

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 559 CS

Prosperity Campaigns

SPONSOR(S): Jennings

TIED BILLS:

IDEN./SIM. BILLS: SB 1188

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Economic Development, Trade & Banking Committee</u>	<u>13 Y, 0 N</u>	<u>Sheheane</u>	<u>Carlson</u>
2) <u>Community Colleges & Workforce Committee</u>	<u>5 Y, 0 N, w/CS</u>	<u>Thomas</u>	<u>Ashworth</u>
3) <u>Education Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
4) <u>Commerce Council</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 559 CS creates a Prosperity Campaign Office to be housed in Workforce Florida Inc. Duties include:

- Educating citizens about available economic benefits programs that are available to them including, the Earned Income Tax Credit and the Childcare Tax Credit; and the importance of wise financial decision making;
- Offering free tax preparation services, economic benefits screening, and other related services;
- Providing information to businesses to enable them to distribute economic benefits information to current and new employees;
- Coordinating existing prosperity campaigns in the state;
- Establishing new campaigns in designated regional workforce areas of the state;
- Coordinating with the Internal Revenue Service in providing programs for low-wage workers; and
- Coordinating with Prosperity Campaign offices in other states.

HB 559 CS creates the Florida Prosperity Campaign Council, which has 17 members to assist the Prosperity Campaign Office with the following responsibilities:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns in the development of new programs;
- Coordinating financial literacy classes or programs within each Prosperity Campaign;
- Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns; and
- Working with the Department of Education in developing financial literacy instruction to be part of the life management skills course offered in high schools. The course must focus on financial management, savings and investment and credit related issues.

HB 559 CS requires the Council members to serve a term of 2 years without compensation, but members can be reimbursed for per diem and travel expenses for the quarterly meetings of the Council. The Council reports annually starting July 30, 2006, to the Governor and Legislature on the effectiveness of the Council.

HB 559 CS requires financial literacy instruction to be included in the required high school life management skills course. Also encourages the financial literacy information to be used by community colleges and universities in their orientation programs.

The Prosperity Campaign Council and the provisions of this bill shall be repealed on July 1, 2009, unless reviewed and saved from repeal by the Legislature.

The Agency for Workforce Innovation reports the fiscal impact for this bill as indeterminate. **See "Fiscal Comments."**

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

STORAGE NAME: h0559a.CCW.doc

DATE: 4/1/2005

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited Government - The bill creates the Prosperity Campaign Office within Workforce Florida, Inc., to establish and coordinate Prosperity Campaigns in the state. The office is headed by a 17 member council.

Empower families – The bill requires the Prosperity Campaign to connect low-wage workers to the Earned Income Tax Credit (EITC) and the Childcare Tax Credit; offer free tax preparation services, economic benefits screening and other related services. These connections could help low-wage workers increase their income.

Promote Personal Responsibility – Each Prosperity Campaign is required to educate citizens about available economic benefit programs and the importance of wise decision making.

B. EFFECT OF PROPOSED CHANGES:

PROSPERITY CAMPAIGN OFFICE

Present Situation

According to the Agency for Workforce Innovation: the state's workforce system, led by Workforce Florida, Inc., the Agency for Workforce Innovation and the 24 Regional Workforce Boards has emphasized and conducted annual Earned Income Tax Credit (EITC) informational campaigns for several years, particularly targeting first-time workers, the "working poor" and those exiting from public assistance through employment. The Department of Children and Families also provides similar notices to public assistance participants and other low-wage workers.

Local workforce efforts are often done in collaboration with local Prosperity Campaigns financial literacy programs and other similar efforts to demonstrate that "work pays". The state of Florida currently has 12 counties that have Prosperity Campaigns in their area.

Effect of Proposed Changes

The CS/HB 559 creates the Prosperity Campaign Office (the office) to be housed in Workforce Florida, Inc. The office is directed to:

- Coordinate Prosperity Campaigns in the state;
- Foster the establishment of new campaigns in designated areas;
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers; and
- Work closely with prosperity campaign offices in other states.

The office is to be headed by a 17 member Florida Prosperity Campaign Council administratively housed in Workforce Florida. The council is to be composed of:

- Two individuals each representing a different Prosperity Campaign in the state, appointed by the Governor;
- One member of the Greater Miami Prosperity Campaign;
- One member of the Senate appointed by the President of the Senate;
- One member of the House of Representatives appointed by the Speaker;
- The Chief Financial Officer or his or her designee;
- One representative from the Florida Bankers Association;
- One representative from the Florida Institute of CPA's;
- One representative from the Florida Credit Union League;
- The Commissioner of Education or his or her designee;
- One representative for the Florida League of Cities.
- One representative from the Florida Association of Counties;

- One representative from the Florida Association of Realtors;
- One representative from the United Way of Florida;
- One representative from Leadership Florida;
- One representative from the Florida Chamber of Commerce; and
- One representative from a non-profit or community based low-wage worker organization.

The council shall be responsible for:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns to assist in the development of new programs;
- Coordinating financial literacy classes or programs within each Prosperity Campaigns;
- Working with the Department of Education in developing financial literacy instruction, which focuses on financial management, savings and investment and credit related issues, to be part of the life management skills course required for high school graduation,
- Working with businesses and agencies to develop a package of services for citizens participating in Prosperity Campaigns; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

The council starting June 30, 2006, must report annually to the Governor and the Legislature the effectiveness of the Council.

The council members will serve without compensation but will receive per diem and travel expenses

The council on July 1, 2009, shall be repealed, unless it is reviewed and saved from repeal through reenactment.

According to the Agency for Workforce Innovation, one full-time staff position and a half-time support position will be needed to implement and support the council.

Each Prosperity Campaign is authorized to:

- Educate citizens about available economic benefits programs and the importance of wise financial decision making;
- Connect low wage workers to economic benefits programs including, but not limited to, the Earned Income Tax Credit and the Childcare Tax Credit;
- Offer free tax preparation services, economic benefits screening, and other related services; and
- Provide information to businesses to enable them to distribute economic benefits information to current and new employees.

EARNED INCOME TAX CREDIT (EITC)

Present Situation

According to the Tax Policy Center (Tax Notes, March 14, 2005); the EITC, administered through the federal income tax system, is the largest cash assistance program for low-income families. The EITC program is designed to encourage work by subsidizing people's wages. The EITC provides up to \$4,200 a year for working families with two or more children. In 2002, the EITC lifted around 4.9 million people out of poverty.

Effect of Proposed Changes

HB 559 CS directs the Prosperity Campaigns throughout the state of Florida to inform low-wage workers of the Earned Income Tax Credit and the Childcare Tax Credit; offer free tax preparation services economic benefits screening and other related services.

FINANCIAL LITERACY IN HIGH SCHOOLS

Present Situation

Currently, 24 credits are required for high school graduation, pursuant to s. 1003.43, F.S. These include:

- one-half credit in life management skills which includes consumer education; and
- one-half credit in economics that includes a comparative student of the history, doctrines and objectives of all major economic systems. The Florida Council on Economic Education provides technical assistance to the department and district school boards in developing curriculum and materials for the study of economics.

Effect of Proposed Changes

The CS/HB 559 requires the Prosperity Campaign Council to work with the Department of Education in developing a financial literacy instruction to be part of the life management skills course required for high school graduation. The financial literacy instruction must focus on the importance of financial management, savings investments, credit scores, savings and additional materials

The CS/HB 559 requires financial literacy instruction to be included in the high school life management skills course required for high school graduation.

C. SECTION DIRECTORY:

Section 1: Creates s. 445.057, F.S., to establish the Prosperity Campaign Office; creates the Florida Prosperity Campaign Council; provides responsibilities of the Florida Prosperity Campaign Council; provides duties of each Prosperity Campaign.

Section 2. Amends s. 1003.43, F.S., relating to general requirements for high school graduation; requiring financial literacy instruction to be part of the life management skills one-half credit requirement.

Section 3: Provides that the bill will take effect July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See "Fiscal Comments."

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The 17 member council, which is to be administratively housed within Workforce Florida, defines a number of coordination and information dissemination roles for the council, such as hosting the required council meeting, preparations, publication, and dissemination of printed materials to businesses and employees, and providing free tax preparation, economic benefit screenings and providing other related services to individuals. According to the Agency for Workforce Innovation, in order to provide these types of services a minimum, one full time staff position and a half-time support position will be needed to implement and support the council. Salary and benefit costs for these positions are estimated at \$77,500. The total financial impact is undetermined at this time.

Other costs directly associated with the council will be the per diem and travel for the 17 members and staff of the council. The total fiscal impact of the travel is undetermined at this time; however s. 112.061(6), F.S. provides for a per diem and subsistence allowance for public officers, employees, and authorized persons. The CS provides for using the state allowance. Using this allowance, the estimate for travel lodging and meals for 17 members and two employees to travel to four meetings per year is \$37,500.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

HB 559 CS does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. HB 559 CS does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. HB 559 CS does not reduce the percentage of state tax shared with municipalities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 29, 2005, the Community College and Workforce Committee adopted a strike-all amendment to the bill. HB 559 CS differs from HB 559 as follows:

- Reduces the number of members from 23 to 17 members.
- Sets quarterly meeting for the councils.
- Provides for election of officers during the first quarter.
- Sets term limits of 2 years for council members.
- Provides that council members will serve without compensation but will receive per diem and travel expenses.
- Adds a council responsibility to develop implementation plans for new programs by using best practices of existing and new prosperity campaigns in and out of the state.
- Requires the council to work with DOE in developing financial literacy instruction to be part of the life management skills course to include:
 - Financial management
 - Savings

- Investments
 - Credit scores
 - And other relevant subjects
- Requires financial literacy instruction to be included in the high school life management skills course.
- Encourages financial literacy information to be used by community college and universities in orientation programs.
- Requires that starting June 30, 2006, the Council must report annually to the Governor and the Legislature on the effectiveness of the Council.
- Repeals the Council on July 1, 2009, unless it is reviewed and saved from repeal through reenactment.