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MILWAUKEE'S RESIDENTS PREFERENCE PROGRAM
& BEST PRACTICES FOR TARGETED HIRING



PUBLIC POLICY FORUM

ABOUT THE PUBLIC POLICY FORUM

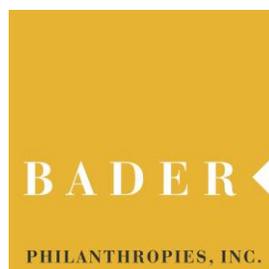
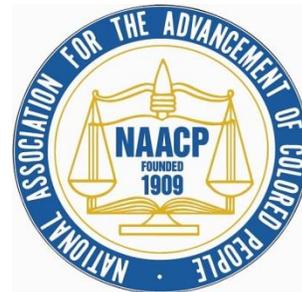
Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide citizens, policymakers, and business leaders in the Milwaukee area with information about potential strategies for improving local targeted hiring programs. We hope that policymakers and community leaders will use the report's findings to inform discussions during upcoming policy debates and civic gatherings in our region.

Report authors would like to thank the leadership of the City of Milwaukee's departments of administration, city development, and public works for their willingness to share data on the Residents Preference Program; the Milwaukee Chapter of the NAACP for assisting us in organizing a focus group with RPP workers; and the many other public and private sector organizations in the Milwaukee area and throughout the country that provided us with additional information and insight.

Finally, we wish to thank the Greater Milwaukee Foundation for its grant to the Forum for this project and the Helen Bader Foundation for its generous support of the Forum's workforce development research portfolio, which helped make this report possible.





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*Milwaukee's Residents Preference Program
and Best Practices for Targeted Hiring*

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INTRODUCTION

The current surge in downtown Milwaukee development has been called “unprecedented,” with estimates placing the cumulative value of projects being built or planned for the near future at more than \$3 billion.¹ The benefits that this development boom will bring to the local economy are widely touted, and they extend beyond the obvious increase in tax base to elements such as enhancing the city's ability to attract young talent and making it more attractive to tourists and convention planners.

Yet, one of the uncertainties that still remain about this new and exciting chapter in Milwaukee's development history is the potential to spread these economic benefits to the low-income neighborhoods that surround the downtown area and to the residents who live there. Can this opportunity translate into substantial numbers of job opportunities for low-income Milwaukee residents? Are the right policies and programs in place to do so, or are changes or new efforts needed?

To help answer those questions, the Public Policy Forum embarked on a research project that examines the strategies currently employed by the City of Milwaukee to link public sector investments with construction jobs for city residents, and that compares our city's approach with those used by other local governments in the region and across the country. Those strategies – often referred to as “targeted hiring” programs – require that specific hiring requirements are met for public works contracts and private development projects that are supported with public funds.

Our primary focus is the City of Milwaukee's Residents Preference Program (RPP), which is the most prominent targeted hiring program in the Milwaukee area. The RPP requires that at least 40% of the hours worked on individual public works contracts be completed by city residents who meet specific unemployment or underemployment qualifications. The RPP also applies to certain private development projects that receive direct financial assistance from the City. In addition to the RPP, the City of Milwaukee's housing authority administers federal programs that include targeted hiring requirements, and several other local governments have targeted hiring programs of their own, including Milwaukee County, the Milwaukee Metropolitan Sewerage District, and Milwaukee Public Schools.

Our analysis is driven by the following primary research questions:

- *What are the tangible results of the RPP during the past five years in terms of numbers of city residents gaining employment and the demographic characteristics of those residents?*
- *What are the objectives of the program and is it designed and administered appropriately to meet those objectives?*
- *What changes in scope or operations could be considered to improve program effectiveness and to enhance participation by people of color?*
- *Are there national best practices for targeted hiring programs that Milwaukee officials should consider?*

¹ Kass, Mark. *Big names, much promise at Downtown Milwaukee Renaissance event*. Milwaukee Business Journal. September 16, 2015. <http://www.bizjournals.com/milwaukee/blog/2015/09/big-names-much-promise-at-downtown-milwaukee.html>



We sought to answer those questions by gathering and reviewing pertinent documents and data, including annual program reports; data provided directly from the City of Milwaukee, State of Wisconsin, and other sources; local media coverage; and national research on best practices for targeted hiring programs. We supplemented our research with key stakeholder interviews and a focus group, which provided valuable on-the-ground perspectives. Interviewees included local government officials; labor and community leaders engaged in workforce development efforts; contractors and workers involved with the RPP; and leaders of effective targeted hiring programs in other cities throughout the United States.

In recent months, community leaders have raised concerns about the effectiveness of the Residents Preference Program and City of Milwaukee elected leaders have begun to respond. In November, the Common Council approved a proposal to create a new Community Economic Development Director position to oversee the RPP as a part of the 2016 City budget,² and, a few weeks later, the mayor formed a new committee (the Workforce Organizational Reform Committee) charged with improving RPP operations and administration.³

While we are confident those changes will lead to operational improvements, this report tackles the issue from a broader policy perspective. Given the high rate of unemployment in Milwaukee and the level of development activity taking place in the city, now is the time to ask whether the city's targeted hiring programs truly align with its policy goals and with its most pressing workforce development needs.

² Fox6 News. *Milwaukee Common Council approves Mayor Barrett's 2016 city budget*. November 3, 2015. <http://fox6now.com/2015/11/03/milwaukee-common-council-approves-mayor-barretts-2016-city-budget/>

³ Spicuzza, Mary. *Tom Barrett gets chance to bolster city development program*. Milwaukee Journal Sentinel. November 24, 2015. <http://www.jsonline.com/news/milwaukee/tom-barrett-gets-change-to-bolster-city-development-program-b99622331z1-353201491.html>



BACKGROUND

PURPOSE OF TARGETED HIRING PROGRAMS

Targeted hiring – also sometimes referred to as “community participation,” “priority hiring,” or “local hiring” – is part of a cluster of policy initiatives undertaken by local governments during the past quarter century aimed at enhancing income and employment among urban populations. The objective of the strategy is to leverage public investments to generate employment opportunities for city residents. Most targeted hiring programs in U.S. cities are limited to public works projects and private development projects that receive financial assistance from local governments, though some programs also extend to non-construction hiring.

Construction projects make up a sizable share of local government contracts. By requiring that a certain share of the jobs created by those projects are directed to targeted populations, a city or other local unit of government can contribute to increased employment among its residents, which in turn can strengthen the local workforce and have positive effects on families and neighborhoods. Often, targeted hiring programs also are designed to reduce racial and economic disparities by focusing specifically on disadvantaged or underrepresented populations and/or the unemployed or underemployed.

Additional characteristics of the construction industry give targeted hiring strategies promise. The construction trades offer good-paying jobs without requiring individuals to have high educational levels upon entry. While a substantial amount of training is required to work in the trades, most of that training occurs on the job, so workers are paid throughout much of the process. Thus, the hurdles to enter the industry are relatively low, while the earning potential is fairly high.

While targeted hiring programs aim to connect eligible workers with immediate job opportunities, another primary objective often is to open up long-term career opportunities for targeted populations. Providing career-building opportunities in the construction trades presents a unique set of challenges, however, as targeted hiring programs must coordinate with long-established union training and apprenticeship practices that vary from craft to craft.

Employment programs dedicated exclusively to the construction industry have other obvious challenges and limitations, as well. Work in the construction trades often is physically demanding and, therefore, is not universally appealing. The inherent volatility of the construction industry also makes it less attractive to some potential workers. Nevertheless, given the plentiful jobs created by major construction projects, a targeted hiring program that is carefully designed and implemented can be an important element in a city's overall strategy to link disadvantaged residents with gainful employment.

THE CURRENT OPPORTUNITY IN MILWAUKEE

With a flood of development projects under construction or set to begin in Milwaukee in the next two years, the city's skyline will look significantly different by 2020 than it does today. The largest and most prominent such projects include Northwestern Mutual's \$450 million downtown Tower and Commons, the Milwaukee Bucks' \$500 million new arena, and the planned \$122 million Couture lakefront tower. Numerous other projects are underway or on the horizon, as well.

In fact, according to an interactive map compiled by the *Milwaukee Business Journal*, there are at least 100 developments valued at \$2 million or more being built or planned for the near future in



Milwaukee or Waukesha County.⁴ **Table 1** lists current or planned projects valued at \$30 million or more and expected to be complete by 2019; this list of projects alone represents a total value of \$2.2 billion in development. While targeted hiring programs like the RPP only apply to those projects that receive financial assistance from the public sector, this list provides a glimpse of the breadth of construction activity that will be occurring in the next few years and the potential need for workers who seek or have already gained exposure to the construction industry.

Table 1: Current and planned development projects valued at \$30 million or more

Project	Value	City	Expected Completion
Milwaukee Bucks Arena	\$500 million	Milwaukee	2018
Northwestern Mutual tower	\$450 million	Milwaukee	2017
The Corners of Brookfield	\$125 million	Brookfield	2017
The Couture (apartments and retail)	\$122 million	Milwaukee	2019
Marquette athletic research facility	\$120 million	Milwaukee	2018
White Stone Station	\$110 million	Menomonee Falls	2018
Irgens 833 E. Michigan	\$102 million	Milwaukee	2016
Northwestern Mutual parking and residential tower	\$100 million	Milwaukee	2018
North End Phase 4	\$60 million	Milwaukee	2017
Oak Creek/Franklin Joint School District	\$59 million	Oak Creek	2017
Augustine Preparatory Academy	\$55 million	Milwaukee	2017
North End Phase 3	\$53 million	Milwaukee	2016
Freshwater Plaza	\$48 million	Milwaukee	2016
Wangaard Park East development	\$47 million	Milwaukee	2018
Pabst Brewing Bottling Building	\$43 million	Milwaukee	2016
2151 S. Robinson St. (Bayview apartments)	\$40 million	Milwaukee	2017
Echelon Apartments at Innovation Campus	\$34 million	Wauwatosa	2016
Former Laacke and Joy building redevelopment	\$33 million	Milwaukee	2017
Ogden Development Apartments	\$33 million	West Allis	2017
Dickson Hollow	\$32 million	Menomonee Falls	2016
Avenir Phases 2 and 3	\$31 million	Milwaukee	2018

National research shows that targeted hiring programs are capable of having the greatest impact during periods of increased development activity.⁵ While employment opportunities created through government-funded public works projects are significant and important, they tend to remain relatively flat over time. Demand for workers for private development projects, on the other hand, tends to ebb and flow with fluctuations in the economy. During periods of growth, more new workers can be brought into the workforce. Having targeted hiring requirements in place can increase the share of those new workers who are from the targeted population.

⁴ Kass, Mark. *Project Watch: What is being built in Milwaukee, Waukesha counties - Interactive Map*. Milwaukee Business Journal. January 22, 2016.

<http://www.bizjournals.com/milwaukee/datacenter/project-watch-what-is-being-built-in-milwaukee.html>

⁵ Transportation Research Board of the National Academies. *Enforceability of Local Hire Preference Programs*. April 2013. http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_LRD_59.pdf

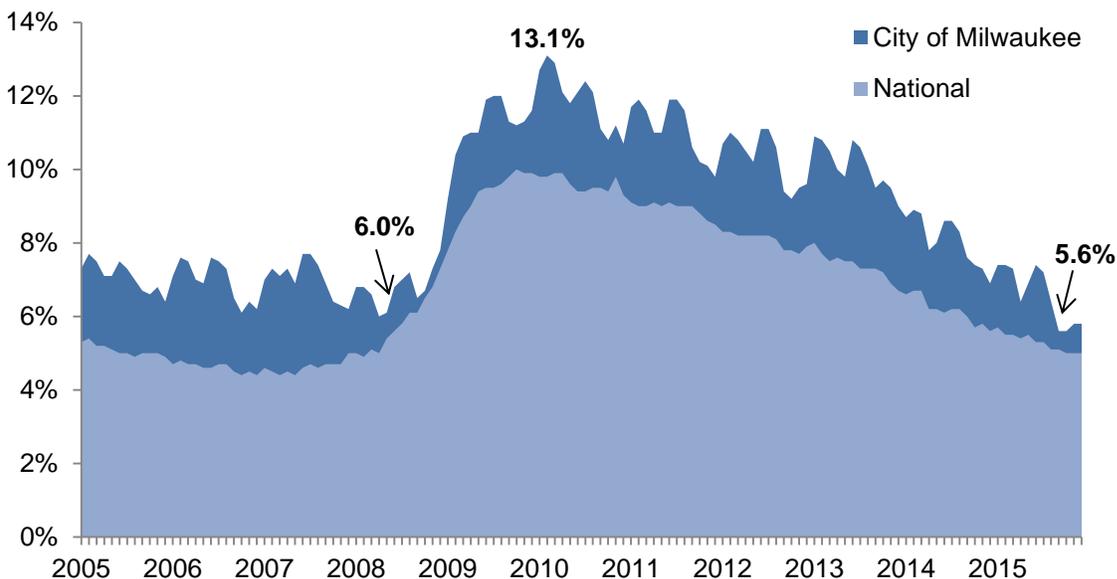


As local development activity continues on an upward trajectory, some industry leaders already are raising concerns about labor shortages.⁶ According to several individuals interviewed for this report, one factor contributing to those labor shortages is the spike in retirements that took place during the recent recession, when construction work was scarce. With demand for labor now growing, new workers are needed to enter the employment pipeline to meet both current and expected demand. Local labor leaders indicated that hiring has indeed started to pick up in many of the construction trades in recent months.

THE NEED FOR JOBS IN MILWAUKEE

The other major reason targeted hiring programs hold promise in Milwaukee is the critical need for employment opportunities for unemployed and low-income city residents. Despite the fact that Milwaukee’s official unemployment rate is back down to pre-recession levels (**Chart 1**), unemployment remains above the national rate and far more prevalent among the city’s minority residents – particularly among African Americans.

Chart 1: City of Milwaukee unemployment rate⁷



The official unemployment rate only includes jobless individuals who are actively seeking employment. There are many others who are not working, such as individuals who have given up their job search and are considered to be "not participating in the workforce," which means they are excluded from official unemployment rate calculations. Full-time students who do not work, stay-at-home parents, and individuals who are retired, incarcerated, or institutionalized also are considered "not in the labor force," rather than unemployed.

Chart 2 illustrates the severe racial disparities that exist in Milwaukee with regard to unemployment. African Americans have significantly higher rates of unemployment and labor force non-participation

⁶ Zank, Alex. *Good news, bad news: Major projects promise to compound labor shortage in Milwaukee*. Daily Reporter. January 21, 2016. <http://dailyreporter.com/2016/01/21/good-news-bad-news-major-projects-promise-to-compound-labor-shortage-in-milwaukee/>

⁷ U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics. Labels are for April 2008, February 2010, and October 2015. Data accessed March 17, 2016. Figures are not seasonally adjusted.



than other racial and ethnic groups. In fact, the African American unemployment rate was nearly four times that of the city’s white population as of 2014 (the latest year for which a racial breakdown is available). Adding labor force participation data reveals that almost *half* (46%) of African Americans in Milwaukee were not working at that time, compared to 26% of the city’s white residents.

Chart 2: Unemployment by Race in the City of Milwaukee (2014)⁸

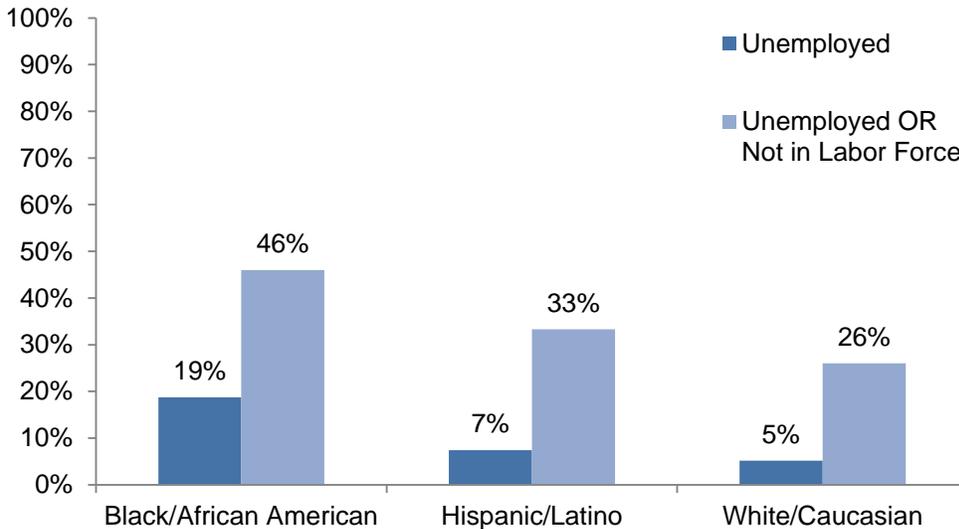
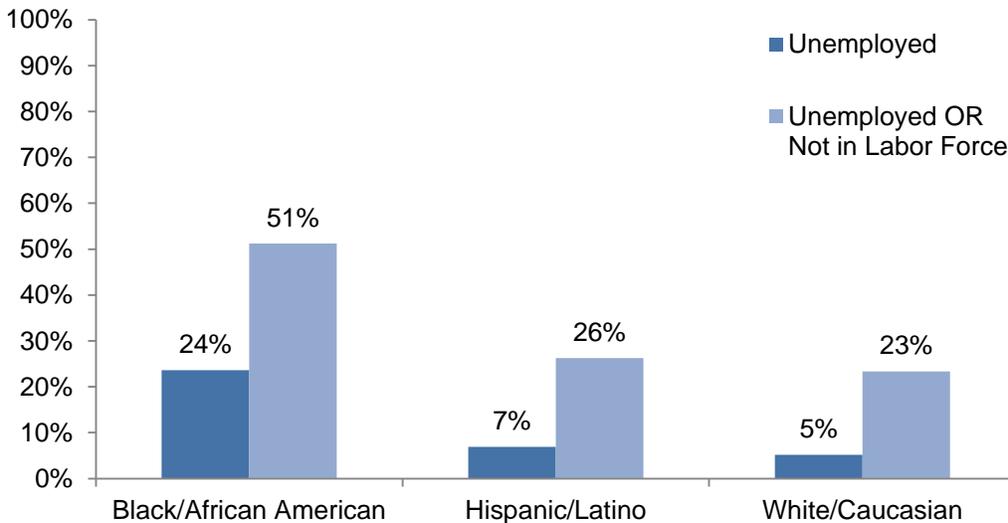


Chart 3 shows that unemployment and labor force non-participation in Milwaukee are at their most concentrated among African American *males*, as has been well documented in recent years. As of 2014, 24% of Milwaukee’s working-age African American males were unemployed and 51% were either unemployed or not participating in the labor force. The rate of joblessness among African American males was *more than double* the rate among white working age males (23%).

Chart 3: Male unemployment and labor force participation by race/ethnicity (2014)



⁸ U.S. Census Bureau. American Community Survey 2014 1-year estimates for City of Milwaukee residents ages 16-64. Note: These are the U.S. Census Bureau’s most recent unemployment data that can be broken out by race and gender.



These data confirm the significant employment challenges faced by African Americans – and particularly African American men – in Milwaukee. Consequently, it would stand to reason that workforce development strategies like the City of Milwaukee’s RPP should be striving to reach that population.

The next two sections of this report provide an overview of the RPP and dig into recent data on program participants and projects, which illuminates the program’s current impacts on Milwaukee’s construction workforce.



MILWAUKEE'S RPP AT A GLANCE

HISTORY

In 1991, the City of Milwaukee passed an ordinance (Chapter 309-41) establishing a targeted hiring program called the Residents Preference Program (RPP). At its inception, the program required that at least 14% of the hours worked on public works contracts – including street, sewer, and building improvement projects – were completed by City of Milwaukee residents living within a “special impact area” of the city. The special impact area corresponded to the portion of the city eligible for Community Development Block Grant (CDBG) funding, where poverty and unemployment were overwhelmingly concentrated.⁹ Most of the residents of the special impact area were African American or Latino.

The primary goal of the program was clear at the outset: to increase employment opportunities for unemployed and underemployed individuals living in distressed neighborhoods. Eligibility requirements specified that individuals had to have been unemployed for the previous 30 days or to have worked less than 1,000 hours in the previous 12 months. Once program eligibility was established, individuals would continue to be eligible for two years.

In the ensuing years, the RPP was expanded several times, but program mechanics remained largely the same. The percentage requirement for resident participation was the only component that changed, increasing from 14% of a project's total work hours in 1991 to 25% in 1997.¹⁰

Significant change took place in 2009 through the passage of the Milwaukee Opportunities for Restoring Employment (M.O.R.E) ordinance, which broadened the RPP in several ways.¹¹ It raised the resident participation requirement to 40% and opened the program to individuals residing anywhere within the city who met the program's definition of unemployed or underemployed. Individuals with household incomes below levels used for the school-based free or reduced-price lunch program (e.g. under \$41,138 for a four-person household) became eligible for the RPP, as well.¹² The length of eligibility for RPP-certified workers was extended from two years to five.

M.O.R.E. also expanded the RPP beyond public works contracts to apply to private development projects that received at least \$1 million in direct financial support from the City of Milwaukee. A second ordinance was created (Chapter 355) for the RPP as it relates to those projects. Previously, the City had been involved in negotiating RPP goals on several City-financed development projects, but Chapter 355 made the RPP mandatory for qualifying projects by City ordinance. Direct financial support could include grants, below-market land sales or loans, or funds provided through tax incremental financing (TIF). When the City directly contributes to a private development project in one of those ways, a development agreement is created that includes the project's RPP requirements.

⁹ A current map of the CDBG-eligible areas of the city can be found at the link below. (The City's NSP program serves the CDBG-eligible areas of the city only.) <http://city.milwaukee.gov/ImageLibrary/User/jsteve/CAPER/NSPMap.pdf>

¹⁰ City of Milwaukee. Legislative Research Center.

<https://milwaukee.legistar.com/LegislationDetail.aspx?ID=146091&GUID=3BEA82FE-7A27-4511-8148-7B45BB39A1EA&Options=ID|Text|&Search=970134>

¹¹ City of Milwaukee. Legislative Research Center.

<https://milwaukee.legistar.com/LegislationDetail.aspx?ID=166224&GUID=EE799A62-41BD-48D4-BE60-32ECAADA93BA>

¹² City of Milwaukee. RPP Form 1 Affidavit. <http://city.milwaukee.gov/Me2/Contractors#.Vs9hDvkrKM8>



KEY PROGRAM CHARACTERISTICS

Target Population - Other than city residency, the only requirement for RPP certification is that workers meet one of the previously described unemployment, underemployment, or income criteria. The City's RPP ordinances currently are written in a race- and gender-neutral manner (i.e. there are no provisions requiring specified levels of participation by minorities or women). In addition, the program is not specifically focused on entry-level workers, as individuals of all experience levels are eligible.

Project Requirements - Currently, city ordinances state that 40% of the hours worked on all RPP-eligible projects must be completed by RPP workers, but that the requirement can be reduced or eliminated under certain circumstances. For example, the commissioner of the Department of Public Works (DPW) can waive the resident participation requirement for public works projects involving highly specialized work that could not be done with lower-skilled employees. Similarly, the commissioner of the Department of City Development (DCD) can adjust or waive resident participation requirements for certain categories of work on private development projects if it is determined that the available workforce isn't sufficient to meet project needs.

Two other provisions in the RPP ordinances make it easier for contractors to meet the program's 40% resident participation requirement. First, hours worked by individuals who live outside of Wisconsin are not included in calculating resident participation rates on a project. This is done to avoid legal challenges; federal policy prohibits discrimination based on state of residence, and legal challenges have arisen elsewhere. Also, if a contractor is struggling to meet the 40% standard and can show that it has employed RPP workers on other projects when it was not required, it can use those hours for up to one-third of the total RPP worker hours needed for the project.

Certification and Hiring Process - To become RPP-certified, an individual simply has to fill out an affidavit form and provide documentation verifying that he or she is a City of Milwaukee resident who meets one of the program's unemployment, underemployment, or income guidelines.¹³ Individuals are able to become certified through three agencies: Milwaukee's DPW, WRTP/BIG STEP, and Riverworks. WRTP/BIG STEP, a nonprofit organization that recruits, prepares, and connects individuals with employers in the construction industry, plays the largest role in certifying RPP workers, partnering with numerous community organizations in the city to do so.¹⁴ Notably, no funding is provided to the agencies who serve as certifiers.

RPP certification only gives a worker a limited advantage in the marketplace. Even when contractors need to meet RPP hiring requirements for a given project, RPP-certified workers with more skills and experience still are more likely to be hired than those with less. Therefore, it is crucial for individuals seeking careers in construction to understand the limitations of RPP certification alone and to pursue training and apprenticeship opportunities.

The process of gaining employment on a construction project varies by trade. For entry-level workers, each trade has a committee that is responsible for maintaining a list of individuals who are eligible for apprenticeships. Those lists are often ranked, with individuals placed higher on the list if they

¹³ City of Milwaukee. RPP Form 1 Affidavit.

<http://city.milwaukee.gov/ImageLibrary/Groups/cityMe2/PDF/RPPAFFIDAVITFORM11.doc>

¹⁴ WRTP/BIG STEP is an acronym for Wisconsin Regional Training Partnership/Building Industry Group - Skilled Trades Employment Program.



have stronger credentials. For skilled journeymen, union halls maintain lists based on their work status; those who are not working tend to be prioritized when new opportunities become available.

When contractors are looking for workers, they often turn to the appropriate committee or union hall for a list of eligible workers. If contractors specifically are seeking workers who are RPP-certified, they are allowed to choose those individuals even if they are ranked further down on the lists.

Notably, the City of Milwaukee plays a limited role in connecting contractors with RPP-certified workers, despite the fact that DPW is responsible for maintaining the master database of those individuals. In addition to the trade committees and union halls, WRTP/BIG STEP is the other entity contractors often contact to find RPP workers. According to industry leaders we interviewed, some contractors also maintain unique lists of RPP workers with whom they have worked in the past.

Apprenticeships – Chapters 309 and 355 both call for contractors to utilize apprentices based on the maximum apprentice-to-journeyman ratios established by the State of Wisconsin. In Wisconsin, the State Department of Workforce Development has established apprenticeship advisory committees for each trade, which are responsible for determining those apprentice-to-journeyman ratios.

First-Source Employment - Chapter 355 established a “first-source employment program” for development projects covered by the ordinance. A first-source program requires that contractors looking to fill new and replacement positions for projects with RPP requirements first contact Employ Milwaukee (formerly MAWIB) for potential candidates. Contractors are to give Employ Milwaukee 10 days to provide the contractor with eligible candidates before the contractor is allowed to advertise the position(s) by other means.

The purpose of first-source programs is to give qualified city residents the first shot at filling available positions. This approach also can be helpful for contractors, as the agency in charge of administering the first-source program screens individuals to create a list of those who are trained and prepared for a given job. Based on conversations with a wide range of industry and workforce development leaders, it appears that this piece of the ordinance has not been implemented to date.¹⁵

Apprenticeship System

Apprenticeships play a critical role in career development in the construction industry. Apprenticeships typically last 3-5 years, depending on the trade, and involve paid on-the-job training supplemented with classroom instruction. Once an individual completes an apprenticeship, he or she achieves journeyman status and is able to earn higher wages.

While contractors hire apprentices, unions “qualify” them as eligible for apprenticeships in a particular trade. The committee for each trade establishes the standards and procedures with which applicants must comply to be eligible to enter an apprenticeship, which vary by trade. For example, some trade committees require aspiring apprentices to have earned more certifications and to demonstrate more competencies than others.

Some trade committees rank eligible candidates based on their qualification, while others give all eligible candidates a “letter of introduction,” which they are free to use to pursue work opportunities with any prospective employer.

¹⁵ According to City officials, implementation of the first-source program has been challenging, in part, due to the small number of projects that have triggered Chapter 355 requirements to date.



Program Administration – Several City departments contribute to RPP administration. DPW is responsible for maintaining the master list of all RPP-certified workers and for administering the RPP as it pertains to public works contracts. DPW staff works with contractors to ensure that they understand the RPP’s requirements and is responsible for monitoring and reporting on project outcomes. In addition, DPW staff signs off on any adjustments to resident participation requirements for public works contracts.

For private development projects, the City’s Office of Small Business Development (OSBD) and Department of City Development (DCD) each play a role in program administration. DCD is responsible for negotiating with developers to create development agreements for each project, which include RPP requirements. OSBD staff also participates in those discussions to ensure that developers understand the RPP and its requirements. The OSBD also plays the primary role in program monitoring, enforcement, and reporting.

In addition, while not a focus of our analysis, the City’s Department of Neighborhood Services (DNS) administers the RPP as it applies to certain demolition projects it carries out.



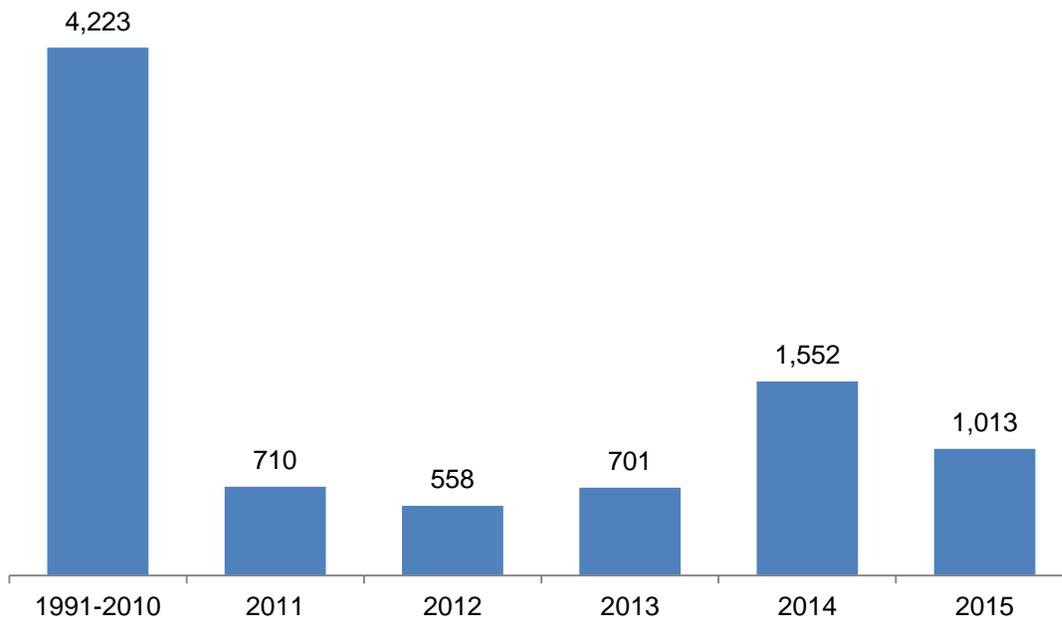
RPP PERFORMANCE & IMPACTS

To better understand the population served by the RPP and the influence of the program on local construction projects, we collected and analyzed data from the City of Milwaukee and State of Wisconsin. The data presented here show the demographics of the pool of RPP-certified workers, how those workers are being utilized on public works and development projects, and the extent to which the RPP is supporting career development.

RPP-CERTIFIED INDIVIDUALS

According to DPW data, 8,757 individuals are RPP-certified currently, including 4,534 who have become certified in the last five years (52%). As **Chart 4** indicates, there was a spike in the number of workers who became certified in 2014, which corresponds with a community effort to certify more individuals to meet the needs of the industry during a period of increasing development.

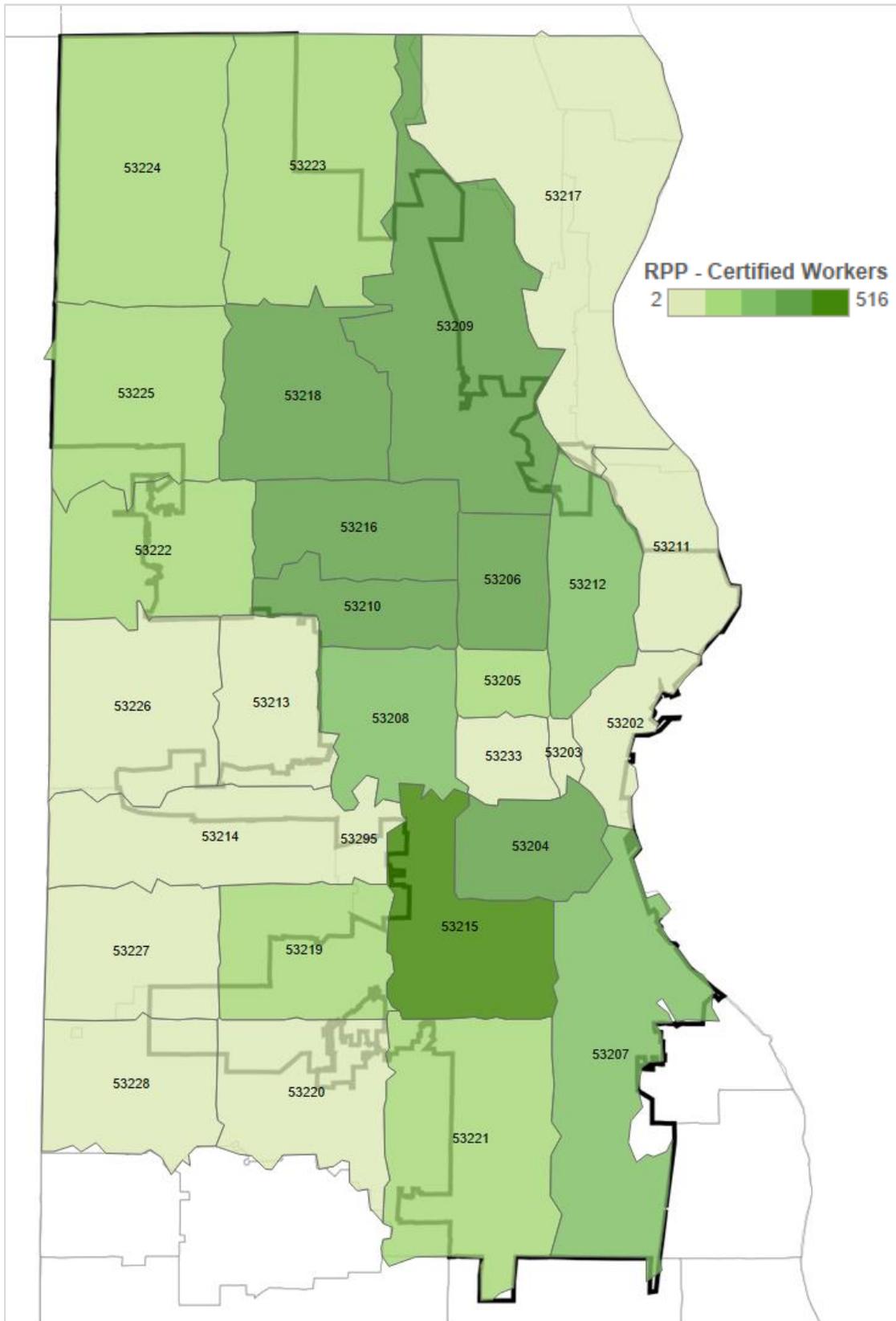
Chart 4: Number of individuals who became RPP-certified



Despite the fact that the program was expanded citywide in 2009, it appears that most individuals becoming certified since that time are residents of central city neighborhoods. **Map 1** (on the following page) shows the resident zip code of all 4,534 individuals who have become RPP-certified since January 1, 2011. Nine central city zip codes are home to two-thirds (67%) of those who became certified during that five-year period.



Map 1: Resident zip code of RPP-certified individuals, 2011-2015

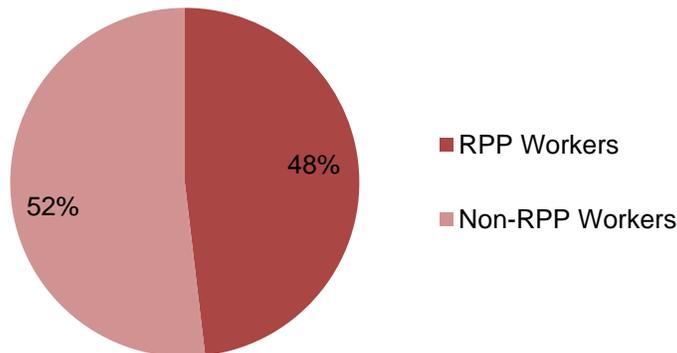


PUBLIC WORKS PROJECTS

The RPP is applied to most of the City's public works contracts. According to DPW's most recent program report, for example, of the 124 projects that closed in 2014, 104 were required to follow Chapter 309 guidelines (84%).¹⁶ The remaining projects were exempted from the requirements for a variety of reasons, including some that involved highly specialized work and others due to a lack of local contractors who perform the type of work required. Among the 104 contracts with Chapter 309 requirements, 94 were found to be compliant (92%), meaning RPP workers accounted for at least 40% of the hours worked on the project.

Overall, it appears that the City's 40% resident participation requirement is being met for most public works contracts. In fact, for all DPW contracts closed between 2010 and 2015 that included RPP requirements, RPP workers accounted for 48% of the 335,732 total hours worked, as shown in **Chart 5**.¹⁷

Chart 5: Share of total hours worked on City of Milwaukee public works contracts, 2010-2015



While DPW data show that 8,757 individuals were RPP-certified as of January 2016, including 4,534 who were certified in the past five years, a significantly lower number were actually employed on City construction projects in recent years. Between 2010 and 2015 (a six-year period), a total of 1,426 RPP-certified workers were active on public works projects. Many factors likely contribute to the lower employment numbers, including the limited number of job opportunities created by the volume of public works projects that are carried out, and the limited benefit RPP certification may have for inexperienced workers pursuing work in the construction industry.

With regard to worker demographics, DPW data show that the RPP workers employed on public works projects since the M.O.R.E. ordinance went into effect were much more diverse than the workers who were not RPP-certified. As **Chart 6** (on the following page) shows, two-thirds (67%) of the active RPP workers were people of color.¹⁸ In contrast, only 17% of the 2,486 non-RPP workers employed on public works projects during the same period were people of color. The data also show

¹⁶ City of Milwaukee DPW. *2014 Residents Preference Program Report*. July 2015.

¹⁷ PPF analysis of City of Milwaukee DPW data. Workers who are not Wisconsin residents were removed from this analysis in accordance with the design of the RPP; those workers account for 50,500 worker hours or 13% of the grand total.

¹⁸ There were a total of 1,426 active RPP-certified workers but DPW's data only included race/ethnicity data for 1,403.



that racial minorities accounted for 59% of the actual hours worked by RPP workers on public works projects (**Chart 7**).¹⁹ The same was true for only 16% of the non-RPP worker hours.

At the same time, the demographics of the active RPP workers generally reflect the much greater diversity of the City of Milwaukee’s population versus that of the suburbs. The racial breakdown of the RPP workforce is fairly close to the overall demographics of the City of Milwaukee’s working-age population (40% white, 37% African American, 16% Latino, 6% other²⁰), though Latinos are significantly overrepresented in the RPP worker pool. Also striking is that despite the disproportionate rate of joblessness among Milwaukee’s African American population, there are roughly equal numbers of whites and African Americans who are served by the RPP.

Chart 6: Race/ethnicity of active workers on public works projects, 2010-2015

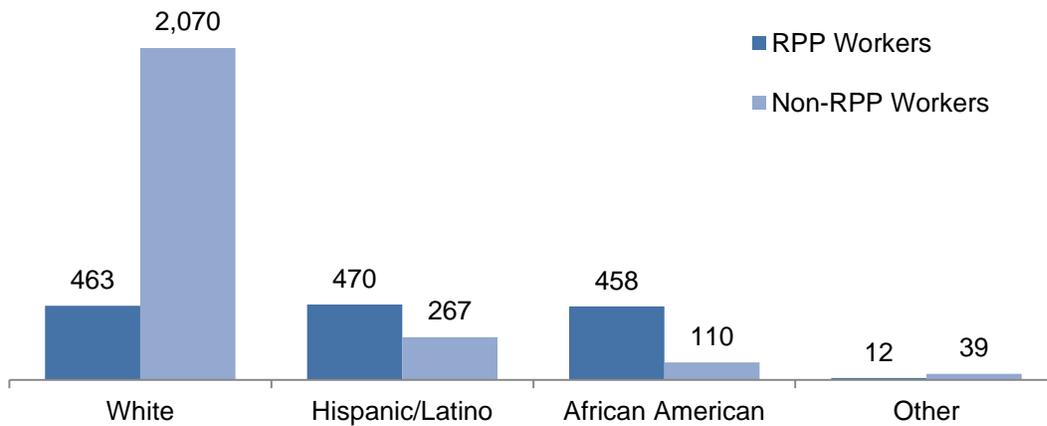
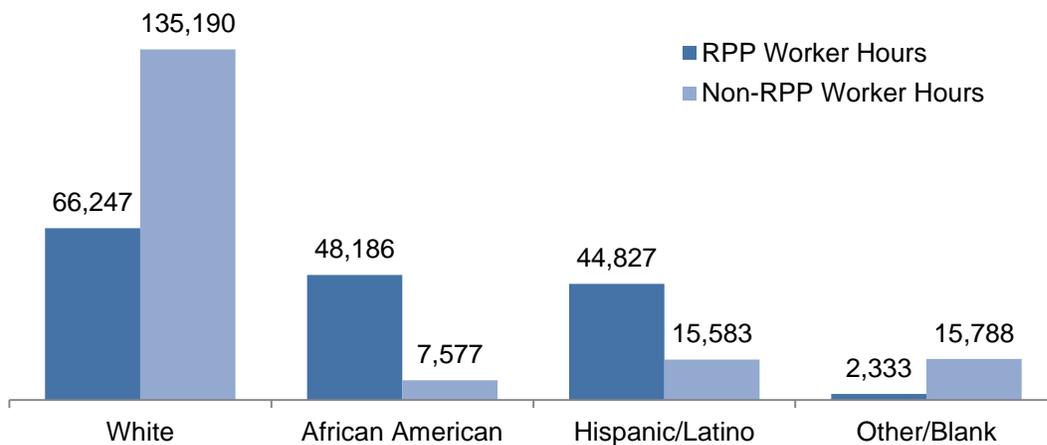


Chart 7: Hours worked on public works projects by race/ethnicity, 2010-2015



We also explored the specific manner in which RPP-certified workers are being employed on public works projects and found that the most common positions were laborer and driver (**Chart 8**). In fact,

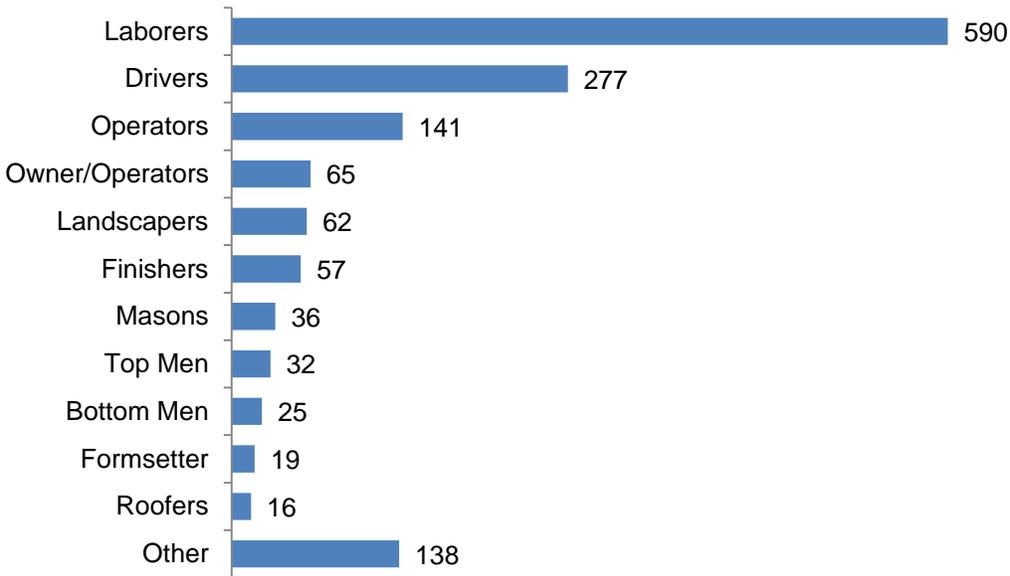
¹⁹ No racial/ethnic data was recorded for 4.7% of the total worker hours, which could skew these calculations slightly.

²⁰ U.S. Census Bureau. American Community Survey 3-Year Estimates 2011-2013. Figures only include individuals ages 16 to 64.



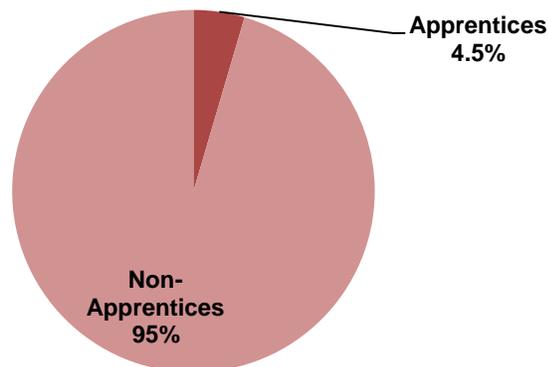
those two employment categories account for 61% of the 1,426 RPP workers active on public works projects between 2010 and 2015. Laborers perform a wide range of general construction work that can include semi-skilled and unskilled tasks. The high concentration of laborers, drivers, and operators in this pool of workers reflects the types of workers needed for road, sewer, and water system projects.

Chart 8: Job type of RPP workers on public works contracts, 2010-2015²¹



Overall, only 4.5% of RPP workers who were active on public works projects between 2010 and 2015 were employed as apprentices, as shown in **Chart 9**. (Non-apprentices include journeymen and entry-level workers not engaged in apprenticeship programs.) While they could not provide specific numbers, DPW officials confirmed that large numbers of entry-level workers are employed on public works projects as general laborers and landscapers, though most are not apprentices.

Chart 9: Apprenticeship status of RPP workers employed on public works projects, 2010-2015



As previously discussed, apprenticeships are the primary means of building a career in the construction trades. Consequently, this finding suggests that relatively little structured career development is occurring through the RPP as it relates to public works projects.

²¹ PPF analysis of City of Milwaukee DPW data.



For example, based on the apprenticeship ratios established by the State of Wisconsin, one apprentice laborer is allowed for every three journeymen laborers, meaning up to 25% of the laborers on public works projects could be apprentices if contractors were maximizing their use based on the State’s ratios. Over the past five years, however, less than 5% of the RPP-certified laborers who were active on those projects were apprentices.²²

Pre-apprenticeship programs

WRTP/BIG STEP plays a major role in assisting individuals to prepare for apprenticeships by helping them to gain needed education and training. These “pre-apprenticeship” services fill in gaps in workers’ resumes to make them stronger candidates for apprenticeship programs. According to one labor leader interviewed for this report, around half of all apprenticeship candidates are sent to WRTP/BIG STEP for education and training to help them meet apprenticeship program prerequisites.

DEVELOPMENT AGREEMENTS

The primary impetus for the City’s current efforts to reform the RPP is the growth in *private* development activity in the downtown area. Since the City of Milwaukee contributes financially to many of those projects through tax incremental financing (TIF) and other means, City and community leaders have sought to apply RPP criteria to those projects as a means of increasing employment of low-income city residents.

Since the M.O.R.E ordinance took effect in 2009, however, only five projects have met the program’s parameters and thus were required to meet Chapter 355 standards, including the 40% resident participation requirement. Those projects are listed in **Table 2**. Among them, only Schlitz Park is fully complete. Therefore, final RPP reports are not yet available for any of the other projects.

Table 2: Private development projects required to meet Chapter 355 standards

Development Project	Project Budget	City Contribution	Project Status	(Expected) Completion
Schlitz Park Project (Infrastructure)	\$1.6 million	\$1.6 million	Complete	2014
Posner building (MKE Lofts Downtown)	\$24 million	\$2.5 million	Nearly complete	2016
Century City 1 building	\$4 million	\$700,000+ ²³	Nearly complete	2016
Zurn headquarters	\$15 million	\$1.9 million	Under construction	2016
Northwestern Mutual tower	\$450 million	\$54 million	Under construction	2017

According to City data, 42% of the hours worked on the infrastructure portion of the Schlitz Park project were completed by RPP-certified workers – exceeding the 40% requirement. It is notable that only the infrastructure improvements associated with the Schlitz Park project were required to meet Chapter 355 standards; building improvements also were made, but the City did not contribute directly to that part of the project.

Several additional development projects initiated since the ordinance went into effect have included some type of City involvement but have not been subject to Chapter 355 requirements. Those

²² While our analysis includes all public works projects during the 2010-2015 timeframe, we acknowledge that many public works projects are small and less conducive to apprentice utilization than larger construction projects.

²³ The City’s contributions included \$400,000 from the Century City Redevelopment Corporation (an instrumentality of the City of Milwaukee) and \$300,000 from the Redevelopment Authority of the City of Milwaukee (RACM). In addition, the City spent millions of dollars on pre-development work on the larger Century City redevelopment site, which brought the total for this project to over \$1 million. All future projects at Century City will be expected to follow Chapter 355 standards as well.



projects were not covered by the City’s ordinance for several reasons that varied by project, including the following:

- The amount of City financial assistance did not meet the \$1 million threshold that triggers the ordinance.
- The City used federal funds to provide financial assistance, triggering federal requirements for disadvantaged worker hiring rather than Chapter 355 rules.
- Financial assistance was provided under the terms of a development agreement in place before Chapter 355 took effect that did not require adherence to the RPP standards.
- The City invested funds to create public infrastructure or a public facility that facilitated the private development. RPP requirements were applied to the City’s investment, but not to the associated private development.
- Assistance was provided by the Redevelopment Authority of the City of Milwaukee (RACM), rather than the City. RACM operates under a cooperation agreement between itself and the City of Milwaukee, but is a creation of the State. According to City officials, State law prohibits RACM from imposing RPP requirements.

Table 3 provides examples of development projects involving significant City investment that have come to fruition since Chapter 355 took effect but were not covered by the ordinance. The reasons those projects were not covered by Chapter 355 are indicated.

Table 3: Select development agreements not required to meet Chapter 355 standards²⁴

Project name	Year Completed	Project Budget	City Involvement	Reason(s) Not Covered by Chapter 355
735 N. Water St. (Gold’s Gym)	2010	\$19 million	\$3 million grant of TID funds	Development agreement already in place before 2009
Northside Home Owners Initiative	2014	\$7.6 million	\$500,000 grant of federal funds; sale of foreclosed properties to developer	Less than \$1 million in assistance; Use of federal funds
Schlitz Park upgrades	2014	\$8 million	City invested in public infrastructure near the property	City invested in public infrastructure but not private development
Standard@East Library	2014	\$15 million	City invested in library on first floor of apartment building	City invested in public infrastructure but not private development
St. Ann Center for Intergenerational Care	2015	\$15 million	City sold land for the development for \$1	Less than \$1 million in assistance
Mackie Building renovation	In progress	\$12 million	\$900,000 grant of TID funds	Less than \$1 million in assistance

²⁴ Data in this table were provided by City of Milwaukee officials.



While these and other similar projects were not covered by Chapter 355, many did include RPP requirements or goals that were negotiated between DCD officials and the developer when they entered into a development agreement. In some cases, the resident participation percentages are *requirements* built into the development agreement. In most cases, however, the agreements do not require the goal to be met; rather, they call for “*best efforts*” to be made to meet the goal.

Our research indicates that projects subject to an RPP requirement generally achieve significantly higher RPP participation than projects working under “best efforts” agreements. Three of the projects listed in **Table 3**, for example, involved “best efforts” RPP goals ranging from 21% to 40% resident participation, but fell far short of those goals.

Overall, this discussion shows that while the reach of the RPP to private development projects has been limited to date, changes in the ordinance language and the application of Chapter 355 could expand its impact, particularly as the pace of development expands in the next several years.

RPP Participants in Development Projects

Since only one completed development project was required to meet the RPP standards mandated by Chapter 355, we examined 10 additional completed projects with *negotiated* resident participation requirements or goals to understand the population they had employed.²⁵ As **Chart 10** shows, among 390 RPP workers who were active on those projects, 37% were white, 34% were African American, and 29% were Latino. As was the case with public works projects, this is roughly in line with the City’s racial demographics overall, though Latinos again are overrepresented.

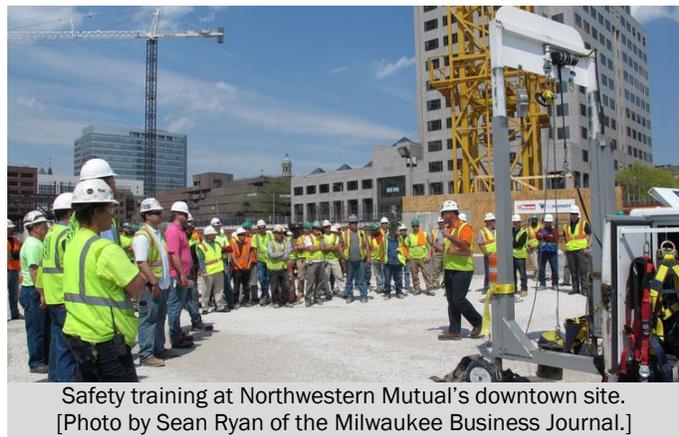
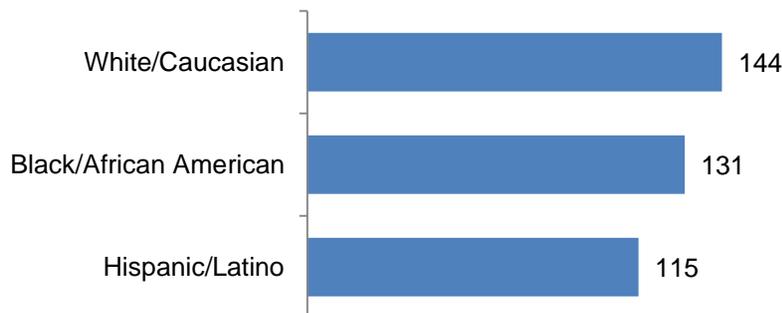


Chart 10: Race/ethnicity of RPP-certified workers active on 10 recent development projects



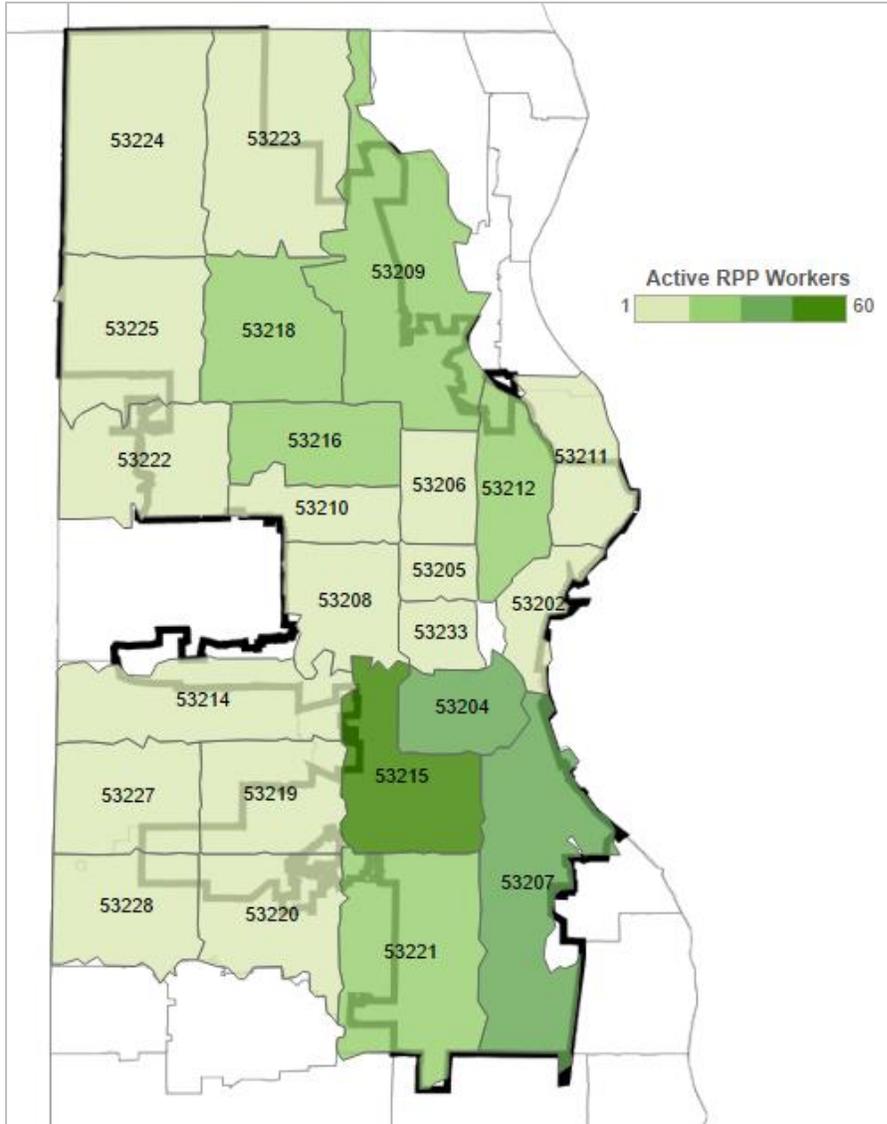
The RPP workers active on those 10 projects were drawn from all parts of Milwaukee, but as **Map 2** (on the following page) shows, a large share live on the city’s south side. Three south side zip codes

²⁵ These were the only projects for which we had complete race and zip code data from the City. Projects include Florida Lofts/Brix Apartments, The Moderne, North End Phase II, Reed Street Yards, Rishi Tea, Schlitz Park (infrastructure improvements), Schlitz Park (building improvements), Solaris, Standard @ East Library, and UWM School of Public Health.



accounted for 127 of the 363 active workers for whom zip code data was recorded. By comparison, a combined total of only 16 active workers reside in the three contiguous zip codes of 53206, 53205, and 53233 on the city's north side, which is often considered the most distressed area of the city. This map of active RPP workers is strikingly different from **Map 1** (on p. 15) showing the resident zip codes of all individuals who were recently certified for the RPP.

Map 2: Resident zip code of RPP workers active on 10 recent development projects²⁶



Additional City data shed light on the pool of RPP workers who have been active on recent City-supported development projects. According to an Office of Small Business Development report, 411 RPP workers were employed on City-supported private development projects in 2014.²⁷ That number compares to a total pool of 8,757 RPP-certified individuals.

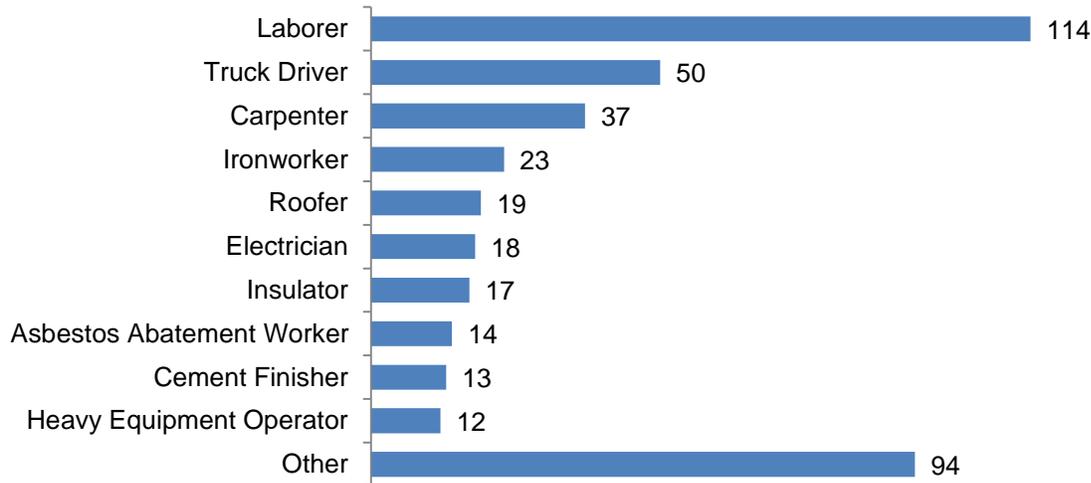
²⁶ These were the only projects for which we had complete race and zip code data from the City. Projects include Florida Lofts/Brix Apartments, The Moderne, North End Phase II, Reed Street Yards, Rishi Tea, Schlitz Park (infrastructure improvements), Schlitz Park (building improvements), Solaris, Standard @ East Library, and UWM School of Public Health.

²⁷ City of Milwaukee - Office of Small Business Development. *2014 Residents Preference Program Report*. July 2015.



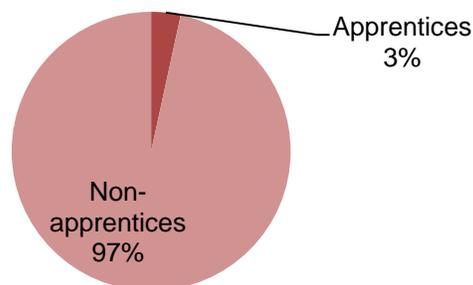
RPP workers were employed in more varied job types on development projects than they were on public works projects. In 2014, the two most common job types for RPP workers on development projects were laborer and truck driver, as shown in **Chart 11**, but only 40% were employed in those two job categories.²⁸ For public works projects, the majority (61%) were employed in one of those two job types. This suggests that development projects may offer a greater variety of career opportunities for construction workers.

Chart 11: Job types of RPP workers on development agreements (2014)



With regard to apprenticeships, only 14 of the 411 RPP workers who were employed on development projects in 2014 were apprentices or were participating “in an on-the-job training program.”²⁹ That amounts to just 3.4% of those workers, as shown in **Chart 12**. As is the case for public works projects, these data indicate that the RPP does not play a big role in supporting career development through development agreements.

Chart 12: RPP workers active on development projects, by apprenticeship status (2014)



Some individual development projects have employed higher percentages of apprentices, however, which shows it is possible to do so. For example, 15% of the workers employed on the second phase of the North End development project were apprentices.³⁰

²⁸ Ibid.

²⁹ City of Milwaukee Office of Small Business Development. *2014 Annual Residents Preference Program Participation Report*. October, 2015. Accessed via the Legislative Reference Center. <https://milwaukee.legistar.com/LegislationDetail.aspx?ID=2468735&GUID=393F5BCF-9896-4913-9D72-E4A8CA7ACD98>

³⁰ Cross Management Services. *North End Phase II Human Resources Requirements – Final Report*. April 2014.



PROJECT SPOTLIGHT: NORTHWESTERN MUTUAL TOWER & COMMONS

To date, the most high-profile project to be required to meet Chapter 355 standards is the Northwestern Mutual (NM) Tower and Commons. Company leaders and the mayor recently reported that 44.2% of total hours worked on the project have been completed by people hired through the city's RPP program.*

In order to meet the NM project's ambitious resident participation requirement, a great deal of effort was put into developing a plan for recruiting and utilizing RPP workers for the project. The lead contractors partnered with WRTP/BIG STEP to do community outreach, including a series of job fairs. They then created projections indicating the extent to which each contractor and subcontractor would contribute to the project's overall goal by utilizing a combination of existing and new RPP workers.

Much of the work completed by entry-level RPP workers on the NM project has taken place off-site at the Century City business park. As many as 50 RPP workers there have been involved in assembling over 2,700 curtainwall units, which are the glass and metal panels that make up the Tower's exterior façade. Experienced workers who are RPP-certified are employed in a variety of trades at the downtown project site.

The requirements associated with the City's RPP and Small Business Enterprise (SBE) programs undoubtedly influenced the decision to locate the fabrication work in Milwaukee, according to several individuals interviewed for this report. A local firm (Duwe Metal Products) selected as a subcontractor on the project hired the RPP workers through a partnership with a temp agency (Triada), which helped the project meet both its RPP and SBE requirements.

The NM project has been steadily increasing the utilization of apprentices as well. While early project reports showed an apprenticeship utilization rate of only 6%, the most recent report shows that 107 of the 1,068 individuals employed on the project are apprentices (10%).+ Apprenticeship rates on the project vary significantly by trade. For example, there are 38 ironworker apprentices (18% of all ironworkers on the project), compared with only five laborer apprentices (2% of all laborers). Overall, the NM project is providing more apprenticeship opportunities than other recent development and public works projects.

A \$500,000 budget for workforce training was included in the \$73 million TIF district created by the City of Milwaukee for the NM project. The inclusion of funds for workforce training is not directly connected with the RPP and is not standard practice when the City creates new TIF districts. If it proves an effective strategy, it could be considered for other TIF-supported projects.

While these unique efforts and the preliminary outcomes of the NM tower are encouraging, the project is massive in scale and primarily relevant for other very large projects with similar characteristics. Several individuals interviewed for this report pointed out that Northwestern Mutual is a Fortune 500 company with the resources to afford the additional costs that must be incurred to recruit, train, and utilize entry-level, RPP workers for their projects. In addition, the \$73 million TIF district established for the NM project is the largest created in Milwaukee to date, which may have more easily allowed for the budget carve-out for training.

Sources

* Garza, Jesse. *Barrett reports local hiring numbers for Northwestern Mutual project*. Milwaukee Journal Sentinel. 2/22/16.

+ Northwestern Mutual. [SBE and RPP Participation Report – Third Quarter, 2015](#)



Northwestern Mutual's new headquarters rises in downtown Milwaukee.
[Photo by Tom Held of the Milwaukee Business Journal]

WORKERS' PERSPECTIVES ON THE PROMISE OF THE RPP

In April 2016, Public Policy Forum researchers met with a group of seven workers active on the Northwestern Mutual development project to learn about their experiences with the RPP program. Their stories reflect both the promise of the RPP to get unemployed Milwaukee residents back into the workforce, and the ongoing challenges and uncertainties many still face regarding their future employment prospects.

Among the focus group participants, one individual was a sheet metal apprentice working at the downtown construction site and the remaining six were engaged in fabrication work for the project at the Century City business park on the city's north side. All are African American or Latino men. Their previous experience in construction or related fields varies significantly, but all had been directed to WRTP/BIG STEP at some point in their journey, where they had become RPP certified.

Most of the participants have started or completed pre-apprenticeship training at WRTP/BIG STEP and credited the agency with connecting them to their current jobs on the NM project. They expressed gratitude for the opportunity to work and improve their skills. As one participant stated, "The program is doing what it says it's going to do. Prior to us making contact with BIG STEP, I'm sure all of us were unemployed. We're all working now."

At the same time, participants pointed to some perceived shortcomings. The involvement of a temporary agency (Triada) as the direct employer of those working at the Century City site is an unusual setup in the construction industry. The starting wage for those workers is \$11.50 per hour and many feel the health insurance available to them is unaffordable. They also noted that they are required to pay dues to the Glazer's union, despite the fact that they are not earning prevailing wages.

The participants also described the challenges they face in trying to build long-term careers. The NM project is likely to keep them working until November, but there is no guarantee of work after that. The metal fabrication company has suggested that there will be direct employment opportunities for some workers after the project ends, but many participants feel they are still in a precarious position. Many have realized that in addition to RPP certification, they need to pursue apprenticeships to gain steady work at a higher wage.

In addition to the one participant already engaged in an apprenticeship, one other individual begins a Laborer apprenticeship in May. Rather than waiting until the end of the year to see what comes along, he passed the Laborer's exam, contacted a number of employers, and secured an apprenticeship with a local firm. Another individual has advanced to a supervisory role at the Century City site and said he has received offers for future employment as a result.

The remaining participants are struggling to complete training and prepare for apprenticeship exams in their trades of choice. While they know they need to be persistent to be successful, they described the difficulties of taking unpaid time off to complete pre-apprenticeship training, and frustrations with what some perceive to be a lack of apprenticeship opportunities in certain trades.

Overall, the experiences of these workers is a testimony to the power and promise of the RPP as it applies to large development projects, and provides further evidence for the need to support apprenticeship development through the RPP.



Entry-level RPP workers have been involved in fabrication work for the Northwestern Mutual Tower & Commons project. [Photo by Tom Held of the Milwaukee Business Journal]

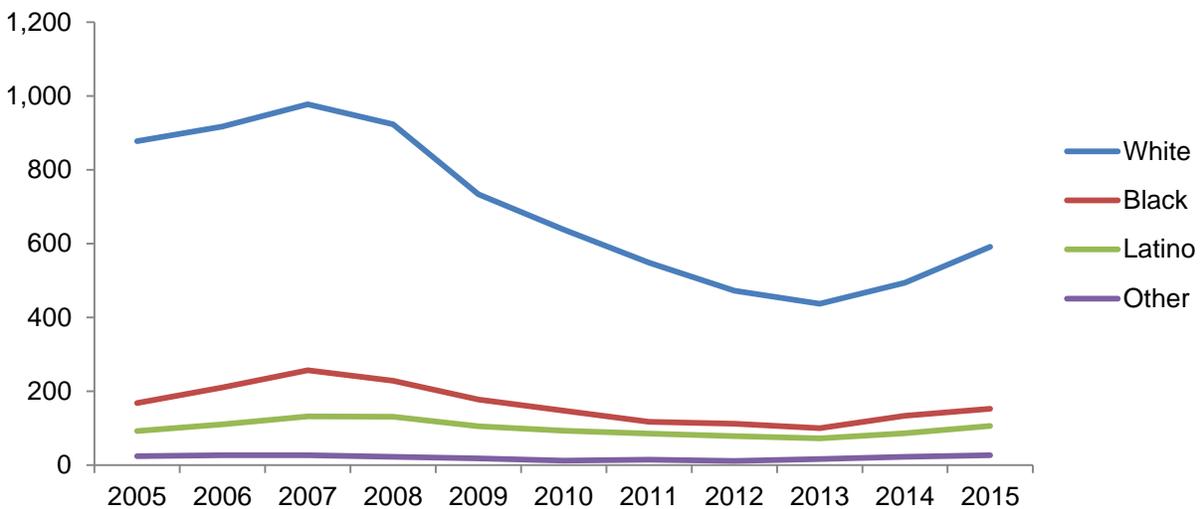
STATE APPRENTICESHIP DATA

Since our data on apprenticeships is limited to recent projects with resident participation requirements or goals, we also analyzed comprehensive apprenticeship data from the Wisconsin Department of Workforce Development (DWD) to understand broader industry trends. The State's data show the flow of workers who reside in Milwaukee County into apprenticeship programs in all of the construction trades, the demographics of those workers, and their success in completing apprenticeships.

The recession caused the total number of active apprentices in Milwaukee County to drop precipitously, from 1,249 in 2007 to only 550 in 2013. The numbers have begun to climb again over the last two years, but remained well below pre-recession levels in 2015, at 763.

The share of active apprentices who were minorities has increased over the last 10 years, from 27% in 2005 to 36% in 2015. As **Chart 13** shows, however, that was largely due to a decrease in white apprentices rather than an increase in minority apprentices. In addition, minority apprentices still are somewhat underrepresented given that non-white residents make up 44% of Milwaukee County's total working-age population.³¹

Chart 13: Apprenticeships by Milwaukee County residents in any construction trade



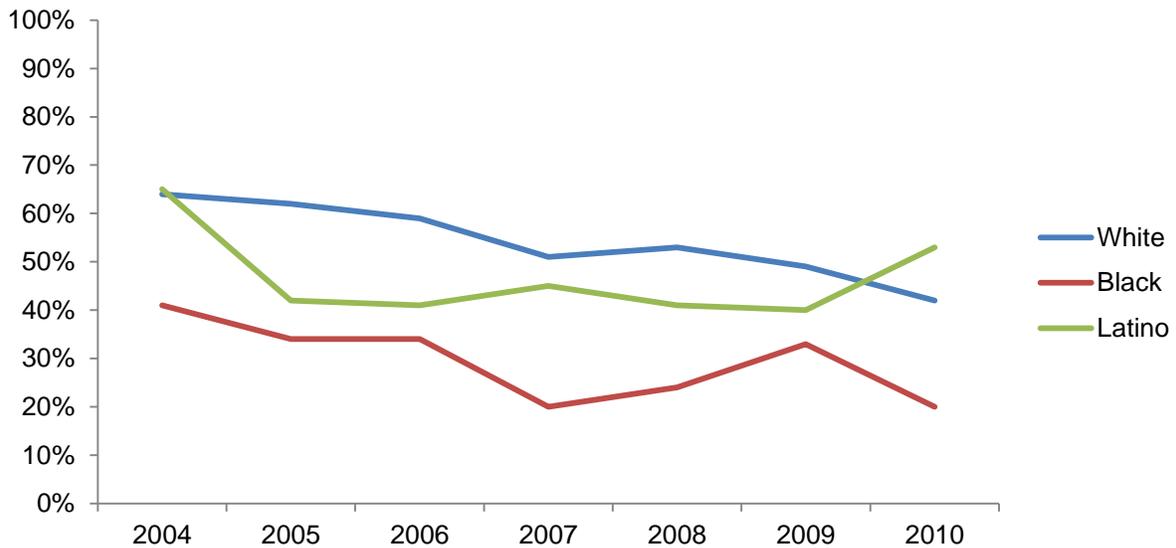
The data also show that a significantly lower percentage of African American apprentices complete their apprenticeships and achieve journeyman status compared with their white peers. **Chart 14** shows the completion rates by race of apprentices based on the year in which their apprenticeship began.³² The completion rate among African Americans has dipped as low as 20% in some years, while the rate has generally remained highest among white apprentices and somewhere in between for Latinos.

³¹ U.S. Census Bureau. American Community Survey 3-Year Estimates 2011-2013. Figures only include individuals ages 16 to 64.

³² Figures for later years may be skewed lower because those individuals have had a shorter period of time to complete their apprenticeships.



Chart 14: Apprenticeship completion rates for Milwaukee County residents, by race/ethnicity



SUMMARY/OBSERVATIONS

Our analysis of RPP data shows that central city residents comprise a majority of those who became RPP-certified over the last five years. Likewise, a majority of the RPP-certified workers who were active on City-supported construction projects during that period were racial minorities. Yet, the racial demographics of the RPP workforce now generally reflect those of the City overall, suggesting that the population served by the program includes a smaller proportion of minorities since it was expanded citywide in 2009.

Additional observations include the following:

- Overall, it appears that resident participation requirements are being met for most public works contracts and development agreements when mandated by City ordinance. Chapter 355 has been applied to very few development projects thus far, however. Also, projects with negotiated “best efforts” goals – as opposed to ordinance-based or negotiated requirements – have been less successful in achieving those goals.
- A relatively small percentage of the individuals who are RPP-certified have obtained employment on City-supported construction projects in recent years. For example, while 8,757 individuals were RPP-certified as of January 2016, only 411 RPP workers were active on City-supported private development projects in 2014 – the most recent year for which data are available. Similarly, a total of 1,426 RPP workers were active on public works projects between 2010 and 2015.
- The RPP currently is not playing much of a role in supporting structured career development in the construction industry. Very few RPP workers who have been active on recent City-supported construction projects have been engaged in apprenticeship programs.



RPP ISSUES & CONCERNS

Our analysis of the design, administration, and recent outcomes of the City of Milwaukee's Residents Preference Program reveals several important issues that City leaders striving to improve the program should deliberate. Those issues are summarized below.

Target Population

A key challenge that emerged when the M.O.R.E. ordinance was debated in 2009 – and one that remains largely unresolved today – is agreeing on the program's target population. Should the program be open to all city residents, or should it be targeted specifically toward individuals who are unemployed, residing in distressed neighborhoods, racial minorities, or otherwise disadvantaged?

In 2009, supporters of expanding the program citywide pointed out that doing so would provide access to unemployed and underemployed individuals who were interested in becoming RPP-certified and who lived within the city, but not within the CDBG area. Some supporters also argued that the goal should be to put city residents to work regardless of their income or employment status. Those opposed to the expansion argued that opening up the program to the entire city took the focus away from the neighborhoods and populations with the greatest needs.

Discussions at recent Workforce Organizational Reform Committee meetings have shown a continued philosophical disagreement as to the RPP's target population. Some continue to feel the program should be inclusive of all city residents, while others feel it should focus to a greater extent on employing disadvantaged populations, including people of color.

It is important to note in 2009, the City of Milwaukee implemented a policy that encouraged the use of minority-owned businesses for City contracts after a study revealed racial disparities in City contracting. Legal challenges followed, however, stemming from the specific design

There is an ongoing philosophical disagreement regarding the RPP's target population.

of the policy, which resulted in its elimination. Any future efforts to add race- and gender-based goals to the RPP would need to take into account the potential for similar legal obstacles.

In addition, there is legal ambiguity surrounding the ability of municipal governments to establish hiring preferences based solely on city residency. It has been argued that such preferences illegally discriminate against non-residents, though policies incorporating them in other U.S. cities appear to have passed legal muster. In Milwaukee, to avoid legal challenges, the RPP was specifically designed to address the documented, disproportionate level of unemployment in the City of Milwaukee – compared with the surrounding region – by targeting the program only to those who were unemployed or underemployed. If City leaders wished to establish hiring requirements based on city residency alone, then the City Attorney's office would need to further explore their legal capacity to do so.

Eligibility Period

Although the City's policy states that individuals who become RPP-certified remain eligible for five years, DPW has never culled its list to eliminate those whose eligibility period has expired. This also likely means that many of the individuals on the list no longer meet the program's eligibility



requirements, as some may have gained steady employment and higher incomes, while others may have changed career plans or moved away from Milwaukee.

At its meeting on February 25, 2016, the Workforce Organizational Reform Committee voted to remove the five-year limitation. According to testimony at the meeting, some contractors have been following the program's requirement and only hiring those who had been certified within the last five years, despite the fact that the City does not cull its list of RPP workers. Those who supported removing the five-year eligibility requirement argued that the primary goal of the program is to get people working, and that it would be counterproductive to "drop" them once they gained steady employment.

Removing the five-year eligibility period, however, would raise questions regarding the extent to which the goal of the program is to employ city residents generally, as opposed to specifically employing those who were recently unemployed or underemployed. It is not a common practice for government programs to consider a person who is eligible at one point in time to be eligible permanently.

Projects Covered by the RPP

For a variety of reasons, very few development projects have been required to follow the City's Chapter 355 ordinance. With the surge in development currently taking place, there is potential for the RPP to have a greater impact if eligibility criteria are modified such that the program applies to more projects.

Project Requirements

Currently, it is expected that RPP workers will account for at least 40% of the hours worked on all construction projects covered by the City's ordinances. Several individuals we interviewed noted that since the economy and workforce are dynamic entities, maintaining a 40% requirement for all projects regardless of labor market conditions and development activity may not be the best approach.

Apprenticeships

Several issues emerge regarding the proper role of the RPP in encouraging apprenticeships. First, because City ordinances do not require contractors to utilize apprentices who are RPP-certified, apprentices can be suburban residents and still fit the current design of the ordinance. It appears that this may have been an oversight by City leaders. Our analysis of six recent development projects found that only nine out of 49 active apprentices were RPP-certified (18%).³³

Also notable is that although both Chapter 309 and Chapter 355 encourage contractors to utilize apprentices based on the State's maximum ratios, the City currently plays no role in monitoring whether contractors actually do so. While DPW and the OSBD report on the number of apprentices employed on projects with RPP requirements, those reports do not provide comparisons with the State's ratios.

³³ These were the only completed projects for which the City provided complete apprenticeship data. The projects are: Florida Lofts/Brix Apartments, Reed Street Yards, Rishi Tea, Schlitz Park (infrastructure improvements), Schlitz Park (building improvements), and Standard @ East Library.



In addition, since so few RPP workers are apprentices, it is unclear whether those who are entry-level are gaining consistent work and building careers in the construction industry, as perhaps more likely would be the case if they were engaged in apprenticeship programs.

State data also show that minority residents of Milwaukee County are underrepresented among those in construction apprenticeships, and that African American apprentices, in particular, have a low apprenticeship completion rate. These findings point to a potential need for strategies that increase the participation of minority workers in apprenticeship programs and support retention among minority apprentices.³⁴

Public Works Contracts vs. Development Agreements

It is unclear why significant differences exist between how the RPP is applied to public works versus private development projects. For example, while it has not been implemented, Chapter 355 established a “first-source employment program” for development agreements that is not included in Chapter 309. As **Table 4** shows, there are a number of additional distinctions between the City’s RPP ordinances for public works contracts versus development agreements. Current and future efforts to improve the RPP may consider whether these distinctions are necessary.

Table 4: Distinctions between RPP for public works contracts vs. development agreements

Requirement	Public Works Contracts (Chapter 309)	Development Agreements (Chapter 355)
City resident utilization plans	No requirement	Requires contractors to create plans detailing how resident hiring requirements will be met
Race/ethnic information	Administration must maintain this information for all workers employed on all public works contracts	Contractors must maintain this information for all workers employed on their project, but the City is not required to collect and report it
Sanctions for non-compliance	Department may withhold payment, terminate the contract, or deny right to participate in RPP for 2 years (following a due process hearing)	Remedial efforts are required if contractor is not meeting targets early on for a project
Fraud penalty	\$1,000 minimum	\$2,000 minimum
First-source employment utilization	No requirement	Mandates use of first-source agency; defines first-source; requires distribution of program information and monitoring for compliance

Impact on Contractor Costs

Although the RPP currently is not focused exclusively on entry-level workers, the added cost that can be incurred to train and employ entry-level workers on complex development projects is another issue that arose in our research. Simply put, entry-level workers are not as productive as experienced

³⁴ One notable restriction on potential efforts to retain minority apprentices is that the City’s workforce development agency, Employ Milwaukee (formerly MAWIB), is largely supported by federal funds that cannot be used for retention programs.



journeymen, and construction project timelines have become more and more compressed in recent years to maximize efficiency. Thus, the goal of strengthening the local workforce needs to be balanced with project cost and safety concerns.

Program Administration

Recent audits of the RPP by the City's Office of the Comptroller have revealed a number of administrative issues that needed improvement. The audit of public works contract administration, for example, cited "a need for significant improvement in efficiency and accuracy for collecting, recording, and retaining RPP data."³⁵ Several Common Council members also have expressed concern regarding the lack of timely access to data on development projects with RPP requirements.

One of the 2014 audit's key recommendations was to implement an electronic system for contractors to report their RPP outcomes. The City has since transitioned to an electronic reporting system called LCPtracker, which allows contractors to report on their projects online rather than through paper forms. While LCPtracker is being implemented, problems continue to be reported regarding the consistency and timeliness of program data. In addition, some contractors have raised concerns about the quality of training available for the LCPtracker software, which is provided in webinar format only.

Our own efforts to collect data on the RPP reinforced concerns expressed by the comptroller and by aldermen with regard to development agreements. The City was not able to provide us with a report on all current and recent development agreements with RPP requirements. Rather, individual documents pertaining to each project were provided, with inconsistent data available for each. We would hope that as LCPtracker is fully implemented, program data will become more readily accessible.

In response to these and other concerns regarding program administration and program efficiency, the Mayor established the Workforce Organizational Reform Committee late last year, which is charged with improving the operations of the RPP. The formation of this committee indicates that City leaders are intent on developing and implementing needed improvements.

With regard to program staffing, a recent study by AECOM found that the City of Milwaukee employs four full-time equivalent employees (FTEs) for the City's inclusion programs, which include the RPP and other programs targeting small business utilization.³⁶ City officials note, however, that several additional staff members in multiple departments dedicate time to those programs. Nevertheless, some City and community leaders have suggested that these programs are understaffed, resulting in insufficient outreach efforts to the community and to Common Council members regarding employment opportunities, as well as inadequate program monitoring and administration in general.

To address those concerns, in November 2015, the Common Council approved a proposal to create a new Community Economic Development Director position in the City Clerk's office. Among other

³⁵ City of Milwaukee Office of the Comptroller. *Audit of Public Works Contract Administration*. November 2014. <http://city.milwaukee.gov/ImageLibrary/Groups/comptroller/Authors/A-1DPWContractAdminAudit11-05-.pdf>

³⁶ City of Milwaukee. Legislative Research Center. <https://milwaukee.legistar.com/LegislationDetail.aspx?ID=2524576&GUID=13674FBC-24B5-498F-AE55-5804F34853EB&Options=&Search=>



duties, that position will help in administering the RPP,³⁷ though the precise role of that position and how it will interact with City staff in other departments have yet to be determined. To date, that position has not been filled.

Program Budget

No City funds are directed specifically to the RPP, so program administration is carried out by City departments and partner agencies within the context of their existing budgets. Efforts to significantly expand the scope of the program likely would require new funding.

SUMMARY

The issues and concerns raised in this section are not atypical. In fact, there is a long list of workforce-related local government programs both in Milwaukee and nationally that have established laudable policy objectives, but that have run into challenges when it comes to on-the-ground implementation and execution. The need to continuously review program performance and modify goals and strategies should be part of the process for administering such programs, and City leaders have shown through recent actions that they fully recognize that need.

In the following sections of this report, we seek to further inform efforts to review and improve the City's targeted hiring programs by examining how targeted hiring strategies are being developed and implemented in other U.S. cities, and by other local governments in the Milwaukee area. We then use that knowledge to recommend our own set of policy options and recommendations.

³⁷ City of Milwaukee. Legislative Research Center.
<https://milwaukee.legistar.com/MeetingDetail.aspx?ID=366647&GUID=72DE8D51-AFA7-4E06-9199-3DF0C8BD26EB&Options=info&Search=>



NATIONAL CONTEXT

Milwaukee is far from alone in its efforts to increase employment opportunities for low-income city residents through targeted hiring. Numerous local governments across the country have developed programs with similar aims. The information included in this section shows the diversity of those programs, presents best practices for effective targeted hiring, and explores several national case studies.

VARIATION IN PROGRAM DESIGN

There is no single model or type of targeted hiring program. Not only do programs vary in size and complexity, but they also differ in key operational details. Even where there are common structural elements – such as targeted groups, project requirements/goals, governance mechanisms, compliance monitoring, and enforcement – within these broad categories lie substantial program variations.

Targeted Groups – The central feature of all targeted hiring is the granting of employment preferences to select group(s) in construction contracts. Most programs award preferences to local residents. In some cases, resident eligibility is confined to select neighborhoods or zip codes where there is a higher rate of unemployment or minority populations. In a few cities, such as Minneapolis, preferences are explicitly awarded to Black, Latino, Asian, and Native American populations without regard to residency. Some programs target females, a reflection of the fact that women, as well as minorities, have historically been underrepresented in the construction trades.

Apprenticeships – Many programs also promote apprenticeships to foster long-term employment opportunities. In some instances, cities require contractors to use a targeted number of apprentices on a project, while in others they require a certain percentage of apprentices to come from select groups, such as local residents or the disadvantaged. A few cities incorporate both requirements.

Project Requirements/Goals – Most programs have participation requirements or goals for targeted group(s). These requirements/goals generally pertain to the percentage of new hires or the percentage of total employees that contractors working on a project should employ. Some cities, such as San Francisco, have requirements for both a contractor's new hires and total workforce. Some cities that do not have hiring requirements/goals establish hiring procedures, such as through a "first-source" employment program, which all city contractors must follow.

Many cities have multiple targets with separate requirements or goals for different groups. In Hartford, Connecticut, for example, contractor employees are to consist of 6% women and 25% minorities. Contractors in Hartford also must hire 20% of their apprentices from the local community.

In Washington, DC, employers with contracts that exceed \$300,000 must fill 51% of new jobs and 35% of all apprenticeship hours with local residents. When contract amounts exceed \$5 million, residency requirements rise to 20% of journeyman hours, 60% of apprentice hours, 51% of skilled labor hours, and 70% of common laborer hours.



Programs differ not only in the specific groups that are targeted, but also in the size of the requirement or goal, as shown in **Table 5**.

Table 5: Local hiring requirements/goals for select units of government³⁸

Government	Resident	Disadvantaged/Minority	Women	Apprentice
Port of Oakland	50%	-	-	20%
LA-Dept. Public Works	30%*	10%	-	20%
LA-School District	50%*	-	-	30% in each craft of which 40% 1 st year
San Francisco	30%	25% of resident	-	50% resident/25% disadvantaged
Cleveland	20%	4% low income	-	30%
City of Oakland	40%**	-	-	15% in each craft
Seattle-Sound Transit		33% low income, 26% people of color	12%	20% of which 1/3 women/people of color

* designated zip codes

** 50% resident total & first hire

Contract Scope – Cities apply targeted hiring to specified types of construction contracts. In some cases, the policy pertains to public works projects over a certain size, with the threshold expressed either in terms of gross square footage or, more commonly, dollar value.

Private development projects that receive local government financial assistance through loans, grants, and/or tax abatements also may be subject to targeted hiring. The inclusion of development projects can greatly expand the scope of a targeted hiring program, as well as the number of potential jobs made available to targeted groups. **Table 6** shows the average value of targeted hiring construction projects in select cities throughout the United States that were included in a recent UCLA study on targeted hiring.³⁹ Milwaukee ranks lowest among this group.

Table 6: Average annual construction spending subject to targeted hiring at select public agencies and municipalities⁴⁰

Public Agency	Average Spending
Los Angeles-Unified School District*	\$1.8 Billion
San Francisco	\$343 Million
Cleveland	\$298 Million
Seattle	\$200 Million
Milwaukee	\$51 Million

* Amount under LAUSD's multi-year Project Labor Agreement

Governance – Targeted hiring programs generally are implemented either via ordinance or on a project-by-project basis. Those implemented via ordinance typically apply program requirements to all qualifying contracts; those who bid on the projects must agree to abide by the city's policies and procedures. In a project-by-project approach – a common practice on the west coast – targeted

³⁸ UCLA Labor Center. *Exploring Targeted Hiring: An Assessment of Best Practices in the Construction Industry*. March 2014. <http://www.labor.ucla.edu/publications/exploring-targeted-hire/>

³⁹ Ibid.

⁴⁰ Ibid.



hiring requirements may be written into individual Project Labor Agreements (PLAs) between the prime contractor on a project and a consortium of participating unions.

It is generally agreed that implementing targeted hiring on a project basis via contract makes a city less vulnerable to lawsuit since under this approach the local government is advancing its own interest in the market place and not establishing general labor practices. On the other hand, community benefit agreements require the commitment of substantial time and resources that a local organization may find difficult to sustain. Also, when implemented on a project basis, a city's general policy and purpose can become less distinct and may lack consistency and continuity. Some cities seek to overcome this liability by adopting an ordinance on program procedures and goals expected to be included in most city contracts.

The City of Los Angeles has adopted a hybrid approach to governance. While PLAs regulate each construction project and contain specific hiring percentages for each targeted group, a citywide policy/template establishes goals for all projects, with the expectation that they shall employ 30% local residents, 20% apprentices, and 10% disadvantaged workers.

Administration – Targeted hiring programs vary greatly in their organization and staffing. Some programs are little more than policies on paper.⁴¹ They allocate scant revenue for operations and do not communicate effectively with stakeholders or systemically monitor contractor efforts. Others have sufficient resources so that staff can perform administrative functions in all program phases.

Often, program administration is centralized within a single city department. Large projects may employ on-site job coordinators who facilitate and monitor the hiring of targeted groups.

The number of staff employed to administer targeted hiring is often difficult to determine since staff may be embedded in units that perform related functions, such as administering preferences for small business contracts. Staff size, of course, also is related to the number and scope of construction projects. A recent analysis of the well-regarded Washington D.C. program, discussed below, reported total annual administrative costs for targeted hiring and recruitment and referral services at \$500,000, with seven full-time staff administering contracts valued at \$150 million.

In San Francisco, where program size and complexity necessitates the involvement of multiple departments, a working group from participating agencies coordinates and standardizes program efforts.

Enforcement – Targeted hiring programs generally have sanctions for non-compliance. However, the conditions and circumstances under which sanctions are applied differ. Most programs require contractors to demonstrate only a “good faith effort” and to document, usually in writing, activities undertaken to recruit, interview, and hire members of targeted groups. Ongoing contact between

⁴¹ For Working Families. *First Source Hiring: Overview and History of Denver's First Source Policy*. City of Denver. <http://www.forworkingfamilies.org/sites/pwf/files/documents/First Source Local Hiring Overview.pdf>



contractors and compliance staff may facilitate this monitoring and ensure its accuracy.

Less commonly, compliance is mandatory and contractors falling short of a city's requirements are subject to financial penalties and, occasionally, harsher sanctions. Even these programs, however, will permit contractors to avoid penalties if they can document strong good faith or compensatory efforts, especially in the early or middle stages of a project.

Cleveland collected \$133,830 in targeted hiring penalties from 2009 to 2013, while Oakland's program administrator reported the collection of \$180,000 in penalties in 2015.

There are a wide variety of sanctions that city ordinances authorize for non-compliance. Severe sanctions, such as voiding a contract, rarely are used. Many cities assess non-compliance penalties based on the degree to which a contractor falls short of the city's targeted hiring requirement(s). For example, contractors not meeting apprenticeship requirements in Oakland are assessed a penalty equal to 1.5 times an established hourly apprenticeship rate plus benefits for each hour they are in deficit.

NATIONAL BEST PRACTICES

There is modest, but substantive, literature about targeted hiring. We identified useful studies conducted by or for Seattle, Denver, Pittsburgh, and St. Petersburg. The Transportation Research Board of the National Academies also completed a lengthy report in April 2013 that examined program operations and legal issues. Finally, some articles have addressed specific aspects of targeted hiring. Common "best practice" themes that appear in these sources are discussed below.

Set Clear and Realistic Goals⁴²

A national survey and analysis of targeted hiring conducted by the National Economic Development and Law Center in 2005 found that programs that have hiring requirements or goals are more effective than those that do not.⁴³ However, establishing a goal(s) is not enough; those goals also should be carefully conceived. A study by the Transportation Research Board (TRB) has recommended that goals "be tailored to the community."

Targeted hiring programs that have hiring requirements or goals are more effective than those that do not.

It is important to assess the job skills, employment history, and educational attainment of local residents and to document local needs...Without a proper assessment, unrealistic goals may be set and not met, which can frustrate both community members and program participants. Furthermore, an initial assessment provides public agencies and communities

⁴² We use "goals" here and in the remainder of this section to refer to both *mandatory* targeted hiring requirements and *voluntary* targeted hiring goals.

⁴³ Sulafi, Suafai and Tarecq Amer. National Economic Development and Law Center. 2005. The findings of this study are summarized in For Working Families' report on the City of Denver's program and discussed in Katrina Liu and Robert Damewood, *Local Hiring and First Source Hiring: A National Review of Policies and Identification of Best Practices*, which was prepared for the Pittsburgh City Council. <http://rhls.org/wp-content/uploads/First-Source-Hiring-Overview-RHLS.pdf>



*with the ability to craft local hire programs that target areas with the most demonstrated need and obtain evidence to support that decision.*⁴⁴

Since goal setting reflects local conditions, a city that sets a high goal for a particular targeted group is not necessarily more ambitious or successful than a city with a lower goal for the same group. Differences in labor markets, in fact, may make a higher goal easier to obtain. The real measure of success is how many more targeted workers a city is adding to the workforce through its program.

As noted above, many programs are voluntary and only require that contractors engage in good faith efforts to meet targeted goals. That, in turn, can lead to questioning about the validity and usefulness of the goal setting process. Nevertheless, a St. Paul program administrator we interviewed believes that goal setting has value even if the goals are not achieved, as that city has made steady annual progress in the number of minority and female workers participating on targeted hiring contracts even though it has not reached its hiring goals for those groups.

A final complication is that local labor conditions vary over time. What may be a suitable hiring requirement or goal for a particular group or a particular project at one point in time may be inappropriate a few years later or for a more specialized project. Cities need to have the ability to make adjustments in the setting of goals that respond to local circumstances and are supported by the various stakeholders and the public at large.

Integrate Targeted Hiring into a Larger Workforce Development Framework

It is not a coincidence that cities with well-regarded targeted hiring programs also have excellent workforce training programs and linkages between job recruitment, training, and placement. Studies have shown that when a targeted hiring program works in concert with other parts of the workforce development system, better results are achieved.⁴⁵

Even when local governments establish targeted hiring policies and goals, contractors and union halls retain their central roles for hiring workers. Consequently, there should be an institutional structure to integrate the recruitment and referral of targeted workers into established hiring procedures. The need for such a structure is especially strong when those targeted are from underrepresented groups that historically have not had easy access or experience in construction work.

As the TRB has noted, “[t]he best way to ensure that the targeted low-income residents....enter into appropriate job training and get project jobs is to have effective outreach and referral. To this end, [the program] should attempt to identify the use of a centralized system for conducting outreach and referral.”⁴⁶

*Program evaluations have found that in cities where [first-source] programs are in place, targeted hiring is more effective.*⁴⁰

Coordinating outreach and referral with targeted hiring also can produce other positive program effects. For example, stakeholders are more likely to actively cooperate with the program when those

⁴⁴ Transportation Research Board. *Enforceability of Local Hire Preference Programs*. National Cooperative Highway Research Program. Legal Research Digest No. 59. April 2013.
http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_LRD59.pdf

⁴⁵ For Working Families. *First Source Hiring: Overview and History of Denver's First Source Policy*. (No date.)

⁴⁶ Transportation Research Board. April 2013.



in the recruitment pipeline are qualified and prepared to undertake construction work. Furthermore, with effective coordination, contractors are better positioned to meet targeted hiring requirements or goals and program compliance is easier.

First-source, which requires that all new job openings and referrals for job hires on qualifying projects go through a city office or its designee, can be an effective means of linking outreach and referral with targeted hiring. Successful first-source programs have the resources to recruit (often in partnership with community organizations) and to refer prospective candidates for ongoing projects.

Inform, Educate, and Actively Collaborate with Stakeholders

National studies of targeted hiring agree that programs are more effective when all stakeholders (city officials, contractors, and union officials, as well as staff from community organizations and workforce agencies) understand and respect one another's interests and coordinate their activities. Examples are given of cities, such as Denver, where targeted hiring suffered setbacks because program operations and requirements did not sufficiently consider local union and contractor interests and hiring procedures.

In particular, keeping contractors well informed about requirements and procedures in a project's initial phase helps ensure smoothness in administration and the avoidance of unanticipated costs. Also, once a project is bid, staff can review the targeted hiring plans of individual contractors and provide information and access to resources to help them meet targeted hiring goals. For example, many cities offer contractors training in software, such as LCPtracker, used for recording and tracking employee data.

Efforts to collaborate should not only be limited to local governments. In the early stages of a project, contractors and union officials can reach out to community organizations and targeted populations to explain hiring opportunities. Coordination between union officials, contractors and workforce organizations also can improve the quality of pre-apprenticeship training so that new entrants are well prepared for the rigors and on-the-job learning that is integral to construction work.

Dialogue should go in both directions. Conversations between workers of underrepresented groups and union officials/contractors can improve understanding of the challenges faced by members of those groups in securing construction work and produce greater support for the program.⁴⁸

To promote greater cooperation and collaboration, a number of cities have created general oversight bodies composed of key stakeholders.

To promote interaction among stakeholders and improve program performance, a number of cities have created general oversight bodies. For example, the Los Angeles School District has a labor management committee that reviews program enforcement, while Portland has a Compliance Monitoring Subcommittee and San Francisco has a Construction Workforce Advisory Council that review compliance and other program matters. The Port of Oakland's Social Justice Council has even broader responsibility, as it reviews analytical reports, refers complaints, and makes program and funding recommendations.

⁴⁷ Liu, Katrina and Robert Damewood. October 2013.

⁴⁸ UCLA Labor Center. March 2014.



Develop Effective but Reasonable Compliance Systems

National studies have found that the most successful targeted hiring programs have effective, active enforcement, and are properly staffed.⁴⁹ These studies commonly speak of the need for program enforcement to be “rigorous” and “predictable,” though they also advise that penalties and legal sanctions should be “astutely used” and “actually applied.”⁵⁰

These somewhat contradictory aims reveal an underlying tension between the need for close cooperation among all stakeholders and the need to monitor and enforce contract standards and hiring goals. Effective programs are able to mediate these tensions.

For example, the earlier that program staff engage contractors and union halls, the better the results. By requiring contractors to submit plans on how they will achieve targeted hiring goals, staff can identify potential problems and suggest remedial action. Successful programs also have an effective tracking system and maintain contact with contractors throughout the life of a project via review of data submissions, periodic on-site inspections, and careful consideration of special needs and circumstances.

Staff can reinforce the importance of achieving targeted hiring goals, yet also respond to the vagaries of workforce supply and project requirements by granting waivers of hiring requirements, when appropriate, and by providing alternative means of compliance.

To maintain credibility, local governments should establish and enforce clear standards on how contractors are to demonstrate good faith compliance. The National Employment Law Project has established a “minimum” good faith definition. They recommend that firms should:

- Send a written notification to construction unions, community organization, or the city’s first-source program whenever they have job openings
- Maintain records of organizational responses to their announcements
- Maintain a file on each low-income worker who was referred but not hired (with an explanation for why the worker was not hired)
- Document their participation in local employment training programs⁵¹

Offer Long-Term Job Opportunities through Apprenticeships

To promote career development in the construction trades, many targeted hiring programs promote apprenticeship utilization and facilitate the efforts of local workforce organizations to train, refer, and place community members in apprenticeship programs.

Various strategies bolster the use of apprentices. For example, the City of Madison requires all contractors who have five or more craft workers to sponsor an approved apprenticeship program, while other cities require all contractors to hire apprentices at the maximum level permitted under state law. Another approach is to specify that

Targeted hiring programs in some cities require contractors to hire apprentices at the maximum level permitted under state law.

⁴⁹ For Working Families. *First Source Hiring: Overview and History of Denver’s First Source Policy*. (No date.)

⁵⁰ Liu, Katrina and Robert Damewood. October 2013.

⁵¹ Policy Link. *Local Hiring Strategies*. (No date.) policylinkinfo/EDTK/LocalHiring/success.html



apprentices be used for specified percentages of the hours worked on a project.

Many cities have set separate requirements or goals for the hiring of apprentices from targeted groups, as previously discussed. A UCLA study notes that:

Most of the programs we reviewed included apprentice utilization goals. The LAUSD PLA states that up to 30 percent of the workforce for each craft may be apprentices, of which 40 percent must be first year apprentices. The Portland community benefits agreement template also sets a 20 percent apprentice utilization requirement, and of the hours performed by apprentices, 18 percent must be performed by people of color, and 9 percent by women. The Los Angeles Department of Public Works PLA also includes a 20 percent apprentice utilization goal. In these three cases, apprentice utilization goals have been met and these programs have been successful in maximizing opportunities for apprentices.⁵²

Pre-apprenticeship programs are an important tool that enables members of historically underrepresented groups to enter and succeed in the construction trades. Indirectly, these programs also provide recruitment, screening, and training services for the construction industry.

A major obstacle to the long-term growth of targeted groups in the construction trades is the high rate of apprenticeship dropouts. While there are multiple factors that contribute to this situation, some cities are making an effort to improve retention. Portland is tracking whether apprentices beyond their first year are getting the work needed to “journey out,” while Cincinnati has established a mentoring program that has raised the apprenticeship completion rates of minority workers.⁵³ The UCLA study urges that programs support second- through fifth-year apprentices through program incentives and support services.

FOUR BEST PRACTICE EXAMPLES

Below, we describe specific targeted hiring best practices employed by four cities across the U.S. These examples are intended to supplement the more general information included in the previous two sections.

The examples have been chosen based on their effectiveness and their relevance to key issues identified in our analysis of Milwaukee's RPP. It should be noted that while the cities we cite run well-regarded programs, they should not necessarily be seen as “models.” Indeed, one stakeholder we interviewed stated that no city in the United States has such an exemplary program. Rather, these four case studies are intended to provide insight into the ways other cities have addressed specific issues raised by our examination of targeted hiring in Milwaukee.

Minneapolis/St. Paul—Targeted Goals for Minority and Female Workers

Most targeted hiring programs do not have minority hiring goals, although some have goals that target specific zip codes with a high concentration of minority residents, and some have hiring goals for “disadvantaged residents.” Reportedly, cities have avoided establishing specific race-based criteria since such programs may be subject to legal challenge. Despite such concerns, local governments do have authority to target minorities for local hiring if they first can document a long-

⁵² UCLA Labor Center. March 2014.

⁵³ Matt Helmer and Dave Altstadt. *Apprenticeship Completion and Cancellation in the Building Trades*. The Aspen Institute. 2013.



standing pattern of employment discrimination and then “narrowly tailor” efforts to remedy this discrimination.⁵⁴

One metropolitan area that has a race-based hiring program is Minneapolis/St. Paul. Under state law, construction projects in the Twin Cities receiving state funds are to allocate 32% of all hours to minority workers and 6% to female workers. The law applies to construction contracts over \$100,000. Both Minneapolis and Saint Paul have passed local ordinances that reaffirm their commitment to these state workforce goals and both cities have established lower contract thresholds for qualifying projects. Neither city has a goal that requires the hiring of local residents.

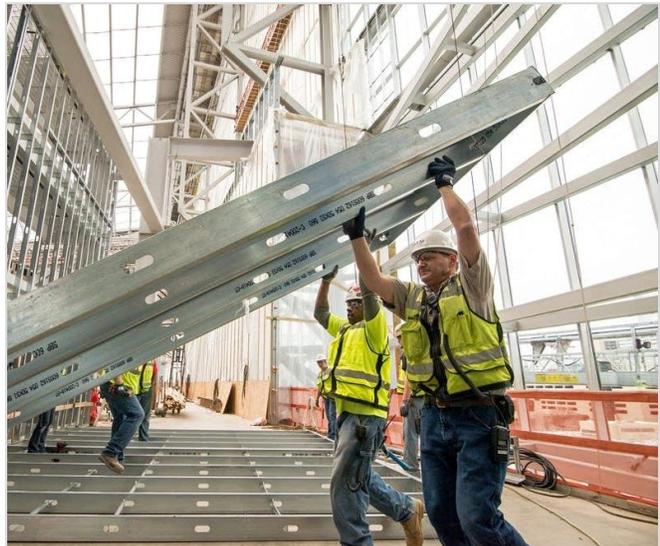
These state/local goals are intended to address long-standing patterns of discrimination that were documented in a 2010 “disparity study.” The study found that in the Minneapolis construction industry, average annual wages for African-Americans were 33% lower than for non-minority males of similar age, education, and geographic location. The study found similar results for Hispanics, Asians, Native Americans, persons of mixed race, and non-minority women.

To date, the representation of minority workers on city and state-funded construction projects has not achieved target goals. In Saint Paul in 2014, minority workers accounted for 19% and females for 5% of total construction hours on 153 construction projects totaling \$662 million. Minneapolis had similar results with minorities totaling 18% of all program construction hours, far short of the 32% goal. Female workers in Minneapolis did meet the 6% goal.

St Paul program administrators report significant progress in both minority and female representation in the past three years, from 16% minority in 2012 to 23% minority in the first half of 2015. They also have found that larger projects are having more success than smaller projects in improving representation.

The U.S. Bank Stadium project (Viking Stadium) in Minneapolis offers a good example of the capability of large projects to improve workforce representation. Twenty-two months after breaking ground, this project, the largest in the history of the state of Minnesota, is at 37% minority worker and 9% female worker participation.

To increase minority worker participation on the Viking Stadium project, contractors have been reaching out to community organizations in new ways, such as by holding job fairs at local African-American churches.



Vikings Stadium construction site in downtown Minneapolis.
[Photo by Ted Baker of MPR News]

⁵⁴ Transportation Research Board. April 2013.



Oakland—Apprenticeship Workforce Development Partnership System

A city ordinance in Oakland, CA has established a goal of having apprentices perform 15% of all construction work on City and Oakland Redevelopment Agency projects with a cost of \$15,000 or more. This goal applies to each apprenticeable craft/trade and only those in state-approved apprenticeship programs are eligible. The City has a separate goal of 40% local hires for all targeted hiring projects.

After receiving a City contract, contractors must submit a “comprehensive plan” outlining how they will meet the apprenticeship requirement. The plan must describe the efforts the contractor will undertake to achieve the goal and any City assistance required. Contractors may satisfy the requirement in one of two ways: apprentices can perform 15% of total work hours on local projects, or split apprentice work between local and non-Oakland contracts.

The City administers its apprenticeship program similarly to its 40% residency requirement. Contractors submit weekly reports on LCPTracker. In turn, the City produces quarterly reports that summarize contractor performance. If apprenticeship hours are below the required amount, the contractor meets with City staff to develop a remedial plan.

A contractor unable to find a qualified city resident must contact the program administrator (a City employee), who maintains a list of eligible persons. If no qualified apprentice is available, then the City will exempt the contractor from the requirement. Contractors also can receive an exemption in other circumstances, such as when specialized workers are needed. A contractor may “bank” apprenticeship hours on projects completed in the previous six months where apprentices exceeded 15% of total hires.

Contractors not meeting the apprenticeship goal are assessed a penalty equal to 1.5 times an established hourly apprenticeship wage rate plus benefits for each hour they are in deficit. The program’s administrator reports that the City collected about \$180,000 in penalties this past year in the resident and apprenticeship programs. The purpose of targeted hiring, he emphasizes, is not to collect revenue, and that is evidenced in staff’s willingness to grant waivers and recognize compensatory hiring efforts. There is no specific staff member allocated to administering the apprenticeship program and the City’s six-member targeted hiring staff shares in the effort.

In addition to its general apprenticeship program, Oakland has three separate targeted hiring programs for residents and apprentices that it operates under individual contract agreements. The largest of these is with the local Army Base. This particular contract has goals of 50% for residents and 20% for apprentices. In addition, one quarter of all apprentices must come from a “disadvantaged worker” pool. An advisory committee meets regularly to review progress in implementing these goals and other program issues.

Oakland has pre-apprenticeship training programs whose graduates are included in the pool of workers eligible for apprenticeship referrals. The city’s high schools and community colleges also operate related training programs. Community organizations refer interested residents to these training programs and offer support services to participating apprentices in the form of transportation, childcare, etc.



San Francisco—Mayor’s Construction Workforce Advisory Committee

In 2012, two years after San Francisco established a targeted hiring program, the City created the Mayor’s Construction Workforce Advisory Committee. The Committee is responsible for guiding the development and evaluating the impact of the program, which the City describes as “one of the strongest...in the country to promote the utilization of local residents in locally sponsored projects.”

The Committee provides advice on decisions before the Council pertaining to local hire and related programs, and serves as a forum for wide-ranging discussion.⁵⁵ The 12-member body includes representatives from local labor unions, labor organizations, contracting and building firms, community organizations, manpower development agencies, and City officials. The group is chaired by the City Administrator and staffed by City personnel.

The heart of San Francisco’s local hire policy is to reach a goal of 50% local resident hires, phased in incrementally over seven years. In March 2015, the San Francisco City Council adopted the recommendation of the Construction Workforce Advisory Committee to retain the residency goal at 30% for a period of two years pending further review.

To develop its recommendation, the Committee reviewed extensive workforce and construction project data, labor and supply projections for construction workers, hours by trade on qualified projects, and apprenticeship completion rates. The Committee questioned whether the pool of available construction workers would be large enough in the coming years to meet the 50% hiring goal. Just to reach the current 30% goal, the City has had to increase the size of its workforce training program.

To meet San Francisco’s long-term 50% local hiring goal, the Construction Workforce Advisory Committee has advocated for an expansion of educational programming through the creation of a construction trade curriculum in the San Francisco city schools and an increase in the number of trade courses available at the City Colleges of San Francisco.

Washington, D.C.—Targeted Hiring/First-Source Employment Program

Established in 1983 by city ordinance, Washington D.C. operates one of the oldest and most respected targeted hiring/first-source programs in the country. The District requires contractors with contracts exceeding \$300,000 to enter first-source agreements and to use its designated “one-stop” employment agency for the recruitment, referral, and placement of construction workers. It also requires that city residents comprise 51% of new hires and complete 35% of all apprenticeship hours.

Contracts in excess of \$5 million have more ambitious and diversified goals. Residency requirements rise to 20% of journeyman hours, 60% of apprentice hours, 51% of skilled labor hours, and 70% of common laborer hours.

⁵⁵ City and County of San Francisco, Office of the City Administrator. Press Release. March, 27, 2012.



Under the first-source program, a contractor must post each job announcement with the District for at least 10 days and document steps taken to implement the hiring plan and reporting requirements. With each request for payment under this program, a contractor must comply with the local hiring program or request a waiver. Waivers are granted only if the contractor can demonstrate a good faith effort to conform to the first-source process. The lack of qualified candidates is reportedly the largest obstacle to achieving a greater number of local hires.

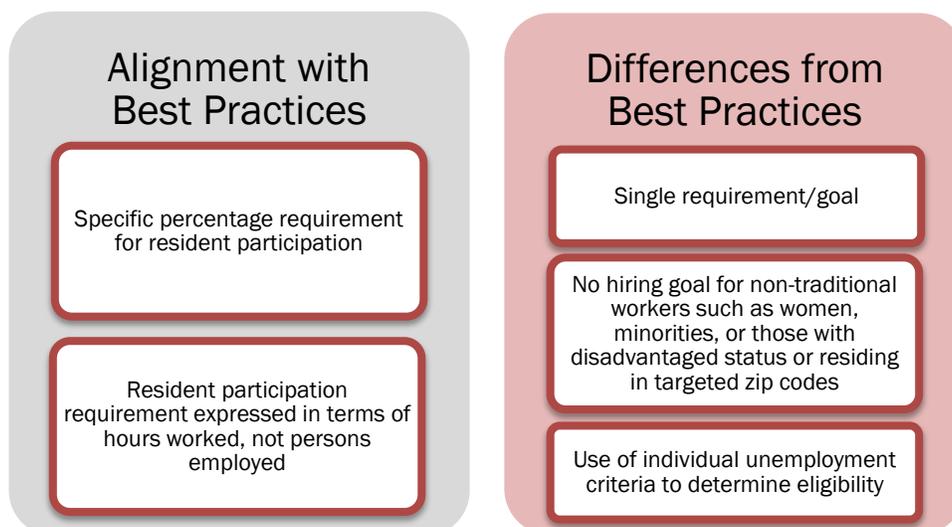
A recent study found that the D.C. program spent about \$500,000 in 2012 to oversee \$150 million in contracts and first-source agreements. Program staff includes an Associate Director, three compliance monitors, and three support staff. Compliance monitors provide technical assistance to employers, review monthly payrolls, and make on-site visits.

According to an evaluation conducted by the City of Pittsburgh in 2013, the D.C. program completed 763 first-source agreements in 2012. There were 1,593 new hires covered by the first-source program, of which 786 (49%) were local residents.

BEST PRACTICE AND MILWAUKEE'S RPP

While no city has a flawless targeted hiring program, some are frequently cited for effectiveness. It cannot be assumed that what works in one city is reproducible in another; in fact, all studies of targeted hiring emphasize that successful programs adapt to local conditions and needs. Still, comparing characteristics and practices of Milwaukee's RPP with those of other effective programs is useful in noting points of alignment and difference. We conduct such a comparison below, using best practice categories discussed earlier in this section.

Targeted Groups & Requirements/Goals

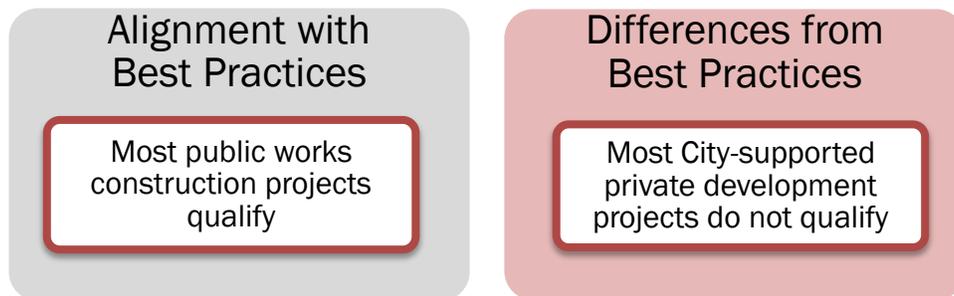


The RPP has a clear requirement: Milwaukee residents meeting specific income or unemployment criteria must account for 40% of all hours worked on qualifying city construction projects. This is consistent with studies showing that programs with clear, realistic requirements/goals are more effective.

The RPP's use of individual unemployment criteria is unusual, however, especially with regard to the provision that city residents are eligible if they have been unemployed for 30 consecutive days. It is not known why other cities have not used this standard. Perhaps, it is because it is difficult to know if this is truly a hardship condition in the construction industry. Some cities have used unemployment as a marker to identify areas receiving hiring preferences.

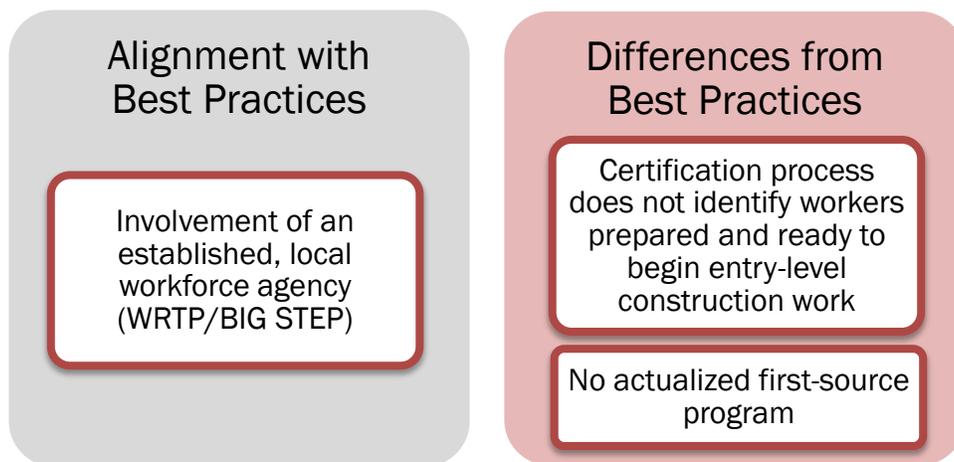
We also note that the RPP has a single requirement/goal, which is distinct from many other programs that have multiple goals, such as one for residency and one for persons of low income or non-traditional worker backgrounds.

Scope



While most City of Milwaukee public works construction projects are eligible for the RPP, the City's program is small overall because so few private development projects fall within its scope. Other cities, especially on the west coast, incorporate more development projects into their programs and, therefore, serve more persons from targeted groups.

Integrating Targeted Hiring Into Larger Workforce Development Framework



WRTP/BIG STEP, a well-regarded, local workforce agency, connects to the RPP in a number of ways. For example, the agency certifies program applicants, informs community organizations and

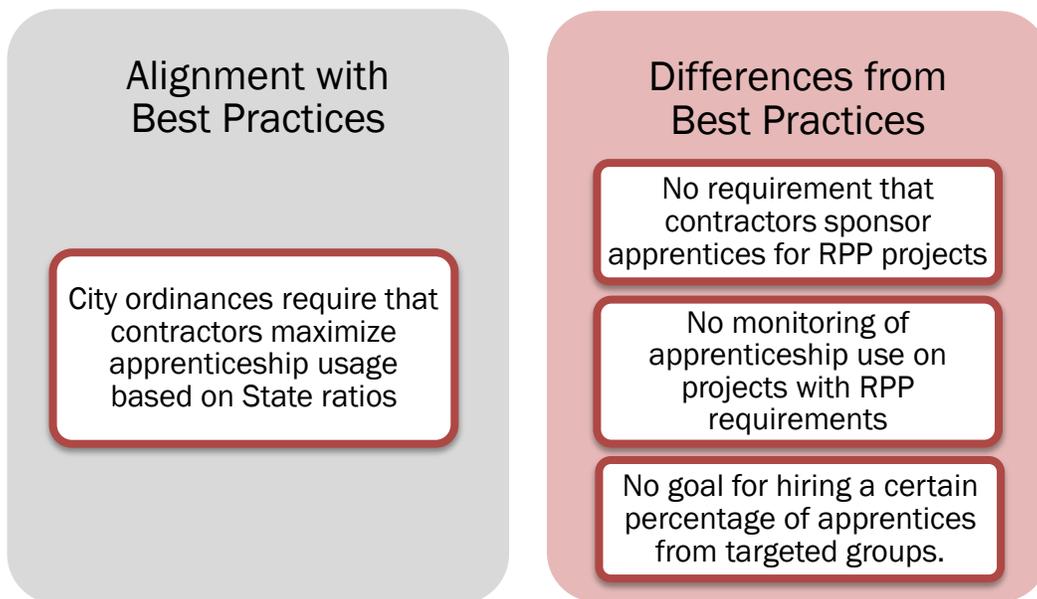


individuals about the RPP, and refers a list of RPP workers to contractors and union halls upon request.

There are limits to WRTP/BIG STEP's participation in the RPP, however. The agency does not function as a first-source agency in the standard use of that term, i.e. the recruitment, screening, and hiring of all new workers does not go through WRTP/BIG STEP. In other cities using first-source, employers agree to inform the workforce agency of all new job openings, and the agency, in turn, has sole authority to post job announcements for a given period of time. Employers also agree to consider all job referrals sent from the agency for the announced opening and to give reasons when a referral is not hired.

Also, the RPP's certification process does not involve assessing applicant skills and determining their readiness to begin construction work. As a result, employers do not know the level of expertise of a prospective employee with RPP certification.

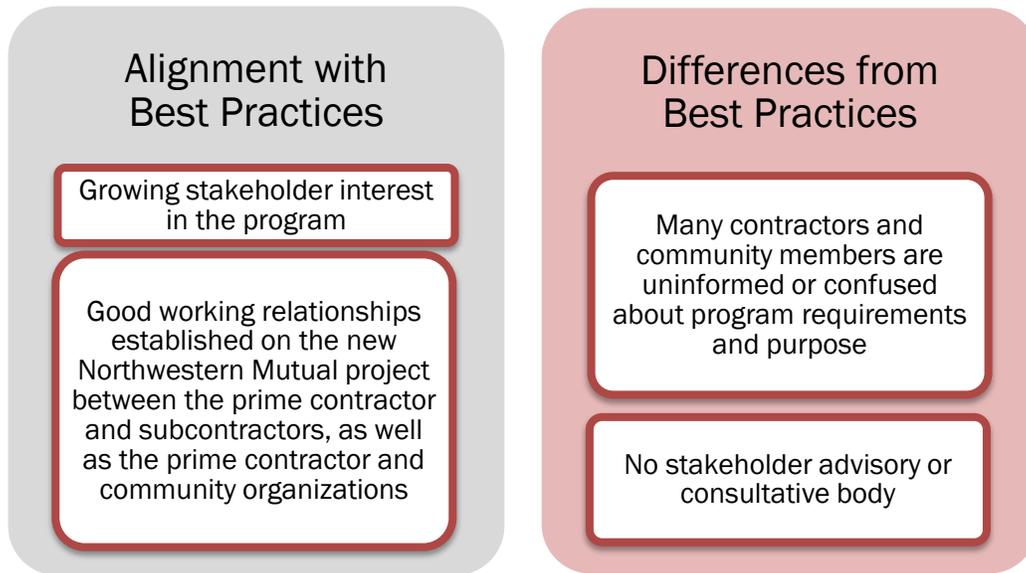
Apprenticeships



Under Chapters 309 and 355, contractors must utilize apprentices up to the maximum ratios permitted by State law. However, the ordinances do not require contractors to be "trade trainers," meaning they sponsor apprentices. In addition, while the City requires contractors to report on the number of apprentices utilized on development projects covered by Chapter 355, those reports do not compare project outcomes with State apprentice-to-journeyman ratios and the City does not take action if those ratios are not being met.

Most cities discussed in the best practice literature have incorporated goals and/or requirements to increase apprenticeship use. Many also require employers to hire a certain percentage of apprentices from targeted groups, such as city residents or persons meeting income/hardship conditions.

Collaboration among Stakeholders

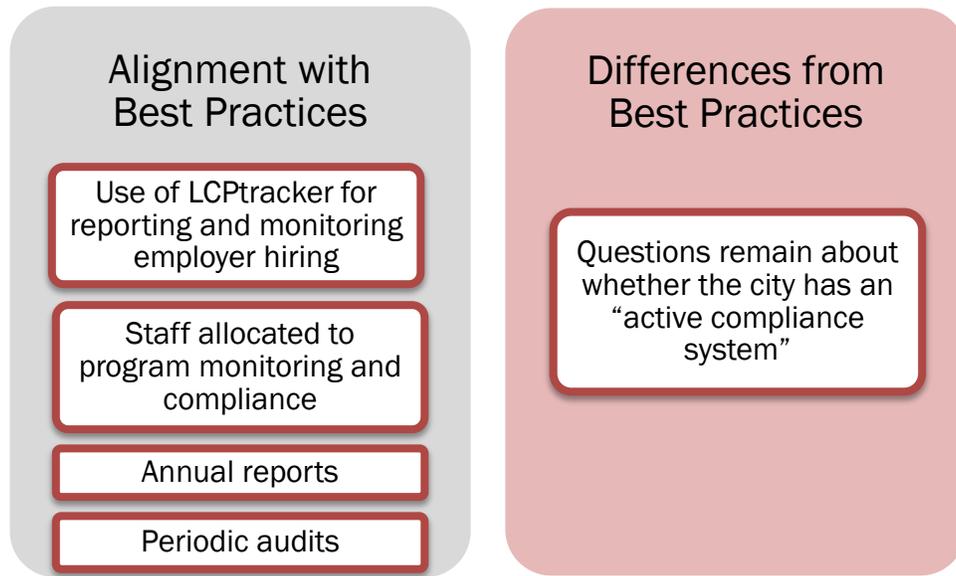


The RPP is characterized by ongoing collaboration among its stakeholders. Community organizations interact with WRTP/BIG STEP; WRTP/BIG STEP interacts in some ways with contractors and union halls; and City staff monitors and interacts with contractors. For at least one project, the new Northwestern Mutual headquarters, the degree of interaction between the prime contractor and subcontractors, as well as between the prime contractor and community organizations, has been excellent. Not coincidentally, RPP participation on the project is high.

Despite these strengths, testimony at hearings of the Workforce Organizational Reform Committee has indicated that many contractors and interested persons remain confused about the expectations and requirements of the RPP. The outreach efforts of City program staff appear limited and may contribute to this confusion. Unlike some other cities, Milwaukee has no formal or informal group of stakeholders advising or making recommendations to City staff.



Administration/Monitoring



The RPP unquestionably has basic administrative components in place. Agency partners certify applicants and program staff monitors employer compliance. Program reports are issued annually and periodic audits are conducted. LCPtracker provides a cost-effective and efficient tool for submitting employee data and monitoring employer compliance, although some users are not yet skilled with the software.

While the issue of whether the City has sufficient financial resources and staffing to provide an appropriate level of oversight and program administration is beyond the reach of this report, we would note that best practice evaluations advocate for "active compliance," meaning there is ongoing dialogue between program staff and contractors. It is questionable whether the City has established such a system and, if it has not, whether that is due to a lack of resources or other factors. Differences between public works and development requirements may contribute to this problem and diminish program coherence.

The ways in which the City of Milwaukee's RPP aligns and differs with national best practices are summarized in **Table 7** below.

Table 7: RPP and national best practices at a glance

Best Practice Category	Where the RPP Aligns	Where the RPP Differs
<i>Targeted Groups & Requirements/Goals</i>	Specific percentage requirement for resident participation; requirement articulated in terms of hours worked, not persons employed	One group targeted; no goals for underrepresented workers; use of individual unemployment criteria such as 30 days of consecutive unemployment
<i>Program Scope</i>	Most public works projects covered	Most development projects not covered
<i>Integration with Workforce Development</i>	Involvement of WRTP/BIG STEP	No first-source program; no assessment of RPP applicants' skills and background
<i>Apprenticeships</i>	City ordinances require that contractors maximize apprenticeship usage based on State ratios	No goal for hiring apprentices from targeted groups; no requirement that contractors sponsor apprentices
<i>Collaboration Among Stakeholders</i>	Growing stakeholder interest; Northwestern Mutual project exhibits effective collaboration	Confusion among stakeholders about program requirements and purpose; no stakeholder advisory or consultative body
<i>Administration/Monitoring</i>	Use of electronic software for submitting/monitoring worker data; compliance and program staff; annual reports, periodic audits	Questions remain about whether the city has an "active compliance system"



OTHER TARGETED HIRING PROGRAMS IN MILWAUKEE

While the City of Milwaukee's RPP is probably the best-known program of its kind in the region, it is far from the only one. Described below are six other programs operated by local government entities in Metro Milwaukee. At the conclusion of this chapter, we compare and contrast these programs with the RPP.

MILWAUKEE PUBLIC SCHOOLS—COMMUNITIES IN NEED (COIN)

The Communities in Need program was established in April 2003 as part of the district's Neighborhood Schools Initiative. The program seeks to have 25% of all labor hours on biddable facilities and maintenance services construction contracts performed by qualified applicants. To be eligible for employment, a person must live in the community of need—a U.S. Census tract in which 14.3% or more of the residents are below the poverty line—and meet low-income eligibility under the terms of the federal school lunch program. Persons certified by the RPP can participate in COIN.

Under district rules, the Department of Facilities and Maintenance Services and the Division of Diversity and Community Engagement can adjust employment goals per project depending upon the type of work and nature of workers employed. An outside agency, WRTP/BIG STEP, certifies program applicants. Certification lasts for three years. Both skilled and unskilled workers participate in the program.

The program is administered by the district's Contract Compliance Service Division and uses a web-based reporting system. Required information includes data on employees' zip code, race/ethnicity, gender, trade, class, hourly rate, and hours worked. Persons submitting false or fraudulent information may be subject to sanctions. In 2014, 572 individuals received a COIN certification and 115 obtained employment.

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT—TARGETED AREA PROGRAM

In April 2008, the Milwaukee Metropolitan Sewerage District (MMSD) established a targeted worker policy for construction contracts. The policy covers all contracts valued at roughly \$100,000 or more. Under the program, 45% of all workers on qualifying contracts are to reside in the district's sanitary sewer service area. On occasion, the district has established higher residency goals when deemed appropriate to the workforce conditions of a project.

Contractors are also encouraged to hire individuals who meet one of the following criteria. There is no goal for these targeted hires.

- Certified COIN or RPP worker
- Graduate of, or participant in, the district's workforce training and placement program
- Resident of the Community Development Block Grant (CDBG) area or one of 17 designated, low-income zip codes
- An income below 185% of the federal poverty level

An outside agency, WRTP/BIG STEP, certifies program applicants. Prior to starting work on a project, a contractor must submit an implementation plan that lays out strategies for achieving worker participation requirements. Two staff members from the district's procurement office work with contractors and monitor performance. The same staff performs similar work for the district's apprenticeship program and other related manpower programs.



Each contractor must submit information about targeted hires on its payment invoices. The information is submitted via LCPTracker and includes the names and addresses of all employees, as well as their zip code, race, gender, trade, wage, and hours worked.

Failure to meet participation requirements requires a performance review in which “the contractor shall be given an opportunity to demonstrate that every good faith effort to meet the commitment has been made.” If a contractor has failed to comply with the terms of the contract, the district can impose a variety of sanctions and penalties, although it has rarely taken such action.

MILWAUKEE METROPOLITAN SEWERAGE DISTRICT—APPRENTICESHIP UTILIZATION

In June 2003, MMSD established an apprenticeship utilization requirement for construction contractors. Under this policy, the district may require a contractor to hire the maximum number of apprentices permitted by law. The policy applies to contracts of more than \$1 million and lasting more than six months.

Contractors do not have to hire local or non-traditional workers to meet this requirement. However, in the event they need access to apprentices, they are encouraged to contact WRTP/BIG STEP, the manager for the district’s Apprenticeship Training and Placement Program. The goal of this program is “to train, place, and retain non-traditional participants in construction jobs and construction apprenticeships.”

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)—SECTION 3

Section 3 of the 1968 Housing and Urban Development Act requires that residents of public housing and other persons of low income receive preference in hiring under many types of HUD-financed contracts and services. This summary focuses on hiring for construction contracts.

Section 3 contractors must employ public housing or low-income city residents for at least 30% of their “new hires” for full-time construction jobs. A new hire is defined as an employee not on a contractor’s payroll at the time of bid submission. Hiring must follow a “tier” strategy that prioritizes employment among public housing residents, participants in HUD-sponsored youth training programs, and persons with low income, in that order. Low income is defined as less than 80% of a metropolitan area’s median income.

Apprenticeships in Deconstruction and Demolition

To increase apprenticeship utilization, MMSD has established special hiring and training requirements for contractors working on some deconstruction and demolition projects. Since deconstruction is not an “apprenticeable” program, the district has had to develop its own skill and training standards for this effort.

To date, this program has been used in the demolition of about 50 houses for flood control along the Kinnickinnic River. Other potential projects are being considered. Under the program, contractors have agreed to employ one apprentice per house. Each apprentice receives relevant work and on-the-job training. The district will pay contractors \$5 for each trainee hour, up to 500 hours, if the apprentice is a graduate of its Apprenticeship Training and Placement Program.

Contractors are encouraged to contact WRTP/BIG STEP for apprenticeship referral under the deconstruction program. A contractor can hire non-referred persons but first must consult WRTP/BIG STEP, which reviews their credentials.



Prospective workers “self-certify.” If requested, they must show documentary proof of their eligibility. HACM maintains an online registry of eligible applicants that contractors can consult for prospective hires. Once hired, an employee’s Section 3 eligibility lasts for three years.

Contractors are expected to meet the 30% new hire goal “to the greatest extent feasible.” Contractors that do not meet the hiring goal must document their efforts to do so. HACM has the authority to impose sanctions for non-compliance. Rules permit contractors not in compliance to satisfy program requirements by offering “other economic opportunities” to qualified applicants, such as training and mentorship programs.

The program administrator at HACM estimates that Section 3 staff constitutes about 2.5 FTEs. The number of personnel that work on Section 3 is higher than this figure since staff time is shared among related HACM programs. One staff member’s main responsibility is Section 3 contractor outreach and compliance.

HACM uses LCPtracker for submitting, recording, and organizing contractor employee data. HACM reports annually to the federal government on Section 3, including information on the number of new hires and contracts covered by the program.

MILWAUKEE COUNTY—TARGETED HIRING FOR PUBLIC WORKS CONSTRUCTION PROJECTS

In 1995, Milwaukee County established a policy that workers residing in the county should receive 50% of the salaries paid to construction workers on eligible public works contracts. County administrators have the authority to establish a lower residency goal for a project under “unusual circumstances.”

Until recently, federal regulations prohibited use of hiring preferences on federally-funded projects. Since federal highway funds have constituted a large share of county construction work, targeted hiring was not used for most projects. A 2011 audit, for instance, found that in the previous year, targeted hiring applied to \$8.1 million in County construction contracts, with \$56.4 million in contracts not covered by the policy, including \$48.3 million linked to federal funding.

The Westlawn Compliance Agreement

In 2013, a review by the federal department of Housing and Urban Development ruled that HACM had failed to comply with Section 3 in the construction of its Westlawn Redevelopment Project. HUD found that from 2009 to 2012, HACM awarded more than \$60 million in construction and other contracts for Westlawn redevelopment, yet the agency had hired no Westlawn resident or residents from other public housing projects. Contractors did employ low-income persons, who constituted 25% of new hires. The review voiced other concerns as well, such as that some small contractors were exempt from Section 3 requirements, and staff lacked training in applying the regulations.

In 2014, HACM reached a Voluntary Compliance Agreement with the federal government that detailed changes the agency would make in Section 3 hiring and contracting practices in response to the Westlawn findings. HACM has pledged to work more with contractors in the pre- and post-bidding process to better communicate its hiring policy. It will closely monitor hiring to ensure that contractors follow the agency’s tiered employment strategy for new hires. Contractors will need to document in writing reasons why any applicant is rejected. HACM also will create a \$50,000 fund to support training, outreach, and other activities related to Section 3.



In 2015, the U.S. Department of Transportation began a pilot program to permit local units of government to institute targeted hiring on funded projects and to examine the effects of this change⁵⁶. In January 2016, Milwaukee County submitted a proposal to participate in this pilot program. While County officials found no 2016 projects would be eligible for the pilot program, it is possible that will change in future years, which could increase the impact of the County's targeted hiring efforts.⁵⁷

The targeted hiring ordinance directs contractors to report resident salaries to the program administrator, who is housed in the architecture, engineering, and environmental services unit. Contractors falling short of a project's hiring goal are to be given a warning that hiring should come into compliance before the project is completed. The County may apply sanctions for non-compliance.

In July 2013, the County issued a program audit of the residency construction program covering the period from June 2011 through December 2012. The audit found that resident workers accounted for 47% of gross project wages on the 37 projects that had a 50% resident goal. For another nine projects, it was unclear whether or not a residency goal had been established. Resident workers accounted for only 20% of gross wages on these nine projects.

More recent data show that 83 of 263 County construction contracts had targeted hiring goals from 2013 thru 2015, with 12 of those projects having a goal of less than 50%. Of the 56 contracts that were completed in 2013 and 2014, 10 had not met their residency goal.

MILWAUKEE COUNTY – UPLIFT MILWAUKEE

In September 2015, Milwaukee County established Uplift Milwaukee to recruit, train, support, and place county residents living in areas with higher-than-average unemployment in non-construction, private sector jobs. Milwaukee County partners with local businesses, educational organizations, and Employ Milwaukee to administer the Uplift program, which is in the early stages of development.

Most targeted hiring programs leverage a government's financial resources by establishing goals and conditions for qualifying construction projects. Uplift, instead, solicits the business community to employ trained job applicants who are referred by Employ Milwaukee. The aim is to "uplift" individuals into better paying, "end-use" jobs in the health care, retail, hospitality, and finance industries. The program seeks to reproduce the previous success of Employ Milwaukee and WRTP/BIG STEP in placing low-income workers in good jobs in construction and health care.

The Milwaukee Bucks was the first employer to commit to the Uplift Milwaukee program. County officials expect other businesses to follow their lead soon.

⁵⁶ Anthony Foxx. *Local Hiring Just Makes Sense*. Fast Lane (Official Blog of the U.S. Department of Transportation.) March 3, 2015. <https://www.transportation.gov/fastlane/local-hiring-just-makes-sense>

⁵⁷ County Legislative Information Center. Report to Transportation, Public Works and Transit Committee. January 2016. <https://milwaukeecounty.legistar.com/LegislationDetail.aspx?ID=2547811&GUID=2278FCA6-E8FD-4555-84AB-A89D938F928C&Options=&Search=>



Under the program, employers “pledge” that they will share their projections of future openings; advertise open positions with Employ Milwaukee; and interview “trained and qualified” Employ Milwaukee candidates.

Employ Milwaukee, in turn, will serve as Uplift’s first-source agency for recruiting and screening local job applicants and will coordinate program efforts. The agency will work with community organizations to identify and recruit interested individuals living in zip codes with higher-than-average unemployment. Employ Milwaukee will also work with MATC, MPS, and job training agencies to develop suitable educational programs to prepare recruits for employment in non-construction, non-manufacturing sectors.

Uplift Milwaukee has a budget of about \$400,000 a year, with revenues coming from County land sale proceeds. The County has signed a two-year contract with Employ Milwaukee. Under this financial arrangement, the County will provide Employ Milwaukee with a guaranteed annual base payment of \$100,000. In addition, the County will pay Employ Milwaukee \$1,000 for each participant from a zip code with higher-than-average unemployment and \$2,000 for a participant from one of the 10 zip codes with the highest unemployment rates in the county.

SUMMARY/OBSERVATIONS

In **Table 8** (on the following page), we summarize similarities and differences between the RPP and other local targeted hiring programs. Doing so yields several observations:

- The City of Milwaukee’s RPP – which covers both its own government construction contracts and some private development projects that it has helped finance – is the largest such program in the region.
- The RPP and all local targeted hiring programs (except Uplift Milwaukee) are focused on construction hiring only. If Uplift Milwaukee’s more collaborative approach and incursion into non-construction employment are effective, the City and other local governments may wish to entertain similar approaches.
- Only MPS’ Communities in Need program is similar to the RPP in that applicants must meet dual criteria for eligibility (i.e. they must be both a resident of a particular geographic region *and* meet specific hardship conditions). MMSD, in contrast, separates these two eligibility standards, having one goal for residency hiring and a separate requirement for the hiring of non-traditional groups. As has been shown, there are certain advantages to the MMSD approach.
- Many of the programs differ in small and seemingly inconsequential ways, such as how they calculate qualifying income. This could become a problem in the future, especially if these programs grow in size and scope, for workers and contractors who want to be able to work on all types of projects.
- Only MMSD seeks to increase the use of apprentices on its construction sites. MMSD’s development of apprenticeships for deconstruction work is of particular interest for its potential applicability to RPP projects that involve housing demolition and similar types of work. Several features of this program are noteworthy: the application of standard journeyman and apprentice nomenclature to this non-apprenticeable trade; the development



of relevant training; the requirement that WRTP/BIG STEP refer or screen all apprentices; and the agency's funding of contractor training costs.

Table 8: Local Area Targeted Hiring Programs: At a Glance

Program	Construction Hiring	Targeted Group(s)	Goal	Contract Scope
City of Milwaukee—RPP	Yes	City residents & Low Income/Un-employed	40% of all worker hours	Public Works and other departments; some city-financed development contracts
MPS—Communities in Need	Yes	Residents from low income area & low income	25% of all worker hours	Biddable contracts
MMSD—Targeted Area	Yes	Two groups: District residents & workers in need	45% district residents/no goal for workers in need	Contracts approved by the Board
MMSD—Apprenticeship Utilization	Yes	Apprentices	Maximize use to state limit	Contracts for projects \$1 million + lasting more than 6 months
HACM—Section 3*	Yes*	Housing project residents & low income	30% of new hires	All construction contracts
Milwaukee County—Targeted Hiring	Yes	County residents	50% of worker salaries paid	Public Works Contracts
Milwaukee County—Uplift MKE	No	Areas of above average & high unemployment	Private businesses pledge to interview & hire trained & qualified referred candidates	End-use jobs in the health care, finance, & retail and hospitality industries

* Section #3 also mandates targeted hiring for other purposes, such as HACM staff positions



CONCLUSION/RECOMMENDATIONS

Our research findings raise a number of policy issues that City leaders should consider in their efforts to improve the Residents Preference Program. We highlight several of the most significant issues below and present recommendations on how to resolve them.

Establish participation requirements or goals for more than one target population.

City officials have struggled to resolve whether the primary objective of the RPP simply is to increase employment opportunities for city residents in general, as opposed to more specifically focusing on unemployed individuals, people of color, and/or other disadvantaged populations.

But is this really an either/or question? While the prevailing sentiment is that the City needs to choose one target group for the RPP, our best practice research suggests that such a choice may not be necessary. Rather, Milwaukee could follow the lead of many other cities and establish distinct participation requirements or goals for more than one targeted group. For example, policymakers could explore the efficacy of adopting a stand-alone requirement or goal for city residents and a separate requirement or goal for minority workers, low-income residents, and/or residents from distressed zip codes. Of course, determining which group(s) should receive preference and what the requirements or goals would be is an issue that would require further discussion and deliberation.

As noted earlier, there is legal ambiguity regarding the ability of local governments to establish targeted hiring goals or requirements based on city residency alone. The policies enacted by cities like Oakland and San Francisco suggest that it is possible to do so, however, if care is taken to consider legal challenges in the crafting of the policy. Should Milwaukee policymakers wish to pursue such an approach, they would need to work closely with the City Attorney's office to consider their legal parameters.

In addition, while it would be possible for the City of Milwaukee to introduce race- and gender-specific goals for the RPP, they would have to be based on findings of disparity within the local construction industry to avoid legal challenges. Additional approaches used in other U.S. cities are to establish race-specific goals that use proxy measures, such as targeted zip codes, or to establish race/gender goals that are not mandatory.

Expand the RPP to cover more projects.

The RPP is being applied to most of the City's public works construction contracts, and a large proportion of those projects are meeting the requirement that RPP workers perform at least 40% of total project work hours. The program has had a much more limited impact on City-supported private development projects, however, with only five projects required to follow the City's Chapter 355 ordinance since 2009.

While the strengthening economy and increased pace of new development likely will result in more projects being covered by Chapter 355, there are a variety of changes that could be considered to further broaden the impact of the program. One option would be to lower the eligibility threshold such that projects receiving less than \$1 million in City funding would fall under the RPP. City leaders also should consider whether the restriction on applying the RPP to projects receiving financial assistance from RACM will be a major impediment going forward and, if so, what might be done to modify that restriction.



Given that so many of the major construction projects in Milwaukee that will occur in the foreseeable future will take place in the private development sphere – rather than through an increase in public works projects – such changes may be an imperative if substantial growth in the RPP is desired.

In addition, while not the focus of our analysis, it may be possible to expand the RPP in other ways, such as by applying the program’s requirements to Department of Neighborhood Services contracts and/or contracts carried out by other City departments.

Strengthen the role of the RPP in expanding access to apprenticeships and long-term career opportunities in the construction trades.

Our research shows that relatively few RPP workers are engaged in apprenticeship programs. In addition, while the City’s ordinances require contractors to utilize apprentices for RPP-eligible construction projects, the ordinances currently do not require that those apprentices are RPP-certified.

Most of the “best practice” programs we examined are utilizing strategies to increase apprenticeships that Milwaukee should consider. Those strategies include requiring contractors who wish to bid on City construction contracts to sponsor apprenticeship programs; and requiring a certain percentage of apprentices to come from targeted populations, such as city residents, residents of distressed zip codes, or non-traditional workers.

Increasing the number of apprentices would help to expand the construction workforce at a time when retirements have risen and the number of young people entering the construction trades has declined. A particular emphasis on increasing the number of apprentices from underrepresented groups also could improve minority and female participation in the construction trades, which has changed little over the past two decades.

Align the RPP more closely with the broader workforce development and placement system.

The RPP certification process involves confirming that individuals are city residents who meet the program’s eligibility criteria, but does not involve assessing applicants’ aptitude or experience in the construction field. RPP certification alone, however, does not qualify an applicant for entry-level work on union construction jobs or for apprenticeships. Rather, trade committees and contractors determine who is qualified and who will be hired for such positions, and some contractors have indicated that they are often dissatisfied with the readiness of entry-level RPP workers on their projects.

One approach to addressing these concerns would be to fully establish a first-source employment program for all construction projects with RPP requirements. Our research on best practices has shown that successful targeted hiring programs are often coupled with first-source programs. The strength of first-source programs is that targeted hiring applicants are screened (and potentially trained, if necessary) before they are referred to contractors. That process assists contractors while helping to achieve program objectives, as qualified applicants who are most likely to benefit from job opportunities are prioritized.

If implementing a first-source program is not desired, City leaders could consider other means of ensuring a good fit between RPP workers and employers’ workforce needs. For example, it would be beneficial for entry-level RPP workers interested in construction careers to be plugged into



pre-apprenticeship training services at WRTP/BIG STEP in a coordinated manner, as that training could make them more competitive candidates in the local job market.

Consider establishing a public-private stakeholder advisory committee to guide the RPP.

Best practice research shows that targeted hiring programs should have the strong and active support of all stakeholders, including contractors, labor groups, workforce development agencies, and community organizations. Our review of national research also shows that some aspects of targeted hiring, such as goal setting, need periodic assessment since the pace of development and labor market supply constantly are changing.

With those objectives in mind, some effective programs, such as San Francisco's, have established a committee of stakeholders to advise city government on program development. The City of Milwaukee should consider a similar approach.

Explore opportunities to coordinate the RPP with other local targeted hiring programs.

Our review of other targeted hiring programs in the Milwaukee area shows that eligibility requirements vary from program to program, resulting in a complicated system to navigate for both workers and contractors. With the City of Milwaukee and Milwaukee County currently reviewing their program designs, however, it may be possible to align eligibility requirements more closely. In some cases, certifications could be recognized across programs, as well (e.g. Milwaukee County could consider all RPP-certified workers eligible for its program.)

Additional opportunities to coordinate the certification process emerge from the fact that WRTP/BIG STEP already plays a primary role in certifying workers for three targeted hiring programs: the RPP, Milwaukee Public Schools' COIN program, and MMSD's Targeted Area Program. It may be possible to expand WRTP/BIG STEP's role even further to serve as the prime certifier for all construction-focused targeted hiring programs in the area, which would allow workers to become certified for as many programs for which they are qualified simultaneously.

Finally, we acknowledge that the City of Milwaukee's resources are limited and that many of the potential changes discussed above would require funding and time to implement. While it may not be possible for the City to fully address all of these policy issues in the near future, City leaders should prioritize the program changes they deem most critical and establish a plan for financing their implementation.

