

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 222

INTRODUCER: Senator Detert

SUBJECT: Reemployment Assistance

DATE: January 18, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hrdlicka	Hrdlicka	CM	Pre-meeting
2.	_____	_____	ATD	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

SB 222 makes several changes to the reemployment assistance program.

The bill reforms the current appeals process for determinations on claims for benefits by localizing the appeals process through the creation of 24 regional appeal offices and review panels. The bill repeals the Reemployment Assistance Appeals Commission and transfers its powers, duties, functions, records, and personnel by a type two transfer to the Department of Economic Opportunity (DEO). The bill provides for a transition period until October 1, 2013. The review panels at the regional appeal offices take the place of the commission and each regional workforce board is required to appoint 3 members from the board to serve as the review panel for that area. The review panels will review the decisions of the local appeals referees. For coordination and recordkeeping, DEO is directed to establish a central appeal office.

Related to work search efforts, the bill creates a limitation and an exception. The bill provides that the claimant may not count the same prospective employer at the same location more than once during his or her claim as proof of work search efforts, unless the employer indicates that it is hiring after the initial contact by the claimant. The bill creates an exception to proof of work search requirements for claimants that are participating in Reemployment and Eligibility Assessments.

The bill creates specific examples of misconduct for which an individual may be disqualified for benefits. Examples include theft of employer property, failure to maintain a license necessary for work, and criminal assault or battery of another employee.

Related to the federal interest on advances and the employer assessment, the bill provides that no additional assessment on employers will be made if the amount of assessments on deposit from previous years, plus any earned interest, is at least 80 percent of the estimated amount of interest. Further, the bill provides that 4 months after all advances and associated interest are repaid, any excess assessed funds remaining on deposit, including any associated interest, will be transferred to the Unemployment Compensation Trust Fund.

The bill substantially amends ss. 20.60, 110.205, 120.80, 443.012, 443.0315, 443.036, 443.041, 443.091, 443.101, 443.131, 443.151, 443.1317, 443.141, and 443.171 F.S.

II. Present Situation:

Reemployment Assistance Overview

According to the U.S. Department of Labor (USDOL), the Federal-State Unemployment Insurance Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under state law) and who meet the requirements of state law.¹ The program is administered as a partnership of the federal government and the states.² The individual states collect payroll taxes on a quarterly basis, which are used to pay benefits, while the Internal Revenue Service collects an annual federal payroll tax under the Federal Unemployment Tax Act (FUTA).³ FUTA collections go to the states for costs of administering state unemployment insurance and job service programs. In addition, FUTA pays one-half of the cost of extended unemployment benefits (during periods of high unemployment) and provides for a fund from which states may borrow, if necessary, to pay benefits.⁴

States are permitted to set benefit eligibility requirements, the amount and duration of benefits, and the state tax structure, as long as state law does not conflict with FUTA or Social Security Act requirements. Florida's unemployment insurance program was created by the Legislature in 1937.⁵ The program was rebranded as the "reemployment assistance program" in 2012.⁶ The Department of Economic Opportunity (DEO) is the current agency responsible for administering Florida's reemployment assistance (RA) laws, primarily through its Division of Workforce Services. DEO contracts with the Florida Department of Revenue (DOR) to provide unemployment tax collections services.⁷

¹USDOL, Employment and Training Administration (ETA), State Unemployment Insurance Benefits, available at <http://workforcesecurity.doleta.gov/unemploy/uifactsheet.asp> (last visited 1/13/2013).

² There are 53 state programs, including the 50 states, Puerto Rico, the Virgin Islands, and the District of Columbia.

³ FUTA is codified at 26 U.S.C. ss. 3301-3311.

⁴ USDOL, ETA, Unemployment Insurance Tax Topic, available at <http://workforcesecurity.doleta.gov/unemploy/uitaxtopic.asp> (last visited 1/13/2013).

⁵Chapter 18402, L.O.F.

⁶ Chapter 2012-30, L.O.F.

⁷ Section 443.1316, F.S.

State Reemployment Assistance Benefits

A qualified claimant may receive RA benefits equal to 25 percent of wages, not to exceed \$6,325 in a benefit year.⁸ Benefits range from a minimum of \$32 per week to a maximum weekly benefit amount of \$275 for up to 23 weeks, depending on the claimant's length of prior employment, wages earned, and the unemployment rate.⁹

To receive RA benefits, a claimant must meet certain monetary and non-monetary eligibility requirements. Key eligibility requirements involve a claimant's earnings during a certain period of time, the manner in which the claimant became unemployed, and the claimant's efforts to find new employment.

A claimant must meet certain requirements in order to be eligible for benefits for each week of unemployment. For example, each week an individual is required to contact at least 5 prospective employers (3 prospective employers if the individual resides in a small county) or report to the One-Stop Career Center for reemployment services.¹⁰

Disqualification for Reemployment Assistance

Section 443.101, F.S., specifies the circumstances under which an individual would be disqualified from receiving unemployment compensation benefits. For example, an individual is disqualified for voluntarily leaving work without good cause, or being discharged by his or her employing unit for misconduct connected with the work.¹¹

Currently, "misconduct" is defined as:¹²

- Conduct demonstrating conscious disregard of an employer's interests that is outside of reasonable standards of behavior;¹³
- Careless or negligent behavior that manifests culpability or wrongful intent, or shows an intentional and substantial disregard of the employer's interests;
- Chronic absenteeism or tardiness that violates a known policy of the employer or follows a written reprimand or warning due to the absenteeism;
- Willful or deliberate conduct that causes or would cause an employer to be sanctioned or the employer's license or certification to be suspended; or

⁸ Section 443.111(5), F.S. The maximum amount of benefits available is calculated by multiplying an individual's weekly benefit amount by the number of available benefit weeks.

⁹ Section 443.111(3), F.S. A benefit week begins on Sunday and ends on Saturday. If the average unemployment rate for the 3 months in the most recent third calendar year quarter is at or below 5 percent, then the maximum weeks of benefits available is 12; for each 0.5 percent that the unemployment rate is above 5 percent, an additional week of benefits becomes available up to 23 weeks at an unemployment rate of 10.5 percent.

¹⁰ See s. 443.091(1), F.S., for the entire list of requirements and exceptions. A "small county" is defined in s. 120.52(19), F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

¹¹ An individual is not disqualified for voluntarily leaving temporary work to return to fulltime work or to relocate with his or her military spouse due to relocation orders. An individual who voluntarily quits work for a good *personal* cause not related to any of the conditions specified in the statute will be disqualified from receiving benefits.

¹² Section 443.036(30), F.S.

¹³ "Conscious disregard" is not defined. One court characterized the term "conscious disregard of consequences" in a negligence context as being a middle ground between careless disregard of consequences (as in simple negligence) and "the more extreme 'willful or wanton' disregard thereof (as in culpable or criminal negligence)." *Courtney v. Fla. Transformer, Inc.*, 549 So. 2d 1061, 1064 (Fla. 1st DCA 1989).

- Conduct that violates an employer's rule, unless the claimant can show that he or she did not know of the rule, that the rule is unlawful or not related to the job, or that the rule is not fairly or consistently enforced.

It does not matter if the misconduct occurs at the workplace or during working hours for purposes of the disqualification for reemployment assistance benefits.

The statute specifies the duration of the disqualification and the requirements for requalification for an individual's next benefit claim, depending on the reason for the disqualification.

Determinations and Redeterminations

DEO issues determinations and redeterminations on the monetary and non-monetary eligibility requirements.¹⁴ Determinations and redeterminations are statements by the department regarding the application of law to an individual's eligibility for benefits or the effect of the benefits on an employer's tax account. A party who believes a determination is inaccurate may request reconsideration within 20 days from the mailing date of the determination. DEO must review the information on which the request is based and issue a redetermination.

Appeals of DEO Determinations – Office of Appeals

If a party disagrees with either the determination or redetermination, the applicant or employer may request an administrative hearing before an appeals referee. Appeals referees in DEO's Office of Appeals hold hearings and issue decisions to resolve disputes related to eligibility for unemployment compensation and the payment and collection of unemployment compensation taxes.¹⁵ Special deputies within the Office of Appeals handle appeals related to matters on tax, reimbursement, and liability protests. Generally, an appeal must be filed within 20 days of the date of the determination.

Upon receiving an appeal, the Office of Appeals will schedule a hearing involving all interested parties to address the issues. The parties will be mailed a *Notice of Hearing* telling them when the hearing will be held and whether they are expected to participate in-person or by telephone... The parties are expected to present all of their evidence and testimony to the appeals referee, who will then make a decision based only upon the evidence and testimony presented during the hearing. An audio recording of the hearing will be made by the referee. When the hearing is completed, the referee will issue a written decision.¹⁶

In the 2012 calendar year, there were a total of 116,534 appeals filed, and the Office of Appeals issued 128,968 decisions. Most appeals were filed by applicants (about 74 percent of the filed

¹⁴ Section 443.151(3), F.S.

¹⁵ Appeals are governed by s. 443.151(4), F.S., and the Administrative Procedures Act, ch. 120, F.S. Information about the Office of Appeals and the appeals process may be found on the DEO website at <http://www.floridajobs.org/job-seekers-community-services/reemployment-assistance-center/file-an-appeal> (last visited 1/13/2013).

¹⁶ DEO, "Reemployment Assistance Appeals Process, Reemployment Assistance Appeals Commission," available at <http://www.floridajobs.org/job-seekers-community-services/reemployment-assistance-center/reemployment-assistance-appeals-commission/reemployment-assistance-appeals-process> (last visited 1/13/2013).

appeals), but the outcomes of the decisions were evenly split between decisions to pay or deny benefits to the applicants.¹⁷

Appeals of Appeals Referee Decisions – Reemployment Assistance Appeals Commission

A decision by an appeals referee can be appealed to the Reemployment Assistance Appeals Commission. An appeal must be filed within 20 days of the date of the appeals referee's decision.

The Reemployment Assistance Appeals Commission (commission) is administratively housed in DEO, but is a quasi-judicial administrative appellate body independent of DEO.¹⁸ The commission is 100 percent federally funded and consists of a three member panel that is appointed by the Governor. It is the highest level for administrative review of contested cases decided by the Office of Appeals referees.

“A party requesting review by the Commission should specify any and all allegations of error with respect to the referee's decision, and provide factual and/or legal support for these challenges. Allegations of error not specifically set forth in the request for review may be considered waived.”¹⁹ The commission does not hold a hearing when it reviews the appeal to determine whether the appeals referee's decision was properly supported by the testimony and other evidence presented at the hearing. The commission cannot consider evidence that was not presented to the appeals referee during the previous hearing, unless there is some extraordinary circumstance.

The Reemployment Assistance Appeals Commission can affirm, reverse, or remand the referee's decision for further proceedings.²⁰ In the 2012 calendar year, there were a total of 14,120 appeals filed with the commission, and the commission issued 14,725 orders – 11,061 final orders and 3,664 orders remanding cases back to the Office of Appeals. Approximately 60 percent of the appeals were filed by claimants. Related to outcomes of the final orders, 38 percent resulted in a decision to pay benefits to a claimant and 62 percent denied benefits.

Appeals of Commission Decisions – Florida District Courts of Appeal

A party to an appeal who disagrees with the commission's order may seek review of the decision in the Florida district courts of appeal.²¹ The notice of appeal should be filed either in the district

¹⁷ Data from DEO, “Reemployment Assistance Data, 1st Quarter 2007 through 4th Quarter 2012,” January 7, 2013, on file with the Senate Commerce and Tourism Committee. Note, that not all outcomes that award benefits impact an employer's taxes, as some cases find that the former employee separated from work due to reasons not attributable to the employer.

¹⁸ Section 20.60(8), F.S. “The Reemployment Assistance Appeals Commission, authorized by s. 443.012, F.S., is not subject to control, supervision, or direction by the department in the performance of its powers and duties but shall receive any and all support and assistance from the department which is required for the performance of its duties.” Information about the commission and the appeals process may be found on the DEO website at <http://www.floridajobs.org/job-seekers-community-services/reemployment-assistance-center/reemployment-assistance-appeals-commission> (last visited 1/13/2013).

¹⁹ See footnote 17.

²⁰ Appeals remanded back to the appeals referee occur when the commission finds procedural issues that require further hearing; when a party fails to appear for the hearing and requests that the case be reopened (the referee must hold a hearing to determine if the individual had good cause for not appearing); and when a party files a late appeal and requests the commission to direct the appeals referee to accept the late appeal (the commission determines that the appeal was timely filed and a hearing should be held or that additional fact finding is necessary to determine if the appeal was timely filed).

²¹ Section 443.151(4)(c), (d), and (e), F.S.

court of appeal in the appellate district in which a claimant resides or the job separation arose or in the appellate district where the order was issued. If the notice of appeal is filed with the commission, then the appeal will be filed in the district court of appeal in the appellate district where the order was issued.

Financing Reemployment Assistance

In Florida, RA benefits are financed solely through contributions by employers – employers pay taxes on the first \$8,000 of each employee’s wages.²² The calculation for determining each employer’s tax rate is statutorily set, and takes into consideration an employer’s “experience” (as former employees collect RA benefits, these benefits are charged to the employer), the balance of the Unemployment Compensation Trust Fund, and other factors.

The Internal Revenue Service charges each liable employer a federal unemployment tax of 6.0 percent on employees’ annual wages.²³ If, however, a state program meets the federal requirements and has no delinquent federal loans, employers are eligible for up to a 5.4 percent tax credit, making the net federal tax rate 0.6 percent. Employers file an annual return with the Internal Revenue Service each January for taxes on the first \$7,000 of each employee’s annual wages during the previous year.

The USDOL provides DEO with administrative resource grants from the taxes collected from employers pursuant to FUTA. These grants are used to fund the operations of the state’s program, including the processing of claims for benefits by DEO, state unemployment tax collections performed by DOR, appeals conducted by DEO and the Reemployment Assistance Appeals Commission, and related administrative functions.

Unfortunately, due to the past few years of high unemployment in Florida, more funds have been paid out of the Unemployment Compensation Trust Fund than have been collected. The trust fund fell into deficit in August 2009, and since that time the state has requested over \$2 billion in federal advances in order to continue to fund unemployment compensation claims. Through voluntary repayment and partial loss of the federal tax credit, Florida has substantially paid down its debt.²⁴ It is anticipated that all federal advances should be repaid in early 2013.²⁵

Federal advances accrue interest on a federal fiscal year basis (October to September), and such interest is due no later than September 30 each year. The interest rate for 2013 is 2.5765

²² Nonprofit employers may choose to finance compensation through either the contributory method or the reimbursement method. A reimbursing employer is one who must pay the Unemployment Compensation Trust Fund on a dollar-for-dollar basis for the benefits paid to its former employees. The employer is otherwise not required to make payments to the trust fund. See s. 443.1312, F.S. The state and local governments are reimbursing employers. Most employers are contributory employers. The “wage base” is expected to go down to \$7,000 in 2015. s. 443.1217(2)(a), F.S.

²³ 26 U.S.C. s. 3301.

²⁴ As of January 10, 2013, Florida owed about \$647 million. See U.S. Department of Treasury, Bureau of Public Debt, Treasury Direct’s [Title XII Advance Activities Schedule](http://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm) at http://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm (last visited 1/13/2013).

²⁵ The most recent forecast by the Revenue Estimating Conference shows repayment of all federal advances by June 2013. On file with the Senate Commerce and Tourism Committee.

percent.²⁶ The Revenue Estimating Conference estimated on January 15, 2013, that the interest due for 2013 would be \$9.6 million.²⁷

The interest due on advances cannot be paid from funds from the Unemployment Compensation Trust Fund. In order to repay the interest, a state may make an appropriation from general revenue, issue bonds, or impose an assessment on employers.²⁸ In 2010, the Legislature imposed an additional assessment on employers to pay interest on federal advances.²⁹

Section 443.131(5)(b), F.S., sets forth the calculation for the assessment. To determine the additional rate for the assessment, the formula divides the estimated amount of interest owed by 95 percent of total wages paid by employers for the previous year ending June 30. To determine an employer's payment, the formula multiplies an employer's taxable wages by the additional rate. DOR is required to calculate and bill the assessment prior to February 1 of the year, based upon the interest estimated by the Revenue Estimating Conference. An employer has 5 months to pay the assessment, by June 30. The assessments are paid into the Audit and Warrant Clearing Trust Fund and may earn interest; any interest earned is part of the balance available to pay the interest to the federal government.

Florida paid about \$56 million in September 2011 and about \$43 million in September 2012. Currently assessments on deposit total about \$8.9 million, not including earned interest.

III. Effect of Proposed Changes:

SB 222 makes several changes to the reemployment assistance program.

Reemployment Assistance Appeals Process

This bill reforms the current appeals process by localizing the appeals process through the creation of 24 regional appeal offices and review panels.

The Reemployment Assistance Appeals Commission is repealed and its powers, duties, functions, records, and personnel are transferred by a type two transfer to the Department of Economic Opportunity (DEO). **(Section 1)** The bill provides a transition period and requires the transfer to be complete by October 1, 2013. DEO is required to develop and implement a transition plan to implement the bill, and the Governor may transfer funds and positions between the entities upon approval by the Legislative Budget Commission. Additionally, the Governor and DEO are directed to work with any federal agencies necessary to implement the bill. **(Section 2)**

²⁶ The interest rate charged is equal to the fourth calendar quarter yield on the Unemployment Trust Fund for the previous year, capped at 10 percent. See U.S. Department of Treasury, Bureau of Public Debt, Treasury Direct's Unemployment Trust Fund Quarterly Yields at http://www.treasurydirect.gov/govt/rates/rates_tfr.htm (last visited 1/13/2013).

²⁷ Revenue Estimating Conference forecast, available at <http://edr.state.fl.us/Content/revenues/reports/unemployment-compensation-trust-fund/index.cfm> (last visited 1/17/2013).

²⁸ The option of issuing bonds to repay the interest may be unavailable to Florida. See Art. VII, s. 11, Fla. Const.

²⁹ Section 443.131(5), F.S. Section 4, ch. 2010-1, L.O.F.

In place of the commission, regional appeal offices are created at each of the state's 24 regional workforce boards. (**Section 3, amends s. 443.012, F.S.**) Regional appeal offices shall house appeals referees and review panels. DEO is responsible for providing proper facilities and assistance for the regional appeal offices. Employees of the offices shall be employees of DEO, but shall be appointed by the regional workforce board.

Similar to current law, appeals referees will hear and decide appeals of determinations by DEO on applicants for benefits. The bill provides that alternates should be appointed in cases where an appeals referee has a conflict of interest. (**Section 3**)

Each regional workforce board is required to appoint 3 members from the board to serve as the review panel for that area. The review panels will review the decisions of the local appeals referees. Members of the review panels serve staggered terms of 2 years. The regional workforce board must also appoint a general counsel to assist the review panel in carrying out the appeals process. The general counsel must be admitted to practice law in Florida and must have a minimum of 1 year of experience in conducting judicial or administrative hearings or 5 years of experience in the practice of law. (**Section 3**)

DEO is directed to establish a central appeal office for the purposes of maintaining records and filing the final orders of the review panels or district courts of appeal online. (**Sections 3 and 4**) The central appeal office may also be used to coordinate the filing of appeals through a central system. (**Section 4, amends s. 443.151, F.S.**)

Appeals are to be filed with the regional appeal office located at the regional workforce board serving the area of the claimant's last principal place of business. Appeals filed incorrectly may be forwarded to the appropriate office upon a timely request. Further, appeals of review panel decisions may be filed at the district court of appeal located where the order was issued. (**Section 4**)

Sections 20.60 (**Section 5**), 110.205 (**Section 6**), 120.80 (**Section 7**), 443.0315 (**Section 8**), 443.036 (**Section 9**), 443.041 (**Section 10**), 443.101 (**Section 12**), 443.151 (**Section 4**), 443.1317 (**Section 14**), 443.141 (**Section 15**), and 443.171 (**Section 16**), F.S., are amended to correct references to the commission and make conforming changes.

Work Search Eligibility Requirements

The bill amends the requirements related to work search by claimants in s. 443.091(1)(d), F.S., by creating a limitation and an exception. (**Section 11**)

Under the current law a claimant must engage in a systematic and sustained effort to find work, including contacting at least 5 prospective employers each week, or 3 employers if the claimant resides in a small county.³⁰ The claimant must provide proof of his or her work search efforts to DEO for each week of benefits claimed. The bill provides that the claimant may not count the same prospective employer at the same location more than once during his or her claim as proof

³⁰ An alternative to contacting prospective employers, claimants may also report to the One-Stop Career Center for reemployment services.

of work search efforts. However, if the employer indicates that it is hiring after the initial contact by the claimant, then the claimant may count an additional contact with that employer as part his or her proof of work search efforts.

Additionally, the bill creates an additional exception to proof of work search requirements for claimants that are participating in Reemployment and Eligibility Assessments.³¹

Disqualification for Misconduct

Under current law an individual may be disqualified from receiving RA benefits for any week in which DEO finds that he or she was discharged by his or her employer for misconduct.

The bill adds specific examples of “misconduct” to be included in the definition, but the examples are not intended to limit the definition. (**Section 9, amends s. 443.036(30), F.S.**) The examples include:

- Related to conduct demonstrating conscious disregard of an employer’s interests:
 - Willful damage to an employer’s property that results in damage of more than \$50; or
 - Theft of employer property or property of a customer or invitee of the employer.
- Related to conduct that causes sanctions or an employer’s license or certification to be suspended:
 - Failure to maintain a license, registration, or certification required by law for the employee to perform his or her duties.
- Related to conduct that violates an employer’s rule:
 - Criminal assault or battery on another employee, or on a customer or invitee of the employer; or
 - Abuse or neglect of a patient, resident, disabled person, elderly person, or child in the individual’s professional care.

Interest Assessment and Federal Interest Payments

The Revenue Estimating Conference is required to estimate the amount of interest due to the federal government for advances, and the Department of Revenue (DOR) is required to use that estimate to calculate an assessment on employers in order to pay the interest.

The bill amends s. 443.131(5), F.S., to provide that no additional assessment on employers may be made by DOR if the amount of assessments on deposit from previous years, plus any earned interest, is at least 80 percent of the estimated amount of interest. The bill clarifies that all assessments on deposit and earned interest is available to pay the interest to the federal government. (**Section 13**)

³¹ REAs are in-person interviews with selected RA claimants to review the claimants’ adherence to state eligibility criteria, determine if reemployment services are needed for the claimant to secure future employment, refer individuals to reemployment services, as appropriate, and provide labor market information which addresses the claimant’s specific needs. Research has shown that interviewing claimants for the above purposes reduces RA duration and saves RA trust fund resources by helping claimants find jobs faster and eliminating payments to ineligible individuals. Florida administers the REA Initiative through local One-Stop Career Centers. Rule 60BB-3.028, F.A.C., further sets forth information on reemployment services and requirements for participation.

Under current law, any remaining assessments on deposit are to be credited to employer accounts after all federal advances and associated interest due has been paid. The amount to be credited to employers is based upon a calculation that takes into consideration how much the employer paid in assessments that year. It is expected that all federal advances will be repaid this year and the last interest payment will be made in September this year; however, the amount of assessments on deposit is expected to be very minimal, if any at all remains after the federal interest has been paid.

The bill provides that 4 months after all advances and associated interest are repaid, any excess assessed funds remaining in the Audit and Warrant Clearing Trust Fund, including any associated interest, will be transferred to the Unemployment Compensation Trust Fund.

The bill provides that s. 443.131(5), F.S., expires on July 1, 2014.

Effective Date

Section 17 provides an effective date of July 1, 2013.

Other Potential Implications:

The U.S. Department of Labor (USDOL) has broad oversight for the reemployment assistance program, including determining whether a state law conforms to federal unemployment insurance law and whether a state's administration of the program substantially complies with processes and procedures approved by USDOL. States are permitted to set benefit eligibility requirements, the amount and duration of benefits, and the state tax structure, as long as state law does not conflict with FUTA or Social Security Act requirements. When a state's law conforms to the requirements of the Social Security Act, the state is eligible to receive federal administrative grants to operate the state's program. When a state's law conforms to the requirements of the FUTA, employers in the state may receive a credit of up to 5.4 percent against the federal unemployment insurance tax rate of 6.0 percent.

The Secretary of USDOL is responsible for determining if a state's unemployment insurance law meets the requirements of federal law. Under FUTA, the secretary annually certifies the state's compliance with federal requirements and this certification ensures that employers in the state are eligible for the full credit against the federal unemployment insurance tax.

The USDOL may find various provisions of this bill to be out of conformity with federal law. If USDOL made such a finding, then it would not certify the state's reemployment assistance program and could withhold all administrative funding or cause the employer federal tax rates to increase to the total 6.0 percent because of loss of the entire FUTA tax credit. USDOL has been requested to issue a written opinion on the effects of this bill.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The changes in eligibility and disqualification may have some impact on employer contribution rates, as some individuals may not be able to receive benefits under the provisions of the bill. Additionally, the transfer of any remaining funds after the final federal interest payment is made to the Unemployment Compensation Trust Fund may have a positive minimal impact on employer contribution rates.

B. Private Sector Impact:

See Tax/Fee Issues.

C. Government Sector Impact:

The changes made by the bill are expected to have a significant fiscal impact on the resource needs of the Department of Economic Opportunity. Administration of the reemployment assistance program is funded through an annual administrative grant by USDOL, and resources will likely need to be shifted in order to meet the requirements of the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill does not provide for alternates to be appointed in the case where a review panel member has a conflict of interest.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
