

HOUSE OF REPRESENTATIVES TRUST FUND RE-CREATION STAFF ANALYSIS

BILL #: PCB HEA 18-01 ABL E Trust Fund
SPONSOR(S): Higher Education Appropriations Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Higher Education Appropriations Subcommittee	13 Y, 0 N	Butler	Lloyd

I. SUMMARY

Section 19(f), Article III of the State Constitution requires that all newly created trust funds terminate not more than four years after the initial creation unless re-created. This provision requires that trust fund be created or re-created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of created or recreating that trust fund. The Florida ABLE Program Trust Fund was created in the within the State Board of Administration effective May 21, 2015, and is scheduled to terminate on May 21, 2019.

The Legislature re-creates the Florida ABLE Program Trust Fund effective May 21, 2019, provided it is enacted by three-fifths of the membership of both houses of the Legislature.

This bill has no fiscal impact.

II. SUBSTANTIVE ANALYSIS

A. PRESENT SITUATION:

1. MAJOR STATUTES THAT CONTROL THE TRUST FUND:

Section 19(f), Article III of the State Constitution requires that all newly created trust funds terminate not more than four years after the initial creation unless re-created. This provision requires that trust fund be created or re-created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of created or recreating that trust fund. The Florida ABLE Program Trust Fund created in the State Board of Administration effective May 21, 2015, by chapter 2015-57, Laws of Florida, in section 1009.988, Florida Statutes will terminate on May 21, 2019, unless reenacted.

2. BRIEF DESCRIPTION OF THE FUND'S USES OR PURPOSES:

This trust fund is used to carry out the purposes of the Florida ABLE program pursuant to s. 1009.986, F.S. Under the Florida ABLE Program, eligible individuals with disabilities, family members and others may contribute funds to an ABLE savings account without affecting the designated beneficiary's eligibility for state and federal benefits, such as SSI and Medicaid. Those funds may be used for qualified disability expenses relating to the individual's blindness or disability. These expenses include education, housing, transportation, employment support, health, prevention, wellness, financial, and legal expenses, and other expenses authorized through federal regulations.

3. MAJOR SOURCES OF REVENUE FOR THE FUND:

The Florida ABLE Program currently receives a recurring state appropriation of \$2,166,000 to administer the program. Individuals eligible to participate in the program invest personal funds into savings accounts, which accumulate interest.

The Florida ABLE Program provided the following information. As of 12/29/17:

- Number of accounts: 1,572
- Total Contributions: \$6,974,665
- Total Withdrawals: \$1,073,757
- Average account balance: \$4,010
- 68% of individuals enrolled have either a developmental or intellectual disability
- Average age of account owner: 29

4. TOTAL PROJECTED RECEIPTS INTO THE FUND AND CURRENT YEAR APPROPRIATIONS FROM THE FUND:

Because this program is relatively new, growth in the number of eligible participants' investing through this program is unknown; however, increased investment participation is highly anticipated. Financial statements for the period ending June 30, 2017 indicate \$3,659,185 in investments held on behalf of participants.¹ From the information in the bulleted list above, as of December 29, 2017, investments nearly doubled from the June 30, 2017 financial statement.

Additionally, in Fiscal Year 2017-2018, \$2,166,000 in recurring general revenue was appropriated to the Department of Education for transfer into the Florida ABLE Program Trust Fund.² Estimated expenditures of the current state appropriation include program costs such as marketing, records

¹ http://3chhd9rjja71q885b10gi37k.wpengine.netdna-cdn.com/wp-content/uploads/Florida_ABLE_Inc_AuditedStmts_2017.pdf

² Chapter 2017-70, L.O.F., (SB 2500) 2017-2018 General Appropriations Act, Specific Appropriation 69

administration, service charges, legal and professional, consulting, travel and other miscellaneous expenses.

B. EFFECT OF PROPOSED CHANGES:

The bill re-creates the trust fund without modification.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

This legislation has no fiscal impact on state agencies or state funds, on local governments as a whole or on the private sector. It simply re-creates, without modification, an existing state trust fund and continues the current use of the fund.

IV. COMMENTS

V. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES