

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 879 (Senator Rosapepe)
 Budget and Taxation

Job Help for All

This bill maintains the existing funding mechanism for the Career Counseling Program for Middle and High School Students indefinitely beyond fiscal 2026 (the current termination date for such funding) and establishes a new funding mechanism beginning in fiscal 2025. Specifically, the bill requires the State and local governments to provide \$50.0 million in combined additional funding for an expansion of the program beginning in fiscal 2025. The bill also places primary responsibility for program implementation on local workforce development boards (LWDBs), removes the requirement that a community college participate in the program, and specifies the conditions an LWDB must meet to be eligible for its share of the additional State funding for the program. The Division of Workforce Development and Adult Learning (DWDAL) within the Maryland Department of Labor (MDL) must adopt regulations to implement the bill’s new funding and its associated conditions. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$26.8 million annually beginning in FY 2025 to fund the State share of the expanded program funding. DWDAL can adopt regulations as specified with existing resources. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	26.8	26.8	26.8	26.8
Net Effect	\$0.0	(\$26.8)	(\$26.8)	(\$26.8)	(\$26.8)

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

Local Effect: Local expenditures increase by approximately \$23.2 million annually beginning in FY 2025 to provide the local share of expanded program funding. Overall

State education aid formula funding is unaffected, as discussed below. Nevertheless, local boards of education must distribute an estimated \$59.2 million of the foundation program amount to LWDBs in FY 2027; annual distributions thereafter grow with enrollment and inflation. Revenues and expenditures for LWDBs that are also a unit of local government increase beginning in FY 2025 from expanded funding; LWDB revenues and expenditures also increase due to maintaining existing funding beyond FY 2026 and to meet the bill's new requirements. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful.

Analysis

Bill Summary:

The bill alters administration of the Career Counseling Program for Middle and High School Students by requiring LWDBs to provide the program in collaboration with local schools and any other relevant State or local agencies, registered apprenticeship sponsors, and employers.

The bill specifies the conditions that a LWDB must meet to be eligible to receive the State share of the additional \$50.0 million allocated to the program. In addition to providing the services required by current law, each LWDB must also (1) prioritize apprenticeships beginning in high school; (2) aid employers and apprenticeship sponsors in accessing the Armed Services Vocational Aptitude Battery (ASVAB) and relevant student contact information; (3) provide career counseling services for adults; and (4) establish a policy to allow the program to combine funding provided under the federal Workforce Innovation and Opportunity Act (WIOA) with other sources for related instruction and costs for registered apprenticeships in occupations identified by the LWDB.

The bill removes the requirement that community colleges be part of the “local career counseling agreement” that governs program implementation. Additionally, the participation of an American Job Center is specified to be for the purpose of allowing *the LWDB* to provide career counseling services *to middle and high school students*.

The bill extends the program's reporting requirements indefinitely. Each LWDB, in collaboration with the local board of education and other relevant agencies, must annually report to the Accountability and Implementation Board on the use of funds and their impact on providing career counseling by June 30 of each year.

Funding Provisions

The bill requires that existing funding for the program continue to be provided annually by local school systems beyond fiscal 2026 as a set-aside for LWDBs from the foundation program as calculated under § 5-234 of the Education Article.

The bill also creates a new funding mechanism to provide an additional \$50.0 million in State and local funding to the program. The bill requires that each county receive a per-capita amount based on the proportion used to distribute fiscal 2022 federal WIOA funds to LWDBs in the State. Of that county per-capita amount, local governments must provide funding in the same proportion as their local share of the foundation program, and the State must provide funding, beginning in fiscal 2025, in the same proportion as the State share of the foundation grant.

Current Law: For an overview of registered apprenticeship programs in the State, please see the **Appendix – Apprenticeship**.

Blueprint for Maryland's Future and Education Funding Formulas

Blueprint for Maryland's Future (Blueprint) legislation (including Chapter 771 of 2019, Chapters 36 and 55 of 2021, and Chapter 33 of 2022) established new programs and updated education funding formulas to, among other provisions, provide additional support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities.

The great majority of direct State aid to public schools (excluding teachers' retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students who are English-language learners. Chapter 36 established additional major education aid programs.

Most State education aid formulas also entail wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy counties is higher than 50%, and the State's share for more wealthy counties is lower than 50%.

Full-time Equivalent Enrollment, Enrollment Count, and Foundation Program

Full-time equivalent (FTE) enrollment is a key factor in determining most direct State aid provided to local school systems. FTE enrollment is also a key factor in determining required minimum funding, or effort, that county governments (including Baltimore City) must provide to local school systems each year. FTE enrollment means the sum of:

- the number of students enrolled in kindergarten through grade 12 or their equivalent in regular day school programs on September 30 of the prior school year;
- the number of FTE students enrolled in evening high school programs during the prior school year; and
- the number of Pathways in Technology Early College High students.

Funding for major education aid programs is determined by wealth-equalized formulas, in that the State provides more aid per pupil to school systems in the less wealthy jurisdictions and less aid per pupil to school systems in the more wealthy jurisdictions. The foundation formula grant was altered by Chapter 36, such that the count of students to be funded, or “enrollment count” is the greater of (1) the prior year FTE enrollment or (2) the three-year moving average of FTE enrollment, thus providing additional funding for school systems experiencing declining enrollment.

Career Counseling Program for Middle and High School Students

In addition to using foundation formula State and local shares to distribute a minimum level of funding to each school, each county board must, in fiscal 2024 through 2026, distribute funds to support the Career Counseling Program for Middle and High School Students to LWDBs. The amount each local board of education must set aside is calculated as \$62 per student in fiscal 2024. The base funding amount must grow by the State aid inflation adjustment in fiscal 2025 and 2026. By June 30 of each year the program is authorized, each LWDB must report to the Accountability and Implementation Board on the use of funds and the impact of providing career counseling.

The purpose of the Career Counseling Program for Middle and High School Students is to provide each middle and high school student with individualized career counseling services. To operate the program, each local board of education must enter into a local career counseling agreement with the LWDB, the community college that serves the county, and, if appropriate, an American Job Center. Counseling provided must help each student choose one or more post-college and career readiness pathways as established by the Blueprint. The Career and Technical Education Committee must conduct an evaluation of each local career counseling agreement for best practices and disseminate its findings to all local boards of education, LWDBs, community colleges, and, if appropriate, American Job Centers.

State Expenditures: General fund expenditures increase by approximately \$26.8 million beginning in fiscal 2025 to fund the State share of the county per-capita amount that must be provided to LWDBs. The bill does not require that the State provide such funding in fiscal 2024, but should the State elect to do so, general fund expenditures would increase by \$27.1 million in fiscal 2024; this amount is not otherwise reflected in this analysis. **Exhibit 1** provides a county-by-county breakdown of the required new funding, including the relevant State and local shares in fiscal 2025.

Exhibit 1
Expanded Funding for the Career Counseling Program for
Middle and High School Students
County Per-capita Amount – State and Local Shares
Fiscal 2025

<u>County</u>	<u>County Per-capita Amount</u>	<u>State Share</u>	<u>Local Share</u>
Allegany	\$961,263	\$686,505	\$274,759
Anne Arundel	3,113,957	1,276,566	1,837,391
Baltimore City	10,113,510	6,745,624	3,367,887
Baltimore	6,780,720	3,544,618	3,236,102
Calvert	675,547	373,652	301,894
Caroline	325,083	237,907	87,176
Carroll	1,454,167	762,374	691,793
Cecil	1,213,731	725,609	488,122
Charles	675,547	414,673	260,874
Dorchester	325,083	209,960	115,123
Frederick	1,509,129	851,796	657,333
Garrett	961,263	343,011	618,252
Harford	1,213,731	665,044	548,687
Howard	1,763,305	786,907	976,398
Kent	325,083	54,380	270,703
Montgomery	5,393,069	1,697,858	3,695,211
Prince George's	8,078,597	4,750,936	3,327,661
Queen Anne's	325,083	121,006	204,077
St. Mary's	675,547	390,105	285,442
Somerset	943,413	669,246	274,167
Talbot	325,083	48,762	276,320
Washington	961,263	630,633	330,631
Wicomico	943,413	684,321	259,091
Worcester	943,413	141,512	801,901
Total	\$50,000,000	\$26,813,002	\$23,186,998

Source: Maryland Department of Labor; Department of Legislative Services

This estimate reflects the effect of distributing \$50.0 million on the basis of local shares of WIOA funding. WIOA funds are distributed by local workforce areas, some of which include multiple counties. For counties in a shared workforce area, this analysis assumes that funding is split evenly among the constituent counties. As specified in the bill, the State and local shares of this funding match the State and local shares of the foundation formula grant.

Local Fiscal Effect: The bill specifies that the State share of the additional \$50.0 million is first required to be paid in fiscal 2025, but it is silent with regard to the timing of local share payments. As this analysis does not assume State funding is provided in fiscal 2024 on a discretionary basis, local funding is assumed to begin in fiscal 2025 as well.

Local expenditures increase for local governments to provide the local share of the new funding beginning in fiscal 2025. As shown in Exhibit 1 above, the combined local shares of all 24 Maryland jurisdictions for the new county per-capita amount total approximately \$23.2 million in fiscal 2025.

Based on enrollment projections for fiscal 2027 and an estimated \$68.19 per student funding level, local boards of education must distribute approximately \$59.2 million in fiscal 2027 to LWDBs as shown in **Exhibit 2**. Annually thereafter, distributions grow with enrollment and inflation. This funding does not affect overall State or local expenditures since the program is simply funded via a set-aside from the foundation formula amount. However, beginning in fiscal 2027, any funding provided to an LWDB reduces the funding available to local public schools from the foundation formula grant.

MDL advises that, in many jurisdictions, LWDBs are units of local government. Accordingly, revenues for LWDBs that are also a unit of local government increase beginning in fiscal 2025 due to expanded funding and again beginning in fiscal 2027 due to extension of the existing funding mandate. LWDB expenditures likewise increase to meet the new requirements beginning in fiscal 2025 and due to continuation of existing funding beyond fiscal 2026. This analysis assumes that the State (and local) share(s) of the county per-capita amount are sufficient to cover the added costs of new activities in which an LWDB must engage to receive the funding, and that ongoing funding from the foundation formula grant is sufficient to otherwise maintain the program beyond fiscal 2026.

To the extent locally funded community colleges planned to participate in a Career Counseling Program for Middle and High School Students, such institutions may experience operational efficiencies as community colleges are no longer required to be part of a career counseling agreement or memorandum of understanding (MOU). However, this analysis assumes that most locally funded community colleges experience little to no

change, as colleges may choose to continue participating in an MOU for the program, irrespective of the end of mandated participation.

Exhibit 2
Estimated Ongoing Foundation Funding Set-aside Distributions for the
Career Counseling Program for Middle and High School Students
Fiscal 2027

<u>County</u>	<u>Distribution Amount</u>
Allegany	\$513,529
Anne Arundel	5,760,585
Baltimore City	4,681,362
Baltimore	7,478,259
Calvert	1,007,148
Caroline	370,128
Carroll	1,686,989
Cecil	961,666
Charles	1,828,413
Dorchester	288,166
Frederick	3,144,865
Garrett	216,772
Harford	2,512,482
Howard	3,969,130
Kent	108,761
Montgomery	11,008,799
Prince George's	8,680,359
Queen Anne's	484,004
St. Mary's	1,162,413
Somerset	174,427
Talbot	291,166
Washington	1,452,693
Wicomico	978,031
Worcester	434,362
Total	\$59,194,510

Source: Department of Legislative Services

Small Business Effect: In addition to the benefit of any additional apprenticeships that result from the continuation of the Career Counseling Program for Middle and High School Students, small businesses that are apprenticeship sponsors likely benefit from any

assistance provided in interpreting ASVAB results and obtaining contact information of prospective apprentices.

Additional Comments: MDL advises that, although the bill requires LWDBs to establish a policy allowing the combining of WIOA funds with program funds, LWDBs are only able to establish such policies to the extent that they comply with WIOA and registered apprenticeship programs overall. Both MDL and the U.S. Department of Labor regularly monitor and review program guidelines.

Additionally, MDL notes that, although the bill requires that funds be distributed on the basis of only fiscal 2022 WIOA funding proportions, WIOA funding formulas are recalculated annually.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; Maryland Department of Labor; Kent and Montgomery counties; Anne Arundel County Public Schools; Montgomery County Public Schools; Frederick County Public Schools; Maryland Association of Counties; Department of Legislative Services

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Appendix – Apprenticeship

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 [26 other states and the District of Columbia](#), Maryland has chosen to operate its own apprenticeship programs under the federal law. The Division of Workforce Development and Adult Learning (DWDAL) within the Maryland Department of Labor is responsible for the daily oversight of State apprenticeship programs. More specifically, DWDAL approves new apprenticeship programs as well as changes to current programs and ensures 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 2021, there were 11,404 apprentices registered, and there were 3,833 participating employers. During calendar 2021, the State added 23 new apprenticeship programs.