

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 205

(Chair, Finance Committee)(By Request - Departmental -
Labor)

Finance

Economic Matters

Division of Workforce Development and Adult Learning - Apprenticeship and
Training Council - Sunset Extension

This departmental bill extends the termination date of the Maryland Apprenticeship and Training Council (MATC) and extends the designation of the Division of Workforce Development and Adult Learning (DWDAL) within the Maryland Department of Labor (MDL) as the designated State Apprenticeship Agency (SAA) from July 1, 2024, to July 1, 2034.

Fiscal Summary

State Effect: Federal fund revenues and expenditures for DWDAL are maintained beyond FY 2024.

Local Effect: None. The bill does not directly affect local governments.

Small Business Effect: MDL has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law/Background: 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 [25 other states](#) and the District of Columbia, Maryland has chosen to operate its own apprenticeship programs under the federal law. DWDAL 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. MATC serves in an advisory role for legislation and regulations, recommending changes to update apprenticeship laws.

In 2008, the U.S. Department of Labor 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 like MATC, a state must have an agency designated as SAA. In Maryland, DWDAL is the SAA.

Maryland Program Evaluation Act

Pursuant to statutory provisions, more than 60 regulatory entities and activities are subject to termination unless reauthorized periodically through statute. Under the Maryland Program Evaluation Act, these entities may also be subject to an evaluation by the Office of Program Evaluation and Government Accountability (OPEGA) within DLS prior to their termination. However, OPEGA may conduct an evaluation only if directed by specified entities or by legislation. OPEGA has not been asked to conduct an evaluation of MATC or DWDAL. Provisions of law relating to MATC and DWDAL's designation as the SAA are scheduled to terminate July 1, 2024.

Small Business Effect: Small businesses may meaningfully benefit from grants and technical assistance as a result of DWDAL continuing to be the designated SAA and MATC continuing beyond fiscal 2024.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Labor; U.S. Department of Labor; Department of Legislative Services

Fiscal Note History:
rh/mcr

First Reader - January 11, 2022
Third Reader - March 17, 2022
Revised - Amendment(s) - March 17, 2022
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Analysis by: Heather N. MacDonagh

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Division of Workforce Development and Adult Learning - Apprenticeship and Training Council - Sunset Extension

BILL NUMBER: SB 205

PREPARED BY: James Rzepkowski and Erin Roth

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

OR

WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

Reauthorizing Maryland's code that designates the Maryland Department of Labor (MD Labor) Division of Workforce Development and Adult Learning (DWDAL) as the State Apprenticeship Agency (SAA), and creates and defines the duties of Maryland's Apprenticeship and Training Council (MATC), would positively impact the business community.

As the SAA, DWDAL acts as a resource for employers by providing seed funding and technical assistance to businesses committed to investing in their workforce through the "earn-and-learn" apprenticeship model. This designation allows Maryland to support businesses in establishing and growing Registered Apprenticeships beyond the capabilities of federally managed programs.

Supporting businesses through apprenticeship is an effective workforce strategy. Data from the U.S. Department of Labor demonstrates that Registered Apprentices have a 94 percent retention rate and that for every dollar spent, employers receive back \$1.47 in productivity. Participating businesses not only retain skilled staff, but also have a mechanism to positively invest in their company through training.

DWDAL applies for federal discretionary funds and uses these awards to invest in the State's apprenticeship programming, including sub-grants to apprenticeship sponsors, employers, and Related Instruction providers to further incentivize and expand the use of the "earn-and-learn"

model. The purpose of these grants is to provide Maryland's business community with a sustainable employment pipeline in both traditional and non-traditional industry sectors. If DWDAL can no longer apply for discretionary grants, businesses in the State will no longer have access to those funds.

Small businesses often benefit from Maryland's SAA status via grants and technical assistance. If this law were to sunset, Maryland would lose its ability to provide the individualized level of support that the small business community relies on to support their workforce needs. Therefore, reauthorizing the legislation is paramount to DWDAL's ability to continue positively impacting the small business community.