

SKILLED AND TRAINED WORKFORCE REQUIREMENTS

Public Works
California Labor Commissioner's Office
Department of Industrial Relations
July 21st, 2022



DISCLAIMER

California Labor Commissioner's Office

The following presentation is intended to summarize relevant portions of existing law in the Labor Code and California Code of Regulations, but those code sections, as interpreted by the courts, will govern actual enforcement. The information contained in this presentation is a general overview of existing law or regulation. Any opinions expressed are solely those of the author/speaker and are not necessarily the official position of the Department of Industrial Relations (DIR), its Director, or any related public entity. The information in this presentation is not intended as legal advice, and does not guarantee any outcome in specific enforcement or coverage proceedings within the jurisdiction of DIR.



Additional Disclaimers

California Labor Commissioner's Office

- Presentation WILL NOT cover statutes and regulations that require use of Skilled and Trained Workforce.
 - Public Contract code 2600 does not require STW, but it provides the definition, compliance guidelines and enforcement measures.
 - Awarding Bodies/Public Entities should be aware which government code is applicable to agency.
- Apprenticeship requirements & STW requirements are separate requirements.
- Please bid on STW requirement projects only if confident compliance will be met.



Skilled and Trained Workforce Requirement

Public Contract Code §2600



SKILLED AND TRAINED WORKFORCE REQUIREMENTS

Public Contract Code §2600(a) & §2600(b)

- Chapter applies when a public entity is required by statute or regulation to obtain an enforceable commitment that a bidder, contractor, or other entity will use a skilled and trained workforce to complete a contract or project.
 - Awarding Bodies and public entities should be aware of which statutes and regulations apply to their agency. (EDC, HSC, PCC, PUC or any other government codes)
- A public entity may require a bidder or contractor to use a skilled and trained workforce to complete a contract or project regardless of whether the public entity is required to do so by a statute or regulation.



Bidding Requirements & Enforceable Agreements

Public Contract Codes §2600, §2600.5
& §2602



BID REQUIREMENTS

Public Contract Code §2600(c) & §2600.5

- When a skilled and trained workforce is required by statute or regulation or by requirement of a public entity, the public entity **shall include in all bid documents and construction contracts** a notice that the project is subject to the skilled and trained workforce requirement.
- The failure of a public entity to provide a notice pursuant to subdivision (c) of Section 2600 shall not excuse either of the following:
 - The public entity from the **requirement to obtain an enforceable commitment** that a contractor will use a skilled and trained workforce to complete a contract or project.
 - A contractor from the obligation to use a skilled or trained workforce if such a requirement is imposed by a statute or regulation.



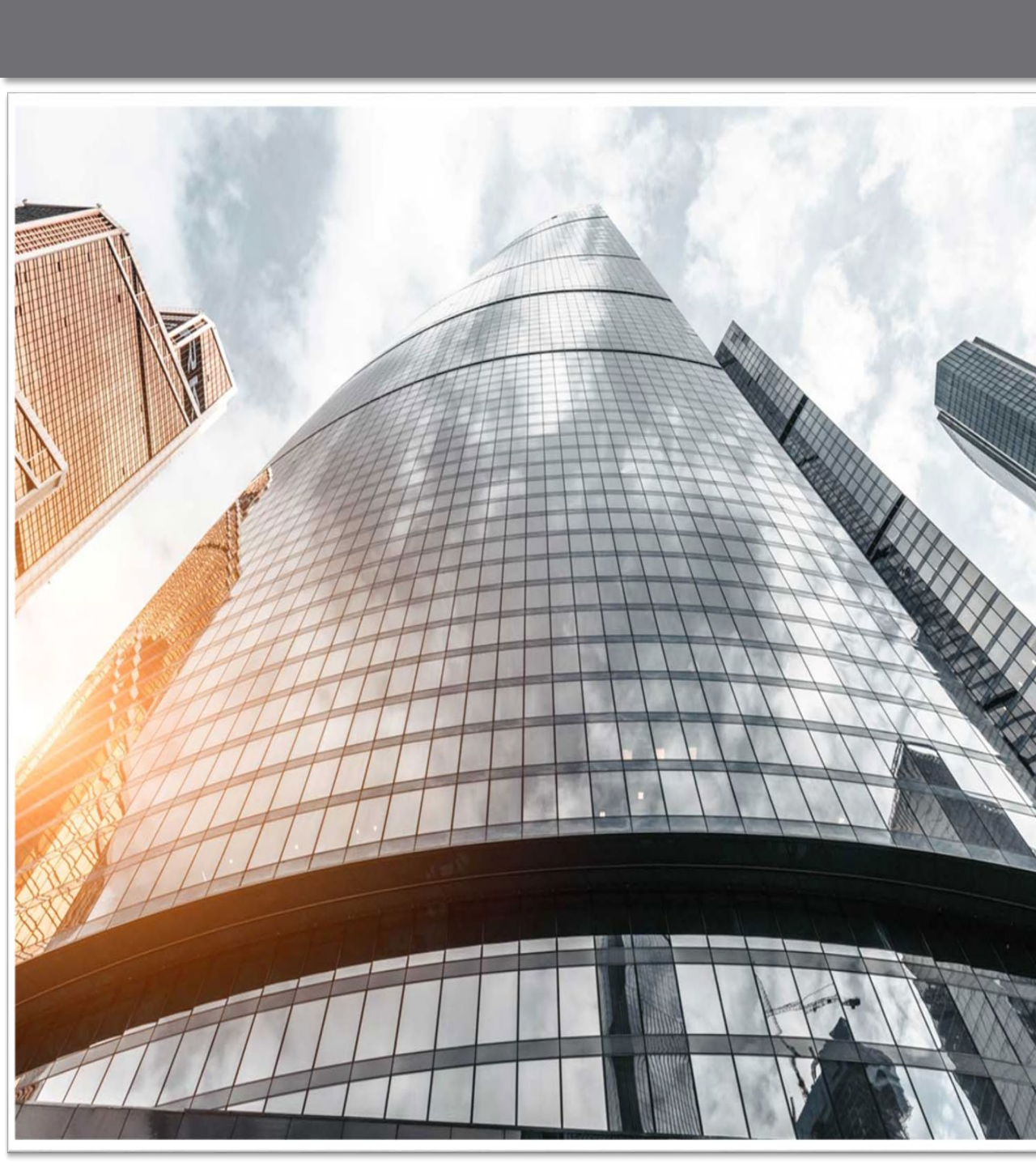
ENFORCEABLE AGREEMENTS

Public Contract Code §2602

Whenever a contractor is subject to the STW requirements, the commitment shall be made in an **enforceable agreement** with the public entity or other awarding body that provides **BOTH** of the following:

- Contractor and subcontractors at **every tier will comply** with the STW requirements.
- Contractor and subcontractors will **provide a report demonstrating compliance with the STW requirements** to the public entity or awarding body on a monthly basis while the project or contract is being performed.
 - Subcontractors should supply monthly reports to prime contractor and prime contractor will supply awarding body or public entity with report for all contractors.





What is a Skilled and Trained Workforce? ("STW")

Public Contract Code §2601



WHAT IS A “SKILLED AND TRAINED WORKFORCE”?

Public Contract Code §2601

A STW meets **ALL** of the following conditions:

- **ALL workers** performing work in an apprenticeable occupation in the building and construction trades are **EITHER**:
 - Skilled Journeypersons OR
 - DAS-Registered Apprentices
- **Graduation Percentage Requirement:**
 - 30% - 60% of **ALL** Skilled Journeypersons must be **graduates of apprenticeship program**.
 - Graduation percentage requirement varies depending on specific craft.
 - Graduation percentage requirement can be met by counting **EITHER**:
 - Number of Skilled Journeypersons employed (head count) OR
 - Number of hours worked by Skilled Journeypersons (hours worked by trade)



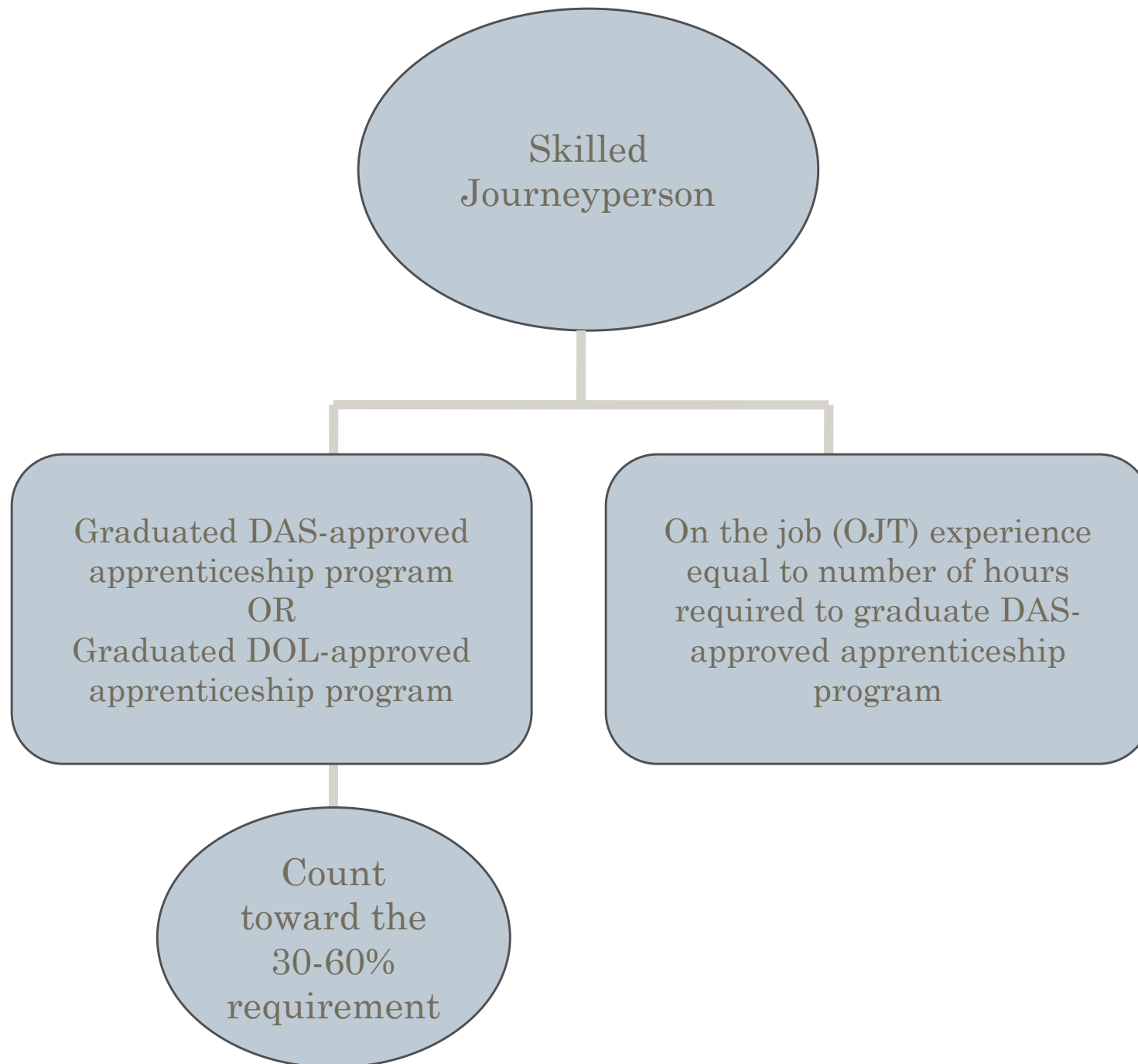
WHO IS A “SKILLED JOURNEYPERSON”?

Public Contract Code §2601(e)

A **Skilled Journeyperson** is a worker who **EITHER**:

- **Graduated from a DAS-approved apprenticeship program** for the applicable occupation or a **DOL-approved apprenticeship program** outside California **OR**
- Has at least as many **hours of on-the-job experience** in the applicable occupation **as would be required to graduate** from a DAS-approved apprenticeship program
- Workers that have not graduated from an approved apprenticeship program or do not have the required on the job training hours are not considered skilled journeypersons and should not be allowed to work on skilled and trained workforce requirement projects.







POLL QUESTION #1

SKILLED AND TRAINED WORKFORCE

A skilled and trained workforce includes all of the following except?

- A. DIR registered apprentices
- B. Journeymen who have graduated from an approved apprenticeship program
- C. Journeymen who have the number of on the job hours needed to graduate from an apprenticeship program
- D. Unregistered apprentices or Journeymen with no on the job training



POLL QUESTION #1

SKILLED AND TRAINED WORKFORCE

A skilled and trained workforce includes all of the following except?

- A. DIR registered apprentices
- B. Journeymen who have graduated from an approved apprenticeship program
- C. Journeymen who have the number of on the job hours needed to graduate from an apprenticeship program
- D. Unregistered apprentices or Journeymen with no on the job training



POLL QUESTION #2

SKILLED AND TRAINED WORKFORCE

A skilled journeyperson who has worked the number of on the job hours required to graduate from an approved apprenticeship program may be counted in the graduation percentage requirement?

- A. Yes
- B. No
- C. Not Sure



POLL QUESTION #2

SKILLED AND TRAINED WORKFORCE

A skilled journeyperson who has worked the number of on the job hours required to graduate from an approved apprenticeship program may be counted in the graduation percentage requirement?

- A. Yes
- B. No
- C. Not Sure

STW Apprenticeship Graduation Requirement



Graduation Percentage Requirement

Applies to <u>work performed</u> on or after:	% of journeypersons who must be graduates of apprenticeship program:	Not applicable to work performed by the following trades/occupations:	Authority
January 1, 2017	30%	Teamster.	Pub. Contract Code §2601 (d)(2)(A)
January 1, 2018	40%	Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster , terrazzo worker or finisher, and tile layer, setter, or finisher.	Pub. Contract Code §2601 (d)(2)(B)
January 1, 2019	50%	Same as above. (Including Teamster.)	Pub. Contract Code §2601 (d)(2)(C)
January 1, 2020	60%	Same as above. (Including Teamster.)	Pub. Contract Code §2601 (d)(2)(D)



Graduation Percentage Requirement

Period Beginning	Period Ending	Classification	Minimum Graduation Percentage Required
1/1/2017	12/31/2017	Teamster	0.00%
		All Others	30.00%
1/1/2018	12/31/2018	Teamster	0.00%
		Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher	30.00%
		All Others	40.00%
1/1/2019	12/31/2019	Teamster	0.00%
		Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher	30.00%
		All Others	50.00%
1/1/2020	N/A	Teamster	0.00%
		Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher	30.00%
		All Others	60.00%



POLL QUESTION #3

Applies to <u>work performed</u> on or after:	% of journeypersons who must be graduates of apprenticeship program:	Not applicable to work performed by the following trades/occupations:
January 1, 2017	30%	Teamster.
January 1, 2018	40%	Acoustical installer, bricklayer, carpenter, cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher.
January 1, 2019	50%	Same as above. (Including Teamster.)
January 1, 2020	60%	Same as above. (Including Teamster.)

Based on the graduation percentage chart, a project bid on June 1st, 2019 using the Carpenter craft would have which graduation percentage requirement for this craft?

- A. 50%
- B. 30%
- C. 40%
- D. 60%
- E. Not Sure

POLL QUESTION #3

Applies to <u>work performed</u> on or after:	% of journeypersons who must be graduates of apprenticeship program:	Not applicable to work performed by the following trades/occupations:
January 1, 2017	30%	Teamster.
January 1, 2018	40%	Acoustical installer, bricklayer, <u>carpenter</u> , cement mason, drywall installer or lather, marble mason, finisher, or setter, modular furniture or systems installer, operating engineer, pile driver, plasterer, roofer or waterproofer, stone mason, surveyor, teamster, terrazzo worker or finisher, and tile layer, setter, or finisher.
January 1, 2019	50%	Same as above. (Including Teamster.)
January 1, 2020	60%	Same as above. (Including Teamster.)

Based on the graduation percentage chart, a project bid on June 1st, 2019 using the Carpenter craft would have which graduation percentage requirement for this craft?

- A. 50%
- B. 30%
- C. 40%
- D. 60%
- E. Not Sure

APPRENTICESHIP GRADUATION PERCENTAGE REQUIREMENT

- The graduation percentage requirement may be satisfied by **EITHER** using the **head count** of apprenticeship program graduates or **percentage of hours worked** by apprenticeship program graduates in a particular **calendar month**:
- The method used to calculate the graduation percentage can be changed month to month based on the contractors workforce on that month and which calculation will allow them to meet the graduation percentage requirement.



APPRENTICESHIP GRADUATION PERCENTAGE REQUIREMENT

- **Head Count** - At least the required percentage of the Skilled Journeypersons employed by the contractor or subcontractor to perform work on the contract or project meet the graduation percentage requirement.
 - Example: Graduation percentage requirement - 60%
 - Contractor employs 10 Skilled Journeypersons:
 - 6 skilled journeypersons must be graduates of apprenticeship program.
 - 4 skilled journeypersons may have on the job hours.
 - 6 apprenticeship program graduates out of 10 skilled journeypersons = 60% graduation requirement met

$$\frac{\text{Total number of Graduated J/M}}{\text{Total number of J/M (Graduates+OJT)}} = \% \text{ of Graduated J/M}$$



APPRENTICESHIP GRADUATION PERCENTAGE REQUIREMENT

- **Hours Worked Percentage Count** – The percentage of hours of work performed by Skilled Journeypersons employed by the contractor or subcontractor on the project, who met the graduation requirement is at least equal to the required graduation percentage.
- Example: Graduation percentage requirement - 60%
- Hours worked in a month: 100 hours
 - At least 60 hours must be worked by graduates of apprenticeship program to meet requirement.
 - 40 hours may be worked by skilled journeypersons with on the job hours.
 - $60\text{hrs worked by apprenticeship graduates} / 100\text{hrs worked in total} = 0.6 \times 100 = 60\%$ graduation requirement met.

$$\frac{\text{Total hours performed by Graduated J/M}}{\text{Total hours performed by J/M (Graduates+OJT)}} = \% \text{ of hours performed by Graduated J/M}$$





POLL QUESTION #4

SKILLED AND TRAINED WORKFORCE

Classification	Total Number of Skilled Journeypersons	Number of Skilled Journeypersons Graduated From Apprenticeship Program	Number of Skilled Journeypersons With On The Job Training	Graduation Percentage Requirement
Laborer	13	6	7	60%

Does this workforce meet the skilled and trained workforce graduation percentage requirement for the month?

- A. Yes
- B. No
- C. Not sure

POLL QUESTION #4

SKILLED AND TRAINED WORKFORCE

Classification	Total Number of Skilled Journeypersons	Number of Skilled Journeypersons Graduated From Apprenticeship Program	Number of Skilled Journeypersons With On The Job Training	Graduation Percentage Requirement
Laborer	13	6	7	60%

Does this workforce meet the skilled and trained workforce graduation percentage requirement for the month?

- A. Yes
- B. No – $6 / 13 = 46\%$
- C. Not sure

EXCEPTIONS TO THE APPRENTICESHIP GRADUATION PERCENTAGE REQUIREMENT

- If no DAS-approved apprenticeship program existed before January 1, 1995 for any apprenticeable craft:
 - Up to one-half (1/2) of the graduation percentage requirements may be satisfied by Skilled Journeypersons who commenced working in the apprenticeable craft before DAS approved an apprenticeship program for that craft in the county in which the project is located.
- A contractor or subcontractor does not need to meet the graduation percentage requirements for any apprenticeable craft in which it performs less than 10 hours of work during that calendar month.



EXCEPTIONS TO THE APPRENTICESHIP GRADUATION PERCENTAGE REQUIREMENT

- A subcontractor does not need to meet the graduation percentage requirements (for all crafts it employs) if **BOTH** of the following requirements are met:
 - Subcontractor was **not a listed on the bid** pursuant to Pub. Contract Code §4104* or performing work as a substitute for a subcontractor that was listed.
 - Subcontract does not exceed **one-half of 1 percent (1/2%)** of the price of the prime contract.
- NOTE: These exceptions apply only to the graduation percentage requirements— NOT to the STW requirements generally.



Monthly Report Compliance & Public Entity/Awarding Body Obligations Under Public Contract Code §2602.



Monthly Reports & Awarding Body Obligations

Public Contract Code §2602



FAILURE TO PROVIDE OR INCOMPLETE MONTHLY REPORT

Public Contract Code §2602(b)

- If the prime contractor fails to provide the monthly report, or provides an incomplete one, the awarding body (AB) **shall withhold further payments until a complete report is provided.**
- If a monthly report is **incomplete because a subcontractor** failed to timely submit the required information to the contractor:
 - AB shall withhold an amount only equal to **150 percent (150%)** of the value of the **monthly billing** for the **relevant subcontractor.**
 - The **prime contractor may withhold the same amount from the subcontractor** until the subcontractor provides a complete report and the AB pays the contractor the withheld payments.
- **AB required to immediately resume making payments** to the contractor (including all previously withheld payments) if the **contractor substitutes a subcontractor** for its failure to provide a complete report and replaces it with one that provides an enforceable commitment to use a STW to complete the work.



MONTHLY REPORT FAILING TO DEMONSTRATE COMPLIANCE

Public Contract Code §2602(c)

- If a **monthly report does not demonstrate compliance** with the STW requirements the **AB is required to do ALL** of the following:
- **Withhold further payments** until the contractor provides a plan to achieve “substantial compliance” with regard to the relevant trade/craft prior to contract completion.
 - Withholding amount equal to 150 percent (150%) of the value of the monthly billing for the contractor or subcontractor that failed to comply with the STW requirements.
 - Contractor may withhold the same amount from the subcontractor.
 - AB required to immediately resume making payments to the contractor (including all previously withheld payments) if the contractor substitutes a subcontractor for its failure to demonstrate compliance.
 - AB required to immediately resume making payments to the contractor (including all previously withheld payments) if a plan to achieve substantial compliance with the STW requirement is submitted
 - AB may reject the plan as insufficient and explains the reasons for the rejection within a reasonable time.



MONTHLY REPORT FAILING TO DEMONSTRATE COMPLIANCE

Public Contract Code §2602(c)

- If a **monthly report does not demonstrate compliance** with the STW requirements or the **plan for substantial compliance submitted is rejected** by the awarding body then **AB is required** to do the following:
- **Forward** a copy of the monthly report to the Labor Commissioner for issuance of a Civil Wage and Penalty Assessment.
- **Forward** a copy of the plan to achieve “substantial compliance” (if any), and its response to that plan (if any) to the Labor Commissioner.





POLL QUESTION #5

SKILLED AND TRAINED WORKFORCE

A contractor provides a monthly report in which a subcontractor fails to meet the STW requirements and a plan for substantial completion which the awarding body finds is insufficient and will not allow the subcontractor to meet the STW requirements, what should the awarding body do now?

- A. Withhold amount equal to 150 percent (150%) of the value of the monthly billing for the subcontractor that failed to comply with the STW requirements.
- B. Forward a copy of the monthly report to the Labor Commissioner for issuance of a Civil Wage and Penalty Assessment.
- C. Forward a copy of the plan to achieve “substantial compliance” (if any), and its response to that plan (if any) to the Labor Commissioner.
- D. All of the above.



POLL QUESTION #5

SKILLED AND TRAINED WORKFORCE

A contractor provides a monthly report in which a subcontractor fails to meet the STW requirements and a plan for substantial completion which the awarding body finds is insufficient and will not allow the subcontractor to meet the STW requirements, what should the awarding body do now?

- A. Withhold amount equal to 150 percent (150%) of the value of the monthly billing for the subcontractor that failed to comply with the STW requirements.
- B. Forward a copy of the monthly report to the Labor Commissioner for issuance of a Civil Wage and Penalty Assessment.
- C. Forward a copy of the plan to achieve “substantial compliance” (if any), and its response to that plan (if any) to the Labor Commissioner.
- D. All of the above.

The Labor Commissioner's Enforcement Process Under Public Contract Code §2603.



PENALTIES UNDER CONTRACT CODE §2603

Penalties of **up to \$5,000 per month of work performed** in violation of the STW requirements assessed against contractor or subcontractor that failed to use a STW.

- Increased penalties **up to \$10,000 per month** for a second or subsequent violation within a three-year period.

Factors considered by the Labor Commissioner in determining penalty amount:

1. Whether the violation was intentional;
2. Whether the contractor or subcontractor has committed other violations of this chapter or of the Labor Code;
3. Whether, upon notice of the violation, the contractor or subcontractor took steps to voluntarily remedy the violation;
4. The extent or severity of the violation; and
5. Whether a contractor or subcontractor submitted and followed a plan to achieve substantial compliance.



PENALTIES UNDER CONTRACT CODE §2603

- Prime contractors are not liable for penalties for violations of subcontractor unless the prime contractor **had knowledge of the subcontractor's failure to comply OR fails to comply with ANY of the following requirements:**
 - For contracts entered into on or after January 1, 2019, the **contract** executed between the contractor and the subcontractor for the performance of work on the project **included a copy of chapter 2.9 of the Public Contract Code;**
 - The **contractor periodically monitored** the subcontractor's use of a STW;
 - Upon becoming aware of a failure of the subcontractor to use a STW, the **contractor took corrective action**, including, but not limited to, retaining 150% of the amount due to the subcontractor for work performed on the project until the failure is corrected; AND
 - Prior to making the final payment to the subcontractor for work performed on the project, the contractor shall **obtain a declaration signed under penalty of perjury** from the subcontractor that the subcontractor has met the requirements of chapter 2.9 of the Public Contract Code.



LABOR COMMISSIONER'S ENFORCEMENT PROCESS

Violations of the STW requirement are enforced by the Labor Commissioner using the same process set forth in Labor Code §§ 1741 & 1742 currently used for prevailing wage and apprenticeship requirements.

Up to three years of debarment when the Labor Commissioner finds a contractor or subcontractor to have:

- Violated the STW requirements **with the intent to defraud OR**
- Committed **two or more separate willful violations** of the STW requirements **within a 3-year period.**



SKILLED AND TRAINED WORKFORCE STATUTE & FAQ LINKS

Summary of Skilled and Trained Workforce Statutes:

<https://www.dir.ca.gov/Public-Works/ADA-Compliant-STW-Chart-without-New-PRC-Provision.pdf>

Skilled and Trained Workforce Frequently Asked Questions:

<https://www.dir.ca.gov/Public-Works/ADA-Compliant-STW-FAQ.pdf>





THANK YOU!

Public Works
California Labor Commissioner's Office
Department of Industrial Relations

