High Road -

Apprenticeship Training

High Road policies promote high-wage, low-waste, worker-friendly, publicly-accountable economic development.

★ 2004 POLICY SUMMARY ★

High Road - Apprenticeship Training

Summary

- **High Road policies promote high-wage, low-waste, worker-friendly, publicly-accountable economic development.**
- **Education and training are essential elements of a sustainable economic development strategy.**
- **Apprenticeship moves workers from low-skill to high-skill employment.**
- **States can expand access to apprenticeship programs by requiring that apprentices perform at least a certain percentage of hours worked on public construction projects.**
- **Local governments have successfully implemented laws mandating minimum apprenticeship requirements in public works contracts.**
- **Washington operates a statewide program requiring apprenticeship training.**

High Road policies promote high-wage, low-waste, worker-friendly, publicly-accountable economic development.

Current government subsidy programs tend to support "low road" economic development: the creation of low-wage, dead-end jobs by businesses that are fundamentally unfriendly to the surrounding community, the environment, and their own employees. But there is another way. A "high road" strategy uses the levers of government, especially economic incentives and disincentives, to compel businesses to act in a socially responsible manner. High Road policies result in better and more secure jobs, a stronger tax base, and more efficient, environmentally friendly community development.[1]

Education and training are essential elements of a sustainable economic development strategy.

To attract businesses over the long-term, a region must develop the skills of its workforce. One straightforward way to make job training more accessible is to require it in projects that are paid for or heavily subsidized by the government.

Apprenticeship moves workers from low-skill to high-skill employment.

In the building trades, individuals become skilled craftsmen through a probationary training program called apprenticeship. The idea behind apprenticeship is centuries old. An apprentice learns a skilled trade by working alongside a journeyman who provides on-the-job training. The apprentice is paid at a lower rate until he or she attains the degree of proficiency needed to advance to the level of journeyman. Most apprenticeship programs are operated by labor unions.

States can expand access to apprenticeship programs by requiring that apprentices perform at least a certain percentage of hours worked on public construction projects.

Project Labor Agreements are comprehensive contracts among building contractors, their clients, and trade unions that govern working conditions and hiring practices on specific projects. Such agreements commonly make some provision for apprentices. The state can ensure that Project Labor Agreements for public works projects require that a substantial percentage of construction workers receive training through state-certified programs, a policy called Apprenticeship Utilization Requirements. The state can also require that a minimum percentage of apprenticeships go to low-income workers, minorities and women.

Local governments have successfully implemented laws mandating minimum apprenticeship requirements in public works contracts.

Local governments in Washington's Puget Sound area have such laws for public works projects costing over one million dollars. As a result, since 1994, 782 residents have been placed into building trades apprenticeships or jobs in other industries with comparable wages and career prospects.

Ninety-six percent of them came from low-income backgrounds, 21 percent had no income before enrolling in training, 44 percent reported incomes below poverty, and 35 percent had been receiving some form of public assistance. In recent years, similar apprenticeship requirements have been used with success in Boston, Philadelphia, Milwaukee and Washington D.C.

Washington operates a statewide program requiring apprenticeship training.

Through an Executive Order in 2000, Governor Gary Locke directed state agencies to require that apprentices enrolled in state-approved training programs work a certain percentage of the total labor hours in public works projects. State legislation enacted in 2003 expands on the Governor's order. It mandates that from July 1, 2003 through December 31, 2003, all public works projects estimated to cost $2 million or more shall require that at least ten percent of the labor hours within each trade be performed by apprentices of that trade. The requirement increases to 12 percent in 2004 and 15 percent in 2005.

This policy summary relies in large part on information from the AFL-CIO Working for America Institute.

Endnotes

[1] For a comprehensive discusson of High Road economic development, see www.highroadnow.org.

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For more information...

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High Road Apprenticeship Utilization Act

SECTION 1. SHORT TITLE

This Act shall be called the "High Road Apprenticeship Utilization Act."

SECTION 2. FINDINGS AND PURPOSE

(A) FINDINGS—The legislature finds that:

1. A well-trained construction trades workforce is critical to the economic future of the state and its political subdivisions.

2. The efficient and economical construction of public works projects will be hindered if there is not an ample supply of trained construction workers.

3. Apprenticeship training programs are particularly effective in providing training and experience to individuals seeking to enter or advance in the workforce.

4. By providing for apprenticeship utilization on public works projects, state and local governments can provide training and experience that will help assure that a skilled workforce will be available in sufficient numbers for the construction of public works in the future.

(B) PURPOSE—This law is enacted to promote job training, improve the skills of the workforce, and enhance the economic vitality of the state.

SECTION 3. APPRENTICESHIP UTILIZATION

After section XXX, the following new section XXX shall be inserted:

(A) DEFINITIONS—In this section:

1. "Apprentice" means an apprentice enrolled in a state-approved apprenticeship training program.

2. "Apprentice utilization requirement" means the requirement that the appropriate percentage of labor hours within each separate craft or trade be performed by apprentices of that craft or trade.

3. "Labor hours" means the total hours of workers receiving an hourly wage who are directly employed on the site of the public works project. "Labor hours" includes hours performed by workers employed by the contractor and all subcontractors working on the project. "Labor hours" does not include hours worked by foremen, superintendents, owners and workers who are not subject to prevailing wage requirements.

4. "Public works" means construction projects financed by state or local government funds, and includes those projects encompassed by [appropriate statute].

5. "Secretary" means the Secretary of the Department of [Labor], or the Secretary's designee(s).

6. "State-approved apprenticeship training program" means an apprenticeship training program approved by the [State Apprenticeship Council].

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(B) MINIMUM STANDARDS FOR APPRENTICESHIP UTILIZATION

1. From July 1, 2004, through December 31, 2004, for all public works projects estimated to cost two million dollars or more, all specifications shall require that no less than 10 percent of the labor hours within each trade be performed by apprentices of that trade.

2. From January 1, 2005, through December 31, 2005, for all public works projects estimated to cost two million dollars or more, all specifications shall require that no less than 12 percent of the labor hours within each trade be performed by apprentices of that trade.

3. From January 1, 2006, and thereafter, for all public works projects estimated to cost one million dollars or more, all specifications shall require that no less than 15 percent of the labor hours within each trade be performed by apprentices of that trade.

4. Work shall not be divided among contractors or subcontractors in order to evade the requirements of this section. Where two or more contractors or subcontractors perform work within a trade, all such contractors or subcontractors shall comply with the requirements of this section.

5. All contractors and subcontractors subject to this section shall provide payroll reports on at least a monthly basis to the awarding agency or political subdivision awarding the work, certifying the names of all workers performing labor hours, their trade, hours worked, and designation as journey level worker or apprentice.

6. The awarding agency or political subdivision may adjust the requirements of this section for a specific project for the following reasons:

a. The demonstrated lack of availability of apprentices in specific geographic areas;
b. A disproportionately high ratio of material costs to labor hours, which does not make feasible the required minimum levels of apprentice participation; or
c. Other criteria the awarding agency director deems appropriate, which are subject to prior review and approval by the Secretary.

7. The failure by a contractor to comply with the apprentice utilization requirement shall be deemed a breach of contract for which the state or municipality is entitled to all remedies allowed by law and under the contract. Failure to comply with the apprentice utilization requirement shall be considered evidence bearing on a contractor's qualification for award of future contracts.

8. This section does not apply to agencies and political subdivisions that adopt requirements for apprenticeship utilization on public works projects that equal or exceed those set forth in this section.

(C) ENFORCEMENT

1. The Secretary shall promulgate such regulations as are necessary to implement and administer compliance.

2. No person, association, corporation or other entity shall discharge, demote, harass or otherwise take adverse actions against any individual because such individual seeks the enforcement of this section, or testifies, assists or participates in any manner in an investigation, hearing or other proceeding to enforce this section.

SECTION 4. EFFECTIVE DATE

This Act shall take effect on July 1, 2004.

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Minimum Standards for Subsidized Jobs Act

SECTION 1. SHORT TITLE

This Act shall be called the "Minimum Standards for Subsidized Jobs Act."

SECTION 2. FINDINGS AND PURPOSE

(A) FINDINGS—The legislature finds that:

1. Every year, [STATE] awards more than [INSERT AMOUNT] dollars in economic development subsidies to for-profit businesses.

2. When government invests in economic development, it makes no economic sense to support the creation or promotion of jobs that do not give workers the chance to earn a decent living.

3. When state-subsidized jobs provide low wages and poor benefits, they increase the need for government services, including public assistance for food, housing, health care, and childcare.

(B) PURPOSE—This law is enacted to improve the effectiveness of economic development expenditures, take pressure off state social service programs, and improve the public health and welfare by ensuring that major state subsidies are used to support at least minimum living standards for working families.

SECTION 3. MINIMUM STANDARDS FOR SUBSIDIZED JOBS

After section XXX, the following new section XXX shall be inserted:

(A) DEFINITIONS—In this section:

1. "Economic development subsidy" means any expenditure of public funds with a value of at least [$100,000], for the purpose of stimulating economic development within the state, including but not limited to bonds, grants, loans, loan guarantees, enterprise zones, empowerment zones, tax increment financing, grants, fee waivers, land price subsidies, matching funds, tax abatements, tax exemptions, and tax credits.

2. "Secretary" means the Secretary of the Department of [LABOR], or the Secretary's designee(s).

(B) MINIMUM STANDARDS FOR WAGES AND BENEFITS

1. No person, association, corporation or other entity shall be eligible to receive any economic development subsidy unless that entity:

   a. Pays all its employees in the state a minimum wage that is at least $1 per hour higher than the [federal / state as appropriate] minimum wage provided in [section number].
   b. Offers to all its employees in the state who work at least 35 hours per week a health insurance benefits plan for which the employer pays at least 80 percent of the monthly premium, and the coverage pays at least 80 percent of the costs of physician office visits, emergency care, surgery, and prescriptions with an annual deductible of no more than $1,000.

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c. Offers to at least 20 percent of its workers in the state a worker training program that meets minimum standards issued by the Secretary.

2. This section does not apply to:

a. A not-for-profit entity that is exempt from taxation under [cite section].
b. An intern or trainee who is under 21 years of age and who is employed for a period not longer than three months.

3. If the Secretary determines that application of this section would conflict with a federal program requirement, the Secretary, after notice and public hearing, may grant a waiver from the requirements of this section.

(C) ENFORCEMENT

1. The Secretary shall promulgate such regulations as are necessary to implement and administer compliance.

2. No person, association, corporation or other entity shall discharge, demote, harass or otherwise take adverse actions against any individual because such individual seeks the enforcement of this section, or testifies, assists or participates in any manner in an investigation, hearing or other proceeding to enforce this section.

3. No entity shall pay an employee through a third party, or treat an employee as a subcontractor or independent contractor, to avoid the requirements of this section.

SECTION 4. EFFECTIVE DATE

This Act shall take effect on July 1, 2004 and shall apply to any economic development subsidy awarded or renewed on or after October 1, 2004.