

**STORAGE NAME:** h1901.ei  
**DATE:** April 7, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
EDUCATION INNOVATION  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1901(PCB EI 97-01)  
**RELATING TO:** Job Training  
**SPONSOR(S):** Committee on Education Innovation  
**STATUTE(S) AFFECTED:** s. 446.609, F.S.  
**COMPANION BILL(S):** SB 1810

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

- (1) EDUCATION INNOVATION YEAS 7 NAYS 0
- (2)
- (3)
- (4)
- (5)

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**I. SUMMARY:**

HB 1901 creates the Florida Endowment Foundation for Florida's Graduates, a not-for-profit corporation which will be funded through the newly created Jobs for Florida's Graduates Endowment Fund and a one year pilot apprenticeship program at the Okaloosa-Walton Community College.

The foundation will be governed by a fifteen member board of directors, appointed by the Commissioner of Education to include policy makers and business leaders. The Chair shall be selected by the Commissioner.

The foundation is created as a direct-support organization of the Department of Education (DOE). Participation and funding potential is broadened by raising funds, submitting requests and receiving grants from the public and private sectors. The foundation shall enter into sponsoring agreements with Jobs for America's Graduates (JAG) to carry out the JAG model which employs easily measured performance standards.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The Department of Education's *Division of Applied Technology, Adult, and Community Education* School-To-Work Handbook reports that:

- By the year 2000, 65 percent of all jobs will require more than a high-school diploma but less than a four-year degree.
- The average high-school graduate who does not enroll in postsecondary education holds nearly six different jobs and experiences four to five spells of unemployment by age 27.
- Roughly half of all high-school graduates fail to find stable employment by the time they are 30.
- Of every six job applicants who are turned down, five are rejected because they lack workplace-related reading, writing, math, and decision-making skills.
- Twenty-nine percent of America's high-school students drop out, and 20 percent of those who do graduate lack the necessary skills for entry-level employment.

Extrapolating from the report, school-to-work transition programs will be of increasing importance as the number of skilled jobs rapidly increases in the global marketplace.

**Florida's School-To-Work Efforts**

"Florida's School-To-Work system is designed to enable every person to achieve economic independence and to attain the quality of life to which he or she aspires to work in full partnership with business and industry to prepare a workforce that will allow Florida's employers to remain in the global economy

In expanding and developing industry standards in Florida, the state will emphasize occupations within six career clusters:

- health-care services
- hospitality/tourism/entertainment
- information and telecommunications
- construction-related work
- human and social services
- finance and insurance

These clusters, identified by the Florida Education and Training Placement Information Program (FETPIP), represent new, emerging, and expanding high-growth, high-wage industries and related occupations that require less than a four-year degree (division handbook)."

**Federal School-To-Work Grant**

The state of Florida was awarded a five-year \$54.6 million grant to implement its School-to-Work (STW) system. Subsequently, DOE and FDLES formed the STW Joint Services office in 1995 in order to oversee and manage the implementation grant. The

Governor declared the School-to-Work initiative the 'centerpiece of Florida's youth and adult workforce strategy'.

### **Jobs for America's Graduates**

Jobs for America's Graduates (JAG) began in 1980 as an experimental school to work program for at risk youth in Delaware under the administration of Governor Pete DuPont. In the 17 years since Jobs for Delaware's graduates has evolved into Jobs for America's Graduates and operates in all or part of 25 states, and Washington, D.C.. The program is unique in that it depends to a large degree on significant private sector funding and involvement.

### **Apprenticeship Programs**

Chapter 446.071 F.S. provides that "one or more local apprenticeship sponsors shall be approved in any trade or group of trades by the Division of Jobs and Benefits (Department of Labor and Employment Security), upon a determination of need. 'Need' refers to the need of state residents for apprenticeship training. Chapter 446.071 F.S. also allows the division to grant variance from the standards by program sponsors in non construction trades. That is "to recognize the unique and varying training requirements in nontraditional apprenticeable occupations and to authorize the division and bureau to adapt the standards to the needs of such programs."

Florida has a growing need to provide vocational-technical training in a wide variety of occupations which are not applicable to full time vocational classes. One possible solution is to expand the state's apprenticeship system under the direction of the Department of Labor and Employment Security. Over the last fifty years, the Department has administered programs for traditional professions such as electrical , engineering, mechanical, plumbing and bricklaying. This will be useful for WAGES, Welfare Reform and School to Work participants and for individual who need immediate employment and technical skills education.

Currently, Okaloosa County has over 110 defense computer/aerospace contractors and could provide numerous apprenticeship opportunities.

Florida's current School-To-Work program is composed of three elements; school-based learning, work-based learning, and connecting activities. The work-based element has at least 10 different types of program:

1. Apprenticeship
2. Clinical experiences/practicums
3. Internships
4. Job shadowing
5. Preapprenticeship
6. School-sponsored enterprises
7. Service learning
8. Supported employment
9. Workplace mentoring
10. Youth apprenticeship

According to the division handbook, *apprenticeship* experiences are

*An organized program of instruction registered and approved by the United States Department of Labor or Florida Department of Labor and Employment Security, apprenticeship provides both related instruction and on-the-job training for the purpose of preparing workers for a skilled occupation or trade. Through formal agreements, apprentices become employees during their learning period, which is usually four years in length. Apprentices are taught by and work under experienced craft workers until trained-employee or journey-worker status is reached.*

Youth apprenticeship experiences are

*A planned program of instruction, youth apprenticeship is designed for high-school students 16 years of age or older. Through a combination of academic study, related technical instruction, and paid on-the-job training in their chosen career paths, youth apprentices earn a high-school diploma, gain valuable job skills, and receive advanced standing in an adult apprenticeship program upon graduation.*

### **Direct Support Organizations**

These organizations are generally created through the establishment of a direct support organization. Such entities have several fiscal advantages over state agencies. They can allow donors to designate contributions for a particular purpose; the funds these organizations collect may avoid Florida's constitutionally prescribed revenue cap in Article VII, Section 1(e); and the funds avoid the constitutional requirement in Article IV, Section 4(e) of being deposited with the State Treasurer. A reiterated statutory requirement is found in ss. 215.31 and 215.32, F.S., for funds of "every. . . undertaking of the state" to be deposited in the State Treasury "unless the law specifically provides otherwise". In the case of a direct support organization, the law provides for the organization to handle funds.

Auditing and public records requirements vary for direct support organization. An annual audit is generally required of all direct support organizations. Not all direct support organizations are subject to the public records law. Community college and university direct support organizations are statutorily required to make public only their annual audit.

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

HB 1901 creates a formal school-to-work transition program and a one year pilot apprenticeship program. It is the intent of the Legislature that the programs will prepare a well-educated and skilled workforce to be competitive in a changing economy.

#### **Foundation Created:**

The Florida Endowment Foundation for Florida's Graduates, a not for profit organization serves as a direct service organization of the Department of Education to operate Jobs for Florida's Graduates. It is funded by a combination of state funds, and private contributions primarily from the private sector beneficiaries of the program. It is anticipated that the amount of state funding will decrease as the JFG endowment increases.

#### **Board of Directors:**

The foundation is operated by a board of directors. The board is charged with increasing and administering the endowment, and with entering into such agreements as are necessary to carry out the Jobs for America's Graduates model within the state. The board consists of 15 members appointed by the Commissioner of Education. At least 9 members are selected from the private sector. The remaining board members may come from secondary education, vocational education or job training programs. The board will be led by a chair who is appointed for a 2 year term and not allowed to serve more than 6 consecutive years. Board members are appointed to staggered 3 year terms. All members are accountable to the Commissioner for proper performance of job duties.

Members will have an interest in school to work transition. In so far as practicable, members will also have skills in:

- foundation/fundraising activities, financial consulting, investment banking or policymaking or senior management level positions or
- be distinguished in the fields of education, business, or industry.

The board will:

- Solicit and receive bequests, gifts, grants, donations, goods, and services to increase and administer the endowment
- Enter into contracts with the Federal Government, state or local agencies, private entities
- Fund Jobs for Florida's Graduates programs
- Fund programs to foster job training
- Advertise and solicit applications for funding and evaluate applications and program proposals
- Plan, research, and conduct policy development for school-to-work transition issues
- Establish an operating account
- Hire and fire employees (both at the state and local levels) based upon their performance. Such employees will not be considered state employees
- Ensure that outcome goals are met (see next section)
- Make gifts or grants to:
  - State or political subdivisions or any public agency of state or local government.
  - Corporations, trusts, associations, or foundations which are organized and operated exclusively for charitable, educational, or scientific purposes.
  - The department for purposes of program recognition and marketing, public relations and education, professional development, and technical assistance and workshops for grant applicants and recipients and
  - The business community

### **Scope**

During the first year JFG will operate in not less than 25 nor more than 50 high schools. The goal is to have a minimum of 300 high schools participating in the program by the end of the 2000-2001 school year.

### **Performance Standards:**

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The program shall be operated in accordance with the process and outcome standards of Job's for America's Graduates, Inc. All graduation, training, and employment rates will be counted on March 31 of the year following the end of the academic year in which the participants' respective high school classes graduated.

The average wage of all JFG students who are working shall be equal to or above the national average for all participants in JAG programs. In addition the following performance standards are set:

*Year one:*

- 82% of JFG students achieve a high school diploma or GED.
- 70-75% must be employed (in the civil sector or military) or in postsecondary training that equals at least 40 hours per week.

*Year two:*

- 85% of the JFG students achieve a high school diploma or GED
- 75-78% must be employed (in the civil sector or military) or in postsecondary training that equals at least 40 hours per week.

*Years three through five:*

- 90% of the JFG students achieve a high school diploma or GED
- 80% must be employed (in the civil sector or military) or in postsecondary training that equals at least 40 hours per week.

#### **Start up Funds:**

50% of the money allocated during the 12-month period beginning July 1, 1997 shall not be available to the State Board of Administration for investment. Rather, this portion shall be transmitted quarterly to the foundation board and will be available to the foundation for start up funding.

#### **Agreements:**

As a direct support organization the foundation shall operate under contract with the department.

The board shall enter into a sponsoring agreement with Jobs for America's Graduates, Inc. to carry out the Jobs for America's Graduates model.

The board will be able to enter into contracts with the Federal Government, state or local agencies, private entities. The board will be charged with entering into such agreements as are necessary to carry out the Jobs for America's Graduates model within the state.

Each participating school shall enter into a formal written agreement with the board which, at a minimum, details the responsibilities of each party and the process and outcome goals of the initial 5-year Jobs for Florida's Graduates Program.

#### **Accreditation, Audit, Assessment, and Annual Report**

The state affiliate of Jobs for Florida's Graduates will make application for national accreditation by Job's for America's Graduates within the first 5 years.

An independent certified accountant will audit the foundation's financial accounts and submit the audit to the Auditor General and the department.

Job's for Florida's Graduates will conduct a review of the program's activities and submit the report to the Office of Program Policy Analysis and Government Accountability (OPPAGA). OPPAGA will audit the report and make recommendations to the board regarding expansion, curtailment, modification, or continuation of the program. During the initial 5-year phase of the program the Division of Economic and Demographic Research of the Joint Legislative Management Committee will conduct a longitudinal analysis to determine the overall efficacy of the program.

The board is required to summarize the performance of the endowment fund and the foundation's fundraising activities and performance. The report will be forwarded to the Governor, the President of the Senate, the Speaker of the House, and the Commissioner of Education.

The Department of Education is assigned rule making authority to implement all aspects of the school-to-work transition program previously discussed.

#### **Division of Applied Technology, Adult, and Community Education: Praise and Concern**

In an analysis of SB 1810, the division states that the bill is consistent with the department's strategic plan. Further, that the legislation which enables JAG to provide school-to-work transition services is likely to make a dramatic impact on funded districts by helping to fund (and train) at-risk students in those districts. The division also states that JAG is likely to make a dramatic enhancement in school-to-work operations.

In the same analysis, however, the division raises concerns regarding coordination and duplication of services:

*There is no language which addresses any coordination with the intent of the current School-To-Work system goals and strategies. Linkages to the School-To-Work Joint Services Office are critical. Efforts should be coordinated (sic) to align Board expenditures with those key state level strategies such as targeted occupational clusters and articulated career pathways. Functions in research, resource development and technical assistance may be duplicative of existing efforts related to School-To-work Opportunities and should be further studied.*

#### **One year pilot apprenticeship program**

Okaloosa-Walton Community College is recognized as an apprenticeship sponsor and allotted to four positions in order to survey and identify within its service area all Business and Industry which may benefit from an apprenticeship program, to develop programs to meet those needs, and to implement the programs utilizing the funding from the effected industry.

Okaloosa-Walton Community College is entitled to apply for continued funding of these positions for one additional year provided that it can prove substantial progress toward meeting its charge. However, it is the intent of the Legislature that beginning with the third Academic Year costs of this program will be borne substantially by the businesses

and industries which take part in the program and that Okaloosa-Walton Community College will provide all interested areas with a full report on the program.

The long run effects could be to provide a model program for revising a traditional job training program to meet Florida's future technical needs. The method of instruction would be cost-effective and program participants would attain high-wage, technically skilled employment. In addition, the potential work force would be well trained.

The pilot apprenticeship program at Okaloosa-Walton Community College could develop and implement a model program which could be replicated throughout the state of Florida.

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?

In this act, the department is given direct authority to make rules.

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

Administrators at DOE will need to make rules and review annual reports. OPPAGA will also need to review the foundation's audits.

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

Students who are deemed at-risk will be eligible and may be chosen to participate in the program.

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

Not applicable.

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

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



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

2. Lower Taxes:

Not Applicable.

- a. Does the bill increase anyone's taxes?
- b. Does the bill require or authorize an increase in any fees?
- c. Does the bill reduce total taxes, both rates and revenues?
- d. Does the bill reduce total fees, both rates and revenues?
- e. Does the bill authorize any fee or tax increase by any local government?

3. Personal Responsibility:

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

No.

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

No.

4. Individual Freedom:

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

Not applicable.

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

No.

5. Family Empowerment:

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

- (1) Who evaluates the family's needs?

Educational institutions which the children attend.

- (2) Who makes the decisions?

Educational institutions.

- (3) Are private alternatives permitted?

Jobs for Florida's Graduates is a not for profit organization, funded in significant part through private sources.

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

Students are selected by the schools to participate in the program.

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

No.

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

No.

- 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?

(2) service providers?

The board will choose which schools to invite to participate.

(3) government employees/agencies?

The schools will choose which students participate based on classification of 12th grade at-risk.

**D. SECTION-BY-SECTION RESEARCH:**

**Section 1:** Creates 446.609 a 5-year school-to-work program that shall operate in accordance with the process and outcome standards of Jobs for America's Graduates, Inc. (JAG); the board shall enter into sponsoring agreements with JAG.

Creates the Florida Endowment Foundation for Florida's Graduates as a direct service organization of the Department of Education to be operated by a board of directors consisting of 15 members appointed by the Commissioner of Education.

Establishes outcome goals.

Provides for three types of audits:

- an annual audit of the endowment fund
- an annual audit of JAG's annual accreditation review by OPPAGA
- a longitudinal study conducted by the Division of Economic and Demographic Research of the Joint Legislative Management Committee.

**Section 2** Creates a one year pilot apprenticeship program in Okaloosa-Walton County.

**Section 3** Provides for a review of the program after the fifth year.

**Section 4** Provides for an effective date of July 1, 1997.

**III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:**

1. Non-recurring Effects:

Costs to operate the Jobs for Florida's Graduates Program are indeterminate at this time.

The apprenticeship program will require funding of up to \$200,000 from Enterprise Florida for the first two years. Beginning with the third year businesses and industries which take part in the program will substantially bear the costs of the program.

2. Recurring Effects:

Costs to operate the Jobs for Florida's Graduates Program are indeterminate at this time. However, the amount contributed by the state is expected to decrease as the endowment fund increases.

The apprenticeship program can require funding of up to \$200,000 from Enterprise Florida in each of the first two years. Beginning with the third year businesses and industries which take part in the program will substantially bear the costs of the program.

3. Long Run Effects Other Than Normal Growth:

Costs to operate the Jobs for Florida's Graduates Program are indeterminate at this time. However, the amount contributed by the state is expected to decrease as the endowment fund increases.

4. Total Revenues and Expenditures:

Costs to operate the foundation are indeterminate at this time.

The apprenticeship program can cost up to \$400,000 over 2 years, out of funds appropriated to Enterprise Florida.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate.

2. Recurring Effects:

Indeterminate.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Private business and industry will be expected to fund the apprenticeship program beginning with the program's third year. This could be up to \$200,000 per year, depending on business expenditures.

2. Direct Private Sector Benefits:

The apprenticeship program provides a trained labor force. Fiscal benefits are indeterminate at this time.

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

The apprenticeship program will raise the overall training and skill level of individuals seeking employment.

D. FISCAL COMMENTS:

IV. 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 an 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.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

HB 1901 was passed unanimously by the House Education Innovation Committee as PCB EI 97-01 on April 7, 1997. HB 1901 was filed and introduced on April 3, 1997.

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VII. SIGNATURES:

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