

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 729 Citizen Soldier Grant Program
SPONSOR(S): Seiler
TIED BILLS: TF/GB 731 **IDEN./SIM. BILLS:** (I) SB 572, (C) SB 574

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Veterans' & Military Affairs (Sub)</u>	<u>8 Y, 0 N</u>	<u>Smith</u>	<u>Cutchins</u>
2) <u>Local Government & Veterans' Affairs</u>	<u></u>	<u></u>	<u></u>
3) <u>Commerce</u>	<u></u>	<u></u>	<u></u>
4) <u>Transportation & Economic Development Appropriations (Sub)</u>	<u></u>	<u></u>	<u></u>
5) <u>Appropriations</u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

This bill directs the Agency for Workforce Innovation to establish the Citizen Soldier Matching Grants Program. The program would provide matching grants to Florida private-sector employers that pay wages to their employees who are Florida residents serving on federal active duty in the United States Armed Forces Reserves or the Florida National Guard.

This bill limits each grant to one-half of the monthly wages paid to the employee at the level paid before the employee was called to federal active duty, minus the employee's active duty base pay and benefits package.

The bill does not provide an appropriation for these grants but specifies that the program shall be funded by legislative appropriations.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0729a.lgv.doc
DATE: March 3, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

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

The Agency for Workforce Innovation will be responsible for developing, implementing, administering, marketing and facilitating the provisions of the grant created by this bill.

B. EFFECT OF PROPOSED CHANGES:

This bill directs the Agency for Workforce Innovation to establish the Citizen Soldier Matching Grants Program. The program would provide matching grants to Florida private-sector employers that pay wages to their employees who are Florida residents serving on federal active duty in the United States Armed Forces Reserves or the Florida National Guard.

This bill limits each grant to one-half of the monthly wages paid to the employee at the level paid before the employee was called to federal active duty, minus the employee's active duty base pay and benefits package.

The bill does not provide an appropriation for these grants but specifies that the program shall be funded by legislative appropriations.

The bill requires the Agency for Workforce Innovation to develop a plan to administer the application and payment procedures for the program. The plan is subject to the notice, review, and objection procedures in s. 216.177, F.S., which require the Agency to submit the plan to the Chair and Vice Chair of the Legislative Budget Commission (s. 216.177(2)(a), F.S.). Within 14 days after the plan is submitted, the Chair and Vice Chair of the Legislative Budget Commission or the President of the Senate and the Speaker of the House of Representatives may object to the plan (s. 216.177(2)(b), F.S.). If the objections are received, the Agency for Workforce Innovation must void the plan until the Legislative Budget Commission or the Legislature addresses the issue.

The bill provides an effective date of July 1, 2004. Although the bill does not specify that the program established by the Agency for Workforce Innovation must apply retroactively, the bill authorizes grants to be paid for monthly wages paid for actual federal active duty served on or after January 1, 2004.

Present Situation

Florida's Military Leave and Compensation Laws

Under current law, each public official of the state, county, municipality or political subdivision of the state, including district school and community college officers, who is a service member in the National Guard or a reserve component of the United States Armed Forces must be granted leave of absence from their respective offices and duties to perform active military service. The first 30 days of such leave of absence is to be with full pay (s. 115.09, F.S.).

In addition, state agencies, counties, and municipalities or political subdivisions may supplement the military pay of an official or employee who is a reservist called to active military service after the first 30 days in an amount necessary to bring the official's or employee's total salary, inclusive of his or her base military pay, to the level earned at the time he or she was called to active military duty (s. 115.14, F.S.). The employing authority must also continue to provide all health insurance and other existing benefits to the official or employee, as required by the federal Uniformed Services Employment and Reemployment Rights Act¹ (s. 115.14, F.S.).

On September 25, 2001, the Governor and Cabinet adopted a resolution directing all state agencies to fully implement ss. 115.09 and 115.14, F.S., for all state employees called to active duty. In presenting the resolution to the Cabinet, the Governor stated that "the [r]esolution encourages private employers, to the extent that they're able, to take similar actions. And we will also send out a notice to all local governments for their – for their action as well."²

Neither federal nor state law requires private-sector employers to pay wages to employees absent from work while serving on active military duty.

Federal Uniformed Services Employment and Reemployment Rights Act

The Federal Uniformed Services Employment and Reemployment Rights Act³ specifies that, while an individual is absent from work while performing military service, he or she is deemed to be on furlough or leave of absence. The federal act generally provides for returning service members to be reemployed in the job that they would have attained had they not been absent for military service (commonly cited as the "escalator" principle) with the same seniority, status, and pay, as well as other rights and benefits determined by seniority (e.g., pension benefits). With certain exceptions, the federal act limits these reemployment rights to service members whose cumulative time absent from work for military duty does not exceed five years. The federal act also requires that reasonable efforts (e.g., training or retraining) be made to enable returning service members to refresh or upgrade their skills to help them qualify for reemployment.

The Agency for Workforce Innovation

The Florida Legislature created the Agency for Workforce Innovation (AWI) in October 2000 with the passage of the Workforce Innovation Act. AWI serves as the administrator of Florida's workforce development system, under contract with WFI, which provides policy direction and guidance to the State's twenty-four Regional Workforce Boards (RWB). The RWBs contract with public and private entities for the operation of over 150 full-service and satellite One-Stop Career Centers. All customers, including veterans, non-veterans, employers, etc., can access a complete menu of workforce services at a single site or via the One-Stop Career Center Internet-based delivery system.⁴

C. SECTION DIRECTORY:

Section 1 creates the Citizen Soldier Matching Grants Program.

¹ See *USERRA*, *infra* note 3.

² Governor and Cabinet, *Cabinet Meeting Transcript* 5-6 (September 25, 2001), available at <http://myflorida.com/myflorida/cabinet/agenda01/0925/trans.html>.

³ *Uniformed Services Employment and Reemployment Rights Act of 1994*, Pub. L. No. 103-353 (1994) (codified at 38 U.S.C. ss.4301-4333).

⁴ AWI's Veterans' Program web site, www.floridajobs.org/pdg/vets, contains all relevant Veterans' Program information, including Veterans' Program Letters, Veterans' Staff Directory, Veterans' Program legislation, including Title 38, United States Code (USC), Chapters 41 and 42, Public Law 107-288 (Jobs for Veterans Act), links to other veteran-focused web sites, i.e. the Veterans' Employment and Training Services (VETS), the Florida Department of Veterans Affairs (FDVA), etc., and other important information. Upon approval, the Veterans' Program Plan of Services will also be posted to this web site. This web site delivers information on Florida's Veterans' Program to its workforce providers and partners.

Section 2 provides that the bill will take effect July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The Agency for Workforce Innovation estimates that the bill would require a maximum of \$37.5 million to fund and administer the matching grant program.

In preparing the fiscal impact calculation, the Agency for Workforce Innovation noted that the employment of Florida National Guard members and Reservists is as diverse as the occupational employment of the state. The Agency for Workforce Innovation's Labor Market Information (LMI) section estimates an average annual wage of \$32,428 of the State's population based on most recent employment data. Deducting the average military pay (estimated to be \$22,698 for 2004 according to most recent military pay charts) results in a \$9,730 differential; multiplying this differential by 0.5, equates to \$4,865. Multiplying this figure (\$4,865) by the total number of Guard Members and Reservists on active duty (approx. 7,000) results in an estimate of \$34,055,000 for the first State Fiscal Year. The Agency for Workforce Innovation estimates that administrative costs associated with this bill would total \$3,405,000.

The Agency for Workforce Innovation cites that this estimate likely exceeds the actual costs of the program because the estimate assumes that employers will seek matching grants for every eligible employee. In addition, the agency cites that the estimate is significantly determined by the number of Florida personnel who are currently mobilized on federal active duty from the United States Armed Forces Reserves and the Florida National Guard, which is subject to considerable fluctuation based on changes in national defense policy and military deployments.

The high estimated fiscal cost provided by the Agency is based on the assumption that all eligible impacted service personnel (approx. 7000) are in the private sector. It is likely that some of these soldiers are employed in the public sector and are not eligible to participate in this program, if this is the case, then the fiscal impact of the bill would be reduced.

The agency's estimate is based, however, on one year of matching grants. Although the bill does not specify that the matching grant program apply retroactively, the bill authorizes grants to be paid for monthly wages paid for actual federal active duty served on or after January 1, 2004. If the Agency for Workforce Innovation authorizes matching grants for federal active duty served between January 1, 2004, and the effective date of the bill, July 1, 2004, additional funding may be required to support 18 months of matching grants during FY 2004-2005.

The bill does not provide an appropriation for these matching grants but specifies that the program shall be funded by legislative appropriations.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

An employer that pays wages to covered employees serving on active federal duty in the United States Armed Forces Reserves or the Florida National Guard would receive matching grants per employee from the Agency for Workforce Innovation for up to one-half of these wages paid to supplement the employee's active duty base pay and benefit package.

D. FISCAL COMMENTS:

A companion bill, HB 731, by Representative Seiler creates the trust fund to which monies appropriated for this grant program are to be credited.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.