

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 527

(Delegates Rosenberg and Jones)

Appropriations

Education, Health, and Environmental Affairs

Higher Education - Maryland Technology Internship Program - Alterations

This bill incorporates units of State and local government into the existing Maryland Technology Internship program, allowing them to participate in the same way as technology-based businesses if they meet specified requirements. The bill removes a prohibition against participation in the program by businesses with more than 150 employees, but it requires that half of the internships supported by the program each year be with businesses smaller than that size. The bill also (1) allows the maximum reimbursement amount to increase above the specified maximum under certain conditions and (2) requires the *utilization* of an Internet site for the administration of the program. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Reimbursable fund revenues for multiple agencies increase minimally beginning in FY 2019 from stipend reimbursements. State expenditures (all funds) increase minimally to the extent that the bill results in internships that would otherwise not have been created. While the bill does not affect overall program expenditures, for the first time, the FY 2019 budget includes funding for the program – \$340,000 in general funds.

Local Effect: Local revenues increase minimally beginning in FY 2019 from stipend reimbursements. Local expenditures increase minimally to the extent that the bill results in internships that would otherwise not have been created.

Small Business Effect: Minimal.

Analysis

Bill Summary: To qualify for participation in the program, a unit of State or local government must:

- commit to hosting an intern for a minimum of 120 hours during a spring, fall, or summer semester;
- provide a detailed description of a technology-based intern position with the unit; and
- provide proof that a representative has attended an orientation or training program provided or approved by the University of Maryland Baltimore County (UMBC).

The maximum reimbursement amounts specified in current law – totaling up to \$3,000 per intern annually – may be increased in accordance with changes in employment market conditions as jointly determined by UMBC and the Department of Commerce (Commerce).

Current Law:

Maryland Technology Internship Program

Chapter 652 of 2014 created the program to increase student understanding of employment opportunities in the State and foster business retention and development, job creation, workforce development, and new investment in the State. To carry out these and other purposes, UMBC and Commerce must collaborate to *establish* an Internet site through which (1) students may learn about technology-based businesses and internship opportunities and (2) technology-based businesses may register, post information about internship opportunities, and apply for reimbursement of internship stipends.

The Governor must include in the State budget funds for the reimbursement of the stipends and for UMBC to administer the program. Money awarded may be used to reimburse a technology-based business up to 50% of a stipend paid to an intern, up to \$3,000 annually for each intern.

UMBC and Commerce must also (1) develop application and registration requirements; (2) develop orientation and training programs for program participants; (3) review applications and award reimbursements of internship stipends; (4) provide opportunities for students to meet entrepreneurs, visit technology-related industry incubators, and learn about starting a business in the State; (5) provide recruitment and training opportunities and support for participating businesses; and (6) track and assess program outcomes.

Program Eligibility

Eligibility requirements for individuals generally focus on in-state or out-of-state enrollment in an institution of higher education, grade point average, and history of military service. Eligible individuals must commit to working a minimum of 120 hours during a spring, fall, or summer semester; attend an orientation session provided or approved by UMBC; and meet any other criteria established by UMBC.

To qualify for participation in the program, a business must (1) be located in the State; (2) be a technology-based business; (3) have 150 or fewer employees; (4) commit to hosting an intern for a minimum of 120 hours during a spring, fall, or summer semester; (5) provide a detailed description of an intern position with the business; and (6) provide proof that a representative has attended an orientation or training program provided or approved by UMBC.

Background: Despite the fact that State law requires annual funding for administrative costs and stipend reimbursements, no funding has been provided to date. As such, the program has not yet begun. The fiscal 2019 budget includes \$340,000 in general funds for the program. According to UMBC, \$175,000 of that amount is for administrative costs, including staffing, marketing, and related activities, and the remaining \$165,000 is for student stipend reimbursements. This funds 55 stipend reimbursements at the specified statutory maximum of \$3,000 in fiscal 2019.

State Fiscal Effect: As noted above, the first year of funding for the program in fiscal 2019 likely provides 55 stipend reimbursements spread across State government, local government, and private businesses. To the extent that the maximum is increased to more than \$3,000 in accordance with the bill, fewer stipend reimbursements can be provided assuming the annual budget remains at \$340,000 for the program.

Revenues for State agencies increase minimally beginning in fiscal 2019 from internship reimbursements from UMBC. State expenditures (all funds) for technology internships increase minimally to the extent that the bill results in internships that would otherwise not have been created. Administrative costs associated with qualifying for the program are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University of Maryland Baltimore County; University System of Maryland; Department of Commerce; Department of Budget and Management; Carroll, Harford, Queen Anne's, and St. Mary's counties; City of Westminster; Town of Leonardtown; Department of Legislative Services

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