



NEWS RELEASE

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Union cries foul over more privatization of ODJFS

The union representing State of Ohio employees who handle unemployment claims is crying foul after the announcement by Governor DeWine that the administration will hire yet another private contractor to “take over” unemployment insurance.

Leaders of the Ohio Civil Service Employees Association say hiring another contractor is not the answer. In fact, the contracting out of unemployment claims is the major reason claims processing in the Ohio Department of Job and Family (ODJFS) Services has fallen so far behind, says the union.

Multiple ODJFS private contractors hired since the pandemic have caused an unprecedented number of overpayments and fraud claims, which has slowed down the whole unemployment process.

Alarming, a data breach with at least one of those vendors has caused the number of fraud claims to spin out of control. Now, existing ODJFS staff are having to keep up and clean up.

Those developments have had a ripple effect within the agency, causing existing unemployment staff to work overtime to try to keep up with fraud claims and overpayments—in addition to performing their regular work of processing unemployment claims. For months, ODJFS unemployment staff have been working up to 14 hours per day as well as weekends to keep up with the workload.

Due to the fraud alone, state unemployment staff must now verify and double check *every* claim as well as address new appeals of claims, which has also risen in number. All of these things have stalled the unemployment process.

“The slow-down of unemployment claims rests squarely on the shoulders of these private vendors,” said OCSEA President Chris Mabe.

But the agency’s problems go back many years, says the union. OCSEA leadership had been pressing the agency even before the pandemic to hire more full time staff. Between 2011 and 2019, the agency lost nearly 600 full-time unemployment claims specialists, so were already short-staffed going into the health crisis.

The outsourcing of unemployment duties to unskilled, untrained staff has made the problems exponentially worse.

“This is at least a two-part problem. On the one hand, even before the pandemic, staff in the unemployment division in ODJFS was bare bones,” said OCSEA President Chris Mabe.

“Secondly, private vendors from other states and countries, hired at a cost of at least \$20 million dollars to the taxpayer, have made the problems much worse,” he said.

Despite these difficulties, state unemployment workers have paid out an unprecedented \$16 billion dollars to 1.7 million claimants in less than a year. “Our members in ODJFS have done a remarkable job in the face of these challenges,” said Mabe.

An outdated computer system at the agency, which Governor DeWine has recognized, is only part of the problem, according to the union. The other is the long-term lack of investment in the agency and the continued use of unskilled private contractors.

OCSEA leaders believe the unemployment process could be dealt with from within the agency using existing staff and smarter work processes.

“We’ve been down this road during the Great Recession,” said Mabe. “We did it then, we can do it now. It’s still a lot of work, but it can be done,” he said.

“Privatization is often government’s default position during a crisis,” said Mabe. “It’s a knee-jerk reaction that appears easier at first, but, ultimately, is much more costly. We need a measured, thoughtful approach that invests in existing, skilled staff, that brings us all to the table and maps out a path forward with all stakeholders. We are willing and able to do that,” he said.

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OCSEA represents approximately 27,000 state and local government employees who work in a wide range of security, regulatory, administrative, direct care, maintenance, customer service and other positions, including 2,188 employees in the Ohio Dept. of Job and Family Services. For more information, contact Sally Meckling, 614-865-2602 or 614-404-3881 (cell).