



North Bay
Building Trades
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SANTA CLARA & SAN BENITO COUNTIES
Building Trades
The outstanding workforce

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We represent the Building and Construction Trades Councils from all 9 Bay Area counties. We are excited about the extraordinary goals expressed in Plan Bay Area 2050 for both growth and equity but are concerned that without a proper construction workforce development strategy, the plan will fall far short of its ambitions in both regards.

Our members are predominantly people of color and disproportionately Latino. Many live in communities of color identified in the plan as areas to promote economic mobility. These are the communities where we recruit most heavily and where the next generation of construction workers live.

For a draft regional plan built around the promise of equity to propose such a substantial program of construction paid for with public dollars and yet not leverage that public investment to strengthen access to high road construction careers for people of color and residents of low-income communities is a serious oversight. The omission is even more pronounced in light of the State of California's "Jobs and Climate Action Plan for 2030" recognition that job quality in construction is integral to achieving both equity and climate goals. To keep the construction sector strong, the plan needs to emphasize union labor so the blue-collar workforce doesn't get further priced out of the region.

The draft can be fixed. To that end we urge the addition of a construction focused strategy to ensure that public funding, particularly from the new Bay Area Housing Finance Authority, and regulatory adjustments, are leveraged with requirements to use apprentices and provide portable benefits along with the usual prevailing wage requirements. We have attached the draft of an additional strategy, an Economic Development Strategy 7, which would address these needs. The plan should also include an implementation partnership with the Building Trades Councils of the Bay.

The fatal flaw in the draft plan is the assumption that the funding provided by E 2 can solve all of the construction workforce recruitment, training and retention challenges. That isn't remotely true. For one thing, joint labor management apprenticeship programs, which produce 90% of the apprenticeship graduates in the Bay Area, are self-funding. They do not need outside funding.

That isn't to say that funding can't play some role. Pre-apprenticeship programs do need funding. Childcare programs deliberately structured to support the early hours of construction workers in targeted communities would help too. But for the most part, what is needed for workers to successfully complete their apprenticeship programs is a steady pipeline of projects that provide the on-the-job apprenticeship opportunities that reinforce skills learned in the classroom.

To aid with recruitment and retention of workers willing to make the 3-to-5-year commitment to train for a career as a skilled construction worker, we need to signal to workers that following their apprenticeship program there will be a steady flow of family sustaining work available. Paid health care and portable benefits are essential aspects of a family sustaining career. Projects funded by public dollars should support family sustaining careers.

Since construction labor markets are regional, and 30 years is most of a career, a thirty-year regional plan with policy commitments to apprenticeship utilization, paid health care and portable benefits, can provide a powerful signal to the market that helps with the recruitment, training, and retention of skilled construction workers. That is why it is important to have a plan level commitment expressed in an explicit construction workforce development strategy.

Incorporating a workforce development strategy in the plan would also improve environmental performance, and hence from the perspective of the EIR could be incorporated in the plan as a mitigation measure.

Including the proposed construction workforce development strategy would address three distinct plan objectives:

1. Addressing the construction workforce bottleneck, particularly for the residential sector, that threatens to derail the plan's extraordinary growth goals.
2. Improving economic mobility for low-income residents, people of color and women by improving access to quality union construction careers and through the secondary economic benefits created when better paid construction workers spend more in the targeted communities in which they tend to live.
3. Reducing in-commute pressure and resulting VMT and greenhouse gas emission that arise when the Bay Area cannot meet its own needs for construction workers.

Addressing the workforce bottleneck:

The plan proposes to more than double production of housing. To accomplish this will require more than doubling the size of the residential construction workforce too. The experience of the last economic cycle suggests that that will take too long and will foil efforts to meet the plan's production goals for the next 8 years, unless something is done to change the dynamic of recruitment, training, and retention of the skilled and trained workforce.

Those who point to the more rapid expansion of housing construction during the period from 1990 to 2006 should take note of the fact that that was made possible by tethering the production system to the influx of large numbers of workers from Mexico, and still fell short of the expansion rate that would be needed to meet the ambitions goals of the Plan Bay Area 2050. The disproportionately Latino composition of both the union and non-union construction workforce is a legacy of that earlier history.

More recent shifts in immigration enforcement have effectively cut off new Mexican immigration as a source of workers. Given the fraught politics of immigration reform, counting on a return of significant immigration seems a recipe for failure. Moreover, the combination of the residential sector's low wages and the Bay Area's high housing costs make it unreasonable to expect an influx of domestic labor to fill the need without explicit labor market intervention.

The better bet would be to learn from the post war period when California actually built homes in far greater volume. During that era, dramatically higher union density meant that most construction employers used apprentices, paid prevailing wages, provided paid health care, and participated in portable benefits programs to provide for retirement. That clearly worked as a strategy to recruit, train, and retain a sufficient workforce to build twice the volume of housing we are now building. For the current moment, that seems the right strategy. For a fuller accounting of this analysis, see *Rebuilding California: The Golden State's Housing Workforce Reckoning*, a 2019 report by Scott Littlehale.

This is entirely consistent with the three key principles underlying the AB 398 Mandated *Jobs and Climate Action Plan* according to its authors in the forward:

“First, labor should be considered an investment rather than a cost – and investments in growing, diversifying, and up-skilling California's workforce can positively effect returns on climate mitigation efforts. In other words, well trained workers are key to delivering emissions reductions and moving California closer to its climate targets.

Second, California can achieve greater social equity in labor market outcomes for disadvantaged workers and communities when policymakers pay attention to job quality. Identifying high-quality careers (i.e., ones offer family-supporting wages, employer benefits, worker voice, and opportunities for advancement) first, and then building pathways up and into such careers, is critical to ensuring that investments in workforce education and training meaningfully improve workers' economic mobility.

Lastly, deliberate policy interventions are necessary in order to advance job quality and social equity as California transitions to a carbon neutral economy, just as such efforts are required to reduce pollution, protect human and environmental health, and to safeguard communities from an already-changing climate.”

Improving Economic Mobility for Low Income People and People of Color

Over the last 40 years, both union and non-union contractors have disproportionately recruited people of color as new entrants to the construction workforce, and accordingly the industry has shifted from white to majority minority composition.

Construction unions in the Bay Area have memberships that are disproportionately people of color and fall along a spectrum from the IBEW which has a slightly disproportionate minority membership to the Laborers which have an overwhelmingly minority membership.

The rest of the crafts fall in between. The demographics of apprenticeship programs indicate the direction that unions are trending, and these are all overwhelmingly people of color and decidedly Latino.

The demographic bias in the membership of the construction trades unions is matched by their pattern of member residency, as most construction workers who are resident in the Bay Area live in communities of color, despite the fact that the work itself is often located in communities of opportunity. This is not likely to change, even if we improve the quality of the work. That is OK. If we improve the quality of construction jobs, some workers will take advantage of increased earnings by moving to communities of greater opportunity, but many will remain right where they are as many communities hold family and cultural bonds for workers, and therefore keep their improved earnings in communities that would substantially benefit from their greater spending capacity. This is a way to lift up communities from within. It is within the capacity of Plan Bay Area to make this happen.

If you are trying to increase economic mobility of people living in communities of color using the construction program of the Plan Bay Area 2050, the most powerful tool to use is the construction work itself, especially publicly funded work, as for instance the construction work funded by the new BAHFA. Attach strong standards to the work, and the workers will bring their earnings home to spend and invest in their communities. The scale of the benefit is impressive. Construction workers who participate in joint labor management apprenticeship programs will improve their lifetime earning potential by an average of \$250,000. This effectively internalizes housing affordability for the construction workforce into the production system.

One equity issue that needs more attention is the historic difficulty women face in accessing construction careers. Women are disproportionately represented among the poor and would benefit – both socially and economically - from access to careers in union construction. The industry, in turn, would benefit from their participation. A serious challenge that low-income women face, however, is that because of gendered expectations of our society, they tend to bear the burden of child-care. Private market child-care options in low-income communities are far fewer than in wealthy communities and too often cannot accommodate the early hour schedule of construction workers, especially those forced to commute. Improving child-care options and prioritizing localized employment opportunities can help to address this disparity. This is a fundamental infrastructure problem that deserves a public policy response.

Strengthening the Regional Construction Workforce Reduces In-commutes from outside the region, VMT and Greenhouse Gasses

Cities are increasingly adopting local skilled and trained workforce policies and requirements into general plans and municipal codes. For example, the City of Hayward 2040 General Plan requires the City to “promote local hiring . . . to help achieve a more positive jobs-housing balance, and reduce regional commuting, gas consumption, and greenhouse gas emissions.”

Skilled and trained workforce requirements promote the development of skilled trades that yield sustainable economic development. Upskilled workers get the job done in fewer hours, which means less commuting. If you add local hire preferences, you can get even better performance. Upskilled workers also do a better job at creating high performance buildings free of defects such as leaks in the exterior envelope or in HVAC ducts. That makes buildings more durable and efficient.

As noted above, the California Workforce Development Board and the UC Berkeley Center for Labor Research and Education concluded: . . . “well trained workers are key to delivering emissions reductions and moving California closer to its climate targets.”

Recently, on May 7, 2021, the South Coast Air Quality Management District found that that the “[u]se of a local state-certified apprenticeship program or a skilled and trained workforce with a local hire component” can result in air pollutant reductions. Incorporating even modest local hire parameters into emissions models shows significant reductions of construction related GHG emissions.

Numerous local, regional & state agencies — including BART, the VTA, EBMUD and various cities and counties — have established policies to employ apprentices and skilled journey-level workers on major projects as well as support pathways into these careers for residents from Equity Priority Communities. Many of these policies are designed to work regionally in partnership with other participating agencies to align with the regional nature of the construction industry. We think it is time for ABAG and MTC to follow suit.

Through ABAG and MTC, BAHFA has the authority to establish the terms of investment of public funds in housing. The plan should call for the staff to tap the expertise of labor & management trustees of employee training and benefit plans during the Partnership Phase of implementation in order to prepare workforce development guidelines for ABAG, MTC, and BAHFA funding programs.

We have attached a draft strategy, formatted to fit the form of the other strategies, to plug what is now a substantial gap in the draft plan. We would like to talk about how to incorporate this in the plan and how we can work together to ensure a successful implementation. Please call us if you have questions.

Sincerely,

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Attachment: Economic Development Strategy E7