

## ANALYSIS

### Item 72: Bureau of Labor and Industries Registered Apprenticeship Program Compliance

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**Analyst:** Ben Ruef

**Request:** Increase Other Funds expenditure limitation by \$631,615 and establish nine limited duration positions (3.00 FTE) to conduct on-site registered apprenticeship program compliance reviews.

**Analysis:** The Bureau of Labor and Industries (BOLI) is required by both Federal and State law to conduct compliance reviews of registered apprenticeship programs in Oregon. These laws typically require an in-person, on-site compliance review annually during a probationary period and every 3-5 years thereafter. A compliance review generally involves program research, five-year file audit, classroom instruction audit, participant interviews, and a findings and recommendation report.

BOLI's Apprenticeship and Training Division is responsible for regulating 154 apprenticeship programs with over 10,000 apprentices. There are six Apprenticeship Representative positions in the division who spend a portion of their time on compliance reviews as part of their workload. The Apprenticeship and Training Division is currently experiencing a substantial compliance review backlog with 97.5% of the 154 apprenticeship programs overdue for a review. The COVID pandemic is partially to blame for the backlog due to limitations on staff's ability to perform in-person reviews.

The agency has \$631,615 in unspent American Rescue Plan Act (ARPA) State Fiscal Recovery Funds available to be spent on addressing the COVID related compliance review backlog. A total of \$1.1 million of ARPA State Fiscal Recovery Funds was allocated to BOLI in the prior biennium to establish and administer a grant program for registered apprenticeship and pre-apprenticeship programs (SB 1545, 2022). If approved, BOLI would use these remaining funds to hire nine limited-duration Compliance Specialist 1 positions (3.00 FTE) through December 2024 to perform compliance reviews. This work would result in the completion of an estimated 85 compliance reviews.

To further address the ongoing backlog, BOLI plans on seeking a grant from the Department of Labor. If successful, BOLI will use these grant funds to fund positions dedicated to registered apprenticeship program review.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$631,615 in the Other Funds expenditure limitation and authorizing the establishment of nine limited duration positions (3.00 FTE) for the Bureau of Labor and Industries in a budget reconciliation bill during the 2024 legislative session to address the registered apprenticeship program compliance review backlog.

**Request:** Increase Other Funds expenditure limitation by \$631,615 and establish nine limited duration, full-time Compliance Specialist 1 positions (3.00 FTE) for expanding staff capacity to complete apprenticeship program compliance reviews.

**Recommendation:** Approve the request during the 2024 Legislative Session.

**Discussion:** The Bureau of Labor and Industries (BOLI) is responsible for ensuring over 10,000 apprentices and over 150 apprenticeship programs maintain compliance with the complicated federal and state regulatory landscape to deliver a diverse and highly skilled workforce for the state of Oregon. BOLI's Apprenticeship and Training Division (ATD) is registered with the U.S. Department of Labor as a State Apprenticeship Agency (SAA). This designation allows the agency to be the certifying body for both state and federal registered apprenticeships – ensuring the highest quality training standards and a mobile workforce that can use their skills across the country, wherever similar standards exist.

A component of the SAA designation is to ensure registered apprenticeship programs undergo an in-person, on-site compliance review every year for the first three-year probationary period, and a single review every three to five years after the probationary period. The COVID-19 pandemic significantly impacted the ATD's ability to meet compliance review requirements since staff could not perform in-person site visits. As of October 2023, ATD had a 97.5 percent backlog of compliance reviews, meaning almost all 154 apprenticeship programs are due or overdue for a review.

ATD has approximately \$631,000 in unspent American Rescue Plan Act (ARPA) funds available; however, the corresponding Other Funds expenditure limitation was not included in the 2023-25 Legislatively Adopted Budget. The remaining ARPA funds would be spent on expanding staff capacity to ensure the compliance reviews are completed by adding nine limited duration Compliance Specialist 1 (CS1) positions for the duration of the 2024 calendar year. BOLI estimates the nine CS1 positions would be able to perform approximately 85 compliance reviews.

**Legal Reference:** Increase the Other Funds expenditure limitation established by chapter 471, section 2, Oregon Laws 2023, for the Bureau of Labor and Industries by \$631,615 for the 2023-25 biennium.



CHRISTINA E. STEPHENSON  
Commissioner of the  
Bureau of Labor and Industries

November 28, 2023

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs,

### Nature of the Request

The Oregon Bureau of Labor and Industries (BOLI) is responsible for ensuring that over 10,000 apprentices and over 150 apprenticeship programs maintain compliance with the complicated Federal and State regulatory landscape to deliver a diverse and highly skilled workforce for the State of Oregon. BOLI's Apprenticeship and Training Division (ATD) is registered with the Department of Labor as a State Apprenticeship Agency (SAA). This designation allows the agency to be the certifying body for both State and Federal Registered Apprenticeships – ensuring the highest quality training standards and a mobile workforce that can use their skills across the country, wherever similar standards exist.

### Background and Need

A component of the SAA designation is to ensure that registered apprenticeship programs undergo an in-person, on-site compliance review every year for the first 3-year, probationary period, and after that a single review every 3-5 years. Before COVID, ATD records indicate that the Division had a 48% completion rate for compliance reviews in 2019. The COVID-19 pandemic significantly impacted the Division's ability to meet this requirement, as staff could not perform in-person site visits. As of October 2023, ATD is currently at a 97.5% backlog of compliance reviews, meaning that almost all 154 programs are due or overdue for a review.

A comprehensive compliance review is quite involved and includes three distinct parts:

- Part 1 involves the preparation of data from our database and gathering detailed information about the program.
- Part 2 includes but is not limited to onsite review, including travel, which poses a significant time constraint; once onsite, staff perform a comprehensive file review, including inspection of all documents and files going back five years, an audit of Related Training Instruction (RTI) classroom activities, and interviews with instructors, training agents, and apprentices.
- Part 3 involves writing a final report of findings, providing recommendations for actions and requirements for deficiencies, and, lastly, making a determination of program status: in compliance; in compliance with minor deficiencies; or out of compliance.

BOLI's Apprenticeship and Training Division has approximately \$631,000 in unspent American Rescue Plan Act (ARPA) funds for which the division requests an extension into the 2023 – 2025 biennium. These funds are currently unallocated and would be spent on expanding staff capacity to ensure the compliance reviews are completed by adding nine limited-duration Compliance Specialist 1s for the duration of the 2024 calendar year, with a stop date of December 2024 for ARPA purposes.

Nine Compliance Specialist 1s would be able to perform approximately 85 compliance reviews. Hiring, training and absences were factored into this calculation. Considering the COVID-related backlog, in a 8-month period nine Compliance Specialist 1s would be able to work through approximately 5 depending on how many new programs are created during this period. We will also dedicate a portion of our current staff capacity to this work during the same time period and ongoing.

#### **Action Requested**

The Oregon Bureau of Labor and Industries requests Other Fund limitation to utilize unspent ARPA Funds allocated to the Bureau in SB 1545 (2020) within the 21-23 biennium. Specifically, BOLI is requesting \$631,615 in Other Funds limitation and nine positions (3.00 FTE) limited duration Compliance Specialist 1 positions.

#### **Legislation Affected**

SB 1545 (2020)

Sincerely,



Christina Stephenson  
Commissioner, Oregon Bureau of Labor and Industries