

Executive Summary

At a time when Los Angeles is losing tens of thousands of jobs, planned public investment in our infrastructure remains a bright spot, offering the potential to stimulate the economy and create good jobs.

A key target for infrastructure investment is the Port of Los Angeles, the busiest port in the United States and one of the primary economic engines of Southern California. Port officials are planning to invest \$3.7 billion on a capital improvement program expected to create an estimated 13,700 construction jobs over the next ten years, according to a LAANE review of proposed projects. This is good news for an industry that has lost more than 23,500 jobs in Los Angeles County since 2008 due to both the housing and financial crises.

The Port's capital investment plan represents an opportunity for communities that have been hit hard by the recession. It also represents a potential opportunity for residents living directly adjacent to the Port who have not benefited economically from the Port's rapid growth over the past 15 years, but have, nonetheless, suffered the environmental consequences of it.

In 2008, members of the Los Angeles City Council requested that Harbor Commissioners develop a Construction Careers Policy, similar to one passed by the Los Angeles Community Redevelopment Agency (CRA). The policy would create standards for new construction jobs and require that a certain percentage of these new jobs be allocated to city residents, including those who face barriers to employment.

This policy brief examines the economic

conditions of L.A.'s struggling communities and the challenges and opportunities presented by job creation in the construction sector. The adoption of a Port of Los Angeles Construction Careers Policy is recommended as a way to ensure that the anticipated massive public investment creates good jobs and expands opportunity for local residents, especially those residing near the Port of L.A.

Opportunities and Challenges

L.A.'s communities have been hit hard by the recession, especially those already suffering from high levels of unemployment. An analysis of pre-recession data shows that parts of the city with higher than average unemployment are heavily populated by minorities and by those with low levels of educational attainment. Communities directly adjacent to the Port, like Wilmington and San Pedro, have high poverty rates and almost 30 percent of the population relies on public assistance.

The construction industry is one of the few industries where workers with little formal education can gain the skills to command family-supporting wages. High quality apprenticeship programs—jointly sponsored by construction unions and the contractors who employ them—provide training to new recruits valued at between \$40,000 and \$150,000. These on-the-job training programs can provide a pathway out of poverty.

The presence of unions in the industry has significantly boosted wages, expanded health care coverage, and improved safety. In Los Angeles County, union construction workers earn 64 percent more than their non-union counterparts. Upon completing

apprenticeship programs, unionized construction workers can earn up to \$70,000 a year. Approximately 80 percent of union construction workers receive job-based health care.

Declining job quality in the industry has led to serious health and safety concerns for workers and creates heavy costs for employers and the public. The poor quality of many of the jobs in the industry is due in part to declining unionization rates as well as a large informal sector whose workers are often paid in cash and lack basic protections afforded employees. About 200,000 construction workers in the state and their family members rely on public assistance for health care and other basic needs at an estimated annual cost to taxpayers of \$700 million, according to a 2002 UC Berkeley study.

People of color and women have had difficulty gaining access to good jobs in the construction industry. African Americans and women are severely underrepresented in the industry. And although Latinos make up 71 percent of the construction labor force in Los Angeles County, they tend to be concentrated in jobs that are low paying, less unionized, less skilled, and often the most dangerous. Meanwhile, in spite of high levels of unemployment in L.A. County, many jobs go to residents who live outside the county.

Model Policies and Institutions

Fortunately, there are institutions and mechanisms that can help improve job standards in the construction industry while also increasing diversity and expanding local access to jobs.

- **Project Labor Agreements help raise job standards in the industry and ensure that projects are completed on time**

and by well-trained workers. PLAs are collective bargaining agreements between unions representing the building trades and developers. They require the payment of prevailing wages and the provision of quality health and pension benefits. They contribute to labor peace because in return for these benefits workers agree to refrain from costly strikes. Employers also gain by having access to a highly trained pool of workers, including those enrolled in apprenticeship programs jointly sponsored by unions and contractors. The health and safety training workers receive in these apprenticeship programs helps reduce costly on-the-job injuries as does union monitoring of worksites.

- **Local hire programs coupled with Project Labor Agreements have been successful at placing local workers in construction jobs.** A 2008 UCLA Labor Center report examined three local government agencies with PLAs and local hire agreements and found that on those projects, local hires accounted for 35 to 40 percent of all hires, significantly higher than the required benchmarks. Local hiring benefits those individuals and communities most in need of jobs and economic stimulus.
- **Union-sponsored apprenticeship programs have a growing track record of preparing minorities and women for jobs in the trades.** Completion rates in union apprenticeship programs are approximately 15 percent higher than those in programs solely sponsored by employers. The difference is even greater for African-Americans, Latinos and women.

Recommendation

In order to maximize the benefits of port

capital investment, the Port of Los Angeles should adopt a Construction Careers Policy. Such a policy would:

- Require a Project Labor Agreement for new port construction jobs, ensuring the creation of 13,700 middle class jobs over the next ten years.
- Require that 4,100 of these jobs be reserved for city of Los Angeles residents.
- Ensure that 1,370 jobs go to workers with barriers to employment, such as former recipients of public assistance, ex-offenders, and those living in areas with disproportionately high unemployment.

At a time when governments face budget cuts and difficult choices, the passage of a Construction Careers Policy represents an important opportunity to stimulate the economy and provide good jobs for L.A.'s struggling communities. The policy would:

- Increase workers' spending power, which will, in turn, increase the demand for goods and services in the region and create jobs.
- Reduce the burden on the public sector caused by the industry's failure to provide adequate wages, health care and pension benefits to many of its workers.
- Boost the earnings of 1,370 workers with special barriers to employment by an estimated \$72 million over the course of their respective apprenticeship programs.

