

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 313 (Senator Pinsky, *et al.*)

Economic and Environmental Affairs

Commerce and Government Matters

Public Work Contracts - Apprenticeship Programs

This bill requires a contractor or subcontractor on a public work contract subject to the Prevailing Wage Law to have, or be a member of an association that has, an approved and registered apprenticeship program in place at least six months before submitting a bid or proposal for the contract. The contractor or subcontractor must also hire State-registered apprentices at a ratio of one apprentice for every three journey persons.

The bill is effective July 1, 2001.

Fiscal Summary

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

Local Effect: Potential minimal expenditure increases for some 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

Current Law: There is no requirement that apprentices be used on all public work projects or that contractors bidding on public work 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 Transportation advises that expenditures could increase minimally for public work contracts as a result of the bill's provisions. The need for an approved apprenticeship program to be in place six months prior to bidding on a contract may result initially in a reduction in the number of bidders for the contract, which could increase the cost. This effect would decrease over time as more contractors and subcontractors, in an effort to pursue State contracts, developed apprenticeship programs or became members of associations with apprenticeship programs. In addition, requiring the use of apprentices may add a minimal amount to the contract costs for public work projects subject to the Prevailing Wage Law. The Department of General Services advises that requiring the use of apprentices increases project costs, with the size of the increase inversely related to the size of the project. Because projects subject to the Prevailing Wage Law are large projects, any increase in project costs should be minimal.

If there were an increase in expenditures for contracts for school construction projects subject to the Prevailing Wage Law, a portion of the increase would be borne by the appropriate local jurisdiction.

Additional Information

Prior Introductions: None.

Cross File: HB 1001 (Delegate Hixson, *et al.*) – Commerce and Government Matters.

Information Source(s): Department of Transportation, Department of General Services,
Department of Legislative Services

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Analysis by: Christine A. Scott

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510