

# HOUSE BILL REPORT

## 3SSB 5576

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### 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:** Senate Committee on Transportation (originally sponsored by Senators Keiser, Fortunato, Conway, Miloscia, Hobbs, Takko, Hasegawa, Wellman and Saldaña).

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 2/19/18, 2/26/18 [DP].

#### **Brief Summary of Third Substitute Bill**

- Authorizes the Department of Transportation to use the three-strike system for ensuring compliance in lieu of monetary penalties.
- Requires contracts to specify that apprenticeship utilization requirements may not be required.
- Makes awarding agencies responsible for monitoring a contractor and subcontractor's compliance with apprenticeship utilization hours within existing resources.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 19 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Eslick, Kraft, MacEwen, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Steele, Stonier, Volz and Walsh.

**Staff:** Steve Masse (786-7115).

#### **Background:**

Apprenticeships.

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*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.*

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 (L&I), 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 a lack of apprentices in a specific geographic area. For the Department of Transportation (DOT), 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.

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**Summary of Bill:**

The awarding agency of the public work contract, within existing resources, must monitor contractor and subcontractor apprenticeship hours. The contractor shall report to the L&I any noncompliance no later than acceptance of the final project.

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

The DOT is authorized to use the three-strike system for ensuring compliance in lieu of monetary penalties.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** This bill takes effect on January 1, 2020.

**Staff Summary of Public Testimony:**

(In support) This is sound public policy to provide a quality workforce. Costs are reduced when contractors report directly to the L&I. This is the best way for apprentices to get experience and training.

(Opposed) None.

**Persons Testifying:** Senator Karen Keiser, prime sponsor; Neil Hartman, Washington State Building and Construction Trades Council; and Michael Transue, Mechanical Contractors Association of Western Washington.

**Persons Signed In To Testify But Not Testifying:** None.