

SB 577 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 2/23

WHAT THE MEASURE DOES:

Establishes estimated contract price of \$200,000 at which apprentice utilization requirements apply to contracts for real property improvements with institutions of higher education and contracts to build or maintain a public school with school districts. Requires contractors and subcontractors to employ apprentices to perform 15 percent of work hours performed by apprenticeable occupations. Requires contractors and subcontractors to make specified good faith efforts to encourage minority individuals, women, economically and socially disadvantaged individuals, and service-disabled veterans to become apprentices with aspirational goal of those persons performing 15 percent of apprentice work on contract. Requires contractors and subcontractors to provide health insurance and retirement benefits to workers. Requires contractor to report on apprentice utilization and institution or school district to verify compliance. Requires institutions and districts to report annually on apprentice utilization and benefits offered. Takes effect on 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Current law requires an institution of higher education entering into a contract for improvements to real property with an estimated cost greater than \$8 million to be paid at least in part from state bonds to require the contractor to:

- be a registered apprentice training agent;
- award subcontracts with an estimated cost of at least \$200,000 only to registered apprentice training agents;
- establish and execute a plan for outreach, recruitment, and retention of women and minority individuals to perform work under the contract; and
- require any subcontractors to execute a plan for outreach, recruitment, and retention of women and minority individuals to perform work under the contract.

Senate Bill 577 amends the apprentice requirements for certain higher education contracts for improvement to real property advertised or entered into on or after January 1, 2022, by:

- lowering the estimated contract price at which apprentice utilization requirements apply from \$8 million to \$200,000;
- replacing contractor requirements for outreach, recruitment, and retention of women and minority individuals with a requirement to make specified good-faith efforts to encourage minority individuals, women, economically and socially disadvantaged individuals, and service-disabled veterans to become apprentices with the aspirational goal of those persons performing 15 percent of the apprentice work on the contract;
- requiring contractors and certain subcontractors to employ apprentices to perform 15 percent of the work hours performed by apprenticeable occupations;
- requiring contractors and subcontractors to provide health insurance and retirement benefits to workers;
- requiring the contractor to report on apprentice utilization; and

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- requiring the institution to verify compliance with apprentice utilization requirements at least 30 days before making a final payment.

The measure establishes similar apprentice requirements for public contracts to construct or maintain a public school, except those requirements may be waived if a school district determines that compliance would cause unreasonable expense or delay, or limit the pool of bidders to fewer than three.