

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 676

(Delegate McCray, *et al.*)

Economic Matters

Finance

**Labor and Employment - Maryland Apprenticeship and Training Council -
Annual Report**

The bill requires the Maryland Apprenticeship and Training Council (MATC) to report to the General Assembly by June 30 of each year on specified information relating to apprenticeship programs and apprentices enrolled in the State. MATC must sort the required information by apprenticeship program and publish the report on MATC's website.

Fiscal Summary

State Effect: General fund expenditures increase by at least \$178,700 in FY 2017 to update the Department of Labor, Licensing, and Regulation's (DLLR) apprenticeship database and for a contractual employee to input data for one year. Out-year expenditures reflect \$5,000 of annual maintenance on the database.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	178,700	5,000	5,000	5,000	5,000
Net Effect	(\$178,700)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: 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 journeyperson 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 (DLI) within DLLR, serves in a regulatory and advisory capacity by providing guidance and oversight to the Maryland Apprenticeship and Training Program, which is responsible for the daily oversight of State apprenticeship programs. More specifically, MATC and DLI 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.

The Director of Apprenticeship and Training must keep a record of the progress of apprenticeship and training programs initiated under MATC and inform MATC and DLI of the results.

Background: In fiscal 2015, 3,630 apprentices began their apprenticeships in Maryland; that same year, there were more than 9,100 registered apprentices and 1,228 active apprenticeship programs in Maryland.

State Expenditures: By creating additional reporting requirements, the bill requires MATC to report on data that it currently does not collect. DLLR advises that, while it tracks much of the required information, it tracks date of birth – not age, address of residence – not county, and whether an apprentice is or is not a minority – not race. To develop the report, the apprenticeship database must be modified to capture the additional data, which increases expenditures by approximately \$150,000. Additionally, for the first year, DLLR needs at least one contractual office service clerk to review and input the required data for more than 9,100 apprentices. After the initial year, existing staff can likely comply with the reporting requirements.

Thus, general fund expenditures increase for DLLR by at least \$178,654 in fiscal 2017, which assumes that the DLLR contractual employee is in place as of October 1, 2016, concurrent with the effective date of the bill. This estimate reflects the cost of hiring one contractual office service clerk to input the required data. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1
Contractual Salary and Fringe Benefits	\$22,189
One-time Start-up Costs	154,363
Operating Expenses	<u>2,102</u>
Total FY 2017 State Expenditures	\$178,654

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Future year expenditures reflect elimination of the contractual position and \$5,000 in ongoing database maintenance expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation;
U.S. Department of Labor; Department of Legislative Services

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mel/mcr

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