

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 1323 Economic Self-sufficiency

**SPONSOR(S):** Oversight, Transparency & Public Management Subcommittee; Aloupis

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/SB 1624

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Public Management Subcommittee	15 Y, 0 N, As CS	Toliver	Smith
2) Health Care Appropriations Subcommittee	9 Y, 0 N	Fontaine	Clark
3) Health & Human Services Committee	15 Y, 0 N	Grabowski	Calamas

### SUMMARY ANALYSIS

The bill requires the Department of Children and Families (DCF) to contract for an evaluation on the effectiveness of the following programs:

- Medicaid;
- Temporary cash assistance program;
- School Readiness program;
- Supplemental Nutrition Assistance Program; and
- Housing Choice Voucher Program

The evaluations must include a review of the following aspects of those programs:

- History and description of the programs;
- Analysis of the impacts and effectiveness of the programs;
- Eligibility, including:
  - Criteria for eligibility;
  - Frequency of eligibility determinations;
  - Clarity in written, electronic, and verbal communication in which eligibility requirements are conveyed to current and potential program subscribers; and
  - The process used to establish and document eligibility;
- The changes in levels of economic self-sufficiency among Floridians over the life of the program;
- The degree to which the program is responsible for any positive changes in economic self-sufficiency;
- The strengths and weaknesses in the methods of assistance used by the program;
- Opportunities for improving service efficiency and efficacy; and
- Potential innovations in, alternatives to, or improvements in the program to increase achievement of economic self-sufficiency.

The bill requires DCF to establish a working group to develop criteria for selecting an entity to conduct the program evaluations, evaluate the bid responses, and select the entity to conduct the evaluations. The working group will consist of two representatives from each of the following agencies: DCF, the Agency for Health Care Administration, the Department of Economic Opportunity, the Department of Education, and the Florida Housing Finance Corporation.

The program evaluations must be compiled into a final report by February 1, 2021, which must then be sent to various persons, including the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The bill has a significant negative fiscal impact on DCF, which can likely be absorbed with existing resources. See Fiscal Analysis & Economic Impact Statement.

The bill takes effect upon becoming law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Background**

##### Florida Medicaid

Medicaid is the health care safety net for low-income Floridians. Medicaid is a partnership of the federal and state governments established to provide coverage for health services for eligible persons. The program is administered by the Agency for Health Care Administration (AHCA) and financed by federal and state funds. AHCA delegates certain functions to other state agencies, including the Department of Children and Families (DCF), which makes eligibility determinations.

The structure of each state's Medicaid program varies, but what states must pay for is largely determined by the federal government, as a condition of receiving federal funds.<sup>1</sup> Federal law sets the amount, scope, and duration of services offered in the program, among other requirements. These federal requirements create an entitlement that comes with constitutional due process protections. The entitlement means that two parts of the Medicaid cost equation – people and utilization – are largely predetermined for the states. The federal government sets the minimum mandatory populations to be included in every state Medicaid program. The federal government also sets the minimum mandatory benefits to be covered in every state Medicaid program. These benefits include physician services, hospital services, home health services, and family planning.<sup>2</sup> States can add benefits, with federal approval. Florida has added many optional benefits, including prescription drugs, ambulatory surgical center services, and dialysis.<sup>3</sup>

The Florida Medicaid program covers approximately 3.8 million low-income individuals.<sup>4</sup> Medicaid is the second largest single program in the state, behind public education, representing approximately one-third of the total FY 2019-2020 state budget.<sup>5</sup>

##### Temporary Aid for Needy Families

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,<sup>6</sup> the Temporary Aid for Needy Families (TANF) program replaced the welfare programs known as Aid to Families with Dependent Children, the Job Opportunities and Basic Skills Training program, and the Emergency Assistance program. The law ended federal entitlement to assistance and instead created TANF as a block grant that provides federal funds to states, territories, and tribes each year. These funds cover benefits, administrative expenses, and services targeted to needy families. TANF became effective July 1, 1997, and was reauthorized by the Deficit Reduction Act of 2005. States receive block grants to operate their individual programs and to accomplish the goals of the TANF program.

##### *Florida's Temporary Cash Assistance Program*

Florida's temporary cash assistance (TCA) program is one of several programs funded with TANF block grant funds. The purpose of the TCA program is to help families with children become self-supporting while allowing children to remain in their own homes. It provides cash assistance to families that meet the technical, income, and asset requirements.<sup>7</sup>

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<sup>1</sup> 42 U.S.C. §§ 1396-1396w-5; 42 C.F.R. Part 430-456 (§§ 430.0-456.725) (2016).

<sup>2</sup> Section 409.905, F.S.

<sup>3</sup> Section 409.906, F.S.

<sup>4</sup> Agency for Health Care Administration, *Florida Statewide Medicaid Monthly Enrollment Report*, September 2019, [https://ahca.myflorida.com/medicaid/Finance/data\\_analytics/enrollment\\_report/index.shtml](https://ahca.myflorida.com/medicaid/Finance/data_analytics/enrollment_report/index.shtml) (last visited Jan. 31, 2020).

<sup>5</sup> Chapter 2019-115, L.O.F.; see also *Fiscal Analysis in Brief: 2019 Legislative Session*, [http://flsenate.gov/UserContent/Committees/Publications/FiscalAnalysisInBrief/2019\\_Fiscal\\_Analysis\\_In\\_Brief.pdf](http://flsenate.gov/UserContent/Committees/Publications/FiscalAnalysisInBrief/2019_Fiscal_Analysis_In_Brief.pdf) (last visited Jan. 31, 2020).

<sup>6</sup> P.L. 104-193.

<sup>7</sup> Children must be under the age of 18, or under age 19 if they are full time secondary school students. Parents, children and minor siblings who live together must apply together. Additionally, pregnant women may also receive TCA, either in the third trimester of pregnancy if unable to work, or in the 9th month of pregnancy.

Various state agencies and entities work together through a series of contracts or memoranda of understanding to administer the TCA program. DCF receives the federal TANF block grant and administers the TCA program, monitoring eligibility and dispersing benefits. The Department of Economic Opportunity (DEO) is responsible for financial and performance reporting to ensure compliance with federal and state measures, and for providing training and technical assistance to Local Workforce Development Boards (LWDBs). LWDBs provide information about available jobs, on-the-job training, and education and training services within their respective areas and contract with one-stop career centers.<sup>8</sup> CareerSource Florida has planning and oversight responsibilities for all workforce-related programs.

### School Readiness Program

Established in 1999,<sup>9</sup> the School Readiness Program provides subsidies for child care services and early childhood education for children of low-income families; children in protective services who are at risk of abuse, neglect, abandonment, or homelessness; foster children; and children with disabilities.<sup>10</sup> The School Readiness Program offers financial assistance for child care to these families while supporting children in the development of skills for success in school. Additionally, the program provides developmental screening and referrals to health and education specialists where needed. These services are provided in conjunction with other programs for young children such as Head Start, Early Head Start, Migrant Head Start, Child Care Resource and Referral and the Voluntary Prekindergarten Education Program.<sup>11</sup>

The School Readiness Program is a state-federal partnership between Florida's Office of Early Learning (OEL)<sup>12</sup> and the Office of Child Care of the United States Department of Health and Human Services.<sup>13</sup> It is administered by early learning coalitions (ELC) at the county or regional level.<sup>14</sup> Florida's OEL administers the program at the state level, including statewide coordination of ELCs.<sup>15</sup>

The Florida DCF's Office of Child Care Regulation, as the agency responsible for the state's child care provider licensing program, inspects all child care providers that provide the School Readiness Program for specified health and safety standards.<sup>16</sup> The law authorizes a county to designate a local licensing agency to license providers if its licensing standards meet or exceed DCF's standards. Five counties have done this – Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota. Thus, in these five counties the local licensing agency, not DCF, inspects child care providers that provide the School Readiness Program<sup>17</sup> for health and safety standards.

### Supplemental Nutrition Assistance Program (SNAP)

The Food and Nutrition Service (FNS), under the U.S. Department of Agriculture (USDA), administers the Supplemental Nutrition Assistance Program (SNAP).<sup>18</sup> SNAP offers nutrition assistance to millions

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<sup>8</sup> CareerSource Florida, Inc., *Workforce Investment Act – Workforce Innovation and Opportunity Act Annual Report for 2015-2016 Program Year*, [https://careersourceflorida.com/wp-content/uploads/2016/10/161003\\_AnnualReport.pdf](https://careersourceflorida.com/wp-content/uploads/2016/10/161003_AnnualReport.pdf) (last visited Jan. 31, 2020).

<sup>9</sup> Section 1, ch. 99-357, L.O.F.

<sup>10</sup> Sections 1002.81 and 1002.87, F.S.

<sup>11</sup> Florida Office of Early Learning, *School Readiness Program*, <http://www.floridaearlylearning.com/family-resources/financial-assistance> (last visited Feb. 2, 2020).

<sup>12</sup> In 2013, the Legislature established the Office of Early Learning in the Office of Independent Education and Parental Choice within the Department of Education. The office is administered by an executive director and is fully accountable to the Commissioner of Education but shall independently exercise all powers, duties, and functions prescribed by law, as well as adopt rules for the establishment and operation of the School Readiness Program and the VPK Program. Section 1, ch. 2013-252, L.O.F., *codified at* s. 1001.213, F.S.

<sup>13</sup> See U.S. Department of Health and Human Services, *Office of Child Care Fact Sheet*, <http://www.acf.hhs.gov/programs/occ/fact-sheet-occ> (last visited Feb. 2, 2020).

<sup>14</sup> Section 1002.83, F.S.

<sup>15</sup> Section 1001.213(3), F.S.

<sup>16</sup> See ss. 402.301-402.319 and 1002.88, F.S.

<sup>17</sup> Section 402.306(1), F.S.

<sup>18</sup> U.S. Department of Agriculture, Food and Nutrition, *A Short History of SNAP*, <https://www.fns.usda.gov/snap/short-history-snap> (last visited December 7, 2017).

of eligible, low-income individuals and families, in the form of funds to purchase “eligible food,”<sup>19</sup> and provides economic benefits to communities by reducing poverty and food insecurity.<sup>20</sup>

The federal government funds 100% of the benefit amount. However, FNS and states share the administrative costs of the program. Federal laws, regulations, and waivers provide states with various policy options to better target benefits to those most in need, streamline program administration and field operations, and coordinate SNAP activities with those of other programs.<sup>21</sup>

The amount of benefits, or allotment, for which a household qualifies depends on the number of individuals in the household and the household’s net income. To calculate a household’s allotment, 30% of its net income is subtracted from the maximum allotment for that household size.<sup>22</sup> This is because SNAP households are expected to spend about 30% of their own resources on food.<sup>23</sup>

### Housing Choice Voucher Program

The Housing Choice Voucher Program (HCVP) “is the federal government’s major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.”<sup>24</sup> There are two different types of assistance under the HCVP: tenant-based and project-based.<sup>25</sup> Tenant-based assistance is an arrangement where the unit is selected by the family, wherever they wish to live, and the PHA pays the landlord a subsidy and the family pays the difference between the rent price and subsidy. In project-based assistance, “rental assistance is paid for families living in specific housing developments or units.”<sup>26</sup>

The U.S. Department of Housing and Urban Development (HUD) oversees the HCVP,<sup>27</sup> but the program “is generally administered by State or local governmental entities called public housing agencies (PHAs).”<sup>28</sup> HUD provides funding to the PHAs, who then contract with a landlord to subsidized rent on behalf of the program participant.<sup>29</sup> Housing units receiving HCVP funding must meet and maintain certain housing quality standards.<sup>30</sup> To be eligible for HCVP the applicant must be a low income family<sup>31</sup> with “the family’s income not exceeding 50% of the median income for the county or metropolitan area.”<sup>32</sup>

## **Effect of the Bill**

The bill requires the Department of Children and Families (DCF) to contract for an evaluation on the effectiveness of the following programs:

- Medicaid;
- The Temporary cash assistance program;
- The School Readiness program;

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<sup>19</sup> The Food and Nutrition Act of 2008 defines eligible food as any food or food product intended for human consumption except alcoholic beverages, tobacco, hot foods and hot food products prepared for immediate consumption, with some exceptions. 7 USC § 2012(k).

<sup>20</sup> For a detailed overview of SNAP, see Randy Alison Aussenberg, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, CONGRESSIONAL RESEARCH SERVICE, Dec. 29, 2014, available at <https://www.fas.org/sgp/crs/misc/R42505.pdf> (last visited Feb. 2, 2020).

<sup>21</sup> U.S. Department of Agriculture, Food and Nutrition, *State Options Report: Supplemental Nutrition Assistance Program*, (11th ed.), Sept. 2013, available at [http://www.fns.usda.gov/sites/default/files/snap/11-State\\_Options.pdf](http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf) (last visited Feb. 2, 2020).

<sup>22</sup> U.S. Department of Agriculture Food and Nutrition Service, *SNAP Eligibility*, <https://www.fns.usda.gov/snap/recipient/eligibility> (last visited Feb. 2, 2020).

<sup>23</sup> *Id.*

<sup>24</sup> *Housing Choice Vouchers Fact Sheet*, U.S. Department of Housing and Urban Development, [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet) (last visited Jan. 31, 2020).

<sup>25</sup> 24 C.F.R. § 982.201.

<sup>26</sup> *Id.*

<sup>27</sup> See 42 U.S.C. s. 1437.

<sup>28</sup> 24 C.F.R. § 982.1.

<sup>29</sup> *Id.*

<sup>30</sup> See 24 C.F.R. § 982.401.

<sup>31</sup> 24 C.F.R. § 982.201.

<sup>32</sup> U.S. Department of Housing and Urban Development, *Housing Choice Vouchers Fact Sheet*, [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/about/fact\\_sheet](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet) (last visited Jan. 31, 2020).

- The Supplemental Nutrition Assistance Program; and
- The Housing Choice Voucher Program

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The program evaluations must be compiled into a final report by February 1, 2021. DCF must submit the report to the following public officers:

- The Governor,
- The President of the Senate,
- The Speaker of the House of Representatives;
- The Secretary of the Agency for Health Care Administration;
- The Director of the Department of Economic Opportunity;
- The Commissioner of Education; and
- The Board of Directors of the Florida Housing Finance Corporation.

#### B. SECTION DIRECTORY:

Section 1 creates an unnumbered section of a law related to the evaluation of certain programs.

Section 2 provides an effective date of upon becoming a law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

According to DCF, the costs associated with a contracted evaluation of the five state programs are expected to total approximately \$2.5 million<sup>33</sup>, as follows:

<b>Program</b>	<b>Estimated cost</b>
Medicaid	\$500,000
Temporary Cash Assistance	\$500,000
School Readiness	\$500,000
Supplemental Nutrition Assistance	\$500,000
Housing Choice Voucher	\$500,000
<b>Total</b>	<b>\$2,500,000</b>

Based upon a review of historical budget reversions from contracted services appropriations, it is expected that DCF can absorb these nonrecurring costs within existing resources.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

The bill does not confer rulemaking authority nor require the promulgation of rules.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On February 4, 2020, the Oversight, Transparency & Public Management Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike-all amendment:

- Removed the requirement that the auditor general audit each of the programs at least triennially;

<sup>33</sup> Department of Children and Families, *Agency Bill Analysis for CS/HB 1323*, February 6, 2020.

- Removed the provision of the bill deleting certain definition from s. 1002.81, F.S.;
- Removed a provision of the bill requiring parents who have an intensive services account or an individual training account be given priority for participation in the School Readiness program equal to parents receiving TCA benefits
- Requires DCF to contract with a third party for an evaluation on the effectiveness of the programs;
- Provides requirements for aspects of the program to be reviewed in the evaluations;
- Requires the establishment of a working group to aid in the procurement of the third party;
- Requires DCF to provide a final report on the program evaluations by February 1, 2021.

The analysis is drafted to the committee substitute as approved by the Oversight, Transparency & Public Management Subcommittee.