



Oregon

Tina Kotek, Governor

HPAC Work Group Recommendation Template

Work Group

- Availability of land
- Land development permit applications
- Codes and design
- Workforce shortages
- Financing

Recommendation

Expand licensed construction trade apprenticeship opportunity by establishing state-wide minimum standards for apprenticeship ratios of no less than two apprentices per one journey-level worker.

Establish state-wide standards allowing ratios of up to four apprentice-level workers who hold an Indirect Supervision card, to one journey-level worker.

Related Work Plan Topics

- Review State requirements for Journeyman-Apprentice ratios
- Grow the pool of licensed tradespeople that will be necessary to build needed housing
- Expand earn and learn models
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Adoption Date

8/18/23

Method of Adoption

*Describe if the adoption was a vote, by consensus, etc., and if the recommendation is unanimous.
By consensus, unanimous*

Co-chairs Guidance: Standards for Analysis

1. Clearly describe the housing production issue that the recommended action(s) will address.

Describe the barrier(s) or solution(s) the recommendation seeks to address, and how the existence of the barriers hinders production or how the solution supports production.

At this time, construction trades are experiencing a net loss to workforce, with more annual retirements than new hires. Influx into the construction workforce, and more particularly the licensed trade workforce, is limited by admission to apprenticeship programs. Unnecessarily stringent requirements for Apprentice to Journey-level worker ratios throttle workforce growth, leading to a backlog of work for licensed trades and stalling projects.

Housing production is limited, in part, by the workforce availability. Increasing ratios will eliminate workforce entry bottlenecks, growing the licensed trades workforce.

2. Provide a quantitative, if possible, and qualitative overview of the housing production issue.

Summarize the quantitative and qualitative information available, and reviewed by the work group, that informed the analysis of the barrier or solution and led to the recommendation included in this form.

Construction workforce shortages are increasing at a rate of approximately 91,000 workers per year. 41% of the current workforce will be eligible for retirement by 2031. Particularly in rural areas, licensed trades companies are turning down jobs due to lack of workforce. Meanwhile, qualified apprenticeship applicants are turned away each year due to capacity limitations, in part driven by excessive apprentice to journey-level worker ratios. Housing production simply cannot increase without the addition of new apprentices training up into the trades.

Using the Inside Electrician licensed trade as an example, the state of Idaho allows a ratio of six apprentices per one journey-level worker. This represents a change in 2023, up from four apprentices per one journey-level worker. The change was enacted to address the need for increasing workforce numbers and housing production. Licensed Idaho Inside Electricians may apply for reciprocity with Oregon, upon approval of a Reciprocal License Application and meeting the eligibility requirements set forth within.

Washington allows one apprentice per one journey-level worker for general electrician, and two apprentices per one journey-level worker for specialty electrician. Washington electricians may also seek license reciprocity with Oregon.

It should also be noted that while Washington allows less strict apprentice to journey-level worker ratios than Oregon, Washington experiences less construction work-related fatalities than Oregon. According to a 2017 research report by the Midwest Economic Policy Institute, Washington is ranked number 3 for lowest on-the-job fatalities with 0.786 fatalities per 10,000 workers, as compared to 9th ranked Oregon with 1.113 fatalities per 10,000 workers. Arguably, the pathway to improved on-the-job safety is more effectively accomplished through increased OSHA oversight and investment in workforce development, rather than imposing low apprenticeship ratios.

Some SMEs have raised a concern that this data may not illustrate the full picture of jobsite safety and risk. However, given the acknowledged shortage of workers in these trades and lack of evidence of increased safety risks in reciprocal states with greater apprentice to journey-level worker ratios, new solutions such as this proposal are worth consideration.

3. To assess the issue and potential action(s), include subject matter experts representing all sides of the issue in work group meetings, including major government, industry, and stakeholder associations.

List the observers and participating SMEs at the work group meetings as the recommendation was developed. Identify which participating SMEs provided information to the work group and how. Summarize the information and perspective provided by the participating SMEs. If the participating SMEs expressed disagreement or concern with the work group recommendation, describe the reason.

May 22nd

The Workforce Shortages workgroup has heard from representatives from the Bureau of Labor and Industries regarding the role of the OSATC in determining apprenticeship ratios and ways to increase employer participation at the 5/22 regular meeting. Local workforce development boards are crucial partners to pre-apprenticeship success.

June 12th

Heather Ficht (Executive Director of East Cascade Works, a local workforce development board)
Drew Lindsey (International Brotherhood of Electrical Workers (IBEW) Local 280)

June 22nd

Jon Coulimore – Electrical Contractor – Independent Electrical Contractors (IEC) Oregon

July 17th

Asha Aiello (Association of General Contractors – Oregon-Columbia Chapter)
Amber Klingner (Association of General Contractors – Oregon-Columbia Chapter)

July 31st

Marshall McGrady (IBEW Local 48)
Robert Westerman (IBEW Local 932)
Jim Taylor (Oregon Housing and Community Services)

August 14th

Paul Philpott (Southwest Mountain States Regional Council of Carpenters)
John Kersey (UA Local 290 College of Mechanical Systems & Technology)
John Howard (Owner of Fruitland Electric)

4. Provide a quantitative, if possible, and qualitative overview of the outcome of the recommended action(s).

Outline the impact of the recommendation on housing production.

Continuing to use Inside Electrician as the example, minimally adjusting the ratio from two apprentices per three journey-level electricians to two apprentices per one journey-level electrician, has the potential to immediately increase the apprentice pool by 200%. Allowing for a ratio of four Indirectly Supervised apprentices per journey-level worker further expounds this estimate.

Recognizing that while most trades allow for a 1:1 ratio when only a single apprentice is on the job, but adjust to a 1:2/3/4/5 ratio when more than one apprentice is on the job, regardless of the apprentice's skill or training level, it is strongly recommended that allowances be granted for adjusted ratios to allow a greater number of Indirectly Supervised apprentices per journey-level worker on a job. This will have an immediate impact on the number of journey-level workers open to take on new apprentices.

5. Provide an estimate of the time frame (*immediate, short, medium, long-term*), feasibility (*low, medium, high*), and cost (*low, medium, high*) for implementation of the recommended action(s).

Outline the work group's estimate of the time for implementation of the recommendation and its impact on housing production once implemented. Describe the work group's assessment of the feasibility of the recommendation being implemented and feasibility of success. Provide any estimates on the cost for implementation.

Timeframe: Immediate doubling of apprentice pool, with exponential increases to apprentice pool within 1-3 years.

Feasibility: This recommendation seems relatively simple and feasible for implementation at first glance. However, there is significant opposition which may cause resistance. Apprenticeship ratios are currently set by the Oregon State Apprenticeship and Training Council (OSATC), who provides guidance and authority over the local Joint Apprenticeship and Training Committees (JATC) and Trades Apprenticeship Training Committees (TATC) which set the standards for their local jurisdictions. The OSATC is made up of members, appointed by the Governor. The Chair is the Labor Commissioner and the Secretary is the Deputy Labor Commissioner. The OSATC has historically taken no action when presented with requests to review ratio adjustments to increase the apprenticeship pool. In 2005, the Independent Contractors of Oregon attempted to push through legislation (HB 2374) which called for similar adjustments to apprenticeship ratios as described in this recommendation. This legislation failed.

Cost: At this time, employers bear the cost of apprentice wages and benefits. The training agents (employers) and members of the JATC and TATC bare the cost of local program administration. The State administers the licensing exam, registry and administration of the program beyond the local committees and training agents. Given that the most significant cost increase to growing the apprenticeship pool would be related to direct labor costs, which would be expected to be covered through project invoices, it is not expected that the State budget would experience significant impact.

6. Provide a general overview of implementation, the who and how for the recommended action(s).

To the extent the work group knows, is this implemented in state statute or rule, by the state or local government, by a particular agency, etc.

This would likely need to be a legislative rule change, unless the Governor is able to compel the OSATC to implement changes to the state-wide standards.

7. Outline the data and information needed for reporting to track the impact and implementation of the recommended action(s).

Identify the data the Governor's Office would need to track to determine if the recommendation is increasing housing production.

Data for apprenticeship application, acceptance, completion rates and journey-level licensing is currently well tracked and documented by BOLI and OSATC

8. Identify any major unknowns, tradeoffs, or potential unintended consequences.

Based on the work group's analysis and information provided by participating SMEs, outline what is unknown, the tradeoffs exist by implementing the recommendations, and any known potential unintended consequences.

Although current data (or lack thereof) suggest ratio adjustments are not likely to have material impact to on-the-job safety or quality of workmanship, increases in these undesirable outcomes may be possible. Additional compliance and oversight may be necessary to prevent these issues, which would add administrative burden and cost in other state or local departments and budgets.

Currently, the most frequent reason for withdrawal from apprenticeship programs is lack of work opportunities as stated by presenting SMEs to the Workforce Shortages Committee. As contractors, developers, and homeowners, continue to report challenges in finding and hiring construction trade workers due to workforce shortages, it is unclear why apprentices would have difficulty keeping steady work.

Increasing the apprentice pool will have an impact on the administrative burden for the local committees and training agents/employers. This may increase the need for administrative staffing and funding.

Classroom learning facilities may need additional resources in staff, consumables, physical space, etc. to accommodate additional apprenticeship student loads.

Questions remain regarding the status of these new apprentices and eventually journey-level workers during offseason months and in the event of a construction downturn.

Please include any relevant reports, data analyses, presentations, or other documents that would be informative and useful for the full HPAC as the recommendation is discussed and considered.