

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 903 (Senator Hester)
 Finance

Labor and Employment – Traditional Trade Apprenticeship Fund

This bill establishes the Traditional Trade Apprenticeship Fund in the Maryland Department of Labor (MDL) with the stated purpose of providing additional money for training programs in the State, at the conclusion of which participants may be eligible for federal employment and qualified for private-sector employment in a relevant industry. The bill expresses the intent of the General Assembly that \$2,000,000 of financial assistance provided by the federal government be distributed to the fund, as specified. The Director of Apprenticeship and Training must distribute grants of up to \$50,000 per participant to existing registered apprenticeship programs that advance the fund’s objectives. The fund may be used only to distribute these grants, and the grants must be used to pay for up to one year apprenticeships in traditional trade work on historic preservation projects in the State. These grants are available only to train an individual who is between the ages of 18 and 30, a recent veteran (as determined by MDL), or unemployed and seeking work. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: Special fund revenues and related expenditures increase, potentially by \$2.0 million, to the extent federal and other funds become available for the Traditional Trade and Apprenticeship Fund. General fund expenditures increase by \$179,700 in FY 2022 to administer the program and fund; out-years reflect annualization.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	-	-	-	-	-
GF Expenditure	\$179,700	\$216,500	\$222,400	\$229,400	\$236,600
SF Expenditure	-	-	-	-	-
Net Effect	(\$179,700)	(\$216,500)	(\$222,400)	(\$229,400)	(\$236,600)

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill defines a “traditional trade” as a trade essential to historic preservation or maintenance, including masonry, frame and finish carpentry, historic trail work, roofing, monument restoration, and painting.

The fund consists of (1) financial assistance provided to the State by the federal government for the program; (2) money appropriated in the State budget to the fund; and (3) any other money from any other source accepted for the benefit of the fund.

Current Law: For an overview of apprenticeship programs in Maryland, including details about registered apprenticeship programs, please see the **Appendix – Apprenticeship**.

State Fiscal Effect:

Traditional Trade and Apprenticeship Fund Revenues and Expenditures

The State has received a significant amount of federal aid in response to the COVID-19 pandemic through the federal Coronavirus Aid, Relief, and Economic Security Act; the Families First Coronavirus Response Act; and the Consolidated Appropriations Act of 2021. In addition, the American Rescue Plan (ARP) Act of 2021, signed into law in March 2021, provides significant funding to states to mitigate the fiscal and economic effects stemming from the public health emergency with respect to COVID-19. A preliminary estimate of the funding available to Maryland under this provision is approximately \$3.9 billion. For an overview of the effects of COVID-19, including previous federal legislation and federal funding for Maryland to address COVID-19, see the **Appendix – COVID-19**.

Overall federal fund expenditures are unaffected, but the bill potentially alters and limits the purposes for which up to \$2.0 million in federal funds are used. The bill’s intent language, however, is not a mandate, and any funding would be discretionary. Therefore, federal fund expenditures for the Traditional Trade and Apprenticeship Fund materialize only to the extent those federal funds are directed to the fund consistent with the bill’s statement of intent. MDL indicates that it is unaware of federal funds available for this purpose, and the Department of Legislative Services (DLS) further notes that the ARP Act does not specify traditional trade apprenticeships as an eligible expense for State relief funds, although it may be allowable under the Act’s broad authorization.

As a nonlapsing special fund, the Traditional Trade and Apprenticeship Fund may carry over monies not expended from one year to the next. Thus, while revenues likely accrue to the fund in fiscal 2022 (to the extent the federal financial assistance is made available for this purpose) with limited (to no) additional revenues in subsequent years, special fund expenditures may be made over several years. However, expenditures may only be made to distribute grants to existing programs – at up to \$50,000 per participant. *For illustrative purposes only*, the \$2.0 million of intended federal funding could cover 40 grants at the maximum award per participant.

Maryland Department of Labor General Fund Expenditures

As the bill specifies that the fund may be used only to award grants, it is not available to pay for the administrative costs related to the apprenticeship grants. Therefore, general fund expenditures increase by \$179,742 to ensure the grants program can be administered beginning in fiscal 2022, which accounts for a 90-day start-up delay from the bill’s July 1, 2021 effective date. This estimate reflects the cost of hiring one apprenticeship project manager to set up and oversee grant activities relating to the fund and one apprenticeship navigator to provide technical assistance and support to the sponsors and participants. MDL advises that two apprenticeship navigators are required to provide technical assistance; however, given the limited level of funding and number of grants likely to be distributed from the fund, DLS advises that only one apprenticeship navigator is needed. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes additional funds to reimburse the federal government for incidental time spent assisting the program by federally funded positions within MDL’s Division of Workforce Development and Adult Learning.

Positions	2.0
Salaries and Fringe Benefits	\$149,829
Federal Reimbursements	18,750
Other Operating Expenses	<u>11,163</u>
FY 2022 Administrative Expenditures	\$179,742

Future year expenditures reflect full salaries with annual increases and ongoing operating expenses.

Small Business Effect: Small businesses wishing to hire registered apprentices for historic preservation work may benefit from additional apprenticeships provided by grants under the bill.

Additional Comments: MDL advises that most federal workforce development grant opportunities, including formula and discretionary funds, do not allow funds to pay for on-the-job training for up to a one-year period. This potentially conflicts with the bill’s

language, which *requires* funds be used to pay for up to one year paid apprenticeships. Additionally, MDL advises that none of the existing registered apprenticeship opportunities that qualify as “traditional trades” under the bill have registered apprenticeships that last one year or less. A registered apprenticeship is generally a longer term training model that may occur over a three- to four-year period of time.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2021
rh/mcr

Analysis by: Michael E. Sousane

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

Appendix – Apprenticeship

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 journeyman 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 and the capacity and willingness of employers to supervise them.

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 and the District of Columbia](#), Maryland has chosen to operate its own apprenticeship programs under the federal law. The Division of Workforce Development and Adult Learning (DWDAL) within the Maryland Department of Labor is responsible for the daily oversight of State apprenticeship programs. More specifically, DWDAL approves new apprenticeship programs, changes to current programs, and compliance with State and federal requirements. 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. The Maryland Apprenticeship and Training Council serves in an advisory role for legislation and regulations, recommending changes to update apprenticeship laws.

As of December 2019, there were 10,442 apprentices registered, and there were 3,781 participating employers and 162 program sponsors. During calendar 2019, the State added 17 new apprenticeship programs and reactivated 2 apprenticeship programs. Since

2016, 77 new apprenticeship sponsors have been registered, 26 sponsors were reactivated, and nearly 200 sponsor reviews have been conducted.

Appendix – COVID-19

In December 2019, a novel strain of coronavirus known as severe acute respiratory syndrome coronavirus 2 emerged in Wuhan, China. Coronavirus disease (COVID-19) is an infectious disease caused by this virus. As the number of cases spread globally by March 2020, the World Health Organization declared COVID-19 a pandemic.

Testing, Cases, and Deaths in Maryland

Maryland's first three confirmed cases of COVID-19 were recorded on March 6, 2020, with the first two deaths occurring March 16, 2020. As of January 27, 2021, Maryland reported a total of 346,559 confirmed cases, 31,468 individuals ever hospitalized, and 6,821 confirmed deaths. The jurisdictions with the highest number of cases have been Prince George's, Montgomery, and Baltimore counties and Baltimore City. Statewide, 8.4% of cases (28,954) and 45.9% of COVID-19 deaths (3,130) occurred in congregate living settings (*i.e.*, nursing homes, assisted living, and group homes). Updated data on COVID-19 in Maryland is available on the Maryland Department of Health (MDH) dashboard: <https://coronavirus.maryland.gov>.

Vaccines

In December 2020, the U.S. Food and Drug Administration approved both Pfizer-BioNTech and Moderna's COVID-19 vaccines for emergency use. Due to limited quantities, distribution began with priority groups as determined by states. Maryland began distribution in January 2021 with Phase 1A, which includes health care workers, residents and staff of nursing homes, first responders, public safety, corrections staff, and front-line Judiciary staff. Phase 1B began January 18, 2021, and includes residents of assisted living facilities and other congregate settings, adults age 75 and older, staff of K-12 schools and child care facilities, high-risk incarcerated individuals, and those involved in continuity of government. As of January 27, 2021, the State is in Phase 1C, which includes adults aged 65 and older, additional public safety and public health workers, and essential workers in food/agriculture, manufacturing, public transit, and the postal service. Phase 2 will include individuals aged 16 to 64 at increased risk of severe illness, incarcerated adults, and remaining essential workers. Phase 3 will include the general public. As of January 27, 2021, 852,625 doses of the vaccine have been distributed, and 419,579 doses have been administered (363,282 first doses and 56,297 second doses). Updated data is available on the MDH dashboard: coronavirus.maryland.gov/#Vaccine.

Declaration of a State of Emergency and Initial Executive Orders

On March 5, 2020, Governor Lawrence J. Hogan, Jr. declared a state of emergency and the existence of a catastrophic health emergency to deploy resources and implement the emergency powers of the Governor to control and prevent the spread of COVID-19. The declaration, which has been renewed several times (most recently January 21, 2021), initiated a series of executive actions, including moving the Maryland Emergency Management Agency to its highest activation level, activating the National Guard, and closing all public schools. The Governor then ordered the closure of in-house dining at bars and restaurants and banned mass gatherings of more than 50 people. This action was followed by a more extensive stay-at-home order on March 30, 2020, requiring closure of all nonessential businesses. This order remained in effect until May 15, 2020.

Emergency Legislation

Chapters 13 and 14 of 2020 (the COVID-19 Public Health Emergency Protection Act of 2020) authorized the Governor, for the duration of the emergency, to take actions relating to health insurance, Medicaid, retailer profits, employer actions, and personnel at State health care facilities as a result of the state of emergency and catastrophic health emergency. The Acts also authorize the Secretary of Labor to determine certain individuals eligible for unemployment insurance (UI) benefits due to COVID-19. The Acts terminate April 30, 2021.

Subsequent Executive Orders and Advisories

Since March 2020, the Governor has issued numerous executive orders relating to COVID-19, including (1) closing Maryland ports and harbors to passenger vessels; (2) expanding child care access; (3) expanding the scope of practice for health care practitioners, activating the Maryland Responds Medical Reserve Corps, controlling and restricting elective medical procedures, closing adult day care centers, and providing additional health care regulatory flexibility; (4) augmenting emergency medical services; (5) prohibiting price gouging; (6) fast tracking lab testing processes; (7) authorizing expanded telehealth services; (8) delegating authority to local health officials to control and close unsafe facilities; (9) extending certain licenses, permits, and registrations; (10) authorizing remote notarizations; (11) prohibiting evictions of tenants suffering substantial loss of income due to COVID-19, additionally prohibiting certain repossessions, restricting initiation of residential mortgage foreclosures, and prohibiting commercial evictions; (12) regulating certain businesses and facilities and generally requiring the use of face coverings; (13) establishing alternate health care sites and authorizing regulation of patient care space in health care facilities; and (14) implementing alternative correctional detention and supervision.

Federal Legislation Regarding COVID-19

Five federal emergency bills have been enacted to address the COVID-19 pandemic:

- the **Coronavirus Preparedness and Response Supplemental Appropriations Act**, which provided \$8.3 billion in emergency funds for federal agencies (including \$950 million through the U.S. Centers for Disease Control and Prevention for state and local response);
- the **Families First Coronavirus Response Act**, which addressed emergency family and medical leave and paid sick leave, specified insurance coverage of COVID-19 testing, and provided additional funding for nutrition assistance programs and unemployment benefits;
- the **Coronavirus Aid, Relief, and Economic Security (CARES) Act**, which included a Coronavirus Relief Fund for state and local governments; an Education Stabilization Fund for states, school districts, and institutions of higher education; a Disaster Relief Fund for state and local governments; additional funding for public health agencies to prevent, prepare for, and respond to COVID-19; funding for transit systems; an expansion and extension of eligibility for UI benefits, and additional temporary unemployment compensation of \$600 per week; \$349 billion for the establishment of the Paycheck Protection Program (PPP); a \$500 billion lending fund for businesses, cities, and states; and Economic Impact Payments to American households of up to \$1,200 per adult and \$500 per child;
- the **Paycheck Protection Program and Health Care Enhancement Act**, which provided an additional \$310 billion to PPP, \$75 billion for health care providers, \$60 billion for small business disaster loans, and \$25 billion for increased testing capacity; and
- the **Consolidated Appropriations Act, 2021, and Other Extensions Act**, which included \$908 billion in relief, including another \$284 billion for PPP, \$82 billion for schools, \$45 billion for transportation, \$25 billion in emergency assistance to renters, \$20 billion for vaccine distribution, \$13 billion for a major expansion in Supplemental Nutrition Assistance benefits, \$13 billion for agriculture and rural programs, \$10 billion for child care assistance, extended federal unemployment benefits of up to \$300 per week, extended the federal moratorium on evictions through January 31, 2021, and provided a second stimulus payment of up to \$600 per person.

Federal Funding for Maryland to Address COVID-19

The CARES Act and the Families First Coronavirus Response Act provided Maryland with a significant amount of federal aid. More than \$6 billion in assistance has been made available to the State and local governments, including an enhanced federal matching rate for Medicaid. More than \$900 million was directly provided to local governments. The largest and most flexible portion of CARES Act funding is the Coronavirus Relief Fund, which totals \$2.3 billion, \$691 million of which was allocated directly to Baltimore City and Anne Arundel, Baltimore, Montgomery, and Prince George's counties.

CARES Act funding also included \$800 million for the Disaster Recovery Fund; \$696 million for transit grants; \$575 million in enhanced Medicaid matching funds (through December 2020); \$239 million in CDC grants; \$108 million for airports; \$74 million for community development block grants; \$50 million for homelessness assistance; \$46 million for grants for local education agencies and higher education institutions; \$46 million for child care and development block grants; \$36 million for public housing and rental assistance grants; \$24 million for community health centers; \$20 million for senior nutrition; \$19 million for energy assistance; \$18 million for justice assistance grants; \$17 million for administration of the UI program; \$14 million for community service block grants; \$13 million for emergency food assistance; \$8 million for Head Start; \$8 million for the Women, Infants, and Children program; and \$7 million for election security.

The Consolidated Appropriations Act is estimated to provide Maryland with \$1.2 billion for education (including \$869 million for K-12 education, \$306 million for higher education, and \$57.7 million for the Governor's Fund); \$1.1 billion for transportation (including \$830.3 million for transit in the Washington, DC area, \$149.3 million for highways, \$76.2 million for transit in Baltimore, \$22.5 million for airports, and \$9.1 million for rural area grants); more than \$475 million for health (including \$335.6 million for testing, \$75.3 million for vaccines, \$32.6 million for mental health assistance, and \$31.9 million for substance use assistance); \$402.4 million for rental assistance; and \$140.6 million for human services (including \$130.4 million for child care).