Florida approves far-reaching cuts to unemployment benefits

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10 May 2011

Lawmakers in the US state of Florida have approved a bill that will impose deep cuts in unemployment benefits in a state with one of the highest jobless rates in the country. The state House and Senate approved the measure last Friday night, sending the bill to Republican Governor Rick Scott to sign into law.

The Florida move is the latest and most sweeping in a series of attacks on unemployment benefits by state governments. The legislation will cut the maximum length of eligibility for state benefits from 26 to 23 weeks. It also imposes a sliding scale for benefits, which will drop to as low as 12 weeks if the official jobless rate declines to 5 percent or lower. Florida's official unemployment rates currently stands at 11.5 percent.

In March, Michigan—which has suffered more than 28 months of double-digit unemployment—became the first state to shorten jobless benefits, cutting the period from 26 to 20 weeks, effective January 2012. The Arkansas state legislature recently cut jobless benefits from 26 to 25 weeks. It hopes to save $60 million to $75 million with this change as well as through new eligibility requirements for workers seeking unemployment.

This growing assault on the jobless comes as the latest jobs report saw the national unemployment rate rise from 8.8 percent in March to 9.0 percent in April. If "discouraged" workers are taken into account, the rate rises to 15.9 percent. More than 40 percent of the unemployed have been out of work for six months or more. In April, the US government slashed an estimated 24,000 jobs, and local governments cut 14,000 workers from their payrolls.

While Republican legislators have been the most aggressive in slashing jobless benefits, the attack on the unemployed is bipartisan. The Obama administration has rejected any jobs or public works program, exploiting high unemployment in an effort to force workers to accept cuts in wages and benefits throughout the economy. The White House is currently engaged in horse-trading with congressional Republicans over a deficit reduction plan that will slash from $4 trillion to $6 trillion over the next 10-12 years from Medicare, Medicaid and other social programs that benefit workers.

As a result of these policies, millions of Americans find themselves without the most basic assistance, and millions more are on the verge of destitution. The cuts approved by the Florida legislature are particularly cruel. The state already has some of the lowest benefits in the country, with a minimum weekly payment of $32 and a maximum of only $275. More than 535,000 Floridians were collecting jobless benefits as of late March.

In addition to reducing the number of weeks workers can collect, the new Florida bill will also make it easier for businesses to claim that employees were fired for cause, thereby preventing workers from receiving any benefits at all. As unemployment tax rates for businesses are mainly tied to the number of former workers collecting compensation, corporate taxes will fall along with the jobless benefits.

Both chambers of the Republican-dominated state legislature backed the sliding scale of benefits tied to the jobless rate, but the House pushed for reducing the maximum benefits to 20 weeks while the Senate wanted to keep it at 26 weeks. Florida business interests fought hard for the House version, and in the end won out. The Florida corporate tax rate is already low by national standards, and Governor Scott has pushed to lower it even further.

As Florida, Michigan and other states have taken aim at the duration of jobless benefits, these benefits have also come under attack from another angle. States generally provide up to 26 weeks of initial jobless benefits. In the present depressed economy, this has been followed by 53 weeks of federal "emergency unemployment compensation" and 13 or 20 weeks of federal "extended benefits" in some high-unemployment states, depending on the jobless rate, for a potential maximum benefit of 99 weeks.

Last December, Obama cut a deal to extend the Bush-era tax cuts for the rich, while keeping the federally extended unemployment benefits in place until the end of 2011. But states are required to authorize acceptance of the federal funds for the 13 or 20 weeks of extended benefits.

By failure to act, a number of states, including North Carolina, Tennessee, Wisconsin, Missouri and Utah, have forfeited this money, purposefully depriving jobless workers of the extended benefits. The argument of state legislators generally goes like this: lazy workers need to get off the unemployment benefit gravy train, and if people are kicked off benefits they'll be forced to find work. This under conditions where there are an estimated four jobless workers for every available job.

In March in Missouri, where unemployment stands at 9.5 percent, Republican state senators filibustered to block passage of legislation to authorize benefits for workers unemployed for 79 to 99 weeks. State Senator Jim Lembke said he was trying to send a message to Washington to curb frivolous federal spending habits. "Ninety-nine weeks is too much," he said. "It's too long. Enough is enough."

In Idaho, Republicans in the state House also attempted to block their state from accepting the final tier of jobless benefits. Rep. Marv Hagedorn vilified the jobless, stating, "It's time to lead the horse away from the trough and make him go to work." Efforts to block the benefits in Idaho were ultimately overruled.

Legislators in Utah were successful in April in blocking the 13 weeks of extended benefits the state was qualified to receive from the federal government. Republican Senate President Michael Waddoups lobbied against extending the benefits. "It's tax money, and people need to be weaned off of the government paying for everything," he said. He argued that cutting off the extension would serve as "motivation for people to get back to work."

At the federal level, House Republicans unveiled a bill last Thursday that would allow states more leeway in how they spend the federal funds allocated for the long-term unemployed. Legislation introduced by House Ways & Means Committee Chairman Dave Camp (Rep., Mich.) would enable states to utilize these funds for "job creation"—i.e., to provide tax breaks for businesses—or to repay federal loans.

As of early May, some 29 states had borrowed nearly $44.6 billion from the federal government to bolster state unemployment insurance funds. Under the proposed legislation, states could use money that should go to the unemployed to pay back interest on these loans.

In Michigan, where jobless benefits are already being cut back to 20 weeks, corporate interests are eyeing new ways to slash jobless compensation. A study by the Boston-based Lucas Group on behalf of the Michigan Chamber Foundation is promoting changes to the state's unemployment insurance program that would slash up to $550 million a year from spending on jobless benefits.

The biggest savings—up to $250 million a year—would come through computing benefits on the basis of wages received over a 52-week period, rather than during the three-month period with the highest wages, as is now the case. Under such a provision, seasonal workers—including those in agriculture and construction—would see a drastic reduction in their jobless benefits.

Another proposal would force workers to forfeit their benefits if they refused to accept jobs in line with the current "economic climate." In other words, workers laid off from decent-paying jobs in manufacturing or the public sector would be tossed off benefits if they did not accept poverty-wage jobs in the retail or service industry, or as second-tier workers in the auto industry.

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