

Dollars paid but not returned
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by Congressman Paul Gillmor

For most of 1998, Ohio's unemployment rate has coincided with the unemployment rate of the United States as a whole. In June, the unemployment rate for both Ohio and the United States was 4.5 percent, up from 4.3 percent the previous month. Historically, an unemployment rate of 4.5 percent is low for Ohio.

The Federal Unemployment Tax Act (FUTA) was enacted more than sixty years ago to guarantee financing for a national employment security system. The Federal-State unemployment insurance system (UI) provides temporary benefits to individuals with a recent work history who have involuntarily become unemployed. Federal taxes support the costs of UI administration, as well as the costs of providing employment services. State taxes, meanwhile, support unemployment benefits.

Employers pay the FUTA tax, which is allocated for unemployment insurance, public unemployment services, and veteran's reemployment assistance. In 1995, for example, Ohio employers paid \$259 million in FUTA taxes. However, a major problem exists with respect to the state of Ohio. The fact is Ohio is not getting back its fair share of these federal dollars to provide the intended services. Ohio received back only \$102 million in 1995. To help illustrate this point, imagine going to your bank and handing the teller a one-dollar bill, and, in turn, the teller hands you back a mere thirty-nine cents. Is that a fair deal? Absolutely not! But, that is the FUTA share Ohio received in 1995 - thirty nine cents back for each dollar it sent to Washington.

In addition, the Federal government currently determines the level of resources available to each state. This is wrong! States must have the flexibility to operate an efficient unemployment system that meets the needs of their work forces. The Ohio General Assembly has a much better perspective on Ohio's needs than the federal government does. State legislators are much more familiar with the administrative financing of unemployment security programs, and are more immediately aware of the impact of funding levels on unemployment services.

To help correct these glaring inadequacies, I have cosponsored legislation in this Congress that would remedy this discrepancy and ensure that Ohioans are getting a fair shake for the FUTA dollars they pay. The Employment Security Financing Act, H.R. 3684, would improve the method of collecting Federal unemployment taxes. This bill is designed to increase state flexibility and accountability in fulfilling the unemployment insurance and employment service's mission. In addition, the bill aims to reduce paperwork for businesses, improve efficiency in labor markets, and finance more and better employment services for jobless workers, speeding their return to work and allowing states to increase unemployment benefits or reduce payroll taxes.

H.R. 3684 will also give the state of Ohio the added flexibility and accountability it requires to ensure that those Ohioans in need of temporary unemployment assistance will receive it. H.R. 3684 works to ensure that a common sense, fiscally responsible administration of FUTA dollars get qualified workers to employers, in less time, and with lower administrative and employment costs.

As always, I am interested in hearing your comments on federal government issues. If you have a question or comment, or need assistance in working with a federal government agency, please do not hesitate to contact me: Congressman Paul Gillmor, 1203 Longworth House Office Building, Washington, D.C. 20515. Ohio residents may also contact my district office, toll-free, at 1-800-541-6446, or send a facsimile message, toll-free, at 1-800-278-8203.

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