



AGC's Industry Workforce Priorities

AGC Position on SB 809 (Opposed)
Submitted: Senate Workforce Committee March 11, 2015

The Task Force on Apprenticeship in State Contracting established by Senate Bill 782 in the 2013 legislative session identified many of the challenges and opportunities in growing Oregon's existing apprenticeship pipeline and system. The task force, made up of a broad variety of industry and public interests, has agreed unanimously to support a substantial investment to expand Career Technical Education (CTE) in Oregon's high schools.

In AGC's view, this type of investment will ultimately provide the greatest benefit to Oregon's unique construction industry apprenticeship system. For that reason, AGC strongly supports the Governor's Budget that contains funding for the expansion of career technical education throughout Oregon's high schools. In addition, CTE is also a priority of the 2015 Oregon Business Plan.

AGC strongly supports apprenticeship. It is absolutely critical to our industry's ability to build the workforce capacity necessary in an improving economy and to fill the need for a new generation of highly skilled workers. Contractors of all types and sizes (open and union, general and specialty, large and small, urban and rural) have a compelling interest in a successful system. The Oregon Employment Department predicts up to 25,000 new construction workers will be needed by 2020 (15,000 due to industry growth and 10,000 to replace retiring baby boomers). The increased CTE opportunities in Oregon's high schools will play the critical role in building a pool of potential new apprentices.

- AGC strongly supports Senate Bill 579 (the A-engrossed version of SB 782, which unanimously passed the Senate during the 2013 session). The approach of SB 579 is to implement a phased-in utilization requirement, on large projects only, and applying only to state agencies. Why? To give the industry time to adjust and for the system to build the necessary capacity and pipeline of apprentices before applying a utilization requirement to all sizes and types of contracts.
- We also strongly support the continuation of the Task Force on Apprenticeship in State Contracting contained in House Bill 3328 to continue resolving the issues raised but not yet addressed. The issues demanding further exploration and resolution include:
 - The economic impact of an apprenticeship utilization standard on contractors, the fiscal impact on contracting agencies, and strategies to minimize those impacts;
 - Incentives and disincentives that could affect contractor compliance with the standard; and
 - Methods for monitoring compliance with the standard

We know these issues have not been adequately dealt with based on the testimony heard at Task Force meetings over the past year.

It is also clear that the system as currently designed cannot meet the needs of the industry as a whole. A thorough discussion on how to improve the apprenticeship system has not been adequately explored. At minimum, problems remain relating to:

- 1) the ability to get new programs approved in a timely fashion;
 - 2) issues with time spent on lists and appropriate ratios; and
 - 3) the general lack of flexibility and responsiveness in the system.
- AGC is strongly opposed to the proposal contained in Senate Bill 809 that inserts a mandatory prequalification requirement into the responsible bidder statute. This is bad policy for a number of reasons, including the fact that it will considerably shrink the market of contractors able to even bid on public work. That in turn, will increase costs to public agencies and ultimately the taxpayers. The impact of such a new statute would put in place a requirement that only those contractors able to find the required apprentices would be in a position to bid on public works. In short, this type of approach to apprenticeship utilization is not what is needed at this point in time to actually increase the number apprentices in the industry.

For further information on AGC's position, please contact:

Public and Strategic Affairs Director, John Rakowitz: 503-317-1781