Department of Legislative Services

Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 93 (Chair, Finance Committee)(By Request - Departmental - Labor, Licensing and Regulation)

Finance Economic Matters

Maryland Workforce Corporation and Health Care Personnel Training Fund - Repeal

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This departmental bill repeals the Maryland Workforce Corporation (MWC) and the Health Care Personnel Training Fund (HCPTF). All net assets of MWC must revert to the State for a public purpose, and the Department of Labor, Licensing, and Regulation (DLLR) must receive and dispose of the assets, if any, on behalf of the State.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: Repealing MWC and HCPTF does not materially affect State finances because MWC ceased operations in December 2014 and HCPTF has been unfunded since its inception in 2012. DLLR can dispose of MWC's assets, which are office furniture and computers that have no significant resale value, with existing resources.

Local Effect: None.

Small Business Effect: DLLR has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: Chapter 476 of 2009 created MWC to establish a plan and framework for innovative statewide workforce programs that would ensure Maryland workers have educational opportunities to acquire skills needed in the workforce. In accordance with its plan – and in conjunction with DLLR and other State agencies – MWC administered and evaluated the programs it developed; it also contracted with training providers to conduct skills training and education programs. MWC was intended to leverage public and private funds to support its programs; however, MWC could not sustain itself and provide grant funding to other programs as envisioned. MWC became unable to meet its financial obligations and ceased operations in December 2014. The corporate bylaws of MWC only allow for dissolution by an act of the General Assembly. The bylaws also specify that all net assets of MWC revert to the State.

Chapter 601 of 2011 established HCPTF to provide grants to training consortiums involving labor-management partnerships that train and upgrade the qualifications of health care personnel. Statute specifies that the special, nonlapsing fund is administered by DLLR and consists solely of money received from the federal government and investment earnings of the fund; expenditures from the fund must be made in consultation with the Governor's Workforce Investment Board. HCPTF has not been funded since its inaugural year. Moreover, DLLR advises that the need for HCPTF was obviated when the Maryland Employment Advancement Rights Now (better known as EARN) Program was established by Chapters 1 and 2 of 2013 to create industry-led partnerships to advance the skills of the State's workforce, grow the State's economy, and increase sustainable employment for working families.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland Workforce Corporation; Department of Legislative Services

Fiscal Note History: First Reader - January 12, 2016
md/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Workforce Corporation – Repeal

BILL NUMBER: SB 93

PREPARED BY: Willis Gunther, Asst. Attorney General, Workforce Dev. and Adult Learning

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X__ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

___ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed action will have minimal or no economic impact on Maryland's small businesses. The proposed action dissolves the Maryland Workforce Corporation, a body politic and corporate that is an instrumentality of the State that was designed to raise its own funding and provide grants for workforce initiatives, but was unable to sustain fiscal integrity.