

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 1624

SPONSOR: Appropriations Subcommittee on General Government, Commerce and Economic Opportunities Committee and Senator King

SUBJECT: Welfare Transition Trust Fund

DATE: April 26, 2001

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Maclure	Maclure	CM	Favorable/CS
2.	Hayes	Martin	AGG	Favorable/CS
3.			AP	Withdrawn: Fav/CS
4.				
5.				
6.				

## I. Summary:

This committee substitute creates the Welfare Transition Trust Fund to be administered by the Agency for Workforce Innovation and to be used for supporting the welfare transition program conducted under specified sections of ch. 445, F.S.

This committee substitute creates an unnumbered section of the Florida Statutes.

## II. Present Situation:

### Agency for Workforce Innovation/Welfare Transition

In 1996, the U.S. Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act (act) [Pub. L. No. 104-193, 110 Stat. 2104 (1996)]. The act created block grants for Temporary Assistance for Needy Families (TANF) and replaced the former Aid to Families with Dependent Children (AFDC) program. In Florida, traditional welfare programs are administered by the Department of Children and Family Services. These programs include the cash assistance program and the federal Food Stamp Program. (*See* ch. 414, F.S.)

Under Florida's Workforce Innovation Act of 2000, the Legislature created Workforce Florida, Inc. (WFI), and the Agency for Workforce Innovation (ch. 2000-165, L.O.F.). In addition, the Workforce Innovation Act of 2000 revised the duties of the 24 regional workforce boards. Established as a not-for-profit corporation, WFI is the principal workforce policy organization for the state (s. 445.004(2), F.S.). WFI's purpose is "to design and implement strategies that help Floridians enter, remain in, and advance in the workplace, becoming more highly skilled and

successful, benefiting these Floridians, Florida businesses, and the entire state, and to assist in developing the state's business climate.” (*id.*)

The Agency for Workforce Innovation (AWI) is an independent state agency created within the Department of Management Services. Its purpose is to ensure that the state appropriately administers federal and state workforce funding by administering the plans and policies of WFI under contract with WFI (s. 20.50(1), F.S.). AWI is the designated administrative agency for the receipt of federal workforce development grants and other federal funds (s. 20.50(2), F.S.). AWI has administrative responsibility for state and local program expenditures for welfare transition workforce services associated with the TANF program (s. 20.50(3)(h), F.S.). In this respect, AWI serves as the state's conduit for providing TANF funds to the regional workforce boards for the delivery of welfare transition services. In particular, AWI's Office of Workforce Services is responsible “for ensuring that participants in welfare transition programs receive case management services, diversion assistance, support services, including subsidized child care and transportation services, Medicaid services, and transition assistance to enable them to succeed in the workforce.” (s. 20.50(2)(a), F.S.)

Distinct from the temporary cash assistance program administered through the Department of Children and Family Services under ch. 414, F.S., the state provides a variety of welfare transition services under ch. 445, F.S. These services, which are funded through the state's TANF block grant, are delivered to eligible citizens through regional workforce boards and the one-stop delivery system. Examples of these welfare transition activities include:

- Various employment, child care, transportation, relocation, and other services provided in order to divert from welfare families who are at risk of welfare dependency because their incomes do not exceed 200 percent of the federal poverty level (s. 445.018, F.S.);
- Services to reduce and avoid welfare dependency by reducing teen pregnancy, reducing the incidence of multiple pregnancies to teens, and assisting teens in completing educational programs (s. 445.019, F.S.);
- Services to assist families that wish to relocate to other communities with greater opportunities for economic self-sufficiency through employment or employment-related training (s. 445.021, F.S.);
- Retention Incentive Training Accounts, under which an individual may receive financial help with tuition, fees, educational materials, and other costs that a regional workforce board determines are necessary to help an individual retain a job and advance (s. 445.022, F.S.); and
- Transitional education and training, transportation, and child care for former recipients of cash assistance for up to two years after they become ineligible for cash assistance (ss. 445.030, 445.031, and 445.032, F.S.).

Currently, TANF funds that support the welfare transition program workforce activities are appropriated to the Employment Security Administration Trust Fund in AWI.

### **Creation and Operation of Trust Funds**

A trust fund consists of moneys received by the state which, under law or under trust fund agreement, are segregated for a purpose authorized by law (s. 215.32(2)(b), F.S.). Section 19(f)

of Article III of the State Constitution governs the creation of trust funds. It prohibits the creation by law of a trust fund of the state or other public body without a three-fifths vote of the membership of each house of the Legislature. The constitution further specifies that such a trust fund must be created in a separate bill for that purpose only.

The Legislature has articulated statutory criteria governing the establishment of trust funds, as well. The statutory language creating a trust fund must, at a minimum, specify:

- The name of the trust fund;
- The agency or branch of state government responsible for administering the trust fund;
- The requirements or purposes that the trust fund is established to meet; and
- The sources of moneys to be credited to the trust fund or specific sources of receipts to be deposited in the trust fund (s. 215.3207, F.S.).

The State Treasurer is directed to invest all the trust funds and all agency funds of each state agency (s. 18.125, F.S.). Under s. 216.301, F.S., any balance of an appropriation for any given fiscal year that is remaining after lawful expenditures have been charged against it shall revert to the fund from which the Legislature appropriated it and shall be available for re-appropriation.

### **Termination of Trust Funds**

By constitutional requirement, trust funds created after November 4, 1992, shall terminate not more than four years after the effective date of the act authorizing the creation of the trust fund, unless the Legislature by law sets a shorter authorization period for the trust fund (s. 19(f)(2), Art. III, State Constitution). The constitution exempts specified types of trust funds from this automatic termination (*id.* at s. 19(f)(3)). A bill that creates a trust fund should specify its date of termination; or, if the trust fund is exempt from the automatic termination requirement, the bill should specify that the trust fund is exempt from this requirement (Florida Senate, *Manual for Drafting General Bills*, September 1999, p. 82). The Legislature has provided a schedule and process for reviewing trust funds (ss. 215.3206 and 215.3208, F.S.).

### **III. Effect of Proposed Changes:**

This committee substitute creates the Welfare Transition Trust Fund within the State Treasury and provides that the Agency for Workforce Innovation shall administer the trust fund in support of the welfare transition program under ss. 445.017-445.032, F.S., including diversion services, employment and related services, transition services, and support services.

With respect to the sources of funds to be deposited in the trust fund, the committee substitute provides that funds budgeted for the welfare transition program for implementation of welfare transition services may be appropriated to the trust fund. The committee substitute also provides that additional funds may be placed in the trust fund – including incentive funds earned by the state. Notwithstanding the requirement in ch. 216, F.S., for the reversion of unexpended balances of appropriations, funds remaining in the trust fund at the end of the fiscal year, including interest earnings, may be retained in the trust fund in support of the fund's purposes.

The act takes effect on July 1, 2001, if it is enacted by at least a three-fifths vote of the membership of each house of the Legislature. Consistent with constitutional and statutory provisions, the committee substitute specifies that the trust fund terminates on July 1, 2005, and that the trust fund is subject to review by the Legislature under 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:**

This committee substitute creates the Welfare Transition Trust Fund to be administered by the Agency for Workforce Innovation. The committee substitute appears to comply with the requirements of s. 19(f), Art. III, State Constitution, relating to the creation and termination of trust funds.

**V. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

The Agency for Workforce Innovation reports that creation of the trust fund will help provide greater accountability and facilitate easier control over Temporary Assistance for Needy Families (TANF) funds appropriated or transferred to the agency.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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

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