

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 7027 PCB BCAS 12-02 Unemployment Compensation

**SPONSOR(S):** Business & Consumer Affairs Subcommittee, Holder

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1416

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Business & Consumer Affairs Subcommittee	11 Y, 3 N	Tecler	Creamer
1) Economic Affairs Committee	15 Y, 0 N, As CS	Tecler	Tinker

### SUMMARY ANALYSIS

The bill rebrands the state's unemployment compensation (UC) system as a "Reemployment Assistance Program." The bill addresses aspects of the state's UC system related to the initial skills assessment test and the operational efficiency of the program. The bill also extends the temporary extended benefits program and provides reporting flexibility to professional employer organizations.

Related to the initial skills assessment test, the bill:

- Requires the Department of Economic Opportunity to establish a numeric score on the initial skills review which demonstrates a minimum proficiency in workforce skills.
- Provides a claimant with the option to undergo workforce skills training if he or she scores below this standard.
- Stipulates that workforce skills training will be provided at no cost to individuals in order to improve their minimum proficiency level.

Related to improving efficiency in the UC program, the bill:

- Reduces the number of weekly employer contacts from five to three for individuals that reside in a small county as defined by s. 120.52(19), F.S.
- Allows a PEO to make a one-time irrevocable election to calculate, report, and pay state UC taxes under the respective unemployment account of each client.
- Clarifies that a disqualification for making a fraudulent claim begins when the fraudulent claim was made. Further, this disqualification may continue up to one year from the date DEO discovers the fraudulent claim and until any fraudulent overpayments are repaid in full.
- Amends the statute of limitations related to the collection of overpayments by providing that the commencement of collections must be initiated within 7 years after the redetermination or decision.
- Authorizes the DEO to noncharge the accounts of employers that are forced to lay off workers due to a man-made disaster of national significance.

Related to professional employer organizations, the Department of Revenue estimates necessary enhancements to the SUNTAX system and data processing will have a negative nonrecurring impact on the department totaling \$115,485 for FY 11-12 and \$65,084 for FY 12-13. The federal administrative resource grant will be used to fund these enhancements.

Related to the extension of temporary extended benefits, former state and local government employees do not qualify for federal funding because these entities are self-insured and the federal law does not allow for their participation in federal sharing. Therefore, the Department of Economic Opportunity estimates the bill will have a negative impact of \$250,000 on state funds and a negative impact of \$1.4 million on local government funds.

The bill takes effect July 1, 2012, unless otherwise specified in the bill.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h7027c.EAC

**DATE:** 2/1/2012

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Present Situation**

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. The program is administered as a partnership of the federal government and the states.

The individual states collect UC 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).<sup>1</sup> States are permitted to set eligibility conditions for UC benefit recipients, the amount and duration of benefits, and the state tax structure so long as the state provisions are not in conflict with FUTA or Social Security Act requirements. Florida's UC system is funded solely by employers who pay federal and state UC taxes, and is provided at no cost to the workers who receive the benefits.

#### **Program Administration**

The Department of Economic Opportunity (DEO) is the agency responsible for administering Florida's UC laws.<sup>2</sup> DEO contracts with the Department of Revenue to provide unemployment tax collection services.

The United States Department of Labor (USDOL) provides DEO with administrative resource grants from the taxes collected from employers pursuant to FUTA. These funds finance the processing of claims for benefits by DEO, state unemployment tax collections performed by the Department of Revenue, appeals conducted by DEO and the Unemployment Appeals Commission, and related administrative functions.

DEO administers Florida's UC laws through its Office of Unemployment Compensation. The Office of Unemployment Compensation consists of the Unemployment Compensation Benefits Section, the Benefits Payment Control Section, and the Office of Appeals. The Unemployment Compensation Benefits Section handles initial claims, questions about unemployment benefits, and other related issues. The Benefits Payment Control Section monitors the payment of unemployment benefits in an effort to detect and deter overpayment and to prevent fraud. The Office of Appeals holds hearings and issues decisions to resolve disputed issues related to eligibility and claims for unemployment compensation and the payment and collection of unemployment compensation taxes.

#### **Benefit Structure**

State UC taxes are deposited into the UC Trust Fund to pay benefits. Qualified claimants may receive state UC benefits equal to 25 percent of their wages, not to exceed \$6,325 in a benefit year.<sup>3</sup> Benefits range from a minimum of \$32 to a maximum weekly benefit amount of \$275 for up to 23 weeks, depending on the claimant's length of prior employment and wages earned.<sup>4</sup>

The number of benefit weeks and total benefit amount is subject to the "Florida average unemployment rate," which is calculated by looking at the most recent or previous year's third quarter and averaging the statewide unemployment rate for those three months. This unemployment rate calculation is then used to determine how many benefit weeks a claimant could receive, depending on the unemployment rate. If the Florida average unemployment rate is 10.5% or higher, a claimant is eligible for up to a maximum of 23 weeks. If the Florida average unemployment rate is 5% or below, the maximum

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<sup>1</sup> FUTA is codified at 26 U.S.C. 3301-3311.

<sup>2</sup> Sections 20.50 and 443.171, F.S.

<sup>3</sup> Section 443.111(5), F.S.

<sup>4</sup> Section 443.111(3), F.S. A benefit week begins on Sunday and ends on Saturday.

number of available weeks is 12. Each 0.5% increment in the unemployment rate above 5% adds an additional week of benefits.

To receive UC benefits, claimants must meet certain monetary and non-monetary eligibility requirements.<sup>5</sup> 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.

#### Monetary Eligibility

Pursuant to s. 443.111(2), F.S., in order to establish a benefit year from which UC benefits can be paid, an individual must:

- Have been paid wages in two or more calendar quarters in the base period; and
- Have minimum total base period wages equal to the high quarter wages multiplied by 1.5, but at least \$3,400 in 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.<sup>6</sup> The most recent quarter of work (or fifth completed calendar quarter) is not used to determine monetary eligibility and cannot be credited toward the two-quarter requirement or the \$3,400 requirement.

#### Non-Monetary Determinations

The state's UC laws contemplate that a claimant was employed in the capacity of an employee, and not an independent contractor. A claimant must be unemployed due to layoffs or otherwise through no fault of their own to be eligible for benefit payments. An individual may be disqualified from receiving UC benefits for voluntarily leaving work without good cause, or being discharged by his or her employing unit for misconduct. The term "good cause" means only that cause attributable to the employer which would compel a reasonable employee to cease work or which consists of illness or disability of the individual requiring separation from work. An individual who voluntarily quits work for a good cause not related to any of the conditions specified in statute will be disqualified from receiving benefits.<sup>7</sup>

Other circumstances under which an individual would be disqualified from receiving unemployment compensation benefits include:<sup>8</sup>

- Failing to apply for available suitable work when directed by DEO, to accept suitable work when offered, or to return to suitable self-employment when directed to do so;
- Receiving remuneration in the form of wages, severance pay, or compensation for temporary total disability or permanent total disability under the workers' compensation law of any state with a limited exception;<sup>9</sup>
- Receiving benefits from a retirement, pension, or annuity program with certain exceptions;
- Receiving unemployment compensation from another state;
- Terminated for any crime committed in connection with work for which the employee was convicted or entered a plea of guilty or nolo contendere, or any dishonest act in connection with his or her work;
- Making false or fraudulent representations in filing for benefits;
- Discharge from employment due to drug use or rejected for offered employment due to a positive confirmed drug test;
- Involvement in an active labor dispute which is responsible for the individual's unemployment;
- Illegal immigration status; or
- Unavailable for work due to incarceration or imprisonment.

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<sup>5</sup> Section 443.091(1), F.S.,

<sup>6</sup> Section 443.036(7), F.S.

<sup>7</sup> Section 443.101, F.S.

<sup>8</sup> Section 443.101, F.S. The statute specifies the duration of the disqualification depending on the reason for the disqualification.

<sup>9</sup> Wages in lieu of notice is income deemed to have been earned in connection with employment. If the employee has received severance pay from an employer, an employee is disqualified from benefits in an amount based on the formula provided in s. 443.101(3)(b), F.S.

### Determination of Eligibility

Based upon information provided with filed claims for benefits, DEO makes an initial determination on entitlement to benefits. A determination becomes final after 20 days have expired.

### Collection of Overpayments

Current law provides several options for the state to recoup overpaid unemployment benefits, including, but not limited to, wage garnishment, deducting any outstanding balance from future unemployment benefits or lottery winnings, and forwarding any unpaid balance to a contracted debt collection agency. However, DEO must obtain a final judgment through the civil court system before it may utilize the wage garnishment process provided for in ch. 77, F.S.<sup>10</sup> Any recovery or recoupment of benefits must be effected within five years of a redetermination or decision for cases involving fraud, and within three years for all other cases of overpayments.

### **Initial Skills Review**

After UC benefits eligibility has been established, a claimant must complete an initial skills review as a reporting requirement under s. 443.091(1)(c), F.S. As established by the DEO, the online initial skills review assessment contains three required sections: applied mathematics, reading for information, and locating information. Test scores measure skill level by dividing each section into three proficiency levels, ranging from a minimum of 3 to a maximum of 5.<sup>11</sup>

The initial skills review administrator reports the results of the review to DEO and the appropriate workforce board or one-stop career center. The workforce board must develop a plan for referring individuals to training and employment opportunities. However, current law does not require a claimant to meet a minimum proficiency standard nor does it obligate a claimant to complete the recommended course of training.

### **Reemployment**

To maintain eligibility for benefits, an individual must also be ready, willing, and able to work and actively seeking work.<sup>12</sup> Claimants are required to contact at least 5 prospective employers for each week of unemployment claimed. DEO may require the claimant to provide proof of such efforts to the one-stop center and may conduct random audits of work search information provided by claimants. As an alternative to contacting at least 5 prospective employers each week, a claimant may report once-a-week in person to a one-stop center to meet with a representative and access reemployment services.

Claimants are automatically registered with their local One-Stop Career Center when their claims are filed. The One-Stop Career Centers provide job search counseling and workshops, occupational and labor market information, referral to potential employers, and job training assistance. Claimants may also receive an e-mail from the Employ Florida Marketplace with information about employment services or available jobs.<sup>13</sup> Additionally, a claimant may be selected to participate in reemployment assistance services, such as Reemployment and Eligibility Assessments (REAs).<sup>14</sup>

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<sup>10</sup> Section 443.151(6)(e), F.S.

<sup>11</sup> Scoring a "5," indicates foundational career readiness skills for on average 90 percent of jobs. Conversely, scoring a "3," indicates foundational career readiness skills for on average 30 percent of jobs.

<sup>12</sup> Section 443.036(1) and (6), F.S., provide the meaning of the phrases "able to work" and "available for work" as:

- "Able to work" means physically and mentally capable of performing the duties of the occupation in which work is being sought.
- "Available for work" means actively seeking and being ready and willing to accept suitable employment.
- Additionally, DEO has adopted criteria, as directed in the statute, to determine an individual's ability to work and availability for work in Rule 60BB-3.021, F.A.C.

<sup>13</sup> Employ Florida Marketplace is a partnership of Workforce Florida, Inc., and DEO. It provides job-matching and workforce resources. <https://www.employflorida.com>

<sup>14</sup> REAs are in-person interviews with selected UC claimants to review the claimants' adherence to state UC 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. 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.

## **Temporary Extended Benefits**

In 2009, the Legislature enacted a temporary extended benefits program for unemployed individuals in order to qualify for federal funds.<sup>15</sup> Under this program, the federal government pays 100 percent of temporary extended benefits to former private sector employees. Due to Florida's high unemployment rate, temporary extended benefits are available for the maximum of 20 weeks as provided by federal law. The federal funds are paid from a separate federal account and do not affect the balance of Florida's UC Trust Fund.

Florida's temporary extended benefits program was effective between February 1, 2009, and January 4, 2012.<sup>16</sup> On December 23, 2011, Congress enacted the Temporary Payroll Tax Cut Continuation Act of 2011 (the 2011 Tax Act), which extended the program to March 7, 2012.<sup>17</sup> However, extended benefits are fully funded by the federal government through Saturday, March 10<sup>th</sup>, the last day in the benefit week. Governor Scott implemented the extension by executive order on January 6, 2012.<sup>18</sup>

Temporary extended benefits for former state and local employees do not qualify for federal funding. Benefits for these former employees must be paid by the applicable governmental entity. The state and local share for this extension is estimated to cost \$1.65 million, approximately \$250,000 from state funds and \$1.4 million from local government funds. In order to participate in federal sharing, the temporary extended benefits program must encompass unemployed individuals of both the private and public sectors. The DEO estimate for total temporary extended benefit payments is \$59 million.

## **Emergency Unemployment Compensation**

Emergency unemployment compensation (EUC) is an extended benefits program available to individuals who have exhausted all rights to regular state benefits. The benefits of this program are 100 percent federally funded and do not impact Florida's UC Trust Fund balance. Under the 2011 Tax Act, Congress extended the deadline for establishing eligibility in the EUC program to the week beginning February 26, 2012. The EUC extension provides 4 tiers of benefits totaling up to 53 weeks of benefits. When the extension expires, individuals receiving EUC are locked into the current tier of benefits they are in, and may collect any remaining benefits in that tier through August 18, 2012. The DEO estimate for total payments during the two-month extension and the phase out period is \$567 million.

## **Professional Employer Organizations (PEOs)**

The Department of Business and Professional Regulation defines an employee leasing company, or PEO, as a business entity engaged in an arrangement whereby the entity assigns its employees to a client and allocates the direction of and control over the leased employees between the PEO and the client.<sup>19</sup> A PEO provides services for the client companies, such as handling the filing of UC taxes and workers' compensation. Under current law, a PEO is required to report leased employees under the tax account and contribution rate of the PEO.

## **Effect of Proposed Changes**

The bill rebrands the state UC system as a "reemployment assistance program. In order to encourage reemployment, the bill requires a minimum proficiency standard for the initial skills review and provides a training program for claimants that fall short of this standard. The bill also extends the federally-funded temporary extended benefits program, provides reporting flexibility to professional employer organizations, and takes additional steps to improve efficiency of the state UC system.

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<sup>15</sup> Chapter 2009-99, L.O.F. Temporary extended benefits was originally created and funded by the American Recovery and Reinvestment Act of 2009 (Public Law No. 111-5). Under the law, benefits were available for 13 to 20 weeks, depending on the average total rate of unemployment.

<sup>16</sup> On December 17, 2010, Congress extended the program with the enactment of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law No. 111-312). This extension provided up to 20 weeks of 100% federally funded extended benefits for former private-sector employees through January 4, 2012. Governor Crist signed an executive order on December 17, 2010, extending the state program after the federal bill was signed into law. Last session, the Legislature codified the executive order into law.

<sup>17</sup> Public Law No: 112-78 (H.R. 3765).

<sup>18</sup> Executive Order 12-03

<sup>19</sup> Department of Business and Professional Regulation, <http://www.myfloridalicense.com/dbpr/pro/emplo/codes.html> (last visited 1/19/2012).

## **Rebranding of Unemployment Compensation**

The bill rebrands the Unemployment Compensation Law as the Reemployment Assistance Program and makes technical changes to conform ch. 443, F.S., to the new brand. The bill also renames the Unemployment Appeals Commission as the Reemployment Assistance Appeals Commission.

## **Initial Skills Review**

The bill requires DEO to establish a numeric score on the initial skills review which demonstrates a minimum proficiency in workforce skills. If a claimant fails to meet this standard he or she will be encouraged to participate in an optional skills training program as directed by DEO, regional workforce boards, and one-stop career centers. Workforce skills training will be provided at no cost to the individual and will focus on improving a claimant's workforce skills to the minimum proficiency level. This change may incentivize claimants to proactively improve their workforce skills. The bill also requires the Department, in coordination with Workforce Florida, Inc., regional workforce boards, and one-stop career centers, to identify, develop, and utilize best practices for improving workforce skills and to submit a program evaluation to the Governor and the Legislature on January 1st, 2013.

## **Temporary Extended Benefits**

Retroactive to January 4, 2012, the bill updates and readopts s. 443.1117, F.S., which continues the federally-funded temporary extended benefits program through March 10, 2012. This provision takes effect upon the bill becoming law.

## **Professional Employer Organizations**

The bill allows a PEO to make a one-time irrevocable election to calculate, report, and pay state UC taxes under the respective unemployment account of each client. The election to use the client option would apply to all current and future clients of the PEO and would apply to any UC taxes owed on or after 2013. An existing PEO is required to notify the Department of Revenue (DOR) of its election by July 1, 2012. However, a new PEO is required to inform DOR of its election within 30 days of formation. If any PEO fails to make or timely inform DOR of its election to use the client option, such entity would be required to report lease employees under the tax account and contribution rate of the PEO.

## **Improved Efficiency**

The bill makes the following changes to improve the efficiency of the state's reemployment assistance program:

### Work Search Requirements

The bill reduces the number of weekly employer contacts from five to three for individuals that reside in a small county as defined by s. 120.52(19), F.S.<sup>20</sup>

### Fraudulent Claims

The bill clarifies that a disqualification for making a fraudulent claim begins when the fraudulent claim was made. Further, this disqualification may continue up to one year from the date DEO discovers the fraudulent claim and until any fraudulent overpayments are repaid in full. Under current law, a claimant may be disqualified for a fraudulent claim for up to one year from the date of discovery.

### Collection of Overpayments

The bill amends the statute of limitations related to the collection of reemployment assistance overpayments by providing that the commencement of collections must be initiated within 7 years after the redetermination or decision. This change will impose a single limitations period for both fraudulent and non-fraudulent cases of overpayments.

### Disaster Relief

Related to the charging of employers, the bill authorizes the DEO to noncharge the accounts of employers that are forced to lay off workers due to a disaster of national significance that is not a

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<sup>20</sup> "Small county" means any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

declared natural disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.<sup>21</sup> Under current law, employer accounts are only noncharged for disasters declared under the Stafford Act. However, this provision does not apply retroactively to previous disasters.

#### Confidential Information

The bill clarifies the types of transactional history that constitute prima facie evidence of a reemployment assistance claim or payment. The bill also provides that the release of confidential information, as it relates to ch. 443, F.S., must conform to certain federal regulations.<sup>22</sup>

The bill provides a severability clause, and states that the bill fulfills an important state interest.

The bill takes effect July 1, 2012, unless otherwise specified in the bill.

#### B. SECTION DIRECTORY:

##### Section 1:

Amends s. 443.011, F.S., renaming the Unemployment Compensation Law as the Reemployment Assistance Program.

##### Section 2:

Amends s. 443.012, F.S., renaming the Unemployment Appeals Commission as the Reemployment Assistance Appeals Commission.

##### Sections 3-5:

Amend ss. 443.036, 443.051 and 443.071, F.S., defining “reemployment assistance;” clarifying prima facie evidence of transaction history and payment; conforming references.

##### Section 6:

Revises s. 443.091, F.S., requiring a minimal proficiency standard for the initial skills review; providing workforce training to certain eligible claimants; revising work search requirements for claimants in small counties; providing for a report to the Governor and the Legislature.

##### Section 7:

Revises s. 443.101, F.S., clarifying how a disqualification for fraud is imposed.

##### Sections 8-10:

Amend ss. 443.111, 443.1113, 443.1116, F.S., conforming references.

##### Sections 11-12:

Readopt and amend s. 443.1117, F.S, providing temporary extended benefits.

##### Section 13-14:

Revise ss. 443.1215 and 443.1216, F.S., allowing a professional employer organization to make a one-time irrevocable election to calculate, report, and pay state UC taxes under the respective unemployment account of each client; conforming references.

##### Section 15:

Revises s. 443.131, F.S., authorizing the Unemployment Compensation Program to noncharge accounts of employers that are forced to lay off workers as a result of a man-made disaster of national significance.

##### Sections 16-21:

Amend ss. 443.1312, 443.1313, 443.1315, 443.1316, 443.1317, 443.141, F.S., conforming references.

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<sup>21</sup> The Stafford Act is codified at 42 U.S.C. 5121-5207.

<sup>22</sup> 20 C.F.R. 603

Section 22:

Amends s. 443.151, F.S., revising the statute of limitations related to the collection of unemployment compensation benefits overpayments.

Section 23:

Amends s. 443.163, F.S., conforming references.

Sections 24-25:

Revise ss. 443.171 and 443.1715, F.S., incorporating federal provisions relating to the release of confidential information related to the unemployment compensation program.

Sections 26-89:

In order to update references, the following sections are amended: ss. 443.17161, 443.181, 443.191, 443.221, 20.60, 27.52, 40.24, 45.031, 55.204, 57.082, 61.046, 61.1824, 61.30, 69.041, 77.041, 110.205, 110.502, 120.80, 125.9502, 212.096, 213.053, 216.292, 220.03, 220.181, 220.191, 220.194, 222.15, 222.16, 255.20, 288.075, 288.1045, 288.106, 288.1081, 288.1089, 334.30, 408.809, 409.2563, 409.2576, 414.295, 435.06, 440.12, 440.15, 440.381, 440.42, 445.009, 445.016, 446.50, 448.110, 450.31, 450.33, 468.529, 553.791, 624.509, 679.4061, 679.4081, 895.02, 896.101, 921.0022, 946.513, 946.523, 985.618, 1003.496, 1008.39, and 1008.41, F.S.

Section 90:

Provides a severability clause.

Section 91:

Provides that the bill fulfills an important state interest.

Section 92:

The bill takes effect July 1, 2012, unless otherwise specified in the bill.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Sections 11 and 12, related to the extension of temporary extended benefits for former state employees, the Department of Economic Opportunity estimates the bill to have a cumulative negative fiscal impact of \$250,000 on state funds across all agencies for their portion, which in any given agency is not believed to be significant. Extended benefits for former state employees do not qualify for federal funding due to the fact that these entities are self-insured and the federal law does not allow for their participation in federal sharing.

Sections 13 and 14, related to professional employer organizations, are estimated by the Department of Revenue (DOR) to have a negative fiscal impact on state operations. DOR estimates necessary enhancements to the SUNTAX system and data processing will have a negative nonrecurring impact on the Department totaling \$115,485 for FY 11-12 and \$65,084 for FY 12-13. The federal administrative resource grant for unemployment compensation will be used to fund these enhancements.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

Sections 11 and 12, related to the extension of temporary extended benefits for former local government employees, the Department of Economic Opportunity estimates the bill to have a negative fiscal impact of \$1.4 million on local governments. Extended benefits for former local employees do not qualify for federal funding due to the fact that these entities are self-insured and the federal law does not allow for their participation in federal sharing.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill codifies Governor Scott's previously issued executive order regarding temporary extended benefits. Costs associated with the extended benefits incurred by the state and local governments began January 6, 2012. To the extent this bill requires cities and counties to expend funds to pay state extended benefits for eligible former employees, the provisions of Section 18(a) of Article VII of the State Constitution may apply. If those provisions do apply, in order for the law to be binding upon the cities and counties, the Legislature must find that the law fulfills an important state interest (see section 92 of the bill) and one of the following relevant exceptions:

- a. Appropriate funds estimated at the time of enactment to be sufficient to fund such expenditures;
- b. Authorize a county or municipality to enact a funding source not available for such local government on February 1, 1989, that can be used to generate the amount of funds necessary to fund the expenditures;
- c. The expenditure is required to comply with a law that applies to all persons similarly situated, including state and local governments; or
- d. The law is either required to comply with a federal requirement or required for eligibility for a federal entitlement.

Similarly situated refers to those laws affecting other entities, either private or governmental, in addition to counties and municipalities. To whatever extent the bill requires expenditure of funds, the bill impacts all persons similarly situated, so that particular exception appears to apply.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 19, 2012, the Economic Affairs Committee adopted four amendments:

- The first amendment clarifies that workforce training is encouraged but remains an optional cost-free choice for the claimant. The amendment also provides for additional coordination between the Department of Economic Opportunity, Workforce Florida, Inc., regional workforce boards, and one-stop career centers.
- The second amendment clarifies the types of personal identifying information that constitutes evidence of a reemployment assistance claim or payment.
- Retroactive to January 4, 2012, the third amendment provides temporary extended benefits through March 10, 2012.
- The fourth amendment provides professional employer organizations with a one-time election to report leased employees under the respective unemployment account of each client.

The bill was reported favorably as a committee substitute and the analysis has been updated to reflect the adopted amendments.