

HB 3881 A STAFF MEASURE SUMMARY

House Committee On Rules

Action Date: 05/21/25

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 4-3-0-0

Yeas: 4 - Bowman, Kropf, Pham H, Valderrama

Nays: 3 - Boshart Davis, Drazan, Elmer

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 5/14, 5/21

WHAT THE MEASURE DOES:

The measure adds a school district, that applies for and receives School Capital Improvement Matching Program grant funds, to the definition of “qualifying agency” for the purpose of apprenticeship utilization requirements and the requirement to establish and implement a plan for outreach to and recruitment and retention of women, minority individuals, and veterans on public improvement projects. It requires the school district to retain in its general fund any reduction in payment due under a public improvement contract to a contractor when the contractor does not meet the apprenticeship utilization requirements. It provides the Attorney General, Oregon Department of Transportation, Oregon Department of Administrative Services, Bureau of Labor and Industries, and a qualifying agency to adopt rules and take any other action before the operative date. The measure applies to a solicitation for a public improvement project or a public improvement contract that a qualifying agency enters into on or after January 1, 2026. The measure takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Expanding work opportunities for apprentices and incentivizing support for apprenticeship training
- Apprentices experiencing challenges with consistent work results in apprentices not completing training
- Local funds utilized for school district capital construction projects
- Oregon School Capital Improvement Matching program
- Opportunities for wage advancement, skill development, and training with apprenticeship
- Impact of apprenticeship utilization requirements on project costs
- Challenges for rural school districts to meet apprenticeship utilization requirements
- Support for technical education pathways, bringing students into the trade, and building local construction trade capacity

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

ORS 279C.533 requires a qualifying agency on a public improvement project of \$3 million or more to require each contractor to employ apprentices to perform 12 percent or more of work hours that workers in apprenticeable occupations perform; requires each subcontractor, with contract price of \$750,000 or more, to employ apprentices to perform 12 percent or more of work hours that workers in apprenticeable occupations perform on a public improvement; and requires each contractor and subcontractor to establish and implement a plan for outreach to and recruitment and retention of women, minority individuals, and veterans to perform work. The apprenticeable utilization threshold increases to 15 percent on January 1, 2027.

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Current law requires a qualifying agency to reduce the final payment to a contractor, and permits a contractor to reduce final payment to a subcontractor, under the public improvement contract, when contractor or subcontractor does not meet the 12 percent or more apprenticeship utilization requirement. The amount of the reduction is equivalent to the difference between the total number of work hours that apprentices in apprenticeable occupations should have performed on a public improvement project minus the total number of work hours that apprentices did work on a public improvement project, multiplied by \$15 per hour. This reduction in payment is paid to the 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.

House Bill 3881 A expands the definition of “qualifying agency” for the purposes of the apprenticeship utilization and outreach and recruitment requirements to include school districts that apply for and receive School Capital Improvement Matching Program grant funds.