

SENATE BILL REPORT

E2SSB 6480

As Passed Senate, February 11, 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: Senate Committee on Transportation (originally sponsored by Senators Kohl-Welles, Haugen, Brown and Keiser; by request of Department of Transportation).

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/26/06 [DPS, DNP].
Transportation: 2/1/06, 2/6/06 [DP2S, DNP].
Passed Senate: 2/11/06, 30-11.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6480 be substituted therefor, and the substitute bill do pass.

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

Minority Report: Do not pass.

Signed by Senators Parlette, Ranking Minority Member; Hewitt and Honeyford.

Staff: John Dziedzic (786-7784)

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Second Substitute Senate Bill No. 6480 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Haugen, Chair; Jacobsen, Vice Chair; Poulsen, Vice Chair; Berkey, Eide, Kastama, Oke, Spanel, Swecker and Weinstein.

Minority Report: Do not pass.

Signed by Senators Benson, Ranking Minority Member; Esser, Mulliken and Sheldon.

Staff: Hayley Gamble (786-7452)

Background: Executive Order 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, the Executive order was codified and apprentices were required to account for 15 percent of the total labor hours on projects of more than \$1 million.

Apprenticeship utilization percentages apply to State agencies under the authority of the Governor. The Department of Transportation (DOT), four-year institutions of higher education, and agencies headed by a separately elected public official are exempt for this requirement. Agency directors may 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. The Department of General Administration and the Department of Labor and Industries are directed to provide information and technical assistance to affected agencies.

Summary of Bill: Effective July 1, 2007, DOT is no longer exempt from apprenticeship use requirements. DOT's required percentage use of apprenticeship labor hours is phased in over three years. DOT is required to use 10 percent apprenticeships on projects over \$5 million beginning July 1, 2007. Required apprenticeship use increases to 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.

The intent section includes language supporting returning veterans through programs such as "Helmets to Hardhats." 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.

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 (Labor, Commerce, Research & Development): It is good to bring DOT into alignment with other cabinet agency requirements for apprenticeship utilization. There is a growing skills gap, with fewer well-qualified workers available to fill vacancies created by turnover and retirement. Apprenticeships have provided opportunities for good careers to various groups, including young people, veterans returning from military service, and others who have few other options. There is no evidence that apprentice requirements increase project costs.

Testimony Against (Labor, Commerce, Research & Development): Transportation projects are materially different, and draw upon a more narrow range of workers than most public works construction projects utilizing apprentices. There are greater worker safety issues on highway projects, particularly for workers with little experience, causing liability insurance to be more difficult to obtain. The bill is not cost-free; it will result in fewer bidders and higher costs. It's not clear how this requirement will work with federal training requirements. Other trainee programs should also be included.

Who Testified (Labor, Commerce, Research & Development): PRO: Doug McDonald, Secretary, Dept. of Transportation; Dave Johnson, WA State Building & Construction Trades

Council; Robert Doolin, Heather Peterson, Amber Derby, Ironworkers; Bob Abbot, NW Laborers; Johnathan Platt, J. M. Martinac; Brett Olson, IBEW Electrician; Chris Winters, Disable American Veterans, Chapter 18; Jeff Johnson WA State Labor Council, AFL-CIO.

CON: Rick Slunaker, Associated General Contractors; Wayne Brokaw, Inland NW Associated General Contractors; Cedric "Butch" Brooks, Woodworth Co.; Andrew Thompson, Wilder Construction.

Testimony For (Transportation): A Memorandum of Understanding has been signed between building contractors and labor groups and adjustments have been made to the bill to meet both groups concerns. Contractors and labor groups would like to make this an effective program. 'Helmets to Hard hats' is a direct entry apprenticeship program for returning veterans. DOT will use the flexibility language in the bill to help implement the program. Any costs to DOT would be absorbed into general contract costs. The task force should look at providing exemptions to small contractors. The skills gap needs to be addressed.

Testimony Against (Transportation): None.

Who Testified (Transportation): PRO: Senator Kohl-Welles; Sponsor, Doug McDonald; Secretary of Transportation, John Little; NW Carpenters, Bob Abbott; Laborers District Council, Rick Slunaker; Associated General Contractors, Terry Tilton; WA State Building & Construction Trades Council, John Lynch, General Administration.