

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1220

SPONSOR: Commerce and Economic Opportunities Committee, Senator Wasserman Schultz, and others

SUBJECT: Economic Recovery

DATE: February 7, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gillespie	Maclure	CM	Favorable/CS
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Committee Substitute for Senate Bill 1220 requires that monetary eligibility for unemployment compensation be determined using wages from an “alternative base period” (the last four completed calendar quarters) for those individuals who are ineligible to receive benefits under current law using wages from the “base period” (the first four of the last five completed calendar quarters). The committee substitute temporarily increases the weekly amount of unemployment benefits and extends the total amount of benefits that an individual may receive by an amount corresponding to the increase in weekly benefits. The committee substitute also requires competitive-bidding and performance-based funding of contracts for economic-recovery training services.

This committee substitute substantially amends sections 443.036 and 443.111, Florida Statutes. The committee substitute also creates unnumbered sections of the Florida Statutes.

II. Present Situation:

Performance-Based Principle of Florida’s Workforce System

In 1998, the United States Congress enacted the Workforce Investment Act. The act established a nationwide system for providing workforce investment activities through statewide and local workforce investment systems. Each system is administered by a state workforce investment board and by local workforce investment boards. The federal act provides allotments of funds to states for certain youth activities and adult and dislocated worker employment and training activities. The federal act also establishes a system of performance accountability, which requires

state and local performance measures, evaluation of these measures, and sanctions for failure to achieve the measures (29 U.S.C. s. 2871).

Under Florida's Workforce Innovation Act of 2000 (ch. 2000-165, L.O.F.), the Legislature created Workforce Florida, Inc., and revised the duties of the 24 regional workforce boards. Workforce Florida's board of directors serves as the state workforce investment board for purposes of the federal act, and the regional workforce boards serve as the local workforce investment boards. Under current law, the state workforce system is based upon principles for implementing the federal act. These principles include "increased accountability," which emphasizes that the state, localities, and training providers will be held accountable for their performance (s. 445.003(1)(d), F.S.). To implement this accountability principle, the regional workforce boards are required to enter into memoranda of understanding with the Agency for Workforce Innovation for the delivery of employment services, and these memoranda of understanding must be performance based (s. 445.009(3), F.S.). In addition, all contracts executed by Workforce Florida or a regional workforce board must include specific performance expectations and deliverables (ss. 445.004(5)(c) and 445.007(11), F.S.).

Economic-Recovery Training – "Operation Paycheck"

On October 4, 2001, in response to the state's weakened economy, the Governor established a new program of economic-recovery training known as "Operation Paycheck." Implemented by Workforce Florida, Inc., the Agency for Workforce Innovation, and the regional workforce boards, the program emphasizes short-term job training for dislocated workers and job placement services in high-demand employment sectors experiencing worker shortages, such as information technology, health care, and construction. To be eligible for the program, an individual must be determined eligible under the dislocated worker requirements in the federal Workforce Investment Act and must be deemed a dislocated worker as a result of the events on September 11, 2001. An individual applies for Operation Paycheck through a one-stop delivery system center, at which a career manager reviews the individual's work experiences and skills, assists the individual in developing a plan for rapid reemployment, and arranges for reemployment training appropriate to the individual's skills and experience through a training provider. Community colleges, technical centers, state universities, and private colleges are the contracted training providers that deliver the accelerated reemployment training for the program participants. Federal Workforce Investment Act funds pay for tuition, fees, books, childcare, and transportation for program participants. Workforce Development Education Funding is used for vocational certificate training.

Unemployment Compensation

Florida's unemployment compensation system provides temporary income payments to make up part of the wages lost by workers who lose their jobs through no fault of their own. The objective of the program is to provide a cushion to absorb some of the shock of unemployment to jobless workers and their families. In the Workforce Innovation Act of 2000 (ch. 2000-165, L.O.F.), the Legislature transferred responsibility for administering the Florida Unemployment Compensation Law, ch. 443, F.S., from the Department of Labor and Employment Security to the Agency for Workforce Innovation. The act also required claims for unemployment compensation to be filed through the one-stop delivery system (s. 445.009(1)(i), F.S.).

Eligibility for Unemployment Compensation

Under current law, eligibility for unemployment compensation is based on the work performed by an individual during a 1-year period referred to as the “base period.” The base period is the first four of the last five completed calendar quarters immediately before the individual filed a valid claim for benefits (s. 443.036(7) and (8), F.S.). The fifth completed calendar quarter – the “lag quarter” – is not used to determine monetary eligibility. (See Table 1 below.) To qualify for unemployment compensation, an individual must:

- Have been paid wages in two or more calendar quarters in the base period,
- Have total base period wages of at least 1.5 times the wages in the quarter of the base period with the highest earnings, and
- Have been paid at least \$3,400 during the base period (s. 443.111(2), F.S.).

Because the most recent quarter of work counts neither toward the two-quarter requirement nor the \$3,400 requirement, individuals who have been employed in only two quarters may not be able to establish eligibility. For example, an employee who has only worked during the two quarters immediately before filing of a claim would not qualify for benefits even if he or she earned more than \$3,400. Consequently, some seasonal workers and short-term members of the labor market may not be able to establish monetary eligibility for benefits calculated using the base period in current law.

(Table 1) Base Period Chart¹

Year preceding prior year		Prior year				Current year			
July	Oct.	Jan.	Apr.	July	Oct.	Jan.	Apr.	July	Oct.
Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.
Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
	BASE PERIOD				Lag quarter	Claim filed			
		BASE PERIOD			Lag quarter	Claim filed			
			BASE PERIOD			Lag quarter	Claim filed		
				BASE PERIOD			Lag quarter	Claim filed	

Weekly Benefit Amount and Total Amount of Benefits

The amount of unemployment compensation benefits paid to an individual per week is known as the “weekly benefit amount.” Under current law, the weekly benefit amount is calculated by dividing the quarter in the base period with the highest earnings by 26 (s. 443.111(3), F.S.). For example, if the calendar quarter in the individual’s base period with the highest earnings shows \$3,000, the individual’s weekly benefit amount would be \$115 (\$3,000 divided by 26). By law, the minimum weekly benefit amount is \$32, and the maximum is \$275 (s. 443.111(3), F.S.). The

¹ Agency for Workforce Innovation, *Unemployment Compensation Benefit Rights Information: How Much Am I Entitled To?*, at http://www2.myflorida.com/awi/unemployment/bri/how_much.htm (last visited Feb. 3, 2002).

following table tracks the changes in the minimum and maximum weekly benefit amounts from 1996 through the current law. (See Table 2, below.)

(Table 2) Weekly Benefit Amount (1996-2002)			
Legislation Amending Policy	Period of Policy	Minimum Weekly Benefit Amount	Maximum Weekly Benefit Amount
CS/HB 1291 (ch. 96-378, L.O.F.) and HB 2723 (ch. 96-423, L.O.F.)	June 1, 1996, through June 30, 1997	\$32	\$250
CS/CS/HB 3 (ch. 97-29, L.O.F.)	July 1, 1997, through December 31, 1997	\$33 for first 8 weeks of benefits, \$32 thereafter	\$262 for first 8 weeks of benefits, \$250 thereafter
	January 1, 1998, through June 30, 1998	\$33 for first 8 weeks of benefits, \$32 thereafter	\$288 for first 8 weeks of benefits, \$275 thereafter
	July 1, 1998, through December 31, 1999	\$32	\$275
HB 1951 (ch. 99-131, L.O.F.)	January 1, 2000, through December 31, 2000	\$33 for first 8 weeks of benefits, \$32 thereafter	\$288 for first 8 weeks of benefits, \$275 thereafter
Current law (s. 443.111(3), F.S.)	Beginning January 1, 2001	\$32	\$275

Unemployment compensation is intended to be temporary and may not be received indefinitely. Under current law, an individual is eligible to receive benefits in an amount equal to 25 percent of the total wages paid in the base period (s. 443.111(5), F.S.). For example, if an individual’s base period earnings are \$12,000, the individual’s total amount of available benefits would be \$3,000 (\$12,000 multiplied by 0.25). However, under current law, the total amount of available benefits is capped, such that individuals are eligible to receive benefits ranging from a minimum cap of \$850 to a maximum cap of \$7,150 (s. 443.111(5), F.S.). Because benefits are paid based on the weekly benefit amount, benefits can last up to 26 full weeks. The following table tracks the changes in the maximum amount of available benefits from 1996 through the current law. (See Table 3, below.)

(Table 3) Total Amount of Benefits (1996-2002)		
Legislation Amending Policy	Period of Policy	Total Amount of Benefits
CS/HB 1291 (ch. 96-378, L.O.F.) and HB 2723 (ch. 96-423, L.O.F.)	June 1, 1996, through June 30, 1997	\$6,500
CS/CS/HB 3 (ch. 97-29, L.O.F.)	July 1, 1997, through December 31, 1997	\$6,596
	January 1, 1998, through June 30, 1998	\$7,254
	July 1, 1998, through December 31, 1999	\$7,150
HB 1951 (ch. 99-131, L.O.F.)	January 1, 2000, through December 31, 2000	\$7,254
Current law (s. 443.111(5), F.S.)	Beginning January 1, 2001	\$7,150

According to the Agency for Workforce Innovation, the average weekly benefit amount is currently about \$218.67, and the average duration of benefits is approximately 12.92 weeks per claim.

Employer Wage and Tax Reports

Under current law, unemployment taxes are collected by the Department of Revenue under contract with the Agency for Workforce Innovation (ch. 2000-165, L.O.F.). Contributory employers are required to file quarterly wage and tax reports with the Agency for Workforce Innovation no later than the last day of the month following each calendar quarter (first month of the three-month lag quarter) (rule 60BB-2.025, F.A.C.). Similarly, reimbursable employers are required to file quarterly reports. Both types of reports identify the wages paid at regular and irregular intervals, including commissions and bonuses and the cash value of all remuneration paid in any medium other than cash. The reports, therefore, provide the wage data for each individual's base period, which is used to determine the amount of benefits that are paid to an individual worker. According to the Agency for Workforce Innovation, the Department of Revenue generally uses the second and third months of the lag quarter to process the approximately 391,000 employer reports it receives and enter the wage information into its database in preparation for claims that will be filed during the next quarter. Thus, under current law, the lag quarter is not used to determine monetary eligibility for unemployment compensation because the agency lacks the necessary wage data at the time a claim is filed.

For example, employer reports for the fourth quarter of 2001 were due by the end of January 2002. Data entry of wage data will begin in February and is due to be completed at the end of March 2002. The earliest filing date for a claim incorporating the wages an individual earned during the fourth quarter of 2001 is currently April 1, 2002. The base period established during the second quarter of 2002 (April through June) will be based on employment during the four quarters from January through December 2001. The lag quarter for those claims will be the first calendar quarter of 2002 (January through March).

Financing Unemployment Compensation

The Florida Unemployment Compensation Law provides three methods of financing unemployment compensation. Compensation paid to private-sector employees is financed through the contributory method. Compensation paid to public-sector employees is financed through the reimbursement method or through the Public Employers Unemployment Compensation Benefit Account. Nonprofit employers may choose to finance compensation through either the contributory method or the reimbursement method.

The reimbursement method is a self-insurance system that requires payments to the Unemployment Compensation Trust Fund only when compensation is paid based on an individual's service to the employer. If compensation is not paid based on that service, the employer is not required to make payments to the trust fund.

Under the contributory method, employers pay quarterly taxes on the first \$7,000 of each employee's annual wages. The method of determining varying tax rates assigned to taxpaying employers is referred to as "experience rating." The purpose of experience rating under the Florida Unemployment Compensation Law is to keep the Unemployment Compensation Trust Fund stabilized between 4 and 5 percent of the taxable payrolls reported by all employers, and to ensure that employers with higher unemployment compensation costs pay a higher tax rate.

An employer's experience rate is based on the employer's own employment record in relation to the employment records of all other employers. The rate at which taxes are paid is based on the employer's experience with unemployment during the 3-year period before the effective date of the tax rate. An employer's initial tax rate is 2.7 percent. After an employer is subject to benefit charges for 10 or 11 calendar quarters (depending on when the employer became subject to charges), the tax rate is adjusted between a low of 0.1 percent and a high of 5.4 percent. The adjustment in the tax rate is determined by calculating several factors.

The benefit ratio is the most significant factor in determining the tax rate, and it is the factor over which the employer has control. The benefit ratio is the cost of benefit charges as a percentage of the employer's taxable wages and is calculated by dividing the total compensation charged to the employer's record over the preceding 3 years by the amount of the employer's payroll during the same 3-year period.

When an individual receives unemployment compensation based on the wages an employer paid the worker, benefit charges are assigned to that employer's account. The account of each employer who paid an individual \$100 or more during the period of a claim is subject to being charged a proportionate share of the compensation paid to the individual. However, an employer can obtain relief from benefit charges by responding to a notification of the claim with information concerning the reason for the individual's separation from work or refusal to work. In general, an employer can earn a lower tax rate by limiting the amount of benefit charges to the employer's account.

Compensation that cannot be charged against any employer's account is recovered through adjustment factors that socialize the cost of this compensation among all contributory employers who, during the previous 3 years, had benefit experience. These adjustment factors include the noncharge adjustment factor, the excess payments adjustment factor, and the positive fund size adjustment factor.

Economic conditions resulting in abnormally high unemployment accompanied by high benefit charges can cause a severe drain on the Unemployment Compensation Trust Fund. The effect is an increase in the adjustment factors, which consequently increases tax rates for all contributory employers. Conversely, when unemployment is low, the adjustment factors decrease and tax rates for rated employers are reduced accordingly. A recent interim project report by the Florida Senate Committee on Commerce and Economic Opportunities predicts the trust fund's balance, without the impact of the committee substitute, is likely to fall below the 4-percent "trigger" by June 30, 2002, causing a positive fund size adjustment factor to increase employer tax rates beginning January 1, 2003.² A positive fund size adjustment factor has not increased employer tax rates since 1984.

² Committee on Commerce and Economic Opportunities, Florida Senate, *Solvency of the Unemployment Compensation Trust Fund and the Tax "Trigger,"* Interim Project Report No. 2002-122 (Oct. 2001).

Study of Monetary Eligibility Feasibility

In 1997, the Department of Labor and Employment Security conducted a study for the United States Department of Labor to determine the benefits to claimants and the impact on employers of using an alternative base period to calculate unemployment compensation.³ The study estimates that implementing an alternative base period would result in monetary eligibility for an additional 4,000 claimants. At the time of the study, this number represented 8 percent of the ineligible claimants and 1 percent of the total number of claimants. The study further predicted that an alternative base period would impact 1.1 percent of the total number of liable employers. The study acknowledges that a major concern surrounding the use of an alternative base period to determine monetary eligibility for unemployment compensation is obtaining and retrieving employer wage information for the most recent calendar quarter.

III. Effect of Proposed Changes:

Legislative Findings (Section 1)

The committee substitute provides legislative intent to establish policies designed to stimulate economic activity in this state and promote the economic security of the residents of this state. The committee substitute also makes the following legislative findings:

- Businesses and individuals in this state are experiencing significant economic hardship, and revenues critical to the delivery of vital public services are jeopardized.
- The need to retain and create jobs in this state in the current economic environment is great.
- A significant investment of state funds in reemployment and retraining programs is essential to economic recovery in this state.
- The state should invest in economic-recovery training programs that deliver a high expectation of continued employment after a reasonably short period of training is completed.
- Economic-recovery training funds should be expended on programs that enhance the skills of residents of this state who are employed by businesses based in this state.

Economic-Recovery Training (Section 2)

The committee substitute requires that economic-recovery training be awarded to providers of training services on a competitive-bid basis and requires that continued support be provided on a performance-based schedule not to exceed 12 months. The committee substitute also prohibits the continuation of contracts for training services with providers of training services who demonstrate a pattern of low training-completion rates or low job-placement rates for participants who complete the training. These requirements apply to Operation Paycheck and to other training provided by, or under contract with, the Agency for Workforce Innovation, Workforce Florida, Inc., or a regional workforce board, which prepares dislocated workers for reemployment under the federal Workforce Investment Act.

³ Division of Unemployment Compensation, Florida Department of Labor and Employment Security, *Monetary Eligibility Study: Variable Base Period Final Report* (June 1997).

Unemployment Compensation – Alternative Base Period (Section 3)

For unemployment compensation claims commencing on or after October 1, 2002, the committee substitute requires the Agency for Workforce Innovation to determine monetary eligibility for unemployment compensation using wages from an “alternative base period” (the last four completed calendar quarters) for those individuals who are ineligible to receive benefits under current law using wages from the “base period” (the first four of the last five completed calendar quarters). (See Table 4 below.)

(Table 4) Base Period Chart with Overlay of Alternative Base Period⁴

Year preceding prior year		Prior year				Current year			
July Aug. Sept.	Oct. Nov. Dec.	Jan. Feb. Mar.	Apr. May June	July Aug. Sept.	Oct. Nov. Dec.	Jan. Feb. Mar.	Apr. May June	July Aug. Sept.	Oct. Nov. Dec.
	BASE PERIOD				Lag quarter	Claim filed			
	ALTERNATIVE BASE PERIOD								
		BASE PERIOD				Lag quarter	Claim filed		
		ALTERNATIVE BASE PERIOD							
			BASE PERIOD				Lag quarter	Claim filed	
			ALTERNATIVE BASE PERIOD						
				BASE PERIOD				Lag quarter	Claim filed
				ALTERNATIVE BASE PERIOD					

Using the alternative base period, an individual’s most recent quarter of work would count toward the two-quarter requirement and the \$3,400 requirement. As a result, individuals could qualify for benefits having worked for the two quarters immediately preceding the filing of a claim, rather than the three quarters required under current law.

The effect of the committee substitute is illustrated by the following example: an individual is employed on January 1, 2003, and was terminated through no fault of his or her own on July 1, 2003. The employee earned a total of \$2,000 during the months of January, February, and March 2003 and a total of \$2,000 during the months of April, May, and June 2003. The employee filed a claim for unemployment compensation benefits on July 2, 2003:

- **Under current law: Not eligible for benefits** – The employee’s base period would be April 1, 2002, through March 30, 2003 (the first four of the last five completed calendar quarters). Since the employee neither worked for at least two quarters, nor earned at least \$3,400 during the base period, the employee would be ineligible for benefits.

⁴ Table 4 overlays the effect of the bill’s proposed changes on the base period chart in Table 1. (See Table 1, *supra* note 1.)

- ***Under the committee substitute: Eligible for benefits*** – The employee would use the “alternative base period” because the employee is not eligible for benefits under the current base period. The employee’s alternative base period would be July 1, 2002, through June 30, 2003. Since the employee both worked for at least two quarters and earned at least \$3,400 within the alternative base period, the employee would be eligible for benefits.

The committee substitute also provides that wages used in a base period to establish monetary eligibility for unemployment compensation may not be used to establish eligibility for claims in a subsequent benefit year.

When an individual files a claim under the alternative base period, if the necessary wage information has not been input by the Department of Revenue into the Agency for Workforce Innovation’s mainframe database from the employer’s quarterly wage and tax reports or is otherwise unavailable, the committee substitute provides that the agency will request the wage information from the employer. According to the agency, the volume of these requests cannot be determined because it would be contingent upon the speed with which the Department of Revenue is able to input wage information into the agency’s database and the number of claims filed under the alternative base period.

If the Agency for Workforce Innovation is unable to access the wage information through its mainframe database, the committee substitute allows the agency to make a monetary determination of eligibility under the alternative base period based upon an affidavit submitted by the unemployed individual, together with any available payroll information. After the official wage information from the employer’s quarterly wage and tax reports is processed and input into the agency’s mainframe database, the committee substitute authorizes the agency to adjust the unemployed individual’s eligibility determination to reflect any corrected data.

The committee substitute further requires an employer to respond to a request for wage information within 10 days after receiving the request. If an employer fails to respond within the required time, the employer is subject to the \$25 penalty for filing a delinquent report as provided in s. 443.141(1)(b), F.S. The \$25 penalty is assessed for each 30 days or fraction thereof that the request is delinquent.

Unemployment Compensation – Benefit Amounts (Section 4)

Effective October 1, 2002, the committee substitute temporarily increases the weekly benefit amount for an individual receiving unemployment compensation by \$25 or 15 percent, whichever is greater. For individuals with a weekly benefit from \$32 to \$166, the committee substitute would increase the weekly benefit amount by \$25. Individuals with a weekly benefit amount from \$167 to \$275 would have their weekly amount increase by 15 percent. Thus, the committee substitute would increase unemployment benefits from the current \$32 minimum and \$275 maximum to a \$57 minimum and \$316 maximum weekly benefit amount. These increased rates expire June 30, 2004.

The committee substitute also provides an equivalent increase in the total amount of benefits an individual may receive to accommodate the temporary increase in the weekly benefit amount.

Under current law, the total amount of benefits is capped at \$7,150 (s. 443.111(5), F.S.), thereby providing enough benefits for 26 weeks paid at the maximum weekly benefit amount of \$275. The committee substitute will allow an individual to receive a maximum amount of \$8,216 in total benefits, thereby raising the cap enough to permit an individual to receive up to \$316 per week. Corresponding to the weekly benefit amount, the increase in total benefits is also effective October 1, 2002, and expires June 30, 2004.

Effective Date (Section 5)

Except as otherwise provided, the committee substitute takes effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Agency for Workforce Innovation estimates that \$127.9 million in additional unemployment benefits would be paid each year from the Unemployment Compensation Trust Fund. The committee substitute's payment of benefits using the alternative base period and increase in weekly benefit amounts would cause increases in the benefit experience of many employers who layoff employees and, consequently, would cause increases in these employers' unemployment tax rates to replenish the trust fund.

B. Private Sector Impact:

Because the last completed quarter immediately before an individual files a claim for unemployment compensation would be included in determining monetary eligibility for benefits, some seasonal workers and other short-term members of the labor force would be able to establish eligibility for these benefits. Additionally, employers would incur the costs associated with more frequent reporting of wage information submitted in addition to the existing quarterly wage and tax reports. As discussed above, the increased costs attributable to the payment of benefits using the alternative base period and the increase in weekly benefit amounts would likely cause an increase in unemployment compensation taxes for many employers.

C. Government Sector Impact:

According to the Agency for Workforce Innovation, implementation of the alternative base period (Section 3) would yield recurring costs in benefits from the Unemployment Compensation Trust Fund of approximately \$10,091,672. This estimate is based upon calculations that predict 3,572 unemployed individuals would be eligible under the alternative base period and would be paid an average 12.92 weeks of benefits at an average weekly benefit amount of \$218.67 per claim.

The agency estimates the increase in the weekly benefit amount (Section 4) would yield recurring costs in benefits from the Unemployment Compensation Trust Fund of approximately \$117,775,195. This estimate is based upon calculations that the \$25 increase in weekly benefits for benefit amounts between \$32 and \$166 would yield \$20,256,321 and that the 15 percent increase for benefit amounts between \$167 and \$275 would yield \$97,518,874.

Thus, the committee substitute's estimated total recurring costs in benefits from the Unemployment Compensation Trust Fund is approximately \$127,866,867.

The agency also estimates that an additional 11 full-time-equivalent positions; \$390,282 in recurring salaries, benefits, and related expenses; and \$66,000 in non-recurring operating capital outlay for fiscal year 2002-2003 would be needed to implement the committee substitute. Of these amounts, however, the agency estimates that grants for state unemployment administration from the United States Department of Labor would offset \$443,696 in fiscal year 2002-2003, thereby providing an impact of \$12,586. In addition, the agency estimates the non-recurring costs of the committee substitute for updating the agency's information management systems would be about \$74,433 for fiscal year 2001-2002 and \$372,167 for fiscal year 2002-2003.

Under current law, unemployment taxes are collected by the Department of Revenue under contract with the Agency for Workforce Innovation (ch. 2000-165, L.O.F.). According to the Department of Revenue, implementation of the committee substitute would require an additional 2 full-time-equivalent positions; \$88,858 in recurring salaries, benefits, and related expenses; and \$9,122 in non-recurring operating capital outlay and related expenses for fiscal year 2002-2003. The additional funding is mostly attributable to the department obtaining wage information from employers whose quarterly wage and tax reports have not been received or processed in order to implement the alternative base period.

VI. Technical Deficiencies:

During the 2000 Regular Session, the Legislature transferred the Division of Unemployment Compensation from the Department of Labor and Employment Security to the Agency for Workforce Innovation (s. 11(4)(f), ch. 2000-165, L.O.F.). Despite the transfer, s. 443.036(15), F.S. – which governs references to the term “division” throughout the Florida Unemployment Compensation Law, ch. 443, F.S. – defines the term as the Division of Unemployment Compensation of the Department of Labor and Employment Security. Although the references to

“division” in current law would be captured by the transfer in 2000 (s. 20.06(2), F.S.), the committee substitute creates new powers, duties, and functions for the “division,” causing the question whether these powers, duties, and functions are governed by the transfer. The Legislature may wish to amend the committee substitute to clarify that “division” refers to the Agency for Workforce Innovation.

In section 4, the committee substitute amends s. 443.111(5), F.S., providing an equivalent increase in the total amount of benefits an individual may receive in order to accommodate the temporary increase in the weekly benefit amount. These provisions establish calculations that add additional amounts to the total amount of benefits equal to 26 weeks of the increased weekly benefit amounts (an additional \$650 or 15 percent of the weekly benefit amount, whichever is greater), not to exceed \$8,216. Under current law, an individual earns “wage credits” in an amount equal to 25 percent of the total wages paid in the base period (s. 443.111(5), F.S.). The individual exhausts the total amount of available benefits when these wage credits are depleted. Depending on the amount of wages paid in an individual’s base period, the wage credits may not equate to 26 full weeks of benefits. Consequently, by using a 26-week standard, the committee substitute authorizes increased total benefits in amounts exceeding the amounts necessary to accommodate the temporary increase in the weekly benefit amount for individuals who are eligible to receive benefits for fewer than 26 weeks. The Legislature may wish to amend the committee substitute to clarify that the increased total amount of benefits extends no further than the amounts of additional benefits paid as a result of the temporary increase in the weekly benefit amount.

VII. Related Issues:

None.

VIII. Amendments:

None.