

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 559  
**SPONSOR(S):** Jennings  
**TIED BILLS:**

Prosperity Campaigns

**IDEN./SIM. BILLS:** SB 1188

---

| REFERENCE   | ACTION           | ANALYST         | STAFF DIRECTOR  |
|---|------------------|-----------------|-----------------|
| 1) <u>Economic Development, Trade &amp; Banking Committee</u> | <u>13 Y, 0 N</u> | <u>Sheheane</u> | <u>Carlson</u>  |
| 2) <u>Community Colleges &amp; Workforce Committee</u>        | <u></u>          | <u>Thomas</u>   | <u>Ashworth</u> |
| 3) <u>Education Appropriations Committee</u>                  | <u></u>          | <u></u>         | <u></u>         |
| 4) <u>Commerce Council</u>                                    | <u></u>          | <u></u>         | <u></u>         |
| 5) <u></u>  | <u></u>          | <u></u>         | <u></u>         |

---

### SUMMARY ANALYSIS

The bill creates a 23 member Prosperity Campaign Council to head a Prosperity Campaign Office to be housed in Workforce Florida Inc. Duties include:

- Educate citizens about available economic benefits programs that are available to them including, the Earned Income Tax Credit and the Childcare Tax Credit; and the importance of wise financial decision making
- Offer free tax preparation services, economic benefits screening, and other related services
- Provide information to businesses to enable them to distribute economic benefits information to current and new employees
- Coordinate existing prosperity campaigns in the state
- Establish new campaigns in designated regional workforce areas of the state
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers
- Coordinate with Prosperity Campaign offices in other states
- Establish the Florida Prosperity Campaign Council to head the Prosperity Campaign Office with the following responsibilities:
  - Assisting in the development of Prosperity Campaigns throughout the state
  - Coordinating with Prosperity Campaigns in the development of new programs
  - Coordinating financial literacy classes or programs within each Prosperity Campaign
  - Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns
  - **Working with the Department of Education in developing a one-half-credit financial literacy course to be offered in high schools by the beginning of the 2006-2007 school year. The course must focus on financial management, savings and investment and credit related issues.**
  - Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

The bill will take effect July 1, 2005.

The Agency for Workforce Innovation reports the fiscal impact for this bill as indeterminate. **See "Fiscal Comments."**

## **FULL ANALYSIS**

### **I. SUBSTANTIVE ANALYSIS**

#### **A. HOUSE PRINCIPLES ANALYSIS:**

Provide limited Government - The bill creates the Prosperity Campaign Office within Workforce Florida, Inc., to establish and coordinate Prosperity Campaigns in the state. The office is headed by a 23 member council.

Empower families – The bill requires the Prosperity Campaign to connect low-wage workers to the Earned Income Tax Credit (EITC) and the Childcare Tax Credit; offer free tax preparation services, economic benefits screening and other related services. These connections could help low-wage workers increase their income.

Promote Personal Responsibility – Each Prosperity Campaign is required to educate citizens about available economic benefit programs and the importance of wise decision making.

#### **B. EFFECT OF PROPOSED CHANGES:**

##### **PROSPERITY CAMPAIGN OFFICE**

###### **Present Situation**

According to the Agency for Workforce Innovation: the state's workforce system, led by Workforce Florida, Inc., the Agency for Workforce Innovation and the 24 Regional Workforce Boards has emphasized and conducted annual Earned Income Tax Credit (EITC) informational campaigns for several years, particularly targeting first-time workers, the "working poor" and those exiting from public assistance through employment. The Department of Children and Families also provides similar notices to public assistance participants and other low-wage workers.

Local workforce efforts are often done in collaboration with local Prosperity Campaigns financial literacy programs and other similar efforts to demonstrate that "work pays". The state of Florida currently has 12 counties that have Prosperity Campaigns in their area.

###### **Effect of Proposed Changes**

The bill creates the Prosperity Campaign Office (the office) to be housed in Workforce Florida, Inc. The office is directed to:

- Coordinate Prosperity Campaigns in the state;
- Foster the establishment of new campaigns in designated areas;
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers; and
- Work closely with prosperity campaign offices in other states.

The office is to be headed by a 23 member Florida Prosperity Campaign Council administratively housed in Workforce Florida. The council is to be composed of:

- Five individuals each representing a different Prosperity Campaign in the state, appointed by the Governor;
- One member of the Senate appointed by the President of the Senate;
- One member of the House of Representatives appointed by the Speaker;
- The Chief Financial Officer or his or her designee;
- One representative of Workforce Florida, Inc.;
- One representative from the Florida Bankers Association;
- One representative from the Florida Institute of CPA's;
- One representative from the Florida Council on Economic Education;
- One representative from the Florida Credit Union League;
- The Commissioner of Education or his or her designee;
- The Executive Director of the Florida Department of Revenue or his or her designee;
- One representative from the Florida League of Cities;

- One representative from the Florida Association of Counties;
- One representative from the Florida Association of Realtors;
- One representative from the United Way of Florida;
- One representative from Leadership Florida;
- One representative from the Florida Chamber of Commerce;
- One representative from AARP; and
- One representative from a faith based organization.

The council shall be responsible for:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns to assist in the development of new programs;
- Coordinating financial literacy classes or programs within each Prosperity Campaigns;
- Working with the Department of Education in developing a one-half-credit financial literacy course to be offered in high schools by the beginning of the 2006-2007 school year;
- Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

According to the Agency for Workforce Innovation, one full-time staff position and a half-time support position will be needed to implement and support the council.

Each Prosperity Campaign shall:

- Educate citizens about available economic benefits programs and the importance of wise financial decision making;
- Connect low wage workers to economic benefits programs including, but not limited to, the Earned Income Tax Credit and the Childcare Tax Credit;
- Offer free tax preparation services, economic benefits screening, and other related services; and
- Provide information to businesses to enable them to distribute economic benefits information to current and new employees.

## **EARNED INCOME TAX CREDIT (EITC)**

### **Present Situation**

According to the Tax Policy Center (Tax Notes, March 14, 2005); the EITC, administered through the federal income tax system, is the largest cash assistance program for low-income families. The EITC program is designed to encourage work by subsidizing people's wages. The EITC provides up to \$4,200 a year for working families with two or more children. In 2002, the EITC lifted around 4.9 million people out of poverty.

### **Effect of Proposed Changes**

The bill directs the Prosperity Campaigns throughout the state of Florida to inform low-wage workers of the Earned Income Tax Credit and the Childcare Tax Credit; offer free tax preparation services economic benefits screening and other related services.

## **FINANCIAL LITERACY IN HIGH SCHOOLS**

### **Present Situation**

Currently, 24 credits are required for high school graduation, pursuant to s. 1003.43, F.S. These include:

- one-half credit in life management skills which includes consumer education; and
- one-half credit in economics that includes a comparative student of the history, doctrines and objectives of all major economic systems. The Florida Council on Economic Education provides technical assistance to the department and district school boards in developing curriculum and materials for the study of economics.

## Effect of Proposed Changes

The bill directs the Prosperity Campaign Council to work with the Department of Education in developing a one-half credit financial literacy course to be offered in the high school by the beginning of the 2006-2007 school year. The course must focus on the importance of financial management, savings investments, credit scores, savings and additional materials as suggested by the Florida Council on Economic Education and the Florida Bankers Association. The bill contains no stipulation that the course be taken

### C. SECTION DIRECTORY:

Section 1: Creates s. 445.057, F.S., to establish the Prosperity Campaign Office; creates the Florida Prosperity Campaign Council; provides responsibilities of the Florida Prosperity Campaign Council; provides duties of each Prosperity Campaign.

Section 2: Provides that the bill will take effect July 1, 2005.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

**See "Fiscal Comments."**

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

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

None.

### D. FISCAL COMMENTS:

According to the Agency for Workforce Innovation, the bill establishes a 23 member council to be administratively housed within Workforce Florida and defines a number of coordination and information dissemination roles for the council, such as hosting the required council meeting, preparations, publication, and dissemination of printed materials to businesses and employees, and providing free tax preparation, economic benefit screenings and providing other related services to individuals. In order to provide these types of services a minimum, one full time staff position and a half-time support position will be needed to implement and support the council. Salary and benefit costs for these positions are estimated at \$77,500. The total financial impact is undetermined at this time.

Other costs directly associated with the council will be the per diem and travel for the 23 members and staff of the council, which has not been addressed in the bill. The bill does not state how often the Council will meet. The total fiscal impact of the travel is undetermined at this time; however s.

112.061(6), F.S. provides for a per diem and subsistence allowance for public officers, employees, and

authorized persons. Using the state allowance, the estimate for travel lodging and meals for 23 members and two employees to travel to four meetings per year is \$50,000.

### **III. COMMENTS**

#### **A. CONSTITUTIONAL ISSUES:**

##### **1. Applicability of Municipality/County Mandates Provision:**

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

##### **2. Other:**

None.

#### **B. RULE-MAKING AUTHORITY:**

None.

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

The bill as drafted creates a large, possibly unwieldy council and does not specify meeting requirements, procedures, reporting requirements, or provide for per diem and travel.

### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**