
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.)

Date: April 7, 1998

Revised: 4/8/98 _____

Subject: Trust Funds

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Schmeling</u>	<u>Austin</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	<u>Hardy</u>	<u>Smith</u>	<u>WM</u>	<u>Fav/2 amendments</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This committee substitute creates the Work and Gain Economic Self-sufficiency (WAGES) Program trust fund for the deposit of all federal funds that support the WAGES Program.

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 Personal Responsibility and Work Opportunity Reconciliation Act of 1996 provides a maintenance-of-effort (MOE) requirement for the Temporary Assistance to Needy Families Block Grant (TANF). For each of fiscal years 1997-2002, states must maintain 80 percent of their historical level of state spending to receive their full block grant allocation. The maintenance-of-effort (MOE) is reduced to 75 percent if a state meets the work participation rate requirements for the fiscal year. A state that fails to meet the MOE is subject to a penalty.

The following are "qualified state expenditures" that will count toward the MOE requirement for the TANF block grant:

- State spending in the program created by the block grant on eligible families for cash assistance;
- Child care;
- Educational activities (excepting most public education);

- Administrative costs (not to exceed 15 percent of the total amount) and any other use of funds allowed under the grant;
- State expenditures in excess of the amount spent in FY 1995 for other state or local programs on eligible families for the above activities;
- State spending on families who would otherwise be eligible for assistance if not for the application of the five-year lifetime limit on federal benefits; and
- State expenditures that would have received certain federal match funds.

Section 18.125, F.S., providing for the powers and duties of the Treasurer in the investment of certain funds, requires the Treasurer, acting with the approval of a majority of the State Board of Administration, to invest all trust funds.

Article III, s. 19(f)(1), State Constitution, requires each state trust fund to be created by “a three-fifths vote of the membership of each house of the legislature in a separate bill for that purpose only.”

III. Effect of Proposed Changes:

This committee substitute creates the Work and Gain Economic Self-sufficiency (WAGES) Program trust fund for the deposit of all federal funds that support the WAGES Program. All monies in the trust fund must be invested as provided in s. 18.125, F.S., and interest earned by the trust fund must be deposited in the trust fund.

Unless terminated sooner, the committee substitute requires the termination of the trust fund on July 1, 2002. Before termination the trust fund must be reviewed pursuant to s. 215.3206, F.S.

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:

None.

VI. Technical Deficiencies:

The committee substitute directs funds transferred to and retained in the trust fund to be invested and subsequent interest earnings to be available for appropriation. This is not allowable under the federal Cash Management Improvement Act which mandates that interest earned on federal funds be returned by the state to the federal government.

The bill proposes the effective date of the trust fund to be effective upon becoming law, which would cause all the affected agencies to have to identify and prepare budget amendments to move TANF related budget and expenditures for an incomplete federal quarter or state fiscal year. TANF reporting requirements make it necessary for the effective date of the trust fund to be at the end of a federal quarter, preferably July 1, to remain in sync with current reporting stipulations.

Lastly, the trust fund, as defined by the bill, should be named the Temporary Assistance for Needy Families Block Grant Trust Fund since the fund's revenue source is limited to a single federal program.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Ways and Means:

Strikes language relating to the investment of interest earned on federal funds in order to bring the bill into compliance with the federal Cash Management Improvement Act.

Changes the name of the trust fund from Work and Gain Economic Self-Sufficiency Trust Fund to Temporary Assistance for Needy Families Trust Fund since the fund's revenue source is limited to a single federal program.

#2 by Ways and Means:

Changes the effective date of the bill from "becoming law" to July 1, 1999.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
