

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 419

(Senator Serafini, *et al.*)

Finance

Labor and Employment - Grant Program for Workforce Skills Assessment

This bill establishes a grant program for Workforce Skills Assessment within the Maryland Department of Labor (MDL). The purpose of the program is to provide financial assistance to an employer for the administration of assessments that measure workplace or job-related skills of employees who are State residents. The Governor may include in the State budget an annual appropriation to the program, and MDL must implement and administer the program. MDL must adopt regulations to implement the bill.

Fiscal Summary

State Effect: General fund expenditures for MDL increase by \$268,800 in FY 2021 for grant funding and staff; future years reflect ongoing personnel costs and grants. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	268,800	282,100	284,100	287,000	290,000
Net Effect	(\$268,800)	(\$282,100)	(\$284,100)	(\$287,000)	(\$290,000)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: MDL's Division of Workforce Development and Adult Learning (DWDAL) has as its mission ensuring businesses have the skilled workforce they need to

be competitive in today's environment, as well as helping people get jobs. Specifically, DWDAL serves the unemployed, jobless veterans, newly dislocated workers, trade-impacted workers, New Americans, ex-offenders, low-wage workers, and individuals with barriers to employment. As the State's main workforce development entity, DWDAL oversees operation of Maryland's 32 American Job Centers, with at least 1 such center located in each county of the State. DWDAL also oversees the Maryland Workforce Exchange, which is Maryland's job bank. Additionally, DWDAL oversees workforce programs for New Americans and veterans and the processing of a number of federal and State tax credits.

State Expenditures: General fund expenditures for DWDAL increase by \$268,830 in fiscal 2021, which accounts for the bill's October 1, 2020 effective date. This estimate reflects the cost of hiring one project manager to award grants and administer the program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Assuming \$200,000 is provided in the budget for grants under the program, \$200,000 is available for grants to employers for administering assessments that measure workplace or job-related skills of employees who are State residents. To the extent that the Governor provides less or no money to the program in any year, the increase in general fund expenditures will be less and the position may be scaled down to a part-time position due to fewer grants to administer. To the extent that the Governor provides more than \$200,000 for grants under the program in any year, the increase in general fund expenditures will be greater.

Position	1.0
Salary and Fringe Benefits	\$63,464
Grants	200,000
Operating Expenses	<u>5,366</u>
Total FY 2021 State Expenditures	\$268,830

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses as well as approximately \$200,000 in grant funding each year.

In addition, DWDAL is staffed largely with federally funded personnel who cannot work on State-funded programs without the program reimbursing the federal government for their time. To the extent that any supervisory personnel within the program must provide occasional oversight to the project manager, general fund expenditures for reimbursement payments to the federal government increase slightly. Any such payments are not expected to significantly reduce the funds available for grants.

Additional Information

Prior Introductions: SB 949 of 2019 passed the Senate and was referred to the House Economic Matters Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2020
an/mcr

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