

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
 Revised

Senate Bill 166 (Senator Conway, *et al.*)

Finance

Maryland Youthbuild Act

This emergency bill requires the Department of Human Resources (DHR) to establish a Maryland Youthbuild Program and make grants, as provided in the State budget, to public or private nonprofit agency applicants. Successful grant applicants will provide services to participants who are economically disadvantaged youths age 16 to 24 who either do not have a high school degree and are at risk of dropping out of school, have dropped out of school, or are “very low income” individuals. Youthbuild funds are to be used to: (1) construct and rehabilitate housing for disadvantaged persons; (2) provide education, job training, and counseling services; (3) provide life skills and leadership development training; (4) provide substance abuse education and prevention services; (5) establish a youth council; (6) defray legal fees for housing acquisition; and (7) defray administrative costs of the program, not to exceed 15% of the grant amount. DHR must evaluate the performance of programs funded by Youthbuild Program grants.

Fiscal Summary

State Effect: FY 2000 general fund expenditures increase by \$904,300 which includes one-time start-up costs. Future year expenditures increase with inflation. Revenues are not affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	904,300	900,000	901,100	902,300	903,500
Net Effect	(\$904,300)	(\$900,000)	(\$901,100)	(\$902,300)	(\$903,500)

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

Local Effect: None.

Small Business Effect: Meaningful.

Fiscal Analysis

Bill Summary: The bill provides that a training subsidy or stipend be furnished to program participants for the time spent at the worksite in construction training. The subsidy is not to affect the public assistance benefits that a participant otherwise receives. Individuals must participate in a youthbuild program for at least six months, but no longer than two years. Grantees must assist graduates of youthbuild programs in obtaining jobs. Follow-up assistance in job seeking is to be provided to participants in the year following graduation from the program. DHR is authorized to reserve up to 5% of the Youthbuild Program appropriation to contract with Youthbuild USA for technical assistance.

State Expenditures: General fund expenditures could increase by an estimated \$904,290 in fiscal 2000, assuming that around \$850,000 in grant funds is needed to support a viable program. This estimate reflects the cost of grants, one-half of a grants administrator position to administer the Youthbuild Program grants, and an independent program evaluation. It includes grants, salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Expenditures could be less than \$904,290 to the extent that existing funds are made available and that program evaluation is not required on an annual basis.

Salaries and Fringe Benefits	\$22,385
Grants	850,000
Program Evaluation	25,000
Operating Expenses	<u>6,905</u>
Total FY 2000 State Expenditures	\$904,290

State expenditures in the local departments of social services could increase to the extent that a local department is successful in obtaining a youthbuild grant and hires additional staff.

Future year expenditures reflect (1) a constant grant amount of \$850,000; (2) full salaries with 3.5% annual increases and 3% employee turnover; and (3) 1% annual increases in ongoing operating expenses.

Small Business Effect: Private nonprofit organizations that are successful Youthbuild Program grant applicants could be favorably affected. Winning a grant could defray a substantial portion of expenses for those nonprofit organizations already set up to provide job training, housing, and education services. Further, a limited number of small businesses that provide program evaluation services could be favorably affected.

Additional Comments: There are two State programs already oriented towards offering job skills training and educational services for youths, although they are not specifically targeted to youths. Within the Department of Labor, Licensing, and Regulation, the federal Workforce Investment Act of 1998 provides training funds for economically disadvantaged youths (as well as adults and dislocated workers) and replaces Job Training Partnership Act (JTPA) funds. Youths are defined as between 14 and 21 years old. The fiscal 1999 budget includes \$1.6 million in federal funds for the youth portion of the JTPA. Within the Maryland State Department of Education, \$750,000 in general funds is provided for adults and youths for day and evening classes for those wishing to attain their high school diploma, engage in vocational training, and develop life skills.

Further, Maryland's Tomorrow Program in the Maryland State Department of Education identifies youths at risk of dropping out of high school and provides education, training, and support services to prevent them from dropping out. The fiscal 1999 budget includes \$8 million in general funds for Maryland's Tomorrow.

Information Source(s): Department of Human Resources (Social Services Administration), Department of Legislative Services

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