

Florida's Scott Dogged by Recovery of Unemployment Checks

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With \$5 in her savings account, Jessica O'Quinn was facing foreclosure when Florida's bill collectors came calling. They demanded \$1,600.

The state said O'Quinn, a former property manager, collected unemployment checks even after she began a new job waiting tables at an Orlando-area bar. She sued Florida for violating bankruptcy laws that protect filers.

"I kept telling them, 'I filed bankruptcy on this, I filed bankruptcy on this,'" said O'Quinn, 34, who settled with the state in 2012. "Apparently they didn't believe me."

More than 10 U.S. states have reduced unemployment benefits since 2011, and Republican Governor Rick Scott has made Florida's program the least generous and one of the most aggressive in clawing back money. The issue has become a stumbling block for Scott, 61, who's seeking re-election.

O'Quinn was among more than 19,000 people, including the bankrupt and dead, whom Florida incorrectly referred to collection agencies, Diane Parcell, a former employee at the state jobs agency, said last week. Parcell's claims have become meat for opponents of Scott, whose administration has faced lawsuits and inquiries about its unemployment program.

"The agency was obviously breaking the law," said Parcell, who lost her job overseeing benefits at Florida's Department of Economic Opportunity in 2012 after voicing concern that the debt collection was illegal.

Jennifer Diaz, a department spokeswoman, said Parcell's allegations were "meritless." John Tupps, a Scott spokesman, said the department "dismissed the allegations and we stand by that."

Hunting Dollars

Soaring costs for unemployment have burdened dozens of states during the five years since the 18-month recession ended. Florida was among 36 states that collectively borrowed more than \$40 billion from the federal government and bond investors to pay for jobless benefits. In the four years since Florida's jobless rate peaked at 11.4 percent, the state has stepped up efforts to recoup payments to ineligible recipients.

Florida has recovered more than \$125 million in overpaid benefits since 2011, using private collectors, lawsuits, criminal prosecutions and wage garnishments. It began seizing federal tax refunds last year, and collected more than \$19.6 million, ranking fourth most among states in collections, U.S. Labor Department data show.

Whistle-blower Prevails

Those efforts, along with benefit cuts and job growth, have helped the fourth-most-populous state repay \$3.5 billion in federal unemployment loans.

Parcell, who won a lawsuit in April challenging her dismissal, accused Scott's administration of trying to conceal what she described as a widespread practice of error-plagued and overzealous debt collection.

"This administration was heartless and deceitful," she said in a statement last week.

Parcell, 65, spoke at a June 23 press conference organized by an adviser to Charlie Crist, a former Republican governor and elected state attorney general before that who is running as a Democrat to unseat Scott this year.

"In typical trial lawyer fashion, Charlie Crist and his campaign are doing what they're good at -- using lawsuits for partisan political purposes," Greg Blair, a spokesman for Scott's campaign, said in a statement. Crist, 57, works for Morgan & Morgan, an Orlando-based personal injury law firm.

Billions Owed

As of June 23, states still owed the federal government more than \$13.8 billion for loans used to cover jobless benefits. Some, like North Carolina, reduced benefits in an effort to repay. Arizona issued \$200 million in tax-anticipation notes last year to cover its debt. Illinois sold [\\$1.5 billion](http://www.bloomberg.com/news/articles/2012-07-17/illinois-jobless-debt-sale-buoyed-by-lowest-yields-muni-credit) [in muni bonds in 2012 to pay a portion of its obligation.](http://www.bloomberg.com/news/articles/2012-07-17/illinois-jobless-debt-sale-buoyed-by-lowest-yields-muni-credit)

Facing a \$3.5 billion debt, Scott and Florida's Legislature overhauled the unemployment system in 2011 and 2012, cutting benefits, ending paper applications and adding eligibility rules. Under the re-branded Reemployment Assistance program, applicants had to apply online, complete a 45-question skills assessment and contact five employers each week.

Rejections soared. Florida's rate of unemployed people who receive jobless benefits is 17 percent, the lowest in the country, federal data show. The average weekly payment is \$137, also the country's lowest.

Complex Task

“There were a lot of people with college degrees who have had a heck of a time trying to navigate Florida’s system,” said George Wentworth, a senior staff attorney at the National Employment Law Project, a New York-based nonprofit focused on work-related issues including unemployment benefits.

The Labor Department scolded Florida last year, saying the online-only application and skills test violated civil-rights laws by discriminating against the disabled and non-English speakers.

The state has begun reversing some policies. A law that Scott signed that takes effect today makes the 45-question assessment optional. More than 40,000 people were denied benefits because they failed to take it, according to a 2012 analysis by the National Employment Law Project. The state says only about 15,000 people failed to take the assessment.

The collection efforts continue.

“It’s pretty sad when it’s the state doing it to you,” said O’Quinn, whose bankruptcy was completed in April.

Collectors didn’t stop calling until she sued, she said. While O’Quinn acknowledged getting benefits while she worked as a waitress, she said she earned less than minimum wage, which made her eligible.

Paid Twice

Florida paid about \$1.2 billion for unemployment last year, including about \$88 million in estimated overpayments, Labor Department records show. That money went to claimants who were ineligible, including those who continued getting benefits after they found work or lost their jobs for misconduct.

Debt-collection companies NCO Financial Systems Inc. and United Collection Bureau Inc. have contracts with Florida to pursue money owed to the state. They can charge fees of more than 15 percent on the outstanding debt. The state refers more than 10,000 accounts for collection each month, according to a 2012 report by the Department of Economic Opportunity.

Florida's unemployment rate was 6.3 percent in May, equal to the nation's that month and down from 10.9 percent when Scott took office in 2011.

On the campaign trail, Scott regularly touts the decline. He also highlights his record of paying down debt, including the unemployment loans.

That hasn't convinced Parcell, a registered Republican who blames Scott for not protecting her. The state agreed to pay \$249,000 to settle her whistle-blower lawsuit.

"I've always voted Republican," she said. "This upcoming election may be an exception."

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