

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 104
 Finance

(Senator Augustine, *et al.*)

Economic Matters

Labor and Employment - Apprenticeship 2030 Commission and Representation
 on the Apprenticeship and Training Council

This emergency bill establishes the Apprenticeship 2030 Commission, staffed by the Department of Legislative Services (DLS) with the assistance of staff from State agencies represented on the commission. The purpose of the commission is to examine and make recommendations to reduce skill shortages in high-demand occupations and provide affordable training for career pathways for young people by (1) expanding registered apprenticeships in industry sectors with skill shortages; (2) growing the number of registered apprenticeships to at least 60,000 in 2030; and (3) reaching the Blueprint for Maryland’s Future goal for 45% of high school graduates completing the high school level of a registered apprenticeship. **The commission terminates December 31, 2024.**

Fiscal Summary

State Effect: General fund expenditures increase by \$36,900 in FY 2024 for the Maryland Department of Labor (MDL) to assist the commission. DLS can likely staff the commission with existing resources. However, general fund expenditures may increase further to the extent that DLS must hire a consultant with relevant expertise. Revenues are not affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	36,900	0	0	0	0
Net Effect	(\$36,900)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: By December 1, 2023, the commission must report its findings and recommendations to the Governor and the General Assembly. The bill establishes legislative intent that in the event of a conflict between a decision or policy of the Apprenticeship 2030 Commission and the Career and Technical Education (CTE) Committee related to youth apprenticeships, the CTE Committee's decision or policy controls.

Additionally, the bill specifically requires that the Maryland Apprenticeship and Training Council (MATC) and consultants to the council include representation of individuals who are Asian, Black, and Latino.

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

MATC consists of 12 members, all of whom are appointed by the Governor with the advice of the Secretary of Labor and the advice and consent of the Senate of Maryland. Four members must be representatives of employee organizations, one must be an employee, five must be representatives of employers, and two must be appointed from the general public.

The membership of MATC (and any nonvoting consultants to MATC) must, to the extent practicable, reflect the geographic, racial, ethnic, cultural, and gender diversity of the State and must include representation by individuals with disabilities. Of MATC's current 12 members, 4 are people of color (3 are Black and 1 is Latino) and 3 are women.

Career and Technical Education Committee

Chapter 36 of 2021 (Blueprint for Maryland's Future – Implementation) created the CTE Committee as a unit within the Governor's Workforce Development Board. The purpose of the committee is to build an integrated, globally competitive framework for providing CTE to Maryland students in public schools, postsecondary institutions, and the workforce.

The CTE Committee must establish for each school year between the 2023-2024 school year and the 2030-2031 school year, statewide goals so that by the 2030-2031 school year, 45% of high students prior to graduation have completed the high school level of a registered apprenticeship or an industry-recognized occupational credential. To the extent practicable, the CTE Committee must ensure the largest number of students achieve this goal by completing a high school level of a registered apprenticeship program approved by the Division of Workforce Development and Adult

Learning (DWDAL) within MDL. Annually, by December 1 of each year, the committee must report to the Governor, the General Assembly, and the Accountability and Implementation Board on the progress, by high school, toward attaining the goals established by the committee.

State Expenditures: To the extent staff from other State agencies assist DLS in completing the charge of the commission, DLS can likely staff the Apprenticeship 2030 Commission with existing resources. However, if the research demands of the commission are significant or other agencies are not able to provide sufficient support, DLS may require additional general fund expenditures to retain consultant services to complete the work of the commission.

As MDL administers the State’s Apprenticeship and Training Program, it has determined that additional support for two regular, part-time employees is needed to provide sufficient support to meet the December 31, 2023 deadline for the final report. However, DLS advises that the added responsibilities incurred by this legislation are not permanent and, thus, may be performed by contractual employees. This estimate reflects the cost of hiring one half time contractual assistant to support the commission beginning July 1, 2023, through December 31, 2023, which is shortly after the commission’s report is due and the termination date of the commission. Other State agencies represented on the commission can assist with existing resources. Thus, general fund expenditures for MDL increase by \$36,900 in fiscal 2024, for a half-time contractual policy analyst. This estimate includes a salary, fringe benefits, and operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$30,021
Operating Expenses	<u>6,879</u>
Total FY 2024 Expenditures	\$36,900

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.

To the extent that MDL cannot hire new contractual staff in time to adequately support the commission’s work, it may instead designate current DWDAL staff for that purpose. However, since DWDAL staff are almost entirely federally funded, general funds are needed to cover the cost of their time dedicated to the commission. It is anticipated that costs associated with using existing staff are similar to those associated with hiring contractual staff.

Additional Information

Prior Introductions: Similar legislation has been introduced within the past three years. See SB 926 of 2022; SB 131 of 2021; and HB 726 of 2021.

Designated Cross File: None.

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

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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 [26 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 as well as changes to current programs and ensures 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 2021, there were 11,404 apprentices registered, and there were 3,833 participating employers. During calendar 2021, the State added 23 new apprenticeship programs.