Raise wage and benefit standards

Introduction

All jobs are not created equal. To workers, the difference between jobs with low wages, few benefits, and unsafe working conditions, and jobs with decent wages, decent health care and pension benefits, and safe and healthy working conditions is clear.

The distinction is clear for cities as well. Low-road firms leave many workers still in poverty, requiring public support for their health care and other basic needs. They also lower standards across the whole region, discouraging working training, unionization, and local reinvestment. Alternatively, when more firms move onto the high-road, the entire community benefits: More workers are able to attain stability through middle-class wages and the opportunity to develop skills to move up career ladders; and more firms develop the capacity to compete on quality and innovation, which are essential for long-term success, instead of low costs.

Cities should do everything in their power to:

• Support existing high-road firms
• Help as many local businesses as possible transition to the high-road
• Discourage all firms from pursuing the low road

This involves two separate tasks. First, municipalities need to supply firms already on or transitioning to the high road with the public goods needed to support high-road strategies. Policies and programs to do that are outlined in a number of sections of this report. Second, cities also need to raise minimum job standards in order to discourage low-roading. That is the focus of this section.

Cities essentially face a choice. They can keep standards low to encourage any kind of job creation. But this will effectively mean subsidizing low-wage employment by having to use public resources to deal with the consequences of a low-wage, low-skill,
and low-productivity economy. Or they can move to close the low road and dedicate those resources to providing the social supports necessary for high-road production, creating more middle-class jobs and a thriving local or regional economy.

There is no evidence that raising job standards kills jobs or in any way hurts local or regional economic performance. Whether the issue is raising the minimum wage, implementing or extending prevailing or living-wage laws, or ensuring that all workers are provided with basic health care and paid leave protection, the economic data is clear: Jobs are not destroyed, employer profits do not decline, and regions with high standards do not suffer disinvestment.

These same arguments are put forth anytime a municipality tries to improve local job quality, but there is no real evidence to support them. Once standards have been raised and the feared negative consequences fail to appear, most affected employers come to support new standards.

Progressive cities and metro areas also recognize the importance of strong, competent unions to high-road economic development. Local government can set overall minimum standards but unions operating at the firm or industry level are the best agents for mobilizing worker commitment, skill development, and productivity and for making sure the benefits of the high-road economy are shared equitably.

Policies to raise and enforce job standards would ideally apply to all firms and workers in a municipality. But states differ in the amount of authority municipalities are allowed to exercise in setting communitywide employment standards. This has led many cities and counties to use their authority as businesses that buy goods and services, and as providers of subsidies, tax breaks, and other economic-development assistance, to promote reasonable job standards as widely as possible.
Communitywide wage and benefit standards

Background

While the federal government and states have historically been the key players in setting minimum job standards, those standards are shockingly low in too many cases. The current federal minimum wage of $7.25 per hour is too low to support even a single worker, much less a family. Adjusted for inflation, the federal minimum wage is now more than $3 below its 1968 level, even though current minimum-wage workers are, on average, older and have more work experience than 40 years ago. Nineteen states now have state minimum-wage rates higher than the federal rate but only one, the state of Washington, has a state minimum wage above $9.00 per hour.

Another issue is that almost 50 million Americans have no health care coverage, including 15 million full-time workers and another 13 million part-time workers. The United States is one of the few countries worldwide that does not require employers to provide paid sick days, to cover minor illnesses like the flu, or offer paid sick leave to cover more serious illnesses requiring significant time off work. As a result, nearly 40 percent of the 100-million private-sector workers in the United States do not have access to paid sick leave. And a study by the Congressional Joint Economic Committee found that 73 percent of food service workers have no paid sick days at all.

Raising wages and benefits for the lowest-paid workers is one of the simplest, most effective, and most popular ways to both improve the lives of the working poor and grow the local economy. Raising local minimum wages and benefits helps both those earning the minimum and those making a few dollars more, who typically also see pay increases as employers shift wage scales upward. Because wage standards set a level playing field, firms that provide good wages and benefits are not so easily undercut by low-road competitors, encouraging an overall shift to higher-wage, higher-productivity jobs. Finally, virtually all polling data suggests that at least two-thirds of Americans are in favor of raising wages for the lowest-paid Americans.

Minimum wage

Court rulings have made clear that cities with “home-rule” authority in the states of California, Maryland, and New Mexico have the power to set local
minimum wages. A number of states have conversely passed laws that explicitly outlaw municipal minimum-wage laws. But in most states, the question of whether localities have the power to set citywide or countywide minimum-wage rates is not determined.

San Jose, California, became the sixth U.S. city with a municipal minimum-wage law when voters approved a referendum in November 2012 setting the minimum-wage rate in the city at $10 per hour in 2013 and indexing it to inflation thereafter. It is estimated the law will increase pay for almost 20 percent of the workforce in San Jose—nearly 70,000 people. San Jose joins San Francisco and Santa Fe, New Mexico, as municipalities with a minimum wage of at least $10 per hour in 2013 and indexed to inflation. Albuquerque, New Mexico, voters recently approved an increase in the city’s minimum wage to $8.50 and tied future increases to inflation.

In contrast, Baltimore—with a $7.25-per-hour minimum wage—and Washington, D.C.—with a minimum wage of $8.25 per hour—have low minimums that are not indexed.

A $12 to $15-per-hour minimum wage indexed to inflation would restore lost purchasing power to low-wage workers, bring dignity back to low-wage work by allowing the men and women who do it to earn enough to support themselves and restore the historical relationship between minimum wages and average wages in the economy. Because the regional cost of living varies, municipalities could alternatively set their minimum wage to a multiplier of the current federal minimum wage—150 percent—or as a percentage—50 percent—of the average U.S. wage. We should note that there are proposals at the federal level to raise the federal minimum wage to $10-per-hour, which, if successful, could shift the focus of city policy to other wage and benefit standards.

Whole categories of workers are also excluded from coverage under the federal minimum-wage law and many state minimum-wage laws, which only increase the number of working people living in poverty and set an even lower floor for private employers. Municipalities passing local minimum-wage ordinances should keep the number of workers excluded to an absolute minimum.
Paid leave

Everyone gets sick. When they do, the Centers for Disease Control and Prevention and most health professionals recommend that people stay home. But too many working people are faced with a terrible choice when they or a family member gets sick: stay home and suffer income loss and negative fallout at work or go to work and send the kids to school sick. Aside from the toll this takes on workers and families, it is an absurd public-health situation.

While employers do incur costs in providing paid leave, these costs are typically much lower than anticipated because most workers use only two to three days of sick leave per year. Studies of sick leave policies have instead found *net benefits* to employers through savings in increased productivity, lower employee turnover, and reduced transmission of illness. Insurers and families also save when family leave allows elderly or infirm adults to receive care from family members at home instead of requiring expensive nursing-home care. A survey of San Francisco employers conducted more than three years after the paid leave law went into effect found more than two-thirds supported the law.

In September 2011 Seattle joined San Francisco and Washington, D.C., in becoming the third U.S. city to require businesses to provide paid sick leave to employees. In both Seattle and San Francisco, workers accrue paid leave on the basis of hours worked: 1 hour of paid leave for each 30 hours to 40 hours of work. Employees can accrue from 40 hours to 72 hours of paid sick leave per year depending on employer size. These cities also established the provision of paid safe leave to victims of sexual assault, domestic violence, or stalking.

Sick- and safe-leave campaigns are currently underway in a number of other cities, including New York City and Miami. Yet there have also been setbacks. In Philadelphia the mayor vetoed a comprehensive paid sick leave ordinance. But the city council then approved amending its living-wage ordinance to provide paid sick days to workers covered under that law, joining a number of other cities, including Los Angeles and San Diego, that require paid sick and safe leave as a component of a living-wage law.

In Denver a paid sick leave referendum was defeated in 2011 in the wake of strong opposition from the restaurant lobby. And in Milwaukee voters overwhelmingly passed a referendum providing paid sick and safe leave in 2008, but it was later nullified by a state law prohibiting local municipalities from enacting such mandates.
Providing and enforcing minimum job standards

In addition to ensuring the payment of adequate base wages, benefits, and paid leave, local ordinances should ensure the maintenance of other minimum job standards. Cities and counties should use their authority to promote as widely as possible:

- The payment of overtime wages at least 150 percent of base wages for all hours more than 8 per day or 40 per week
- The provision of affordable employee health insurance
- Strict limits on employers’ ability to withhold wages earned
- Appropriate employee working conditions

Cities should also make sure workers receive the wages and benefits they are entitled to by passing a wage-theft ordinance. Recent studies have identified wage theft—the failure of employers to pay workers wages and benefits they have already earned—as a huge problem in U.S. cities. Miami-Dade County passed the first local ordinance specifically directed at wage theft in 2010, and since then a number of other communities have followed.

A model wage theft ordinance would:

- Ensure workers are paid for all hours worked
- Guarantee that workers can collect from their employers
- Stop independent contractor misclassification and hold subcontracting employers accountable
- Raise the cost to employers for violating the law
- Make government agencies effective enforcers of the law
- Protect workers from retaliation

Raising job standards via government contracting, procurement, and service provision

Background

The average American city currently works with private contractors to perform 23 out of 65 basic municipal services. Contracting is not inherently bad, but local governments should be careful to do so in a high-road way.
As more cities hire private contractors to manage parking garages, road maintenance, toll systems, jail facilities—and in the case of Sandy Springs, Georgia, all government services except public safety—evaluating the use of private contractors and developing coherent contracting standards becomes more urgent.

Without appropriate oversight and legislation, contracting can result in:

- Conflicts of interest
- Less control and less oversight of government over service delivery
- Citizen dissatisfaction
- A race to the bottom as contractors cut wages, refuse to provide health insurance or paid time off, or otherwise lower job standards as they try to become the lowest bidder for a particular contract
- Difficulties with performance assessment when service indicators and cost-benefit evaluations are not standardized, meaning cities are not able to accurately measure a contractor’s performance

These drawbacks suggest that cities need to be selective in choosing which services to contract out. The need for specialized skills for a short-term project, for example, would be a legitimate reason to contract. Cities also need to develop management skills so that they can oversee third-party service delivery. This will ensure both proper service delivery and that contracts strengthen local labor markets and promote high-road outcomes.

**Restrictions on privatization and right of first refusal**

Government services are generally outsourced to contractors to save money, to take advantage of a firm’s specialized expertise, or to reduce red tape. But there is no guarantee that privatization will deliver on any of these claims. A nationwide Council of State Governments survey found that many state agency directors had no idea if or how privatization had saved their offices money. Where data was available, the survey concluded that cost savings ranged from none at all to less than 5 percent. Other studies have suggested that contracting out services either increased costs, or, at best, saved government units little or nothing. Meanwhile, anecdotal examples of private contracts that resulted in massive cost overruns and/or reduction in quality are legion.
Instead of automatically accepting the argument that private contractors provide goods and services more cheaply and efficiently, local governments should approach privatization with a critical eye. Careful cost-benefit analysis of privatization versus in-house service delivery is an essential first step.

Local governments should adopt legislation similar to New York City’s Outsourcing Accountability Act, which strengthens existing law by increasing city agencies’ use of cost-benefit analyses prior to privately contracting for services. The act also requires that city agencies publish a contracting plan at the beginning of each fiscal year, giving both city workers and private contractors more time to prepare quality bids. The legislation is not meant to quash private contracting, on which the city spent nearly $10 billion in FY 2010, but to ensure that outsourced services address the city’s best interests.

Cities should also consider conducting an initial analysis and periodic reviews of contracted services. The Austin City Council recently ordered a comprehensive report on how many private contractors perform city services and whether city employees could perform those duties more effectively. Council Member Bill Spelman noted that although using private contractors may seem more cost effective, hiring private contractors often comes with hidden costs. According to Spelman:

> At least some substantial portion of this [cost savings] is not really a difference because we’re going to end up paying for the contractors’ health problems anyway [if they go to the hospital without health insurance.] And at some point we’ll probably have to pay more because their wages are so low they won’t be able to pay for saving for retirement.

In the long run, Spelman argued that hiring city employees and paying them a living wage plus benefits would actually save the city money.

**Best-value contracting**

When cost-benefit analysis demonstrates that contracting for services makes sense in a given context, cities should employ best-value contracting. With best-value contracting, or BVC, when government entities solicit bids for project design, construction, management, or services, selection is based not simply on the lowest bid but also on the bid that is the best value in terms of both cost and the qualifications of the bidder.
Under BVC, requests for proposals, or RFPs, ask for information on a variety of factors, including past adherence to labor and safety standards, wages and benefits provided to workers, use of apprenticeship programs, certifications—LEED construction, for example—and the contractor’s performance under previous contracts. Under the BVC process, applicants typically receive points for their responses to these questions; the bidder with the highest number of points overall is awarded the bid. Cities can choose which factors to consider in making an informed, holistic decision about privatizing services.

Madison, Wisconsin has had a best-value contracting ordinance in place since 2008. The ordinance requires the selection process for contracts over a certain dollar amount take into account wages paid, diversity of the workforce, and the existence of apprenticeship positions. And because the city recognizes that the BVC bidding process can be onerous, contractors who demonstrate that they meet the requirements of the ordinance may be “prequalified” to bid on future projects.

The Los Angeles Community Redevelopment Agency incorporates wage and benefit requirements into its BVC practices for projects valued at more than $50,000. It requires contractors to pay fair wages and benefits to workers in the belief that adequately trained and compensated workers perform better. Fair benefits include “employer-paid family health care coverage, pension benefits, and apprenticeship programs.” Wage and benefit levels vary according to the nature of the project—residential or commercial and public or private—comparable job and trade classifications, and the scope and complexity of the services provided.

Beyond labor standards, the BVC system can also be used to ensure that government projects are built using contractors with a history of good environmental practice.

Contract labor standards

Besides or in addition to BVC, labor conditions on publicly funded, privately executed projects can be improved through contract labor standards. Contract labor standards may be separately negotiated with each private contractor or, for ease and
fairness, put in place through city ordinances. Some of the goals that cities should consider when establishing or negotiating contract labor standards include:

- Payment of prevailing or living wages, benefits, and paid leave
- Apprenticeship utilization requirements—for example, 10 percent of the workforce hired from apprenticeship programs
- Community hire requirements—for example, that a certain percentage of hours worked on a project will be supplied by workers who live close to the job site
- Encouraging or requiring first-source hiring, where private firms agree to work with agencies that train and screen local and low-income residents for their hiring needs
- Setting aside funding for relevant job-training efforts at local technical schools and colleges

**Prevailing and living-wage ordinances**

Prevailing-wage laws require city contractors and other firms in business relationships with a city or benefiting from city policies to pay the local prevailing wage for a particular occupation—often union scale. Unlike minimum wages, prevailing wages vary by occupation, based on what other employees doing similar work in that community are paid.

Prevailing-wage laws ensure that municipal contractors, employers on publicly subsidized projects, and firms that provide services to buildings in which the city leases space emulate the better employers in their field, rather than race to the bottom. Contrary to right-wing propaganda, prevailing-wage laws do not have a major impact on government contracting costs but do provide social benefits from higher wages and better workplace safety, increased government revenues, and increased overall workforce skill levels.

For workers in occupations not covered by a prevailing wage, living-wage provisions at least allow cities to set reasonable minimum wages and benefits. Living-wage ordinances, which are now in place in more than 100 U.S. cities, have been shown to raise productivity, reduce employee turnover, and help mostly adults working full time not teenagers or part-timers.

The recently enacted prevailing and living-wage ordinance in Jersey City, New Jersey, is a model of combining the strongest features of prevailing and living-wage laws. The
ordinance sets the standard for wages, benefits, and paid leave for janitors, security officers, and clerical and food service workers employed by city contractors, firms that receive tax breaks from the city, and firms that provide services to buildings that the city owns or where it leases space. The wages are tied to the local prevailing wage as established by collective bargaining—when a collective bargaining agreement for similar workers covering at least 200 workers exists—or to 150 percent of the federal minimum wage, where such a collective bargaining agreement does not exist.53

Unlike many living-wage ordinances, the Jersey City law applies to part-time as well as full-time workers.

Displaced worker protections

As cities continue to feel the financial squeeze, some have opted to subcontract municipal services to private firms explicitly to save money. Cleaning and other property management services are particularly subject to cities’ efforts to find low-cost private contractors even though this often leads to lower job standards and severe employment instability.

Employees of these contractors typically work for low wages with few benefits and risk being thrown out on the street with virtually no warning when their employers lose a contract. It is not unusual for building service workers to be let go within a day or two of the contract turning over, even though they have performed their work admirably.

When a city government determines that the city’s interest is served by contracting, current employees should be given the right of first refusal to employment with the new contractor. That is, when government jobs become privatized or when one private contractor is replaced by another, employees currently working on the project should have the first opportunity to keep their jobs under the new employer. The federal government has had a right of first refusal policy in place since 2009.54 A carryover workforce also reduces disruption in the delivery of services and eliminates the transaction costs of training new workers.

Montgomery County, Maryland, is the most recent community to enact a Displaced Worker Protection Ordinance to require new contractors to maintain the prior contractor’s workforce for a 90-day transition period.55 Jersey City, New Jersey’s new prevailing and living-wage ordinance contains similar language. Existing ordinances in Washington, D.C., and other communities have been shown to allow contrac-
tors to compete on the quality of the service provided rather than low wages and to provide essential protections to service workers and their families.

One noted urban economist has shown that such ordinances have little or no negative consequences to cities or counties that enact them.56

High-road procurement

Cities also frequently contract with private providers to purchase goods. To prevent taxpayer money from being spent in sweatshops, many cities have enacted ordinances that require that manufacturers of goods purchased by the city adhere to wage and labor standards.57

San Francisco, for example, spends approximately $2.6 million annually to procure textiles for city use.58 The city’s ordinance also provides for an enforcement officer who monitors conditions in the factories where these goods are made.59 Milwaukee’s antisweatshop ordinance similarly requires that manufacturers of city uniforms pay their employees above-poverty-level wages, based on wage rates in the manufacturer’s country.60

Acknowledging that poor labor conditions are not only found abroad, the city council in Los Angeles, known as “the sweatshop capital of the nation,” adopted a “sweat free” ordinance in 2004 that monitors the city’s garment factories and ensures that labor conditions meet certain standards before the city will purchase from them.61

Cities have also started to recognize the benefits of buying goods from local producers instead of far-flung national or international manufacturers. Policies that encourage local procurement of goods strengthen and diversify the regional economy and increase a community’s self-reliance and resiliency, as long as buying from local firms is not used as an excuse to lower employment standards.

A 2007 study comparing office supply companies found that a regionally based company recirculated 33.4 percent of its profits into the local economy, compared to only 11.6 percent of an international chain’s profits.62 Further, locally produced goods travel shorter distances to their end users, thereby reducing a city’s carbon footprint. And locally grown food minimizes the risk of food-borne illnesses by reducing opportunities for cross-contamination, increasing transparency in the production process, and decreasing the amount of time food spends in transit or storage.63
Ordinances that strictly prohibit local governments from purchasing goods manufactured outside of the locality are at risk of constitutional challenge under the interstate commerce clause. To avoid this problem, many cities give local businesses some sort of advantage when competing for government contracts; one example would be awarding extra points to their bids. For such laws to be effective, however, the bid preference must be large enough to affect the outcome of procurement decisions in at least some cases.

In addition, the definition of what constitutes a “local business” must be strict enough to prevent national chains with local branches from qualifying as “local.” Los Angeles’s ordinance is a good example in that it both awards a fairly large bid preference of 8 percent and defines local business quite narrowly: The business must occupy building space in the geographical area required by the City Charter as evidenced by either a lease or deed and either have 50 percent of full-time employees work in the city at least 60 percent of the time, have 50 full-time employees work in the city at least 60 percent of the time, or be headquartered in the city.

**Strengthen ethics rules**

Local governments can also take steps to ensure fairness of the bidding process by preventing city contracts from being preferentially awarded to campaign contributors. Such “pay-to-play” practices can undermine any contracting standards the city seeks to impose.

One method for addressing such concerns is via lobbyist registration requirements that compel anyone lobbying city officials to register and file regular reports on their activities, including the names of entities the lobbyist represents, the amount of money they received from each, lobbying activities, including money spent on gifts, and the names of agencies or officials lobbied. Most cities have such registration requirements in place—Portland, Oregon, Indianapolis, and Providence, Rhode Island’s ordinances are examples.

Cities should also consider financial disclosure rules, which require elected officials to file annual financial statements that allow the public to review the assets and income sources of city officials and employees for actual and potential conflicts of interest.

Beyond general financial disclosure, cities may also want to adopt conflict of interest rules that mandate disclosure, or in some cases recusal, for conflicted officials,
both elected and appointed. Indeed, some states mandate that municipalities do so.\textsuperscript{70} Most city ethics codes require both disclosure of any interest in an actual or proposed contract with the municipality and recusal or disqualification from any decision making on such a contract.\textsuperscript{71}

Conflicts of interest should include financial or other benefits not only to city officials and their family, but also to clients, employers, and prospective employers.\textsuperscript{72} Some local ethics laws indeed require recusal whenever an action by the official would benefit anyone with whom the official has a business or financial relationship.\textsuperscript{73} Such ethics codes must be mandatory to have any real value and may include criminal penalties for violation if allowed by state law.

Pay-to-play ordinances—which limit the amount that businesses eligible for city contracts may contribute to political campaigns before they are prohibited from participating in city contracts at all—are another way to discourage such conflicts of interest.\textsuperscript{74} Newark, New Jersey, and other New Jersey cities are leaders in enacting such rules.\textsuperscript{75}

Raising job standards via economic development

Background

While the past three decades have seen many cities reverse the process of urban decay that suburbanization began, the current employment structure of cities is nothing like it was in the 1950s. Manufacturing jobs have not returned, and shopping mall and big-box retail developers continue to favor suburban locations over central cities for high-volume retail. Other types of service work, along with construction and retrofitting, have instead come to play a larger role in urban employment, particularly for workers without advanced degrees or skills.

Hospitals, universities, and other substantial community “anchors” continue to provide a wide range of jobs for workers at all skill levels. These anchor institutions need to have strong entry-level employment, training programs for community residents, and career ladders that allow employees to achieve higher-level jobs over the course of their work lives.\textsuperscript{76}

Large urban redevelopment projects have also come to play a critical role in providing good jobs and job training to city residents. These projects provide con-
struction jobs when projects are being built and a wide range of service jobs once completed. Over the past decade, municipalities and community groups have learned to leverage zoning approval and community support for these projects by insisting they benefit the local community, as well as the developer’s bottom line.

As always, cities in the United States continue to be desirable destinations for new immigrants, and immigrant communities provide much of American cities vitality, from small business owners to day laborers. Making employment and other community services available and accessible to new immigrants and other non-native-English speakers speeds up the process of newer residents becoming self-supporting. This is why cities need to ensure that employment and training centers, which are typically regulated by states, are comprehensive, “one-stop,” and conveniently located. Regulated day-labor worker centers are also critical resources for many city residents, whether immigrant or native.

The most powerful agents for upgrading job quality are of course strong unions. Despite 60 years of declining overall union density in the United States, unions remain a vital force in many urban areas. New alliances with immigrant labor and other community groups have strengthened the collective voice of working people in New York City, Los Angeles, San Francisco, and a number of other cities.

**Community-benefits agreements**

Community-benefits agreements, or CBAs, are project-specific contracts between developers and community coalitions in which the developer agrees to provide certain benefits to the community hosting a project. These include agreeing to hire a portion of the project’s workers from the immediate neighborhood, to provide living-wage jobs, to give special consideration to low-income or otherwise disadvantaged residents, to provide the training that allows workers to obtain the necessary job skills, and to include public park space in exchange for community support for the project.

Developers invariably require land-use approvals from the local government and often benefit from public infrastructure expenditures, government subsidies, and/or favorable tax treatment. CBAs are one way to ensure that at least some of a development’s benefits flow back to the local community. And when CBA coalitions agree to support a development project, the developer and the municipality can feel confident that the project has real community support.
Los Angeles was a pioneer in developing and extending the CBA model. After the construction of the Staples Center with minimal community input in the late 1990s, which resulted in diminishing an already low quality of life for neighborhood residents, community organizations and neighborhood residents created the Figueroa Corridor Coalition for Economic Justice to ensure that subsequent development of the property adjacent to the arena would bring real benefits to local residents.

The resulting 2001 agreement between the L.A. Arena Company and the community coalition provided the following employment-related benefits, in addition to a number of other community “quality-of-life” benefits:

- Fifty percent of the subsequent sports and entertainment district project’s estimated 5,500 permanent jobs would be made available to local residents with preference given to those displaced by the project and low-income individuals living in the immediate neighborhood
- A commitment that 70 percent of the jobs be unionized or provide a living wage
- A commitment to abide by Los Angeles ordinances regarding worker retention, responsible contracting, and living wages
- $100,000 in seed funding from the developer for employment and pre-employment training of area residents

In the past decade, model CBAs have been negotiated between developers and community coalitions in many U.S. cities, including Pittsburgh, New Haven, Connecticut, Denver, Atlanta, and San Francisco. Exemplary job-related aspects of CBAs include local and low-income hiring policies, the provision of job training, minority hiring and subcontracting targets, and union neutrality clauses. These are in addition to basic “responsible contractor” provisions, which ensure that a contractor provides fair wages, benefits, and adequate training for its workers.

Community workforce agreements and project labor agreements

Project labor agreements, or PLAs, are pre-hire agreements between project developers and building trades unions that cover the terms and conditions of employment across all workers on a construction project. Developers and local building trades unions have negotiated PLAs since the 1930s, achieving labor peace by ensuring that jobs on a development project incorporate union labor and meet prevailing job standards.
PLAs are effectively “master collective bargaining agreements” signed by all unions and employers at a construction site, including subcontractors. PLAs can require set-asides to increase the number of minority contractors and workers and to require card check and/or to clear dispute resolution processes for nonunion contractors. They are a proven cost-effective tool for managing complex labor projects that promote job standards and labor peace without impairing competition or dramatically raising construction costs.

Community workforce agreements, or CWAs, combine the best of community-benefits agreements and project labor agreements. CWAs are project labor agreements that also include targeted hiring provisions designed to get low-income workers into construction careers. When the end user of a project is a public entity—commonly a municipality or school, transit, or sewerage district—the CWA is negotiated between the public entity, developer, and building trades unions with input and monitoring from local community groups. Unions and community groups are natural allies in promoting job access and job quality, and CWAs can ensure that job standards are enforced and that local residents get access to these jobs through targeted hiring provisions.

Los Angeles has a decade-long history of CWAs, including a number of city-sponsored projects and others funded by the school district, county, community college board, and community redevelopment agency. Most recently, the LA County Metro Transit Authority and the Los Angeles/Orange County Building and Trades Council have agreed on a CWA to cover $700 million in new construction projects over the next 30 years.

New York City and its building trades unions signed a five-year memorandum of understanding in 2009 covering up to $6 billion in construction projects that will create up to 30,000 new jobs. And Santa Fe, New Mexico, has gone one step further and passed an ordinance requiring a CWA on any city-funded construction project of more than $500,000.
Endnotes


2 The high-road means moving to higher levels of skills—qualified workers—and a greater reward for work—quality jobs. Qualified workers require innovative workforce and skill development initiatives. Quality jobs rely on a stronger floor of wage standards and work organization.


11 “Home rule” is the legal authority of municipalities to govern their own affairs free from state intervention. Cities and counties in the United States have no inherent powers under the U.S. Constitution so local governing authority needs to be explicitly granted by the state, either through its constitution or by statute. The degree of home-rule authority that cities and counties can exercise varies widely from state to state. In all states local home rule is still subject to limitation by the state, particular with regard to economic matters.


13 Ibid.


38 Some jurisdictions have adopted the principles of best-value contracting without using that term. In New Jersey local public contracts are generally awarded to the “lowest responsible bidder” where “responsible” means being “able to complete the contract in accordance with its requirements, including but not limited to requirements pertaining to experience, moral integrity, operating capacity, financial capacity, credit, and workforce, equipment, and facilities availability.” State of New Jersey Department of Community Affairs, “NJ Local Public Contracts Law” (2010), available at http:// csj.rutgers.edu/sites/csj.rutgers.edu/files/documents/public-purchasing/pp_hand_2240_fa12_lpc2010mar.pdf.
43 For an overview of how trade unions can use best-value contracting, or BVCs, and for model request for proposal, or RFP language, see Gerard M. Waites, “Best Value Contracting Briefing Book: Key Facts & Issues for Project Owners” (Washington: O’Donoghue & O’Donoghue, 2003). He suggests incorporating craft labor criteria such as participation in registered apprenticeship programs and pre-apprenticeship programs; sufficiency and reliability of craft labor supply sources and project staffing plans; safety training and certification programs; substance abuse programs; health and retirement benefits; and on-the-job safety and health programs.


48 Prevailing wages are calculated by city for different occupations by state labor departments from employer surveys. Wage rates set via collective bargaining are much less so in cities and occupations where unions are less prevalent.


64 Ibid.


70 New York state is one example. See N.Y. Gen. Mun. Law § 806 (1)(a).


73 See New York City Charter §§ 2601(5), 2604(b)(3).


76 See the section on Anchors.

77 According to a new report, one in six small business owners is an immigrant, with immigrant owners particularly concentrated in the kinds of small retail businesses found in U.S. cities: “37 percent of restaurant owners are immigrants, as are 49 percent of grocery store owners, and 54 percent of people who own laundries and dry cleaners;” Fiscal Policy Institute, “Immigrant Small Business Owners.”


89 Ibid.

90 The Los Angeles County Metropolitan Transportation Authority, “Project Labor Agreement” (2012), available at http://www.metro.net/about_us/pla/images/Project_Labor_Agreement.pdf.
