

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 810

(Chair, Economic Matters Committee)(By Request -
Departmental - Labor, Licensing and Regulation)

Economic Matters

Finance

Apprenticeships - Apprenticeship and Training Council - Revisions

This departmental bill designates the Division of Workforce Development and Adult Learning (DWDAL) within the Department of Labor, Licensing, and Regulation (DLLR) as the State Apprenticeship Agency (SAA) under federal law. DWDAL must approve and oversee apprenticeship programs, while the Maryland Apprenticeship and Training Council (MATC) must assist DWDAL by advising, consulting, and making recommendations to DWDAL. DWDAL, instead of MATC, must request recognition of its standards and activities by the federal Office of Apprenticeship, U.S. Department of Labor (DOL), and make any necessary adjustments in its standards and procedures to assure conformity with federal requirements.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: None. The changes are procedural in nature and do not directly affect governmental finances, although the bill's provisions ensure that the State complies with federal laws and regulations relating to apprenticeships.

Local Effect: None.

Small Business Effect: DLLR has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: Most of the changes in the bill are consistent with the advisory role of MATC and the formalized designation of DWDAL as Maryland's SAA. Specifically:

- DWDAL must adopt regulations to carry out specified laws relating to apprenticeships.
- The duties of MATC include advising DWDAL on the apprenticeability of occupations in the State, making recommendations regarding specified issues relating to apprenticeships, and recommending the issuance of certificates of completion to apprentices whom DWDAL has determined have successfully completed their apprenticeship.
- MATC is no longer required to jointly issue with DWDAL certificates of approval to an applicant operating or proposing to operate an apprenticeship; only DWDAL is required to do so.
- MATC is no longer required to approve programs established by local apprenticeship committees.
- DWDAL may deregister apprenticeship programs under specified conditions instead of MATC being authorized to suspend or revoke apprenticeship programs under specified conditions.
- MATC is no longer *required* to apply to any court of competent jurisdiction for an injunction restraining specified violations, but DWDAL *may* apply to any such court if recommended by MATC.
- The bill eliminates the procedures for when disagreements arise between MATC and DWDAL.
- DWDAL, instead of MATC, must report to the General Assembly on specified information relating to apprenticeship programs and publish the report on its website.

Changes to Judicial Review: If DWDAL does not *issue* a certificate of approval to an applicant operating or proposing to operate a program, the rejected applicant has a right to judicial review. However, a person, firm, or corporation whose certificate of approval is *suspended or revoked* no longer has the right of judicial review as provided in the Administrative Procedure Act. Instead, any person, association, committee, or organization that operates an apprenticeship program that is deregistered by DWDAL may request a hearing before DOL.

Reciprocity with Other States: DWDAL must accord reciprocal approval to apprentices, apprenticeship programs, and standards that are registered in other states by DOL's Office of Apprenticeship or a registration agency if reciprocity is requested by the apprenticeship program sponsor. However, DWDAL may not accord reciprocal approval to a program sponsor that does not meet the wage and hour requirements and apprentice ratio standards of the reciprocal state.

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 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.

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 DWDAL, 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 DWDAL 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.

Background: In 2008, DOL implemented regulations that require state officials to be held accountable for the oversight and management of the state's apprenticeship system for federal purposes. In addition to having a state apprenticeship council (SAC) like MATC, a state must have an agency designated as an SAA. In Maryland, DLLR is the SAA. Under the 2008 DOL regulations, only SAAs, not SACs, may register apprenticeship programs. However, SACs are still required for advisory and regulatory purposes. Additionally, the regulations call for SAAs to submit all proposed modifications in legislation, regulations, policies, or procedures to DOL's Office of Apprenticeship for approval.

Chapter 54 of 2014 sought to bring the State into conformity with DOL regulations by specifying that duties of MATC were subject to the approval of the Division of Labor and Industry, which then housed MATC. Since then, MATC was moved to DWDAL and DOL has indicated that Chapter 54 did not resolve the State's nonconformity with federal regulations. This bill specifies clearly that DWDAL is the State's SAA and that MATC serves only in an advisory capacity.

In fiscal 2016, there were 11,821 active apprentices in Maryland, of whom 1,070 apprentices had just begun their apprenticeship, and there were 428 active apprenticeship programs.

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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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Apprenticeship -Apprenticeship and Training Council -

Revisions BILL NUMBER: HB 810

PREPARED BY: Brandon S. Butler,

Esq. PART A. ECONOMIC IMPACT

RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There will be a positive effect on small businesses that would like to register as apprenticeship sponsors. As the Council meets only on a bi-monthly basis, vesting the authority to register apprenticeship standards with the Department will not only allow the State to comply with federal law, but will further allow for faster approval times for sponsors.

LOCAL GOVERNMENT IMPACT

None.