

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 811 Florida Endowment Foundation For Vocational Rehabilitation

**SPONSOR(S):** Appropriations Committee; Perry

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Finance & Tax Committee	22 Y, 0 N	Flieger	Langston
2) Appropriations Committee	22 Y, 0 N, As CS	Heflin	Leznoff

### SUMMARY ANALYSIS

HB 811 directs the Department of Revenue to transmit dedicated funds raised from civil penalties directly to the Florida Endowment Foundation for Vocational Rehabilitation (“the foundation”), instead of depositing the funds in an endowment fund managed by the State Board of Administration (“SBA”). It also removes the SBA’s obligation to invest the assets of the endowment fund, transferring full responsibility for managing those funds to the foundation. The bill also removes the minimum principal threshold for the endowment fund.

The bill has an effective date of July 1, 2011.

The bill is not anticipated to have an effect on state or local revenues.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Present Situation**

##### The Florida Endowment for Vocational Rehabilitation

Created by the Florida Legislature in 1990,<sup>1</sup> the Florida Endowment Foundation for Vocational Rehabilitation, the parent organization of the Able Trust, is a non-profit public/private partnership with a goal of assisting Floridians with disabilities in achieving employment. The Able Trust receives its funding from a perpetual endowment, grants, gifts and support from the public and corporate sectors. The Able Trust 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. The Able Trust grants awards to non-profit agencies serving people with various disabilities, community colleges and individuals with documented disabilities.<sup>2</sup>

##### Civil Penalties for Traffic Infractions

Civil penalties imposed under Chapter 318, F.S., for traffic infractions are collected by the clerks of the court and distributed pursuant to s. 318.21, F.S. 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 goes to the Child Welfare Training Trust Fund.
- \$1 from every civil penalty goes to the Juvenile Justice Training Trust Fund.
- Of the remaining civil penalties:
  - 20.6 percent goes to 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 goes to the Emergency Medical Services Trust Fund;
  - 5.1 percent goes to the Additional Court Cost Clearing Trust Fund;
  - 8.2 percent goes to the Brain and Spinal Cord Injury Rehabilitation Trust Fund;
  - 2 percent goes to the endowment fund of the Florida Endowment Foundation for Vocational Rehabilitation.

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 persons<sup>3</sup> 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 endowment fund.
- 40 percent is distributed as provided in s. 318.21(1) and (2), F.S.

##### The State Board of Administration

The State Board of Administration is composed of the Governor as chair, the Chief Financial Officer, and the Attorney General. The SBA is currently charged with investing and reinvesting moneys of the Florida Endowment Foundation for Vocational Rehabilitation endowment fund in accordance with the provisions of s. 215.44 and 215.53, F.S. Moneys in excess of the endowment fund principal, or such lesser amount as may be requested in writing by the foundation, shall be annually transmitted to the foundation and are deposited in the foundation's operating account.

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<sup>1</sup> Section 413.615, F.S.

<sup>2</sup> See The Able Trust, About the Able Trust, *available at* <http://www.abletrust.org/about/>.

<sup>3</sup> Imposed under s. 316.1303, F.S.

The endowment fund principal was established at \$1 million for the 2000-01 fiscal year, to be increased by five percent in each subsequent fiscal year.<sup>4</sup> The endowment board must use the funds deposited in the operating account as directed by s. 413.615(10), F.S., which allows for the following uses:

- 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 statutory objectives;
- 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 related activities;
- 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.

### **Proposed Changes**

The bill directs the Department of Revenue to transmit funds remitted pursuant to s. 318.21(2) and (5), F.S.,<sup>5</sup> directly to the Florida Endowment Foundation for Vocational Rehabilitation on a monthly basis. Under current law these funds are deposited in the endowment fund of the foundation to be managed by the SBA, and moneys in excess of the principal are transmitted to the foundation on an annual basis.

The bill would also remove the SBA's obligation to manage the assets of the endowment fund, which will result in the foundation board self-administering all funds directed to it from the Department of Revenue for use as directed in s. 413.615(10), F.S.

The bill also requires that the SBA transmit all remaining liquid fund balances currently being held for investment and reinvestment within the fund to the foundation within 60 days of July 1, 2011.

#### **B. SECTION DIRECTORY:**

**Section 1:** Amends s. 318.21, F.S. to require monthly transmission of civil penalty fees to the foundation

**Section 2:** Amends s. 413.615, F.S. to eliminate SBA's responsibility for investing the endowment fund, requires transmission of moneys currently in the fund to the foundation

**Section 3:** Provides for an effective date of July 1, 2011.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None.

2. Expenditures:

None.

#### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

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<sup>4</sup> Section 413.615(4), F.S.

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill requires that all liquid funds currently held by the SBA for investment and reinvestment for the endowment fund must be returned to the endowment fund within 60 days of July 1, 2011. As of December 31, 2010 the market value of assets being held was \$1,881,381, of which \$48,118 was in restricted status and not available for transfer. These are funds in the CAMP Money Market Restricted Fund that could only be returned at a loss to the endowment fund. The unrealized loss to the fund would be \$29,406.84.<sup>6</sup> Under this bill the \$48,118 would be allowed to remain in the restricted funds account and would be returned to the endowment fund as they mature in the restricted account.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that the counties or municipalities have to raise revenue in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On April 15, 2011, the Appropriations Committee reported the bill favorably with one amendment.

- Amendment 1 authorizes that all liquid funds currently held by the SBA for investment and reinvestment for the endowment fund must be returned to the endowment fund within 60 days of July 1, 2011.

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<sup>6</sup> State Board of Administration, *Re: House Bill #811*, (February 22, 2011).