

**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.)

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Prepared By: The Professional Staff of the Committee on Fiscal Policy

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**BILL:** PCS/SB 376 (170500)

**INTRODUCER:** Fiscal Policy (Recommended by Appropriations Subcommittee on General Government) and Senator Hukill

**SUBJECT:** Individuals with Disabilities

**DATE:** November 18, 2015      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	<u>Favorable</u>
2.	<u>Betta</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Recommend: Fav/CS</u>
3.	<u>Pace</u>	<u>Hrdlicka</u>	<u>FP</u>	<u>Pre-meeting</u>

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

SB 376 creates the Financial Literacy Program for Individuals with Developmental Disabilities within the Department of Financial Services (DFS). The goal of the program is to promote economic independence and successful employment of individuals with developmental disabilities by providing education, outreach, and resources on specific issues. For individuals with developmental disabilities these issues include financial education, financial and health benefit programs and services, job training and employment opportunities, and the impact of earnings and assets on eligibility for federal and state programs. For employers of the state, the issues include strategies to make program and educational materials available to their employees with developmental disabilities.

The bill requires the DFS to establish on its website a clearinghouse for information regarding the program and other resources and to develop a brochure that describes the program. The bill also requires that financial institutions participating in the qualified public depository program participate in the Financial Literacy Program as a condition of eligibility for the qualified public depository program.

The bill appropriates the recurring amount of \$69,570 from the Insurance Regulatory Trust Fund within the DFS.

## II. Present Situation:

### Financial Literacy and Economic Independence

According to the United States Census Bureau, individuals who have a disability make up approximately 13.4 percent of the population of Florida, and 10.1 percent of individuals ages 18 to 64 (working age) have a disability.<sup>1</sup> In 2014, over 20 percent of working aged individuals who have a disability lived below the federal poverty line in Florida, compared with 13.7 percent of individuals without a disability.<sup>2</sup>

Individuals who have a disability experience significant disparities in employment and participation in the workforce.<sup>3</sup> For example, 17.9 percent of individuals who have a disability are employed in Florida, while over 61 percent of those who do not have a disability are employed.<sup>4</sup> Nationally in December 2104, there was an 11.2 percent unemployment rate for individuals who have a disability and a 5.1 percent unemployment rate for individuals without a disability.<sup>5</sup> According to the National Disability Institute (NDI), many of these individuals would like to find employment, but are concerned if they earn more money it will cause them to lose disability and health benefits.<sup>6</sup>

Financial education and literacy are critical components for gaining economic independence. A 2014 report by the National Disability Institute (NDI) evaluated the financial capability among individuals with and without disabilities based on information derived from the FINRA<sup>7</sup> Investor Education Foundation's 2012 National Financial Capability Study.<sup>8</sup> The NDI report found that individuals with disabilities have greater difficulty in meeting monthly expenses, are less likely to have access to emergency funds, are more likely to carry credit card balances and use non-

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<sup>1</sup> U.S. Department of Commerce, U.S. Census Bureau, American Fact Finder, *Disability Characteristics, 2014 American Community Survey 1-year Estimates*, Report S1810, searchable database (select advanced search) available at: <http://factfinder.census.gov/> (last visited Nov. 5, 2015).

<sup>2</sup> U.S. Department of Commerce, U.S. Census Bureau, American Fact Finder, *Selected Economic Characteristics for the Civilian Noninstitutionalized Population by Disability Status, 2014 American Community Survey 1-year Estimates*, Report S1811, searchable database available at: <http://factfinder.census.gov/> (last visited Nov. 5, 2015).

<sup>3</sup> American Institutes for Research, *An Uneven Playing Field: The Lack of Equal Pay for People with Disabilities*, p. 2, December 2014, available at: [http://www.air.org/sites/default/files/Lack%20of%20Equal%20Pay%20for%20People%20with%20Disabilities\\_Dec%2014.pdf](http://www.air.org/sites/default/files/Lack%20of%20Equal%20Pay%20for%20People%20with%20Disabilities_Dec%2014.pdf) (last visited Nov. 5, 2015).

<sup>4</sup> Supra note 2. Note, 78.5 percent of individuals who have a disability are not in the labor force.

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics, *BLS Data Viewer: Labor Force Statistics from the Current Population Survey, Series IDs LNU04074593 and LNU04074597*, (for 2014, not seasonally adjusted), available at: <http://beta.bls.gov/dataViewer/view/641a3c05bb5b4578b313b2f20ca886cc> (last visited Nov. 9, 2015).

<sup>6</sup> National Disability Institute with support from the Florida Development Disabilities Council, *The Changing Face of Benefits Knowledge for Successful Employment and Asset Development*, p. 1, March 2013, available at: [http://www.realeconomicimpact.org/data/files/other%20documents/changing\\_face\\_of\\_benefits\\_2013.pdf](http://www.realeconomicimpact.org/data/files/other%20documents/changing_face_of_benefits_2013.pdf) (last visited Nov. 5, 2015).

<sup>7</sup> FINRA is the Financial Industry Regulatory Authority, which is an independent, not-for-profit organization authorized by Congress that is charged with regulatory oversight of all securities broker-dealers conducting business with the public in the United States.

<sup>8</sup> Nicole E. Conroy, et. al., *Financial Capabilities of Adults with Disabilities, Findings from the FINRA Investor Education Foundation 2012 National Financial Capability Study*, National Disability Institute, July 22, 2014, available at: [http://www.realeconomicimpact.org/data/files/reports/ndi\\_financial\\_capability\\_report\\_july\\_2014.pdf](http://www.realeconomicimpact.org/data/files/reports/ndi_financial_capability_report_july_2014.pdf) (last visited Nov. 11, 2015).

bank methods of borrowing, are less likely to have received financial education, and have lower financial literacy.<sup>9</sup> The report concluded that individuals with disabilities “are generally marginalized from the economic mainstream, as indicated by the notably lower levels of overall financial capability and economic security compared to persons without disabilities.”<sup>10</sup> The report advocated, “innovative approaches that increase access for individuals with disabilities to financial tools and services that foster informed decision making, build financial confidence, and improve financial capability.”<sup>11</sup>

Individuals with disabilities must navigate a complex set of federal and state regulations to access resources and obtain financial and medical benefits. Some individuals are born with disabilities, while others may experience a short-term or long-term disability, whether through accidents, employment-related injuries or illnesses, disease, or aging. Individuals may also have mental disorders or developmental disabilities. The definition of the term “disability,” for purposes of eligibility for state and federal benefits and employment programs, varies among the different programs.

### **Federal Disability Resources**

The Social Security Disability Insurance (SSDI)<sup>12</sup> and Supplemental Security Income (SSI)<sup>13</sup> programs are two types of disability programs administered by the federal Social Security Administration. Applicants for each of the programs must meet strict medical requirements to qualify for disability benefits. Under the programs, disability is defined as the inability to engage in substantial gainful activity (SGA) due to a medically determinable physical or mental impairment expected to result in death or last at least 12 months.<sup>14</sup> Generally, a person who is earning more than a certain monthly amount is considered to be engaging in SGA. The SSI recipients living alone or in a household where all members receive SSI benefits are generally also eligible for Medicaid.

The SSDI program is an insurance program that provides benefits to individuals who have contributed to the Social Security system and meet certain minimum work requirements. In contrast, SSI is a means-tested program for aged, blind, or disabled individuals who meet certain income and resource limitations; however, there are no contribution or minimum work requirements. The SSI program provides cash payments<sup>15</sup> assuring a minimum income for aged, blind, or disabled individuals who have very limited income and assets.<sup>16</sup> As of December 2014,

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<sup>9</sup> *Id.* at 7-8.

<sup>10</sup> *Id.* at 40.

<sup>11</sup> *Id.* at 42.

<sup>12</sup> 42 U.S.C. ss. 401-434.

<sup>13</sup> 42 U.S.C. ss. 1381-1385.

<sup>14</sup> See Social Security Administration, *Disability Evaluation Under Social Security*, available at:

<http://www.socialsecurity.gov/disability/professionals/bluebook/general-info.htm> (last accessed Nov. 9, 2015).

<sup>15</sup> For 2016, the maximum monthly federal benefit rate is \$733 for an eligible individual and \$1,100 for an eligible individual with an eligible spouse. Generally, the maximum monthly payment changes yearly due to changes in the Consumer Price Index. The 2016 schedule is available at: <http://www.socialsecurity.gov/OACT/COLA/SSI.html> (last accessed Nov. 9, 2015).

<sup>16</sup> Countable income is the amount subtracted from the maximum monthly federal benefit rate to determine SSI eligibility and compute monthly payment amount. The countable income limit for SSI eligibility is \$2,000 for individuals and \$3,000 for couples with exclusions. See Social Security Administration, *Supplemental Security Income (SSI) Resources*, available at <https://www.ssa.gov/ssi/text-resources-ussi.htm> (last accessed Nov. 10, 2015).

there were 560,809 SSI recipients (aged, blind, or disabled) and 560,856 disabled workers that were recipients of SSDI in Florida.<sup>17</sup>

### **State Disability Resources**

Various state agencies provide services, benefits, and resources for individuals with disabilities. These agencies include the Agency for Health Care Administration, the Agency for Persons with Disabilities, the Department of Children and Families, the Department of Economic Opportunity (DEO), and the Department of Education. Many state and regional advocacy groups also provide resources and services.

Section 393.063(9), F.S., defines a developmental disability to mean “a disorder or syndrome that is attributable to intellectual disability, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome; that manifests before the age of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.”

The Agency for Persons with Disabilities (APD) currently serves approximately 55,000 clients with developmental disabilities.<sup>18</sup> The total population of individuals in Florida with developmental disabilities is indeterminate at this time. However, the APD estimates that the population of individuals with developmental disabilities could be between 300,000 to 600,000.<sup>19</sup>

### ***Department of Financial Services***

The Chief Financial Officer (CFO) of the State of Florida is the head of the Department of Financial Services.<sup>20</sup> The CFO has established various outreach and education programs to increase the financial literacy of Florida residents and to protect them from financial fraud. These initiatives include a comprehensive online financial literacy and education initiative to provide Hispanic Floridians and their families with important personal financial information, a program to educate and protect seniors from financial schemes, and financial education for military service members.<sup>21</sup>

The CFO administers the Florida Security for Public Deposits Act (act),<sup>22</sup> which authorizes local and state governmental units (public depositories) to place public deposits in qualified public depositories (QPD).<sup>23</sup> Public deposits are funds in excess of amounts required to meet

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<sup>17</sup> Social Security Administration *Annual Statistical Supplement, 2015*, available at: <https://www.socialsecurity.gov/policy/docs/statcomps/supplement/2015/7b.html> and <https://www.socialsecurity.gov/policy/docs/statcomps/supplement/2015/5j.html>

#table 5.J2 (last accessed Nov. 9, 2015).

<sup>18</sup> Email from the Agency for Persons with Disabilities, Summary of Active Clients, January 11, 2015 (on file with the Senate Banking and Insurance Committee).

<sup>19</sup> Email from the Agency for Persons with Disabilities, January 13, 2015 (On file with the Senate Banking and Insurance Committee).

<sup>20</sup> Section 20.121(1), F.S.

<sup>21</sup> See Your Money Matter\$, a one-stop website to access the CFO’s financial literacy resources, available at: <http://www.myfloridacfo.com/sitePages/services/flow.aspx?ut=Financial+Literacy> (last accessed on Nov. 9, 2015).

<sup>22</sup> Chapter 280, F.S.

<sup>23</sup> A qualified public depository is organized under the laws of the United States or any state or territory of the United States; has a principal place of business or branch office in this state authorized to receive deposits; has federally-insured deposits, has procedures and practices that accurately report and collateralize public deposits; meets the requirements of the act; and has been designated as a qualified public depository by the CFO. See s. 280.02(26), F.S.

disbursement needs or expenses. A QPD can be a bank, savings bank, or savings association that meets specific criteria, including collateral requirements, under the act. The CFO is responsible for designating financial institutions as qualified public depositories.

### **III. Effect of Proposed Changes:**

The bill creates the Financial Literacy Program for Individuals with Developmental Disabilities under the direction of the Chief Financial Officer who heads the Department of Financial Services (DFS). The goal of the program is to promote economic independence and successful employment of individuals with developmental disabilities by providing resources, outreach, and education on specific issues. For individuals with developmental disabilities these issues include financial education, identification of financial and health benefit programs and services, job training and employment opportunities, and the impact of earnings and assets on eligibility for federal and state programs. For employers the issues include strategies to make program and educational materials available to their employees with developmental disabilities.

The bill provides that the DFS, in consultation with public and private stakeholders, will develop and implement the program. Banks, credit unions, savings associations, and savings banks will be key participants in the development and promotion of the program. The DFS will establish a clearinghouse on its website for information regarding the program and other available resources for individuals with developmental disabilities and their employers. The DFS will publish a brochure that describes the program and make the brochure accessible through its website.

The bill requires financial institutions participating in the qualified public depository program to participate in the Financial Literacy Program as condition of eligibility for the qualified public depository program. Within 90 days of the DFS establishing the program and publishing the brochure, each participating financial institution must make the brochures available at each Florida branch office that has in-person teller services by having available copies or printing a copy of the brochure upon request. A financial institution or other program participant is not subject to a civil cause of action arising from the distribution or nondistribution of program information. Each participating financial institution website must also provide a hyperlink to the department's website for the program.

The bill provides \$69,570 of recurring funds from the Insurance Regulatory Trust Fund within the DFS to develop and manage the new program, which includes printing and postage costs for the brochures.

The effective date of the bill is January 1, 2017.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

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**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:**

Implementation of the Financial Literacy Program will provide individuals with developmental disabilities an opportunity to obtain a better understanding of financial products and services, financial management, employment options, and federal and state benefits. Employers will also benefit from resources that will facilitate employment of individuals with developmental disabilities.

Financial institutions may incur indeterminate costs associated with providing brochures about the program at their places of business and revising their websites to provide a link to access the Financial Literacy Program's website.

**C. Government Sector Impact:**

The bill provides the recurring amount of \$69,570 from the Insurance Regulatory Trust Fund within the Department of Financial Services (DFS) to implement this program. This appropriation funds the costs associated with printing and shipping 50 brochures to an estimated 4,500 financial institution branch offices in Florida.<sup>24</sup> The bill requires the DFS to make copies of the brochure available to a bank, savings association, or savings bank upon request of such financial institution.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

The bill substantially amends section 280.16 of the Florida Statutes.

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<sup>24</sup> Department of Financial Services, Senate Bill 376 Analysis (Oct. 5, 2015) (on file with the Senate Committee on Banking and Insurance).

The bill creates section 17.68 of the Florida Statutes.

**IX. Additional Information:**

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

**Recommended CS by Appropriations Subcommittee on General Government on November 3, 2015:**

The committee substitute reduces the amount appropriated to the Department of Financial Services to implement the program.

- B. **Amendments:**

None.