

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 696  
Economic Matters

(Delegate Krebs, *et al.*)

---

State Finance and Procurement - Public Work Employees - Helpers and Trainees

---

This bill repeals a prohibition against contractors and subcontractors on public works projects hiring any individual classified as a helper or trainee to work on the project.

---

Fiscal Summary

**State Effect:** Potential reduction in expenditures for individual eligible public works contracts, to the extent that contractors hire helpers and trainees instead of apprentices or journey workers and that their wages are lower than those of apprentices or journey workers. Savings may be offset, at least in part, by poor work quality by untrained helpers and trainees that requires remediation. To the extent that the bill reduces the cost of public works projects, there is no assumed reduction to the State's capital budget, but more projects may receive funding in a given year. Revenues are not affected.

**Local Effect:** Potential reduction in local government expenditures for eligible public works contracts, to the extent that contractors hire helpers and trainees instead of apprentices or journey workers and that their wages are lower than those of apprentices or journey workers. Savings may be offset by poor work quality by helpers and trainees that requires remediation. To the extent that the bill reduces the cost of public works projects, there is no assumed reduction to local governments' capital budgets, but more projects may receive capital funding in a given year. No effect in four counties with local prevailing wage laws.

**Small Business Effect:** Minimal.

---

## Analysis

**Current Law:** Public works are structures or works, including bridges, buildings, ditches, roads, alleys, waterworks, or sewage disposal plants, that are constructed for public use or benefit or paid for entirely or in part by public money.

Contractors working on eligible public works projects must pay their employees the prevailing wage rate. Eligible public works projects are those valued at more than \$500,000 and carried out by:

- the State; or
- a political subdivision, agency, person, or entity for which at least 50% of the project cost is paid for by State funds.

Prevailing wages are defined in statute as the wages paid to at least 50% of workers in a given locality who perform the same or similar work on projects that resemble the proposed public works project. The Commissioner of Labor and Industry within the Department of Labor, Licensing, and Regulation (DLLR) is responsible for determining prevailing wages for each public works project and job category, subject to the advice and recommendations of a six-member advisory council appointed by the Governor. The State prevailing wage rate does not apply to any part of a public works project funded with federal funds for which the contractor must pay the prevailing wage rate determined by the federal government.

Contractors and subcontractors under public works contracts must employ only competent workers and apprentices who participate in an apprenticeship program registered with the State's Apprenticeship and Training Council within DLLR and approved by the U.S. Department of Labor's Bureau of Apprenticeship and Training. An occupation must require at least 2,000 hours of training to be considered an apprenticeable occupation.

Apprentices must be at least 16 years old and have a written agreement with a sponsor (typically an employer or union) that specifies which trade or craft the apprentice is learning and the beginning and end dates of the apprenticeship. Apprentices on public works projects must be paid a wage that is at least the percentage, set by the council, of the prevailing wage rate for a mechanic (journey worker) in the trade in which the apprentice is employed. DLLR advises that, in general, apprentices are paid 75% of journey rates, but the percentages can vary somewhat by trade.

“Helper” and “trainee” are not defined terms in State law or regulation.

**Background:** According to the council, there are more than 230 registered apprentice occupations and more than 9,000 registered apprentices in the State. Approximately 160 public works projects qualify under the prevailing wage statute are currently underway in the State, including both State and local projects.

Four Maryland jurisdictions – Allegany, Montgomery (beginning in July 2009), and Prince George’s counties and Baltimore City – have local prevailing wage laws requiring public works projects in the jurisdiction to pay prevailing wages, including school construction.

**State/Local Expenditures:** Apprentices are required to work under an apprentice agreement that provides supervision and training by a master. Although neither helper nor trainee is defined, it is assumed that the terms refer to unskilled workers who would be hired to work on public works projects, perhaps instead of apprentices or, in some cases, journey workers, and for whom there is no prevailing wage or equivalent wage standard. To the extent that their wages would be less than those of apprentices or journey workers, the bill may reduce the costs of public works contracts for the State and local governments, but a reliable estimate is not feasible. At the same time, helpers and trainees are not required to have adequate training and supervision, so work quality may be affected, which may ultimately require remediation that increases project costs.

The bill’s potential effect is tempered somewhat by the fact that some public works contracts, most notably road projects, receive federal funds and are therefore subject to federal prevailing wage rules, which are similar to the State’s.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of General Services; Department of Labor, Licensing, and Regulation; Department of Legislative Services

**Fiscal Note History:** First Reader - March 20, 2011  
ncs/rhh

---

Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510