

## Contractor's Guide to Maryland's Apprenticeship and Training Fund

On July 1, 2013, Maryland's new State Apprenticeship and Training Fund law went into effect. The new law applies to any prevailing wage project advertised for bid or proposal on or after July 1, 2013.

What does this mean for contractors and subcontractors in Maryland? It means that under certain circumstances contractors and subcontractors on Maryland public works projects will be required to pay 25 cents per covered employee per hour to a state-approved apprenticeship program or to the State Apprenticeship and Training Fund.

### Who Does the Law Apply To?

The new law applies to any contractor that is awarded a Maryland public works contract valued at or above \$500,000. It also applies to any subcontractor on a Maryland public works project whose work is valued at or above \$100,000. Note, however, that the law does not apply to federally funded or federally assisted construction projects, which are covered by the Davis-Bacon Act.

### What Is Required?

The new law does not require, in all circumstances, that a contractor or subcontractor make payments to the State Apprenticeship and Training Fund. The covered contractor or subcontractor must satisfy one of the following options:

1. Participate in an "apprenticeship training program," which means that the program is registered with, and approved by, the Maryland Apprenticeship and Training Counsel or the Maryland Department of Labor;



2. Make the required payment (25 cents per hour per covered employee) into the State Apprenticeship and Training Fund; or
3. Make the required payment (25 cents per hour per covered employee) to a registered apprenticeship program or to an organization that has a registered apprenticeship program for the purpose of supporting these programs.

The law applies equally to both union and non-union contractors. So, if a union contractor does not have a registered "apprenticeship training program," it is required to make the required payments to either the Fund or an organization with a registered apprenticeship program regardless of any other union dues it pays.

### Should Contractors Change How They Bid?

It depends. If the wage determination includes fringe benefits, contractors are permitted to deduct the 25 cents per hour per employee paid to the State Apprenticeship and Training Fund from the fringes that employees would otherwise be entitled to on the project.

Accordingly, if the wage determination includes fringe benefits, contractors will not need to adjust their bids to account for this new law.

However, if the prevailing wage determination does not include fringe benefits, a contractor is still required to make a contribution of 25 cents per person per hour for each employee in each covered craft on top of the basic prevailing wage rate. Accordingly, if the wage determination does not include fringe benefits, contractors will need to adjust their bids to account for the additional payments made into the State Apprenticeship and Training Fund.

### Liability for Failure To Make Payments

A contractor who fails to make the required payments will be liable to Maryland for double the

unpaid apprenticeship training contributions. If it is determined that the failure to pay required contributions was willful, the contractor will be liable in an amount up to \$1,000 for each employee and for each falsified record.

### Additional Information and Resources

The RFP for each Maryland public works project should include all the information contractors require to comply with Maryland's Apprenticeship Training Fund law.

Additional information and resources, including a frequently asked questions page, can be found on the Maryland Department of Labor, Licensing, and Regulation website at

<http://www.dlir.state.md.us/labor/apprfund/>.



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