

**Department of Legislative Services**  
Maryland General Assembly  
2015 Session

**FISCAL AND POLICY NOTE**

Senate Bill 907 (Senator Klausmeier)

Finance and Education, Health, and  
Environmental Affairs

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**Ironworkers - Apprenticeship Program and Certification Program and Use of  
Certified Ironworkers on Construction Projects**

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This bill requires the Department of Labor, Licensing, and Regulation (DLLR) to adopt regulations that establish an apprenticeship program for inexperienced ironworkers and a certification program for experienced ironworkers. In developing the regulations, DLLR must collaborate with the Maryland Apprenticeship and Training Council (MATC) and consult with three specified ironworkers' unions. Beginning January 1, 2017, a State contract for construction or construction-related services valued at \$100,000 or more must include a clause requiring only the use of ironworkers that are certified by DLLR. The clause may waive this requirement if it is determined that there are not a sufficient number of certified ironworkers available to work on the project. Any other construction project in the State that receives at least \$100,000 in State funding and requires the use of ironworkers is subject to the same requirement.

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**Fiscal Summary**

**State Effect:** No direct effect on State expenditures, but the cost of individual State construction contracts may increase to the extent that the bill restricts competition for those contracts. Any such effect cannot be reliably estimated but has no effect on State capital expenditures, which are established annually by the Governor and General Assembly through the capital budget process. To the extent that individual projects are more expensive, some capital construction projects may be deferred. DLLR can likely implement the bill's requirements with existing budgeted resources. No effect on revenues.

**Local Effect:** Local construction projects that receive at least \$100,000 in State funds must use only certified ironworkers, subject to the bill's exception. This requirement may result in the cost of individual local construction projects increasing, to the extent that it limits competition. Total local expenditures on capital projects may increase in any given

year, or if limits are placed on such funding, some projects may be deferred. **This bill may impose a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful for small construction companies.

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## Analysis

**Current Law/Background:** Generally, apprenticeship is a voluntary, industry-sponsored system that prepares individuals for occupations typically requiring high-level skills and related technical knowledge. Apprenticeships are sponsored by one or more employers and may be administered solely by the employer or jointly by management and labor groups. An apprentice receives supervised, structured, on-the-job training under the direction of a skilled journey person and related technical instruction in a specific occupation. Apprenticeships are designed to meet the workforce needs of the program sponsor. Many industry sponsors use apprenticeship as a method to train employees in the knowledge necessary to become a skilled worker. This also means the number of apprenticeships available is dependent on the current workforce needs of the industry.

Apprenticeships are available to individuals age 16 and older; an employer, however, may set a higher entry age. By law, individuals must be age 18 to apprentice in hazardous occupations. Apprenticeships last from one to six years, although most are three to four years, and involve a minimum of 144 hours of classroom instruction per year and at least 2,000 hours per year of on-the-job training. A national apprenticeship and training program was established in federal law in 1937 with the passage of the National Apprenticeship Act, also known as the Fitzgerald Act. The purpose of the Act was to promote national standards of apprenticeship and to safeguard the welfare of apprentice workers.

Along with 24 other states, Maryland has chosen to operate its own apprenticeship programs. In 1962, Maryland created the 12-member MATC. Within the framework established in federal law, the State's apprenticeship and training law also established the guidelines, responsibilities, and obligations for training providers and created certain guarantees for workers who become apprenticed.

MATC, along with the Division of Labor and Industry, serves in a regulatory and advisory capacity by providing guidance and oversight to the Maryland Apprenticeship and Training Program (MATP), which is responsible for the daily oversight of State apprenticeship programs. More specifically, MATC and the Division of Labor and Industry approve new apprenticeship programs and changes to current programs. The approval process involves assessing the appropriateness of an apprenticeship program in a proposed industry, the education that will be provided to the apprentice, the current staffing level of the entity

proposing the program to determine whether adequate supervision can be provided, recruitment and retention efforts, and the overall operations of the entity. MATC also serves in an advisory role for legislation and regulations, recommending changes to update apprenticeship laws. It does not, however, focus on the administration of youth apprenticeship programs.

In fiscal 2014, 815 apprentices completed their apprenticeships and 3,146 apprentices began their apprenticeships in Maryland. Maryland apprentices account for less than 0.4% of the State's workforce.

**State Fiscal Effect:** DLLR advises that establishment of a new apprenticeship program is beyond the purview of MATC and MATP, which serve in advisory and regulatory roles only. Consequently, they lack the expertise or resources to establish a separate apprenticeship program for ironworkers. However, DLLR notes that there are currently seven apprenticeship programs for ironworkers registered with MATC with a total of 182 registered apprentices. Therefore, any regulations promulgated by DLLR likely reference the existing programs rather than establish a new program.

DLLR recommends drafting regulations that use the existing Certificate of Completion awarded by the U.S. Department of Labor or approved state apprenticeship agencies (like MATP) as the basis for a certification program. Certified ironworkers under such a plan would be current registered apprentices or graduates of registered apprenticeship programs, who are tracked by DLLR following their graduation. It could also include ironworkers who complete registered out-of-state apprenticeship programs. Under these assumptions, it is assumed that DLLR can develop the necessary regulations with existing resources, although DLLR must consult with the three specified ironworkers' unions before doing so.

The provisions related to the exclusive use of certified ironworkers unless there are not sufficient registrants available likely have no direct fiscal effect on State construction projects but may increase the cost of some construction contracts by limiting competition. The Department of General Services, which controls State procurement of construction contracts, advises that it can insert and monitor compliance with the mandated contract clauses with existing resources. The Maryland Department of Transportation notes that the requirement may limit competition for construction contracts since a majority of construction contractors in the Baltimore metropolitan area do not use union labor. This potential effect is mitigated to the extent that sufficient numbers of certified ironworkers are not available and construction companies can use uncertified ironworkers.

**Small Business Effect:** Small construction companies working on all State and many local construction contracts must use only certified ironworkers, subject to the bill's exception. This may restrict the availability of labor for those projects, resulting in higher wages. Any increase in labor costs is likely passed on to the public entity paying for the project.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Business and Economic Development; Department of General Services; Department of Labor, Licensing, and Regulation; Public School Construction Program; Maryland Department of Transportation; University System of Maryland; Department of Legislative Services

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Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510