

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 509 (Delegate B. Robinson)
Economic Matters

Green Career Gender Empowerment and Training Pilot Program

This bill requires the Department of Labor, Licensing, and Regulation (DLLR) to establish the Green Career Gender Empowerment and Training Pilot Program by January 1, 2017, subject to the availability of funds. The purpose of the program is to encourage young women between the ages of 10 and 25 years and minorities to pursue specified green careers. Among other things, DLLR must engage, encourage, educate, and empower young women and minorities to explore green careers and engage women’s and minority business enterprises to be mentors. DLLR may coordinate with other public and private entities that offer to provide resources for the program. Funding for the program must come from the Maryland Strategic Energy Investment Fund (SEIF), and the program must be provided specified levels of funding from fiscal 2018 through 2021. DLLR must develop an evaluation process for the program and report to the General Assembly by December 31, 2020, on the effectiveness of the program.

The bill takes effect July 1, 2016, and terminates June 30, 2021.

Fiscal Summary

State Effect: There is no net effect on State finances, and SEIF revenues are not affected. However, SEIF expenditures increase by at least \$0.2 million in FY 2018, by at least \$0.5 million in FY 2019, and by \$1.5 million in each of FY 2020 and 2021 – primarily for contractual staff within DLLR to establish the pilot program, although these funding levels are insufficient to sustain a viable program for the first three fiscal years covered by the bill. SEIF expenditures decrease by equivalent amounts for other renewable energy, climate change, energy education, and resiliency programs. To the extent that additional SEIF funds are appropriated to fully fund the program in FY 2017 through 2019, SEIF expenditures for other programs decrease by commensurate amounts. **This bill establishes a mandated appropriation beginning in FY 2018.**

Local Effect: None.

Small Business Effect: Minimal. Small businesses in the green industry may benefit by having a larger and more diverse pool of potential qualified employees from which to hire.

Analysis

Current Law/Background:

Maryland Employment Advancement Rights Now Program

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. Two of its projects, Baltimore Green Strategic Industry Partnership (BGSIP) and the Water and Wastewater Career Development Partnership of Central Maryland, are focused on green jobs.

BGSIP trains both entry-level and incumbent workers in critical green occupations including installers, mid-level crew chiefs, and professional-level energy analysts. BGSIP has provided entry-level occupational skills training to 37 unemployed workers who have encountered barriers to employment, placing 85% into full-time employment at average wages of \$14.50 per hour. BGSIP has also provided training to 17 incumbent workers, which qualifies them for advancement opportunities.

In order to retain employment, all water and wastewater operators must be fully certified by the State by 2017. The success rate for the certification exam is 37%. In order to help incumbents retain employment, the Water and Wastewater Career Development Partnership of Central Maryland designed a curriculum to help improve the passing rate. To date, 107 incumbents received a career readiness certificate, and 84% of trainees who have taken the State exam have passed.

One Baltimore for Jobs Project

The One Baltimore for Jobs grant program was jointly established by the U.S. Department of Labor, DLLR, and the Baltimore City Mayor's Office of Employment Development in response to the civil unrest in Baltimore City in April 2015. The grant program targets unemployed and underemployed individuals in predominately African American, low-income neighborhoods in Baltimore City, with an emphasis on serving residents between the ages of 16 and 29 living in highly distressed communities. The grant program

provided funding to Civic Works, Inc., to provide training and certification to participants for placements as construction workers in the areas of residential energy efficiency, brownfields and environmental remediation, and solar energy.

SEIF

SEIF was created by Chapters 127 and 128 of 2008 to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF's primary source of ongoing revenue is proceeds from the sale of carbon dioxide emission allowances sold at quarterly Regional Greenhouse Gas Initiative (RGGI) auctions. The allocation of RGGI proceeds from SEIF is as follows: at least 50% for energy assistance; at least 20% for energy efficiency and conservation programs (of which half is for low- and moderate-income programs); at least 20% for renewable energy, climate change, energy education, and resiliency programs; and up to 10% (but no more than \$5.0 million) for administration.

The closing fiscal 2015 SEIF balance was \$63.9 million for RGGI activities. The majority of this balance (\$45.1 million) occurs in the energy assistance program. The [Fiscal 2017 Maryland Energy Administration Operating Budget Analysis](#) provides more details on SEIF.

State Expenditures: The Green Career Gender Empowerment and Training Pilot program must be funded at \$200,000 in fiscal 2018, \$500,000 in fiscal 2019, and \$1.5 million in each of fiscal 2020 and 2021. It is assumed that SEIF diverts funds from the renewable energy, climate change, energy education, and resiliency program to the pilot program, so the establishment of the pilot program has no net fiscal effect on SEIF.

By creating a new pilot program to empower and train young women and minorities to explore green careers and engage women's and minority business enterprises to be mentors, the bill creates additional responsibilities for DLLR's Division of Workforce Development and Adult Learning. DLLR cannot absorb the additional workload within existing resources and requires additional staffing to administer the program. Moreover, as the analysis and **Exhibit 1** show, the Department of Legislative Services (DLS) believes that the mandated funding levels in the bill are insufficient to sustain a viable program until fiscal 2020.

As specified by the bill, the program is contingent on the availability of funds in the budget, and funding must come from SEIF. As the funding mandate does not begin until fiscal 2018, this analysis assumes that the program does not receive funding in fiscal 2017. In fiscal 2018, \$200,000 in SEIF funds are diverted from the renewable energy, climate change, energy education, and resiliency programs to DLLR, but the DLS analysis below shows that the program requires \$532,726 to be *fully* operational in fiscal 2018. This estimate reflects the cost of hiring one contractual project manager to oversee the program

and six contractual green career navigators to engage, encourage, educate, and empower young women and minorities to explore green careers. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It includes \$50,000 for a consultant to develop an evaluation process and training expenses of \$125,000, assuming 25 participants train via a work-and-learn model.

Exhibit 1
Costs of and Appropriations for the Pilot Program
Fiscal 2018-2021

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Administrative Costs	\$407,726	\$336,742	\$346,610	\$356,796
Minimum Training Costs	<u>125,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total	\$532,726	\$586,742	\$596,610	\$606,796
Mandated Appropriation	\$200,000	\$500,000	\$1,500,000	\$1,500,000
Funding (Shortfall)/Surplus	(\$332,726)	(\$86,742)	\$903,390	\$893,204

Source: Department of Legislative Services

Beginning in fiscal 2019, training expenses increase to \$250,000, assuming 50 participants train in the program, but the mandated funding level again remains below the amount necessary to *fully* fund the program. Only in fiscal 2020 and 2021 do the mandated funding levels surpass the amount necessary to sustain a viable program. In these years, it is assumed that DLLR uses the additional funds to train more people.

To the extent that additional funds are provided in fiscal 2017, 2018, or 2019 to operate a fully funded program, the bill requires that they be provided from SEIF, so SEIF expenditures for other programs are commensurately affected. Any such funding is not reflected in this analysis, however. Otherwise, development of an evaluation process would have to be deferred to fiscal 2020, when sufficient funding would be available and the contractual navigator staff and associated training would have to be scaled back in fiscal 2018 and 2019.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Governor's Office of Minority Affairs; Department of Budget and Management; Department of Labor, Licensing, and Regulation; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2016
min/mcr

Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510