



WORKFORCE DEVELOPMENT GROUP

**HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION AND ECONOMIC DEVELOPMENT
DELEGATE ADRIENNE A. JONES, CHAIR
DELEGATE BEN BARNES, VICE-CHAIR
FEBRUARY 8, 2017**

**SENATE COMMITTEE ON BUDGET AND TAXATION
SUBCOMMITTEE ON EDUCATION, BUSINESS & ADMINISTRATION
SENATOR NANCY J. KING, CHAIR
FEBRUARY 9, 2017**

KELLY M. SCHULZ, SECRETARY



AGENDA

**INTRODUCTION
BUDGET OVERVIEW
EXECUTIVE SUMMARY
EARN MARYLAND
UNEMPLOYMENT INSURANCE
WORKFORCE DEVELOPMENT AND ADULT LEARNING**





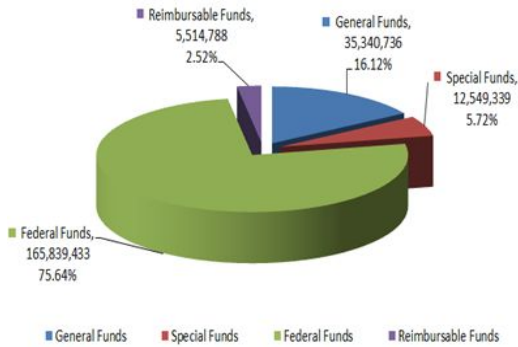
FY 2016 Actual and FY 2017 Appropriation

The Workforce Group is supported by a combination of general, special, federal and reimbursable funding as follows:

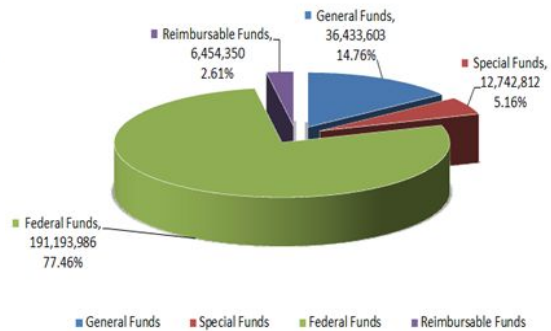
Note: Increase in Federal Funds from UI Modernization grant

WORKFORCE						
	FY 2016		FY 2017		FY 2018	
	ACTUAL	%	APPROPRIATION	%	ALLOWANCE	%
General Funds	35,340,736	0.161	36,433,603	0.148	39,212,403	0.162
Special Funds	12,549,339	0.057	12,742,812	0.052	23,491,399	0.097
Federal Funds	165,839,433	0.756	191,193,986	0.775	173,625,922	0.715
Reimbursable Funds	5,514,788	0.025	6,454,350	0.026	6,468,214	0.027
Total	\$ 219,244,296	1.000	\$ 246,824,751	1.000	242,797,938	1.000

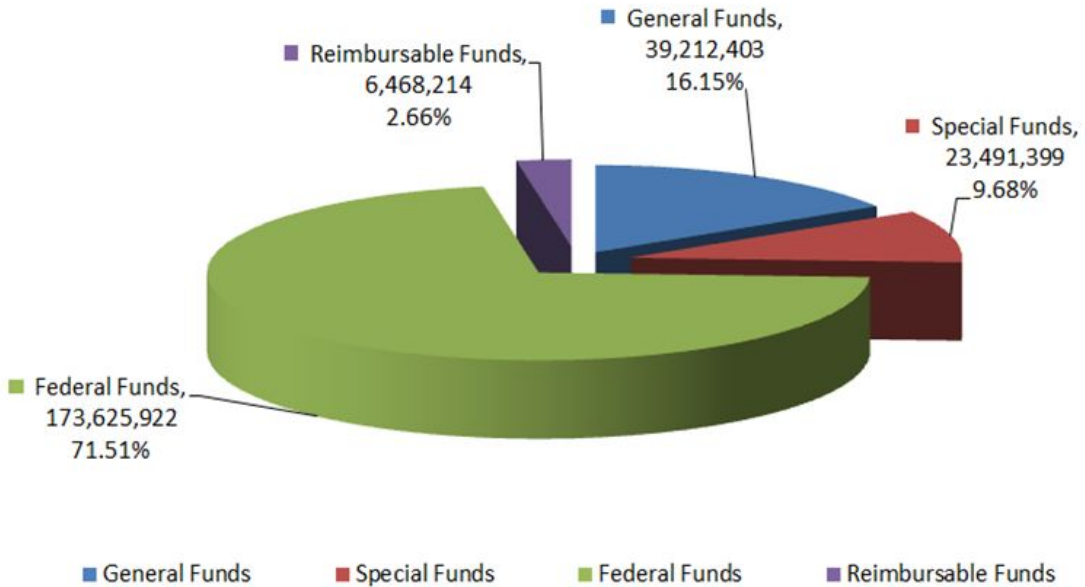
FY 2016 ACTUAL



FY 2017 APPROPRIATION

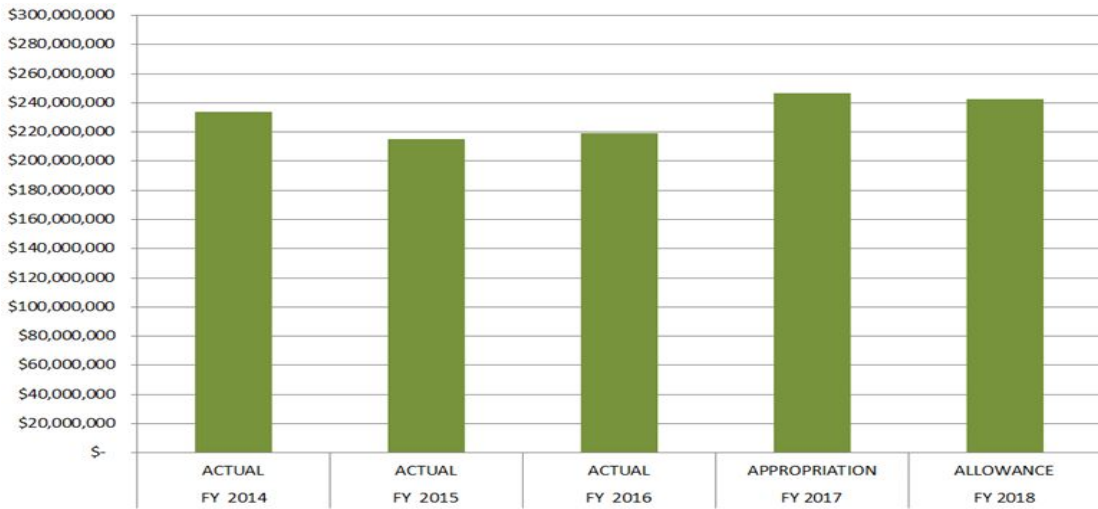


FY 2018 ALLOWANCE





Workforce Development Group Budget FY 2014 Actual – FY 2018 Allowance



EXECUTIVE SUMMARY

- The **Office of the Secretary** provides executive leadership, general administration, public information, and comprehensive planning for the commissions, boards, divisions and agencies of the Department and includes the Governor's Workforce Investment Board (GWIB), the Office of Program Analysis and Audit, the Office of Fair Practices, the Office of Legal Services, the Board of Appeals and the Lower Appeals Division, and the Employment Advancement Right Now (EARN) Program.





EXECUTIVE SUMMARY

EARN Maryland Changing Lives:

“I was working minimum wage and now I’m at more than \$40,000. That’s definitely good for someone my age, just 22 years old.”

-Joel, a participant with Civic Works

CeCe was experiencing the hardships of unemployment, and trying to get her life back on track after her felony arrest when she enrolled in Jane Adams Resource Center’s CNC program in Baltimore City. She obtained her National Institute for Metalworking Skills (NIMS) Certification, just received a promotion **and is now making \$31 per hour**. Since CeCe has been employed, she has obtained her driver’s license and has received a vehicle through Vehicles for Change.

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EXECUTIVE SUMMARY

- The **Division of Administration**, composed of the Office Budget and Fiscal Services, Office of General Services, Office of Information Technology and Office of Human Resources, provides support services in fiscal, budgetary, procurement, facility management, information technology, and human resources.
- The **Office of Administration** represents a merger between the Office of Budget and Fiscal Services and the Office of Human Resources. We believe this will improve fiscal and HR service delivery to the other DLLR divisions, offices, and commissions by breaking down silos to focus on the needs of programs rather than individual functions.

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EXECUTIVE SUMMARY

- The **Division of Unemployment Insurance** administers the collection of unemployment taxes, the determination of employer rates, and the payment of benefits to eligible individuals. Benefits are paid with employer paid taxes. Federal extensions of unemployment benefits are paid solely with federal funds. The administrative costs of the program are paid through a federally funded grant.

EXECUTIVE SUMMARY

- The **Division of Workforce Development and Adult Learning (DWDAL)** manages 32 American Job Centers throughout the State and has oversight responsibility for four DWDAL offices:
 - Office of Workforce Development
 - Office of Adult Education and Literacy Services
 - Office of Correctional Education
 - Office of Workforce Information and Performance

Employment Advancement Right Now (EARN)

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Employment Advancement Right Now (EARN)

Maryland's Nationally Recognized Workforce Initiative

- The State's Return on Investment is \$14.88 per every \$1 spent. The national average is \$3.41.
- 1,425 Marylanders obtained employment (781 in 2016)
- Over 3,000 incumbent workers received training (1,513 in 2016)
- Over 600 business and industry partners have participated, an increase of more than 200% since program inception
- Over \$8 million in State, Federal and foundation funding has been awarded to lead applicants because of this industry-led model
- Recognized by Urban Institute, National Skills Coalition among others

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EARN Maryland's Success

Businesses are key to the EARN model. Deep business involvement sets the EARN program apart from other workforce training programs.

“The relationships I have built among the other partners have enabled opportunities to share information (i.e. problems and solutions) of technology challenges we all share regardless of industry. “

Matt Growden, First United Bank and Trust, Regarding the Western Maryland Center for IT Excellence

“As a small firm, we are always trying to source and provide high caliber training at a reasonable cost point. The training made available to Quality Biological via EARN was top notch in every aspect and we have requested additional training in Quality Management Systems through the EARN initiative.”

Basile Whitaker from Quality Biological, Regarding the BioTrain Strategic Industry Partnership

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Investing in Green and Cyber Jobs with EARN

Replicating the success of this nationally recognized model

- Governor Hogan announced as a part of his 2017 Environmental Agenda a \$3 million targeted investment, over the next 3 years, in Maryland's EARN program to provide training for jobs in solar, wind, hydroelectric and other green industries. The funds were provided as a grant from the Maryland Energy Administration through the Strategic Energy Investment Fund.
- Under the Governor's Maryland Jobs Initiative, \$3 million in FY 2018 funding will be provided for cyber jobs.

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Division of Workforce Development and Adult Learning

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Division of Workforce Development and Adult Learning

- Maryland's implementation of the federal Workforce Innovation and Opportunity Act (WIOA)
- Providing Services to...
 - Maryland's Jobseekers
 - Maryland's Businesses
 - Maryland's Veterans
 - Maryland's Adult Learners
 - Individuals with Barriers to Employment

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MD's Future Workforce - Workforce Innovation and Opportunity Act (WIOA)

- WIOA's focus
 - Increased cooperation between State workforce agencies
 - Increased services to individuals with barriers to employment
 - Increased focus on business driven opportunities
- Governor Hogan directed Maryland's workforce agencies to compile a Combined State Workforce Plan:
 - Department of Labor, Licensing and Regulation
 - Department of Human Services
 - Maryland State Department of Education

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MD's Future Workforce - Workforce Innovation and Opportunity Act

- WIOA provides a unique opportunity to critically analyze:
 - Services which are currently provided; and
 - Ways to effectively provide services to customers
- Maryland has received national recognition for its collaborative approach to building the State's workforce system
- Convening partners from state and local workforce entities, Department of Human Services, local Departments of Social Services, adult education providers, vocational rehabilitation providers from MSDE's Division of Rehabilitation Services, and others.

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Maryland's Workforce Plan – Placing People Before Performance

- The State's workforce plan represents the first time in Maryland's history that the workforce development activities of three State agencies is produced in one document.
- Emphasizes customer-service, government efficiency, and how Maryland can meet the needs of businesses and *all* of the State's jobseekers.
- The Governor's Workforce Development Board reviewed and approved the plan on February 11, 2016, and it was finally approved by federal funders on October 1, 2016.

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Workforce Statistics

- During FY 2016, Maryland's Workforce System placed 49,884 jobseekers into jobs – a 55.8% placement rate.
- More than 110,850 Marylanders received services at Maryland's 32 American Job Centers.
 - Resume assistance
 - Connecting with jobs and training
- Of all participants employed after program participating, 81.5% have maintained employment for six (6) months.

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Connecting with Maryland's Jobseekers

- Through Maryland's 32 American Job Centers
 - Resume Training
 - Interview Coaching
 - Workshops and Seminars
 - Job / skill training
- Job Fairs
- Maryland Workforce Exchange -- Maryland's online job site

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Connecting with Maryland's Businesses

- Business Services Team
- Labor Market Data
- Layoff Aversion
- Placement of job openings on Maryland's job bank, the Maryland Workforce Exchange
- In FY 2016, 7,487 businesses were served

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Maryland Business Works -- Investing in Training

- The Department is dedicating \$1 million in federal funds that, when combined with the dollar-to-dollar match from employers will equate to \$2 million in training of Maryland's workforce.
 - Invests in Maryland businesses who invest in the training of their employees.
 - Funds will be primarily targeted to small businesses with 250 employees or fewer; local and regional businesses providing in-demand products or services; and, businesses which are facing potential layoffs.



Apprenticeships – Maryland's Workforce Solution

- On October 1, 2016, the Office of Apprenticeships was transferred to the Division.
- Maryland currently has over 9,500 apprentices.
- Opportunity to grow both traditional and non-traditional apprenticeships
 - *Cybersecurity and Information Technology*
 - *Health Care*
 - *Youth Apprenticeships*
- Maryland was the recipient of \$2.2 million in funding from USDOL for the acceleration and expansion of apprenticeships. This was the third highest award in the nation.

"Apprenticeships in Maryland are used primarily in the construction fields; yet, as a means of developing a highly skilled and efficient worker, they are underutilized in many other fields."

Maryland Economic Development and Business Climate Commission
2014 Interim Report





Apprenticeships – Maryland’s Workforce Solution



Youth Apprenticeships – Building the Talent Pipeline

- Apprenticeship Maryland Pilot Program created in partnership with MSDE
- Enacted by the Maryland General Assembly in 2015 to create youth apprenticeships in Science, Technology, Engineering, and Mathematics (STEM) and advanced manufacturing.
- Two pilot sites – Washington County and Frederick County
- Department’s Youth Apprenticeship Advisory Committee provides insight and policy guidance.
- There are currently no appropriations dedicated to Youth Apprenticeships





Connecting with Maryland's Veterans

Dedicated staff serve the needs of Maryland's veterans and their spouses

Veterans receive a "priority of service" in obtaining any USDOL funded services

- **Total Veterans Served** | 7,221
 - **Training Referrals** | 462
 - **Employment Services Referrals** | 6,826
 - **Employment Acquisition** | 3,116
 - **Staff-Assisted Services** | 5,004
- Disabled Veterans' Outreach Program**
 FY 2017 Allowance \$2,221,430
- Local Veterans' Employment Representative Program**
 FY 2017 Allowance \$1,445,494



Connecting with Maryland's Adult Learners

Provides adult learners with:

- Instruction in basic and secondary level academic skills for adult learners
- English Language acquisition classes for New Americans
- High school diploma options
- Administering the statewide GED® testing program

	2013 Actual	2014 Actual	2015 Actual	2016 Actual
Number of GED applicants tested	11,226	4,063	6,232	7,290
MD Pass Rate	56%	52%	69%	69%
National Pass Rate	76%	62%	67%	80%

•Data from GED Analytics
 *FY '15 was the first year where GED's computer-based test was fully implemented. National trends also reflect declining numbers of testers as states transitioned from the paper-based examination.





Connecting with Individuals with Barriers to Employment

- Instruction in academic, special education, ESOL, transitional, occupational, college, and library programs at Maryland's correctional institutions
- 23 occupational programs, many of which provide nationally-recognized certifications
- Re-entry programs focus on job readiness
- Federal bonding options for employers who hire ex-offenders

Correctional Education Statistics	
Avg. numbers of students served per day	3,200
Approx. number of students served per year	13,000
Number of full-time State CE employees	81
Number of Schools	21



Division of Unemployment Insurance



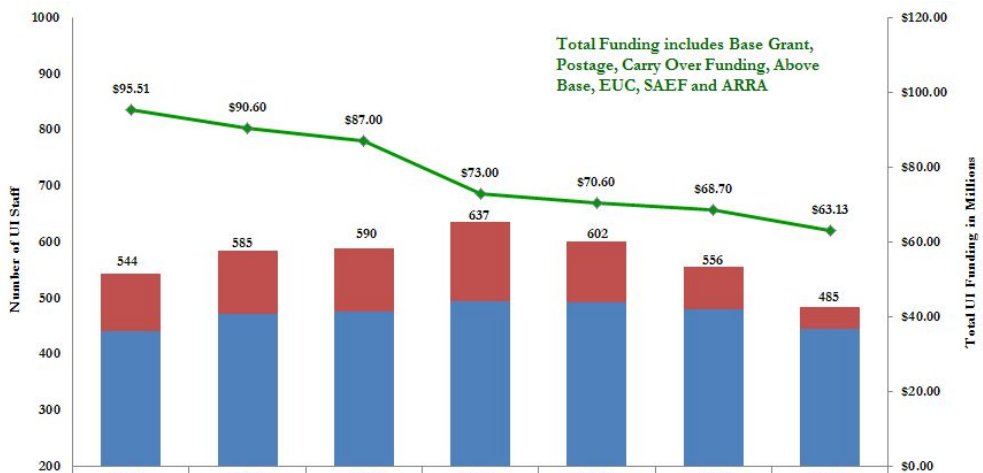


Unemployment Insurance

- Provides temporary weekly benefits for workers who have lost their jobs – through no fault of their own.
- Focus on fiscal responsibility for the UI Trust Fund.
- Maryland maintains one of the strongest unemployment insurance systems in the country.
- In Calendar Year 2017, Maryland employers are paying unemployment insurance taxes at the lowest rate table.



Total UI Funding and Staffing Levels

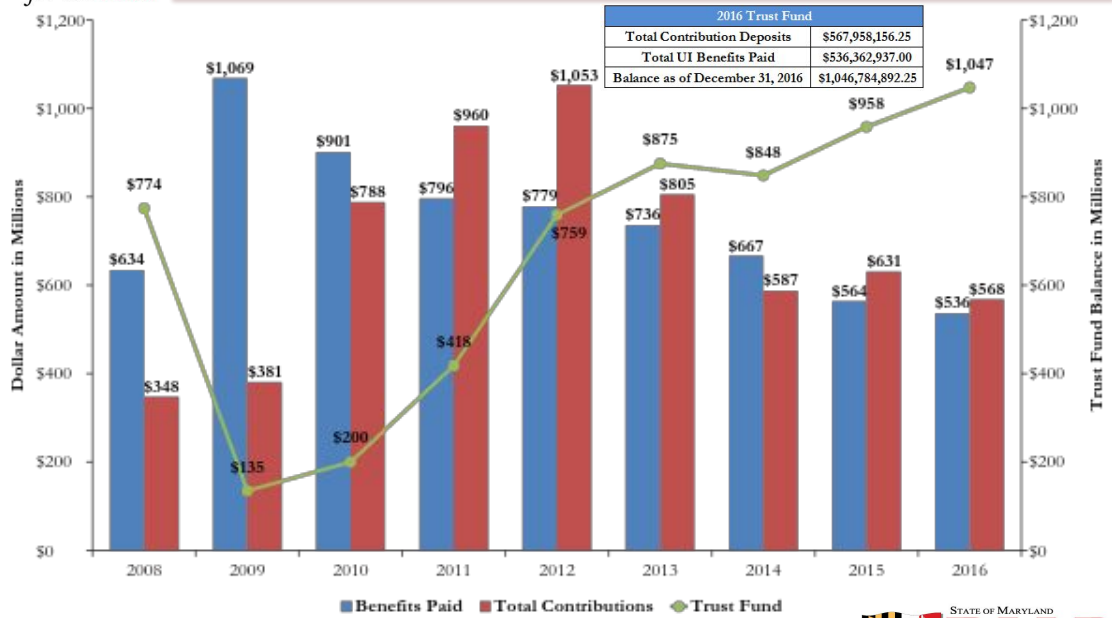


Filled Contractual	102	113	113	143	109	75	40
Filled PINs	442	472	477	494	493	481	445
Total	544	585	590	637	602	556	485
Total Funding	\$95.51	\$90.60	\$87.00	\$73.00	\$70.60	\$68.70	\$63.13



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for the Better

Benefits Paid, Contribution Deposits and Trust Fund Balances

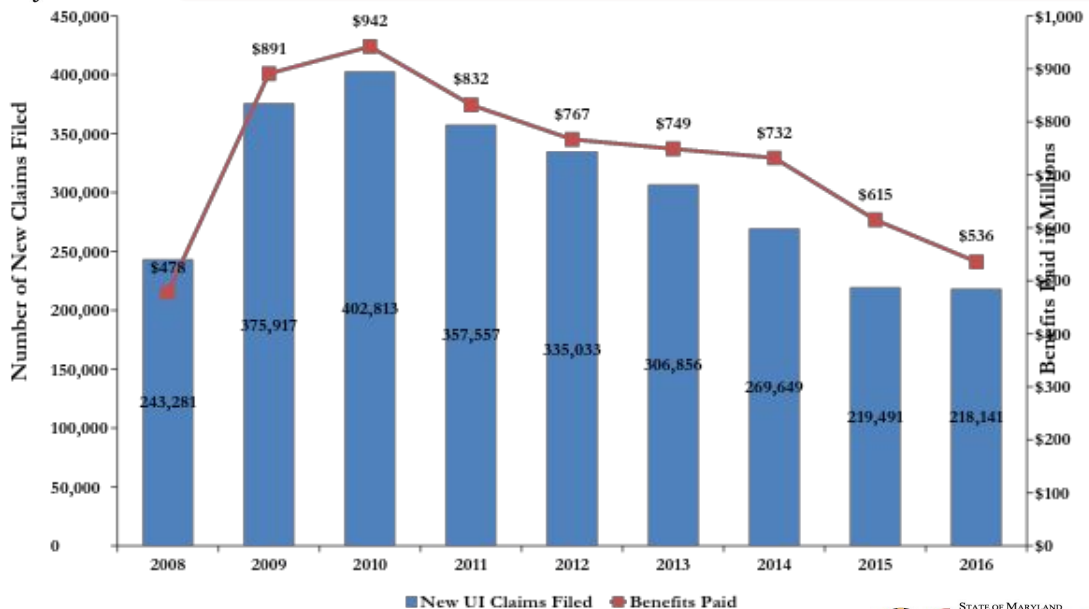


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Regular UI Program – New Claims Filed and Benefits Paid



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Strength of the UI Trust Fund

Top 13 State Trust Fund Balances*

	State	Balance (\$)
1.	Washington	\$4,134,118,538
2.	Oregon	\$3,357,079,395
3.	Florida	\$3,254,655,458
4.	Michigan	\$3,165,003,327
5.	North Carolina	\$2,443,617,047
6.	New Jersey	\$1,906,249,839
7.	Minnesota	\$1,569,258,892
8.	Illinois	\$1,494,661,115
9.	Pennsylvania	\$1,412,673,321
10.	Georgia	\$1,399,247,106
11.	New York	\$1,299,535,236
12.	Wisconsin	\$1,164,855,773
13.	Maryland	\$1,046,784,892

Maryland UI Trust Fund:

- Has **13th highest balance** as of 12/31/2016:
 - **\$1,046,784,892***
- No Trust Fund Loan:
 - 2 states have Trust Fund Loans from the Federal Government as of 9/30/2016
- 2017 Table A:
 - Range of Rates – 0.3% - 7.5%
 - \$25.50 - \$637.50 per employee
 - Wage Base - \$8,500



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Cost of UI for Employers – Maryland UI Rate Tables

Table A: 0.3% to 7.5% = \$25.50 to \$637.50 per employee per year.

Table B: 0.6% to 9.0% = \$51.00 to \$765.00 per employee per year.

Table C: 1.0% to 10.5% = \$85.00 to \$892.50 per employee per year.

Table D: 1.4% to 11.8% = \$119.00 to \$1,003.00 per employee per year.

Table E: 1.8% to 12.9% = \$153.00 to \$1,096.50 per employee per year.

Table F: 2.2% to 13.5% = \$187.00 to \$1,147.50 per employee per year.

Source: MD Code Ann., Labor and Emp. Art. § 8-612

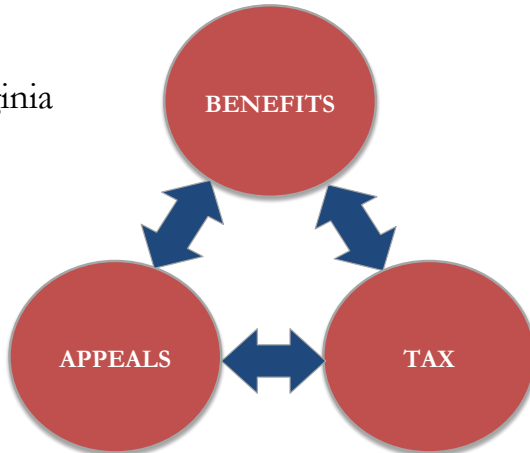




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UI Modernization

- Fully integrated, real time, web-based system
- Consortia partner with West Virginia
- Greater self-service and on-line status available to:
 - ✓ Employers
 - ✓ Claimants
- ✓ Ease of modification and enhancement
- ✓ Security features
- ✓ Implementation: September 2018



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Questions

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