

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 588 (Senator Lawlah)

Economic and Environmental Affairs

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**School Construction - Apprenticeship Program**

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This bill requires a contractor on a State funded public school construction project to have in place an approved and registered apprenticeship program and hire State-registered apprentices at a ratio of one apprentice for every three journey persons.

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**Fiscal Summary**

**State Effect:** Potential indeterminate increase in State expenditures. Revenues would not be affected.

**Local Effect:** Potential indeterminate increase in public school expenditures. Revenues would not be affected.

**Small Business Effect:** Meaningful.

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**Fiscal Analysis**

**State Effect:** The Maryland Apprenticeship and Training Program (MATP) within the Department of Labor, Licensing, and Regulation (DLLR) is responsible for promoting, registering, and developing apprenticeship training programs. In fiscal 1997, there were 598 registered apprenticeship programs in the State serving 2,544 employers and 4,722 registered apprentices. MATP has seven staff positions and receives approximately \$350,000 in State funding. DLLR advises that any additional workload resulting from registering additional apprenticeship training programs could be handled with existing resources.

However, to the extent that business costs associated with developing an apprenticeship program are passed on in bids for contracts, State expenditures on school construction

projects could increase. As shown in **Exhibit 1**, in the last five years (fiscal 1993 through 1997), approved public school construction contracts totaled over \$1 billion, of which \$386 million were State funds and \$652 million were local funds. Based on a five-year average State expenditure for school construction projects, each 1% increase in the contract bid would cost the State approximately \$800,000.

**Exhibit 1**  
**Approved Public School Construction Contracts**

Fiscal Year	State Funds	Local Funds	Total Funds
1993	\$41.7 million	\$66.4 million	\$108.1 million
1994	\$71.9 million	\$121.3 million	\$193.2 million
1995	\$88.2 million	\$151.6 million	\$239.8 million
1996	\$104.7 million	\$177.0 million	\$281.7 million
1997	\$79.9 million	\$135.9 million	\$215.8 million
Total	\$386.4 million	\$652.2 million	\$1,038.6 million

Source: Interagency Committee on Public School Construction

**Local Effect:** To the extent that business costs associated with developing an apprenticeship program are passed on in bids for contracts, local school expenditures on school construction projects could increase. Based on a five-year average local expenditure for school construction projects, each 1% increase in the contract bid would cost local governments \$1.3 million.

**Small Business Effect:** Small businesses that receive contracts for State-funded school construction projects could have increased costs under this bill. Small businesses without apprenticeship programs would either have to set up their own program or join an approved program through union shops or an association in order to work on public school construction projects. Associations charge specified dues and amounts for each apprentice in the training program; unions pass on the costs through bargaining agreements. Further, this bill may preclude certain small businesses from bidding on school construction projects, thus creating a significant barrier into the school construction market.

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**Information Source(s):** Interagency Committee on Public School Construction, Department of Business and Economic Development, Department of Legislative Services

**Fiscal Note History:**

First Reader - March 10, 1998

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