

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 895 (Senator Hester)
 Education, Health, and Environmental Affairs
 and Budget and Taxation

Maryland Technology Internship Program – Units of State Government

This bill alters the Maryland Technology Internship Program (MTIP), such that (1) an intern with a unit of State government may maintain a 2.5 GPA rather than a 3.0, as specified; (2) a unit of State government must meet additional requirements to participate, including paying an intern \$17 per hour; and (3) money awarded for the program may be used to reimburse the University of Maryland Baltimore County (UMBC) for up to 100% (rather than 50%) of a stipend for an intern working for a unit of State government. For fiscal 2022, and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation of \$200,000 to the program, to be used as specified. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$50,000 in FY 2021 (for a capstone supervisor beginning January 1, 2021) and by an additional \$200,000 annually beginning in FY 2022. Higher education revenues and expenditures increase by \$200,000 annually beginning in FY 2022. State expenditures (all funds) decrease beginning as soon as FY 2021 as the full amount of intern stipends may be paid by UMBC. **This bill establishes a mandated appropriation beginning in FY 2022.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Higher Ed Rev.	-	\$200,000	\$200,000	\$200,000	\$200,000
GF Expenditure	\$50,000	\$286,800	\$288,900	\$292,000	\$295,100
GF/SF/FF Exp.	(-)	(-)	(-)	(-)	(-)
Higher Ed Exp.	-	\$200,000	\$200,000	\$200,000	\$200,000
Net Effect	(\$50,000)	(\$286,800)	(\$288,900)	(\$292,000)	(\$295,100)

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

Local Effect: If the bill results in more or greater reimbursement amounts for local governments under the existing program, local government agencies may fund more internships under the program. Any such impact is expected to be minimal.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: For fiscal 2022, and annually thereafter, the Governor must include in the annual budget bill an appropriation of \$200,000 to the program to be used for (1) reimbursements for interns; (2) program costs of up to \$10,000, including recruiting, orientation, and concluding ceremonies; and (3) support staff costs up to \$32,000.

Intern Eligibility

To qualify for participation in the program with a unit of State government, an individual must meet all current eligibility requirements, except that an individual may maintain a cumulative 2.5 GPA on a 4.0 scale each academic year or during the latest academic year the individual was enrolled as a student.

Technology-based Business or Unit of Local Government – Participation

To qualify for participation in the program, a unit of local government and a technology-based business must continue to meet the following requirements: commit to hosting an intern for a minimum of 120 hours during a spring, fall, or summer semester; provide a detailed description of a technology-based intern position; and provide proof that a representative has attended an orientation or training program provided or approved by UMBC.

Unit of State Government – Participation

In addition to current requirements, to participate, a unit of State government must:

- pay an intern \$17 per hour;
- identify a staff member who will serve as the supervisor and mentor of an intern; and
- provide a substantive technical project for the intern to complete during the internship experience.

In addition, for a summer intern, a unit of State government must (1) provide a capstone project developed by the Department of Information Technology (DoIT) for the intern to complete during the internship experience and (2) provide an opportunity for an intern to give a presentation on the capstone project during a concluding summer ceremony.

Reimbursement for a Stipend for an Intern

The bill differentiates how reimbursement for intern stipends is handled by the employer. For an intern working with a unit of State government, money awarded under MTIP (1) may be used to reimburse *UMBC* up to 100% of a stipend paid to the intern, but may be no more than \$2,040 for a semester and (2) is capped at \$7,000 each year for each intern. These maximum reimbursement amounts may be increased in accordance with changes in employment market conditions as jointly determined by *UMBC* and the Department of Commerce.

Current reimbursements rates and procedures for interns working with a technology-based business or a unit of local government remain unchanged. MTIP reimburses the business or local government for intern stipends paid by them.

Current Law/Background: Chapter 642 of 2014 created MTIP to increase student understanding of employment opportunities in the State and foster business retention and development, job creation, workforce development, and new investment in the State. *UMBC* and Commerce must collaborate to utilize an Internet site through which (1) students may learn about technology-based businesses and internship opportunities and (2) technology-based businesses may register, post information about internship opportunities, and apply for reimbursement of internship stipends.

The Governor must include in the State budget funds for the reimbursement of the stipends and for *UMBC* to administer the program; *UMBC* advises that \$340,000 is in the budget for MTIP. Money awarded may be used to reimburse a technology-based business, unit of State government, or local governments up to 50% of a stipend paid to an intern, capped at \$3,000 annually for each intern. These maximum reimbursement amounts may be increased in accordance with changes in employment market conditions as jointly determined by *UMBC* and Commerce.

UMBC and Commerce must also (1) develop application and registration requirements; (2) develop orientation and training programs for program participants; (3) review applications and award reimbursements of internship stipends; (4) provide opportunities for students to meet entrepreneurs, visit technology-related industry incubators, and learn about starting a business in the State; (5) provide recruitment and training opportunities and support for participating businesses; and (6) track and assess program outcomes.

Program Eligibility

Eligibility requirements for individuals generally focus on in-state or out-of-state enrollment in an institution of higher education, GPA, and history of military service. Eligible individuals must commit to working at least 120 hours during a spring, fall, or summer semester; attend an orientation session provided or approved by UMBC; and meet any other criteria established by UMBC.

To qualify for participation in MTIP, a business must (1) be located in the State; (2) be a technology-based business; (3) commit to hosting an intern for at least 120 hours during a spring, fall, or summer semester; (4) provide a detailed description of an intern position with the business; and (5) provide proof that a representative has attended an orientation or training program provided or approved by UMBC. “Technology-based business” is defined as a commercial or an industrial enterprise that is engaged in the application of scientific knowledge to practical purposes in a particular field. In addition, units of State and local governments may register to participate in the program. At least 50% of the internships supported by the program each year must be with businesses that have no more than 150 employees.

UMBC advises that the average GPA for individuals participating in the program is 3.5; however, 14 students identified by employers as their candidate of choice were ineligible due to GPA.

State Fiscal Effect: As explained below, this estimate assumes the bill creates a separate program for interns working for a unit of State government while narrowing the current program to only encompass interns working for technology-based businesses and local governments. This estimate also assumes that the funding which has been provided to the existing program continues at the same level (\$340,000) and, in the out-years, is used exclusively to reimburse technology-based businesses and local governments for up to 50% of stipends paid to interns, subject to the existing caps. However, in fiscal 2021, some portion of that funding may be used to maintain internships with State agencies as this estimate assumes any additional funding is delayed until fiscal 2022 when \$200,000 must be included in the budget.

General fund expenditures increase by an estimated \$49,973 in fiscal 2021 for DoIT to hire a capstone supervisor beginning January 1, 2021, as explained below. Due to the mandated appropriation, general fund expenditures increase by \$200,000 annually beginning in fiscal 2022. UMBC revenues and expenditures increase correspondingly. Under the bill, for interns with a State agency, payroll is essentially centralized at UMBC and UMBC may be reimbursed up to 100% of a stipend paid to such interns, subject to the caps in the bill. Accordingly, State expenditures (all funds) for other agencies decrease from stipend payments beginning in fiscal 2021 (when the requirement for reimbursement to UMBC goes into effect). Under the bill, at least \$158,000 of the \$200,000 mandated appropriation

is available for this purpose. The impact on State agencies and their expenditures for stipends depends on the extent to which they were participating and receiving reimbursement under the existing program. These effects are discussed in more detail below.

Department of Information and Technology

General fund expenditures increase by \$49,973 in fiscal 2021 for DoIT to hire one full-time administrator to develop and supervise the technology capstone projects required by the bill and to provide technical assistance as needed. This estimate reflects a January 1, 2021 hire date to provide approximately four months for the administrator to develop at least 20 capstone projects for interns prior to summer interns beginning in May or June of 2021. It includes a salary and fringe benefits for the administrator, one-time start-up costs, and other ongoing operating expenses.

Position	1
Salary and Fringe Benefits	\$44,765
Operating Expenses	<u>5,208</u>
DoIT Expenditures FY 2021	\$49,973

Future year expenditures reflect a full salary, annual increases, employee turnover, ongoing operating expenses, and elimination of one-time costs.

It is assumed that the administrator spends the summer providing direct technical assistance to summer interns completing the capstone projects required by the bill and the remaining months working with State agencies to find and develop appropriate projects for interns. DoIT advises it does not currently have staff available to create capstone projects for each MTIP summer intern employed by a unit of State government.

This estimate also assumes that, to the extent interns work for the State in the summer of 2020, the capstone project requirement does not apply to them. Otherwise, their projects would have to be approved *after* the internship had started, and the administrator would have to be hired on July 1, 2020, when the bill takes effect.

Mandated Funding Is Assumed to Be Supplemental Funding

UMBC advises that \$340,000 is included in the budget for MTIP to support the current stipend program for reimbursements to technology-based businesses, reimbursements to units of State and local government, and UMBC to administer the program. As noted above, this estimate assumes that the \$200,000 mandated by the bill (for reimbursements and specified costs related only to interns working for units of State government) is in

addition to the current appropriation, for a total of \$540,000 for MTIP annually beginning in fiscal 2022.

Under an alternative interpretation, if the \$200,000 mandated appropriation for MTIP is *not* supplemental to the current MTIP appropriation, then general fund expenditures for the program *decrease* by an estimated \$140,000 annually beginning in fiscal 2022. However, it is assumed that is not the intent of the bill.

UMBC MTIP Expenditures

Beginning in fiscal 2022, the bill mandates \$200,000 be provided annually for MTIP. Of the \$200,000, up to \$10,000 may be used for program costs, including recruiting, orientation, and concluding ceremonies, and up to \$32,000 may be used for support staff. The remaining funds are for reimbursement for intern stipends as specified. UMBC advises that the funding will support 30 interns (20 full-time and 10 part-time). This estimate includes 100% of the intern payroll costs. Thus, UMBC revenues and expenditures for MTIP increase.

Expenditures for Other State Agencies

Under the bill, up to 100% of the stipend paid to an intern working for a unit of State government can be paid using the mandated appropriation for the program. Under the current program, a State agency must pay at least 50% of an intern's stipend. Thus, to the extent UMBC expenditures for MTIP interns increase, other State agency expenditures for MTIP interns may decrease. The actual impact cannot be reliably estimated at this time as it depends on arrangements UMBC makes with State agencies, the extent of their participation in the current program, and the amount of any current reimbursements.

UMBC and Commerce can jointly determine any changes to maximum reimbursement amounts using existing resources.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1581 (Delegate M. Jackson) - Rules and Executive Nominations.

Information Source(s): Department of Information Technology; Department of Commerce; Maryland Association of Counties; Maryland Municipal League; University

System of Maryland; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

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