

**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 Governmental Oversight and Accountability Committee

BILL: CS/SB 2042

INTRODUCER: Governmental Oversight and Accountability Committee and Senator Wise

SUBJECT: College and Career Transition Assistance Act

DATE: April 14, 2010 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Carrouth</u>	<u>Matthews</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<b>Fav/CS</b>
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	<u>EA</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The bill establishes the College and Career Transition Assistance Act, a school-to-work program to ensure a skilled workforce in order for Florida to be competitive in a changing economy. The goal of the program is to facilitate student transition from school to work and to provide additional funding to achieve this goal. Programs may be operated in any school, Department of Juvenile Justice facility, or charter school.

The bill also creates an endowment fund within the Florida Endowment Foundation for Florida's Graduates (Foundation) and provides for the deposit and investment of funds in the foundation's operating account. The will establish a board of directors to administer the activities of the Foundation.

This bill creates an undesignated section of the Florida Statutes.

## II. Present Situation:

### School-to-Work Programs

The federal School-to-Work Opportunities Act (STWOA) of 1994<sup>1</sup> provided venture capital for states and local partnerships to design systems to prepare students to make successful transitions from school to careers. The STWOA was designed as a systems-building strategy, intended to support and extend state and local education reform as well as workforce and economic development efforts.<sup>2</sup> Prior to the discontinuation of federal funding in 2001, four major types of federal grants were authorized:

- Planning and development grants awarded to states;
- Implementation grants awarded to states;
- Local implementation grants awarded to local partnerships; and
- Urban/rural opportunities grants awarded to locations defined as high-poverty areas.

The Florida Department of Education, the recipient of federal planning and implementation funds, awarded School-to-Work (STW) grants to 28 local STW partnerships. The STW grants supported partnerships of educators, employers, postsecondary institutions, students, parents, government, labor, and community organizations. The program encourages partners to align expectations to the skills needed to prepare young people for work, lifelong learning, and informed citizenship. STW programs use a variety of program designs customized to suit local circumstances. Career academies, occupational-academic cluster programs, restructured career and technical education, and apprenticeship are all promoted in the STW system. The STWOA promoted work-based learning and was viewed as one strategy to provide students with a sense of relevance, a way to observe the workplace in action, and to explore future career options. With the sunset of the federal law, most states, including Florida, built and sustained the principles from the STWOA movement.<sup>3</sup>

### History of the Jobs for Florida's Graduates Program and the Florida Endowment Foundation for Florida's Graduates

The 1998 Legislature created the Jobs for Florida's Graduates Program<sup>4</sup> to help high-risk students make the transition from school to work. The program targets high school seniors and provides services to help these students graduate and to continue their education or find meaningful employment within nine months of their graduation. Florida's program was part of a 20-year nationwide initiative coordinated by the Jobs for America's Graduates, Inc. (JAG), based in Alexandria, Virginia. The program is implemented by the Florida Endowment Foundation for Florida's Graduates (Foundation) and supported by funding as follows:

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<sup>1</sup> <http://www.doleta.gov/grants/sga/97-017sga.cfm>

<sup>2</sup> <http://www.ncjrs.gov/App/Publications/abstract.aspx?ID=185977>

<sup>3</sup> Florida Department of Education Governmental Relations, bill analysis, dated February 24, 2010, on file with the Education Pre-K – 12 Committee.

<sup>4</sup> ch. 98-218, L.O.F.

Source of Funds	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02	00-01	99-00
Legislative Appropriation		\$1.37mil	\$1.4mil					500K		\$3 mil	\$3 mil
Workforce, Florida Inc.					350K						
Partnerships (Multiple)	\$1.4mil			500K							

Performance deliverables for the Jobs for Florida’s Graduates Program grant for the 2008-2009 grant, as reported by the Foundation, include the following:

- Establishment of new and continuing educational sites;
- Hire or retention of qualified teachers;
- Creation of an Advisory Board;
- Establishment of a Career Association;
- Report of student enrollment progress for up to 840 students actively served across Florida with 80 percent (672) showing a minimum of one positive outcome toward school success;
- Report of program-wide average of 8,811 hours of student academic remediation in areas of deficiency;
- Student participation in career exploration and leadership development and skills-building activities;
- Requirement of no fewer than 2,000 hours of work-based learning and related field trips and guest speakers;
- Report of no fewer than two leadership workshops;
- Minimum of 10,00 hours of community service or career association exposure provided by enrolled students;
- Report of no fewer than three site visits for staff review and verification of compliance with data/record keeping requirements;
- Report of no fewer than three staff development and training sessions on the Jobs for America’s Graduates model, policies and procedures;
- Reduction of an average 13.34 percent in academic and behavioral barriers to success; and
- Report of no fewer than 70 average hours of contact with career coaches per active student.<sup>5</sup>

Contract deliverables and reporting of results to the Department by the Foundation appear to be input-related for the most part, i.e., creation of an advisory board, remediation provided to students, and documentation of training sessions attended. The reporting results lack a focus on student achievement and job placement outcomes. The Foundation did, however, provide information relative to student achievement, learning gains, or job placement figures when requested by the Committee. The information provided includes the following:

- In October, 132 took one or both components of the FCAT: 92 passed reading (67 percent) 55 passed math (42 percent);

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<sup>5</sup> According to the Florida Endowment Foundation for Florida’s Graduates, all of its performance outcomes were achieved. Information provided by the Foundation is on file with the Education Pre-K – 12 Committee.

- In March, 640 students took the FCAT: 169 passed math (26 percent), 141 passed reading (22 percent);
- 89 percent of students who took the GED passed;
- 110 out of 120 high school seniors graduated (92 percent); and
- 100 percent of 8<sup>th</sup> graders successfully transitioned into 9<sup>th</sup> grade<sup>6</sup>

The following chart represents learning gains provided by the Foundation based on results of initial and subsequent GED and Test of Adult Basic Education (TABE) test results:

	<b>Mid-Year Grade Level</b>	<b>End-of-Year Grade Level</b>	<b>Improvement Rate</b>
Reading Average	7.55	8.4	11%
Math Average	6.1	7.6	24%
Language Average	5.4	8.9	65%
Work Readiness Test	-	-	28%

Student achievement data based on the FCAT was not available.

**Other Potential Implications:**

Discussed later in the *Related Issues* section are structural relationships between this bill and related legislation, SB 2224, dedicating a specific tax source to the purposes of SB 2042.

**III. Effect of Proposed Changes:**

**School-to-Work Program**

The bill establishes the College and Career Transition Assistance Act, a school-to-work program to ensure a skilled workforce in order for Florida to be competitive in a changing economy. The purpose of the program is to facilitate transition from school to work and to provide additional funding to achieve this goal. The goals of the program are to increase each student’s understanding of postsecondary educational opportunities and career and work readiness, to increase individual and corporate support and involvement, and to promote employment opportunities for Florida’s students. The program may be operated in any school district, Department of Juvenile Justice facility, or charter school, provided that such sites are demographically balanced and include urban and rural schools. Selection of sites must reflect schools in all geographic areas of the state. The bill also requires that student participation be based on a student’s classification as an at-risk student. As the term “at-risk” is undefined, the Department of Education would need to define the term in rule.

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<sup>6</sup> Email correspondence from the Foundation Director on March 31, 2010, on file with the Education Pre-K – 12 Committee.

## **Revenue for the Endowment Fund**

The bill creates the endowment fund as a long-term source of revenue to include legislative appropriations and donations from public or private sources. Funds received must be invested with interest and income earned deposited in the foundation's operating account.

## **Board of Directors**

The bill prescribes the organization, powers, and duties of the board to include:

- Solicitation and receipt of bequests, gifts, grants, donations, goods, and services;
- The monitoring, review, and annual evaluation of funded programs;
- Establishment of a financial operating account;
- Operation of programs to ensure that the goals of the program are met; and
- Use of funds in an operating account to provide for—
  - Planning, research, and policy development for issues related to school-to-work transition and publications and dissemination of the information;
  - Promotion of initiatives for school-to-work transition; and
  - Funding of programs that engage in, contract for, foster, finance, or aid in job training and counseling for school-to-work transition research, education, or demonstration.

The appointing authority and membership qualifications of appointees are as follows:

- Three members appointed by the Governor representing business and industry;
- One small business representative appointed by the President of the Senate;
- One member representing high-wage or high-growth industry appointed by the Speaker of the House of Representatives;
- The Commissioner of Education or designee;
- The Director of the Agency for Workforce Innovation or designee;
- The Secretary of Juvenile Justice or designee;
- The Chancellor of the Division of Florida Colleges or designee;
- The Chancellor of Career and Adult education or designee; and
- One member each from from the Florida Legislative Black Caucus; Florida Legislative Hispanic Caucus; the Commission on African-American Affairs; and the State Commission on Hispanic Affairs.

## **Assessment of Program Results**

The bill directs the Foundation to review the program's activities and submit a report to the Department and the Legislature on or before August 1 each year. To ensure a return on taxpayer investment or funds provided by public and private donors, it may be beneficial to require annual baseline and end-of-year data relative to student achievement, learning gains, postsecondary enrollment, and job placement as these encompass the overall goals of the program.

## **Annual Report**

Under the bill, the Board of Directors is required to submit a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Commissioner of

Education on or before January 1 of each year. Again, student achievement and job placement results should be included in this report.

### **Rulemaking**

The bill directs the Department of Education to adopt rules to implement the act.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

None.

### **B. Public Records/Open Meetings Issues:**

None.

### **C. Trust Funds Restrictions:**

None.

### **D. Other Constitutional Issues:**

According to the Department, the creation of the Foundation as a DSO raises significant constitutional concerns. Based upon the appointment of the board by the Governor and the powers given the entity, the entity is tantamount to an agency and is inconsistent with art. IV, section 6, of the Florida Constitution. This provision allots all executive government among 25 departments and was drafted, in part, to eliminate the proliferation of many commissions, boards, or agencies, regardless of the name, and place all executive functions in 25 departments. Additional constitutional concerns are raised by the appointment of the Board by the Governor based upon art. IX, section 2, of the Florida Constitution, given that the Department of Education is headed by the State Board of Education, and not the Governor.<sup>7</sup>

## **V. Fiscal Impact Statement:**

### **A. Tax/Fee Issues:**

None.

### **B. Private Sector Impact:**

Private donations may be solicited from businesses and organizations to support the goals of the Act.

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<sup>7</sup> Florida Department of Education Governmental Relations, bill analysis, dated February 24, 2010, on file with the Education Pre-K – 12 Committee.

**C. Government Sector Impact:**

The revenue stream to support the funding of this proposal is contained in SB 2224. That bill increases the tax on malted beverages, provides tax credits to be used for scholarships for at-risk youth in summer jobs programs, and designates a named contract vendor as the fiscal agent and the fund recipient. The full fiscal impact of these changes is reported in the table, below:

**Revenues and Expenditures Associated with SBs 2224 and 2042<sup>8</sup>**

<b>Fiscal Year</b>	<b>Malted Beverage Tax Increase (\$ .08/gal)</b>	<b>New Revenues to Foundation</b>	<b>Reduced Revenues to Beverage Trust Fund</b>	<b>Reduced Revenues to General Revenue Fund</b>
<b>2010-11</b>	\$ 42,922,616	\$ 44,384,272	\$ 99,482	\$ 1,362,174
<b>2011-12</b>	\$ 44,097,097	\$ 45,598,748	\$ 102,204	\$ 1,399,447
<b>2012-13</b>	\$ 45,206,730	\$ 46,746,168	\$ 104,775	\$ 1,434,662

Senate Bill 2224 also provides a tax credit of \$2,400 to the employer for each summer internship created in monthly increments of \$200. Successful graduates of the program are eligible for a scholarship up to \$5,000 for academic or vocation postsecondary education, credited monthly to the entity with a beverage tax liability.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The Florida Endowment Foundation for Florida’s Graduates was incorporated on December 31, 1998 as a domestic, non-profit corporation. Its incorporation papers designated it as a direct support organization. In that legal capacity it operates under contract to the Department of Education and its original business address was listed as the department’s headquarters location in Tallahassee. In 2007 the address changed to its present location in Flagler Beach. Two of its four current board members are public officers.

Senate Bill 2042 changes the current legal relationship of the direct support organization from one supportive of the legal mission of the Department into an independent foundation with its own dedicated state tax revenue source from SB 2224. While SB 2224 provides that Jobs for Florida’s Graduates is to “. . . submit a proposal for funding . . .” to the Endowment, in fact, the relationship between these two entities appears to be closer than an arm’s length transaction. There is no competitive solicitation of proposals.

<sup>8</sup> Source: Bill Analysis of SB 2224 prepared by the professional staff of the Senate Education Committee and derived from materials prepared by the Department of Business and Professional Regulation.

**VIII. Additional Information:**

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

**CS by Governmental Oversight and Accountability on April 14, 2010:**

The CS restructures the foundation from a direct support organization with non-advisory duties into an independent foundation that will contract with the DOE. Its board of directors is appointed by key state education officials, and is composed of private sector business and industry personnel, and gubernatorial and legislative appointees.

- B. **Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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