

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

House Bill 869 (Delegate Mitchell, *et al.*)
 Economic Matters

Maryland Workforce and Career Pathways Act of 2012

This bill establishes a Career Pathways program and special fund within the Department of Labor, Licensing, and Regulation’s (DLLR) Division of Workforce Development and Adult Learning (DWDAL). The primary purpose of the program and fund is to provide grants to eligible groups to provide effective academic and employment training toward industry-recognized credentials. The Governor is required to include \$2.0 million annually for the fund in the budget beginning in fiscal 2014.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: General fund expenditures and special fund revenues for DLLR increase by \$2.0 million annually beginning in FY 2014, reflecting the capitalization of the Career Pathways Fund with general funds. Special fund expenditures also increase by \$2.0 million annually, reflecting the awarding of grants by the Career Pathways Fund. DLLR can administer the fund and the program with existing budgeted resources. **This bill establishes a mandated appropriation beginning in FY 2014.**

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
GF Expenditure	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
SF Expenditure	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Net Effect	\$0	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)

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

Local Effect: Local workforce investment boards (LWIBs), community colleges, and other local service providers are eligible for grants from the fund to integrate and enhance education and workforce development services for at-risk adult populations.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Career pathways” are defined as linked education, training, and employment services that enable target populations to achieve higher levels of education and credential attainment.

The priorities for the Career Pathways Program are to create innovative bridge programs at community colleges and establish a simplified, streamlined, and comprehensive process that enables low-income participants to acquire effective academic and employment training. The Director of Employment and Training for DLLR must adopt regulations to implement the program.

Eligible grantees include community colleges, LWIBs, local adult education programs, and other entities including employers and community-based organizations. The target population for program services includes individuals who are low income, disabled, dislocated workers, unemployed or underemployed, veterans, or formerly incarcerated. The division may identify other target populations. Low-income individuals are defined as those earning not more than 400% of the federal poverty rate.

The bill specifies the types of services that grant-funded programs must provide and the outcomes they are expected to achieve.

The Career Pathways Fund includes money appropriated in the State budget, investment earnings, and any other money given to the fund. The fund may be used only for grants to eligible partners and to further the ability of individuals in target populations to secure occupational and educational credentials that lead to gainful and quality employment. There is no provision for any moneys in the fund to be used for program administration.

By June 30 of each year, the program must submit a report to the Governor and appropriate committees of the General Assembly. The report must include specified information about grantees, program outcomes and measures, and program goals for the upcoming year.

Current Law/Background: Career pathways represent a new approach to adult education and training that integrates existing services to accelerate the attainment of job-related training and credentials. Rather than using a sequential approach that requires the attainment of basic literacy skills before progressing to job training, career pathways seek to integrate related services to advance individuals to higher levels of education and employment. Career pathways are not considered a separate program, but rather a framework for integrating existing programs and services.

The federal Workforce Investment Act (WIA) of 1998 requires Maryland to create workforce development activities to be undertaken in the State and to decide how special populations, including welfare recipients, veterans, and individuals with multiple barriers to employment, will be served. The WIA State plan also incorporates other services relating to the delivery of employment services, including the One-Stop Career Centers run by LWIBs. One-Stop Career Centers provide job referral and placement assistance for job seekers, reemployment services to unemployment insurance claimants, and recruitment services to employers with job openings. LWIBs work to provide workforce development services to recipients of temporary assistance for needy families, those with disabilities, and ex-offenders – these populations are all primarily served by different State agencies. Within DLLR, the Governor’s Workforce Investment Board (GWIB) coordinates the efforts among all of these agencies to deliver education and training for anyone seeking employment, as well as basic job-search skills development. GWIB is charged with performing duties specified in the federal WIA, including development of the State plan, development of allocation formulas for distribution of specified funds, and development and continuous improvement of comprehensive State performance, among other related duties.

DWDAL is charged with promoting apprenticeship and training programs; administering job training, placement, and service programs; implementing WIA, and other related functions. In 2010, it received a federal Career Pathways planning grant of \$60,000. Using the grant, it partnered with the Upper Shore Workforce Investment Board to develop a local plan to use a career pathways approach to integrate education, occupational training, and employment opportunities to increase employment opportunities for at-risk adult populations.

State Fiscal Effect: Most DWDAL programs are federally funded through WIA and other related federal programs, but there are no federal funds within DWDAL available to implement a Career Pathways grant program. Therefore, it is assumed that funding for the program comes from general funds. As a result, general fund expenditures increase annually by \$2.0 million beginning in fiscal 2014 to capitalize the Career Pathways Fund. Special fund revenues and expenditures increase correspondingly.

Based on its experience with the federal planning grant as well as the One-Stop Career Centers and other integrated service programs, DLLR advises that it can develop the necessary regulations and administer the Career Pathways grant program with existing program resources.

Local Fiscal Effect: LWIBs, local community colleges, and other local service providers are eligible to receive grants from the Career Pathways fund to integrate and enhance their services to the targeted populations.

Additional Comments: Although the bill specifies that investment earnings from the fund accrue to the fund, it does not amend § 6-226 of the State Finance and Procurement Article to exempt the fund from existing law that requires all investment earnings and interest from special funds to accrue to the general fund.

Additional Information

Prior Introductions: None.

Cross File: SB 978 (Senator Jones-Rodwell) - Finance.

Information Source(s): Carroll, Cecil, Harford, and Montgomery counties; Baltimore City Community College; Department of Budget and Management; Maryland State Department of Education; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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