

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 869
 Finance

(Senator A. Washington)

**Economic Development - Maryland Workforce Launch Pilot Program -
 Establishment**

This bill establishes the Maryland Workforce Launch Pilot Program in the Department of Commerce (Commerce) to provide customized, no-cost workforce training as a business attraction tool to recruit strategic industries and qualified business entities to the State. Commerce must partner with no more than two community colleges to deliver training services and must distribute funds to a partner community college to cover the direct costs of developing and delivering the training. The bill specifies that any curriculum, manuals, or instructional materials developed under the program are owned by the community college. A related reporting requirement is established. **The bill terminates September 30, 2029.**

Fiscal Summary

State Effect: General fund expenditures increase by at least \$71,900 in FY 2027 for Commerce to hire one contractual employee to administer the program; future years reflect annualization, inflation, ongoing costs, and termination of the contractual employee upon submission of the required report. *Under one set of assumptions*, general fund expenditures increase by another \$500,000 annually in both FY 2027 and 2028 to provide funding to partner community colleges (including potentially Baltimore City Community College (BCCC)) to cover training costs under the program.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Higher Ed Rev.	-	-	\$0	\$0	\$0
GF Expenditure	\$571,900	\$581,700	\$42,600	\$0	\$0
Higher Ed Exp.	-	-	\$0	\$0	\$0
Net Effect	(\$571,900)	(\$581,700)	(\$42,600)	\$0	\$0

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

Local Effect: Local community college revenues and expenditures increase to the extent they are selected as program partners and receive State funding, as discussed below.

Small Business Effect: Potential minimal, as discussed below.

Analysis

Bill Summary:

Definitions

“Qualified business entity” means a business entity that (1) does not have a physical location in the State; (2) is in active negotiations with Commerce to establish a location in Maryland from outside the State; and (3) enters into an agreement with Commerce to participate in the program.

“Strategic industry” means an industry sector identified by Commerce in the State’s economic strategic plan.

Maryland Workforce Launch Pilot Program – Requirements

For each qualified business entity that receives assistance under the program, Commerce must establish performance metrics, including the number of full-time jobs created and the salary the entity is providing to trainees. The program agreement must include a provision requiring the qualified business entity to reimburse Commerce for the cost of the training services if the entity fails to meet the established performance metrics.

By December 31, 2028, Commerce must submit a report to the Governor and the General Assembly on the effectiveness of the program, including (1) revenue generated by the qualified business entities; (2) jobs created; and (3) recommendations for statewide expansion.

Current Law:

Partnership for Workforce Quality Program

Purpose: The purpose of the Partnership for Workforce Quality (PWQ) Program, administered by Commerce, is to provide training services to:

- improve the competitiveness and productivity of the State’s workforce and business community;

- upgrade employee skills, or train new employees, for new technologies or production processes; and
- assist employers located in the State in promoting employment stability.

Eligibility: In order to receive assistance under the program, a Maryland-based employer must request training assistance in job-specific skills to train new employees or upgrade or retain existing Maryland-based employees, as specified. Priority must be given to employers that are manufacturers or threatened by the presence of increased foreign or domestic competition.

Business Assistance Services: The program must provide business assistance services that, among other things, (1) determine whether the employer's specific needs are best met by training, other types of assistance, or a combination of services; (2) identify or develop appropriate curricula; and (3) determine the most cost-effective approach to meeting training needs. The program may provide business assistance services at no cost to the employer.

Training: Grants may be awarded for job-specific training assistance to an eligible business, community college, private career school, State-accredited training agency, trade association, or union-sponsored training program. Training must be approved by the employer, and job-specific training may not exceed one year.

Partnership for Workforce Quality Fund: The PWQ Fund is a special fund managed and supervised by the Secretary of Commerce. The fund consists of money appropriated in the State budget to the fund, money made available to the fund through federal programs, private contributions, an application or other fee paid to the program in connection with processing a request for financial assistance, and any other money made available to the fund. Investment earnings are credited to the fund.

Commerce may use money in the fund for grants to defray the cost of workforce training and administrative, actuarial, legal, and technical services for the program.

The Governor must include in the State budget for each fiscal year an appropriation of at least \$1.0 million for the program.

Use of Program Money: Program money may be used for costs associated with the direct delivery of instruction, including curriculum development, course materials, and instructors' salaries and expenses for training.

At least 60% of the money available to the program must be reserved for employers with 150 or fewer employees based in the State. Up to 20% of available program funding may

be provided to an employer with more than 500 employees based in the State, under specified conditions.

The program may not contribute more than 50% of direct training costs for job-specific training assistance. Program money may not be used for capital equipment for an employer or trainee wages. An employer may not receive more than \$200,000 per year from the program.

State/Local Fiscal Effect:

Commerce

Commerce advises that recent staff retirements have reduced the agency’s capacity to administer additional programs; therefore, creating a new position to manage and oversee the program is necessary. Thus, general fund expenditures increase by at least \$71,869 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date, and by at least \$81,731 in fiscal 2028. This estimate reflects the cost of hiring one contractual full-time finance specialist within the Office of Finance Programs to administer the program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

General fund expenditures increase further to provide funding to partner community colleges to develop and deliver customized workforce training for participating businesses. *Under one set of assumptions*, reflected below, general fund expenditures increase by another \$500,000 annually in both fiscal 2027 and 2028 to support training delivered through the pilot program. This estimate assumes training costs of approximately \$6,000 per trainee, based on costs observed in the existing PWQ Program (only half of which is paid by the State). Under this assumption, the annual funding level could support training for approximately 80 trainees per year. Actual expenditures under the pilot program depend on future appropriations and the number of participating businesses and trainees.

	<u>FY 2027</u>	<u>FY 2028</u>
Contractual Position (New)	1.0	0.0
Salary and Fringe Benefits (Total)	\$62,728	\$78,926
Community College Funding	500,000	500,000
Other Operating Expenses	<u>9,141</u>	<u>2,805</u>
Total Commerce Expenditures	\$571,869	\$581,731

The fiscal 2029 estimate (\$42,617) reflects a salary with annual increases and employee turnover, annual increases in ongoing operating expenses, and termination of the contractual position on December 31, 2028, when the report analyzing the effectiveness of the program must be completed.

This analysis assumes there is no funding for partner community colleges in fiscal 2029, as that year is assumed to be used to analyze the funding distributed in fiscal 2027 and 2028. However, the timing of program implementation is uncertain, as it is not known how quickly Commerce can establish relationships with qualified business entities outside the State or partner community colleges.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

This estimate also does not reflect any potential reimbursements to Commerce from qualified business entities for the cost of the training services if any such entities fail to meet the performance metrics established under the bill.

Baltimore City Community College and Local Community Colleges

BCCC and local community college revenues and expenditures increase to the extent community colleges are selected as program partners and receive State funding to provide training services. The bill requires Commerce to partner with no more than two community colleges to deliver training services (as discussed in further detail below). The magnitude of the fiscal impact depends on participation levels and whether State funding fully covers training costs. However, under one set of assumptions, a selected community college's revenues and expenditures may increase by approximately \$6,000 per trainee. If one community college receives half of the assumed annual funding for the program, that college's revenues and expenditures increase by approximately \$250,000 in that year.

Small Business Effect: The pilot program is for businesses outside of Maryland that choose to relocate to the State; therefore, it does not affect existing small businesses. Nevertheless, to the extent the program successfully attracts new business entities, small businesses in the same geographic area may benefit from an increase in economic activity.

Additional Comments: Commerce advises that the bill's restriction on the number of partner community colleges may pose a challenge in terms of ensuring they are geographically convenient to the location chosen by a qualified business entity.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Commerce; Baltimore City Community College;
Department of Legislative Services

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jg/ljm

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