

# SENATE BILL REPORT

## SHB 3003

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, February 23, 2006

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

**Brief Description:** Modifying public works apprenticeship utilization requirements.

**Sponsors:** House Committee on Commerce & Labor (originally sponsored by 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:** Passed House: 2/07/06, 68-30.

**Committee Activity:** Labor, Commerce, Research & Development: 2/16/06, 2/23/06 [DPA, DNP, w/oRec].

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** Do pass as amended.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Brown, Keiser and Prentice.

**Minority Report:** Do not pass.

Signed by Senator Honeyford.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Parlette, Ranking Minority Member.

**Staff:** John Dziedzic (786-7784)

**Background:** Executive Order 00-01 (EO 00-01) required that apprentices in programs approved by the Apprenticeship and Training Council make up at least 10 percent of the total labor hours on public works projects of more than \$2 million awarded after July 1, 2000. Over time, the percentage increased and the threshold amount decreased. In 2005, apprentices were required to account for 15 percent of the total labor hours on projects of more than \$1 million. EO 00-01 applied to state agencies under the authority of the Governor, which excluded the Department of Transportation (DOT), four-year institutions of higher education, and agencies headed by a separately elected public official. EO 00-01 allowed agency directors to adjust the apprenticeship utilization percentage, with prior review by the Governor, under certain conditions, such as a shortage of apprentices in a specific geographic area.

In 2005, the Legislature enacted and the Governor signed legislation codifying the requirements of EO 00-01, and directing the Department of General Administration and the

Department of Labor and Industries to provide information and technical assistance to affected agencies.

**Summary of Amended Bill:** Effective July 1, 2007, DOT is no longer exempt from apprenticeship use requirements, and the required utilization of apprenticeship is phased-in over three years: 10 percent apprenticeship labor hours are required on DOT projects over \$5 million awarded on or after July 1, 2007; 12 percent on projects over \$3 million beginning July 1, 2008; and 15 percent on projects over \$2 million beginning July 1, 2009.

The Secretary of DOT is required to adjust the apprenticeship utilization percentage requirement if there is a demonstrated lack of apprentices in a specific geographic area, or a disproportionately high ratio of material costs to labor hours.

Support of programs assisting returning veterans, such as 'Helmets to Hardhats,' is included in the intent section. The Washington State Apprenticeship Training Council is directed to conduct training and outreach work with returning veterans to assist with the transition from military service to the construction industry.

The Secretary of DOT must establish an apprenticeship utilization advisory committee, with equal representation of contractors and labor, which is required to meet regularly to discuss implementation of the apprenticeship utilization requirements.

The Apprenticeship and Training Council is directed to coordinate a comprehensive outreach effort to educate returning veterans about apprenticeship and career opportunities in the construction industry.

**Amended Bill Compared to Original Bill:** The phasing-in of the apprenticeship utilization requirement for DOT public works contracts is modified to mirror the schedule established in SSB 6480, as enacted by the Senate. This schedule replaces the phasing-in schedule contained in the bill as passed by the House of Representatives: 10 per cent of the labor hours on projects of \$2 million or more awarded between July 1, 2007, and July 1, 2008; twelve per cent on projects of such projects awarded in the next year; and fifteen percent on projects of \$1 million or more awarded after July 1, 2009.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** With road construction receiving voter support recently, expanding apprenticeship opportunities with DOT-awarded road construction public works will help close the skills gap in the construction trades caused by retirements and other workforce attrition. This will also help the state respond to the employment needs of those men and women who are returning from military service, through programs such as "Helmets to Hardhats."

**Testimony Against:** The state should not be micromanaging and interfering in the workforce allocation of private sector employers. Because the current proposal requires utilization on a

project-wide basis, rather than on a trade-by-trade basis, it tends to be anti-competitive and forces contractors to place apprentices in public works jobs, when it may be more beneficial to make those placements elsewhere.

**Who Testified:** PRO: Doug MacDonald, WA State Department of Transportation; Skip Dreps, Northwest Paralyzed Veterans of America; Dave Johnson, WA State Building & Construction Trades Council; Bob Abbott, Laborers District Council; Rick Slunaker, Associated General Contractors.

CON: Larry Stevens, National Electrical Contractors Assn. & Mechanical Contractors Assn.