



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

Type the work group recommendation for submission to the full HPAC.

Increase capacity and participation of employers who are committed to hiring underrepresented and/or underserved populations in licensed trade apprenticeships by prioritizing investments in firms that demonstrate need and commitment to successful employment for underrepresented populations.

- Establish financial subsidy to compensate minority owned, women owned, rural, small and emerging businesses as Apprenticeship Sponsors and Employers who have identified financial barriers for first and second year Apprentice worker wages.
- Establish financial subsidy to compensate minority owned, women owned, rural, small and emerging business Apprenticeship Sponsors and Employers for administrative burdens and expenses experienced as a result of employing Apprentice level workers and/or for employee participation in JATC, TATC, OSATC, or other Apprenticeship related administrative capacities.

Related Work Plan Topics

Identify topics assigned to the work group that informed the development of this recommendation.

- Grow the pool of licensed tradespeople that will be necessary to build needed housing
- Expand MWESB certification and business incubation
- Explore opportunities to provide technical assistance and cost abatement for MWESB entities

Adoption Date

Enter the date the work group adopted the recommendation.
10/30/2023

Method of Adoption

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

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 apprenticeship program opportunity. While many apprenticeship programs are tracking admission of underrepresented populations, the volume of such applicants remain low. Housing production is limited, in part, by the workforce availability. Small and emerging construction trade employers, which may include a higher representation of minority- and women-owned businesses, are limited in their capacity to participate in state and local committees overseeing the Apprenticeship programs, and/or participating as a Sponsor or Employer of Apprentice level workers due to the financial burden or limitations on personnel capacity. Compensating Employers with a demonstrated commitment to hiring and successful employment of underrepresented populations, for participation in these administrative roles will increase representation of small, emerging, rural, minority-owned and women-owned businesses in policy making, decision making, admissions, terminations, and general oversight of the apprenticeship programs. This will provide greater opportunity for expanding the pool of opportunity for Apprentice-level workers. This will also increase diversity at all levels of the program, from entry level apprentice workers on through to the higher level policy and decision makers.

Entry-level or first-year apprentice-level workers are the most labor-intensive for supervision and instruction. Journey-level workers are limited in production when splitting job-site time between supervision, instruction, and productivity. This limitation on productivity is a barrier to entry for Apprentice-level workers and employers who may otherwise be willing to take on apprentices.

While apprentice-level workers are compensated at a reduced rate, as a reflection of their experience level, the employers still holds the burden of the cost of wages benefits (where applicable), insurance and overhead. The production value of first-year Apprentice may not be equal to the rate of pay. Subsidy for these costs will remove barriers that limit apprenticeship opportunities, particularly within small, emerging, rural, minority-owned and women-owned businesses.

This compensation must not be tied to MWESB certification and COBID registry. This system is exclusionary and presents barriers for many businesses that have the most need.

This recommendation will have greater impact when coupled with increasing apprentice/journey-level worker ratios.

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.

According to the non-profit organization Worksystems, barriers impeding the growth of the construction industry workforce include both the sector's systemic lack of diversity and the systemic workplace bias experienced by historically underrepresented demographics (women, BILAPOC, etc.). These issues undermine the sector's ability to successfully recruit and retain diverse workers.

- Recruitment of all skilled trades apprentices is primarily through referrals, which largely reproduces a white male workforce.
- There's a lack of uptake of diversity, equity, inclusion and belonging policies and practices among private construction companies/employers
- As mentioned above, residential construction pay in the state of Oregon is below the state average, and marginalized workers are less likely to earn as much as their white, male counterparts and are less likely to have stable or consistent employment.
- Outreach and marketing efforts for pre-apprenticeship and apprenticeship opportunities are largely not targeted for marginalized communities
- Construction industry culture is often hostile, fosters a need to "prove yourself", enables harassment, isolation, and overt discrimination
- Diverse workers currently have limited support for mentorship
- Retaining diverse workers is further challenged by the affordability of and access to childcare statewide

Presenting SMEs indicated that participation in the apprenticeship program, as an Employer or Sponsor was a financial and capacity burden. Elimination of these barriers of access for MWESB employers and sponsors will grow the opportunity for apprenticeship roles, particularly for diverse and underrepresented populations.

Federal and State funds are often available to provide tools, work boots, clothing, related gear, and other supports for Apprentices and Pre-Apprentices, but this funding is often inconsistent and limited in time and scope.

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.

10/9/2023

Andre Bealer - Metro

Kelly Haines - Worksystems

Steve Johnson - MBCB

Cathleen Massier City of Portland

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.

Removal of barriers to participation for minority owned, women owned, rural, small and emerging businesses employers will increase diversity of opportunity for apprentices, particularly underrepresented apprentices. This is also likely to increase opportunity for apprentices in rural and very rural areas where employers may be disproportionately resource constrained.

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.

If these funds are administered through channels that have established trust with underrepresented employers, the impact could be felt on a relatively short-term basis – within 1-2 years.

We estimate that the total annual Wage + Benefits for a first-year Inside Electrician Apprentice ranges from approximately \$49,900 - \$67,200, for rural and urban workers, respectively. For a first-year Plumber Apprentice, Wage + Benefits range from approximately \$42,100 - \$85,700, for rural and urban workers, respectively.

An investment of approximately \$5 million per year, would fund approximately 120 first-year electrical and plumbing apprentices across the state. We recommend such an investment be provided on an on-going basis for a minimum of 5 years to rapidly increase access and number of licensed trade apprentices in our state, while providing predictability to encourage participation from underrepresented employers. Greater funding will have greater impact.

The current cost of administrative burden and lost productivity from Employer and Sponsor participation on regional and state-wide councils is currently unknown.

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.

Funds should be distributed to qualifying employers via local Workforce Development Boards, or similar workforce development, business development, or economic development organization local to communities throughout Oregon. Employer enrollment should be simple and streamlined to minimize barriers of access.

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.

Apprenticeship tracking data is already well collected and available for review. Tracking of increased application, admission, and completion for underrepresented apprentices will be easy to track with the existing system.

It is recommended that annual metrics for successful enrollment and retention of underrepresented populations in apprenticeship programs be demonstrated for continuation of funding awards to Employers and Sponsors.

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.

Funding and budget availability may present a challenge to fully implementing the goals and arriving at the desired outcomes of this program.

Minority owned, women owned, rural, small and emerging business Employers may benefit from additional capacity building and technical assistance efforts. Workforce Development Boards and supportive workforce development and small business technical assistance organizations within underserved regions should be prepared to offer such services to supplement the awards in order to enhance the desired outcomes.

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.