

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 224
Finance

(Senator Feldman)

Economic Matters

Clean Energy Jobs - Workforce Development - Scope

This bill alters the allocation of funds for the Clean Energy Account within the Maryland Employment Advancement Right Now (EARN) program. It reduces funding for pre-apprenticeship and apprenticeship programs to provide funding for the recruitment of individuals to the pre-apprenticeship jobs training programs and the registered apprenticeship jobs training programs. Youth apprenticeship and registered apprenticeship jobs training programs funded from the account must comply with all relevant rules, regulations, and standards for youth apprenticeships and registered apprenticeships. The bill adds energy efficiency and geothermal careers as permissible career fields for youth apprenticeship jobs training programs and the registered apprenticeship jobs training programs under EARN. Thus, the youth apprenticeship jobs training programs and the registered apprenticeship jobs training programs must prepare workers for careers in the energy efficiency and geothermal sectors of the clean energy industry, along with solar and wind sectors as specified under current law. The bill also expands the definition of “clean energy industry” under EARN to include carpenters, pile-driver operators, millwrights, insulation workers, and well drillers that provide specified products and services. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: The bill primarily alters the purposes for which existing funds may be used, as discussed below. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: Beginning in fiscal 2021 and subject to specified requirements, \$750,000 of funding from the Strategic Energy Investment Fund (SEIF) for the Clean Energy Workforce Account must be used for the recruitment of individuals, including veterans and formerly incarcerated individuals, to pre-apprenticeship jobs training programs and registered apprenticeship jobs training programs, until all amounts are spent. Subject to specified requirements, starting in fiscal 2021, SEIF funding for pre-apprenticeship jobs training programs is reduced from \$1.5 million to \$1.25 million, and SEIF funding for grants to youth and registered apprenticeship jobs training programs is reduced from \$6.5 million to \$6.0 million.

Current Law: Chapter 757 of 2019 requires the Maryland Energy Administration to use SEIF to invest in pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to establish career paths in the clean energy industry under EARN. Subject to specified requirements, starting in fiscal 2021, \$1.5 million must be transferred for grants to pre-apprenticeship jobs training programs and \$6.5 million must be transferred for grants to youth and registered apprenticeship jobs training programs until all amounts are spent.

The Clean Energy Workforce Account, established in EARN, receives and disburses the transfers as grants. Eligible clean energy industry jobs for a pre-apprenticeship jobs training program include positions in renewable energy, energy efficiency, energy storage, resource conservation, and advanced transportation. An apprenticeship sponsor must receive as a grant from the account up to \$150,000 for a program proposal and planning expenses and \$3,000 for each successfully completed apprenticeship. The youth apprenticeship jobs training programs and the registered apprenticeship jobs training programs must prepare workers for careers in the solar and wind sectors of the clean energy industry.

“Clean energy industry” refers to a group of employers and building and trade associations that are associated by their promotion of renewable and clean energy resources and products and services that improve energy efficiency and conservation. This includes products and services provided by electricians; heating, ventilation, and air-conditioning installers; plumbers; and energy auditors.

State Expenditures: The bill primarily alters the purposes for which existing SEIF funds in the Clean Energy Workforce Account may be used, so there is no net effect on State expenditures. Special fund expenditures for recruitment increase by the amount that special fund expenditures for grants decrease beginning in fiscal 2021.

Starting in fiscal 2021, \$750,000 of SEIF funds in the Clean Energy Workforce Account must be used for the recruitment of individuals, including veterans and formerly incarcerated individuals, to the pre-apprenticeship jobs training programs and the

registered apprenticeship jobs training programs. Thus, special fund expenditures for the Maryland Department of Labor (MDL) increase by \$154,908 in fiscal 2021, which accounts for the bill's July 1, 2020 effective date, to recruit individuals. This estimate reflects the cost of hiring two apprenticeship navigators to recruit individuals to the pre-apprenticeship job training programs and the registered apprenticeship jobs training programs. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$143,858
Operating Expenses	<u>11,050</u>
Total FY 2021 State Expenditures	\$154,908

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses. These expenditures are included in the \$750,000 allocation for recruitment. Once recruitment costs reach \$750,000, which is estimated to be in fiscal 2026, MDL will no longer need the two positions.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1029 (Delegate Brooks, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of Labor; Maryland Energy Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 30, 2020
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