

HOUSE BILL REPORT

HB 1849

As Reported by House Committee On: Capital Budget

Title: An act relating to compliance with apprenticeship utilization requirements.

Brief Description: Addressing compliance with apprenticeship utilization requirements.

Sponsors: Representatives Sells, Doglio, Pollet, Ormsby, Tharinger and Farrell.

Brief History:

Committee Activity:

Capital Budget: 2/14/17, 2/23/17 [DP].

Brief Summary of Bill

- Specifies that apprenticeship utilization hours apply to all contractors and subcontractors.
- Makes awarding agencies responsible for monitoring a contractor and subcontractor's compliance with apprenticeship utilization hours.
- Provides that noncompliance with apprenticeship utilization requirements is one of the violations that count towards debarring a contractor from bidding on public works. Requires for purposes of meeting the responsible bidder criteria, that the bidder must not have been found out of compliance with apprenticeship utilization requirements.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 11 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; Macri, Morris, Reeves, Riccelli, Ryu, Sells, Stonier and J. Walsh.

Minority Report: Do not pass. Signed by 5 members: Representatives Dye, Johnson, Koster, MacEwen and Steele.

Minority Report: Without recommendation. Signed by 3 members: Representatives DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kraft.

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.

Staff: Steve Masse (786-7115).

Background:

Apprenticeships.

Apprenticeships are a combination of on-the-job training under the supervision of journey level workers and related classroom instruction. Apprenticeships last from one to six years. During an apprenticeship, apprentices are paid lower wages than journey level workers. The Washington State Apprenticeship and Training Council, which is part of the Department of Labor and Industries, establishes apprenticeship program standards, approves apprenticeship training programs, and otherwise governs the programs. Apprenticeship standards address the ratio of apprentices to journey level workers allowed, the type of work apprentices may do, and the required supervision of apprentices.

Apprenticeship Utilization Requirements.

Contracts for public works that are estimated to cost \$1 million or more must require that at least 15 percent of the labor hours be performed by apprentices enrolled in approved apprenticeship training programs. This requirement applies to most contracts awarded by the state, school districts, and state four-year higher education institutions. Awarding entities may adjust the apprentice utilization requirements on specific projects for certain reasons, such as if there is a lack of apprentices in a specific geographic area. For the Department of Transportation, apprenticeship utilization requirements apply to public works estimated to cost \$3 million or more until July 1, 2020, at which time the dollar threshold changes to \$2 million.

Lowest Responsible Bidder.

To be a considered the "lowest responsible bidder" who is qualified to be awarded a public works project the bidder must: (1) be a registered contractor; (2) have a current state Unified Business Identifier number; (3) if applicable, have industrial insurance coverage for employees working in Washington, have an Employment Security Department number, and an excise tax registration number; (4) not be disqualified for being unlicensed or unregistered, and have kept accurate records regarding subcontractors over the last two years; (5) maintained compliance with apprenticeship utilization requirements over the past one year; and (6) met any supplemental criteria as established by the state or municipality.

Summary of Bill:

The apprenticeship utilization requirement applies to every contractor and subcontractor on the public works project.

Labor hours must be measured on a per-contractor basis.

The awarding agency of the public work contract must monitor contractor and subcontractor apprenticeship hours. The contractor shall be report any noncompliance no later than the final project acceptance to the Department of Labor and Industries.

Contractors may not be required to exceed the apprenticeship utilization requirements.

The percentage of labor hours required to be performed by apprentices or not having been found out of compliance prohibits the contractor from bidding.

The criteria for not allowing contractors to bid on a public works project for one year includes a determination of being out of compliance with required labor hours performed by an apprentice.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) There is an aging workforce in public works. Apprenticeship utilization provides proper training for entry level apprentices and a workforce for the future. There are occasions that the general contractor will force requirements for apprenticeship utilization requirements to the subcontractors to provide. This is sound public policy and supports contractors meeting the 15 percent utilization requirement. Currently compliance with apprenticeship utilization requirements is about 38 percent and there are problems with implementation.

(Opposed) Contractors support apprentices. There are not enough resources for contractors to meet full compliance of the 15 percent utilization requirement partially due to demographic problems. An incentive would help contractors meet the requirement. The bill is too rigid and does not provide any flexibility for contractors.

Persons Testifying: (In support) Representative Sells, prime sponsor; Larry Stevens, Mechanical Contractors Association and National Electrical Contractors Association; and Neil Hartman, Washington State Building and Construction Council.

(Opposed) Jerry VanderWood, Associated General Contractors of Washington.

Persons Signed In To Testify But Not Testifying: None.