

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides Limited Government - The bill decreases the responsibilities of AWI through a reduction in the number of UC mailings that would occur for each individual benefits claim.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Prior to 2003, all UC benefit payments were issued via a paper check produced by the Department of Financial Services and mailed to each claimant by the agency. During the 2003 Legislative session, s. 443.111, F.S., was amended to provide that benefits could also be paid electronically. AWI implemented an electronic funds transfer (EFT) program, which today is used by almost one-half of all UC claimants to receive their benefits. Approximately 1 million benefit payments are electronically deposited each year. However, despite half of the claimants opting for direct deposit of their benefits, the UC program still mails over 1.1 million paper checks a year.

Beginning in October 2007, the cost of mailing UC material is no longer funded directly by the U.S. Department of Labor (USDOL) through the U.S. Postal Service G-12 postal permit. Rather, USDOL annually allocates to each state the amount of funds the state may use to cover the cost of UC mailings.

Section 96 of the Workforce Innovation Act of 2000 (chapter 2000-165, Laws of Florida), created subsection (4) of s. 409.942, F.S., requiring Workforce Florida, Inc., through AWI to establish an electronic benefit transfer program for the use and management of education, training, child care, transportation and other program benefits under its direction. It further requires the workforce electronic benefit transfer (EBT) program be designed to enable an individual receiving assistance from the Department of Children and Family Services (DCF) to use the same card that DCF furnished the individual. DCF is charged with the responsibility of assisting Workforce Florida, Inc., in developing an EBT for the workforce system that is fully compatible with the DCFs EBT system.

AWI has studied the EBT program provided through DCF and learned that the card is a non-branded card that cannot be used universally like a VISA or MasterCard brand. DCFs clients can only use the benefits provided by DCF for limited purposes, as such, the card is accordingly limited in the number of business establishments that can accept the card. Since UC is not a needs-based program, but instead a benefit from employment, customers of the program are free to use their benefits in any manner dictated by their lifestyles.

Effect of Proposed Changes

HB 585 would allow AWI to develop and implement a system for the payment of UC benefits by electronic funds transfer, including, but not limited to, debit cards, electronic payment cards, or any other means of electronic payment that the agency determines is commercially viable and cost-effective.

C. SECTION DIRECTORY:

Section 1. Authorizes AWI to develop and implement an electronic system for the payment of unemployment compensation benefits through debit cards, electronic payment cards, or any other means of electronic payment that the agency deems to be commercially viable and cost-effective.

The bill also provides the agency with specific authority to adopt rules for the implementation of the electronic benefit payment system.

Section 2. Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: None.
2. Expenditures: See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.
2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Based on the percentage fee associated with point-of-sale transactions using branded EBT cards (estimated at 1%-5% of the transaction), there may be a potential increase in fees to business. However, since UC recipients are able to also utilize the proposed EBT card to withdraw available cash, the amount of any increase in fees to business is unknown.

D. FISCAL COMMENTS:

Initially, there may be a cost related to information technology adjustments that can be absorbed within the AWI base budget, and will be offset by savings from the reduction in postage. The total recurring effect is a savings on the cost of postage estimated at over \$317,000 per year from federal funds in the Employment Security Administration Trust Fund. An additional savings may be realized by the Department of Financial Services in the reduction of printing costs for printing benefit checks.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

B. RULE-MAKING AUTHORITY:

HB 585 provides AWI with specific authority to adopt rules for the implementation of the electronic benefit payment system.

C. DRAFTING ISSUES OR OTHER COMMENTS:

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES