



# Oregon

Kate Brown, Governor

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**DATE:** February 23, 2021

**TO:** Senate Committee on Labor and Business

**FROM:** Lindsay Baker, Assistant Director, Government and External Relations  
Oregon Department of Transportation

**SUBJECT:** SB 576 – Apprentice Utilization Requirements for Public Improvement Contracts

## INTRODUCTION

The Office of Civil Rights at the Oregon Department of Transportation (ODOT) oversees a robust and diverse apprenticeship program to increase use of apprentices on ODOT's public improvement contracts. To date, ODOT has been exempt from the apprenticeship provisions of ORS 279C.533 due to its commitment to apprentice utilization under its current program. Senate Bill 576 seeks to modify apprenticeship requirements on public improvement contracts, and removes ODOT's exemption. ODOT respectfully requests its exemption remain intact to ensure ODOT's ability to strategically apply apprenticeship standards to ODOT contracts and continue its federally-approved apprenticeship program.

## DISCUSSION

ODOT's apprenticeship program is federally mandated and approved by the Federal Highway Administration (FHWA).<sup>\*</sup> ODOT works closely with its federal partners to ensure it meets all of FHWA's apprenticeship and training requirements. ODOT also partners with the Oregon Bureau of Labor and Industries to recruit workers into apprenticeship programs around the state through ODOT's Workforce Development Program.

ODOT applies apprenticeship requirements to specific projects, contemplating multiple factors including project size/overall contract value, type of project, project craft types, project location, and project duration. When possible, ODOT imposes requirements of up to 20% apprentice utilization for all crafts on large, alternative bid projects. ODOT works purposefully and aggressively to improve apprentice utilization on all its construction projects.

ODOT's commitment to diversity in its apprenticeship program is also paramount. Contractors are required to hold their subcontractors accountable and to meet Affirmative Action (AA) and Equal Employment Opportunity (EEO) specifications, which are included in all subcontracts. Additionally, the Federal Highway Administration requires ODOT to conduct a specified number of annual reviews of project workforce hours and AA/EEO compliance.

<sup>\*</sup>23 CFR 230.111

It is also important to note that ODOT provides an incentive to contractors in which \$20 per apprentice hour is reimbursed to the contractor, up to 150 percent of the total goal. However, if the goal is not met, a disincentive is applied in which the entire amount of that line item is deducted from the final payment. This incentive/disincentive program has proved to be successful in meeting and exceeding ODOT's apprenticeship goals.

**SUMMARY**

ODOT's current apprenticeship program strategically imposes apprenticeship requirements on public improvement projects to build a diverse, qualified, and skilled workforce. ODOT appreciates the Committee's attention to this issue and its consideration of ODOT's desire to maintain its exemption and continue to run our federally-approved apprenticeship program. Thank you for your consideration and please feel free to reach out to me with any additional questions.