

2011 Unemployment Compensation Tax Rates Fact Sheet

- Florida continues to experience high unemployment and consequently, the state continues to pay a large amount of unemployment benefits to unemployed citizens. Florida's seasonally adjusted unemployment rate for September was 11.9 percent.
- Florida pays benefits from the Unemployment Compensation (UC) Trust Fund which is funded by the unemployment compensation tax paid by Florida employers. In August 2009, the balance in the fund fell to zero and Florida began borrowing from the federal government to pay unemployment compensation benefits. Currently Florida has borrowed \$1.74 billion.
- Usually if the trust fund falls below a certain threshold, Florida law (s. 443.131(3)(e)1.c., F.S.) annually adjusts the unemployment tax rates on businesses to rebuild the balance in the trust fund. When the trust fund balance fell to zero in 2009, the "trigger" would have raised the rates in 2010, but 2010 legislation was enacted to disregard this factor for 2010 and 2011, thereby keeping the rate lower than what it otherwise would have been.
- The minimum tax rate increase for 2011 is a result of higher benefits and an increase in the number of employers at the maximum rate.
- **Current rates** (based on annual salary up to \$7,000 per employee):
 - Minimum rate: .0036 or \$25.20 per employee
 - Maximum rate: .054 or \$378 per employee
- **New rates** effective January 1, 2011 (based on annual salary up to \$7,000 per employee):
 - Minimum rate: .0103 or \$72.10 per employee
 - Maximum rate: .054 or \$378 per employee
- Florida's unemployment tax rates are designed to first increase for those businesses where benefits are attributable to employees no longer employed by that business. Rates for these employers can increase up to the statutory maximum of 5.4%. Once that firm has reached a rate of 5.4%, any excess benefits that cannot be recouped within the 5.4% rate are spread across all employers in the form of socialized costs. Similarly, the non-charge benefits (benefits that cannot be charged back to any employer) are spread across all employers in the form of socialized costs.
 - For purposes of establishing the 2011 tax rates, chargeable benefits were \$5.5 billion compared to \$2.3 billion for 2009 and excess payments were \$1.3 billion in the 2011 rate setting process compared to \$228 million for 2009.

- Notices of individual business rates will be distributed in December 2010 and are effective for wages paid on or after January 1, 2011.

Special Interest Assessment

- Since the State of Florida has borrowed funds from the federal government to pay unemployment compensation benefits, all contributing employers will pay a proportionate share of the federal interest payment through a special annual assessment which must be collected by June 30, 2011.
- The Florida Department of Revenue will send notices by February 1, 2011, explaining the calculation of the special interest assessment, with a coupon for the business to pay its share of the interest on the federal advances.