

# America's Tomorrow: Equity Is the Superior Growth Model



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14

## Features

### A New Model for Public Works: Portland, Oregon, Commits to Equitable Hiring and Contracting



Maurice Rahming, President of O'Neill Electric Inc.

As President Obama makes a renewed push to rebuild our streets, sewers, and other public infrastructure, Portland, Oregon, illustrates how community and labor groups working together can ensure public investments create equitable opportunities for underserved communities. Approved in 2012, a new citywide Community Benefits Agreement sets targets for hiring and contracting, requires that all workers are represented by unions, and dedicates funds to support women and minority workers and businesses.

It is also the first agreement of its kind in the city to give community representatives a key role in oversight — a hard-fought provision to ensure accountability.

Taken together, the provisions demonstrate how public spending on buildings, roads, and other critical projects can promote inclusive growth, improve workforce diversity, support

## In Brief

### Webinar Tomorrow: Why is America's Racial Wealth Gap Growing?

As America continues to become more diverse, our ability to build the next economy hinges on addressing the growing racial wealth divide. Join the Insight Center's Closing the Racial Wealth Gap Initiative, PolicyLink, and Tom Shapiro, director of the Institute on Assets and Social Policy at Brandeis University, for a webinar discussion this Wednesday, February 27 at 2 p.m. EST, 11 a.m. PST. [Register today.](#)

### Federal Cuts Endanger Future Prosperity

Sequestration — set to take effect in less than a week — will cost up to 2.1 million jobs and cut programs that are essential for communities to thrive. Imara Jones at *Colorlines* [calls](#) it "a nuclear bomb that's poised to go off in communities of color."

### Latinos Making Inroads in the Clean Economy

As the fastest growing segment of

minority-owned businesses, and ensure that all workers are paid family-supporting wages. All this is more than a matter of fairness, said Maurice Rahming, past president of the Oregon chapter of the National Association of Minority Contractors. It is an economic necessity.

"We are becoming more and more diverse as a city and a state," he said. "Baby boomers are retiring, and unless we engage different groups to participate in our industry, the workforce supply will not be available. We need to fill the ranks of trained professionals to work in the construction industry. We're not going to be able to do that with the old model of 'my dad was in the construction industry, and so I'm going to do that, too.' "

### **Uniting unions and communities of color**

The Community Benefits Agreement is the product of a historic collaboration among minority- and women-owned business owners, unions, pre-apprenticeship training programs, community organizations, and city officials. Over two years of meetings, the groups overcame many longstanding differences — and a history of finger pointing — to rally their collective power around goals of equity and creating good jobs for communities.

The agreement is an important tool in the city's equity strategy and the city is piloting the agreement on two Water Bureau projects totaling \$100 million. The Oversight Committee, made up of city, union, community, and contractor representatives, has been meeting since December 2012.

"We need to prove the model works and that it lifts all boats," said Casey Barnard, project director of Emerald Cities Portland, a key partner in agreement negotiations and implementation. "We want to promote the idea that creating jobs for community members is a good local economic driver."

### **Giving entrepreneurs of color the opportunity to compete**

Although the city has had programs for years to promote fairness in construction hiring and contracting, inequities persist. A city-commissioned [study](#) of more than 9,000 contracts issued between 2004 and 2009 found that minority- and women-owned prime contractors — the contractors who

the workforce, Latinos are seeking opportunities in the clean economy.

A new [report](#) by the National Council of La Raza finds that cities as diverse as McAllen, Texas, and Los Angeles, California, are poised to benefit from these trends, if they invest in training and connecting Latino workers to jobs in the new economy

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oversee the entire project — are underutilized on public projects. Pre-qualification requirements pose particular barriers because minority- and women-owned businesses tend to be smaller, have less experience on major projects, and have difficulty obtaining the capital, bonding, and insurance they need to gain that experience.

"We're not looking for a handout. We're just looking for an opportunity to compete," Rahming said.

On the workforce side, inequities are evident throughout. Asian Pacific Americans, for instance, represent more than 6 percent of the local population but hold only 2 percent of construction jobs. Latinos account for 9 percent of the population and hold 14 percent of construction jobs, but they are much less likely than whites to make family supporting wages and advance to front-line supervisor. African Americans and women face similar underrepresentation and discrimination on the job.

The agreement addresses issues that have undermined well-intentioned past efforts to promote fair hiring and contracting. Hiring goals apply not only to apprentices but also to higher-skilled, higher-paid journeymen. "It forces the contractor to really look at retention of underutilized groups," Rahming said. Under the agreement, people of color are to perform at least 18 percent of the work, and women, 9 percent.

The agreement not only sets contracting targets but also changes bidding rules to give smaller women- and minority-owned firms a shot. At least 20 percent of the hard construction costs must go to such firms. Large contractors get a bidding preference for participating in joint ventures with women and business owners of color.

The agreement dedicates 1.5 percent of construction project budgets to a fund that supports equity goals. The money goes to outreach and training for women and people of color, technical assistance and support for contractors of color and women contractors, and to monitoring and enforcement of the agreement itself.

Read the full agreement [here](#).

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## Building an Equitable Economy

## through the Affordable Care Act

[Increasing numbers of states are](#) taking advantage of the benefits of the Affordable Care Act to create hundreds of thousands of new jobs and strengthen economic security for millions of low-income families, while expanding access to needed health care. Last week, Florida Governor Rick Scott became the latest of several Republican governors who originally opposed participating in Medicaid expansion but have recently changed their minds.

It's easy to see why — in Florida alone, this expansion will extend health coverage to nearly a million low-income residents, over [half](#) of whom are people of color, and create nearly [80,000 new jobs](#). Nationally, Medicaid expansion could increase access to health care to more than [15 million](#) currently uninsured Americans, nearly half of whom are people of color. It would also create hundreds of thousands of new jobs and inject tens of billions of new economic activity into state and local economies.

Most of these new jobs will be in quality, middle skill occupations such as nursing and residential care, creating important career paths for the state's increasingly diverse workforce. And the Affordable Care Act includes provisions for scholarships, grants, and loan repayments to ensure that a diverse workforce is prepared for these new jobs.

Last year, the U.S. Supreme Court determined that the federal government cannot require states to expand Medicaid coverage under the Affordable Care Act. Since then, 22 states have still chosen to expand coverage, even though they are no longer required to do so. Seventeen states so far have opposed expanding coverage, while 11 are still undecided.

Is your state planning to create jobs through Medicaid expansion? [Find out here.](#)

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*America's Tomorrow* highlights campaigns, leaders, policies, reports, and local models that are advancing equity as an economic imperative. It is produced by Chris Schildt, Sarah Treuhaft, Fran Smith, and Ana Louie. To learn more, visit the *America's Tomorrow* [webpage](#).

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