

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 630 (Delegate Grammer, *et al.*)
 Ways and Means

Education - On-the-Job Pilot Program

This bill establishes the On-the-Job Pilot Program to exempt rising high school seniors from the twelfth grade year of compulsory education and instead provide an opportunity for them to complete up to 900 hours of compensated employment. The Maryland State Department of Education (MSDE), in collaboration with the Baltimore County Board of Education, must implement the program in Legislative District 6 in Baltimore County. Upon successful completion of the program, a student is awarded a high school diploma.

Fiscal Summary

State Effect: General fund expenditures by MSDE increase by \$75,800 in FY 2018 to implement the pilot program; out-year expenditures reflect annualization and ongoing operating costs. Although the program is deemed a pilot, there is no termination date, so expenditures are ongoing. No effect on revenues.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	75,800	96,200	100,300	104,700	109,300
Net Effect	(\$75,800)	(\$96,200)	(\$100,300)	(\$104,700)	(\$109,300)

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

Local Effect: *Baltimore County did not respond to repeated requests for information about this bill.* No effect on any other local jurisdiction. Assuming students that participate in the program continue to be counted for enrollment purposes, Baltimore County Public Schools continues to receive State and local per pupil funding for the students.

Small Business Effect: Minimal. Some small businesses in Baltimore County may benefit from being able to hire participating students.

Analysis

Bill Summary: Students seeking to participate in the pilot program must submit a waiver application with specified information any time after completing the eleventh grade but no later than 14 days before the beginning of the student's twelfth grade year. The waiver application must report that the student intends to complete at least 100 hours of compensated employment under an apprenticeship with an employer; the student must earn at least 800 total hours of compensated employment under the direction of a mentor before the end of the school year. The compensated employment must be in any of 15 designated trades or crafts. The waiver application must be signed by both the student and the mentor. If a student's waiver application is accepted, the student is granted excused absences for the entire twelfth grade school year.

Upon completing the program, the student must submit a completion application with specified information, including the number of hours of compensated employment completed by the student; the application is valid only if the student completes 800 or more hours of compensated employment. It, too, must be signed by the student and the mentor and must be submitted no later than 30 days before the last day of the student's twelfth grade school year. Students who complete the program are excused from all other high school graduation requirements and receive a high school diploma with all the rights and privileges it carries.

Current Law: Chapter 140 of 2015 established an apprenticeship pilot program, Apprenticeship Maryland, to prepare students to enter the workforce by providing on-site employment training and related classroom instruction needed to obtain a license or certification for a skilled occupation. The program began in August 2016 and ends in June 2018.

Chapter 140 required MSDE, in consultation with the Department of Labor, Licensing, and Regulation (DLLR) and the Public School Superintendents Association of Maryland, to develop criteria for selecting two local school systems to participate in the program. MSDE selected Frederick County Public Schools and Washington County Public Schools as the two pilot sites. It also received a \$10,000 grant from the Longview Foundation that was used for kickoff events in both counties and for soft skills training for participating students.

Participating employers must pay an eligible student at least the applicable minimum wage, subject to any lawful exemptions.

Each county superintendent from a participating school system may select up to 60 students to participate in the program. During 2016, 8 students were placed, earning an average of \$9.00 per hour. A student selected to participate in the program:

- may start the program in the summer or fall of the student's junior or senior year in high school;
- must complete at least 450 hours of supervised work-based training;
- must receive at least one year of classroom instruction relating to the student's eligible career track in the manufacturing industry or the science, technology, engineering, and math industries;
- must receive credit toward a high school diploma or a postsecondary credential, or both, for the work-based training and classroom instruction completed under the program; and
- must complete the program before August 31 following the student's graduation from high school.

DLLR must issue a skills certificate to each eligible student who completes the program. DLLR and MSDE must work together to explore options for increasing the availability of and access to youth apprenticeship programs based on other states' and countries' experiences, as well as the results of the program.

Background: Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation. Apprenticeships are designed to meet the workforce needs of the program sponsor. Many industry sponsors use apprenticeship as a method to train employees in the knowledge necessary to become a skilled worker. This also means the number of apprenticeships available is dependent on the current workforce needs of the industry.

Apprenticeships are available to individuals age 16 and older; an employer, however, may set a higher entry age. By law, individuals must be age 18 to apprentice in hazardous occupations. Apprenticeships last from one to six years, although most are three to four years, and involve a minimum of 144 hours of classroom instruction per year and at least 2,000 hours per year of on-the-job training. A national apprenticeship and training program was established in federal law in 1937 with the passage of the National Apprenticeship Act, also known as the Fitzgerald Act. The purpose of the Act was to promote national standards of apprenticeship and to safeguard the welfare of apprentice workers.

Along with 24 other states, Maryland has chosen to operate its own apprenticeship programs. In 1962, Maryland created the 12-member Maryland Apprenticeship and

Training Council (MATC). Within the framework established in federal law, the State's apprenticeship and training law also established the guidelines, responsibilities, and obligations for training providers and created certain guarantees for workers who become apprenticed.

MATC, along with the Division of Labor and Industry, serves in a regulatory and advisory capacity by providing guidance and oversight to the Maryland Apprenticeship and Training Program, which is responsible for the daily oversight of State apprenticeship programs. More specifically, MATC and the Division of Labor and Industry approve new apprenticeship programs and changes to current programs. The approval process involves assessing the appropriateness of an apprenticeship program in a proposed industry, the education that will be provided to the apprentice, the current staffing level of the entity proposing the program to determine whether adequate supervision can be provided, recruitment and retention efforts, and the overall operations of the entity. MATC also serves in an advisory role for legislation and regulations, recommending changes to update apprenticeship laws. It does not, however, focus on the administration of youth apprenticeship programs.

Chapter 646 of 2014 established a Youth Apprenticeship Advisory Committee in the Division of Labor and Industry to evaluate the effectiveness of existing high school youth apprenticeship programs in the State, other states, and other countries based on a systematic review of data. The committee must review and identify ways to implement high school youth apprenticeship programs in the State and means through which employers and organizations can obtain grants, tax credits, and other subsidies to support establishment and operation of high school youth apprenticeship programs. The committee must set targets for the number of apprenticeship opportunities for youth that the State should reach over the next three years. The committee must report by December 1 of each year to the General Assembly regarding any recommended legislation to promote high school youth apprenticeship programs in the State.

DLLR's apprenticeship unit oversees 9,400 active apprentices and 3,500 participating employers. There are approximately 230 registered occupations and 417 registered apprenticeship programs statewide.

State Fiscal Effect: Oversight of the State's apprenticeship programs rests with DLLR's Division of Workforce Development and Adult Learning, which has lead responsibility for implementing Apprenticeship Maryland. However, the bill requires MSDE to administer the On-the-Job Pilot Program. Therefore, general fund expenditures by MSDE increase by \$75,762 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one education program specialist to manage the implementation of the program, coordinate with Baltimore County Public Schools staff,

monitor its effectiveness, and recruit employers. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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Salary and Fringe Benefits	\$70,653
Operating Expenses	<u>5,109</u>
Total FY 2018 State Expenditures	\$75,762

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses. DLS notes that although the program is deemed a pilot, unlike Apprenticeship Maryland, there is no termination date in the bill, so the expenses are considered permanent.

Local Fiscal Effect: The bill requires a student participating in the pilot program be given an excused absence for the entire twelfth grade. Assuming that these students remain enrolled in Baltimore County Public Schools, even though they are not attending school, the school system continues to receive State and local per pupil funding for these students. Depending on the number of students and their distribution among schools, school system expenditures may decrease.

Additional Comments: MSDE notes that students in the pilot program must certify in their completion application that they have completed at least 800 hours of compensated employment in order to receive their high school diploma. Students that do not complete the necessary hours of employment for any reason will not have attended high school classes during the year and, therefore, will not be eligible for a diploma.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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