

Department of Legislative Services  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 794  
Finance

(Senator McFadden)

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**Maryland Summer Youth Connection Program**

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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.

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**Fiscal Summary**

**State Effect:** Potential increase in general fund expenditures in FY 2005 and potentially significant increase 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.

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**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, materials and supplies related to the work provided, reasonable transportation costs, and administrative costs of up to 10% of the grant.

**Current Law:** The Office 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 office's fiscal 2005 federal funds budget allowance for its youth program is \$10.7 million, almost a \$2 million decline from fiscal 2004. Approximately \$1.9 million is used for summer job programs. Of those funds, 15% is reserved for statewide activities, which must include incentive grants and technical assistance, and 85% is distributed to the 12 local workforce investment areas. The federal formula is weighted toward 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. 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.

In 2003, the U.S. House of Representatives and the U.S. Senate passed different versions of WIA reauthorization legislation that will affect federal policies and funding for youth programs. Congress has not yet reconciled these differences, including varying proposals to change the eligibility for youth programs. Under current law, eligible youth must be 14 to 21 years old, low-income, and have one or more specified barriers, such as basic skills deficiency or failure to finish school. The House version increases the minimum eligibility age to 16 to 24 years, gives priority to school dropouts, and specifies that out-of-school youth must meet certain criteria (*e.g.*, foster care youth or youth attending an alternative school). The Senate did not provide priority to school dropouts and allows in-school youth aged 14 to 21 to be eligible. Out-of-school youth must be 16 to 21 years old and meet certain criteria.

Congress is also considering changes to the funding formula and proposing to add federal authority to reserve a specified amount or percentage of WIA funds for youth opportunity grants (renamed youth challenge under both bills) in high-poverty areas. These grants are allocated on a discretionary basis now.

**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 at least \$300,000 based on a somewhat similar program that provided private-sector summer employment and training opportunities for at-risk youth, particularly in the computer technology industry. The Maryland Summer Youth Forward Program received \$269,826 in fiscal 2002 to assist teens with employment, which did not have to meet the criteria for jobs as proposed by the bill.

The Department of Legislative Services (DLS) advises that funding for the program, which also focused on preventing drug and alcohol abuse, has been eliminated. DLS observes that the program envisioned by the bill targets a wider range of teens and young adults than Summer Youth Forward and also calls for services such as job shadowing and field trips and, therefore, would 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. Furthermore, if Congress changes the eligibility for federal funds for youth programs by increasing the minimum age or adding requirements for in-school and out-of-school youth, programs provided under this bill may not be eligible for federal aid.

## **Additional Information**

**Prior Introductions:** Identical bills were introduced as SB 662 and HB 1118 in 2003 and received an unfavorable report from the Finance Committee and Economic Matters Committee, respectively. 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 SB 756 but took no further action.

**Cross File:** None.

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

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