

HOUSE BILL REPORT

HB 3003

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to apprenticeship utilization requirements for department of transportation public works projects.

Brief Description: Eliminating the department of transportation's exemption from the public works apprenticeship utilization requirements.

Sponsors: Representatives Conway, Wallace, Jarrett, Wood, Hankins, Murray, Haler, Ormsby, Morrell, Strow, McCoy, Upthegrove, Chase, Simpson, Appleton, Sells, Dickerson, Hasegawa, Kenney and Hudgins; by request of Department of Transportation.

Brief History:

Committee Activity:

Commerce & Labor: 1/26/06, 2/1/06 [DPS].

<p>Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Extends apprenticeship utilization requirements to public works contracts awarded by the Department of Transportation.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Hudgins, Kenney and McCoy.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member and Holmquist.

Staff: Jill Reinmuth (786-7134).

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 later 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. This apprenticeship utilization requirement applies to public works contracts awarded by state agencies, but not state four-year institutions of higher education, state agencies headed by a separately elected public official, and the Department of Transportation.

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.

Summary of Substitute Bill:

The Legislature expresses its intent to assist returning veterans. The apprenticeship utilization requirement for other public works projects by the state is made applicable to Department of Transportation projects.

Legislative Statement and Intent

The Legislature intends to assist returning veterans through programs such as "Helmets to Hardhats," and with apprenticeship placement career opportunities. ("Helmets to Hardhats" is a program sponsored by building and construction trades organizations and their employer associations. It is administered by a not-for-profit trust directed by a joint labor-management construction industry committee.)

Apprenticeship Utilization

All specifications for public works by the Department of Transportation must require that apprentices enrolled in state-approved apprenticeship training programs participate in the projects as follows:

- no less than 10 percent of total labor hours for contracts estimated to cost more than \$2 million advertised for bid on or after July 1, 2007, and before July 1, 2008;
- no less than 12 percent of total labor hours for contracts estimated to cost more than \$2 million advertised for bid on or after July 1, 2008, and before July 1, 2009; and
- no less than 15 percent of total labor hours for contracts estimated to cost more than \$1 million advertised for bid on or after July 1, 2009.

Advisory Committee

The Secretary of Transportation must establish an apprenticeship utilization advisory committee. The committee must consist of equal numbers of contactor and labor representatives. The committee must meet regularly to discuss implementation of the apprenticeship utilization requirements, including the process used to adjust the requirements.

Outreach Effort

The Apprenticeship and Training Council (Council) must coordinate an outreach effort to educate returning veterans about apprenticeship and career opportunities in the construction industry. The Council is directed to coordinate the effort with apprenticeship programs, other state agencies, and contractor and labor representatives.

Substitute Bill Compared to Original Bill:

The apprenticeship utilization requirements are phased in over a two-year period. The Secretary of Transportation is required to establish and meet regularly with an apprenticeship utilization advisory committee to discuss implementation of the requirements. The Apprenticeship and Training Council is required to coordinate an outreach effort to educate returning veterans about the construction industry. The apprenticeship utilization requirements apply beginning July 1, 2007. The bill takes effect 90 days after adjournment of the session in which it is passed.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill aligns how we approach transportation work with how we approach other capital work. It will help develop capacity in the building trades in both the private and the public sectors. We need new skilled workers in the trades.

There may be some issues around implementation in transportation that are different than other areas. The Department of Transportation is committed to smooth implementation. The bill gives us the flexibility needed to achieve success.

The pressures of an economy that is growing and workers that are reaching retirement age demand a highly-skilled workforce. Due to a negative public image, the number of people entering the construction trades is insufficient.

The bill is critical because it requires apprenticeship utilization on as many projects as possible, and there will be \$11 billion in transportation-related construction work over the next 10 to 12 years.

We have applicants and slots, but we need more opportunities. We have to hold them at bay because we want to know we can put them to work when they begin their apprenticeship.

This is a major step forward. The average age among marine electricians is 52. Over the next three years, we will lose up to 90 marine electricians. We need more apprenticeship programs, so that we can meet the needs of ferries and military ships in the future.

The bill has a delayed effective date, which gives the Department of Transportation (Department) time to deal with implementation issues, as well as provisions that give the Secretary flexibility.

The bill will help increase the available pool of trained craftsmen.

Testimony Against: This bill is not similar to last year's bill. Transportation projects and other types of public construction projects are different. The bill is not practical and not cost-free. The bill is not fair to all firms, and will create further imbalance between union and open shop firms.

If implemented, the requirements should be phased in. There should be a formal process for stakeholders to advise the Department on its implementation of the requirements.

We cannot accept the bill in its current form. We need greater certainty and greater assurance. Our questions and concerns have been ignored.

Union recruitment within apprenticeship programs means that non-union shops are reluctant to refer workers to those programs.

There may be unintended consequences. Prime contractors are put in the position of policing subcontractors. That may be possible in buildings, but would be very difficult on highways.

Highways are not safe work sites for untrained persons. Apprentices and trainees should work in environments with optimum safety levels, not on highway projects.

Community and technical colleges and other technical schools have been left out. The bill should incorporate training along with apprenticeship.

Apprenticeship utilization results in micro-management of our businesses. It prevents us from moving apprentices around so that they have a variety of experiences. Because it requires 15 percent of labor hours, and does not specify that those hours are in each trade, there is pressure to put all of those hours in one or two trades.

Persons Testifying: (In support) Doug McDonald, Secretary of Transportation; Dave Johnson, Washington State Building and Construction Trades Council; Brett Olson, International Brotherhood of Electrical Workers; Bob Abbott, Washington and Northern Idaho District Council of Laborers; Jonathan Platt, J.M. Martinac; and Randy Loomans, Operating Engineers Local 302.

(Opposed) Rick Slunaker, Associated General Contractors and Washington Construction Industry Council; Butch Brooks, Woodworth Company; Andrew Thompson, Wilder Construction; Wayne Brokaw, Inland Northwest Associated General Contractors; and Larry Stevens, National Electrical Contractors Association and Mechanical Contractors Association.

Persons Signed In To Testify But Not Testifying: None.