

International Union of Operating Engineers

Local 234

RICK LANE
BUSINESS MANAGER
FINANCIAL SECRETARY

4880 HUBBELL AVENUE
DES MOINES, IOWA 50317
PHONE (515) 265-1657
FAX (515) 265-1659

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Kathy Hanlon, Senior Research Analyst
Legal Services Division/Legislative Services Agency
State Capital
Des Moines, Iowa 50309

Dear Ms. Hanlon:

Please find enclosed my written testimony to be submitted to the interim Study Committee on Skilled Worker Shortage.

Should you have any questions regarding my submission, or need to contact me, feel free to contact me at (515) 265-1657 or on my cell phone at (515) 249-2878.

Sincerely,



Kevin Holzhauser
President
South Central Iowa Building Trades Council

To: Interim Study Committee

Re: Skilled Worker Shortage

From: Kevin Holzhauser, President
South Central Iowa Building Trades Council

Some background about myself and the Council may be appropriate before getting into the issue of skilled worker shortage. The South Central Iowa Building Trades Council covers an area of approximately eight counties surrounding Ottumwa, Iowa. I have been President of the Council since 1985. My personal involvement with construction dates back to 1975. I have been around awhile and my views on the issue at hand are supported by personal experience and observation over these past 32 years. The discussion of skilled worker shortage isn't foreign to me as this issue has been discussed before at different forums over a number of years. I wrote a guest column for the Ottumwa Courier roughly 12 years ago regarding skill shortages in the Construction Industry, which I have attached for the Study Committee's review also.

My testimony is focused on construction workers, however, I believe that there are some parallel influences that effect other sectors of Iowa's workforce.

Looking back at 1995 - 1996 when I first delved into the debate on worker shortages in construction, there was a larger pool of prospective workers to draw from, however, I believe that the downward spiral of less competitive wages and the diminished training by employers has only perpetuated what we seen happening over a decade ago.

What we have in Iowa is a Public Policy that has been in place for several decades that has perpetuated the shortage problem. A policy that accepts the lowest bidders on construction projects, regardless of the long-term effects to society. A policy that doesn't recognize that in order to recruit qualified workers, Iowa needs to compete with wages offered in other states, which we are lagging here in Iowa. I'm not talking about comparing wages to Nebraska and South Dakota, we are not losing construction workers to these low wage states. We have a policy that doesn't promote training in the Construction Industry. Iowa doesn't have any requirement for bid specifications at any level of government that the bidder participate in an Apprenticeship Program for their skilled trades employees. Contractors have complained of shortages, contrived or not, for years on one hand, and on the other hand have run away from programs that could develop and train the workforce that they need. Business, for the most part, has looked the other way for decades regarding training. This was perpetuated by the lowest denominator prescribed by Public Policy and greed. A Public Policy not promoting training as good business for Iowa society and greed, on the part of the employer, to wring every bit of profit possible out of bid projects.

Contractors/employers have been talking about skilled worker shortages for decades, however, they have had a chance to rectify the problem and haven't. They have chosen, absent a Public Policy the contrary, a path of optimal profitability for their company which doesn't take into consideration the long-term consequences to the quality of life for Iowans.

The answer to a worker skill shortage isn't a taxpayer rescue of business. The answer is a Public Policy that promotes at all levels of government required employer training such as Apprenticeship Programs that have been successful for years and are monitored by the Federal Government. It's a Public Policy promoting the notion that good paid workers are a critical part of economic development for the state. It's a Public Policy that recognizes that the requirement of taking the lowest bidder for a project hasn't served the state well and a new paradigm needs to be developed. A paradigm that recognizes worker skill training, competitive wages and benefits with other states, and a bidding process that considers quality workmanship and safety record of the contractor not just lowest common denominator "lowest bid price".

In closing, I would hope that this Committee can effectuate some real change in Public Policy and not perpetuate what I have witnessed over the years, that being a lot of talk about the issue of skilled worker shortage.

Construction industry's foundation weakened

By KEVIN HOLZHAUSER

South Central Iowa
Building Trades Council

The issue of shortages of manpower in the construction industry has been brought to my attention at several different forums. Certain individuals have been trying to perpetrate a hoax on the taxpayers of this area and Iowa, either purposely or through misunderstanding and ignorance of the industry.

If you look at the most recent published Labor Market Information produced by Iowa Workforce Development for Service Delivery Area 15, you will find that the contention of major manpower shortages are not there. For example, in the second quarter report, which covers July 1995 to June 1996, for every job opening for carpenters there were four applicants. For every operating engineer opening there were eight applicants. For every electrician opening there were 27 applicants. For every painter opening there were 11 applicants.

With this amount of applicants, it makes me wonder what's going on. Being involved in the construction industry for over 20 years, I base my conclusions on what I have experienced firsthand and not on perception and misinformation.

Over the past 20 years, a number of contractors have abandoned the joint apprenticeship programs that had successfully trained many well-qualified craftsmen. At the time, they did this based on a cost-cutting thesis. Their short-sighted business plan was based on profits today and let tomorrow take care of itself. These contractors who abandon training

Guest column



are now reaping the harvest that they sowed these past 20 years. They looked at workers as an expendable raw material to be used and tossed out, rather than an asset that needs to be nurtured and trained and its value to the company would increase.

Another factor has come into play in the construction industry over the past 20 years. Average wages and fringes compared to manufacturing have fallen. Construction wages and fringes used to be considerably higher than those in manufacturing and rightfully so. Construction workers need to be compensated for the unsafe, cyclical and unstable working conditions. Construction workers very seldom work 52 weeks a year. Most recent reports show construction trailing manufacturing average wages and fringes.

Skill shortages are also a result of wages and fringes that are not competitive. I know of tradesmen who have left the industry for more stable employment and better working conditions. Recent studies have found that teen-agers now view a career in construction as only slightly more appealing than becoming a

migrant worker. Once known as an industry whose wages were highly competitive, construction now trails most of its competitors.

The Construction Labor Research Council has done research of wage data from 1988 to 1995 and found that real wages and fringes, taking into account inflation, have fallen 60 cents per hour during that eight-year period.

The answer should be obvious. Until the construction industry begins to offer competitive craft pay, it will mostly attract those who can't get a job elsewhere. The craftsmanship of years gone by will continue to suffer and the brightest and best young people will continue to look at other industries for employment. Hence the complaint from some contractors that they can't find qualified help.

Additionally, the taxpayers should not be expected to bail out employers with taxpayer-subsidized training that they can do themselves, but are too cheap and shortsighted to do. Employer-financed training programs are available to all construction industry employers. All they have to do is commit to a philosophy that employers have a vested interest in employee training and should share in the cost of it. With the decreasing revenue and increasing demands on public education, the business sector needs to step to the plate and do training that they have done in the past and are capable of doing again.

Construction industry problems can be solved from within and not at the expense of the American taxpayers.

(Kevin Holzhauser is president of the South Central Iowa Building Trades Council.)