

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

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| BILL #: | CS/HB 7023 (CS/CSSB 1398) | FINAL HOUSE FLOOR ACTION: | |
| SPONSOR(S): | Economic Affairs Committee; and Brodeur (Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations; Commerce and Tourism; Gardiner; and others) | 95 Y's | 19 N's |
| COMPANION BILLS: | CS/CS/SB 1398 | GOVERNOR'S ACTION: | Pending |

SUMMARY ANALYSIS

CS/HB 7023 passed the House on February 3, 2012, and subsequently passed the Senate on March 8, 2012.

The bill includes measures to increase the accountability of the workforce system. Specifically the bill:

- provides that certain funds that are required to be allocated by a board to Individual Training Accounts must also be expended on such accounts unless the board obtains a waiver from Workforce Florida, Inc. (WFI), and also specifies that books and other training services authorized by federal law qualify for such expenditures while removing WFI policies to allow additional types of expenditures;
- limits the total membership of each local regional workforce board to the minimum membership required under Federal law; however, upon approval by the Governor the local elected official may appoint additional members;
- includes a requirement for each member and the executive director to file a disclosure of financial interest pursuant to s. 112. 3145, F.S., if they are not already required to file a financial disclosure pursuant to s. 8, Article II of the State Constitution or s. 112.3144, F.S.;
- provides that a member of the board and the executive director may be removed by the Governor for cause;
- requires that if a public education training provider is on the board, a representative of a private nonprofit and for-profit provider must also be appointed;
- provides clarification on the choice of training providers that should be offered by a board;
- prohibits the regional workforce boards from utilizing state or federal funds for meals, food, beverages, entertainment or recreational activities but allows for reasonable travel expenses and per diem;
- requires that any related party contract has to be approved by a two-thirds vote of the board after a quorum is established, and any such contract in excess of \$25,000 must also be approved by WFI;
- prohibits the use of multiple payments to avoid contracting thresholds and provides that this practice is cause for removal by the Governor;
- requires the regional workforce board to develop an annual budget for the purpose of carrying out its duties that must be approved by the local elected official and submitted to WFI within two weeks;
- requires Workforce Florida, Inc., to evaluate the development of a single, statewide workforce-system brand for Florida and submit a report; and
- provides that state workforce services participants in an adult or youth work experience activity are considered employees of the state for the purpose of workers' compensation coverage.

The bill has no fiscal impact.

Subject to the Governor's veto powers, the bill is effective on July 1, 2012.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Regional Workforce Boards

Chapter 445, F.S., created the Workforce Innovation Act of 2000. The Act established a three-tier system for workforce services. The workforce system includes:

- Workforce Florida, Inc. (WFI) as the principal workforce policy organization for the state. It is governed by a public/private board of directors, appointed by the Governor. Private sector representatives are appointed by nominations received by the Governor, including nominations made by the Senate President and Speaker of the House of Representatives.
- The Department of Economic Opportunity (DEO) as the state's administrative/fiscal agent designated for receipt of federal workforce development funds and other federal funds. DEO has the statutory responsibility for ensuring that the state appropriately administers federal and state workforce funding by administering the plans and policies of Workforce Florida, Inc., under contract with Workforce Florida, Inc.
- Twenty-four (24) Regional Workforce Boards (RWBs) are the local planning and workforce service delivery systems. The RWBs operate under a Charter approved by WFI.

The county or city governing bodies, within a RWB's designated service area, enter into an inter-local agreement to establish the local parameters under which the regional workforce board will operate. This includes the manner in which board members are appointed. Once board appointments are made, board members select a chair. The board chair may serve for a term of not more than two years and cannot serve more than two terms. Board membership must comply with the requirements outlined in Public Law No. 105-220, Title I, s. 117. Specifically, the Governor of the state, in partnership with the state board, shall establish criteria for use by chief elected officials in the local areas for appointment of members of the local boards. Such criteria shall require, at a minimum, that the membership of each local board shall include the following:

- representatives of business in the local area, who are:
 - owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority;
 - represent businesses with employment opportunities that reflect the employment opportunities of the local area; and
 - are appointed from among individuals nominated by local business organizations and business trade associations.
- representatives of local educational entities, including representatives of local educational agencies, local school boards, entities providing adult education and literacy activities, and postsecondary educational institutions (including representatives of community colleges, where such entities exist), selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such local educational entities;
- representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations, or (for a local area in which no employees are represented by such organizations), other representatives of employees;
- representatives of community-based organizations (including organizations representing individuals with disabilities and veterans, for a local area in which such organizations are present);
- representatives of economic development agencies, including private sector economic development entities;
- representatives of each of the one-stop partners; and

- other individuals or representatives of entities as the chief elected official in the local area may determine to be appropriate.

The appointment of an executive director to staff a regional workforce board is made by the board members. Additionally, the chairman of the regional workforce board is elected by its members and is not subject to Senate confirmation.

Public Law No. 105-220 defines the “chief elected official” as the chief elected executive officer of a unit of general local government in a local area. In a case in which a local area includes more than one unit of general local government, an agreement must be reached specifying each chief elected official’s role. In general, the chief elected official in a local or regional area shall serve as the local grant recipient for, and shall be liable for any misuse of, the grant funds allocated to the local or regional area.

Financial Disclosures

Section 112.3145(2), F.S., requires the following:

- each state or local officer and specified state employee to file a statement of financial interests no later than July 1 of each year;
- each state or local officer and specified state employee must file a final statement of financial interests within 60 days after leaving his or her public position. The disclosure covers the period between January 1 of the year in which the person leaves and the last day of office or employment, unless within the 60-day period the person takes another public position requiring financial disclosure; and
- each state or local officer who is appointed and each specified state employee who is employed must file a statement of financial interests within 30 days from the date of appointment or, in the case of a specified state employee, from the date on which the employment begins.

Workers Compensation Coverage

Florida’s workforce programs are administered by the Department of Economic Opportunity and are primarily supported by federal funds. The federal funding for these programs is allocated to the state’s 24 regional workforce boards that are established pursuant to chapter 445, Florida Statutes. Three of the primary workforce programs that are delivered by the regional workforce boards are the Welfare Transition Program, the Food Stamp Employment and Training Program, and the Workforce Investment Act Program.

All three of these workforce programs provide work experience for adult and youth participants. In the Welfare Transition Program, participants engage in work experience as a condition for their continued receipt of cash assistance under the federal Temporary Assistance for Needy Families (TANF) Program. In the Food Stamp Employment and Training Program, certain participants are required to engage in work experience as a condition for their continued receipt of food stamp benefits. In the Workforce Investment Act Program, work experience is an activity that is primarily used for youth who have had limited exposure to the world of work.

Federal law requires that participants in a federally funded work experience activity must be covered either under the state workers’ compensation law or comparable insurance coverage must be secured. The cost for any workers’ compensation coverage provided under this proposal would be paid for by the applicable federal grant program. The overall cost would be lower if all participants were covered under the state’s plan rather than each regional workforce board and each individual service provider having to negotiate separate insurance coverage for their participants.

The 2011-2012 General Appropriations Act Implementing Bill included a provision that allows a participant in an adult or youth work experience activity to be deemed an employee of the state for purposes of workers’ compensation coverage. This subsection of statute is set to expire on June 30, 2012.

Effect of Changes

Regional Workforce Boards

The bill limits the total membership of each local regional workforce board to the minimum membership required in the federal Workforce Investment Act (Public Law No. 105-220). However, upon approval by the Governor the local elected official may appoint additional members. Also, the bill requires that if a public education training provider is appointed to a regional workforce board, then a private nonprofit and private for-profit training provider must also be appointed to the board.

In addition, the bill includes a requirement for each member and the executive director or person responsible for the operational and administrative functions of a regional workforce board to file a disclosure of financial interest pursuant to s. 112.3145, F.S., if they are not already required to file a financial disclosure form pursuant to s. 8, Article II of the State Constitution or s. 112.3144, F.S.

The bill also provides that a member of a regional workforce board and the executive director or person responsible for the operational and administrative functions of a regional workforce board may be removed by the Governor for cause. Cause which justifies such a removal includes, but is not limited to, engaging in fraud and other criminal acts, incapacity, unfitness, neglect of duty, official incompetence and irresponsibility, misfeasance, malfeasance, nonfeasance, or lack of performance.

The language prohibits the regional workforce boards from utilizing state or federal funds for meals, food, beverages, entertainment or recreational activities. However, the bill does allow for reasonable travel expenses and per diem as established in s. 112.061, Florida Statutes.

Additionally, the bill requires that any contract between a regional workforce board and a member of the board, or a contract between a board and a relative of a member or employee of the board, has to be approved by a two-thirds vote of the board after a quorum is established. Any such contract in excess of \$25,000 must also be approved by Workforce Florida, Inc. The bill also prohibits a board from making multiple smaller payments in order to avoid or evade the monetary thresholds and procedures established by federal law and policies of Department of Economic Opportunity and Workforce Florida, Inc. Making such smaller payments is considered grounds for removal for cause.

Under the bill the regional boards are required to develop an annual budget for the purpose of carrying out their duties that must be approved by the chief elected official. Within two weeks of the approval, the regional workforce boards must submit their annual budget for review to WFI.

Training

The bill requires that federal Title I funds for Adult and Dislocated Workers that are passed through to regional workforce boards that are currently required to be allocated to Individual Training Accounts must also be expended on such training accounts. Further, the bill specifies that books and other training services authorized by the Workforce Investment Act of 1998 are allowable expenditures from such training accounts. Finally, the bill removes language that allowed training costs to be allocated to other programs developed by regional workforce boards that complied with policies of Workforce Florida, Inc.

In addition, the bill provides that regional workforce boards must provide the greatest possible choice of training providers to those who qualify for training services. The bill prohibits a board from restricting the choice of training providers based on cost, location, or historical training arrangement. However, the bill does allow a board to restrict the total amount of training services available to any one client, which may vary based on the cost of training in the client's chosen occupational area.

Workforce Florida, Inc.

Currently, each of the twenty four regional workforce boards are responsible for the name, logo and branding of their respective workforce system. The names and logos of the regional boards all vary

greatly from one another. However, the services provided by the regional boards are directed by the state board and therefore should be similar. The bill requires WFI to evaluate the development of a single, statewide workforce system brand for Florida. The study would determine whether there should be a statewide brand for the state workforce system so that no matter where you are, you will recognize the workforce system brand and understand what services they provide. The recommendations for such a statewide brand must be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1, 2012.

Finally, the bill provides that state workforce services participants in an adult or youth work experience activity are employees of the state for workers compensation coverage. This provision allows the state to pool workforce services participants in order to reduce the overall cost of workers' compensation coverage to the state.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
None.
2. Expenditures:
None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None.
2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

- D. FISCAL COMMENTS:** The bill continues the state's current policy to provide that state workforce services participants in an adult or youth work experience activity are employees of the state for workers compensation coverage. This provision allows existing federal funds to be efficiently utilized and reduces the overall cost of workers' compensation coverage to the state.

Through the restriction of funding for non-direct service costs, there will be more funds available to directly benefit clients of regional workforce boards.