

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1001 (Delegate Hixson, *et al.*)
Commerce and Government Matters

State-Funded Construction Projects - Apprenticeship Programs

This bill provides that a contract for a “State-funded construction project” must require the contractor, or the association of which the contractor is a member to: (1) have an approved and registered apprenticeship program in place at least six months before the contractor submits a bid for a contract; and (2) to hire apprentices at a ratio of one apprentice for every three journeypersons.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: Potential significant general and special fund expenditure increases for State construction projects.

Local Effect: Potential expenditure increases for school construction projects.

Small Business Effect: Meaningful. Small businesses are the least likely to have registered apprenticeship programs, and if they are not members of an association with an apprenticeship program they will be unable to bid on State construction contracts. It is assumed that a large number of construction companies are small businesses.

Analysis

Bill Summary: The bill requires all contractors on construction projects with any State funding to have approved apprenticeship programs, or be a member of an association

with such a program, and use apprentices in the ratio of one apprentice to every three journeypersons.

The bill defines “approved and registered apprenticeship program” as a program that is registered in the State and is approved by the Apprenticeship and Training Council. The bill defines “construction” as building, reconstructing, improving, enlarging, painting, decorating, altering, maintaining, or repairing. A “State-funded construction project” is defined as a construction project that receives any funds from the State or any entity created by the General Assembly that engages in, oversees, manages, or has authority over construction projects.

Current Law: There is no requirement that apprentices be used on all construction projects or that contractors bidding on State construction projects have approved apprenticeship programs. On construction projects subject to the Prevailing Wage Law or the federal Davis-Bacon Act, apprentices are used in the ratio of one apprentice to each three journeypersons. The Prevailing Wage Law applies to all public works projects over \$500,000 when 50% or more of the money used for construction is provided by the State.

Under current regulations the Apprenticeship and Training Council requires an apprenticeship program to have an organized, written plan that includes terms and conditions of employment, training, and supervision. The program must also have: (1) an equal opportunity pledge; (2) a minimum of 144 hours of training for each year of apprenticeship; (3) a progressively increasing scale of wages for apprentices; (4) a ratio of three journeypersons regularly employed for each apprentice employed consistent with requirements for proper training, supervision, and applicable provisions in collective bargaining agreements; (5) a probationary period for the apprenticeship; and (6) a minimum age of 16 for an individual to enter an apprenticeship agreement. The program must provide: (1) periodic review and evaluation of an apprentice’s progress; (2) safe equipment and facilities and safety training to apprentices; and (3) credit for previous work experience or training.

State and Local Fiscal Effect: The Department of Labor, Licensing, and Regulation advises that the Division of Labor and Industry would be involved in additional monitoring and notification as a result of the bill. This could be handled with existing resources.

The Department of General Services (DGS) advises that if the procurement unit responsible for the contract must also oversee the apprenticeship requirement, the unit may not have enough personnel to determine if an apprenticeship program is registered and approved, or to monitor the use of apprentices relative to journeypersons on projects. There could be a significant increase in expenditures by a procurement unit for such

personnel depending on the number and size of construction contracts. Since most contracts for school construction projects are issued by local boards of education, local governments would bear the burden of any additional administration expenses associated with school construction projects.

DGS advises that if there is no minimum contract amount for the apprenticeship requirements, project costs could increase by up to 50%. The increase will be inversely related to the size of the project, with smaller projects having a larger percentage increase in costs. This is because the bill's apprenticeship requirements would impose a minimum amount of labor for every project. As a result, there may be a significant increase in general and special fund expenditures for projects not subject to the Prevailing Wage Law that cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: SB 313 (Senator Pinsky, *et al.*) – Economic and Environmental Affairs.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of General Services, Public School Construction Program, Department of Legislative Services

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