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February 2, 2022

Hon. Anastasia Williams
Chairwoman
Committee on Labor
State of Rhode Island House of Representatives
State House
Providence, RI 02903

Re: Support for: H-7027; An Act Relating to Public Property and Works

Dear Chairwoman Williams:

BuildRI is a domestic non-profit trade association comprised of four (4) contractor associations (the Labor Relations Division of the RI Chapter of the Associated General Contractors, the New England Mechanical Contractors' Ass'n, the RI Mason Contractors' Ass'n, and the RI and Southeast MA Chapter of the National Electrical Contractors' Ass'n), and eighteen (18) Local Trade Unions. On behalf of our organization, I am writing to offer our unqualified support for this Bill, for the reasons that follow.

H-7027 will require contractors and subcontractors on school construction projects over \$5.0 million to participate in formal, registered apprenticeship training programs over. These projects are inherently complex undertakings that require hundreds of skilled craft personnel in various specialized trades, in a very hazardous industry. Consequently, they should be completed by workers who have the appropriate skill to do them, skill that is developed through registered apprenticeship programs.

Currently, the industry is facing an acute, worsening skill shortage that pose a major risk to the industry. See, *Construction Labor Market Analyzer, Construction Users Roundtable (CURT), The Long-Term Outlook for Construction 6* (2017)(estimating an impending deficit of one million five hundred thousand (1,500,000) skilled workers through 2022 in the construction industry); *David H. Bradley & Stephen A. Herzenberg, Construction Apprenticeship and Training in Pennsylvania 2* ((2002))(describing "free rider" market failure that incentivizes employers to under-train construction workers in the absence of apprenticeship programs). In fact, unless "effective policy responses are developed to address this skills crisis, it is estimated there will be a national shortage of one million five hundred thousand (1,500,000) construction workers by 2022. Id. According to numerous reports, these industry labor shortages are already "causing serious disruptions to project delivery." There is no doubt that the adverse effects of COVID have dramatically exasperated this crisis. Without new policy initiatives this will certainly drive up the cost of school construction projects.

For a number of years leading private sector construction groups have repeatedly issued strong recommendations to develop adequate supplies of trained, skilled construction workers; CURT, WP-1101, *Skilled Labor Shortage Risk Mitigations* (January 2015)(recommending that, to address skill challenges, project owners require contractors to provide skills training as a condition of bidding projects); Matt Helmer & Dave Altstadt, Aspen Inst., *Workforce Strategies Initiative, Apprenticeship: Completion and Cancellation in the Building Trades* 8-9 (2013)(proposing a requirement that all contractors participating in publicly funded projects participate in registered apprenticeship programs); Robert Lerman et al, *Benefits and Challenges of Registered Apprenticeship: Sponsors' Perspective ii*(2000)(finding that 97% of employer sponsors of registered apprenticeship programs would recommend the program to others and that over 80% of sponsors cited filling the demand for skilled workers as a “very important” benefit of apprenticeship); and, CURT, *Confronting the Skilled Workforce Shortage* (June 2004)(recommending all owners prequalify contractors on the basis of craft training).

Apprenticeship training programs registered with and approved by federal and state agencies pursuant to the Fitzgerald Act have a proven track record of developing effective skill training that work. U.S. Department of Labor Emp’t and Training Admin., Registered Apprenticeship Fact Sheet 1 (*workers that complete apprenticeships are more motivated, more productive, and have lower worker compensation costs because of training programs’ emphasis on safety*). Accordingly, apprenticeship programs are the most viable solutions for addressing industry worker shortage challenges.

Moreover, the “value, benefits, and utility of using apprenticeship training programs ... have [also] been verified by numerous public and private research projects. See, Paul M. Goodrum, *Construction Industry Craft Training in the United States* (finding that a single capital construction project, each dollar invested in craft training yields a return of \$1.30 to \$3.00); and, Debbie Reed et al, *An Effectiveness Assessment and Cost-Benefit analysis of Registered Apprenticeship in 10 States* xiv(2012)(finding that the social benefits of an individual completing an apprenticeship training program exceeds the social costs by \$49,000).

According to the chart attached hereto as Exhibit 1, prior to COVID a number of government entities throughout the country have followed the lead of the private sector and dealt with this challenge by imposing apprenticeship utilization requirements on their construction projects. Locally, both Brown University and the City of Providence have recognized the issue and are imposing apprenticeship requirements on their construction projects. We write to advocate for the state to follow suit by requiring contractors to participate in apprenticeship programs for school construction projects more than \$5 million. Doing so will create career opportunities for local residents, increase availability of skilled labor to ensure that these projects are done within budget, timely and safely by local citizens. Accordingly, for the foregoing reasons our organization urges passage of this important piece of legislation.

Sincerely,



Gregory A. Mancini
Executive Director/General Counsel

cc: Committee members

EXHIBIT 1

Apprenticeship Training Requirements In Public Works Contracting Laws

LEGISLATION

| JURIS | CITATION | EXPLANATION or QUOTATION of REQUIREMENT | SOURCE |
|-------|--|--|---|
| CA | Cal. Lab. Code § 1777.5 (2018) | Contractors and subcontractors on public works projects must employ registered apprentices. Apprentices must work one hour for every five hours of work performed by a journeyman. | http://www.dir.ca.gov/t8/230_1.html § CCR 230.1 Labor Code 1777.5 |
| CO | Colo. Rev. Stat. § 24-92-115 (2019) | Requires general contractor on all public works projects not receiving federal money and involving \$1,000,000 or more to identify all “contractors or subcontractors that will be used for mechanical, sheet metal, fire suppression, sprinkler fitting, electrical, and plumbing work required on the project” and to certify that these firms “participate in apprenticeship programs registered with the United States Department of Labor’s employment and training administration or state apprenticeship councils recognized by the United States Department of Labor.” | Colo. Rev. Stat. § 24-92-115 |
| HI | Haw. Rev. Stat. § 103-55.6 (2009) | "(a) A governmental body, as defined in section 103D-104, that enters into a public works contract under this chapter having an estimated value of not less than \$250,000, shall decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade the bidder will employ to construct the public works, and in conformance with chapter 372. The lowest total bid, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference." | Haw. Rev. Stat. 103-55.6 |
| IL | Public Act 93-0642 30 Ill. Comp. Stat. § 500/30-22 (2015) | To meet responsible bidder standards, contractor and subcontractor must participate in applicable apprenticeship and training programs approved by and registered with the US DOL Bureau of Apprenticeship and Training. | IL Public Act 93-0642 30 ILCS 500/30-22 |

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| IN | Design-Build Act SB 244 Ind. Code § 5-30-5-3(b)(6) (2017) | "To qualify for work, potential design-builders responding to the request for qualifications must submit a verified statement that the design-builder or the employees of the team performing construction services have completed or are enrolling in an apprenticeship program certified by the Federal Bureau of Apprenticeship Training." | IN Design Build Public Works Projects 5-30-5-3 (b)(6) |
| MD | Apprenticeship Opportunity Act Md. Code, State Fin. & Proc. §§ 17-601-606 (2017) Md. Code, State Fin. & Proc. §§ 17-6A-01 et seq. | Requires all contractors and subcontractors on public works to participate in an apprenticeship training program for each trade or craft in which they employ construction workers. Contracting firms that cannot meet this requirement must make regular contributions to a new State Apprenticeship Training Fund whenever they are performing work on state public works projects. | MD Code, State Fin and Proc 17-601 et seq.(2017) MD Code, State Fin and Proc 17-6A-01 et seq (2017) |
| NJ | N.J. Rev. Stat. § 52-38-5 (2018) | Requires project labor agreements entered into by state require each contractor and subcontractor working on the public works project have an apprenticeship program. | NJ Rev Stat 52-38-5 (2018) |
| NJ | N.J. Rev. Stat. Ann. § 34:11-56.50 (West eff. 5.1.19) | Revises definitions to include "Registered Apprenticeship Program" which means an apprenticeship program which is registered with and approved by the United States Department of Labor and which provides each trainee with combined classroom and on-the-job training in an occupation recognized as an apprenticeship trade and meets the program standards of enrollment and graduation under 29 C.F.R. s.29.6. | N.J. Rev. Stat. Ann. § 34:11-56.50 |
| NM | N.M. Stat. § 13-4D-4 (2017) | Generally requires employers on public works construction projects to either participate in approved apprenticeship training programs or to make contributions to a state training fund. | NM Stat. 13-4D-4 (2017) |
| NY | New York State Laws Article Apprenticeship Training, Section 816-b | Government entities as direct or indirect parties to contracts with contractors and subcontracts may require apprenticeship agreements appropriate for the type and scope of work to be performed. | McKinneys Labor Law 816-b |

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| RI | R.I. Gen. Laws Ann. § 37-13-3.1 (2014) | "Notwithstanding any laws to the contrary, all general contractors and subcontractors who perform work on any public works contract awarded by the state after passage of this act and valued at one million dollars (\$1,000,000) or more shall employ apprentices required for the performance of the awarded contract. The number of apprentices shall comply with the apprentice to journeyman ratio for each trade approved by the apprenticeship council of the department of labor and training." | RI Gen Laws 37-13-3.1 |
| WA | Wash. Rev. Code § 39.04.320 (2015) | Generally requires public works projects worth \$1 million or more to have 15% of labor hours performed by apprentices; some public works have different requirements. | Wash Rev Code 39.04.320 (2015) |
| WY | Wyo. Stat. § 16-6-902 (2017) | "For all public works awarded by the state, the University of Wyoming, a community college or a school district pursuant to W.S. 16-6-101 through 16-6-206 estimated to cost one million dollars (\$1,000,000.00) or more, a contractor who commits to ensure that not less than ten percent (10%) of the labor hours shall be worked by apprentices shall have his bid considered as if his bid were one percent (1%) lower than the actual dollar value of his bid. | Wyo Stat 16-6-902 (2017) |

EXECUTIVE ACTIONS

| JURIS | CITATION | EXPLANATION | SOURCE |
|-------|---|---|---|
| MD | Executive Order 01.01.2013.05 Code MD R. § 01.01.2013.05 | Allows State actors to encourage or require the use of registered apprenticeship programs on public contracts if in the best interests of the State. | MD exec order 01.01.2013.05 |
| NY | MOCS Apprenticeship Program Directive (January 2, 2013) | Requires contractors with contracts over \$1 million to participate in registered apprenticeship programs and to show that the apprenticeship program/s have successfully passed the two year Probation period following the initial registration date of such program/s with the New York State Department of Labor. | NYC May Office of Contract Services |