

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Finance and Tax Committee

BILL: CS/SB 784

INTRODUCER: Senator Siplin

SUBJECT: Job Opportunities for Youth

DATE: April 8, 2009

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Carrouth</u>	<u>Cooper</u>	<u>CM</u>	Fav/CS
2.	<u>Fournier</u>	<u>McKee</u>	<u>FT</u>	Pre-meeting
3.	_____	_____	<u>WPSC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill provides a new funding source for programs created under the Jobs for Florida's Graduates (JFG) program, provides legislative intent, and establishes criteria and fiscal oversight for the statewide program. The bill amends s. 561.121, F.S., relating to the distribution of alcoholic beverage excise taxes. Under the bill, the percentage of excise tax revenue deposited into the Alcoholic Beverage and Tobacco Trust Fund would be reduced from 2 percent to 1.85 percent of monthly collections. In addition, the bill establishes a new distribution of 6.95 percent of net collections for the Grants and Donations Trust Fund within the Florida Endowment Foundation for Florida's Graduates¹ to operate the statewide youth summer employment program.

The Department of business and Professional Regulation estimates that this bill will result in a recurring annual reduction to General Revenue of \$1.4 million.

This bill substantially amends sections 561.121 and 563.05 of the Florida Statutes.

¹ <http://www.flgraduates.org/pages/mainFrameset.html>

II. Present Situation:

Jobs for Florida's Graduates

The Legislature created the Jobs for Florida's Graduates Program in 1998 to help high-risk students make the transition from school to work.² The program offers outreach to high school seniors and provides services to help these students graduate and continue their education or find meaningful employment within nine months of graduation. Florida's program is part of a 20-year nationwide initiative coordinated by the Jobs for America's Graduates, Inc. (JAG), based in Alexandria, Virginia. The program is implemented through a grant by the Florida Endowment Foundation.³

In 2008-2009, the Jobs for Florida's Graduates Program was provided a grant in the amount of \$1,450,000. The program is required to provide monthly performance and fiscal reports to the Florida Department Education as part of the grant requirements.

The Jobs for Florida's Graduates Program grant provides fiscal support for operating functions. Performance outcomes in the 2007-08 grant include:

- Reports of progress and contract verifications related to the establishment of new and continuing educational sites;
- Reports of student enrollment progress for up to 840 students;
- Verification of no less than 1,500 hours of work-based learning and related field trips and guest speakers;
- Reports of no less than two workshops and competitive events aligned with competencies, financial aid workshops and learning based activities;
- Verification of a minimum of 6,300 hours of community service or Career Association exposure provided by enrolled students;
- Verification that no less than 80 percent of enrolled students will show a positive outcome and enhance chances for successful transition to secondary, postsecondary education, full time employment or military service;
- Verification that no less than 80 percent of enrolled students will earn the Ready to Work certification;
- Verification of no less than four site visits for staff review and verification of compliance with data/record keeping requirements;
- Verification of no less than three staff development and training sessions on the Jobs for America's Graduates model, policies and procedures;
- Verification of the removal of no less than 15 percent of the total number of known barriers to success; and
- Verification of no less than 70 average hours of contact with Career Coaches per active student.

² Section 446.609, F.S. was created in 1998 and repealed in 2006 under ch. 2006-74.

³ The Legislature appropriated \$1.5 million for the program in 2007-08. This funding was reduced to \$1.45 million in Special Session (Line item 108). Department of Education, bill analysis, February 4, 2009.

III. Effect of Proposed Changes:

The bill provides funding for a statewide vocational training and placement program for at-risk youth ages 16-18 through the Jobs for Florida's Graduates program. To receive funding for a statewide summer program for youth employment, Jobs for Florida's Graduates must submit a proposal to the Florida Endowment Foundation for Florida's Graduates by September 1, 2009. The program must include a summer internship of at least eight weeks, student-selection criteria, parental involvement, and follow up during the school year. The Florida Endowment Foundation for Florida's Graduates must be the fiscal agent for this program.

The bill revises the percentage of monthly collections of excise taxes on alcoholic beverages deposited into the Alcoholic Beverage and Tobacco Trust Fund. A certain percentage of net collections must be deposited into the Grants and Donations Trust Fund within the Florida Endowment Foundation for Florida's Graduates, so that Jobs for Florida's Graduates (JFG) can operate a statewide summer internship program for youth employment. The Florida Endowment Foundation for Florida's Graduates would be required to (1) provide criteria for the proposal; (2) report to the Legislature; and (3) be the fiscal agent for the Jobs for Graduates program.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

Section 563.05, F.S., requires that an excise tax of 6 cents be paid on each pint of beer or fraction thereof, and 48 cents on each gallon of beer.⁴ The bill clarifies the unit of measurement for the imposition of the excise tax.

Section 561.121(1), F.S., distributes two percent of the alcoholic beverage excise taxes collected on beer, as well as wine and liquor, to the Alcoholic Beverage and Tobacco Trust Fund, with the remaining 98 percent going to the General Revenue Fund.⁵

Under the bill, the excise taxes on all alcoholic beverages, beer, wine, and liquor, would be disbursed at 1.85 percent to the Alcoholic Beverage and Tobacco Trust Fund and at

⁴ Florida Department of Business and Professional Regulation, bill analysis, January 25, 2009.

⁵ *Id.*

6.95 percent to the Grants and Donations Trust Fund, with the remaining 91.2 percent going to the General Revenue Fund.⁶

B. Private Sector Impact:

The bill would direct alcoholic beverage excise tax collections to the Florida Endowment Foundation, Inc., which would serve as the fiscal agent for operation of the statewide youth summer employment program. These revenues to the Foundation are indeterminate at this time.

C. Government Sector Impact:

Based on the chart that follows, DBPR estimates that the recurring annual reduction to General Revenue is \$1,371,321.

The provisions of the bill would decrease the amount of monthly collections of the excise taxes on alcoholic beverages to be deposited into the Alcoholic Beverage and Tobacco Trust Fund from two percent to 1.85 percent. Of the net collections of excise taxes on alcoholic beverages, 6.95 percent would be deposited into the Grants and Donations Trust Fund within the Florida Endowment Foundation for Florida’s Graduates to operate the statewide youth summer employment program.

The bill reduces the funding going into the Alcoholic Beverage and Tobacco Trust Fund by \$100,150 in FY 2009-10. This fund currently provides the resources for the Division of Alcoholic Beverages and Tobacco to operate.⁷

	Old Rate	New Rate	
FY 2009/2010	2% / 0%	1.85% / 6.95%	Difference
Total Net Taxes	\$ 599,700,000	\$ 642,910,832	\$ 43,210,832
ABT TF @ 2% / 1.85%	\$ 11,994,000	\$ 11,893,850	\$ (100,150)
GD TF @ 0% / 6.95%	\$ -	\$ 44,682,303	\$ 44,682,303
GR F @ Remainder	\$ 587,706,000	\$ 586,334,679	\$ (1,371,321)
Distributions	Old Rate	New Rate	
FY 2010/2011	2% / 0%	1.85% / 6.95%	Difference
Total Net Taxes	\$ 611,700,000	\$ 656,775,481	\$ 44,075,481
ABT TF @ 2% / 1.85%	\$ 12,234,000	\$ 12,131,846	\$ (102,154)
GD TF @ 0% / 6.95%	\$ -	\$ 45,576,396	\$ 45,576,396
GR F @ Remainder	\$ 599,466,000	\$ 598,067,239	\$ (1,398,761)
Distributions	Old Rate	New Rate	
FY 2011/2012	2% / 0%	1.85% / 6.95%	Difference
Total Net Taxes	\$ 630,000,000	\$ 675,394,071	\$ 45,394,071
ABT TF @ 2% / 1.85%	\$ 12,600,000	\$ 12,494,790	\$ (105,210)
GD TF @ 0% / 6.95%	\$ -	\$ 46,939,888	\$ 46,939,888
GR F @ Remainder	\$ 617,400,000	\$ 615,959,393	\$ (1,440,607)

⁶ *Id.*

⁷ *Id.*

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Education Pre-K – 12 Committee on March 31, 2009:

The committee substitute deletes the provisions for an annual excise tax credit for paid internships and restores current excise tax rates on malt beverages paid by manufacturers, distributors, and vendors. It also clarifies a unit of measurement for metric equivalencies for purposes of the excise tax.

- B. **Amendments:**

None.