

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 950 (Delegate Pitkin. *et al.*)

Appropriations

Telework and Workforce Development Center Pilot Program

This bill requires the Secretary of the Department of Budget and Management (DBM) to establish a Telework and Workforce Development Center Pilot Program. The stated purpose of the pilot is to operate technical telecommuting and training centers that may be used by both the public and private sectors. The Secretary must adopt guidelines that provide for: (1) training of employees and potential employees in computer technology; (2) technical training for welfare recipients; (3) seminars to promote economic development in revitalization areas; and (4) employment and training services for the disabled. DBM must enter into agreements with local governments to operate the centers and may contract with private sector contractors for assistance in running the centers. The Departments of Transportation (MDOT), Environment (MDE), and Business and Economic Development (DBED) must provide professional and administrative assistance in implementing and operating the centers.

The centers are to be funded through federal grants, fees from business owners who use the centers, local funding, and as provided in the State budget. DBM must submit a report by October 1, 1999 concerning the pilot program.

This bill sunsets September 30, 2001.

Fiscal Summary

State Effect: Indeterminate but potentially significant increase in expenditures and revenues.

Local Effect: Indeterminate increase in expenditures and revenues for local governments in jurisdictions where telework and workforce development centers are established.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: According to a report by MDOT during the 1996 Interim on the status of telecommuting efforts in Maryland, several public entities have either established or were in the process of developing telework centers. The U.S. General Services Administration has sponsored telework centers in Frederick, Waldorf, and Hagerstown and at that time assistance was being provided to develop sites in Prince Frederick and Leonardtown. In addition, MDOT made a \$206,000 grant to Frederick County to develop its telework center. The Maryland National Guard also established telework centers available for public and private use at the Laurel Armory and Camp Fretterd in Reisterstown.

State Effect: The bill's effect on State expenditures depends on: (1) how many centers would be established; (2) the total costs to establish and operate each center; and (3) the availability of alternative funding. The number of centers that would be established is not specified in the bill and DBM is unable to provide an estimate at this time as to the number of centers that it would establish under the pilot program. Costs to establish each center are indeterminate but potentially significant. To the extent that DBM is able to utilize an existing suitable site, expenditures to establish a center could be less than the costs of constructing a new facility. Expenditures would also include office equipment such as computer workstations, telephone lines, copy machines, and fax machines as well as any staffing costs to provide training and hold seminars as specified in the bill. It is noted that federal funds designated to subsidize State and local telecommuting programs may be available to offset costs of the pilot program established by the bill.

The bill's effect on revenues depends on income from fees for use of the centers and any agreements to share revenues with local governments or private contractors that assist in running the centers.

MDOT and DBED advise that the bill's requirements for their professional and administrative assistance in implementing and operating the centers could be handled with existing resources. MDE advises that depending on its required involvement, costs could be substantial to cover additional staff and equipment.

To the extent that the centers spur employment and economic development, tax revenues could increase and expenditures on certain assistance programs could decrease.

Local Effect: To the extent that local governments enter into agreements with DBM to operate the telework and workforce development centers, local expenditures and revenues could increase.

To the extent that local governments themselves use the telework and workforce

development centers, those local governments would benefit.

To the extent that the centers spur employment and economic development, local tax revenues could increase.

Small Business Effect: Small businesses that use the telework and workforce development centers would benefit. In addition, any small businesses that contract to assist in running the centers or that supply needed equipment would benefit from the additional business.

Information Source(s): Department of Budget and Management, Department of Business and Economic Development, Department of the Environment, Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 1998

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