



# IIJA

INFRASTRUCTURE INVESTMENT AND JOBS ACT

## LOCAL HIRE, CONTRACTING, AND WORKFORCE DEVELOPMENT ACTION PLAN

SEPTEMBER 2023

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**David DeLuz**, *Deputy Director*  
**Caltrans**, *Office of Civil Rights*

### **Participant Name**, *Participant Organization*

**Autumn Gowan**, *SJRRRC*

**Elisabeth Hahn**, *STANCOG*

**Ernesto Chavez**, *LA Metro*

**James Hacker**, *Senate*

**Jose Mendoza**, *RCTC*

**Julia Kingsley**, *Assembly*

**Kiana Valentine**, *Transportation California*

**Kristin Jacinto**, *OCTA*

**Louis Vidaure**, *SBCTA*

**Michael Pimental**, *CTA*

**Paul Golaszewski**, *CTC*

**Rosa Park**, *STANCOG*

**Sequoia Erasmus**, *CATC*

**Tasha Higgins**, *POLB*

**Troy McNeil**, *Madera CTC*

**Tim Rainey**, *CWDB*

**Shrayas Jatkar**, *CWDB*

**Avital Barnea**, *CalSTA*

**Michael Brinton**, *Bay Area Metro*

**Felipe Fuentes**, *The Apex Group*

**Emily Cohen**, *United Contractors*

**Jacklyn Cuddy**, *CalACT*

**Virginia Harmon**, *SFMTA*

**Tyler Munzing**, *American Council of Engineering Companies*

**Jane Brown**, *HSR*

**Amber Crabbe**, *SFCTA*

**Michael Harrodson**, *CARB*

**Paul Hernandez**, *East Bay Energy*

**Mark Rose**, *Port of LA*

**Henry Symons**, *BART*

**Robert Murphy**, *LADPW*

**Lisa Trifiletti**, *City of Inglewood*

**Marc Cowan**, *CWDB*

**Julian Gross**, *Law Office of Julian Gross*

**Tia Koonse**, *UCLA Labor Center*

**Elaine Richardson**, *SANDAG*

**Shrayas Jatkar**, *CWDB*

**Chris Smith**, *Association of General Contractors*

**Josh Raper**, *Southwest Regional Council of Carpenters*

**Mikhael Skvarla**, *Gualco Group*

**Pia Veesapen**, *OCTA*

**R. Hashem**, *OCTA*

**Adriana Ramirez**, *Port of Long Beach*

## INTRODUCTION

The Infrastructure Investment and Jobs Act (IIJA, P.L.117-58) is a federal bill that addresses provisions related to Federal-aid highway, transit, highway safety, motor carriers, research, hazardous materials, and rail programs of U.S. Department of Transportation (U.S. DOT). It also includes federal policy direction and funding in the areas of climate action, zero-emission vehicle deployment, social equity, goods movement, and multi-modal transportation investment sought by the California State Transportation Agency (CalSTA) and many California transportation stakeholders.

CalSTA is leading the statewide IIJA Transportation Implementation Working Group comprised of state and local transportation agencies, the Federal Highway Administration, and other transportation stakeholders. Each entity plays a vital role in implementing this new law and should work collectively to develop a common understanding of IIJA and develop action plans for successful implementation.

The Local Hire, Contracting, and Workforce Development Sub-Working Group was established on March 23, 2022. Over the course of the year, each meeting served as a platform for state/local agencies as well as other stakeholders to come together and exchange their knowledge, expertise, and experiences to identify priorities, potential risks, and play a vital role in successfully developing and implementing policies that align with IIJA goals such as establishing Local Hire and other Workforce Development provisions on federally assisted public works projects.

The Local Hire, Contracting, and Workforce Development Sub-Working Group has representatives from California State Government, San Diego Association of Governments, Port of Long Beach, California Workforce Development Board, LA Metro, partner agencies, and other community stakeholders.

## LEGISLATIVE LANGUAGE

Sections 25019 – 25020. A recipient or subrecipient of a grant provided by the Secretary under title 23 or 49, United States Code, may implement a local or other geographical or economic hiring preference relating to the use of labor for construction of a project funded by the grant, including pre-hire agreements, subject to any applicable State and local laws, policies, and procedures.

The use of a local or other geographical or economic hiring preference pursuant to paragraph (1) in any bid for a contract for the construction of a project funded by a grant described in paragraph (1) shall not be considered to unduly limit competition.

To read the entire bill language, refer to Appendix A at the end of this document.

## PROBLEM STATEMENT

The State's Local Hire and Workforce Development efforts faces significant challenges and fantastic opportunities. The Sub-Working Group identified the following problem statement to determine the focus and guide their work:

- California and the nation face several challenges caused by aging transportation and goods-movement infrastructure which threatens the ability of the American economy to maintain its position of global leadership.
- Federal and State initiatives such as the Infrastructure Investment and Jobs Act (IIJA), SB-1 and Broadband Middle Mile (BBMM) investments are invigorating the California construction industry to revive and fortify the state's declined infrastructure. These unique and generational-level investments are accompanied by equity-based proposals such as utilizing local hire provisions, Project-Labor Agreements (PLA), or other social

equity policies to increase opportunities for all Californians to participate in rebuilding our infrastructure. However, these initiatives are hindered by the declining availability of a skilled and trained workforce.

- Research suggests that there is limited availability of certain construction-related workers. Additionally, gaps are also observed in access to pre-apprenticeship and apprenticeship programs in rural and remote communities, and expressed in disparities by ethnicity and gender, and between union and non-union shops. More work is necessary to identify effective solutions to increase the State's access to available, skilled, and trained workforce that reflects the diversity of California.
- Rising inflation of material prices, supply chain issues, and labor costs are driving up the cost of transportation infrastructure projects. These cost increases threaten to reduce the buying power of available funding, putting further pressure on available resources.

The Sub-Working Group developed the following risks, challenges, and recommendations to highlight the factors that should be considered in the state's approach to workforce shortfalls and institutional inequities. The factors most pertinent to address are economic strain and broad policies and requirements that create barriers to employment for our most vulnerable communities, and stifle agencies' ability to achieve program goals. The Sub-Working Group focused on ways to mitigate project or program-based disputes with its' recommendations and to increase accessibility to opportunities for its' stakeholders and constituents.

## Identified Risks and Challenges

The Sub-Working Group has identified several risks and challenges in implementing local hire and workforce development programs for projects. These issues were widely agreed upon by the group during meetings and have been

highlighted in many other documents as well:

- Inflation combined with rising costs for materials and labor
  - Current economic strains on contractors are detrimental to their ability to perform on projects and hire skilled and trained workers.
  - California continues to have the highest national costs of fuel, materials, and labor.
- Building a workforce that represents California
  - Statewide efforts need to consider the regional factors that impact the construction industry's ability to employ under-represented job seekers.
  - Work should be done to identify areas in which local hire or labor-management agreements, such as Project-Labor Agreements (PLA), already are or could be implemented to increase job placement on public works projects.
  - Existing construction training programs target under-represented job seekers but perceived lack of placement into employment continues to hinder progress.
- Declining availability of construction workforce
  - Apprentices – Missing connections between pre-apprenticeship training programs and apprenticeship programs reduces the availability of skilled workers, trainees' trust in workforce development services, and expands the barriers to employment for successful graduates.
  - Middle tier jobs – Retirement and upward mobility for existing workers leaves the industry vulnerable to a decline in workers in specific positions necessary to complete projects efficiently and safely.
  - Engineers and scientists – STEM and engineering education is less accessible

- to underserved communities, reducing the availability of skilled workers.
- o DBEs impacted by the lack of apprentices dispatched – small businesses are highly impacted by the loss of skilled and trained workers, and the lack of access to apprentices exasperates their inability to meet performance needs.
  - Disconnect and lack of placement of apprentices on public works projects
    - o Caltrans is currently working to improve its' On-the-Job Training (OJT) Program in the areas of apprentice placements, program monitoring and compliance, and addressing barriers to participation on public works projects.
    - o Apprenticeship programs, union and non-union, need greater coordination with public agencies to increase job placement in long-term, high-quality careers in construction industries.
    - o DBE firms may need help to understand what it takes to be union signatory, or how to coordinate with non-union training centers to gain access to apprentices.
  - Consider the great diversity of California's regions when formulating goals and guidelines
    - o Sustained investments are necessary to successfully advance apprentices through three-to-five-year-long apprenticeship training programs. In areas where investments typically are low, and only periodically and temporarily spike, a goal based on what is feasible in a more populated and infrastructure-dense area may be inappropriate.
    - o Using a one-size-fits set of goals or contract prescriptions for local and/or targeted hiring comes potentially at the risk of loss of productivity, increases in project costs, and delays in project implementation where goals prove to be unattainable.
      - » Workforce from adjacent counties, metropolitan areas, and/or Caltrans regions should be considered to meet local hire provisions, as appropriate.
  - Administration costs to establish and monitor hiring preferences on public works projects
    - o Legal resources – To avoid jurisdiction, contract, and union disputes, funding for staff to assist with negotiations for local hire or other kinds of labor-management agreements will likely be needed.
    - o Staff – Local, regional, and statewide efforts need to include funding for complete administrative and project management.
    - o Consultants – Subject-matter experts may need to be hired by local or state institutions seeking to implement local or targeted hire plans.
    - o Other – Pre-apprenticeship and apprenticeship programs need to be engaged to implement local or targeted hire plans, to ensure diversity of job seekers, placement in employment, and to track career trajectory for successful program graduates.

## Recommendations and Examples

Opportunities to leverage funding and meet State, local, and/or regional transportation goals.

### Recommendations:

- Strategic engagement of local, regional, and statewide partners in workforce and economic development efforts.
  - o Engage the statewide network of construction trade unions, workforce development boards, colleges, contractor associations, community-based organizations with priority entry MOU/LOUs with construction craft joint apprenticeship

training programs, and business advocates that participate in the existing workforce pipelines to identify which policies will be effective to achieve high-road construction careers for jobseekers.

- o Align IIJA efforts with state programs and funding streams to further invest in successful workforce programs and to fund new mechanisms to further develop workforce pipelines to public works projects.
- o Policies and mandates resulting from IIJA policies and funding should be in coordination with the existing infrastructure of the state, with an emphasis on regional and local coordination.
- o Caltrans must identify, compare, and contrast its existing contract specifications and provisions with job equity policies proposed in IIJA. Caltrans must also determine its ability to implement new provisions to improve its role as a local and statewide job creator.
  - » Caltrans should consider increasing enforcement of the existing On-the-Job Training (OJT) Program requirements as accepted and approved by the Division of Apprenticeship Standards (DAS) for contractors to achieve apprentice participation, and for Caltrans to monitor, and track successes and barriers to participation on public works projects.
- o Increase investments and strategic partnerships to provide training programs with job coordinators, supportive services, and other resources to ensure participants are placed in long-term, high-quality employment.
- o Encourage experimentation, policy development, and tailoring approaches to local circumstances and needs of local stakeholders

- Commission a report on workforce needs on public works projects, to determine:
  - o Necessary workforce needed to deliver the initiatives being funded and identify the potential shortfall in this workforce if nothing is done
  - o Current demographics of workers, regionally and statewide (including maps)
  - o Existing workforce development infrastructure that leads to employment, with and without opportunities for upward mobility (including maps)
  - o Barriers to training and employment for disadvantaged pre-apprentices and apprentices, regionally and statewide
  - o Best practices for industry and public agencies to remove barriers to employment, such as local and targeted hiring preferences, job coordinators, supportive services, and others identified through research
  - o Necessary workforce metrics on public works projects and the costs related to hiring and equity provisions, and their enforcement
- Communicate opportunities for job seekers
  - o Share Caltrans "Look Ahead" Reports with workforce and business development partners to help training programs and jobs coordinators set training and job placement goals
  - o Coordinate project On-the-Job Training (OJT) and trainee goals with workforce development partners associated with state recognized high road apprenticeship programs to ensure training participants can be placed in employment on public works projects

- Facilitate more training programs through Caltrans OJT Supportive Services to increase accessibility to training and employment with Caltrans and its' projects
- Increase outreach directly to underserved job seekers to inform them of opportunities on public works projects with referrals to local training or job placement service providers
- Increase contractors' and training programs' ability to hire apprentices on public works projects, especially for small businesses.
- Utilize Caltrans Labor Compliance Program to track training to employment success rates on Caltrans construction projects (Capital and Local Assistance)
  - If local hire or other provisions are included in Caltrans projects, Labor Compliance officers can monitor and confirm contractors meet hiring requirements
  - Caltrans must determine the additional staff and resources necessary to effectively monitor and enforce any hiring and equity provisions included in projects
  - Increase funding for proper labor compliance units to address prevailing wage, hiring provisions, and other employment concerns on state and local projects.
- Require:
  - Projects to employ apprentices for applicable apprenticeship crafts based on DAS Minimum Industry Training Criteria, in conjunction with scope of work provisions of the DAS and the DIR.
  - Projects to be contracted and subcontracted to employers who make health care expenditures on behalf of craft workers and their dependents in amounts

[TBD – at least as much as in the applicable DIR Director's determination].

**Promising Practices to scale or partner:**

Throughout the year, stakeholders shared their activities in terms of local hire, workforce development and contracting. Listed are some examples of their efforts, as well as possible scalable partnerships.

- San Diego Association of Governments (SANDAG) implemented a Community Benefits Agreement (CBA) supported by local trades unions, DBE firms, and the community. The CBA includes robust provisions that target a specific framework of equity and inclusion through economic opportunities, such as creating career pathways for disadvantaged workers, targeted workers, veterans, individuals from under-represented populations, and disadvantaged businesses in the San Diego region.
- California Workforce Development Board (CWDB) published the "SB 1 Workforce Guidelines" in January 2019 to outline best practices for establishing a successful pre-apprenticeship and apprenticeship pipelines.
  - CWDB has several funding streams for local agencies, community-based organizations (CBOs), colleges, and private entities to establish or continue training programs, such as High Road Construction Careers (HRCC) and High Road Training Partnerships (HRTTP), among others.
  - CWDB works directly with regional and Local Workforce Development Boards (LWDB) to coordinate workforce pipelines across the state, as a network of job training, placement, and career tracking service providers.
- California Employment Training Panel (ETP) provides employers with funding to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs.

- California Department of Transportation (Caltrans)
  - OJT Supportive Services unit is establishing more workforce development programs in Caltrans districts with a need for increased job seekers, either for Caltrans or its' projects.
    - » National Summer Transportation Institute (NSTI)
    - » Heavy Equipment Operators (HEO) training program
  - Division of Equipment offers a Heavy Equipment Operators Apprenticeship Program
    - » <https://dot.ca.gov/programs/equipment/recruitment>
- U.S. Department of Labor (DOL) is partnering with the American Association of Community Colleges (AACC) to Expand Community College Apprenticeships
  - <https://www.apprenticeship.gov/educators/post-secondary-education>
- Foundation of California Community Colleges (FCCC) workforce development department supports the creation of apprenticeship opportunities through its involvement with the California Apprenticeship Initiative (CAI), a grant opportunity offered by the California Community College Chancellor's Office (CCCCO) to support the creation of new apprenticeships and pre-apprenticeship training programs. The Foundation provides technical assistance to 37 projects and 20 sectors through coaching to increase student and employer engagement and fostering a shared community of practice for college supervisors of apprenticeship programs.
  - <https://foundationccc.org/our-work/workforce-development/increasing-opportunities-for-apprenticeships-internships-and-skill-building/>
- Community Colleges across the state offer pre-apprenticeship and apprenticeship programs to underserved job seekers.
- Division of Apprenticeship Standards (DAS), under the Department of Industrial Relations (DIR), is the leading state agency for apprenticeship program standards and approval. DAS hosts a database of the available apprenticeship programs statewide, provides program standards, funding opportunities, and other resources for service providers, contractors, public agencies, and job seekers.



# APPENDIX A

## Legislative text (link)

<https://www.congress.gov/bill/117th-congress/house-bill/3684/text>

Section 25019 (a) FHWA Q&A (link)

<https://www.fhwa.dot.gov/construction/hiringpreferences/qanda060822/>

Sections 25019-25020

(PDF Page 1176/2740)

SEC. 25019. <> LOCAL HIRING PREFERENCE FOR CONSTRUCTION JOBS.

(a) Authorization.--

(1) In general.--A recipient or subrecipient of a grant provided by the Secretary under title 23 or 49, United States Code, may implement a local or other geographical or economic hiring preference relating to the use of labor for construction of a project funded by the grant, including prehire agreements, subject to any applicable State and local laws, policies, and procedures.

(2) Treatment.--The use of a local or other geographical or economic hiring preference pursuant to paragraph (1) in any bid for a contract for the construction of a project funded by a grant described in paragraph (1) shall not be considered to unduly limit competition.

(b) Workforce Diversity Report.--Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report describing methods--

(1) to ensure preapprenticeship programs are established and implemented to meet the needs of employers in transportation and transportation infrastructure construction industries, including with respect to the formal connection of the preapprenticeship programs to registered apprenticeship programs;

(2) to address barriers to employment (within the meaning of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.)) in transportation and transportation infrastructure construction industries for--

(A) individuals who are former offenders (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102));

(B) individuals with a disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)); and

(C) individuals that represent populations that are traditionally underrepresented in the workforce; and

(3) to encourage a recipient or subrecipient implementing a local or other geographical or economic hiring preference pursuant to subsection (a)(1) to establish, in coordination with nonprofit organizations that represent employees, outreach and support programs that increase diversity within the workforce, including expanded participation from individuals described in subparagraphs (A) through (C) of paragraph (2).

(c) <> Model Plan.--Not later than 1 year after the date of submission of the report under subsection (b), the Secretary shall establish, and publish on the website of the Department, a model plan for use by States, units of local government, and private sector entities to address the issues described in that subsection.

SEC. 25020. TRANSPORTATION WORKFORCE DEVELOPMENT.

(a) <> Assessment.--The Secretary shall enter into an arrangement with the National Academy of Sciences under which the National Academy shall develop and submit to the Secretary a workforce needs assessment that--

(1) addresses--

(A) the education and recruitment of technical workers for the intelligent transportation technologies and systems industry;

(B) the development of a workforce skilled in various types of intelligent transportation technologies, components, infrastructure, and equipment, including with respect to--

(i) installation;

(ii) maintenance;

(iii) manufacturing;

(iv) operations, including data analysis and review; and

(v) cybersecurity; and

(C) barriers to employment in the intelligent transportation technologies and systems industry for--

(i) individuals who are former offenders (as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102));

(ii) individuals with a disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)); and

(iii) individuals that represent populations that are traditionally underrepresented in the workforce; and

2) <> includes recommendations relating to the issues described in paragraph (1).

(b) Working Group.--

(1) Establishment.--The Secretary shall establish a working group, to be composed of--

(A) the Secretary of Energy;

(B) the Secretary of Labor; and

(C) the heads of such other Federal agencies as the Secretary determines to be necessary.

(2) Implementation plan.--

(A) In general.--The working group established under paragraph (1) shall develop an intelligent transportation technologies and systems industry workforce development implantation plan.

(B) Requirements.--The implementation plan under subparagraph (A) shall address any issues and recommendations included in the needs assessment under subsection (a), taking into consideration a whole-of-government approach with respect to--

(i) using registered apprenticeship and preapprenticeship programs; and

(ii) re-skilling workers who may be interested in working within the intelligent transportation technologies and systems industry.

(3) Submission to congress.--Not later than 1 year after the date of receipt of the needs assessment under subsection (a), the Secretary shall submit to Congress the implementation plan developed under paragraph (2).

(4) Termination.--The working group established under paragraph (1) shall terminate on the date on which the

implementation plan developed under paragraph (2) is submitted to Congress under paragraph (3).

(c) Transportation Workforce Outreach Program.--

(1) In general.--Subchapter I of chapter 55 of title 49, United States Code (as amended by section 25013(a)), is amended by adding at the end the following:

“Sec. 5507. <> Transportation workforce outreach program

“(a) <> In General.--The Secretary of Transportation (referred to in this section as the ‘Secretary’) shall establish and administer a transportation workforce outreach program, under which the Secretary shall carry out a series of public service announcement campaigns during each of fiscal years 2022 through 2026.

“(b) Purposes.--The purpose of the campaigns carried out under the program under this section shall be--

“(1) to increase awareness of career opportunities in the transportation sector, including aviation pilots, safety inspectors, mechanics and technicians, air traffic controllers, flight attendants, truck and bus drivers, engineers, transit workers, railroad workers, and other transportation professionals; and

“(2) to target awareness of professional opportunities in the transportation sector to diverse segments of the population, including with respect to race, sex, ethnicity, ability (including physical and mental ability), veteran status, and socioeconomic status.

“(c) Advertising.--The Secretary may use, or authorize the use of, amounts made available to carry out the program under this section for the development, production, and use of broadcast, digital, and print media advertising and outreach in carrying out a campaign under this section.

“(d) <> Funding.--The Secretary may use to carry out this section any amounts otherwise made available to the Secretary, not to exceed \$5,000,000, for each of fiscal years 2022 through 2026.”.

(2) Clerical amendment.--The analysis for subchapter I of chapter 55 of title 49, United States Code (as amended by section 25013(b)), <> is amended by adding at the end the following:

“5507. Transportation workforce outreach program.”.

