

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1152 (Delegate Poole. *et al.*)

Economic Matters

**Construction Apprenticeship Assistance Program**

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. 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.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$1,865,600 in FY 1999, based on awarding maximum grants of \$1,000 to eligible private sector entities for 1,815 qualified apprentices. Out-year revenues reflect annualization and growth. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	1,865,600	1,898,000	1,918,400	1,939,200	1,960,400
Net Effect	(\$1,865,600)	(\$1,898,000)	(\$1,918,400)	(\$1,939,200)	(\$1,960,400)

**Local Effect:** None.

**Small Business Effect:** Meaningful impact on small businesses.

## Fiscal Analysis

**State Expenditures:** General fund expenditures could increase by an estimated \$1,865,593 in fiscal 1999, which accounts for the bill's October 1, 1998 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 \$1,815,000 in apprenticeship grant funds. The information and assumptions used in calculating the estimate are stated below:

- There are 3,631 active apprentices in the building and construction trades.
- Of the 3,631 apprentices enrolled, 1,815 work for a qualified private sector entity and will successfully complete the program annually, qualifying their employers for \$1,000 grants.
- Eligible private sector entities with construction apprenticeship programs will apply for the grants for each qualified apprentice they employ.
- Grant funding will increase 1% each year based on industry growth.

Salaries and Fringe Benefits	\$46,528
Grants	\$1,815,000
Operating Expenses	<u>\$4,065</u>
<b>Total FY 1999 State Expenditures</b>	<b>\$1,865,593</b>

Future year expenditures are adjusted to reflect \$1,815,000 in grant funds, 3% turnover, 3.5% annual salary increases, and 1% annual increases in ongoing operating expenses and grant funding.

**Small Business Effect:** There are 3,631 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. 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); Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 1998

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Analysis by: Jo Ellan Jordan

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710