

HOUSE BILL REPORT

HB 1919

As Reported by House Committee On:
Commerce & Labor

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

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

Sponsors: Representatives Conway, Darneille, Morrell, Seaquist, Upthegrove, Schual-Berke, Kenney, Hudgins, Hasegawa, Ormsby and Santos.

Brief History:

Committee Activity:

Commerce & Labor: 2/16/07, 2/27/07 [DPS].

Brief Summary of Substitute Bill

- Extends apprenticeship utilization requirements to public works contracts awarded by certain port districts that have annual gross operating revenues of \$75 million or more.

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; Green, Moeller and Williams.

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

Staff: Sarah Beznoska (786-7109).

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

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.

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 Substitute Bill:

For public works by certain port districts that are 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 requirement applies only to port districts that have annual gross operating revenues of \$75 million or more, and contracts advertised for bid on or after January 1, 2008.

Port districts that have already established apprenticeship utilization programs are exempt.

Substitute Bill Compared to Original Bill:

The substitute bill changes the apprenticeship utilization requirement so that it applies to port districts with gross operating revenue of \$75 million or more instead of \$15 million or more and exempts port districts that have established apprenticeship utilization programs.

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.

Staff Summary of Public Testimony:

(In support of original bill) Apprenticeship programs work because they maximize hands-on training. Apprenticeship programs are industry-driven by demand for training. Apprenticeship programs will respond to positive incentives like the standards in this bill.

There has been a case study by the Carpenters' Union on a project with voluntary apprenticeship goals. The study was based on certified payroll for the entire job and on-site visits. The results of the study showed that on this project there were 37,800 total hours. There were only 3,000 apprenticeship hours reported. That is only 8 percent so the goal of 15 percent was not met. This shows that the goal alone was ineffective. To foster apprenticeship utilization, volunteer goals do not work very well. Statewide standards are needed.

There are ports, such as the Port of Seattle, that have apprenticeship utilization requirements, including funding for apprenticeship. These are good models.

The issue of supply and demand is not an issue because there are apprentices waiting to get into work. Opportunities need to be made available for these people. Washington, per capita, has more construction in the pipeline than any other state in the nation. The need for career opportunities for young people should not be underestimated.

We have built new training centers in Spokane, Burlington, Lacey, and Renton, and we built for capacity. The labor shortage is not far away. It is important that apprenticeship programs go forward and more apprentices enter the system.

(For information on original bill) The fiscal note will be revised to reflect that the bill has an effect on a smaller number of ports.

(Opposed to original bill) Opposition to this bill is the same as opposition to House Bill 1898. The labor hours requirement is measured by the work site not the trade. In addition, there is an exemption for a demonstrated lack of availability of apprentices.

All of our contracts contain apprenticeship utilization provisions. These are negotiated provisions that work and they are not static, mandated provisions. This bill is a one-size-fits-all approach. The Port of Seattle's program is not the same as what is proposed in this bill. However, the bill would require that port to meet this same standard. There needs to be flexibility to meet community needs.

The fiscal note is overstated. There is also a statement about increasing incremental workload for the Department of Labor and Industries (Department) and this causes increasing cost for the Department. This is a concern, especially since apprenticeship is funded from the workers' compensation funds. There is also additional costs to public agencies to comply with these requirements.

Persons Testifying: (In support of original bill) Kirk Deal, Pile Drivers Union; Bob Abbott, Washington District Council of Laborers; Pete Crow, Washington Association of Plumbers and Pipe Fitters; and Dave Johnson, Washington State Building and Construction Trades Council.

(For information on original bill) Elizabeth Smith, Department of Labor and Industries.

(Opposed to original bill) Larry Stevens, Mechanical Contractors Association and National Electric Contractors Association; and Rick Slunaker, Associated General Contractors.

Persons Signed In To Testify But Not Testifying: Kathleen Garrity, Associated Builders and Contractors; and Pat Jones, Washington Public Ports Association.