

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 278
 Finance

(The President, *et al.*) (By Request - Administration)

Economic Matters

Maryland Employment Advancement Right Now (EARN) Program

This Administration bill establishes the Maryland Employment Advancement Right Now (EARN) Program in the Department of Labor, Licensing, and Regulation (DLLR). DLLR must establish and administer the program in consultation with the Department of Business and Economic Development (DBED) and the Governor’s Workforce Investment Board (GWIB) to provide competitive grants for specified industry partnerships and training programs. DLLR must also develop and implement a State employment advancement strategy, in consultation with the Department of Budget and Management (DBM), and develop a “Train Maryland” website in consultation with DBED and the Department of Information Technology (DoIT).

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: No effect in FY 2013. General fund expenditures for DLLR increase by \$4.5 million beginning in FY 2014 to provide grants under the bill. DLLR can implement the grant program and meet the bill’s operational and administrative requirements, including website development, with existing resources. The FY 2014 State budget includes \$4.5 million for grants provided under the program, which is contingent upon enactment of this bill or its cross file. Future year expenditures assume level funding of the program. Revenues are not affected.

(\$ in millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.5	4.5	4.5	4.5	4.5
Net Effect	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)

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

Local Effect: Revenues increase for local governments to the extent that they enter into approved strategic industry partnerships and receive grants under the bill. Local government expenditures increase correspondingly. Any additional responsibilities and oversight by local governments for strategic industry partnerships can likely be absorbed within existing resources.

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

The Maryland Earn Program

The Maryland EARN Program is established within DLLR to create industry-led partnerships to advance the skills of the State's workforce, grow the State's economy, and increase sustainable employment for working families. The program must be funded as provided for in the State budget. DLLR must establish and administer the program in consultation with DBED and GWIB to provide grants on a competitive basis for:

- an approved strategic industry partnership for development of a plan consistent with the purpose of the Maryland EARN Program;
- workforce training programs and other qualified programs that provide industry-valued skills training to individuals that results in a credential or identifiable skill consistent with an approved strategic industry partnership plan; and
- job-readiness training and skills training that results in a credential or an identifiable skill.

A "strategic industry partnership" is a collaboration that brings together a regional group of businesses, educational institutions, and government agencies to (1) identify common workforce needs for high-demand occupations within a target industry and (2) develop and implement industry strategies to meet the common workforce needs and shortages based on regional needs. Strategic industry partnerships may include employers, nonprofits, institutions of higher education, community colleges, local workforce investment boards (LWIBs), local governments, or other relevant partners.

“Credentials” include a recognized educational diploma, certificate or degree, occupational license, apprenticeship certificate, industry-recognized certification, or an award for skills attainment. “Job readiness training” as defined in the bill includes occupational skills development, general education development (GED) test preparation, literacy advancement, specified financial stability services, credit counseling, transportation, and child care.

An application for a grant under the program must identify the members participating in the strategic industry partnership and include evidence of a shortage in skilled employment within a target industry, a description of specific high-demand occupations or sets of occupations within the target industry, and the specifics of training programs that would result in individuals obtaining credentials or identifiable skills to facilitate their employment or advancement within the target industry.

Grants may be awarded for skills training, consistent with an approved strategic industry partnership plan, to specified industries, members of strategic industry partnerships, and educational providers. The competitive grant process must give priority to strategic industry partnerships that maximize the potential of the collaboration through direct financial or in-kind contributions by members of the target industry.

The bill specifies that, to the extent practicable and consistent with relevant judicial opinions and statutory law, any intellectual property developed as a result of a grant awarded under the program must remain in the public domain.

DLLR must provide to individuals receiving or applying for unemployment benefits information on the program, including information on how to obtain job readiness and skills training in the State.

DLLR must convene a working group of stakeholders including interested employers, nonprofits, workforce training entities, higher education institutions, community colleges, and LWIBs to advise on the initial development and implementation of the program. DLLR may adopt regulations to implement the bill.

Program Monitoring

DLLR must monitor all grants provided under the program and may require all grant recipients to demonstrate an ability to collaborate successfully. DLLR may also include provisions in a grant proposal to ensure accountability from grant recipients as well as revoke grant funding from a grant recipient if goals consistent with the grant agreement are not met.

DLLR must report annually to the Governor, Senate Finance Committee, and House Economic Matters Committee on the program. The report must include:

- an identification of training needs statewide, including industries in need of qualified workers;
- information on measures being used to track the success and accountability of the program;
- a description of each strategic industry partnership receiving grant funding and the status of the partnership, including the jurisdiction in which each partnership is located;
- the number of individuals participating in each component of the program by gender, race, national origin, income, county of residence, and educational attainment;
- the number of individuals participating in the program who have obtained a credential, identifiable skill, new employment position, title promotion, or wage promotion; and
- an assessment of whether and to what extent the approved strategic industry partnerships utilized existing data concerning training needs and applicable skills needs in the State identified in previous or existing studies.

Employment Advancement Strategy and Training Program Website

DLLR must develop and implement a State employment advancement strategy in consultation with DBM. The strategy must identify (1) State government positions in need of skilled employees and (2) mechanisms to provide incumbent State employees with access to skills training programs that result in employment advancement or potential future employment advancement.

In consultation with both DBED and DoIT, DLLR must develop a uniform and easily accessible statewide “Train Maryland” website promoting available training programs in the State, including those available under the Maryland EARN Program.

Current Law/Background:

Division of Workforce Development and Adult Learning

DLLR’s Division of Workforce Development and Adult Learning (DWDAL) is charged with promoting apprenticeship and training programs; administering job training, placement, and service programs; implementing the federal Workforce Investment Act (WIA); and other related functions. DWDAL administers several programs that promote employment through labor exchange and training services. The division provides

services to job seekers with funds from the federal WIA 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. WIA also provides training to increase participants' earning potential and provides assistance to individuals with barriers to employment.

The Maryland Adult Education and Literacy Services Program within DWDAL provides leadership for the establishment of adult education goals, oversight for implementation of the federal Adult Education State Plan, and administration of the statewide GED testing program to ensure that adult learners are part of Maryland's upwardly mobile workforce. The program receives federal funds supplemented with State general funds to create a partnership among federal, State, and local governments to provide adult education and literacy services.

Governor's Workforce Investment Board

GWIB is housed within DLLR and coordinates the efforts among 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. GWIB is the State's chief policymaking body for workforce development and does not directly implement training programs.

Local Workforce Investment Boards

WIA provides for core services and intensive services, primarily through LWIBs. There are 12 boards across the State, each located in a workforce investment area with a population of 200,000 or more. Core services provided by LWIBs through One-Stop Career Centers 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 WIA. In some cases, however, the lead local agency for service delivery is a unit of local government.

Governor's P-20 Leadership Council

The Governor's P-20 Leadership Council of Maryland was created by Executive Order 01.01.2007.20 in October 2007 and codified by Chapter 191 of 2010 (SB 286). A partnership between the State, educators, and the business community, the council's mission is to better prepare Maryland students for the jobs of the twenty-first century while enhancing the State's economic competitiveness by creating a workforce with twenty-first century skills.

Maryland Higher Education Commission

The Maryland Higher Education Commission (MHEC) is the State's coordinating body for the University System of Maryland, Morgan State University, St. Mary's College of Maryland, 16 community colleges, the State's independent colleges and universities, and private career schools. MHEC is charged with the review and approval of all programs offered by postsecondary institutions in the State. This includes private career schools that offer skills and occupational training programs. Apprenticeships or on-the-job training subject to approval by the Apprenticeship and Training Council are not subject to MHEC approval.

State Expenditures: DLLR advises that it can implement the bill, other than the new grant program, with existing resources. DLLR currently operates a similar website that can be modified to meet the bill's requirements.

Additional Information

Prior Introductions: None.

Cross File: HB 227 (The Speaker, *et al.*) (By Request - Administration) - Economic Matters.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Business and Economic Development; Department of Information Technology; Department of Budget and Management; Governor's Office; Baltimore, Cecil, Carroll, Harford, Montgomery, and Queen Anne's counties; Maryland Higher Education Commission; University System of Maryland; Baltimore City Community College; Morgan State University; Baltimore City Community College; Department of Legislative Services

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Employment Advancement Right Now (EARN) Program

BILL NUMBER: SB278/HB227

PREPARED BY: Amy Fusting, Office of the Secretary, DLLR

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The competitive grant program created under the proposed legislation is a regional industry-led workforce development initiative that connects Marylanders to jobs by closing critical skills gaps preventing their employment and grows sectors of Maryland's economy vital to our state's future competitiveness.

The legislation defines a Strategic Industry Partnership as a collaboration that brings together a regional group of employers, non-profits, institutions of higher education, community colleges, local boards, local governments and other relevant partners. Small businesses are able to join these partnerships as either employers within a target industry who have identified common workforce needs or, as the case may be, as the partnership's chosen adult education or training provider, transportation or child care provider. In any of these examples, economic competitiveness is bolstered and new small business opportunities are encouraged.

Other states using the sector partnership approach have found success using these strategies that are likewise possible through EARN:

- In a survey of employers participating in sector partnerships in Massachusetts, 41 percent reported reduced turnover; 19 percent reported less rework on the job; 23

percent reported fewer customer complaints; 100 percent of the companies said that participation in a sector partnership was valuable; and

- Sector strategies are among the few interventions with a growing body of evidence showing improved employment opportunities and wages for workers and increased productivity and other positive outcomes for employers.