

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 310 (Delegate Frank, *et al.*)
Economic Matters

High-Tech High School Partnership Program and Fund

This bill creates a High-Tech High School Partnership program and fund within the Department of Business and Economic Development (DBED). The program will provide grants or loans to eligible businesses that enter into a partnership with a public secondary school to create technology-related internships or after-school jobs. The business must enter into a partnership agreement with the public school, and operate or develop an appropriate facility on or near school grounds. The fund is a nonlapsing revolving fund used to pay all program and administrative costs.

The bill authorizes each county board to permit the use of school facilities for these projects. Students who participate in an internship may credit the hours spent towards any community service requirement needed for graduation.

Fiscal Summary

State Effect: Indeterminate increase in general and special fund expenditures; indeterminate increase in special fund revenues.

Local Effect: Potential indeterminate increase in local expenditures; revenues would not be affected.

Small Business Effect: Potential minimal impact on small businesses as discussed below.

Fiscal Analysis

State Effect: DBED anticipates that an average of three projects per year will be started during fiscal 1998-2002, and that the average State funding will total \$750,000 per project. This estimate is based on experience with the Maryland Industrial Commercial

Redevelopment Fund (MICRF). However, the Department of Fiscal Services (DFS) advises that while some projects would undoubtedly be of this nature, others would likely be small-scale projects such as installing a computer at a school for students to perform Internet web design for companies. Project costs could vary greatly, from setting up a single computer workstation for a student's use to installing a high-technology scientific laboratory or manufacturing equipment. Space constraints at the school or business would also influence costs.

DBED estimates that annual costs would total \$2.33 million, which includes \$750,000 in grants and \$1.5 million in loans. The remainder is operating costs and salary expenditures for two positions to administer the program. However, DFS advises that DBED should not need two additional personnel to administer a program that it anticipates will only conduct three projects per year. The department could hire a contractual, preferably one with educational experience, to set up the program and devise all necessary standards and forms. Day-to-day administration of the program could be handled with existing budgeted resources for the first year of the program; additional personnel may be necessary in the out-years if program demand is high.

It is expected that the program will be phased in over a number of years. The total amount of financing that might be needed cannot be reliably estimated, however, since the program is outlined rather broadly. In large part, the expense will depend upon the types of projects proposed by the private sector and how the department prioritizes these applications.

Local Expenditures: Local school boards may incur additional costs associated with these facilities should they be located on school grounds.

Small Business Effect: It is assumed that only a small percentage of firms that would qualify as "high-technology" would take advantage of this program. There are a minimum of 1,100 high-technology firms in Maryland; while it is not known exactly how many would qualify as small businesses (50 or fewer employees), most have fewer than a hundred employees.

Participation rates would likely depend in part on how strictly interpreted are the definitions of "high technology" and "in close proximity" to the school. Those that do participate could benefit from the financial incentive provisions. In addition, those firms that participate would likely benefit from the opportunity for student recruitment and training.

Information Source(s): Department of Business and Economic Development, Suburban Maryland High Technology Council, Maryland State Department of Education, Department of Fiscal Services

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