

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

Senate Bill 821
 Finance

(Senator McFadden, *et al.*)

Maryland Youth Entrepreneur Connection Program

This bill establishes a Maryland Youth Entrepreneur Connection Program in the Division of Workforce Development to provide jobs for youth ages 16 through 18 who are from low-income families, have a disability or special need, or otherwise encounter barriers in the labor market.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: General fund expenditures could increase by \$300,000 annually beginning in FY 2009 to implement and administer the program. Revenues would not be affected. This bill establishes a mandated appropriation beginning in FY 2010.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	300,000	300,000	300,000	300,000	300,000
Net Effect	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)

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

Local Effect: Local workforce investment boards' revenues and expenditures would increase to provide program services.

Small Business Effect: Potential meaningful for employers that choose to participate in the program.

Analysis

Bill Summary: The director must make grants to local workforce investment areas according to a formula established under the federal Workforce Investment Act and evaluate the performance of these local areas in fulfilling the goals of the program.

Local areas are required to • develop work experiences with entrepreneurial employers; • provide job training and career-exposure activities; and • monitor work sites. These local areas must submit a plan detailing their program and submit an annual report.

Local program costs are authorized to include wages paid to participants, supervision expenses, materials and supplies, reasonable transportation expenses, training expenses, and administrative support. No more than 10% of total local program costs may be used for administrative support services.

Beginning in fiscal 2010, the Governor is required to include at least \$300,000 in the annual operating budget to implement the program.

Current Law: The Maryland Summer Youth Connection Program, established by Chapter 586 of 2005, is a similar program in the Division of Workforce Development that provides jobs for youth ages 14 through 21 who are from low-income families, have a disability or special need, or otherwise encounter barriers in the labor market.

The director must make grants to local workforce investment areas according to a formula established under the federal Workforce Investment Act and evaluate the performance of these local areas in fulfilling the goals of the program.

Local areas are required to • develop work experiences with public and private nonprofit community-based sites, as well as a limited percentage of private for-profit sites; • provide job training and career-exposure activities; and • monitor work sites. These local areas must submit a plan detailing their program and submit an end-of-summer report.

Local program costs are authorized to include wages paid to participants, supervision expenses, materials and supplies, reasonable transportation expenses, training expenses, and administrative support. No more than 10% of total local program costs may be used for administrative support services.

Participants may not be paid less than the federal minimum wage for each hour worked.

Background: DLLR's Division of Workforce Development administers several programs that promote employment through labor exchange and training services. The

division provides services to job seekers with funds from the federal Workforce Investment Act and the Wagner-Peyser Act, commonly known as the Job Service Program. Both programs support matching of job seekers with employers in search of workers. The Workforce Investment Act also provides training to increase participants' earning potential and provides assistance to individuals with barriers to employment.

The Workforce Investment Act provides for core services and intensive services, primarily through local workforce investment boards. There are 12 boards across the State, each located in a workforce investment area with population of 200,000 or more. Core services provided by local workforce investment boards include job search and placement assistance, skills assessments, labor market information, and job retention services. Adults qualify for these programs without regard to income; however, priority is given to public assistance recipients and other low-income clients. Intensive services are reserved for individuals who require additional assistance to find or keep a job, and may include comprehensive assessments, individual employment plans, counseling, and case management.

The local boards typically contract with a nonprofit agency or quasi-governmental entity to provide the core and intensive services required under the Workforce Investment Act. In some cases, however, the lead local agency for service delivery is a unit of local government.

State Fiscal Effect: The bill requires the Governor to annually appropriate \$300,000 for the program beginning in the fiscal 2010 operating budget. This amount is generally consistent with the amount budgeted for the Maryland Summer Youth Connection Program, for which \$250,000 is included in the fiscal 2009 proposed operating budget.

The Department of Labor, Licensing, and Regulation estimates that the Division of Workforce Development's administration costs will be no more than 5% of total program costs, with an estimated \$285,000 distributed to local workforce areas.

Although the mandated appropriation is not required until fiscal 2010, the bill takes effect June 1, 2008. It is assumed that the program would be implemented beginning in fiscal 2009, resulting in general fund expenditures of \$300,000 each year.

Local Fiscal Effect: The bill distributes funds according to formula to local workforce investment boards, increasing the amount of local revenues and expenditures related to workforce development for youth.

Additional Information

Prior Introductions: None.

Cross File: HB 1553 (Delegate Ramirez, *et al.*) – Economic Matters.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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