

HOW THE NEW “SHAREDWORK OHIO” LAW WILL AFFECT EMPLOYERS

Insights

Oct 31, 2013

This summer, Ohio Gov. John Kasich signed into law “SharedWork Ohio,” an initiative designed to help workers and employers alike by preventing layoffs. The “SharedWork Ohio” program gives Ohio employers new flexibility to keep their workforce intact when experiencing a downturn in business.

Employers who need to make cuts to reduce the number of hours worked may now do so across an entire workforce rather than laying off a set number of employees. The “SharedWork Ohio” program has been touted as a “win-win” for employers and employees. But it brings with it a new requirement for employers to “promptly and adequately” respond to unemployment information request from the Ohio Department of Job and Family Services (ODJFS). Most importantly, as of October 21, 2013, Ohio employers can no longer ignore such requests without adverse consequences.

Under Ohio’s Unemployment Compensation Act, unemployment benefits that have been paid to an employee, which are subsequently found not to be due to the employee, are charged to a “mutualized account” and not charged to the account of the contributing employer. Further, if these improperly paid benefits are not charged to the “mutualized account,” but inadvertently charged to the employer’s account, the

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law allows for the employer's account to be credited that are recovered.

But the recent changes to the law prohibit an employer's account from being mutualized or credited if the employer failed to respond timely or adequately to a request for information regarding determination of benefit rights or claims for benefits. Further, the law provides that an employer's account cannot be mutualized or credited when an employer has a previously established pattern of failing to respond timely or adequately to such request. Under the new law, a response is considered "timely" if the response is received within ten working days after the request is sent and considered "adequate" if the employer provides responses to "all" questions raised by ODFJS.

The prohibition on crediting or mutualizing an employer's account for improperly paid benefits will result in significant increases in unemployment compensation insurance costs for Ohio employers. As such, it is paramount that Ohio employers examine their current practices or the practices of their third-party administrators with respect to responding to ODJFS' request for information to avoid the adverse consequences of the new law.

If you would like additional information on how these recent requirements may impact your unemployment compensation costs or how to implement changes to your current practices to avoid the adverse consequences of the new law, please contact any attorney in the Ohio offices of Fisher Phillips:

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This Legal Alert provides an overview of a specific state law. It is not intended to be, and should not be construed as, legal advice for any particular fact situation.

