Department of Legislative Services

Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 926 (Delegate Rosenberg)
Economic Matters

Job Skills Advancement Training Program

This bill establishes a Job Skills Advancement Training Program in the Department of Labor, Licensing, and Regulation (DLLR) to provide individuals with career advancement opportunities and encourage retention of industry within the State.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: General fund expenditures could increase by $555,300 in FY 2008 for personnel and grant expenditures. Out-years reflect inflation. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	$0	$0	$0	$0	$0
GF Expenditure	555,300	556,300	559,200	562,100	565,300
Net Effect	($555,300)	($556,300)	($559,200)	($562,100)	($565,300)

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

Local Effect: Local workforce investment boards would be eligible to receive grants to serve more individuals; thus, local revenues and expenditures could increase.

Small Business Effect: Potential meaningful for businesses that choose to participate in employer-based training programs.

Analysis

Bill Summary: This bill establishes a Job Skills Advancement Training Program in DLLR to provide individuals with enhanced opportunities for career advancement and encourage retention of the State's high-growth, high-demand industries. Grants to local workforce investment boards would support job skills advancement training programs, employer-based job training programs, and other wraparound services necessary to enable individuals' participation such as transportation, health care, child care, meals, and temporary housing.

The bill requires DLLR to administer the program, develop eligibility criteria for individual and employer participation in the program, and develop criteria for awarding grants to existing local workforce investment boards. These criteria must include consideration of the percentage of individuals receiving public assistance in the board's geographic area, the level of the board's existing training partnerships with employers, and the strength of the application. At least 25% of program funds must be used for training of low-income workers.

DLLR is required to evaluate applications to ensure they meet established eligibility criteria. In addition, the department must adopt performance evaluation standards to evaluate differences in types of jobs held and increases in wages and benefits earned by individuals who complete training programs. These evaluations must be made of participants within six months of completing the program and again two years after completing the program. The department must also establish financial reporting standards, data collection and reporting procedures, and provide technical assistance to local workforce investment boards.

A local board that receives a grant through the program must develop an assessment process to identify individuals who could benefit from job training and work with those individuals to obtain grants and services from other applicable public and private programs. Once training is complete, the local board must assist the individual in obtaining employment. Data on program completion, advanced employment, and participation levels must be reported to the department.

In addition to services provided to individuals, a local board that receives a grant through the program must develop employer-based training programs. Participating employers must contribute at least 50% of the cost of the program, which may not be applied to programs that result in employees' remaining in minimum wage jobs. Employers must be willing to participate in follow-up evaluations of services provided.

The department is required to submit an annual report on the implementation of the program. Uncodified language expresses the General Assembly's intent that the Governor include at least $200,000 in his annual budget to support the program beginning in fiscal 2009.

Background: DLLR's Division of Workforce Development administers several programs that promote employment through labor exchange and training services. The division provides services to job seekers with funds from the federal Workforce Investment Act and the Wagner-Peyser Act, commonly known as the Job Service Program. Both programs support matching of job seekers with employers in search of workers. The Workforce Investment Act also provides training to increase participants' earning potential and provides assistance to individuals with barriers to employment.

The Workforce Investment Act provides for core services and intensive services, primarily through local workforce investment boards. There are 12 boards across the State, each located in a workforce investment area with population of 200,000 or more. Core services provided by local workforce investment boards include job search and placement assistance, skills assessments, labor market information, and job retention services. Adults qualify for these programs without regard to income; however, priority is given to public assistance recipients and other low-income clients. Intensive services are reserved for individuals who require additional assistance to find or keep a job, and may include comprehensive assessments, individual employment plans, counseling, and case management.

The local boards typically contract with a nonprofit agency or quasi-governmental entity to provide the core and intensive services required under the Workforce Investment Act. In some cases, however, the lead local agency for service delivery is a unit of local government.

State Fiscal Effect: Uncodified language expresses the General Assembly's intent that the Governor budget at least $200,000 each year beginning in fiscal 2009 to support the Job Skills Enhancement Training Program.

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 Job Skills Enhancement Training Program. Thus, general funds would need to support the portion of their time dedicated to the new program.

Accordingly, general fund personnel expenditures would increase by an estimated $55,273 in fiscal 2008. This estimate includes two 0.2 administrator positions, one 0.2 data processing position, and one 0.1 program manager position. It includes the portion of salaries, fringe benefits, and ongoing operating expenses attributable to the proposed general fund 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.

It is unlikely that the programmatic requirements of the bill could be achieved with the minimum intended appropriation of $200,000. In addition to job training and development, the bill requires wraparound services and program evaluation that would increase the cost to grantees. DLLR estimates the cost of providing short-term occupational training at $2,500 per person, generally offset by a 50% employer match. With $144,727 remaining after $55,273 in personnel expenditures, grant programs would be able to serve a maximum of 115 individuals. Grantees' administrative expenses and the cost of ancillary services would likely reduce the number further. DLLR advises that a minimum of $500,000 in grant funding would be more appropriate for a program of the magnitude proposed in the bill. Legislative Services agrees with this assessment.

Local Fiscal Effect: The bill increases funds available to local workforce investment boards to provide workforce training. To the extent that a local board applies for and receives grant funding under the bill, local revenues and expenditures would increase.

Small Business Effect: The bill could have a potential meaningful impact on businesses that choose to participate in employer-based training programs. These employers would be required to contribute at least 50% of the cost of the training program and make reasonable efforts to provide opportunities for participating employees to advance within the organization. The extent to which the bill affects a small business would depend on the degree to which the employer elected to participate in training efforts.

Additional Information

Prior Introductions: None.

Cross File: SB 778 (Senator Pugh) – Rules.

Information Source(s): Montgomery County; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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mam/ljm

Analysis by: Suzanne O. Potts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510