

ASSOCIATED BUILDERS AND CONTRACTORS, VIRGINIA CHAPTER

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GENERAL ASSEMBLY OF VIRGINIA – ALERT

2011-2012 VA Budget - Apprenticeship Registration Fee

March 17, 2010

The 2010 General Assembly of Virginia reached a consensus on the 2011 – 2012 biennial budget this past weekend and adjourned having extended the session by a single day in order to do so. The task of hammering out an agreement on a balanced budget was made especially difficult this year by an unprecedented \$4.2 billion revenue shortfall and the fiscal challenges resulting from the ongoing economic downturn. The budget agreement that was ultimately reached includes significant reductions in expenditures across state agencies, along with corresponding cuts in governmental services. While the House and Senate soundly rejected the proposed increase in the state income tax included in the budget submitted by former-Governor Kaine, both chambers did agree to implement approximately \$95 million in new fees tied directly to specific services. The General Assembly clearly faced an extremely difficult challenge, and overall did a commendable job in balancing expenditure reductions and savings with targeted revenue enhancements.

Regrettably, one such fee that ABC-VA strongly opposes is an annual **“Apprenticeship Registration Fee”** of \$55 to be assessed upon individuals enrolled in state-approved apprenticeship training programs. ABC-VA contends that the implementation of such a fee will establish a disincentive for individuals to enroll in state-approved apprenticeship training programs and will dissuade employers (other than those working on federally-funded projects) from formally registering with the state as apprenticeship program sponsors. This proposed fee was slipped into former-Governor Kaine's initial budget proposal as a means to help offset a proposed cut of approximately \$250,000 to the Virginia Department of Labor and Industry (DOLI). The House of Delegates originally stripped this proposed fee from its budget plan, while the Senate agreed to keep it in place. Over the course of final budget negotiations, the Kaine / Virginia Senate position won out.

The proposed budget is now in the hands of Governor McDonnell, who has the option of offering amendments that will be considered during the upcoming “veto session” of the General Assembly to be held on April 21, 2010. Given the McDonnell Administration's focus upon job creation, work force training and the enhancement of economic opportunities, ABC-VA believes that there is an opportunity to convince the Governor to reconsider the ill-advised **“Apprenticeship Registration Fee”**. Your assistance is needed in this effort.

You are encouraged to contact Governor McDonnell to express your opposition to the proposed **“Apprenticeship Registration Fee”** included in the proposed 2011-2012 biennial budget. You may use this direct email link to the Governor's Office:

<http://www.governor.virginia.gov/TheAdministration/contactGovernor.cfm>

ABC-VA Vision: To be Virginia's premier construction association.

ABC-VA Mission: To provide value to Virginia's construction community through education and training, networking, and political advocacy in a way that promotes the merit shop philosophy and free enterprise, maximizes our members' success, and enhances our industry's image so that our members and their employees prosper.

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Recap of key arguments to the proposed **“Apprenticeship Registration Fee”**:

- The fee will act as a disincentive for individuals to enroll in state-approved apprenticeship training programs and will dissuade employers from formally registering as apprenticeship program sponsors.
- A new fee applied to apprenticeship training runs counter to Governor McDonnell's emphasis upon job creation, work force training and enhanced economic opportunity.
- Given current economic conditions and the rising unemployment rate, now is the wrong time to increase the costs for individuals to pursue work force training that leads toward enhanced career opportunity and / or advancement.
- The implementation of this fee may have the negative, unintended consequence of driving both workers and employers away from state-approved apprenticeship training.

Time is of the essence, take action today!

For additional information on any of the issues outlined above, please contact Harold B. Kelly, Vice President, ABC-VA at the Central Virginia Region office: (804) 346-4222.

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