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Florida's Unemployment Insurance System: Barriers to Program Adequacy for Women, Low-Wage and Part-Time Workers, and Workers of Color Executive Summary

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The Florida unemployment insurance (UI) system is not meeting its basic goal of providing a modest measure of income support to temporarily unemployed workers. This is due in significant part to the UI system's failure to keep pace with fundamental changes in the labor market, including the growth of low-wage and part-time work and the vastly expanding role of women in the labor market. This situation exists despite the significant reserves in Florida's UI trust fund, even during the current economic downturn, and record-level UI tax cuts.

In 2002, only one in three unemployed Florida workers (33 percent) received unemployment insurance, a reciprocity rate that is only three-fourths the national average of 44 percent. Florida has the third lowest reciprocity rate in the nation. Unfortunately, large segments of the state's most vulnerable workers are the hardest hit by the failures of the Florida UI system. This is true even for those workers who have significant attachment to the labor force: jobless Floridians with full-time work experience who do not receive unemployment insurance benefits average 39 hours of work per week, 44 weeks per year. For these hard-working Floridians, it is misleading to suggest that the system can be counted on as "insurance" during a spell of involuntary unemployment.

The inadequacy of Florida's UI system has an impact on the state's entire economy, not only on individual unemployed workers and their families. The UI program is designed to act as an automatic economic stabilizer during economic downturns, by providing an infusion of cash into local economies through payments to the unemployed. However, this counter-cyclical mechanism can only function if UI benefits are available to the unemployed.

The report examines both the benefits side and the financing side of Florida's UI program, using data from sources that include the U.S. Department of Labor and the U.S. Census Bureau. **The report includes the following key findings:**

- **In 2002, only one in three (33 percent) unemployed Floridians collected unemployment benefits. Only two states in the nation have lower reciprocity than Florida: New Mexico and South Dakota.**
- **Women, low-wage, and part-time workers collect UI at rates that are much lower than those of other workers, because of outdated and restrictive eligibility rules.**
- **The situation for the unemployed in Florida became much worse when new, higher earnings requirements went into effect on July 1, 1996.**

- **Unemployed workers who do not receive UI benefits have significant work history. Those who had worked full-time put in an average of 39 hours of work weekly for 44 weeks per year.**
- **Fewer unemployed workers apply for UI in Florida than in any other state, at least partly because of administrative barriers.**
- **Florida's unemployed receive UI benefits for fewer weeks than those in many other states.**
- **Workers with limited English proficiency have a hard time getting information about the UI system and following their claim through the adjudication process.**
- **Even in the current economic slow-down, Florida's UI trust fund is well positioned to handle an expansion of the UI program.**
- **The state received \$450 million in federal surplus UI monies in March 2002, which enhanced the solvency of Florida's unemployment trust fund.**
- **Florida's employers pay UI taxes at some of the lowest rates in the country, below the average rates of all the other nearby states in the southeast except Georgia. If the state's employers had been paying at the 1994 UI tax rate (0.65 percent) for the years 1994-2000, the UI fund would have collected an additional \$646 million in revenue.**

The report surveys the specific features of the Florida UI laws that contribute to the problems of access to the UI program. This analysis is then integrated with a detailed set of recommendations for state legislation, modeled after similar reforms enacted in a growing number of other states, that would go a long way to restoring equity in the Florida UI system. In brief, the report recommends the following set of UI reforms:

- **Adopt the "alternative base period" to recognize the recent earnings of workers who otherwise do not have sufficient wages to qualify for UI.**
- **Recognize compelling domestic reasons for leaving work, taking into account the changing circumstances of today's working families.**
- **Ensure that the long-term unemployed receive a full 26 weeks of state unemployment benefits, thus also providing several additional weeks of extended benefits paid for by the federal program.**
- **Lower the earnings thresholds for UI benefit receipt.**
- **Reduce administrative barriers for individuals with limited English proficiency.**

The unemployment insurance system should be there to protect all unemployed workers—especially those who are most in need of income support when unemployed. The robust economy of the 1990s produced more than enough resources to pay for the measures proposed in this report, even though the economy has cooled off. Given the significant problems many workers experience trying to access the benefits they have earned from Florida's UI system, the time is right to enact these long-overdue reforms.

A healthy UI program that replaces lost earnings and keeps income from UI benefits circulating among Florida's businesses during periods of job loss will help maintain the state's economy and its workforce through all stages of the business cycle.