

**Department of Legislative Services**  
Maryland General Assembly  
2021 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 894

(Senator Rosapepe)

Finance and Budget and Taxation

Rules and Executive Nominations

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**Post-Crisis Jobs Act of 2021**

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This emergency bill establishes three new workforce development grant programs within the Maryland Department of Labor (MDL) and establishes mandated appropriations totaling at least \$100.0 million for the three programs in fiscal 2023 only. The bill also authorizes new (or renewing) applicants for certain licenses or permits issued under the Business Occupations and Professions, Business Regulation, Health Occupations, or Education articles to complete their education and training (or continuing education and training) requirements through a digital learning program that meets relevant accreditation and program requirements otherwise established. The bill also requires MDL to provide demographic and related information about unemployment insurance (UI) recipients to the chief elected official of a county upon request, subject to specified requirements.

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**Fiscal Summary**

**State Effect:** No change in federal fund expenditures for FY 2021 or 2022 as no federal funds are available for the specified purposes. In FY 2023, the bill mandates allocation of existing federal funds to the three grant programs established by the bill. However, no federal funding is available for the purposes of this bill and must, therefore, be reallocated from other sources. Any administrative costs necessary to operate the programs are covered by federal funds designated for them; funds used for administrative purposes will reduce funds available for grants administered by the programs. Higher education revenues and expenditures, and UI program revenues and expenditures, may be affected. **This bill establishes mandated appropriations for FY 2023.**

**Local Effect:** To the extent such funding would not have been provided to local government entities absent the bill and they apply for and receive grants under the newly established programs, local governments may benefit. Local expenditures may increase to the extent local governments request information on UI recipients.

**Small Business Effect:** Meaningful.

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## Analysis

### **Bill Summary:**

The bill defines “digital learning” as any type of learning that does not require a physical presence.

### *Exceptions to Digital Learning Permissions*

The bill’s authorization for new (or renewing) applicants to complete their education and training (or continuing education and training) requirements through a digital learning program *does not* apply to a license, certification, or any other authorization issued by the State Board of Dental Examiners or the State Board of Pharmacy. Further, such authorization also *does not* apply to a license or registration to practice massage therapy.

### *Information Sharing with Local Governments*

On request and for purposes consistent with the bill and other specified legislation, MDL must provide to the chief elected official of a county demographic data and the addresses, occupations, and last known employers of UI recipients who live in that county. A chief elected official of a county may (1) share the provided information with the governing body of the county and (2) request the information on behalf of a political subdivision within the county and provide the information to the political subdivision. The Secretary of Labor may adopt regulations to carry out these provisions, as specified.

### *Digital Learning Conversion Grant Program*

The purposes of the Digital Learning Conversion Grant Program are to (1) allow trainees (including students, apprentices, and employees) to complete educational or training programs through digital learning and (2) provide financial assistance to specified organizations that provide any required education, licensing, or certification program through digital learning. For fiscal 2021 and 2022, the Governor must include an appropriation of applicable federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022 to fund the program. For fiscal 2023 only, the Governor must include an appropriation of at least \$20.0 million in the annual budget bill, which must consist only of federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022.

MDL must establish requirements for grant applications, a process for reviewing grant applications, and criteria to award grants on a competitive basis. Appropriations made to

the program may be used for administrative costs. Eligible applicants include (1) employers or apprenticeship sponsors; (2) public or private training providers; (3) colleges or universities; and (4) the Maryland State Department of Education (MSDE) or local school boards. Grant amounts must be awarded in proportion to the number of eligible applicants to whom each organization provides training; an organization may receive only one grant per fiscal year.

Every three months, MDL must report to the General Assembly on (1) the number and types of applicants that received grants; (2) the grant amount received by each applicant; (3) total number of students, apprentices, and trainees that participated in the program; and (4) progress in achieving the purposes of the program.

#### *Basic Numeracy and Literacy Skills Grant Program*

The Basic Numeracy and Literacy Skills Grant Program provides grants to eligible providers and directly to students, apprentices, or trainees for training programs that meet or exceed world-class education standards. The amount of a grant awarded under the program to a student, apprentice, or trainee may not exceed \$5,000. On or before September 1 of the fiscal year immediately preceding the fiscal year in which the grant is to be awarded, an eligible provider must demonstrate to MDL whether the eligible provider met or exceeded the standards for college and career readiness required to be developed by the Blueprint for Maryland's Future (Chapter 36 of 2021). MDL must adopt regulations to carry out the program, including requirements and processes for reviewing grant applications and awards to eligible providers.

For fiscal 2021 and 2022, the Governor must include an appropriation of applicable federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022 to fund the program. For fiscal 2023 only, the Governor must include an appropriation of at least \$20.0 million in federal or *State* funds in the annual budget bill, which, nonetheless, must consist only of federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022. Funds allocated to the program may be used to cover reasonable administrative costs.

#### *Recruitment of High Growth Industry Workers Grant Program*

The purposes of the Recruitment of High Growth Industry Workers Grant Program are to (1) develop a well-trained and productive workforce that meets the needs of the State's economy in high-growth industries; (2) encourage employers to hire apprentices in high-growth industries; and (3) assist employers by offsetting additional costs associated with hiring apprentices, including recruitment, processing new apprentices, and any

necessary related instruction. MDL must distribute grant funds to local workforce boards with the same formula that is used to determine the Workforce Innovation and Opportunity Act (WIOA) funds for adults to local workforce areas. Local boards may use grant funds – which must not exceed \$8,000 per apprentice employed by an employer – to cover administrative costs; engage, upskill, and connect specified residents to employment; and provide subsidized employment opportunities.

For fiscal 2021 and 2022, the Governor must include an appropriation of applicable federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022 to fund the program. For fiscal 2023 only, the Governor must include an appropriation of at least \$60.0 million in the annual budget bill, which must consist only of federal funding allocated to the State under the Coronavirus Response and Relief Supplemental Appropriations Act and any other federal legislation enacted in calendar 2020 through 2022. Appropriated funds must be used to provide funding for such grants and to cover administrative costs. MDL must adopt regulations to carry out the grant program.

### **Current Law:**

#### *Licensure and Permit Authority*

Generally, each board, commission, or other licensing or permitting entity sets its own standards regarding the education and training required for the license or permit in accordance with general requirements set out in statute. Statute does not explicitly provide for a blanket authorization (or restriction) for training and education courses related to licensing, registration, or permitting being delivered virtually on a permanent basis. Many boards currently authorize all or a portion of *continuing* education to be provided online. Additionally, there has been greater flexibility in meeting requirements under the current state of emergency and catastrophic health emergency declarations.

#### *College and Career Readiness Standards*

The Blueprint for Maryland’s Future (Chapter 36 of 2021) requires the State Board of Education (SBE), in consultation with specified entities, to develop college and career readiness standards for secondary school students. It establishes a goal of the State that students enrolled in public schools meet the standards by the end of the 10th grade and no later than high school graduation. Initially, meeting the standards entails scoring at specified proficiency levels on State-administered assessments in English and mathematics. After SBE completes an empirical study of the proficiency levels necessary to succeed in entry-level postsecondary courses, the revised standards must reflect the findings of the study.

## *Apprenticeships and Training*

For an overview of apprenticeships in Maryland, see the **Appendix – Apprenticeships**.

Currently, the Division of Workforce Development and Adult Learning (DWDAL) operates workforce development programs, including employment services, WIOA, and labor market information programs. It also manages the adult education programs, including adult literacy programs and skills training for correctional institutions. The division's mission is to support the State's economic growth through a workforce development, education, and training system that is responsive to the needs of adult learners, job seekers, employers, and all system partners.

Significant investments are already made into Maryland's 12 local workforce boards through WIOA. For example, in fiscal 2021, DWDAL allocated nearly \$11 million in federal WIOA funds to local workforce boards for the Adult Program and nearly \$10.3 million in funds for the Dislocated Worker Grant program. Local boards already work to support businesses and jobseekers in skill gaining activities, including apprenticeship activities, as a primary function of these monies. Maryland's [WIOA 2020-2024 State Plan](#) provides greater detail on training and apprenticeship programs funded.

The Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act (Chapter 39 of 2021) provides additional funding for workforce development programs via the Recovery Now Fund in fiscal 2021. This funding will be distributed to local workforce development boards using the same formula as fiscal 2021 WIOA Adult Program funds.

### **State Fiscal Effect:**

#### *Expenditures for the Maryland Department of Labor*

MDL advises the three grant programs established by the bill have a significant effect on the department. For fiscal 2023 alone, the three programs are to be allocated at least \$100.0 million in federal funds, almost matching DWDAL's \$132.0 million fiscal 2022 allowance.

The Department of Legislative Services advises that no federal funding has been allocated for the purposes of this bill. The fiscal 2022 budget, as enacted, does allocate \$37.5 million in federal coronavirus relief funding in both fiscal 2022 and 2023 directly to local Workforce Investment Boards; however, no other appropriations of federal coronavirus relief funds relate to workforce and job training grant programs. To the extent that federal funds are *redirected* from other sources to meet the bill's mandate, they will no longer be

available for their other designated purposes. Thus, net federal revenues and expenditures are not assumed to increase – merely to be repurposed, if possible. This analysis does not include the possibility of additional federal relief funding becoming available in new federal legislation, as no new federal legislation is pending.

MDL advises that the vast majority of federal workforce and adult learning funds in Maryland come from the U.S. Department of Labor and the U.S. Department of Education for very specific purposes. Further, MDL is not aware of any federal funds that could be diverted to these programs and activities in any fiscal year. More specifically, MDL advises that the Governor cannot re-commit federal grant dollars from fiscal 2021 and 2022 unless the grants were applied for and received for the purpose of these new programs. As the bill requires only available federal funds to be allocated to the programs in fiscal 2021 and 2022, and there are no federal funds specifically available for these purposes, this analysis assumes that no funding is provided in fiscal 2021 or 2022. To the extent that federal funds become available, the programs may receive funding in those years. The mandated appropriations totaling \$100.0 million apply only to fiscal 2023, so this analysis assumes that federal funds are not provided in subsequent years, except for closeout activities as discussed below.

To the extent staffing is required to set up, administer, and close out the grant programs established under the bill, federal funds designated for each grant program may be used to cover these administrative expenses. Any such funds designated for administration reduce the amount of funds available to make grants.

*For illustrative purposes only*, if the full \$100.0 million in mandated appropriations were transferred from other federal funding sources to meet the mandate for fiscal 2023, MDL would need to hire contractual staff at a cost of about \$268,775 in fiscal 2022 to set up the programs (even though it is not clear such funding would be available then), \$422,736 in fiscal 2023 to administer the programs and \$109,500 in fiscal 2024 to close out the programs as discussed below.

This estimate reflects the cost of MDL hiring 6.5 FTE contractual staff to administer the three programs, including 2.5 FTE project managers, an apprenticeship navigator, an education program specialist, and two fiscal specialists to set up, administer, and establish requirements for the various grant programs in the bill. It assumes that staff are hired in January 2021. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	6.5
Salaries and Fringe Benefits	\$231,016
Operating Expenses	<u>37,759</u>
<b>Total FY 2022 MDL Administrative Expenditures</b>	<b>\$268,775</b>

Future year expenditures reflect full salaries with annual increases, elimination of one-time expenses, and ongoing operating expenses. This analysis also assumes these contractual staff are no longer needed by October 2023 after various closeout activities for the programs have been completed.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Further, this estimate does not include other costs that are likely incurred for program oversight (such as travel) or necessary costs to reimburse for federally funded staff at MDL providing support to the contractual staff. Such costs have not been quantified and are assumed to be covered by mandated program funding.

### *Other Impacts*

Additionally, MSDE advises that the workload for its Office of Program Approval may increase to handle an increase in requests from colleges and universities to convert or transfer educational programs to digital learning formats. To the extent that MSDE requires additional contractual assistance to manage any such increase in workload, program funding can support short-term staffing for that purpose. Any such costs are not reflected in this analysis as they would be covered by existing funds.

MSDE, Baltimore City Community College, and the senior public institutions of higher education are explicitly eligible for grants under the Digital Learning Conversion Grant Program; they are also likely eligible under the Basic Numeracy and Literacy Skills Grant Program.

MDL advises that the requirement for the department to share certain claimant data with counties upon request likely conforms to federal requirements, but that associated costs are not reimbursable from the federal government. MDL will charge counties that choose to request the data a fee to cover the costs of providing the data. Typical fees have a fixed component of \$5,000 to \$10,000 and then a variable component based on the number of requests received. Accordingly, revenues and expenditures for MDL increase beginning as early as fiscal 2021 by an unknown, but likely modest, amount to the extent counties request UI claimant data as authorized. Whether or not the Special Administrative Expense Fund in the department will be used to account for the costs and collect the related revenues is unknown at this time; regardless of the fund type, the effect on State finances is neutral.

**Local Fiscal Effect:** Local workforce development boards receive significant revenues under the Recruitment of High Growth Industry Workers Grant Program, depending on the WIOA formula used to distribute grant dollars. Local school systems and local community

colleges are also eligible for grants from the Digital Learning Conversion Grant Program and may be eligible under the Basic Numeracy and Literacy Skills Grant Program.

Expenditures increase for local governments that request information on UI recipients to pay the fees assessed by MDL.

**Small Business Effect:** Applicants for licensure or permits under the affected articles potentially see significantly decreased barriers to entry if training and education (or continuing training and education) requirements are able to be fulfilled online on a permanent basis. Small businesses may benefit from a simplified licensure process and additional funds to provide training and education virtually. Additionally, small businesses, particularly those in the high-growth industries targeted in the bill, may benefit from a better prepared workforce. Further, some small businesses may qualify for grant funding to the extent they provide training.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Institute for Emergency Medical Services Systems; Charles County; Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Department of Health; Maryland Department of Labor; Department of Legislative Services

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## Appendix – Apprenticeship

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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 and the capacity and willingness of employers to supervise them.

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 and the District of Columbia](#), Maryland has chosen to operate its own apprenticeship programs under the federal law. DWDAL within the Maryland Department of Labor is responsible for the daily oversight of State apprenticeship programs. More specifically, DWDAL approves new apprenticeship programs, changes to current programs, and compliance with State and federal requirements. 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.

As of December 2019, there were 10,442 apprentices registered, and there were 3,781 participating employers and 162 program sponsors. During calendar 2019, the State added 17 new apprenticeship programs and reactivated 2 apprenticeship programs. Since 2016, 77 new apprenticeship sponsors have been registered, 26 sponsors were reactivated, and nearly 200 sponsor reviews have been conducted.