

HB 2649 -3 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 2/15, 3/29, 4/3

WHAT THE MEASURE DOES:

Expands apprenticeship utilization requirement for public improvement projects to include Oregon Department of Transportation, Higher Education Coordinating Commission, public university, and community college district, to the extent that the commission, the university or the district uses public funds for construction costs of public improvement project. Requires public improvement contract from qualifying agency to include provision that contractor establish and implement a plan for outreach to and recruitment and retention of women, minority individuals, and veterans to perform work. Sets aspirational target and minimum requirements for outreach plan.

Requires qualifying agency to report to Oregon Department of Administrative Services (DAS) information collected from the contractor related to apprentice utilization and diversity goals and agency's determination whether contractor met requirements for employing and paying apprentices. DAS must report to Legislative Assembly by March 1 of every odd-numbered year: total number of work hours that workers in apprenticeship occupations performed on public improvement projects; total number of apprentices that performed work public improvement projects; percentage of the work hours that apprentices performed on public improvement projects; which public improvement projects met and did not meet apprentice requirements; and total number of minority individuals, women and veterans who performed work on public improvement projects.

Permits reduction of payment due to contractor for failure to comply with apprentice utilization requirement and specifies formula for calculating amount of penalty. Any funds collected go to Bureau of Labor and Industries to expand apprentice training programs and foster regional workforce development. Provides Construction Contractors Board must list as ineligible for an award of a public improvement contract any contractor or subcontractor who fails to pay apprentices.

Increases apprentice utilization requirement on public improvement projects from 12 to 15 percent of all work hours performed on public improvement on January 1, 2025. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Apprentice utilization requirements to help meet demand in workforce
- Impact of apprenticeship on building equitable and diverse workforce
- Workforce shortage in the construction industry
- Impact of changes to apprenticeship utilization requirements on contractor
- Removal of exemption for Oregon Department of Transportation
- Challenges of finding apprentices in rural area
- Ability of contractor to recoup costs from subcontractor
- Reward exceeding apprenticeship utilization goal

EFFECT OF AMENDMENT:

-3 Adopted on March 29, 2023.

Requires each subcontract with contract price of \$750,000 to employ apprentices to perform 12 percent or more of work hours. Requires contractor demonstrate adequate good faith effort to comply with requirements related to plan for outreach, recruitment and retention of women, minority individuals and veterans to perform under

HB 2649 -3 STAFF MEASURE SUMMARY

public improvement contract.

Requires each contractor and subcontractor on public improvement project to meet apprenticeship utilization requirements and workforce diversity goals. Requires contractor and subcontractor report to qualifying agency (QA) for purposes of determining compliance with apprenticeship utilization requirements and workforce diversity goals. Specifies content of report. Requires report for each contract and subcontract contain name of public improvement project; location of project; detailed accounting of total hours of work that workers performed under each contract and subcontract; total number of hours of work that workers performed in each apprenticeable trade or craft for each contract and subcontract on public improvement; total number of hours of work that apprentices performed for each contract and subcontract on the public improvement; and total number of hours of work that apprentices in each trade.

Requires QA to reduce payment to contractor, and permits contractor to reduce payment to subcontractor, under public improvement contract, when contractor or subcontractor does not meet 12 percent or more apprenticeship utilization requirement. Amount of reduction is to be equivalent to difference between total number of work hours that apprentices in apprenticeable occupations should have performed on the public improvement project less total number of work hours that apprentices actually performed on public improvement project, multiplied by \$15 per hour. Amount of reduction in payment is paid to Bureau of Labor and Industries (BOLI) to expand apprenticeship training programs, with a focus on programs in areas of this state where contractors did not meet apprenticeship utilization requirements.

Requires BOLI to develop forms for contractors and subcontractor to report to QAs for purpose of apprentice and diversity requirement and for QA to report to BOLI. Requires QA report to BOLI no later than 30 days after making final payment, information collected from contractor and subcontractor, as well as determination whether contractor or subcontractor met apprenticeship utilization requirements and diversity goals.

Requires BOLI report to the Legislative Assembly on each public improvement contract and subcontract within last two years. Specifies contents of report. Report includes total number of hours of work that workers performed for each contract or subcontract on all public improvement projects; total number of hours of work that workers performed in each apprenticeable trade and craft for each contract and subcontract on all public improvement projects; total number of hours of work that apprentices performed for each contract and subcontract on all public improvement projects; total number of hours of work that apprentices in each apprenticeable trade or craft performed for each contract and subcontract on all public improvement projects; total number of minority individuals, women and veterans who performed work on the public improvement projects; and additional information BOLI determines is necessary.

Increases apprenticeship utilization requirement to 15 percent or more on January 2027.

BACKGROUND:

ORS 279C.533 requires that a state contracting agency include in a contract for a public improvement project that is over \$3 million that the contractor must employ apprentices to perform 12 percent of the work hours that workers in apprenticeable occupations perform on the public improvement and subcontract for which the contract price exceeds the lesser of \$1 million or 25 percent of the price of the contract that the subcontractor employ apprentices to perform 12 percent of the work hours that workers in apprenticeable occupations perform on the subcontract. Oregon Department of Transportation and emergency procurements are exempt from apprenticeship utilization requirement. House Bill 2649 expands the apprenticeship utilization requirement to include Oregon Department of Transportation, Higher Education Coordinating Commission, a public university, and a community college district to the extent that the commission, the university or the district uses public funds for the construction costs of a public improvement project.

HB 2649 -3 STAFF MEASURE SUMMARY

In House Bill 3011, 2021, the Legislative Assembly established diversity requirements for contractors and subcontractors on certain projects funded with money from American Rescue Plan Act of 2021. The requirements set forth in ORS 279A.803 required the establishment and execution of a plan for outreach, recruitment and retention of women, minority individuals and veterans to perform work under the contract, with the aspirational target of having at least 15 percent of total work hours performed by individuals in one or more of those groups. HB 2649 expands the requirement to all public improvement projects from state contracting agencies, Oregon Department of Transportation, Higher Education Coordinating Commission, public university, and community college district.