



MPA

Manufacturing
Policy Alliance

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Suite 2530
Columbus, OH 43215
(614) 824-3201

MEMBER COMPANIES

AK Steel

Alcoa Inc.

Ford Motor Company

General Electric

Marathon Petroleum
Corporation

Nucor Steel Marion,
Inc.

The Timken
Company

TimkenSteel
Corporation

Dear President Faber,

May 13, 2016

The Manufacturing Policy Alliance (MPA) represents the largest manufacturers in the State of Ohio, employing approximately 43,000 Ohio workers. As large employers, MPA members contribute significantly to the Ohio Unemployment Compensation Fund. We respectfully urge immediate action to pay off the outstanding federal loan for Ohio unemployment benefits to avoid huge unnecessary costs for the state's job creators.

Since 2008, Ohio has borrowed more than \$3 billion from the federal government to provide continued funding for the unemployment program. To date, Ohio has repaid the vast majority of the outstanding loan amount, resulting in a remaining balance of approximately \$315 million. Due to the outstanding federal loan balance, Ohio employers currently contribute \$168 per employee in federal unemployment tax (FUTA), which is significantly higher than the base FUTA rate of \$42 per employee. If the outstanding loan amount is not paid-in-full by November 10, 2016, the result will be an increase of the per employee contribution of \$21.00, increasing the charge to \$189 per employee.

The cost of the outstanding federal loan to MPA member companies is real and significant. If legislative action is not taken to ensure that the federal loan is paid-in-full prior to November 10, 2016, MPA member companies will pay an additional \$6.3 million in 2017 alone.¹

It is critically important that the Ohio General Assembly take action now to ensure that all Ohio employers will avoid similar, unnecessary costs while remaining committed to enacting meaningful reforms to the state's unemployment benefits funding system. Once a solution has been identified, we stand ready to actively work with the General Assembly and the Administration to ensure its success.

In my absence please contact Tom Zaino at 614.598.1596 or Denny Larr at 614.309.6634.

Sincerely,

Robert J. Lapp
President, Manufacturing Policy Alliance

Cc: Jason Mauk and Ray DiRossi

¹ MPA member companies employ approximately 43,000 workers in Ohio. The total of \$6.3 million was calculated by assessing the difference between a per-employee contribution of \$189.00 and \$42.00.