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Federal Stimulus Funds Will Cover More Unemployed Workers AND Save Employers \$100 Million in Taxes, New Analysis Finds

Swift Passage of SB 516 and HB 1333 Urged to Quickly Realize Savings and Help 40,000 Jobless Workers Qualify for Unemployment Benefits

TALLAHASSEE--Florida legislators, economic experts and advocates for workers said Wednesday that a new analysis finds that employers will save more than \$100 million in employer taxes in 2010 if the state accepts federal stimulus funds to bolster the state's unemployment insurance trust fund.

In addition to saving money for businesses, the study by the Florida Center for Fiscal and Economic Policy and the National Employment Law Project finds that the federal funds will provide jobless benefits to 40,000 workers currently unable to collect benefits – if Florida lawmakers approve the funds in the final weeks of the legislative session.

“In the face of a tremendous unemployment, Florida has the chance to draw on federal stimulus funds that will save businesses over \$100 million next year and provide relief to thousand of jobless workers. This report sets the record straight that Florida has nothing to lose and lots to gain by acting now,” said John Hall, executive director of the Florida Center for Fiscal and Economic Policy.

The new study says Florida's unemployment insurance trust fund dropped to \$750 million on March 31, down from \$2 billion at this time one year ago. With benefits running at more than \$200 million per month in the last two months, the balance will drop to \$505 million by June 30 and trigger tax increases on businesses to replenish the trust fund.

However, if the Florida legislature acts quickly to accept \$444 million in federal stimulus funds, it can curtail the tax increase by 20 percent -- saving Florida business \$105.6 million from the expected \$528 million expected in tax increases, Stettner said.

In addition to saving businesses money, this infusion of federal funds would pay for six years of unemployment benefits for low-wage, part-time and women workers who are ineligible to collect benefits under the current system. After several years of payouts, Florida has the option of repealing the provisions that expand unemployment coverage so it can eliminate long-term increases in employer taxes, he said.

“Florida legislators need to know that the federal government has explicitly stated that the changes the state makes now can be repealed later,” said Andrew Stettner, deputy director of the National Employment Law Project.

Florida’s state unemployment rate is 9.4 percent, the 8th highest rate in the nation, and the state has lost 563,000 jobs since 2007. Between federal and state programs, roughly 400,000 Floridians are now collecting unemployment benefits, up from 140,000 last year, but the unemployment system could be doing much more to boost Florida’s economy, today’s study explains.

“For every dollar in unemployment benefits, there is \$1.64 in related economic benefits. At a time when so many of our neighbors are struggling to stay afloat, modernizing the unemployment insurance program makes good economic sense,” Hall said. “If Florida elects to accept the \$444 million available under the federal recovery package, that is millions of dollars that will return to the state’s economy over the next few years,” he said.

The American Recovery and Reinvestment Act includes another key provision which, if adopted into state law, will allow Florida to provide 20 weeks of federally-funded extended unemployment benefits to an estimated 83,000 workers who are expected to run out of their current federal extension of benefits between March and June. By the end of 2009, this provision would deliver an \$806 million boost to the state economy, with all but \$40 million of the benefit costs covered by 100% federal funding. In addition, the state can sunset this provision at the end of 2009 to contain its cost exposure.

"These bills bring Florida's UC system into the computer age," said Arthur Rosenberg, an attorney with Florida Legal Services. "Far too many of our unemployed are denied benefits because of outdated eligibility rules that just ignore their most recent work -- an historical anachronism left over from a time when it took months to add up and transmit a worker's wages from handwritten records to a distant agency."

For a full copy of the report released today, visit: www.fcfe.org.

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