

**ASSOCIATED BUILDERS & CONTRACTORS TESTIMONY**

**Before the Senate Labor & Industry Committee on Apprenticeship**

**March 22, 2016**

Good morning Chairwoman Baker, Chairwoman Tartaglione, and other members of the Senate Labor & Industry Committee. My name is David Sload and I am the Vice President of Education and Workforce Development for the Keystone chapter of the Associated Builders & Contractors (ABC), based out of Manheim, Pennsylvania. The Keystone chapter is one of five chapters across Pennsylvania and encompasses ten counties throughout central Pennsylvania, with approximately 580 member companies. I appreciate the opportunity to speak with you today about apprenticeship, an issue that is critical to workforce development and the future of the skilled trades.

The Associated Builders & Contractors is a national construction industry trade association representing nearly 21,000 chapter members. Founded on the merit shop philosophy, ABC and its 70 chapters help members develop people, win work and deliver that work safely, ethically, profitably and for the betterment of the communities in which ABC and its members work. ABC's membership represents all specialties within the U.S. construction industry and is comprised primarily of firms that perform work in the industrial and commercial sectors.

Training and education is so essential to ABC's membership because, as you are aware, the United States labor force is facing precipitous declines in availability. A 2015 survey performed by ManPowerGroup found that 32% of employers reported difficulties in filling job vacancies. Perhaps even more concerning is that 48% - nearly half - of all employers acknowledged that a lack of available employees had a medium to high impact on their business. While the entire labor force is showing signs of a struggle, it is the skilled trades that are suffering the most. 2015 marked the sixth consecutive year that skilled trade positions were the hardest to fill in the United States. While there are several contributing factors to this statistic, the simple fact is that the construction industry cannot train new and

younger employees fast enough to replace a rapidly aging workforce. The average age of a plumber is 58, only seven years away from retirement.

The prospect of an aging workforce and a rapid decline in skilled trade employees makes apprenticeship a critical issue to Pennsylvania's economic recovery efforts. Since 1968, ABC's Keystone Chapter has operated and maintained skilled trade apprenticeship programs. This year, I am pleased that our Keystone Center for Construction Careers, located in Manheim, provides instruction in eight skilled trades, including electrical, carpentry, and plumbing. Last year, our center had a total enrollment of 203 apprentices, with a graduating class of 41 and this year, we have a total enrollment of 251 apprentices and will graduate 48 apprentices in May. While this is a year-over-year improvement, our ability to provide knowledgeable, competent, and skilled employees in a variety of trades is limited by antiquated state regulations that directly contrast with the federal Department of Labor (DOL) goals for workforce development.

In 2008, the Department of Labor issued 29 CFR Part 29, a revised regulation that updated apprenticeship standards across the nation in an effort to focus more resources on a new generation of skilled trades jobs. These revised regulations were aimed at states that had elected to self-regulate apprenticeship through a state-level mechanism, commonly referred to as a State Apprenticeship Council (SAC). Currently, 25 states throughout the nation, including Pennsylvania, are SAC states, with the other 25 deferring decision-making and enforcement authority to the federal Office of Apprenticeship (OA). These states are commonly referred to as OA states. 29 CFR Part 29 spelled out a list of updated requirements, including the introduction of competency-based training, where apprentices are no longer required to complete a standard number of on-the-job training (OJT) hours, but rather are advanced through OJT training based on their level of competency. The revisions also included components such as provisional apprenticeship registration, technology- and distance-based learning, interim credentialing, and state-to-state consistency, and, perhaps most importantly, a transfer of authority from a State Apprenticeship Council (SAC) to an Executive Director of a State Apprenticeship and Training

Commission, who would receive only advice and input from a now-advisory Apprenticeship Council. 29 CFR Part 29 also provided a clear timetable for compliance; the new rule would take effect on December 29, 2008, when states would have a two-year window to demonstrate implementation. However, to date, few, if any, of these requirements have been implemented in Pennsylvania. In fact, at a 2015 meeting of this committee, the Department of Labor & Industry testified that they were unaware of any mandatory date of compliance established by the DOL.

While non-compliance presents a deepening divide between the federal standards and statewide implementation, it is our contention that the State Apprenticeship Council itself also stands as a significant barrier to workforce development. This 11-member, appointed body has no checks or balances by the legislature and routinely disregards public comment, making it entirely autonomous and omnipotent on Pennsylvania's workforce development efforts. While a lack of transparency and public discourse is troubling, even more discouraging is the Council's rigid adherence to an antiquated regulation that creates two classes of business. In 1971, more than four decades ago, the Department of Labor & Industry issued Regulations Governing Apprenticeship & Training, which spells out the specific procedures that Pennsylvania follows. These regulations are an expansion of the Apprenticeship and Training Act of 1961. Section 83.5 of these regulations specifies that for joint, or union programs, the ratio of supervisory journeymen to apprentices should adhere to the collective bargaining agreement, which typically allows for a 1:1 ratio. For non-joint, or open shop programs, the regulations mandate a 4:1 ratio, meaning that open shop programs and employers must quadruple their commitment of instructors or journeymen employees for every new employee they choose to train. The regulations allow for any modification to this rule to be subject to the authority of the Apprenticeship Council. In the decades of its existence, to our knowledge, the Council has allowed only two modifications to open shop programs.

While open shop apprenticeship training programs such as ABC's continue to struggle under the uneven regulations of 1971, we also continue to outperform national averages. The Council has routinely

expressed concern over the graduation rates of non-joint programs, however, a recent study, which found the national average of aggregate joint program completion rates to be 44% also compared non-joint completion rates. ABC Keystone's electrical program alone exhibited a 60.6% completion rate.

There are currently two pieces of legislation before you that would address these outdated and uneven barriers to workforce development. First, Senate Bill 280, which was introduced by Senator Folmer, would ensure the implementation of many of the requirements of 29 CFR Part 29, solidifying Pennsylvania's compliance with federal regulations. This bill would allow Pennsylvania to move forward and develop emerging apprenticeship programs in concert with the DOL's standards. ABC does have concerns about the cost of these updates that the Commonwealth must absorb, as well as the concentrated power of one appointed staff member in the Executive Director position, who would be subject to the whim of the most current administration and would control the fate of skilled trade workforce development.

The second bill, Senate Bill 761, was introduced by Senator Smucker and would eliminate the State Apprenticeship and Training Act, abolishing the State Apprenticeship Council. SB 761 would turn over decision-making authority on new programs and modifications to the federal Office of Apprenticeship (OA), allowing joint and non-joint program sponsors alike to petition the OA. Not only would SB 761 eliminate the ongoing cost of the Apprenticeship Council and ensure compliance with 29 CFR Part 29, but it would also eliminate the political tide of appointees, who routinely makes decisions based on union affiliation. The added advantage of SB 761 is that, currently, Pennsylvania does not have sufficient resources to provide for enforcement of existing apprenticeship programs and as such, the federal DOL is forced to provide limited staff for that purpose. By ceding our authority to the federal DOL, that department could appropriately staff enforcement as well, ensuring that existing programs are adhering to safety and education standards.

Ultimately, these bills are not intended to focus on union affiliation or political appointment. We are proud to stand together with joint apprenticeship programs in our commitment to a stronger workforce development effort in Pennsylvania. I'm certain that other testifiers will agree with that dedication and I would encourage you to support these bills, which would work to achieve that goal.

Again, I thank you for your time this morning and I would be happy to answer any questions you may have.