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Helping LA Grow Together: Why the Community Redevelopment Agency Should Adopt the Construction Careers Policy

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Helping LA Grow Together:

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Should Adopt the Construction Careers Policy



February 2008

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**Helping LA Grow Together:
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By Sharon Delugach and Raahi Reddy



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Building Opportunity in the Construction Sector

By Kent Wong, Director, UCLA Center for Labor Research and Education

One in five children living in poverty. A growing underground economy. The proliferation of low wage jobs. The tremendous challenges affecting our region are well-documented. But there is good news, too. Los Angeles is at the center of a reinvigorated labor movement that has garnered attention from across the nation. The UCLA Center for Labor Research and Education has a special interest in exploring how worker organizing—and policy—can be harnessed to the cause of creating middle class jobs and addressing poverty and unemployment in the Los Angeles region.

The construction industry presents an exciting opportunity. Hundreds of millions of dollars are invested in commercial and residential development in the region every year. The unions representing the building trades have led the way in setting job quality standards, developing rigorous training programs, and improving safety in a sector where the risk of injury is high. The fact that the construction industry has an aging workforce and that commercial development is projected to continue apace creates an opportunity to link the region's unemployed and underemployed to apprenticeship programs that lead to careers in the industry.

The Los Angeles Community Redevelopment Agency is taking a leadership role in trying to link the know-how of the building trades to an effort to create career opportunities for low income residents. The logic is that by increasing a family's spending power and

strengthening families, such jobs can help transform the neighborhoods that the CRA has targeted for revitalization. The CRA's proposed Construction Careers and Project Stabilization Policy served as the impetus for this brief. This report is also part of a larger exploration of the economic development opportunities presented by the construction industry in the region. Our Community Scholars Program—run in conjunction with the UCLA Department of Urban Planning—has selected the construction sector as an area of investigation for 2007-2008. The Community Scholars Program brings together community leaders and urban planning students to work on a common project. Over the course of the year, the students and scholars will study the history of industry partnerships with the building trade unions—called Project Labor Agreements—and evaluate the costs and benefits of such partnerships.

Initial research—presented in this report—suggests that the benefits are clear. These partnerships ensure a well-trained workforce and safer projects. And union-run apprenticeship programs have a track record of graduating the kind of workers who will be targeted by the CRA policy – low income people and minorities. Our thanks to Dr. Peter Philips for guidance and review. It is our hope that this report can help inform the debate about how best to revive Los Angeles' low-income communities and what role jobs in the construction industry can play in that effort.

Executive Summary

The Los Angeles region—and the City of LA, in particular—face unacceptable levels of poverty, a situation that has severe impacts on the neighborhoods that the LA Community Redevelopment Agency (CRA) is aiming to help.

Charged with revitalizing poor and blighted communities in the City of LA, the CRA is the largest redevelopment agency in the country. In recent years, the agency has put in place policies—such as a living wage requirement—to ensure that its developments benefit those the agency is intended to serve. In pursuit of this goal, the agency is currently considering a policy that would ensure that LA City residents—including those with barriers to employment—have access to construction jobs on agency projects.

The Construction Careers Policy -- An Opportunity for Leadership

The construction industry is a sensible place for the CRA to focus its energies. The industry has seen tremendous growth in the past ten years. In spite of the recent sub-prime lending crisis, analysts predict tens of thousands of new job openings in the next ten years.

As proposed, the Construction Careers and Project Stabilization Policy would cover an estimated 15,000 jobs in more than \$170 million worth of projects over the next five years.¹ Of those, 5,000 would be reserved for residents in high unemployment

neighborhoods in Los Angeles. Of the 15,000, 10 percent (or 1,500) would go to “at-risk” or hard-to-employ members of the workforce. In addition, the policy would include a Project Labor Agreement, requiring projects that received a threshold level of subsidy to work with the building trades.

The policy also builds on the Mayor's Faith-Based Initiative, a program to recruit South LA residents into the building trades. In the space of one year, that program successfully placed 796 South LA residents in sixteen different construction trades working on projects that are covered by Project Labor Agreements.

Guaranteeing the Effectiveness of the Local Hire Program

A Project Labor Agreement would guarantee the quality of the jobs created by CRA projects. Unionized construction workers have access to full family health benefits and career path jobs. Upon completing apprenticeship programs, most unionized construction workers earn between \$35,000 and \$70,000 a year², enough to allow them to enter the middle class. But a review of the literature on construction apprenticeship programs suggests the PLA-component of the policy is crucial to ensuring that LA City residents and hard-to-employ workers have access to career-path jobs. That is because apprenticeship programs run by trade unions have greater capacity to absorb and train new

Introduction

Recent studies and reports have documented the severe challenges faced by the Los Angeles' economy.³ In spite of the region's dynamism, large numbers live in poverty, lack health insurance, and more and more people are unable to afford the basic necessities. In the City of Los Angeles, residents are still poorer than in the county. African Americans, Latinos, immigrants and women suffer most from high rates of deprivation. These conditions have contributed to the deterioration of LA City's minority neighborhoods from South to East LA and all the way out to Pacoima. High rates of unemployment and poor jobs have impacts on our educational system, on the quality of business a neighborhood can attract, and on our overall quality of life.

The magnitude of the problem is greater than can be solved by any one local government agency. But the Los Angeles Community Redevelopment Agency, whose mission is to revitalize economically disadvantaged neighborhoods — has a special responsibility to address economic conditions in LA's poorest communities. As the largest redevelopment agency in the country,⁴ the CRA also has the ability to make a difference. The agency invests millions of dollars every year in the construction of shopping centers, entertainment complexes, and affordable housing in an effort to revitalize neglected communities. In recent years, the agency has stepped up its efforts to ensure that residents most in need benefit from those investments. A living wage ordinance requires developers to pay their janitors and parking attendants at least an hourly wage of \$9.71 with health insurance and \$10.96 without. Moreover, many CRA-funded developments have “community benefit agree-

ments” attached to them that guarantee tangible benefits like local hiring, good job guarantees, and affordable housing.

The CRA is now considering passage of the Construction Careers and Project Stabilization Policy to ensure that the thousands of construction jobs created by its projects benefit LA City residents—and the most vulnerable members of the workforce. In addition, the policy would include a Project Labor Agreement, requiring projects that received a threshold level of subsidy to work with unionized construction contractors.

This report documents the challenges presented by an economy plagued by high levels of poverty and a declining middle class, and argues that a tremendous opportunity for linking residents to career-path jobs is presented by CRA-funded projects. In addition, the report documents the benefits of jobs in the building trades, which provide health benefits and rigorous health and safety training. Based on a literature review and interviews with contractors, industry experts, and construction workers, this report finds that the best way to implement a local hire program is through a partnership with the building trades council.

recruits, recruit a more diverse workforce, and produce higher completion rates than programs that are not run by the building trades unions. In addition, in a dangerous industry that has high injury and fatality rates, the construction trade unions have rigorous training and monitoring programs. The additional safety training and worksite monitoring is especially important to the vulnerable workers targeted by this policy who may be more easily exploited by unscrupulous contractors. While Project Labor Agreements do present costs—associated with better benefit packages and more rigorous training—employers on CRA projects benefit from having access to a well-trained workforce and ongoing training and monitoring of projects.

Guaranteeing a Return on Public Investment

The increased earnings for those who would benefit from the Construction Careers Policy would support economic development in those communities that the CRA is trying to revitalize, and therefore represents a smart investment of public resources. An unemployed person entering the sheet metal trade, for example, would see his or her spending on retail goods increase from less than \$2,000 per year to almost \$35,000 per year by the time they graduate from the five year program. Household spending on education, charitable contributions and housing for this worker would increase just as dramatically. These changing spending patterns would contribute to the CRA's goal of strengthening neglected communities.

The magnitude of the problem is greater than can be solved by any one local government agency. But the Los Angeles Community Redevelopment Agency, whose mission is to revitalize economically disadvantaged neighborhoods, has a special responsibility to address economic conditions in LA's poorest communities.

Left Out of LA's Dynamic Economy

Los Angeles boasts a diverse and vibrant economy. It is a major center of international trade, technological innovation, and tourism, and it is the entertainment capital of the globe. The City of Los Angeles is home to almost two million workers, making it the second largest labor market in the US after New York.⁵

However, many in LA's workforce survive at the margins with low-wage, dead-end jobs. One-third of the city's workforce lives below 200 percent of the poverty line, or \$41,300 per year for a family of four. One in ten workers lives below the federal poverty line, a measure of extreme poverty.⁶

Poverty has been on the rise in Los Angeles over the last 15 years, despite the fact that Los Angeles has experienced periods of relative economic growth during that time.⁷

High levels of poverty impact families and children—and taxpayers. One in five children in the City of Los Angeles relied on public assistance (such as food stamps) in the previous 12 months and almost 28 percent lived below the federal poverty line in 2006.⁸

The high levels of poverty and deprivation make it no surprise that LA City workers earn less and experience higher unemployment levels than workers in LA County, California, and the nation.

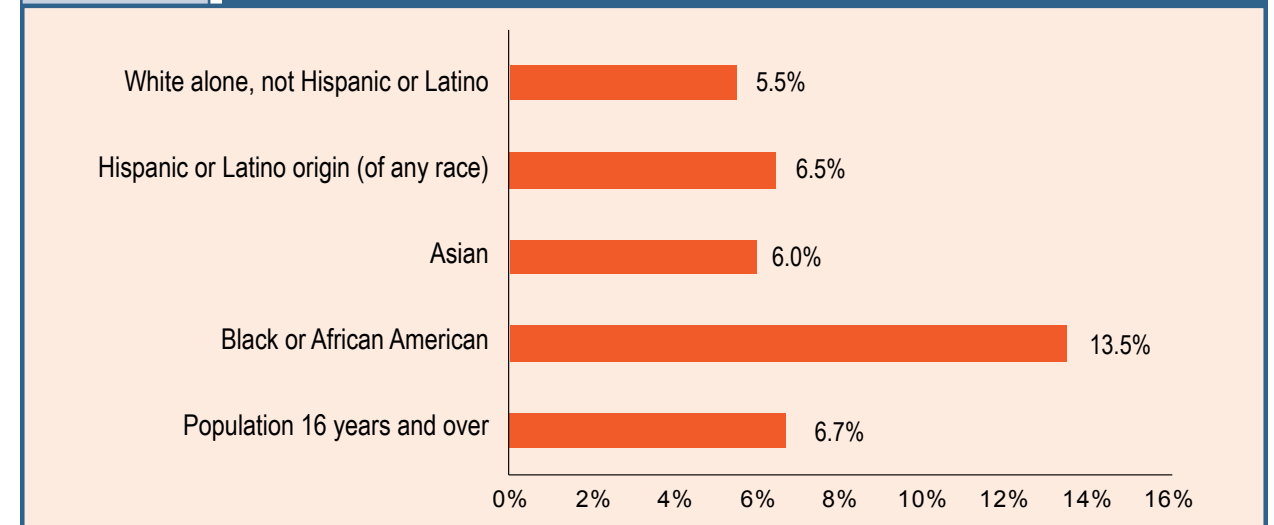
The high levels of poverty and deprivation make it no surprise that LA City workers earn less and experience higher unemployment levels than workers in LA County, California, and the nation. The typical LA City worker at the middle of the earnings distribution earns \$21,329 in wages and salary, about 70

percent of the state median earnings of \$29,584.⁹ The unemployment rate in LA City is also higher than in the county, state, and nation. African Americans are particularly hard hit by unemployment, with a rate more than twice that of the general population.¹⁰ (See

Figure 1). Low earnings and high rates of unemployment—and under-employment—make life especially difficult for Angelenos because of the region's high cost of living. The California Budget Project estimates that it would cost a family of four with one working parent \$51,035 per year to afford the basic necessities, including rent, health care, and child care. A single parent of two would need to earn \$59,732 per year.¹¹

Figure 1

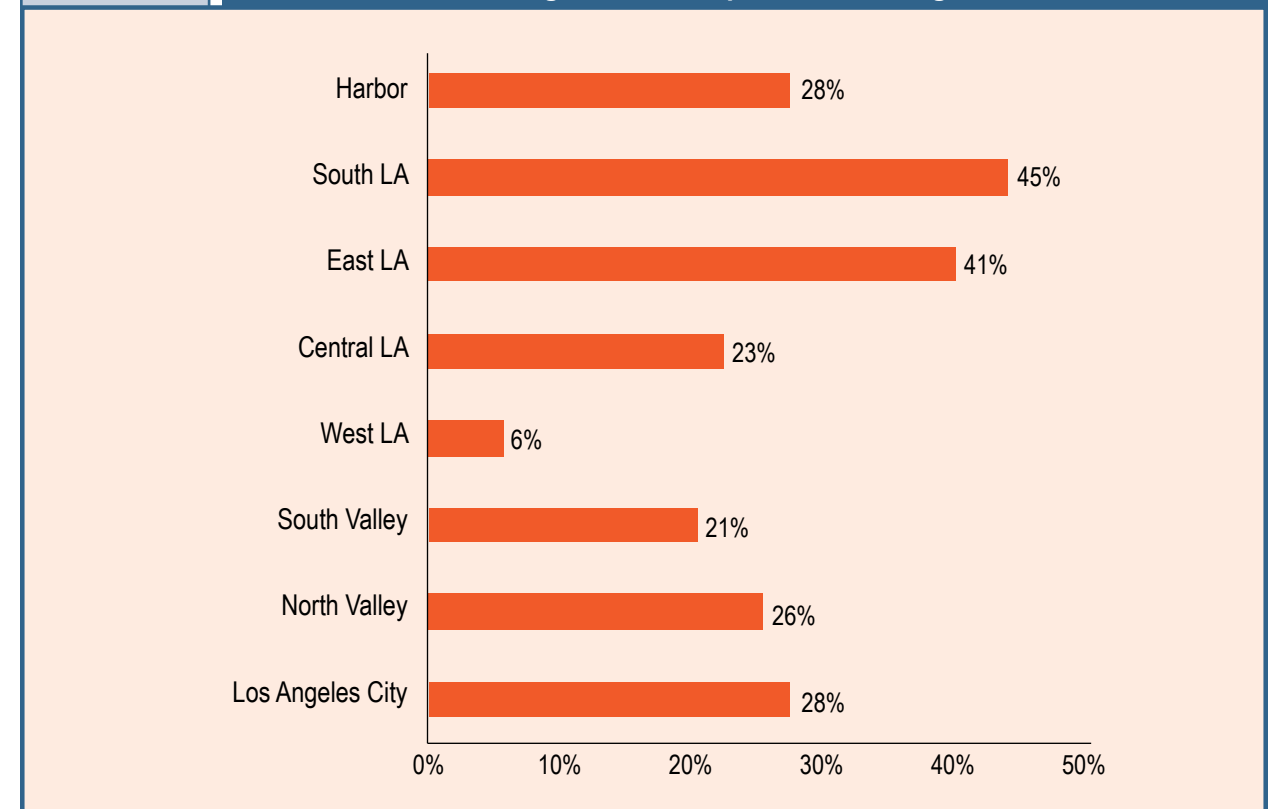
LA City's African-Americans and Latinos have the Highest Unemployment Rates



Source: 2006 U.S. Census Bureau American Community Survey

Figure 2

Proportion of Age 24+ Labor Market Participants with Less than a High School Diploma, Los Angeles, 2000



Source: 2000 US Census PUMS 5% Sample, recreated from LA Workforce Investment Report

LA's Neighborhoods Hurt by Inadequate Job Opportunities & Education

The effects are seen not only at the household level but also in communities where poverty is concentrated. The number of poor neighborhoods in the nation declined during the 1990s. But in LA County the number of poor neighborhoods increased while the percentage of middle class communities has been on the decline.¹² This trend has severe impacts on the region's social and political fabric. Poor communities pay less in taxes, must rely more on public assistance, can attract less retail, and place a burden on schools that must cater to children who lack supervision (because parents must hold down multiple jobs) or proper role models (because of the emotional toll long-term unemployment can place on parents). In addition, significant links have been established between poverty and crime.¹³

In LA City, there is a roughly northwest-southeast divide in the prosperity of the workers and their families. The Harbor Area, South LA and East LA have the smallest proportions of employed residents and the largest proportions of working poor and limited English proficiency workers, according to an analysis conducted for the LA Economy Project.¹⁴

There is also a large geographical variation in the educational achievement of the city's resident labor force. Just over one quarter of all LA workers lack a high school diploma, approximately 408,917 adults. But only 6 percent of workers residing in West LA do not have a high school diploma. In contrast, more than 40 percent of the workers who live in South LA and East LA are without a high school diploma. (See Figure 2).¹⁵

Construction Careers Provide a Path to the Middle Class

Jobs in the manufacturing industry once provided those without college educations the opportunity to gain entry to the middle class. Over the past two decades, manufacturing employment in Los Angeles—and across the nation—has declined dramatically and been replaced with service sector jobs. (The county lost 335,700 manufacturing jobs between 1990 and 2005. Meanwhile, the service sector's share of the economy added 227,900 jobs.¹⁶) Service sector employment tends to either require advanced degrees (accountants, architects) or relatively little training (tourism and food service). Such jobs often pay meager wages and lack health benefits, especially in the non-union segment of the industry.¹⁷

In an increasingly global economy, geographically-rooted industries—like construction—have become ever more important to a region's economic health. As the manufacturing sector has lost ground, the construction industry has remained robust. Over the past ten years, LA's construction industry has added 48,000 jobs and been a vital force in the economy. Currently, there are approximately 124,217 workers in the construction sector in Los Angeles City, which represents 7 percent of all county workers.¹⁸

In an increasingly global economy, geographically-rooted industries—like construction—have become ever more important to a region's economic health.

Foreclosures and declines in home prices have resulted in the recent downward adjustment in residential construction activity. According to industry reports, as long as mortgage interest rates remain relatively low and employment continues to grow, the region's housing market is expected to enter into a recovery stage by late 2008 or early 2009.¹⁹ Total nonresidential construction is expected to continue to be strong in 2008 in the five-county area. In Los Angeles County there is an expected increase of 9.1 percent in nonresidential building permit values.²⁰

And the demand for trained workers will likely remain high. The U.S. Department of Labor projects nearly 2.5 million openings in the construction industry between 2004 and 2014.²¹

Furthermore, this sector offers high-paying jobs with career paths to non-college graduates, in a city where one-quarter of the resident workforce

does not have a high school diploma. The average annual wage for a construction worker is significantly above the median at \$46,592²² – especially for the unionized segment of the industry. Non-union construction workers earn an estimated 64 percent of the wages of unionized construction workers.²³

The CRA's Construction Careers Policy — An Opportunity for Leadership

The LA Community Redevelopment Agency (CRA) is the largest redevelopment agency in the country (in terms of acreage) and each year spends millions of public dollars to further its mission of alleviating blight and poverty in the city. The CRA oversees 32 project areas which extend as far north as Pa-coima and as far south as the Port of Los Angeles.²⁴ (See Appendix A). The agency uses its extraordinary powers to stimulate commercial investment in underserved neighborhoods, build affordable housing, and create jobs.

Stabilization Policy (CCP), which would ensure that CRA's investment creates good jobs in this sector, and that the city's most neglected neighborhoods benefit from the public's investment. Such a policy is consistent with other actions the CRA has taken to further its mission. In 2003, the agency adopted policies requiring developers to pay the city-established living wage to janitors, parking attendants and other workers employed in heavily subsidized CRA projects.²⁵ (CRA projects built on city-owned land must provide living wage jobs to all workers on the site, not just those employed by the developer). In addition, the CRA has a process in place to analyze whether projects provide community benefits commensurate with their impact -- such as affordable housing, public open space, and living wages — and developers of some projects have negotiated community benefit agreements with stakeholders to ensure that the investment has a positive impact on communities.

The CCP would require projects receiving large CRA subsidies to be covered by a Local Hire Agreement and a Project Labor Agreement. These two agreements would work together to ensure that LA's poor and minority residents have an opportunity to access training and good jobs.

A key part of the CRA's mission is to create quality, well-paying jobs in redevelopment project areas. In projects that are funded with tax dollars, construction jobs are the first form of economic development flowing from public investment. Whether or not local contractors do the work, the wages and benefits workers receive, and the kind of skills and safety training workers obtain, significantly impact the local economy and communities.

The CRA is currently considering the Construction Careers and Project

Program In Focus: The Mayor's Faith-Based Initiative

In 2006, the Mayor's office launched the Faith Based Initiative, a partnership with unions, churches and workforce development and community organizations, intended to recruit, train and place South Los Angeles residents in construction trade jobs. (Average median household income for the area is \$25,350, 42 percent below the City's median, and only 32 percent of the 731,000 working-age population is employed).²⁸ In the space of one year, the program successfully placed 796 South LA residents in sixteen different construction trades apprenticeship programs.²⁹

African Americans are particularly underrepresented in the building trades, constituting only 4.4 percent of workers in the construction sector in Los Angeles County in 2000 while they made up 9.9 percent of the county's total workforce.³⁰ In the past year, the Mayor's partnership has brought more than 500 African-Americans from Los Angeles into the construction industry.³¹

The majority of those hired due to this initiative joined the carpenter, sheet metal, electrical, pipefitting or painting trades. All of these trades are projected to grow in the next several years.³²

- At least 30 percent (or 5,000) would be reserved for LA City residents who live in the areas of high unemployment, as shown in Appendix B.
- At least 10 percent (or 1,500) would go to low-income residents or those considered "at risk," a category that includes the homeless, welfare recipients, the chronically unemployed, and those with a criminal record. (Those 1,500 jobs for low income and at risk residents could be in addition to the 5,000 jobs reserved for those living in high unemployment areas of the city or included in that number).²⁶

Those who complete the program would be able to access careers with annual wages of as much as \$100,000 per year.²⁷ As the agency responsible for enforcing the program, the CRA

would retain a Jobs Coordinator to assist with the implementation and convene a community advisory panel to review the implementation of this policy. The jobs coordinator would maintain a network of recruitment organizations and establish a point of contact to provide information about available job opportunities. The coordinator would also develop and maintain an up-to-date list of qualified residents. Meanwhile, the developer would be required to submit a local hiring plan that must be approved before construction begins.



With the CRA Construction Careers Policy, we look forward to the expansion of Mayor Villaraigosa's Faith Based Construction Initiative which resulted in over 700 new union construction jobs for African-Americans last year. The Construction Careers Policy will help to ensure access to construction training and career opportunities for the unemployed and the working poor in Los Angeles' poorest and most devastated communities. Over time, it will help us to fulfill a dream of raising families out of poverty and into middle class jobs.

Rev. Lewis Logan II,
Pastor
Bethel AME Church

Guaranteeing A Return on Public Investments through Project Labor Agreements

Over 80 percent of the construction employers are firms with fewer than 20 employees. Because small firms do not have the capacity to operate extensive training programs, employers have joined with construction trade unions to develop training programs that ensure the existence of a skilled labor pool in the region. Union apprenticeship programs serve as a central place for employers and workers in the industry to train and place skilled workers in construction. These programs provide benefits for workers and participating employers – and for the public at large.

- Employers gain by having a trained pool of workers with cutting edge skills and proper health and safety training. Employers also avoid extreme labor shortages due to the project-based and seasonal nature of the work.
- Workers gain by securing access to training, which allows them to command higher wages, reduce their rate of on-the-job injuries, and fend off attempts by unscrupulous employers to exploit them.
- The public gains because Project Labor Agreements ensure that projects will not be held up by costly labor conflicts. Unionized construction workers are also more likely to have health insurance and so will be less of a drain on the taxpayer-funded public health system.

What is a Project Labor Agreement?

Project Labor Agreements (PLAs) are a means to ensure labor peace and protect public investment in construction projects. Participating unions give up their right to strike in exchange for assurances that workers will be covered by a collective bargaining agreement. By directing the work to unionized construction workers, PLAs put in place mechanisms to guarantee the creation of good jobs, high quality workmanship, and safe workplaces.³³

Unionized construction workers are typically more productive than non-union workers because they receive more training. They are also more uniformly trained while non-union crews often have a skilled worker leading a set of less skilled or unskilled workers. Also, because union construction workers are typically paid higher wages than non-union workers contractors seek to manage their labor more efficiently, providing unionized workers with better equipment and scheduling them more carefully.

Peter Philips, Ph.D., Professor of Economics, University of Utah

Project Labor Agreements and Local Hire Programs

The most effective way to move unskilled workers—and traditionally disenfranchised members of the community—into the construction trades is through trade apprenticeship programs run by building trade councils. Studies have shown that union apprenticeship programs do a better job of recruiting and retaining minorities and of ensuring that they have access to good jobs when they graduate than do other kinds of programs. Such programs have:

** Greater capacity to absorb and train new recruits, including women and minorities.* In California union apprenticeship programs accounted for 88 percent of all construction trade programs and have the highest share of programs that serve multiple employers, according to a University of Utah study. Non-union programs tend to be focused on a single employer and therefore cannot link graduates with multiple employment opportunities. Ninety percent of non-union trade programs graduate only a handful of apprentices (less than 10) in their individual programs while each union program graduates from 26 to 69 of new apprentices every year.³⁴ Women had higher representation in union apprenticeship programs than in non-union programs.³⁵ The odds of an apprentice being African American are 8 percent higher in a union program than in a non-union program.³⁶

The Role of Trade Unions in Ensuring Safe Workplaces

Construction is dangerous work. In 2006, the construction sector had the highest number of workplace fatalities of any industry sector in the nation.³⁸ Construction also has one of the highest rates of non-fatal workplace injury; just last year, over 400,000 construction workers were injured on the job.³⁹ In California, there were 6,000 reported cases of workplace injury in 2006.⁴⁰ In the LA metropolitan area there were at least 103 deaths as a result of construction work in the last year.⁴¹ Further, these statistics may underestimate the true number of workplace injuries occurring in the construction field in California due to severe underreporting by individuals working in the underground economy.



I have a small electrical contracting business. Safety is the number one issue in our industry. The IBEW [International Brotherhood of Electrical Workers] apprenticeship program provides extensive safety training in the classroom and on the job. I was an apprentice in IBEW's program, and then I became an instructor in their health and safety program. But I can't run a business and do those trainings myself so I count on them to make sure my employees are safe and productive.

Cora Davis, Owner
Precious Electric

The Role of Trade Unions in Ensuring Safe Workplaces (cont'd)

Employers lose significantly from workplace injuries

as well. Construction employers in the U.S. spend over \$40 billion dollars a year in direct costs for worker injuries. Companies will spend about 5 percent of their payroll on workplace injury compensation.⁴³ Indirect costs for workplace injuries include loss of productivity of the workforce through a worker's reduced capacity upon return to work, the cost of replacing injured worker with new employees, fines for OSHA violations, higher workers' compensation premiums and lawsuits. Employers spent more than \$8 billion dollars on workplace falls alone.⁴⁴

Unions play a significant role in reducing workplace injuries and protecting workers rights through training, monitoring and educating employers about compliance with OSHA standards. Union apprenticeship programs offer entrants classroom and on-the-job training for the three to five-year duration of the program. Training is especially important in helping young workers in the construction sector stay safe and reduce mistakes on the job that lead to injury. One study in Washington state revealed that construction laborers who received safety training reduced workers compensation claims by 12 percent and 42 percent for workers under the age of 25.⁴⁵ Another study found that unionized construction workers were more likely than their non-union counterparts to "perceive their supervisors as caring about their safety, [to be] made aware of dangerous work situations, [to have] received safety instructions when hired, [to]have regular job safety meetings and perceive that taking risks was not part of their job."⁴⁶

The building trades also monitor construction workplaces, a key role in light of the fact that the federal, state, and municipal agencies monitoring of workplace safety are severely understaffed. OSHA (the federal Occupational Safety and Health Administration) is responsible for monitoring over 6 million establishments throughout the nation, but employs only 2000 inspectors. Union contractors are cited for fewer violations and incur fewer penalties than their non-union counterparts.⁴⁷

* **Higher completion rates.** Over all, union apprenticeship programs have higher completion rates—about 15 percent higher—than non-union programs, and this is especially true for minorities. African Americans have completion rates at union programs that are 9 percentage points higher than at non-union programs, while Latinos have completion rates that are 23 percentage points higher.³⁷

* **Effective protections for workers.** The Construction Careers Policy would provide the most vulnerable workers institutional safeguards to protect their rights on the job. Without a union presence, some unscrupulous employers may attempt to circumvent wage and hour standards or health and safety rules. These workers may be more susceptible to exploitation and hazardous working conditions than other construction workers because of their lack of knowledge of their rights and unwillingness to complain for fear of reprisals from their employers.

* **Better health care coverage.** Labor unions also help construction workers gain access to much needed healthcare coverage. Members of the building trade unions have portable health care paid for by an employer-funded trust fund. The health care is available even during periods of unemployment. More than 80 percent of unionized construction workers have job-based health coverage compared to only 46 percent in the nonunion sector of the industry.⁴²

* **Career Paths:** Unionized construction jobs have access to career path jobs, and wages can increase by as much as 100 percent over a period of five years. Sheet metal workers, for example, receive a starting wage of \$18.73 per hour and receive a wage of \$49.66 upon completion of the program.

How the Construction Careers Policy will Help Build Communities

Because of the union's health insurance, I don't have to worry about my kids getting sick anymore. I don't have to worry about the future anymore. I'm proud to tell people what I do now.

José Carrera, International Union of Painters and Allied Trades, District Council 36

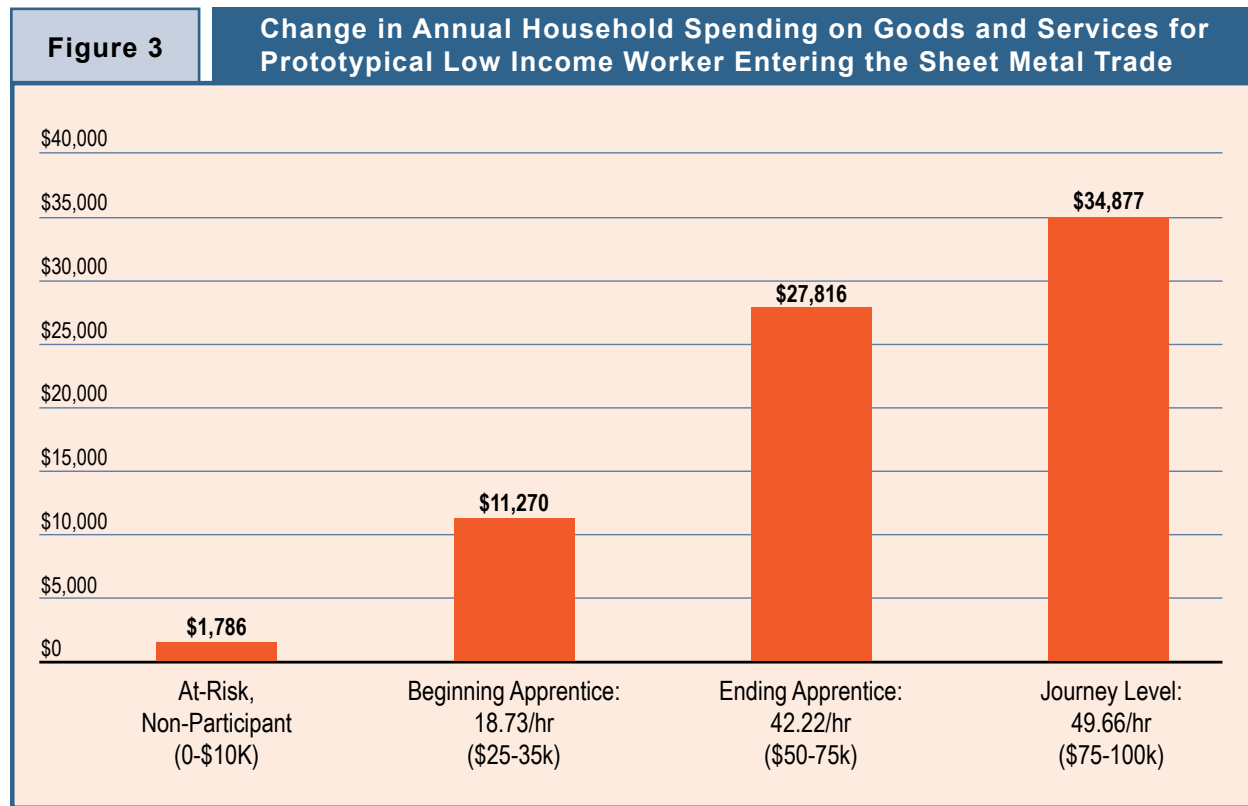


Allowing LA City residents to access careers in the building trades will have a tremendous impact on individuals and families. The increased income will also benefit LA's neighborhoods since those who earn more tend to spend more in their communities. Figure 4 illustrates how the retail spending of a prototypical low income household (on items ranging from clothing to cars to food) would increase if the breadwinner entered and completed a sheet metal apprenticeship program.⁴⁸

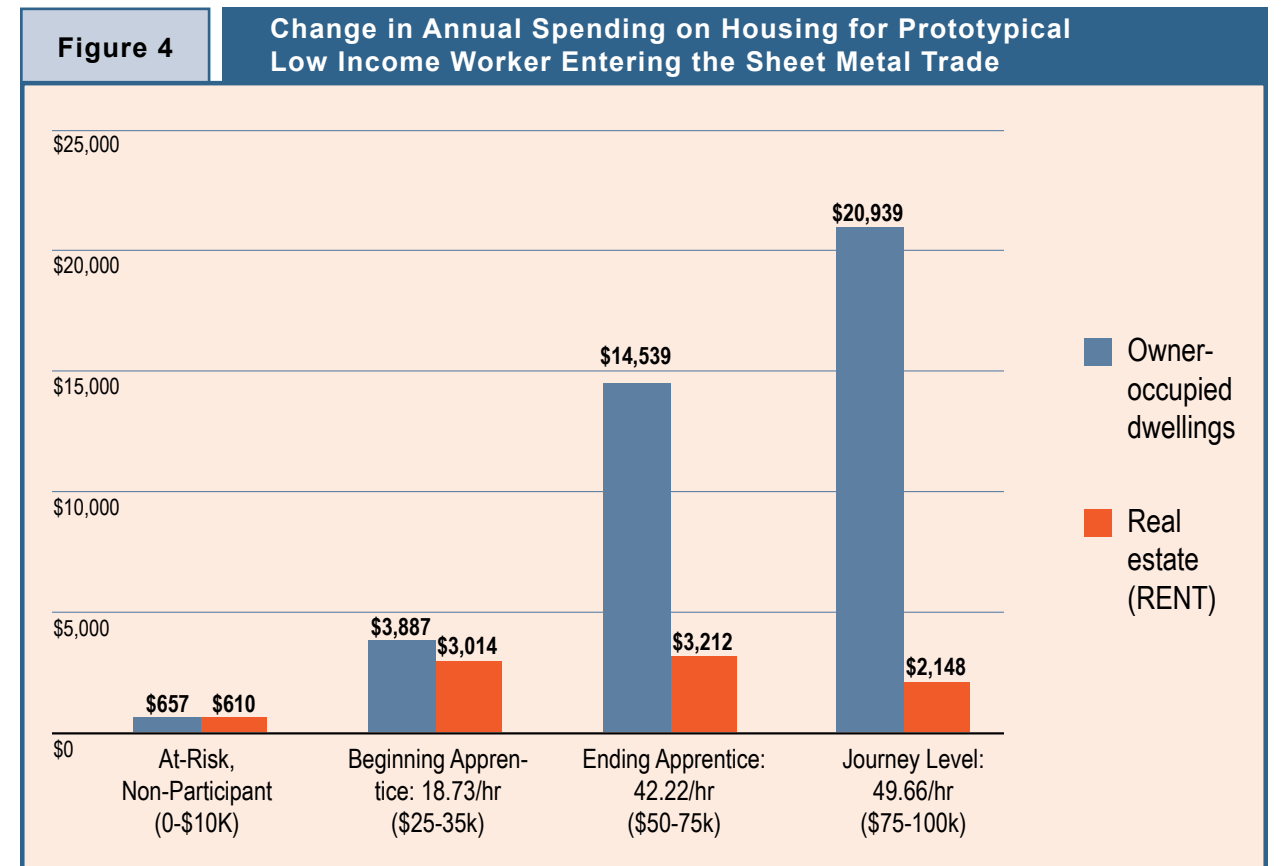
A household headed by an unemployed—or only marginally employed worker—would spend less than \$2,000 on retail items. Within the first year of the sheet metal apprenticeship program, the worker would earn \$18.73 per hour --- or about \$30,000 per year – and spend more than \$10,000 on local

goods and services.⁴⁹ By the time, the sheet metal worker graduates from the program, he or she would be spending as much as \$35,000 per year on goods and services, much of it in the local community. For example, a household supported by a Journey-level salary will spend over \$8,000 on restaurants and food services alone and will also spend close to \$1,200 annually on religious and civic organizations.

As shown in Figure 4, as households ascend the income ladder, they increase their investment in home ownership and decrease spending on rental housing. The greater investment in home ownership increases a family's stability and investment in a neighborhood. Spending on education would increase from \$128 per year to almost \$5,000 per year.

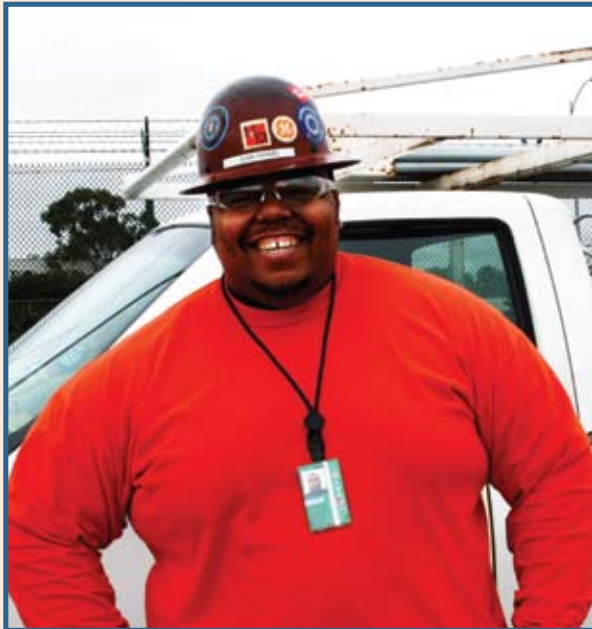


Source: Household Commodity Demand in LA County, CES-IMPLAN Model, Base Year 2002



Source: Household Commodity Demand in LA County, CES-IMPLAN Model, Base Year 2002

John Harriel's Personal Transformation Helps His Community



John Harriel is a union electrician who is now working on a complex job to build an explosion detection system at LAX. He owns a three-bedroom home in South Los Angeles, is helping his daughter through nursing school, and is an active member of his church.

It wasn't always this way. About eleven years ago, Harriel left prison after serving seven years on drug charges. A tough childhood—with a drug addicted mother and a father in prison—led him to make a series of bad choices. He remembers stealing lemons from his uncle's tree at the age of seven so he and his mother would have something to eat. When he

was let out of prison, he could not get a job at a Taco Bell because of his record.

Harriel's story demonstrates how access to the union apprenticeship program and jobs in the building trades can radically transform the life of ex-offenders and others with apparently few prospects. It wasn't easy, of course. But the rewards have been plentiful. Now 38, he earned about \$100,000 in the last year for work he finds extremely rewarding.

"The thing that fascinates me is that this is the type of work that affects people's lives," said Harriel, who is a foreman responsible for supervising a crew of 13. "I'm always learning and meeting a lot of great people."

Harriel's personal transformation has helped more than his family. His increased income, education, and self-esteem mean that he can contribute to his community and the economy.

- **Housing:** He spent seven years in prison at an estimated annual cost to

taxpayers of \$44,000.⁵⁰ Now he owns his own South Los Angeles home near the intersection of Manchester and Broadway.

- **Health care:** Harriel never had private health insurance while growing up and had to rely on the public health system. Now as a member of the International Brotherhood of Electrical Workers he not only has insurance for himself but his whole family, including vision and dental.
- **Local business:** When Harriel left prison he could not afford to eat out. He only went to the grocery store about once a month. Now he shops regularly at Albertsons and Ralphs markets. His increased spending power also helps local businesses like his favorite sit-down restaurant near his home.
- **Education:** Harriel is able to support his daughter through nursing school and sent her to a private Christian school before that.
- **Church:** After leaving prison, Harriel joined the Abundant Life Christian

Church. He could only afford to tithe \$30 per year. Now he contributes between \$7,000 and \$10,000 per year to the church.

- **Public assistance:** While Harriel never relied on public assistance, his mother did when he was a child and his ex-wife spent one year on welfare when he was in prison. Harriel was able to pay \$10,000 in back child support to the government while working as an apprentice electrician.
- **Volunteering:** In addition to being active in his church, Harriel mentors young people as part of an IBEW program to reach out to African Americans and women interested in entering the trades, through the Electrical Worker Minority Caucus of IBEW.

Of course, the work that Harriel does as an electrician—protecting against potential terrorist attacks—constitutes a major contribution, as well. "We know that we really make a difference. We're not only protecting our city but the whole country," Harriel said.

Conclusion

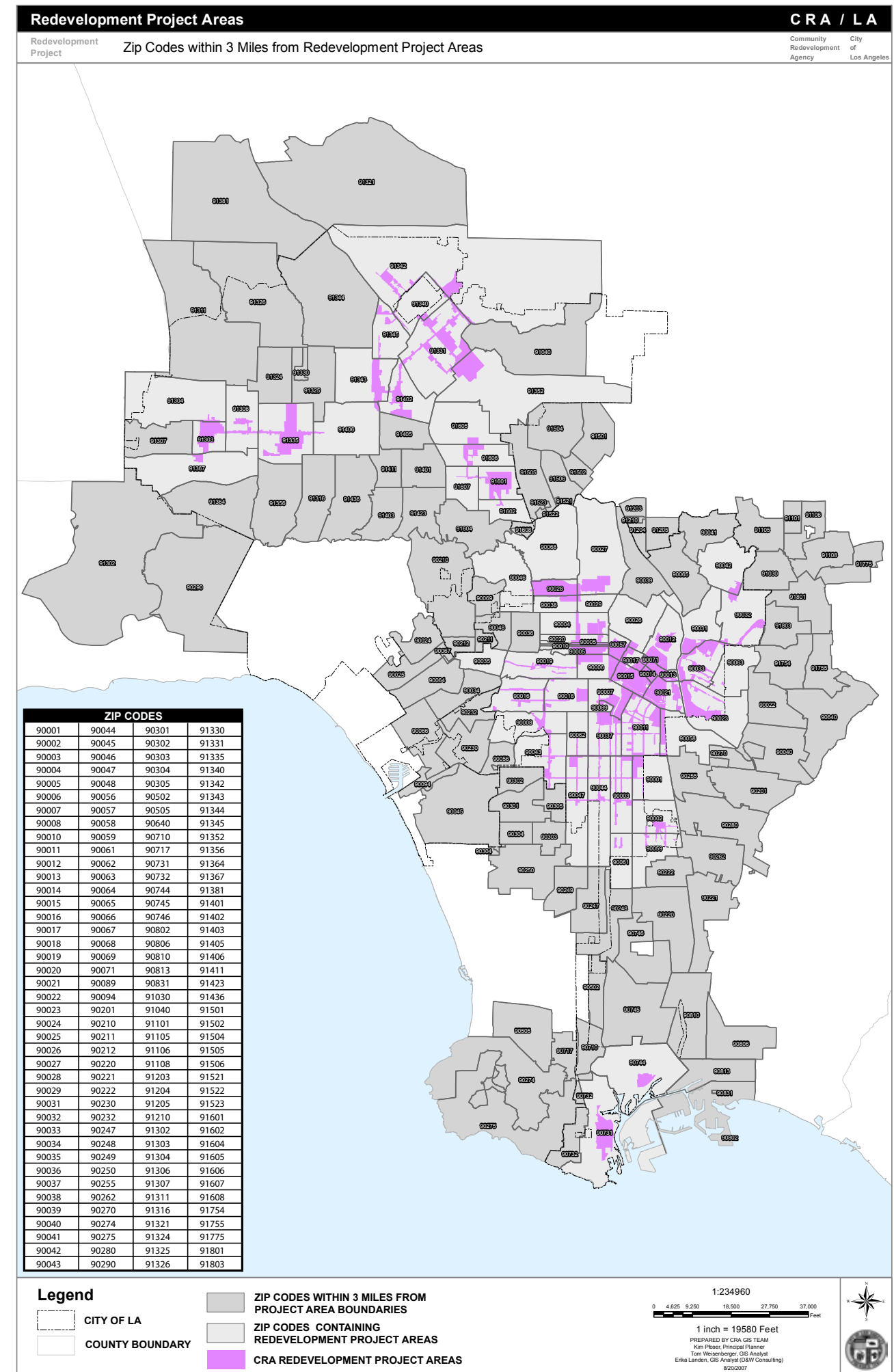
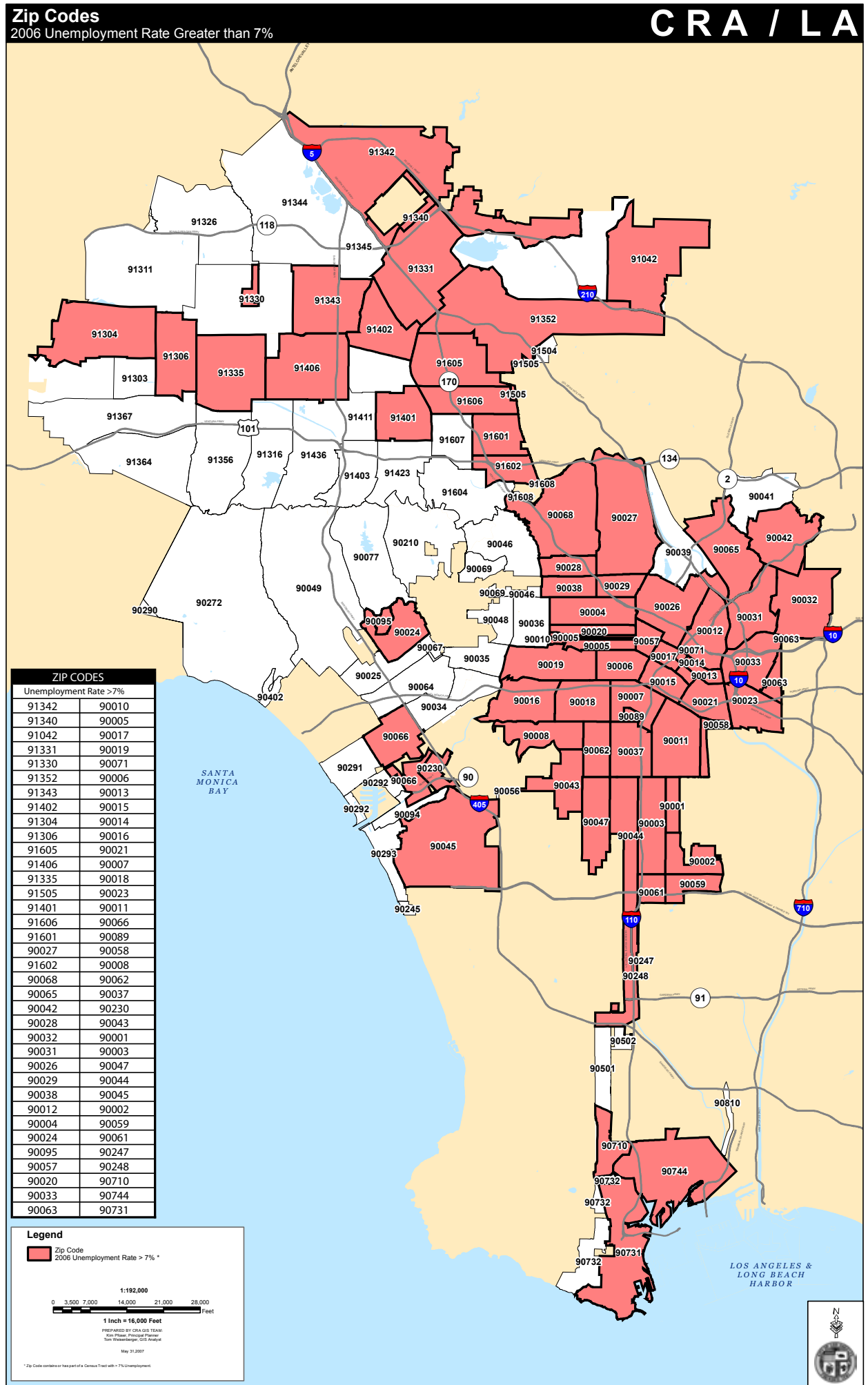


Many industries in Los Angeles—from retail to tourism—can provide job opportunities to those without a college education. But the construction industry is uniquely suited for providing careers that can help non-college graduates gain entry into the middle class. By adopting the Construction Careers Policy, the CRA has a unique opportunity to ensure that its public investment translates into career path jobs for residents. These jobs will boost incomes of residents of the very neighborhoods the agency is seeking to revitalize. The significantly increased spending power of the program’s beneficiaries would translate into more investment in local business, civic institutions and homeownership.

In order for such a policy to succeed, of course, the targeted workers must graduate from training programs and find jobs that are well-paying, safe, and provide health

insurance. The building trades have played an historic role in providing training and apprenticeship programs to those starting out in the industry, and studies show that union-run apprenticeship programs do a better job than their non-union counterparts of recruiting and retaining minorities and of ensuring that they have access to good jobs when they graduate.

There are, of course, other well-known benefits of Project Labor Agreements. They ensure there will be no disruptive and costly labor actions since trade unions give up their right to strike in return for commitments that workers are covered by collective bargaining agreements. A partnership with the building trades also gives employers access to a skilled labor pool. Union workers receive extensive and ongoing safety training, a significant benefit in an industry with high numbers of workplace fatalities.



Endnotes

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- 50 Personal Communication with Brian Brown, Senior Fiscal and Policy Analyst, specializing in adult corrections and parole, with the State of California Legislative Analyst Office, citing the Governor's Proposed Budget for Corrections and Rehabilitation, January 28, 2008.



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