

# A New Urban Agenda for America: Rebuild the Middle Class

Cities and metro regions offer a wealth of opportunity for regenerating our country's social, economic and environmental infrastructure. The 100 largest metro areas account for 65% of the U.S. population, almost two-thirds of U.S. jobs, and three-quarters of GDP.<sup>1</sup> Decades of disinvestment and failed federal policy have left many of these regions in decline, with unprecedented levels of economic inequality, and an economy in which the fastest growing sectors produce the lowest quality jobs.

A strong urban policy will be crucial to key initiatives already prioritized by the Obama Administration: large-scale public infrastructure investments, an economic stimulus package and efforts to reduce greenhouse gas emissions. To truly succeed, **these initiatives must grow the supply of high quality jobs and ensure that low-income women and men can obtain those jobs.**

The past decade of local successes in reshaping urban economic development point the way to a new American Urban Agenda that can strengthen and rebuild the middle class. These local models should inspire and inform a new federal policy toward cities.

This agenda incorporates an array of proven public policies aimed to rebuild the urban middle-class, using government procurement, regulation, incentives, employment, contracting and construction as leverage points for improving the quality of existing jobs and attracting better quality new jobs and sustainable industries to metropolitan regions. The standard menu of progressive urban policy initiatives focuses on addressing identified needs of poor families by reestablishing the social safety net and improving job training and education programs. The new urban agenda adds an important and often missing component by addressing one of the main causes of urban poverty: the prevalence of low-paying, low-quality employment and the dearth of middle-class job opportunities.

In the face of federal policy hostile to urban areas, urban community-labor coalitions have a proven track record of helping local governments use their power to leverage economic activities in a way that rebuilds the middle class in our cities. Their successes include raising job quality in low-wage sectors like retail, service, hospitality and logistics; rewarding high-road construction approaches that pay better wages, provide better training and open doors to construction careers for non-traditional trades workers; and creating stronger environmental and worker provisions in ports and airports and major urban redevelopment projects.

- ❖ Since 2001, local organizations have negotiated dozens of private agreements with developers that establish community benefits on major urban projects that require major public approval and public subsidies. These agreements establish standards around job quality, local hiring, affordable housing, green building practices, and a wide range of community and neighborhood needs.
- ❖ Organizations have worked with local government to develop municipal policies that attach job quality and local hire standards to major urban real estate development projects. The landmark Construction Careers Policy, recently passed by the Los Angeles Community Redevelopment Agency, requires all subsidized development that goes through the Agency to create middle class construction career opportunities for low-income residents. The policy will cover 15,000 apprentice-level jobs in its first five years, reserving 30% of those opportunities for low-income and hard-to-employ workers. A separate policy requiring subsidized development to meet rigorous LEED green building standards ensures that these new jobs will also develop a green construction workforce.

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<sup>1</sup> *MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation* Metropolitan Policy Program, The Brookings Institution, 2008.

- ❖ Working together with local government, organizations have developed new policies and practices that create greater transparency in the use of public funds. San Jose’s cost benefit analysis policy, for example, requires the city to publicize a staff report that itemizes costs and benefits of any economic development project slated to receive \$1 million or more in public subsidy. The staff reports include fiscal, jobs, housing and neighborhood impacts as well as options available to recoup funds if the projected outcomes are not met.
- ❖ The Port of Los Angeles recently adopted a clean trucks program that establishes responsible concessionaire standards regulating the environmental impact of port trucking and creating job quality and employment standards to lift port truckers out of working poverty.
- ❖ Several organizations across the country have developed and worked with local officials to implement new policies that promote job quality, national security and local hire objectives at major international airports. The large pool of low-wage (often part-time) workers in concession industries — including cleaning, retail, food, security and other service occupations — poses myriad threats to national security. The new urban agenda serves the public interest, workers and communities alike, by establishing higher quality jobs and creating targeted hire programs that provide a pipeline of badgeable local job seekers prepared to work in unique airport environments.

To revitalize urban economies, the federal government should promote job quality standards and targeted hire programs in urban areas around the country. Federal action should serve the broad economic goal of creating high quality middle class jobs.

To revitalize urban economies, the federal government should use every one of its many leverage points to require or promote job quality standards, targeted hire programs and green industry standards in urban areas around the country. Sources of leverage include the federal government’s purchasing power; financing — in whole or in part — of infrastructure and major construction projects by all federal agencies; grants to states and localities; subsidies to incentivize private economic activity, such as the New Markets Tax Credit program and HUD’s Section 108 loan guarantees; direct government employment; federal policymaking and regulatory powers in various contexts including land use, such as the brownfields program and leases on public lands. The goal is to increase the quality of existing jobs and to incent creation of higher quality jobs, not only in construction and infrastructure but across the board in retail, service, hospitality and other sectors that create huge pools of low-wage jobs.

Use of these powers should be aligned to ensure that federal action serves the broad economic goal of creating high quality middle class jobs and environmentally sustainable growth, in addition to policy goals specific to a particular program or spending plan. There are four areas in which this approach to job creation can be incorporated into federal policy.

## I. Middle Class and Green Careers in the Skilled Trades

The Obama administration’s ambitious job-creation efforts over the next two years offer an unprecedented opportunity to strengthen job quality in the construction industry while ensuring that low-income urban residents have greater access to construction careers. The groundbreaking “Construction Careers” policy enacted by the Los Angeles Community Redevelopment Agency provides a comprehensive model for advancing these goals. The Construction Careers model that should be incorporated into legislation authorizing any federal construction would require:

- ❖ Payment of prevailing wages on any construction work funded in any part with federal funds;
- ❖ Labor peace agreements that lock in job quality standards and facilitate entry of new workers into construction careers, while ensuring that labor strife does not delay construction;
- ❖ Establish targeted hiring programs that bring new workers into certified apprenticeship programs; and
- ❖ Maximum utilization of apprentices.

The new administration should enable the use of a construction careers approach on all construction work that results from the federal government’s use of its powers by:

- ❖ Rescinding the Bush Administration’s Executive Order 13202 prohibiting project labor agreements on federal construction;
- ❖ Issuing a new executive order enabling federal, state and local governments to establish construction careers policies for federally funded construction;
- ❖ Improving existing local hire requirements in all federal departments that oversee construction projects (e.g., HUD’s Section 3 program, which has never been implemented effectively) and creating targeted hiring programs where they do not exist, with a focus on middle class career development;
- ❖ Revising the Department of Transportation’s current regulatory interpretation that targeted hiring programs are prohibited in DOT-funded highway construction projects; and
- ❖ Using every federal leverage point to build construction career policies into major urban infrastructure investment.

The Obama Administration’s commitment to developing a green jobs program that includes energy-efficient retrofitting of public- and privately-owned buildings offers a unique opportunity to develop a new construction sector on the basis of high-quality jobs. The federal government should **establish an energy-efficient retrofits program based on a construction careers approach** that promotes labor peace, outlines job quality standards that move workers into the middle class, and ensures that targeted low-income workers have access to green jobs and effective pre-apprenticeship training. To succeed in lifting up urban workers and their communities, this program must create demand for new, non-traditional construction workers by establishing a targeted hiring program. In conjunction with targeted hiring, the federal government should create a pipeline of new job seekers ready to take these jobs. High quality training opportunities should be made available through certified apprenticeship programs.

## II. Middle Class Jobs in Fast-Growing Sectors

Federal policy should seek to raise standards across the board in the service, retail, hospitality, logistics and health care industries, which are undergoing job growth but where job quality fails to meet the basic needs of workers and communities. Over the past decade, urban communities have seen the emergence of a crisis of working poverty. Government power should encourage higher-quality employment that ensures full-time workers can support their families without needing public assistance. Moreover, training for low-income and unemployed workers should focus on creating access to middle class careers, not preparing workers for low-paying entry level service jobs that render them most vulnerable to economic downturn and provide too few opportunities for advancement.

Everywhere that federal expenditures or programs help create economic activity; federal leverage should be used to ensure that new and existing jobs lift workers out of poverty. Elements of a program to create middle-class job opportunities include:

- ❖ **Requirements that permanent jobs pay living wages.** The federal government should require all workers on projects or contractors supported by federal funds to be paid a wage that will keep them out of poverty. Federally-subsidized jobs should not be poverty-level jobs. A federal living wage policy should cover contracts awarded by the federal government, as well as contractors working on projects receiving federal funds, such as local development projects supported by HUD’s Section 108 loan guarantee program, or Community Development Block Grant funds.
- ❖ **Responsible contractor policies.** Responsible contractor policies can require that contractors retained by the federal government, or working on projects supported by federal funds, demonstrate a history of compliance with employment and labor laws, maintain high job quality standards, and ensure labor peace. One approach to responsible contracting establishes a prequalification process, in which aspiring bidders are reviewed to ensure that potential government contractors in all sectors meet safety and job quality standards. These

Federal policy should raise job quality standards across the board in the service, retail, hospitality, logistics and health care industries — growing sectors where wages and benefits fail to meet the basic needs of workers and communities.

policies should include transparency requirements to evaluate job quality, contractor performance and public return on investment outcomes.

- ❖ **The Employee Free Choice Act.** The Obama administration should strongly advocate for passage of this crucial measure to restore the ability of workers to advocate for their own needs across the economy.
- ❖ **Raise the minimum wage.** Ten percent of the American workforce — 13 million workers — will benefit from the 2007 legislation that will lift the minimum wage to \$7.25 in 2009. But even accounting for that increase, the minimum wage fails to lift many working families out of poverty. The real value of the minimum wage declined 20% between 1996 and 2007. Raising the federal minimum wage provides a direct benefit to millions of low-wage workers, but it also establishes an earnings floor for all workers, boosting take-home pay across the low-wage job spectrum.
- ❖ **An executive order** that articulates the goal that all uses of federal funds, including those overseen by state and local governments, should place a high priority on creation of middle class jobs.
- ❖ **Fund job training for fast-growing occupations**, like health care, through **joint labor-management programs** that move existing workers up career ladders and bring new workers into entry-level positions with family-supporting wages, benefits and opportunities for advancement.

### III. Middle Class Job Opportunities in New Green Industries

Green industries provide a number of opportunities beyond the development of the energy efficient retrofits construction program, which is addressed above. The Obama Administration should develop middle class job opportunities in two additional green industries: green manufacturing and green goods movement.

The federal government should **incentivize the development of a high-road green manufacturing industry**. Green jobs efforts have largely focused on construction and retrofitting, but green manufacturing provides a key opportunity for growth in the US economy and is essential to maximize the economic gains of the many green building initiatives. The Obama administration should encourage the growth of this industry as a way of modernizing the U.S. manufacturing economy, and with a goal of establishing high job quality standards, and creating a training pipeline and targeted hiring program that can engage low-income urban residents in new job opportunities.

The federal government can help establish the green manufacturing industry by:

- ❖ Offering incentives for overseas green manufacturers to establish production in the U.S.;
- ❖ Designating federal resources for small business incubators, loans, bonding, and other assistance for new, homegrown green manufacturing facilities and firms;
- ❖ Giving preference to locally manufactured materials in federal procurement processes for green industries; and
- ❖ Predicating receipt of any assistance through these programs on compliance with job quality and targeted hiring standards.

Additionally, federal regulation of the **national transportation infrastructure** provides ample opportunity to reduce carbon emissions and create a new sector of middle-class jobs in clean trucking and transportation industries. To advance this agenda, the federal government should:

- ❖ Designate ports, warehouse centers and intermodal yards as stationary emissions sources;
- ❖ Incorporate job quality, safety and environmental standards into the licensing process for truck drivers;
- ❖ Amend the Shipping Act to include environmental, safety, security and workforce goals as part of the “reasonable” test for approving FMC Working Agreements under the Act; and
- ❖ Establish a national truck replacement and scrap program for replacing all old trucks on the road and establish a national market for alternative fuel trucks.

## IV. Affirming the Critical Role of Local Government

In many urban areas, local government has established the floor in an otherwise declining economy by providing middle-class jobs with benefits in government service. Government contracting for goods and services can deepen the pool of high-quality jobs. Declining property values, diminished state and federal investment in cities, increasing poverty and reduced tax collections have strained urban municipal budgets, adding momentum to efforts to privatize government services and shift contracting to low-road, low-bid providers. But privatization and low-road contracting have disastrous consequences for regional economies that have already been devastated by the rise of low-wage private sector employers and the movement of higher-paying manufacturing jobs overseas and elsewhere.

Privatizing key government services adds momentum to the growth of the low-quality job sectors and ultimately increases the need for federally funded services for the poor, at a huge cost to workers and communities. Instead, the federal government should **encourage local governments to maintain the robust role of public employees as the preferred providers of government services, refrain from short-term cost cutting through privatization efforts that depress wages and decrease quality of services, and establish rigorous responsible contracting standards that establish high-quality jobs as the norm in urban economies.** Public services that are subject to ‘managed competition’ policies should require that, before being implemented, any proposed privatization plans demonstrate at least a 10% cost savings, ensure that all overhead costs are fully considered when comparing bids and that wage and benefit standards guarantee that outsourcing doesn’t result in lower wage jobs with fewer benefits.

Federal power should be used to **create greater transparency and accountability** for the use of federal funds at the local level. The lack of transparency and accountability in local government expenditure of federal funds enables state and local governments to use economic development funds to perpetuate the race to the bottom, creating downward pressure on job quality and further undercutting urban economies. Instead, federal power should encourage and incentivize state and local governments to make decisions in an open, transparent fashion, to encourage reporting of subsidy outcomes and to provide urban residents with ample opportunity to participate in public decision-making over the use of federally-derived economic development funds.

Finally, federal funds should leverage higher quality jobs on the ground through **responsible contractor standards.** When local government uses federal funds to contract for goods and services, the process should reward contractors who create middle class jobs and use sustainable practices. Contractors that pay low wages and have a history of poor labor practices should not be rewarded with government contracts. Instead, responsible contractor policies should articulate job quality standards and ensure that government contractors reduce the need for government-funded social services to poor communities by lifting them up.

Specifically, the federal government should:

- ❖ **Require complete transparency when local governments use federal funds.** The federal government should require full public on-line/web disclosure of decision-making and outcomes associated with federal economic development funds and job-quality, community and economic impact reports for subsidized economic development ventures, making public an analysis of the full range of costs and benefits of proposed projects.
- ❖ **Require local governments to implement responsible contractor policies when federal funds pay for any part of locally-procured goods and services.** Responsible contractors pay living wages and benefits, demonstrate fair labor practices and compliance with labor and employment law, and maintain labor peace. Responsible contractor policies vet contractors according to job quality standards and reward good actors with government contracts.
- ❖ **Require clawbacks.** Clawbacks provide real accountability and enforcement, enabling government to recapture funds when contractors fail to meet standards. Clawback provisions should be incorporated into federal funds that flow through state and local governments.

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Each of these policy recommendations grows out of extensive experience on the ground. Together, we can reverse the trend toward low-wage job growth in America. We believe that growing inequality corrodes the base of our economy and taints the promise of our democracy. The current political moment provides a chance for our nation to prove that we can move forward, as many advanced nations have, by building a fair market — one that shares risks and rewards with the greater public. We can redirect and regulate the new economy with family supporting, environmentally sound principles for growth and expansion. Cities across America have been leading the way, creating opportunities from challenges, and this innovation should inform the direction that our national leaders take in charting the course for a new urban policy.

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## THE PARTNERSHIP for Working Families

The Partnership for Working Families is dedicated to reshaping the urban economy and environment for workers and communities. The broad based organizations in our network engage in local campaigns to improve job quality, build and strengthen a new middle class and create sustainable regional economies. We work to ensure that low and middle income workers and communities share in the benefits of economic growth and development, emphasizing the creation of high quality jobs, affordable housing, environmental health, and career pipelines for shared prosperity.

- ❖ Central Arizonans for a Sustainable Economy  
Phoenix, AZ
- ❖ Center on Policy Initiatives  
San Diego, CA
- ❖ Central Coast Alliance United for a Sustainable Economy  
Ventura, CA
- ❖ Community Labor United  
Boston, MA
- ❖ Connecticut Center for a New Economy  
New Haven, CT
- ❖ East Bay Alliance for a Sustainable Economy  
Oakland, CA
- ❖ FRESC for Good Jobs and Strong Communities  
Denver, CO
- ❖ Garden State Alliance for a New Economy  
Newark, NJ
- ❖ Georgia Stand-Up  
Atlanta, GA
- ❖ Good Jobs and Livable Neighborhoods  
Milwaukee, WI
- ❖ Los Angeles Alliance for a New Economy  
Los Angeles, CA
- ❖ New Economy Working Solutions  
Santa Rosa, CA
- ❖ Orange County Communities Organized for Responsible Development  
Garden Grove, Ca
- ❖ Pittsburgh United  
Pittsburgh, PA
- ❖ Puget Sound Sage  
Seattle, WA
- ❖ Syracuse Alliance for a New Economy  
Syracuse, NY
- ❖ Working Partnerships USA  
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