

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 1154 (Delegate Poole, *et al.*)  
Economic Matters

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**Construction Apprenticeship Assistance Program**

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This bill establishes a construction apprenticeship assistance program in the Department of Labor, Licensing, and Regulation (DLLR). The program will award grants, as provided in the State budget, of up to \$1,000 for each apprentice to eligible “private sector entities” that operate apprenticeship programs in the State. DLLR is required to establish criteria for private sector entities and create an application process. The bill requires grants to be awarded based on the number of participants and demonstrated shortages of skilled construction workers in the county in which the program is located. In making grants, the program must give priority to applicants in counties with the highest demonstrated shortage of skilled workers. The grants are to be distributed at the end of the program year and only to the extent that each apprentice has completed the program year.

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**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$584,100 in FY 1998, based on awarding maximum grants of \$1,000 to eligible private sector entities for 725 qualified apprentices, and reflecting the bill’s October 1, 1997 effective date. Out-year revenues reflect annualization and growth. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	584,100	790,600	807,000	823,800	841,000
Net Effect	(\$584,100)	(\$790,600)	(\$807,000)	(\$823,800)	(\$841,000)

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

**Local Effect:** None.

**Small Business Effect:** Meaningful impact on small businesses as discussed below.

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**Fiscal Analysis**

**State Expenditures:** General fund expenditures could increase by an estimated \$584,100 in fiscal 1998, which reflects the bill's October 1, 1997 effective date. This estimate reflects the cost to the Department of Labor, Licensing, and Regulation of hiring one Administrative Officer II and one part-time contractual Office Clerk to set up the program criteria, promulgate regulations, process applications, and administer the grants. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, and \$543,800 in apprenticeship grant funds. The information and assumptions used in calculating the estimate are stated below:

- ° There are 1,450 apprentices in the building and construction trades.
- ° Of the 1,450 apprentices enrolled, 725 work for a qualified private sector entity and will successfully complete the program annually, qualifying their employer for a \$1,000 grant.
- ° Eligible private sector entities with construction apprenticeship programs will apply for the grants for each qualified apprentice they employ.
- ° Grant funding will increase 2% each year based on industry growth.

Salaries and Fringe Benefits	\$35,296
Grants	\$543,750
Operating Expenses	<u>\$5,085</u>

**Total FY 1998 State Expenditures      \$584,131**

Future year expenditures are adjusted to reflect \$725,000 in grant funds, 3% turnover, 3.5% annual salary increases, and 2% annual increases in ongoing operating expenses and grant funding.

**Small Business Effect:** There are 1,450 apprentices in building and construction trades. It is assumed that the majority of building and construction businesses in the State are small businesses. Therefore, the apprenticeship grants could have a meaningful impact on these businesses to the extent that they operate apprenticeship programs and are located in a county with a demonstrated shortage of skilled workers. These businesses would receive up to \$1,000 for each apprentice that successfully completes the program year.

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**Information Source(s):** Department of Labor, Licensing, and Regulation (Division of Labor and Industry)

**Fiscal Note History:** First Reader - February 17, 1997

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