

Testimony
of
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On behalf of the
Independent Electrical Contractors
Hearing
on
“Examining the Small Business Labor Market”
Before The
Small Business Subcommittee on
Economic Growth, Tax, and Capital Access
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Chairman Brat, Ranking Member Evans and Members of the Subcommittee, I'm honored for the opportunity to testify before you today at this important hearing, "Examining the Small Business Labor Market." My name is Bruce Seilhammer. I am the Electrical Construction Group Manager for SECCO Electrical Construction & Service, based in Camp Hill, Pennsylvania. I'm here today on behalf of the Independent Electrical Contractors (IEC), of which I'm currently serving as president, as well as my chapter, Central Pennsylvania IEC, which is located in Mechanicsburg, Pennsylvania.

Based in Alexandria, Virginia, the Independent Electrical Contractors is an association of over 50 affiliates and training centers, representing over 2,300 electrical and systems contractors nationwide. IEC's membership consists of primarily of small businesses, with the average contractor member having around 30 employees, 20 of which are electricians. IEC's purpose is to establish a competitive environment for the merit shop – a philosophy that promotes free enterprise, open competition and economic opportunity for all. IEC and its training centers conduct apprenticeship training programs under standards approved by the U.S. Department of Labor's (DOL) Office of Apprenticeship. Collectively, in the 2017 school year, IEC will train more than 10,000 electrical apprentices.

Before getting into the workforce challenges faced by the electrical contracting industry, I thought I'd give you a little bit about my background. I am a licensed master electrician and a veteran of the United States Air Force. As a young high school graduate, I was like many, unsure of my career path. Tired of the traditional classroom setting, I took an interest in joining the armed forces and ultimately joined the United States Air Force in 1982, entering their apprenticeship program for electricians. The on-the-job training (OJT) and related classroom instruction provided me the education and skills necessary to become a journeyman electrician. Upon my honorary discharge from the service in 1986, I then passed the Connecticut journeyman's test and received my license.

I give credit to the Air Force's apprenticeship program for the skills that have contributed to the successful career I have today in the private sector. I have been with my current company, SECCO, Inc., for 24 years and have risen through the ranks to become a part of its senior team, where I oversee over 40 of the company's 90 employees in a construction management position.

For decades, IEC has been on the forefront providing highly trained electricians to the industry through its Registered Apprenticeship program. An IEC apprentice is able to earn while they learn, incurs little to no debt and enters into a well-paying job upon graduation. According to the Bureau of Labor Statistics (BLS), the median salary for an electrician in 2016 was \$52,720. IEC's apprenticeship program is certified by the U.S. Department of Labor's (DOL) Office of Apprenticeship and State Apprenticeship Councils for use in 38 states and the District of Columbia. In addition, the American Council on Education (ACE) has recommended that students that graduate IEC be eligible for 40 semester hours of college credit. IEC is also a member of DOL's Registered Apprenticeship – College Consortium (RACC), a national network of postsecondary institutions, employers, unions and associations working to create opportunities for apprentice graduates who may want to further enhance their skills by completing an Associate's or Bachelor's Degree. RACC members have their programs evaluated by a third party organization to determine the college credit value of the apprenticeship completion certificate. Given its experience and investment in apprenticeship, IEC continues to work with the federal government, as a LEADER (Leaders of Excellence in

Apprenticeship, Development, Education, and Research) in DOL's ApprenticeshipUSA program.

As you are probably aware, electrical contractors, like the rest of the construction industry, continue to struggle to find qualified candidates to fill openings all across the country. According to recent research from the Associated General Contractors, among all the trades, electrician was the second hardest position for their members to fill. This challenge is expected to continue in the coming years, with BLS estimating there to be a 14 percent increase in demand for electricians through 2024. Construction employers as a whole are experiencing trouble hiring new workers with an estimated 500,000 skilled construction jobs currently vacant.

A number of different factors have contributed to the current workforce shortages in the electrical contracting industry. One of those is the fact that many left during the recession and never returned. In addition, much of the skilled trades workforce is retiring or is approaching retirement. According to former BLS economist Joseph Kane, about three million of the current 14.5 million construction workers will retire or leave the industry over the next ten years. Unfortunately, our industry cannot keep up with the demand. The cultural shift in our country over the past few decades has definitely had an impact on this. A significant emphasis has been placed on young people to attend a traditional four-year university, and a career in the trades is rarely discussed as an option. Parents have grown to believe that the primary pathway to a successful career and the American dream is through a traditional college education. Not helping matters is that many jurisdictions judge the success of their high schools on the number of students that attend college. In areas where this is the case, guidance counselors and school officials have less incentive to suggest students consider entering an apprenticeship program, like IEC. This, along with enormous subsidies by the government in the form of student loans, has made it easier for students to pay for college without fully understanding the massive debt they are incurring and no guarantee of a job to pay it off.

Another factor contributing to the construction industry's worker shortage is the lack of exposure of young people to skilled trades early as a viable career path. Across the country, we are seeing less investment in vocational or career and technical education (CTE) programs in high schools. These programs offer students the opportunity to work with their hands early on. They begin to understand what subjects interest them and these hands-on programs could influence their post-secondary education decisions. IEC views this as a missed opportunity to expose students to the skilled trades at an influential time in their lives, and is why it's critically important that Congress increase funding for CTE programs through mechanisms such as the Carl D. Perkins Act, which the House passed earlier this year.

Every day, IEC chapters and contractor members aggressively search for people interested in entering our apprenticeship program to become the electricians of the future. At my company, we work with local high school Vo-Tech programs to promote the opportunities that come with being an electrician, and I personally sit on the occupational advisory committee at both of our local Vo-Tech schools. Just this year, we hired four students from these schools and we're looking for more. IEC's chapters also recruit students by reaching out to tech schools, placing ads online, and contacting high schools to promote electrical contracting careers. In the past year, IEC National launched myelectricalcareer.com, which promotes electrical careers to young people through sites such as

Facebook and Pandora.

When recruiting candidates for an electrician apprenticeship, IEC members have trouble finding people that are qualified to enter the program. Becoming an electrician requires a high school diploma or GED. Candidates also must possess solid math skills, and members continue to find that many interested in our opportunities do not possess the requisite mathematical ability to advance as apprentices. It's also becoming more common that young people interested in an electrical career lack basic "soft skills" and don't understand what it means to be punctual, communicate effectively, or act professionally in a work setting.

To address labor shortages in the short term, IEC members will sometimes take steps that are less than ideal. Some members will loan electricians to a competitor or will utilize temps, typically as a last resort. Regardless, it is currently difficult for IEC members to find qualified journeymen electricians. These workforce challenges we face hurt our member companies' ability to expand and provide the services their respective communities need. Currently, my company has 28 electricians, but we could easily use five more journeymen. But with a limited availability of qualified electricians, we have to grow our own through apprenticeship. Unfortunately, we are hamstrung by the state of Pennsylvania, which requires we maintain a ratio of three journeymen to one apprentice on all our projects. Government-mandated ratios vary across the country, and serve as artificial restrictions that prevent us from training the future electrician and help to close this skills gap. On a broader scale, with hundreds of thousands of construction jobs going unfilled year after year, this type of restriction on the industry will eventually start to impact our ability to build, repair and maintain our country's infrastructure, schools, businesses, factories and more. This inability to hire and train more people will have a detrimental effect, not only on the construction industry, but on the country as a whole, as repairing the country's infrastructure will take longer and increase the cost to the tax payer.

Since all the trades work together or typically have some impact on each other on construction projects, the skilled worker shortage faced by other trades can impact us as well, leading to missed completion dates and increased costs by having to work overtime. One project we are currently working on is two months behind schedule because the concrete crews were short on labor. One IEC member in Florida reports that 80 percent of their projects are delayed due to labor shortages. Unfortunately, this kind of delay due to a lack of qualified workers in the trades has become all too common in the industry.

By virtue of recent hearings, such as the one here today, IEC is optimistic that legislators are becoming more interested in developing public policy that will further assist the skilled trades close the skills gap and increase the number of men and women entering construction apprenticeships, like IEC's. We are also excited by the Trump administration's executive order, which seeks to double federal apprenticeship funding to \$200 million, with a goal of creating 5 million apprentices in the next five years. However, we are concerned that language within the executive order will preclude the industry from benefitting. IEC believes the EO should cover construction, especially considering the significant labor shortages in the industry and the opportunity expanding construction apprenticeships affords to place people into quality, high-paying careers.

In closing, I want to express IEC's willingness to work with Congress and the Trump administration to find practical solutions to address the workforce shortage faced by merit shop electrical contractors and the construction industry as a whole. Thank you for this opportunity today to explain the labor challenges IEC continues to address and I look forward to answering any questions you may have.