

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 748 (Delegates Rosenberg and Kramer)
 Economic Matters

Division of Workforce Development and Adult Learning - Job Training Grant Program - Establishment

This bill establishes the Job Training Grant Program within the Division of Workforce Development and Adult Learning (DWDAL) of the Department of Labor, Licensing, and Regulation (DLLR). The program is to provide three-year grants to nonprofit organizations that provide job training to specified individuals. Nonprofit organizations must meet specified requirements to be eligible for grants, such as providing (1) two years of case management services to participants that complete the job training and are placed in a job and (2) matching funds totaling 25% of the grant. Among other provisions, DWDAL must set performance goals for grantees, and if the grantee fails the performance goals, the grantee is barred for a year from applying to renew the grant. Beginning in fiscal 2018, the Governor must include \$500,000 in the budget bill annually to fund the program.

Fiscal Summary

State Effect: DLLR general fund expenditures increase by \$500,000 in FY 2017 for two staff to implement the Job Training Grant Program and to provide grants to eligible organizations. Future year expenditures reflect mandated funding for the program. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2018.**

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	500,000	500,000	500,000	500,000	500,000
Net Effect	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal. Small businesses may benefit by having a larger and more diverse pool of potential qualified employees from which to hire and nonprofit organizations that provide job training services benefit by receiving grants.

Analysis

Current Law: The State's Employer Advancement Right Now (EARN) program is a State-funded, competitive workforce development grant program that is industry-led and helps businesses cultivate a skilled workforce. EARN aims to (1) address the demands of businesses by focusing on the workforce needs of a specific industry sector over a sustained period of time; (2) address the needs of workers by creating formal career paths, reducing barriers to employment, and sustaining or growing middle class jobs; and (3) encourage mobility for the State's hard-to-serve jobseekers through job readiness training that may include general educational development preparation, occupational skills development, literacy advancement, and transportation and child care components.

The Workforce Innovation and Opportunity Act

The federal Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014, replacing the Workforce Investment Act of 1998. WIOA became effective July 1, 2015, and the State has until July 1, 2016, to conform to WIOA. WIOA is designed to help job seekers access the employment, education, training, and support services needed to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Under WIOA, adults and dislocated workers may access career services and training services. WIOA provides for a workforce system that is universally accessible, customer centered, and training that is job driven.

Maryland Highway or Capital Transit Construction Skills Program

The Maryland Highway or Capital Transit Construction (HCCT) Skills Program is a training program that seeks to address Maryland's workforce needs in highway and capital transit construction. Through the HCCT program, Maryland's local workforce investment areas (LWIAs) provide local jobseekers with contextualized learning opportunities, training, and supportive services in highway and capital transit construction industries. The goal of the training program is twofold: to increase access in construction and transportation related careers for Maryland's socially and economically disadvantaged jobseekers and to meet employer needs by creating a more skilled workforce for the industry. LWIAs receive funding to participate in the HCCT Skills Program through a competitive process.

State Expenditures: The State budget must include an appropriation of at least \$500,000 to fund the Job Training Grant Program annually, beginning in fiscal 2018.

By creating a new Job Training Grant, the bill creates additional responsibilities for DWDAL within DLLR. As DWDAL is funded largely by federal funds, it cannot administer this State-funded program with existing staff and requires additional staffing to administer the program. Thus, DLLR's general fund expenditures increase by \$162,967 in fiscal 2017, which assumes an October 1, 2016 start date. This estimate reflects the cost of hiring a grant program administrator to oversee the program and a grant fiscal administrator to process the grants, and it includes \$30,000 for a consultant to develop program performance goals.

Additionally, DLLR must provide grants for the Job Training Grant Program. Assuming the program receives \$500,000 of funding in fiscal 2017, DLLR may award \$337,033 in grants to eligible organizations in fiscal 2017.

The estimate includes salaries, fringe benefits, grants, one-time start-up costs, and ongoing operating expenses.

Regular Position	2
Regular Salary and Fringe Benefits	\$116,213
Grants to Eligible Organizations	337,033
One-time Start-up Costs	38,726
Operating Expenses	<u>8,028</u>
Total FY 2017 State Expenditures	\$500,000

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Assuming a fixed funding level of \$500,000 annually, fewer funds become available for grants in future years as administrative costs increase due to inflation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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