

FINAL BILL REPORT

ESHB 1050

C 342 L 23
Synopsis as Enacted

Brief Description: Expanding apprenticeship utilization requirements.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Riccelli, Berry, Simmons, Ryu, Goodman, Reed, Ramel, Lekanoff, Pollet, Street, Doglio, Donaghy, Wylie, Santos, Ormsby and Fosse).

House Committee on Capital Budget
Senate Committee on Labor & Commerce

Background:

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.

Public works contracts 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 public works contracts awarded by state agencies, school districts, and four-year institutions of higher education. It does not apply to agencies that are headed by a separately elected official. For public works contracts awarded by the Department of Transportation (DOT), the requirement applies to public works contracts estimated to cost \$2 million or more.

Awarding entities may adjust the apprentice 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 apprentice utilization requirement; or
- other criteria the entity deems appropriate, subject to review by the Office of the Governor.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

The awarding entity of the public work contract, within existing resources, must monitor contractor and subcontractor apprenticeship hours. Contracts must specify that apprenticeship utilization goals should be met, monetary incentives for meeting the goals, monetary penalties for not meeting the goals, and an expected cost value included in the bid associated with meeting the goal. The contractor must report any noncompliance no later than the final project acceptance to L&I.

Contractors may be disqualified from bidding on public works if they have been found to be out of compliance with certain apprentice requirements.

A public work means all work, construction, alteration, repair, or improvement that is executed at the cost of the state or a municipality.

A municipality includes every city, county, town, port district, district, or other public agency authorized by law to require the execution of public work, except districts associated with drainage, diking, irrigation, or reclamation of undeveloped land.

Summary:

Apprenticeship utilization requirements are applied to public works contracts awarded by municipalities. Beginning July 1, 2024, public works contracts awarded by a municipality estimated to cost more than \$2 million must require no less than 15 percent of the labor hours be performed by apprentices. Beginning July 1, 2026, and until July 1, 2028, apprenticeship utilization requirements apply to public works contracts estimated to cost over \$1.5 million. Beginning July 1, 2028, apprenticeship utilization requirements apply to public works contracts estimated to cost over \$1 million. Municipalities are added to the existing laws related to apprenticeship utilization, including:

- allowing awarding entities to adjust the apprenticeship utilization requirements for a specific project for certain reasons;
- requiring awarding entities to, within existing resources, monitor apprenticeship utilization hours by contractor and requiring awarding entities to report the apprenticeship utilization by contractor to L&I; and
- requiring contracts to include goals and monetary incentives for meeting the goals and penalties for not meeting the goals.

Public housing authorities are exempted from the apprenticeship utilization requirements. Subsections that have expired are removed. L&I, instead of the Department of Enterprise Services (DES), is responsible for collecting data, providing information and technical assistance on apprenticeship utilization reporting. The DES continues to provide sample contract language and contract administration advice.

L&I and the Municipal Research and Services Center must provide training, information, and ongoing technical assistance to municipalities to comply with apprenticeship utilization

requirements. Training must include reporting requirements, sample contract language, and best practices on adopting apprenticeship guidelines, including ensuring compliance related to a contractor that seeks a good faith waiver.

Any apprenticeship utilization standards established by local law or ordinance that are more favorable to apprentices remain in effect.

L&I must study and report on public works project outcomes related to apprenticeship utilization requirements, access to apprentices, and participation by small, and women-, minority-, and veteran-owned businesses. At a minimum, the study and report must:

- delineate by project size and type of awarding entity, including the DOT, school districts, four-year institutions of higher education, and municipalities. Project data for municipalities, if any, must be delineated by type of municipality;
- include total project cost, total labor costs, the ratio of labor costs to total costs, apprentice hours worked by craft and percent of total hours worked, cost savings or increases from utilizing apprentices, number of projects achieving and not achieving apprentice utilization requirements, number of projects waiving apprentice utilization requirements for good faith efforts or other criteria deemed appropriate by the awarding agency with the reasons for the waivers, and the number and percentages of women-, minority-, and veteran-owned businesses as prime contractors or subcontractors and whether they utilized apprentices;
- include, by craft, the number and service area of construction apprenticeship programs, the number of training agents, and the number of construction apprentices;
- identify the number of small, women-, minority-, and veteran-owned businesses performing work on public works projects as a prime contractor or subcontractor, and utilization of apprentices on those projects, and provide information on how small, women-, minority-, and veteran-owned businesses may access apprentices on public works projects and examine any barriers to registered apprenticeship and apprentices. The analysis should include project data and consultation with the Office of Minority and Women's Business Enterprises and women-, minority-, and veteran-owned businesses;
- identify and analyze existing applications of apprenticeship utilization requirements by municipalities and for subcontractors beyond current apprenticeship utilization requirements;
- include recommendations and best practices for increasing apprenticeship utilization and supporting women-, minority-, and veteran-owned businesses in accessing apprentices; and
- include recommendations and best practices for extending apprenticeship utilization requirements to subcontractors.

Votes on Final Passage:

House	58	39	
Senate	30	18	(Senate amended)

(House refuses to concur in Senate amendments. Asks Senate to
recede from amendments.)

Senate 29 18 (Senate concurred)

House 57 38 (House concurred)

Effective: July 23, 2023

July 1, 2024 (Section 1)