



## City Manager Memorandum No. 19003

To: The Honorable Mayor and City Commissioners

From: Lee R. Feldman, ICMA-CM, City Manager

Date: December 9, 2019

Re: Employing Apprentices on City Construction Projects

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The enclosed is a staff analysis of a City-led job apprenticeship program and assistance for disadvantaged workers including ways to reduce barriers to entry into construction work for disadvantaged people; and approaches to reducing barriers to entry for non-traditional participants (women, minorities, etc.):

### General Observations

- The City of Gainesville spends millions of dollars each year on various construction projects:
  - Over the past 5-years, an average of \$11 million annually was spent on Non-GRU projects exceeding \$500,000.
- A variety of federal and state-registered training programs in the construction trades exist which provide on-the-job training at little or no cost to the participant (and in some cases may also provide wages):
  - Santa Fe College's Apprenticeship Program for the Skilled Construction Trades
  - Union-sponsored programs (example: International Brotherhood of Electrical Workers – IBEW, and Jacksonville Plumbers & Pipefitters Joint Apprenticeship & Training Trust - JATT)
  - Project YouthBuild
- Employment in the Skilled Construction Trades has been identified in numerous studies conducted at the national, state and local level as a path for low-income, minority and disadvantaged workers to find a fulfilling and financially rewarding career.

### Background Information

While the construction industry has rebounded for the most part from the Great Recession and the housing bust, sections of the United States, including Florida, continue to experience a shortage of construction workers, despite construction firms taking the lead to recruit people into the industry who may not have originally pursued a construction career.

December 9, 2019

Re: Employing Apprentices on City Construction Projects

A 2019 survey of nearly 2,000 respondents undertaken by the Associated General Contractors of America (AGC) indicates that across the United States, including the South, at least eighty percent (80%) of the construction firms surveyed stated they experience difficulty finding craft workers. Furthermore, the survey indicated that a significant majority of firms expect that it will continue to be hard or become even harder over the next 12 months to fill the hourly craft worker positions that represent the bulk of the construction workforce.

Among the contributing factors behind the current shortage of construction workers (some would say a major factor) is the long-term challenge the construction industry has faced marketing itself to younger generations. A common perception is that the path to a stable and prosperous future lies with obtaining a college degree, and a skilled trade is primarily for those who cannot “cut it” in college. Additionally, construction work (with the possible exception of certain salaried occupations in areas such as engineering, architecture and IT) does not carry the cachet with many young people of being “cool” as compared to working with computers or in some other high tech field.

The following table<sup>i</sup> shows how the percentage of young workers employed in construction has fallen sharply since the Great Recession:

Share Of Young Construction Workers (Less Than 25), 2000	Share Of Young Construction Workers (Less Than 25), 2005	Share Of Young Construction Workers (Less Than 25), 2010	Share Of Young Construction Workers (Less Than 25), 2016
<b>13.59%</b>	<b>14.20%</b>	<b>7.74%</b>	<b>8.81%</b>

Construction work is characterized as physically demanding, occurring in difficult conditions and producing poor job security. It can also be dangerous. In addition, workers must navigate moves between jobs as projects reach different stages in the construction process, and periods of unemployment are the norm.

Workers in construction earned a median of \$19.15 per hour in 2010, compared to the national median of \$16.27 per hour for all U.S. workers.<sup>ii</sup> Wages across occupations – whether union or non-union – vary dramatically, with workers such as laborers and painters earning far less than the median, and workers such as ironworkers, electricians and heavy equipment operators earning more.

December 9, 2019

Re: Employing Apprentices on City Construction Projects

In a high quality construction job, the following outcomes are generally found to be true:

- ✓ Workers are correctly classified and treated as employees and not as independent contractors.
- ✓ Workers are paid according to an industry-determined wage and benefits scale.
- ✓ Workers receive access to safety training, and they work on job sites where their co-workers and supervisors have been trained for safety.
- ✓ Workers have the opportunity to upgrade their skills and receive portable credentials that give them bargaining power in the labor market. If they get more credentials, they can make better wages.
- ✓ Workers have continuity of employment. When one job ends, they are already in line for another one. The regional economy provides enough employment to keep them on the job.

For most workers who are under-represented in the construction industry, getting into a high quality construction career starts with getting into a registered apprenticeship program. Simply put, apprenticeship is the doorway to a construction career.<sup>iii</sup>

An apprenticeship is a training program that provides a curriculum for workers to learn the skills and abilities they will need to be a fully functioning worker on a construction site. Most certified apprenticeship programs include classroom training as well as training on a job site, and they can take from 2-5 years to complete. During that time, apprentices typically hope to work full time or nearly full time, and take classes a few evenings a week, or on weekends, to satisfy the training requirement. In some cases, rather than take additional education in the evenings, apprentices enroll in training modules for two or three weeks at a time throughout the year. This arrangement allows them to invest in classroom training when work is slow.

Apprentices represent a very small share of employment in the construction sector. Apprentices represented approximately 3 percent of the construction workforce in 2010. Nearly 430,000 individuals participated in state and federally-approved apprenticeship programs in 2010. Approximately half of these were construction apprentices.<sup>iv</sup> Analysis of community college-based apprenticeship programs suggests that there may be between 500,000 and 1 million individuals enrolled in unofficial apprenticeship programs not registered with the government (including construction and non-construction trades).<sup>v</sup> Even if it is assumed that many of these “hidden apprentices” are in the building trades, apprenticeship opportunities represent a small proportion of total employment in construction nationwide.

December 9, 2019

Re: Employing Apprentices on City Construction Projects

Communities whose Apprenticeship Programs and public construction worker hiring requirements were examined by staff in the course of preparing this report

- City of St. Petersburg, FL (applies to both apprentices and disadvantaged workers)
- Broward County, FL (applies to apprentices)
- City of Oakland, CA (applies to resident apprentices)
- City of Spokane, WA (applies to apprentices)
- City of Tacoma, WA (applies to state-approved apprentices and/or local residents)
- State of New York
- City of Rochester, NY (applies to apprentices in state-approved programs)
- St. Louis, MO (applies to apprentices)
- State of California (“Build California,” targeted to pre-apprenticeship, apprenticeship and degree programs)
- San Francisco, CA (applies to city-operated apprentice programs in Public Works)
- City of Vancouver, WA (applies to apprentices)
- City of Missoula, MT (applies to apprentices – voluntary preference)
- State of Alabama (“Go Build Alabama,” promotes apprenticeships and the trades to young people)
- City of Denver, CO (applies to apprentices, resident apprentices and 1<sup>st</sup> year apprentices, in coordination with CORE/WORKNOW)

Challenges Job Seekers and Workers in the Construction Industry often face

The construction industry can be very difficult for job seekers and workers to navigate – both at the entry-level and as people seek to move up a career ladder. The following text briefly summarizes some of the challenges described by pre-apprenticeship program leaders and new construction workers during research conducted by The Aspen Institute (2012)<sup>vi</sup>:

1. Understanding the range of occupations within the sector, as well as the associated skill requirements, working conditions and other characteristics, so they can make informed choices about which opportunities to pursue.
2. Determining what skills are in demand in the labor market and finding a path to obtain those skills.
3. Finding job openings in a market full of small employers who often hire by word of mouth or through networks to which workers do not have access.
4. Developing a career path that builds skills, experience and networks that promote career advancement.

December 9, 2019

Re: Employing Apprentices on City Construction Projects

5. Obtaining a driver's license and a reliable form of transportation that allows a worker to travel to distant job sites and sometimes multiple job sites during the same day.
6. Understanding how the apprenticeship system works for various trades. This includes both the application process and how to obtain work that builds the diversity of skills required to advance to journey person status.
7. Developing a budget and financial plan that is appropriate for managing the periods of unemployment typical of work in the construction industry.
8. Adjusting to the culture of the industry. Hazing is common, and minorities and females are typically underrepresented on job sites.
9. Juggling the intensive work and study schedule of an apprenticeship.

Challenges the City may face if it decides to implement an Apprenticeship Program with mandatory employment requirements

1. City construction projects vary greatly in scope, complexity and cost -
  - o Some projects by their nature do not lend themselves easily to the employment of apprentices:
    - Budget or time limitations may work against using apprentice labor.
    - May be heavily weighted to equipment purchases as opposed to spend on labor.
    - The Journey-level worker to apprentice ratio required by State or Federal regulations or the contributing industry may in some cases limit the number of apprentices who can be employed on a job site.
    - Many public construction projects undertaken by the City employ trades that typically have limited apprentice opportunities or rely primarily on in-house training programs as opposed to State-registered programs (example: Street construction; sidewalk repair; water resources; etc.).
2. The skilled construction trades are not [in general] promoted as a career path in grade school as strongly as college or other certificate-bearing professions such those in the fields of Nursing or Information Technology:
  - o Often little or no differentiation is drawn between low-paying, low-skilled construction work, and high-paying, highly-skilled career-track construction work.
  - o Work in the construction trades is often physically demanding, and therefore is not universally appealing to many people.
  - o The inherent volatility of the construction industry also makes it less attractive to some potential workers.
  - o If there is already a shortage of trainees to fill those apprentice positions which exist, then striving to create additional apprentice positions may only add to this challenge.

December 9, 2019

Re: Employing Apprentices on City Construction Projects

3. Federal or State grant requirements may prohibit using apprentice requirements.
4. Finding transportation to the construction job site often proves to be an impediment for many low income workers:
  - o Construction work is seldom centered in one geographical location for a lengthy period of time. Workers have to be willing to “go where the job is”.
  - o Public transportation to and from the job site for workers without a personal vehicle may be limited or non-existent.
5. Reporting requirements associated with an Apprentice program may prove overly burdensome to some contractors, especially small contractors or subcontractors who lack the administrative staff needed to handle the additional paperwork that compliance would entail.
  - o May result in some contractors and subs deciding not to participate in City projects.
6. While in general a criminal record does not preclude a person from being employed in the construction trades, certain requirements such as passing a drug test or the application of the Jessica Lundsford Act, may preclude a disadvantaged worker from being used on a particular construction project.
7. Making the employment of apprentices and/or disadvantaged workers a mandatory requirement on City construction projects may discourage some contractors or subcontractors from bidding, thus reducing the pool of qualified bidders.

#### Staff Observations and Recommendations

1. After an extensive review of publications and white papers dedicated to the subject of apprenticeship and employment opportunities in the skilled construction trades, staff is left with the conclusion that the most significant contributing factor to the present shortage of construction workers is the lack of individuals - especially young people exiting High School - who are interested in pursuing a career in construction work. As a result, insufficient numbers of individuals are entering the training “pipeline” – particularly young people up to the age of 25.
2. In view of the situation described above, the City should collaborate with local community partners, including the Alachua County School Board, the Builders Association of North Central Florida (BANCF), the regional Trade Unions and CareerSource (among others) to identify, develop and support those initiatives which will best encourage young people to consider the skilled trades as a career choice that compares favorably to a 4-year college degree. These initiatives should be directed to students as early as the middle grades.
3. An examination of Apprenticeship programs for the skilled Trades that are either operated or supported by CareerSource, Santa Fe College, BANCF or the Trade Unions shows that (with certain age restrictions) they are open to

December 9, 2019

Re: Employing Apprentices on City Construction Projects

- disadvantaged, hard-to-employ and non-traditional workers such as women, veterans, homeless persons and (on a case-to-case basis) individuals with criminal records.
4. Should one of these actions include adopting an ordinance establishing certain hiring requirements for apprentices and/or disadvantaged workers, staff recommends that such requirement be made voluntary and incentivized for the first 12-18 months, for the following reasons:
    - o Enable City staff to have an opportunity to gauge the impacts of the requirements on City construction projects, and report such to the City Commission.
    - o Allow sufficient time to see the outcome of a lawsuit filed by the Florida Gulf Coast Chapter of the Associated Builders and Contractors against the City of St. Petersburg's ordinance challenging their mandatory hiring requirements for construction projects.

cc: Fred Murry, Assistant City Manager  
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<sup>i</sup> The Scar From Which The Construction Workforce Has Yet To Recover, Dr. Issi Romem, Chief Economist, BuildZoom, July 31, 2018.

<sup>ii</sup> Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, <http://www.bls.gov/oes/> (accessed July 23, 2011).

<sup>iii</sup> The Construction Careers Handbook, "How to Build Coalitions and Win Agreements That Create Career Pathways for Low Income People and Lift Up Construction Industry Jobs" (Partnership for Working Families, 2013).

<sup>iv</sup> David Altstadt, *Improving Access to Apprenticeship: Strengthening State Policies and Practices* (Chevy Chase, Md.: Working Poor Families Project, Summer 2011).

<sup>v</sup> Robert I. Lerman, *Training Tomorrow's Workforce: Community College and Apprenticeship as Collaborative Routes to Rewarding Careers* (Washington, D.C.: The Center for American Progress, 2009).

<sup>vi</sup> Matt Helmer, Amy Blair and Allison Gerber, (2012). *A SOLID FOUNDATION: Key Capacities of Construction Pre-Apprenticeship Programs*. The Aspen Institute/Workforce Strategies Institute.

