

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 993 Qualified Job Training Programs
SPONSOR(S): Jennings
TIED BILLS: **IDEN./SIM. BILLS:** SB 2976

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Workforce and Economic Development (Sub)</u>	<u>6 Y, 0 N</u>	<u>Winker</u>	<u>Billmeier</u>
2) <u>Commerce</u>	<u></u>	<u>Winker</u>	<u>Billmeier</u>
3) <u>Finance and Tax</u>	<u></u>	<u></u>	<u></u>
4) <u>Commerce and Local Affairs Apps. (Sub)</u>	<u></u>	<u></u>	<u></u>
5) <u>Appropriations</u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The bill requires the Department of Revenue (DOR) to distributed monthly to a qualified job training organization an amount equal to the proceeds of sales tax and discretionary sales surtaxes received, collected, and remitted on its sales and use tax returns by qualified job training organizations. The bill requires that the total annual distribution statewide must not exceed \$3 million.

The bill requires DOR to certify a job training organization eligible for a distribution of funds. Eligible organizations must: be located in the state; be exempt from income taxation under s. 501(c)3 of the Internal Revenue Code; specialize in the retail sale of donated items; provide job training and employment services to persons with disadvantages and disabilities; and use a majority of its revenues for job training and placement programs and other critical community services.

The bill requires that funds distributed to certified job training organizations must be used solely for capital construction, improvements, or equipment that result in expanding employment opportunities for persons served by the organization.

The bill requires DOR to promulgate rules to implement provisions in the bill and authorizes DOR to audit a qualified job training organization to verify that the distributions to the organization have been expended as required by the bill. DOR may seek recovery of distributions used for purposes other than those provided for in the bill and must revoke certification for the organization.

The bill takes effect October 1, 2004.

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

STORAGE NAME: h0993a.com
DATE: March 29, 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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

The bill requires the Florida Department of Revenue to establish a certification process to determine qualified job training organizations and distribute and audit for the distributions of funds to such organizations

B. EFFECT OF PROPOSED CHANGES:

The bill requires the Department of Revenue (DOR) to distributed monthly to qualified job training organizations an amount equal to the proceeds of sales tax and discretionary sales surtaxes received, collected, and remitted on its sales and use tax returns by qualified job training organizations. The bill requires that the total annual distribution statewide must not exceed \$3 million.

The bill requires DOR to certify a job training organization eligible for a distribution of the funds. Eligible organizations must: be located in the state; be exempt from income taxation under s. 501(c)3 of the Internal Revenue Code; specialize in the retail sale of donated items; provide job training and employment services to persons with disadvantages and disabilities; and use a majority of its revenues for job training and placement programs and other critical community services.

The bill requires that funds distributed to certified job training organizations must be used solely for capital construction, improvements, or equipment that result in expanding employment opportunities for persons served by the organization.

The bill requires DOR to promulgate rules to implement provisions in the bill and authorizes DOR to audit a qualified job training organization to verify that the distributions to the organization have been expended as required by the bill. DOR may seek recovery of distributions used for purposes other than those provided for in the bill and must revoke certification for the organization.

The bill takes effect October 1, 2004.

Current Situation

Section 212.20, F.S., provides for the distribution of funds received from sales and use taxes. Section 212.20(6)7.b., F.S., provides that the Department of Revenue (DOR) shall distribute \$166,667 monthly to each applicant that has been certified by the Office of Tourism, Trade, and Economic Development (OTTED), pursuant to s. 288.1162, F.S., as a "facility for a new professional sports franchise" or a "facility for a retained professional sports franchise." DOR shall distribute up to \$41,667 monthly to each applicant that OTTED has certified as a "facility for a retained spring training franchise." However, DOR may distribute no more than \$208,335 monthly to all certified facilities for a retained spring training franchise.

Section 212.20(6)7.c., F.S., provides that an applicant certified by OTTED as a professional golf hall of fame, pursuant to s. 288.1168, F.S., shall receive from DOR, the amount of \$166.667 which shall be distributed monthly, for up to 300 months.

Section 212.20(6)7.d., F.S., provides that OTTED shall certify an applicant, pursuant to s. 288.1169, F.S., as the International Game Fish Association World Center facility. Once the facility is open to the public, DOR must distribute \$83,333 monthly, up to 168 months. In addition, DOR must make to the facility, a lump sum of \$999,996, after the facility is certified by OTTED and before July 21, 2000.

Section 288.1162 requires the OTTED to screen applicants for state funding pursuant to s. 212.20, F.S., for certifying an applicant as a facility for a new sports franchise, a facility for a retained professional sports franchise, or a facility for a retained spring training franchise. OTTED notifies DOR of the certification which will distribute funds pursuant to s. 212.20(6)7.b., F.S. and audit the franchises to determine whether the funds are being used for the specified purpose.

Section 288.1168, F.S., requires OTTED to screen applicants and certify one applicant as the professional golf hall of fame. OTTED then notifies DOR of the certification which will distribute funds pursuant to s. 212.20(6)7.c., F.S. and audit the entity for compliance with statutory provisions.

Section 288.1169, F.S., requires OTTED to screen applicants and certify an applicant as the International Game Fish Association World Center facility. OTTED then notifies DOR of the certification which will distribute funds pursuant to s. 212.20(6)7.d., F.S. and audit the facility for compliance with statutory provisions.

Authorized Job Training Organizations

Although not expressly stated in HB 993, the likely beneficiary of provisions of the bill and who would most likely meet the criteria set forth in the bill would be Goodwill Industries organizations in Florida. Other organizations which could possibly meet the eligibility criteria include the Salvation Army and St. Vincent DePaul.

According to Goodwill International, Inc., Goodwill Industries was officially established in 1903. With the Methodist church backing expansion, by 1920 there were 15 Goodwill organizations. In subsequent decades, the relationship with the church would gradually lessen as Goodwill sought leaders from outside the ministry, and as federal funding requirements made it necessary for Goodwill to become a more secular organization. In the 1970s, Goodwill created thousands of jobs and raised thousands of dollars in revenue by contracting with the federal government and state governments, as well as private industry. From janitorial services to manufacturing, Goodwill finds workers to take care of industry's needs, and puts people to work.

Goodwill Industries International is a network of 207 community-based, autonomous member organizations that serves people with workplace disadvantages and disabilities by providing job training and employment services, as well as job placement opportunities and post-employment support. With locations in the United States, Canada and 23 other countries, Goodwill helps people overcome barriers to employment and become independent, tax-paying members of their communities.

To fund Goodwill's mission, it collects donated clothing and household goods to sell in over 1,900 retail stores and provides contract labor services to business and government. Goodwill also receives funding from donations and corporate, foundation and government grants. Nearly 85 percent of Goodwill's revenues are channeled into job training and placement programs and other critical community services

In 2002, Goodwill Industries International served 583,351 individuals. Additional data from Goodwill International, Inc., includes:

- 240,393 people, receiving job placement services.
- 98,211 people working for local employers.
- \$1.41 billion in salaries and wages earned by former clients of Goodwill working for local employers.
- 47,792 people enrolled in employment programs at Goodwill facilities, retail outlets, and community job sites.

Goodwill's Vision Statement

According to Goodwill International, Inc., Goodwill Industries will be satisfied only when every person in the global community has the opportunity to achieve his/her fullest potential as an individual and to participate and contribute fully in all aspects of a productive life.

Goodwill's Mission Statement

According to Goodwill International, Inc., Goodwill Industries will enhance the quality and dignity of life for individuals, families, and communities on a global basis, through the power of work, by eliminating barriers to opportunity for people with special needs, and by facilitating empowerment, self-help, and service through dedicated, autonomous local organizations.

The Values Statement

According to Goodwill International, Inc., Goodwill Industries' values include:

- Respect for those they serve;
- Service to the individual;
- Assumption of responsibility by the individual (a hand-up, not a handout);
- Quality service;
- Thinking globally and acting locally;
- Collaboration;
- The Power of work;
- Stewardship, financial responsibility, and efficient use of resources;
- Autonomy of the member organization;
- Best practices and innovation;
- Diversity;
- Heritage; and
- Volunteerism

Career and Job Training Services

Goodwill Industries' primary mission is to help people gain the skills they need to succeed in today's workforce. More than 80 percent of people seeking Goodwill's services are low-income or welfare-dependent individuals with limited education or employment skills, a criminal record, or history of substance abuse. In some cases, people face a combination of barriers that make finding, keeping, and advancing in a career impossible. Local Goodwill agencies offer programs and services to help individuals pursue their employment goals.

Services at local Goodwill organizations include:

Assessment - For most people, understanding their skills, abilities and interests is the first step to finding a job. Clients meet with Goodwill evaluation specialists to determine their career training and employment options using a combination of proven methods and current technology to measure the person's education level, work stamina and motor skills. Clients may also answer questions or be

asked to perform specific activities to help the specialist gain a complete understanding of the person in order to recommend appropriate programs and services.

Career Training - Clients entering Goodwill's programs work with career services professionals to identify their work experience and aspirations and develop an individual employment plan designed to encourage their personal and professional growth. Career skills training, also known as job readiness, helps clients understand the "dos and don'ts" of the workplace, how to "dress for success" and employer expectations. Clients also learn how to conduct an effective job search and develop the skills they need to succeed in their chosen careers.

Soft Skills Training - Soft skills training helps clients maintain a positive outlook and build successful workplace relationships. Through the use of "Goodwill Works" and other field-tested resources, clients can develop the behavior, life management and interpersonal skills that enable them to become a confident and productive member of their community

Occupational Skills Training and Work Experience – Goodwill organizations work closely with local employers to develop in-depth programs that prepare people for jobs in specific industries such as information technology, health care, banking and a variety of other manufacturing and service industries. Clients interested in clerical and administrative positions may take office skills training to learn how to use the Internet and popular word processing applications, e-mail, or other computer software. In addition to formal classroom training, Goodwill prepares clients for permanent jobs through a combination of supported employment, and temporary or transitional employment at a Goodwill facility or in the community. More than 13,000 clients currently work at Goodwill retail stores and another 15,000 work on contracts enabling them to receive on-the-job training while earning a paycheck.

Job Placement and Retention - Goodwill organizations place clients in permanent competitive employment. Goodwill career services professionals are in contact with local employers seeking to increase both the quantity and variety of employment opportunities. When individuals are ready to apply for jobs, Goodwill provides resources to help them conduct job searches, write resumes and practice their interviewing skills. After clients find employment, Goodwill career services professionals regularly consult with them to assess their progress and determine the need for additional services. In some cases, Goodwill may provide intensive services such as on-site job coaching to help clients adjust to their new work environment.

Support Services - Goodwill organizations have career services professionals who are available to help clients seek out additional services such as childcare, transportation, or counseling from other community partners if the local Goodwill does not provide the service. Goodwill clients interested in rounding out their skills may opt to enhance their employability by attending basic skills or additional soft skills training after they begin working. Classes in family dynamics, money management, and health ensure that Goodwill clients have rewarding lives at home and at work. Basic skills training include literacy, math, computer, and language skills or high school equivalency preparation to provide clients with a foundation for continued career success.

Florida Goodwill Organizations

According to the Florida Goodwill Association, there are nine Goodwill organizations throughout Florida. They are:

- Goodwill of North Florida.
- South Florida Goodwill.
- Goodwill of Central Florida.
- Goodwill of Southwest Florida.
- Goodwill of Broward County.

- Gulfstream Goodwill (Treasure Coast area).
- Goodwill of Big Bend.
- Goodwill of Mobile (west of Bay County).
- Goodwill Manasota

According to data from the Florida Goodwill Association, in 2002, Goodwill organizations in Florida provided vocational services to more than 95,000 persons. About 23,600 persons were placed in jobs in the community generating about \$243.8 million in new salaries and wages. Florida Goodwill organizations also directly employed more than 8,000 persons resulting in \$88.1 million in salaries and wages and generating about \$23.7 million in payroll taxes. Examples of Florida Goodwill organizations are described below.

Goodwill Industries of Central Florida

The mission of Goodwill Industries of Central Florida is to provide vocational and job placement services to people with disabilities and other barriers to employment so that they may gain long-term employment. Since 1959, Goodwill Industries of Central Florida has established a community partnership to provide services to its clients. Persons donate unneeded goods which are then re-sold. Income from the sales is used to pay for employment programs and services. Persons are also employed at the centers.

According to Goodwill Industries of Central Florida, more than 90% of the revenue spent is for staffing and employment and job training services. Goodwill employees assist persons with job training and employment services. Goodwill also operates job centers which are used by persons looking for employment. Clients seen by Goodwill include persons with disabilities. Other services and programs at Goodwill include vocational evaluations, direct placement services, homeless services network employment services, life skills training, welfare transition services, and work activity centers.

In 2002, Goodwill Industries of Central Florida placed 3,824 people into jobs and served 19,442 people with employment training, job placement, and vocational services. According to the Orlando Business Journal, Goodwill Industries of Central Florida ranked as the 3rd largest permanent job placement agency in Central Florida and also ranked 6th nationally for having the greatest number of clients served and 5th nationally for clients placed in employment.

Goodwill Industries of Suncoast

This Goodwill organization is headquartered in St. Petersburg and provides services to 10 surrounding counties. Goodwill Industries of Suncoast (Goodwill-Suncoast) was founded in 1954 and began assisting people with disabilities to gain work skills and become an employee. Goodwill-Suncoast assists persons with numerous barriers to employment and provides workforce development and employment programs through subsidized housing, group homes, and work activity centers. Goodwill-Suncoast operates 18 retail and outlet stores and 25 Goodwill attended donation centers. In 2002, Goodwill-Suncoast placed 12,189 people in jobs and provided services to 51,697 people. According to Goodwill-Suncoast, nearly 90% of its revenues are used for its employment assistance and job training programs.

Goodwill Manasota

Goodwill Manasota takes its name from the two coastal counties (Manatee and Sarasota) in the four county areas this Goodwill organization serves. In 1997, Goodwill Manasota participated in a federal project along with Goodwill organizations in Louisiana which was funded by the federal Department of Health and Human Services' Administration of Children and Families. The purpose of the projects was to provide funding for these Goodwill organizations as a demonstration project to see if an innovative,

self-funding, cost efficient method for assuring job placement for at risk populations could be achieved. Total funding for the project was \$10 million with \$7 million going to Goodwill Manasota.

Each of the two project organizations were to use the funds solely for the construction of new sites and the renovation of existing sites and to expand each of their operations to full market saturation. Unlike traditional job placement services, where monies are used directly for the salaries of the personnel involved in job placement, funds for this project went directly into the purchase of additional Goodwill sites and the construction of new facilities. The project tested the hypothesis that the building of facilities with a business model like Goodwill is a long-term investment in job placements as opposed to a short-term investment associated with the hiring of personnel. Once new Goodwill facilities are operational, they generate funds through their donations and retail sales of items which are used to fund a greater number of job placements.

Results of an evaluation of the project concluded that during the three-year evaluation period, both Goodwill organizations met their job placement goals and that providing funds for the construction of Goodwill organizations up front resulted in significant job placements after the facilities were built and operated into the future.

C. SECTION DIRECTORY:

Section 1: Adds paragraph (d) to subsection (6) of s. 212.20, F.S.; requiring the Department of Revenue (DOR) to distribute monthly to qualified job training organizations, an amount equal to the proceeds from sales and use taxes received and collected by the department to such qualified job training organizations which have been certified as provided for in newly created s. 288.1170; providing that the total distribution to all such qualified job training organizations shall not exceed \$3 million annually; requiring that the distribution shall begin 60 days following notification of certification and continue for no more than 10 years; and requiring that the distributions shall be used solely to encourage and provide economic development through capital construction, improvements, or equipment that will be used by the qualified job training organization and result in expanded employment opportunities.

Section 2: Creates s. 288.1170, F.S.; requiring DOR to screen job training organizations do determine if such organizations are qualified for state funding pursuant to newly created s. 212.20(6)(d)7e., F.S.; requiring DOR to adopt rules for the receipt and processing of applications; defining "qualified job training organizations"; requiring DOR to certify qualified job training organizations to receive funds; requiring DOR to begin distributing funds to qualified job training organizations sixty days after the organization receives its certification; authorizing DOR to audit a qualified job training organization to verify that the proceeds distributions to the organization have been expended for the purposes required pursuant to s. 288,1170(5), F.S.; authorizing DOR to recover funds which have not be used for qualified purposes; and requiring DOR to revoke a job training organization's certification for failing to use the proceeds for qualified purposes.

Section 3: The bill becomes effective October 1. 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

The bill establishes a \$3 million limit on the amount annually distributed to qualified job training organizations for a period not to exceed 10 years.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenues in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

B. RULE-MAKING AUTHORITY:

The bill requires the Department of Revenue to adopt rules to administer the distribution of funds to qualified job training organizations.

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to the Department of Revenue's (DOR) analysis of HB 933, DOR staff recommends that the Agency for Workforce Innovation (AWI) be the state agency responsible for the certification process since that agency has a more direct connection to the operations of job training organizations being funded.

Should DOR remain the agency responsible for the certification process, DOR staff identified the following issues needing to be addressed in the bill:

- Are certifications of job training organizations subject to renewal after the ten year maximum period for receiving funds?
- Would a qualified job training organization be able to re-apply for certification after 10 years?
- "Workplace disadvantages and disabilities" (line 166) and "majority and critical community services" (lines 168 and 169) need to be defined.
- Will the certification of job training organizations be granted on a "per location" basis or will the certification be granted to a consolidated group of the same organization?

DOR staff believes that the effective date in the bill of October 1, 2004, does not provide DOR with sufficient time to make the necessary SUNTAX modifications. DOR recommends that the effective date be January 1, 2005.

Finally, DOR staff believes that it is unclear in the bill whether the intent of the legislation is to authorize a maximum of \$3 million distribution to each qualified job training organization or to all organizations in the aggregate.

The sponsor of HB 933 will be offering a strike-all amendment which substantially addresses issues and concerns expressed by DOR.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 24, 2004, the Workforce and Economic Development Subcommittee favorably adopted HB 993 and also recommended the adoption of a strike-all amendment by the sponsor of the bill. The strike-all amendment makes the Agency for Workforce Innovation, rather than the Department of Revenue, responsible for screening and certifying applicants for state funding under provisions of the bill. The amendment also clarifies that the total distribution to all certified organizations must not exceed \$3 million annually.