

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 662
Finance

(Senators McFadden and Gladden)

Maryland Summer Youth Connection Program

This bill establishes a Maryland Summer Youth Connection Program under the Division of Employment and Training in the Department of Labor, Licensing, and Regulation (DLLR) that provides summer jobs for youths aged 14 to 21.

Fiscal Summary

State Effect: Potentially significant increase in general fund expenditures in FY 2004 and each year thereafter. Revenues would not be affected.

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 federal 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 not to exceed 10% of the grant.

Current Law: The Division of Employment and Training in 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 for youth, appropriate paid and unpaid work experiences, including internships and job shadowing, leadership development, and other related services.

Background: The division'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, which must include incentive grants and technical assistance, and 85% is distributed to the local areas. The federal formula is weighted towards areas with high unemployment and approximately half of the WIA funds are allocated to Baltimore City. 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 workforce investment areas in Maryland that receive workforce investment grants. For example, Baltimore City's Youthworks Program, assisted by the local WIA board, provided 5,500 summer jobs for city teens in 2002. The city also received \$11 million in fiscal 2001 through the federal Youth Opportunities Grant to provide employment preparation and career development for youth age 14 to 21 who live in an empowerment zone.

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, as well as 20 and 21 year olds in meaningful jobs and providing services such as aptitude assessment will likely require significant general fund expenditures. DLLR estimates that it would cost \$300,000 based on a somewhat similar program that provides private-sector summer employment and training opportunities for at-risk youth, particularly in the computer technology industry.

The Department of Legislative Services (DLS) advises that the Maryland Summer Youth Forward Program, which also focuses on preventing drug and alcohol abuse, received \$269,826 in fiscal 2002 for the teen employment component. The amounts distributed to local workforce investment areas varied according to the WIA formula – Baltimore City received \$63,000, Baltimore County received \$29,700, Western Maryland received \$24,300, and Southern Maryland received \$13,500. Funding for the program has subsequently been reduced.

DLS observes that the program envisioned by the bill targets a wider range of teens and young adults and also calls for services such as job shadowing and field trips and, therefore, is likely to require more funding so that each area can fully implement the program.

DLS also 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.

Additional Information

Prior Introductions: A substantially similar bill (as amended) was introduced as SB 756 in 2002 and was passed by the Senate. The House Economic Matters Committee heard the bill but took no action.

Cross File: HB 1118 (Delegate Fulton) – Economic Matters.

Information Source(s): Department of Labor, Licensing, and Regulation; Governor's Workforce Investment Board; Department of Legislative Services

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