State of Working Ohio 2026
Unemployment Compensation

Workers and businesses alike have an interest in strengthening Ohio's unemployment compensation (UC) system. When properly funded and adequately staffed, the UC system allows jobless Ohioans to find jobs that match their skills and allows employers to find workers that fit their needs. But when legislators fail to maintain the UC fund, the consequences can be disastrous.

In 2020, Ohio's UC fund went broke. Legislators had neglected the fund for decades: It had not met generally accepted solvency standards since 1974.[1] It still doesn't.

The UC system ran dry due to the sudden surge of unemployment claims in the early months of the COVID pandemic.[2] Ohio required a $1.5-billion loan from the federal government to cover the claims of Ohioans who found themselves unemployed through no fault of their own.

Ohio wasn't alone: 27 states had to borrow to meet the unprecedented level of claims caused by the pandemic.[3] But Ohio struggled more than other states because Ohio legislators had neglected UC reforms for so long. They continue to do so.

How it works

State unemployment systems temporarily provide workers with a portion of their wages after they have lost their job through no fault of their own. In Ohio, unemployed workers can collect benefits for up to 26 weeks. To qualify for benefits, a worker must meet the following minimum conditions:[4]

- They are unemployed through no fault of their own (i.e., they haven't quit or been fired for cause).
- They can show proof that they are actively seeking work.
- They worked at least 20 weeks in the 12-18 months[5] before becoming unemployed. This is known as the "base period."
- During the minimum of 20 weeks of employment, they were paid a weekly average of at least $352 (in 2026) weekly.

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[1] "How Ohio Has Underfunded Unemployment Compensation." Zach Schiller. *Policy Matters Ohio*. Nov.14, 2014.
[2] "Jobless Benefits Fund Broke." Karen Kasler. *Statehouse News Bureau*. June 16, 2020. See also, "COVID-19: Impacts on Workforce & Education." *Ohio Education Research Center*, John Glenn College of Public Affairs.
[3] "ARPA State Fiscal Recovery Fund Allocations Dashboard." *National Conference of State Legislatures*.
[4] "How Unemployment Insurance Works." *Ohio Department of Job & Family Services (ODJFS)*.
[5] "Base Period: The first four of the last five completed calendar quarters before you apply for unemployment benefits." Depending on when someone files in the calendar quarter, up to 18 months can be considered the base period. ODJFS Worker's Guide to Unemployment Insurance.

Once their application has been approved, an unemployed worker must meet three eligibility requirements to maintain their benefits:

- Be mentally, physically, and legally allowed to work and available to accept work if they are offered a position.
- Complete at least two "work search activities" per week.
- Complete a resumé and profile on OhioMeansJobs.com

Typically, an unemployed worker is paid one half of the average weekly wage they were paid during the base period, but the state caps weekly benefits. Caps are set annually and vary based on the number of dependents a worker has. In 2026, a worker with no dependents may receive no more than $624 a week; with one or two dependents, $757 a week; with three or more, the maximum weekly payment is $842.[6]

Affordability: Ohio's unemployment system leaves too many workers without support

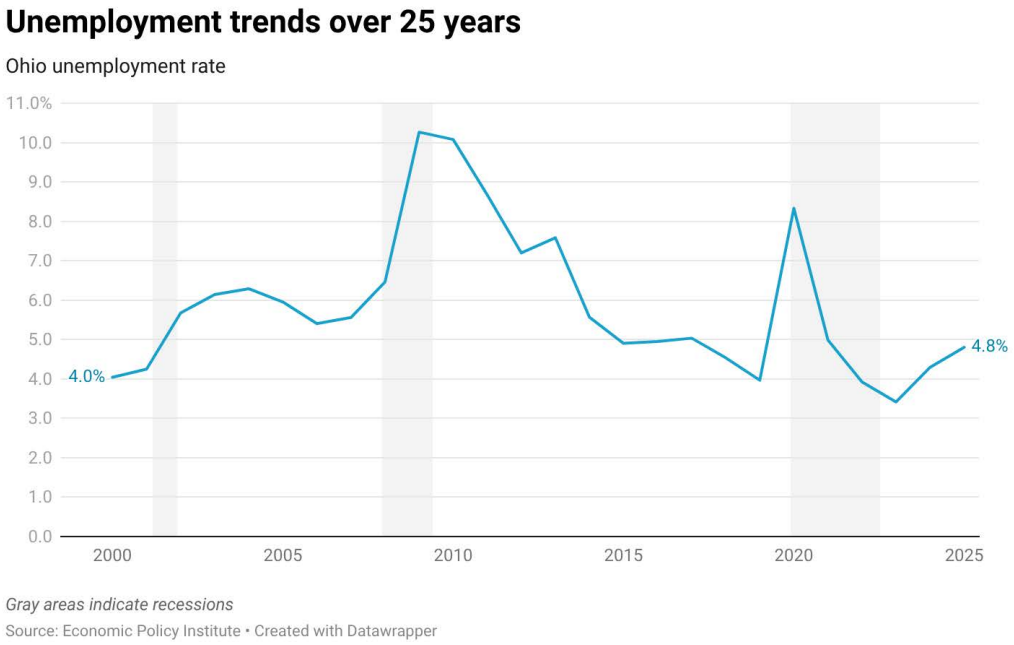
In Ohio, unemployed workers only qualify for UC benefits if they were paid enough while they *were* employed. Specifically, unemployed Ohioans must have made at least 27.5% of the statewide average wage over at least 20 weeks.[7] In 2026, that amounted to $352 a week[8] — more than a minimum wage worker makes working 30 hours a week. That means thousands of Ohio workers will never be eligible for benefits despite their employer paying into the unemployment system.

That is by design, a way for legislators to exclude Ohioans from UC eligibility because the UC system is too underfunded to adequately cover the people who *do* qualify. If the system were solvent, Ohio could lower the earnings threshold, ensuring more working people had UC as a backstop to get them through tough times.

Figure 3.1 below shows the unemployment rate from December 2000 to December 2025. During times of economic stability, the unemployment rate stays relatively consistent but during a recession, unemployment spikes significantly and can take several years to level out again.

[6] "How UI Benefits are Calculated." *ODJFS*.
[7] "Members Brief: Unemployment Benefit Eligibility and Amount." Christina Hambleton. *Legislative Service Commission*. August 11, 2022.
[8] "How Unemployment Insurance Works." *ODJFS*.

Figure 3.1



UC isn't "getting paid to stay home"

Ohio workers don't want to be idle. Compared to US workers in general, Ohioans get back to work quickly: The average unemployed worker in Ohio collects payments for just 14.8 weeks; the nationwide average is 15.4.[9] Fewer than 30% of Ohioans who tap into their unemployment benefits use the full number of weeks that they are entitled to.[10]

It is dishonest to suggest (as some politicians and business owners do) that UC benefits encourage workers to remain unemployed. Unemployed Ohioans lose access to their UC benefits if they cannot prove they are actively looking for work or if they turn down any offer of suitable work without good cause.[11]

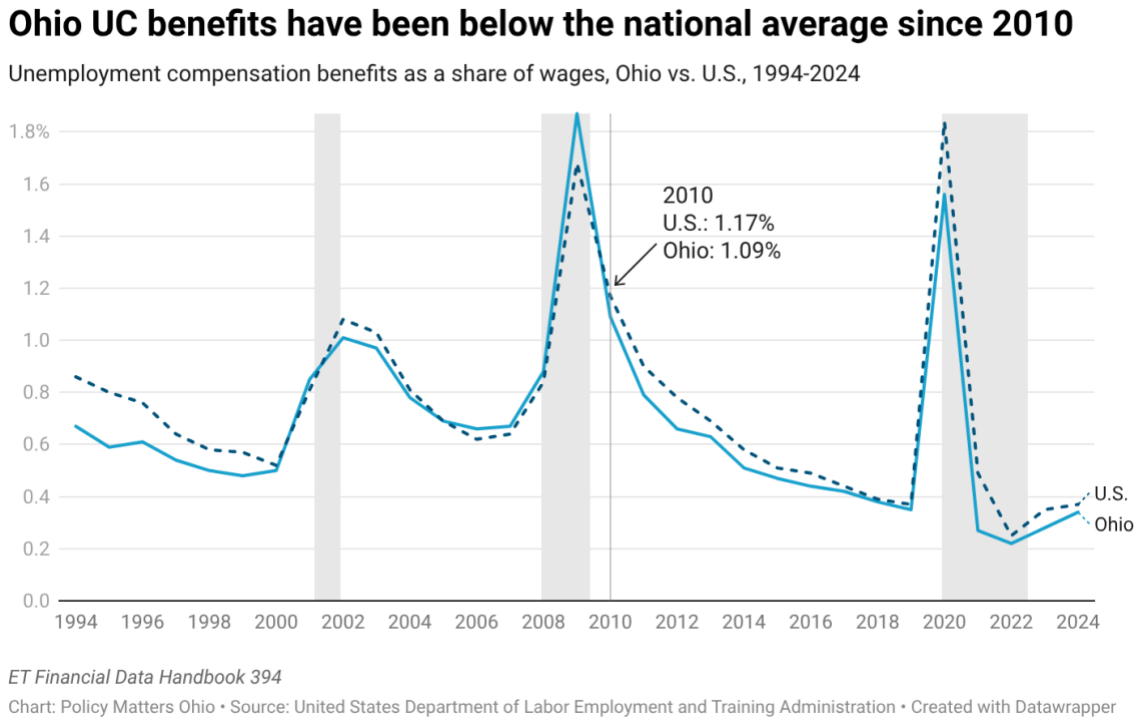
The benefits themselves are relatively modest: In Ohio, the average weekly UC benefit in 2026 ranges between $176 to $842, depending on previous wages and number of dependents. (The full 26 weeks of payments in that range would total between $4,576 and $21,892.)

Since 2010, unemployed Ohioans have drawn slightly less than the national average in UC payments.[12] Figure 3.2 expresses unemployment benefits paid out per year as a share of the wages paid, comparing the rate in Ohio to the national rate. Even during the

[9] "Unemployment Insurance Data." *Employment & Training* Administration, U.S. Dept. of Labor. 1st Quarter, 2026.
[10] "Regular Benefits Information By State." *Employment & Training Administration*, U.S. Dept of Labor. 2026.
[11] See ORC Section 4141.29 (D)(2)(b)
[12] "Unemployment Insurance Financial Data Handbook." *Employment & Training Administration*, U.S. Dept of Labor.

COVID-19 pandemic, Ohioans received less UC benefits relative to their wages than the U.S. average.

Figure 3.2



Ohio's UC system is funded with taxes paid by employers, but those taxes are assessed based on *workers'* pay: The work they do generates the revenue that funds the UC system. UC isn't only a crucial support for working people and families *and* a tool to help employers find employees with the right skills — it's also a resource funded by workers themselves, and a benefit they have earned.

Solvency shouldn't come at workers' expense

Legislators can make the UC fund solvent without raising taxes on workers. One option is to increase the **taxable wage base:** the amount of wages on which employers pay unemployment tax.[13] Ohio's taxable wage base is $9,000: Employers in our state pay no unemployment tax on wages over that amount. It's one big reason employment taxes — which fund Ohio's UC system — are near record lows when compared to the total amount of wages paid in Ohio, as shown in Figure 3.3.

[13] "Taxable Wage Base." Definition found on the ODJFS website under Unemployment Services for Employers > File Unemployment Taxes > Tax Help.

Figure 3.3



Except for a temporary two-year period, Ohio legislators have held the taxable wage base at $9,000 for the past 30 years.[14] If it had increased with inflation, it would now be over $17,500,[15] which is in line with the norm nationwide. For comparison, the 2026 taxable wage base for Social Security — which at its inception had the same wage base as UC[16] — is $184,500.[17]

Tax experts overwhelmingly agree that taxes should have a broad base.[18] Ohio legislators should listen to those experts and broaden the UC taxable wage base to at least $17,500 to not only account for inflation, but to put Ohio on par with the rest of the country.

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[14] "Comparison of State Unemployment Insurance Laws." *Employment & Training Administration*, U.S. Dept of Labor. Page 2-5.
[15] The last time the taxable wage base was increased in Ohio was 1995. In 2025 dollars, the $9,000 taxable wage base set then would be worth $17,683. EPI, State of Working America Data Library, "Price indexes - Extended chained CPI-U (Base = Dec 1999)," 2026.
[16] "The Fundamentals of Unemployment Compensation." Katelin P. Isaacs and Julie M. Whittaker. *Congressional Research Service*. January 12, 2026.
[17] "What is the current maximum amount of taxable earnings for Social Security?" Frequently Asked Questions, *United States Social Security Administration*. January 2, 2026.
[18] "Strong and equitable unemployment insurance systems require broadening the UI tax base." Marokey Sawo and Jennifer Sherer. *Economic Policy Institute*. May 6, 2022.

Doing so would help stabilize Ohio's system and preserve benefits for unemployed Ohioans.

Instead, the Ohio legislators are considering cutting the number of weeks unemployed Ohioans can access UC payments after a layoff.[19] It's a direct attack on unemployed workers — who depend on UC payments to cover the basics while they get back on their feet — and it's bad for business: Employers who struggle to find qualified employes will struggle even more if skilled workers are forced to take jobs where they can't put those skills to use.

The current proposal, HB 376, would cut the number of benefit weeks from 26 to 20.[20] Thirty-four states plus D.C. and Puerto Rico provide 26 weeks of benefits.[21] One other, Massachusetts, permits more than that. All of Ohio's neighbors except Kentucky provide up to 26 weeks; that includes Michigan, which recently restored that maximum.[22]

Unequal impacts: Unemployment remains uneven across Ohio's workforce

Economists agree that even a strong economy will have some unemployment as new businesses open, others close, and workers move from one job to another. The consensus is that a "healthy" unemployment rate is between 4% and 5%.[23] That's one reason UC is critical: It supports workers as they search for suitable jobs, and makes it easier for employers to find qualified candidates — both of which are necessary for a strong economy.

In 2025, Ohio's unemployment rate was 4.8%.[24] That's in the "healthy" range, but high enough to raise concerns — especially because it's gone up in each of the preceding two years. (In 2023, Ohio's unemployment rate was just 3.4%.) It's too early to know whether that consistency is the start of a trend, but an upward trajectory is the wrong direction for Ohio workers.

For some groups, unemployment is already well outside the acceptable range: Among Black Ohioans, the unemployment rate reached 8.2% last year. That's an improvement over 2024, when it reached 9.4%. (Nationwide, the unemployment rate for Black Americans increased from 5.7% in 2023 to 6.2% in 2024, and again to 6.9% in 2025.[25]) About 43,000 Black Ohioans entered the workforce between 2024 and 2025, a 5.4% increase — three times the rate for white Ohioans. The number of unemployed Black Ohioans dropped by 4,600 in that same span.

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[19] Ohio House Bill 376. *136th General Assembly.*
[20] Ohio House Bill 376. *136th General Assembly.*
[21] "How Many Weeks of Unemployment Compensation Are Available?" *CBPP*. May 4, 2026.
[22] "Michigan House Approves Increasing Unemployment Benefits to 26 Weeks." *LIUNA*. June 2024.
[23] "Unemployment Rate 101." Monica Haynes & Ben Palmquist. *Labovitz School of Business & Economics*. May 5, 2022.
[24] EPI, State of Working America Data Library, "Unemployment rate."
[25] Same as above.

White Ohioans saw the largest change in unemployment over the last year. Nearly 84,000 white Ohioans entered the labor market between 2024 and 2025, but nearly 40,000 became unemployed – a 25% increase. This relatively large change led to an increase in the unemployment rate from 3.4% to 4.2% for white Ohioans, which is still well within economists' "healthy" range.

For most of the last 47 years, the unemployment rate for Black Ohioans has been at least double that of white Ohioans.[26] The same is true nationally: Between 1979 and 2025, unemployment among Black American workers was at least twice as common as among white workers in all but 6 years.

Unemployment rate measures the share of workers in the labor force who (1) don't currently have a job, *and* (2) are actively seeking work. It does *not* include people who are out of work but haven't searched for a job in the past four weeks.

The unemployment rate includes some people who are *not* eligible for UC. For example, someone who quits or is fired for cause cannot collect UC, but if they're searching for work, they *are* included in the unemployment rate.

An increase in the unemployment rate isn't necessarily bad. An improving economy might encourage someone who is out of work to start looking for a job. When that happens, they are added to the unemployment rate until they start working.

The unemployment rate for Hispanic Ohioans ticked up 0.1 percentage point in 2025. That small statistical change belies a large population shift: 50,000 Hispanic Ohioans left the state last year,[27] driving an 11.4% decrease in the number of Hispanic Ohioans in the labor force. The Trump administration's deportation campaign was likely a significant factor: Between January 2025 and March 2026, 7,765 individuals were detained by US Immigration and Customs Enforcement (ICE) in Ohio.[28] These detentions and the resulting deportations directly removed people from the workforce and communities and created an atmosphere of intimidation that likely drove out many more who reasonably feared harassment regardless of immigration status.

More female Ohioans were unemployed in 2025 than entered the labor market, leading to an increase in the unemployment rate from 4.25% to 4.6%. Nationally, over 455,000 women[29] left the US workforce between January and August 2025. Mothers[30] were a driving force in this decline with January to June 2025 data showing the steepest drop in their workforce participation in 40 years. In a national survey conducted by Catalyst, 58% of women who left the workforce did so voluntarily — meaning they would not qualify

[26] *EPI*, State of Working America Data Library, "Unemployment - Unemployment rate," 2026.
[27] *EPI*, State of Working America Data Library, "Count of civilian population, 16+," 2026.
[28] "Ohio Immigration & Customs Enforcement Activity Report," *Ohio Immigration Alliance*. May 28, 2026.
[29] EPI, State of Working America Data Library, "Labor force participation - Number of labor force participants, 12-month average," 2026.
[30] "Mothers" in this data set are considered women aged 25 to 44 living with children under age 5.

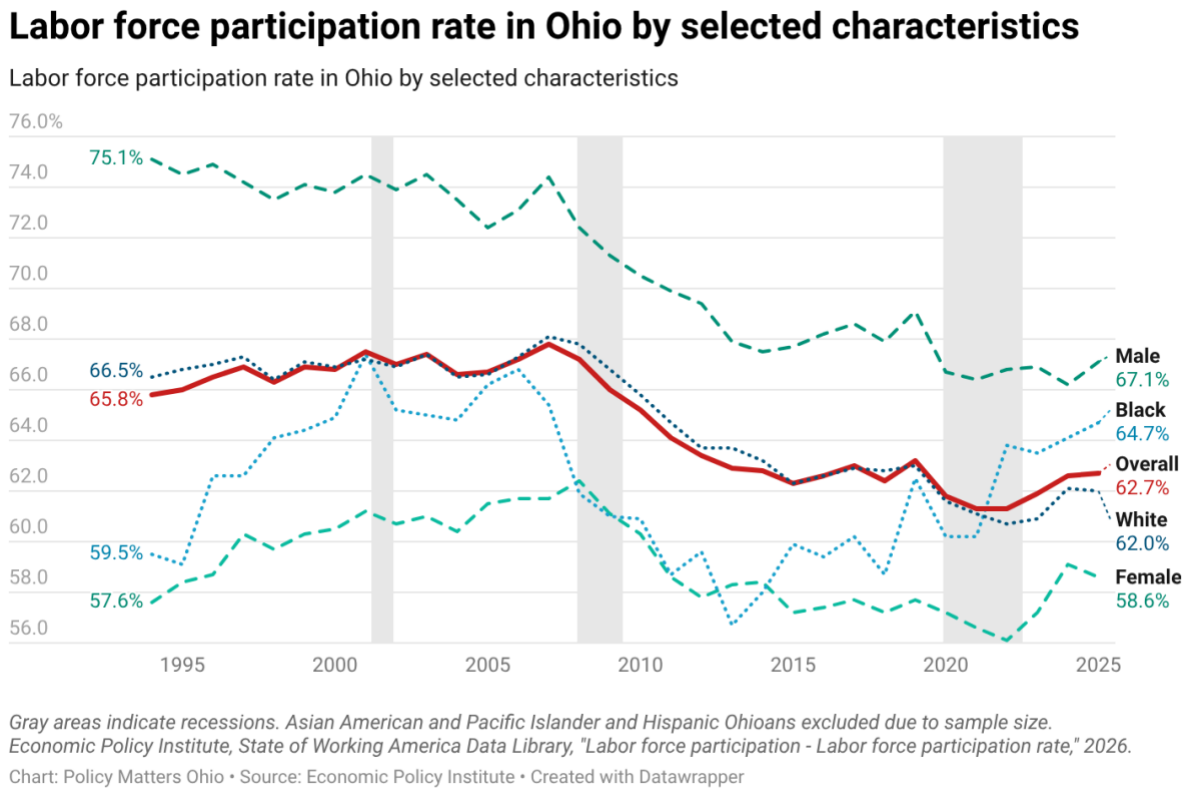
for unemployment benefits. Of those women, 42% cited the cost of childcare and caregiving responsibilities as the main reason for leaving.

Male Ohioans added about 73,000 to the labor market and 23,000 to the number unemployed, leading to an unemployment rate increase from 4.3% to 5% between 2024 and 2025.

Ohioans aged 55 and older saw increases in labor force participants and unemployment over the last year, increasing the unemployment rate from 2.5% to 3%. Individuals 55 and older have been making up a larger share of the workforce with the percentage of older workers increased from 15% to 23% over the last 20 years nationwide. This is largely attributed to longer life expectancy, a phased-in increase to retirement age for full Social Security benefits, needing to save more money for retirement, and maintaining health insurance.

Figure 3.4 breaks down labor force participation by race and gender. Men (regardless of race) and Black Ohioans (regardless of gender) increased their labor force participation in the last year while women and white Ohioans experienced a decrease.

Figure 3.4



Lessons from other states: Better-funded systems provide broader access to benefits

To be eligible for UC, Ohioans must have been paid at least $7,040 over 20 weeks before becoming unemployed.[31] That is more money in less time than required across the border in Indiana, where workers qualify by making just $4,200 in the last four out of five quarters.[32] Indiana's UC fund is significantly closer to solvency than Ohio's, though is still falls short of minimum solvency standards.[33]

Two states in the Midwest, North Dakota and Iowa, have a taxable wage base that is above this paper's recommendation of $17,500.[34] Those states generate more employer contributions and help maintain healthier unemployment trust fund reserves, improving their ability to pay benefits.

Federal landscape: Pressure threatens unemployment protections

Federal policy shapes Ohio's unemployment system, but it doesn't fully explain why it falls short for workers. The federal government sets basic rules[35] that all states must follow; state legislators decide who qualifies, how much support workers get, and how the system is funded.

Recently, the Trump administration has used allegations of fraud as justification for threating to withhold federal UC funds from states. The acting US secretary of labor has issued a letter "officially putting governors on notice"[36] and demanding action to "combat waste, fraud, and abuse."[37]

The letter mentions three states as "the most glaring examples," including New York's improper payment rate of over 20%, and Illinois' improper payment rate of approximately 14%. (The federal improper payment rate is 14.9%.[38]) But improper payments *are not* the same as fraud.

Fraud requires willful misrepresentation. Improper payments include any that are made at an incorrect amount, whether too much or too little. They are typically the result of errors by administrators or workers, and can be recouped or waived depending on the

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[31] In 2026 an individual would have to make at least $352 per week over 20 weeks to qualify. 352 x 20 = 7,040

[32] In Indiana, UC eligibility also requires pay of at least $2,500 in the last six months of the base period and the earnings during the entire base period must be at least 1.5 times higher than the highest single quarter earnings during the base period. "Unemployment Insurance Claimant Handbook." *Indiana Workforce Development.* See also "What to expect when a former employee files a claim" from the same source.

[33] Only 18 states have a reserve ratio between 1.5% and 3% — the standard recommended for solvency. Indiana's is 1.06%; Ohio's is 0.69%. *State Unemployment Insurance Trust Fund Solvency Report*, U.S. Dept. of Labor, 2025.

[34] *Comparison of State Unemployment Insurance Laws*. *U.S. Dept. of Labor.*

[35] "Unemployment insurance: State solutions to the U.S. worker rights crisis." Daniel Perez. *Economic Policy Institute.* September 29, 2025.

[36] "Trump's Department of Labor claims without data that states defrauded government." Michael Sainato. *The Guardian*. June 17, 2026.

[37] "US Department of Labor Demands Immediate Action From Governors On Unemployment Insurance Fraud." *U.S. Dept. of Labor.* June 17, 2026.

[38] "Improper payments rose to $183B in 2025, but it's not all bad news." Jason Miller. *Federal News Network*. Apr. 27, 2026.

reason.[39] To quote the US Government Accountability Office, "all fraudulent payments are considered improper, not all improper payments are due to fraud."[40]

New York's fraud rate is 15.4%, the highest in the nation but significantly lower than its improper payment rate. Illinois's fraud rate is just 3.45%. (Ohio's is 1.72%.)[41] These disparities show that what the administration decries as "fraud" is in fact largely due to errors, often brought about antiquated UC systems.[42] The solution to that "waste" is more funding, not less.

The cost of inaction: Cutting benefits would hurt workers and the economy

If lawmakers don't move towards solvency, stability of the UC fund remains at risk, especially during economic downturns. But policymakers should not sacrifice unemployed workers in the name of solvency.

HB 376 would do just that by reducing the number of weeks Ohioans can collect UC benefits, from 26 to 20.[43] Doing so would harm workers and remove between $1,056 and $5,052 per person from the economy. Cutting weeks does more harm to business and workers than is warranted by the little progress it would make toward solvency.

The full 26-week benefit period is a critical safety net for workers whose job hunts take longer than average — especially for those in the trades who may face longer periods between jobs. Those benefits are necessary for laid-off workers to pay their mortgages, eat, and still have some purchasing power in the economy, all while looking, applying, and interviewing for jobs — a process than can take weeks, especially for jobs with family-sustaining wages.

A system that rushes job-seekers into the first job they can find means we'll have skilled millwrights or nurses working at Dollar General — among the most common employers posting jobs in the OhioMeansJobs system[44] — instead of on jobs that require their skills and training. Bad labor market matching is bad for workers and employers.

Policy recommendations

For Ohio's economy to truly work for working people, we need a strong UC system, which will benefit businesses and workers alike. To get there, Ohioans need our legislators to reform the UC code to make the system solvent — without undermining benefits for working Ohioans. They should begin by increasing the taxable wage base to

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[39] "Unemployment Insurance (UI) Overpayments and Waivers." *National Employment Law Project*. Nov. 2023.
[40] "Fraud & Improper Payments: GAO examines fraud and improper payments in federal programs." *U.S. Government Accountability Office.*
[41] "Unemployment Insurance Payment Accuracy Datasets." *Employment & Training Administration, U.S. Dept. of Labor*. 2025 Calendar Year.
[42] "Our Unemployment System Needs Modernizing. Trump Is Doing the Opposite." Julie Su, Andrew Stettner, Michele Evermore. *The Century Foundation.* Sept. 2025.
[43] Ohio House Bill 376. *136th General Assembly.*
[44] "Online Job Postings." *Ohio Department of Jobs & Family Services*. December 2025.

at least $17,500 to account for inflation.[45] That would create a strong foundation to allow for other measures like a small employee contribution to act as supplemental means towards solvency.

The legislature must also maintain 26 weeks of benefits, to ensure that workers — especially those in the trades and others with specialized skills — have the economic flexibility necessary to find the job that best matches their qualifications. The legislature should reject HB 376, and any other proposals to cut benefits for Ohio workers.

[45] "Testimony to the House Public Insurance and Pensions Committee on HB 321." Bailey Sandin. *Policy Matters Ohio.* June 11, 2025.