

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 20, 2011
POSITION: Neutral

BILL NUMBER: SB 56
AUTHOR: E. Corbett
RELATED BILLS: SB 1397 (2009-10)

BILL SUMMARY: Apprenticeship Oversight

This bill would amend requirements for the audit of apprenticeship programs and place new requirements on apprenticeship programs in the building and construction trades.

FISCAL SUMMARY

The Department of Industrial Relations (DIR) estimates that costs would be minor and absorbable and that no additional positions would be necessary as a result of the new audit requirements.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the Original version include the following significant amendment which does not change our position:

The proposed requirement that no two employee representatives on the California Apprenticeship Council may be from the same national or international labor organization has been removed.

COMMENTS

The Department of Finance is neutral on this bill as it will not result in any additional cost to the DIR and would appear to improve auditing efforts of the Division of Apprenticeship Standards (DAS).

A nearly identical bill, SB 1397 (Corbett) of the 2010-11 legislative session was vetoed by Governor Schwarzenegger because the bill "imposes new requirements on new or expanding programs without subjecting existing programs to the same level of scrutiny" and "the measure fails to address the impacts of so-called 'needs test' that prevents a new apprenticeship program from being approved if a similar program already exists in the same geographic area."

The CAC is responsible for establishing the rules and regulations for minimum wages, maximum hours, and working conditions for apprenticeship agreements. The CAC is made up of six representatives from employer organizations and six representatives of employee organizations. The DAS within DIR administers the regulations and promotes the development of apprenticeship programs. DAS is also responsible for randomly auditing apprenticeship programs every five-year years to ensure that all on-the-job training is conducted by appropriate individuals, that required instruction is provided, that all work processes are included in the instruction, and that graduates have completed a program's requirements. DAS prioritizes the audits to examine those programs having deficiencies.

This bill would remove the random auditing requirement and instead require the audit of a program when two or more meritorious complaints have been lodged against a program within five years, when a program

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Analyst/Principal (0240)	Date	Assistant Program Budget Manager	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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COMMENTS (continued)

has at least two graduating classes with a graduation rate of less than 50 percent, or within one year of approval of a new or expanding apprenticeship program in the building and constructions trades. Finally, new or expanding building and construction apprenticeship programs will be required to submit additional information to DAS prior to approval of their application.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
7350/DIR	SO	No		----- No/Minor Fiscal Impact -----				3022
<u>Fund Code</u>	<u>Title</u>							
3022	Apprenticeship Training Contribution Fd							