

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 Education Pre-K - 12 Committee

BILL: SB 2224

INTRODUCER: Senator Siplin

SUBJECT: Job Opportunities for Youth

DATE: March 29, 2010

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Carrouth</u>	<u>Matthews</u>	<u>ED</u>	Favorable
2.	_____	_____	<u>CM</u>	_____
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	<u>WPSC</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill provides a new funding source for programs created under the Jobs for Florida's Graduates program, provides legislative intent, and establishes criteria and fiscal oversight for the statewide program.

Under the bill, the percentage of alcoholic beverage 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. According to the Department of Business and Professional Regulation (Department), this provision would reduce General Revenue by \$1.4 million annually.

The bill increases the excise tax on malt beverages from 48 cents a gallon to 56 cents a gallon, when the beverages are in bulk or in kegs or barrels, and 6 cents to 7 cents when the beverages are sold in containers of less than one gallon. According to the Department, this provision would increase revenue to the foundation by approximately \$44 million in FY 2010-2011, \$46 million in FY 2011-2012, and \$47 million in FY 2012-2013.

The bill creates a tax credit for summer youth employment in the amount of \$2,400 annually for a qualified internship under the statewide Jobs for Graduates program, and \$5,000 annually for each academic or vocational postsecondary education scholarship provided by a taxpayer to a

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

student who successfully completes a Jobs for Graduates internship under the beverage law in s. 561.50, F.S. This provision would reduce state tax revenue by an indeterminate amount.

This bill substantially amends sections 561.121 and 563.05 and creates section 563.09 of the Florida Statutes.

II. Present Situation:

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 for Florida's Graduates (Foundation).³ The program is required to provide monthly performance and fiscal reports to the Florida Department Education as part of the grant requirements.⁴ The Jobs for Florida's Graduates Program grant provides fiscal support for operating functions. Performance outcomes reported for the 2008-09 grant include:

- Establishment of new and continuing educational sites;
- Hiring or retaining qualified teachers;
- Creation of an Advisory Board;
- Establishment of a Career Association;
- Student enrollment progress for up to 840 students actively served across Florida, with 80 percent (672) showing a minimum of one positive outcome toward school success;
- Program-wide average of 8,811 hours of student academic remediation in areas of deficiency;
- A 13.34 percent average reduction in academic and behavioral barriers to success;
- A minimum of 2,000 hours of work-based learning, related field trips, and guest speakers;
- Two leadership workshops;
- A minimum of 10,00 hours of community service or career association exposure provided by enrolled students;
- At least three site visits for staff review and verification of compliance with record keeping requirements;
- At least three staff development and training sessions on the Jobs for America's Graduates model, policies and procedures;
- Removal of no less than 10 percent of the total number of known barriers to success; and

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

³ In 2009-2010, the Jobs for Florida's Graduates Program was funded in the amount of \$1.4 million from multiple public and private donations. Of the \$1.4 million for FY 2009-2010, approximately \$35,000 was funded through the Department of Education from federal funds to provide STEM-related educational support for female students.

⁴ Total funding (private and public) available for the program to date is \$11.5 million. A legislative appropriation was not provided in 2001-02, 2003-04, 2004-05, 2005-06, and 2009-10. Funding information was provided by the Florida Department of Education and the Florida Endowment Foundation for Florida's Graduates, on file with the Education Pre-K - 12 Committee.

- An average of 70 hours or more of student contact with career coaches per active student.⁵

Information provided to the Department by the Florida Endowment Foundation for Florida’s Graduates appears to be input-related for the most part, i.e., the hiring or retaining of qualified teachers, creation of an advisory board, and remediation provided to students. Student achievement information for the 2008-2009 FY was requested from the Foundation and the following was provided:

- In October, 132 took one or both components of the FCAT, 92 passed reading (percent) and 55 passed math (42 percent);
- In March, 640 students took the FCAT with 169 students passing math (26 percent) and 141 students passing reading (22 percent);
- 89 percent of students who took the GED passed;
- 110 out of 120 high school seniors graduated 92 percent; and
- 100 percent of 8th graders successfully transitioned into 9th grade.⁶

The following chart represent learning gains provided by the Foundation based on results of initial and subsequent GED and Test of Adult Basic Education (TABE) test results:

	Mid-Year Grade Level	End-of-Year Grade Level	Improvement Rate
Reading Average	7.55	8.4	11%
Math Average	6.1	7.6	24%
Language Average	5.4	8.9	65%
Work Readiness Test	-	-	28%

Student achievement data based on the FCAT was not available.

⁵ According to the Florida Endowment Foundation for Florida’s Graduates, all of its performance outcomes were achieved. Information provided by the Foundation is on file with the Education Pre-K – 12 Committee.

⁶ Email correspondence from the Foundation Director on March 31, 2010, on file with the Education Pre-K – 12 Committee.

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, 2010. 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.

In order to verify that funding results in student achievement and job placement, it may be advisable to require the Department of Education to condition future grant awards based on outcome data on individual student achievement and job placement data.

The bill increases the tax on malt beverages by 8 cents per gallon or 1 cent per pint or fraction thereof. It also reduces the percentage of monthly collections of excise taxes on alcoholic beverages deposited into the Alcoholic Beverage and Tobacco Trust Fund and the General Revenue Fund. It provides that 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 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.

The bill creates tax credits against the tax imposed on malt beverages for a taxpayer who creates summer internships under the Jobs for Florida's Graduates summer internship program, or for a taxpayer who provides scholarships for students who successfully complete internships under the Jobs for Florida's Graduates summer program. The tax credit is \$2,400 for each summer internship created, and \$5,000 for each scholarship provided.

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:**

This bill increases the excise tax on malt beverages by 8 cents per gallon or 1 cent per pint, or fraction thereof. Based on data from the Department of Business and Professional Regulation, additional revenue from this tax increase would be:

- \$42,922,616 in FY 2010-11;
- \$44,097,097 in FY 2011-12; and
- \$45,206,730 in FY 2012-13.

The bill also creates a credit against the tax imposed by ch. 563, F.S., for a taxpayer who creates summer internships under the Jobs for Florida's Graduates summer internship program, or for a taxpayer who provides scholarships for students who successfully complete internships under the Jobs for Florida's Graduates summer program. The tax credit is \$2,400 for each summer internship created, and \$5,000 for each scholarship provided. There is no limit on the total amount of tax credits that may be granted under this section. This provision would reduce state tax revenue by an indeterminate amount.

B. Private Sector Impact:

The bill would increase the tax on malt beverages. The additional revenue generated by the higher tax rate, plus revenue that currently funds the Alcoholic Beverage and Tobacco Trust Fund and the General Revenue Fund, would be used to fund the Florida Endowment Foundation, Inc., which would serve as the fiscal agent for operation of a statewide youth summer employment program. Based on the Department of Business and Professional Regulation data, revenues to the Foundation are expected to be:

- \$44,384,272 in FY 2010-11;
- \$45,598,748 in FY 2011-12; and
- \$46,746,168 in FY 2012-13.

Additionally, taxpayers under ch. 563, F.S., would be eligible for tax credits if they create summer internships or fund scholarships.

C. Government Sector Impact:

The changes in the distribution formula in the bill will reduce revenue deposited in the Alcohol Beverage and Tobacco Trust Fund (ABTTF) by the following:

- \$99,482 in FY 2010-2011;
- \$102,204 in FY 2011-2012; and
- \$104,775 in FY 2012-2013.

The bill will reduce General Revenue by the following:

- \$1,362,174 in FY 2010-2011;
- \$1,399,447 in FY 2011-2012; and
- \$1,434,662 in FY 2012-2013.

Additionally, the tax credits provided for in the bill could result in significant losses to the ABTTF and up to the entire malt beverage tax portion of General Revenue.

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.)

None.

- B. **Amendments:**

None.