

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 265

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Human Services)

Judicial Proceedings

**Human Services - Public Assistance to Entrepreneurship (PA2E) Program -
Establishment**

This departmental bill codifies the Public Assistance to Entrepreneurship (PA2E) Program in the Department of Human Services (DHS). The purpose of the PA2E Program is to train “participants” on how to establish and run a small business. Subject to the limitations of the State budget, DHS may provide up to \$10,000 in business start-up funding to each participant who successfully completes the program and develops a viable business plan.

Fiscal Summary

State Effect: The bill’s requirements can be handled with existing budgeted resources. As the bill does not require new funding but authorizes funds to be used for a specific purpose, there is no net impact on State revenues or expenditures. The Governor’s proposed FY 2025 budget does not include business start-up funding for the PA2E Program.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: DHS has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: “Eligible individual” means a recipient of Supplemental Nutrition Assistance Program (SNAP) benefits. “Participant” means an eligible individual whom the department approves to participate in the PA2E Program.

The PA2E Program must introduce participants to the values and basics of starting and running a business and guide participants through the development of a business plan. To aid training, the program may include simulations of a business start-up and operation.

DHS must:

- establish eligibility criteria and a process for interested eligible individuals to submit an application to enroll in the program;
- enroll approved eligible individuals for participation in the program;
- cover the registration and course fees for participants in the program;
- establish a process for receiving and assessing applications from participants for business start-up funding, including assessing the viability of the participant's business plan;
- notify each applicant of the department's decision to approve or deny an application for business start-up funding within 60 days after receipt of the application; and
- establish a process for evaluating the effectiveness of the program in addressing poverty for eligible individuals and their households.

Current Law: SNAP is a federally funded benefit that helps low-income households purchase food. Program rules and requirements are issued by the federal government, while administrative costs are split equally between the State and federal government. Participants must meet income and resource requirements.

SNAP offers funding to states that provide a package of employment and training services to SNAP participants through SNAP Employment and Training (SNAP E&T). SNAP E&T helps SNAP participants gain skills, training, or work experience to increase their ability to obtain regular employment that leads to economic self-sufficiency.

The Maryland SNAP E&T program connects people who receive monthly food supplement benefits to free job-driven training programs in the State. These programs provide services, including job readiness activities, support services, job placement, and job retention services. Some programs provide adult basic education, vocational training, and opportunities for participants to receive certificates or credentials. SNAP E&T workforce development services include case management services that are designed to identify and remove certain barriers to employment including childcare, transportation, criminal records, limited education, age, disability, domestic violence, housing issues, lack of employment history, or literacy.

To be eligible for SNAP E&T, individuals must be older than age 16, receive monthly food supplement benefits, and be able to work upon completion of the program. Individuals

cannot receive Temporary Assistance for Needy Families if they wish to participate. Each SNAP E&T employment program may have its own additional eligibility requirements.

SNAP E&T is funded through two mechanisms: (1) a federal fund allocation; and (2) a federal match for nonfederal expenditures. In Maryland, the federal match consists primarily of funding from the third-party organizations and is not included in the State budget. As of January 2024, there are [28](#) third-party training providers in the State, and 5 local departments of social services that provide in-house services.

Background: The [PA2E Program](#) is part of SNAP E&T and offers classes to provide entrepreneurship training for participants who hope to start a small business. The program partners with the Small Business Development Centers in the State. PA2E candidates may receive SNAP or Temporary Cash Assistance, and/or are noncustodial parents, foster youth, and/or veterans on assistance.

DHS advises that the majority of PA2E participants lack the necessary funding to start small businesses despite successful completion of the program. Any funding provided under the bill will allow participants to make necessary purchases to start their business such as a business license or equipment. According to DHS, as of January 2024, approximately 297 participants in PA2E may be eligible to receive funds.

Additional Information

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

Designated Cross File: HB 106 (Chair, Appropriations Committee)(By Request - Departmental - Human Services) - Appropriations.

Information Source(s): Department of Human Services; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2024
js/jc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Human Services - Public Assistance to Entrepreneurship (PA2E)
Program - Establishment

BILL NUMBER: SB0265

PREPARED BY: Candice Roberts

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

 X WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill will ultimately create new job opportunities by creating job growth and providing SNAP recipients with job opportunities as a roadmap to self-sufficiency. Small companies are an anchor of the economy that drives innovation; entrepreneurships benefit both individuals and communities while stimulating the economy. This bill will assist the economy by allowing for more Maryland's, who would not normally have access to resources, to open small business, earn higher wages, and create jobs for others.