

**Department of Legislative Services**  
 Maryland General Assembly  
 2021 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 307 (Senator Guzzone)

Finance and Budget and Taxation

Economic Matters

**Labor and Employment - Direct Care Workforce Innovation Program**

This bill establishes a Direct Care Workforce Innovation Program (DCWIP) within the Division of Workforce Development and Adult Learning (DWDAL) under the Maryland Department of Labor (MDL). The purpose of DCWIP is to provide matching grants to eligible entities to create and expand on successful recruitment and retention strategies that address the range of potential barriers to increasing the number of direct care workers, with the goal of ensuring the availability of trained direct care workers across the State. The Governor must include in the annual budget bill an appropriation of at least \$250,000 for the program.

**Fiscal Summary**

**State Effect:** General fund expenditures for MDL increase by \$250,000 in FY 2023 for grant funding; future years reflect ongoing grants, which assumes that program funds can be used for administration. Although discretionary, this analysis also assumes funding is provided in FY 2022. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2023.**

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Bill Summary:** “Direct care worker” is defined as an individual whose occupation is classified as a home health aide, a personal aide, a nursing assistant, or a psychiatric aide. It includes a geriatric nursing assistant.

DWDAL must administer DCWIP and may adopt regulations to implement the bill. Each year, DWDAL must issue a request for applications from eligible entities for matching grants offered under the program. To receive a matching grant under the program, an eligible entity must submit with the entity’s application a project plan for each project to be developed and carried out or for activities to be continued with the grant. The bill specifies what the project plan must include and how DWDAL must evaluate and select eligible entities.

An eligible entity must secure contributions for the project that at least equal the amount of money requested from the program, and DWDAL may not award more than \$50,000 to an eligible entity each year. If DWDAL receives applications for matching grants that exceed the program’s appropriation, DWDAL must award the grants on a *pro rata* basis. A matching grant is valid for at least three years. DWDAL must encourage eligible entities receiving matching grants to consult with specified entities, including institutions of higher education and the Maryland Department of Health (MDH).

An eligible entity that carries out activities for purposes of recruiting, retaining, or providing advancement opportunities to direct care workers before receipt of a matching grant may use the grant to continue carrying out those activities. An eligible entity receiving a matching grant under the program must use the funds in a manner to develop and implement a strategy for the recruitment, retention, or advancement of direct care workers that includes an activity described in the eligible entity’s application and provides compensation to each direct care worker for any training received under the project or activity. An eligible entity must use at least 5% of the funds to provide direct financial assistance to direct care workers and may not use more than 10% of the funds for the administration of a project.

An eligible entity receiving a matching grant must use the grant to supplement, not supplant, the amount of funds that, in the absence of the grant, would be available to address the recruitment, retention, or advancement of direct care workers in the region served by the eligible entity.

Appropriations and expenditures made for the purpose of implementing the program are subject to audit by the Office of Legislative Audits (OLA). By December 1, 2022, and each year thereafter, DWDAL must report to the Senate Finance Committee and the

House Health and Government Operations Committee on the program's progress and outcomes.

**Current Law:** DWDAL has as its mission ensuring businesses have the skilled workforce they need to be competitive in today's environment, as well as helping people get jobs. Specifically, DWDAL serves the unemployed, jobless veterans, newly dislocated workers, trade-impacted workers, New Americans, ex-offenders, low-wage workers, and individuals with barriers to employment. As the State's main workforce development entity, DWDAL oversees operation of Maryland's 32 American Job Centers, with at least 1 such center located in each county of the State. DWDAL also oversees the Maryland Workforce Exchange, which is Maryland's job bank. Additionally, DWDAL oversees workforce programs for New Americans and veterans and the processing of a number of federal and State tax credits.

#### *Employment Advancement Right Now Program*

The Employment Advancement Right Now (EARN) program was established in 2013 to create industry-led partnerships to advance the skills of the State's workforce, grow the State's economy, and increase sustainable employment for working families. Specifically, the program provides general fund grants on a competitive basis for industry partnerships, workforce training programs, and job-readiness and skills training, including direct care workforce training programs. Under the EARN program, DWDAL has invested in several direct care workforce training programs across the State.

**State Expenditures:** General fund expenditures for DWDAL increase by at least \$250,000 in fiscal 2023 to meet the bill's mandated appropriation for the program to make grants to eligible entities. To the extent that the Governor provides more than \$250,000 for grants under the program in any year, the increase in general fund expenditures will be greater. Although discretionary, this analysis assumes \$250,000 is also provided in fiscal 2022 for grants.

MDL reports existing staff can implement the bill. However, DWDAL is staffed largely with federally funded personnel who cannot work on State-funded programs without the program reimbursing the federal government for their time. The bill does not prohibit the use of the mandated funds for program administration, so this analysis assumes that costs of administering the program are taken from the mandated appropriation. To the extent that existing personnel administer grants and provide oversight to the program, general fund expenditures for reimbursement payments to the federal government increase on an annual basis and funding for grants decreases by an equivalent amount.

OLA can use existing resources to audit DCWIP. The Office of Population Health Improvement within MDH and higher education institutions may need to provide

consulting services on developing and carrying out a project to an eligible entity receiving a matching grant, which they can likely do with existing resources.

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### **Additional Information**

**Prior Introductions:** SB 449 of 2020 passed the Senate with amendments and was referred to the House Economic Matters and Appropriations committees. The House Economic Matters Committee held a hearing, but no further action was taken on the bill.

**Designated Cross File:** None.

**Information Source(s):** University System of Maryland; Morgan State University; St. Mary's College of Maryland; Department of Budget and Management; Maryland Department of Health; Maryland Department of Labor; Department of Legislative Services

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