



FLORIDA CENTER FOR FISCAL AND ECONOMIC POLICY

August 21, 2009

Issue Brief

Thousands of Florida's unemployed workers are going to be kicked when they are already down!

The world-wide recession has greatly damaged Florida's overall economy and its impact has been devastating on many Florida workers. Today's announcement of Florida's July unemployment rate of 10.7 percent means more than 987,000 of our neighbors are out of work. This total is well above the national rate of 9.4 percent and 10th highest in the country.

Sadly, things are about to become even more difficult for many of them because unemployment benefits will soon end for tens of thousands.

Next month, the federally funded extended benefits for more than 31,500 unemployed Floridians will end. That number will grow to almost 132,000 by the end of the year. Unemployment is predicted to increase over the next several quarters, so it will be unlikely that all these unemployed workers will find jobs and not need benefits. Consequences may be dire for these unfortunate individuals and their families.

Not only will the workers whose benefits end suffer, so will the entire state – including Floridians who are still employed. In a previous report, the Center noted that for every \$1 of unemployment benefits received and spent, \$1.63 in economic activity is generated in Florida. Removing \$1 in benefits will reduce Florida's economy by \$1.63.

Considering the multiplier effect and assuming that the 132,000 Floridians whose benefits end by December had received the maximum weekly benefit of \$300 (\$275 regular plus \$25 enhancement), almost \$65 million a week will be removed from Florida's economy. This means fewer purchases (and less in taxes), more home foreclosures (both by the long-term unemployed and newly unemployed due to the reduced economic activity), more demands on

the state's "safety net" (Medicaid, food stamps, cash assistance, etc.) and other negative consequences that prolong the recession in Florida.

This is a national problem. As many as 1.5 million workers will have exhausted their federal extended unemployment benefits by the end of the year (Florida's total is the second highest, trailing only California).

To fix this crisis, Congress must act to implement another federally funded extension of unemployment benefits to the long-term unemployed, especially in states with high unemployment rates, like Florida. This must be the first order of business when Congress returns from its summer vacation in early September. At the state level, Governor Crist and our Legislative leaders must stress to Congress and President Obama the need for quick action. Lives are at risk.

Written by Michael Walsh with assistance from John Hall. The Center would like to thank the National Employment Law Project for data used in this paper.