



**OREGON STATE SENATE**

Colleagues:

I'm pleased to present SB 598 and SB 809 to you.

There is broad agreement that apprenticeship is a crucial component of higher education in this state, with a unique ability to create real pathways to family-wage jobs and the skilled workforce that our businesses need. Last year we passed HB 4058, which clarified that apprenticeship is an important part of the "middle 40" in Oregon's 40/40/20 goals.

There is broad agreement that the state has an interest in expanding apprenticeship in all parts of Oregon and making it available to Oregonians from diverse backgrounds. To that end, in 2013 we passed SB782, which created the Task Force on Apprenticeship in State Contracting. It was charged with coming up with a minimum apprenticeship utilization standard for public construction projects, i.e., to use the power of public construction contracting to help drive the public's investment in apprenticeship.

The task force, which I co-chaired together with Representative Caddy McKeown, included representatives from labor, contractors, union, non-union, public contracting agencies, as well as Representative Mark Johnson and Senator Chuck Thompson, both from Hood River. We met many times, had field hearings in a number of settings, and explored many issues. We learned a lot about the way apprenticeship works in existing industries, the benefits of apprenticeship, and the challenges that apprenticeship faces. You will find the task force's final report to the Legislature among today's meeting materials on OLIS.

At the beginning of the task force's work, we agreed that we would not make any recommendations except by consensus. In the end, we were able to reach consensus on two items:

*First, the Legislative Assembly should consider reappointing the Apprenticeship in State Contracting Task Force to allow it to continue working on the issues as outlined in this report. Task Force members also indicated a desire to broaden the membership of the Task Force to include participation by other industry sectors.*

*Second, the Legislative Assembly should provide substantial and sustainable increases in resources devoted to career and technical education. These increases should be paired with development of real pathways to apprenticeship.*





Regarding CTE funding, we will be hearing and I hope voting on SB 585, which will increase the state's investments in CTE. Regarding the re-creation of the task force, you have before you SB 598, the Task Force on Apprenticeship for the Twenty-First Century, a committee bill that was submitted a few weeks ago. Its charge includes the following:

*The task force shall study, evaluate and make recommendations concerning methods to:*

- (a) Improve pathways from career and technical education to apprenticeship;*
- (b) Help to create and maintain pre-apprenticeship programs for underrepresented and nontraditional populations;*
- (c) Improve relationships between community colleges and union apprenticeship programs;*
- (d) Overcome regional barriers and other barriers to completing apprenticeship programs;*
- (e) Extend an apprenticeship model to additional industries, such as manufacturing and health care; and*
- (f) Involve the state in expanding and encouraging apprenticeship.*

The task force examined several different models for implementing a utilization standard, but in the end could not reach consensus on a particular model. For the task force co-chairs, the most promising model in the end was one that was proposed by NECA, the National Electrical Contractors Association, which came to be called the "Responsible Bidder Model." This became SB 809.

SB 809 is designed to create an incentive for more contractors to become training agents and use apprenticeships by using the carrot of tying the ability to bid on a sizeable public construction project to the accomplishment of this goal. In the end, we're not really interested in the specific number or ratio of apprentices on any given public project as we are in rewarding companies with a good track record of using and maintaining apprentices on a combination of their public and private work. We heard clearly from trainers that they want their apprentices to obtain a range of experience, on both public and private projects. We heard clearly that for emerging small contractors there is a challenge in proving the proper track record to allow them to win a bid on their own. We've therefore come up with a system that will give contractors who want to be training agents the greatest flexibility.

The primary features of the plan proposed in the bill are the following:

- ✓ To be eligible to work on public projects a contractor must be a "responsible bidder"
- ✓ Responsible bidders must be BOLI certified training agents for the crafts that they hire
- ✓ If a contractor has not utilized apprentices on at least 10% of their work hours they may be eligible to work on public projects if the Joint Apprenticeship Training Council for which they are signatory has demonstrated its membership has utilized at least 10% apprentice hours over the course of the previous calendar year

- ✓ Eligible contractors must demonstrate apprentices were used on at least 10% of worked hours during the previous calendar year
- ✓ Standard applies to all public projects over \$1 million (though we are considering amendments to raise the threshold on eligible projects)
- ✓ Regular reporting on how we are achieving the goal of diversifying the workforce and bringing more workers to successful completion of their apprenticeship training and earning their journeyman's card.

Colleagues, I believe that most industry members will tell you that this is a modest proposal and one that creates a reasonable floor with plenty of flexibility built into it. It will show the state's commitment to promoting the apprenticeship model and produce more skilled workers. I urge the committee's support and would be happy to answer any questions.