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## **Agenda Item #14**

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# *Los Angeles Unified School District*

## Facilities Services Division



**RAMON CORTINES**  
*SUPERINTENDENT OF SCHOOLS*

**JOSEPH A. MEHULA**  
*CHIEF FACILITIES EXECUTIVE*

TO: Facilities Committee  
Superintendent Ramon Cortines

FROM: Veronica Soto, Director of Contractor of Contractor Relations & Small Business

DATE: January 28, 2009

SUBJECT: **UCLA Labor Center Study on Local Worker Participation**

### **BACKGROUND: LAUSD LOCAL WORKER PROGRAM**

In 2004, the Los Angeles Unified School District (LAUSD) incorporated a 50% local worker participation goal in its Project Stabilization Agreement (PSA) and it created the "We Build" Program to ensure that local district residents have an opportunity to participate in its school construction program.

Since July 2004, there have been 60,374 workers on LAUSD projects who earned a total of \$730.4 million in wages. Of these workers, 19,173 are local district residents who earned \$241.4 million in total wages at an average hourly rate of \$28.69.

### **STUDY SCOPE & FINDINGS**

The UCLA Labor Center invited LAUSD to participate in a study entitled "Construction Careers for Our Communities" to determine the benefits and results derived from Project Labor Agreements (PLA) containing local hiring goals. At that time, LAUSD provided substantive data for over 30,000 construction workers. The City of Los Angeles and the Los Angeles Community College District also participated in this study.

The study was designed to determine if PLAs increase the number of local hires and local apprentice hires on covered projects; does a contractor's experience on the PLA covered project improve the firm's local hiring performance? Do contractors have more difficulty meeting local hiring goals when a project is fast-tracked? Who is more likely to be a local worker—an apprentice, a journeyworker, or a foreman? And, does the size of a contractor affect its ability to meet local hiring goals?

The study concluded the following:

- Local hiring provisions in PLAs significantly increased the number of local hires.
- On LAUSD contracts, contractors on moderately paced contracts met local hiring goals more easily than contractors on fast-tracked LAUSD projects.
- Forty-one percent (41%) of apprentices, 39 percent (39%) of journey workers, and 23 percent (23%) of foremen on LAUSD projects were local hires.
- On LAUSD projects, a new local hire is 50 percent (50%) more likely to be African American.
- Large subcontractors and general contractors disproportionately assumed responsibility for meeting local apprentice and journey worker hiring goals.
- Contractors improved their local hiring attainments as they gained additional experience.

For your review, attached is the executive summary of the report containing additional background information.

#### **CONCLUSION**

The UCLA Labor Center's study validates the importance and success of the District's local worker policy and the "We Build" Program. The study also confirms that the District is creating access to careers in construction for individuals previously underrepresented, and that those who are entering the industry as apprentices are experiencing upward mobility to higher wage levels as journey workers and foremen.

Of additional significance to the program, is the District's continued and consistent partnership with its contractors and the labor trade unions to cultivate a local workforce within and near District boundaries. The creation of these jobs with good pay, benefits and a pension contribute to the sustainable well-being of our students, and inject significant dollars into our local economy.

Please contact me if you have any questions.

Thank you.

Attachment



# Construction Careers FOR OUR COMMUNITIES

the building trades in the Los Angeles region and explored their success at implementing local hiring agreements. Our hope is that this report will help inform the debate about how to revive Los Angeles's low-income communities.

## Who We Are

The authors of this report are members of the UCLA Community Scholars program of 2008; we are graduate and undergraduate students in the departments of urban planning and public policy at UCLA, community activists, union leaders for construction trades, and workforce specialists from the City of Los Angeles departments of Community Development and the Public Works Bureau of Contract Administration. The community scholars class was co-facilitated by Dr. Philips and Sharon Delugach, staff director of the UCLA Labor Center, with the assistance of Raahi Reddy, graduate student in urban planning at UCLA.

This study began with a conference on January 9, 2008, which was attended by Los Angeles city, school district, and community college officials, union leaders, and construction industry experts. Participants discussed their experiences with PLAs in Los Angeles and other parts of California. During the academic quarter other knowledgeable and interested experts were invited to share their experiences with PLAs in relation to construction, workforce development, and the Los Angeles economy. Community scholars also interviewed workers, contractors, union officials, and public officials in Los Angeles about their experiences working under PLAs.

## Summary of Our Study

Our report explores one potential benefit that sometimes emerges from the innovative bargaining structure of PLAs—local hiring goals—through an assessment of projects developed by three public agencies in Los Angeles County: the Los Angeles Community College District (LACCD), the Los Angeles Unified School District (LAUSD), and the City of Los Angeles. Although a local hiring provision is not a universal element of PLAs, it was a negotiated element in each of these agencies.

Our research and analysis included individual-level data for over 38,000 blue-collar construction workers on LAUSD and City of Los Angeles PLAs. From the LACCD we received aggregated data that described the district's local hiring results on nine building projects. We also conducted interviews of officials, contractors, and workers involved in Los Angeles-area PLAs.

We focused our attention not on the negotiation process that generated PLAs with local hiring goals, but rather on the results. We asked these questions: In these PLAs, were local hiring goals reached? More specifically, did the PLAs increase the number of local hires and local apprenticeship hires for construction on the covered projects? We also asked subsidiary questions regarding whether larger or smaller contractors had an easier time meeting PLA goals: How were goals met throughout the lifecycle of a project? Did a contractor's experience on one PLA project improve the firm's local hiring performance on other projects under the PLA? Did the contractor have more difficulty meeting local hiring goals when a project was fast-tracked (as measured by the amount of overtime on the project)? Who was more likely to be a local worker—an apprentice, a journeyworker, or a foreman? How did the size of a contractor affect its ability to meet local hiring goals?

## What are PLAs?

Project labor agreements, also called project stabilization agreements, are contracts between the owner or manager of a construction project or series of projects—in either the public or the private sector—and a consortium of labor unions. While traditional collective bargaining in construction entails agreements between contractor organizations and craft labor unions arranged along craft lines, PLAs are collectively bargained contracts between owners or their representatives and a consortium of craft labor unions. While PLAs generally reflect the terms and conditions of local collectively bargained contracts, the fact that there is a new player at the bargaining table—the owner—opens the door to possibilities for new solutions.

PLAs are not new. The U.S. War Department used PLAs during World War I, and the U.S. Office of Production Management used PLAs during World War II.<sup>1</sup> The first PLA in California was awarded for the building of the Shasta Dam (1938 to 1945) in Redding. Other notable PLA projects in California are the Bay Area Rapid Transit (BART) system, San Francisco International Airport's newest terminals, the Los Angeles County Metropolitan Transport Authority's Blue Line, the Los Angeles Convention Center, and construction projects for several large school districts.<sup>2</sup>

This list might suggest that PLAs are primarily or exclusively projects funded by public agencies. A 2001 study of eighty-two California PLAs found, however, that 72 percent of the projects surveyed were private.<sup>3</sup> PLAs may be found on large projects in



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isolated rural areas or on a series of small projects in dense urban settings. They may be applied to highly technical scientific projects or to more common buildings such as schools and housing structures. The terms and conditions of a PLA can be as varied as the places and projects they govern. Wherever PLAs are applied, however, they have two characteristics in common. First, all PLAs have a no-strike clause that lasts for the length of the agreement, accompanied by an arbitration process to resolve all disputes. Second, all PLAs are voluntary collective agreements between labor and project owners. And as voluntary parties to the agreement, bargaining partners are predisposed to discover common benefits during the negotiation process.

# Workforce Development: Some Lessons Learned

Traditional workforce development programs, administered through the Workforce Investment Act (WIA), have been criticized for not being effective in helping the unemployed and underemployed gain access to sustainable jobs. The following are potential solutions for specific shortcomings:

1. **Invest workforce dollars in training programs that lead to sustainable jobs.** The term “sustainable jobs” refers to jobs that pay living wages and provide healthcare and access to opportunities for wage growth. Workforce development practitioners in cities, counties, and regions have had a difficult time balancing the short-term need for “any job” with the longer-term goal of “sustainable jobs.” Because sustainable jobs offer a way out of chronic poverty, investments should reflect that.<sup>4</sup>
2. **Link training programs to employment opportunities.** By linking programs to growing sectors of the economy, we ensure that workers are equipped with skills for jobs that are in demand.
3. **Provide funding for wrap-around services.** Disadvantaged workers often need child care and other social services. Workforce intermediaries—usually community-based non-profit organizations—have patched together these services, but without additional funding the services that can be offered will continue to be inadequate.
4. **Be responsive to industry needs.** Programs should target high-demand occupations in growing sectors so that workers will have stable jobs and opportunities to advance their careers.
5. **Create workforce partnerships with workers, members of the community, and local employers for win-win-win results.** This will ensure ongoing participation and strategic planning by all key stakeholders.

# Importance of the Construction Sector

The unionized construction sector brings greater capacity and quality jobs to the workforce development agenda. One of the added values that unions offer is their sponsorship of training centers for the thousands of new entrants in this field. In California alone, union training programs account for 88 percent of all construction-related training in the state.<sup>5</sup> The apprenticeship programs—joint union and employer partnerships—are available in every trade. They bring millions of dollars into training trusts through collectively bargained contributions. These partnerships ensure that apprentices will be employed by participating contractors while they receive classroom training. And the programs ensure a win-win partnership between new workers, who can become highly skilled employees in high-wage careers, and employers, who can hire from a pool of highly qualified workers.

Local hiring initiatives allow for a third “win” in the partnership by guaranteeing that some of the new entrants are from local disenfranchised communities. PLAs have created a mechanism for public owners, such as cities or counties, to leverage large-scale construction projects for local building trades unions in exchange for allowing some of the jobs to be done by local community members. These agreements have facilitated workforce development strategies that open doors to union training programs for traditionally marginalized workers, including underrepresented African Americans and women.

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1. Joseph A. McCartin, *Labor's Great War: The Struggle for Industrial Democracy and the Origins of Modern Labor Relations, 1912–1921* (Chapel Hill, NC: The University of North Carolina Press, 1997), 73; John T. Dunlop, *Project Labor Agreements*, Harvard University Joint Center for Housing Studies Working Paper Series W02-7 (Cambridge, MA: Harvard University, 2002), 1.

2. Kimberly Johnston-Dodds, *Constructing California: A Review of Project Labor Agreements*, California State Library, California Research Bureau Reports, CRB 01-010, 1. Available at <http://digitalarchive.oclc.org/da/ViewObjectMain.jsp?sessionid=844ae0c5f82401c00ad328fd14c87b866a40773516f8a?fileid=0000020402:00000988715&rcqid=99> (accessed March 31, 2008).

3. *Ibid.*, 1.

4. Helena Worthen, “The Workforce Investment Act and the Labor Movement,” *Working USA* 6, no. 3 (2002): 78.

5. Sharon Delugach and Raahi Reddy, *Helping LA Grow Together: Why the Community Redevelopment Agency Should Adopt the Construction Careers Policy* (Los Angeles: UCLA Center for Research and Education, 2008), 15.



James Woodruff, Ironworkers Local 416

## Conclusions

Our study of the PLAs and local hiring goals associated with projects developed by LACCD, LAUSD, and the City of Los Angeles generated the following conclusions:

1. **Local hiring provisions in PLAs significantly increased the number of local hires.** We base this on a comparison between one Los Angeles City project for which local hiring PLA provisions were not thoroughly applied and four similar projects for which these provisions were applied and followed.
2. **Local hiring goals of 30 percent were met and exceeded on all three PLAs.** In fact, local hires—including apprentices and, under some agreements, disadvantaged workers—typically were about 35 percent of all hires.
3. **Compliance should be measured on a project-by-project basis.** In our case studies local hiring goals were applied to the specific building project as a whole, allowing some subcontractors to exceed local hiring goals and some subcontractors to fall short.
4. **Large subcontractors and general contractors disproportionately assumed responsibility for meeting local apprentice and journeyworker**

**hiring goals.** In analyzing Los Angeles City projects, we found that small subcontractors tended to have a lower percentage of local apprentices and local journeyworkers than did larger subcontractors and general contractors.

5. **Apprentices on new construction came on the job later than journey workers did.** Construction projects have a ramp-up period followed by full construction and then a finishing-off period. Early in a project's lifecycle, contractors met local journeyworker hiring goals, but not those for apprentices or local apprentices. Later, as the project hit its stride, apprentice and local apprentice goals under the PLAs tended to be met.
6. **Contractors improved their local hiring attainments as they gained additional experience.** Our analysis of LAUSD data concluded this to be true for LAUSD projects.
7. **On LAUSD contracts, contractors on moderately paced contracts met local hiring goals more easily than contractors on fast-tracked LAUSD projects did.**

8. **Forty-one percent of apprentices, 39 percent of journeyworkers, and 23 percent of foremen on LAUSD projects were local hires.** This suggests that contractors emphasized hiring local apprentices, a significant finding because one of the goals of local hiring is to encourage the entrance of local workers into the construction trades through apprenticeships.
9. **The success of local hiring goals depends on the size of the local area from which hires will be sought.** In the case of the LACCD, two local areas were defined: a small area that included only the zip code in which the project was being constructed, and a larger area that consisted of the overall LACC district. The nine LACCD projects we studied all met or exceeded the 30 percent local hiring goal established by the PLA. Typically, only about 5 points of these 30 percentage points came from the narrow definition of "local"—that is, the zip code area in which the project was being constructed. The remaining 25 percentage points typically came from the larger local area.



Hart Keeble (*fourth from left*), Business Manager, with members of Ironworkers Local 416