

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1055 (Delegate Oaks, *et al.*)
 Environmental Matters

Workforce Development Pilot Program for Lead Abatement and Removal

This bill establishes a three-year Workforce Development Pilot Program for Lead Abatement and Removal within the Department of Labor, Licensing, and Regulation (DLLR). DLLR must establish the pilot program by October 1, 2007, in consultation with the Maryland Department of the Environment (MDE) and the Coalition to End Childhood Lead Poisoning. The bill establishes requirements for the pilot program and provides that it be funded from the existing Lead Accreditation Fund within MDE. DLLR may also accept private gifts and donations to fund it. DLLR must submit a report to the General Assembly on the results of the pilot program by March 1, 2010.

The bill takes effect July 1, 2007, and terminates June 30, 2010.

Fiscal Summary

State Effect: Special fund expenditures would increase by \$238,400 in FY 2008 to implement the pilot program. The second- and third-year estimates for the pilot program are annualized, adjusted for inflation, and reflect ongoing operating costs. As sufficient Lead Accreditation Fund revenue is not available to implement the bill, fees would have to be increased to cover the cost of the program. Thus, special fund revenue would increase by a corresponding amount.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$238,400	\$198,400	\$200,400	\$0	\$0
SF Expenditure	238,400	198,400	200,400	0	0
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: The bill is not expected to significantly affect local operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The stated purpose of the pilot program is to train and certify participants as lead supervisors, project designers, and demolition workers for employment in areas of high risk of lead hazards in the State conducting lead hazard control, environmental- and health-based renovations, and lead-safe demolition.

The pilot program must provide 90 days of training to participants, resulting in certification as lead supervisors, project designers, and demolition workers. Each year, enrollment in the pilot program has to be as follows:

- 50 in Baltimore City;
- 15 in Prince George's County; and
- 15 in Dorchester and Wicomico counties.

DLLR, in consultation with MDE and the Coalition to End Childhood Lead Poisoning, must adopt guidelines and policies to establish and implement the pilot program. The bill specifies requirements regarding such guidelines, including provision of training methods for employees in lead abatement and removal and ensuring that those training methods meet the accreditation requirements under current law. MDE must provide technical and professional assistance for the training sessions.

Current Law: Chapter 114 of 1994 established the Lead Poisoning Prevention Program in MDE. The program provides limited liability relief for owners of rental property built before 1950 and others in exchange for the reduction of lead hazards in these older rental properties. The program also provides for limited compensation to children who are poisoned by lead.

Unless a person is accredited by MDE, a person may not act as a contractor or supervisor for the purpose of providing lead paint abatement services; provide training to others who provide lead paint abatement services; or engage in the inspection of lead-based paint hazards. An individual who acts only as a worker or project designer need not be accredited but must be trained. Refresher courses are required every two years.

The Lead Accreditation Fund within MDE is a special fund that consists of fees assessed for the accreditation of persons who provide lead paint abatement services; and specified fines and penalties. MDE is required to set reasonable fees sufficient to cover its direct

and indirect costs of administering *Subtitle 10 – Accreditation of Lead Paint Abatement Services* of Title 6 of the Environment Article. MDE is directed to use the fund for activities that are related to processing, monitoring, and regulating the accreditation of lead paint abatement services and for program development of those activities.

Background: Lead poisoning impacts the cognitive and physical development of young children. Exposure to lead can cause long-term neurological damage that may be associated with learning and behavioral problems and with decreased intelligence. Children are exposed to lead through breathing lead paint dust, eating lead paint chips, or absorbing lead while in-utero. Most exposures can be eliminated by removing lead paint from the homes of children and pregnant women. Although the number of cases of childhood lead poisoning in Maryland has decreased significantly over the past several years (from 1,830 cases in 1996 to 106 cases in 2005), lead paint remains a significant health issue.

MDE's Lead Poisoning Prevention Program serves as the coordinating agency of statewide efforts to eliminate childhood lead poisoning. Under the 1994 "Reduction of Lead Risk in Housing Law," MDE assures compliance with mandatory requirements for lead risk reduction in rental units built before 1950; maintains a statewide listing of registered and inspected units; and provides blood lead surveillance through a registry of test results of all children tested in Maryland. The program also oversees case management follow-up by local health departments for children with elevated blood lead levels; certifies and enforces performance standards for inspectors and contractors working in lead hazard reduction; and performs environmental investigations for lead poisoned children. In addition, the program provides oversight for community education to parents, tenants, rental property owners, homeowners, and health care providers to enhance their role in lead poisoning prevention.

Chapter 469 of 2000 established the three-year Alcohol and Drug Treatment to Work Pilot Program. An individual selected for the pilot program had to have completed an inpatient drug or alcohol treatment program and had to be between 18 and 34 years old. Participants were eligible to receive one year of training to become a certified lead abatement technician or attain full-time employment with a State government contractor in housing inspection or lead abatement services. Chapter 306 of 2001 expanded the types of training or employment opportunities for individuals participating in the pilot program to "other" unspecified skills, eliminated the age restriction, and extended it to be a five-year pilot program with a termination date of September 30, 2005. Over the course of five years, 100 individuals could participate – the pilot program primarily targeted individuals from Baltimore City and Prince George's County (80% of participants had to be from those jurisdictions). The remainder had to come from Allegany, Dorchester,

Somerset, Wicomico, and Worcester counties. In a required report after termination of the pilot program, the Department of Health and Mental Hygiene advised that:

After the laborious process of getting the regulations in place and securing trainers for this work no employment opportunities could be identified and there were no individuals interested in being trained for this employment opportunity. The program was discontinued without successful implementation.

State Fiscal Effect: MDE advises that sufficient Lead Accreditation Fund revenues are not available to support MDE programming needs as well as the bill's proposed workforce development pilot program. While the fund has a balance, MDE intends to use these funds in the short term to fill several lead program position vacancies. However, since MDE has the authority to increase fees that support the fund and the department is supposed to set fees to cover expenses associated with implementing Subtitle 10, doubling fees could generate sufficient revenue to maintain MDE's current programs and implement this bill.

MDE advises that raising fees for this purpose could be problematic since the pilot program would *certify*, not accredit, participants after a 90-day training program. (Current lead abatement accreditation training is provided through accredited programs; the duration of such training is less than a week.) Nevertheless, this fiscal estimate assumes that adequate Lead Accreditation Fund revenue would be available to implement the pilot program. Thus, special fund revenues in MDE would increase due to imposition of higher fees. For purposes of this analysis, it is assumed that fees would be set at a level to fully fund the costs associated with the pilot program – so that special fund revenues would increase by \$238,430 in fiscal 2008, \$198,422 in fiscal 2009, and \$200,365 in fiscal 2010.

Special fund expenditures within DLLR would increase by an estimated \$188,430 in fiscal 2008, which accounts for the mandated October 1 implementation date. The second- and third-year estimates for the pilot program are annualized, adjusted for inflation, and reflect ongoing operating costs. This estimate reflects the contractual and personnel costs described below.

- Contractual Costs – DLLR would execute a \$160,000 contract with a professional training provider, such as a local community college, to develop and implement the pilot 90-day training course. This estimate assumes the cost of training 80 individuals each year at \$2,000 per trainee (the current average cost of adult training).

- Personnel Costs – The Division of Workforce Development, which would implement the program, does not currently receive State funds. DLLR advises that using federal funds for a State program would not be allowable under federal law. In order to develop, implement, and administer the program, four employees who otherwise support federal workforce development programs would be assigned on a part-time basis to the pilot program. Thus, special funds would need to support the portion of their time dedicated to the pilot program. Accordingly, special fund personnel expenditures would increase by an estimated \$28,430 in fiscal 2008. This estimate includes a program manager (at 10%), an administrative officer (at 10%), and two administrators (one at 20% and the other at 10%). It includes the portion of salaries, fringe benefits, and ongoing operating expenses attributable to the proposed pilot program. Future year expenditures reflect: (1) salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

In addition, MDE would spend at least \$50,000 for contractual services associated with developing the curriculum for the pilot program and providing other technical assistance associated with implementing this pilot program in fiscal 2008. In the second and third years of the pilot program, MDE could provide technical assistance to DLLR with existing budgeted resources.

Small Business Effect: To the extent participants in this pilot program seek to work in the lead abatement business community, small businesses would gain access to a larger pool of qualified applicants for various positions and would be relieved of employee training costs.

Because MDE would increase its lead accreditation fees in order to fund the pilot program, small businesses accredited by MDE would incur additional costs as a result of the fee increases.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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