



Appropriations Committee

Wednesday, March 15, 2017
2:30 PM – 5:00 PM
212 Knott Building

Meeting Packet

Richard Corcoran
Speaker

Carlos Trujillo
Chair



The Florida House of Representatives

Appropriations Committee

Richard Corcoran
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AGENDA

Wednesday, March 15, 2017


212 Knott Building

2:30 PM – 5:00 PM

- I. Call to Order/Roll Call
- II. Opening Remarks by Chair Trujillo
- III. Consideration of the following bill:
 - CS/HB 77** Sports Franchise Facilities by Government Accountability Committee, Avila
 - HB 181** Natural Hazards by Jacobs
 - CS/HB 479** Government Accountability by Oversight, Transparency & Administration Subcommittee, Metz
 - CS/HB 581** Family Self-Sufficiency by Children, Families & Seniors Subcommittee, White
 - CS/HB 805** Insurance Policy Transfers by Insurance & Banking Subcommittee, Ingoglia
- IV. Subcommittee Chairs Report on Budget Exercise
- V. Closing Remarks and Adjournment

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 77 Sports Franchise Facilities
SPONSOR(S): Government Accountability Committee; Avila and others
TIED BILLS: IDEN./SIM. **BILLS:** SB 122

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Government Accountability Committee	14 Y, 5 N, As CS	Moore	Williamson
2) Appropriations Committee		Proctor	Leznoff 

SUMMARY ANALYSIS

Florida is home to many professional and semi-professional sports franchises. These franchises use facilities located on land leased from a local government and also have facilities on land they previously purchased from a local government.

The bill prohibits a sports franchise from constructing, reconstructing, renovating, or improving a facility on public land leased from the state or a political subdivision thereof. The bill also requires a sale of public land by the state or a political subdivision thereof for a sports franchise to construct, reconstruct, renovate, or improve a facility on such land to be at fair market value.

The bill requires a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility.

The bill creates the following definitions:

- "Facility" means a structure, and its adjoining parcels of land, primarily used to host games or events held by a sports franchise.
- "Sports franchise" means a professional or semi-professional sports franchise, including, but not limited to, a franchise of the National Football League, the National Hockey League, the National Basketball Association, the National League or American League of Major League Baseball, Minor League Baseball, Major League Soccer, the North American Soccer League, or the promoter of a signature event sanctioned by the National Association for Stock Car Auto Racing.

The bill specifies that the provisions in the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

The bill may have an indeterminate fiscal impact to both local and state government.

The bill provides for an effective date of July 1, 2017.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Florida Sports and Facilities

Many professional and semi-professional sports organizations and facilities reside in Florida. With respect to professional sports, Florida is home to professional football, basketball, baseball, hockey, and soccer teams and two National Association of Stock Car Racing (NASCAR) sanctioned tracks.¹ These teams use facilities located on land leased from a local government and also have facilities on land they previously purchased from a local government. Florida also hosts professional golf, tennis, equestrian, and rodeo events. Notably, the Breeder's Cup, Players Championship, and Daytona 500 all take place in Florida, and the Professional Golf Association (PGA) and Ladies Professional Golf Association (LPGA) both are headquartered in Florida.

Additionally, 15 Major League Baseball teams come to Florida every year for spring training in the state's Grapefruit League.² The teams use 14 spring training facilities, 13 of which are constructed on publicly owned land.³ The only facility on privately owned land is the Atlanta Braves/ESPN Wide World of Sports Complex.⁴

Florida is also home to numerous minor league and semi-professional sports franchises in various sports.⁵ Florida has many Minor League Baseball teams, three Arena Football League teams,⁶ three North American Soccer League teams,⁷ and two East Coast Hockey League teams.⁸ Most of the facilities that such teams use are located on city- or county-owned land.⁹

The following table provides basic information about Florida's 10 professional sports franchises and their facilities:

Franchise	League	Inaugural Season	Home Facility	County	Facility Opened	Land Owner
Miami Dolphins	NFL	1966	Hard Rock Stadium	Miami-Dade	1987	South Florida Stadium LLC ¹⁰
Tampa Bay Buccaneers	NFL	1976	Raymond James Stadium	Hillsborough	1998	Hillsborough County ¹¹
Miami Heat	NBA	1988	American Airlines Arena	Miami-Dade	1999	Miami-Dade County ¹²
Orlando Magic	NBA	1989	Amway Center	Orange	2010	City of Orlando ¹³

¹ NASCAR website, http://www.nascar.com/en_us/NASCAR-Tracks.html (last visited Jan. 12, 2017).

² Florida Sports Foundation website, <http://www.flasports.com/spring-training> (last visited Jan. 12, 2017).

³ Telephone conversation with John Webb, President of the Florida Sports Foundation (Jan. 12, 2017).

⁴ *Id.*

⁵ Florida Sports Foundation Director and Facilities Guide, 2014-2015, p. 17-25, available at <http://www.flasports.com/sports-development/directory-and-facilities-guide> (last visited Jan. 12, 2017).

⁶ Arena League Football website, <http://www.arenafootball.com> (last visited Jan. 12, 2017).

⁷ North American Soccer League website, <http://www.nasl.com/teams> (last visited Jan. 12, 2017).

⁸ East Coast Hockey League website, <http://www.echl.com/directory> (last visited Jan. 12, 2017).

⁹ The Florida Everblades (of the East Coast Hockey League) play at the Germain Arena in Lee County, which is privately owned. Lee County Property Appraiser's Office website, <http://www.leepa.org/Display/DisplayAccount.aspx?Account=BB00285430> (last visited Jan. 12, 2017).

¹⁰ Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#/> (last visited Jan. 12, 2017).

¹¹ Hillsborough County Property Appraiser's Office website, <http://gis.hcpafl.org/propertysearch/#/parcel/basic/18290972800000000010A> (last visited Jan. 12, 2017).

¹² Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#/> (last visited Jan. 12, 2017).

Franchise	League	Inaugural Season	Home Facility	County	Facility Opened	Land Owner
Tampa Bay Lightning	NHL	1992	Amalie Arena	Hillsborough	1996	Hillsborough County ¹⁴
Florida Panthers	NHL	1993	BB&T Center	Broward	1998	Broward County ¹⁵
Miami Marlins	MLB	1993	Marlins Park	Miami-Dade	2012	Miami-Dade County ¹⁶
Jacksonville Jaguars	NFL	1995	EverBank Field	Duval	1995	City of Jacksonville ¹⁷
Tampa Bay Rays	MLB	1998	Tropicana Field	Pinellas	1990	St. Petersburg ¹⁸
Orlando City Soccer Club (Lions)	MLS	2015	Orlando City Stadium	Orange	N/A ¹⁹	Orlando City Soccer Club ²⁰

City and County Authority to Sell and Lease Land

Florida law provides broad authority to cities and counties to conduct governmental functions and render governmental services, except when expressly prohibited by law.²¹ Such authority includes, but is not limited to, certain statutorily enumerated powers and all implied authority necessary to effectively exercise those express powers, including the authority to contract and to purchase, lease, sell, and exchange real or personal property.²²

Counties and municipalities may also offer private entities below-market rate leases or deeds for real property for economic development purposes.²³

State Funding for Professional Sports Facilities

Current law provides a process by which an applicant may be certified to receive state funding to make payments on bonds issued for the acquisition, construction, reconstruction, or renovation of a facility for a new or retained professional sports franchise.²⁴ The Department of Economic Opportunity (DEO) is responsible for screening and certifying applicants for state funding.²⁵ In order for an applicant to be certified, DEO must determine that a unit of local government²⁶ is responsible for the construction, management, or operation of the facility or holds title to the property on which the facility is located.²⁷ A certified applicant may receive up to \$166,667 monthly (\$2,000,004 annually) for a period of up to 30

¹³ Orange County Property Appraiser's Office website, <https://www.ocpafl.org/searches/parcelsearch.aspx> (last visited Jan. 12, 2017).

¹⁴ Hillsborough County Property Appraiser's Office website,

<http://gis.hcpafl.org/propertysearch/#/parcel/basic/19291952R000010000140A> (last visited Jan. 12, 2017).

¹⁵ Broward County Property Appraiser's Office website, http://www.bcpa.net/RecInfo.asp?URL_Folio=494026070010 (last visited Jan. 12, 2017).

¹⁶ Miami-Dade County Property Appraiser's Office website, <http://www.miamidade.gov/propertysearch/#> (last visited Jan. 12, 2017).

¹⁷ Duval County Property Appraiser's Office website, http://apps.coj.net/PAO_PropertySearch/Basic/Detail.aspx?RE=1308490000 (last visited Jan. 12, 2017).

¹⁸ Stephen Nohlgren, *What is Tropicana Field worth if Tampa Bay Rays Leave? That depends*, TAMPA BAY TIMES, Feb. 6, 2015, available at <http://www.tampabay.com/news/localgovernment/what-is-tropicana-field-worth-if-rays-leave-that-depends/2216781>.

¹⁹ For more information about the Orlando City Stadium, visit <http://www.orlandocitysc.com/stadium> (last visited Jan. 12, 2017).

²⁰ Jeff Weiner, *Orlando OKs stadium-land deal with Orlando City Soccer Club*, ORLANDO SENTINEL, Jan. 25, 2016, available at <http://www.orlandosentinel.com/news/breaking-news/os-orlando-city-soccer-stadium-vote-20160125-story.html>.

²¹ See ss. 125.01 and 166.021, F.S.

²² Sections 125.01(3)(a) and 166.021(1), F.S. See also Art. VIII, s. 2, FLA. CONST.

²³ See ss. 125.045(5)(a) and 166.021(8)(e), F.S.

²⁴ Section 288.1162, F.S.

²⁵ Section 288.1162(1), F.S.

²⁶ The term "unit of local government" means a county, municipality, special district, district school board, local agency, authority, or consolidated city-county government or any other local governmental body or public body corporate and politic authorized or created by general or special law and granted the power to issue general obligation or revenue bonds. Sections 218.1162(4)(a) and 218.369, F.S.

²⁷ Section 288.1162(4)(a), F.S.

years.²⁸ The number of facilities that DEO may certify to receive funding is limited to eight, and each facility may only receive one certification.²⁹ Eight facilities have been granted certification, so no other facility is eligible to receive funding under this section.

In 2014, the Legislature created a new program to allow for distributions of state sales and use tax revenue to fund the construction, reconstruction, renovation, or improvement of professional sports franchise facilities.³⁰ DEO is responsible for administering the program and screening applicants for funding.³¹ An applicant must be either a unit of local government that is responsible for the construction, management, or operation of a facility or an entity that is responsible for the construction, management, or operation of a facility that is located on property owned by a unit of local government.³² A request for funding must be approved by the Legislature through enactment of a general law or conforming bill that is approved by the Governor.³³ An approved applicant may receive up to \$3 million per year for up to 30 years, depending upon the total cost of the project.³⁴ However, no funding requests have been approved by the Legislature since the program was created.

Effect of Proposed Changes

The bill creates s. 288.11633, F.S., and prohibits a sports franchise from constructing, reconstructing, renovating, or improving a facility on public land leased from the state or a political subdivision thereof. The bill also requires a sale of public land by the state or a political subdivision thereof for a sports franchise to construct, reconstruct, renovate, or improve a facility on such land to be at fair market value.

The bill requires a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility.

The bill creates the following definitions:

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The bill specifies that the provisions in the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

B. SECTION DIRECTORY:

Section 1. creates s. 288.11633, F.S., relating to sports franchise facilities.

Section 2. provides an effective date of July 1, 2017.

²⁸ Section 212.20(6)(d)6.b., F.S.

²⁹ Section 288.1162(6), F.S.

³⁰ Chapter 2014-167, L.O.F.

³¹ Section 288.11625(1), F.S.

³² Section 288.11625(2)(b), F.S.

³³ Section 288.11625(4)(e), F.S.

³⁴ *Id.*; s. 288.11625(6)(a), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
See fiscal comments.
2. Expenditures:
See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
See fiscal comments.
2. Expenditures:
See fiscal comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

See fiscal comments.

D. FISCAL COMMENTS:

There may be an indeterminate impact to state and local government, and sport franchises, for the payment of any outstanding debt related to the construction, renovation, or improvements of a sports franchise facility if the sports franchise permanently discontinues use of that facility, and has an agreement that was executed or amended on or after July 1, 2017. In these circumstances, the state or local government would no longer be obligated for the debt; the sports franchise would incur those costs.

To the extent a sports franchise purchases land at fair market value, the state or local government would receive increased revenues associated with the land purchase as well as property taxes on that land.

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 action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

- #### 2. Other:
- None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Other Comments: Meaning of Terms

The meaning of the terms "renovate" and "improve" is unclear.

Other Comments: Laws Requiring Facility Updates

It is unclear how the bill would affect a sports franchise that is mandated by law or regulation to update or "improve" its facility for safety reasons.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 21, 2017, the Government Accountability Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment required a contract or agreement, or a renewal of or an amendment to an existing contract or agreement, entered into on or after July 1, 2017, between the state or a political subdivision and a sports franchise to fund the construction, reconstruction, renovation, or improvement of a facility to include a provision requiring the sports franchise to pay any outstanding debt incurred by the state or political subdivision to fund such construction, reconstruction, renovation, or improvement if the sports franchise permanently discontinues use of the facility. The amendment also specified that the bill may not be construed to impair any contract entered into before July 1, 2017, without the consent of the parties.

This analysis is drafted to the committee substitute as approved by the Government Accountability Committee.

1 A bill to be entitled
 2 An act relating to sports franchise facilities;
 3 creating s. 288.11633, F.S.; prohibiting a sports
 4 franchise from constructing, reconstructing,
 5 renovating, or improving a facility on leased public
 6 land; requiring that a sale of public land for a
 7 sports franchise facility be at fair market value;
 8 providing requirements for a contract to fund the
 9 construction, reconstruction, renovation, or
 10 improvement of a facility; defining the terms
 11 "facility" and "sports franchise"; specifying that the
 12 act does not impair contracts entered into before July
 13 1, 2017; providing an effective date.

14
 15 Be It Enacted by the Legislature of the State of Florida:

16
 17 Section 1. Section 288.11633, Florida Statutes, is created
 18 to read:

19 288.11633 Sports franchise facilities; lease or sale of
 20 public land.-

21 (1) Notwithstanding any other provision of law:

22 (a) A sports franchise may not construct, reconstruct,
 23 renovate, or improve a facility on public land leased from the
 24 state or a political subdivision thereof.

25 (b) A sale of public land by the state or a political

26 subdivision thereof for a sports franchise to construct,
 27 reconstruct, renovate, or improve a facility on such land must
 28 be at fair market value.

29 (2) On or after July 1, 2017, a contract or agreement, or
 30 a renewal of or an amendment to an existing contract or
 31 agreement, entered into between the state or a political
 32 subdivision and a sports franchise to fund the construction,
 33 reconstruction, renovation, or improvement of a facility must
 34 include a provision that requires the sports franchise to pay
 35 any outstanding debt incurred by the state or political
 36 subdivision to fund such construction, reconstruction,
 37 renovation, or improvement if the sports franchise permanently
 38 discontinues use of the facility.

39 (3) For purposes of this section, the term:

40 (a) "Facility" means a structure, and its adjoining
 41 parcels of land, primarily used to host games or events held by
 42 a sports franchise.

43 (b) "Sports franchise" means a professional or semi-
 44 professional sports franchise, including, but not limited to, a
 45 franchise of the National Football League, the National Hockey
 46 League, the National Basketball Association, the National League
 47 or American League of Major League Baseball, Minor League
 48 Baseball, Major League Soccer, the North American Soccer League,
 49 or the promoter of a signature event sanctioned by the National
 50 Association for Stock Car Auto Racing.

51 | (4) Nothing in this section shall be construed to impair
52 | any contract entered into before July 1, 2017, without the
53 | consent of the parties.

54 | Section 2. This act shall take effect July 1, 2017.

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. CS/HB 77 (2017)

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED _____ (Y/N)

ADOPTED AS AMENDED _____ (Y/N)

ADOPTED W/O OBJECTION _____ (Y/N)

FAILED TO ADOPT _____ (Y/N)

WITHDRAWN _____ (Y/N)

OTHER

1 Committee/Subcommittee hearing bill: Appropriations Committee
2 Representative Brodeur offered the following:

3
4 **Amendment (with title amendment)**

5 Remove line 54 and insert:

6 Section 2. This act shall take effect upon becoming a law
7 and operate retroactively to January 1, 2017.

8
9 -----
10 **T I T L E A M E N D M E N T**

11 Remove line 13 and insert:

12 1, 2017; providing retroactive operation; providing an
13 effective date.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 181 Natural Hazards
SPONSOR(S): Jacobs
TIED BILLS: IDEN./SIM. **BILLS:** SB 464

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Natural Resources & Public Lands Subcommittee	14 Y, 0 N	Moore	Shugar
2) Appropriations Committee		Delaney <i>LNO</i>	Leznoff <i>[Signature]</i>
3) Government Accountability Committee			

SUMMARY ANALYSIS

The Division of Emergency Management (DEM) is responsible for carrying out the State's Emergency Management Act (Act). This includes the responsibility for maintaining a comprehensive statewide emergency management program, including the coordination of efforts with the federal government, with other departments and agencies of state government, with county and municipal governments and school boards, and with private agencies that have a role in emergency management, and the administration of programs to rapidly apply all available aid to communities stricken by an emergency.

Under the Act, each executive agency, each water management district (WMD), and the Public Service Commission (PSC), the Fish and Wildlife Conservation Commission, and the Department of Military Affairs is required to designate a person within their agency to be the emergency coordination officer (ECO). The DEM Bureau of Mitigation, the agency ECOs, and representatives from private and public agencies with resources or expertise relevant to mitigation make up the State Hazard Mitigation Plan Advisory Team and are responsible for the progression and implementation of the state hazard mitigation plan (SHMP). The SHMP addresses the following natural hazards: inland and coastal floods; tropical cyclones, hurricanes and tropical storms; severe storms and tornadoes; wildfires; droughts; extreme heat; winter storms and freezes; erosion; sinkholes, earthquakes, and landslides; tsunamis and rogue waves; and solar storms.

The bill creates a natural hazards interagency workgroup for sharing information on current and potential impacts of natural hazards throughout the state; coordinating ongoing efforts of state agencies in addressing impacts of natural hazards; and collaborating on statewide initiatives to address natural hazards. The bill defines "natural hazards" to include: extreme heat; drought; wildfire; sea-level change; high tides; storm surge; saltwater intrusion; stormwater runoff; flash floods; inland flooding; and coastal flooding.

The bill requires the director of the DEM or designee to serve as the liaison to and coordinator of the workgroup; each executive agency, the WMDs, and the PSC to designate an agency liaison for the workgroup to provide information from their respective agency on the current and potential impacts of natural hazards to the agency, available agency resources to mitigate against natural hazards, and agency efforts to address the impacts of natural hazards. The bill also requires the workgroup to meet in person or by teleconference quarterly to share this information, leverage agency resources, coordinate ongoing efforts, and provide information for the annual progress report.

The bill requires the DEM to prepare an annual progress report on the implementation of the SHMP and any implementing regulations as it relates to natural hazards. The annual report must include an assessment of agency efforts to address the impacts of natural hazards. It must also strategize and prioritize ongoing efforts to address natural hazards. The annual progress report must be posted on each agency website, and the DEM must submit it to the Governor and Legislature by January 1, 2019, and annually thereafter.

The DEM indicated that one additional employee and associated expenses, totaling \$88,784, would be required to implement the provisions of the act.

The bill has an effective date of July 1, 2017.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida's Division of Emergency Management

The Division of Emergency Management (DEM) is responsible for carrying out the State's Emergency Management Act (Act).¹ This includes the responsibility for maintaining a comprehensive statewide emergency management program,² including the coordination of efforts with the federal government, with other departments and agencies of state government, with county and municipal governments and school boards, and with private agencies that have a role in emergency management, and the administration of programs to rapidly apply all available aid to communities stricken by an emergency.³

An emergency is any occurrence, or threat thereof, whether natural, technological, or manmade, in war or in peace, which results or may result in substantial injury or harm to the population or substantial damage to or loss of property.⁴ A natural emergency is an emergency caused by a natural event, including a hurricane, a storm, a flood, severe wave action, a drought, or an earthquake.⁵

Florida's Emergency Coordination Officers

Under the Act, each executive agency, each water management district (WMD), and the Public Service Commission (PSC), the Fish and Wildlife Conservation Commission, and the Department of Military Affairs is required to select from within their agency a person to be designated as the emergency coordination officer (ECO) and an alternate.⁶ The ECO is responsible for:

- Coordinating with the DEM on emergency preparedness issues, preparing and maintaining emergency preparedness and postdisaster response and recovery plans for their agency, maintaining rosters of personnel to assist in disaster operations, and coordinating appropriate training for agency personnel; and⁷
- Ensuring that each state agency and facility (e.g., a prison, office building, or university) has a disaster preparedness plan that is coordinated with the applicable local emergency-management agency and approved by the DEM.⁸

¹ s. 252.35(2), F.S.; ss. 252.31-252.60, F.S.

² "Emergency management" means the preparation for, the mitigation of, the response to, and the recovery from emergencies and disasters. Specific emergency management responsibilities include, but are not limited to: reduction of vulnerability of people and communities of this state to damage, injury, and loss of life and property resulting from natural, technological, or manmade emergencies or hostile military or paramilitary action; preparation for prompt and efficient response and recovery to protect lives and property affected by emergencies; response to emergencies using all systems, plans, and resources necessary to preserve adequately the health, safety, and welfare of persons or property affected by the emergency; recovery from emergencies by providing for the rapid and orderly start of restoration and rehabilitation of persons and property affected by emergencies; provision of an emergency management system embodying all aspects of preemergency preparedness and postemergency response, recovery, and mitigation; and assistance in anticipation, recognition, appraisal, prevention, and mitigation of emergencies which may be caused or aggravated by inadequate planning for, and regulation of, public and private facilities and land use; s. 252.34(5), F.S.

³ ss. 14.2016, and 252.35(1), F.S.

⁴ s. 252.34(4), F.S.

⁵ s. 252.34(8), F.S.

⁶ s. 252.365(1), F.S.

⁷ s. 252.365(2), F.S.

⁸ s. 252.365(3), F.S.

Natural Hazard Mitigation Planning

Comprehensive emergency management involves a cycle of phased, coordinated and mutually supporting activities conducted by each level of government before, during, and after an emergency. Mitigation efforts help to ensure that residents, visitors, and businesses are safe and secure from natural, technological, and man-made hazards⁹ by reducing risk and vulnerability beforehand. These efforts include: enhancing and maintaining a state hazard mitigation plan (SHMP), supporting the development and enhancement of local capabilities for hazard mitigation, increasing public and private sector awareness of and support for mitigation, reducing hazard vulnerability through scientific research and development, and reducing the vulnerabilities of infrastructure to natural and man-made hazards.¹⁰

The DEM's Bureau of Mitigation, the ECO's and representatives from other private and public agencies with resources or expertise relevant to mitigation make up the State Hazard Mitigation Plan Advisory Team (SHMPAT) and are responsible for the progression and implementation of Florida's enhanced¹¹ SHMP.¹² The DEM's Bureau of Mitigation also assists all counties with the development and update of their multi-jurisdictional local mitigation strategies through training and technical assistance. The state and local mitigation plans must be updated and approved periodically to ensure continued eligibility for Federal Emergency Management Agency (FEMA) mitigation grants.¹³

Florida's current SHMP was approved in August 2013, and addresses the following natural hazards:

- Floods (inland and coastal);
- Tropical cyclones (hurricanes and tropical storms);
- Severe storms and tornadoes;
- Wildfires;
- Droughts;
- Extreme heat;
- Winter storms and freezes;
- Erosion;
- Sinkholes, earthquakes, and landslides;
- Tsunamis and rogue waves; and
- Solar storms.¹⁴

Appendix K of the SHMP contains a sea level rise compendium.¹⁵

⁹ A "hazard is any event or condition with the potential to cause fatalities, injuries, property damage, infrastructure damage, agricultural loss, environmental damage, business interruption, or other structural and financial loss; DEM. *The State of Florida 2014 Comprehensive Emergency Management Plan*, <http://www.floridadisaster.org/documents/CEMP/2014/2014%20State%20CEMP%20Basic%20Plan.pdf> (last visited Feb. 16, 2017).

¹⁰ DEM. *The State of Florida 2014 Comprehensive Emergency Management Plan*, <http://www.floridadisaster.org/documents/CEMP/2014/2014%20State%20CEMP%20Basic%20Plan.pdf> (last visited Feb. 16, 2017).

¹¹ FEMA. *Hazard Mitigation Plan Status*, <https://www.fema.gov/hazard-mitigation-plan-status> (last visited Feb. 17, 2107); A state with a FEMA-approved enhanced plan receives grant funds based on 20 percent of the total estimated eligible disaster assistance, versus 15 percent for states with non-enhanced mitigation plans. To receive FEMA approval of an enhanced mitigation plan, a state must demonstrate that it has developed a comprehensive mitigation program and is capable of managing increased funding to achieve its mitigation goals; FEMA. *Hazard Mitigation Planning Frequently Asked Questions*, <https://www.fema.gov/hazard-mitigation-planning-frequently-asked-questions> (last visited Feb. 15, 2017).

¹² DEM. *State of Florida Enhanced Hazard Mitigation Plan* (August 2013), <http://www.floridadisaster.org/Mitigation/State/documents/2013stateplan/Section%202%20Planning%20Process%20FINAL.pdf> (last visited Feb. 15, 2017).

¹³ DEM. *The State of Florida 2014 Comprehensive Emergency Management Plan*, <http://www.floridadisaster.org/documents/CEMP/2014/2014%20State%20CEMP%20Basic%20Plan.pdf> (last visited Feb. 16, 2017).

¹⁴ DEM. *State of Florida Enhanced Mitigation Plan* (August 2013), <http://www.floridadisaster.org/Mitigation/State/Index.htm> (last visited Feb. 15, 2017).

The SHMP is currently being updated for each hazard and is anticipated to be completed by mid-2017, for federal review and approval by August 2018.¹⁶

Effect of Proposed Changes

The bill creates s. 252.3655, F.S., to establish a natural hazards interagency workgroup for the following purposes:

- Sharing information on current and potential impacts of natural hazards throughout the state;
- Coordinating ongoing efforts of state agencies in addressing the impacts of natural hazards; and
- Collaborating on statewide initiatives to address the impacts of natural hazards.

The bill defines “natural hazards” to include, but not to the exclusion of:

- Extreme heat;
- Drought;
- Wildfire;
- Sea-level change;
- High tides;
- Storm surge;
- Saltwater intrusion;
- Stormwater runoff;
- Flash floods;
- Inland flooding; and
- Coastal flooding.

The bill requires:

- Each executive branch agency,¹⁷ the WMDs, and the PSC to select a person from within their agency as the designated agency liaison to the workgroup;
- The director of DEM or designee to serve as the liaison to and coordinator of the workgroup;
- Each agency liaison to provide information from their respective agency on the current and potential impacts of natural hazards to the agency, agency resources available to mitigate against natural hazards, and efforts made by the agency to address the impacts of natural hazards; and
- The workgroup to meet in person or by teleconference on a quarterly basis to share information, leverage agency resources, coordinate ongoing efforts, and provide information for inclusion in the annual progress report.

The bill also requires:

- The DEM to prepare an annual progress report on the implementation of the SHMP, developed and submitted in accordance with 42 U.S.C. s. 5165¹⁸ and any implementing regulations, as it relates to natural hazards;
- The annual progress report to, at a minimum:
 - Assess the relevance, level, and significance of current agency efforts to address the impacts of natural hazards; and
 - Strategize and prioritize ongoing efforts to address the impacts of natural hazards;

¹⁵ DEM. *State of Florida Enhanced Mitigation Plan Appendix K: Sea Level Rise Compendium* (August 2013), <http://www.floridadisaster.org/Mitigation/State/documents/2013stateplan/Appendix%20K%20Sea%20Level%20Rise%20Compendium%20FINAL.pdf> (last visited Feb. 17, 2017).

¹⁶ 44 C.F.R. § 201.4(d); SHMPAT *Meeting Minutes* (December 2016), <http://www.floridadisaster.org/Mitigation/State/documents/12-2016%20SHMPAT%20Meeting%20Minutes.pdf> (last visited Feb. 17, 2017).

¹⁷ ch. 20, F.S.; Office of Program Policy Analysis and Open Government, *State of Florida Organizational Chart* <http://www.oppage.state.fl.us/government/storgchart.aspx> (last visited Feb. 17, 2017).

¹⁸ Federal mitigation planning requirements.

- Each liaison is responsible for ensuring that the annual progress report is posted on each respective agency website; and
- The annual progress report must be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 2019, and annually thereafter.

B. SECTION DIRECTORY:

Section 1. Creates s. 252.3655, F.S., establishing a natural hazards interagency workgroup.

Section 2. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The DEM noted in its bill analysis that an additional full-time equivalent employee would be needed to develop and organize the newly created work group and prepare the required annual report to the Legislature and Governor.¹⁹ Their total projected cost estimate was \$88,784 in salary, benefits, and related expenses.

The bill may also have a negative, but likely insignificant, fiscal impact on entities required to participate in the workgroup.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have

¹⁹ DEM. 2017 Agency Legislative Bill Analysis, on file with the House of Representatives' Natural Resources and Public Lands Subcommittee.
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to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The requirement of each executive agency to post the annual report on their respective websites may confuse those trying to find the most current version since a search could include every agency's website instead of a single, common source.²⁰

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.

²⁰ *Id.*

1 A bill to be entitled
 2 An act relating to natural hazards; creating s.
 3 252.3655, F.S.; creating an interagency workgroup to
 4 share information, coordinate ongoing efforts, and
 5 collaborate on initiatives relating to natural
 6 hazards; defining the term "natural hazards";
 7 requiring certain agencies to designate liaisons to
 8 the workgroup; designating the director of the
 9 Division of Emergency Management or his or her
 10 designee as the liaison to and coordinator of the
 11 workgroup; specifying duties and responsibilities of
 12 each liaison and the workgroup; requiring the division
 13 to prepare an annual report; specifying report
 14 requirements; requiring each agency liaison to ensure
 15 that the report is posted on his or her agency's
 16 website; requiring the workgroup to submit the report
 17 to the Governor and the Legislature; providing an
 18 effective date.

19
 20 Be It Enacted by the Legislature of the State of Florida:

21
 22 Section 1. Section 252.3655, Florida Statutes, is created
 23 to read:

24 252.3655 Natural hazards interagency workgroup.-
 25 (1) (a) An interagency workgroup is created for the purpose

26 of sharing information on the current and potential impacts of
 27 natural hazards throughout the state, coordinating the ongoing
 28 efforts of state agencies in addressing the impacts of natural
 29 hazards, and collaborating on statewide initiatives to address
 30 the impacts of natural hazards. As used in this section, the
 31 term "natural hazards" includes, but is not limited to, extreme
 32 heat, drought, wildfire, sea-level change, high tides, storm
 33 surge, saltwater intrusion, stormwater runoff, flash floods,
 34 inland flooding, and coastal flooding.

35 (b) Each agency within the executive branch of state
 36 government, each water management district, and the Florida
 37 Public Service Commission shall select from within such agency a
 38 person to be designated as the agency liaison to the workgroup.

39 (c) The director of the Division of Emergency Management
 40 or his or her designee shall serve as the liaison to and
 41 coordinator of the workgroup.

42 (d) Each liaison shall provide information from his or her
 43 respective agency on the current and potential impacts of
 44 natural hazards to his or her agency, agency resources available
 45 to mitigate against natural hazards, and efforts made by the
 46 agency to address the impacts of natural hazards.

47 (e) The workgroup shall meet in person or by
 48 teleconference on a quarterly basis to share information,
 49 leverage agency resources, coordinate ongoing efforts, and
 50 provide information for inclusion in the annual progress report

51 submitted pursuant to subsection (2).

52 (2)(a) On behalf of the workgroup, the Division of
 53 Emergency Management shall prepare an annual progress report on
 54 the implementation of the state's hazard mitigation plan,
 55 developed and submitted in accordance with 42 U.S.C. s. 5165 and
 56 any implementing regulations, as it relates to natural hazards.

57 At a minimum, the annual progress report must:

58 1. Assess the relevance, level, and significance of
 59 current agency efforts to address the impacts of natural
 60 hazards; and

61 2. Strategize and prioritize ongoing efforts to address
 62 the impacts of natural hazards.

63 (b) Each liaison is responsible for ensuring that the
 64 workgroup's annual progress report is posted on his or her
 65 agency's website.

66 (c) By January 1, 2019, and each year thereafter, the
 67 workgroup shall submit the annual progress report to the
 68 Governor, the President of the Senate, and the Speaker of the
 69 House of Representatives.

70 Section 2. This act shall take effect July 1, 2017.

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Committee/Subcommittee hearing bill: Appropriations Committee
2 Representative Jacobs offered the following:

Amendment (with title amendment)

Between lines 69 and 70, insert:

6 Section 2. For the 2017-2018 fiscal year, the sums of
7 \$84,738 in recurring funds and \$4,046 in nonrecurring funds are
8 appropriated from the Grants and Donations Trust Fund to the
9 Division of Emergency Management, and one full-time equivalent
10 position and associated salary rate of 47,000 are authorized for
11 the purpose of implementing this act.

12
13 -----
14 **T I T L E A M E N D M E N T**

15 Remove lines 17-18 and insert:

COMMITTEE/SUBCOMMITTEE AMENDMENT


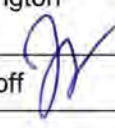
Bill No. HB 181 (2017)

Amendment No. 1

16 | to the Governor and the Legislature; providing an appropriation
17 | and authorizing positions, providing an effective

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 479 Government Accountability
SPONSOR(S): Oversight, Transparency & Administration Subcommittee; Metz
TIED BILLS: IDEN./SIM. BILLS: SB 880

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Administration Subcommittee	14 Y, 0 N, As CS	Moore	Harrington
2) Appropriations Committee		Keith 	Leznoff 
3) Government Accountability Committee			

SUMMARY ANALYSIS

Various statutes ensure government accountability of state and local governments. For example, the Auditor General conducts audits of accounts and records of state agencies, state universities, state colleges, district school boards, and others as directed by the Legislative Auditing Committee. The Auditor General conducts operational and performance audits on public records and information technology systems. The Auditor General also reviews all audit reports of local governmental entities, charter schools, and charter technical career centers. Other statutes require publishing of government budgets and other information online and require government entities to follow certain practices to promote efficiency and compliance within the entity.

The bill amends statutes pertaining to government accountability and auditing. The bill:

- Specifies that the Governor or Commissioner of Education, or designee, may notify the Legislative Auditing Committee of an entity's failure to comply with certain auditing and financial reporting requirements;
- Provides definitions for the terms "abuse," "fraud," and "waste;"
- Requires each agency, the judicial branch, the Justice Administrative Commission, state attorneys, public defenders, criminal conflict and civil regional counsel, the Guardian Ad Litem program, local governmental entities, charter schools, school districts, Florida College System institutions, and state universities to establish and maintain internal controls;
- Requires counties, municipalities, and water management districts to maintain certain budget documents on their websites for specified timeframes;
- Requires the Florida Clerks of Court Operations Corporation to notify the Legislature of any clerk not meeting workload performance standards;
- Revises the monthly financial statement requirements for water management districts;
- Revises the composition of auditor selection committees;
- Requires completion of an annual financial audit of the Florida Virtual School;
- Requires a local governmental entity, district school board, charter school, or charter technical career center, Florida College System board of trustees, or university board of trustees to respond to audit recommendations under certain circumstances;
- Requires an independent certified public accountant conducting an audit of a local governmental entity to determine, as part of the audit, whether the entity's annual financial report is in agreement with the entity's audited financial statements;
- Limits to \$150 the amount that may be reimbursed per day for travel lodging expenses for state agency and judicial branch employees under certain circumstances; and
- Prohibits a board or commission from requiring a member of the public to provide an advance written copy of his or her testimony or comments as a precondition of being given the opportunity to be heard.

The bill may have an indeterminate but likely insignificant negative fiscal impact on state and local governments. See Fiscal Comments section.

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

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DATE: 3/13/2017

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Auditing

Auditor General

Present Situation

The position of Auditor General is established by Art. III, s. 2 of the State Constitution. The Auditor General is appointed to office to serve at the pleasure of the Legislature, by a majority vote of the members of the Legislative Auditing Committee, subject to confirmation by both houses of the Legislature.¹ The appointment of the Auditor General may be terminated at any time by a majority vote of both houses of the Legislature.² At the time of appointment, the Auditor General must have been certified under the Public Accountancy Law in Florida for a period of at least 10 years and may not have less than 10 years' experience in an accounting or auditing related field.³

The Auditor General must conduct audits, examinations, or reviews of government programs⁴ as well as audit the accounts and records of state agencies, state universities, state colleges, district school boards, and others as directed by the Legislative Auditing Committee.⁵ The Auditor General conducts operational and performance audits on public records and information technology systems and also reviews all audit reports of local governmental entities, charter schools, and charter technical career centers.⁶

Various provisions require the Auditor General to compile and submit reports. For example, the Auditor General must annually compile and transmit to the President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee a summary of significant findings and financial trends identified in audit reports.⁷ The Auditor General also must compile and transmit to the President of the Senate, Speaker of the House of Representatives, and Legislative Auditing Committee an annual report by December 1. The report must include a two-year work plan identifying the audit and other accountability activities to be undertaken and a list of statutory and fiscal changes recommended by the Auditor General.⁸ In addition, the Auditor General must transmit recommendations at other times during the year when the information would be timely and useful to the Legislature.⁹

The annual report for the Auditor General for November 1, 2015, through October 31, 2016, contained the following recommendation:¹⁰

The Legislature should consider amending applicable Florida Statutes to establish in law the responsibility of each State and local government for the establishment and maintenance of management systems and internal controls designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best

¹ Section 11.42(2), F.S.

² Section 11.42(5), F.S.

³ Section 11.42(2), F.S.

⁴ Section 11.45(7), F.S.

⁵ Section 11.45(2)(d)-(f), F.S.

⁶ Section 11.45(7)(b), F.S.

⁷ Section 11.45(7)(f), F.S.

⁸ Section 11.45(7)(h), F.S.

⁹ *Id.*

¹⁰ A copy of the report can be found online at: <http://www.myflorida.com/audgen/pages/annualrpt.htm> (last visited February 10, 2017).

practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

Section 11.45, F.S., defines the types of audits the Auditor General may conduct. That section requires certain state and local governmental audits to be conducted and specifies the frequency with which the audits must occur. The Auditor General also may conduct other audits he or she determines to be appropriate.

Following notification by the Auditor General, the Department of Financial Services (DFS), or the Division of Bond Finance of the State Board of Administration of the failure of a local governmental entity, district school board, charter school, or charter technical career center to comply with applicable auditing, financial reporting, bond issuance notification, or bond verification provisions or the failure to disclose a financial emergency or provide information required during a financial emergency,¹¹ the Legislative Auditing Committee may schedule a hearing to determine whether the entity should be subject to further state action. For purposes of s. 11.45, F.S., the term "local governmental entity" means a county agency, municipality, or special district as defined in s. 189.012,¹² F.S., but does not include any housing authority established under ch. 421, F.S.

The Auditor General is also required to annually transmit, by July 15, to the President of the Senate, the Speaker of the House of Representatives, and DFS a list of all school districts, charter schools, charter technical career centers, Florida College System institutions, state universities, and water management districts (WMDs) that have failed to comply with certain transparency requirements.

Effect of the Bill

The bill provides that the Governor or his or her designee, and the Commissioner of Education or his or her designee, are also authorized to notify the Legislative Auditing Committee that a local governmental entity, district school board, charter school, or charter technical career center has failed to comply with applicable auditing, financial reporting, bond issuance notification, or bond verification provisions or failed to disclose a financial emergency or provide information required during a financial emergency.

The bill creates the following definitions:

- "Abuse" means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.
- "Fraud" means obtaining something of value through willful misrepresentation, including, but not limited to, the intentional misstatements or omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources.
- "Waste" means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

The bill amends the definition for "local governmental entity" for purposes of s. 11.45, F.S., to include tourist development council and county tourism promotion agency.

¹¹ Section 11.45, F.S., governs certain audits to be conducted by the Auditor General. Section 218.32(1), F.S., requires annual financial reports from local governmental entities. Section 218.38, F.S., requires notice of bond issuance and contains verification requirements. Section 218.503(3), F.S., requires certain entities to disclose a financial emergency and provide certain information concerning a financial emergency.

¹² Section 189.012(6), F.S., defines a "special district" to mean a unit of local government created for a special purpose, as opposed to a general purpose, which has jurisdiction to operate within a limited geographic boundary and is created by general law, special act, local ordinance, or by rule of the Governor and Cabinet. The term does not include a school district, a community college district, a special improvement district created pursuant to s. 285.17, F.S., a municipal service taxing or benefit unit as specified in s. 125.01, F.S., or a board which provides electrical service and which is a political subdivision of a municipality or is part of a municipality.

The bill exempts WMDs from being subject to audits of local governmental entities conducted pursuant to s. 11.45(2)(j), F.S. The bill authorizes the Auditor General to conduct audits or other engagements of tourist development councils and county tourism promotion agencies. The bill also makes conforming changes to the Auditor General's reporting requirement.

The bill amends the list of entities that must be included in the Auditor General report concerning entities that fail to comply with transparency requirements in s. 11.45, F.S., to add local governmental entities and remove WMDs.

Florida Single Audit Act

Present Situation

The Florida Single Audit Act, codified in s. 215.97, F.S., is designed to

- Establish uniform state audit requirements for state financial assistance provided by state agencies to nonstate entities to carry out state projects;
- Promote sound financial management, including effective internal controls, with respect to state financial assistance administered by nonstate entities;
- Promote audit economy and efficiency by relying to the extent possible on already required audits of federal financial assistance provided to nonstate entities;
- Provide for identification of state financial assistance transactions in the state accounting records and recipient organization records;
- Promote improved coordination and cooperation within and between affected state agencies providing state financial assistance and nonstate entities receiving state assistance; and
- Ensure, to the maximum extent possible, that state agencies monitor, use, and follow-up on audits of state financial assistance provided to nonstate entities.

Pursuant to the Florida Single Audit Act, certain entities that meet the "audit threshold" requirements are subject to a state single audit or a project-specific audit. Currently, the "audit threshold" requires each nonstate entity that expends a total amount of state financial assistance equal to or in excess of \$750,000 in any fiscal year of such nonstate entity to have a state single audit, or a project-specific audit, for such fiscal year. Every two years, the Auditor General, after consulting with the Executive Office of the Governor, DFS, and all state awarding agencies, is required to review the threshold amount for requiring audits and may adjust the threshold amount.¹³

Effect of the Bill

The bill changes the requirement that the Auditor General review the threshold amount for requiring audits from every two years to "periodically;" however, the term "periodically" is not defined. The bill also authorizes the Auditor General to recommend to the Legislature a statutory change to revise the threshold amount in its annual report.

Annual Financial Audit Reports

Present Situation

If, by the first day in any fiscal year, a local governmental entity, district school board, charter school, or charter technical career center has not been notified that a financial audit for that fiscal year will be performed by the Auditor General, an entity meeting certain requirements must have an annual financial audit of its accounts and records completed within nine months after the end of its fiscal year by an independent certified public accountant.¹⁴ Section 218.39, F.S., specifies the minimum required information for the independent audits and provides for discussion between the governing body and the independent certified public accountant regarding certain specified conditions. If corrective action is required and has not been taken, the Legislative Auditing Committee can request a statement

¹³ Section 215.97(2)(a), F.S.

¹⁴ Section 218.39(1), F.S.

explaining why the corrective action has not been taken and take certain steps to determine whether the entity should be subject to further state action.¹⁵

Effect of the Bill

The bill provides that if an audit report contains a recommendation that was included in the preceding financial audit report but remains unaddressed, the governing body of the audited entity, within 60 days after delivery of the audit report to the governing body, must indicate during a regularly scheduled public meeting whether it intends to take a corrective action, the corrective action to be taken, and when the corrective action will occur. If the governing body does not intend to take any corrective action, it must explain its decision at the public meeting.

Local Governmental Entity Annual Financial Reports

Present Situation

Section 218.32, F.S., requires local governmental entities that are required to provide for an audit under s. 218.39, F.S., to submit an audit report and annual financial report to DFS within 45 days after completion of the audit report, but no later than nine months after the end of the fiscal year. The annual financial report must be signed by the chair of the governing body and the chief financial officer of the local governmental entity. The law also specifies the information that must be included in the report.

In addition, DFS is required to file a verified report with the Governor, the Legislature, the Auditor General, and the Special District Accountability Program of the Department of Economic Opportunity showing the revenues, both locally derived and derived from intergovernmental transfers, and the expenditures of each local governmental entity, regional planning council, local government finance commission, and municipal power corporation that is required to submit an annual financial report.¹⁶

Effect of the Bill

The bill requires an independent certified public accountant conducting an audit of a local governmental entity pursuant to s. 218.39, F.S., to determine, as part of the audit, whether the entity's annual financial report is in agreement with the entity's audited financial statements. If the audited financial statements are not in agreement with the annual financial report, the bill requires the accountant to specify in the audit report the significant differences that exist between the audited financial statements and the annual financial report.

The bill also authorizes DFS, in preparing the verified report, to request additional information from the local governmental entity. Any additional information requested must be provided to DFS within 45 days after the request. If the local governmental entity does not comply with the request, DFS must notify the Legislative Auditing Committee, which may take action pursuant to s. 11.40(2), F.S.

Auditor Selection Procedures

Present Situation

Section 218.391, F.S., outlines the process that each local governmental entity, district school board, charter school, or charter technical career center must follow in selecting an auditor to conduct the annual financial audit of the entity required by s. 218.39, F.S. Each entity is required to establish an audit committee to assist the governing body in selecting the auditor. Each noncharter county's audit committee must consist of each of its officers elected pursuant to the State Constitution and one member of the board of county commissioners or its designee. The audit committees must publicly announce requests for proposals for the audit services. The law specifies the factors that must be considered in selecting the auditor and the procedures for negotiating for compensation.

¹⁵ Section 11.40(2), F.S.

¹⁶ Section 218.32(2), F.S.

Effect of the Bill

The bill requires every county's audit committee to consist of each county officer elected pursuant to the State Constitution or the county charter, or their respective designees, and one member of the board of county commissioners or its designee. The bill requires the audit committee for a municipality, special district, district school board, charter school, or charter technical career center to consist of at least three members, one of whom must be a member of the governing body of the entity. That member must serve as the audit committee's chair. An employee, chief executive officer, or chief financial officer of the county, municipality, special district, district school board, charter school, or charter technical career center may not serve as a member of an audit committee.

The Florida Virtual School

Present Situation

The Florida Virtual School was created to develop and deliver online and distance learning education.¹⁷ The Commissioner of Education is charged with monitoring the Florida Virtual School. In pertinent part, the law requires the board of trustees to submit an annual report to the Governor, the Legislature, the Commissioner of Education, and the State Board of Education (SBE) that must address:

- The operations and accomplishments of the Florida Virtual School within the state and those occurring outside the state as Florida Virtual School Global;
- The marketing and operational plan for the Florida Virtual School and Florida Virtual School Global, including recommendations regarding methods for improving the delivery of education through the Internet and other distance learning technology;
- The assets and liabilities of the Florida Virtual School and Florida Virtual School Global at the end of the fiscal year;
- A copy of an annual financial audit of the accounts and records of the Florida Virtual School and Florida Virtual School Global, conducted by an independent certified public accountant and performed in accordance with rules adopted by the Auditor General;
- Recommendations regarding the unit cost of providing services to students through the Florida Virtual School and Florida Virtual School Global; and
- Recommendations regarding an accountability mechanism to assess the effectiveness of the services provided by the Florida Virtual School and Florida Virtual School Global.¹⁸

The Auditor General must conduct an operational audit of the Florida Virtual School, including Florida Virtual School Global.¹⁹ The scope of the audit must include, but is not limited to, the administration of responsibilities relating to personnel; procurement and contracting; revenue production; school funds, including internal funds; student enrollment records; franchise agreements; information technology utilization, assets, and security; performance measures and standards; and accountability. The law specifies that the final report on the audit must be submitted to the President of the Senate and the Speaker of the House of Representatives no later than January 31, 2014.²⁰

Effect of the Bill

The bill eliminates the requirement for the Auditor General to conduct an operational audit and submit a report to the presiding officers by January 31, 2014.

The bill creates a new requirement for the Florida Virtual School to have an annual financial audit of its accounts and records conducted by an independent auditor who is a licensed certified public accountant. The independent auditor must conduct the audit in accordance with rules adopted by the Auditor General and must prepare an audit report in accordance with such rules. The audit report must include a written statement by the board of trustees describing corrective action to be taken in response to each of the independent auditor's recommendations. The independent auditor must submit the audit

¹⁷ Section 1002.37(1)(a), F.S.

¹⁸ Section 1002.37(6), F.S.

¹⁹ Section 1002.37(11), F.S.

²⁰ *Id.*

report to the board of trustees and the Auditor General no later than nine months after the end of the preceding fiscal year. The bill also makes conforming changes to the annual report provided to the Governor, the Legislature, the Commissioner of Education, and the SBE by requiring a copy of the audit report to be submitted with the board of trustees' annual statement.

Required Audits of Certain Educational Institutions

Present Situation

School districts, Florida College System institutions, and other institutions and agencies under the supervision of the State Board of Education (SBE) and state universities under the supervision of the Board of Governors (BOG) are subject to the audit provisions of ss. 11.45 and 218.39, F.S. If an audit contains a significant finding, the district school board, the Florida College System institution board of trustees, or the university board of trustees is required to conduct an audit overview during a public meeting.²¹

Effect of the Bill

The bill provides that if an audit report includes a recommendation that was included in the preceding financial audit report but remains unaddressed, the district school board, the Florida College System institution board of trustees, or the university board of trustees must indicate during a regularly scheduled public meeting whether it intends to take corrective action, the corrective action to be taken, and when the corrective action will occur within 60 days after the delivery of the audit report. If the district school board, Florida College System institution board of trustees, or university board of trustees does not intend to take corrective action, it must explain its decision at the public meeting.

Internal Controls to Prevent and Detect Fraud, Waste, and Abuse

Present Situation

State Agencies and the Judicial Branch

Section 215.86, F.S., requires each state agency and the judicial branch as defined in s. 216.011, F.S., to establish and maintain management systems and controls that promote and encourage compliance; economic, efficient, and effective operations; reliability of records and reports; and safeguarding of assets. It requires accounting systems and procedures to be designed to fulfill the requirements of generally accepted accounting principles.

Local Governmental Entities

Section 218.33, F.S., requires each local governmental entity to begin its fiscal year on October 1 and end it on September 30. Section 218.33(2), F.S., requires each local governmental entity to follow uniform accounting practices and procedures as provided by rule of DFS to assure the use of proper accounting and fiscal management by such units. Such rules must include a uniform classification of accounts.

Charter Schools

Section 1002.33, F.S., authorizes charter schools as part of Florida's state program of education. In addition to creating charter schools, that section also imposes certain requirements on charter schools. In pertinent part, the law provides that the governing body of a charter school is responsible for:

- Ensuring that the charter school has retained a certified public accountant or auditor to perform its annual audit;
- Reviewing and approving the audit report;
- Establishing a corrective plan, if necessary;
- Monitoring a financial recovery plan to ensure compliance; and

- Participating in governance training approved by the Department of Education, which must include government in the sunshine, conflicts of interest, ethics, and financial responsibility.²²

School Districts, Florida College System Institutions, and State Universities

Current law requires the financial records and accounts of each school district, Florida College System institution, and other institution or agency under the supervision of the SBE to be prepared and maintained as prescribed by law and rules of the SBE. The financial records and accounts of each state university under the supervision of the BOG must be prepared and maintained as prescribed by law and rules of the BOG. Rules of the SBE and rules of the BOG must incorporate the requirements of law and accounting principles generally accepted in the United States and must include a uniform classification of accounts. Each state university must annually file with the BOG financial statements prepared in conformity with these requirements. The BOG's rules must prescribe the filing deadline for the financial statements. The required financial accounts and reports must include provisions that are unique to K-12 school districts, Florida College System institutions, and state universities.²³

Justice Administrative Commission

The Justice Administrative Commission (Commission) is created in s. 43.16, F.S. As one of its duties, the Commission is charged with maintaining a central state office for administrative services and assistance on behalf of state attorneys and public defenders, the capital collateral regional counsel, the criminal conflict and civil regional counsel, and the Guardian Ad Litem Program.²⁴ Additionally, the Commission records and submits certain documents prepared by a state attorney, public defender, or criminal conflict and civil regional counsel or the Guardian Ad Litem Program, including necessary budgets, vouchers that represent valid claims for reimbursement by the state for authorized expenses, and other things incidental to the proper administrative operation of the office, such as revenue transmittals to the Chief Financial Officer and automated systems plans.²⁵

Effect of the Bill

The bill requires state agencies, the judicial branch, local governmental entities, charter schools, school districts, Florida College System institutions, state universities, the Commission, each state attorney, each public defender, the criminal conflict and civil regional counsel, the capital collateral regional counsel, and the Guardian Ad Litem Program to establish and maintain internal controls designed to:

- Prevent and detect fraud, waste, and abuse, as defined in s. 11.45(1), F.S.;
- Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices;
- Support economical and efficient operations;
- Ensure reliability of financial records and reports; and
- Safeguard assets.

The bill also authorizes a district school board to retain an internal auditor to determine the adequacy of internal controls described above.

Online Posting of Governmental Budgets

Counties and Municipalities

Present Situation

Counties²⁶ and municipalities²⁷ are required to post their tentative budgets on their websites two days prior to consideration of the budget at a public hearing. The final budget of a county or municipality

²² Section 1002.33(9)(j), F.S.

²³ Section 1010.01, F.S.

²⁴ Section 43.16(5)(a), F.S.

²⁵ Section 43.16(5)(b), F.S.

²⁶ Section 129.03, F.S.

must be posted on its website within 30 days after adoption. An amendment to a budget must be posted to the website within five days of adoption.²⁸ Current law does not specify how long these documents must remain available on the website.

Effect of the Bill

The bill requires a tentative budget to remain on a county's or municipality's website for at least 45 days. The bill also requires a final budget to remain on the entity's website for at least two years. Finally, the bill requires an adopted amendment to a budget to remain on the website for at least two years.

Water Management Districts

Present Situation

Chapter 373, F.S., governs Florida's water resource management and authorizes the creation of WMDs, which are given taxing authority. A WMD is defined as "any flood control, resource management, or water management district" operating under the authority of chapter 373, F.S.²⁹ There are five WMDs in Florida: Northwest Florida, Suwanee River, St. Johns River, Southwest Florida, and South Florida.³⁰ Section 373.536, F.S., governs the budget process for WMDs and requires a WMD's tentative budget to be posted on the WMD's website at least two days before budget hearings are conducted. The law requires a WMD's final adopted budget to be posted on the WMD's official website within 30 days after adoption.

Effect of the Bill

The bill requires a WMD's tentative budget to remain on the WMD's website for at least 45 days and requires the final adopted budget to remain on the website for at least two years.

Other Provisions

Florida Clerks of Court Operations Corporation

Present Situation

Currently, s. 28.35, F.S., requires the Florida Clerks of Court Operations Corporation (corporation) to develop and certify a uniform system of workload measures and applicable workload standards for court-related functions as developed by the corporation and clerk workload performance in meeting the workload performance standards. These workload measures and workload performance standards must be designed to facilitate an objective determination of the performance of each clerk in accordance with minimum standards for fiscal management, operational efficiency, and effective collection of fines, fees, service charges, and court costs. The corporation must develop the workload measures and workload performance standards in consultation with the Legislature. When the corporation finds a clerk has not met the workload performance standards, the corporation must identify the nature of each deficiency and any corrective action recommended and taken by the affected clerk of the court. The corporation must notify the Legislature of any clerk not meeting workload performance standards and provide a copy of any corrective action plans.

Effect of the Bill

The bill requires the corporation to notify the Legislature of any clerk not meeting the workload performance standards and provide a copy of any corrective action plans within 45 days after the end of each quarter. For purposes of s. 28.35, F.S., the quarters end on the last day of March, June, September, and December of each year.

²⁷ Section 166.241, F.S.

²⁸ Sections 129.06(2)(f)2., 166.241(5), and 189.016(7), F.S.

²⁹ Section 373.019(23), F.S.

³⁰ Section 373.069(1), F.S.

Public Employee Travel Expenses

Present Situation

Section 112.061, F.S., establishes the rates of per diem and subsistence allowance for travel by public officers and employees. When traveling to a convention or conference or to conduct bona fide state business, a traveler is authorized to receive \$80 per diem. However, if actual expenses exceed \$80, the traveler may receive \$6 for breakfast, \$11 for lunch, \$19 for dinner, and the actual expenses for lodging at a single-occupancy rate.

The 2016-17 implementing bill created a limit on the amount of actual expenses for lodging that may be reimbursed under certain circumstances. The bill provided that when an employee of a state agency or the judicial branch is attending a meeting, conference, or convention organized or sponsored in whole or in part by a state agency or the judicial branch, the reimbursement for lodging expenses may not exceed \$150 per day. However, an employee may expend his or her own funds for any lodging expenses in excess of the limit. This limit is in effect until July 1, 2017.

Effect of the Bill

The bill codifies the implementing bill's \$150 per day limit on lodging expenses in s. 112.061, F.S.

Transparency in Government Spending

Present Situation

The Transparency Florida Act (Act), codified in s. 215.985, F.S., requires the Governor, in consultation with the appropriations committees of the House and Senate, to maintain a central website providing access to all other websites required to be linked under the Act. It also requires certain budget information, certain contract information, and minimum functionality standards to be readily available online. In pertinent part, s. 215.985(11), F.S., requires each WMD to provide a monthly financial statement to its governing board and make the statement available for public access on its website.

Effect of the Bill

The bill requires a WMD's monthly financial statement to be in the form and manner prescribed by DFS and requires each WMD to make the monthly financial statement available to the public on its website.

Reasonable Opportunity to be Heard at Public Meetings

Present Situation

Section 286.0114, F.S., requires, with certain exceptions, that members of the public be provided a reasonable opportunity to be heard before a board or commission. The law describes a general public comment process and allows entities to prescribe how public comment is made and create certain reasonable limitations.

Effect of the Bill

The bill specifies that a board or commission may not require a member of the public to provide an advance written copy of his or her testimony or comments as a precondition of being given the opportunity to be heard at a meeting.

Statement of Legislative Findings

The bill specifies that a proper and legitimate state purpose is served when internal controls are established to prevent and detect fraud, waste, and abuse and to safeguard and account for government funds and property.

B. SECTION DIRECTORY:

Section 1 amends s. 11.40, F.S., relating to the Legislative Auditing Committee.

Section 2 amends s. 11.45, F.S., relating to definitions; duties; authorities; reports; and rules of the Auditor General.

Section 3 amends s. 28.35, F.S., relating to the Florida Clerks of Court Operations Corporation.

Section 4 amends s. 43.16, F.S., relating to the Justice Administrative Commission.

Section 5 amends s. 112.061, F.S., relating to per diem and travel expenses of public officers, employees, and authorized persons.

Section 6 amends s. 129.03, F.S., relating to preparation and adoption of county budgets.

Section 7 amends s. 129.06, F.S., relating to execution and amendment of county budgets.

Section 8 amends s. 166.241, F.S., relating to fiscal years, budgets, and budget amendments for municipalities.

Section 9 amends s. 215.86, F.S., relating to management systems and controls for state agencies and the judicial branch.

Section 10 amends s. 215.97, F.S., relating to the Florida Single Audit Act.

Section 11 amends s. 215.985, F.S., relating to transparency in government spending.

Section 12 amends s. 218.32, F.S., relating to annual financial reports for local governmental entities.

Section 13 amends s. 218.33, F.S., relating to local governmental entities; establishment of uniform fiscal years and accounting practices and procedures.

Section 14 amends s. 218.39, F.S., relating to annual financial audit reports.

Section 15 amends s. 218.391, F.S., relating to auditor selection procedures.

Section 16 amends s. 286.0114, F.S., relating to public meetings; reasonable opportunity to be heard; attorney fees.

Section 17 amends s. 373.536, F.S., relating to water management district budgets.

Section 18 amends s. 1001.42, F.S., relating to powers and duties of district school boards.

Section 19 amends s. 1002.33, F.S., relating to charter schools.

Section 20 amends s. 1002.37, F.S., relating to the Florida Virtual School.

Section 21 amends s. 1010.01, F.S., relating to uniform records and accounts.

Section 22 amends s. 1010.30, F.S., relating to audits required.

Section 23 amends s. 218.503, F.S., relating to determination of financial emergency.

Section 24 amends s. 1002.455, F.S., conforming a cross-reference.

Section 25 specifies that the act fulfills an important state interest.

Section 26 provides an effective date of July 1, 2017.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have an impact on state government revenues.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have an impact on local government revenues.

2. Expenditures:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill may have an indeterminate but likely insignificant negative fiscal impact on state agencies, the court system, court-related entities, local governments, district school boards, charter schools, and state colleges and universities because it requires them to establish specified internal controls. This requirement may require additional time and expense to create the internal controls.

The bill may have an indeterminate positive fiscal impact on state agencies and the judicial branch because it limits to \$150 the amount that may be reimbursed per day for employee travel lodging expenses under certain circumstances.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, s. 18 of the State Constitution may apply because the bill requires county and municipal governments to establish and maintain specified internal controls. An exemption may apply if the bill results in an insignificant fiscal impact to county or municipal governments. An exception also may apply because similarly situated persons are all required to comply and the bill specifies that it serves an important state interest.

2. Other:

Other Comments: Single-Subject Requirement

Article III, s. 6 of the State Constitution provides, in relevant part, that "[e]very law shall embrace but one subject and matter properly connected therewith, and the subject shall be briefly expressed in the title." In interpreting this provision, the Florida Supreme Court has stated, "[a]n act may be as

broad as the Legislature chooses, provided the matters included in the act have a natural or logical connection.”³¹

The title of the bill is “Government Accountability” and it contains many provisions related to governmental auditing and reporting requirements. Section 13 of the bill amends s. 286.0114, F.S., to prohibit a board or commission from requiring a member of the public to provide an advance written copy of his or her testimony or comments as a precondition of being given the opportunity to be heard at a meeting. It is unclear whether a reviewing court would conclude that this provision has a “natural or logical connection” with government accountability.

B. RULE-MAKING AUTHORITY:

The bill requires DFS to specify the form and manner for the submission of WMD monthly financial statements.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 23, 2017, the Oversight, Transparency & Administration Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Requires the Florida Clerks of Court Operations Corporation to notify the Legislature of any clerk not meeting workload performance standards;
- Revises the composition of auditor selection committees;
- Requires completion of an annual financial audit of the Florida Virtual School; and
- Limits to \$150 the amount that may be reimbursed per day for state agency and judicial branch employee lodging expenses for travel under certain circumstances.

This analysis is drafted to the committee substitute as approved by the Oversight, Transparency & Administration Subcommittee.

1 A bill to be entitled
 2 An act relating to government accountability; amending
 3 s. 11.40, F.S.; specifying that the Governor, the
 4 Commissioner of Education, or the designee of the
 5 Governor or of the commissioner, may notify the
 6 Legislative Auditing Committee of an entity's failure
 7 to comply with certain auditing and financial
 8 reporting requirements; amending s. 11.45, F.S.;
 9 defining the terms "abuse," "fraud," and "waste";
 10 revising the definition of the term "local
 11 governmental entity"; excluding water management
 12 districts from certain audit requirements; removing a
 13 cross-reference; authorizing the Auditor General to
 14 conduct audits of tourist development councils and
 15 county tourism promotion agencies; revising reporting
 16 requirements applicable to the Auditor General;
 17 amending s. 28.35, F.S.; revising reporting
 18 requirements applicable to the Florida Clerks of Court
 19 Operations Corporation; amending s. 43.16, F.S.;
 20 revising the responsibilities of the Justice
 21 Administrative Commission, each state attorney, each
 22 public defender, the criminal conflict and civil
 23 regional counsel, the capital collateral regional
 24 counsel, and the Guardian Ad Litem Program, to include
 25 the establishment and maintenance of certain internal

26 controls; amending s. 112.061, F.S.; revising certain
 27 lodging rates for the purpose of reimbursement to
 28 specified employees; authorizing an employee to expend
 29 his or her funds for certain lodging expenses;
 30 amending ss. 129.03, 129.06, and 166.241, F.S.;
 31 requiring counties and municipalities to maintain
 32 certain budget documents on the entities' websites for
 33 a specified period; amending s. 215.86, F.S.; revising
 34 the purposes for which management systems and internal
 35 controls must be established and maintained by each
 36 state agency and the judicial branch; amending s.
 37 215.97, F.S.; revising certain audit threshold
 38 requirements; amending s. 215.985, F.S.; revising the
 39 requirements for a monthly financial statement
 40 provided by a water management district; amending s.
 41 218.32, F.S.; revising the requirements of the annual
 42 financial audit report of a local governmental entity;
 43 authorizing the Department of Financial Services to
 44 request additional information from a local
 45 governmental entity; requiring a local governmental
 46 entity to respond to such requests within a specified
 47 timeframe; requiring the department to notify the
 48 Legislative Auditing Committee of noncompliance;
 49 amending s. 218.33, F.S.; requiring local governmental
 50 entities to establish and maintain internal controls

51 | to achieve specified purposes; amending s. 218.39,
 52 | F.S.; requiring an audited entity to respond to audit
 53 | recommendations under specified circumstances;
 54 | amending s. 218.391, F.S.; revising membership for the
 55 | audit committee; prohibiting an audit committee member
 56 | from being an employee, a chief executive officer, or
 57 | a chief financial officer of the respective
 58 | governmental entity; amending s. 286.0114, F.S.;
 59 | prohibiting a board or commission from requiring an
 60 | advance copy of testimony or comments from a member of
 61 | the public as a precondition to being given the
 62 | opportunity to be heard at a public meeting; amending
 63 | s. 373.536, F.S.; deleting obsolete language;
 64 | requiring water management districts to maintain
 65 | certain budget documents on the districts' websites
 66 | for a specified period; amending s. 1001.42, F.S.;
 67 | authorizing additional internal audits as directed by
 68 | the district school board; amending s. 1002.33, F.S.;
 69 | revising the responsibilities of the governing board
 70 | of a charter school to include the establishment and
 71 | maintenance of internal controls; removing obsolete
 72 | provisions; amending s. 1002.37, F.S.; requiring
 73 | completion of an annual financial audit of the Florida
 74 | Virtual School; specifying audit requirements;
 75 | requiring an audit report to be submitted to the board

76 of trustees of the Florida Virtual School and the
 77 Auditor General; deleting obsolete provisions;
 78 amending s. 1010.01, F.S.; requiring each school
 79 district, Florida College System institution, and
 80 state university to establish and maintain certain
 81 internal controls; amending s. 1010.30, F.S.;
 82 requiring a district school board, Florida College
 83 System institution board of trustees, or university
 84 board of trustees to respond to audit recommendations
 85 under certain circumstances; amending ss. 218.503 and
 86 1002.455, F.S.; conforming provisions and cross-
 87 references to changes made by the act; declaring that
 88 the act fulfills an important state interest;
 89 providing an effective date.

90

91 Be It Enacted by the Legislature of the State of Florida:

92

93 Section 1. Subsection (2) of section 11.40, Florida
 94 Statutes, is amended to read:

95 11.40 Legislative Auditing Committee.—

96 (2) Following notification by the Auditor General, the
 97 Department of Financial Services, ~~or~~ the Division of Bond
 98 Finance of the State Board of Administration, the Governor or
 99 his or her designee, or the Commissioner of Education or his or
 100 her designee of the failure of a local governmental entity,

101 district school board, charter school, or charter technical
 102 career center to comply with the applicable provisions within s.
 103 11.45(5)-(7), s. 218.32(1), s. 218.38, or s. 218.503(3), the
 104 Legislative Auditing Committee may schedule a hearing to
 105 determine if the entity should be subject to further state
 106 action. If the committee determines that the entity should be
 107 subject to further state action, the committee shall:

108 (a) In the case of a local governmental entity or district
 109 school board, direct the Department of Revenue and the
 110 Department of Financial Services to withhold any funds not
 111 pledged for bond debt service satisfaction which are payable to
 112 such entity until the entity complies with the law. The
 113 committee shall specify the date that such action must ~~shall~~
 114 begin, and the directive must be received by the Department of
 115 Revenue and the Department of Financial Services 30 days before
 116 the date of the distribution mandated by law. The Department of
 117 Revenue and the Department of Financial Services may implement
 118 ~~the provisions of~~ this paragraph.

119 (b) In the case of a special district created by:
 120 1. A special act, notify the President of the Senate, the
 121 Speaker of the House of Representatives, the standing committees
 122 of the Senate and the House of Representatives charged with
 123 special district oversight as determined by the presiding
 124 officers of each respective chamber, the legislators who
 125 represent a portion of the geographical jurisdiction of the

126 special district, and the Department of Economic Opportunity
 127 that the special district has failed to comply with the law.
 128 Upon receipt of notification, the Department of Economic
 129 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.
 130 If the special district remains in noncompliance after the
 131 process set forth in s. 189.0651, or if a public hearing is not
 132 held, the Legislative Auditing Committee may request the
 133 department to proceed pursuant to s. 189.067(3).

134 2. A local ordinance, notify the chair or equivalent of
 135 the local general-purpose government pursuant to s. 189.0652 and
 136 the Department of Economic Opportunity that the special district
 137 has failed to comply with the law. Upon receipt of notification,
 138 the department shall proceed pursuant to s. 189.062 or s.
 139 189.067. If the special district remains in noncompliance after
 140 the process set forth in s. 189.0652, or if a public hearing is
 141 not held, the Legislative Auditing Committee may request the
 142 department to proceed pursuant to s. 189.067(3).

143 3. Any manner other than a special act or local ordinance,
 144 notify the Department of Economic Opportunity that the special
 145 district has failed to comply with the law. Upon receipt of
 146 notification, the department shall proceed pursuant to s.
 147 189.062 or s. 189.067(3).

148 (c) In the case of a charter school or charter technical
 149 career center, notify the appropriate sponsoring entity, which
 150 may terminate the charter pursuant to ss. 1002.33 and 1002.34.

151 Section 2. Subsection (1), paragraph (j) of subsection
 152 (2), paragraph (u) of subsection (3), and paragraph (i) of
 153 subsection (7) of section 11.45, Florida Statutes, are amended,
 154 and paragraph (x) is added to subsection (3) of that section to
 155 read:

156 11.45 Definitions; duties; authorities; reports; rules.—

157 (1) DEFINITIONS.—As used in ss. 11.40-11.51, the term:

158 (a) "Abuse" means behavior that is deficient or improper
 159 when compared with behavior that a prudent person would consider
 160 a reasonable and necessary operational practice given the facts
 161 and circumstances. The term includes the misuse of authority or
 162 position for personal gain.

163 (b)~~(a)~~ "Audit" means a financial audit, operational audit,
 164 or performance audit.

165 (c)~~(b)~~ "County agency" means a board of county
 166 commissioners or other legislative and governing body of a
 167 county, however styled, including that of a consolidated or
 168 metropolitan government, a clerk of the circuit court, a
 169 separate or ex officio clerk of the county court, a sheriff, a
 170 property appraiser, a tax collector, a supervisor of elections,
 171 or any other officer in whom any portion of the fiscal duties of
 172 a body or officer expressly stated in this paragraph are ~~the~~
 173 ~~above are under law~~ separately placed by law.

174 (d)~~(e)~~ "Financial audit" means an examination of financial
 175 statements in order to express an opinion on the fairness with

176 | which they are presented in conformity with generally accepted
 177 | accounting principles and an examination to determine whether
 178 | operations are properly conducted in accordance with legal and
 179 | regulatory requirements. Financial audits must be conducted in
 180 | accordance with auditing standards generally accepted in the
 181 | United States and government auditing standards as adopted by
 182 | the Board of Accountancy. When applicable, the scope of
 183 | financial audits must ~~shall~~ encompass the additional activities
 184 | necessary to establish compliance with the Single Audit Act
 185 | Amendments of 1996, 31 U.S.C. ss. 7501-7507, and other
 186 | applicable federal law.

187 | (e) "Fraud" means obtaining something of value through
 188 | willful misrepresentation, including, but not limited to, the
 189 | intentional misstatements or omissions of amounts or disclosures
 190 | in financial statements to deceive users of financial
 191 | statements, theft of an entity's assets, bribery, or the use of
 192 | one's position for personal enrichment through the deliberate
 193 | misuse or misapplication of an organization's resources.

194 | (f) ~~(d)~~ "Governmental entity" means a state agency, a
 195 | county agency, or any other entity, however styled, that
 196 | independently exercises any type of state or local governmental
 197 | function.

198 | (g) ~~(e)~~ "Local governmental entity" means a county agency,
 199 | municipality, tourist development council, county tourism
 200 | promotion agency, or special district as defined in s. 189.012.

201 | The term, ~~but~~ does not include any housing authority established
 202 | under chapter 421.

203 | (h)~~(f)~~ "Management letter" means a statement of the
 204 | auditor's comments and recommendations.

205 | (i)~~(g)~~ "Operational audit" means an audit whose purpose is
 206 | to evaluate management's performance in establishing and
 207 | maintaining internal controls, including controls designed to
 208 | prevent and detect fraud, waste, and abuse, and in administering
 209 | assigned responsibilities in accordance with applicable laws,
 210 | administrative rules, contracts, grant agreements, and other
 211 | guidelines. Operational audits must be conducted in accordance
 212 | with government auditing standards. Such audits examine internal
 213 | controls that are designed and placed in operation to promote
 214 | and encourage the achievement of management's control objectives
 215 | in the categories of compliance, economic and efficient
 216 | operations, reliability of financial records and reports, and
 217 | safeguarding of assets, and identify weaknesses in those
 218 | internal controls.

219 | (j)~~(h)~~ "Performance audit" means an examination of a
 220 | program, activity, or function of a governmental entity,
 221 | conducted in accordance with applicable government auditing
 222 | standards or auditing and evaluation standards of other
 223 | appropriate authoritative bodies. The term includes an
 224 | examination of issues related to:

- 225 | 1. Economy, efficiency, or effectiveness of the program.

226 2. Structure or design of the program to accomplish its
227 goals and objectives.

228 3. Adequacy of the program to meet the needs identified by
229 the Legislature or governing body.

230 4. Alternative methods of providing program services or
231 products.

232 5. Goals, objectives, and performance measures used by the
233 agency to monitor and report program accomplishments.

234 6. The accuracy or adequacy of public documents, reports,
235 or requests prepared under the program by state agencies.

236 7. Compliance of the program with appropriate policies,
237 rules, or laws.

238 8. Any other issues related to governmental entities as
239 directed by the Legislative Auditing Committee.

240 (k)~~(i)~~ "Political subdivision" means a separate agency or
241 unit of local government created or established by law and
242 includes, but is not limited to, the following and the officers
243 thereof: authority, board, branch, bureau, city, commission,
244 consolidated government, county, department, district,
245 institution, metropolitan government, municipality, office,
246 officer, public corporation, town, or village.

247 (l)~~(j)~~ "State agency" means a separate agency or unit of
248 state government created or established by law and includes, but
249 is not limited to, the following and the officers thereof:
250 authority, board, branch, bureau, commission, department,

251 | division, institution, office, officer, or public corporation,
 252 | as the case may be, except any such agency or unit within the
 253 | legislative branch of state government other than the Florida
 254 | Public Service Commission.

255 | (m) "Waste" means the act of using or expending resources
 256 | unreasonably, carelessly, extravagantly, or for no useful
 257 | purpose.

258 | (2) DUTIES.—The Auditor General shall:

259 | (j) Conduct audits of local governmental entities when
 260 | determined to be necessary by the Auditor General, when directed
 261 | by the Legislative Auditing Committee, or when otherwise
 262 | required by law. No later than 18 months after the release of
 263 | the audit report, the Auditor General shall perform such
 264 | appropriate followup procedures as he or she deems necessary to
 265 | determine the audited entity's progress in addressing the
 266 | findings and recommendations contained within the Auditor
 267 | General's previous report. The Auditor General shall notify each
 268 | member of the audited entity's governing body and the
 269 | Legislative Auditing Committee of the results of his or her
 270 | determination. For purposes of this paragraph, local
 271 | governmental entities do not include water management districts.

272 |
 273 | The Auditor General shall perform his or her duties
 274 | independently but under the general policies established by the
 275 | Legislative Auditing Committee. This subsection does not limit

276 the Auditor General's discretionary authority to conduct other
 277 audits or engagements of governmental entities as authorized in
 278 subsection (3).

279 (3) AUTHORITY FOR AUDITS AND OTHER ENGAGEMENTS.—The
 280 Auditor General may, pursuant to his or her own authority, or at
 281 the direction of the Legislative Auditing Committee, conduct
 282 audits or other engagements as determined appropriate by the
 283 Auditor General of:

284 (u) The Florida Virtual School ~~pursuant to s. 1002.37.~~

285 (x) Tourist development councils and county tourism
 286 promotion agencies.

287 (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

288 (i) The Auditor General shall annually transmit by July
 289 15, to the President of the Senate, the Speaker of the House of
 290 Representatives, and the Department of Financial Services, a
 291 list of all school districts, charter schools, charter technical
 292 career centers, Florida College System institutions, state
 293 universities, and local governmental entities ~~water management~~
 294 ~~districts~~ that have failed to comply with the transparency
 295 requirements as identified in the audit reports reviewed
 296 pursuant to paragraph (b) and those conducted pursuant to
 297 subsection (2).

298 Section 3. Paragraph (d) of subsection (2) of section
 299 28.35, Florida Statutes, is amended to read:

300 28.35 Florida Clerks of Court Operations Corporation.—

301 (2) The duties of the corporation shall include the
 302 following:

303 (d) Developing and certifying a uniform system of workload
 304 measures and applicable workload standards for court-related
 305 functions as developed by the corporation and clerk workload
 306 performance in meeting the workload performance standards. These
 307 workload measures and workload performance standards shall be
 308 designed to facilitate an objective determination of the
 309 performance of each clerk in accordance with minimum standards
 310 for fiscal management, operational efficiency, and effective
 311 collection of fines, fees, service charges, and court costs. The
 312 corporation shall develop the workload measures and workload
 313 performance standards in consultation with the Legislature. When
 314 the corporation finds a clerk has not met the workload
 315 performance standards, the corporation shall identify the nature
 316 of each deficiency and any corrective action recommended and
 317 taken by the affected clerk of the court. For quarterly periods
 318 ending on the last day of March, June, September, and December
 319 of each year, the corporation shall notify the Legislature of
 320 any clerk not meeting workload performance standards and provide
 321 a copy of any corrective action plans. Such notifications shall
 322 be submitted no later than 45 days after the end of the
 323 preceding quarterly period. As used in this subsection, the
 324 term:

325 1. "Workload measures" means the measurement of the

326 activities and frequency of the work required for the clerk to
 327 adequately perform the court-related duties of the office as
 328 defined by the membership of the Florida Clerks of Court
 329 Operations Corporation.

330 2. "Workload performance standards" means the standards
 331 developed to measure the timeliness and effectiveness of the
 332 activities that are accomplished by the clerk in the performance
 333 of the court-related duties of the office as defined by the
 334 membership of the Florida Clerks of Court Operations
 335 Corporation.

336 Section 4. Subsections (6) and (7) of section 43.16,
 337 Florida Statutes, are renumbered as subsections (7) and (8),
 338 respectively, and a new subsection (6) is added to that section
 339 to read:

340 43.16 Justice Administrative Commission; membership,
 341 powers and duties.—

342 (6) The commission, each state attorney, each public
 343 defender, the criminal conflict and civil regional counsel, the
 344 capital collateral regional counsel, and the Guardian Ad Litem
 345 Program shall establish and maintain internal controls designed
 346 to:

347 (a) Prevent and detect fraud, waste, and abuse as defined
 348 in s. 11.45(1).

349 (b) Promote and encourage compliance with applicable laws,
 350 rules, contracts, grant agreements, and best practices.

- 351 (c) Support economical and efficient operations.
- 352 (d) Ensure reliability of financial records and reports.
- 353 (e) Safeguard assets.

354 Section 5. Subsection (6) of section 112.061, Florida
 355 Statutes, is amended to read:

356 112.061 Per diem and travel expenses of public officers,
 357 employees, and authorized persons.—

358 (6) RATES OF PER DIEM AND SUBSISTENCE ALLOWANCE.—For
 359 purposes of reimbursement rates and methods of calculation, per
 360 diem and subsistence allowances are provided as follows:

361 (a) All travelers shall be allowed for subsistence when
 362 traveling to a convention or conference or when traveling within
 363 or outside the state in order to conduct bona fide state
 364 business, which convention, conference, or business serves a
 365 direct and lawful public purpose with relation to the public
 366 agency served by the person attending such meeting or conducting
 367 such business, either of the following for each day of such
 368 travel at the option of the traveler:

- 369 1. Eighty dollars per diem; or
- 370 2. If actual expenses exceed \$80, the amounts permitted in
 371 paragraph (b) for subsistence, plus actual expenses for lodging
 372 at a single-occupancy rate, except as provided in paragraph (c),
 373 to be substantiated by paid bills therefor.

374

375 When lodging or meals are provided at a state institution, the

376 traveler shall be reimbursed only for the actual expenses of
 377 such lodging or meals, not to exceed the maximum provided for in
 378 this subsection.

379 (b) All travelers shall be allowed the following amounts
 380 for subsistence while on Class C travel on official business as
 381 provided in paragraph (5) (b):

- 382 1. Breakfast.....\$6
- 383 2. Lunch.....\$11
- 384 3. Dinner.....\$19

385 (c) Actual expenses for lodging associated with the
 386 attendance of an employee of a state agency or the judicial
 387 branch at a meeting, conference, or convention organized or
 388 sponsored in whole or in part by a state agency or the judicial
 389 branch may not exceed \$150 per day. However, an employee may
 390 expend his or her own funds for any lodging expenses that exceed
 391 \$150 per day.

392 ~~(d)~~ (e) No one, whether traveling out of state or in state,
 393 shall be reimbursed for any meal or lodging included in a
 394 convention or conference registration fee paid by the state.

395 Section 6. Paragraph (c) of subsection (3) of section
 396 129.03, Florida Statutes, is amended to read:

397 129.03 Preparation and adoption of budget.—

398 (3) The county budget officer, after tentatively
 399 ascertaining the proposed fiscal policies of the board for the
 400 next fiscal year, shall prepare and present to the board a

401 tentative budget for the next fiscal year for each of the funds
 402 provided in this chapter, including all estimated receipts,
 403 taxes to be levied, and balances expected to be brought forward
 404 and all estimated expenditures, reserves, and balances to be
 405 carried over at the end of the year.

406 (c) The board shall hold public hearings to adopt
 407 tentative and final budgets pursuant to s. 200.065. The hearings
 408 shall be primarily for the purpose of hearing requests and
 409 complaints from the public regarding the budgets and the
 410 proposed tax levies and for explaining the budget and any
 411 proposed or adopted amendments. The tentative budget must be
 412 posted on the county's official website at least 2 days before
 413 the public hearing to consider such budget and must remain on
 414 the website for at least 45 days. The final budget must be
 415 posted on the website within 30 days after adoption and must
 416 remain on the website for at least 2 years. The tentative
 417 budgets, adopted tentative budgets, and final budgets shall be
 418 filed in the office of the county auditor as a public record.
 419 Sufficient reference in words and figures to identify the
 420 particular transactions must ~~shall~~ be made in the minutes of the
 421 board to record its actions with reference to the budgets.

422 Section 7. Paragraph (f) of subsection (2) of section
 423 129.06, Florida Statutes, is amended to read:

424 129.06 Execution and amendment of budget.—

425 (2) The board at any time within a fiscal year may amend a

426 budget for that year, and may within the first 60 days of a
 427 fiscal year amend the budget for the prior fiscal year, as
 428 follows:

429 (f) Unless otherwise prohibited by law, if an amendment to
 430 a budget is required for a purpose not specifically authorized
 431 in paragraphs (a)-(e), the amendment may be authorized by
 432 resolution or ordinance of the board of county commissioners
 433 adopted following a public hearing.

434 1. The public hearing must be advertised at least 2 days,
 435 but not more than 5 days, before the date of the hearing. The
 436 advertisement must appear in a newspaper of paid general
 437 circulation and must identify the name of the taxing authority,
 438 the date, place, and time of the hearing, and the purpose of the
 439 hearing. The advertisement must also identify each budgetary
 440 fund to be amended, the source of the funds, the use of the
 441 funds, and the total amount of each fund's appropriations.

442 2. If the board amends the budget pursuant to this
 443 paragraph, the adopted amendment must be posted on the county's
 444 official website within 5 days after adoption and must remain on
 445 the website for at least 2 years.

446 Section 8. Subsections (3) and (5) of section 166.241,
 447 Florida Statutes, are amended to read:

448 166.241 Fiscal years, budgets, and budget amendments.—

449 (3) The tentative budget must be posted on the
 450 municipality's official website at least 2 days before the

451 budget hearing, held pursuant to s. 200.065 or other law, to
 452 consider such budget and must remain on the website for at least
 453 45 days. The final adopted budget must be posted on the
 454 municipality's official website within 30 days after adoption
 455 and must remain on the website for at least 2 years. If the
 456 municipality does not operate an official website, the
 457 municipality must, within a reasonable period of time as
 458 established by the county or counties in which the municipality
 459 is located, transmit the tentative budget and final budget to
 460 the manager or administrator of such county or counties who
 461 shall post the budgets on the county's website.

462 (5) If the governing body of a municipality amends the
 463 budget pursuant to paragraph (4)(c), the adopted amendment must
 464 be posted on the official website of the municipality within 5
 465 days after adoption and must remain on the website for at least
 466 2 years. If the municipality does not operate an official
 467 website, the municipality must, within a reasonable period of
 468 time as established by the county or counties in which the
 469 municipality is located, transmit the adopted amendment to the
 470 manager or administrator of such county or counties who shall
 471 post the adopted amendment on the county's website.

472 Section 9. Section 215.86, Florida Statutes, is amended to
 473 read:

474 215.86 Management systems and controls.—Each state agency
 475 and the judicial branch as defined in s. 216.011 shall establish

476 and maintain management systems and internal controls designed
 477 to:

478 (1) Prevent and detect fraud, waste, and abuse as defined
 479 in s. 11.45(1). ~~that~~

480 (2) Promote and encourage compliance with applicable laws,
 481 rules, contracts, and grant agreements.

482 (3) Support economical and ~~economic,~~ efficient, and
 483 effective operations.

484 (4) Ensure reliability of financial records and reports.

485 (5) Safeguard ~~and safeguarding of~~ assets. ~~Accounting~~
 486 ~~systems and procedures shall be designed to fulfill the~~
 487 ~~requirements of generally accepted accounting principles.~~

488 Section 10. Paragraph (a) of subsection (2) of section
 489 215.97, Florida Statutes, is amended to read:

490 215.97 Florida Single Audit Act.—

491 (2) As used in this section, the term:

492 (a) "Audit threshold" means the threshold amount used to
 493 determine when a state single audit or project-specific audit of
 494 a nonstate entity shall be conducted in accordance with this
 495 section. Each nonstate entity that expends a total amount of
 496 state financial assistance equal to or in excess of \$750,000 in
 497 any fiscal year of such nonstate entity shall be required to
 498 have a state single audit, or a project-specific audit, for such
 499 fiscal year in accordance with the requirements of this section.
 500 ~~Every 2 years the Auditor General,~~ After consulting with the

501 Executive Office of the Governor, the Department of Financial
 502 Services, and all state awarding agencies, the Auditor General
 503 shall periodically review the threshold amount for requiring
 504 audits under this section and may recommend any appropriate
 505 statutory change to revise the threshold amount in the annual
 506 report submitted pursuant to s. 11.45(7)(h) to the Legislature
 507 ~~adjust such threshold amount consistent with the purposes of~~
 508 ~~this section.~~

509 Section 11. Subsection (11) of section 215.985, Florida
 510 Statutes, is amended to read:

511 215.985 Transparency in government spending.—

512 (11) Each water management district shall provide a
 513 monthly financial statement in the form and manner prescribed by
 514 the Department of Financial Services to the district's ~~its~~
 515 governing board and make such monthly financial statement
 516 available for public access on its website.

517 Section 12. Paragraph (d) of subsection (1) and subsection
 518 (2) of section 218.32, Florida Statutes, are amended to read:

519 218.32 Annual financial reports; local governmental
 520 entities.—

521 (1)

522 (d) Each local governmental entity that is required to
 523 provide for an audit under s. 218.39(1) must submit a copy of
 524 the audit report and annual financial report to the department
 525 within 45 days after the completion of the audit report but no

526 | later than 9 months after the end of the fiscal year. In
 527 | conducting an audit of a local governmental entity pursuant to
 528 | s. 218.39, an independent certified public accountant shall
 529 | determine whether the entity's annual financial report is in
 530 | agreement with the audited financial statements. If the audited
 531 | financial statements are not in agreement with the annual
 532 | financial report, the accountant shall specify and explain the
 533 | significant differences that exist between the audited financial
 534 | statements and the annual financial report.

535 | (2) The department shall annually by December 1 file a
 536 | verified report with the Governor, the Legislature, the Auditor
 537 | General, and the Special District Accountability Program of the
 538 | Department of Economic Opportunity showing the revenues, both
 539 | locally derived and derived from intergovernmental transfers,
 540 | and the expenditures of each local governmental entity, regional
 541 | planning council, local government finance commission, and
 542 | municipal power corporation that is required to submit an annual
 543 | financial report. In preparing the verified report, the
 544 | department may request additional information from the local
 545 | governmental entity. The information requested must be provided
 546 | to the department within 45 days after the request. If the local
 547 | governmental entity does not comply with the request, the
 548 | department shall notify the Legislative Auditing Committee,
 549 | which may take action pursuant to s. 11.40(2). The report must
 550 | include, but is not limited to:

551 (a) The total revenues and expenditures of each local
 552 governmental entity that is a component unit included in the
 553 annual financial report of the reporting entity.

554 (b) The amount of outstanding long-term debt by each local
 555 governmental entity. For purposes of this paragraph, the term
 556 "long-term debt" means any agreement or series of agreements to
 557 pay money, which, at inception, contemplate terms of payment
 558 exceeding 1 year in duration.

559 Section 13. Subsection (3) of section 218.33, Florida
 560 Statutes, is renumbered as subsection (4), and a new subsection
 561 (3) is added to that section to read:

562 218.33 Local governmental entities; establishment of
 563 uniform fiscal years and accounting practices and procedures.-

564 (3) Each local governmental entity shall establish and
 565 maintain internal controls designed to:

566 (a) Prevent and detect fraud, waste, and abuse as defined
 567 in s. 11.45(1).

568 (b) Promote and encourage compliance with applicable laws,
 569 rules, contracts, grant agreements, and best practices.

570 (c) Support economical and efficient operations.

571 (d) Ensure reliability of financial records and reports.

572 (e) Safeguard assets.

573 Section 14. Subsections (8) through (12) of section
 574 218.39, Florida Statutes, are renumbered as subsections (9)
 575 through (13), respectively, and a new subsection (8) is added to

576 that section to read:

577 218.39 Annual financial audit reports.—

578 (8) If the audit report includes a recommendation that was
 579 included in the preceding financial audit report but remains
 580 unaddressed, the governing body of the audited entity, within 60
 581 days after the delivery of the audit report to the governing
 582 body, shall indicate during a regularly scheduled public meeting
 583 whether it intends to take corrective action, the intended
 584 corrective action, and the timeframe for the corrective action.
 585 If the governing body indicates that it does not intend to take
 586 corrective action, it must explain its decision at the public
 587 meeting.

588 Section 15. Subsection (2) of section 218.391, Florida
 589 Statutes, is amended to read:

590 218.391 Auditor selection procedures.—

591 (2) The governing body of a ~~charter~~ county, municipality,
 592 special district, district school board, charter school, or
 593 charter technical career center shall establish an audit
 594 committee.

595 (a) The audit committee for a county ~~Each noncharter~~
 596 ~~county shall establish an audit committee that,~~ at a minimum,
 597 shall consist of each of the county officers elected pursuant to
 598 the county charter or s. 1(d), Art. VIII of the State
 599 Constitution, or their respective designees ~~a designee,~~ and one
 600 member of the board of county commissioners or its designee.

601 (b) The audit committee for a municipality, special
 602 district, district school board, charter school, or charter
 603 technical career center shall consist of at least three members.
 604 One member of the audit committee must be a member of the
 605 governing body of an entity specified in this paragraph, who
 606 shall also serve as the chair of the committee.

607 (c) An employee, chief executive officer, or chief
 608 financial officer of the county, municipality, special district,
 609 district school board, charter school, or charter technical
 610 career center may not serve as a member of an audit committee
 611 established under this subsection.

612 (d) The primary purpose of the audit committee is to
 613 assist the governing body in selecting an auditor to conduct the
 614 annual financial audit required in s. 218.39; however, the audit
 615 committee may serve other audit oversight purposes as determined
 616 by the entity's governing body. The public ~~may~~ shall not be
 617 excluded from the proceedings under this section.

618 Section 16. Subsection (2) of section 286.0114, Florida
 619 Statutes, is amended to read:

620 286.0114 Public meetings; reasonable opportunity to be
 621 heard; attorney fees.—

622 (2) Members of the public shall be given a reasonable
 623 opportunity to be heard on a proposition before a board or
 624 commission. The opportunity to be heard need not occur at the
 625 same meeting at which the board or commission takes official

626 | action on the proposition if the opportunity occurs at a meeting
 627 | that is during the decisionmaking process and is within
 628 | reasonable proximity in time before the meeting at which the
 629 | board or commission takes the official action. A board or
 630 | commission may not require a member of the public to provide an
 631 | advance written copy of his or her testimony or comments as a
 632 | condition of being given the opportunity to be heard at a
 633 | meeting. This section does not prohibit a board or commission
 634 | from maintaining orderly conduct or proper decorum in a public
 635 | meeting. The opportunity to be heard is subject to rules or
 636 | policies adopted by the board or commission, as provided in
 637 | subsection (4).

638 | Section 17. Paragraph (e) of subsection (4), paragraph (d)
 639 | of subsection (5), and paragraph (d) of subsection (6) of
 640 | section 373.536, Florida Statutes, are amended to read:

641 | 373.536 District budget and hearing thereon.—

642 | (4) BUDGET CONTROLS; FINANCIAL INFORMATION.—

643 | (e) ~~By September 1, 2012,~~ Each district shall provide a
 644 | monthly financial statement in the form and manner prescribed by
 645 | the Department of Financial Services to the district's governing
 646 | board and make such monthly financial statement available for
 647 | public access on its website.

648 | (5) TENTATIVE BUDGET CONTENTS AND SUBMISSION; REVIEW AND
 649 | APPROVAL.—

650 | (d) Each district shall, by August 1 of each year, submit

651 | for review a tentative budget and a description of any
 652 | significant changes from the preliminary budget submitted to the
 653 | Legislature pursuant to s. 373.535 to the Governor, the
 654 | President of the Senate, the Speaker of the House of
 655 | Representatives, the chairs of all legislative committees and
 656 | subcommittees having substantive or fiscal jurisdiction over
 657 | water management districts, as determined by the President of
 658 | the Senate or the Speaker of the House of Representatives, as
 659 | applicable, the secretary of the department, and the governing
 660 | body of each county in which the district has jurisdiction or
 661 | derives any funds for the operations of the district. The
 662 | tentative budget must be posted on the district's official
 663 | website at least 2 days before budget hearings held pursuant to
 664 | s. 200.065 or other law and must remain on the website for at
 665 | least 45 days.

666 | (6) FINAL BUDGET; ANNUAL AUDIT; CAPITAL IMPROVEMENTS PLAN;
 667 | WATER RESOURCE DEVELOPMENT WORK PROGRAM.—

668 | (d) The final adopted budget must be posted on the water
 669 | management district's official website within 30 days after
 670 | adoption and must remain on the website for at least 2 years.

671 | Section 18. Paragraph (1) of subsection (12) of section
 672 | 1001.42, Florida Statutes, is amended to read:

673 | 1001.42 Powers and duties of district school board.—The
 674 | district school board, acting as a board, shall exercise all
 675 | powers and perform all duties listed below:

676 (12) FINANCE.—Take steps to assure students adequate
 677 educational facilities through the financial procedure
 678 authorized in chapters 1010 and 1011 and as prescribed below:

679 (1) *Internal auditor.*—May employ an internal auditor to
 680 perform ongoing financial verification of the financial records
 681 of the school district and such other audits and reviews as the
 682 district school board directs for the purpose of determining:

683 1. The adequacy of internal controls designed to prevent
 684 and detect fraud, waste, and abuse as defined in s. 11.45(1).

685 2. Compliance with applicable laws, rules, contracts,
 686 grant agreements, district school board-approved policies, and
 687 best practices.

688 3. The efficiency of operations.

689 4. The reliability of financial records and reports.

690 5. The safeguarding of assets.

691

692 The internal auditor shall report directly to the district
 693 school board or its designee.

694 Section 19. Paragraph (j) of subsection (9) of section
 695 1002.33, Florida Statutes, is amended to read:

696 1002.33 Charter schools.—

697 (9) CHARTER SCHOOL REQUIREMENTS.—

698 (j) The governing body of the charter school shall be
 699 responsible for:

700 1. Establishing and maintaining internal controls designed

701 | to:

702 | a. Prevent and detect fraud, waste, and abuse as defined
 703 | in s. 11.45(1).

704 | b. Promote and encourage compliance with applicable laws,
 705 | rules, contracts, grant agreements, and best practices.

706 | c. Support economical and efficient operations.

707 | d. Ensure reliability of financial records and reports.

708 | e. Safeguard assets.

709 | ~~2.1-~~ Ensuring that the charter school has retained the
 710 | services of a certified public accountant or auditor for the
 711 | annual financial audit, pursuant to s. 1002.345(2), who shall
 712 | submit the report to the governing body.

713 | ~~3.2-~~ Reviewing and approving the audit report, including
 714 | audit findings and recommendations for the financial recovery
 715 | plan.

716 | ~~4.a.3.a-~~ Performing the duties in s. 1002.345, including
 717 | monitoring a corrective action plan.

718 | b. Monitoring a financial recovery plan in order to ensure
 719 | compliance.

720 | ~~5.4-~~ Participating in governance training approved by the
 721 | department which must include government in the sunshine,
 722 | conflicts of interest, ethics, and financial responsibility.

723 | Section 20. Subsections (6) through (10) of section
 724 | 1002.37, Florida Statutes, are renumbered as subsections (7)
 725 | through (11), respectively, a new subsection (6) is added to

726 | that section, and present subsections (6) and (11) of that
 727 | section are amended, to read:

728 | 1002.37 The Florida Virtual School.—

729 | (6) The Florida Virtual School shall have an annual
 730 | financial audit of its accounts and records conducted by an
 731 | independent auditor who is a certified public accountant
 732 | licensed under chapter 473. The independent auditor shall
 733 | conduct the audit in accordance with rules adopted by the
 734 | Auditor General pursuant to s. 11.45 and, upon completion of the
 735 | audit, shall prepare an audit report in accordance with such
 736 | rules. The audit report must include a written statement by the
 737 | board of trustees describing corrective action to be taken in
 738 | response to each of the recommendations of the independent
 739 | auditor included in the audit report. The independent auditor
 740 | shall submit the audit report to the board of trustees and the
 741 | Auditor General no later than 9 months after the end of the
 742 | preceding fiscal year.

743 | ~~(7)~~ ~~(6)~~ The board of trustees shall annually submit to the
 744 | Governor, the Legislature, the Commissioner of Education, and
 745 | the State Board of Education the audit report prepared pursuant
 746 | to subsection (6) and a complete and detailed report setting
 747 | forth:

748 | (a) The operations and accomplishments of the Florida
 749 | Virtual School within the state and those occurring outside the
 750 | state as Florida Virtual School Global.

751 (b) The marketing and operational plan for the Florida
 752 Virtual School and Florida Virtual School Global, including
 753 recommendations regarding methods for improving the delivery of
 754 education through the Internet and other distance learning
 755 technology.

756 (c) The assets and liabilities of the Florida Virtual
 757 School and Florida Virtual School Global at the end of the
 758 fiscal year.

759 ~~(d) A copy of an annual financial audit of the accounts~~
 760 ~~and records of the Florida Virtual School and Florida Virtual~~
 761 ~~School Global, conducted by an independent certified public~~
 762 ~~accountant and performed in accordance with rules adopted by the~~
 763 ~~Auditor General.~~

764 (d)~~(e)~~ Recommendations regarding the unit cost of
 765 providing services to students through the Florida Virtual
 766 School and Florida Virtual School Global. In order to most
 767 effectively develop public policy regarding any future funding
 768 of the Florida Virtual School, it is imperative that the cost of
 769 the program is accurately identified. The identified cost of the
 770 program must be based on reliable data.

771 (e)~~(f)~~ Recommendations regarding an accountability
 772 mechanism to assess the effectiveness of the services provided
 773 by the Florida Virtual School and Florida Virtual School Global.

774 ~~(11) The Auditor General shall conduct an operational~~
 775 ~~audit of the Florida Virtual School, including Florida Virtual~~

776 ~~School Global. The scope of the audit shall include, but not be~~
 777 ~~limited to, the administration of responsibilities relating to~~
 778 ~~personnel; procurement and contracting; revenue production;~~
 779 ~~school funds, including internal funds; student enrollment~~
 780 ~~records; franchise agreements; information technology~~
 781 ~~utilization, assets, and security; performance measures and~~
 782 ~~standards; and accountability. The final report on the audit~~
 783 ~~shall be submitted to the President of the Senate and the~~
 784 ~~Speaker of the House of Representatives no later than January~~
 785 ~~31, 2014.~~

786 Section 21. Subsection (5) is added to section 1010.01,
 787 Florida Statutes, to read:

788 1010.01 Uniform records and accounts.—

789 (5) Each school district, Florida College System
 790 institution, and state university shall establish and maintain
 791 internal controls designed to:

792 (a) Prevent and detect fraud, waste, and abuse as defined
 793 in s. 11.45(1).

794 (b) Promote and encourage compliance with applicable laws,
 795 rules, contracts, grant agreements, and best practices.

796 (c) Support economical and efficient operations.

797 (d) Ensure reliability of financial records and reports.

798 (e) Safeguard assets.

799 Section 22. Subsection (2) of section 1010.30, Florida
 800 Statutes, is amended to read:

801 1010.30 Audits required.—
 802 (2) If a school district, Florida College System
 803 institution, or university audit report includes a
 804 recommendation that was included in the preceding financial
 805 audit report but remains unaddressed ~~an audit contains a~~
 806 ~~significant finding~~, the district school board, the Florida
 807 College System institution board of trustees, or the university
 808 board of trustees, within 60 days after the delivery of the
 809 audit report to the school district, Florida College System
 810 institution, or university, shall indicate ~~conduct an audit~~
 811 ~~overview~~ during a regularly scheduled public meeting whether it
 812 intends to take corrective action, the intended corrective
 813 action, and the timeframe for the corrective action. If the
 814 district school board, Florida College System institution board
 815 of trustees, or university board of trustees indicates that it
 816 does not intend to take corrective action, it shall explain its
 817 decision at the public meeting.

818 Section 23. Subsection (3) of section 218.503, Florida
 819 Statutes, is amended to read:

820 218.503 Determination of financial emergency.—

821 (3) Upon notification that one or more of the conditions
 822 in subsection (1) have occurred or will occur if action is not
 823 taken to assist the local governmental entity or district school
 824 board, the Governor or his or her designee shall contact the
 825 local governmental entity or the Commissioner of Education or

826 | his or her designee shall contact the district school board, as
 827 | appropriate, to determine what actions have been taken by the
 828 | local governmental entity or the district school board to
 829 | resolve or prevent the condition. The information requested must
 830 | be provided within 45 days after the date of the request. If the
 831 | local governmental entity or the district school board does not
 832 | comply with the request, the Governor or his or her designee or
 833 | the Commissioner of Education or his or her designee shall
 834 | notify ~~the members of~~ the Legislative Auditing Committee, which
 835 | ~~who~~ may take action pursuant to s. 11.40(2) ~~11.40~~. The Governor
 836 | or the Commissioner of Education, as appropriate, shall
 837 | determine whether the local governmental entity or the district
 838 | school board needs state assistance to resolve or prevent the
 839 | condition. If state assistance is needed, the local governmental
 840 | entity or district school board is considered to be in a state
 841 | of financial emergency. The Governor or the Commissioner of
 842 | Education, as appropriate, has the authority to implement
 843 | measures as set forth in ss. 218.50-218.504 to assist the local
 844 | governmental entity or district school board in resolving the
 845 | financial emergency. Such measures may include, but are not
 846 | limited to:

847 | (a) Requiring approval of the local governmental entity's
 848 | budget by the Governor or approval of the district school
 849 | board's budget by the Commissioner of Education.

850 | (b) Authorizing a state loan to a local governmental

851 | entity and providing for repayment of same.

852 | (c) Prohibiting a local governmental entity or district
853 | school board from issuing bonds, notes, certificates of
854 | indebtedness, or any other form of debt until such time as it is
855 | no longer subject to this section.

856 | (d) Making such inspections and reviews of records,
857 | information, reports, and assets of the local governmental
858 | entity or district school board as are needed. The appropriate
859 | local officials shall cooperate in such inspections and reviews.

860 | (e) Consulting with officials and auditors of the local
861 | governmental entity or the district school board and the
862 | appropriate state officials regarding any steps necessary to
863 | bring the books of account, accounting systems, financial
864 | procedures, and reports into compliance with state requirements.

865 | (f) Providing technical assistance to the local
866 | governmental entity or the district school board.

867 | (g)1. Establishing a financial emergency board to oversee
868 | the activities of the local governmental entity or the district
869 | school board. If a financial emergency board is established for
870 | a local governmental entity, the Governor shall appoint board
871 | members and select a chair. If a financial emergency board is
872 | established for a district school board, the State Board of
873 | Education shall appoint board members and select a chair. The
874 | financial emergency board shall adopt such rules as are
875 | necessary for conducting board business. The board may:

876 | a. Make such reviews of records, reports, and assets of
 877 | the local governmental entity or the district school board as
 878 | are needed.

879 | b. Consult with officials and auditors of the local
 880 | governmental entity or the district school board and the
 881 | appropriate state officials regarding any steps necessary to
 882 | bring the books of account, accounting systems, financial
 883 | procedures, and reports of the local governmental entity or the
 884 | district school board into compliance with state requirements.

885 | c. Review the operations, management, efficiency,
 886 | productivity, and financing of functions and operations of the
 887 | local governmental entity or the district school board.

888 | d. Consult with other governmental entities for the
 889 | consolidation of all administrative direction and support
 890 | services, including, but not limited to, services for asset
 891 | sales, economic and community development, building inspections,
 892 | parks and recreation, facilities management, engineering and
 893 | construction, insurance coverage, risk management, planning and
 894 | zoning, information systems, fleet management, and purchasing.

895 | 2. The recommendations and reports made by the financial
 896 | emergency board must be submitted to the Governor for local
 897 | governmental entities or to the Commissioner of Education and
 898 | the State Board of Education for district school boards for
 899 | appropriate action.

900 | (h) Requiring and approving a plan, to be prepared by

901 officials of the local governmental entity or the district
 902 school board in consultation with the appropriate state
 903 officials, prescribing actions that will cause the local
 904 governmental entity or district school board to no longer be
 905 subject to this section. The plan must include, but need not be
 906 limited to:

907 1. Provision for payment in full of obligations outlined
 908 in subsection (1), designated as priority items, which are
 909 currently due or will come due.

910 2. Establishment of priority budgeting or zero-based
 911 budgeting in order to eliminate items that are not affordable.

912 3. The prohibition of a level of operations which can be
 913 sustained only with nonrecurring revenues.

914 4. Provisions implementing the consolidation, sourcing, or
 915 discontinuance of all administrative direction and support
 916 services, including, but not limited to, services for asset
 917 sales, economic and community development, building inspections,
 918 parks and recreation, facilities management, engineering and
 919 construction, insurance coverage, risk management, planning and
 920 zoning, information systems, fleet management, and purchasing.

921 Section 24. Subsection (2) of section 1002.455, Florida
 922 Statutes, is amended to read:

923 1002.455 Student eligibility for K-12 virtual
 924 instruction.—

925 (2) A student is eligible to participate in virtual

926 instruction if:

927 (a) The student spent the prior school year in attendance
 928 at a public school in the state and was enrolled and reported by
 929 the school district for funding during October and February for
 930 purposes of the Florida Education Finance Program surveys;

931 (b) The student is a dependent child of a member of the
 932 United States Armed Forces who was transferred within the last
 933 12 months to this state from another state or from a foreign
 934 country pursuant to a permanent change of station order;

935 (c) The student was enrolled during the prior school year
 936 in a virtual instruction program under s. 1002.45 or a full-time
 937 Florida Virtual School program under s. 1002.37(9)(a)
 938 ~~1002.37(9)(a)~~;

939 (d) The student has a sibling who is currently enrolled in
 940 a virtual instruction program and the sibling was enrolled in
 941 that program at the end of the prior school year;

942 (e) The student is eligible to enter kindergarten or first
 943 grade; or

944 (f) The student is eligible to enter grades 2 through 5
 945 and is enrolled full-time in a school district virtual
 946 instruction program, virtual charter school, or the Florida
 947 Virtual School.

948 Section 25. The Legislature finds that a proper and
 949 legitimate state purpose is served when internal controls are
 950 established to prevent and detect fraud, waste, and abuse and to

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2017

951 | safeguard and account for government funds and property.
952 | Therefore, the Legislature determines and declares that this act
953 | fulfills an important state interest.

954 | Section 26. This act shall take effect July 1, 2017.

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. CS/HB 479 (2017)

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED _____ (Y/N)

ADOPTED AS AMENDED _____ (Y/N)

ADOPTED W/O OBJECTION _____ (Y/N)

FAILED TO ADOPT _____ (Y/N)

WITHDRAWN _____ (Y/N)

OTHER

1 Committee/Subcommittee hearing bill: Appropriations Committee
2 Representative Metz offered the following:

3
4 **Amendment**

5 Remove line 189 and insert:

6 intentional misstatements or intentional omissions of amounts or
7 disclosures

Amendment No. 2

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED _____ (Y/N)
ADOPTED AS AMENDED _____ (Y/N)
ADOPTED W/O OBJECTION _____ (Y/N)
FAILED TO ADOPT _____ (Y/N)
WITHDRAWN _____ (Y/N)
OTHER _____

1 Committee/Subcommittee hearing bill: Appropriations Committee
2 Representative Metz offered the following:

3
4 **Amendment (with directory and title amendments)**

5 Between lines 394 and 395, insert:

6 (16) STATEWIDE TRAVEL MANAGEMENT SYSTEM.-

7 (a) For purposes of this subsection, "statewide travel
8 management system" means the system acquired by the Executive
9 Office of the Governor to:

- 10 1. Standardize and automate agency travel management;
11 2. Allow for travel planning and approval, expense
12 reporting, and reimbursement; and
13 3. Allow a person to query travel information by public
14 employee or officer name and position title, purpose of travel,
15 dates and location of travel, mode of travel, confirmation of

Amendment No. 2

16 agency head or designee authorization if required, and total
17 travel cost.

18 (b) All agencies and the judicial branch must report
19 public officer and employee travel information in the statewide
20 travel management system, including, but not limited to, officer
21 or employee name and position title, purpose of travel, dates
22 and location of travel, mode of travel, confirmation of agency
23 head or designee authorization if required, and total travel
24 cost. At a minimum, such information must be reported in the
25 statewide travel management system on a monthly basis.

26 (c) All executive branch state agencies and the judicial
27 branch must use the statewide travel management system for
28 purposes of travel authorization and reimbursement.

29
30 -----

31 **D I R E C T O R Y A M E N D M E N T**

32 Remove lines 354-355 and insert:

33 Section 5. Subsection (6) of section 112.061, Florida
34 Statutes, is amended, and subsection (16) is added to that
35 section, to read:

36
37 -----

38 **T I T L E A M E N D M E N T**

39 Between lines 29 and 30, insert:

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. CS/HB 479 (2017)

Amendment No. 2

40 defining the term "statewide travel management system";
41 requiring agencies and the judicial branch to report certain
42 travel information of public officers and employees in the
43 statewide travel management system; requiring executive branch
44 state agencies and the judicial branch to use the statewide
45 travel management system for certain purposes;

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 581 Family Self-Sufficiency
SPONSOR(S): Children, Families & Seniors Subcommittee, White and others
TIED BILLS: IDEN./SIM. **BILLS:** SB 1016

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Children, Families & Seniors Subcommittee	9 Y, 4 N, As CS	Langston	Brazzell
2) Appropriations Committee		Fontaine <i>WSA</i>	Leznoff <i>LL</i>
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The Supplemental Nutrition Assistance Program (SNAP) offers nutrition assistance to eligible, low-income individuals and families in the form of funds to purchase eligible food. The Food and Nutrition Service (FNS), under the U.S. Department of Agriculture (USDA), administers SNAP, and the Florida Department of Children and Families (DCF) distributes the benefits. Federal law offers two eligibility pathways for SNAP:

- Having a gross income below 130% of the Federal Poverty Level (FPL) (or 165% FPL if at least one person is age 60 or older or is disabled) and less than \$2,250 of counted liquid assets (or \$3,250 if at least one person is age 60 or older or is disabled); or
- Being "categorically," or automatically, eligible based on receiving benefits from other specified low-income assistance programs.

During the recent recession, Florida became one of forty states implementing broad-based categorical eligibility (BBCE) to expand eligibility for SNAP, setting eligibility for most households at 200% FPL or less. Florida also waived asset limits for SNAP in most cases. As of November 30, 2016, 3,331,377 total individuals were enrolled in SNAP in Florida. Certain adult SNAP recipients must meet work requirements as a condition of benefit receipt.

Florida's Temporary Cash Assistance (TCA) Program, part of the Temporary Assistance to Needy Families program, provides cash assistance to needy families with children. To be eligible for full-family TCA, recipients must participate in work activities unless they qualify for an exemption.

DCF refers SNAP and TCA recipients who are not exempt from work requirements to the Department of Economic Opportunity (DEO) to satisfy work requirements through CareerSource regional workforce boards (RWBs). RWBs assign participants to work activities and monitor their compliance with TCA and SNAP work requirements. However, only a small percentage of TCA recipients exit the program because they attain employment and self-sufficiency, in part due to barriers that make it difficult for them to obtain and keep jobs.

HB 581 eliminates BBCE for SNAP and aligns Florida's eligibility requirements with the federal minimum eligibility requirements for all initial applications and recertifications for SNAP benefits after January 1, 2018. The bill reinstates asset limits and requires DCF to contract with a vendor to verify liquid assets. At least 229,311 (6.8%) of SNAP recipients will no longer be eligible based on the income and asset limit changes.

The bill also creates a program to be piloted at three or more RWBs to increase employment and earned income among those TCA recipients with significant barriers to employment while reducing their reliance on public assistance. Additionally, the bill increases reporting by CareerSource on employment outcomes and economic self-sufficiency of TCA and SNAP recipients.

The bill's total appropriation is \$4,142,525 from trust funds. The bill provides a nonrecurring appropriation of \$300,000 to DCF to perform technology modifications, and an appropriation of \$3,342,525 in recurring funds to contract for asset verification services. The bill provides a nonrecurring appropriation of \$500,000 to the Department of Economic Opportunity for CareerSource Florida to contract for the development of a workforce pilot program to serve Temporary Cash Assistance (TCA) work registrants experiencing significant barriers to employment. See the Fiscal Analysis and Economic Impact Statement of this analysis.

The bill provides an effective date of July 1, 2017.

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

STORAGE NAME: h0581b.APC.DOCX

DATE: 3/13/2017

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Supplemental Nutrition Assistance Program (SNAP)

Program Overview

The Food and Nutrition Service (FNS), under the U.S. Department of Agriculture (USDA), administers the Supplemental Nutrition Assistance Program (SNAP).¹ SNAP offers nutrition assistance to millions² of eligible, low-income individuals and families, in the form of funds to purchase “eligible food,”³ and provides economic benefits to communities by reducing poverty and food insecurity.⁴

The federal government funds 100% of the benefit amount.⁵ However, FNS and states share the administrative costs of the program.⁶ Federal laws, regulations, and waivers provide states with various policy options to better target benefits to those most in need, streamline program administration and field operations, and coordinate SNAP activities with those of other programs.⁷

¹ The Food Stamp Program (FSP) originated in 1939 as a pilot program for certain individuals to buy stamps equal to their normal food expenditures: for every \$1 of orange stamps purchased, people received 50 cents worth of blue stamps, which could be used to buy surplus food. The FSP expanded nationwide in 1974. Under the federal welfare reform legislation of 1996, Congress enacted major changes to the FSP, including limiting eligibility for certain adults who did not meet work requirements. The Food and Nutrition Act of 2008 renamed the FSP the Supplemental Nutrition Assistance Program (SNAP) and implemented priorities to strengthen program integrity; simplify program administration; maintain states' flexibility in how they administer their programs; and improve access to SNAP. *A Short History of SNAP*, UNITED STATES DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE, available at http://www.fns.usda.gov/sites/default/files/History_of_SNAP.pdf (last visited February 18, 2017); and *State Options Report: Supplemental Nutrition Assistance Program*, UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, (11th ed.), Sept. 2013, available at http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf (last visited February 1, 2017).

² In an average month in Federal Fiscal Year (FFY) 2015, nationally, SNAP provided benefits to 45.2 million people living in 22.3 million households. *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015*, Report No. SNAP-16-CHAR, SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM, NUTRITION ASSISTANCE PROGRAM REPORT SERIES, OFFICE OF POLICY SUPPORT, available at, <https://www.fns.usda.gov/sites/default/files/ops/Characteristics2015.pdf> (last visited February 18, 2017).

³ The Food and Nutrition Act of 2008 defines eligible food as any food or food product intended for human consumption except alcoholic beverages, tobacco, hot foods and hot food products prepared for immediate consumption, with some exceptions. 7 USC § 2012(k); see also 7 CFR § 271.2. For an explanation of the inclusion of “junk food” and luxury items as eligible foods, see UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, *Supplemental Nutrition Assistance Program (SNAP) Eligible Food Items*, <https://www.fns.usda.gov/snap/eligible-food-items> (last visited February 18, 2017).

⁴ For a detailed overview of SNAP, see Randy Alison Aussenberg, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, CONGRESSIONAL RESEARCH SERVICE, Dec. 29, 2014, available at <https://www.fas.org/sqp/crs/misc/R42505.pdf> (last visited February 18, 2017).

⁵ For FFY 2016, the maximum benefit amount was \$649 for a family of four, with an average benefit amount of \$471. *Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP)*, CENTER FOR BUDGET AND POLICY PRIORITIES, updated March 24, 2016, available at <http://www.cbpp.org/sites/default/files/atoms/files/policybasics-foodstamps.pdf> (last visited February 18, 2017).

⁶ In FFY 2015, FNS issued \$5,688,711,691 of benefits to Florida recipients; the state share of administrative costs for Florida was \$86,726,922 and the federal share of administrative costs for Florida was \$80,997,415. *Supplemental Nutrition Assistance Program, State Activity Report: Fiscal Year 2015*, FOOD AND NUTRITION SERVICE, SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: PROGRAM ACCOUNTABILITY AND ADMINISTRATION DIVISION, August 2016, available at, <http://www.fns.usda.gov/sites/default/files/snap/2015-State-Activity-Report.pdf> (last visited February 18, 2017).

⁷ *State Options Report: Supplemental Nutrition Assistance Program*, UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, (11th ed.), Sept. 2013, available at http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf (last visited February 18, 2017).

The amount of benefits, or allotment, a household will qualify for depends on the number of individuals in the household and the household's net income.

Maximum Monthly Allotment for Federal Fiscal Year (FFY) 2017⁸

Household Size	Maximum Allotment
1	\$194
2	\$357
3	\$511
4	\$649
5	\$771
6	\$925
7	\$1,022
8	\$1,169

To calculate a household's allotment, 30% of its net income is subtracted from the maximum allotment for that household size.⁹ This is because SNAP households are expected to spend about 30% of their own resources on food.¹⁰ For example, a household of three with a net monthly income of \$1,500 must subtract \$450 from the maximum allotment for their household, which is \$511 per month; the household would receive a food stamp allotment of \$61 for the month.

SNAP Eligibility

Federal law establishes two ways for a household to be eligible for SNAP:

- Having a gross income¹¹ below 130% of the Federal Poverty Level (FPL) (or 165% FPL if at least one person is age 60 or older, or is disabled),¹² a net income¹³ of 100% FPL, and less than \$2,250 of counted liquid and nonliquid assets¹⁴ (or \$3,250 if at least one person is age 60 or older or is disabled);¹⁵ or

⁸ UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, *Supplemental Nutrition Assistance Program (SNAP) How Much Could I Receive*, <https://www.fns.usda.gov/snap/how-much-could-i-receive> (last visited February 19, 2017).

⁹ *Id.*

¹⁰ *Id.*

¹¹ Income is defined as all earned income, including all wages and salaries, and unearned income, including public assistance payments such as SSI and TCA. 7 CFR § 273.9(b). For details on what income is excluded, see 7 CFR § 273.9(c).

¹² 7 CFR § 273.9(a)(1)-(2); 7 USC § 2014(c).

¹³ To calculate net income the following deductions are applied to a household's gross income: a 20% deduction from earned income; a standard deduction of \$157 for households of three or fewer and \$168 for households of four or more; a dependent care deduction; medical expenses for elderly or disabled members that exceed \$35 for the month, if they are not paid by insurance or someone else; legally owed child support payments; and a deduction up to \$517 of shelter costs that are more than half of the household's income after the other deductions.

¹⁴ Counted liquid assets include cash on hand, checking and savings accounts, savings certificates, stocks and bonds, and nonrecurring lump sum payments. 7 CFR §273.8(c).

¹⁵ 7 CFR § 273.8(b) sets the maximum allowable resources at \$2,000 and \$3,000, respectively; however, these limits were raised to \$2,250 and \$3,250 pursuant to annual cost-of-living adjustments in October 2014, and remain at that level today. See, letter from Lizbeth Silberman, Director, Program Development Division, Food and Nutrition Service, United States Department of Agriculture, to all Regional Directors of the Supplemental Nutrition Assistance Program, RE: SNAP - Fiscal Year 2017 Cost-of-Living Adjustments, Aug. 10, 2016, available at, <https://www.fns.usda.gov/sites/default/files/snap/SNAP-Fiscal-Year-2017-Cost-of-Living-Adjustments.pdf> (last visited February 18, 2017).

- Being “categorically,” or automatically, eligible based on receiving benefits from other specified low-income assistance programs.¹⁶

Categorical eligibility allows households which already met financial eligibility rules in specified means-tested programs¹⁷ to be eligible for SNAP without going through another financial eligibility determination. Federal regulations *require* that states make categorically eligible those households in which all members are either eligible for or receive *cash* benefits, known as temporary cash assistance (TCA), from the Temporary Assistance for Needy Families (TANF) program, Social Security Income (SSI), or another general assistance program.¹⁸ Additionally, federal regulations give states the *option* to make categorically eligible those households in which members are eligible for *noncash or in-kind* benefits or services from a program with an income limit of no more than 200% of the federal poverty level (FPL).¹⁹

FFY 2017 Monthly Income Eligibility Standards²⁰

Household Size	100% FPL	130% FPL	165% FPL	200% FPL
1	\$990	\$1,287	\$1,637	\$1,980
2	\$1,335	\$1,736	\$2,203	\$2,670
3	\$1,680	\$2,184	\$2,772	\$3,360
4	\$2,025	\$2,633	\$3,342	\$4,050

The USDA has developed a typology of state practices on categorical eligibility, categorizing states into three groups:

1. **Traditional categorical eligibility (mandatory):** Households where all members receive need-tested cash aid are automatically eligible for SNAP.
2. **Narrow categorical eligibility (optional):** Expanded beyond traditional categorical eligibility to those who receive certain TANF noncash benefits (e.g. child care).
3. **Broad-based categorical eligibility (BBCE) (optional):** Expands categorical eligibility to most, if not all, households with low incomes in a state. States may set their own income thresholds, not to exceed 200% FPL.²¹

¹⁶ 7 CFR § 273.2(j).

¹⁷ Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or state-financed general assistance (GA) programs.

¹⁸ 7 CFR § 273.2(j)(i).

¹⁹ 7 CFR § 273.2(j)(ii); nationally, households with income in excess of 130% FPL (the majority of those recipients made eligible at the states' option) accounted for 5.6% of all SNAP households in FFY 2015. *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015*, Report No. SNAP-16-CHAR, SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM, NUTRITION ASSISTANCE PROGRAM REPORT SERIES, OFFICE OF POLICY SUPPORT, available at, <https://www.fns.usda.gov/sites/default/files/ops/Characteristics2015.pdf> (last visited February 18, 2017).

²⁰ Letter from Lizbeth Silberman, Director, Program Development Division, Food and Nutrition Service, United States Department of Agriculture, to all Regional Directors of the Supplemental Nutrition Assistance Program, RE: SNAP -Fiscal Year 2017 Cost-of-Living Adjustments, Aug. 10, 2016, available at, <https://www.fns.usda.gov/sites/default/files/snap/SNAP-Fiscal-Year-2017-Cost-of-Living-Adjustments.pdf> (last visited February 18, 2017).

²¹ Gene Falk and Randy Alison Aussenberg, *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*, CONGRESSIONAL RESEARCH SERVICE, July 22, 2014, available at <https://www.fas.org/sqp/crs/misc/R42054.pdf> (last visited February 18, 2017).

For the most recent year in which all states were evaluated (FFY 2014),²⁹ Florida had one of the lowest error rates of any state.³⁰ For having such a low error rate, DCF received a \$7 million bonus from the USDA.³¹ 2014 was the seventh consecutive year that DCF was rewarded for improvements and accuracy in correctly processing SNAP applications; Florida's bonuses total more than \$54 million.³²

SNAP Work Requirements

Generally, SNAP recipients are subject to the same work requirements as TCA recipients if they also receive TCA through TANF.³³ SNAP recipients who are able-bodied adults without dependents (ABAWDs) must also meet work requirements in order to receive benefits.³⁴ Qualifying activities include unsubsidized paid employment as well as subsidized employment and on-the-job training.³⁵ Individuals who fail to comply with the work requirements are limited to three months of SNAP benefits within a three-year period.³⁶ However, individuals are exempt from the time limit if they are:

- Under 18 years of age³⁷ or 50 years of age or older,
- A parent or responsible for the care of a child or incapacitated household member,
- Medically certified as physically or mentally unfit for employment,
- Pregnant,
- Participating in a drug or alcohol addiction treatment and rehabilitation program, or
- Already exempt from the general SNAP work requirements.³⁸

The American Recovery and Reinvestment Act (ARRA) of 2009³⁹ authorized the federal government to waive the SNAP benefit time limits, waive noncompliance sanctions, and make the work requirements voluntary, for states with high unemployment rates at those states' requests. In order to qualify, states must demonstrate that they have an unemployment rate above 10 percent or a lack of sufficient jobs.⁴⁰ In FFY 2015, there were 31 states with statewide ABAWD time limit waivers and 13 states with partial waivers.⁴¹

²⁹ Due to the data quality issues uncovered in 42 of 53 State agencies during the reviews, the State-reported error rates derived from that data cannot be validated. Since that data cannot be validated, USDA was unable to calculate a national error rate for FFY15. USDA released State error rates for the 11 States whose quality control data could be validated. *Supplemental Nutrition Assistance Program (SNAP) Quality Control*, UNITED STATES DEPARTMENT OF AGRICULTURE, <https://www.fns.usda.gov/snap/quality-control> (last visited February 18, 2017).

³⁰ *Supplemental Nutrition Assistance Program: Payment Error Rates FY 2014*, UNITED STATES DEPARTMENT OF AGRICULTURE, <https://www.fns.usda.gov/sites/default/files/snap/2014-rates.pdf> (last visited February 18, 2017).

³¹ *DCF Receives \$7 Million in Federal Bonus for Food Assistance Accuracy*, FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES, <http://www.myflfamilies.com/press-release/dcf-receives-7-million-federal-bonus-food-assistance-accuracy> (last visited February 18, 2017).

³² *Id.*

³³ 7 USC § 2015(d)(2). For a discussion of TANF work requirements, see pp. 10-11, *infra*.

³⁴ ABAWDs must work, participate in a work program, or engage in a combination of work and participation in a work program for a total of 20 hours per week, averaged to 80 hours a month, or participate in and comply with a workfare program. 7 CFR § 273.24(a)(1).

³⁵ 7 CFR § 273.24(a)(2)-(4).

³⁶ 7 CFR § 273.24(b).

³⁷ A person age 16 or 17 who is not the head of a household or who is attending school, or is enrolled in an employment training program, on at least a half-time basis, is also exempt. 7 CFR § 273.7(b)(1)(i).

³⁸ 7 CFR §273.24(c); see also § 273.7(b)(1).

³⁹ Pub. L. 111-5.

⁴⁰ 7 CFR § 273.24(f).

⁴¹ *Status of State Able-bodied Adult without Dependents (ABAWD) Time Limit Waivers in Fiscal Year (FY) 2015**, UNITED STATES DEPARTMENT OF AGRICULTURE, available at https://www.fns.usda.gov/sites/default/files/snap/FY_2015_ABAWD_Waiver_Status.pdf (last visited February 18, 2017).

Florida implemented the ABAWD waiver in 2009; however, statewide eligibility for this waiver expired⁴² on December 31, 2015, because of Florida's improved economy.⁴³ When the ABAWD waiver was first implemented, Florida's unemployment rate was over 11%; however, by the waiver's expiration it had fallen to 4.8%.⁴⁴

Florida's SNAP Program

Various state agencies and entities work together through a series of contracts or memoranda of understanding to administer the SNAP Program in Florida.

- The Department of Children and Families (DCF) determines and monitors eligibility and disperses benefits to SNAP recipients.
- The Department of Economic Opportunity (DEO) submits financial and performance reports, ensures compliance with federal and state measures, and provides training and technical assistance to Regional Workforce Boards (RWBs).
- CareerSource Florida has planning and oversight responsibilities for all workforce-related programs, including those for "work eligible"⁴⁵ SNAP recipients through its RWBs.⁴⁶
- RWBs provide a coordinated and comprehensive delivery of local workforce services within their respective areas. The RWBs focus on strategic planning, policy development and oversight of the local workforce investment system within their respective areas and contract with one-stop career centers.

SNAP enrollment in Florida has more than doubled over the last ten years;⁴⁷ however, enrollment has decreased slightly since early 2016 due to the reinstatement of work requirements for ABAWDs.⁴⁸ Participation in SNAP from 2010 to 2015 outpaced population growth in Florida; in 2010, 16.4%⁴⁹ of all Floridians received SNAP, while that number increased to 18.5%⁵⁰ in 2015.⁵¹ As of November 30, 2016, 3,331,377 individuals were enrolled in SNAP in Florida.⁵²

⁴² S. 414.455, F.S., (s. 2, ch. 2015-226, Laws of Fla.) requires DCF to obtain specific authorization from the Legislature before seeking, applying for, accepting, or renewing any future waiver of work requirements established under 7 USC § 2015(o).

⁴³ Email from Jennifer Lange, Assistant Secretary for Economic Self-Sufficiency, Florida Department of Children and Families, RE: This Is What Happened When Maine Forced Welfare Recipients To Work For Their Benefits (May 1, 2015) (Email on file with Children, Families, and Seniors Subcommittee staff).

⁴⁴ BUREAU OF ECONOMIC AND BUSINESS RESEARCH, UNIVERSITY OF FLORIDA, *Employment (SA) – Monthly Unemployment Rate*, <https://www.bibr.ufl.edu/data/2031/state/12000-state-florida> (last visited February 18, 2017).

⁴⁵ For the SNAP program, "work eligible" is defined as individuals who are physically and mentally fit, aged 16-59, and do not qualify for an exemption.

⁴⁶ For a listing of all the RWBs, see FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY, *CareerSource Florida Network Directory*, <http://www.floridajobs.org/onestop/onestopdir/> (last visited February, 18 2017).

⁴⁷ Presentation to Children, Families, and Seniors Subcommittee on January 12, 2017 (PowerPoint on file with Children, Families, and Seniors Subcommittee staff).

⁴⁸ When the ABAWD waiver expired and the work requirements were put into place, over 300,000 ABAWDs initially failed to comply and were time limited as of April 2016. Email from Rachel Moscoso, Deputy Legislative Affairs Director, Department of Children and Families, RE: Fwd: ESS Response to House subcommittee (Jan. 18, 2017) (Email on file with Children, Families, and Seniors Subcommittee staff).

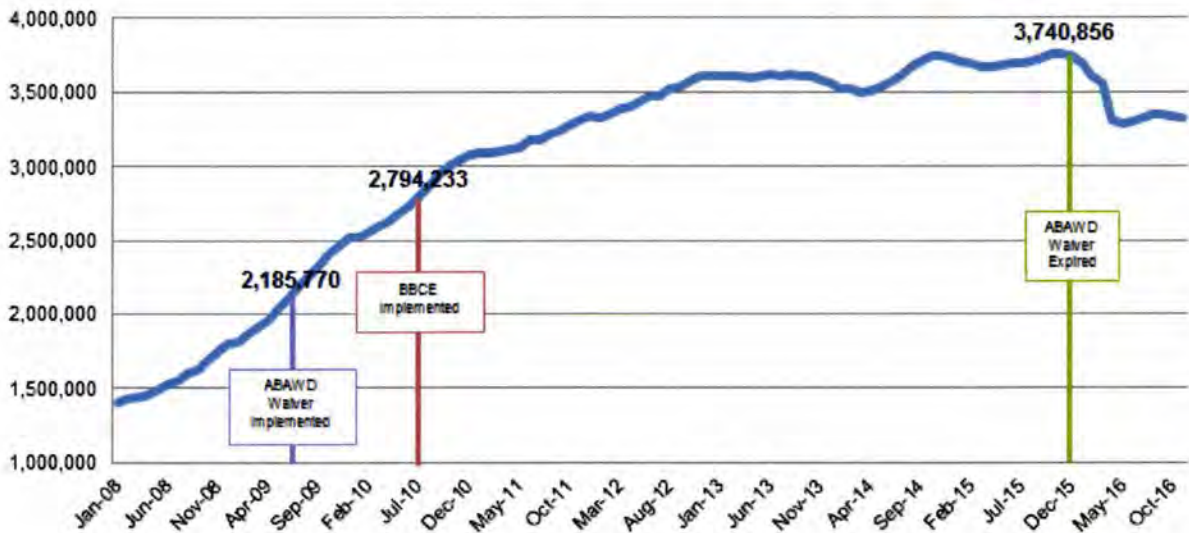
⁴⁹ In 2010 the state population was 18,801,310, and 3,079,742 people received SNAP benefits.

⁵⁰ In 2015 the state population was estimated to be 20,271,272, and 3,740,856 people received SNAP benefits.

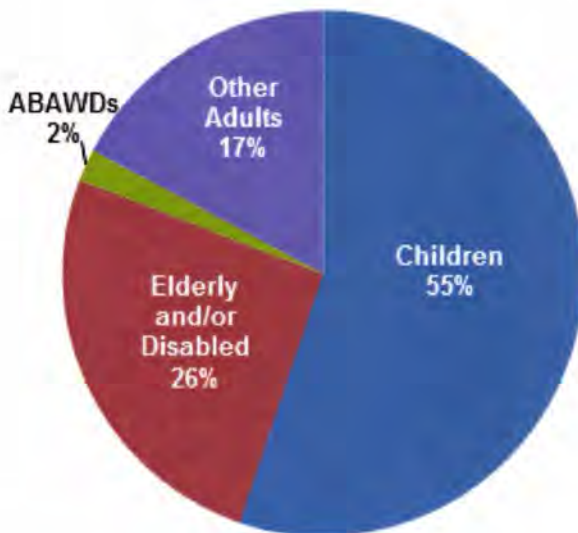
⁵¹ Email from Rachel Moscoso, Deputy Legislative Affairs Director, Department of Children and Families, RE: Info request - SNAP Enrollment and Eligibility Questions - House CSE (Oct. 13, 2016) (Email on file with Children, Families, and Seniors Subcommittee staff).

⁵² *Supra*, note 47

Florida SNAP Recipients (2008-2016):



Florida SNAP Enrollment as of November 30, 2016⁵³



Children	1,837,913
Elderly and/or Disabled	853,843
ABAWDs	65,525
Other Adults ⁵⁴	574,097
Total Individuals	3,331,377

Florida SNAP Eligibility

In 2010, Florida, along with thirty-nine other states, Guam, and the U.S. Virgin Islands, opted to use BBCE.⁵⁵ The federal government had encouraged states to expand eligibility to households that had been hurt by the economic downturn but which also had modest resources. Florida's BBCE standards allow most households to meet a gross income limit less than or equal to 200% FPL.⁵⁶ However,

⁵³ Id.

⁵⁴ This includes those adults who are federally mandated to be categorically eligible and all other adults eligible under BBCE who are not ABAWDs or elderly/disabled.

⁵⁵ *Supra*, note 21, see also *Broad-based Categorical Eligibility*, UNITED STATES DEPARTMENT OF AGRICULTURE, available at <https://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf> (last visited February 18, 2017).

⁵⁶ Id.; see also, rule 65A-1.602(9), F.A.C., and *Supplemental Nutrition Assistance Program: DCF Has Mechanisms in Place to Facilitate Eligibility, Verify Participant Identity, and Monitor Benefit Use*, OPPAGA, Jan. 7, 2016. (Research Memorandum on file with Children, Families, and Seniors Subcommittee staff). With the BBCE option, Floridians who lose

households with a member disqualified for breaking Food Assistance Program rules, felony drug trafficking, running away from a felony warrant, or not participating in a work program are excluded from BBCE and instead must have gross income less than or equal to 130% of the FPL and a net income less than 100% of the FPL.⁵⁷ Florida also has exercised its authority under BBCE to waive asset limits for SNAP in most cases. DCF permits most households to have assets such as vehicles, bank accounts, and property and still receive SNAP,⁵⁸ but requires that households with disqualified members meet an asset limit of either \$2,250, or \$3,250 if the household has an elderly or disabled member.⁵⁹

SNAP Eligibility Verification

DCF administers the Automated Community Connection to Economic Self-Sufficiency (ACCESS) Program which verifies identities and determines eligibility for SNAP as well as TANF and Medicaid.⁶⁰ DCF collects household, identity, and income information from applicants. For example, SNAP applicants must provide DCF with proof of identity, citizenship, and noncitizen status of household members, including furnishing a Social Security number or proof of Social Security number application for each member.⁶¹ Applicants also provide proof of earned and unearned income for each household member (such as recent check stubs, child support information, and notices from the Social Security or Veteran's Administrations).⁶²

The ACCESS system's identity verification module compares the applicant's data against its database to verify an applicant's identity.⁶³ The ACCESS system also validates information by comparing applicant's or recipient's data with income and eligibility data provided through the use of approximately 20 data exchanges, some of which are required by the federal government while others are used at the state's option.⁶⁴ To finalize the application process, the ACCESS system's identity verification module generates four unique identity verification questions that an applicant may choose to answer before submitting the full application.⁶⁵ These questions are complex and unrelated to the basic identifying information a thief could obtain from stealing an applicant's wallet.⁶⁶

Once eligible, recipients must report when their household income exceeds 130% FPL. DCF takes action to reevaluate SNAP eligibility or recalculate the SNAP benefit amount only on changes where the recipient's income exceeds 130% of the FPL or when it obtains certain information from its databases that would impact the recipient's benefit eligibility or amount.⁶⁷

SNAP Work Requirements

their jobs or experience a decrease in wages but continue to have high expenses and/or assets (e.g. fishing boats) are able to gain eligibility, which helps them maintain self-sufficiency over time; in FY 2014-15, DCF reported that approximately 22,000 of the 147,000 households whose income was below 200% FPL but above 130% FPL had assets in excess of the traditional asset limits, but were eligible for SNAP under BBCE.

⁵⁷ Rules 65A-1.602(8)(b), (10), F.A.C.

⁵⁸ Rules 65A-1.303(1) and 1.602(11), F.A.C., incorporate by reference the relevant federal statutes and regulations governing assets but explicitly exclude vehicles from the eligibility determination for food assistance under 7 CFR § 273.8(f)(4).

⁵⁹ Rules 65A-1.602(8)(b), (11), F.A.C.

⁶⁰ Rule 65A-1.205, F.A.C.

⁶¹ *Supplemental Nutrition Assistance Program: DCF Has Mechanisms in Place to Facilitate Eligibility, Verify Participant Identity, and Monitor Benefit Use*, OPPAGA, Jan. 7, 2016.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ A list of all databases queried is on file with Children, Families, and Seniors Subcommittee staff.

⁶⁵ *Supra*, note 61.

⁶⁶ *Id.*

⁶⁷ Email from Rachel Moscoso, Deputy Legislative Affairs Director, Department of Children and Families, RE: Follow-up from ACCESS call (Nov. 29, 2016) (Email on file with Children, Families, and Seniors Subcommittee staff).

Beginning January 1, 2016, Florida implemented mandatory work requirements for all ABAWDs in all 67 counties, reinstating benefit limits for ABAWDs who fail to meet work requirements.⁶⁸

ABAWDs who must comply with work requirements are referred to their local RWB,⁶⁹ which provides information about available jobs, on-the-job training, and education and training services.⁷⁰ ABAWDs may meet work requirements in a variety of ways by accessing services offered through RWBs.⁷¹ ABAWDs are required to inform their CareerSource worker of their monthly hours working, volunteering, or in an RWB work program to retain their SNAP benefits.⁷²

ABAWDs must report to DCF when their weekly work hours fall below 20 hours per week (80 hours per month).⁷³ If an ABAWD's work hours fall below 20 hours per week, DCF refers the ABAWD for mandatory participation with CareerSource.⁷⁴

Federal Temporary Assistance for Needy Families (TANF) Program

Under the federal welfare reform legislation of 1996, the TANF program replaced the welfare programs known as Aid to Families with Dependent Children, the Job Opportunities and Basic Skills Training program, and the Emergency Assistance program. The law ended federal entitlement to assistance and instead created TANF as a block grant that provides federal funds to states, territories, and tribes each year. These funds cover benefits, administrative expenses, and services targeted to needy families. TANF became effective July 1, 1997, and was reauthorized in 2006 by the Deficit Reduction Act of 2005. States receive block grants to operate their individual programs and to accomplish the goals of the TANF program.

Florida's Temporary Cash Assistance Program

Florida's Temporary Cash Assistance (TCA) program is one of several programs funded with TANF block grant funds. The purpose of the TCA program is to help families become self-supporting while allowing children to remain in their own homes; it provides cash assistance to families with children that meet the technical, income, and asset requirements.⁷⁵ In November 2016, 12,517 adults and 65,855 children received TCA.⁷⁶

Various state agencies and entities work together through a series of contracts or memoranda of understanding to administer the TCA program. DCF is the recipient of the federal TANF block grant and administers the TCA program, monitoring eligibility and dispersing benefits. As with the SNAP program, DEO is responsible for financial and performance reporting ensuring compliance with federal and state measures and providing training and technical assistance to RWBs. CareerSource Florida has planning and oversight responsibilities for all workforce-related programs.

⁶⁸ 7 CFR § 273.24(b).

⁶⁹ Rule 65A-1.605(5), F.A.C.

⁷⁰ Workforce Investment Act – Workforce Innovation and Opportunity Act Annual Report for 2015-2016 Program Year, CareerSource Florida, Inc., available at https://careersourceflorida.com/wp-content/uploads/2016/10/161003_AnnualReport.pdf (last visited February 18, 2017).

⁷¹ Id.

⁷² *Supra*, note 67.

⁷³ Id.

⁷⁴ Id.

⁷⁵ Children must be under the age of 18, or under age 19 if they are full time secondary school students. Parents, children and minor siblings who live together must apply together. Additionally, pregnant women may also receive TCA, either in the third trimester of pregnancy if unable to work, or in the 9th month of pregnancy.

⁷⁶ Department of Children and Families, Monthly Flash Report Caseload Data: November 2016, <http://www.dcf.state.fl.us/ess/reports/docs/flash2005.xlsx> (last visited February 18, 2017).

TCA Work Requirement

To be eligible for full-family TCA, applicants must participate in work activities unless they qualify for an exemption. Exemptions from the work requirement are available for:

- An individual who receives benefits under the SSI program or the Social Security Disability Insurance program.
- An adult who is not defined as a work-eligible individual under federal law.
- A single parent of a child under 3 months of age, except that the parent may be required to attend parenting classes or other activities to better prepare for raising a child.
- An individual who is exempt from the time period because of a hardship exemption.⁷⁷

Individuals receiving TCA who are not otherwise exempt from work activity requirements must participate in work activities for the maximum number of hours allowable under federal law.⁷⁸ The number of required work or activity hours is determined by calculating the value of the cash benefits and then dividing that number by the hourly minimum wage amount. Federal law requires individuals to participate in work activities for at least:

- 20 hours per week, or attend a secondary school or the equivalent or participate in education directly related to employment if under the age of 20 and married or single head-of-household.
- 20 hours per week for single parents with a child under the age of six.
- 30 hours per week for all other single parents.
- 35 hours per week, combined, for two-parent families not receiving subsidized child care.
- 55 hours per week, combined, for two-parent families receiving subsidized child care.

Pursuant to federal rule⁷⁹ and state law,⁸⁰ job search, on-the-job training, education, and subsidized and unsubsidized employment, among other things, may be used individually or in combination to satisfy the work requirements for a participant in the TCA program.

TCA Workforce Services

If no exemptions from work requirements apply, DCF refers the applicant to DEO.⁸¹ Upon referral, the participant must complete an in-take application and undergo assessment by RWB staff which includes:

- Identifying barriers to employment.
- Identifying the participant's skills that will translate into employment and training opportunities.
- Reviewing the participant's work history.
- Identifying whether a participant needs alternative requirements due to domestic violence, substance abuse, medical problems, mental health issues, hidden disabilities, learning disabilities or other problems which prevent the participant from engaging in full-time employment or activities.

⁷⁷ S. 414.105, F.S.

⁷⁸ S. 445.024(2), F.S.

⁷⁹ 45 C.F.R. § 261.30.

⁸⁰ This information is not required as part of CareerSource Florida's annual report to the Legislature and Governor. See, S. 445.024, F.S.

⁸¹ This is an electronic referral through a system interface between DCF's computer system and DEO's computer system. Once the referral has been entered into the DEO system the information may be accessed by any of the RWBs or One-Stop Career Centers.

Once the assessment is complete, the staff member and participant create an Individual Responsibility Plan (IRP). The IRP includes:

- The participant's employment goal;
- The participant's assigned activities;
- Services provided through program partners, community agencies and the workforce system;
- The weekly number of hours the participant is expected to complete; and
- Completion dates and deadlines for particular activities.

RWBs currently have discretion to assign an applicant to a work activity, including job search, before receiving TCA.⁸² Currently, Florida's TANF Work Verification Plan⁸³ requires participants to record each on-site job contact and a representative of the employer or RWB provider staff to certify the validity of the log by signing each entry. If the applicant conducts a job search by phone or internet, the activity must be recorded on a job search report form and include detailed, specific information to allow follow-up and verification by the RWB provider staff.⁸⁴

Employment Outcomes for TCA Recipients

CareerSource Florida does not track or document employment outcomes for the TCA recipients subject to mandatory work requirements.⁸⁵ However, based on data from the Florida Department of Education (DOE) and federal reports, it appears that very few TCA recipients exit the program because of self-sufficiency.

Annual outcome reports published by DOE's Florida Education and Training Placement Information Program indicate that, of those who received TCA in 2013-14, only 14% found employment, and the majority of those employed earned below minimum wage.⁸⁶ Of those who were employed, 86% continued to receive either SNAP or TCA benefits.⁸⁷ Additionally, federal TANF data shows that, in 2015, only 12.3% of cases in Florida were closed because TCA recipients gained employment that moved them out of the program; this was below the national average of 16.9 percent.⁸⁸ More participants exited the program due to sanctions for failure to meet work requirements than through employment.⁸⁹

Barriers to Employment for TCA Recipients

Poor employment outcomes for TCA recipients are in part due to barriers that make it difficult for them to obtain and keep jobs. Most TCA recipients have at least one barrier to work and many have multiple barriers, with their likelihood of employment decreasing as the number of barriers increases.⁹⁰ Common

⁸² Department of Children and Families, Agency Analysis of 2016 House Bill 563 (Nov. 20, 2015) (on file with Children, Families, and Seniors Subcommittee staff).

⁸³ DEPARTMENT OF CHILDREN AND FAMILIES ECONOMIC SELF-SUFFICIENCY PROGRAM OFFICE, *Temporary Assistance for Needy Families State Plan Renewal October 1, 2014 – September 30, 2017*, Nov. 14, 2014, available at www.dcf.state.fl.us/programs/access/docs/TANF-Plan.pdf (last visited February 18, 2017).

⁸⁴ *Supra*, note 82 at 2.

⁸⁵ S. 445.004, F.S.

⁸⁶ Florida Education & Training Placement Information Program, *Annual Outcomes Report: Fall 2014 Data*, Dec. 2015, FLORIDA DEPARTMENT OF EDUCATION, available at <http://www.fldoe.org/core/fileparse.php/7592/urlt/AORPublicationForWeb.pdf> (last visited February 18, 2017).

⁸⁷ *Id.*

⁸⁸ Information on reasons for TANF case closures on file with Children, Families, and Seniors Subcommittee staff.

⁸⁹ *Id.* 14.5% of participants' TANF cases were closed for failure to comply with work requirements. Another 42.3% were closed for failure to comply with other, non-work related, program requirements.

⁹⁰ See, Dan Bloom, Pamela J. Loprest, and Sheila R. Zedlewski, *TANF Recipients with Barriers to Employment*, THE URBAN INSTITUTE, Aug. 2012, available at <http://www.mdrc.org/sites/default/files/TANF%20Recipients%20with%20Barriers%20to%20Employment.pdf> (last visited February 18, 2017); Amy Dworsky and Mark E. Courtney, *Barriers to Employment Among TANF Applicants and Their Consequences for Self-Sufficiency*, *Families in Society: The Journal of*

barriers to employment for TCA recipients include lack of a high school diploma, no or negative work experience, work-limiting health conditions, and poor mental and emotional health.⁹¹

These barriers were associated with a reduction in the estimated odds that the TCA recipient with them would secure employment.⁹² For example, the estimated odds of being employed were 71% lower for TCA recipients who had no prior work experience as compared with those who had some prior work experience; additionally, the odds of being employed were also significantly lower for TCA recipients who had no high school diploma or GED (30%), who had a physical or mental disability (33%), or whose health was fair or poor (37%).⁹³

Best Practices for Improving Employment Outcomes for SNAP and TCA Recipients

A study by FNS reviewed research on employment and training (E&T) program components and practices that assist members of households participating in SNAP to obtain regular employment.⁹⁴ FNS found the strategies that best improve employment outcomes and economic self-sufficiency of participants include:

- Using individualized service plans to address recipients' strengths and weaknesses as identified through initial assessments;
- Developing third-party partnerships between the state workforce development programs, community colleges, and local non-profit organizations to increase the scope and intensity of available services; and
- Serving individuals who volunteer to participate, rather than mandating participation as a condition of eligibility.⁹⁵

To improve the ability of low-income individuals, both working-poor and unemployed, to advance beyond low-wage jobs, workforce development agencies should provide:

- Work requirements and work incentives;
- Job search assistance and placement supports;
- Subsidized employment;
- Education and training;
- Case management and supportive services;
- Focus on in-demand sectors; and
- Collaboration with other programs to provide comprehensive services to targeted participants.⁹⁶

Stand-alone basic skills instruction and job search assistance programs fall short of helping participants achieve lasting self-sufficiency.⁹⁷ In contrast, more intensive services that combine several components simultaneously or sequentially appear to be more promising in helping participants achieve the desired improvements in employment and earnings.⁹⁸ For example, programs that combine job search and education/training activities with a specific mix of services based upon the individual's needs resulted in

Contemporary Social Services, Vol. 88, No. 3 (2007), available at <https://secure.ce4alliance.com/articles/101210/dworsky.pdf> (last visited February 3, 2017).

⁹¹ Id.

⁹² Dan Bloom, Pamela J. Loprest, and Sheila R. Zedlewski, *TANF Recipients with Barriers to Employment*, THE URBAN INSTITUTE, Aug. 2012, *supra*.

⁹³ Id.

⁹⁴ *Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report*, UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, Nov. 2016, available at <https://www.fns.usda.gov/sites/default/files/ops/SNAPEandTBestPractices.pdf> (last visited February 18, 2017).

⁹⁵ Id.

⁹⁶ Id.

⁹⁷ Id.

⁹⁸ Id.

higher rates of participation, overall and by component, and longer lasting impacts than single activity programs.⁹⁹

One of the findings from the FNS study was that programs leading to academic credentials or community college certificates are often associated with improved outcomes, especially when the E&T is in a sector that has been targeted for its expected high growth and ability to offer high-wage jobs, and that strategies that connect participants to in-demand fields or careers, including apprenticeships and on-the-job training, also lead to improved earnings.¹⁰⁰ One state where this approach shows promise is Arkansas. The Arkansas Career Pathways Initiative (CPI) provides education and training for TANF-eligible low-income parents to help them acquire the degrees and credentials necessary to obtain and hold jobs in selected high-demand, high-wage industries.¹⁰¹ The program offers participants with a comprehensive set of academic and support services along with personalized case management and access to financial support.¹⁰² The most recent data reflects a 92% overall job retention among participants for fiscal year 2014 and 72% of participants entering employment for fiscal year 2015.¹⁰³ Similarly, Washington's Basic Food Employment and Training (BFET) program, a public-private partnership SNAP E&T Program for recipients who are not on TANF, provides services through community-based organizations and community colleges with an emphasis on basic education and vocational training.¹⁰⁴ After two years of the program being implemented, nearly 70% of participants were employed.¹⁰⁵ Participants received annual earnings of \$4,100 more than before they entered the BFET program.¹⁰⁶

Washington was also among ten states awarded a three-year grant by the 2014 Farm Bill to develop an innovative program to improve employment outcomes.¹⁰⁷ In order to be eligible for the new program,

⁹⁹ Gayle Hamilton, *Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies*, MANPOWER DEMONSTRATION RESEARCH CORPORATION, July 2002, available at <http://eric.ed.gov/?id=ED469794> (last visited February 1, 2017); Karin Martinson & Julie Strawn, *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*, CENTER FOR LAW AND SOCIAL POLICY, April 2003, available at <http://www.clasp.org/resources-and-publications/files/0119.pdf> (last visited February 18, 2017); Judith M. Gueron & Gayle Hamilton, *The Role of Education and Training in Welfare Reform. Welfare Reform and Beyond*, THE BROOKINGS INSTITUTION, April 2002, available at <http://files.eric.ed.gov/fulltext/ED478580.pdf> (last visited February 18, 2017); Anu Rangarajan, Alicia Meckstroth, & Tim Novak, *The Effectiveness of the Postemployment Services Demonstration: Preliminary Findings*, MATHEMATICA POLICY RESEARCH, INC., January 22, 1998, available at <https://www.mathematica-mpr.com/-/media/publications/pdfs/impact.pdf> (last visited February 18, 2017).

¹⁰⁰ *Supra*, note 94.

¹⁰¹ ARKANSAS CAREER PATHWAYS, *Background of Arkansas Career Pathways Initiative*, http://www.arpathways.com/about_us_history.html (last visited February 18, 2017).

¹⁰² See *TANF Education and Training: The Arkansas Career Pathways Initiative*, CENTER FOR POSTSECONDARY AND ECONOMIC SUCCESS CENTER FOR LAW AND SOCIAL POLICY, April 2010, available at <http://www.clasp.org/resources-and-publications/files/Arkansas-Career-Pathways.pdf> (last visited February 18, 2017); and *The Arkansas Career Pathways Initiative: Phase One Research Results*, COLLEGE COUNT\$, available at http://www.collegecounts.us/s/CollegeCounts_Full_Report.pdf (last visited February 18, 2017).

¹⁰³ *Arkansas Career Pathways Initiative Progress/Close Out Report of Activities and Outcomes (July 1, 2015 – June 30, 2016)*, ARKANSAS DEPARTMENT OF HIGHER EDUCATION, 2016, available at <http://www.arpathways.com/pdfs/Progress%20Reports/Progress%20Report%20Year%20Eleven%20Final.pdf> (last visited February 18, 2017).

¹⁰⁴ *Washington State's Basic Food Employment & Training Program*, SEATTLE JOBS INITIATIVE, June 2014, available at <http://www.aecf.org/m/resourcedoc/sji-WashingtonStatesFoodEmploymentTraining-2014.pdf> (last visited February 18, 2017).

¹⁰⁵ *Washington's Basic Food Employment & Training Program (BFET)*, CENTER FOR LAW AND SOCIAL POLICY, May 2014, available at <http://www.clasp.org/resources-and-publications/publication-1/Washingtons-Basic-Food-Employment-Training-Program-BFET.pdf> (last visited February 18, 2017).

¹⁰⁶ *Id.*

¹⁰⁷ In March 2015, USDA awarded grants (ranging from \$8.9 million to \$22.3 million) to ten pilots through a competitive grants solicitation. Pilot projects in California, Delaware, Georgia, Illinois, Kansas, Kentucky, Mississippi, Virginia, Vermont, and Washington were chosen. The pilots have designed and are building job-driven employment and training strategies that connect to in-demand and emerging industries, foster new partnerships, breakdown silos, and incorporate evidence-based strategies that are being tested for the first time among the target population. *Annual Report to Congress*

Resources to Initiate Successful Employment (RISE), participants must qualify for BFET and must have one critical barrier (e.g. mental or physical health problems, domestic violence, child welfare involvement) or three or more stand-alone barriers (e.g. housing, learning disability, lack of employment history).¹⁰⁸ RISE provides additional services for BFET participants facing these greater barriers by providing intensive case management¹⁰⁹ and comprehensive job readiness training as well as wraparound services.¹¹⁰

Some studies have found that transitional jobs strategies often produce outcomes such as increases in soft-skills, self-esteem, and life stability, and exposure to new fields and opportunities that are important for long-term employment success; however, outcomes can be difficult to measure.¹¹¹ Several programs have worked to improve participants' soft-skills as part of their E&T or TANF workforce program. For example, Ramsey County, Minnesota, implemented motivational interviewing and soft-skill development as part of its Lifelong Learning Initiative to improve employment outcomes for TANF recipients.¹¹² Early observations from Ramsey County indicate that soft-skill gains in decision making, priority setting, and planning increase participants' ability and confidence to also manage their health, children's education, and personal finances.¹¹³ These soft-skills have also created a more prepared workforce for employers.¹¹⁴ The findings from the synthesized research suggest SNAP recipients will benefit most from SNAP E&T if services offered by State programs:

- Are based on assessments of the work-related strengths and weaknesses of SNAP clients;
- Comprehensively address individuals' needs for skills training, basic skills education, and overcoming barriers to employment;
- Help participants earn credentials valued by employers in their chosen industry or sector; and
- Develop skills closely linked to labor market demands in the local area.¹¹⁵

SNAP Employment and Training (E&T) Pilot Projects Authorized by the Agricultural Act of 2014, UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE, available at

<https://www.fns.usda.gov/sites/default/files/snap/SNAP-E-and-T-2016-report.pdf> (last visited February 18, 2017).

¹⁰⁸ *2016-17 Resources to Initiate Successful Employment (RISE) Grant Guidance*, WASHINGTON STATE BOARD FOR COMMUNITY & TECHNICAL COLLEGES, June 2016, available at <https://www.sbctc.edu/resources/documents/colleges-staff/grants/ffy17riseguidance.pdf> (last visited February 18, 2017).

¹⁰⁹ Intensive case management models, for example, often connect individuals with a myriad of services, including mental health counseling, substance abuse treatment, vocational rehabilitation, and domestic violence services, so that instead of having to find their way to each service, hard-to-employ TANF recipients have easier access through a case manager who coordinates their services for them.

¹¹⁰ *Id.*

¹¹¹ Gretchen G. Kirby, Heather Hill, LaDonna Pavetti, Jon Jacobson, Michelle Derr, & Pamela Winston. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. MATHEMATICA POLICY RESEARCH, INC., 2002, available at <https://www.mathematica-mpr.com/-/media/publications/pdfs/transitionalreport.pdf> (last visited February 18, 2017); Jonah Kushner, *Chicago Neighborhood JobStart Full Evaluation Report: A Transitional Jobs Response to the Great Recession*, SOCIAL IMPACT RESEARCH CENTER, February 2012, available at https://peerta.acf.hhs.gov/sites/default/files/public/uploaded_files/Chicago%20Evaluation_LK.pdf (last visited February 18, 2017); LaDonna Pavetti, Liz Schott, & Elizabeth Lower-Basch, *Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund*, CENTER ON BUDGET AND POLICY PRIORITIES AND CENTER FOR LAW AND SOCIAL POLICY, February 16, 2011, available at <http://www.cbpp.org/sites/default/files/atoms/files/2-16-11tanf.pdf> (last visited February 18, 2017); Dana Rotz, Nan Maxwell, & Adam Dunn, *Economic Self-Sufficiency and Life Stability One Year After Starting a Social Enterprise Job*, MATHEMATICA POLICY RESEARCH, INC., January 13, 2015, available at <http://redf.org/wordpress/wpcontent/uploads/2015/02/REDF-MJS-Final-Report.pdf> (last visited February 18, 2017); Margaret Schultz, *Michigan Earn and Learn: An Outcome & Implementation Evaluation of a Transitional Job and Training Program*, SOCIAL IMPACT RESEARCH CENTER, (April 2014), available at http://www.issuelab.org/resource/michigan_earn_and_learn_an_outcome_implementation_evaluation_of_a_transitional_job_and_training_program (last visited February 18, 2017).

¹¹² *Lifelong Learning Initiative for MFIP Families*, RAMSEY COUNTY WORKFORCE SOLUTIONS, available at http://mwca-mn.org/Best_Practices/2016/Ramsey%20County%20Lifelong%20Learning%20Initiative.pdf (last visited February 1, 2017).

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Supra*, note 94.

Effect of Proposed Changes

SNAP Eligibility

HB 581 limits eligibility for SNAP to those persons mandated by federal law. Effective for all initial application and recertifications for SNAP benefits after January 1, 2018, the bill eliminates BBCE and instates the federal minimum eligibility standards:

- A gross income below 130% FPL, a net income below 100% FPL, and less than \$2,250 of counted assets if at no one in the household is age 60 or older, or is disabled; or
- A gross income below 165% FPL, a net income below 100% FPL, and less than \$3,250 of counted assets if at least one person is age 60 or older, or is disabled.¹¹⁶

Those persons who have higher incomes or assets but are required by federal laws and regulations to be categorically eligible, i.e., TCA recipients, will remain eligible.

DCF estimates that at least 229,311 (6.8%) of SNAP recipients will no longer be eligible based on the income and asset limit changes; the largest group of recipients affected would be children, with at least 157,078, or 8.5% of all children receiving SNAP losing eligibility. Additionally, 2,257 or 3.4% ABAWDs would lose eligibility and 44,337 or 5.2% of elderly or disabled SNAP recipients would lose eligibility. These numbers could be higher because DCF does not currently collect asset information for all recipients, and these numbers are only for those recipients for whom DCF has asset information. The bill also requires DCF to contract with a vendor to provide verification of liquid assets to address possible errors or fraud.¹¹⁷

Program Waivers

The bill limits DCF's authority to seek waivers for the TCA and SNAP programs. DCF cannot seek waivers that would increase income or asset limits for TCA or SNAP eligibility.

Workforce Services

Pilot Program

The bill creates a program to be piloted in at least three RWBs to provide additional workforce services to TCA recipients with "significant barriers to employment." Significant barriers are:

- At least one "critical barrier:" substance abuse, mental illness, physical or mental disability, domestic violence, homelessness, and a criminal record affecting employment; or
- Three or more "standalone barriers:" significant job skill deficiencies; significant soft-skill deficiencies, such as communication, time management, and problem-solving skills; child welfare system involvement; and a negative or nonexistent employment history.

The new program would only apply to those TCA recipients with significant barriers. TCA recipients who are work ready or whose barriers are not significant are not eligible to participate in the pilot and, instead, would continue to receive the services currently available through their RWB.

The bill directs CareerSource Florida, in consultation with DEO, to contract with a vendor to develop the program. The vendor must have expertise in design and development of workforce programs, and the program it develops must be based on best available research and include comprehensive assessment, an individual responsibility plan, and intensive case management for each participant. The comprehensive assessment must identify the participants' significant barriers, and the intensive case

¹¹⁶ The asset limits are subject to cost-of-living adjustments by the FNS.

¹¹⁷ DCF currently contracts for asset verification for its Medicaid Aged, Blind, and Disabled population.

management must address these barriers by providing ongoing one-on-one guidance, motivation, and support for participants by assessing their needs and barriers, identifying resources, and advising on career and training opportunities, and working collaboratively with community partners to provide comprehensive services to the participants.

The vendor may include other elements, such as a combination of job search assistance, basic skills training, vocational education, strategies that connect registrants to relevant career opportunities by supporting their efforts to obtain educational certificates or industry certification, and transitional employment subsidies designed to eliminate significant barriers.

The bill directs CareerSource Florida, in consultation with DEO, to select RWBs for the pilot through a competitive process based on the RWBs' commitment to effectively serve the target population, record of innovation, and strong community partnerships.

Once CareerSource selects the RWBs, the bill directs them to contract with vendors to implement the program in their regions. Selected RWBs will all implement the same program as designed by the vendor.

CareerSource Florida must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 15, 2020, on the pilot projects' outcomes.

Reporting Requirements

The bill requires CareerSource Florida to report on participation statistics and employment outcomes for mandatory workers in SNAP and TCA as a part of the annual report it submits to the Governor, the House of Representatives, and the Senate. For the mandatory work participants in TCA and SNAP, CareerSource must report on:

- Individuals served;
- Services received;
- Activities in which individuals participated;
- Types of employment secured;
- Individuals securing employment but remaining in each program;
- Individuals exiting programs due to employment; and
- Individuals' employment status at 3 months, 6 months, and 12 months after exiting the program, for the past 3 years.

B. SECTION DIRECTORY:

Section 1: Amends s. 414.14, F.S., relating to public assistance policy simplification.

Section 2: Amends s. 414.175, F.S., relating to review of existing waivers.

Section 3: Creates s. 414.315, F.S., relating to food assistance program eligibility standards.

Section 4: Creates s. 414.393, F.S., relating to applicant asset verification.

Section 5: Amends s. 445.004, F.S., relating to CareerSource Florida, Inc.; creation; purpose; membership; duties and powers.

Section 6: Provides an appropriation to the Department of Children and Families.

Section 7: Provides an appropriation to the Department of Economic Opportunity.

Section 8: Provides an effective date of July 1, 2017.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill provides a total appropriation of \$4,142,525 from trust funds for the three components in this bill affecting state expenditures:

Technology Impact: The department indicates this bill will require one-time modifications to the technology system to accommodate the revised income and asset limits (the Self-Service Portal, notices, data extracts for reporting, and the eligibility system). The DCF vendor estimates these costs to range from \$256,464 to \$325,260.¹¹⁸ The bill provides a \$300,000 nonrecurring appropriation for this purpose.

Asset Verification: The bill requires DCF to implement asset verification services for SNAP eligibility determination. The department estimates this to be an annual, recurring cost ranging from \$7,553,489 to \$13,370,107, based upon DCF's current per-transaction cost for asset verification in Medicaid eligibility determination.¹¹⁹ The bill appropriates \$3,342,525 in recurring funds for asset verification transactional fees.

CareerSource Florida: The bill appropriates \$500,000 in nonrecurring funds to DEO for distribution to CareerSource Florida to develop and implement the pilot program. DEO does not anticipate requiring resources beyond those appropriated in this bill.¹²⁰

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

DCF estimates a monthly reduction of \$27,916,599 in benefits paid, affecting 229,311 individuals.

¹¹⁸ Department of Children and Families, Agency Bill Analysis for 2017 House Bill 0581, (Feb. 1, 2017) (On file with Children, Families, and Seniors Subcommittee Staff).

¹¹⁹ If all adults are screened at every application and recertification, DCF estimates a cost of \$13,370,107, however, if they are only screened annually, DCF estimates a cost of \$7,553,489. Email from Lindsey Zander, Legislative Specialist, Department of Children and Families, RE: HB 581 Bill Analysis (Feb. 14, 2017) (On file with Children, Families, and Seniors Subcommittee staff).

¹²⁰ Department of Economic Opportunity, Agency Bill Analysis for 2017 House Bill 0581, (Feb. 1, 2017) (On file with Children, Families, and Seniors Subcommittee Staff).

D. FISCAL COMMENTS:

SNAP benefits are federally funded, so there will be no savings in state funds associated with the provisions of the bill.

DCF indicates that costs estimates for asset verification services are negotiable and will be lower as a function of the increased volume of transactions; therefore, the cost for this service should result in the lower range given an anticipated increase of 415,737 transactions per month for verification.¹²¹

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 23, 2017, the Children, Families, and Seniors Subcommittee adopted an amendment that provides that the new resource and income eligibility standards for SNAP applicants and recipients will apply to initial applications and recertifications for SNAP benefits after January 1, 2018.

The bill was reported favorably as a committee substitute. The analysis is drafted to the committee substitute.

¹²¹ *Supra*, note 118.

1 A bill to be entitled
 2 An act relating to family self-sufficiency; amending
 3 ss. 414.14 and 414.175, F.S.; authorizing changes to
 4 public assistance policy and federal food assistance
 5 waivers to conform to federal law and simplify
 6 administration unless such changes increase program
 7 eligibility standards; creating s. 414.315, F.S.;
 8 establishing food assistance program eligibility
 9 standards for all initial applications and
 10 recertifications after January 1, 2018; providing
 11 resource and income eligibility limitations; providing
 12 that such standards are subject to changes in federal
 13 regulations governing resource and income eligibility;
 14 limiting categorical eligibility for food assistance;
 15 requiring the Department of Children and Families to
 16 obtain legislative authorization before seeking
 17 federal waivers to expand resource and income
 18 eligibility for food assistance; creating s. 414.393,
 19 F.S.; requiring the department to implement an asset
 20 verification service to verify eligibility for public
 21 assistance; amending s. 445.004, F.S.; requiring
 22 CareerSource Florida, Inc., to include certain data
 23 relating to the performance outcomes of local
 24 workforce development boards and associated pilot
 25 programs in an annual report to the Governor and

26 Legislature; providing legislative findings; providing
 27 definitions; requiring CareerSource Florida, Inc., to
 28 contract with a vendor to develop a pilot program to
 29 increase employment among certain persons receiving
 30 temporary cash assistance by a specified date;
 31 providing criteria for selecting a vendor; providing
 32 criteria for selecting local workforce boards to
 33 conduct the pilot program; requiring CareerSource
 34 Florida, Inc., to submit a comprehensive report on the
 35 outcome of the pilot program to the Governor and
 36 Legislature by a specified date; providing
 37 appropriations; providing an effective date.

38
 39 Be It Enacted by the Legislature of the State of Florida:

40
 41 Section 1. Section 414.14, Florida Statutes, is amended to
 42 read:

43 414.14 Public assistance policy simplification.—To the
 44 extent possible, the department shall align the requirements for
 45 eligibility under this chapter with the food assistance program
 46 and medical assistance eligibility policies and procedures to
 47 simplify the budgeting process and reduce errors. If the
 48 department determines that s. 414.075, relating to resources, or
 49 s. 414.085, relating to income, is inconsistent with federal law
 50 governing the food assistance program or medical assistance, and

51 | that conformance to federal law would simplify administration of
 52 | the Temporary Cash Assistance Program or reduce errors without
 53 | materially increasing the cost of the program to the state, the
 54 | secretary of the department may propose a change in the resource
 55 | or income requirements of the program by rule, providing that
 56 | such change does not increase income or resource eligibility
 57 | standards for the program.

58 | Section 2. Subsection (2) of section 414.175, Florida
 59 | Statutes, is amended to read:

60 | 414.175 Review of existing waivers.—

61 | (2) The department shall review federal law, including
 62 | revisions to federal food assistance program requirements. If
 63 | the department determines that federal food assistance waivers
 64 | will further the goals of this chapter, including simplification
 65 | of program policies or program administration, the department
 66 | may obtain waivers if this can be accomplished within available
 67 | resources, providing that such waiver does not increase income
 68 | or resource eligibility standards for the food assistance
 69 | program above the levels set by federal regulations in 7 C.F.R.
 70 | s. 273.

71 | Section 3. Section 414.315, Florida Statutes, is created
 72 | to read:

73 | 414.315 Food assistance program eligibility standards.—The
 74 | department shall implement the following resource and income
 75 | eligibility standards for all food assistance households for all

76 initial applications or recertifications for benefits after
 77 January 1, 2018:

78 (1) RESOURCE ELIGIBILITY STANDARDS.—Except for those
 79 households that are federally required to be categorically
 80 eligible for food assistance in 7 C.F.R. 273.2:

81 (a) A household that does not include an elderly or
 82 disabled member may not exceed the maximum allowable resources,
 83 including both liquid and nonliquid assets, of \$2,250.

84 (b) A household that includes one or more members who are
 85 disabled or one or more members who are age 60 or over may not
 86 exceed \$3,250.

87
 88 The resource eligibility standards in this subsection are
 89 subject to any changes to the federal regulations governing
 90 resource eligibility for food assistance in 7 C.F.R. s. 273.8
 91 and any applicable cost of living adjustment.

92 (2) INCOME ELIGIBILITY STANDARDS.—Except for those
 93 households that are federally required to be categorically
 94 eligible for food assistance in 7 C.F.R. s. 273.2:

95 (a) A household that does not include an elderly or
 96 disabled member shall meet the gross income eligibility standard
 97 of 130 percent of the federal poverty level and the net income
 98 standard of 100 percent of the federal poverty level.

99 (b) A household that includes one or more members who are
 100 disabled or one or more members who are age 60 or over shall

101 meet the gross income eligibility standard of 165 percent of the
 102 federal poverty level and the net income standard of 100 percent
 103 of the federal poverty level.

104
 105 The income eligibility standards in this subsection are subject
 106 to any changes to the federal regulations governing income
 107 eligibility for food assistance in 7 C.F.R. s. 273.9.

108 (3) LIMITATIONS ON CATEGORICAL ELIGIBILITY.—

109 (a) The department may not expand categorical eligibility
 110 for food assistance beyond those programs federally required in
 111 7 C.F.R. 273.2(j)(2) and (3).

112 (b) Unless expressly required by federal law, the
 113 department shall obtain specific authorization from the
 114 Legislature before seeking, applying for, accepting, or renewing
 115 any waiver for food assistance which expands resource and income
 116 eligibility beyond the limits set forth in this section.

117 Section 4. Section 414.393, Florida Statutes, is created
 118 to read:

119 414.393 Applicant asset verification.—The department shall
 120 implement an asset verification service for the purpose of
 121 determining eligibility for public assistance programs.

122 Section 5. Paragraphs (c) and (d) are added to subsection
 123 (7) of section 445.004, Florida Statutes, and subsection (13) is
 124 added to that section, to read:

125 445.004 CareerSource Florida, Inc.; creation; purpose;

126 membership; duties and powers.—

127 (7) By December 1 of each year, CareerSource Florida,
 128 Inc., shall submit to the Governor, the President of the Senate,
 129 the Speaker of the House of Representatives, the Senate Minority
 130 Leader, and the House Minority Leader a complete and detailed
 131 annual report setting forth:

132 (c) For each local workforce development board,
 133 participant statistics and employment outcomes, by program, for
 134 individuals subject to mandatory work requirements due to
 135 receipt of temporary cash assistance or food assistance under
 136 chapter 414, including:

- 137 1. Individuals served.
- 138 2. Services received.
- 139 3. Activities in which individuals participated.
- 140 4. Types of employment secured.
- 141 5. Individuals securing employment but remaining in each
 142 program.
- 143 6. Individuals exiting programs due to employment.
- 144 7. Employment status at 3 months, 6 months, and 12 months
 145 after exiting the program, for the past 3 years.

146 (d) Interim outcomes of any pilot program implemented by a
 147 local workforce development board selected pursuant to
 148 subsection (13).

149 (13) The Legislature finds that some mandatory work
 150 registrants in the Temporary Cash Assistance Program face

151 significant barriers to employment, which must be addressed with
 152 services beyond those offered under a traditional workforce
 153 program. To address this problem, CareerSource Florida, Inc., in
 154 consultation with the department, shall implement a pilot
 155 program to increase unsubsidized employment and earned income
 156 among such registrants while reducing their reliance on public
 157 assistance. The pilot program may not serve registrants who are
 158 assessed as work ready or who do not face significant barriers
 159 to employment.

160 (a) For the purposes of this subsection, "significant
 161 barriers to employment" means at least one critical barrier or
 162 three or more stand-alone barriers.

163 1. "Critical barriers" include substance abuse, mental
 164 illness, physical or mental disability, domestic violence,
 165 homelessness, and a criminal record affecting employment.

166 2. "Stand-alone barriers" include significant job skill
 167 deficiencies; significant soft-skill deficiencies, such as
 168 communication, time management, and problem-solving skills;
 169 child welfare system involvement; and a negative or nonexistent
 170 employment history.

171 (b) CareerSource Florida, Inc., in consultation with the
 172 department, shall contract with a vendor by October 31, 2017, to
 173 develop the pilot program according to the following guidelines:

174 1. The vendor must have expertise in the design and
 175 development of workforce programs.

176 2. The program design shall be based on the best available
177 research and shall include, at a minimum:

178 a. A comprehensive assessment to identify significant
179 barriers to employment, which shall be updated on an ongoing
180 basis. Such an assessment may collect information about the
181 registrant's educational attainment, level of literacy and
182 numeracy, basic skills, work experience, receipt of public
183 benefits, and other indicators of significant barriers.

184 b. An individual responsibility plan based on the
185 assessment, which includes a comprehensive service strategy to
186 address barriers to employment, whether sequentially or
187 simultaneously.

188 c. Intensive case management, including, but not limited
189 to, ongoing one-on-one guidance, motivation, and support for
190 registrants by assessing their needs and barriers, identifying
191 resources, and advising on career and training opportunities.
192 Intensive case management also includes collaborative work with
193 community partners to provide comprehensive services to
194 registrants which are designed to address their barriers and
195 achieve program goals.

196 3. The program may include other elements to address
197 significant barriers, such as a combination of job search
198 assistance, basic skills training, vocational education,
199 strategies that connect registrants to relevant career
200 opportunities by supporting their efforts to obtain educational

201 certificates or industry certification, and transitional
 202 employment subsidies to achieve the desired improvements in
 203 employment and earnings.

204 (c) CareerSource Florida, Inc., in consultation with the
 205 department, shall select at least three local workforce boards
 206 to conduct the pilot program based on a board's:

207 1. Commitment to effectively serve the target population;

208 2. Established record of innovation in the delivery of
 209 workforce services, preferably to the target population;

210 3. Existing strong community partnerships, including
 211 partnerships with nonprofit entities and community colleges, to
 212 provide workforce services; and

213 4. Commitment to implement the program for the target
 214 population while continuing to serve other Temporary Cash
 215 Assistance Program mandatory work registrants.

216 (d) The local workforce boards selected for the pilot
 217 program shall contract with vendors to implement the program.
 218 The local workforce board shall give preference to vendors with
 219 a demonstrated commitment to innovation in providing workforce
 220 services or in serving populations with significant barriers.

221 (e) CareerSource Florida, Inc., shall submit a report to
 222 the Governor, the President of the Senate, and the Speaker of
 223 the House of Representatives by December 15, 2020. The report
 224 shall include the program design; participating entities;
 225 participant demographics, including, but not limited to,

226 barriers identified; and the case management processes,
 227 assessment processes, and services provided to participants, as
 228 compared to those available under the local workforce board's
 229 traditional workforce program. The report shall also include an
 230 analysis of the effect of the program on participants' barriers
 231 to employment, employment outcomes, household income, reliance
 232 on public assistance, and other measures of household well-being
 233 and self-sufficiency.

234 Section 6. For fiscal year 2017-2018, the sum of
 235 \$3,342,525 in recurring funds is appropriated from Federal
 236 Grants Trust Fund to the Department of Children and Families to
 237 contract with a vendor to develop an asset verification service
 238 for public assistance programs pursuant to s. 414.393, Florida
 239 Statutes, as created in this act, and the sum of \$300,000 in
 240 nonrecurring funds is appropriated from the Federal Grants Trust
 241 Fund to the Department of Children and Families to perform the
 242 technology modifications necessary to implement the asset
 243 verification service.

244 Section 7. For fiscal year 2017-2018, the sum of \$500,000
 245 in nonrecurring funds is appropriated from the Federal Grants
 246 Trust Fund to the Department of Economic Opportunity for
 247 distribution to CareerSource Florida, Inc., to contract for
 248 development of a program to serve temporary cash assistance work
 249 registrants with significant barriers to employment pursuant to
 250 this act, including, but not limited to, providing the initial

251 program design, evaluation design, training curricula
252 development and delivery of training, implementation oversight,
253 development of informational materials for participants, and
254 technical assistance; and for distribution to selected local
255 workforce boards for startup expenses incurred by vendors
256 implementing the program, including, but not limited to,
257 information technology updates, program coordination, and staff
258 training. Case management and direct services for all temporary
259 cash assistance recipients shall be provided within current
260 resources.

261 Section 8. This act shall take effect July 1, 2017.

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Committee/Subcommittee hearing bill: Appropriations Committee
 2 Representative White offered the following:

Amendment

5 Remove lines 235-246 and insert:

6 \$3,342,525 in nonrecurring funds is appropriated from the
 7 Federal Grants Trust Fund to the Department of Children and
 8 Families to contract with a vendor to develop an asset
 9 verification service for public assistance programs pursuant to
 10 s. 414.393, Florida Statutes, as created in this act, and the
 11 sum of \$300,000 in nonrecurring funds is appropriated from the
 12 Federal Grants Trust Fund to the Department of Children and
 13 Families to perform the technology modifications necessary to
 14 implement the asset verification service.



15 Section 7. For fiscal year 2017-2018, the sum of \$500,000
 16 in nonrecurring funds is appropriated from the Welfare

Amendment No. 1

17 Transition Trust Fund to the Department of Economic Opportunity
18 for

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 805 Insurance Policy Transfers
SPONSOR(S): Insurance & Banking Subcommittee; Ingoglia
TIED BILLS: IDEN./SIM. **BILLS:** SB 812

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	15 Y, 0 N, As CS	Peterson	Luczynski
2) Appropriations Committee		Helpling 	Leznoff 
3) Commerce Committee			

SUMMARY ANALYSIS

Insurance companies writing commercial lines insurance policies may transfer commercial policies to a different Florida licensed insurance company that is a member of the same insurance group or owned by the same holding company as the first insurer. A commercial policy that is transferred under current law is considered a renewal policy, rather than a cancellation, nonrenewal, or termination. The insurer must provide notice of intent to transfer at least 45 days in advance along with the financial rating of the authorized insurer to which the policy is being transferred.

Insurance companies that write personal lines residential and commercial residential policies, except for certain farmowners policies, are not authorized to use this procedure. Instead, the insurer must first cancel, nonrenew, or terminate residential policies and meet current law applicable to cancellations, nonrenewal, or terminations, including a requirement to provide notice 120 days in advance of the action.

The bill allows the transfer of a personal lines residential or commercial residential policy as a renewal. The bill provides certain conditions to protect a policyholder when a policy is being transferred.

The bill does not appear to have a fiscal impact on state or local government.

The bill provides for an effective date of July 1, 2017.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Nonrenewal Notice for Property Insurance

Under current law, insurers writing personal lines residential¹ or commercial lines residential² property insurance must give policyholders a notice of cancellation, nonrenewal, or termination at least 120 days prior to the effective date of the cancellation, nonrenewal, or termination.³ An insurer writing most other property and casualty policies must give policyholders at least 45 days written notice of nonrenewal.⁴

Transfer of Insurance Policies

Insurance companies writing commercial lines⁵ insurance policies may transfer commercial policies to a different Florida licensed insurance company that is a member of the same insurance group or owned by the same holding company as the first insurer. A commercial policy that is transferred under current law is considered a renewal policy, rather than a cancellation, nonrenewal, or termination. The insurer must provide notice of intent to transfer at least 45 days in advance along with the financial rating of the authorized insurer to which the policy is being transferred.

Insurance companies that write personal lines residential and commercial residential policies, other than specified farmowners insurance policies, are not authorized to use this procedure.⁶ Instead, the insurer must first cancel, nonrenew, or terminate residential policies and meet current law applicable to cancellations, nonrenewal, or terminations, including the 120-day advance notice requirement.

Effect of the Bill on Transfers of Residential Insurance Policies

The bill allows the transfer of a personal lines residential or commercial residential policy as a renewal, provided certain procedures are satisfied. The company to which the policy is being transferred must be admitted in Florida and other states and presently writing residential property insurance. The Office of Insurance Regulation (OIR) must have determined that the financial position of the receiving company is at least as sound as the transferring company; the transfer results in substantially similar coverage; and the transfer is made on a nondiscriminatory basis. Additionally, the OIR must approve the transfer. The receiving company must provide the policyholder with a notice of change in policy terms that complies with s. 627.43141, F.S., which must also include notice of the policy transfer and the authorized insurer's financial rating. Section 627.43141, F.S., requires the insurer to give at least 45-days' prior notice of the change to both the policyholder and his or her agent. The practical effect of the bill is to allow transfers of residential policies between insurers that are members of the same insurance group or owned by the same holding company without requiring that the policy be cancelled or nonrenewed. Transfers of farmowners insurance are not subject to the additional procedures and remain subject only to the procedures applicable to transfers of non-residential commercial policies.

¹ Personal lines residential policies include homeowners, mobile homeowners, dwelling fire, tenants, condominium unit owners, and similar policies.

² Commercial residential policies include condominium association, apartment building, and homeowner's association policies.

³ s. 627.4133(2)(b), F.S.

⁴ s. 627.4133(1)(a), F.S.

⁵ Commercial lines insurance is insurance designed for and bought by a business to cover losses sustained by the business. INSURANCE INFORMATION INSTITUTE, *Glossary*, <http://www.iii.org/services/glossary/c/> (last visited Feb. 28, 2017). Some commercial insurance, such as workers' compensation insurance, is required to be bought by the business. (Generally, non-construction businesses employing four or more employees have to buy workers' compensation insurance. A construction business must buy workers' compensation insurance if the business has one or more employees).

⁶ s. 627.4133(8), F.S.

B. SECTION DIRECTORY:

Section 1: amends s. 627.4133, F.S., relating to notice of cancellations, nonrenewal, or renewal premium.

Section 2: provides an effective date of July 1, 2017.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill requires the OIR to confirm that receiving insurers have the same or better financials than the transferring insurers, and to approve any transfers of residential properties to related companies. It is not known how many companies may utilize the procedure, thus how many policies the OIR may be asked to review and approve for transfer. The OIR's primary role under the bill is to approve the financials of the receiving insurer, to confirm that policy coverages are comparable, and to confirm that policies are selected for transfer in a nondiscriminatory fashion. Thus, it does not appear the bill will have a significant fiscal impact to the OIR.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill should decrease the administrative costs of insurers who wish to consolidate coverage from a subsidiary company to its parent corporation. The bill allows a simpler procedure that is less likely to result in a loss of business because it permits the transfer without first cancelling or nonrenewing policies. Because the bill requires the transfer to be approved by the OIR and to be made to a company whose financials meet or exceed those of the transferring insurer, it is not likely the policyholders will be negatively affected by the changes.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 7, 2017, the Insurance & Banking Subcommittee considered and adopted one amendment and reported the bill favorably as a committee substitute. The amendment changed the term "affiliated insurer" to "authorized insurer" and the term "insured" to "policyholder" to make the terminology internally consistent; revised the notice requirements to clarify scope and responsibility for providing same; and eliminated duplicative language.

This analysis is drafted to the committee substitute as passed by the Insurance & Banking Subcommittee.

1 A bill to be entitled
 2 An act relating to insurance policy transfers;
 3 amending s. 627.4133, F.S.; authorizing an insurer to
 4 transfer a residential property insurance policy to
 5 another authorized insurer upon expiration of the
 6 policy term if specified conditions are met; providing
 7 an effective date.

8
 9 Be It Enacted by the Legislature of the State of Florida:

10
 11 Section 1. Subsection (8) of section 627.4133, Florida
 12 Statutes, is amended to read:

13 627.4133 Notice of cancellation, nonrenewal, or renewal
 14 premium.—

15 (8) Upon expiration of the policy term, an insurer may
 16 transfer a personal lines residential, commercial residential,
 17 or commercial lines policy to another authorized insurer that is
 18 a member of the same group or owned by the same holding company
 19 as the transferring insurer. The transfer constitutes a renewal
 20 of the policy and may not be treated as a cancellation or a
 21 nonrenewal of the policy. The insurer must provide notice of its
 22 intent to transfer the policy at least 45 days before the
 23 effective date of the transfer along with the financial rating
 24 of the authorized insurer to which the policy is being
 25 transferred. Such notice may be provided in the notice of

26 renewal premium. This subsection does not apply to a policy
 27 providing personal lines residential or commercial residential
 28 property insurance coverage, except for farmowners insurance,
 29 unless:

30 (a) The authorized insurer to which the policy is being
 31 transferred is admitted and writing residential property
 32 insurance in other states and has been determined by the office
 33 to have the same or better financial strength than the
 34 transferring insurer;

35 (b) The transfer results in substantially similar
 36 coverage;

37 (c) The authorized insurer to which the policy is being
 38 transferred provides a notice of change in policy terms to the
 39 policyholder in compliance with s. 627.43141, which must also
 40 include notice of the policy transfer and the authorized
 41 insurer's financial rating. Such notice must be provided with
 42 the notice of renewal premium. The notice and information
 43 provided under this paragraph must be provided to the insured at
 44 least 45 days before the effective date of the transfer, and may
 45 replace any other notice required by this subsection;

46 (d) The policyholder being transferred has been selected
 47 on a nondiscriminatory basis; and

48 (e) The office has approved the transfer ~~and commercial~~
 49 ~~general liability policies providing farm coverage or commercial~~
 50 ~~property policies providing farm coverage.~~

51

Section 2. This act shall take effect July 1, 2017.