

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 862 (Delegate Glenn, *et al.*)
 Economic Matters

Economic and Community Development - Community Technology Centers

This bill establishes a Community Technology Center Program in the Department of Business and Economic Development (DBED) to provide grants to qualified nonprofit agencies for the development of information technology training and support in neighboring low-income communities.

The bill states that it is the intent of the General Assembly that at least \$250,000 be included annually in the State budget for the program beginning in fiscal 2009. For fiscal 2008, funding for the program will be as provided in the State budget. DBED must report to specified committees on the progress made in issuing grants by October 1, 2010.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: General fund expenditures could increase by at least \$250,000 beginning in FY 2008 for grants to eligible nonprofit organizations. DBED could administer the program with existing resources.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

Local Effect: Although there would be no direct impact on local governments, local governments could benefit to the extent that grants to community technology centers

could complement a local jurisdiction's economic development efforts, particularly in Baltimore City and Dorchester, Prince George's, Somerset, and St. Mary's counties.

Small Business Effect: Nonprofit organizations running community technology centers could benefit from grants from the program; in addition, small businesses located near such centers could benefit from training and support services.

Analysis

Bill Summary: A grant recipient must be a center operated by a nonprofit organization with prior experience operating an information technology training and support center in a low-income community. A center must perform at least 60% of its services *pro bono* and be located in Baltimore City or in Dorchester, Prince George's, Somerset, or St. Mary's counties. One or more of the center's employees must be from the local jurisdiction where the center is located. A grant may not exceed \$50,000.

Current Law: This would be a new program.

Background: With more and more companies requiring computer skills as a prerequisite for higher paying jobs, and as the United States shifts to the "information" economy, inequitable access to computers and Internet services can severely limit the economic opportunities of an individual or a community, especially lower-income communities.

According to a 2003 report prepared by BCT Partners, a technology consulting firm, community technology centers (CTCs) are organizations that seek to broaden computer and Internet access and offer information technology services to communities. These centers can be run as a stand-alone center, created specifically to address information technology needs, including computer access or training. Alternatively, a CTC can be a part of a multi-service agency that offers other programs to the public, such as a library, a YMCA, or a community development corporation. In addition, CTCs often form larger regional alliances. Some CTCs focus on merely providing computer access to individuals, while others specialize in training focused on helping an individual obtain a job in an information technology related field.

One of the largest and leading national organizations of such centers, Community Technology Centers' Network (CTCNet), has over 1,200 members. Members are nonprofit organizations and government agencies. CTCNet's web site lists 14 members in Maryland; of those, 8 are located in Baltimore City and county, 4 are located in Montgomery County, and 2 are located in Prince George's County.

No funds are included in the proposed fiscal 2008 budget for this program. The fiscal 2008 budget allowance does include at least \$750,000 for Small Business Development Centers, which provide free business consulting centers to new and existing small businesses.

State Fiscal Effect: Given the funding amounts referenced in the bill, it is assumed that \$250,000 is the minimum annual funding required to create a viable program. Accordingly, general fund expenditures would increase by at least \$250,000 annually beginning in fiscal 2008. Based on a maximum grant of \$50,000, a \$250,000 program would provide up to five grants annually. DBED advises it could handle administrative costs with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 664 (Senators McFadden and Gladden) – Finance.

Information Source(s): BCT Partners, City of Seattle, CTCnet.com, Dorchester County, Somerset County, St. Mary's County, Department of Business and Economic Development, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2007
mll/rhh

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