

## Why Support the Responsible Contracting Ordinance?

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Workforce development and workforce investment remain crucial and critical to filling gaps in the workforce, improving the skillset and employability of workers and properly preparing workers for the economy of the future. Governments both federal, state and local can play a role in advancing workforce development by utilizing their purchasing power to elevate industry standards and incentivize better investment in workers particularly in the skilled craft economy.

Craft labor in particular is crucial to proper execution of major construction contracts accounting for between 25% to 30% of total project costs. This labor input is vital to making sure the final product is delivered with high quality and to the highest standards of safety and excellence. In addition, addressing the labor supply issue is vital to making sure that public works projects are completed in a timely and cost-effective manner. It is imperative that federal, state and local governments take innovative actions to push the industry to higher standards.

A shortage of qualified workers and significant retirements are beginning to take a toll on the industry. The Associated General Contractors finds that [72% of firms report say their labor shortages stem from among other things candidates lacking the qualifications to enter the field. This is true among both union and open shop firms with, 70% and 74%](#) respectively saying they cannot find qualified and skilled workers. The same report finds that despite these shortages, just one-third of firms are increasing investment in training and professional development.

Furthermore, the construction industry is hemorrhaging some of its more qualified and seasoned workers at a high rate. [The U.S construction industry lost more than 2 million workers between 2007 and 2013 which amounts to 20% of its total workforce.](#) At the same time, growth in the construction industry is projected to continue well through 2030, with 5% growth per year. This growth will likely be amplified by the introduction of the federal infrastructure bill which will infuse billions of dollars into state and local governments generating many new public works projects.

Thus, there is a divide between significant projected growth in the construction industry and the ability to the industry wholesale to the provide the labor to meet that increased demand. Fortunately, there is strong policy related precedent for using public dollars to improve industry standards and raise the standards of public construction projects.

Repeated assessments by the Construction Users Roundtable have determined project owners should place higher standards on those performing work to alleviate labor shortages and improve outcomes for workers. Their recommendation that the presence of an apprenticeship be a prequalification is integral to the long-term efforts to address a qualified labor shortage.

The benefits to the presence of an apprenticeship are good for both employee and employer and society as a whole. [According to the Urban Institute,](#) employers with

apprenticeships report that they fill vacancies that would have otherwise remained open, attracted a more diverse workforce, reduced accident and error rates, reduced the amount of time it takes for employees to become productive and ensured a seamless transition between older and younger workers.

Furthermore, the Center for American Progress reports that one of the most prodigious ways that governments can advance worker power is by mandating apprenticeship and work [force development as a precondition of their contracts](#). This isn't just a win for the worker though.

As a whole, companies save themselves money by reducing turnover, preventing injuries and ensuring proper completion of duties which in turn keeps costs down and projects on time. [The Construction Industry Training Council](#) has found that a 1% increase in worker training increased productivity by 11% and a reduction in injuries by 27%.

Apprenticeship sponsors also report that the program was instrumental in meeting the needs of their firm with industry surveys reporting high satisfaction with outcomes and employee performances. A report from the Urban Institute found that 80% of program sponsors said it helped meet their demand for skilled labor and 72% of sponsors said it was a key indicator of which workers had the necessary skills.

In Canada, a study of 1,000 firms found that businesses gained a \$1.47 for every dollar invested in \$1.00 invested in apprenticeships. Swiss employers reported nearly 90% satisfaction with apprenticeship programs.

[68% indicated it increased productivity, lifted worker morale and improved overall safety](#). 97% said that would recommend the program to others. Most importantly, the cost of administering the program was not that pervasive a concern among employers offering an apprenticeship.

63% of sponsors indicated that instruction related were not viewed as a problem. Just 7% saw the cost of experienced workers instructing as a significant cost concern suggesting there is minimal impact on the industry overall.

Most importantly, apprenticeships are enormously beneficial to the overall lives of apprentices giving them access to quality training and cutting-edge skills that provides a gateway to the middle class and financial stability. The research shows that apprenticeships boost worker pays, improve employability and boost overall satisfaction.

[A 2012 report found that apprentices can expect to earn over \\$300,000](#) more over their lifetime as a result of participating in a qualified apprenticeship program. In addition, these programs provide compelling alternatives to college for many future workers. [Roughly 60% of](#) the United States doesn't have a college degree and many more go to college and never complete their education.

[Less than 50% of those](#) who attend four-year universities actually graduate, and many drop out with significant student loan debt. Thus, we should be creating multiple pathways to employment for our young people that are not simply sending everyone to a four-year institution.

Therefore, the mandating of apprenticeship represents one of the most important things that Allentown can do to improve outcomes for young people, diversify its workforce, lift wages for workers and ensure that local employers and employees have the skillsets they need to compete in the modern economy. This is bigger than Allentown projects, it's about raising the standards and quality of labor in the Lehigh Valley by raising the bar for contractors. It's about using our purchasing power to create a working class and worker driven economy.

As far as minority impact of Responsible Contractor Legislation, I would encourage my colleagues to look at document one which shows minority and women participation on jobs in the state of Washington for which apprenticeship participation rates were implemented. (See Document 1 attached.)

For probable impact on costs, see document 2 which shows a decline in the cost of contracts following the implementation of their apprenticeship requirements. Washington State saw their overall project costs decline significantly.

[In addition, research from Ohio looking at counties](#) with responsible bidder ordinances found that counties with RBO's workers were 1.6% less likely to quit their jobs, construction workers earned \$500 more per month than their non-RBO counterparts. In fact, a study of 300 elementary schools in Ohio found that RBOs have no discernable impact on overall construction costs.