

U.S. Senate Finance Committee
*Unemployment Insurance During COVID-19:
The CARES Act and the Role of Unemployment Insurance During the Pandemic*
Tuesday, June 9, 2020

Witness testimony of
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Chairman Grassley, Ranking Member Wyden and Honorable Committee Members, the following is my testimony submitted for your consideration in my capacity as a state legislator serving in the Florida Senate who has advocated for out-of-work constituents:

Unemployment systems, when they work, give workers, their communities and oftentimes even employers an economic bridge over troubled water. In these unprecedented times, with the CARES Act¹ you have done a great deal of good. For that, I thank you on behalf of the constituents that I serve back home in Florida.

Florida entered this economic crisis with one of the (if not *the*) least prepared unemployment systems. None of its flaws were hidden.

There is no state that currently provides a fewer number of weeks. Florida is near the bottom in state benefit amounts, capped at \$275 per week. Florida also has major gaps in eligibility rules; and because of those rules, last year only 11 percent of out-of-work Floridians were able to collect unemployment, lower than all but one other state. Added to that, the application and payments system is infamous for its failures, as well as for how persistent those failures are, having endured unchanged through several gubernatorial terms, successive audits and prior federal intervention. Even before COVID-19, Florida was not meeting DOL² metrics on promptly paying benefits.

¹ The Coronavirus Aid, Relief, and Economic Security Act, Public Law No. 116-136 (03/27/2020).

² US Department of Labor.

I serve a half million residents of Miami-Dade County in the Florida Senate. We live and breathe trade, tourism and hospitality.

The CARES Act has lifted many of my constituents when Florida's system alone would not have. The PEUC program³ adds 13 weeks to our paltry 12 weeks. Last week our first constituents got on it; without it they would have been cut off without having yet found work again.

The PUC program⁴ adds \$600 a week until July 31. Its design is simple. It goes right where it's needed: to out-of-work Americans who spend it in their communities on necessities. It is the easiest program to administer, and that is a significant benefit in states like Florida with so many problems getting benefits paid.

Ricardo, 56, worked as a bellman at the Fontainebleau Hotel for 8½ years before his layoff in March. A diabetic, he loses his health insurance this month. He wants to get back to work but his industry has not returned. He wanted me to tell you the added *“\$600 is necessary for me to survive, including being able to pay for my medications. I have been paying my taxes since I was 14 years old. I have been working for decades. I've never collected unemployment. This money is not a luxury, it's a necessity.”*

Karen, 30, worked in marketing at Gulfstream Park Racing and Casino for 9 years before being laid-off during the pandemic. She hopes to return and is looking for work in the meantime. A single mother to a 9-year-old daughter, she needs the \$600 added benefit to keep paying her bills. She wanted me to tell you *“[m]y fear is that me and my daughter will end up homeless without this. I waited over a month to receive Florida's unemployment and honestly \$275 a week is just not enough. This federal aid is important to help us for all we do as taxpayers.”*

³ Pandemic Emergency Unemployment Compensation or “PEUC” was created by section 2107 of the CARES Act.

⁴ Federal Pandemic Unemployment Compensation or “PUC” was created by section 2104 of the CARES Act.

Randi, 47, is the mother of an 8-year old boy and 5-year old girl. A recruiter for over 20 years she owned her own business for the last 4. She had a thriving business until the pandemic and after an “arduous” application process she was able to file on March 22nd; but only just received her first payment last week. She needs the economy to pick back up to get back to work and wanted me to tell you “*[u]nfortunately this \$600 has become vital to me and my family. We are relying on that money for basic needs, like food, utilities, etc., as well as finally being able to buy my daughter a toy. Seems simple, but we’ve been in quarantine since March 15th and I haven’t been able to buy my children anything.*”

With the CARES Act, you also shored up a highly successful layoff aversion program called Short Time Compensation, or STC. Businesses want to do the right thing and often need help, like Bernie, a small business owner we assisted. He employed 17 people before the crisis and will avoid layoffs by implementing a workshare program with an STC.

Unemployment is a federal/state partnership. Oversight of the administration of our unemployment systems is on your side of the deal. Despite the successes of your programs, that oversight is sorely needed.

On top of design flaws coming into the crisis, Florida’s system was, and continues to be, slow, unreliable and inept in its response to the crisis in general; and in its deployment of CARES Act programs specifically. Other state agencies in Florida have been able to deploy federal flexibility and resources effectively; but not the Department of Economic Opportunity, or DEO, who administers our unemployment programs.

For hundreds of thousands of Floridians the system was effectively down, inoperable and inaccessible, for at least the first half of the crisis, punctuated by unmet ever-changing goals and seemingly-never-ending mishaps. So bad was it that Florida earned the distinction of being the only state in the Union paying out less than it received during the period. Florida’s employers have dutifully paid taxes to fund a system we all needed to function; but it did not.

Leah, 63, worked part-time for an airline to pay the bills. A recent survivor of lung cancer whose job could not be performed remotely, she was considered “compromised” and became unemployed on March 20th. She could not apply because the system crashed daily for weeks. After DEO, out of sheer desperation, created a paper application, she mailed one in on April 13th. The first day she was “in the system” was May 3rd. Were it not for assistance from our office she would not have been able to adjust the date of her claim and would have lost over a month of benefits.

The ordeal for many is like the ancient military punishment of running the gauntlet. Unlike Leah, Randi, Karen and Ricardo, thousands have not made it through the gauntlet and are left in limbo for weeks and months. No response. No reasons given. No assistance from DEO. More than half speak credibly of threatened or certain eviction once a moratorium is lifted. Many ask about food assistance, going hungry for the first time in their adult lives. Savings decimated, retirement plans a memory, others worry for their high school graduates whose futures they are less certain to support. They include a worker furloughed from a department store, another laid off after 20 years in the restaurant industry; single parents with young children and caretakers of children with disabilities or frail parents.

Florida’s failures have worked a special hardship on people, adding needless anxiety and uncertainty to economic pain. There’s a bipartisan group of legislators whose offices field a bulk of the calls. Each of us has a list we manage of critical cases to informally bump up to DEO and finally get them paid. The lists have different names but internally we called ours the “exigent circumstances” list. Applicants get on whose live circumstances, including those who depend on them, are especially difficult without income. Applicants also get on – and these are real examples – if we hear one say “*I’m at the end of the road;*” a middle-aged man say “*I’m struggling to maintain a positive attitude and my wife is afraid that this could be the death of me -- please help sir, I’m desperate;*” a young man say he fears “*something very bad*” will happen to him if he cannot get back on his feet; or that a mother of a 2-year-old is at the “*end of [her] rope.*” We err on the side of caution in alerting the appropriate people, of course, before adding them to the list.

The DEO has been so inconsistent and unreliable in deploying assistance – having yet to put in place a system where the majority of call-takers are both trained and have authority to address callers’ issues – and has done such a poor job communicating its last-minute and ever-changing rules around CARES Act programs, that networks of legislators, applicants and journalists dispense the latest advice with greater efficiency than DEO. The best tips on making it through the system are effectively crowdsourced.

Florida remains an outlier in deploying the CARES Act. In Florida, of those deemed ineligible for traditional unemployment only about one fourth end up qualifying for the COVID-19 catch-all program in the CARES Act, the PUA program,⁵ that includes coverage for independent contractors, the self-employed and others who normally would not be eligible. That rate is far below that of other states. It remains unclear why, although Florida’s late start – creating a PUA application five weeks after the CARES Act was passed – may account for part of the explanation.

One of the latest issues to surface is that it appears DEO is awarding many applicants the minimum level of benefits under the PUA as a default without advising them of the need to request a “monetary determination” to adjust their benefits up to the level they are entitled to receive. Such a self-inflicted wound further deprives the State of Florida access to our own tax dollars via the CARES Act.

In other states, individuals exhausting traditional benefits are transitioned onto PEUC’s additional weeks as automatically as possible; but not in Florida. Despite early promises to make it seamless, DEO created a PEUC application for those who have exhausted traditional benefits, increasing the likelihood that many of those applicants will never get onto PEUC.

Finally, it appears that the State of Florida has only paid out about half of the \$600 weekly benefits available to Floridians under the simplest program to administer: the PUC. This comes more than two months since the CARES Act was signed into law.

⁵ Pandemic Unemployment Assistance or “PUA” was created by section 2102 of the CARES Act.

The health of Florida's unemployment trust fund is an illusion that relies on the nation's stingiest benefit levels and on an architecture so cumbersome and inaccessible for so long that it seems that way by design. Florida's experience should serve as a lesson to other states. The economic crisis may tempt others to do what Florida did in the wake of the last economic crisis: shrink, starve and ignore its unemployment system. If they do, it will be a state legislator from their state delivering these remarks next time.

Continued federal attention is warranted in the form of federal oversight of states' administration of unemployment systems to ensure full and fair access to benefits, along with resources for them to modernize their infrastructure. In addition, CARES Act programs ought to remain in place until a recovery has reached all major sectors of our economy. Otherwise, for communities like mine I fear it will set us back in our path to recovery.

Respectfully submitted,



José Javier Rodríguez