SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 256

SPONSOR: Commerce and Economic Opportunities Committee and Senator Kirkpatrick

SUBJECT: Work and Gain Economic Self-sufficiency

DATE: March 25, 1999 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Schmeling	Maclure	CM	Favorable/CS
2.			FP	
3.				
4.				
5.				

I. Summary:

This committee substitute makes various revisions to the Work and Gain Economic Self-sufficiency (WAGES) Program. The major provisions of the committee substitute include:

- Authorizing the WAGES Program State Board of Directors to contract with a fiscal agent to administer its financial affairs.
- Authorizing a matching grants program for donations and expenditures that further the goals of the WAGES Program.
- Transferring the funds for the administrative and service delivery operations of the local WAGES coalitions to the Department of Children and Family Services.
- Authorizing WAGES Program Employment Project Coordinators to commit and coordinate those resources applicable to the organization that the coordinator represents, including suspending program criteria, agency requirements, procedures, practices, guidelines, rules, fees, charges, and other ministerial requirements to successfully assist distressed areas. Working with the Office of Tourism, Trade, and Economic Development, coordinators are further authorized to waive any criteria, requirement, or similar provision of any economic development incentive.
- Providing that under certain circumstances, the Governor may, by executive order, declare a WAGES employment emergency and may use only the necessary powers enumerated under s. 252.36, F.S., as well as all other powers of the Governor in law, to coordinate, focus, intensify, and maximize successful WAGES employment efforts.
- Providing an early exit incentive to employed WAGES participants in the form of a one-time, lump-sum payment of $500 to terminate from cash assistance.
- Creating Retention Incentive Training Accounts (RITAs) for employed WAGES participants to promote job retention and enable upward job advancement into higher skilled, higher paying employment. Funds associated with future Welfare-to-Work grants from the U.S. Department of Labor are reserved for RITAs if the participating educational institutions provide the required state match for that federal grant program.

- Appropriating, for Fiscal Year 1999-2000, $25 million for RITAs from funds designated for WAGES under Temporary Assistance for Needy Families.
- Creating a “road fund” for WAGES, by authorizing the Office of Tourism, Trade, and Economic Development to contract with governmental bodies for transportation projects for new and expanding businesses that employ WAGES participants.

This committee substitute amends sections 402.305, 414.027, 414.028, 414.030, 414.055, 414.065, 414.085, 414.095, 414.105, 414.155, 414.20, 414.22, 414.225, 414.23, 414.37, 414.44, 414.45, 414.70, and 288.063, Florida Statutes; creates sections 414.0265, 414.0267, 414.035, 414.045, 414.151, 414.1525, and 414.223, Florida Statutes; and repeals sections 414.25, 414.43, and 414.55, Florida Statutes.

II. Present Situation:

Chapter 96-175, L.O.F., eliminated individual entitlement to public assistance and created the Work and Gain Economic Self-sufficiency (WAGES) Program. Under the WAGES Program, for most individuals, cash assistance is temporary and is tied to a requirement that able-bodied adults must work and be financially responsible for themselves and their families. WAGES Program requirements and administrative responsibilities are established in ch. 414, F.S.

The WAGES Program State Board of Directors at its January 27, 1999, meeting in Tallahassee approved numerous legislative recommendations. The board reports that these recommendations were reached after careful evaluation and discussion, and reflect broad-based input from local coalitions, WAGES partners, and board members. The recommendations include:

- 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 non-profit organizations; and
- Improve contract provisions to balance existing incentives for job placement with incentives for preparation and intervention.

In the 1998 legislative session, Senate President Toni Jennings appointed the Select Committee on WAGES Targeted Economic Development, declaring that “there are areas of our state in which the slow pace of job creation may place the long-term success of the WAGES program in jeopardy."[1]

In establishing the select committee, President Jennings requested that the committee accomplish the following tasks:

- Define the mission and strategy for targeted economic development;
- Identify existing resources that can be mobilized in or for the targeted areas;
- Assign roles and responsibilities for mobilization; and
- Identify statutory changes that would be required to implement the mobilization model. [2]

The select committee found that some areas of Florida had an inadequate supply of entry-level jobs to meet the needs of the WAGES Program. Furthermore, the committee recognized that employment opportunities were not evenly distributed throughout the state, and that some regions have greater needs than others in providing adequate employment opportunities. Statewide, the worst case scenario indicates that without extraordinary assistance the state would have more than 64,000 WAGES clients for whom there would not be available jobs when their WAGES benefits expire.[3]

The product of the select committee is the creation of WAGES Program Employment Projects authorized by ch. 98-57, L.O.F. With financial assistance and dedication of other state resources, WAGES Program Employment Projects are designed to increase the availability of suitable employment opportunities existing in the state for WAGES participants (s. 414.030, F.S.). For the 1998-99 fiscal year, a $25 million appropriation from Temporary Aid to Needy Families (TANF) is dedicated to 65 WAGES Program Employment Project proposals approved by the Governor in October 1998.

III. Effect of Proposed Changes:

This committee substitute makes various revisions to the Work and Gain Economic Self-sufficiency (WAGES) Program. The major provisions of the committee substitute include:

- Authorizing the WAGES Program State Board of Directors to contract with a fiscal agent to administer its financial affairs.
- Authorizing a matching grants program for donations and expenditures that further the goals of the WAGES Program.
- Transferring the funds for the administrative and service delivery operations of the local WAGES coalitions to the Department of Children and Family Services.
- Authorizing WAGES Program Employment Project Coordinators to commit and coordinate those resources applicable to the organization that the coordinator represents,

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[1] *Proposed WAGES Emergency Response Plan,* Florida Senate Select Committee on WAGES Targeted Economic Development, April 1998, page 1.

[2] Id.

[3] Id. at page 2.

including suspending program criteria, agency requirements, procedures, practices, guidelines, rules, fees, charges, and other ministerial requirements to successfully assist distressed areas. Working with the Office of Tourism, Trade, and Economic Development, coordinators are further authorized to waive any criteria, requirement, or similar provision of any economic development incentive.
- Providing that under certain circumstances, the Governor may, by executive order, declare a WAGES employment emergency and may use only the necessary powers enumerated under s. 252.36, F.S., as well as all other powers of the Governor in law, to coordinate, focus, intensify, and maximize successful WAGES employment efforts.
- Providing an early exit incentive to employed WAGES participants in the form of a one-time, lump-sum payment of $500 to terminate from cash assistance.
- Creating Retention Incentive Training Accounts (RITAs) for employed WAGES participants to promote job retention and enable upward job advancement into higher skilled, higher paying employment. Funds associated with future Welfare-to-Work grants from the U.S. Department of Labor are reserved for RITAs if the participating educational institutions provide the required state match for that federal grant program.
- Appropriating, for Fiscal Year 1999-2000, $25 million for RITAs from funds designated for WAGES under Temporary Assistance for Needy Families.
- Creating a “road fund” for WAGES, by authorizing the Office of Tourism, Trade, and Economic Development to contract with governmental bodies for transportation projects for new and expanding businesses that employ WAGES participants.

Section 1 amends s. 402.305(4)(b), F.S., to allow WAGES clients who receive subsidized wages, but not those in a work experience activity, to be counted toward staff-to-children ratio for child care licensing.

Section 2 creates s. 414.0265, F.S., to authorize the WAGES Program State Board of Directors to contract with a fiscal agent to administer its financial affairs. If the WAGES Program State Board of Directors elects to contract with a fiscal agent to administer its financial affairs, the following conditions must be met:

- The fiscal agent must be a Florida for-profit or not-for-profit corporation approved by the Department of State;
- The fiscal agent cannot be a provider of any service under the WAGES Program;
- The fiscal agent will provide financial and administrative services pursuant to an annual contract or agreement with the WAGES Program State Board of Directors. The contract or agreement will include a requirement for an annual audit by an independent public accountant certified to practice in Florida;
- Costs associated with fiscal agent services will be specified in the agreement and may not exceed 5 percent of the total funds provided to the WAGES Program State Board of Directors; and
- The fiscal agent will assist the WAGES Program State Board of Directors to prepare and submit an annual budget request by September 1 of each year and an annual financial statement to the Governor, the Senate, and the House of Representatives. The format for the annual budget and the annual financial statement will conform to the fiscal year of the State of Florida.

Section 3 creates s. 414.0267, F.S., to authorize matching grants for donations and expenditures that further the goals of the WAGES Program. The WAGES Program State Board of Directors must identify the funds allocated for matching; the process for submission, documentation, and approval of requests for program funds and matching funds; accountability for funds and proceeds of investments; allocations to programs and coalitions; restrictions on the use of the funds; and criteria used in determining the value of donations.

Section 4 amends s. 414.027(1), F.S., to provide for an annual plan from the WAGES Program State Board of Directors. The annual plan must specify performance standards and objectives, measurement criteria, measures of performance, and contract guidelines for all local WAGES coalitions relating to various issues. The plan must include specifications for WAGES Program services delivered through local WAGES coalitions. The payment structure for all WAGES Program services is modified to provide payment of not more than 50 percent of the cost of services provided to a WAGES participant prior to placement, 25 percent upon employment placement, and 25 percent if employment is retained for at least six months.

Section 5 amends s. 414.028, F.S., to conform membership requirements of combined boards (regional workforce development boards and local WAGES coalitions) with the Workforce Investment Act of 1998. Effective October 1, 1999, funds for the administrative and service delivery operations of the local WAGES coalitions will be provided to the coalitions by contract with the Department of Children and Family Services. Each local WAGES coalition's implementation plan will be incorporated into the coalition's contract with the department so that the coalition is contractually committed to achieve its performance standards. If the local WAGES coalition does not meet its performance standards, analysis of problems and development of a plan to improve the coalition's performance must be submitted by the coalition to the WAGES Program State Board of Directors. The coalition's charter may be revoked for failing to meet performance standards, and the department may procure a portion of the coalition's duties and procure a new service provider.

No less than 25 percent of funds provided to local WAGES coalitions must be used to contract with local agencies that have elected or appointed boards of directors on which a majority of the members are residents of that local WAGES coalition's service area.

Section 6 amends s. 414.030, F.S., to expand the number of WAGES Program Employment Projects that may be identified and prioritized by Enterprise Florida, Inc. The WAGES Program Employment Project Coordinators are designated for not only WAGES Program Employment Projects, but for other WAGES employment opportunities that may be identified. Coordinators are empowered to commit and coordinate those resources applicable to the organization that the coordinator represents, including suspending program criteria, agency requirements, procedures, practices, guidelines, rules, fees, charges, and other ministerial requirements to successfully assist distressed areas. Working with the Office of Tourism, Trade, and Economic Development, coordinators must encourage state and local agencies to cooperatively solve all barriers for attracting and committing potential employers to locate in the state and to facilitate expansion of existing businesses in the state. Coordinators, working with the Office of Tourism, Trade, and Economic Development, are authorized to waive any criteria, requirement, or similar provision of any economic development incentive, including, but not limited to: the Qualified Target Industry Tax Refund Program under s. 288.106, F.S.; the Quick-Response Training Program under s.

288.047, F.S.; the WAGES Quick-Response Training Program under s. 288.047, F.S.; contracts for transportation projects under s. 288.063, F.S.; the Qualified Defense Contractor Tax Refund Program under s. 288.1045, F.S.; the brownfield redevelopment bonus refunds under s. 288.107, F.S.; and the urban high-crime area and rural job tax credit programs under ss. 212.097, 212.098, and 220.1895, F.S.

Funds allocated to WAGES Program Employment Projects cannot exceed $5,000 per new job created. Local WAGES coalitions may be awarded reasonable administrative costs from the funds appropriated for these projects, and contract specifications are provided which include a requirement that employment must provide health benefits, and be committed to WAGES participants for at least three years. The Office of Tourism, Trade, and Economic Development must convene an implementation team to ensure the timely and effective implementation of these projects.

If the Governor finds that the provisions of this section will be inadequate to address a community's impending or existing employment crisis, the Governor may, by executive order, declare a WAGES employment emergency and may use only the necessary powers enumerated under s. 252.36, F.S., as well as all other powers of the Governor in law, to coordinate, focus, intensify, and maximize successful WAGES employment efforts.

Section 7 creates s. 414.035, F.S., to require any expenditures from Temporary Assistance to Needy Families to be expended in accordance with federal law. Prior to any expenditure of these funds, the Department of Children and Family Services must certify that controls are in place to ensure that funds are expended in accordance with federal law, and any reporting requirements of federal law are met.

Section 8 creates s. 414.045, F.S., to create the cash assistance program comprised of WAGES cases, subject to time limits and work requirements, and child-only cases, not subject to work requirements. Child-only cases includes families where one or both parents receive Supplemental Security Income, and these parents are given the opportunity to voluntarily participate in work activities and receive WAGES-related support services. The purview of the WAGES Program State Board of Directors and the service delivery and financial planning responsibilities of the local WAGES coalitions apply to the families defined as WAGES cases.

Section 9 amends s. 414.055, F.S., to conform the assignment of work activities to current law, which requires local WAGES coalitions to provide the full continuum of services provided under the WAGES Program.

Section 10 amends s. 414.065, F.S., to conform to current law by making modifications and deletions to references to the Department of Labor and Employment Security. Provides that instruction in English language proficiency is a basic employment skill which is not subject to a time restriction. Requires individuals who have medical verification of limitations to be evaluated and assigned to work activities consistent with such limitations. Provides that certain applicants for Supplemental Security Income may be exempted from work requirements.

Section 11 amends s. 414.085, F.S., to provide that an incentive payment is not considered income when determining benefit levels.

Section 12 amends s. 414.095(15), F.S., to prescribe that a shelter obligation may be included in benefit calculations of a minor parent with an alternative living arrangement.

Section 13 amends s. 414.105(2), F.S., to allow recipients to earn additional eligibility for temporary cash assistance if they participate in unsubsidized public sector or subsidized public or private sector work.

Section 14 creates s. 414.151, F.S., to establish a diversion program for victims of domestic violence, intended to provide services to assist victims of domestic violence and their children in making the transition to independence without payment of temporary cash assistance.

Section 15 creates s. 414.1525, F.S., to establish a WAGES early exit incentive to provide employed WAGES participants a one-time, lump-sum incentive payment of $500 to terminate from cash assistance. Participants must agree not to reapply for WAGES benefits for six months.

Section 16 amends s. 414.155, F.S., to allow the Department of Children and Family Services to establish standard payment amounts for relocation assistance based on maximum cash assistance grant levels and family size.

Section 17 amends s. 414.20, F.S., to conform organizational name references.

Section 18 amends s. 414.22, F.S., to conform organizational name references.

Section 19 creates s. 414.223, F.S., to create Retention Incentive Training Accounts (RITAs) for employed WAGES participants to promote job retention and enable upward job advancement into higher skilled, higher paying employment. RITAs will enable WAGES participants to take courses which assist the participants to retain and advance in employment. RITAs may pay for tuition, fees, educational materials, coaching and mentoring, performance incentives, transportation to and from courses, childcare costs during courses, and other such costs as the regional workforce development boards determine are necessary to affect successful job retention and advancement. Funds associated with future Welfare-to-Work grants from the U.S. Department of Labor are reserved for RITAs if the participating educational institutions provide the required state match for that federal grant program.

Section 20 amends s. 414.225, F.S., to include as applicable transitional transportation expenses those expenses paid directly or by voucher, as well as a vehicle valued at not more than $8,500 if the vehicle is needed for training, employment, or educational purposes.

Section 21 amends s. 414.23, F.S., to conform organizational name references.

Section 22 amends s. 414.37, F.S., to delete an obsolete reference to the Department of Labor and Employment Security.

Section 23 amends s. 414.44, F.S., to conform organizational name references.

Section 24 amends s. 414.45, F.S., to delete obsolete language relating to adoption of rules by the Department of Labor and Employment Security.

Section 25 amends s. 414.70, F.S., to provide that participants subject to the drug testing and screening pilot program are those in the cash assistance group, and includes certain participants who are exempted from work activity requirements. Participants who are ineligible for cash assistance due to refusal or failure to comply with the drug testing provisions, but have children on cash assistance, are subject to work activity requirements and penalties for failure to comply with these requirements.

Section 26 amends s. 288.063, F.S., to create a "road fund" for WAGES, by authorizing the Office of Tourism, Trade, and Economic Development to contract with governmental bodies for transportation projects for new and expanding businesses that employ WAGES participants. The Office of Tourism, Trade, and Economic Development must develop an expedited process for the award of these projects. Transportation projects must involve magnet employers who individually or collectively will employ 3,000 individuals, or 300 individuals in rural counties.

Section 27 appropriates for Fiscal Year 1999-2000, $25 million for RITAs from funds designated for WAGES under Temporary Assistance for Needy Families. No more than 5 percent of such funds may be expended for administrative and marketing costs related to Retention Incentive Training Accounts.

Section 28 repeals s. 414.25, F.S., relating to exemptions from leased real property requirements; s. 414.43, F.S., relating to special needs allowances for families with disabled members; and s. 414.55, F.S., relating to the implementation of the WAGES Program.

Section 29 provides that if the Governor elects to exercise any emergency powers provided in s. 414.030, F.S., the process provided in s. 216.181, F.S., must be followed.

Section 30 provides that, unless otherwise specified, the act shall take effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Effective October 1, 1999, funds for the administrative and service delivery operations of the local WAGES coalitions will be provided to the coalitions by contract with the Department of Children and Family Services.

This committee substitute appropriates for Fiscal Year 1999-2000, $25 million for Retention Incentive Training Accounts from funds designated for WAGES under Temporary Assistance for Needy Families.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.