

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 531
SPONSOR(S): Jennings
TIED BILLS:

Prosperity Campaigns

IDEN./SIM. BILLS: SB 1224

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Economic Development, Trade & Banking Committee</u>	_____	<u>Olmedillo</u>	<u>Carlson</u>
2) <u>Transportation & Economic Development Appropriations Committee</u>	_____	_____	_____
3) <u>Community Colleges & Workforce Committee</u>	_____	_____	_____
4) <u>Commerce Council</u>	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

HB 531 creates a **Prosperity Campaign Office** to be housed in Workforce Florida, Inc. The bill directs the Prosperity Campaign Office to perform the following activities:

- Coordinate established Prosperity Campaigns in the state;
- Foster the establishment and assist in the development of new campaigns in designated areas;
- Coordinate with the Internal Revenue Service in providing programs for low-wage workers;
- Work closely with Prosperity Campaign offices in other states; and
- Assist Florida Prosperity Campaign Council.

In addition, HB 531 creates the **Florida Prosperity Campaign Council**, composed of 20 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;
- Developing implementation plans for new programs using the best practices of existing and new in-state and out-of-state Prosperity Campaigns;
- 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;
- Working with the Department of Education in developing financial literacy instruction to be part of the life management skills course offered in high schools; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

HB 531 also requires the Council members to serve a term of 2 years without compensation; however, members can be reimbursed for per diem and travel expenses for the quarterly meetings of the Council. The Council reports annually starting June 30, 2007, to the Governor and Legislature on the effectiveness of the Council.

Additionally, HB 531 requires financial literacy instruction to be included in the required high school life management skills course. It also encourages the financial literacy information to be used by community colleges and universities in their orientation programs.

The provisions of this bill shall be repealed on July 1, 2010, 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.

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FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited Government - The bill creates the Prosperity Campaign Office, headed by a 20 member council and housed within Workforce Florida, Inc., to establish and coordinate Prosperity Campaigns throughout Florida. Specifically, the bill creates a “catch-all” provision that authorizes the Florida Prosperity Campaign Council to perform “... other activities deemed necessary by the council or directed by Workforce Florida, Inc.” As a result, this provision grants the council and Workforce Florida, Inc., the authority to regulate activities of Prosperity Campaigns.

Empower families – The bill encourages 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, as workers who qualify receive a credit even when the amount of the EITC exceeds the amount of taxes workers owe.

Promote Personal Responsibility – The bill encourages Prosperity Campaigns to educate citizens about available economic benefit programs and the importance of wise financial decision-making. Consequently, the bill may reduce government dependency.

B. EFFECT OF PROPOSED CHANGES:

PROSPERITY CAMPAIGN

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. These informational campaigns target first-time workers, the “working poor” and those exiting from public assistance through employment. Additionally, the Department of Children and Families also provides similar notices to public assistance participants and other low-wage workers.

Local workforce efforts are often conducted in collaboration with local Prosperity Campaigns, financial literacy programs and other similar efforts to demonstrate that “work pays”. Currently, Prosperity Campaigns exist in 12 counties throughout Florida.

Effect of Proposed Changes

Prosperity Campaign Office

The HB 531 creates the “Prosperity Campaign Office”, hereinafter the “Office”, to be housed in Workforce Florida, Inc. The Office is directed to:

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

Prosperity Campaign Council

The office is to be headed by a 20 member “Florida Prosperity Campaign Council” composed of:

- Four individuals each representing a different Prosperity Campaign in the state, appointed by the Governor;
- 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;

- The Commissioner of Education or his or her designee;
- One representative each from the following organizations or entities:
 - Greater Miami Prosperity Campaign;
 - Florida Bankers Association;
 - The Florida Institute of Certified Public Accountants (CPAs);
 - The Florida League of Cities;
 - The Florida Credit Union League;
 - The Florida Association of Counties;
 - The Florida Association of Realtors;
 - United Way of Florida;
 - Leadership Florida;
 - The Florida Chamber of Commerce;
 - A non-profit or community based low wage worker organization; and
 - The Florida Jump\$tart Coalition for Personal Financial Literacy.

The bill also sets the length of a term of appointment for each member at 2 years beginning on July 1, 2006 and requires that new appointments on vacancies be made in the same manner as the original appointments.

Council members will serve without compensation. However, they are entitled to reimbursement for per diem and travel expenses pursuant to s. 112.061, F.S.

The council's responsibilities include, but are not limited to:

- Assisting in the development of Prosperity Campaigns throughout the state;
- Coordinating with Prosperity Campaigns in the development of new programs;
- Developing implementation plans for new programs using the best practices of existing and new in-state and out-of-state Prosperity Campaigns;
- 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;
- Working with the Department of Education in developing financial literacy instruction to be part of the life management skills course offered in high schools; and
- Performing other activities deemed necessary by the council or directed by Workforce Florida, Inc.

Beginning June 30, 2007, the council must report annually to the Governor and the Legislature on the effectiveness of the Council.

The provisions of section 1 of this bill shall stand repealed on July 1, 2010, unless it is reviewed and saved from repeal through reenactment.

Prosperity Campaigns

Each "Prosperity Campaign" is encouraged 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;
- Provide information to businesses to enable them to distribute economic benefits information to current and new employees; and
- Perform other activities the council deems necessary.

EARNED INCOME TAX CREDIT (EITC)

Present Situation

The Earned Income Tax Credit (EITC), sometimes called Earned Income Credit (EIC), is refundable federal income tax credit for low-income working individuals and families. 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 \$4,400 a year for working families with two or more children. In 2002, the EITC lifted approximately 4.9 million people out of poverty.

In a January 17, 2006 news article, Workforce Florida, Inc. stated that "[b]ased on the information from the IRS it is projected that as much as \$635 million goes unclaimed by the estimated 350,000+ families/individuals in Florida who are not taking advantage of the EITC."

Effect of Proposed Changes

HB 531 encourages 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 study 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 HB 531 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 HB 531 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 Prosperity Campaign with a list of encouraged activities.

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, 2006.

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:
See "Fiscal Comments."

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If this law brings greater awareness to the availability of the EITC for working families and individuals, the qualifying families and individuals who receive federal monies would presumably spend that money locally.

D. FISCAL COMMENTS:

The 20 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 20 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. Pursuant to the bill, the members of the council will be reimbursed using the state allowance. Therefore, travel lodging and meals for 20 members of the council, four meetings every year, is \$39,280.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

HB 531 does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. HB 531 does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. HB 531 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: None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES