

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1226
 Economic Matters

(Delegate Qi, *et al.*)

Community Career Centers for 21st-Century Jobs

This bill provides \$45.0 million in State and local funds to local workforce development boards (LWDBs) annually beginning in fiscal 2021 to support career counseling and job matching services for high school students. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$22.5 million annually beginning in FY 2021. Actual amounts fluctuate minimally each year. No effect on revenues. **This bill establishes a mandated appropriation beginning in FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	22.5	22.5	22.5	22.5
Net Effect	\$0.0	(\$22.5)	(\$22.5)	(\$22.5)	(\$22.5)

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

Local Effect: Local expenditures to provide the required local share increase by approximately \$22.5 million annually beginning in FY 2021; the distribution of those expenditures by county is discussed below. No effect on local revenues as LWDBs are not considered local entities. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful for small businesses associated with LWDBs.

Analysis

Bill Summary: LWDBs must:

- recruit employers to provide youth apprenticeship to high school students and registered apprenticeships to high school students and graduates;
- match high school students with youth apprenticeships, registered apprenticeships, and job opportunities;
- counsel high school students on specified career paths; and
- work with local high schools to offer, both in the schools and online, career counseling services to all high school students through group presentations and individual counseling.

Funding for LWDBs is distributed based on local high school enrollment and is provided by the State and local governments based on the wealth-adjusted allocation of State education foundation aid. For regional LWDBs, each local county government in the region must provide the local share for that county to the regional LWDB.

By December 1, 2020, and each year thereafter, LWDBs must report to the Governor's Workforce Development Board on their progress implementing the bill's requirements, as specified.

Current Law/Background: The Division of Workforce Development and Adult Literacy within the Department of Labor, Licensing, and Regulation is charged with, among other things, (1) administering job training, placement, and service programs and (2) implementing the provisions of the federal Workforce Innovation and Opportunity Act (WIOA). Within the division, there is a Youth Apprenticeship Advisory Committee that (1) evaluates the effectiveness of existing high school youth apprenticeship programs; (2) reviews and identifies ways to implement youth apprenticeship programs and means through which employers can obtain grants, tax credits, and other subsidies to support such programs; and (3) sets targets for the number of apprenticeship opportunities for youth that the State should reach over the next three years.

In accordance with WIOA, the State has 12 designated local workforce development areas, each supported by a LWDB. The areas are guided and led by the private industry in fostering relationships with employers and workers to address skill shortages and implementing workforce development strategies. A key component of local workforce development strategies are the 28 American Job Centers, which serve as one-stop service centers for job seekers and youth. Each local area has at least one American Job Center, which provides a range of services to youth, including career planning, job preparation

seminars, academic remediation, job shadowing, resume writing workshops, youth apprenticeship programs, and more.

Primary and Secondary Education Funding

The great majority of direct State aid to public schools (excluding teachers' retirement) is determined by funding formulas found in Title 5, Subtitle 2 of the Education Article. Together with some more recent enactments, these funding formulas were set forth in the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002). The majority of State education aid formulas, including the State's largest aid program known as the Foundation Program, are based on student enrollment counts and also entail wealth equalization across counties. Wealth equalization compensates for differences in local wealth by providing less State aid per pupil to the more wealthy counties and more State 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%.

State Expenditures: The bill establishes an overall program funding level of \$45.0 million, to be provided by State and local governments according to the ratio between State and local funding for the State's education foundation funding formula and based on each local school system's share of high school enrollment in the State. Based on the bill's formula for determining the State's share, general fund expenditures increase by \$22.5 million in fiscal 2021; State expenditures increase minimally each year based on fluctuations in enrollment distributions and the foundation formula but generally remain at about \$22.5 million each year thereafter. The distribution of the State share for fiscal 2021 is shown in **Exhibit 1**.

Local Expenditures: Local government expenditures increase by approximately \$22.5 million annually beginning in fiscal 2021 to provide the local share of the program cost. The distribution of local and State expenditures in fiscal 2021 is shown in Exhibit 1. As noted above, the local share fluctuates slightly each year based on changes in enrollment distributions and the underlying foundation formula but generally remain about \$22.5 million each year. As LWDBs are not considered local governmental entities, the bill has no effect on local revenues.

Exhibit 1
Fiscal 2021 State and Local Shares of Total Program Funding

	<u>State Share</u>	<u>Local Share</u>	<u>Total</u>
Allegany	\$297,106	\$124,158	\$421,264
Anne Arundel	1,557,631	2,468,907	4,026,539
Baltimore City	2,320,348	1,235,174	3,555,522
Baltimore	2,926,138	2,608,653	5,534,791
Calvert	483,514	400,331	883,845
Caroline	208,151	75,389	283,540
Carroll	717,114	703,167	1,420,281
Cecil	468,021	318,384	786,405
Charles	895,253	578,396	1,473,649
Dorchester	151,277	74,591	225,868
Frederick	1,243,089	982,017	2,225,106
Garrett	80,144	118,523	198,667
Harford	1,045,853	911,896	1,957,749
Howard	1,399,321	1,659,705	3,059,026
Kent	17,058	79,865	96,923
Montgomery	2,775,757	5,772,783	8,548,540
Prince George's	3,772,606	2,618,829	6,391,435
Queen Anne's	172,299	237,086	409,385
St. Mary's	508,889	378,916	887,805
Somerset	94,651	36,704	131,354
Talbot	34,727	211,111	245,838
Washington	767,713	393,130	1,160,843
Wicomico	524,826	198,914	723,741
Worcester	41,852	310,033	351,885
Total	\$22,503,339	\$22,496,661	\$45,000,000

Small Business Effect: LWDBs are generally industry-driven entities, including small businesses. The bill's requirements are consistent with services already provided by American Job Centers and other LWDB programs but on a small scale. The additional funding provided by the bill enables them to expand their programs for the benefit of more employers and youth.

Additional Information

Prior Introductions: None.

Cross File: SB 558 (Senator Rosapepe, *et al.*) - Finance.

Information Source(s): Department of Labor, Licensing, and Regulation; Maryland State Department of Education; Governor's Office; Maryland Higher Education Commission; Baltimore City Public Schools; Anne Arundel County Public Schools; Maryland Association of Counties; Department of Legislative Services

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