

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 949 (Senator Rosapepe, *et al.*)

Education, Health, and Environmental Affairs
 and Finance

Career Education Policy Act

This bill (1) establishes new policies, programs, and workgroups and (2) alters existing program and scholarship requirements, to facilitate youth participation in career and technical education (CTE), apprenticeship, and workforce development sequence programs. **The bill takes effect July 1, 2018, and the two workgroups established by the bill terminate June 30, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$250,000 beginning in FY 2019 for a new grant program. General fund expenditures by Baltimore City Community College (BCCC) may increase, perhaps significantly, to pay for student supplies and materials. The Maryland State Department of Education (MSDE), Department of Labor, Licensing, and Regulation (DLLR), and Maryland Higher Education Commission (MHEC) can implement the bill’s other requirements with existing budgeted resources. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2020.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

Local Effect: Local expenditures by school boards and community colleges increase, likely significantly, to pay for educational materials and other costs for participants in CTE, apprenticeship, and workforce development sequence programs. Federal funds cannot be used for expenditures that are required by the bill. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Analysis

Bill Summary:

Grant Program for “Soft Workplace Skills”

The Division of Workforce Development and Adult Learning (DWDAL) within DLLR must convene a workgroup of employers to develop and recommend standards for one or more badges or certificates for soft workplace skills identified and approved by MSDE. It must report its findings and recommendations to the Governor, MSDE, and the General Assembly by December 31, 2018.

By December 31, 2018, MSDE must:

- identify and approve one or more badges or certificates for soft workplace skills; and
- establish a competitive grant program to award grants for the development of a curriculum for a badge or certificate for the soft workplace skills identified by MSDE.

The Governor must include \$250,000 in MSDE’s annual budget for the grant program, and MSDE must adopt regulations to implement the program.

Requirements for Local School Systems

A local school board that pays for students to take Advanced Placement or other specified exams must also pay for exams related to entry to an apprenticeship or for industry certification. Also, if a local board pays any fees to student academic or sports organizations, as defined by the bill, it must also pay fees to CTE student organizations.

The high school graduation requirement to earn a credit in technology education may be satisfied by completing a CTE course or a course in academic technology selected by the local board, a school operating under contract with a local board, or an authorized charter school. The bill includes procedures for the State Board of Education to approve or deny the certification of CTE or technology courses for technology education credit by local school boards, contract schools, and charter schools.

Local school systems that use specified college and career readiness software must treat pursuit of a vocational certificate, industry certification, or apprenticeship program as the

equivalent of pursuing postsecondary education. Local school systems must make students aware of employment opportunities available through apprenticeship sponsors and specified employers in the same way that they make them aware of postsecondary education options, and they must allow parents to release specified student information to those entities.

Requirements for Community Colleges

A “workforce development sequence” is defined as a program offered by a community college that is approved by MHEC and composed of classes related to job preparation or skill enhancement, industry licensure or certification, or instruction that is part of a registered apprenticeship training. It does not include a sequence of courses leading to an associate’s or bachelor’s degree.

Community colleges in the State must either make open educational resources, as defined by the bill, available to students in a workforce development sequence or pay for their textbooks and other educational supplies.

Criteria for Existing Scholarship Programs

Senatorial Scholarships: The bill makes applicants who are enrolled in a workforce development sequence at an eligible institution or participating in a registered apprenticeship training program eligible for senatorial scholarships. Participants in an apprenticeship program or who are or were enrolled in a certificate or license program at a community college are exempt from the exam requirement for a senatorial scholarship. Senatorial scholarships may be used for specified expenses related to an apprenticeship training program or for certificate or license programs at a community college. Recipients of the scholarship who are enrolled in either a workforce development sequence or a registered apprenticeship program may hold the scholarship award until the program is completed. The requirement for full-time enrollment at a private career school in order to receive a scholarship is repealed.

Delegate Scholarships: Specified delegate scholarships may be used by (1) a student who is or was enrolled within the last two years in a certificate or license program at a community college; (2) a student enrolled in a workforce development sequence; or (3) a participant in a registered apprenticeship. Delegate scholarships may be used (1) at eligible institutions for workforce development sequence courses or terminal certificate programs; (2) for registered apprenticeships; or (3) at community colleges for a certificate or license program. A recipient of a part-time delegate scholarship who is enrolled in a workforce development sequence or who is participating in a registered apprenticeship program is not required to carry a minimum number of courses.

Additional State Agency Requirements

MSDE must designate a sequence of courses on a specific career pathway that provides a minimum number of credits in a CTE program, which must be referred to as a “specialized high skill major.” The bill makes additional conforming and clarifying changes regarding CTE requirements.

An apprenticeship operator must either use open educational resources for course content material or pay for the costs of textbooks and other educational supplies for each participant as a condition of approval by DLLR. Similar requirements apply to job training providers under contract with local workforce development boards or agencies.

MSDE must convene a workgroup to study ways to recruit and train qualified CTE teachers in the State. The State Superintendent or the Superintendent’s designee must chair the workgroup, and the Department of Legislative Services (DLS) must staff the workgroup. The workgroup must report its findings and recommendations to the Governor and General Assembly by December 31, 2018.

Current Law:

Technology Education Graduation Requirement

State high school graduation requirements include one credit in technology education that includes the application of knowledge, tools, and skills to solve practical problems and extend human capabilities. Each local school system is required to offer a technology education program in grades 9-12 that enable students to meet graduation requirements and select advanced technology education electives.

Career and Technical Education Programs

The federal Carl D. Perkins Career and Technical Education Act of 2006 (Perkins) provides approximately \$1.1 billion in formula grants to states to implement CTE programs in their secondary schools and postsecondary institutions. Perkins requires states to develop sequences of academic and CTE coursework, called programs of study, that prepare students for postsecondary degrees or industry-recognized credentials. Many of the programs of study – which range from plumbing and culinary arts to aerospace engineering and cybersecurity – include or encourage apprenticeship or preapprenticeship opportunities. At a minimum, a program of study must:

- incorporate and align secondary and postsecondary education elements;
- include academic and CTE content in a coordinated, nonduplicative progression of courses;

- offer the opportunity, where appropriate, for secondary students to acquire postsecondary credits; and
- lead to an industry-recognized credential or certificate at the postsecondary level, or an associate's or baccalaureate degree.

Maryland has developed several dozen programs of study grouped within 10 career clusters. Each program of study includes a sequence of four courses that begin in either grade 10 or 11 and prepares students for either further study or industry certification; students that complete the course sequence by high school graduation are considered “CTE completers.” Almost one-quarter of the class of 2016 completed a CTE program of study, and more than half of those also completed the requirements for admission to the University System of Maryland (USM) (*i.e.*, “dual completers”).

In federal fiscal 2017, Maryland received \$15.5 million in Perkins Title I grants to support CTE programs in secondary schools and postsecondary institutions. Of that amount, \$13.2 million (85%) was distributed to local governments and the remaining 15% was designated for statewide activities and administration. Of the \$13.2 million distributed to local governments, 65% was used for secondary school programs and 35% was spent on postsecondary programs. Perkins funds are used for a variety of purposes at the local level, including teacher professional development, equipment, and program development and administration.

Apprenticeship Programs

Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journeyman and related technical instruction in a specific occupation. Apprenticeships are designed to meet the workforce needs of the program sponsor. Many industry sponsors use apprenticeship as a method to train employees in the knowledge necessary to become a skilled worker. This also means the number of apprenticeships available is dependent on the current workforce needs of the industry.

Apprenticeships are available to individuals age 16 and older; an employer, however, may set a higher entry age. By law, individuals must be age 18 to apprentice in hazardous occupations. Apprenticeships last from one to six years, although most are three to four years, and involve a minimum of 144 hours of classroom instruction per year and at least 2,000 hours per year of on-the-job training. A national apprenticeship and training program was established in federal law in 1937 with the passage of the National Apprenticeship Act, also known as the Fitzgerald Act. The purpose of the Act was to

promote national standards of apprenticeship and to safeguard the welfare of apprentice workers.

Along with 24 other states, Maryland has chosen to operate its own apprenticeship programs under the federal law. DWDAL is responsible for the daily oversight of State apprenticeship programs. More specifically, DWDAL approves new apprenticeship programs and changes to current programs. The approval process involves assessing the appropriateness of an apprenticeship program in a proposed industry, the education that will be provided to the apprentice, the current staffing level of the entity proposing the program to determine whether adequate supervision can be provided, recruitment and retention efforts, and the overall operations of the entity. The Maryland Apprenticeship and Training Council serves in an advisory role for legislation and regulations, recommending changes to update apprenticeship laws.

Senatorial Scholarships

Until June 30, 2019, each senator may award \$138,000 in scholarship funds each year. Beginning on July 1, 2019, that amount will grow by the increase in tuition and mandatory fees over the previous year at the USM institution with the highest annual expenses for a full-time resident undergraduate student other than the University of Maryland University College (UMUC) and the University of Maryland, Baltimore Campus (UMB).

To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. In addition, a senatorial scholarship may be awarded to an individual who is on active duty with the U.S. military and domiciled in the legislative district from which the applicant seeks an award. Each senator must consider an applicant's financial need. An award under the program may not be less than \$400 and may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. Except under certain circumstances, a scholarship may be held for up to four years of full-time study or eight years of part-time study.

A senatorial scholarship may be used at any undergraduate, graduate, or professional school in the State or at select in-state private career schools that offer two-year certificate programs that can transfer to a baccalaureate degree, including (1) at a degree-granting institution of higher education, if the curriculum is approved by MHEC; (2) at a hospital diploma school for training registered nurses; or (3) to attend as a full-time student a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S. Department of Education.

The scholarship may be used for educational expenses as defined by the Office of Student Financial Assistance within MHEC, including tuition and mandatory fees and room and

board. If on-campus housing is available, a senatorial scholarship may not be used to pay for off-campus housing.

Delegate Scholarships

During a term in office, each delegate may award the equivalent of four four-year, full-time scholarships or two part-time scholarships for each full-time scholarship available. A delegate may select scholarship recipients on any basis he or she considers appropriate. The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

A delegate scholarship may be used at an in-state institution of higher education whose primary campus is located in Maryland and whose authority to grant degrees is conferred in Maryland for a program of undergraduate, graduate, or professional studies. If the applicant will be studying in an academic area that is not available in the State or under certain circumstances where the applicant is disabled, the scholarship may be used at an accredited undergraduate, graduate, or professional studies institution outside the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education.

Workforce Development Sequence Scholarship

Chapter 149 of 2017 established the Workforce Development Sequence Scholarship for eligible students who are enrolled in a workforce development sequence, which is defined as a program at a community college composed of courses that are related to job preparation or an apprenticeship, licensure or certification, or job skills enhancement. The definition of a workforce development sequence used in the bill is the same as the definition introduced by Chapter 149, except that the bill adds “instruction that is part of an apprenticeship training program” to the types of courses that can be included in a sequence.

Background: Chapter 740 of 2016 required, among other things, that MSDE convene a stakeholder workgroup to study and make recommendations for improving the recruitment, retention, and promotion of teachers in the State. The workgroup’s final report, submitted in November 2017, includes several recommendations to improve the recruitment and retention of professional technical educators for CTE programs.

MSDE advises that federal requirements do not allow Perkins funds to be used to support courses that are required for all students, as that constitutes supplanting of State or local funds. Therefore, CTE courses supported by Perkins funds *cannot* be used to fulfill the State's technology education graduation requirement, as allowed by the bill.

State Expenditures: General fund expenditures increase by \$250,000 each year beginning in fiscal 2019 for the grant program to develop a soft skills curriculum. Although the mandated appropriation does not take effect until fiscal 2020, the bill requires MSDE to begin the grant program by December 2018, which occurs in fiscal 2019. Therefore, this analysis assumes that funding for the grant program begins in fiscal 2019. It is not clear what purpose out-year funding will serve once the curriculum is developed, except possibly to update the curriculum on an annual basis. MSDE advises that it requires a full-time person to administer the grant program. However, it is anticipated that only one or two grants will be awarded each year. Therefore, DLS believes that MSDE can administer the grant program with existing resources.

The bill also requires MSDE to review and make determinations regarding requests from local school boards, contract schools, and charter schools to use CTE courses to fulfill the State's technology education requirements. However, as MSDE advises that CTE courses cannot be used for that purpose, it is not anticipated that MSDE's workload will increase. MSDE already has a process in place to approve local courses that fulfill the technology education requirement. Therefore, no additional staff are needed to review those requests.

MSDE, DLS, and DLLR can also support the two workgroups with existing budgeted resources. The workgroup on CTE teacher recruitment and retention likely replicates work conducted under Chapter 740 of 2016.

Other provisions in the bill generally alter criteria used for existing programs, including allowing delegate and senatorial scholarships to be used for additional purposes, requiring DLLR to require apprenticeship programs to pay for educational materials, and other similar changes. The changes in the criteria for the senatorial and delegate scholarships do not affect funding levels for those programs, which are set in statute. It is expected that MHEC, DLLR, MSDE, and other affected State agencies can implement these changes with existing budgeted resources.

As BCCC is a State institution, the bill's requirement that community colleges pay for students' educational materials under specified circumstances may result in expenditures by BCCC increasing. A reliable estimate is not feasible, but it may be significant depending on the number of students affected. Any increase in expenditures may be mitigated to the extent that BCCC provides access to open educational resources.

Local Expenditures: MSDE advises that Perkins funds are currently being used by some school systems to help students pay for industry certification/apprenticeship exam fees, but if those costs are *required* to be paid by school systems (as this bill requires), then Perkins funds cannot be used to pay these fees; thus local expenditures increase to cover these costs, which may be significant. School system expenditures may also increase to pay fees for students participating in CTE student organizations. MSDE advises that Perkins funds cannot be used for CTE student organization fees.

MHEC advises that the cost of educational materials varies significantly by program but can be as much as \$2,000 for some students. The amount of any increase in community college expenditures cannot be reliably determined as it depends on the number of students affected and the availability of open educational resources. Any increase in expenditures may be mitigated to the extent that community colleges provide access to open educational resources.

Small Business Effect: Small businesses that participate in registered apprenticeship programs may have to pay for the educational materials used by their apprentices, which could cost as much as \$2,000 per apprentice.

Additional Comments: DLLR advises that Maryland's status as a State Apprenticeship State authorized by the U.S. Department of Labor may be jeopardized by the bill's requirement that apprenticeship sponsors use open education resources or pay for the costs of textbooks and other educational materials for apprentices. Under federal regulations, the State cannot add requirements for apprenticeship sponsors beyond what federal law requires.

Additional Information

Prior Introductions: None.

Cross File: Although designated as a cross file, HB 1599 (Delegate Ebersole, *et al.* - Ways and Means and Economic Matters) is not identical.

Information Source(s): Garrett County; Maryland State Department of Education; Maryland Higher Education Commission; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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