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## Opening Remarks from Associated Builders & Contractors, Keystone Chapter G. David Sload, President & CEO, ABC Keystone August 11, 2025

Thank you for the opportunity to join you for discussing the construction industry in the context of the growing interest in data centers. In particular, we would like to focus our comments on workforce development and the challenges facing the industry in general.

The Associated Builders & Contractors (ABC), Keystone Chapter's membership lies in 35 counties in the central part of the state and works closely with our affiliated chapters in the west and eastern part of Pennsylvania. ABC Keystone itself represents nearly 700 construction company leaders in our industry and 30,000 workers.

We appreciate the conversation on data centers today as this is a new focus that will affect daily life so what is learned here today can put our policymakers ahead of the curve early on. We also appreciate that data centers will create jobs for the life of the construction project and those that work in the data center, a larger tax base and will be a hub for the next generation of technological advancement.

For context as a construction project, these facilities are very similar to most other commercial projects that our members do every day whether they be warehouses, government buildings, hotels, etc. Each project does have its own unique areas of attention or custom configurations. For data centers, this is access to water for cooling and electrical needs for power. We are also able to work in prefabricated materials, which is an innovative approach to shorten the project timeline.

As ABC is proud to have a membership that is on the cutting edge of the industry, we have many that are already doing work on data centers. However, due to the sensitive nature of the data centers themselves, many sign a Non-Disclosure Agreement (NDA) – also not unusual in our business. This does limit how much some can share directly about the work they do with data centers.

We can offer that our ABC national headquarters collects data as part of ongoing research to help guide the industry. As part of that, we monitor non-residential construction spending on a monthly basis and compare it over long periods of time. The most recent data available from last month shows an ongoing decline in 6 of the past 7 months. This decline is larger in private nonresidential construction while public nonresidential construction is growing more, i.e., transportation and utility infrastructure. Data centers do represent an opportunity to spark more developments while other private projects may be in a holding pattern.

## **Workforce Needs**

We do need to highlight the workforce demand as we are at an incredibly challenging crossroads for new workers and retiring workers. Our National ABC research has found that the construction industry is currently facing a significant workforce shortage, with an estimated 439,000 additional workers needed in 2025 to meet demand in the U.S. This existing shortage is compounded by approximately 41% of the experienced construction workforce that is projected to retire by 2031. These retirements are a significant demographic shift as it includes baby boomers *and* Generation X workers reaching retirement age.

There are opportunities to recruit younger workers through pre-apprenticeship programs, Career and Technical Centers, or colleges like Penn Tech/Thaddeus Stevens which is helpful. Some employers can also take advantage of offering continuing education as an incentive to work for them through other educational pathways out of National Center for Construction Education & Research (NCCER) curriculum or their own custom training.

Unfortunately, it is not as simple as just expecting younger workers to pick up where those retiring leave off. Some young people hold negative perceptions about construction jobs, viewing them as physically demanding and lacking career advancement potential. For those that are interested in joining our industry, Pennsylvania has created its own barriers that discourage potential workers.

These arbitrary and unnecessary barriers are from an apprenticeship ratio that was established in 1961 and untouched since that time. The Apprenticeship and Training Act of 1961 created our state's path to registered apprenticeships and led to a 4:1 ratio in current statute and regulation. The ratio requires that there be 4 "journeymen" which are higher-paid and skilled workers for every 1 apprentice. This is an outdated practice that has not changed since put into place in 1961, which has seen several other labor changes in the last 62 years but never have we been provided a justification for the status quo on ratios.

This ratio is used as a tilted playing field that gives advantage to unions as they are able to collectively bargain for a more generous ratio. Non-union, also known as merit shop contractors, are left with working within the stiff parameters of 4:1 ratio. ABC Keystone is a major advocate for changing the unfair ratio because our members represent a majority of the construction industry as 88% are merit shop.

### **What is registered apprenticeship?**

Registered apprenticeship is a formal "earn while you learn" education program where students work full-time in their industry while attending school part-time. The state and federal governments recognize registered apprenticeship programs. Each program has a program sponsor and follows government-approved standards. Program sponsors, such as individual employers or trade associations, pay apprentice wages and provide on-the-job training hours. Programs are typically completed in 4 years, but depending on the industry or trade, it could take more or less time. As of 2022, there were 1,572 registered apprenticeship programs, with 16,291 registered apprentices and 868 unduplicated program sponsors in Pennsylvania and nearly 27,000 registered apprenticeship programs nationwide.

Registered apprenticeship is the educational equivalent of a college degree in the skilled trades and a significant achievement. It is unfortunate that there are barriers to both potential workers kept from reaching this level and for employers that want to have more qualified workers. Neither employer nor worker are able to overcome this status quo in the ratios.

### **Is there a difference among registered apprenticeship programs?**

The short answer is no. Programmatically there is no substantive curricula difference among registered apprenticeship programs apart from their focus on the trades. There is no programmatic difference between a joint (union) program compared to a nonjoint (non-union or merit/open shop) program other than the apprentice involved joining as a union member. There is also no measurable safety difference between joint or nonjoint programs.

As mentioned earlier, unions can easily alter their ratio through a Collective Bargaining Agreement (CBA) to contractually change the 4:1 ratio to a lesser amount. Non-union programs have petitioned the Apprenticeship Training Council (ATC), but this is frequently a denied petition. Furthermore, for those of us as non-union contractors, petitioning the ATC on a case-by-case basis is more cumbersome. The CBAs put in place are not subject to the ATC so only merit shops find themselves bound to a stricter application of the 4:1 ratio.

### **Surrounding States Per Comparison Map**

In the attached there is one caveat in the map representing ratios in other states. New York has a tiered approach (Rep. Gleim/Sen. Keefer's HB 677/SB439 mirrors their model) and 3:1 is the highest ratio but is not the standard across the board. Pennsylvania remains the highest ratio and therefore the most prohibitive.

### **Safety in Apprenticeship and Construction**

The existing ratio is not guided by safety and does not facilitate safety. There has been no data provided by the insurance industry, government data or from proponents of maintaining the status quo to show that the ratio has a bearing on safety. We must emphasize that apprenticeship is an education training model only, but it can create a safer work environment especially when paired with a strong safety-minded work culture.

Apprenticeship in Pennsylvania predates Occupational Safety and Health Administration (OSHA) established in 1971. Apprenticeships and the new frontier of projects like data centers do need to evolve beyond what was created over 50 years ago.

One takeaway that we ask if as you are looking to the future, you use us as a resource to do right by the future workforce so that we can have them on these jobs and also do it safely.

I appreciate your time and consideration of our perspective and welcome any questions that we can answer.