

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

Senate Bill 756

(Senator McFadden, *et al.*)

Finance

Economic Matters

Maryland Summer Youth Connection

This bill establishes a Maryland Summer Youth Connection program under the Department of Labor, Licensing, and Regulation (DLLR) that provides summer jobs for teens aged 14 to 18.

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by approximately \$2.5 million annually beginning in FY 2003 for grant disbursement.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Net Effect	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)

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

Local Effect: None.

Small Business Effect: Potential minimal. To the extent that the bill could provide additional workers to small nonprofit organizations or small businesses at little or no cost, the bill would benefit small business.

Analysis

Bill Summary: The bill creates a summer youth program in local workforce investment areas established under the federal Workforce Investment Act of 1998 (WIA) that would

primarily serve youth who: are 14 and 15 years old, low-income, have a disability or a special need, or otherwise encounter barriers in the labor market. It requires the Director of Employment and Training to make grants to fiscal agents for local areas in accordance with the formula established under the Act and evaluate the performance of the local areas in carrying out the program. Participating youth must not be paid less than the federal minimum wage (\$5.15/hour) for each hour worked.

The local areas must:

- develop meaningful and well-supervised work experiences in public and private nonprofit community-based sites and private, for-profit sites;
- provide activities to enhance job skills and career-exposure activities, such as field trips, job shadowing, and aptitude assessment;
- provide sufficient oversight of work sites to ensure a quality experience; and
- submit a plan to DLLR detailing the local area's plan for summer activities and an end of summer report.

The bill allows no more than 20% of the participants to work for private, for-profit businesses and requires that the employment expose participants to occupations for which there is a high demand in the labor market.

A local area's allowable program costs can include wages paid to participants, supervision and training, material and supplies related to the work provided, and reasonable transportation and administrative costs.

Current Law: No statewide summer youth program operates under DLLR.

Background: The Office of Employment Training under DLLR administers federal grants to provide youth job placement through the federal WIA (Public Law 105-220). WIA provides federal funds from the U.S. Department of Labor to approved workforce investment areas, which are regions with 200,000 or more residents and a common labor pool. To receive federal funds, local programs must provide summer employment opportunities, appropriate paid and unpaid work experiences, including internships and job shadowing, leadership development, and other related services. The Office of Employment Training's fiscal 2003 federal funds budget allowance for its youth program is \$13.7 million, including \$3.1 million for summer programs. Of those funds, 15% is reserved for statewide activities and 85% is distributed to the local areas.

For each area, a local board develops job-training programs and determines which community organizations and businesses will receive funding for program operations. There are 12 such areas in Maryland that receive workforce investment grants. For example, Baltimore City's Youthworks Program, assisted by the local WIA board,

provided 5,000 summer jobs for city teens in 2001. Additionally, nonprofit organizations such as the Maryland Conservation Corps and some local governments provide summer employment opportunities or placement assistance for teens from low-income families.

State Expenditures: A viable statewide program that requires placing teens in meaningful jobs and providing services such as aptitude assessment would require at least \$2.5 million annually for grants to local workforce investment areas. Accordingly, general fund expenditures would increase by an estimated \$2.5 million in fiscal 2003, accounting for the June 1 effective date.

DLLR advises that implementation of the bill would cost \$75,000. However, the Department of Legislative Services (DLS) advises that this would not be sufficient to fulfill the bill's requirements for a statewide program. DLS further advises that while federal aid provides a significant source of funding for summer youth programs, it is not guaranteed to be available for the program specified under the bill.

Local Fiscal Effect: If the grant money was disbursed equally, each local workforce investment area would receive approximately \$208,333 annually starting in fiscal 2003.

Additional Information

Prior Introductions: An identical bill was introduced in 2001 as SB 736 and HB 949. The Senate Finance Committee heard SB 736, but took no action on it. The House Environmental Matters gave HB 949 an unfavorable report.

Cross File: None.

Information Source(s): Department of Business and Economic Development; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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