

CONGRESSMAN

E. Clay Shaw

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NEWS RELEASE



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Shaw Introduces Unemployment Compensation Legislation Give States Control of System--Florida to Benefit

Washington, D.C.--On April 1, Congressman Clay Shaw introduced the Employment Security Financing Act of 1998. This bill is designed to give states greater control of unemployment taxes -- reducing red tape on employers and consolidating collections. States like Florida would benefit from this legislation by getting a better return on the money they now send to Washington.

Nationally, less than 60 cents out of every dollar in federal unemployment taxes is put to work as intended--to help workers get rehired and to prevent fraud. That results in \$2 billion that sits in federal coffers instead of helping workers get back on the job, and untold billions more in unnecessary unemployment benefits. In Florida, the picture is even worse -- out of every \$1 in federal unemployment taxes Florida employers sent to Washington recently, only 41 cents was returned to benefit Florida workers and businesses. That ranked Florida 52nd out of 53 states and jurisdictions in terms of return on taxes paid.

"This reform legislation (H.R. 3684) will end the counter-productive hoarding of federal unemployment taxes and give each state, rather than Washington, control over program funding. States will have adequate funding to help jobless Americans get back to work. And for the first time, states that run efficient programs will be rewarded by keeping the savings, which in turn will trigger lower payroll taxes and more job creation," explained Shaw. "By giving states the right incentives and the flexibility to make good decisions, this new legislation will create a virtuous cycle of lower taxes, improved program efficiency, and swifter returns to work for jobless Americans. Employers will see their unemployment paperwork burdens cut in half, while workers will continue to have all the workplace protections they enjoy today. That's a win-win situation for everyone."

Added Shaw, *"Jobless workers deserve a helping hand, not the back of the hand. Congress should act quickly on H.R. 3684 to put the federal jobs tax back to work for all of us."*

Starting on January 1, 2000, states would be required to start collecting federal unemployment taxes. The transition to the new system will be complete by the end of fiscal year 2004, permitting states plenty of time to plan for new responsibilities and take advantage of new opportunities under the reformed system.

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