

HOUSE BILL REPORT

EHB 1898

As Passed Legislature

Title: An act relating to apprenticeship utilization requirements on school district public works projects.

Brief Description: Providing apprenticeship utilization requirements for school district public works projects.

Sponsors: By Representatives Quall, Conway, Haler, Santos, Appleton, McDermott, Haigh, P. Sullivan, Chase, Green, Fromhold, Moeller, Wood, Simpson, Linville, Hunt, Barlow, Sells, Hasegawa, Kenney, Hudgins, Morrell and Ormsby.

Brief History:

Committee Activity:

Commerce & Labor: 2/16/07, 2/26/07 [DP].

Floor Activity:

Passed House: 3/12/07, 65-33.

Senate Amended.

Passed Senate: 4/6/07, 34-14.

House Concurred.

Passed House: 4/14/07, 69-25.

Passed Legislature.

Brief Summary of Engrossed Bill

- Extends apprenticeship utilization requirements to public works contracts awarded by school districts.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Green, Moeller and Williams.

Minority Report: Do not pass. Signed by 2 members: Representatives Condotta, Ranking Minority Member and Chandler, Assistant Ranking Minority Member.

Staff: Sarah Beznoska (786-7109).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

State agencies under the Governor's authority must require that apprentices enrolled in state-approved apprenticeship training programs participate in public works projects. This requirement was originally established in an executive order issued in 2000, and codified in legislation enacted in 2005.

For public works estimated to cost \$1 million or more, the specifications must require that no less than 15 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs.

Awarding agencies may adjust this apprenticeship utilization requirement for specific projects for the following reasons:

- a demonstrated lack of availability of apprentices in specific geographic areas;
- a disproportionately high ratio of material costs to labor hours;
- a demonstrated good faith effort by participating contractors to comply with the apprenticeship utilization requirement; or
- other criteria the agency director deems appropriate, subject to prior review by the Office of the Governor.

These apprenticeship utilization provisions apply to public works contracts awarded by state agencies, but not the state Department of Transportation, state four-year institutions of higher education, or state agencies headed by a separately elected public official. (Public works by the state Department of Transportation are subject to slightly different apprenticeship utilization requirements.)

Summary of Engrossed Bill:

Apprenticeship utilization requirements are created for public works by a school district. Projects funded by bond issues approved before July 1, 2007, are exempt.

For contracts advertised for bid on or after January 1, 2008, for public works by school districts that are estimated to cost \$3 million or more, the specifications must require that no less than 10 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs. For contracts advertised for bid on or after January 1, 2009, for public works by a school district estimated to cost \$2 million or more, the specifications must require that no less than 12 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs. For contracts advertised for bid on or after January 1, 2010, for public works by a school district estimated to cost \$1 million or more, all specifications shall require that no less than 15 percent of the labor hours be performed by apprentices enrolled in state-approved apprenticeship training programs.

School districts may adjust this apprenticeship utilization requirement for specific projects for the same reasons awarding agencies do under current law. The reasons are:

- a demonstrated lack of availability of apprentices in specific geographic areas;
 - a disproportionately high ratio of material costs to labor hours;
 - a demonstrated good faith effort by participating contractors to comply with the apprenticeship utilization requirement; or
 - other criteria the agency director deems appropriate, subject to prior review by the Office of the Governor.
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Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill brings together students, communities, unions, businesses, and contractors, and provides students with an opportunity to look beyond high school and obtain good family wage jobs. Over the last several years, many educators have been working with pre-apprenticeship and apprenticeship programs to encourage students to use their skills and energy in the world of the trades. Educators have watched the progress of apprenticeship in the state and have wondered why there is not apprenticeship utilization for K-12 construction.

I have a personal story about being a meat cutter apprentice, which gave me an opportunity to finish college, get a degree in education, and become a high school principal. This bill provides many opportunities for students of all backgrounds. Being prepared for something other than college helps some students. Apprenticeship assists and encourages students to look at other opportunities and our school district has supported this.

I am an ironworker apprentice. Apprenticeship is a great opportunity for any person. I have benefitted greatly from my experience. I have learned from journeymen who have taught me how to do things correctly. Apprentices learn so that in the future they can run the jobs and do the work. Journeymen appreciate that and want us to know how to do our job.

There is a story behind this bill that involves three things. Educators had students who were unsure about what would happen to them after they graduated because they were not college-bound and did not see opportunities for them in Central Washington. Church groups were worried about children staying in school. The trades were recognizing that there were not enough entry-level workers. A variety of school districts were looked at and it is clear there is a coming crisis in skilled trades positions in Washington.

School districts are already doing this, including Roslyn, Wenatchee, and Sunnyside. These school districts have already set apprenticeship utilization standards. Marysville also has a resolution about apprenticeship. Cities and ports do this too.

There is a clear case that this is cost neutral and benefits students. This provides workers to fill positions and provides opportunities that young people need to grow.

Skills Centers work to place students into apprenticeship. The New Market Skills Center is completing a 20,000 square foot building on campus for these programs.

Apprenticeship is a good starting point for students. There are more students moving toward apprenticeship. This bill creates slots for students to be put in immediately upon graduation.

Fifteen percent is a reasonable goal. Some contractors are small so 15 percent is an odd number to achieve. However, 15 percent job-wide makes sense.

(Opposed) Apprenticeship is supportable and there is no objection to apprenticeship. This bill does not have to do with increasing apprenticeship programs. This bill micro-manages apprenticeship programs. The language defines labor hours, for the purpose of the 15 percent of labor hours requirement, to mean the total hours of workers receiving an hourly wage who are directly employed on the site of the public works project. This language should deal specifically with each apprenticeship or trade.

There is an exemption in the language if there is a demonstrated lack of availability of apprentices. That goes against the idea of helping trades that lack apprentices get apprentices. This is a competitiveness issue as well. Using an apprentice means there is a lower labor rate. If competing with a non-union shop on a private job and using apprentices on a public job, there might not be enough apprentices left for the private job and competitiveness would be effected.

This legislation discriminates against open shop contractors, which do not have the same capacity as union apprenticeship programs do. Women and minority contractors and workers are generally open shop so this discriminates against them. There will be fewer contractors willing to bid on these contracts so the cost of construction will go up.

There are administrative costs associated with this bill. There are also concerns about the capacity of apprenticeship programs to accommodate an increase. There are also larger societal issues involved here. Along the I-5 corridor, there is a need for an enormous amount of outreach because generally, students and the parents of students do not want the students to work in construction even though it is a good career path. Legislating requirements will not necessarily change this societal issue.

This bill takes a backward approach to addressing these problems. Apprenticeship programs are beneficial and rewarding. However, mandating this approach will not automatically create interest or opportunity. It may instead stifle opportunity. The Legislature should work on issues that serve as impediments to allowing students to job-shadow and have participation on construction projects. Those issues must be addressed first.

School districts may already have programs that are different than what is required by this bill.

Just because these quotas have worked in the past does not mean that a quota will work in the future. The more that is mandated, the fewer people are available to meet the mandate.

School districts might have increased costs because contractors may be discouraged from bidding on contracts.

This should be an opt-in requirement. School districts need the opportunity to tailor things as appropriate.

Persons Testifying: (In support) Lucinda Young, Washington Education Association; Walt Wegener, Toppenish School District; Alexis Haas, Northwest Ironworkers; John Aultman, New Market Skills Center; Bob Abbott, Washington and Northern Idaho District Council of Laborers; Pete Crow, Washington State Association of Plumbers and Pipefitters; and Kyle Tanner, Citizens Alliance of Center Washington.

(Opposed) Larry Stevens, Mechanical Contractors Association of Western Washington; Kathleen Garrity, Associated Builders and Contractors; Rick Slunaker, Associated General Contractors; and Pete Wall, Tacoma School District.

Persons Signed In To Testify But Not Testifying: Clark Gilman, Carpenters Union.