



Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

August 1, 2021

Illinois General Assembly
Illinois State Complex
Springfield, Illinois 62706

Re: Report on the Evaluation of the Apprenticeship Initiative and Preapprenticeship Program

Dear General Assembly Member:

The Illinois Works Jobs Program Act (the “Act”), 30 ILCS 559/20-1 *et al.*, was created to ensure that all Illinois residents have access to State capital projects and careers in the construction industry and building trades, including those who have been historically underrepresented in those trades. To ensure that those interests are met, the General Assembly created the Illinois Works Preapprenticeship Program (the “Preapprenticeship Program”) and the Illinois Works Apprenticeship Initiative (the “Apprenticeship Initiative”). The Illinois Department of Commerce and Economic Opportunity (“DCEO”) is responsible for administering these programs.

The Act also created the Illinois Works Review Panel (the “Review Panel”), which is comprised of 25 members that each serving 3-year terms. The Review Panel is required to meet at least quarterly, and in FY2021 met each quarter, most recently on June 29, 2021. The Review Panel is required to report to the General Assembly on August 1st of each year on its evaluation of the Apprenticeship Initiative and the Preapprenticeship Program, including any recommended modifications.¹

Program Implementation Overview and Updates

1. Apprenticeship Initiative

The Apprenticeship Initiative provides that for public works projects estimated to cost \$500,000 or more, apprentices will perform either 10% of the total labor hours actually worked in

¹ The Review Panel held a public meeting on July 28, 2021. Although a sufficient number of panel members were present to constitute a meeting under the Open Meetings Act, there were not enough Review Panel Members to constitute a quorum. Nevertheless, the Review Panel members that were present voted to approve this report. At its next public meeting, the Review Panel will hold another vote to ratify the vote made on July 28

each prevailing wage classification, or 10% of the estimated labor hours, whichever is less. DCEO filed emergency rules for this program with the Joint Committee on Administrative Rules (JCAR) on May 8, 2020. The permanent rules went into effect on September 29, 2021. (14 Ill. Adm. Code 680.10, et. al.)

DCEO worked with all impacted agencies to incorporate the Apprenticeship Initiative requirements into their contracts and grant agreements. For projects subject to the apprentice participation goal, grantees and contractors must complete a Budget Supplement that identifies, in part, the total cost of the project and the estimated hours for each prevailing wage classification. This form must be completed within 90 days after entering into the grant or contract with the State agency. Grantees and contractors are also required to provide quarterly updates on their compliance with the apprenticeship goal. DCEO uses this data as part of its Illinois Works “proactive compliance approach.” State agencies are required to intervene and work with grantees and contractors that are not satisfactorily progressing towards meeting the 10% apprentice goal. According to the data submitted to the Office of Illinois Works as of June 30, 2020, 544 projects costing \$2.2 billion have Apprenticeship Initiative goals.²

To improve and streamline the reporting process, DCEO is developing a platform that will allow agencies to submit their reports in real time. Starting in July of 2021, agencies will begin to transition all compliance processes using the new platform. This includes the submittal of budget supplements, waiver/reduction requests, project updates, project progress reports, and certifications. State agencies will be fully trained by the end of August on the new technology and its systems and tools.

2. Preapprenticeship Program

The Preapprenticeship Program is a \$25 million grant program designed to create a network of community-based organizations throughout the State that will recruit, prescreen, and provide preapprenticeship skills training for which participants may attend free of charge and receive a stipend. One of the primary goals of the program is to create a qualified and diverse pipeline of workers who are prepared for careers in the construction and building trades. Upon completion of the Illinois Works Preapprenticeship Program, graduates will be skilled and work-ready to enter Apprenticeship programs registered by the U.S. Department of Labor (“USDOL”).

Implementation of the Preapprenticeship Program was initially delayed because the Illinois Works Fund used to fund the program did not receive funding from the Rebuild Illinois Projects Fund in FY21. A statutory change was required to direct the revenue supporting this program into the appropriate fund. The FY22 Budget Implementation Act included a provision to provide for the fund transfer and DCEO recently received approval for \$10 million to be used in FY22. DCEO is now finalizing the Notice of Funding Opportunity (“NOFO”) for the Preapprenticeship Program, which it aims to issue by August 2021. In order to attract a wide range of applicants that plan to train diverse and historically underrepresented individuals throughout the State, DCEO will

² These numbers include only projects that were reported to the Office of Illinois Works for FY21 as of the publishing of this report.

schedule an extended timeframe for responding to the NOFO and will offer technical assistance to applicants that are new to the grant application process.

In anticipation of the NOFO's release, DCEO has performed outreach throughout the year to minority and women-owned construction business associations, community colleges, community-based organizations, labor organizations, and the community at-large regarding the Preapprenticeship Program. The purpose of this outreach has been to inform diverse stakeholders of the components and goals of the Preapprenticeship Program, to begin forming partnerships to expand the Preapprenticeship Program's reach throughout the state, and to receive input that could strengthen the Program.

Program Evaluation and Potential Modifications

It is difficult for the Review Panel to adequately assess the Illinois Works Programs or make recommendations at this time because, as discussed above, the Apprenticeship Initiative is still in the early stages of implementation and the Preapprenticeship Program has only recently received funding. Without all components of the Illinois Works Programs up and running, it is difficult to evaluate the overall effectiveness of the law and program in their current forms.

The Illinois Department of Labor ("IDOL") did present some preliminary apprentice statistics to the Review Panel during the June 29, 2021 meeting. However, IDOL also emphasized the preliminary nature of the data and the challenges they are still facing in collecting data that accurately reflects state funded capital projects.

Nevertheless, based on this preliminary data, the Review Panel has begun to discuss ways to potentially improve the Illinois Works programs to ensure that individuals in underrepresented populations can gain access to careers in the construction industry and building trades. These proposals include:

1. Adding explicit demographic criteria to the apprenticeship goal to encourage greater diversity in the demographic characteristics of building trade apprentices within the State

At the time that the Act originally passed, there was no data on the demographic composition of apprentices performing work on capital projects in Illinois and thus only anecdotal evidence of what populations were underrepresented. Now that the Illinois Department of Labor ("IDOL") has begun to collect data, we know, for example, that women account for 50.9% of Illinois' population but less than 4% of apprentices performing work on public works projects were women (48 women out of 1,121 apprentices). The data also shows that while (non-white) "minorities" account for 39 percent of Illinois's population, they comprised only 27% of apprentices on public works construction projects (306 minority apprentices of 1,121 apprentices).

Since the apprenticeship goal applies to all apprentices – not just minorities – contractors could conceivably hire exclusively Caucasian apprentices and still satisfy the goal. This would defeat the purpose of the Act which is designed to increase diversity in the construction industry

and building trades. The State could increase diversity amongst apprentices by adding explicit demographic criteria to the apprenticeship goal.

2. Educate agencies and contractors on how to code applicable projects.

On April 1, 2021, the Illinois Department of Labor (“IDOL”) submitted its report from the Illinois Prevailing Wage certified payroll portal on apprentice hours performed on projects that fall under the Apprenticeship Initiative. One key obstacle IDOL faced is that contractors did not know if the project they worked on was subject to the Apprenticeship Initiative. Although there is a box on the certified payroll form titled “capital funded or Rebuild Illinois project”, some contractors still struggle identifying if a state agency let the project. DCEO should instruct agencies and contractors to properly code their grants and contracts that must comply with the Apprenticeship Initiative so that the data from the certified payroll portal will accurately reflect the number of apprentices working on public works projects.

3. Examining whether the State could impose or encourage a greater linkage between the Illinois Works Preapprenticeship programs and registered apprenticeship programs

Review Panel members have pointed out that the Illinois Works Preapprenticeship programs are designed to be a pathway into apprenticeship and then into building trades careers. This pathway breaks down if privately-run apprenticeships will not accept graduates from the Preapprenticeship Program into their apprenticeship programs. Several panel members pointed out that this is not an unlikely scenario, particularly for union-run apprenticeship programs, given that their admission criteria can be difficult to determine and they may only accept apprentices at limited times on a limited basis. While the Illinois Works law provides incentives in the form of bid credits to contractors who hire graduates of an Illinois Works Preapprenticeship program, this incentive does not guarantee that there will be sufficient apprenticeship program slots or that preapprenticeship program graduates will be admitted to an apprenticeship program.

Whether it makes sense to consider amendments now or wait until the law has been fully implemented remains an open question. Until the Illinois Works Preapprenticeship programs are up and running it remains difficult to assess exactly how the law as passed will function and where the gaps will be. These will undoubtedly be topics for additional conversation in the coming months.

Respectfully Submitted,

Norman Ruano

DCEO Review Panel Designee