

STORAGE NAME: h2119a.hhs

DATE: April 16, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
HEALTH AND HUMAN SERVICES APPROPRIATIONS
ANALYSIS**

BILL #: HB 2119 (PCB CF 99-03)

RELATING TO: WAGES

SPONSOR(S): The Committee on Children & Families and Representative Murman

COMPANION BILL(S): None

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

- (1) CHILDREN & FAMILIES YEAS 8 NAYS 0
 - (2) HEALTH AND HUMAN SERVICES APPROPRIATIONS YEAS 8 NAYS 0
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

This bill continues the evolution of the WAGES program by improving programs to support and provide opportunities to working recipients, improve provisions related to contracted services, strengthen governance, and increase work participation. Major initiatives include:

- Remove child-only and disabled cases from WAGES so that coalitions focus efforts on those with work requirements and time limits.
- Provide an early exit incentive so that leavers have a cash reserve and to off-set the disincentive for work that exists when working recipients use up lifetime benefits for small cash payments.
- Extend benefits for applicants for SSI programs.
- Reward work participation with more flexibility in receiving benefits. Let participants earn the use of additional months of benefits within a five-year period (without extending the lifetime limit).
- Allow WAGES clients who are paid to be counted towards meeting staff-to-child ratio requirements for child care licensing, in order to expand job opportunities and provide equity.
- Expand educational program options and support services to improve job options, stability in the work force and, when needed, ability to speak English.
- Expand opportunities for using TANF funds to support teen pregnancy and teen parent programs.

The bill can be implemented within existing funding. To the degree that the bill is successful in improving the success of the WAGES program, government funds will be saved.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Florida's Work and Gain Economic Self-sufficiency (WAGES) program is one of the most successful and innovative welfare reform programs in the country in reducing welfare caseload. This success has been based largely on the emphasis on work, on program flexibility that has allowed savings from caseload reduction to be used to provide more intense intervention programs for clients who have difficulty in achieving independence, and for the overall strategy of empowering local communities to take a lead role in the reform effort.

- Since October of 1996 when the WAGES program began, the total number of families receiving cash assistance each month has declined from 200,292 to 89,219.
- Families with an adult recipient, who are generally subject to work requirements, have declined from 152,436 to 52,522.
- Florida has had the greatest caseload decline of any large, complex state.

Two aspects of the WAGES program clearly distinguish it from other state's programs. If you were to compare programs across the country you would find the same basic themes such as work requirements, time limits, transitional benefits, assistance with child care and diversion, recurring over and over. However, the complexity and variety of problems that result in barriers to the employment of welfare recipients call for interventions that cannot all be provided within available funds. A unique aspect of WAGES is the strategy of establishing statutory authority for all needed programs and then phasing-in more intensive interventions as funds are freed up by moving easier cases off of assistance. A second distinguishing characteristic of the WAGES program is the emphasis on community-based initiatives through local WAGES coalitions.

The evolution of the WAGES program

The major changes in WAGES since its inception are as follows:

FY 1996-97

- The WAGES program is established.
- WAGES Program State Board of Directors and local coalitions are authorized to provide state and local policy direction and intensive intervention services.
- A four-year time limit on benefits is established.
- Department of Labor and Employment Security is staffed to provide job placement and job skills training.

FY 1997-98

- All local WAGES coalitions are established and begin to offer intensive intervention programs for recipients with barriers to employment.

FY 1998-99

- Job placement responsibilities are transferred from the Department of Labor and Employment Security to local coalitions of contracting with private providers is expanded.
- Intervention programs for substance abuse and mental health are expanded.
- Domestic violence program is established.
- Relocation program is established.
- Services for WAGES clients and working poor are included by law in state and local transportation planning.

Caseload Decline

These developments have resulted in the average time on assistance continuing to decline. However, recently the caseload decline has flattened. Examination of the data indicates that the slow down of caseload decline is a railside of an actual growth in the portion of the caseload who were receiving cash assistance under the old AFDC program but who were limited to 24 months of assistance within a 5-year period. The growth in this group is occurring because of families returning to the caseload after a period of independence. These data suggest that many who have left cash assistance were inadequately prepared or needed additional services to support

them through the beginning of their employment. It also suggests that those who leave and return should receive additional job skill development.

Work participation is the key to current reforms and includes most activities required of cash assistance recipients in order to build self-sufficiency. For example work participation includes:

- Job search
- Work
- Public service
- Training

Florida's decline in work participation places the state below federal minimum participation requirements and at apparent risk of sanctions. However, federal law provides for an adjustment in recognition of caseload decline that results in the state escaping sanctions at this time. A more critical concern is that low rates of work participation mean that recipients are not being prepared for independence.

A comparison of Florida's work participation activities to states with high participation rates in a recent federal report indicates that Florida is focusing almost entirely on job placement and very little on skills development or even job search. Some of Florida's participation rate is probably due to incomplete reporting. However, the combination of growing recidivism and low work participation seems to confirm the existence of a problem.

Miami-Dade County: The problem of urban pockets of poverty

In *"the State of Welfare Caseloads in America's Cities"*, the Brookings Institute has shown that highly concentrated urban poverty areas consistently produce welfare caseload decline that lags behind the rest of the state that the city is located in. Other important factors cited in this research are the presence of a large influx of immigrants, related language barriers, and the ability of transportation programs to provide access to jobs and child care.

In Miami-Dade County, these problems appear to have been aggravated by delays in providing services that resulted from a prolonged start-up phase. As a result:

- Miami-Dade County's caseload of families with adults has declined by 43 percent versus 73 percent for all other counties.
- Miami-Dade County has grown from 24 percent to 40 percent of the total state caseload subject to work requirements and time limits.
- In September 1998, Miami-Dade County's work participation rate had declined to 15.8% compared to 33.4% for the rest of the state.

Recommendations by the WAGES Program State Board of Directors

In recognition of these problems, the WAGES Program State Board of Directors is working with the Region 23 coalition to improve local programs. The board also recommended the following to the Legislature:

- Remove child-only and disability cases that are not subject to work requirements from the WAGES caseload and handle them through other programs in the Department of Children and Family Services. This will allow the coalitions to better focus their efforts.
- Reduce recidivism by providing an early exit program with a large last payment.
- Expand work opportunities by allowing paid WAGES recipients to be counted towards meeting the staff-to-child ratios required in child care facilities.
- Allow recipients who comply with work requirements to earn flexibility in the use of their 48-month lifetime limit.
- Give the board the authority to dissolve a coalition or reassign functions to an agency or another coalition if it fails to meet performance standards.
- Establish a direct support organization to increase system flexibility, provide for donations, and facilitate partnerships with local non-profit organizations.
- Improve contract provisions to balance existing incentives for job placement with incentives for preparation and intervention.

WAGES participants access to vocational education

With the passage of CS/CS/SB 1124, 2048, & 1120 by the 1998 Legislature, WAGES participants do not have to apply for, and be denied, financial aid prior to receiving fee exemptions. This should reduce the amount of paperwork necessary to get WAGES participants enrolled in employment and training programs. The provision that requires local WAGES coalitions to cover the exemption costs for WAGES clients would be maintained.

B. EFFECT OF PROPOSED CHANGES:

This bill continues the evolution of the WAGES program by improving programs to support and provide opportunities to working recipients, improve provisions related to contracted services, strengthen governance, and increase work participation. Major initiatives include:

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- Provide an early exit incentive so that leavers have a cash reserve and to off-set the disincentive for work that exists when working recipients use up lifetime benefits for small cash payments.
- Extend benefits for applicants for SSI programs.
- Reward work participation with more flexibility in receiving benefits. Let participants earn the use of additional months of benefits within a five-year period (without extending the lifetime limit).
- Allow WAGES clients who are paid to be counted towards meeting staff-to-child ratio requirements for child care licensing, in order to expand job opportunities and provide equity.
- Expand educational program options and support services to improve job options, stability in the work force and, when needed, ability to speak English.
- Expand opportunities for using TANF funds to support teen pregnancy and teen parent programs.

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?

The bill provides the WAGES Program State Board of Directors with the authority to make rules when specifically authorized in statute and specifically authorizes rules to implement performance-based contracting. The bill also provides authority for the WAGES Program State Board of Directors to approve a rule for adoption by the Department of Children and Family Services to specify the benefit and, if necessary, the repayment schedule for the relocation assistance program.

(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?

No.

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?

Disabled recipients of TANF funds are given the option of participating in work and training programs.

- 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:

The bill amends sections 402.305, 414.065, 414.085, 414.095, 414.105, 414.155, 414.22, 414.70, and 239.249, F.S., creates sections, 414.045, 414.127, and 414.1525, F.S., and repeals section 414.43, F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1 amends paragraph 402.305(4)(b), F.S., to allow WAGES clients who receive subsidized wages, but not those who are not paid, to be counted towards staff-to-children ratio for child care licensing.

Section 2 creates section 414.045, F.S., to divide the cash assistance program into WAGES cases, subject to time limits and work requirements, and child-only cases not subject to work requirements. Families in which the adult is not part of the assistance group (for example, due to disability) are considered child-only cases.

In conjunction with section 12, this section removes disabled family members out of WAGES so that they are not included in work participation requirements. It also removes child-only cases from the oversight of the WAGES board so that the WAGES program can focus on adults who need to develop job skills. Parents with disabilities are provided with the opportunity to voluntarily participate in work programs.

Section 3 amends section 414.065, F.S., to add the extended education and training program to the list of allowable work activities for coalitions that meet federal work participation standards. This would give local coalitions the flexibility to assign educational activities such as GED, ESOL, or 2-year vocational programs that may not meet federal work participation criteria.

The section also:

- Clarifies that recipients assigned an alternative work plan due to circumstances such as domestic violence are subject to penalties for not complying with that plan.
- Provides for an assessment of the ability of disabled recipients to participate in work requirements and for the assignment of appropriate work requirements.
- Provides applicants for Supplemental Security Income (SSI-which also results in an exemption to work requirements and time limits) with a temporary exemption from work requirements until the SSI eligibility determination is made.
- Changes the procurement process for WAGES contracts. The types of contracts awarded in the WAGES program are employment and training projects where price is only one factor used in determining the award. The current sealed bid method of procurement is appropriate for purchases such as buying a computer when price is the only factor. The alternative provided in state procurement law is the Request-for-Proposal process which is typically used when purchasing these types of services.

Section 4 amends section 414.085, F.S., to provide that an incentive payment not be considered income in determining benefit levels. Technical changes are made relative to moving disabled family members out of the WAGES program.

Section 5 amends section 414.095(15) F.S., to clarify that a shelter obligation may be included in benefit calculations of a minor parent with an alternative adult-supervised living arraignment.

Section 6 amends subsection 414.105(2) F.S. To allow recipients to earn the option to continue receiving benefits past their two- or three-year limit (although it does not allow them to go beyond the existing 4-year lifetime limit) if they participate in public sector and subsidized private sector work. Currently recipients can earn flexibility in the use of months cash assistance within their 4-year time limit by working in unsubsidized private sector jobs. The section also clarifies the role of the WAGES Program State Board of Directors in approving the hardship exemption process.

This section allows benefit extensions within the 48-month lifetime limit for recipients with a pending application for the Supplemental Security Income Program (SSI). Receipt of benefits under SSI removes an individual from the WAGES Program.

This section also provides a notification process related to transitional benefits for those who are no longer eligible for cash assistance.

Section 7 creates section 414.127, F.S., to create the WAGES education for economic independence program that clarifies the educational support services that can be provided to recipients who diligently comply with program requirements and who have the potential to enhance their economic self-sufficiency through education.

Section 8 creates section 414.1525, F.S., to establish the WAGES early exit diversion program which provides an incentive for leaving WAGES while still eligible. The recipient must agree not to reapply to the program for 6 months. The bill provides the option for a \$600 pay out.

Section 9 amends section 414.155, F.S., to allow the WAGES board to specify the payment level and repayment schedule for the relocation program, rather than having these components specified as 4 months of benefits and a 6-month repayment as currently in statute. Removes excessive requirements in the relocation plan that can be handled in other ways. The section also clarifies that participants in the relocation program are eligible for transitional benefits.

Section 10 creates s. 414.159, F.S. to establish eligibility for the teen pregnancy and teen parent diversion program. This provides that all participants in teen pregnancy and teen parent programs are eligible for TANF services through this program and that these services do not affect eligibility for other TANF programs.

Section 11 amends section 414.22, F.S., to require participants to engage in work in order to be eligible for transitional education benefits.

Section 12 amends section 414.70, F.S., clarifies that participants included in the newly defined WAGES program (section 7 of the bill) are subject to the drug testing and screening pilot program and the imposition of sanctions for non-compliance.

Section 13 amends subsection 239.249(13), F.S., to provide a technical correction of statutory reference.

Section 14 repeals section 414.43, F.S., that requires disabled to be included in work participation rates.

Section 15 provides that the act shall take effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

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:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. **FISCAL COMMENTS:**

The bill provides more flexibility to the WAGES program to provide services, raise private funds, and administer specific programs where existing statutory restrictions have proven to be problematic. The bill intends to save money by tightening accountability and improving the incentives in contracting with private providers. To the degree that the bill is successful in improving the success of the program, government funds will be saved.

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 any 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:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 16, 1999, the **Committee on Health and Human Services Appropriations** adopted two amendments.

The first amendment: provides definition of services and one-time payments; requires a WAGES accountability report by the WAGES State Board of Directors; amends s. 414.0655, Florida Statutes, to include medical incapacity due to substance abuse or mental health impairment; creates s. 414.158, Florida Statutes, to establish a diversion program to strengthen Florida's families; creates s. 414.05, Florida Statutes, to establish a program for dependent care for families with children with special needs; and creates s. 414.223, Florida Statutes, to establish retention incentive training accounts for WAGES participants.

The second amendment adds language to section 3, requiring the local WAGES coalitions to contract with the Division of Vocational Rehabilitation in the Department of Labor and Employment Security for vocational assessments or work evaluations.

VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:

ROBERT S. COX

Staff Director:

ROBERT BARRIOS

AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS:

Prepared by:

Tom Weaver

Staff Director:

Lynn Dixon