

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1323 Economic Self-sufficiency
SPONSOR(S): Aloupis
TIED BILLS: **IDEN./SIM. BILLS:** SB 1624

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Oversight, Transparency & Public Management Subcommittee		Toliver	Smith
2) Appropriations Committee			
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The Auditor General, established by Art. III, s. 2 of the State Constitution, 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. The Auditor General must conduct audits, examinations, or reviews of government programs 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. 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.

The bill requires the Auditor General to conduct, at least every three years, performance audits of the following programs:

- Medicaid;
- Temporary cash assistance program;
- School Readiness program;
- Supplemental Nutrition Assistance Program; and
- Housing Choice Voucher Program

The audits must include a review of the following aspects of those programs:

- Eligibility, including:
 - Criteria for eligibility;
 - Frequency of eligibility determinations;
 - Clarity in both written and verbal communication in which eligibility requirements are conveyed to current and potential program subscribers; and
 - The manner that each program establishes and documents eligibility and disbursement policies;
- The number of families receiving multiple program services out of the total eligible families;
- The number of families receiving services and those utilizing the earned income tax credit, if possible; and
- Opportunities for improving service efficiency and efficacy made possible by improved integration of state data system platforms, processes, and procedures related to data collection, analysis, documentation, and inter-agency sharing.

The Auditor General must provide the results of the audits in a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Legislative Auditing Committee. The report must be provided within 30 days after its completion but no later than December 31, 2020. Thereafter, the report must be provided every three years.

The bill requires that parents who have an intensive services account or an individual training account be given priority for participation in the School Readiness program equal to parents receiving temporary cash assistance benefits. The bill also eliminates certain definitions applicable to the School Readiness program.

The bill might have an indeterminate negative fiscal impact on state government expenditures.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Florida Medicaid

Medicaid is the health care safety net for low-income Floridians. Medicaid is a partnership of the federal and state governments established to provide coverage for health services for eligible persons. The program is administered by the Agency for Health Care Administration (AHCA) and financed by federal and state funds. AHCA delegates certain functions to other state agencies, including the Department of Children and Families (DCF), which makes eligibility determinations.

The structure of each state's Medicaid program varies, but what states must pay for is largely determined by the federal government, as a condition of receiving federal funds.¹ Federal law sets the amount, scope, and duration of services offered in the program, among other requirements. These federal requirements create an entitlement that comes with constitutional due process protections. The entitlement means that two parts of the Medicaid cost equation – people and utilization – are largely predetermined for the states. The federal government sets the minimum mandatory populations to be included in every state Medicaid program. The federal government also sets the minimum mandatory benefits to be covered in every state Medicaid program. These benefits include physician services, hospital services, home health services, and family planning.² States can add benefits, with federal approval. Florida has added many optional benefits, including prescription drugs, ambulatory surgical center services, and dialysis.³

The Florida Medicaid program covers approximately 3.8 million low-income individuals.⁴ Medicaid is the second largest single program in the state, behind public education, representing approximately one-third of the total FY 2019-2020 state budget.⁵

Temporary Aid for Needy Families

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996,⁶ the Temporary Aid for Needy Families (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 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 with children become self-supporting while allowing children to remain in their own homes. It provides cash assistance to families that meet the technical, income, and asset requirements.⁷

¹ 42 U.S.C. §§ 1396-1396w-5; 42 C.F.R. Part 430-456 (§§ 430.0-456.725) (2016).

² Section 409.905, F.S.

³ Section 409.906, F.S.

⁴ Agency for Health Care Administration, *Florida Statewide Medicaid Monthly Enrollment Report*, September 2019, https://ahca.myflorida.com/medicaid/Finance/data_analytics/enrollment_report/index.shtml (last visited Jan. 31, 2020).

⁵ Chapter 2019-115, L.O.F.; *see also Fiscal Analysis in Brief: 2019 Legislative Session*, http://flsenate.gov/UserContent/Committees/Publications/FiscalAnalysisInBrief/2019_Fiscal_Analysis_In_Brief.pdf (last visited Jan. 31, 2020).

⁶ P.L. 104-193.

⁷ 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.

Various state agencies and entities work together through a series of contracts or memoranda of understanding to administer the TCA program. DCF receives the federal TANF block grant and administers the TCA program, monitoring eligibility and dispersing benefits. The Department of Economic Opportunity (DEO) is responsible for financial and performance reporting to ensure compliance with federal and state measures, and for providing training and technical assistance to Local Workforce Development Boards (LWDBs). LWDBs provide information about available jobs, on-the-job training, and education and training services within their respective areas and contract with one-stop career centers.⁸ CareerSource Florida has planning and oversight responsibilities for all workforce-related programs.

School Readiness Program

Established in 1999,⁹ the School Readiness Program provides subsidies for child care services and early childhood education for children of low-income families; children in protective services who are at risk of abuse, neglect, abandonment, or homelessness; foster children; and children with disabilities.¹⁰ The School Readiness Program offers financial assistance for child care to these families while supporting children in the development of skills for success in school. Additionally, the program provides developmental screening and referrals to health and education specialists where needed. These services are provided in conjunction with other programs for young children such as Head Start, Early Head Start, Migrant Head Start, Child Care Resource and Referral and the Voluntary Prekindergarten Education Program.¹¹

The School Readiness Program is a state-federal partnership between Florida's Office of Early Learning (OEL)¹² and the Office of Child Care of the United States Department of Health and Human Services.¹³ It is administered by early learning coalitions (ELC) at the county or regional level.¹⁴ Florida's OEL administers the program at the state level, including statewide coordination of ELCs.¹⁵

The Florida DCF's Office of Child Care Regulation, as the agency responsible for the state's child care provider licensing program, inspects all child care providers that provide the School Readiness Program for specified health and safety standards.¹⁶ The law authorizes a county to designate a local licensing agency to license providers if its licensing standards meet or exceed DCF's standards. Five counties have done this – Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota. Thus, in these five counties the local licensing agency, not DCF, inspects child care providers that provide the School Readiness Program¹⁷ for health and safety standards.

Supplemental Nutrition Assistance Program (SNAP)

The Food and Nutrition Service (FNS), under the U.S. Department of Agriculture (USDA), administers the Supplemental Nutrition Assistance Program (SNAP).¹⁸ SNAP offers nutrition assistance to millions

⁸ CareerSource Florida, Inc., *Workforce Investment Act – Workforce Innovation and Opportunity Act Annual Report for 2015-2016 Program Year*, https://careersourceflorida.com/wp-content/uploads/2016/10/161003_AnnualReport.pdf (last visited Jan. 31, 2020).

⁹ Section 1, ch. 99-357, L.O.F.

¹⁰ Sections 1002.81 and 1002.87, F.S.

¹¹ Florida Office of Early Learning, *School Readiness Program*, <http://www.floridaearlylearning.com/family-resources/financial-assistance> (last visited Feb. 2, 2020).

¹² In 2013, the Legislature established the Office of Early Learning in the Office of Independent Education and Parental Choice within the Department of Education. The office is administered by an executive director and is fully accountable to the Commissioner of Education but shall independently exercise all powers, duties, and functions prescribed by law, as well as adopt rules for the establishment and operation of the School Readiness Program and the VPK Program. Section 1, ch. 2013-252, L.O.F., *codified at s. 1001.213*, F.S.

¹³ See U.S. Department of Health and Human Services, *Office of Child Care Fact Sheet*, <http://www.acf.hhs.gov/programs/occ/fact-sheet-occ> (last visited Feb. 2, 2020).

¹⁴ Section 1002.83, F.S.

¹⁵ Section 1001.213(3), F.S.

¹⁶ See ss. 402.301-402.319 and 1002.88, F.S.

¹⁷ Section 402.306(1), F.S.

¹⁸ U.S. Department of Agriculture, Food and Nutrition, *A Short History of SNAP*, <https://www.fns.usda.gov/snap/short-history-snap> (last visited December 7, 2017).

of eligible, low-income individuals and families, in the form of funds to purchase “eligible food,”¹⁹ and provides economic benefits to communities by reducing poverty and food insecurity.²⁰

The federal government funds 100% of the benefit amount. However, FNS and states share the administrative costs of the program. 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.²¹

The amount of benefits, or allotment, for which a household qualifies depends on the number of individuals in the household and the household’s net income. To calculate a household’s allotment, 30% of its net income is subtracted from the maximum allotment for that household size.²² This is because SNAP households are expected to spend about 30% of their own resources on food.²³

Housing Choice Voucher Program

The Housing Choice Voucher Program (HCVP) “is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.”²⁴ There are two different types of assistance under the HCVP: tenant-based and project-based.²⁵ Tenant-based assistance is an arrangement where the unit is selected by the family, wherever they wish to live, and the PHA pays the landlord a subsidy and the family pays the difference between the rent price and subsidy. In project-based assistance, “rental assistance is paid for families living in specific housing developments or units.”²⁶

The U.S. Department of Housing and Urban Development (HUD) oversees the HCVP,²⁷ but the program “is generally administered by State or local governmental entities called public housing agencies (PHAs).”²⁸ HUD provides funding to the PHAs, who then contract with a landlord to subsidized rent on behalf of the program participant.²⁹ Housing units receiving HCVP funding must meet and maintain certain housing quality standards.³⁰ To be eligible for HCVP the applicant must be a low income family³¹ with “the family’s income not exceeding 50% of the median income for the county or metropolitan area.”³²

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

¹⁹ 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).

²⁰ 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/sgp/crs/misc/R42505.pdf> (last visited Feb. 2, 2020).

²¹ U.S. Department of Agriculture, Food and Nutrition, *State Options Report: Supplemental Nutrition Assistance Program*, (11th ed.), Sept. 2013, available at http://www.fns.usda.gov/sites/default/files/snap/11-State_Options.pdf (last visited Feb. 2, 2020).

²² U.S. Department of Agriculture Food and Nutrition Service, *SNAP Eligibility*, <https://www.fns.usda.gov/snap/recipient/eligibility> (last visited Feb. 2, 2020).

²³ *Id.*

²⁴ *Housing Choice Vouchers Fact Sheet*, U.S. Department of Housing and Urban Development, https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet (last visited Jan. 31, 2020).

²⁵ 24 C.F.R. § 982.201.

²⁶ *Id.*

²⁷ See 42 U.S.C. s. 1437.

²⁸ 24 C.F.R. § 982.1.

²⁹ *Id.*

³⁰ See 24 C.F.R. § 982.401.

³¹ 24 C.F.R. § 982.201.

³² U.S. Department of Housing and Urban Development, *Housing Choice Vouchers Fact Sheet*, https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet (last visited Jan. 31, 2020).

Legislature.³³ The appointment of the Auditor General may be terminated at any time by a majority vote of both houses of the Legislature.³⁴ 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.³⁵

The Auditor General must conduct audits, examinations, or reviews of government programs³⁶ 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.³⁷ 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.³⁸

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.³⁹ 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.⁴⁰ 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.⁴¹

Effect of the Bill

The bill requires the Auditor General to conduct, at least every three years, performance audits of the following programs:

- Medicaid;
- TCA;
- School Readiness;
- SNAP; and
- HCVP.

The audits must include a review of the following aspects of those programs:

- Eligibility, including:
 - Criteria for eligibility;
 - Frequency of eligibility determinations;
 - Clarity in both written and verbal communication in which eligibility requirements are conveyed to current and potential program subscribers; and
 - The manner that each program establishes and documents eligibility and disbursement policies;
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³³ Section 11.42(2), F.S.

³⁴ Section 11.42(5), F.S.

³⁵ Section 11.42(2), F.S.

³⁶ Section 11.45(7), F.S.

³⁷ Section 11.45(2)(d)-(f), F.S.

³⁸ Section 11.45(7)(b), F.S.

³⁹ Section 11.45(7)(f), F.S.

⁴⁰ Section 11.45(7)(h), F.S.

⁴¹ *Id.*

The Auditor General must provide the results of the audits in a report to the Governor, the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Legislative Auditing Committee. The report must be provided within 30 days after its completion but no later than December 31, 2020. Thereafter, the report must be provided every three years.

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B. SECTION DIRECTORY:

Section 1 amends s. 11.45, F.S., related to the duties of the Auditor General.

Section 2 amends s. 1002.81, F.S., related to definitions applicable to the School Readiness Program.

Section 3 amends s. 1002.87, F.S., related to eligibility for, and enrollment in the School Readiness Program.

Section 4 provides an effective date of July 1, 2020.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill may have an indeterminate negative fiscal impact on state government expenditures as it requires the Auditor General to conduct performance audits of five government programs. It is unclear whether the additional workload the bill places on the Auditor General could be absorbed within existing resources.

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 affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not confer rulemaking authority nor require the promulgation of rules.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.