

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 814
Economic Matters

(Delegate Hucker, *et al.*)

Maryland Energy Administration - Green Jobs Workforce Training Program

This bill establishes a Green Jobs Workforce Training Program, administered by the Maryland Energy Administration (MEA), to fund workforce training programs that prepare individuals for employment in the energy conservation, energy efficiency, and renewable energy sectors. A Green Jobs Workforce Training Fund is created to implement the program.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: General fund expenditures may increase significantly to capitalize the Green Jobs Workforce Training Fund in FY 2010 and future years to the extent sufficient funding is not obtained from other sources. The estimated costs to administer similar programs totaled just under \$600,000 in FY 2009.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: MEA must establish eligibility criteria for workforce training programs that may receive funding. Grants may be awarded to a person or governmental unit that operates an eligible workforce training program in the State.

The Green Jobs Workforce Training Fund is established to award grants under the program and pay the costs of carrying out the program. The fund consists primarily of money appropriated in the State budget to the fund and any other money accepted for the benefit of the fund from any other source, public or private.

MEA must consult regularly with the Governor's Workforce Investment Board, the Maryland Clean Energy Center, and the Department of Business and Economic Development concerning the activities of the program.

Current Law: Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program, and the implementing Maryland Strategic Energy Investment Fund (SEIF), to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. Of the money received each year by SEIF, at least 46% must be allocated for energy efficiency and conservation programs, projects, and activities and demand response programs, which include grants to training funds and other organizations supporting job training for deployment of energy efficiency and energy conservation technology equipment.

The Governor's proposed Budget Reconciliation and Financing Act of 2009 (HB 101/SB 166) would reduce the allocation requirement for energy efficiency and conservation programs, projects, and activities and demand response programs, requiring instead that at least 17.5% of proceeds from the sale of carbon dioxide allowances under the Regional Greenhouse Gas Initiative (RGGI), the current primary source of revenue for SEIF, be allocated for those programs.

Chapter 137 of 2008 created the Maryland Clean Energy Center, which has the purpose of, among other things, promoting economic development and jobs in the clean energy industry sector in the State. Chapter 137 also created the Maryland Clean Energy Technology Incubator Program, administered by the center, which has the purpose of promoting entrepreneurship and the creation of jobs in clean energy technology-related industry.

Background: MEA indicates it has committed \$1.15 million of the fiscal 2009 and 2010 SEIF funding toward development and implementation of a community college residential energy efficiency curriculum to train contractors participating in the Maryland Home Performance with Energy Star Program (offering energy audits and home energy improvements), sponsored by MEA, and the Department of Housing and Community Development Weatherization Assistance Program (installing energy conservation materials in low-income households).

The Maryland Clean Energy Center was recently launched in January 2009.

State Fiscal Effect: General fund expenditures may increase to capitalize the Green Jobs Workforce Training Fund in fiscal 2010 and future years, perhaps significantly. The existing grant programs administered by MEA, the Solar Energy and Geothermal Heat Pump grant programs were originally funded in the fiscal 2009 State budget (prior to RGGI funding) with just under \$600,000. MEA indicates that funding in addition to the SEIF funding already committed toward workforce training will be needed, the amount of which will depend on the scope of the program. A minimum amount of funding necessary to create an effective grant program, including costs incurred to carry out the program, cannot be reliably determined at this time. MEA indicates there is limited green job workforce training in the State and it is unclear what level of funding may be necessary to expand existing programs or encourage development of new programs. It is assumed, however, for the purposes of this Fiscal and Policy Note, that the necessary level of funding may be significant.

To the extent additional SEIF funding may be allocated for the program, or federal economic stimulus funding under the American Recovery and Reinvestment Act of 2009 can be used, any increase in general fund expenditures may be minimal. It is assumed, however, that general fund expenditures may increase more substantially in fiscal 2010 and future years to capitalize the Green Jobs Workforce Training Fund if sufficient funding is not obtained from other sources. Otherwise, the program will not be funded.

MEA indicates an additional full-time employee is needed to manage the program, at a cost of approximately \$56,000 (accounting for salary and fringe benefits) in fiscal 2010 (accounting for a start-up delay), based on the expansion the program is expected to represent of its ongoing and planned workforce training efforts. Legislative Services advises, however, that any need for additional personnel is uncertain at this time, not knowing the potential level of funding and scope of the program.

Small Business Effect: Small businesses in clean energy industries in the State are expected to benefit from training offered under the program and any increased marketability gained from the training. MEA expects many of the participants in the program will be small business owners or employees.

MEA's planned development and implementation of a community college residential energy efficiency curriculum is estimated to result in the training of over 500 contractors over 18 months to participate in the Maryland Home Performance with Energy Star Program.

Additional Information

Prior Introductions: None.

Cross File: SB 856 (Senator Pugh, *et al.*) - Finance.

Information Source(s): Maryland Energy Administration; Department of Business and Economic Development; Department of Labor, Licensing, and Regulation (Governor's Workforce Investment Board); Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2009
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