lexis 1576, 1991 WL 53835 (6th Cir. 1991).

If the ODJFS Director determines that an application for unemployment benefits is valid, the ODJFS Director must include notice of the bill's requirement in the determination sent to the applicant.⁶

The bill applies the identification requirement to claims for unemployment benefits that are pending on or before the bill's effective date. Thus, if a claimant is receiving unemployment benefits on the bill's effective date, the claimant will stop receiving those benefits until the claimant presents the required identification. The ODJFS Director must notify individuals named in a pending claim of the bill's requirement as soon as practicable after the bill's effective date.⁷

Income verification system for federal benefit programs

The bill requires the ODJFS Director to establish an income and eligibility verification system for any federal program similar to the Unemployment Compensation Law administered by the Director that provides money to an individual who loses income but is not eligible for traditional benefits. The income and eligibility system must verify the individual's income using income tax records maintained by the Tax Commissioner.

The ODJFS Director must enter a data sharing agreement with the Commissioner allowing the ODJFS Director to provide the name and Social Security number of an individual applicant to the Commissioner. The ODJFS Director may request information from the Commissioner regarding any remuneration or compensation reported by the individual for the purpose of calculating the individual's income taxes. The ODJFS Director may request the information for any time period necessary to establish income and eligibility for purposes of the program.

On receiving the request, the Commissioner must provide to the ODJFS Director with the requested information for the time period specified by the Director. If the Commissioner is unable to provide any portion of the requested information, the Commissioner must provide a brief written explanation of why the Commissioner was unable to provide the information.

The income verification system does not apply to a federal program for which income verification is not required.⁸

As with the bill's provisions requiring the use of income tax information to confirm eligibility for traditional benefits (see "**Income tax information to resolve initial applications**," above), the bill specifies that the Commissioner or a Department of Taxation employee may disclose income tax information to the ODJFS Director when the information is used to verify an individual's eligibility for a federal program covered by the system.⁹

⁶ R.C. 4141.28.

⁷ Section 6.

⁸ R.C. 4141.163.

⁹ R.C. 5703.21 and 5747.18.

Direct deposit of unemployment benefits

The bill prohibits the ODJFS Director from disbursing unemployment benefits 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. It is not clear how the Director will determine whether a financial institution has a physical location that meets the requirement.

The bill specifies that it does not prohibit the Director from establishing other systems for disbursing benefits.¹⁰

Employer complaint system

The bill requires the ODJFS Director to establish and maintain a process for an employer to report that an applicant for or a recipient of benefits has failed or is failing to meet any of the nonmonetary eligibility requirements. The process must allow the employer to make a complaint through a conspicuous internet link located on the Department of Job and Family Services website. The ODJFS Director must review all complaints received through the process in a timely manner.¹¹

Annual report

Beginning on the last day of February that occurs after the bill's effective date, and annually thereafter, the ODJFS Director must prepare a report that includes all of the following information with respect to the calendar year covered by the report:

- The number of calls received from applicants for and recipients of unemployment benefits at all call centers operated by the ODJFS Director;
- The total number of claims for benefits filed;
- The number of claims for benefits marked as potentially fraudulent;
- The number of complaints submitted by applicants for and recipients of benefits through the uniform complaint process maintained by the ODJFS Director under continuing law;
- A summary of updates or changes to the technology the ODJFS Director uses to administer the unemployment compensation system.

The ODJFS Director must submit the report to the Speaker of the House of Representatives, the President of the Senate, the Governor, and the Unemployment Compensation Modernization and Improvement Council.¹²

¹⁰ R.C. 4141.302.

¹¹ R.C. 4141.34.

¹² R.C. 4141.60.

Appropriation

The bill appropriates \$45,000,000 from funds provided to Ohio under the American Rescue Plan Act of 2021¹³ (ARPA). The funds are to be used to replace the Ohio Job Insurance benefit system currently used to manage unemployment benefits with a new system.

On July 1, 2022, or as soon as possible thereafter, the bill requires the ODJFS Director to certify to the Director of Budget and Management the unexpended, unencumbered balance of the initial appropriation at the end of FY 2022. The bill reappropriates the amount the ODJFS Director certifies for the same purpose in FY 2023.¹⁴

HISTORY

Action	Date
Introduced	03-01-22

ANSB302IN-134/ts

¹³ Pub. L. No. 117-2 (March 11, 2021).

¹⁴ Sections 4 and 5.