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# **Taxation without Employment: The Case for the District's Strong Local Hiring Rules**

Thomas Cafcas

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Good Jobs First is a national policy resource center for grassroots groups and public officials, promoting corporate and government accountability in economic development and smart growth for working families. We provide timely, accurate information on best practices in state and local job subsidies, and on the many ties between smart growth and good jobs. Good Jobs First works with a very broad spectrum of organizations, providing research, training, communications and consulting assistance. Good Jobs First publications and research have been featured in the Wall Street Journal, The New York Times, Reuters, The Washington Post, The Chicago Tribune, The Associated Press, The Baltimore Sun and a number of other state and regional papers of record. Good Jobs First has been called upon by numerous state commerce agencies to assist them in improving economic development in their states. In recent years, we have worked with Tennessee and Maryland to make improvements to their economic development systems.

*Commissioned by*

The Laborers' International Union of North America

1616 P Street NW Suite 210

Washington, D.C. 20036

202-232-1616

[www.goodjobsfirst.org](http://www.goodjobsfirst.org)

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## Executive Summary

Despite a building boom in the District of Columbia, city residents remain underrepresented on construction sites. Recently strengthened local hiring rules have the potential to reduce the gap, but much remains to be done implementing these new policies.

District residents work in the construction industry at less than half the rate of those who live in the D.C. suburbs. If District residents participated in construction employment at the same level as the rest of the D.C. region, 11,500 more District residents would be on construction sites, boosting the District's economy with an estimated \$386 million in additional wages.

Such underrepresentation is not the norm:

- Only 2.9 percent of all District workers are employed in the construction industry, compared to 4.9 percent of workers, on average, in major cities between Baltimore and Boston.
- Worse, the gap between the District's construction employment rate and that of the entire Washington metro area is more than twice that of any other major Northeastern metro area.
- The severe underrepresentation is particularly disturbing when put into context with the District's unemployment problem: In D.C., the unemployed population is more than three times greater than the construction workforce (2 construction workers for every 7 unemployed residents). In the rest of the region, excluding D.C., there are nearly as many construction workers as unemployed residents (5.5 construction worker residents for every 7 unemployed residents). D.C.'s unemployment rate is about twice as high as the rest of the region.

At the end of 2011, the Mayor and City Council strengthened the District's local hiring rules, also known as First Source. Opponents of the First Source reform claim that new targets set the bar too high, but the Marriott Marquis hotel project shows it is possible to meet the standards: although still in its early stages, D.C. residents represent 42 percent of all hours worked on the project and 64 percent of new hires. Public projects without strong local hiring requirements employ far fewer residents, as few as 10 percent of new hires.

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

- Data suggest that there are thousands of existing D.C. 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 training over 62,000 residents. Failure to leverage training money with First Source policies needlessly wastes taxpayer money.
- A job on a single construction project can have lasting consequences for D.C. 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 First Source is made a priority

There are few signs that the District's rapid pace of development will let up. The city continues to award lucrative subsidies to developers. According to the District's 2013 Unified Economic Development Budget, the city has proposed spending \$790 million on economic development incentives. Modernization of water, road and other types of infrastructure is also on the agenda. Between 2011 and 2020, the city is slated to implement D.C. Water's 10-year \$3.8 billion Capital Improvement Program to specifically enhance water and sewer infrastructure. Meanwhile, the District continues to spend tens of millions of dollars on training in the hopes of employing residents. But all of that spending would be for naught if the barriers to entering a career are too great for residents.

With so much money being spent on major public works projects, real estate subsidies and training, it's important for the city to maximize the return on its investments. Requiring First Source hiring is just one of many ways the city can strengthen its economic foundations by creating local jobs and removing employment barriers preventing city residents from entering the construction workforce.

## Introduction

The District of Columbia has deeply entrenched poverty and unemployment problems, especially in the eastern half of the city, and stands out negatively from the rest of the region. The District accounts for one-quarter of region's population living in poverty. One in six working-age residents lives in poverty. The District's unemployment rate is also much higher than other jurisdictions in the region.

The localized unemployment and poverty in the District is confounding given the city's recent renaissance. Compared to other regions, the city underwent a milder slowdown in the construction industry. Throughout the recession, some construction projects in the city have moved forward whereas elsewhere construction sites were generally abandoned en masse. And now, the industry has roared back to life long before other cities. Construction cranes jut forth into our Capitol skyline. This counter-national trend is due in large part to localized and long-term urban renewal efforts in Washington, D.C. which began in the early 2000s. One would hope that these new investments would help to lift all boats.

Yet D.C. residents are badly underrepresented on construction sites, working in the construction industry at less than half the rate of peers in the rest of the metropolitan area. Outside the District line, construction workers account for 73 out of every 1,000 workers. However, among those who live inside the District, the figure is just 29 per 1,000 employed.

If District residents participated in construction employment at the same level as the rest of the region, 11,500 more District residents would work in the construction industry. Construction work can provide middle-class wages to workers with limited education, so the low level of resident hiring is a tremendous missed opportunity for the District.

This shortfall is especially disturbing when compared to other metropolitan areas on the eastern seaboard including Baltimore, Philadelphia, New York City and Boston which connect along Amtrak's Acela line. Although it is common for rates of construction employment to be slightly higher in suburbs than cities, none of the abovementioned cities comes close when it comes to underrepresentation of city workers in construction. In fact, the gap between District and metro construction employment is *more than twice as large as that of any other major metro area on the "Acela Corridor"*.

Some blame the failure of contractors to employ D.C. residents on the city's education system, rates of drug use, and lack of training. Yet our inquiry found no evidence of a relationship between construction employment and the prevalence of poor schools or drug use, nor did we find a lack of available training. Instead, we found evidence that D.C. residents may be trapped in a vicious cycle: excluded from construction work because they are cut off from the social

networks that are vital to obtaining construction employment, or worse, as some residents contend, victims of discrimination by employers.

In the absence of robust efforts to promote the hiring of District residents, it appears likely that the exclusion will continue, with serious consequences for the health of the city's economy and low-income communities. Most recent annual estimates show that the District of Columbia invests \$790 million in economic development subsidies and \$82 million on workforce development.

Currently, the city has about \$250 million worth of civil construction projects (improvements to roads, water systems, etc.) in the pre-bid and bid phases and about \$3.5 billion in the post-bid phase.<sup>1</sup> Many of these projects are publicly funded infrastructure projects like the Washington Metropolitan Transit Rail Yard. The same data show about \$60 billion in commercial projects currently in a bid phase, a portion of which has been publicly funded through economic development subsidies. The potential of those investments is being squandered, however, so long as District residents are effectively excluded from the resulting construction jobs.

One common strategy for addressing such problems is requiring recipients of public dollars to make construction employment opportunities available to District residents. The District has nominally imposed "First Source" hiring rules since 1984, but the law has generally been disregarded by contractors. At the end of 2011, the District revamped its First Source law by strengthening its hiring targets and enforcement mechanisms.

There is evidence that First Source policies can work when rigorously applied. For example, during the construction of the Nationals baseball stadium, city residents accounted for a majority of new hires and 34 percent of total work hours. More recently, reports from the construction of the Marriott Marquis hotel indicate that District residents have accounted for nearly two in three new hires (64 percent) and 42 percent of hours worked.

Yet where First Source requirements do not apply or are not enforced, the results have been very different. A 2010 report by the D.C. Auditor showed that only 4 out of 16 projects surveyed met First Source requirements, costing the city 361 jobs and \$14.3 million in District resident earnings on those projects alone.

One only need look at two projects that are being built by Clark Construction – the same contractor that led the stadium project. District residents have performed between 14 and 21 percent of work hours on the yet-to-be-completed Department of Homeland Security's headquarters, and account for just 14 percent of new hires on the Smithsonian African American Museum project.<sup>2</sup> These low hiring figures have drawn fire from the African-American community in the District of Columbia.

The District's improved First Source law is an appropriate response to the problem of social capital barriers within construction hiring. Further, the law is necessary in order to prevent public dollars spent on workforce investments or economic development subsidies from being needlessly wasted.

## **The District of Columbia's economic health lags behind the rest of the region**

The Washington, D.C. Metropolitan Statistical Area (MSA) includes seven out of the ten wealthiest counties in the U.S.<sup>3</sup> Though there are very wealthy portions of the District and the Washington, D.C. MSA, these figures overlook persistent poverty and unemployment in many District of Columbia neighborhoods. Although much of America is still recovering from a deep recession, which was specifically linked to the housing and construction industries, the District of Columbia continues to undergo rapid urban development. But to what extent is this construction boom alleviating the District's deeply entrenched economic woes?

Radiating out from the Washington Monument, mammoth construction cranes jut forth into our nation's Capitol skyline -a rare occurrence for American cities these days. Nearly 9,000 residential rental units are under construction in the District of Columbia with more in the pipeline.<sup>4</sup> Entire neighborhoods, including Columbia Heights, H Street, Petworth, U Street and Southwest Waterfront, are almost unrecognizable to long-term residents. This isn't a recent trend but rather part of a longer urban renaissance happening within the District that began long before the recent recession in the early 2000's.<sup>5</sup>

Many assume that recent revitalization efforts in the city are doing a great deal to lessen deeply entrenched poverty and unemployment. But the District continues to stand out negatively compared to the rest of the region in terms of poverty and unemployment. This trend is not the result of the recession but rather enduring socio-economic divides going back decades.

### *Methodology*

Using the American Community Survey (ACS) made available by the U.S. Census Bureau, we gathered data about the District of Columbia, Census Tracts within the District, the Washington Metropolitan Statistical Area (MSA)<sup>6</sup> and similar data from other regions along the eastern seaboard. Unless otherwise noted, we utilized 5-year estimates rather than 1-year estimates, because the former have lower margins of error and allow us to dig deeper into the data as well as analyze smaller levels of geography. These 5-year figures also do a better job reflecting larger economic trends in the region, while a single year of data may be overly influenced by short-term trends and random variables.

The most recently available 5-year estimate is from 2006-2010.<sup>7</sup> The Census Bureau recommends against making direct comparisons of 1-year and 5-year estimates.<sup>8</sup> In instances where it might be relevant to mention more recent data, we provide such estimates but caution against making direct comparisons with 5-year estimates.

*Poverty is higher in the District than the region as a whole.*

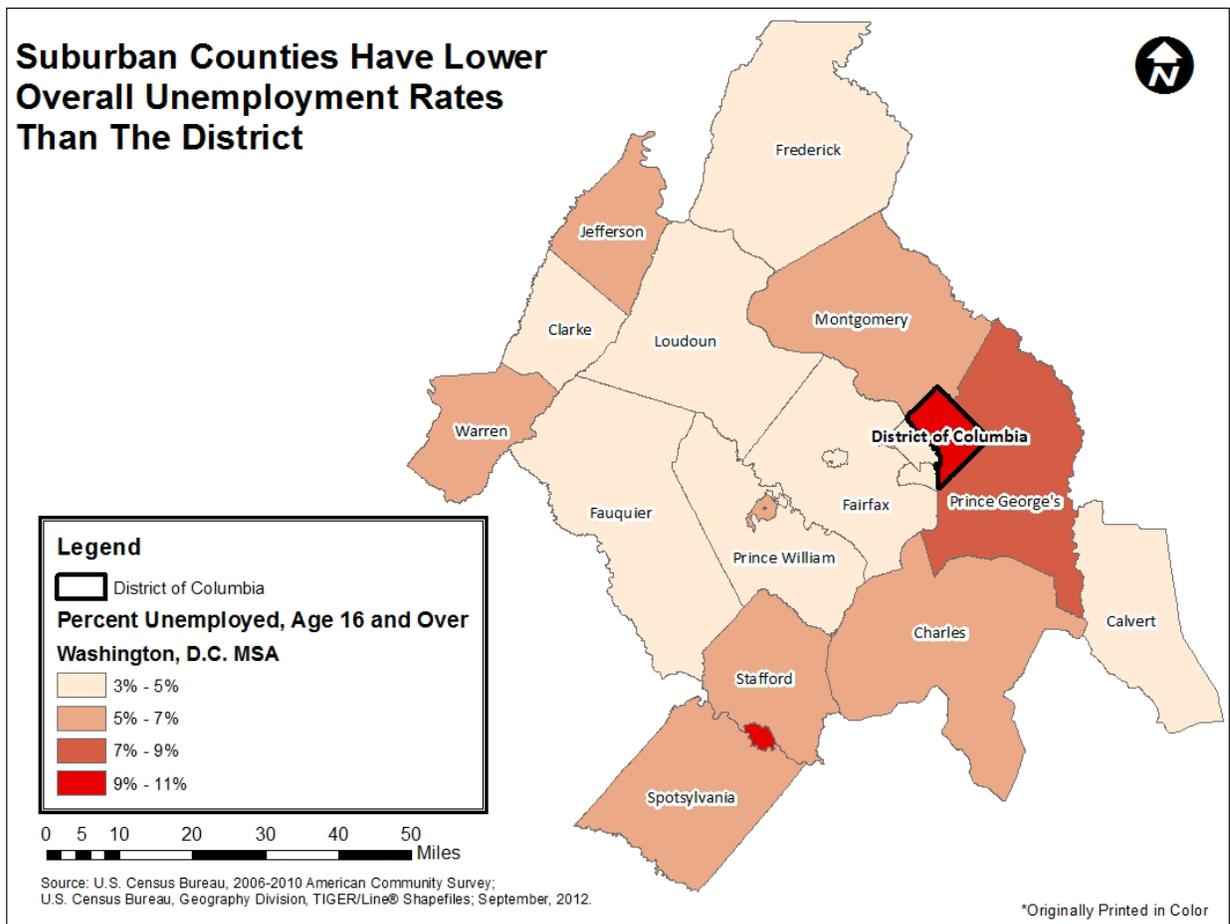
Relative to the region as a whole, the District contains a much higher share of people living in poverty. This is true not only when looking at all individuals, including children and the elderly, but also households, minorities, males and individuals of working age. For each of these measures, the District’s poverty rate is two- to three-times higher than the region as a whole. About a quarter of the region’s working-age poor reside in the District of Columbia, despite the fact that the District accounts for just 11 percent of the region’s population.

<b>Poverty Estimates in the D.C. Region, ACS 2006-2010 <sup>9</sup></b>			
		District of Columbia	Washington, D.C. MSA
Individuals in Poverty (includes elderly and children)	Number	101,767	388,569
	Percent	19%	7%
Households in Poverty	Number	15,830	64,187
	Percent	15%	5%
African-Americans In Poverty	Number	77,167	171,187
	Percent	26%	12%
Males in Poverty	Number	43,553	168,153
	Percent	17%	7%
Individuals Aged 18-64 in Poverty	Number	62,660	236,139

A 2012 report by the D.C. Fiscal Policy Institute (DCFPI) analyzing more recent 1-year ACS poverty estimates for 2010 and 2011 imply that poverty is on the rise in the District compared to 1-year estimates from 2006 to 2009.<sup>10</sup> While the Census Bureau cautions against directly comparing 5-year estimates and 1-year estimates, these numbers certainly suggest that the problem may be getting worse. For African-Americans, DCFPI points out that the problem is particularly severe: “unemployment among Black residents is twice as high today than before the recession started, while the unemployment rate for whites has nearly returned to pre-recession levels.”

*Unemployment is higher in the District than the region.*

Compared to the region as a whole, the District suffers from an unusually high unemployment rate. The District's overall unemployment rate for 2010 was 9.4 percent for all individuals 16 and over. For males, it was slightly higher at 9.5%. Only Fredericksburg City, Virginia had a comparable unemployment rate.<sup>11</sup> In fact, 19 percent of unemployed individuals in the entire region live in the District of Columbia, despite the fact that the District accounts for only 12 percent of individuals aged 16 and older living in the MSA.

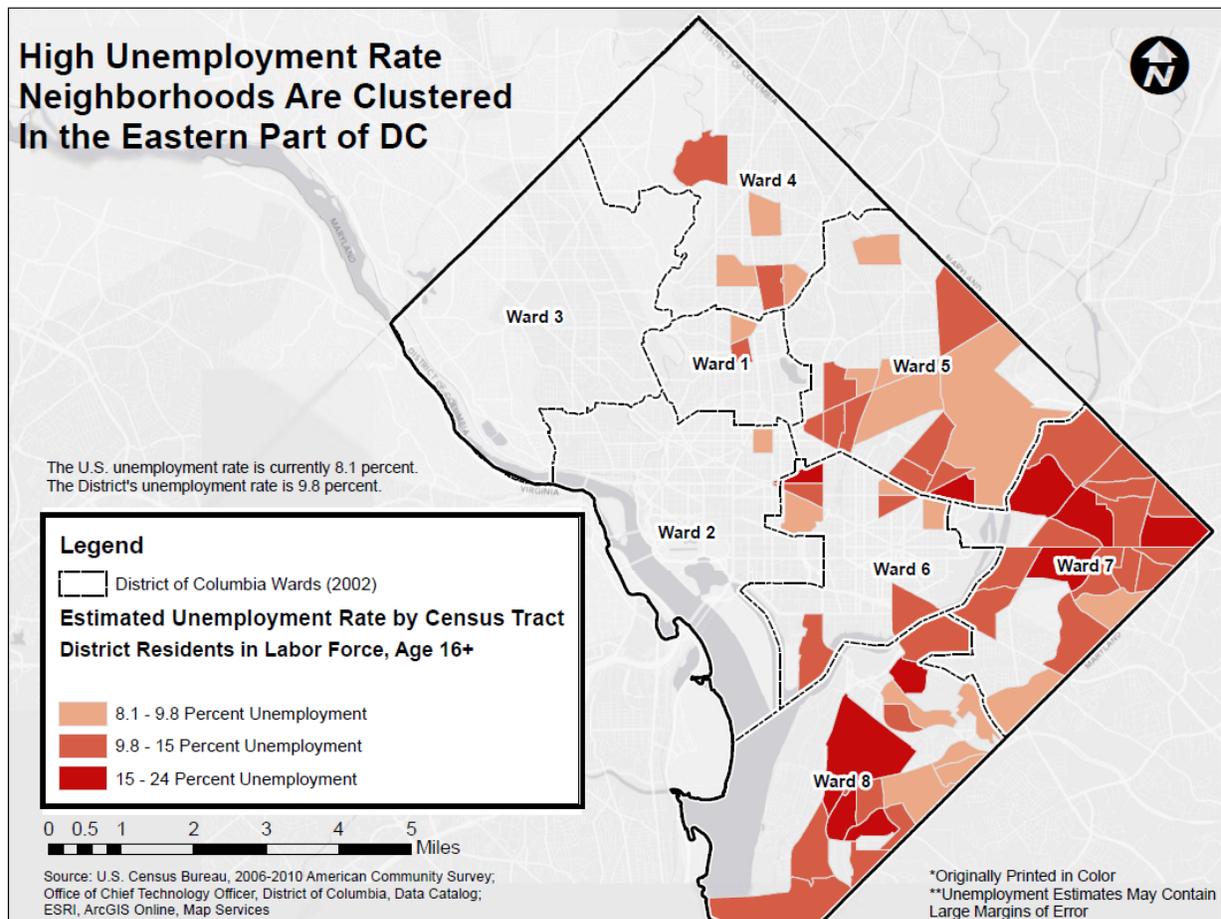


A more recent estimate from June of 2012 by the Bureau of Labor Statistics shows that this unemployment trend persists: the District had the highest unemployment rate among all jurisdictions within the region.<sup>12</sup>

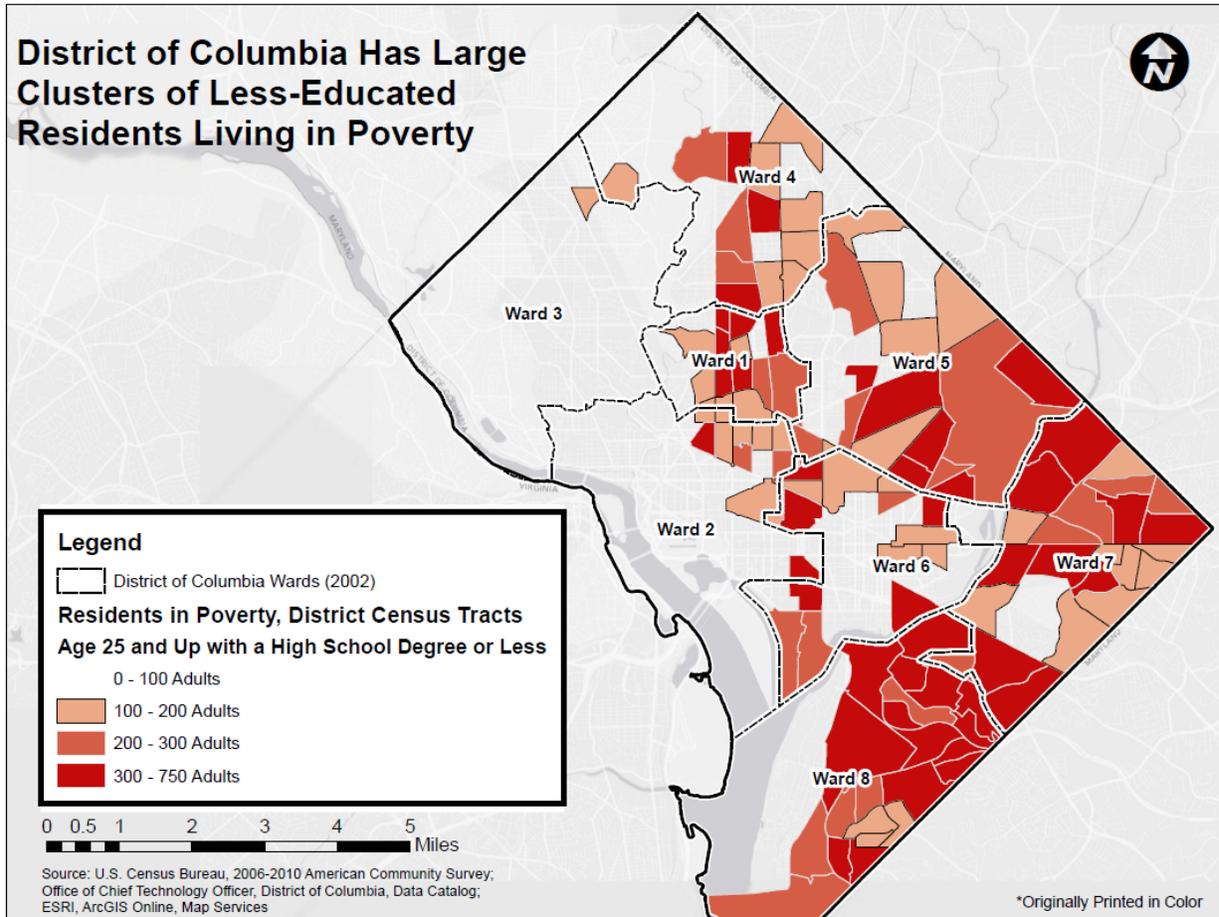
### Variation in the geography of unemployment and poverty within the District

Within the District of Columbia, there is also a wide variation in the geography of unemployment and poverty. Generally, the eastern half of the District contains high concentrations of impoverished and unemployed residents, while the western half of the District has relatively few residents who are unemployed or living in poverty.

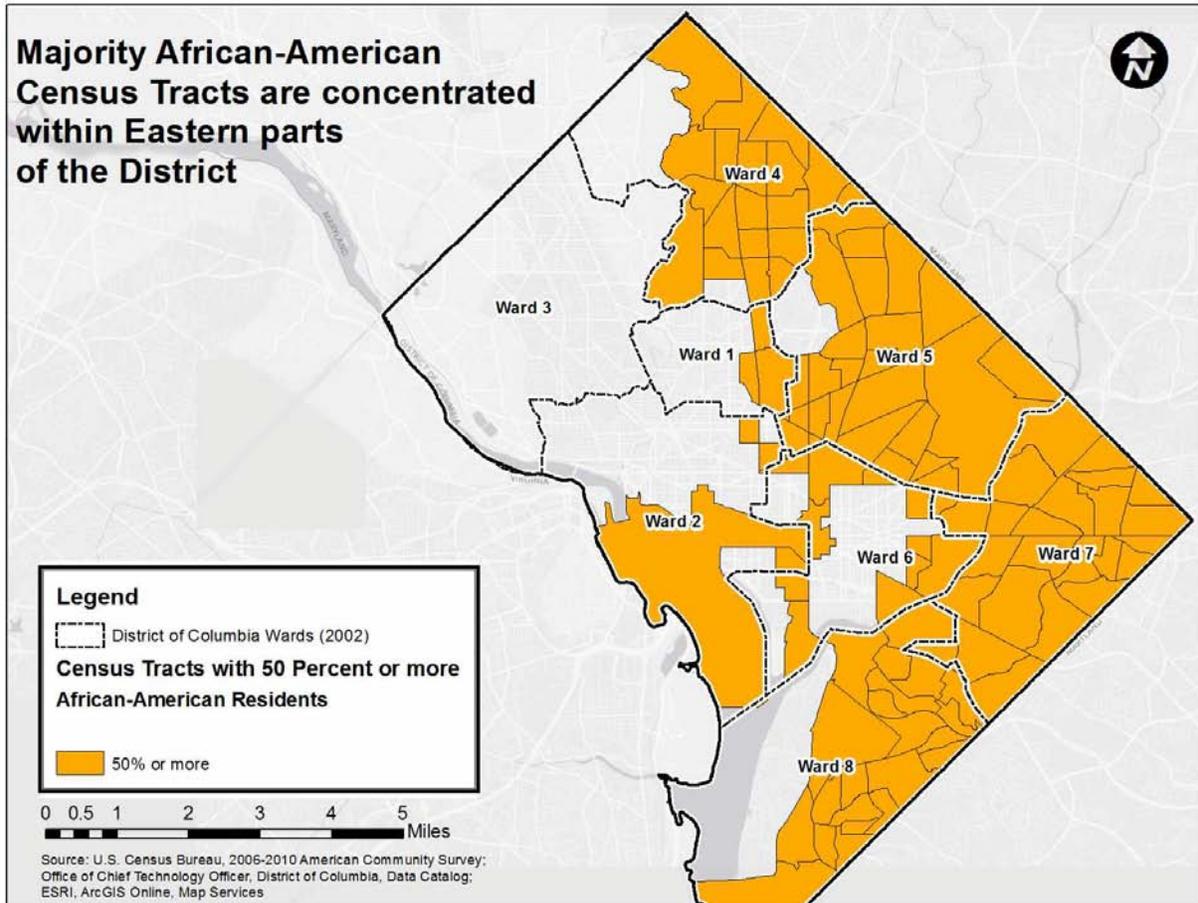
In the map below, Census tracts with unemployment rates above the District's average unemployment rate are highlighted in dark red. These are 5-year ACS estimates, meaning these numbers represent five years of data from 2006 to 2010: before, during and after the recession. As the data show, Wards 7 and 8 have the highest concentrations of unemployed residents. Since Census tracts are small geographies, more recent estimates are not available.



As the map below shows, poverty is also concentrated in these parts of the city. The data show a long term trend of concentrated poverty, especially among working age residents, those aged 25 and up, with a high school degree or less. In particular, Wards in the eastern half of the city have the highest numbers of residents living in poverty.

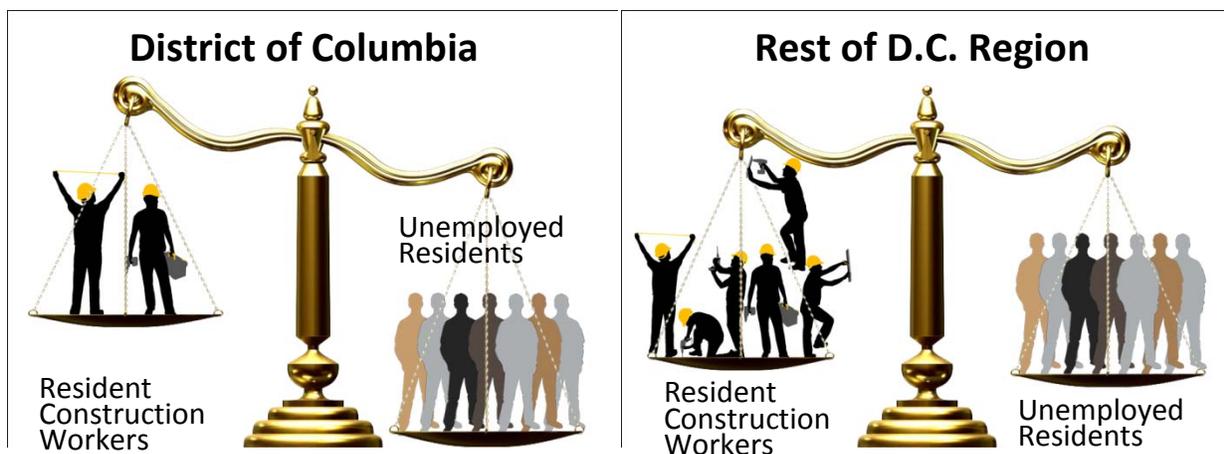


African-American communities in the District experience the highest levels of poverty and unemployment. Approximately 26 percent of African-Americans in the District live in poverty.<sup>13</sup> Regionally, just 12 percent of African-Americans live in poverty. As the map below shows, majority African-American Census tracts are concentrated within the eastern half of the District. In particular, Wards 4, 5, 7 and 8 contain majority African-American neighborhoods.



## The District's construction boom is not providing opportunity for residents

Despite the enormous potential to employ residents and lift them out of poverty, District residents are being hired on construction sites at less than half the rate of residents elsewhere in the Washington, D.C. region. This spatial mismatch between District residents is particularly disturbing when put into context with the District's unemployment problem. Regional unemployment over the past few years, both pre- and post-recession, has been highest in the District of Columbia. According to 5-year ACS data from 2006-2010, the District of Columbia has 2 construction workers for every 7 unemployed residents. The rest of the region, excluding Washington, D.C., has about 5.5 construction worker residents for every 7 unemployed residents. But the District's unemployment rate is about twice as high as the rest of the region.



The District is an outlier in this regard. D.C. residents are much less likely to work in construction than residents of Baltimore, Boston, New York City and Philadelphia. Yet workers who live in *D.C. suburbs* are *most likely* to be employed in construction when compared to suburban residents in the rest of the "Acela Corridor".

It is not uncommon for residents of an anchor city to be slightly underrepresented in the metro workforce: cities between Boston and Baltimore they are typically 25 percent less likely to work construction than their suburban counterparts. But District of Columbia residents participate in the construction labor force at *less than half* the rate of the larger metro workforce. There are 73 construction workers for every 1,000 employed residents elsewhere in the Washington metropolitan area, while inside the District there are just 29.

<b>Regional Construction Employment along the Eastern Seaboard, ACS 2006-2010</b>				
Geography	Estimated Resident Workers in the Construction Industry <sup>14 15</sup>	Estimated Resident Workers Who are Employed <sup>16</sup>	Percent of Employed Residents Working in Construction Industry	Construction Workers per 1,000 Employed Residents
<b>District of Columbia</b>	8,727	297,189	2.9%	29
Washington, D.C. MSA	196,582	2,889,207	6.8%	68
Rest of MSA excluding D.C.	187,855	2,592,018	7.3%	73
<b>Baltimore City, MD</b>	15,848	274,033	5.8%	58
Baltimore MSA	92,679	1,342,159	6.9%	69
Rest of MSA excluding Baltimore City	76,831	1,068,126	7.2%	72
<b>Philadelphia County, PA</b>	27,223	620,987	4.4%	44
Philadelphia MSA	163,617	2,825,161	5.8%	58
Rest of MSA excluding Philadelphia	136,394	2,204,174	6.2%	62
<b>New York City, NY</b>	194,558	3,745,106	5.2%	52
New York City MSA	528,635	8,912,305	5.9%	59
Rest of MSA excluding New York City	334,077	5,167,199	6.5%	65
<b>Suffolk County, MA (City of Boston)</b>	14,638	366,804	4.0%	40
Boston MSA	127,717	2,326,121	5.5%	55
Rest of MSA excluding Suffolk County	113,079	1,959,317	5.8%	58

<b>Percentage difference of residents employed in the construction industry for core cities relative to the rest of the region<sup>17</sup></b>				
District of Columbia	Baltimore City, MD	Philadelphia Co., PA	New York City, NY	Suffolk Co., MA (Boston)
-60%	-20%	-29%	-21%	-31%

## The District is missing an opportunity to reduce poverty and unemployment

Construction jobs are not the sole solution to the District’s employment and poverty problem, but they can be an important component. Construction jobs require little formal education and often pay better than other jobs available to workers without college degrees. Few would contest the notion that construction careers could be a pathway out of poverty for many.

<b>Construction Pay in the D.C. Region, ACS 2006-2010 <sup>18</sup></b>				
Category		District of Columbia	Washington D.C. MSA	United States
Average Wages of Year-Round, Full-Time Construction Workers, Employed at Establishments Within Geographic Area	Annual	\$54,320	\$46,620	\$44,630
Average Wages, Year-Round, Full-Time Construction Workers, Employed at Establishments Within Geographic Area	Hourly	\$26.12	\$22.41	\$21.46
Average Wages of Year-Round, Full-Time Construction Laborers, Employed at Establishments Within Geographic Area	Annual	\$39,540	\$32,090	\$34,170
Average Wages, Year-Round, Full-Time Construction Laborers, Employed at Establishments Within Geographic Area	Hourly	\$19.01	\$15.43	\$16.43

## **How harmful is the underrepresentation of District residents in the regional construction industry?**

Consider, for a moment, a thought experiment: if District residents were hired at the same level that residents in the region participate in the construction industry (6.8%), an additional 11,500 District residents would be employed in the construction work.<sup>19</sup> The ACS 2006-2010 5-year estimate showed about 31,000 unemployed workers in the labor force living in the District. Those additional construction workers residents could decrease the number of unemployed residents in the District by 37%, assuming only unemployed residents were hired. Assuming those jobs were on average only 1,500 hours per year, and that those workers were paid the average regional construction wage for full-time construction workers, those jobs could bring an estimated \$386 million in additional wages to District residents.<sup>20</sup>

Obviously, not every unemployed individual is suited for construction work, but that doesn't mean the District doesn't have a large pool of candidates to pull from. In 2004, the Maryland Department of Labor, Licensing and Regulation found that roughly 84 percent of the employees in the state's construction industry are men.<sup>21</sup> About three-quarters of the workers in the Maryland construction industry are between the ages of 25 and 54. The 2006-2010 ACS estimates that the District contains 9,415 unemployed men aged 25 to 54 still in the labor force. This figure excludes unemployed workers that have given up looking and left the labor force.

Looking at only the unemployed also misses underemployed individuals that might consider pursuing a construction job. The 2006-2010 ACS estimates that there are 7,067 employed male residents aged 16 and over living in poverty. Underemployed individuals that leave their low-wage jobs to seek construction careers could also reduce the unemployment rate if unemployed individuals took their place.

Although women play a smaller role on the construction site, it would be unfortunate to assume that no women in the District desire to work on a construction site. Women like Belinda Hagins of Ward 4, a foreman with Hensel Phelps who has worked 50,000 craft hours without a lost-time accident, can and should be considered part of the potential construction labor pool.<sup>22</sup>

These rough calculations show that higher levels of participation by District residents in the construction industry could have a profound economic impact. It is unreasonable to assume that any policy response could immediately undo decades of detachment from the construction industry. Even so, the degree of detachment from the construction industry is so severe that any policy to address this disparity, even if only partially effective, would have significant impacts for the District's economy.

## **Why are District residents not adequately benefiting from construction in the city?**

*Is education a major factor?*

Some have claimed that District residents are underrepresented on construction sites because the city's education system fails to prepare residents for work on a construction site.<sup>23</sup> This is a specious argument: according to the Bureau of Labor Statistics' (BLS) Occupation Outlook Handbook, many construction careers do not require extensive prior education.<sup>24</sup>

For Roofers, Laborers, Drywall and Ceiling Tile Installers and Painters, the BLS states that a high school degree is not required. Construction Equipment Operators, Electricians, Glaziers, Plumbers and Structural Iron and Steel Workers require no more than a high school degree. For less skilled construction work, the BLS states that most construction workers learn their trade through short-term on-the-job training. For more skilled construction work, the BLS states that most learn their trade through moderate-term on-the-job training, a formal apprenticeship or by attending private trade schools.

According to an analysis of occupational data from the U.S. Census' Current Population Survey by the Economic Policy Institute for the Laborers' International Union of North America (LIUNA), 25 percent of construction workers in America never completed high school. And an additional 45 percent hold only a high school degree. More than two-thirds of U.S. construction workers have no education beyond high school. For some construction jobs, like construction laborers, fewer workers possess formal education. Thirty-seven percent of construction laborers never completed high school and 41 percent hold only a high school degree.

For construction careers, on-the-job training matters a great deal more than formal educational training. However, the District's school system is not an outlier. Philadelphia public school students, for example, were slightly less proficient in math than peers in the District, while reading proficiency and SAT results were nearly identical. Yet contractors do not appear to have difficulty employing Philadelphia residents.

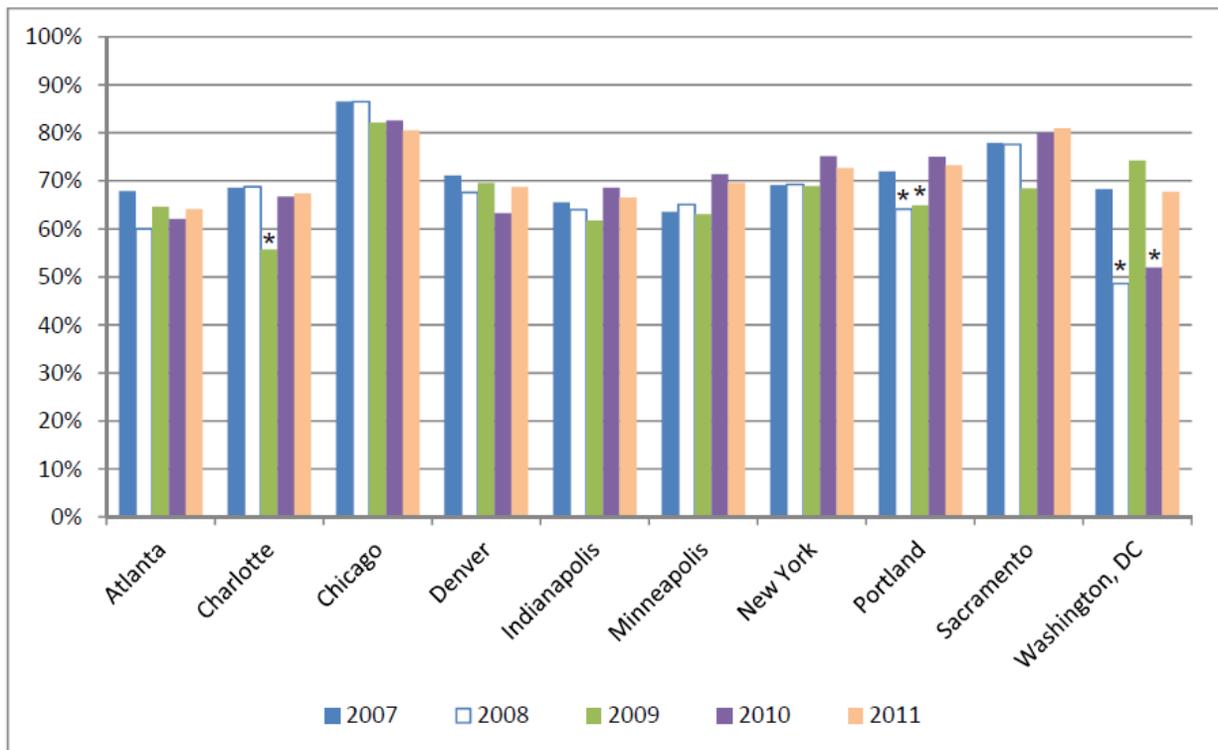
The District of Columbia does not stand out in terms of high school SAT scores.<sup>25</sup> This is an excellent tool for comparing educational outcomes since students take the same test. As the results show, D.C. Public Schools' test scores are in the middle of the pack. Baltimore City and Philadelphia Public Schools had average scores slightly lower than the District, while both New York City and Boston Public Schools scored slightly higher. It should be noted that none of these school districts had an average score above the national average of about 1500.<sup>26</sup>

*Is drug usage a major factor?*

Another hypothesis has been that District residents have a unique and acute drug abuse problem.<sup>27</sup> Yet one of the most commonly used measures of drug use – the federal Arrestee Drug Abuse Monitoring program – finds that the percentage of arrested individuals testing positive for drugs in the District of Columbia is quite consistent with other cities.<sup>28</sup> New York City arrestees were more likely to test positive for drugs than D.C. arrestees, and Baltimore’s drug problems are well known – yet this has clearly not made it impossible for New York or Baltimore contractors to hire city residents.

The data even imply that the District has slightly fewer drug users than New York City. It seems far-fetched that drug usage is to blame if New York City has 52 construction workers for every 1,000 employed residents while D.C. has just 29. Drug use does not definitively explain why District residents are underrepresented at construction sites.

**Figure 3.3: Percent Testing Positive for Any Drug**



Source: 2011 Arrestee Drug Abuse Monitoring report published by The White House Office of National Drug Control Policy.

### *Is the District failing to train residents?*

A third excuse for the low level of District residents hired on construction sites is that the city is failing to train them.<sup>29</sup> Yet each year, the District spends millions training residents in 30 programs across a dozen agencies. These are targeted at a vast array of populations with a wide gamut of services available including literacy and adult education, job readiness training, occupational skills training and subsidized on-the-job training. And the District is not the sole provider of training: many different types of organizations are also awarded grants to conduct training. According to the D.C. Fiscal Policy Institute, the city spent over \$82 million in 2010 on workforce development, while the federal government chipped in over \$30 million.<sup>30</sup> In total, more than \$112 million was spent on training in the District in 2010 with services provided for over 62,000 participants.

Training programs that teach widely applicable skills obviously help prepare District workers for construction careers. But some of these programs are specifically tailored to the construction industry. The Department of Employment Services provides apprenticeship training in specific construction-related skills that includes plumbing and electrical work as part of its Office of Apprenticeship Information and Training. In 2010, the office had \$873,000 in funding and provided training to 878 participants interested in construction careers. The same year, the Opportunities Industrialization Center received a total of \$293,300 for its training programs, one of which is a pre-apprenticeship certification course for the construction trades. The Spanish Catholic Center received \$45,000 in 2010 for adult math and English as a Second Language training for workers interested in construction trade employment.

These examples only account for publicly funded, not privately funded training. As the Bureau of Labor Statistics makes abundantly clear, it is common in the construction industry for workers to learn on the job. This training is paid for by employers. For more skilled trades, workers often attend private trade schools. Frequently, joint labor-management agreements result in labor unions providing training to workers without public subsidies. This is commonly how workers in other Northeastern cities learn their trade. The District already has institutions like these. The Francis L. Greenfield Laborers' Training & Apprenticeship Institute is a joint labor-management training fund that provides privately funded training for numerous construction trade skills like asbestos and lead remediation and weatherization.

### **What other explanations clarify why District residents are excluded from the construction industry?**

#### *Researchers point to informal social networks*

Construction is a unique industry. Employment is highly seasonal. Jobs are tied to a volatile business cycle with frequent booms and busts. The result is an industry that must ramp up

hiring quickly to meet demand. Even so, the education and experience required for construction work is low. Why then aren't unemployed District residents looking for work being hired by construction companies desperate to get projects off the ground?

Often construction superintendents ask existing crews for recommendations on new hires. Contractors rely on word-of-mouth hiring because they believe it reduces the risk of a bad hire, but the practice also keeps otherwise qualified workers from even knowing about open positions. Many District contractors are headquartered outside the city and currently hire from pools of workers who live outside the District. Without having ever worked on a construction site, District workers are locked out of the market simply because they will never get referred to by existing construction workers.

Academics have studied what drives construction industry hiring and subcontracting decisions. A paper released in *Economic Development Quarterly* analyzed the primary factors that determined why a particular worker or subcontractor might be hired on a construction project.<sup>31</sup> The authors were unequivocal in their conclusion: "insider networks shape access to work." Social capital matters and without it workers face significant barriers to entry. The trend perpetuates itself without outside intervention: District workers who might be well-suited to construction employment don't have access to jobs because they have never worked on a construction site and know few others in their community working in the industry.

*Many District residents claim contractors use discriminatory hiring practices to keep them off the job*

In March of 2011, more than fifty members of a citizen coalition group called D.C. Jobs or Else marched across the 11<sup>th</sup> Street Bridge chanting "We need jobs!"<sup>32</sup> These residents were baffled that the city, with help from federal earmarks, could spend almost \$300 million on a bridge connecting one of the poorest neighborhoods in the city, Anacostia, to wealthier portions of the city without employing many local residents. Donald Temple, a lawyer representing the group, stated "local citizens are protesting the fact that they are being excluded from the employment process at a construction site that's merely two miles from where they live." Fewer than 10 percent of the workers on the construction site were District residents, despite the fact that Anacostia has the highest unemployment rates in the city.

Residents had not been lax in attempting to gain employment. One demonstrator, 35-year-old Wesley Faucette of Southeast Washington, had been invited to numerous job programs and filled out applications without getting callbacks from employers. At the time, he had been underemployed for five years.

Later that April, the group again protested at the future site of the Department of Homeland Security (DHS) headquarters on the old St. Elizabeths hospital site.<sup>33</sup> More than 100 people,

including many who had applied for work on the project, marched on the construction site. At the time, the project was the largest federal construction project in the country, located in the heart of Ward 8. One protesting applicant complained that they had applied for a job over two years ago and hadn't even received a response from the contractor. The General Services Administration, the federal agency managing the contract at, claimed that 37 percent of the workers were District residents at the time of the protest. But certified payroll records later revealed just 14 percent of project work hours were performed by District residents between January, 2010 and May, 2011.<sup>34</sup>

In October of 2011, D.C. Jobs or Else protested the Center City construction site.<sup>35</sup> Rev. George C. Gilbert Jr., a pastor at Holy Trinity Baptist Church who helped organize the protest, was clear about the failure of contractors to hire District residents: "we have folks that are capable and willing to work... Clark [the contractor] is giving us a deaf ear and we're trying to bring light to that situation."

In July of 2012, the group again protested a Clark construction site in Washington: the Smithsonian's National Museum of African American History and Culture on the National Mall.<sup>36</sup> About 120 people demanded fair hiring practices from Clark Construction, including not just hiring of District residents but also African-Americans who are also underrepresented on construction sites. One protestor, Charles E. Davis, had over 40 years of experience in the construction industry, but had been underemployed for the last two years despite seeking work with Clark.

Between October of 2011 and February of 2012, Rev. George Gilbert took 116 men and women to apply for jobs at Clark Construction sites in D.C. None were called or interviewed for a job. Clark Construction responded with promises about a trailer that would allow applicants to find out more about how to apply for jobs.

The protest prompted Congresswoman Eleanor Holmes Norton to notify the contractors —the project is a joint venture of Clark, Smoot and Russell— that the site will be monitored by her office to ensure that District residents are adequately being represented and that the project must comply with Title VI of the 1964 Civil Rights Act. Her office recently estimated that just 14 percent of workers on the project are District residents.<sup>37</sup>

It is extremely difficult to determine whether hiring through informal social networks or discriminatory hiring practices better explain the low levels of District residents at construction sites. Regardless, both factors require a policy response that reduces the barriers to entry for District residents. Without a proper policy response, District residents who are already experienced construction workers, like Charles Davis, or those invited to receive workforce training from the city, like Wesley Faucette, will never have a shot at a construction career.

## **What is the right policy to reduce barriers to entry into construction jobs for District residents?**

*A First Source policy allows workers to gain access to construction jobs*

A carefully crafted First Source policy directly addresses the specific problems facing the District. First Source requires a construction contractor utilizing taxpayer money to make a reasonable effort to hire District residents, especially those with construction experience or who have received training from the city. Without an intervention, the current cycle of exclusion within the construction industry for District residents will continue.

First Source is limited in scope as it applies only to District procurement and development subsidies. These projects do not account for a huge share of overall private sector employment within the construction industry. Companies that do not wish to comply can simply refuse public subsidies or bid on other privately-funded development projects. Barring government intervention, District workers are denied opportunity in perpetuity because they have had no past opportunities to succeed and enter informal construction hiring networks. By creating opportunity for a few District workers, the policy can over time lessen the barriers prohibiting residents from working on construction sites.

First Source is also a way to ensure the greatest return on the District's investments. With so much money being spent on economic development subsidies and training in the District of Columbia, it's important to ensure that those public investments maximize their economic return for the city. As previously mentioned, the city spent over \$82 million on training in 2010. The city continues to award lucrative subsidies to developers. According to the District's 2013 Unified Economic Development Budget, the city has proposed spending \$790 million on economic development incentives.<sup>38</sup> Those economic development dollars will also leverage privately funded construction work. Reed Construction data reports that the District has about \$250 million worth of civil construction projects, much of which is publicly funded, in the pre-bid and bid phases and about \$3.5 billion worth of civil construction projects in the post-bid phase.<sup>39</sup>

When the city awards subsidies to urban revitalization projects, the expectation is that the cost of those subsidies will be offset by the increased tax revenues collected from newly hired workers. There's also an added benefit when previously unemployed or impoverished workers get jobs: the District's public assistance costs drop. With so many District revitalization projects subsidizing low-wage retailers and luxury condos, construction jobs account for the bulk of the economic impact from these projects. Without a First Source policy, there is little guarantee that the city can receive an adequate return on its investment: out of state residents don't pay District income taxes.

Similarly, the District's massive investments on training will be fruitless without a complementary policy to ensure that trained workers do not face insurmountable barriers to employment. By requiring a small subset of the overall labor market —publicly funded projects— to hire local residents, the District ensures that the pipeline of trained workers and public money spent training them are not wasted.

### **Will First Source work for District residents?**

*First Source has been on the books for years, but it's mostly been ignored by construction contractors*

In 1984, the District of Columbia adopted a First Source law. The law required contractors on city-funded jobs and developers of city-subsidized projects to make good faith efforts to hire local residents. Unfortunately, the original law contained a number of loopholes allowing many recipients of District tax dollars to skirt compliance. A 2010 report by the D.C. Auditor found that just four of the sixteen recent development projects reviewed met the requirements.<sup>40</sup> Many prominent new development projects, such as the Mandarin Oriental hotel, DC USA and Kenyon Square, were among those failing to meet the requirements of the law. The 2010 report by the Auditor concluded that 361 jobs and \$14.3 million in earnings were lost to District residents because of noncompliance on the 16 projects it looked at. That figure did not include the potential savings from reduced public assistance programs.

Despite the District having an exemption process allowing developers to receive a waiver if the Department of Employment Services (DOES) determined the company could not find enough District residents with the skills required for the job, no non-compliant developer had received such an exemption. After a number of council hearings, it became clear that contractors were doing little to try to meet the standards of the law and DOES had not implemented an adequate system to track and implement First Source hiring.

In 2011, the First Source law was updated and strengthened to ensure that District spending, particularly in the form of economic development subsidies and workforce training dollars, actually reach District residents. The new law requires more frequent electronic reporting by contractors and mandates better oversight by DOES to ensure compliance. It also requires at least half of the *hours* worked on projects receiving \$5 million or more worth of District funds to be completed by District residents. This prevents contractors from simply hiring District residents and then immediately firing them. Finally, the law allows DOES to award additional incentives to contractors exceeding local hiring thresholds by reducing the franchise tax rate and/or by allowing the company to deduct 50% of the wages of hired District residents receiving public assistance.

Current Mayor Vincent Gray referred to the old First Source law as “abused and ignored” by contractors. He supported the renewed focus on the program and greater enforcement mechanisms.<sup>41</sup> Mayor Gray was clear about the need for better implementation: “The bill that I am signing into law today enhances our ability to do what First Source was originally designed to do: ensure that District residents get hired for projects funded by District taxpayers... This legislation ensures that First Source is actually being implemented properly.”<sup>42</sup>

*When First Source hasn't been ignored, it has succeeded*

When not compelled to meet local hiring goals, contractors choose to hire very few District residents. In 2011, the General Services Administration (GSA) undertook a \$3.4 billion redevelopment of St. Elizabeth's hospital in Southeast D.C. which would ultimately house the new headquarters for the Department of Homeland Security (DHS). The project was managed by Clark Construction. Because federal, not District, procurement rules applied, the project serves as an excellent example of how many District residents contractors would hire if left to their own devices without a First Source policy. Varying estimates on the DHS project state that between 14 and 21 percent of work hours were performed by District residents.

The Smithsonian National Museum of African American History and Culture offers another glimpse into how few District residents would be hired without First Source requirements. Again, Clark Construction was one of three partnered contractors, with Smoot and Russell, working on the African American Museum. The most recent estimate put out by Congresswoman Eleanor Holmes Norton shows that just 14 percent of the 217 workers on the project are District residents, even after scandal broke condemning the project for hiring so few African-Americans and District residents.<sup>43</sup>

This contrasts significantly with an earlier project completed by Clark Construction, the very same contractor on the DHS and African American Museum projects. In 2006, the D.C. Council approved a \$611 million deal to finance the construction of the Nationals baseball stadium. The city issued bonds backed by taxes on D.C. residents and attendees. The District utilized a project labor agreement (PLA), in addition to a First Source agreement, and set aggressive goals for local hiring that exceeded typical First Source requirements:

- 25 percent of all hours worked must be worked by apprentices (First Source requirement)
- 100 percent of newly hired apprentices must be District residents (PLA requirement)
- 50 percent of apprentice hours must be worked by District residents (PLA requirement)
- 50 percent of journey level hours must be worked by District residents (PLA requirement)

A report submitted by the contractors on the lead contractors Clark Construction, Hunt Construction Group and Smoot Construction shows that the project employed local residents and apprentices at far higher rates than the typical District construction project.<sup>44</sup> A total of 1,963 workers were hired and 991 of them were District residents (51 percent), meaning that the project met the primary First Source requirement.

In total, there were 2,171,782 work hours on the project, of which 407,001 hours or 19 percent of the total, were worked by District apprentices. District residents made up 85 percent of the 418 total new apprentices on the construction site. Sixty-nine percent of apprentice hours were D.C. residents. Twenty-six percent of journeymen hours were worked by D.C. residents.

In total, the Nationals stadium had District residents complete 34 percent (736,253 of 2,171,782 work hours) of the work hours.<sup>45</sup> This disparity led Washington City Paper columnist Lydia DePillis to later conclude in 2011 that “history shows it’s possible to employ D.C. residents when they have to”.<sup>46</sup> DePillis went on to discuss the DHS project and countered claims that the pool of qualified D.C. workers had dried up, since the St. Elizabeths project had only logged 1.2 million hours, fewer than the stadium in total. At the time, the DHS project was being protested by a number of District residents for failing to hire qualified candidates.

While not all the goals were fully achieved, the Nationals stadium looks like a smashing success compared to projects such as the 11<sup>th</sup> Street Bridge, St. Elizabeth’s or the new Smithsonian museum. Then Mayor Anthony Williams stated that he wanted to set “aspirational” hiring goals for District residents.<sup>47</sup> The higher standards clearly translated into more robust results.

*Will the First Source law be too burdensome on construction contractors?*

Opponents of the revamped First Source law claim that construction contractors cannot possibly comply with First Source requirements, because they are too onerous and unreasonable. But many contractors have already met First Source requirements without great difficulty.

The new First Source rules passed in 2011 have not been fully written into agreements yet, but contractors are already responding to the higher standards. In February of 2012, District officials released preliminary results for the first 12 months of construction on the Marriott Marquis hotel.<sup>48</sup> The 1,167 room, \$550 million hotel began construction in November of 2010 and is expected to last 42 months into 2014. The project is expected to create some 1,500 construction jobs. The District of Columbia supported the project with \$272 million in financing and it is being built on city-owned land. The project is being developed by Quadrangle and Capstone Development. Hensel Phelps is the general contractor.

Despite being far from completion, the Marriott Marquis hotel project is the most successful project to date in terms of compliance with First Source goals (for more on project successes look at the table in the endnotes).<sup>49</sup> District residents have worked 48,580 hours on the project, representing 42 percent of the total work hours. District apprentices worked 15,519 hours (77 percent of the total apprentice hours), far exceeding the goal of 60 percent. District journeymen worked 12,915 hours (22 percent of total journeymen hours), falling just shy of the 25 percent goal. District residents are performing 51 percent of the skilled laborer hours and 100 percent of common laborer hours. Thus far, 64 percent of new hires are District residents. All of these figures imply significant progress in meeting First Source goals, both before and after the 2011 reform.

The District is far from an outlier when it comes to having First Source policies. Going back as far as the late 1970's, cities throughout the country have enacted and implemented First Source rules as a means to better target their economic development and workforce improvement efforts. Cities have taken a multitude of approaches on First Source goals with varying levels of success.

First Source programs succeed when they clearly define the “good faith efforts” that contractors must undertake to comply with local hiring requirements. There has been a great deal of controversy in the District about what it actually means to comply in good faith. Other cities solve this by clearly defining what good faith means. At a minimum, good faith definitions should include the following:

- Sending written notification to interested parties whenever a contractor has a job opening;
- Maintaining records of organizational responses to their announcements;
- Maintaining a file on each local worker who was referred but not hired, including an explanation for why the worker was not hired; and
- Documentation supporting participation in local workforce improvement training programs.

Much as was the case in the District of Columbia, San Francisco had numerous difficulties in getting low-income residents hired on major construction projects through monitoring and enforcement of First Source requirements.<sup>50</sup> Although residents wanted to work on major public works construction projects and applied for jobs, contractors refused to hire residents. Like D.C., contractors claimed they couldn't find qualified workers and that the program was too burdensome.

Seeking to rectify this problem, San Francisco revamped its program in 2011 and enacted even more stringent standards.<sup>51</sup> It is widely considered a success. In the first year alone, 34% of

total work hours and 68% of apprentice hours on 22 public works projects have been performed by San Francisco residents.<sup>52</sup>

## **Conclusion**

There are few signs that the District's rapid pace of development will let up. The city continues to award lucrative subsidies to developers. According to the District's 2013 Unified Economic Development Budget, the city has proposed spending \$790 million on economic development incentives.<sup>53</sup>

Modernization of water, road and other types of infrastructure is also on the agenda. Between 2011 and 2020, the city is slated to implement D.C. Water's 10-year \$3.8 billion Capital Improvement Program to specifically enhance water and sewer infrastructure.<sup>54</sup>

Meanwhile, the District continues to spend tens of millions on training in the hopes of employing residents. But all of that spending would be for naught if the barriers to entering a career are too great for residents.

Requiring First Source hiring is just one of many ways the city can ensure it maximizes the return on its investment by creating local jobs and removing employment barriers preventing city residents from entering the construction workforce.

## Endnotes

<sup>1</sup> <http://www.reedconstructiondata.com/project-leads/district-of-columbia/>

<sup>2</sup> Press release from Del. Eleanor Holmes Norton. Online at: [http://www.norton.house.gov/index.php?option=com\\_content&view=article&id=3307:norton-releases-new-hiring-statistics-ahead-of-roundtable-hearing-tuesday&catid=2](http://www.norton.house.gov/index.php?option=com_content&view=article&id=3307:norton-releases-new-hiring-statistics-ahead-of-roundtable-hearing-tuesday&catid=2)

<sup>3</sup> Carol Morello and Ted Mellnik, "Seven of the nation's 10 most affluent counties are in Washington region," *The Washington Post*, Sept. 19, 2012. Online at: <http://www.washingtonpost.com/wp-srv/special/local/highest-income-counties/>

<sup>4</sup> Brady Dennis and Amrita Jayakumar, "A renter's respite: In Washington area, thousands of new units to open soon," *The Washington Post*, Aug. 8, 2012. Online at: [http://www.washingtonpost.com/business/economy/a-renters-respite-in-washington-area-thousands-of-new-units-to-open-soon/2012/08/08/7d643afa-da9e-11e1-b829-cab78633af7c\\_story.html](http://www.washingtonpost.com/business/economy/a-renters-respite-in-washington-area-thousands-of-new-units-to-open-soon/2012/08/08/7d643afa-da9e-11e1-b829-cab78633af7c_story.html)

<sup>5</sup> Brady Dennis and Amrita Jayakumar, "A renter's respite: In Washington area, thousands of new units to open soon," *The Washington Post*, Aug. 8, 2012. Online at: [http://www.washingtonpost.com/local/black-dc-residents-plummet-barely-a-majority/2011/03/24/ABtlgJQB\\_story.html](http://www.washingtonpost.com/local/black-dc-residents-plummet-barely-a-majority/2011/03/24/ABtlgJQB_story.html)

Carol Morello and Tim Craig, "In sign of rebound, D.C. population set to surpass 600,000," *The Washington Post*, Dec. 31, 2009. Online at: <http://www.washingtonpost.com/wp-dyn/content/article/2009/12/30/AR2009123003262.html>

<sup>6</sup> Also known as the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area

<sup>7</sup> For more about the differences between the 5-year and other types of ACS data:

[https://www.census.gov/acs/www/guidance\\_for\\_data\\_users/estimates/](https://www.census.gov/acs/www/guidance_for_data_users/estimates/)

<sup>8</sup> <https://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

<sup>9</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates.

<sup>10</sup> Ed Lazere and Wes Rivers, "Poverty on the rise in DC," *DC Fiscal Policy Institute*, Sept. 12, 2012. Online at: <http://www.dcfpi.org/poverty-on-the-rise-in-dc-2>

<sup>11</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates. See table below.

Unemployment in the Washington, D.C. MSA for 2006-2010				
Geography	Population 16 and Over	Percent Unemployed 16 and Over	Percent of Males Unemployed 16 and Over	Total Unemployed Individuals
<b>District of Columbia</b>	<b>493,401</b>	<b>9.4%</b>	<b>9.5%</b>	<b>46,380</b>
<b>Washington D.C. MSA</b>	<b>4,255,804</b>	<b>5.8%</b>	<b>5.3%</b>	<b>246,837</b>
Alexandria city, Virginia	113,215	3.9%	3.9%	4,415
Arlington County, Virginia	169,341	3.2%	3.4%	5,419
Calvert County, Maryland	67,410	4.4%	3.7%	6,478
Charles County, Maryland	109,795	5.9%	6.3%	2,966
Clarke County, Virginia	11,112	4.2%	4.3%	467
Fairfax city, Virginia	18,140	4.7%	3.5%	853
Fairfax County, Virginia	823,156	4.3%	3.7%	35,396
Falls Church city, Virginia	8,967	6.1%	3.2%	547
Fauquier County, Virginia	49,727	4.7%	4.8%	2,337
Frederick County, Maryland	177,272	4.8%	4.3%	8,509
Fredericksburg city, Virginia	19,261	10.3%	13%	1,984
Jefferson County, West Virginia	41,088	6.1%	6.5%	1,656
Loudoun County, Virginia	210,521	3.8%	3.1%	8,000
Manassas city, Virginia	26,951	6.5%	3.1%	1,752

Manassas Park city, Virginia	9,634	4%	3.2%	385
Montgomery County, Maryland	744,964	5.2%	4.7%	38,738
Prince George's County, Maryland	670,310	8.3%	8.2%	55,636
Prince William County, Virginia	280,468	4.9%	3.6%	13,743
Spotsylvania County, Virginia	89,642	6.4%	5.3%	5,737
Stafford County, Virginia	92,367	5.6%	4.5%	5,173
Warren County, Virginia	29,062	5.9%	3.8%	1,715

<sup>12</sup> Bureau of Labor Statistics U.S. Department of Labor, "Unemployment in the Washington Area by County," Sept. 2012. Online at: <http://www.bls.gov/ro3/urwash.htm>

<sup>13</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates.

<sup>14</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates.

<sup>15</sup> Another way of measuring the number of construction worker residents is to look at surveys of firms employing residents. The Bureau of Labor Statistics' Occupation Employment Statistics (OES) asks firms about employment and wages at the worksite. For a construction company, that would theoretically be the site of a construction project. An analysis of construction jobs is available from the DC Department of Employment Services, online at: [http://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/DOES\\_11-222\\_DC\\_DOES\\_Projections\\_Complete\\_v3.pdf](http://does.dc.gov/sites/default/files/dc/sites/does/publication/attachments/DOES_11-222_DC_DOES_Projections_Complete_v3.pdf)

The OES projects that the District contained about 13,000 construction worker residents in 2008, a relatively close number to the 5 year 2006-2010 ACS figure. We did not utilize this method to measure construction industry participation. In our judgment, the OES survey does an excellent job measuring wages and employment but it doesn't do a good job of measuring where construction workers live. The OES data for the construction industry appears to have significant issues, at least regionally. The 2006-2010 5 year ACS reports that about 196,000 workers throughout the D.C region report being employed in the construction industry, while the OES claims that just 107,000 are employed in construction. This variance is probably because the OES survey is not tailored to the specific nature of the construction industry. For instance, contractors and temporary employees are not included in the OES statistics. For these reasons, it makes the most sense to rely on surveys of workers self-reporting participation in the construction industry, not firms and their workers. The OES survey, which describes its data collection approach, is available online at: <http://www.bls.gov/respondents/oes/pdf/forms/236000.pdf>

<sup>16</sup> U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates.

<sup>17</sup> This calculation shows the relative difference between residents working in the construction industry in a core city (like the District) and the rest of the region (the Washington, D.C. MSA excluding the District). Thus for the District, the calculation is as follows:  $\frac{2.9\%}{7.2\%} - 1$

<b>Construction Industry Workforce Participation Rate Variances</b>		
<b>District of Columbia</b>	2.9%	
Washington, D.C. MSA	6.8%	-60%
Rest of MSA excluding D.C.	7.2%	
<b>Baltimore City, MD</b>	5.8%	
Baltimore MSA	6.9%	-20%
Rest of MSA excluding Baltimore City	7.2%	
<b>Philadelphia County, PA</b>	4.4%	
Philadelphia MSA	5.8%	-29%
Rest of MSA excluding Philadelphia	6.2%	
<b>New York City, NY</b>	5.2%	
New York City MSA	5.9%	-20%
Rest of MSA excluding New York City	6.5%	
<b>Suffolk County, MA (City of Boston)</b>	4.0%	
Boston MSA	5.5%	-31%
Rest of MSA excluding Suffolk County	5.8%	

<sup>18</sup> Bureau of Labor Statistic's Occupational Employment Statistics database. Online at: <http://www.bls.gov/oes/>

<sup>19</sup> This number is derived by multiplying the current employed labor force for D.C. by the Washington, D.C. MSA employment participation rate in the construction industry.  $297,189 * 6.8\% = 20,221$ . Currently, there are 8,727 resident workers in the construction industry meaning that if the District had regional parity, there would be about 11,500 additional construction worker residents in the District.  $20,221 - 8,727 = 11,494$

<sup>20</sup>  $11,500 \text{ workers} * 1,500 \text{ annual hours} * \$22.41 \text{ regional average hourly wage} = \$386,572,500$

<sup>21</sup> Maryland Department of Labor, Licensing and Regulation, "Construction Workforce Demographics," Nov. 2004. Online at: <http://www.dllr.maryland.gov/lmi/industryclusters/constructiondemo.pdf>

<sup>22</sup> Dedra T. Owens, "Ladies first: Hagins makes construction safe for all," *The Washington Informer*, March 8, 2012. Online at: <http://washingtoninformer.com/index.php/local/item/5993-ladies-first-hagins-makes-construction-safe-for-all>

<sup>23</sup> Lydia DePillis, "Is the District unconstitutionally forcing contractors to hire local?" *The Washington City Paper*, May 30, 2012. Online at: <http://www.washingtoncitypaper.com/blogs/housingcomplex/2012/05/30/is-the-district-unconstitutionally-forcing-contractors-to-hire-local/>

<sup>24</sup> <http://www.bls.gov/ooh/construction-and-extraction/home.htm>

<sup>25</sup>

College Readiness for Eastern Seaboard Urban School Districts in 2010							
School District	Overall Participation Rate	Average Reading Score	Average Writing Score	Average Math Score	Average Total Score	Total Possible Points	Percent Possible Points
<b>District of Columbia Public Schools</b>	60%	416	404	407	1227	2400	51%
Baltimore City Public School System	69%	383	379	375	1137	2400	47%
School District of Philadelphia	61%	406	397	415	1218	2400	51%
New York City Public Schools	75%	439	433	462	1334	2400	56%
Boston Public Schools	63%	437	433	464	1334	2400	56%

Source: The Broad Prize for Urban Education 2011. Online at:

<http://www.broadprize.org/resources/reports2011.html>

<sup>26</sup> Mary Beth Marklein, "Average SAT scores fluctuate slightly within class of 2010," *The Washington Post*, Sept. 19, 2012. Online at: [http://www.usatoday.com/news/education/2010-09-13-satscores\\_ST\\_N.htm](http://www.usatoday.com/news/education/2010-09-13-satscores_ST_N.htm)

<sup>27</sup> Lydia DePillis, "Is the District unconstitutionally forcing contractors to hire local?" *The Washington City Paper*, May 30, 2012. Online at: <http://www.washingtoncitypaper.com/blogs/housingcomplex/2012/05/30/is-the-district-unconstitutionally-forcing-contractors-to-hire-local/>

<sup>28</sup> Office of National Drug Control Policy Executive Office of the President, "2011 Annual Report Arrestee Drug Abuse Monitoring Program II," May 2012. Online at: [http://www.whitehouse.gov/sites/default/files/email-files/adam\\_ii\\_2011\\_annual\\_rpt\\_web\\_version\\_corrected.pdf](http://www.whitehouse.gov/sites/default/files/email-files/adam_ii_2011_annual_rpt_web_version_corrected.pdf)

<sup>29</sup> Lydia DePillis, "Is the District unconstitutionally forcing contractors to hire local?" *The Washington City Paper*, May 30, 2012. Online at: <http://www.washingtoncitypaper.com/blogs/housingcomplex/2012/05/30/is-the-district-unconstitutionally-forcing-contractors-to-hire-local/>

<sup>30</sup> DC Fiscal Policy Institute, "Workforce Development in the District of Columbia: A Resource Map," Jan. 9, 2012. Online at: <http://www.dcfpi.org/wp-content/uploads/2012/01/1-10-12-Workforce-Map.pdf>

<sup>31</sup> "The Declining Status of Minorities in the New York City Construction Industry" Timothy Bates and David Howell. *Economic Development Quarterly*. February 1998, 12: 88-100. Online at: <http://edq.sagepub.com/content/12/1/88.short>

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Use of District Residents on Major Economic Development Projects							
<b>Project</b>	Mandarin Oriental Hotel	DC USA (Target in Columbia Heights)	National's Stadium Project	St. Elizabeths (DHS)	11 <sup>th</sup> Street Bridge Project	Marriott Marquis Hotel	African-American Smithsonian Museum
<b>Primary Contractor</b>	Miller & Long	Clark, Smoot	Clark, Smoot, Hunt	Clark	Skanska, Facchina	Hensel Phelps	Clark, Smoot, Russell
<b>First Source Requirement?</b>	Yes	Yes	Yes	No	Yes	Yes	No
<b>Year Started</b>	2002	2006 - 2007	2006	2009	2009	2011	2012
<b>Percent of District Residents as New Hires</b>	33%; 412 D.C. residents	28%; 49 D.C. residents	51%; 991 D.C. residents	37%	Less than 10%	64%	14%; 30 D.C. residents
<b>Total Public Funding</b>	\$46 million in TIF	\$46 million in TIF and at least \$2 million in NIF	\$693 million in bonds	\$435 million	\$300 million	\$272 million	\$500 million
<b>Size of Project</b>	\$144 million	\$140 million	\$693 million	\$435 million	\$300 million	\$550 million	\$500 million
<b>Hours Worked by District Residents</b>	Unknown	Unknown	34%	14%	Unknown	42%	Unknown
<b>Date of Reporting Period</b>	Entire Project	Entire Project	Entire Project	1/2010 to 5/2011	~2009 to 2011	1/2011 to 1/2012	7/2012
<b>Phasing</b>	Complete	Complete	Complete	First Phase	Last Phase	Mid-Phase	First Phase
<b>Source of First Source Compliance Reporting</b>	DC Auditor	DC Auditor	Contractor's Final Report	Certified Payrolls Report	News Reports	News Reports	Rep. Holmes-Norton

DC Auditor report online at: <http://dcauditor.org/sites/default/files/DCA082010.pdf>

More on DC USA TIF project:

<http://dmped.dc.gov/DC/DMPED/Programs+and+Initiatives/Neighborhood+Revitalization/Ward+One/DC+USA>

More on the DC USA costs: <http://www.washingtoncitypaper.com/blogs/citydesk/2009/03/24/mayoral-earmarks-include-21m-for-dc-usa-parking/>

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<sup>53</sup> Office of the Chief Financial Office District of Columbia, “Unified Economic Development Reports,” 2013. Online at: <http://cfo.dc.gov/page/unified-economic-development-reports>

<sup>54</sup> District of Columbia Water and Sewer Authority webpage. Online at: [http://www.dcwater.com/investor\\_relations/budget\\_information.cfm#cip](http://www.dcwater.com/investor_relations/budget_information.cfm#cip)