

For Immediate Release December 4th, 2012

Contact Thomas Cafcas 202-232-1616 x 219 or tommy@goodjobsfirst.org

Report: Construction Boom Fails to Deliver Jobs to District Residents; Strong Hiring Rules Remain Crucial

Washington, DC —Despite a building boom in the District of Columbia, DC residents remain underrepresented on area construction sites. Recently strengthened local hiring rules could reduce the gap, but much remains to be done to implement the new policy. These are among the findings of *Taxation without Employment: The Case for the District's Strong Local Hiring Rules*, a study published today by Good Jobs First, a non-profit, non-partisan research center based in Washington, DC.

The study is available online at www.goodjobsfirst.org/taxationwoutemployment

The report was commissioned by the Laborers' International Union of North America (LIUNA).

“The failure of area contractors to employ District residents is shocking,” said Thomas Cafcas, researcher at Good Jobs First and author of the report. “With so much money being spent on public works, taxpayer-subsidized real estate development, and job training in the District of Columbia, it’s important to ensure that those public investments maximize job creation for the city.”

District residents work in the construction industry at less than half the rate of those who live in the DC suburbs. If District residents participated in construction employment at the same level as their suburban peers, 11,500 more District residents would be on construction sites. As a result, the District’s economy would benefit from an estimated \$386 million in additional wages.

Such underrepresentation is not the norm. Just 2.9 percent of all District workers are employed in the construction industry, a much lower percentage than residents of Baltimore, Boston, New York City and Philadelphia. Yet workers who live in DC suburbs are *more likely* to be employed in construction when compared to suburban residents in the rest of these Northeastern cities.

“This study clearly shows that the District needs local hiring requirements,” said DC Councilmember Kenyan McDuffie (Ward 5), Chair of the Committee on Jobs and Workforce Development. “We have more than 30,000 unemployed people in the District, including 4,500 Ward 5 residents seeking work. I believe that many are ready to pick up a shovel and get to work – they just need a chance to prove themselves.”

Nearly one year ago today, Mayor Vincent Gray and the DC City Council strengthened the District's local hiring rules, known as First Source. The evidence suggests that the enhanced First Source law could have a significant impact on unemployment rates in the city.

The report also assesses other aspects of the construction industry as it relates to First Source:

- In DC, the unemployed population is more than three times greater than the construction workforce. In the rest of the region, excluding DC, there are nearly as many construction workers as unemployed residents.
- Data suggest that there are thousands of DC residents that could potentially benefit from greater access to construction jobs, including the working poor and unemployed residents.
- In 2010, the District spent \$112 million on job training for over 62,000 residents. Failure to leverage training money with First Source job opportunities needlessly wastes taxpayer money.
- A job on a single construction project can have lasting consequences for DC workers seeking jobs on private sector projects: construction work is often found through informal word-of-mouth hiring networks.
- Contractors on a variety of projects have made significant gains in hiring residents, but only when local hiring is made a priority

“We applaud the District's efforts to strengthen and enforce its First Source requirements,” Cafcas added. “There is a long road ahead to ensure compliance with the law.”