

STORAGE NAME: s2524s2.bdt

DATE: April 20, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/SB 2524

RELATING TO: WAGES Program

SPONSOR(S): Commerce and Economic Opportunities, Senator Harris and Senators Turner and Kirkpatrick

COMPANION BILL(S): (Compare) H 2113, CS/H 3391, H 4679, H 4753, CS/CS/S 484, CS/S 0666, CS/CS/2nd Eng/S 760, CS/S 1984

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

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
 - (2)
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

This committee substitute makes various revisions to the Work and Gain Economic Self-sufficiency (WAGES) Program including:

- Requiring the WAGES Program State Board of Directors to approve all WAGES proposed administrative rules and further requiring the Workforce Development Board of Enterprise Florida, Inc., and state agencies charged by law to implement the WAGES Program, to collaborate with the staff of the WAGES Board on all WAGES related policies, request for proposals and related directives;
- Extending the life of the WAGES State Board to the year 2002;
- Allowing the Governor, by executive order, to designate the WAGES Program State Board of Directors as a nonprofit corporation;
- Revising conflict of interest language for members of local WAGES coalitions;
- Adding additional members to the local WAGES coalitions;
- Requiring by October 1, 1998, the local WAGES coalitions to deliver the full continuum of services, with exceptions, provided under the WAGES Program;
- Revising staffing requirements of the local WAGES coalitions;
- Removing the repayment provisions for certain WAGES employer subsidies;
- Creating the WAGES training bonus and WAGES work reward;
- Providing that existing employed workers may not be displaced by WAGES participants;
- Providing an exemption from the ten percent reduction in benefits under a hardship exemption if recommended by the local WAGES coalition; and
- Providing an exemption to time limits for individuals which are totally responsible for the care of a disabled family member.
- Providing specific provisions for WAGES participants who are also victims of Domestic Violence.
- Provides School Boards may provide transportation for WAGES Program participants.
- Adds the Secretary of Transportation to the WAGES Program State Board of Directors.
- Creates the WAGES Emergency Response Act.
- Creates the Relocation assistance program.

This bill contains appropriations and has additional fiscal impacts. Please see fiscal impact statement for details.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

WAGES PROGRAM

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.

Section 414.026, F.S., creates within the Executive Office of the Governor the WAGES Program State Board of Directors. The board is charged with the oversight and the operation of the WAGES Program and is required to advise and assist state agencies in implementing the WAGES Program. This section expires June 30, 1999, and must be reviewed by the Legislature prior to that date. In its review, the Legislature must assess the status of the WAGES Program and must determine if the responsibility for administering the program should be transferred to other state agencies.

Section 414.028, F.S., creates local WAGES coalitions and provides for membership requirements, to plan and coordinate the delivery of services under the WAGES Program at the local level. Section 414.028(1)(b), F.S., provides that a representative of an agency or entity that could benefit financially from funds appropriated under the WAGES Program may not be a member of a local WAGES coalition. However, in a region in which the duties of the local WAGES coalition and a regional workforce development board are combined, a person may be a member of the WAGES coalition even if the member, or the member's principal, could benefit financially from transactions of the coalition. These members must recuse themselves from voting on all matters from which they or their principals could benefit financially and failure to recuse on any such vote constitutes grounds for immediate removal from the local WAGES coalition.

Local employees of the Department of Children and Family Services and the Department of Labor and Employment Security must provide staff support for the local WAGES coalitions. At the option of the local WAGES coalition, staff support may be provided by another agency or entity if it can be provided at no cost to the state and if the support is not provided by an agency or other entity that could benefit financially from funds appropriated to implement the WAGES Program.

Section 414.065, F.S., provides for the work requirements of the WAGES Program. Subsidized private sector employment is an activity which may be used individually or in combination with other activities to satisfy the work requirements of WAGES. Such employer subsidies include work supplementation, on-the-job training, incentive payments and tax credits. Except for tax credits, upon satisfactory completion of the subsidy period by the WAGES participant, the employer is expected to retain the participant as a regular employee without receiving a subsidy and if the WAGES participant is dismissed due to loss of the subsidy, the employer must repay some or all of the subsidy.

Section 414.105, F.S., imposes a lifetime limit of 24 cumulative months within a 60 consecutive month period and a 48-month lifetime limit for WAGES participants. Long-term welfare recipients

with limited skills and little work experience are eligible for up to 36 cumulative months within a 72 consecutive month period, but are still subject to the 48-month lifetime limit.

Exempted from time limits are child only cases, minor children and individuals who are eligible for Supplemental Security Income benefits due to age or disability.

“Hardship” exemptions from the time limits for up to a total of 12 months may be available for individuals who have diligently participated in all program activities and complied with all program requirements but have been unable to find employment. The cumulative total of months in which an individual may receive temporary cash assistance, including the hardship months, cannot exceed 48 months. Temporary cash assistance under a hardship exemption for a participant who is eligible for work activities and who is not working is reduced by ten percent. Upon the employment of the participant, full benefits are to be restored.

B. EFFECT OF PROPOSED CHANGES:

Section 1 amends s. 414.026, F.S., requiring the WAGES Program State Board of Directors to approve the WAGES State Plan, operating budget, amendments thereto, as well as any WAGES related proposed rules. In addition, the Workforce Development Board of Enterprise Florida, Inc., or a state agency charged by law to implement the WAGES Program must collaborate with the staff of the WAGES State Board on any WAGES related policies, requests for proposals, and related directives.

This section allows the Governor, by executive order, to designate the WAGES Program State Board of Directors as a nonprofit corporation for the purpose of receiving federal funds and providing oversight and maintenance to the WAGES Program and in administering the State Plans for Aid and Services to Needy Families with Children under 42 U.S.C. s. 602, as amended. The corporation is subject to state public meeting and records law. The corporation is authorized to hire an executive director and appropriate staff while a list of staff and salaries must be provided annually to the Legislature. This section further extends the life of the WAGES State Board to the year 2002.

Section 2 amends s. 414.028, F.S., allowing a person to be a member of a local WAGES coalition or a combined WAGES coalition/regional workforce development board regardless of whether the member, or an organization represented by a member, could benefit financially from transactions of the coalition. However, if the coalition enters into a contract with an organization or individual represented on the coalition, the contract must be approved by a two-thirds vote of the entire board, and the board member who could benefit financially from the transaction must abstain from voting. A board member must disclose any such conflict in a manner that is approved by the WAGES Program State Board of Directors and is consistent with the procedures outlined in s. 112.3143, F.S., voting conflicts for public officers and employees.

This section adds to the membership of the local WAGES coalition a representative of a county health department or a representative of a healthy start coalition to serve as an ex officio, nonvoting member of the coalition. This provision however, does not prevent a local WAGES coalition from extending regular voting membership to not more than one representative of a county health department and not more than one representative of a healthy start coalition.

This section requires local WAGES coalitions to deliver the full continuum of services provided under the WAGES Program, including services that are provided at the point of application, by October 1, 1998. However, a local WAGES coalition may not determine an individual’s eligibility

for temporary cash assistance. Local coalitions must develop a transition plan to be approved by the WAGES Program State Board.

This section makes permissive the use of employees for staffing local WAGES coalitions from the Department of Children and Families and Department of Labor and Employment Security and provides authority for staffing by another agency, entity or by contract.

Section 3 amends 414.065, F.S., removing the repayment provisions for WAGES subsidizes including work supplementation, on-the-job-training, and incentive payments, however, these incentives may not be continued with any employer who exhibits a pattern of failing to provide participants with continued employment after the incentive payment period ends.

This section creates the WAGES training bonus whereby an employer who hires a WAGES participant who has less than six months of eligibility for temporary cash assistance remaining and who pays the participant a wage that precludes the participant's eligibility for temporary cash assistance can receive \$240 for each full month of employment for a period that may not exceed 3 months. An employer who receives a WAGES training bonus for an employee may not receive a work supplementation subsidy for the same employee.

This section prohibits the displacement of current employees with WAGES participants.

Section 4 reenacts s. 414.20, F.S.

Section 5 repeals language that provides that by March 1, 1999, the Office of Tourism, Trade, and Economic Development (OTTED) must certify to the Legislature the amount of taxes and the dollar value of economic benefits generated by the restaurant industry from the employment of WAGES participants during 1998, and that the total amount of taxes and the dollar value of economic benefits that are reported by OTTED to the Legislature must be added to the amount of taxes paid during 1998 under ss. 563.05, 564.06, and 565.12, F.S., and payments made under s. 561.54, F.S., as described in the present situation of this analysis, and that if the total amount is greater than \$535 million, effective July 1, 1999, s. 561.501, F.S., as described in the present situation of this analysis, is repealed.

The amended Section 5 provides that an applicant or current participant shall receive temporary cash assistance for episodes of not more than 24 cumulative months in any consecutive 60-month period that begins with the first month of participation and for not more than a lifetime cumulative total of 48 months as an adult. In addition, the time limitation for episodes of temporary assistance may not exceed 36 cumulative months in any consecutive 72-month period that begins with the first month of participation and may not exceed a lifetime cumulative total of 48 months of temporary cash assistance as an adult for certain specified cases.

Section 6 is amended as follows:

Provides that each local WAGES coalition shall plan for the provision of services for victims of domestic violence, and specifies the provisions which must be included in the plan. In addition, the committee substitute creates a new exemption from non-compliance with the WAGES program for participants who are also victims of domestic violence.

Exempts persons who are totally responsible for the personal care of a disabled family member from the provisions of the WAGES time limits, and provides for annual re-evaluation of eligibility criteria.

Section 7 extends WAGES eligibility criteria for “qualified non-citizen” status to include individuals who have been battered or subject to extreme cruelty in the U.S. and has applied for and received protection under the federal Violence Against Women Act of 1994.

Section 8 allows temporary cash assistance for children of a WAGES participant who has been exempted from the Child Support Enforcement program as a result of rape, incest, or sexual exploitation.

Section 9 allows School Boards may provide transportation for WAGES program participants.

Section 10 provides each school district may enter into agreements with local WAGES coalitions for the provision of transportation services to WAGES program participants. Agreements must provide for reimbursement in full or in part for the proportionate share of fixed and operating costs incurred by the school district attributable to the use of buses in accordance with the agreement.

Section 11 provides the Department of Transportation assist local governmental entities and other transit operators in the planning, development, and coordination of transit services for WAGES program participants.

Section 12 provides that in developing public transportation development plans, eligible providers must solicit comments from local WAGES coalitions established under chapter 414. The development plans must address how the public transit provider will work with the appropriate local WAGES coalition to provide services to WAGES participants.

Section 13 adds to the WAGES Program State Board of Directors the Secretary of Transportation, or the Secretary’s designee.

Section 14 creates section 414.225, F.S., providing for transitional transportation funds in order to assist former WAGES participants in maintaining and sustaining employment, specifying transitional transportation must be job related

Section 15 provides that the Commission for the Transportation Disadvantaged ensure that local community transportation coordinators work cooperatively with local WAGES coalitions to provide assistance in the development of innovative transportation services for WAGES participants.

Section 16 provides Community transportation coordinators work cooperatively with local WAGES coalitions to provide assistance in the development of innovative transportation services for WAGES participants.

Section 17 provides the Coordinating boards work cooperatively with local WAGES coalitions to provide assistance in the development of innovative transportation services for WAGES participants.

Section 18 creates section 414.80, F.S., providing the short title for sections 414.80-414.860 as the “WAGES Emergency Response Act.”

Section 19 creates section 414.810, F.S. providing legislative findings and intent regarding the WAGES Emergency Response Act.

Section 20 creates section 414.811, F. S. providing the policy and purpose behind the WAGES Emergency Response Act.

Section 21 creates section 414.812, F.S. providing that the existence of the State WAGES Emergency Response Team is not designed to disrupt the orderly economic development of the state. Rather, it is created to coordinate state resources and rapidly eliminate barriers that prevent the creation of employment opportunities in designated regions and communities of the state.

Section 22 creates 414.813, F.S. providing that sections 414.80-414.860, F.S. shall be construed liberally in order to effectuate their purposes.

Section 23 creates section 414.820, F.S. designating the following Workforce Development Regions to be areas of critical state economic concern: Regions 5, 6, 7, 19 and 23 as well as other areas around the state.

Section 24 creates section 414.830, F.S. the WAGES Emergency Response Program.

Section 25 creates section 414.840, F.S. creating Regional WAGES Emergency Response Teams.

Section 26 creates section 414.845, F.S. creates Local Project Teams.

Section 27 creates section 414.850, F.S. providing for the June 30, 2002 expiration and review of the WAGES Emergency Response Program.

Section 28 creates section 414.860, F.S., legislative oversight of the State WAGES Emergency Response Team.

Section 29 provides that the State WAGES Emergency Response Team shall contract with the Institute of Food and Agricultural Sciences for job creation and training activities related to the institutes's Job Start, Care Giver Education, Aquaculture of High Value Species, and New Technologies in Plasticulture for Vegetable Producers programs.

Section 30 provides an exemption for business property used exclusively in licenced commercial fishing vessels, fishing guide boats, or ecotourism guide boats that leave and return to a fixed location within a designated area are eligible for the exemption provided in section 212.08 F.S.

Section 31 adds to the definition of "new employee" a qualified Job Training Partnership Act classroom training participant, or a WAGES Program participant.

Section 32 adds to the definition of "new employee" for purposes of the enterprise zone jobs credit, a qualified Job Training Partnership Act classroom training participant, or a WAGES Program participant.

Section 33 provides for an Enterprise zone jobs credit if the new employee is a person residing in an enterprise zone, and, if applicable, documentation that the employee is a qualified Job Training Partnership Act classroom training participant or a WAGES Program participant.

Section 34 creates a Quick - response Training Program for WAGES participants.

Section 35 provides an Enterprise Zone Jobs Tax Credit for businesses meeting certain criteria.

Section 36 provides an appropriation of \$32 million from federal funds received by the state pursuant to Public Law 104-193, The Personal Responsibility and Work Opportunity Act, to the Employment Security Administration Trust Fund in the Department of Labor and Employment

Security, to support the activities of local WAGES Coalitions directed toward preparing, placing, and supporting WAGES program participants in jobs or other approved work related activities.

Section 37 creates section 414.155, F.S., creating the Relocation assistance program involving the Department of Children and Family Services and the Department of labor and Employment Security.

Section 38 designates economic resources for support of the WAGES Emergency Response Program.

Section 39 appropriates a total of \$1.9 million from the Employment Security Administration Trust Fund to establish a life preparation program with the National Guard for children of WAGES participants and economically disadvantaged youths in concert with neighborhood revitalization efforts.

Section 40 provides an effective date upon becoming law.

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?

N/A

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

N/A

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

N/A

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

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

N/A

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

N/A

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

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

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

N/A

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

N/A

4. Individual Freedom:

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

N/A

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

N/A

5. Family Empowerment:

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

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

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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

N/A

- 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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

This committee substitute amends sections 414.026, 414.028, 414.065, 414.105, Florida Statutes.

E. SECTION-BY-SECTION RESEARCH:

See Effects of Proposed Changes Section of bill.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

There is appropriated \$32 million from federal funds received by the state pursuant to Public Law 104-193, The Personal Responsibility and Work Opportunity Act, to the Employment Security Administration Trust Fund in the Department of Labor and Employment Security, to support the activities of local WAGES Coalitions directed toward preparing, placing, and supporting WAGES program participants in jobs or other approved work related activities.

Up to \$25,000 of funds designated for WAGES reserve is to be expended for WAGES program job development in areas of critical state economic concern. A total of \$15,000,000 is to be transferred from Employment Security Administration Trust Fund amounts associated with JTPA IIB, IIC, and III allocations to the Economic Development Trust Fund administered by the Office of Tourism, Trade and Economic Development. Up to \$7,500,00 from Employment Security Administration Trust fund amounts associated with the Welfare-to-Work grant is to be reserved for activities that lead to employment of WAGES Program participants in areas of critical state economic concern as defined by the WAGES Emergency Response Program. Of the \$7,500,00 reserved, \$2,500,000 is to be provided to the Institute of Food and Agricultural Sciences of the University of Florida for WAGES job opportunities, and \$1,000,000 is to be provided to the Department of Military Affairs to provide job readiness services for WAGES Program participants as approved by the State WAGES Board.

A total of \$1.9 million is appropriated from the Employment Security Administration to establish a life preparation program with the National Guard for children of WAGES participants and economically disadvantaged youths in concert with neighborhood revitalization efforts.

2. Recurring Effects:

<u>FY 1998-99</u>	<u>FY 1999-00</u>	
EZ Corp. Tax Credit (GR)	(\$600,000)	(\$600,000)
EZ Sales Tax Credit (GR)	(\$600,000)	(\$800,000)
Solid Wast Mgmt TF	Insig.	Insig.
Total	(\$1,200,00)	(\$1,400,000)

To the extent that this bill enables WAGES Program participants to find full-time employment, the bill should also have a positive impact on state revenues.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Local WAGES Boards may be eligible to receive additional funds for WAGES Program activities.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

Employers could benefit financially from the ability to receive a WAGES training bonus for the hiring of WAGES participants.

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

N/A

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:

The bill will not reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with municipalities and counties. therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

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VII. SIGNATURES:

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