

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 518
 Finance

(Senator Augustine)

Health and Government Operations

Career Pathways for Health Care Workers Program

This bill establishes the Career Pathways for Health Care Workers Program (CPHCWP) administered by the Division of Workforce Development and Adult Learning (DWDAL) in the Maryland Department of Labor (MDL). The purpose of the program is to provide matching grants to hospitals or related institutions that pay for training programs attended by health care workers, with the goal of providing increased opportunities for health care workers to receive training across the State. A training program is one provided for health care workers by an historically black college or university (HBCU) or a community college. The Governor must include in the annual budget bill an appropriation of at least \$1.0 million for the program.

Fiscal Summary

State Effect: General fund expenditures for MDL increase by \$1.0 million in FY 2024 for grant funding; future years reflect ongoing grants, which assumes that program funds can be used for administration. Although discretionary, this analysis also assumes funding is provided in FY 2023. To the extent that State agencies receive grants, general fund revenues and State expenditures (all funds) increase (not shown below). **This bill establishes a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	1.0	1.0	1.0	1.0
Net Effect	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)

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

Local Effect: To the extent hospitals and related institutions owned by local governments receive matching grants, local revenues and expenditures increase beginning in FY 2023. Local governments may benefit from the program, as discussed below.

Small Business Effect: Minimal.

Analysis

Bill Summary: An “eligible employer” is a hospital or related institution, and a “health care worker” is a State licensed or certified nurse or any other individual employed by an eligible employer who provides personal care, assistance, or treatment services directly to patients or residents during the worker’s regular duties.

DWDAL must administer CPHCWP and may adopt regulations to implement the bill. Each year, DWDAL must issue a request for applications from eligible employers for matching grants offered under the program. To receive a matching grant under the program, an eligible employer must submit with the employer’s application specified information on training programs, including an assurance that the training program will be provided at no cost to a health care worker.

The bill specifies how DWDAL must evaluate and award eligible employers. In evaluating applications and selecting eligible employers to receive a matching grant under the program, DWDAL must secure matching contributions for training programs that at least equal the amount of money requested from the program, and DWDAL may not award more than \$50,000 to an eligible employer each year. A matching grant is valid for one year.

An eligible employer receiving a matching grant must use the grant to supplement, not supplant, the amount of funds that, in the absence of the grant, would be available to pay for the training programs to be attended by health care workers during the immediately following calendar year. An eligible employer receiving a grant under the program must provide a wage increase that is commensurate with current labor market trends to a health care worker who completes and receives a certification for a training program for which a grant has been awarded under the program, and an eligible employer must inform each health care worker who is considering enrolling in a training program about this wage increase. If an eligible employer and an employee organization or union bargain collectively to create a training and upgrading fund that provides educational and job training programs and benefits health care workers, any grant money awarded to the employer under the program must pass through the fund. The fund must report to DWDAL, as specified by DWDAL, when grant money is expended by the fund.

Appropriations and expenditures made for the purpose of implementing the program are subject to audit by the Office of Legislative Audits (OLA). By December 1, 2023, and each year thereafter, DWDAL must report to the Senate Finance Committee and the House Health and Government Operations Committee as specified in the bill.

Current Law: 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.

Direct Care Workforce Innovation Program

Chapter 699 of 2021 established a Direct Care Workforce Innovation Program within DWDAL to provide matching grants to eligible entities to create and expand on successful recruitment and retention strategies that address the range of potential barriers to increasing the number of direct care workers, with the goal of ensuring the availability of trained direct care workers across the State. An eligible entity must secure contributions for the project that at least equal the amount of money requested from the program, and DWDAL may not award more than \$50,000 to an eligible entity each year. The Governor must include in the annual budget bill an appropriation of at least \$250,000 for the program.

Employment Advancement Right Now Program

The Employment Advancement Right Now (EARN) program was established in 2013 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. Specifically, the program provides general fund grants on a competitive basis for industry partnerships, workforce training programs, and job-readiness and skills training, including direct care workforce training programs. Under the EARN program, DWDAL has invested in several direct care workforce training programs across the State.

Historically Black Colleges and Universities

The four Maryland HBCUs are Bowie State University, Coppin State University, the University of Maryland Eastern Shore, and Morgan State University.

State Fiscal Effect: General fund expenditures for DWDAL increase by at least \$1.0 million in fiscal 2024 to meet the bill's mandated appropriation for the program to make grants to eligible employers. To the extent that the Governor provides more than \$1.0 million for grants under the program in any year, the increase in general fund expenditures will be greater. Although discretionary, this analysis assumes \$1.0 million is also provided in fiscal 2023 for grants.

MDL reports existing staff can implement the bill. However, 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. The bill does not prohibit the use of the mandated funds for program administration, so this analysis assumes that costs of administering the program are taken from the mandated appropriation. To the extent that existing personnel administer grants and provide oversight to the program, general fund expenditures for reimbursement payments to the federal government increase on an annual basis, and funding for grants decreases by an equivalent amount.

General fund revenues may increase to the extent eligible employers that are State agencies receive matching grants of up to \$50,000 per grant, and general fund expenditures increase correspondingly to provide training programs to health care workers. State expenditures (all funds) increase further to match any funds awarded to eligible employers that are State entities and to provide a wage increase that is commensurate with current labor market trends to health care workers who have completed and received a certification for a training program for which a grant was awarded under the bill.

HBCUs and Baltimore City Community College may benefit from eligible employers paying for health care workers' training programs.

OLA can use existing resources to audit CPHCWP.

Local Fiscal Effect: To the extent hospitals and related institutions owned by local governments receive matching grants, local revenues and expenditures increase beginning in fiscal 2023.

Community colleges may benefit from eligible employers paying for health care workers' training programs. Local governments may also benefit to the extent the bill bolsters the health care workforce.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 821 (Delegates Turner and Landis) - Health and Government Operations.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2022
fnu2/mcr Third Reader - March 31, 2022
Revised - Amendment(s) - March 31, 2022
Revised - Clarification - March 31, 2022

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