

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: CS/SB 206

INTRODUCER: Fiscal Policy Committee (Recommended by Appropriations Subcommittee on General Government) and Senator Hukill and others

SUBJECT: Financial Literacy Program for Individuals with Developmental Disabilities

DATE: March 20, 2015 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	<u>Favorable</u>
2.	<u>Betta</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Recommend: Fav/CS</u>
3.	<u>Pace</u>	<u>Hrdlicka</u>	<u>FP</u>	<u>Fav/CS</u>

<p>Please see Section IX. for Additional Information:</p> <p>COMMITTEE SUBSTITUTE - Substantial Changes</p>
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I. Summary:

CS/SB 206 creates the Financial Literacy Program for Individuals with Developmental Disabilities within the Department of Financial Services (DFS). The goal of the program is to promote economic independence and successful employment of individuals with developmental disabilities by providing education, outreach, and resources on specific issues. For individuals with developmental disabilities these issues include financial education, financial and health benefit programs and services, job training and employment opportunities, and the impact of earnings and assets on federal and state programs. For employers of the state, the issues include strategies to make program and educational materials available to their employees with developmental disabilities.

The bill requires the DFS to establish a clearinghouse on its website for information regarding the program and other resources available and to develop a brochure that describes the program. The bill also requires that financial institutions participating in the qualified public depository program participate in the Financial Literacy Program as a condition of eligibility for the qualified public depository program.

The bill appropriates \$137,234 from the Insurance Regulatory Trust Fund within the DFS and one FTE to develop and implement the program.

II. Present Situation:

Financial Literacy and Economic Independence

People with disabilities comprise approximately 15 percent of the population of the United States and experience significant disparities in employment and participation in the workforce.¹ In 2011, almost 28 percent of non-institutionalized individuals in the United States with disabilities, ages 21-64, lived below the federal poverty line, compared with 12 percent of individuals without disabilities.²

In Florida, approximately 9.5 percent of individuals ages 16-64 are individuals with disabilities.³ The unemployment rate of this group is 35.6 percent and the poverty rate is 24.2 percent.⁴ According to the National Disability Institute (NDI), many of these individuals would like to find employment, but are concerned if they earn more money it will cause them to lose disability and health benefits.⁵

Financial education and literacy are critical components for gaining economic independence. In 2014, the National Disability Institute (NDI) evaluated the financial capability among individuals with and without disabilities based on information derived from the FINRA⁶ Investor Education Foundation's 2012 National Financial Capability Study.⁷ The NDI report found that individuals with disabilities have greater difficulty in meeting monthly expenses, are less likely to have access to emergency funds, are more likely to carry credit card balances and use non-bank methods of borrowing, are less likely to have received financial education, and have lower financial literacy. The report concluded that individuals with disabilities "are generally marginalized from the economic mainstream, as indicated by the notably lower levels of overall financial capability and economic security compared to persons without disabilities."⁸ The report advocated, "innovative approaches that increase access for individuals with disabilities to financial tools and services that foster informed decision making, build financial confidence and improve financial capability."⁹

Individuals with disabilities must navigate a complex set of federal and state regulations to obtain financial and medical benefits as well as access resources available at the federal and state levels. Some individuals are born with disabilities, while others may experience short-term or

¹ American Institutes for Research, *An Uneven Playing Field: The Lack of Equal Pay for People with Disabilities*, p. 7 December 2014, available at: http://www.air.org/sites/default/files/Lack%20of%20Equal%20Pay%20for%20People%20with%20Disabilities_Dec%2014.pdf (last accessed March 11, 2015).

² *Id.* at 2.

³ National Disability Institute with support from the Florida Developmental Disabilities Council, *The Changing Face of Benefits, Knowledge for Successful Employment and Asset Development*, p. 1, March 2013.

⁴ *Id.*

⁵ *Id.*

⁶ FINRA is the Financial Industry Regulatory Authority, which is an independent, not-for-profit organization authorized by Congress and charged with regulatory oversight of all securities broker-dealers conducting business with the public in the United States.

⁷ National Disability Institute, *Financial Capabilities of Adults with Disabilities, Findings from the FINRA Investor Education Foundation 2012 National Financial Capability Study*, July 22, 2014.

⁸ *Id.* at 40.

⁹ *Id.* at 42.

long-term disabilities through accidents, employment-related injuries, or illnesses, disease, or aging. Individuals may also have mental disorders or developmental disabilities. The definition of disability for purposes of eligibility for state and federal benefits and employment programs varies among the different programs.

Federal Disability Resources

The Social Security Administration administers two programs that provide benefits based on disability: the Social Security disability insurance program (SSDI) and the supplemental security income program (SSI).¹⁰ There are over 500,000 recipients under each program in Florida.¹¹ Applicants for each of the programs must meet strict medical requirements to qualify for disability benefits. Under the programs, disability is defined as the inability to engage in substantial gainful activity (SGA) due to a medically determinable physical or mental impairment expected to result in death or last at least 12 months. According to the Social Security Administration, a person who earns more than a certain monthly amount, depending on the nature of a person's disability, is ordinarily considered to be engaging in SGA.

The SSDI program is an insurance program that provides benefits to individuals who have contributed to the Social Security system and meet certain minimum work requirements. The amount of monthly benefit a person can receive is generally based upon the person's lifetime average earnings covered by Social Security.

In contrast, SSI is a means-tested program for aged, blind, or disabled individuals who meet certain income and resource limitations; there are no contribution or minimum work requirements.¹² The SSI program provides cash payments to assure a minimum income for these individuals, who have very limited income and assets. Effective January 1, 2015, the maximum monthly federal benefit rate is \$733 for an eligible individual and \$1,100 for an eligible individual with an eligible spouse.¹³ A SSI recipient living alone or in a household where all members receive SSI benefits is also generally eligible for Medicaid.

State Disability Resources

Various state agencies provide services, benefits, and resources for individuals with disabilities. These agencies include the Agency for Health Care Administration, the Agency for Persons with Disabilities, the Department of Children and Families, the Department of Economic Opportunity (DEO), and the Department of Education. Many state and regional advocacy groups also provide resources and services.

¹⁰ See 42 U.S.C. ss. 401-434 and 42 U.S.C. ss. 1381-1385.

¹¹ Social Security Administration, *Annual Statistical Supplement, 2014, Data as of 2013*, available at: <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2014/5j.pdf> and <http://www.socialsecurity.gov/policy/docs/statcomps/supplement/2014/7b.pdf> (last accessed March 9, 2015).

¹² The definition of disability for disabled children receiving SSI benefits is slightly different from the definition for adults. See criteria at: <http://www.ssa.gov/ssi/text-eligibility-ussi.htm#disabled-child> (last accessed on March 9, 2015).

¹³ Generally, the maximum monthly payment changes yearly due to changes in the Consumer Price Index. The 2015 schedule is available at: <http://www.socialsecurity.gov/OACT/COLA/SSI.html> (last accessed March 9, 2015).

Section 393.063(9), F.S., defines developmental disability to mean “a disorder or syndrome that is attributable to intellectual disability, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome; that manifests before the age of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.”

The Agency for Persons with Disabilities (APD) currently serves approximately 55,000 clients with developmental disabilities.¹⁴ The total population of individuals in Florida with developmental disabilities is indeterminate at this time. However, the APD estimates the population of individuals with developmental disabilities in Florida could be between 300,000 to 600,000 people.¹⁵

On July 26, 2011, Governor Scott created the Governor’s Commission on Jobs for Floridians with Disabilities to advance job and employment opportunities for persons with disabilities in order to help those individuals achieve greater independence.¹⁶ The commission found that the state’s disability system does not effectively connect employers to candidates with disabilities and inform them about the resources available to support these individuals in the workplace. The commission recommended that the DEO serve as a single-point of contact to assist employers in finding these resources and services in order to help them recruit, hire, and retain individuals with disabilities. The commission further recommended the DEO provide information on available services and support that make it possible for persons with disabilities to succeed in the workforce. The “Abilities Work” web portal¹⁷ within the Employ Florida Marketplace¹⁸ website was developed to meet the needs of Florida employers looking to hire qualified job seekers with disabilities and of individuals with disabilities who are seeking to find employment.

The Department of Financial Services

The Chief Financial Officer (CFO) of the State of Florida is the head of the Department of Financial Services.¹⁹ The CFO has established outreach and education programs to increase the financial literacy of Florida residents and to protect them from financial fraud. These initiatives include, among others, a comprehensive online financial literacy and education initiative to provide Hispanic Floridians and their families with important financial information and resources, a program to educate and protect seniors from financial scams and identity theft, and financial education for military service members.²⁰

The CFO administers the Florida Security for Public Deposits Act, a statewide program that insures public deposits of the state and governmental units are protected from loss due to failure

¹⁴ Email from the Agency for Persons with Disabilities, January 11, 2015, Summary of Active Clients (on file with the Senate Banking and Insurance Committee).

¹⁵ Email from the Agency for Persons with Disabilities, January 13, 2015, (on file with the Senate Banking and Insurance Committee).

¹⁶ Executive Order 11-161 can be accessed at <http://www.flgov.com/gcjfd/> (last accessed March 9, 2015).

¹⁷ The Abilities Work website can be accessed at <https://abilitieswork.employflorida.com/vosnet/Default.aspx#> (last accessed March 9, 2014).

¹⁸ Employ Florida Marketplace (EFM) is a partnership of CareerSource Florida, Inc., (formerly Workforce Florida, Inc.) and the Department of Economic Opportunity.

¹⁹ Section 20.121(1), F.S.

²⁰ See Your Money Matter\$, a one-stop website to access the DFS’s financial literacy resources at <http://www.myfloridacfo.com/ymm/> (last accessed on March 9, 2015).

of a financial institution.²¹ A qualified public depository is a bank, savings bank, or savings association that meets specific statutory criteria.²² The CFO is responsible for designating financial institutions as qualified public depositories.

III. Effect of Proposed Changes:

The bill creates the Financial Literacy Program for Individuals with Developmental Disabilities under the Chief Financial Officer of the Department of Financial Services (DFS) (creating s. 17.68, F.S.). The goal of the program is to promote economic independence and successful employment of individuals with developmental disabilities by providing resources, outreach, and education on specific issues. For individuals with developmental disabilities these issues include financial education, identification of financial and health benefit programs and services, job training and employment opportunities, and the impact of earnings and assets on federal and state programs. For employers the issues include strategies to make program and educational materials available to their employees with developmental disabilities.

The DFS, in consultation with public and private stakeholders, is required to develop and implement the program. Credit unions, banks, savings associations, and savings banks will be key participants in the development and promotion of the program. The DFS must:

- Establish a clearinghouse for information regarding the program and other available resources for individuals with developmental disabilities and their employers on its website; and
- Publish a brochure that describes the program and is accessible through the website.

The bill requires financial institutions participating in the qualified public depository program to participate in the Financial Literacy Program as condition of eligibility for the qualified public depository program (Section 2, amending s. 280.16, F.S.). This requirement would apply to banks, savings associations, and savings banks that participate in the program.²³ Each participating financial institution must:

- Make program brochures available at each branch office; and
- Provide a hyperlink on its website to the DFS's program website.

The bill provides \$137,234 from the Insurance Regulatory Trust Fund within the DFS and one FTE to develop and manage the new program.

The bill takes effect January 1, 2016.

²¹ Chapter 280, F.S.

²² A qualified public depository must be organized under the laws of the United States or any state or territory of the United States; have a principal place of business or branch office in this state authorized to receive deposits; have federally-insured deposits; have procedures and practices that accurately report and collateralize public deposits; meet the requirements of the act; and be designated as a qualified public depository by the CFO. s. 280.02(26), F.S.

²³ There are 157 active, qualified public depositories in the state of Florida. Office of Financial Regulation, *2015 Legislative Bill Analysis SB 206*, February 4, 2015 (on file with the Senate Fiscal Policy Committee).

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

This bill does not contain a mandate because the bill does not affect counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The Financial Literacy Program will facilitate greater financial literacy and economic independence among individuals with developmental disabilities by providing information and resources on financial products and services, financial management, employment options, and federal and state benefits. Employers will also benefit from resources that will facilitate employment of individuals with developmental disabilities.

Financial institutions may incur indeterminate costs associated with providing brochures about the program at their places of business and revising their websites to provide a link to access the Financial Literacy Program's website.

C. Government Sector Impact:

The bill provides one position and \$137,234 from the Insurance Regulatory Trust Fund within the DFS to implement this program (\$63,664 recurring and \$73,570 nonrecurring). This includes expense costs relating to printing and mailing brochures to all bank branches within the state.²⁴

VI. Technical Deficiencies:

None.

²⁴ See the DFS, *2015 Legislative Bill Analysis on SB 206*, February 12, 2015 (on file with the Senate Fiscal Policy Committee).

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 280.16 of the Florida Statutes.

This bill creates section 17.68 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Fiscal Policy on March 19, 2015:

As recommended by Appropriations Subcommittee on General Government the committee substitute:

- Provides one FTE and \$137,234 to develop and implement the program;
- Provides 90 days, from the time the DFS establishes its website and publishes its brochure, for qualified public depositories to establish a hyperlink on its website and make available program brochures; and
- Changes the effective date to January 1, 2016.

The committee substitute also amends the location of the financial literacy program in s. 17.68, F.S.

- B. **Amendments:**

None.