

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 Budget Subcommittee on Higher Education Appropriations

BILL: CS/SB 480

INTRODUCER: Community Affairs Committee and Senator Wise

SUBJECT: Florida Endowment for Vocational Rehabilitation

DATE: March 15, 2011 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wolfgang	Yeatman	CA	Fav/CS
2.	Brown	Matthews	HE	Favorable
3.	Roberts	Roberts	GO	Favorable
4.	Bryant	Hamon	BHI	Pre-meeting
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill abolishes the State Board of Administration’s (SBA) role in investing and reinvesting monies in the endowment fund of the Florida Endowment Foundation for Vocational Rehabilitation (Foundation).

The bill eliminates the threshold in law for the endowment fund principal.

The bill provides for dedicated funds through civil traffic collections remitted to the Department of Revenue (DOR) to be deposited directly into the endowment fund.

This bill substantially amends section 413.615 of the Florida Statutes.

II. Present Situation:

Federal Law

The Federal Rehabilitation Services Administration (RSA) provides leadership and fiscal resources to assist state and other agencies in providing vocational rehabilitation (VR),

independent living, and other services to individuals with disabilities.¹ To be eligible to participate in the federal program and other rehabilitation services, states must submit to the RSA a state plan for VR services to be administered by a designated state agency.² In Florida, the Department of Education (DOE) is the designated state agency.³

Civil Penalties for Traffic Infractions

Civil penalties imposed under Chapter 318, F.S., for traffic infractions are collected by the clerk of the court and distributed pursuant to s. 318.21, F.S. Section 318.21(1) and (2), F.S., specifies that the following amounts of all civil penalties imposed under Chapter 318, F.S., and collected by the clerk of court are to be remitted monthly to the Department of Revenue for deposit as follows:

- \$1 from every civil penalty for the Child Welfare Training Trust Fund;
- \$1 from every civil penalty for the Juvenile Justice Training Trust Fund;
- Of the remaining civil penalties:
 - 20.6 percent goes into state general revenue, except that the first \$300,000 shall be deposited into the Grants and Donations Trust Fund in the Justice Administrative Commission;
 - 7.2 percent for the Emergency Medical Services Trust Fund;
 - 5.1 percent for the Additional Court Cost Clearing Trust Fund;
 - 8.2 percent for the Brain and Spinal Cord Injury Rehabilitation Trust Fund;
 - 2 percent for the endowment fund of the Florida Endowment Foundation for Vocational Rehabilitation; and
 - 0.5 percent for the clerk of the court for administrative costs.

Section 318.18(3)(f), F.S., imposes an additional fine of up to \$250 if a violation of a traffic regulation to assist mobility-impaired persons⁴ results in an injury to the pedestrian or damage to the property of the pedestrian. Section 318.21(5), F.S., requires the additional fine to be distributed as follows:

- 60 percent is remitted to the Department of Revenue for deposit in the Florida Endowment Foundation for Vocational Rehabilitation; and
- 40 percent is distributed as provided in ss. 318.21(1) and (2), F.S.

The Florida Endowment (Foundation) for Vocational Rehabilitation

Created by the Florida Legislature in 1990,⁵ the Florida Endowment Foundation for Vocational Rehabilitation, parent organization of The Able Trust, is a non-profit public/private partnership with the stated goal of assisting Floridians with disabilities in achieving employment. The Trust receives its funding from a perpetual endowment, grants, gifts and support from the public and private sectors. The Trust supports non-profit vocational rehabilitation programs throughout Florida with fund-raising, grant-making and public awareness of disability issues. The Able

¹ Office of Special Education and Related Services, U.S. Department of Education. *See* <http://www2.ed.gov/about/offices/list/osers/rsa/index.html>.

² 29 U.S.C. § 721.

³ s. 413.201, F.S.

⁴ s. 316.1303, F.S.

⁵ Section 413.615, F.S.

Trust website indicates that it supports a diversity of projects, including on-the-job coaching, supported employment, job skills-training, job development, employer outreach, Americans with Disabilities Act facility compliance, skills evaluation and programs leading to employment.⁶

For Fiscal Year ending June 30, 2008, the Able Trust reports \$5.7 million in overall revenue.⁷ Of this, the Trust received \$2.8 million from funds collected by civil traffic penalties. Collections from Fiscal Year 2009 totaled \$2.5 million and from Fiscal Year 2010, \$1.8 million.⁸

The State Board of Administration

The State Board of Administration (SBA or the Board) is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General and basically functions as an investment fund manager for various public purposes. Principal funds which the SBA currently manages include the Florida Retirement Pension Plan, the Investment Plan, the Florida Hurricane Catastrophe Fund, and the Chiles Endowment Fund.⁹ The SBA also is currently charged with investing and reinvesting moneys of the endowment fund in accordance with s. 215.44, F.S. Money in the endowment in excess of the endowment fund principal, or a lower amount requested in writing by the Foundation, is annually transmitted to the Foundation for deposit in its operating account. The board uses operating account funds to provide for:

- Planning, research, and policy development for issues related to the employment and training of disabled citizens, and publication and dissemination of such information as may serve the objectives of this section;
- Promotion of initiatives for disabled citizens;
- Funding of programs which engage in, contract for, foster, finance, or aid in job training and counseling for disabled citizens or research, education, demonstration, or other activities related thereto;
- Funding of programs which engage in, contract for, foster, finance, or aid in activities designed to advance better public understanding and appreciation of the field of vocational rehabilitation; and
- Funding of programs, property, or facilities which aid, strengthen, and extend in any proper and useful manner the objectives, work, services, and physical facilities of the division, in accordance with the purposes of this section.

Under current law, the endowment fund principal must be \$1 million for the 2000-2001 fiscal year and must be increased by five percent in each subsequent fiscal year.¹⁰

III. Effect of Proposed Changes:

This bill abolishes SBA's role in managing funding for the VR. This change will enable the Foundation to receive monies allocated on a much more frequent basis.

⁶ See The Able Trust, About the Able Trust, available at <http://www.abletrust.org/about/>.

⁷ <http://www.guidestar.org/pqShowGsReport.do?partner=amex&ein=59-3052307>

⁸ *The Able Trust SBA Activity (FY 1993-FY 2011)*, Report updated January 31, 2011.

⁹ This information is available on the SBA website at:

<http://www.sbafla.com/fsb/TheFundsWeManage/tabid/731/Default.aspx>

¹⁰ s. 413.615(4), F.S.

The percentage of money allocated to the Foundation remains the same, as this bill provides that the 2 percent of the remainder of all civil penalties currently earmarked for the Foundation under provisions of Chapter 318, F.S., are to be remitted to the Department of Revenue for distribution directly to the Foundation. The bill also clarifies the remission to the Department of Revenue of the additional money through fines collected specifically for violation of traffic regulations against disabled persons¹¹ due to pedestrian injury or property damage¹² for direct distribution under the current 60/40 percent formula.¹³

The bill removes the threshold in law for the endowment fund principal. It is unclear what, if any, impact removal of the required reserve would have on the continued viability of the endowment.

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:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The SBA currently invests approximately \$1.7 million for the Florida Endowment for Vocational Rehabilitation. The foundation, through its own investment program manages funds several times greater than this amount. The bill allows the board of the foundation to consolidate all of its investments under its own experienced investment committee.

The Department of Revenue indicates that they do not expect an operational impact.

¹¹ s. 316.1303, F.S.

¹² s. 318.18(3)(f), F.S.

¹³ This is the same distribution scheme currently in law under s. 318.21(5), F.S.

The State Board of Administration indicates that they are best suited to manage a small number of large mandates, and that this bill, removing their role, is consistent with that policy.

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 Community Affairs on February 21, 2011:
Fixes a technical amendment to clarify what “remainder of the funds” means.

- B. **Amendments:**

None.