

# A Model for Workers, Communities, the Environment and a Better Construction Industry

**A**cross the country, state and local governments are instituting Green Construction Careers Programs, because they recognize their own power to leverage real economic benefits from the construction projects they finance and subsidize. These programs vary, but they have several components in common. They use forceful job quality standards — like training and safety requirements, wage and benefits standards, and responsible contractor provisions — to ensure that public money creates a high quality construction industry in their region. They include targeted hiring programs to ensure that new workers — including residents of low-income communities and communities of color — have access to construction careers. And they create linkages among pre-apprenticeship and apprenticeship training programs, often including funding, to ensure that new workers have the skills and orientation they need to succeed in formal apprenticeship.



These programs have been used to shape public infrastructure and school construction as well as subsidized private construction projects like hotels and office space. They share an emphasis on new green technologies and skills, and focus on shaping the emerging green construction market.

At the national level, coalitions of labor unions, community organizing networks, environmental, faith-based and civil-rights advocates have come together to highlight the relevance of these models to national investment in infrastructure and the new green economy. These leaders, and their allies in city and state governments, are advocating from a deep well of experience. They know that green construction career models work because they have worked — in Los Angeles and Oakland, Milwaukee and Portland (OR), Cleveland and Seattle, St. Louis and New York City.

By establishing a framework to lift up job standards in the construction industry and develop new recruitment and training standards that help new workers get into the jobs, green construction careers programs benefits workers, communities and the construction industry as a whole. And they serve the vital public interest, by making sure all communities benefit from public investment, and by delivering higher quality products, in the form of better schools and roads, and safer construction sites.

## What makes them green?

Green construction careers programs are defining the shape of the green economy, ensuring high quality jobs and better access for new workers. These green construction careers models include:



- Residential weatherization programs, including federally-funded WAP models, rate-payer financing and PACE programs;
- Programs that plan for and prioritize energy efficient retrofits of publicly-owned buildings, including public housing stock, local government buildings and public school facilities;
- Publicly-subsidized private construction, like redevelopment projects that are required to comply with LEED standards; and
- Transit infrastructure — the construction jobs that will help reshape urban transportation options and get more cars off our roads.

## An Industry in Crisis

Green construction careers programs are gaining allies and advocates because they address a set of compelling problems faced by the construction industry.

First, job quality is in decline. Historically, construction jobs provided a pathway to the middle class, but construction job quality has undergone a steady decline. Many construction workers now face serious threats to their personal and economic security, as the low-bid contracting strategies used by many state and local governments have undermined the industry. Contractors who win in a low-bid environment are often the lowest-bidder for all the wrong reasons: they don't invest in safety and skills training; they undercut wages — or even worse, pay workers off the books, leaving them with no workers comp or social security protections.

The impact of these practices is clear in the data. Middle-class construction careers are being replaced by low-wage, part-time and seasonal construction work.

- **Real wages for construction workers were lower in 2006 than in 1973.**<sup>1</sup> Adjusted for inflation, construction workers in 1973 earned the equivalent of \$22.13 an hour in today's dollars. However, actual average hourly pay for construction workers in 2006 was only \$18.29 — 17% below their 1973 earnings adjusted for inflation.
- **In 2006, real wages for construction workers lagged behind the average wage for all other industries,** even though historically construction jobs paid better than the average wage for all other industries.

<sup>1</sup> Unless otherwise referenced, all industry-wide statistics are from *The Construction Chart Book: The US Construction Industry and Its Workers*. CPWR – The Center for Construction Research and Training (produced with support from the National Institute for Occupational Safety and Health grant number OH008307), 2008. Available here: <http://www.cpwr.com/rp-chartbook.html>.

- **Total compensation for construction workers — including wages and benefits — also lagged behind other industries, because fewer construction workers receive health benefits and paid time off.** In 2005, 74% of wage-and-salary employees received health insurance through their job, but only 58% of construction wage-and-salary workers had employment-based health insurance. Non-union contractors are much less likely to offer health insurance than union contractors.
- **Even when contractors are making more money, workers are not seeing the gains.** According to the federal government's economic census, contractors' gross operating surplus — profits — grew between 1977 and 2002. Workers did not get their fair share of this gain — instead the proportion of construction receipts paid to payroll and benefits declined by 13.8% over the same period.

Second, the construction industry faces a looming labor shortage (notwithstanding unprecedented levels of unemployment in 2009 and 2010). Historical patterns of exclusion render women and African-Americans under-represented in the construction workforce. That under-representation is untenable if the industry is to attract enough high-quality new workers to propel it through the next several decades.

- **Construction Careers Programs help address a labor shortage projected to intensify in the next twenty years.** The construction workforce is getting older, reflecting the fact that fewer young workers enter the industry every year. From 1985 – 2008, the proportion of construction workers over 35 increased, while the proportion of younger construction workers decreased. Industry watchers agree that the aging of the workforce portends significant labor and skills shortages in the future. Construction careers programs help develop an untapped workforce and create new pipelines for workers to get into construction careers.
- **African Americans and women workers are vastly underrepresented in the construction workforce, compared to their proportion of the total workforce.** In 2005, only 2.7% of workers in the basic construction crafts were women. Racial minorities in general made up only 21% of the construction workforce. Though African American workers made up about 12% of the workforce in 2007, only 6.5% of workers in the basic construction crafts were African American.
- **Non-traditional construction workers — women, poor people and people of color — need more opportunities to get into construction careers.** African American workers are more likely to be union than non-union. Women workers are represented at about the same rate in union and non-union sectors. Nonetheless, for both of these groups, greater efforts are needed to increase job-seekers' access to high quality careers. Hispanic workers

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# Ensuring the green economy includes everyone!

In 2009 the state of Massachusetts's Energy Efficiency Advisory Council (EEAC) approved a plan that will incorporate an innovative equity and job quality model presented by Community Labor United's statewide Green Justice Coalition (GJC). This \$1.4 billion, 3-year energy efficiency program is expected to retro-fit 140,000 homes. As a result of the GJC's efforts, a set of equity and job quality standards are being implemented in a series of pilot programs that began in 2010 including:

- Financing for an extensive door-to-door outreach program conducted by trusted community organizations that will enroll low- and moderate-income households for high quality energy retrofits;
- Up-front financing for homeowners;
- Bundling of contracts allowing larger, responsible contractors to do the work while creating steadier work for residents; and
- A set of job quality standards that include a livable wage, benefits, access to training opportunities and participation in a local hire program.

In addition to this state wide program, the GJC also negotiated a series of high road standards with contractors participating in the city-wide Renew Boston energy efficiency program which extends financing assistance to moderate-income households. This agreement establishes that contractors and sub-contractors will pay livable wages, provide benefits,



participate in a local hire program and provide access to training programs. Most recently, the GJC negotiated a similar responsible contractor agreement with Conservation Services Group, one of the largest auditing, energy efficiency, and administrative contractors in the region.

Currently, the Green Justice Coalition and Massachusetts' leading utility companies have entered into an intensive process to explore ways to improve how the residential energy efficiency programs serve hard to reach communities (such as working class neighborhoods and renters). The process will examine the rebate and financing options available, look at community mobilizing styles of outreach and marketing, and explore ways to implement stricter contracting standards around, hiring policies, higher wage rates, and health and safety standards. Both sides expect to use this process to reach agreement later this spring on policy changes which will ensure the move towards a greener Massachusetts is done in a more equitable way.

The Green Justice Coalition's commitment to equity and good jobs have maximized the potential of these innovative programs by ensuring the delivery of real energy cost savings to low- and moderate-income families, creating good family sustaining jobs for local residents and significantly reducing of carbon emissions in Boston and throughout the state of Massachusetts.

are overrepresented in the construction industry compared to the general workforce, but they are concentrated in the low-wage, low-quality sector of the industry. Strong job quality standards and better support for non-traditional workers to enter the high-quality end of the industry would increase their access to career opportunities with better wages, benefits, training and advancement.

## Construction Careers Programs Provide Solutions

**Green Construction Careers programs** promise to strengthen the construction industry and the economy as a whole, by targeting employment and training opportunities to workers and communities who traditionally have had little access to career-track jobs in the building trades. In the best models, targeted hiring is defined by a community workforce agreement. A community workforce agreement is a legally binding document, negotiated and signed by the general contractor, the project owner/user (like local government, in the case of infrastructure construction; or a school district, in the case of school modernization) and building trades labor union leaders.

Community workforce agreements provide a uniquely effective mechanism for creating a bridge to construction careers for low-income urban residents. Using a construction industry standard — the project labor agreement — as the foundation, community workforce agreements set out the terms under which building trades unions agree not to go on strike or picket the job.

These agreements have historically functioned to maintain the quality and safety of construction jobs, by outlining the training and safety skills required for workers on covered projects as well as wages and benefits, grievance procedures and conflict management processes.



More recently local governments have developed an innovative addition to these agreements, by including targeted hiring programs among their terms. Community workforce agreements create a clear framework for all parties involved in construction, establishing the responsibilities of contractors, unions and local government to make targeted hiring programs function.

While some green construction careers programs do not use community workforce agreements as the framework, they are nonetheless the gold standard for this work. They provide the best framework because they culminate from negotiations and communication among all the entities whose buy-in and participation is necessary to make targeted hiring work: the developer, the general contractor, the building trades council and its affiliates.

In addition, community workforce agreements have a legal leg-up on all other strategies for creating targeted hire, because they incorporate and if necessary, supercede, the existing hiring processes outlined in the collective bargaining agreements. Without a community workforce agreement, targeted hiring programs can be stymied by standard hiring procedures. Many of these procedures — like the process for qualifying for an apprenticeship, for example — are heavily regulated and not easily modified.

By establishing a framework to lift up job standards in the construction industry and develop new recruitment and training standards that help new workers get into the jobs, green construction careers programs benefit workers, communities, contractors and the construction industry as a whole.

## **San Diego Unified School District Approves Construction Careers Program**

In 2010, San Diego Unified School District began work on a \$2.1 billion voter-approved bond to renovate, repair, and revitalize the District's school buildings. As one of the largest school construction projects in California, SDUSD was committed to providing a better learning environment for its students. Through this project they also sought to lift up the districts residents by moving local residents into construction careers. Supported by a broad coalition led by the Center on Policy Initiatives the SDUSD negotiated a construction careers policy with the San Diego Building Trades Council. The policy, which includes a project labor agreement and targeted hire requirements, sets aggressive goals for putting local residents to work on these projects. The policy sets the goal that 70% of the workers are district residents and that 35% of the work be performed by residents in low-income zip codes. The policy also ensures that all workers on these projects have access to healthcare coverage.

In addition, the policy helps move new workers into the construction industry. Through this agreement new pre-apprenticeship programs are being developed to reduce the barriers of entry into union apprenticeship programs. These programs will provide a highly trained and skilled workforce to rebuild the District's infrastructure.

## Green Construction Careers Programs: Changing the Face of the Industry

Construction careers programs are already in effect in several communities across the country. Local governments in Oakland, Los Angeles, San Francisco, San Diego and Cleveland have authorized and implemented community workforce agreements with job quality and inclusive hiring components. Local governments in San Jose, Milwaukee, New York, New Jersey, St. Louis, Kansas City (MO) and Washington State have also implemented job quality and targeted hiring programs. The State of Massachusetts recently instituted a pilot program that creates job quality standards and targeted hiring as part of a massive residential retrofit program funded by utility rate-payers.



**These programs have generated benefits for workers, the community and the industry as a whole.**

- In Los Angeles, construction projects undertaken with construction careers programs have employed targeted residents for about 35% of all worker hours.<sup>2</sup>
- The Port of Oakland's program employed targeted workers for 31% of all worker hours, creating opportunities for new construction industry employees to get 900,000 of work hours on the port's modernization.<sup>3</sup>
- Outcomes for the City of Milwaukee's Residence Preference Program regularly exceeded the longstanding requirement to employ new low-income construction workers for 25% of city infrastructure construction and repair. In 2009, city legislation increased the targeted hiring goal to 40%, with support from building trades unions and staff of the Department of Public Workers who implement it.<sup>4</sup>
- The Missouri Department of Transportation (MoDOT) endeavored to hire low-income apprentices as 30% of the workforce on a \$500 million dollar highway project. Approximately 27% of the 300 workers hired to date are women and minorities.<sup>5</sup>

<sup>2</sup> Owens-Wilson, Sebrina. Constructing Buildings & Building Careers: How Local Governments in Los Angeles are Creating Real Career Pathways for Local Residents. Partnership for Working Families, 2010 (forthcoming).

<sup>3</sup> Mulligan-Hansel, Kathleen. Making Development Work for Local Residents: Local Hire Programs and Implementation Strategies That Serve Low-Income Communities. Partnership for Working Families, 2008.

<sup>4</sup> Data compiled from City of Milwaukee Department of Public Works Annual Reports, available here: <http://www.ci.mil.wi.us/mpw/general/Reports.htm>.

<sup>5</sup> "The New I-64 Workforce Development Program," staff summary, Missouri Department of Transportation, January 2010.

## They Are Becoming the Norm Because They Work

### Construction Careers Programs are Good for Workers

- **Construction careers programs lay out job quality standards** that ensure workers have access to a career, not just a seasonal or part-time job. These standards include a wage and benefits scale that rewards workers with more expertise, and requirements that contractors train new workers. These agreements help give workers access to better quality construction employment that allows them to support their families and contribute to the community.
- **Construction Careers Programs ensure that high-quality training produces highly skilled workers.** Workers need good training and credentials that give them mobility and bargaining power in the construction industry. There is a significant difference between high-quality apprenticeship and training programs and low-quality programs. A definitive 2005 GAO report showed that average completion rates for apprenticeship programs jointly sponsored by unions and employers were 47 percent, as compared with 30 percent in programs sponsored solely by employers. In addition, joint labor-management apprenticeships yielded averaged wage rates \$6 more per hour versus those run solely by employers.<sup>6</sup>
- **Construction careers programs set up a process and set of requirements that help new workers get into construction careers.** Getting a job in the low-wage, low-road end of the industry can be very easy, but it doesn't offer much in terms of a career ladder or skills and safety training that leads to better quality employment. Getting into an apprenticeship can be a daunting task — there are a wide array of programs, each with its own admissions process and requirements. New and non-traditional workers need orientation to these programs, help identifying their best options, and basic math and job skills that can help them succeed. Community workforce agreements set up the process that helps new workers navigate the maze, find the right program, and succeed in the construction industry.
- **Construction careers programs ensure workers get all the benefits of employment.** Misclassification of workers as independent contractors is rampant in some regional construction markets. When workers are not treated as employees, they lose out on crucial protections and benefits — like workers compensation and unemployment insurance — and they don't gain the social security credits that provide for financial security in retirement.

<sup>6</sup> Registered Apprenticeship Programs: Labor Can Better Use Data to Target Oversight GAO-05-886, August 2005. Available here: <http://www.gao.gov/new.items/d05886.pdf>.

■ **Construction careers programs include safety training requirements.**

The construction industry is much more dangerous than other areas of work. Workers need safety training and work-place safety provisions that prevent accidents leading to injury and on-the-job fatalities.

In 2003, construction workers were 7% of the U.S. workforce, but suffered 21% of the nation's 5,575 reported work-related deaths. That same year, nonfatal rates of injury and illness involving days away from construction work were 259.4 per 10,000 fulltime equivalents (FTEs), higher than for agriculture, mining, and manufacturing (according to the Bureau of Labor Statistics).



## **The Community Redevelopment Agency of Los Angeles Construction Careers Program**

**T**he Community Redevelopment Agency of Los Angeles (CRA) is the largest local redevelopment agency in the country, overseeing almost \$1 billion in assets. The CRA has a clearly defined mission to make strategic investments to create economic opportunity and improve the quality of life for the people who live and work in L.A.'s neighborhoods. To further this mission, in 2008, the CRA negotiated a construction careers policy that included both a project labor agreement and targeted hire goals. The policy applies to all projects subsidized at \$500,000 or more or occurring on land owned by the CRA. The policy requires that 30% of work hours will be performed by community area and local residents and that 50% of all apprentice work hours will be performed by local resident apprentices. The policy is in effect on several current projects, and is anticipated to cover 15,000 apprentice-level jobs over the next five years. To date three projects have broken ground and local residents have performed 50% of the total hours worked.

The policy further provides an important connection to the greening of the City of L.A.

Because the CRA also requires all subsidized development to meet LEED Silver Certification standards, the Construction Careers Policy will support creation of thousands of green construction jobs in the next five years, and will ensure that new construction workers are getting recruited and trained at a time when the technology and skills are evolving to meet the demands of a more energy efficient economy.

## Construction Careers Programs are Good for Communities

- **Construction Careers Programs help move un- and under-employed workers into good jobs.** In high poverty communities, access to construction careers can leverage benefits for the whole community. Women and people of color earn better wages in construction careers than in the temporary and seasonal construction jobs that are often prevalent in their communities. In fact, their hourly earnings in construction careers are over 60% higher than in non-union, low-road positions. When poor un- and under-employed workers get good jobs, they reduce the need for expensive public services, contribute to the local tax base, and stabilize neighborhoods where concentrated poverty deepens other problems.
- **Construction Careers Programs bring women into the construction workforce.** Women currently constitute only 2.7% of the construction workforce, demonstrating how little access they have had to family-supporting construction jobs. In Chicago, construction projects that involved construction career programs achieved up to 28% of hours worked by women.



## Construction Careers Programs are Good for the Industry

- **Construction Careers Programs help address a labor shortage projected to intensify in the next twenty years.** The construction workforce is getting older, reflecting the fact that **fewer young workers enter the industry every year**. From 1985 – 2008, the proportion of construction workers over 35 increased, while the proportion of younger construction workers decreased. Industry watchers agree that the aging of the workforce portends significant labor and skills shortages in the future. Community workforce agreements help develop an untapped workforce and create new pipelines for workers to get into construction careers.
- **Construction Careers Programs improve the overall quality of the construction workforce**, by establishing a training standard, creating career ladders and making high quality training the norm on job sites.
- **Construction Careers Programs are good for contractors.** They connect contractors to a better trained and prepared workforce. They hold labor costs constant across all contractors, by requiring everyone to pay good wages and offer benefits. As a result, the best contractors have an opportunity to win jobs based on their ability to offer efficiencies and build a higher quality product.

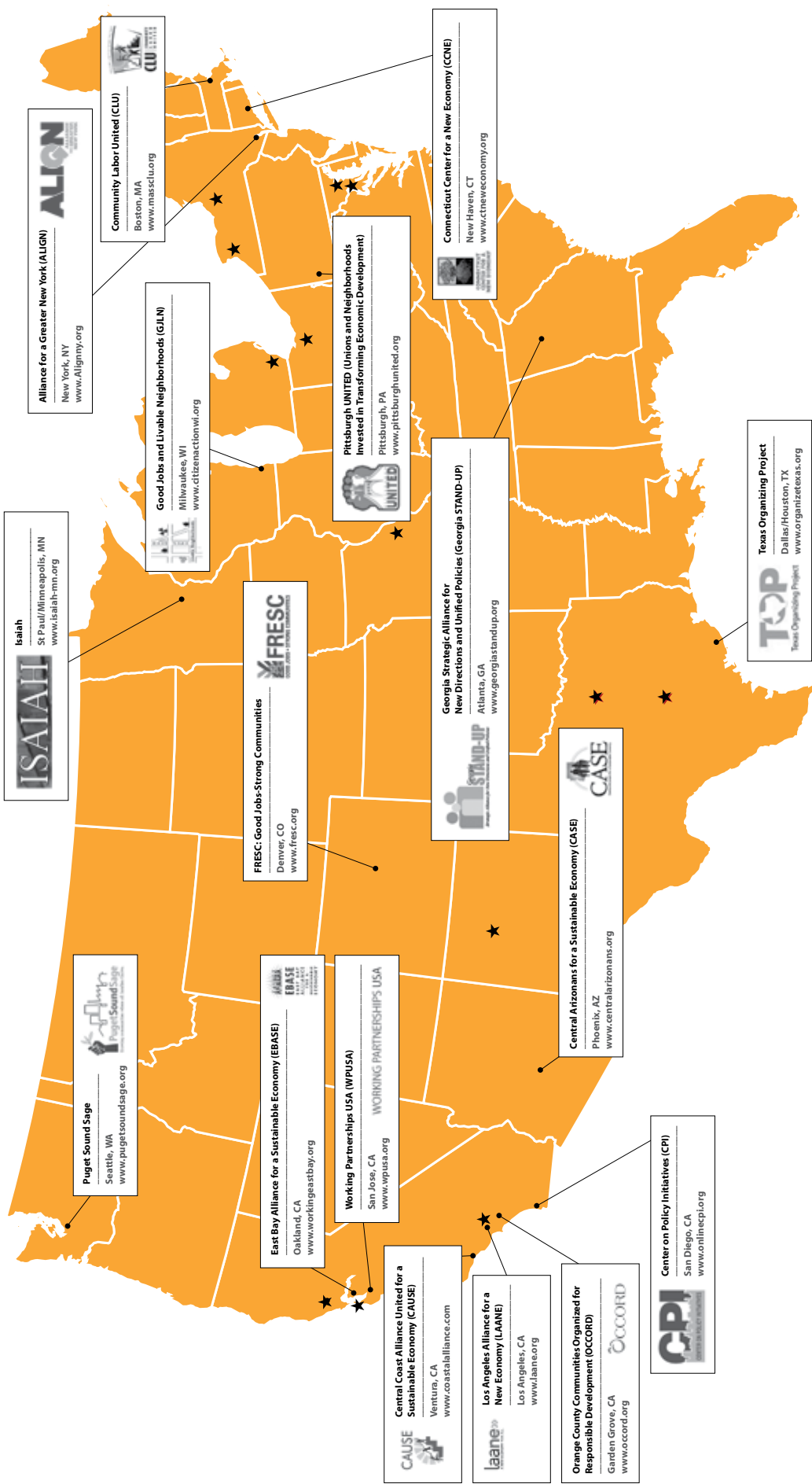
## Conclusion

Across the country, construction careers strategies are gaining support because they create unique and innovative pathways into the middle class for low-income people. They address concerns about the long-term need for a highly-trained and qualified construction industry workforce. And because they create new relationships between community-based organizations, environmental and faith advocates, and building trades unions.

These green jobs models aren't just hype – they are pointing the way to a new economy that empowers and elevates a diverse workforce while addressing our environmental dilemmas.

# THE PARTNERSHIP

for Working Families



**The Partnership for Working Families** is dedicated to building power and reshaping the economy and urban environment for workers and communities. Our movement shares a commitment to expanding and connecting community and worker organizing for quality jobs, affordable housing, shared prosperity, and a healthy environment.

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