



# JOBS TO MOVE AMERICA

Making Our Transit Dollars Go the Distance

**Rachele Huennekens**

LAANE, Communications Specialist

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AMERICA**  
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# Jobs to Move America Project Developed By:

Los Angeles Alliance for a New Economy (LAANE)

Brookings Institution

University of Southern California

University of Massachusetts, Amherst

## Contributors:

University of Missouri, St. Louis

University of Illinois, Chicago

## Funders:

Surdna Foundation

Living Cities

Ford Foundation

Annie E. Casey Foundation

Rockefeller Foundation

## In Consultation with:

five U.S. public transit agencies



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# Jobs to Move America Project Steering Committee

- American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), Organizing Department
- The Alliance for a Greater New York (ALIGN)
- Annie E. Casey Foundation
- Black in Green (BIG)
- BlueGreen Alliance
- Center for Neighborhood Technology
- Center for Popular Democracy
- Chicago Labor Federation
- Communications Workers of America (CWA)
- Gamaliel Foundation, Transportation Equity Network (TEN)
- Good Jobs First
- Green for All
- International Brotherhood of Electrical Workers (IBEW)
- Industrial Union Council, AFL-CIO
- Los Angeles Alliance for a New Economy (LAANE)
- Los Angeles County Federation of Labor, AFL-CIO
- NAACP, Economic Dept.
- National Employment Law Project
- Partnership for Working Families
- PICO National Network
- The International Association of Sheet Metal, Air, Rail and Transportation Workers (SMART)
- Surdna Foundation
- Transportation Trades Department (TTD), AFL-CIO
- United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
- The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)
- University of Southern California, Program for Environmental and Regional Equality (PERE)
- WE ACT for Environmental Justice



# Jobs to Move America Project

**Goal: maximize \$5.4 billion in annual federal dollars dedicated to rolling stock procurement.**

**Jobs to Move America aims to make our transit dollars go the distance, to:**

- improve our public transit systems with high-quality, clean buses and trains,
- incent manufacturing companies to create and retain good American jobs,
- Generate opportunities for disadvantaged Americans such as veterans and residents of low-income neighborhoods to become a 21<sup>st</sup> century manufacturing workforce.



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# Why Jobs to Move America?

## 1. “Buy America” is Only a Baseline

### Shortcomings:

- Mandates are around domestic “content” & final assembly only
- No incentives for workforce development & training
- Few job opportunities for disadvantaged: veterans, women, people of color and residents of poor communities. **American Railroad Rolling Stock Manufacturing (RRSM) workforce is 91% white, 82% male**
- No incentives for investments in U.S. manufacturing facilities
- “Honor system”



# Why Jobs to Move America?

## 1. “Buy America” is Only a Baseline

### Indications:

- **High-value work related to railcar and bus manufacturing continues to take place overseas:** Car shells, Trucks/Bogies, Propulsions, Design, Engineering, Electronics, etc.
- **Work that happens in the United States is primarily low-skilled, temporary jobs**



# Why Jobs to Move America?

## 2. Need for Greater Equity

- Persistent **unemployment and poverty**, esp. in communities of color
- Minnesotans of color have higher poverty, unemployment and uninsurance rates, and lower incomes than white Minnesotans. Minnesota's unemployment rate is almost **three times higher for African American workers** than for white workers.
- Many companies have closed American factories in recent decades
- Millions of unemployed American workers searching for jobs and skills

	Poverty Rate	Median Income
All Minnesotans	11.4 percent	\$58,906
White (non-Hispanic)	8.1 percent	\$61,667
Black/African-American	37.8 percent	\$28,136
Asian	15.9 percent	\$65,959
American Indian	31.9 percent	\$32,153
Hispanic/Latino	25.7 percent	\$41,718

Minnesota Budget Project, data from the U.S. Census Bureau, American Community Survey (ACS) 2012



# Why Jobs to Move America?

## 2. Need for Greater Equity

“Opportunity....[includes] jobs that pay us fairly.”

“[When working families of color have good-paying jobs, economic benefits compound to]... more money spent on housing and childcare and education and consumer goods – and this is how growth happens... So investing in equity is really investing in regional growth.”

“Increasingly, the Council really needs to understand its connection with nonprofits and with schools. Because we know that lifting people out of poverty is a ‘both-and’ proposition.... It’s job training and transit... these things are all connected.”

--- *Susan Haigh, Chair, Metropolitan Council*  
*2014 State of the Region*



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# Why Jobs to Move America?

## 3. Opportunity to Maximize Existing Investment

- Approx. **\$5.4 billion taxpayer dollars annually** allocated for transit rolling stock procurement
- With the right tools & incentives, transit agencies have the ability to **maximize investments, get more for our money**
- Opportunity to use public dollars to help **reinvigorate domestic manufacturing sector, create good jobs**



# Why Jobs to Move America?

## 3. Opportunity to Maximize Existing Investment

**“Using our influence and investments to build a more equitable region:**

The Metropolitan Council will use equity as a lens to evaluate its operational, planning, and investment decisions and intentionally use its resources, roles, and authorities to mitigate the place-based dimension of racial, ethnic and income-based disparities.”

*-- Thrive MSP, Preliminary Draft,  
Regional Plan for Sustainable Development*



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# Why Jobs to Move America?

## 4. Need for Greater Efficiency & Accountability

- Procurements can be complex, controversial and time/resource consuming process
- The U.S. Employment Plan gives transit agencies & OEMs tools to **standardize and streamline** procurement; if adopted in multiple places, will result in **greater predictability and efficiency**
- Precise methodology suggested by Jobs to Move America Model RFP creates **clarity** among bidders, **enhances competition**
- Suggested reporting requirements allow for **greater transparency & accountability**



# Why Jobs to Move America?

## 5. Legal Challenges to Economic Development

- Most procurements include **federal funds** -- once a federal dollar touches the pot, **federal rules** apply:
  - Geographic preferences are prohibited (49 CFR part 18, Section 18.36)
  - Federal rules restrict requirements that may be interpreted as “burdensome,” inhibit fair and open competition (49 CFR part 18, Section 18.36)
- Federal **rules restrict** transit agencies’ ability to incorporate **local jobs and local economic development** criteria as part of a procurement



# How Can Jobs to Move America Address These Challenges?

**By Making Our Transit Dollars Go the Distance!**



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# U.S. Employment Plan

**U.S. Employment Plan = “Tool Box” =  
policy options to incentivize deeper U.S. investments by bus & train  
manufacturers in a competitive transit vehicle procurement process**

## **Helps transit agencies:**

- Maximize the value of public dollars
- Get more information from OEMs
- reward manufacturing companies for making & keeping U.S. jobs commitments
- deliver on agency objectives for racial equity, economic development
- Complete critical transit projects on-time, with high-quality equipment
- Train the next generation of skilled transportation manufacturing workers



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# How the U.S. Employment Plan Works:

## 1. Disclosure Form

- **U.S. Employment Plan Application Form = Disclosure Form = Questionnaire**
- requires Proposers to disclose the number, quality of, and access to American jobs that they plan to create on a contract.
- OEMs can strengthen proposals by disclosing plans to create American jobs and generate opportunities for unemployed workers, in particular disadvantaged workers
- Mandatory for Proposers, as a matter of responsiveness



# How the U.S. Employment Plan Works:

## 1. Disclosure Form



- CTA issued IFB for \$2 Billion rapid transit cars
- Included Disclosure Form in addendum, voluntary
- Every bidder filled it out
- CTA has more information than ever before... no downside!



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# How the U.S. Employment Plan Works:

## 2. Voluntary Price Credits

- **Menu of Voluntary Price Credits** = mechanism giving OEMs credit for strong American jobs and workforce development plans and investments in U.S. facilities; and allowing transit agencies to evaluate and reward companies based on plans
- Voluntary price adjustments are designed to promote competitive bidding, drive competition upwards
- Voluntary for Proposers, not a matter of responsiveness



# How the U.S. Employment Plan Works:

## 2. Voluntary Price Credits

### Menu of Four Voluntary Credits:

**ADJUSTED  
PRICE =**

**Unit Price  
– Credits**

#### Prime Labor Value Credit

[Price – Labor Value (Wages + Benefits + Training)]

#### Subcontractor Labor Value Credit

[Price – Labor Value (Wages + Benefits + Training)]

#### Disadvantaged Worker Credit

[20% bonus x Labor Value.  
cap of up to 10% of total workforce]

#### Facilities Investment Credit

[20% x Facilities Value]

# How the U.S. Employment Plan Works:

## 3. Enforcement

- The U.S. Employment Plan, including all credits taken, is incorporated into contract awarded
- **Enforcement** = companies are contractually obligated to implement jobs, workforce development and facilities investments
- Suggested mechanisms for streamlined monitoring and enforcement



# How Disclosure & Voluntary Price Credits Drive Competition Upward

## Los Angeles Metro CNG Bus Procurement – 2012

- Size: 900 40-foot CNG buses
- Bidders: New Flyer & NABI
- U.S. Employment Plan included, both companies elected to claim voluntary price credits
- New Flyer jobs value = \$12.6M in new jobs
- NABI jobs value = \$7.5M in new jobs






# How Disclosure & Voluntary Price Credits Drive Competition Upward

## LA Metro's CNG Bus Contract

- New Flyer awarded for \$489 Million
- NF added 150 new jobs in St. Cloud, MN production facility
- NF invested in new service center in Los Angeles, hire 50 workers
- Jobs Value = \$12.6 Million
- “full economic benefit” (including indirect and induced jobs) = \$17.9M

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### L.A. Bus Buy Creates New U.S. Jobs... Let's Make Sure Other Cities Follow Suit

<http://www.sctimes.com/article/20130318/OPINION/303180018/Our-View-New-Flyer-s-start-full-promise>

#### Our View: New Flyer's start is full of promise

Written by Times Editorial Board  
Mar. 17

sctimes.com








The Times Editorial Board says it's a good public policy to help New Flyer expand its plant in St. Cloud, MN. 150 jobs will be created, all paying at least \$13. Public aid amounts to about \$1.3 million of the \$4 project.

track to employ about 100 workers in t to harvest corn.

Well, the metro area should start prepp

Bus maker New Flyer is on the verge o projected hiring of at least 136 full-tim

## CWA WORKERS TO BUILD UP TO 900 LOS ANGELES BUSES

SHARE   Tweet 9    10

Jan 31, 2013

CWAers at New Flyer will soon start manufacturing up to 900 environmentally-friendly compressed natural gas buses for Los Angeles, creating about 150 jobs at the Minnesota plant and 50 jobs at a new California service center.

"It's a big boost for us because we're in contract negotiations in three weeks," said John Desm, president of CWA Local 7304.

The \$302.9 million contract from LA Metro -- finalized just last week -- was the result of a strong movement building campaign.

It all started last summer with Desm's work with CWA Legislative Director Shane Larson to pressure members of Congress to pass a new transportation bill. That bill freed up federal funding so cities could purchase new buses, and New Flyer put in a bid with LA Metro.

When Blue Green Alliance, a partnership between 14 of the country's largest unions and environmental organizations, heard through the grapevine that New Flyer was a finalist for the LA Metro contract, it immediately reached out to CWA Local 7304. Brian Lombardozi, a senior policy analyst at the alliance, gathered material to paint a clear picture of what these manufacturing jobs in Minnesota meant for workers, but also the greater community. It was a great narrative: This contract could potentially create an extra third shift in production that would boost employment at the factory and give a big boost to the local economy. Los

# Jobs to Move America Project: Moving Forward

- 2012 -- The U.S. Department of Transportation reviewed the U.S. Employment Plan. State, county, and city transportation departments can now ask to include the U.S. Employment Plan in their rolling stock procurement on a case-by-case basis.
- **Transit officials can now make the local decision to adopt the Jobs to Move America approach**
- January 2014 -- Amtrak Request for Proposals for High-Speed Rail Cars worth \$ Billions includes U.S. Employment Plan. Amtrak will scores responses (FRA regulations allow)

## Amtrak Encourages American Job Creation from High-Speed Rail Car Manufacturers

FOR IMMEDIATE RELEASE: February 3, 2014

CONTACT: Rachele Huennekens, 213-977-9400 x112, [rhuennekens@taane.org](mailto:rhuennekens@taane.org)

**Amtrak Encourages American Job Creation from High-Speed Rail Car Manufacturers**

WASHINGTON, D.C. – The Jobs to Move America coalition today congratulated Amtrak for its recent Request for Proposals (RFP) for the purchase of 28 high-speed train sets including an unprecedented requirement for bidders to detail their plans to employ American workers. The RFP asks bidding manufacturers to divulge comprehensive information about their plans to create American jobs, locate manufacturing facilities in the United States, and recruit and train disadvantaged workers such as veterans in connection with the contract.

University of Massachusetts, Amherst economists estimate that Amtrak's move could incentivize manufacturing companies to create nearly 28,000 American jobs.

"Amtrak deserves a hearty congratulations for taking this unprecedented step to encourage lasting, high-quality American jobs manufacturing America's high-speed trains," said Madeline Janis, Director of the Jobs to Move America campaign. "Amtrak's move demonstrates that maximizing our public transit investments today can create quality jobs and hopeful opportunities for unemployed Americans tomorrow. It simply makes good business sense for public transit agencies to leverage our taxpayer dollars to revive America's manufacturing sector and tackle persistent unemployment."



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# Jobs to Move America Project: Opportunity for Minnesota

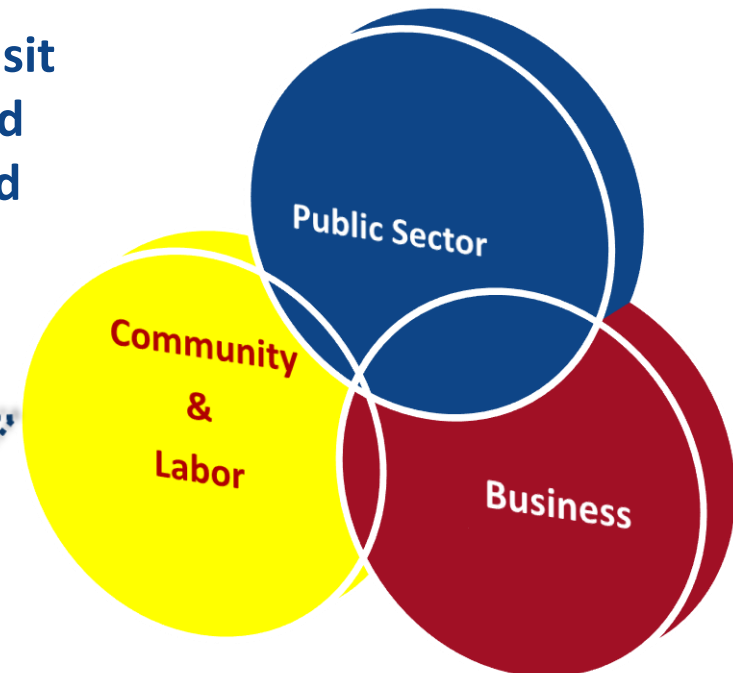
The Metropolitan Council can make today's transit dollars go the distance towards tomorrow's good Minnesota jobs, opportunities for disadvantaged Minnesotans, and clean trains and buses.

*"Working America members in the 13 county metropolitan area continually tell us that good jobs are an important issue.*

*Working America supports the Metropolitan Council thinking about our transportation budget in a way that will create and maintain good jobs for Minnesotans. Smart procurement policy can benefit manufacturing companies that build quality products using a well trained, diverse workforce."*

*-- Brianna Halverson*

*State Director, Working Minnesota*



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## Questions?



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