August 22, 2019

Acting Secretary Patrick Pizzella
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: RIN 1205-AB85, comments

Dear Secretary Pizzella:

On behalf of the members of Leading Builders of America, please accept these comments in response to the Notice of Proposed Rulemaking issued on June 25, 2019 (RIN 1205-AB85). The NPRM proposes to establish a process for recognizing Standards Recognition Entities (SREs), which will in turn recognize third-party Industry-Recognized Apprenticeship Programs with a goal of expanding opportunity and job training to address labor shortages in the United States.

Leading Builders of America (LBA) is an organization comprised of twenty-one of the largest home builders in the United States. These twenty-one builders alone represent about 35% of the home construction market in the United States, with their work highly focused on the largest residential markets in the country. LBA members build in 34 states and the District of Columbia and their companies produced over 650,000 jobs in 2018 through direct employment and work with the many and varied specialty subcontractors who support residential construction. Together, these companies generated approximately $87 billion in revenue for the economy in 2018. Broadly, construction in the United States accounted for about $643 billion of the U.S. gross domestic product in the last quarter of 2018 alone[1] and annually, the impact of fixed residential construction alone accounts for almost 4% of the total US GDP, and the dynamic impacts of housing construction represent about 15% of the annual GDP.[2]

As an industry, we share the administration's deep and significant concern for creating new opportunities for American workers to find training in much-needed careers in our economy. We were pleased to see the administration devote significant time and resources to investigating the ways in which the government can help American workers find high-quality job training and career opportunities. However, we oppose the administration's decision in this NPRM to exclude the construction industry from equal participation with all other industries in the private-sector economy. We believe this is a significant failing in the proposed program and

[1] https://tradingeconomics.com/united-states/gdp-from-construction
[2] http://eyeonhousing.org/2018/04/housing-share-of-gdp/

we urge you to reconsider this decision. Frankly, we were shocked to read that the very industry being hit hardest by labor shortages was excluded from a national plan to address labor shortages. Especially because severe labor shortages in construction are holding back our ability to fuel local economies and build more homes that middle-class Americans can afford.

We remain extremely disappointed to see that the Department of Labor chose to exclude the construction industry from a program designed to help American workers. The construction industry, and residential construction specifically, is suffering from severe labor shortages across virtually all skilled and unskilled trades in every housing market across the United States. The current monopoly of union-based apprenticeships, on which the DOL must be basing its decision to discriminate against construction, has demonstrably failed to address our industry's current labor shortages. We already know that the current system is not working adequately for our industry. Yet the DOL proposes to isolate and exclude a key sector of the U.S. economy in a blind assumption that somehow, by doing nothing to address a failed system, this exclusion will somehow improve a completely inadequate federally-backed job training system. The NPRM has the effect of actively discouraging the private sector construction industry from undertaking programs to partner with the federal government to train U.S. workers. The result is simple, fewer trained workers means fewer homes will be built. We face a severe supply problem already that is driving up the costs of homes for middle class families. This proposal will make that situation worse.

The ripple effects of a potentially struggling housing market are well-known and they impact every other sector of the economy. Residential construction is currently facing serious labor shortages and skills gaps across every significant U.S. housing market, and we anticipate no change in that situation in the near future given the current demographic and four-year-college-focus in our nation. Today, our industry continues to face alarming labor shortages across every residential construction trade. Challenges finding framing crews, insulation crews, painters, carpenters and roofers are as significant as in the higher-skilled trades such as electricians, plumbers, and masons. When labor shortages are significant, it impacts the ability to complete homes on time for buyers who need to lock in mortgage rates, and it can dramatically increase housing construction costs. In areas of the country where housing costs are already at historically high rates, the lack of residential construction labor can exacerbate the challenges faced by many Americans who need access to affordable, workforce housing. It is vitally important that DOL and the administration understand that without a coordinated effort and partnership to encourage and train workers to come into the residential construction sector it will be extremely difficult for the industry to make headway in training workers. Specifically isolating and excluding construction from a much-needed opportunity to participate in this new apprenticeship program is concerning because we know what the impacts are on U.S. homebuyers of a growing labor and skills shortage in our industry.

We know that our industry continues to provide some of the best opportunities for Americans to learn life-long career skills, get a foothold in the middle class, and put themselves into a position where they can learn the business skills to be entrepreneurs and create their own small businesses. Our labor needs, unlike other U.S. industries, cannot be alleviated by outsourcing our work to foreign countries. The Bureau of Labor Statistic's *Occupational Outlook Handbook* identifies construction as a fast-growing industry which is anticipated to grow at least 11% within the years 2016-2026.[3] Our need for workers in construction is already acute, and the federal government's own analysis indicates we will need even more workers to sustain our role in the economy. Workers in the construction industry make well above the federal minimum wage—and well above the minimum wage proposed by many lawmakers.[4] For example, in industries such as drywall installers, the mean hourly wage is around $26; roofers are around $24 per hour. There are good jobs, good wages, and good life-long opportunities to be had in the construction industry.

Our LBA members continue to do all that we can to encourage the creation of industry training and apprenticeship programs, as well as programs to promote the industry as a source of good, life-long and impactful careers. LBA is currently working on the creation of our own workforce training initiative, specifically focused on the needs of the residential construction sector—which often differ from those in the public/commercial/general construction sectors.

LBA members clearly recognize that the federal government isn't the single answer to the labor shortage and skills gaps problems we have in our industry, and we are working to do our part to address our own industry's challenges. Through a housing industry initiative, we are aiming to address the workforce training needs in the top twenty major residential markets in the U.S. Yet, with the federal government excluding construction from this apprentice training opportunity while providing resources to bolster other industries in their training programs, the DOL and the administration set our programs—and those of our colleagues in other parts of the construction industry—at a disadvantage as we compete in the marketplace to attract Americans to train for our jobs against the federally-backed/federally-recognized programs in other industries. Our industry is not asking for special treatment in this program; we are asking for the opportunity to compete equally with all of the other private sector industries.

As you know, the residential construction industry is not typically unionized. Over 775,000 Americans currently work in residential construction.[5] However, according to DOL's own statistics, labor unions comprise only about 14% of the entire public and private construction industry in the United States[6]. Union participation in private residential construction nationwide is de minimis at best. The effort of the federal government to help encourage the creation of industry-recognized apprenticeship programs is thus all the more important in residential construction. The approximately 86% of the construction industry that is not unionized deserve an equal opportunity to compete for help and support under this program, in the same was as every other private sector industry. We hope that the Department of Labor will see the value that can be produced for American workers by providing equal access to this new program for the residential construction sector of the economy. Current JOLTS data indicate that there are almost 370,000 open jobs in the construction industry.[7] Those numbers don't begin to include the numbers of U.S. jobs in a good industry that could be filled and contributing to our economy if trained workers were available.

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[3] https://www.bls.gov/ooh/construction-and-extraction/home.htm
[4] https://www.bls.gov/oes/current/naics5_238220.htm#47-0000
[5] https://www.bls.gov/oes/current/naics4_236100.htm
[6] https://www.bls.gov/news.release/union2.t03.htm
[7] https://www.bls.gov/news.release/pdf/jolts.pdf

We also object in principle to the federal government singling out any industry among the drivers of our economy for discriminatory treatment versus other sectors. The federal government should allow all industries to compete on equal footing for the opportunity to partner in programs such as these, which are so important to our US workforce. Singling out the private sector construction industry for unequal treatment sets a bad precedent for future federal policies. Today, many other industries may feel this is only an issue that concerns construction, but in the future it could be the precedent that encourages the government to isolate an entire industry—regardless of regional, and state circumstances, economic or workforce factors—from competing equally in a future federal program nationwide, via a blanket exclusion. The decision to exclude the industry sets a bad precedent for future considerations by the federal government in this and other programs, putting the government in the position of picking private sector industry winners and losers in what should be a project that business and government can agree to work together to promote.

Again, LBA recognizes and appreciates the overarching goal of the administration and the DOL to find ways to address major labor and skills shortages in the United States. Finding innovative ways to encourage the creation of programs and partnerships to provide high-quality workforce training is key to providing many Americans with new, better careers and helping our economy grow. However, the blanket exclusion of an entire industry from the ability to participate in the program is short-sighted and may have significant impacts on American homebuyers and homeowners. We believe that our industry can be a key player in making the program outlined in NPRM successful and we hope that the federal government will be willing to work with us to help American workers.

We look forward to working with you for the benefit of all American workers and the entire U.S. economy, and I appreciate you giving consideration to our views.

Sincerely,

Kenneth Gear
Chief Executive Officer
ken.gear@leadingbuildersofamerica.org

cc: Jenna Hamilton, jenna.hamilton@leadingbuildersofamerica.org