

STORAGE NAME: h2201a.cf
DATE: March 31, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
Children & Families
ANALYSIS**

BILL #: HB 2201 (formerly PCB CF 00-04A)
RELATING TO: WAGES Program
SPONSOR(S): Committee on Children & Families and Representative Murman

TIED BILL(S):

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

- (1) CHILDREN & FAMILIES YEAS 10 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

The bill amends ch. 414, F.S., to provide support services to participants transitioning off welfare, including specific extensions of benefits for successful substance abuse treatment and hardship conditions, such as domestic violence, as well as technical and conforming changes.

The bill:

- Increases support services for WAGES clients who have employment difficulties due to such problems as lack of basic education or substance abuse.
 - Increases use of basic education, GED, and English as a second language when needed to address employment deficiencies.
 - Provides for a new "earn back" for extending cash assistance benefits up to 12 months beyond current time limits, when a person successfully completes substance abuse treatment. For each month of successful treatment a person may earn an additional month of benefits, up to a limit of 12 months of extended benefits.
- Provides for extensions of up to 12 months, to the 48-month life time limits on benefits, for certain hardships. Hardship extensions are provided for domestic violence, pervasive and persistent barriers due to education or skills deficits that require remediation, and for clients applying for Social Security Income assistance because of disability.
- Allows participants to be determined eligible and immediately begin receiving services without the current 30-day waiting period.
- Increases requirements for case management skills and training for WAGES staff.
- Provides an appropriation of \$5 million of TANF for communities for after school programs.
- Increases income eligibility for child care support for families transitioning off of welfare from current 185% of the Federal Poverty Level to 200%.
- Technical and conforming changes including replacing the word "alien" with "noncitizen" and removing references to the Department of Labor and Economic Services.
- The effective date is October 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The WAGES Program:

The 1996 Legislature created the Work and Gain Economic Self-sufficiency (WAGES) Program to develop opportunities for public cash assistance recipients, remove barriers to employment, and end reliance on welfare. The WAGES Program was established to take advantage of flexibility provided to states by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The federal act ended entitlement to welfare assistance for eligible families (Aid to Families with Dependent Children) and replaced it with Temporary Assistance to Needy Families (TANF). To qualify for TANF block grants, states must impose work requirements on welfare recipients and establish time limits on the receipt of TANF cash assistance. Most Florida recipients are subject to a 24-month time limit on cash assistance out of any consecutive 60-month period. The harder to serve are subject to a 36-month time limit on cash assistance out of any consecutive 72-month period. All recipients are limited to receiving benefits for a total of 48 months during their lifetime.

Services Provided by WAGES:

The WAGES program provides support services to assist participants in complying with work activity requirements. It also provides participants with a wide array of transitional services after they obtain employment. Participants may receive child care services for up to two years with co-payments based on their income levels. Education and job training services may also be provided to help participants move into higher paying jobs. Participants may also be eligible for transportation services, Medicaid and Food Stamps benefits.

- **Eligibility Services** -- Eligibility involves determining which public assistance clients must participate in WAGES work activities and whether clients are eligible for temporary cash assistance, food stamps, Medicaid, and child care.
- **Diversion Services** -- Diversion assistance is intended to help WAGES clients avoid long-term public assistance by helping them deal with emergency situations and can include paying for shelter, utilities, or car repairs that are needed to help clients continue employment.

- **Employment Related Services** -- These services include job readiness skills training, assistance conducting job searches, as well as subsidized private or public sector employment, community service work experience, on-the-job training, and vocational education.

Administration of the WAGES Program:

The State WAGES Board of Directors is responsible for overseeing program operations and assisting state agencies in implementing the program. State agencies represented on the board are responsible for many of the services to WAGES participants. For example, the Department of Children and Families is responsible for determining whether participants are eligible for services and administering child care, Food Stamps, and medical assistance programs.

The State WAGES board charters local WAGES coalitions, which are responsible for overseeing local programs. WAGES participants receive services at local one-stop career centers that are intended to provide integrated access to various assistance programs.

Funding Sources:

The Legislature appropriated \$995,462,077 for the WAGES Program in Fiscal Year 1999-2000. This appropriation included \$616 million in TANF funds, and \$379 million for the state's maintenance of effort (MOE) required as a condition of eligibility for federal TANF funds. These appropriations are used to fund WAGES services (TANF cash assistance, transportation, child care and other support services for current and former WAGES participants and teen pregnancy prevention services) and operations of the local WAGES coalitions and the State WAGES Board.

Current Caseloads:

As of August 1999, Florida's WAGES caseload was 39,307 families down from 108,235 in July 1997. In August 1999, Florida's total cash assistance caseload was 76,180 families. Approximately one-half of the cash assistant caseload represented one-parent or two-parent families subject to the TANF work participation requirement and served by the WAGES Program. The remainder of the caseload represented child-only cases in which a child is being raised by relatives whose financial needs are not reflected in the amount of TANF cash assistance.

Issues and Effectiveness of the WAGES Program:

The current review of the WAGES program by the legislative Office of Program Policy Analysis and Government Responsibility (OPPAGA) (Report No. 99-30, January, 2000) found program participants face several major employment problems. Many adult WAGES participants appear to be experiencing difficulty finding permanent employment or retaining jobs. Families return to cash assistance for many reasons, including adult family members' placement in temporary jobs, personal problems such as poor physical or mental health, lack of transportation, and low skills which create difficulties for adult participants trying to adjust to the work environment. These results are consistent with the experiences of other states.

OPPAGA also found many of the individuals remaining in the WAGES Program have been identified as being "hard- to-serve." These individuals often have multiple barriers to work

and need individualized services such as mental health counseling, substance abuse treatment, and health care. Adult WAGES participants typically have low educational skills.

Related issues identified in past reports include concern that WAGES participants who do not find employment within time limits will lose benefits for themselves and their dependents.

Other WAGES issues identified:

- Meeting the increased need for subsidized child care for parents seeking work and for employed parents;
- Meeting the health care and health insurance needs of former WAGES participants who no longer qualify for Medicaid and cannot afford to purchase health care insurance; and
- Providing basic necessities for families with dependent children when parents are unable to find work but no longer qualify for current public assistance programs.
- Providing for pursuit of GED for WAGES participants. One of the greatest obstacles to work among welfare and low-income families is lack of a high school education. Currently, high school attendance or participation in a course of study leading to a GED is only permitted in Florida as a "countable work activity" for WAGES participants under the age of 19.
- Extension of the time limit restriction for certain TANF cash assistance recipients. Because Florida has made significant progress in reducing the welfare caseloads and helping individuals transition from welfare to work, the remaining caseload includes individuals with the greatest obstacles to overcome. Section 414.105, F.S., limits cash assistance to a cumulative lifetime limit of 48 months. Federal law allows states the option to extend cash assistance beyond the state limit of 48 months for a maximum of 20 percent of the average monthly number of cases. States may extend assistance to families with a hardship, as defined by the state, or to families that include someone who has been battered or subjected to extreme cruelty.

Recent Legislative Action to Improve WAGES:

Last year the Legislature passed changes published in Chapter 99-241 that continued 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.

The legislation:

- Removed child-only and disabled cases from WAGES so that coalitions focus efforts on those with work requirements and time limits.
- Provided an early exit incentive so that leavers have a cash reserve and to offset the disincentive for work that exists when working recipients use up lifetime benefits for small cash payments.
- Extended benefits for applicants for SSI programs.

- Rewarded 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).
- Allowed WAGES clients who are paid to be counted toward meeting staff-to-child ratio requirements for child care licensing, in order to expand job opportunities and provide equity.
- Expanded educational program options and support services to improve job options, stability in the work force and, when needed, ability to speak English.
- Expanded opportunities for using TANF funds to support family preservation, substance abuse and mental illness, domestic violence, and teen pregnancy and teen parent programs.

This legislation completed the process of moving the WAGES program out of the Department of Labor Employment & Security (DLES) which was begun by the 1998 Legislature by transferring funding for the WAGES coalitions to the Department of Management Services.

C. EFFECT OF PROPOSED CHANGES:

The bill amends Chapter 414, F.S., to provide support services to participants transitioning off welfare, including specific extensions of benefits for successful substance abuse treatment and hardship conditions such as domestic violence, as well as, technical and conforming changes.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends paragraphs (i) and (j) of subsection (1) of section 414.027, F.S., relating to WAGES Program annual statewide plan.

--Allows for flexibility in the performance-based payment structure to providers of employment placement services to encourage placement of participants in more permanent employment with improved benefits. Deletes the current requirement that 50 percent of costs of services are paid before a participant is placed in employment and 25 percent upon placement, with the remaining 25 paid percent if employment is retained for six months. Requires a maximum of one payment per each participant during any 6-month period to prevent unintended benefit to providers who continue to place participants in short term placements.

--Requires up-front assessment and referral for diversion.

Section 2. Amends paragraph (g) of subsection (4) of section 414.028, F.S., and adds subsection (10) to said section, relating to local WAGES coalitions.

Requires local WAGES coalitions to develop plans that assure provider employees of service providers have the training and skills to provide adequate oversight and case management, to ensure the full delivery of support services to families transitioning from welfare.

Section 3. Adds subsection (7) to section 414.055, F.S., relating to one-stop career centers.

Provides that clients diverted up-front from welfare by one-stop career centers are immediately eligible for transition services (except Medicaid), so they can begin receiving services without the current 30-day wait.

Section 4. Adds paragraphs (m) and (n) to subsection (1) and paragraph (e) to subsection (3) of section 414.065, F.S., and amends subsection (4) and paragraphs (a) and (c) of subsection (7), relating to work requirements.

--Adds satisfactory attendance in secondary school, a course leading to a graduate equivalency diploma, and English language proficiency training, to activities that may be used to satisfy work requirements for a participant in a WAGES program. Allows study time to be included.

--Provides for child care services to participants in a community service program.

--Makes technical changes to conform to federal regulations and current practice.

Section 5. Amends subsection (1) of section 414.085, F.S., relating to income eligibility standards.

Increases eligibility for cash assistance to families from current 130% of poverty to 185% of poverty to conform to federal regulation and current practice. State provisions were originally linked to Food Stamp requirements rather than Medicaid requirements as subsequently implemented in federal regulations.

Section 6. Amends subsections (1), (3), (6), and (9), and paragraphs (a) and (e) of subsection (10) of section 414.095, F.S., relating to determining eligibility for the WAGES program.

--Technical and conforming changes to provisions for noncitizens to replace "alien" with "noncitizen" and reference specific criteria in the federal Immigration and Nationality Act.

--Requires applicant to register for work.

--Requires pregnant woman with no other child to attend parenting classes.

--Provides eligibility at date of application and deletes provision that links Medicaid eligibility period to cash assistance to allow for immediate eligibility for cash assistance and other support services.

--Technical correction to delete references to Department of Labor and Employment Security.

Section 7. Amends section 414.105, F.S., relating to time limitations of temporary cash assistance.

--Provides for an "earn back" for extending benefits up to 12 months when a person successfully completes substance abuse or mental health treatment.

--Creates hardship extensions of up to a total of 12 months for clients who have received 24 or 36 cumulative cash assistance using current criteria

--Creates hardship extensions from 48-month lifetime limit for SSI, domestic violence, pervasive educational and skills training barriers to employment.

--Requires review of hardship extensions within 12 months.

--Conforming changes to provide for benefits to an individual who moves from other state to comply with federal regulations.

--Provides for benefits while an individual applies for social security eligibility.

Section 8. Amends subsections (5) and (6) of section 414.15, F.S., relating to diversion.

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Provides for lump sum \$1,000 diversion payment rather than current amount up to two months of temporary cash assistance, and for repayment over an 8-month period instead of two months if diversion fails.

Section 9. Amends paragraph (d) of subsection (2) of section 414.155, F.S., relating to relocation assistance program.

Technical change to permit relocation out of Florida.

Section 10. Creates new section 414.224, F.S., relating to transitional child care.

Provides for transitional child care to families for two years and up to 200% of poverty. Includes families diverted from cash assistance.

Section 11. Amends subsection (7) of section 409.2564, F.S., relating to actions for support.

Eliminates reference to obsolete pilot program to provide job training program for noncustodial parents established in s. 414.38, F.S.

Section 12. Repeals: section 414.25, F.S., relating to exemption from leased real property requirements, and section 414.38, F.S., relating to pilot project for training for noncustodial parents.

--Repeals provision for exemptions from requirements for leased property that were intended to be established for a limited time in 1996 to facilitate transfer of some WAGES program functions to the Department of Labor and Employment Security.

--Repeals provisions for a pilot project created in 1995 prior to the WAGES program, to allow for training for noncustodial parents. Program successfully implemented and evaluated as required, but statute is no longer needed because training is allowed for under WAGES and TANF regulations.

Section 13. Provides for \$5 million of TANF funds to be appropriated for community after-care programs.

TANF funding for after care is provided for under subsidized child care. These funds would be available for community programs that are not child care providers.

Section 14. Effective date of October 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

The Department of Children and Families estimates there will be cost increases associated with this bill because of the following provisions:

- Individuals redirected through up-front diversion will be eligible for transitional services.
- Change in the beginning date of eligibility for temporary cash assistance will add between a few days to one month of eligibility for applicants.
- Extension of temporary cash assistance for participants successfully completing substance abuse or mental health treatment will increase eligibility but cost will be difficult to estimate.
- Three categories of hardship extension of benefits are added for victims of domestic violence, people awaiting social security disability determination, and people with pervasive education and skills barriers requiring remediation.
- Increase in the up-front diversion payment to \$1,000 should lead to more usage and with other provisions make more people eligible for transition benefits.
- Increase in eligibility for transitional child care up to 200 percent of poverty will make more children eligible, but without increased funding for slots would not increase cost.

The department has not completed an analysis to estimate the exact cost of these provisions.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

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:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

The Senate Select Committee on Workforce Innovation has proposed legislation that impacts WAGES. Strategies include consolidating workforce administration and integrating and simplifying funding under Workforce Florida, Inc., a not-for-profit corporation responsible for Florida's workforce development. The committee proposes a new program area, Better Jobs/ Better Wages for welfare diversion and transition. This program will separate WAGES workforce functions statutorily and operationally from TANF-funded cash assistance functions and transfers training programs under the WAGES program to a new ch. 445, F.S., to provide employment training and services through target workers who are already employed and moving toward self-sufficiency. Services include:

- Diversion services to assist working poor families to avoid welfare dependency.
 - Child care
 - Transportation
 - Education and training
 - Up-front diversion payment
- Relocation assistance.
- TAN-funded Individual Training Accounts (ITAs).
- Cash assistance "severance benefit."
- GED pursuit for cash assistance applicants.
- GED and adult education (including English language) counted as work activity.
- Certain hardship time limit extensions for TANF cash assistance.
- Incentives for employers to provide health insurance coverage.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

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VII. SIGNATURES:

COMMITTEE ON CHILDREN & FAMILIES:

Prepared by:

Staff Director:

Glenn A. Mitchell

Robert Barrios