



## Media Release

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### **Rick Scott's Plan to Fool Florida Families**

*Scott's attack on unemployment insurance undermined Florida's economy*

**(STATEWIDE, Fla. – Sept. 17, 2014)** – As the race for governor heats up, ads are filling the airwaves with Rick Scott's desperate attempt to fool Florida Families into thinking he's "one of them." With polls showing many voters still dubious of the Governor's ability to relate to their daily lives, Scott's campaign continues to distort his record on job creation, boasting that his jobs plan has helped Floridians. This begs the question, has it?

While Scott is crowing about HIS accomplishments he has ignored one simple fact - Florida's recovery still **lags** the Nation's recovery.

- Florida's unemployment rate of 6.2 percent in June 2014 exceeded the national rate of 6.1 percent<sup>1</sup> and ranked 29<sup>th</sup> among the 50 states and the District of Columbia<sup>2</sup>
- The average wage in Florida continues to trail the national rate and declined further in 2013, to 87.6 percent of the U.S. average wage.<sup>3</sup>
- The median household income in Florida was \$46,071 in 2012, 39<sup>th</sup> in the nation and well below the \$51,017 median for the entire U.S.<sup>4</sup>
- Florida ranked third in 2011 in a study measuring the gap between the income of the top 1 percent of Floridians and the bottom 99 percent. In Florida, the top 1 percent earned on average 32.2 times as much as the bottom 99 percent.<sup>5</sup>
- Florida is the nation's second most poverty-stricken state, at 19.5 percent, according to the U.S. Census Bureau's supplemental poverty measure in 2012.<sup>6</sup>

There are many policy mistakes that can explain Florida's lagging recovery, most center on the continued embrace of "trickle down" tax policy that favors tax cuts and subsidies for corporations and wealthy individuals as a way to stimulate economic activity and job creation. One of the biggest and most damaging of these tax breaks was Rick Scott's overhaul of Florida's Unemployment Insurance (UI) program. In short, Scott, the big business lobby and their allies in the Legislature gutted our UI program to ensure that employers could escape their UI tax liability. This overhaul has been disastrous for millions of working families in Florida.

Conceived as a policy to both benefit workers and employers, it is one of the best policies to stimulate the economy. According to a report on unemployment insurance by the Center on Budget and Policy Priorities, "More than 70 years after it's inception, unemployment insurance continues to provide a valuable cushion against income losses from temporary unemployment. It also serves as an effective automatic stabilizer for the overall economy by shoring up workers' purchasing power during economic downturns. The basic compact that the UI system has embodied since its creation under President Roosevelt in 1935 is that people who have amassed a sufficient record of work, and on whose behalf UI taxes have faithfully been paid, should receive temporary UI benefits if they are laid off and are searching for a new job."<sup>7</sup>



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The Congressional Budget Office (CBO) scored "Increasing Aid to the Unemployed" as the Highest-Scoring Policy Proposal to stimulate the economy. In a January 2010 report on "Policies for Increasing Economic Growth and Employment in 2010 and 2011," they estimated that extending aid to the unemployed would have one of the strongest stimulative effects on the economy. The CBO estimated that increasing aid to the unemployed would have the greatest effects on GDP per dollar of budgetary cost and the second highest cumulative effect on employment of the policy options considered.<sup>8</sup>

There is clearly a link between having money and spending it. In fact, every dollar spent on unemployment insurance creates between \$0.70 and \$1.90 in economic activity according to the CBO study. The Florida Center for Fiscal and Economic Policy estimates that UI benefits generate approximately \$1.63 for every dollar spent.<sup>9</sup> Spending creates demand and demand creates supply, which in turn creates jobs. In fact, consumer-spending accounts for more than two-thirds of the nation's economy, with low- and middle-income earners spending the biggest percentage of their paychecks. It's this spending that creates sales at the cash register. No paycheck, no sales. Consumers drive the economy, so if income decreases, the recovery slows.

Governor Scott saw the situation differently. Governor Scott believes that the generous unemployment benefits received by Florida workers keeps them so comfortable that they don't need to look for work and are happy to live off the largesse of the government. He calls unemployment compensation a "disincentive" and re-named it Reemployment Assistance. Since the average monthly benefit is less than \$1100 per month, this claim is laughable. Unfortunately, the Governor wasn't joking. He signed a bill in 2011 that reduced the number of weeks eligible workers could receive, tied it to the unemployment rate and made it difficult for anyone seeking assistance to apply and qualify.

The goal of all these Draconian cuts in 2011 was simple: forever absolve Florida's biggest businesses from their legal tax liability. This would be accomplished by completely gutting the UI system in order to pay for tax cuts. Rick Scott supported cuts that resulted in short-term handouts for big businesses during a recession, rather than investing in long-term security for Florida's economy and working families struggling to make ends meet.

Due to the 2011 law, Florida's unemployment benefits have recently decreased from 19 weeks to 16 weeks due to the unemployment rate dropping to 6.2%. A drop that economists believe fell mostly because exasperated job seekers gave up their search and are no longer counted in unemployment statistics.

Consider these facts about Florida's Unemployment Insurance Program:

- Over the 12-month period ending March 31, 2014, Florida's unemployment insurance program paid an average weekly benefit of \$228.51 – which ranked 52nd, the lowest among all the states plus the District of Columbia and Puerto Rico. That payment replaced 27.6 percent of workers' average weekly wage, 44th in the nation. Florida's "exhaustion rate" – the percentage of recipients who drew their final unemployment payment – was 66.2 percent, the highest in the U.S.<sup>10</sup>
- Florida's maximum weekly unemployment insurance payment, \$275, is lower than all but four other states.<sup>11</sup>



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- Because of restrictive unemployment insurance laws enacted by the Florida Legislature in 2011, only 17 percent of new unemployed insurance applicants actually received benefit payments – 52<sup>nd</sup>, behind every state, the District of Columbia and Puerto Rico.<sup>12</sup>
- In 2011 the legislature adopted a formula that reduces the maximum number of weeks that benefits can be received from an automatic 26 to 23 with a loss of a week for each .5 percent that statewide unemployment drops. The maximum number of weeks currently is 16, ranking the state 50<sup>th</sup> among the states and the District of Columbia.<sup>13</sup>

Clearly, investing in Florida families by increasing unemployment aid could have increased the pace of the recovery and helped struggling Floridians. Adding insult to injury, the Governor used the money saved from cutting unemployment benefits to reduce further already exceedingly low business taxes. Apparently giving handouts to corporations was supposed to motivate people to get back to work.

According to the most recent *State of Working Florida 2013* by the Research Institute on Social and Economic Policy at the Center for Labor Research and Studies at Florida International University, the standard of living of Floridians is in decline due to drops in employment and income as well as increases in inequality, living costs, and poverty. "Declines in standard of living negatively impact future economic growth and social mobility as well as the pace of the current economic recovery. As long as Florida's economy continues to lag in creating good jobs, policymakers need to be pro-active and not reactive when it comes to unemployment compensation," the report concluded.<sup>14</sup>

So while the Governor is crowing, the rest of Florida is crying.

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To find out more about **Who Does Rick Really Work For?** stay tuned to: [www.FightForFlorida.com](http://www.FightForFlorida.com)

### Citations

<sup>1</sup> Labor Force Statistics from the Current Population Survey. <http://data.bls.gov/timeseries/LNS14000000>

<sup>2</sup> Unemployment Rates for States, Local Area Unemployment Statistics, U.S. Department of Labor.  
<http://www.bls.gov/web/laus/laumstrk.htm>

<sup>3</sup> "Florida: An Economic Overview," Office of Economic and Demographic Research, Florida Legislature, July 15, 2014. Page 9. [http://edr.state.fl.us/Content/presentations/economic/FIEconomicOverview\\_7-15-14.pdf](http://edr.state.fl.us/Content/presentations/economic/FIEconomicOverview_7-15-14.pdf)

<sup>4</sup> Median Household Income by State – Single-Year Estimate, Annual Social and Economic Supplement, U.S. Census.  
<http://www.census.gov/hhes/www/income/data/statemedian/index.html>

Table H-8. Median Household Income by State: 1984 to 2012

<sup>5</sup> "The Increasingly Unequal States of America Income Inequality by State, 1917 to 2011," February 19, 2014, Economic Policy Institute. <http://www.epi.org/publication/unequal-states/>



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<sup>6</sup> “California Poverty Rate Highest In Nation Based On New Census Department Figures,” Huffington Post, November 15, 2012. [http://www.huffingtonpost.com/2012/11/14/california-poverty\\_n\\_2132920.html](http://www.huffingtonpost.com/2012/11/14/california-poverty_n_2132920.html)

<sup>7</sup> “Introduction to Unemployment Insurance,” July 30, 2014, Center on Budget and Policy Priorities. <http://www.cbpp.org/files/12-19-02ui.pdf>

<sup>8</sup> “Policies for Increasing Economic Growth and Employment in 2010 and 2011,” January 2010, Congressional Budget Office. <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/108xx/doc10803/01-14-employment.pdf>

<sup>9</sup> “Issue Brief: Thousands of Florida’s unemployed workers are going to be kicked when they are already down!” August 21, 2009, Florida Center for Fiscal and Economic Policy. <http://www.fcfe.org/images/unemployment%20brief.pdf>

<sup>10</sup> UI Data Summary for Florida, Unemployment Insurance Data Summary, U.S. Department of Labor, Employment and Training Administration. [http://ows.doleta.gov/unemploy/content/data\\_stats/datasum14/DataSum\\_2014\\_1.pdf](http://ows.doleta.gov/unemploy/content/data_stats/datasum14/DataSum_2014_1.pdf)

<sup>11</sup> Significant Provisions of State Unemployment Insurance Laws Effective January 2014, Employment and Training Administration, U.S. Department of Labor.

<http://www.unemploymentinsurance.doleta.gov/unemploy/content/sigpros/2010-2019/January2014.pdf>

<sup>12</sup> UI Data Summary for Florida, Unemployment Insurance Data Summary, U.S. Department of Labor, Employment and Training Administration. [http://ows.doleta.gov/unemploy/content/data\\_stats/datasum14/DataSum\\_2014\\_1.pdf](http://ows.doleta.gov/unemploy/content/data_stats/datasum14/DataSum_2014_1.pdf)

<sup>13</sup> Unemployment Insurance Comparison by State, [www.fileunemployment.org](http://www.fileunemployment.org)

<sup>14</sup> “State of Working Florida, 2013,” September 2, 2013, Research Institute on Social and Economic Policy, Center for Labor Research and Studies, Florida International University. <http://www.risep-fiu.org/wp-content/uploads/2013/09/State-of-Working-Florida-2013-FINAL.pdf>