

CALIFORNIA APPRENTICESHIP COUNCIL

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BLUE RIBBON COMMITTEE MEETING

MINUTES

Thursday– July 31, 2008

I. CALL TO ORDER/ROLL CALL

Chairperson Jose Millan called the meeting to order at 8:33 a.m. Present were: Jose Millan, Anne Quick, Carl Goff, Dina Kimble, Patrick McGinn, and Leo Garcia. A quorum was met.

II. REVIEW/APPROVAL of the May 1, 2008 and June 10, 2008 Minutes

A motion to approve the minutes was made. The minutes were moved by Commissioner McGinn and seconded by Commissioner Kimble.

III. Chairperson Millan opened the meeting to continue deliberations on the possible expansion of apprenticeship opportunities through the possible placement of apprentices on non-public work construction projects. He mentioned that due to the lack of consensus the committee could not make a recommendation to the Apprenticeship Council unless there is another proposal.

- Carrie Bushman, Cook Brown LLP, on behalf of CAAAT, stated that it is her understanding that at the last meeting there were concerns that were raised about the proposal that was originally submitted to change the way that wage rates are established on private works jobs. One concern was of the use of the OES. Statistics were dated to come up with a wage rate. The second was a question of whether or not there is even a need to make a change to the way that wages are formulated on private works jobs. She stated that in an effort to reach consensus or compromise on the first issue, she submitted, for consideration to the committee, an amended proposal which simply gets rid of the OES figures. It simply changes from 40 to 35 the percentage of the total journeyman wage package to be paid to apprentices in their first period in an apprenticeship program and it would change from 80 to 70 the percentage of the total journeyman wage package to be paid to apprentices in their final period. She believes that these rates more accurately reflect what the market will support on private works jobs than the current rates and would absolutely lead to more apprentices being employed on private works jobs. As to the need of whether or not to do anything like this, several contractors will come forward to voice their personal experience on the current wage rates as private works jobs are impeding and reducing their ability to use apprentices on private works jobs, even though they are committed to training and they want to use apprentices on these jobs, they cannot competitively bid for private jobs using apprentice labor as things currently stand. She continued to express the need to change the way the wages are currently established to enable contractors to use apprentices and competitively bid and obtain public works projects. Ms. Bushman asked the committee to consider the proposal for adoption.

- The meeting continued with lengthy discussions for and against the amended proposal of the Rules and Regulations Labor Code, Section 208. It was asked of Ms. Bushman if the proposed change would still keep the 5% raises. Ms. Bushman responded that they would be in equal increments and changes the percentages because of the start and the end proposed changes.
- A few contractors expressed their personal experiences before and after the adoption of the Rules and Regulations Labor Code, Section 208. Richard Markuson, Western Electrical Contractors Association gave an overview of how the new proposal came about. It was stated to Mr. Markuson that the changes would work for electricians but not for Roofers about 35 % is as journeyman's' scale. Mr. Markuson did say that it is a challenge to cover all the different crafts, but in putting the proposal together they only took the electricians into consideration.
- Comments continued to be expressed and it was suggested that the issue would not be taken care of at this meeting and to schedule another meeting before the next CAC.
- Robert Fried stated that his comments were as Robert Fried; as a person. He stated that you can find that there are areas of public works activities that are not as yet open to apprentices regardless of debates over the precise wages and there are areas in markets for all programs that are not as yet open to training of apprentices. He felt that one of the causes may be the current wage structure. In his second comment he stated that there are apprentice opportunities on non public works construction projects, including, but not limited to non public works commercial and construction projects that are not being filled by the current structure. He stated that if you take these two original proposals and reframe them in this way, he feels that regardless of the solution that is reached, there is a critical problem that has to be solved.
- Chairman Millan asked Mr. Fried to name a few of the areas in public works that are not yet open to apprentices. Mr. Fried stated that there appears to be a market where you have non-union and union that are involved in apprenticeship training, competing against a grey market. He continued to state that these people need to perhaps have their wages raised, to increase the competition; the ultimate goal is that no contractor in California is working on any project without utilizing apprentices regardless of whose program they are coming from.
- Many other comments from the public were made and the time began to run into the next meeting and Chairman Millan closed comments.
- A motion was made by Commissioner Kimble, seconded by Commissioner Garcia to have this proposal made available, read, studied by the Blue Ribbon Committee and to meet again prior to the next CAC meeting in October and to decide on what action to take on the proposal and then make the recommendation to the CAC at the next meeting and have the interim meeting held in a State Building or a neutral facility. The Motion carried.

IV. Acting Chief, Glen Forman will make the arrangements for the meeting location and ensure the public is notified through the DAS website.

V. Adjournment

The meeting was adjourned by Chairman Millan at 10:10 a.m.

§208. Wages, Employee Benefits, and Other Compensation for Apprentices.

(a) For Apprentices In All Occupations Except The Building And Construction Industry:

For apprentices participating in approved apprenticeship programs in all industries, except the building and construction industry, the beginning wage rate, employee benefits and other compensation, and the progression of those rates, shall be decided by the sponsoring program in consultation with and subject to the approval of the Chief DAS.

(b) For Apprentices In The Building And Construction Industry Employed On Public Works Projects:

For apprentices participating in approved apprenticeship programs in the building and construction industry, the wages and employer payments for employees benefits as defined in 8 C.C.R. §16000 for regular and overtime work while employed on public works projects within the meaning of Labor Code §1720 et seq. shall be the per diem wage rates for apprentices in the apprenticeable occupation as determined by the Director of Industrial Relations in the geographic area of the project.

(c) For Apprentices In The Building And Construction Industry Employed On Projects Not Covered By Subsection (b), Above:

The hourly wage package as used herein consists of the total of the wages and employer payments for employee benefits as defined in 8 C.C.R. §16000. For apprentices participating in approved apprenticeship programs in the building and construction industry, the minimum hourly wage package for apprentices while employed on projects not covered by Subsection (b) above shall be as set forth either in subsections (1)-(5) of this subsection or, in the alternative, as set forth in subsection (6) of this subsection:

(1) A starting hourly wage package for first-period apprentices of not less than 35 percent of the prevailing per diem wage package for journeymen in the apprenticeable occupation and geographic area of the project, as determined by the Director of Industrial Relations for purposes of Labor Code §1720 et seq., using the rate effective on the immediately preceding March 1. At least 65 percent of this minimum hourly wage package must be paid to the apprentice as taxable wages;

(2) If there is no prevailing hourly wage package and wage package progression determined by the Director for journeymen for the apprenticeable occupation and geographic area, a starting wage rate decided by the sponsoring program in consultation with and subject to the approval of the Chief DAS based on consideration of the minimum starting hourly wage package and wage package progression for apprentices in the most analogous occupations and geographic areas;

(3) Where an employer elects to satisfy a portion of the hourly wage package by employer payments for employee benefits as defined in 8 C.C.R. §16000, the payment of such contributions must be verifiable and the cost of the benefit(s) must be reasonably related to the amount of the contribution(s). The employer shall submit its books and

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records to an audit by the DAS staff, upon request, to verify such payments;

(4) Where an employer elects not to satisfy a portion of the apprentice's hourly wage package by employer payments for employee benefits as defined in 8 CCR §16000, the employer shall pay the entire hourly wage package to the apprentice on the apprentice's paycheck. Where an employer elects to satisfy a portion of the apprentice's hourly wage package by employer payments for employee benefits, the employer shall pay the remainder of the apprentice's hourly wage package to the apprentice in the apprentice's paycheck;

(5) The minimum hourly wage package shall increase for each successfully completed period of apprenticeship to a higher percentage of the prevailing per diem wage package for journeymen in the apprenticeable occupation and geographic area of the project. These periodic increases in percentage shall be equal (e.g., 35 percent, 43.75 percent, 52.5 percent, etc.) and shall be such that the minimum hourly wage package in the final period of apprenticeship is not less than 70 percent of the prevailing per diem wage package for journeymen in the apprenticeable occupation and geographic area of the project, as determined by the Director, using the rate effective on the immediately preceding March 1. At least 65 percent of this minimum hourly wage package must be paid to the apprentice as taxable wages;

(6) In the alternative, a contractor will be in compliance with this entire subsection (c) if the contractor provides the same total hourly wage package and wage package progression to apprentices employed on private projects as the contractor provides to apprentices employed on public works projects in the same geographic area, and that total hourly wage package is not less than the prevailing per diem apprentice wage package for the apprenticeable occupation and the geographic area of the project;

(7) Existing apprenticeship programs already approved by the DAS and the CAC which are not in compliance with any aspect of this Subsection (c) shall have until February 17, 2002, to come into full compliance;

(8) By the enactment of this regulation, it is not the CAC's intent to change the manner by which the Director of Industrial Relations currently determines the prevailing wage rate, and the provisions of this Subsection (c) shall not be used to determine the prevailing wage rate. (9) After February 17, 2002, all contractors employing registered apprentices shall pay not less than the minimum wages required by this subsection (c).

(d) For All Apprentices

Nothing in this Section shall permit the payment of less than the minimum wage prescribed by the Federal Fair Labor Standards Act or any applicable State minimum wage order.

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