

**Department of Legislative Services**  
 Maryland General Assembly  
 2000 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 412 (Senator Hoffman. *et al.*)

Budget and Taxation and Finance

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**Community College Job Training Opportunity Program - Temporary Assistance to  
 Needy Families (TANF) Block Grant**

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This bill establishes a Community College Job Training Opportunity Program to provide funding for job training advance accounts that will enable current and former recipients in a Family Investment Program (FIP) case to pursue approved job training programs at community colleges. Funding for the program would come from the federal TANF block grant and from other public or private sources.

The bill takes effect July 1, 2000.

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**Fiscal Summary**

**State Effect:** Administrative expenditures within the Maryland Higher Education Commission (MHEC) would increase by \$304,000 in FY 2001. Future year expenditures reflect annualization and the elimination of one-time costs. Indeterminate increase in the amount of funding provided for job training advance accounts. Federal TANF funds would be used to fund the program.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
FF Revenues	\$0	\$0	\$0	\$0	\$0
FF Expenditures	303,800	287,800	299,000	310,800	323,100
Net Effect	(\$303,800)	(\$287,800)	(\$299,000)	(\$310,800)	(\$323,100)

*Note: ( ) = decrease; FF = federal funds;*

**Local Effect:** Local community colleges would receive additional federal funding to provide job training advance accounts to program participants. In addition, local community college expenditures could increase due to the administration of the program. These costs would be covered with TANF funds.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** This bill establishes a Community College Job Training Opportunity Program to provide funding for job training advance accounts that will enable current and former recipients in a FIP case to pursue approved job training programs at community colleges. Funding for the program would come from TANF money and from other public and private sources.

MHEC must distribute the funds to each local community college in the State based on each college's share of eligible students enrolled at the community college. The funds must be used to establish job training advance accounts for eligible students. The accounts can be used to pay expenses that are necessary for the participant to complete an approved job training program, including tuition, fees, the cost of textbooks, supplies, tutoring, and child care. The community college may establish limits on the number of job training advance accounts that are established in a year and the dollar amount of the accounts. Community colleges that receive funding under the bill must: (1) assist individuals who pursue approved job training programs in obtaining employment upon completion of the program; (2) monitor and collect data regarding the employment experience of eligible individuals who complete approved job training programs; and (3) submit an annual report to the Maryland Higher Education Commission that summarizes the information collected by the community college.

A portion of the program's funding may be used by MHEC to pay for administrative expenses.

An individual participating in the program must be a current recipient in a FIP case or a prior recipient within one year of the establishment of the job training advancement accounts who currently lives in a household with an income that is not more than 200% of the federal poverty level. The individual must submit any documentation required by the community college and use all sources of financial assistance that are available to them prior to receiving a job training advance account.

MHEC must adopt regulations no later than September 1, 2000, that identify: (1) the work-related skills and occupations that are in short supply in the State and critical to the State's economic development strategy; and (2) approved job training programs. The regulations must be developed in consultation with the Department of Business and Economic Development and the Department of Labor, Licensing, and Regulation, and must be updated annually by July 1 of each year.

MHEC must submit an annual report to the Governor and the General Assembly by December 31 on the number of individuals who have applied to a community college for

establishment of a job training advance account in that calendar year; the number of job training advance accounts that have been established by a community college in that calendar year; the number of eligible individuals who are pursuing approved job training programs and the extent to which these individuals are succeeding in the programs; the number of eligible individuals who have successfully completed an approved job training program; the number of eligible individuals who have obtained employment after completing an approved job training program and the wages that are received by these individuals; and the extent to which eligible individuals who obtain employment after pursuing approved job training programs retain employment upon completion of the program.

**Current Law:** Maryland has several existing education and job training programs targeted to low-income residents or individuals receiving public assistance, including the Work Opportunity Program, the Welfare-to-Work Family Literacy Program, and the Job Skills Enhancement Pilot Program. Annual funding for these programs totals over \$40 million.

The Work Opportunity Program, which is Maryland's welfare-to-work initiative, will provide \$39.2 million to local departments of social services in fiscal 2001 to assist individuals receiving temporary cash assistance (TCA) find permanent unsubsidized employment. Local departments have considerable flexibility to design and fund their own employment-related activities and support services.

The Welfare-to-Work Family Literacy Program provides educational services to welfare recipients with the goal of helping the family become self-sufficient. The Department of Human Resources received \$2.1 million in federal funds in fiscal 2000 and 2001 to operate the program in four jurisdictions: Charles, Prince George's, and Somerset counties; and Baltimore City.

During the 1998 session, the General Assembly approved the Welfare Innovation Act (Chapter 637) that established the Job Skills Enhancement Pilot Program. The program provides current and former welfare recipients with training in order for them to enhance their existing job-related skills; to gain additional or alternative job skills; or to learn interpersonal, communication, and other related skills. Training is targeted toward vocational programs that can be completed within a year and that will substantially raise the wages and opportunities for program participants. Pilot sites include Caroline, Frederick, Garrett, Montgomery, Somerset, and Talbot counties. Funding for this program could total \$1 million (to pay \$2,500 in expenses for each program participant). Other counties that have funded their own programs include Allegany, Charles, Howard, and Washington counties.

**Background:** Maryland has the fifth lowest poverty rate in the country. In 1998, Maryland's poverty rate totaled 8.6%, which represents over 440,000 people living in

poverty. The poverty threshold for a family of three in 1998 totaled \$13,000. Nationally, approximately 30% of people reside in a household with an income level at or below 200% of the poverty level. This percentage increases to 59% for a single female-headed household.

The poverty rate increases for people who are outside of the State's labor force. People who worked at any time during the year had a lower poverty rate than nonworkers (6.3% compared to 21.1%). Among people with income below the poverty threshold, many worked either part-time or part-year. Of those 16 years old and over, 41% worked, but only 13% worked full-time, year-round. In contrast, 70% of all people aged 16 years old and over worked and 46% worked full-time, year-round. According to the Census Bureau, the dollar difference between a family's income and its poverty threshold averaged \$6,620 in 1998.

To assist individuals entering the workplace, local departments of social services provide an array of education and job training services to low-income and welfare recipients. These services can cost under \$500 per person for job prep services to over \$1,500 per person for enhanced work experience. The total cost of such services will depend upon the skills required for each program participant. For example, in fiscal 1998 the Allegany County Department of Social Services conducted skill classes for 22 TCA clients at a cost of \$6,458 per client. In Anne Arundel County, an intensive education training class for 198 individuals cost \$1,500 per person. In Baltimore City, work experience and literacy services can range from \$2,000 to \$10,000 per person.

Participants in the Community College Job Training Opportunity Program must apply for any available federal and State financial assistance before seeking funding from the employment advancement account. There are several existing federal and State programs targeted towards low-income students. The Federal Pell Grant Program provides awards to students who have demonstrated financial need. The maximum award for full-time students in 1999-2000 is \$3,125 and the minimum award is \$400. The Education Assistance Grant Program is a State financial aid program for students in need. Annual awards for full-time students range from \$200 to \$3,000. Maryland also has a Part-Time Grant Program for State residents, with awards ranging from \$200 to \$1,000 a year.

**State Fiscal Effect:** MHEC intends to spend approximately \$304,000 in fiscal 2001 to develop guidelines and eligibility standards and to assist local community colleges in administering the program. These costs include \$165,000 (salaries and benefits) to hire one director, one program manager, one research analyst, and one office assistant to establish, monitor, and administer the program and \$50,000 to hire a contractual statistician to assist with reporting requirements. Future year expenditures reflect annualization and the elimination of the contractual statistician position.

### *Eligible Participants*

An individual participating in the program must be a current recipient in a FIP case or a prior recipient within one year of the establishment of the job training advancement accounts who currently lives in a household with an income that is not more than 200% of the federal poverty level.

The FIP is Maryland's program for serving welfare recipients. The program includes the provision of Temporary Cash Assistance (TCA), formerly Aid to Families with Dependent Children, and efforts to move welfare recipients/applicants to work. The goal of FIP is to assist TCA applicants/recipients in becoming self-sufficient. After assessing each family's specific needs and resources, the staff focuses on services required to move clients into work. TCA is provided only as a last resort.

The average monthly caseload for TCA is estimated at 63,479 for fiscal 2001. More than one-half of these cases are child only, disabled adult/child, child under the age of one, and caretaker relative cases. Approximately 44% (28,000) of the cases are headed by an employable adult. Most of these cases (70%) are headed by adults who have received assistance for at least two years.

### *TANF Funding*

TANF block grants would be used to pay for the cost of administering the program and to provide job training advance accounts to program participants. Maryland receives a \$229.1 million annual TANF block grant from the federal government to provide cash assistance and services to low-income families. In exchange for the annual TANF block grant, Maryland must spend at least \$177 million of its own money on services for low-income families or risk federal sanctions. Besides traditional approaches to serving low-income families, such as cash assistance payments, TANF funds can be used for after-school programs, child care for the working poor, and employment training for low-income workers including non-custodial parents.

The fiscal 2001 State budget includes \$39.2 million for "work opportunity" TANF funds to pay for services that help TCA applicants and recipients obtain and retain employment. In addition, \$21 million in TANF funds within the fiscal 2001 State budget has not been allocated for a specific purpose and thus could be used for this program; however the Department of Legislative Services is projecting a \$21 million deficit in the TCA program for fiscal 2001. The unexpended TANF funds for fiscal 2001 may have to be used to cover the projected TCA funding deficit.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Higher Education Commission, Department of Human Resources, Department of Legislative Services

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