

FOR IMMEDIATE RELEASE
May 27, 2009

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Public Employers Must Pay for State-Extended Unemployment Benefits

The American Recovery and Reinvestment Act (ARRA) included a provision allowing for 100 percent federal funding of state-extended benefit payments made to eligible workers who lose their jobs with private employers. ARRA did not include a provision for federal funding of state-extended benefit payments to workers who lose their jobs with public employers, however. As a result, Ohio's public employers—including state agencies, counties and other public entities—could have up to an additional 20 weeks of benefits charged to their accounts.

“A long-standing federal law exempts public employers from federal funding for state-extended benefits,” said Judi Cicatiello, deputy director for the Ohio Department of Job and Family Services' Office of Unemployment Compensation. “State and local public employers should keep this in mind as they are planning, and they should feel free to contact us if they have any questions.”

The Office of Unemployment Compensation manages the state's unemployment insurance program, which offers temporary income support to unemployed workers who lose their jobs through no fault of their own. Unemployment insurance is typically financed by quarterly federal and state payroll taxes paid by employers. The federal taxes cover the administration of the program; the state taxes pay for the actual benefits.

Because of rising unemployment rates, both the federal government and the state of Ohio have offered extended benefits to unemployed workers. On April 1, 2009, Governor Ted Strickland signed legislation amending Ohio law to allow up to 20 weeks of additional unemployment compensation for eligible Ohioans, who can now receive these state-extended benefits *after* their federal-extended benefits expire. This legislative change was made to take advantage of the 100 percent federal funding of additional state-extended benefits offered by ARRA.

Prior to the federal and state benefit extensions, unemployed Ohioans were able to receive up to 26 weeks of benefits. The federal-extended benefits offer up to an additional 33 weeks of payments, and the state-extended benefits offer up to an additional 20 weeks of payments, making it possible for eligible Ohioans to apply to receive up to 79 weeks of benefits. For more information about extended benefits, see http://jfs.ohio.gov/ocomm_root/Ext-Benefits-FAQ-2008REV.pdf.