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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS -- LABOR AND PAYMENT OF DEBTS
BY CONTRACTORS

Introduced By: Representatives Edwards, Baginski, Tobon, Diaz, Serpa, Cassar,
Williams, Shanley, and Solomon

Date Introduced: February 24, 2021

Referred To: House Labor

It is enacted by the General Assembly as follows:

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SECTION 1. Findings.

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The General Assembly recognizes and declares that:

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(1) It is the intent of the General Assembly in enacting this act to protect the state's
proprietary and financial interests in major school construction projects by requiring participating
contractors and subcontractors working on such projects to maintain effective apprenticeship
training programs as a means for ensuring they will deploy properly trained craft labor required for
these projects;

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(2) New school construction is a critical and pressing need for Rhode Island. A 2017 report
commissioned by the School Building Authority, State of Rhode Island Schoolhouses, identified
more than two billion two hundred million dollars (\$2,200,000,000) in deficiencies in the state's
three hundred six (306) public schools. Subsequently, state and local authorities allocated millions
of dollars to fund new school construction. It is essential that these vital resources be administered
carefully to ensure the delivery of safe, timely, high-quality construction projects. To this end,
public contracts awarded for this work must fully comply with the intent and purpose of existing
state law provisions requiring the use of qualified, responsible bidders pursuant to § 45-55-5;

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(3) School construction projects valued at five million dollars (\$5,000,000) or more are
inherently complex undertakings that utilize multiple site contractors and subcontractors and

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1 dozens or even hundreds of skilled craft personnel in various specialized trades. Errors in
2 construction planning on such projects can result in cost overruns, inferior quality, increased safety
3 risks, and schedule delays that can disrupt the timely delivery of educational services. Such effects
4 are especially problematic where they are caused by flaws in project staffing insofar as construction
5 is both a highly skilled and labor-intensive industry. While these challenges exist under virtually
6 any market conditions, the construction industry is currently facing acute, widespread labor
7 shortages that pose unprecedented risks to future project delivery. Unless effective policy responses
8 are developed to address this skills crisis, it is estimated there will be a national shortage of one
9 million five hundred thousand (1,500,000) construction workers by 2022. Consider the following
10 research studies: The Associated General Contractors of America, Eighty Percent of Contractors
11 Report Difficulty Finding Qualified Craft Workers to Hire As Association Calls for Measures to
12 Rebuild Workforce (August 29, 2018); Construction Labor Market Analyzer, Construction Users
13 RoundTable, The Long-Term Outlook for Construction 6 (2017); Petrochemical Update, Heather
14 Doyle, Craft Labor Shortage Seriously Affecting Mega Projects: Poll, (June 29, 2017). Given these
15 circumstances, Rhode Island, like virtually all other states, has been struggling for several years
16 with this skills gap and has been working to address the growing risks posed by this challenge.
17 Building Futures, Gerard M. Waites, Ahead of the Curve: Increasing Apprentice Utilization in
18 Rhode Island's Construction Industry, (March 2013); Building Futures, Beth Ashman-Collins,
19 Phase 1 - Skills Gap Analysis, RI Construction Trades. (April 25, 2008);

20 (4) These construction labor shortages, which have been extensively documented in both
21 national and local research reports, are already causing serious disruptions to project delivery in
22 the form of negative effects on project cost, schedule, safety, and quality. Consider the following
23 research studies: Virtual Builders Exchange, Adolfo Pesquera, Labor Shortages Spur Increased
24 Pay/Benefits, Yet Construction Firms Bullish on 2019,(January 4, 2019); Associated Builders and
25 Contractors, Inc., ABC Highlights Construction Worker Shortage During National Apprenticeship
26 Week, (November 15, 2017); The Aspen Institute: Workforce Strategies Initiative, Maureen
27 Conway and Allison Gerber, Construction Pre-Apprenticeship Programs: Results from a National
28 Survey 6-7 (2009);

29 (5) Substantial research also shows that apprenticeship training programs are one of the
30 most viable solutions for addressing these challenges because it has long been recognized as a
31 matter of public policy and industry practice that using apprenticeship training programs effectively
32 and reliably develops a skilled workforce to meet our nation's construction industry needs,
33 including critical infrastructure programs, such as educational facilities. To this end, the U.S.
34 Congress passed the National Apprenticeship Act, Pub. L. No. 75-308, 50 Stat. 664, in 1937 to

1 promote the use of structured education and training in the skilled crafts and trades through formal
2 apprenticeship training programs;

3 (6) The value, benefits, and utility of using apprenticeship training programs in the
4 construction industry have been verified by numerous public and private research projects over the
5 past several years. Consider the following research studies: Case Western Reserve University and
6 U.S. Department of Commerce, *The Benefits and Costs of Apprenticeship: A Business Perspective*;
7 The Council of Economic Advisors, *Addressing America's Reskilling Challenge 7-8* (2018); The
8 Workforce Training & Education Coordinating Board, a Washington state agency, *Workforce
9 Training Results* (2015); U.S. Departments of Labor, Commerce, Education, and Health and
10 Human Services, *What Works in Job Training: A Synthesis of the Evidence 8* (2014); The Aspen
11 Institute: Workforce Strategies Initiative, Matt Helmer and Dave Altstadt, *Apprenticeship:
12 Completion and Cancellation in the Building Trades 8-9* (2013); Mathematica Policy Research,
13 Debbie Reed et. al, *An Effectiveness Assessment and Cost-Benefit Analysis of Registered
14 Apprenticeship in ten (10) States* (2012); and Urban Institute, Robert Lerman et al., *The Benefits
15 and Challenges of Registered Apprenticeship: Sponsors' Perspective ii* (2009) .

16 (7) Given these factors, apprenticeship programs that are operated in accordance with
17 federally established qualification standards under 29 C.F.R. § 29 have been relied upon for more
18 than eighty (80) years as the most effective and reliable method for conducting skills training in
19 construction, and such programs are broadly relied upon for addressing the industry's current skills
20 crisis. Recognizing these benefits, approximately a dozen states have enacted legislation requiring
21 contractors to participate in formal apprenticeship programs as a condition for performing public
22 works projects. Rhode Island adopted such a policy for general public works projects in 2014 by
23 enacting § 37-13-3.1. Private sector construction organizations, such as the Construction Users
24 Roundtable, support similar strategies and have recommended that those responsible for large
25 capital projects require site contractors to participate in credible skills training programs as a
26 condition of performing work on their projects. Consider the following research study:
27 Construction Users Roundtable, *Skilled Labor Shortage Risk Mitigation* (January 2015); and

28 (8) Requiring contractors and subcontractors on major school construction projects to
29 participate in apprenticeship training programs will help ensure that craft labor personnel on such
30 projects are properly trained by verifying that they are either apprentices currently enrolled in bona
31 fide programs or graduates of such programs. These efforts will also promote needed workforce
32 development efforts in construction that are critical for ensuring future projects are properly staffed
33 with qualified construction craft personnel.

34 SECTION 2. Sections 37-13-3.1 and 37-13-14.1 of the General Laws in Chapter 37-13

1 entitled "Labor and Payment of Debts by Contractors" are hereby amended to read as follows:

2 **37-13-3.1. State public works contract apprenticeship requirements.**

3 Notwithstanding any laws to the contrary, all general contractors and subcontractors who
4 perform work on any public works contract awarded by the state after passage of this act and valued
5 at one million dollars (\$1,000,000) or more shall employ apprentices required for the performance
6 of the awarded contract. The number of apprentices shall comply with the apprentice-to-
7 journeyman ratio for each trade approved by ~~the apprenticeship council of~~ the department of labor
8 and training. To the extent that any of the provisions contained in this section conflict with the
9 requirements for federal aid contracts, federal law and regulations shall control.

10 **37-13-14.1. Enforcement -- Hearings.**

11 (a) Before issuing an order or determination, the director of labor and training shall order
12 a hearing thereon at a time and place to be specified, and shall give notice thereof, together with a
13 copy of the complaint or the purpose thereof, or a statement of the facts disclosed upon
14 investigation, which notice shall be served personally or by mail on any person, firm, or corporation
15 affected thereby. The person, firm, or corporation shall have an opportunity to be heard in respect
16 to the matters complained of at the time and place specified in the notice, which time shall be not
17 less than five (5) days from the service of the notice personally or by mail. The hearing shall be
18 held within ~~ten (10)~~ thirty (30) days from the order of hearing. The hearing shall be conducted by
19 the director of labor and training or his or her designee. The hearing officer in the hearing shall be
20 deemed to be acting in a judicial capacity and shall have the right to issue subpoenas, administer
21 oaths, and examine witnesses. The enforcement of a subpoena issued under this section shall be
22 regulated by Rhode Island civil practice law and rules. The hearing shall be expeditiously
23 conducted, and upon such hearing, the hearing officer shall determine the issues raised thereon and
24 shall make a determination and enter an order within ~~ten (10)~~ thirty (30) days of the close of the
25 hearing, and forthwith serve a copy of the order, with a notice of the filing thereof, upon the parties
26 to the proceeding, personally or by mail. The order shall dismiss the charges or direct payment of
27 wages or supplements found to be due, including interest at the rate of twelve percentum (12%) per
28 annum from the date of the underpayment to the date of payment, and may direct payment of
29 reasonable attorney's fees and costs to the complaining party.

30 (b) In addition to directing payment of wages or supplements including interest found to
31 be due, the order shall also require payment of a further sum as a civil penalty in an amount up to
32 three times the total amount found to be due. Further, if the amount of salary owed to an employee
33 pursuant to this chapter but not paid to the employee in violation of thereof exceeds five thousand
34 dollars (\$5,000), it shall constitute a misdemeanor and shall be referred to the office of the attorney

1 general. The misdemeanor shall be punishable for a period of not more than one year in prison
2 and/or fined not more than one thousand dollars (\$1,000). In assessing the amount of the penalty,
3 due consideration shall be given to the size of the employer's business, the good faith of the
4 employer, the gravity of the violation, the history of previous violations, and the failure to comply
5 with recordkeeping or other nonwage requirements. The surety of the person, firm, or corporation
6 found to be in violation of the provisions of this chapter shall be bound to pay any penalties assessed
7 on such person, firm, or corporation. The penalty shall be paid to the department of labor and
8 training for deposit in the state treasury; provided, however, it is hereby provided that the general
9 treasurer shall establish a dedicated "prevailing wages enforcement fund" for the purpose of
10 depositing the penalties paid as provided herein. There is hereby appropriated to the annual budget
11 of the department of labor and training the amount of the fund collected annually under this section,
12 to be used at the direction of the director of labor and training for the sole purpose of enforcing
13 prevailing wage rates as provided in this chapter.

14 (c) For the purposes of this chapter, each day or part thereof of violation of any provision
15 of this chapter by a person, firm, or corporation, whether the violation is continuous or intermittent,
16 shall constitute a separate and succeeding violation.

17 (d) In addition to the above, any person, firm, or corporation found in violation of any of
18 the provisions of this chapter by the director of labor and training, an awarding authority, or the
19 hearing officer, shall be ineligible to bid on, or be awarded work by, an awarding authority or
20 perform any such work for a period of no less than eighteen (18) months and no more than thirty-
21 six (36) months from the date of the order entered by the hearing officer. Once a person, firm, or
22 corporation is found to be in violation of this chapter, all pending bids with any awarding authority
23 shall be revoked, and any bid awarded by an awarding authority prior to the commencement of the
24 work shall also be revoked.

25 (e) In addition to the above, any person, firm, or corporation found to have committed two
26 (2) or more willful violations in any period of eighteen (18) months of any of the provisions of this
27 chapter by the hearing officer, which violations are not arising from the same incident, shall be
28 ineligible to bid on, or be awarded work by, an awarding authority or perform any work for a period
29 of sixty (60) months from the date of the second violation.

30 (f) The order of the hearing officer shall remain in full force and effect unless stayed by
31 order of the superior court.

32 (g) The director of labor and training, awarding authority, or hearing officer shall notify
33 the bonding company of any person, firm, or corporation suspected of violating any section of this
34 chapter. The notice shall be mailed certified mail and shall enumerate the alleged violations being

1 investigated.

2 (h) In addition to the above, any person, firm, or corporation found to have willfully made
3 a false or fraudulent representation on certified payroll records [or in reporting their apprenticeship](#)
4 [information to any government agency](#) shall be referred to the office of the attorney general. A first
5 violation of this section shall be considered a misdemeanor and shall be punishable for a period of
6 not more than one year in prison and/or fined one thousand dollars (\$1,000). A second or
7 subsequent violation of this section shall be considered a felony and shall be punishable for a period
8 of not more than three (3) years imprisonment, a fine of three thousand dollars (\$3,000), or both.
9 Further, any person, firm, or corporation found to have willfully made a false or fraudulent
10 representation on certified payroll records [or in reporting their apprenticeship information to any](#)
11 [governmental agency](#) shall be required to pay a civil penalty to the department of labor and training
12 in an amount of no less than two thousand dollars (\$2,000) and not greater than fifteen thousand
13 dollars (\$15,000) per representation.

14 SECTION 3. Chapter 37-13 of the General Laws entitled "Labor and Payment of Debts by
15 Contractors" is hereby amended by adding thereto the following sections:

16 **37-13-3.2. Definitions.**

17 [For purposes of this chapter, the following words shall have the following meanings:](#)

18 [\(1\) "Approved apprenticeship program" or "apprenticeship program" means an](#)
19 [apprenticeship program that has been approved by the U.S. Department of Labor, or by a](#)
20 [recognized state apprenticeship agency, pursuant to 29 C.F.R. Parts 29 and 30; however, such](#)
21 [programs shall not include those that have obtained only provisional approval status. The required](#)
22 [apprenticeship programs may either be programs that have specifically allocated funding and are](#)
23 [subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.](#)
24 [\("ERISA"\), or non-ERISA programs financed by general funds of employers.](#)

25 [\(2\) "School construction contract" means any construction contract for a school building](#)
26 [or any school-related facility that is funded with public money.](#)

27 [\(3\) "User agency" means the state, municipality, quasi-governmental agency, or other](#)
28 [entity that is responsible for management of a school construction contract.](#)

29 **37-13-3.3. Public school construction contract apprenticeship requirements.**

30 [\(a\) Notwithstanding any laws to the contrary, all specifications in any invitations to bid on](#)
31 [any school construction contract valued at five million dollars \(\\$5,000,000\) or more shall include](#)
32 [a requirement that all bidders responding to an invitation to bid on a school construction contract](#)
33 [shall have an approved apprenticeship program for all apprenticable crafts or trades that will be](#)
34 [employed on the project at the time of bid. All bidders responding to such invitation to bid shall](#)

1 also provide proof in the bid package of the existence of an approved apprenticeship program for
2 all crafts or trades that will be employed on the project by all contractors and subcontractors needed
3 for the project. All general contractors and subcontractors who perform work on any school
4 construction contract valued at five million dollars (\$5,000,000) or more that is awarded after the
5 effective date of this chapter shall ensure that no less than ten percent (10%), but with a goal of at
6 least fifteen percent (15%), of the labor hours worked on the project shall be performed by
7 apprentices for all apprenticable crafts or trades that will be employed on the project. The provisions
8 of the section shall only apply to contractors and subcontractors with five (5) or more employees.

9 (b) The ten percent (10%) apprenticeship requirement shall be applied per month.

10 (c) All bids for such school construction contracts valued at five million dollars
11 (\$5,000,000) or more must fully comply with the intent and purpose of existing state law provisions
12 requiring the use of qualified, responsible bidders pursuant to § 45-55-5, including the criteria that
13 invitation for such bids shall reference this chapter when enumerating the objective measurable
14 criteria that will be used to make awards, as required by § 45-55-5 (b).

15 (d) Upon petition by a contractor in writing, a user agency may lower the ten percent (10%)
16 apprenticeship requirement of this section for a specific project for one or more crafts or trades for
17 the following reasons:

18 (1) The demonstrated lack of availability of apprentices and/or lack of apprentice programs
19 in specific geographic areas; or

20 (2) Participating contractors have demonstrated a good faith effort to comply with the
21 requirements of this section but have not been able to attain the ten percent (10%) requirement.

22 (e) Any determination by a user agency to lower the apprenticeship requirements according
23 to this subsection shall be provided in writing, to the contractor and to the state department of labor
24 and training.

25 (f) The state department of labor and training shall provide information and technical
26 assistance to any affected user agencies and contractors awarded any school construction contracts
27 relative to their obligations under this chapter.

28 (g) Any contractor or subcontractor awarded a school construction contract shall collect
29 and submit the following data for each project covered by this section to the user agency on certified
30 payroll forms, as required by § 37-13-13:

31 (1) The name and dollar value of the project being worked on;

32 (2) The name of each apprentice, categorized by trade or craft; each apprentice's
33 registration number; the name and address of each apprentice's approved apprenticeship program;
34 and the number of hours each apprentice has worked on the project for each month being reported;

1 (3) The name of each journey level worker, categorized by trade or craft, and the number
2 of hours each has worked on the project for each month being reported; and

3 (4) If applicable, the number, type, and rationale for the exceptions granted.

4 (h) Upon receiving the data from any contractor or subcontractor awarded a school
5 construction contract, the user agency shall provide the department of administration with said data.
6 The department of administration shall develop procedures for using and comparing said data and
7 shall annually publish a report with aggregate data related to apprenticeships.

8 (i) Upon receiving the data from any contractor or subcontractor awarded a school
9 construction project, the user agency shall provide the department of administration and the
10 department of labor and training with said data. The department of administration shall develop
11 procedures for using and comparing said data and shall annually publish a report with aggregate
12 data related to apprenticeships.

13 (j) The user agency shall withhold the next scheduled payment to any contractor or
14 subcontractor who does not submit the information required by the provisions of this section and
15 shall also notify the director of labor and training of the contractor's noncompliance. The user
16 agency shall withhold final payment until all of the information requested by the provisions of this
17 section have been provided.

18 (k) The department of labor and training may also impose a penalty of up to five hundred
19 dollars (\$500) for each calendar day that any contractor or subcontractor does not comply with the
20 requirement to submit data pursuant to the provisions of this section, as determined by the director
21 of the department of labor and training. Such penalty shall be paid by the contractor or
22 subcontractor to the department of labor and training. Mere errors and inadvertent omissions shall
23 not be grounds for imposing a penalty under this section. The severity of any penalties shall be
24 based on the facts and circumstances involved in the violation including whether there are reports
25 or multiple violations and/or willful conduct.

26 (l) All penalties assessed pursuant to the provisions of this section shall be paid to the
27 department of labor and training's dedicated "prevailing wage enforcement fund" and be deposited
28 in a restricted receipt account.

29 (m) Failure of the contractors and subcontractors required to utilize apprentices or be
30 exempted shall be considered a material breach of their school construction contract, and they shall
31 be subject to any and all applicable penalties under their contract with the user agency.

32 (n) Any contractor or subcontractor aggrieved by any action taken by the director of the
33 department of labor and training or the director's designated hearing officer, pursuant to the
34 provisions of chapter 13 of title 37, may obtain a review thereof for the purpose of obtaining relief

1 [from the action or lack of action pursuant to§ 37-13-15.](#)

2 [\(o\) To the extent that any of the provisions contained in this chapter conflict with the](#)
3 [requirements for federal aid contracts, federal law and regulations shall control.](#)

4 SECTION 4. This act shall take effect upon passage and shall be effective for all contracts
5 entered into on and after July 1, 2021.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS -- LABOR AND PAYMENT OF DEBTS
BY CONTRACTORS

1 This act would require that bidders on public school construction contracts valued at five
2 million dollars (\$5,000,000) or more must have an apprenticeship program that complies with the
3 provisions of this act. This act would also provide that any entity with an apprenticeship program
4 shall truthfully report information regarding the program to the department of labor and training
5 (DLT).

6 This act would take effect upon passage and would be effective for all contracts entered
7 into on and after July 1, 2021.

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