

**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 Appropriations

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BILL: CS/CS/SB 1624

INTRODUCER: Appropriations Committee; Children, Families, and Elder Affairs Committee; and Senator Perry

SUBJECT: Economic Self-sufficiency

DATE: March 4, 2020

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hendon</u>	<u>Hendon</u>	<u>CF</u>	<u>Fav/CS</u>
2.	<u>McVaney</u>	<u>McVaney</u>	<u>GO</u>	<u>Favorable</u>
3.	<u>Shettle</u>	<u>Kynoch</u>	<u>AP</u>	<u>Fav/CS</u>

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

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/CS/SB 1624 requires the Auditor General to review certain state economic assistance, health care, and housing programs at least once every three years. The bill requires the Auditor General to submit a report to the Governor and Legislature within 30 days of completing each review.

The bill is expected to have a minimal impact on expenditures by the Auditor General.

The bill takes effect July 1, 2020.

**II. Present Situation:**

**Florida Auditor General**

Article III, s. 2 of the State Constitution provides for the Legislature to appoint an auditor who shall audit the public records and perform related duties as prescribed by law or concurrent resolution. Section 11.42, F.S., designates the constitutional auditor as the Auditor General, and ss. 11.42 through 11.47, F.S., set forth the Auditor General's authority and duties. Independently, and in accordance with applicable professional standards, the Auditor General:

- Conducts financial audits of the accounts and records of state government, state universities, state colleges, and school districts.

- Conducts operational and performance audits of public programs, activities, and functions and information technology systems.
- Adopts rules, in consultation with the Florida Board of Accountancy, for audits performed by independent certified public accountants of local governmental entities, charter schools and technical career centers, school districts, and certain nonprofit and for-profit organizations.
- Conducts reviews of audit reports of local governmental entities, charter schools and technical career centers, school districts, and certain nonprofit and for profit organizations.
- Conducts examinations of school districts' and other entities' records to evaluate compliance with state requirements governing the Florida Education Finance Program student enrollment and student transportation funding allocations.
- Conducts quality assessment reviews of the internal audits performed by state agency offices of inspectors general.

Pursuant to the Federal Single Audit Act, the Office of Management and Budget requires an audit of major state-administered federal awards programs, as described in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.<sup>1</sup> Accordingly, the Auditor General performs an annual financial and federal awards audit of the State of Florida, which encompasses all state agencies, universities, and colleges, most recently in Report No. 2019-186. With the exception of the Section 8 program, this audit includes the state-administered federal programs listed in the bill. The Section 8 program is administered by local housing authorities rather than the state. As a result, each of the listed programs except Section 8 is audited by the Auditor General at least once every 3 years.<sup>2</sup>

### III. Effect of Proposed Changes:

**Section 1** amends 11.45, F.S., to require the Auditor General to conduct, at least every three years, performance audits of each of the following economic assistance and health care programs:

- The Supplemental Nutrition Assistance Program (SNAP) that helps low-income individuals and families buy healthy food.
- The Temporary Cash Assistance Program that provides cash assistance to families with children under the age of 18 that meet the technical, income, and asset requirements.
- The Medicaid Program that provides medical coverage to low-income individuals and families.
- The School Readiness Program that provides subsidies for child care services and early childhood education for children of low-income families, children in protective services who are at risk of abuse, neglect, or abandonment, and children with disabilities.
- The U.S. Department of Housing and Urban Development Section 8 Housing Program that provides housing assistance to low income individuals and families. The U.S. Department of Housing and Urban Development Section 8 Housing Program is operated by the federal

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<sup>1</sup> Letter from the Auditor General, dated Jan. 21, 2020. On file with the Senate Committee on Children, Families and Elder Affairs

<sup>2</sup> *Id.*

government through local organizations in Florida. It is unclear if the Florida Auditor General would have the authority to conduct such reviews or audits.

The bill requires the Auditor General to review eligibility criteria, review how the programs document eligibility, how frequently the programs determine eligibility, how clear the programs communicate requirements to the program beneficiaries, review ways to improve efficiency and effectiveness through data sharing, and the number of families receiving assistance from more than one of the programs.

The bill directs the Auditor General to determine the number of families receiving assistance from these programs that also receive Earned Income Tax credits. It is unclear whether the Internal Revenue Service (IRS) would be able to provide information on Floridians who receive the Earned Income Tax credit. Taxpayers have the right to confidentiality regarding federal income tax information. A taxpayer can expect that any information he or she provides to the IRS will not be disclosed to outside parties, unless authorized by the taxpayer or by law.<sup>3</sup> The right to confidentiality requires:

- In general, the IRS may not disclose a taxpayer's tax information to third parties, unless the taxpayer gives the agency permission.
- In general, the IRS cannot contact third parties, such as a taxpayer's employer, neighbor, or bank, to get information about a taxpayer unless it provides the taxpayer with reasonable notice before making the contact.
- When dealing with a federally authorized tax practitioner, a taxpayer can expect the same confidentiality protection that he or she would have with an attorney.

The bill requires the Auditor General to report the results of such audits to the Governor and Legislature within 30 days after the completion of each audit, but no later than December 31, 2020, and every three years thereafter.

**Section 2** provides that the bill takes effect July 1, 2020.

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

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

Not applicable. The bill does not require counties or municipalities to take action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

##### **B. Public Records/Open Meetings Issues:**

None.

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<sup>3</sup> U.S. Internal Revenue Service website. See <https://www.irs.gov/newsroom/the-right-to-confidentiality-taxpayer-bill-of-rights-8> (last visited Jan. 30, 2020).

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The proposed changes require the Auditor General to conduct a performance audit every three years on each of various state-administered federal public assistance programs. However, the bill is expected to have a minimal impact on the operations of the Auditor General because many of the issues raised in the bill have been or are currently subject to audit.<sup>4</sup>

**VI. Technical Deficiencies:**

The U.S. Department of Housing and Urban Development Section 8 Housing Program is operated by the federal government. It is unclear if the Florida Auditor General has the authority to conduct reviews or audits of the program.

The Auditor General is not able to access information on Floridians who receive the Earned Income Tax credit in order to determine if such individuals also participate in the economic assistance and health care programs. Tax information is confidential under federal law and may only be released by the IRS under certain circumstances.

**VII. Related Issues:**

None.

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<sup>4</sup> Letter from the Auditor General, dated Jan. 21, 2020. On file with the Senate Committee on Children, Families and Elder Affairs

**VIII. Statutes Affected:**

This bill substantially amends section 11.45 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS/CS by Appropriations on March 3, 2020:**

The committee substitute removes from the bill amendments to s. 1002.87, F.S., that would have provided a priority for participation in the school readiness program to parents who have an Intensive Service Account or an Individual Training Account. Such accounts are used by the state's workforce program, CareerSource Florida, Inc., to assist persons with job referral and placement.

**CS by Children, Families, and Elder Affairs on February 4, 2020:**

The CS removes from the bill amendments to s. 1002.81, F.S., that would have removed the definitions of "earned income" and "unearned income" from the statutes governing the School Readiness Program.

**B. Amendments:**

None.