

STORAGE NAME: s0256s2z.cf
DATE: May 5, 1999

****FINAL ACTION****
****SEE FINAL ACTION STATUS SECTION****

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILDREN & FAMILIES
FINAL ANALYSIS**

BILL #: SB 256 (Chapter #: 99-241, Laws of Florida)

RELATING TO: WAGES Program

SPONSOR(S): Senate Fiscal Policy, Senate Commerce & Economic Opportunities, and Kirkpatrick

COMPANION BILL(S): HB 2119 (Similar)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMERCE & ECONOMIC OPPORTUNITIES
- (2) FISCAL POLICY
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

06/08/99 Approved by Governor; Chapter No. 99-241

II. SUMMARY:

This bill continues the evolution of the WAGES program by improving programs to support and provide opportunities to working recipients, improve provisions related to contracted services, strengthen governance, and increase work participation. Major initiatives include:

- Remove child-only and disabled cases from WAGES so that coalitions focus efforts on those with work requirements and time limits.
- Provide an early exit incentive so that leavers have a cash reserve and to offset the disincentive for work that exists when working recipients use up lifetime benefits for small cash payments.
- Extend benefits for applicants for SSI programs.
- Reward work participation with more flexibility in receiving benefits. Let participants earn the use of additional months of benefits within a five-year period (without extending the lifetime limit).
- Allow WAGES clients who are paid to be counted toward meeting staff-to-child ratio requirements for child care licensing, in order to expand job opportunities and provide equity.
- Expand educational program options and support services to improve job options, stability in the work force and, when needed, ability to speak English.
- Expand opportunities for using TANF funds to support family preservation, substance abuse and mental illness, domestic violence, and teen pregnancy and teen parent programs.

The bill completes the process of moving the WAGES program out of the Department of Labor Employment & Security (DLES) which was begun by the 1998 Legislature by transferring funding for the WAGES coalitions to the Department of Management Services.

III. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Florida's Work and Gain Economic Self-sufficiency (WAGES) program is one of the most successful and innovative welfare reform programs in the country in reducing welfare caseload. This success has been based largely on the emphasis on work, on program flexibility that has allowed savings from caseload reduction to be used to provide more intense intervention programs for clients who have difficulty in achieving independence, and for the overall strategy of empowering local communities to take a lead role in the reform effort.

- Since October of 1996 when the WAGES program began, the total number of families receiving cash assistance each month has declined from 200,292 to 89,219.
- Families with an adult recipient, who are generally subject to work requirements, have declined from 152,436 to 52,522.
- Florida has had the greatest caseload decline of any large, complex state.

Two aspects of the WAGES program clearly distinguish it from other state's programs. If you were to compare programs across the country, you would find the same basic themes, such as work requirements, time limits, transitional benefits, assistance with child care and diversion, recurring over and over. However, the complexity and variety of problems that result in barriers to the employment of welfare recipients call for interventions that cannot all be provided within available funds. A unique aspect of WAGES is the strategy of establishing statutory authority for all needed programs and then phasing in more intensive interventions as funds are freed up by moving easier cases off of assistance. A second distinguishing characteristic of the WAGES program is the emphasis on community-based initiatives through local WAGES coalitions.

The evolution of the WAGES program

The major changes in WAGES since its inception are as follows:

FY 1996-97

- The WAGES program is established.
- WAGES Program State Board of Directors and local coalitions are authorized to provide state and local policy direction and intensive intervention services.
- A four-year time limit on benefits is established.
- Department of Labor & Employment Security is staffed to provide job placement and job skills training.

FY 1997-98

- All local WAGES coalitions are established and begin to offer intensive intervention programs for recipients with barriers to employment.

FY 1998-99

- Job placement responsibilities are transferred from DLES to local coalitions of contracting with private providers is expanded.
- Intervention programs for substance abuse and mental health are expanded.
- Domestic violence program is established.
- Relocation program is established.
- Services for WAGES clients and working poor are included by law in state and local transportation planning.

Caseload Decline

These developments have resulted in the average time on assistance continuing to decline. However, recently the caseload decline has flattened. Examination of the data indicates that the slow down of caseload decline is a railside of an actual growth in the portion of the caseload who were receiving cash assistance under the old AFDC program but who were limited to 24 months of assistance within a 5-year period. The growth in this group is occurring because of families returning to the caseload after a period of independence. These data suggest that many who have left cash assistance were inadequately prepared or needed additional services to support them through the beginning of their employment. It also suggests that those who leave and return should receive additional job skill development.

Work participation is the key to current reforms and includes most activities required of cash assistance recipients in order to build self-sufficiency. For example work participation includes:

- Job search
- Work
- Public service
- Training

Florida's decline in work participation places the state below federal minimum participation requirements and at apparent risk of sanctions. However, federal law provides for an adjustment in recognition of caseload decline that results in the state escaping sanctions at this time. A more critical concern is that low rates of work participation mean that recipients are not being prepared for independence.

A comparison of Florida's work participation activities to states with high participation rates in a recent federal report indicates that Florida is focusing almost entirely on job placement and very little on skills development or even job search. Some of Florida's participation rate is probably due to incomplete reporting. However, the combination of growing recidivism and low work participation seems to confirm the existence of a problem.

Miami-Dade County: The problem of urban pockets of poverty

In *"the State of Welfare Caseloads in America's Cities,"* the Brookings Institute has shown that highly concentrated urban poverty areas consistently produce welfare caseload decline that lags behind the rest of the state that the city is located in. Other important factors cited in this research are the presence of a large influx of immigrants, related language barriers, and the ability of transportation programs to provide access to jobs and child care.

In Miami-Dade County, these problems appear to have been aggravated by delays in providing services that resulted from a prolonged start-up phase. As a result:

- Miami-Dade County's caseload of families with adults has declined by 43 percent versus 73 percent for all other counties.
- Miami-Dade County has grown from 24 percent to 40 percent of the total state caseload subject to work requirements and time limits.
- In September 1998, Miami-Dade County's work participation rate had declined to 15.8% compared to 33.4% for the rest of the state.

Recommendations by the WAGES Program State Board of Directors

In recognition of these problems, the WAGES Program State Board of Directors is working with the Region 23 coalition to improve local programs. The board also recommended the following to the Legislature:

- Remove child-only and disability cases that are not subject to work requirements from the WAGES caseload and handle them through other programs in the Department of Children and Family Services. This will allow the coalitions to better focus their efforts.
- Reduce recidivism by providing an early exit program with a large last payment.
- Expand work opportunities by allowing paid WAGES recipients to be counted toward meeting the staff-to-child ratios required in child care facilities.
- Allow recipients who comply with work requirements to earn flexibility in the use of their 48-month lifetime limit.
- Give the board the authority to dissolve a coalition or reassign functions to an agency or another coalition if it fails to meet performance standards.
- Establish a direct support organization to increase system flexibility, provide for donations, and facilitate partnerships with local nonprofit organizations.
- Improve contract provisions to balance existing incentives for job placement with incentives for preparation and intervention.

WAGES participants access to vocational education

With the passage of CS/CS/SB 1124, 2048, & 1120 by the 1998 Legislature, WAGES participants do not have to apply for, and be denied, financial aid prior to receiving fee exemptions. This should reduce the amount of paperwork necessary to get WAGES participants enrolled in employment and

training programs. The provision that requires local WAGES coalitions to cover the exemption costs for WAGES clients would be maintained.

B. EFFECT OF PROPOSED CHANGES:

See Section by Section analysis.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill removes from DLES the authority to make rules related to the WAGES program and establishes authority for the Department of Children and Families to adopt rules related to the area formerly addressed by DLES. Authorizes new rules related to the matching grant for economic independence, grants and repayments under the relocation program, hardship exemptions from time limits (within the lifetime limit),

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Disabled recipients of TANF funds are given the option of participating in work and training programs.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Sections 402.305, 414.045, 414.065, 414.085, 414.095, 414.105, 414.127, 414.1525, 414.155, 414.157, 414.159, 414.22, 414.225, 414.29, 414.43, and 414.70, F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 402.305, F.S., to include WAGES participants who are paid a salary in staff to child ratios for child care licensing;

Section 2 amends s. 414.0252, F.S., to provide a new definition to clarify the distinction between "assistance" and "services and one-time payments" in accordance with new federal regulations.

Section 3 creates s. 414.0267, F.S., to establish a program of matching grants for donations made for economic independence. The funds are to be used for transitional, diversion and support programs that complement or supplement WAGES.

Section 4 amends s. 414.027, F.S., to require the state board to submit annual statewide program plans that include specified performance standards and objectives. The bill also lists the required components of coalition services. This section also changes the performance-based payment structure for WAGES program services from 40 percent cost prior to placement, 50 percent upon placement and 10 percent if retained in job 6 months to 50/25/25.

Section 5 amends s. 414.028, F.S., to require local WAGES coalition funds to be provided by contract with the Division of Management Services. This section clarifies that the state board may revoke contract with coalitions for good cause. References to DLES oversight of coalitions are removed.

Finally, the section requires that no less than 25 percent of funds provided to coalitions must be used to contract with local agencies having boards of directors with local resident majorities. Subcontractors are included toward the required percentage.

Section 6 amends s. 414.030 related to WAGES program employment projects to provide that:

- Funds allocated to the projects must not exceed \$5,000 per new job created.

- WAGES coalitions may be allowed reasonable administrative costs related to the projects.
- All contracts must be performance based and fixed unit priced, employment is required to be committed to a WAGES participant for at least 3 years and to include health benefits.
- The Office of Tourism, Trade, and Economic Development convene a WAGES Program Employment Implementation Team to ensure timely and effective implementation of the projects.

Section 7 creates s. 414.035, F. S., to require DCF to certify that controls are in place to assure that funds expended are in accordance with limitations of part A of Title IV of the Social Security Act as amended before any TANF money is spent.

Section 8 creates s. 414.045, F.S., to redefine the cash assistance program into the program for WAGES cases for families with time limits and work requirements the is under the WAGES Program State Board and other cases such as child-only cases that are not subject to these requirements that is under the Department of Children and Family Services.

Section 9 amends s. 414.055, F.S., to remove the Department of Labor from participation in one stop centers.

Section 10 amends s. 414.065, F.S., to:

- Allow instruction in English language proficiency to be included in vocational education.
- Conform the percentage of adult participants in region who may receive full time vocational education to federal limits.
- Allow for literacy instruction and appropriate language instruction to be included in job skills training.
- Allow coalitions to assign educational activities as work requirements that exceed other provisions and that do not comply with participation rate requirements. Overall federal requirements must continue to be exceeded.
- Provide that participants who are subject to alternative work requirements are subject to sanctions for noncompliance with the requirements.
- Require participants to be notified prior to imposition of sanctions, provides for counseling & notification of transitional benefits.
- For medically verified work limitations, requires work assignment consistent with limitations. If assessment is done by VR, it will be through contract with coalitions.
- Provide that SSI applicants may be exempted from work activity requirements if the application is pending at any level.
- Remove DLES from activities related to work requirements, this responsibility assumed by WAGES coalition.

Section 11 creates s. 414.0655, F.S., to allow residential treatment for substance abuse or mental illness for WAGES participants. Work requirements are waived for a limited period.

Section 12 amends s. 414.085, F.S., to provide that Incentive payments are not considered income.

Section 13 amends s. 414.095, F.S., to:

- Allow alternative adult supervised living arrangements for teen parents to include shelter obligation payments.
- Provide for the development of procedures to assure that families losing eligibility for cash assistance receive transitional benefits to include contact by the case manager prior to loss of benefits;

- Require the Department to develop procedures for maximizing utilization of transitional Medicaid.

Section 14 amends s. 414.105, F.S., to clarify that public or private, subsidized or unsubsidized employment can be used to earn extended WAGES eligibility within the lifetime limit. Also extends the time limits for SSI applicants until a final determination is made, but not to exceed the lifetime limit.

Section 15. creates s. 1525, F.S., to establish the WAGES early exit incentive. This program authorizes the use of an exit bonus for as an incentive for working participants to leave the WAGES program.

Section 16 amends s. 414.155, F.S., to allow standard payment amounts for the relocation assistance program. The amount will be set by WAGES board and adopted in rule by department. The section clarifies that participants in relocation are eligible for transitional benefits.

Section 17 creates s. 414.157, F.S., to establish the diversion program for victims of domestic violence.

Section 18 creates s. 414.158, F.S., to establish the diversion program to strengthen Florida families. Creates diversion program to prevent welfare dependency and allow for children to be cared for in own home. Provides for assistance to homeless.

Section 19 creates s. 414.1585, F.S., to establish the diversion program for families at risk of welfare dependency due to substance abuse and mental illness.

Section 20 creates s. 414.159, F.S., to establish the diversion program to provide services to avoid welfare dependency by reducing teen pregnancy, reducing incidences of multiple pregnancies in teens, and increasing educational opportunities.

Section 21 creates s. 414.157, F.S., to allow the department to use a means-test for eligibility for diversion programs if required by the federal government.

Section 22 creates s. 414.18, F.S., to authorize dependent care for children 13 and over who need care due to a disability.

Section 23 amends s. 414.20, F.S., to remove DLES from responsibility for support services for WAGES participants.

Section 24 amends s. 414.22, F.S., to clarify that transitional education and training programs are limited to current and former participants who are employed or actively seeking work. Deletes further references to DLES.

Section 25 creates s. 414.223, F.S., to establish retention incentive training accounts to provide continuing education opportunities for current and former WAGES participants who are working.

Section 26 amends s. 414.225, F.S., to clarify that transportation assistance is available for education purposes. Limits to one year after in program rather than one year after no longer eligible (conforms statutory language to intent and current practice) Allows a vehicle to be provide to participants valued at not more than \$8500 if needed for training, employment or education.

Section 27 amends s. 414.23, F.S., to remove DLES from evaluating the WAGES program

Section 28 amends 414.37, F.S., to remove references to DLES in the public assistance overpayment recovery program.

Section 29 amends s. 414.44, F.S., to remove references to DLES from WAGES data collection and reporting.

Section 30 amends s. 414.45, F.S., to remove references to DLES in authorization for rule making related to WAGES.

Section 31 amends s. 414.70, F.S., to clarify which participants are subject to the pilot drug testing/treatment program.

Section 32 amends s. 239.249, F.S., to correct a cross-reference.

Section 33 amends s. 250.10, F.S., to authorize the Adjutant General to establish a summer and after-school youth and adult program. Provides statutory framework for an existing appropriations item.

Section 34 repeals obsolete statutes:

- Section 414.29, F.S., disclosure of records of welfare recipients. Not implemented due to federal law.
- Section 414.43, F.S., provides benefits to disabled in WAGES program in the event of anticipated changes in federal law that did not occur. This bill moves families with disabilities out of WAGES.

Section 35 provides the Governor's office with flexibility in implementing the bill.

Section 36 provides an effective date of upon becoming law.

IV. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

The bill provides additional options for the expenditure of TANF and authorizes programs to reduce dependency on cash assistance. The long term consequence should be savings to the state.

V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

VI. COMMENTS:

Actions:

12/15/98 S Prefiled

01/20/99 S Referred to Commerce and Economic Opportunities

03/02/99 S Introduced, referred to Commerce and Economic Opportunities -SJ 00030

03/02/99 S Also referred to Fiscal Policy -SJ 00003

03/18/99 S On Committee agenda-- Commerce and Economic Opportunities, 03/23/99, 9:00 am, Room-110S

03/23/99 S Comm. Action: CS by Commerce and Economic Opportunities -SJ 00352

03/23/99 S CS read first time on 03/25/99 -SJ 00361

03/25/99 S Now in Fiscal Policy -SJ 00352

03/26/99 S On Committee agenda-- Fiscal Policy, 03/31/99, 9:00 am, Room-37S

03/31/99 S Comm. Action:-CS/CS by Fiscal Policy -SJ 00437

03/31/99 S CS read first time on 04/06/99 -SJ 00438

04/02/99 S Placed on Calendar -SJ 00437

04/07/99 S Placed on Special Order Calendar -SJ 00468

04/07/99 S Read second time -SJ 00465

04/07/99 S Amendment(s) adopted -SJ 00465

04/07/99 S Ordered engrossed -SJ 00467

04/08/99 S Read third time -SJ 00475

04/08/99 S CS passed as amended; YEAS 38 NAYS 0 -SJ 00476

04/13/99 H In Messages

04/27/99 H Received -HJ 01444

04/27/99 H Read second time -HJ 01445

STORAGE NAME: s0256s2z.cf

DATE: May 5, 1999

PAGE 11

04/27/99 H Amendment(s) adopted -HJ 01445
04/27/99 H Read third time -HJ 01459
04/27/99 H CS passed as amended; YEAS 116 NAYS 0 -HJ 01459
04/27/99 S In returning messages
04/29/99 S Concurred -SJ 01476
04/29/99 S CS passed as amended; YEAS 39 NAYS 0 -SJ 01476
04/29/99 S Ordered engrossed, then enrolled -SJ 01476

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The body of the bill as described above was the result of a floor strike-everything amendment by the House of Representatives that included portions of the House and Senate bills.

VIII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:

Staff Director:

Robert S. Cox

Robert Barrios

FINAL ANALYSIS PREPARED BY THE COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:

Staff Director:

Robert S. Cox

Robert Barrios