

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/SB 1910 Workforce Innovation
SPONSOR(S): Transportation and Economic Development Appropriations and Children and Families, King and others
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Commerce Council</u>	<u>8 Y, 0 N</u>	<u>Carlson</u>	<u>Bohannon</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The bill permits Workforce Florida, Inc. to expand the Passport to Economic Progress demonstration program statewide. It authorizes Workforce Florida, Inc. (WFI), to designate regional workforce boards to participate in the program and expands eligibility for the program to include recipients of Temporary Assistance to Needy Family (TANF) funds. The bill permits Workforce Florida, Inc. to offer incentive bonuses, provides requirements for those bonuses and specifies that such bonuses are not entitlements.

The Passport program has been allocated approximately \$2 million in the House budget for 2005-06.

The bill also creates the Florida Youth Summer Jobs Pilot Program in Broward County to be administered by the district 22 Workforce Development Board, subject to appropriations. The program offers at-risk and disadvantaged children summer jobs in partnership with local communities and public employers.

The Florida Youth Summer Jobs program has been allocated \$500,000 in trust funds in the House budget for 2005-06.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower Families – The bill may provide increased employment opportunities to those persons in transition from welfare and for at-risk youth.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Passport to Economic Progress Demonstration Program

This program, created in 2001, is intended to provide quantitative and qualitative information concerning whether performance based post-employment services to TANF eligible families could help those families achieve job retention, earnings gains, job advancement and, eventually, self-sufficiency.

The Passport Program has evolved over time. As noted in the January 2005 WFI report to the Governor regarding the Passport Program, the original program included the following elements:

- **Increased Earned Income Disregard**—In order to be eligible for temporary cash assistance, families would have to earn equal to or less than 185 percent of the Federal Poverty Level (FPL). Under the Passport Program, families could disregard the first \$300 of earned income plus one-half of their remaining income.
- **Extension of Transitional Benefits and Services** (job retention and career advancement elements)—After a family exits the temporary cash assistance program to go to work, applicable law allows for up to two years of transitional education and training support services, transitional transportation support services and transitional childcare services to facilitate the transition from dependence on public assistance to employment. Clients participating in the Passport Program were eligible to have those transitional services for up to four years.
- **Wage Supplementation**—The average wage rate for a welfare transition participant in the Passport Program when the program was initiated was \$7.04 per hour. For a family of three in 2001, that rate represented an annual income of \$11,714.56—80 percent of the FPL. Such low incomes led to continued reliance on public assistance despite participants' efforts to become self-sufficient. Under the Passport Program, participants were eligible for wage supplementation for up to twelve months to raise their incomes to 100 percent of the FPL, under certain conditions:
 - Reside in one of the two demonstration counties (Hillsborough and Manatee);
 - Be a former recipient of temporary cash assistance;
 - Have received cash assistance on or after January 1, 2000;
 - Be employed full time (at least 32 hours per week); and
 - Have a family income for the preceding six months less than 100 percent of the FPL.

In January 2003, WFI submitted a report to the Governor, President of the Senate and Speaker of the House of Representatives as required by s. 445.048(6), F.S., (2001). The report made the following recommendations:

- The Passport Program should be continued during fiscal year 2003-2004 in order to determine the best service delivery model to move employed workers along the continuum of public assistance to self-sufficiency.

- Wage supplementation should be replaced with a performance-based program that defines specific incentives and bonuses for achieving benchmarks in the self-sufficiency plan while the client is working full-time.
- The earned income disregard increase may be eliminated since it is part of the wage supplementation which should be replaced.
- The extension of transitional benefits should be continued to assist participants in managing work, family, childcare, and transportation.
- At the request of the Suncoast Workforce Development Board, Manatee and Sarasota counties should be added to facilitate consistency and coordination of programs throughout the service area.
- The redesign of the Passport Program should include an outreach element to employers/business and incentives for retention, training employees to develop new skills and opportunities for career advancement and/or earnings gains.

As a result, in 2003, the program was modified to remove the wage supplementation language and replace it with incentive bonuses.¹ The statute was also amended to include General Appropriations implementing language that reflected the impending deadline for reauthorization of TANF legislation.² Because these changes were made in the implementing bill, they were only effective until July 1, 2004. In January 2004, WFI was asked to provide a status update on the program to determine the advisability of retaining the changes through fiscal year 2004-2005. The following recommendations were made:

- Retain the changes in the program design (eliminating income disregard and changing the wage supplementation to performance based with incentive bonuses) through the end of the demonstration project.
- Revise eligibility criteria from 100 percent of the FPL to 150 percent to include individuals who were earning more, but remained in public assistance programs because their income still was not enough to allow them to become self-sufficient.

The WFI's 2005 report to the Governor and Legislature, *Evaluation and Recommendations: Passport to Economic Progress Demonstration Program*, made several findings which are, in summary, as follows:

- Self-sufficiency planning during the transitional period is critical to job retention.
- Use of transitional education and training services by participants is stronger among those who were granted performance-based incentives as opposed to those who received wage supplementation.
- Providing and ensuring transitional benefits and services while the client is actively engaged in self-sufficiency planning is key to assisting participants in leaving public assistance.
- Employers are critical partners in this process. Opportunities for skills upgrade and training from employers and from the Passport Program is critical to the success of the program.
- Innovative programs to provide additional training and education which include the employer will assist participants in becoming self-sufficient.
- Mentors/job coaches are as critical as the one-stop career manager in assisting participants to achieve their goals.

The WFI's preliminary data shows Passport Program participants' success in comparison to other workers who are attempting to move from unemployment to employment. The WFI reports that during the fourth quarter of the Passport Program's 2003-2004 fiscal year, 82 percent of program clients being tracked (260 of 319), were employed and earning median quarterly wages of \$3,087. Their employment

¹ Sections 78 and 79, ch. 2003-399.

² As a result, s. 445.048(4)(c)2., F.S., permits full-time participants to be eligible for incentive bonuses and defines full-time as: "[E]mployment averaging at least 32 hours per week, until the United States Congress enacts legislation reauthorizing the Temporary Assistance for Needy Families block grant and, after the reauthorization, means employment complying with the employment requirements of the reauthorized law..." See also, Specific Appropriation 1979A of the General Appropriations Act.

rates increased from approximately 16 percent from the first to the fourth quarter and earning increased approximately 22 percent during the same period. At the same time, 49 percent of the control group (680 of 1,376) were employed and earning median quarterly wages of \$2,595. While Passport Program participants had an employment rate of 82 percent and median quarterly wages of \$3,087, the control group had an employment rate of 49 percent with quarterly wages of \$2,595.³

Therefore, WFI's preliminary data indicates the Passport Program is an effective post-employment service delivery model.

Proposed Changes

Passport to Economic Progress Demonstration Program

The bill amends s. 445.048, F.S., to authorize the expansion of the Passport Program statewide. It authorizes WFI to designate regional workforce boards to participate in the program. It also allows regional workforce boards to use funds generally appropriated to them for employment activities to implement and maintain the Passport Program in their regions.

The bill deletes the income disregard provision and removes all references to wage supplementation. Instead, it requires a bonus program known as "Incentives to Economic Self-Sufficiency." This aspect of the Passport Program includes the setting of benchmarks which participants must achieve before they can receive bonuses. Like other aspects of the program, the bonus program is not a program entitlement, and may be reduced or suspended if funds are not available.

The bill also raises the income eligibility for receiving an incentive bonus from 100 percent of the federal poverty level (FPL) to 200 percent of the FPL.

It deletes an outdated reference to a WFI report that was to be submitted to the Legislature and the Governor in 2003. However, the bill does require that WFI submit evaluations and recommendations as part of its annual report to the Legislature.

Finally, the bill expands eligibility for the program to include TANF eligible families.

Florida Youth Summer Jobs Pilot Program

The bill creates the Florida Youth Summer Jobs Pilot Program in Broward County to be administered by the district 22 Workforce Development Board, subject to appropriations. The program offers at-risk and disadvantaged children summer jobs in partnership with local communities and public employers. The pilot program shall be administered by the regional workforce board in consultation with Workforce Florida, Inc., and the regional workforce board shall report certain program participant information to Workforce Florida, Inc.

Children at least 14 but not more than 18 years of age are eligible to participate in the program if they are:

- at risk of welfare dependency, including economically disadvantaged children (whose family income is below 150 percent of the federal poverty level), children of participants in the welfare transition program, children of migrant farmworkers, or children of teen parents;
- children of working families whose family income does not exceed 150% of the federal poverty level;
- juvenile offenders;
- children in foster care; or
- children with disabilities.

³ This information is based on wage and earnings data generated by the Florida Education and Training Program.

Employers participating in the program shall pay the state minimum wage to a program participant, and the maximum hours required of a program participant per week shall not exceed 30 hours. The employer shall comply with state and federal child labor and antidiscrimination laws.

The program offered by the employer shall provide a work experience that will:

- teach personal responsibility and reinforce the obligations and rewards of holding a job;
- allow for an academic enrichment component that will assist the program participant in remaining in or returning to school;
- provide documented learning experiences relevant to the type of work performed and tailored to the needs of the program participant; and
- allow for the provision of life skills training by the local community or a third-party provider (if such skills training takes up no more than 10 percent of the program participant's work time).

The program may begin on the day after the end of the regular school year in the local community and shall end before the first regular day of school in the local community.

State funding for the program must be appropriated specifically for the pilot program. The regional workforce board and local communities may obtain private or state and federal grants or other sources of funds in addition to any appropriated funds. No less than 85 percent of the program funds shall be used for youth wage payments or educational enrichment activities, and these funds shall be matched on a one-to-one basis by each local community that participates in the program. No more than two percent of the funds may be used for administrative purposes. The remainder of the funds may be used for transportation assistance, childcare assistance, or other assistance to enable a program participant to enter or remain in the program.

The regional workforce board shall pay a participating employer an amount equal to one-half of the wages paid to a youth participating in the program on a monthly basis.

C. SECTION DIRECTORY:

Section 1. Amends s. 445.048, relating to the Passport to Economic Progress program.

Section 2. Creates the Florida Youth Summer Jobs Pilot Program.

Section 3. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The Florida Youth Summer Jobs Pilot program requires an appropriation and its operation is contingent on the appropriation. According to Transportation and Economic Development Appropriations staff, \$500,000 in trust funds has been earmarked in the House budget for the program in 2005-06.

The Passport to Economic Progress program has been allocated approximately \$2 million in the House budget for 2005-06.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The Florida Youth Summer Jobs Pilot program requires a local match by a local government that chooses to participate in the program.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

To the extent that federal or state funds are available, WFI may allocate funds to these programs as appropriate, and will incur related administrative responsibilities. Funds are also allocated in Senate Bill 2600 (the Senate General Appropriations Act for Fiscal Year 2005-06) to continue the Passport to Economic Progress programs in the piloted counties through Fiscal Year 2005-06 at the same funding level as was provided for Fiscal Year 2004-05 (\$2.2 million).

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

- A. HOUSE PRINCIPLES ANALYSIS:

- B. EFFECT OF PROPOSED CHANGES:

- C. SECTION DIRECTORY:

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

- E. FISCAL IMPACT ON STATE GOVERNMENT:
 - 3. Revenues:

 - 4. Expenditures:

- F. FISCAL IMPACT ON LOCAL GOVERNMENTS:
 - 3. Revenues:

 - 4. Expenditures:

- G. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

- H. FISCAL COMMENTS:

III. COMMENTS

- D. CONSTITUTIONAL ISSUES:
 - 1. Applicability of Municipality/County Mandates Provision:

 - 2. Other:

E. RULE-MAKING AUTHORITY:

F. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES