

From Promise to Prosperity: Jobs and the Transportation Investment Act







Together We Prosper

Metropolitan Atlanta has an unemployment crisis in the Black and Latino communities with an unemployment rate of over 16% and 11.5% respectively. Low-skilled workers face a dual challenge - finding a living wage job and reliable transportation to reach a job. With the Transportation Investment Act (TIA), the Atlanta region has an opportunity to make a lasting investment not only in its transportation infrastructure, but in its workforce. As the economy starts to recover from the Great Recession it is critical that no segments of our regional community are left behind. For metropolitan Atlanta to emerge a stronger and more economically competitive region we need to make sure our recovery is equitable.

Partnership for Southern Equity (PSE) is a regional network of diverse organizations committed to promoting balanced growth and shared prosperity throughout the metropolitan Atlanta region. Our collective understanding of the role transportation can play in encouraging regional sustainability and economic competitiveness has compelled us to organize the “Just Transportation Circle,” a regional coalition of organizations and citizens committed to promoting transportation choices and accessibility for our changing community and economy.

PSE offers “From Promise to Prosperity: Jobs and the Transportation Investment Act” as a means to guide important policy discussions over how to ensure the greatest possible economic benefits to everyone from the TIA and future transportation projects. Strong policies on local hiring, small and minority businesses, and workforce development are a win-win proposition for the region. They will strengthen our economy in the long run by building a more sustainable and equitable region but also in the short term by ensuring as much of the sales tax funds as possible stays in the community. We invite you to become an active champion for these policies in order to create a more balanced and prosperous region. A better tomorrow begins with our work today to grow a more inclusive and equitable region. Our region requires your engagement to ensure our economy moves from promise to prosperity.

Yours for a better region,

A handwritten signature in black ink, appearing to read 'Nathaniel Q. Smith, Jr.', written in a cursive style.

Nathaniel Q. Smith, Jr.
Founder and Chief Equity Officer

From Promise to Prosperity: Jobs and the Transportation Investment Act

If passed, the Transportation Investment Act (TIA) one penny sales tax will be the largest transportation investment in metropolitan Atlanta in recent history. The Partnership for Southern Equity (PSE) supports strong jobs and local small and minority business policies to accompany the TIA when it goes to the voters in July 2012. Since all residents of the region will be paying the tax, the region needs to ensure that all communities earn a return on their investment in the form of jobs and skills training, small/minority business contracting and community economic development. By equitably including all communities, the TIA can be leveraged for the most possible community and economic development benefits. Ensuring that as many of the jobs and contracts as possible go to local residents and companies will keep the money in the community. The TIA not only represents an opportunity to address many

transportation challenges in our region, it also represents an opportunity to reduce disparities in unemployment, to develop a skilled workforce, support small and minority business growth, and long-term job creation. These improvements to regional equity will help set metropolitan Atlanta up for economic growth past the ten-year timeframe of the proposed sales tax.

This document lays out the recent research on equity growth models, highlights the best practices in local hiring and workforce development programs, and recommends a set of policy goals. These goals will help the Atlanta Regional Commission, Georgia Regional Transportation Authority, Georgia Department of Transportation, and county and municipal governments ensure that the jobs created benefit all parts of the community and will increase the economic benefit to the region overall.

Local Hiring

A First Source Employment policy can help ensure that jobs created with TIA funds go to local residents and communities invested in the initiative and that will be impacted by the projects.



Workforce Development and On-the-Job Training

A strong workforce development program will strengthen the skills of the local workforce, reduce unemployment and underemployment disparities, put local skilled unemployed workers back to work and prepare residents of low-income communities for living-wage and better jobs.

Disadvantaged and Small Business Enterprise Programs (DBE/SBE)

Strengthening the DBE/SBE programs that exist throughout the Atlanta region, will support growth and development of local small and medium sized business enterprises, increase opportunities for minority business owners, and ensure metropolitan Atlanta is competitive for federal funds on TIA projects.

More than an investment in transportation infrastructure, the TIA presents the Atlanta region an opportunity to make an investment in its people. A strong jobs and local small and minority business policy will jumpstart local economies, support the growth and development of local businesses, and

train the future workforce. A dual investment in infrastructure and the local workforce and small/minority businesses will allow metropolitan Atlanta to develop a balanced regional economy that provides benefits to everyone.

Partnership for Southern Equity

Partnership for Southern Equity (PSE) advocates for policies and actions that promote equity and shared prosperity in metropolitan Atlanta. Through forums, research, and organizing efforts, PSE brings together the regional community to achieve just, sustainable, and civic practices for balanced growth and opportunity. PSE represents a partnership comprised of a cross section of community stakeholders that help guide our work.

The Partnership's model is based on the notion that disparities resulting from inequitable economic development are far too pervasive and overwhelming for one group, sector or jurisdiction to handle alone. Rather, true regional transformation and a more just society rely on the involvement of a broad base of stakeholders, representing different segments of the wider region. It is this multi-sector, cross-jurisdictional approach that makes PSE unique to the region and valuable to the growing national equity movement.

PSE's collective understanding of the role that transportation plays in supporting regional sustainability and economic competitiveness, compelled PSE to organize the Just Transportation Circle (JTC), a regional coalition of more than 20 organizations committed to promoting transportation equity in metropolitan Atlanta via collaboration, education and advocacy.

PSE's Just Transportation Circle envisions a regional transportation system that provides accessibility and mobility to everyone, while innovating to accommodate demographic changes, future growth, and sustainability. This will require an integrated regional multi-modal transportation system that is safe, affordable, and reliable. It also means full and equitable participation by all stakeholders, including marginalized populations, in the planning and decision-making and leadership that reflect the demographics of our region.



The Just Transportation Circle is guided by six key principles:

- Increased Access – paths toward opportunity for all
- Access to diverse transportation systems (multi-modal) for all
- Attractive and user-friendly access to existing transit systems
- Balanced growth and economic opportunity in the region along transit corridors utilizing Transit Oriented Development (TOD) strategies
- Minimization of the imbalance in housing/jobs in metro Atlanta
- Accessibility to job opportunities and amenities

I. Introduction: Investing in People

It is estimated that, if passed, the Transportation Investment Act (TIA) will raise up to \$8.5 billion in sales tax funds over a 10 year period for transportation projects in the Atlanta region. This investment would also generate thousands of short-and long-term jobs, especially in the construction and transportation industries hit hard by the recent recession. The Atlanta Regional Commission estimates that it would create 200,000 jobs by 2040¹, including 34,000 jobs in the construction sector.

Equitable job creation is of critical importance to the low income and communities of color in the state of Georgia and metropolitan Atlanta. Like the rest of the country, Georgia and the Atlanta region have high unemployment rates but these rates are not equally distributed over demographic groups. Unemployment in Georgia's Black community is double the unemployment rate in the White community. In 2010 the average unemployment rate for Whites in Georgia was 8% compared to 16.4% for Blacks. Hispanic unemployment was in between at 11.5%².

We need to ensure that all residents of the Atlanta region have equal access to the potential TIA jobs to increase equity of opportunity. Recent studies show that regions and countries with more equity have more sustained economic growth. This is because equity in job creation and job retention provides benefits to all parts of the local economy. Employing local residents and providing contracting opportunities for local companies will leverage the TIA project funding to bring benefits to other local businesses that may not be directly involved in the development and construction of transportation projects.

Coupled with a strong job-training program the investment can create, not just improved transportation infrastructure, but a strengthened local workforce. Specific policy steps must be taken to ensure that the jobs created will benefit all parts of the community and will increase the overall economic benefit to the region in the long term.

This report was prepared to give local leaders the most recent research and best practices on local job creation from around the country. The first section reviews recent research on equity as a growth model. The second section provides best practices from around the country on local hiring policy, workforce development and job training programs, and disadvantaged and small business enterprise programs. The third section gives specific policy recommendations for metropolitan Atlanta. Finally, conclusions and resources are provided.

Equity as the Superior Growth Model

New research suggests that inequality slows economic growth while greater equality creates longer periods of growth. A study by the International Monetary Fund found that for every 10 percent increase in equality the length of a country's growth period increased by 50 percent³.

Looking at metro areas across the U.S., research has found that measures like reductions in income disparities, concentrated poverty, and racial segregation are correlated to increased per capita income, employment, and productivity⁴. These studies look at the impacts of inequality and measurable differences between groups. While equality measures sameness, equity measures fairness. *The concept of equity seeks to remedy the existing inequality by leveling the playing field of opportunity.*

For a sustainable economic recovery in metropolitan Atlanta, an increase in the equity of opportunity must exist. This means closing the gap in unemployment, poverty, and educational attainment between demographic groups. It is projected that at least 8 metro Atlanta counties will be majority people of color by 2040⁵. The entire region will suffer if the current economic disparities, which are embedded in the structure of our society, are carried into the future.

¹In order to account for both short-and long-term jobs the number of jobs is calculated in job years. Ten job years could be a single job that lasts ten years or ten jobs that last only one year.

²Bureau of Labor Statistics. "Employment status of the civilian noninstitutional population by sex, race, Hispanic or Latino ethnicity, marital status, and detailed age, 2010 annual averages," <http://www.bls.gov/lau/table-14full10.pdf>

³Berg, Andrew and Jonathan Ostry. "Equality and Efficiency," *Finance and Development*, International Monetary Fund, September 2011.

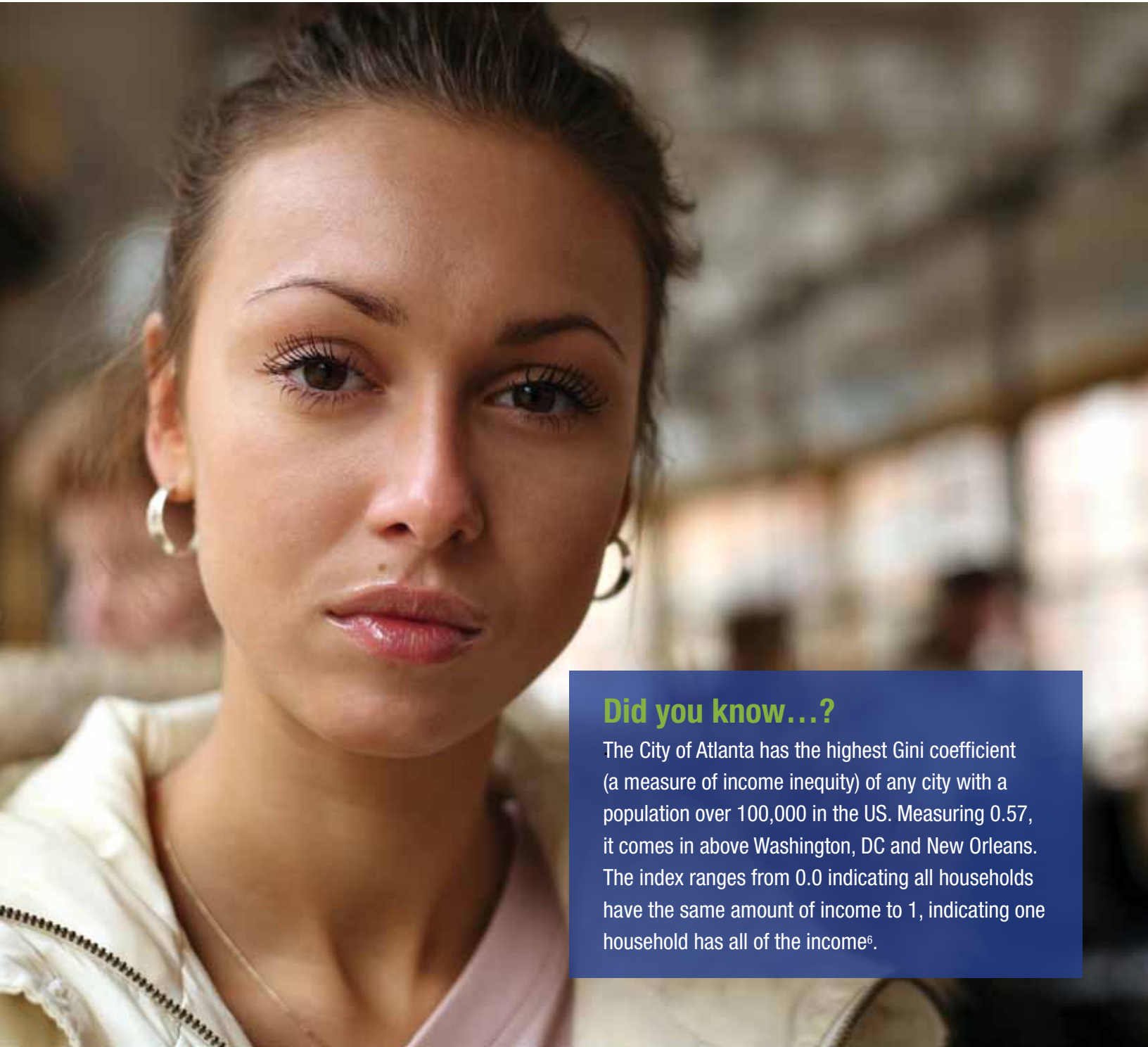
⁴PolicyLink. "America's Tomorrow: Equity is the Superior Growth Model," 2011, <http://alturl.com/gvx7t>

⁵ibid

Women and minorities have traditionally been underrepresented in the construction and transportation industry. Strong policies must be developed and implemented to ensure they have access to these careers and small and minority businesses have access to contract opportunities.

The TIA legislation does not provide any guidance on addressing inequity of opportunity; however, there are steps that can be taken to address this issue. First,

local, regional, and state policies can be developed and implemented that link transportation projects with workforce development programs. Second, transportation projects should have a focus on reducing inequitable access to transportation, thereby increasing the opportunity for access to jobs. Third, Georgia and the Atlanta region should look to similar programs in other parts of the country to learn from and achieve the results experienced by others.



Did you know...?

The City of Atlanta has the highest Gini coefficient (a measure of income inequity) of any city with a population over 100,000 in the US. Measuring 0.57, it comes in above Washington, DC and New Orleans. The index ranges from 0.0 indicating all households have the same amount of income to 1, indicating one household has all of the income⁶.

II. From Promise to Prosperity

Local Hiring- First Source Hiring Agreements

Local hiring agreements have accompanied development projects in various parts of the country over the past decade. These agreements set up a process to give priority to local residents for jobs created by the construction of a project and, where applicable, in retail positions when the commercial development opens. A community organization or work force development agency can run a first source referral system that screens potential applicants and gives employers a list of qualified applicants in advance. Trade unions can identify members for local construction jobs. The definition of local varies from immediately adjacent to the project to a larger surrounding area. Local hiring goals are set for employers to meet.

Most of the major local hiring programs have been in California. In a Los Angeles development 234 jobs were filled by local residents, which represented 36% of jobs in the project. One of the most successful construction local hiring programs was at the Port of Oakland. In the first 6 years of the project 31% of work hours were done by local residents and 13% were done by apprentices⁷.

Local hiring agreements can be stand alone policy or include a Community Benefits Agreement (CBA) between a developer and the local community. The CBA process allows direct input from the impacted community into the process.

Atlanta created a local hire program as part of the BeltLine initiative for capital projects funded by Tax Allocation District funds. It requires that all contractors enter into a first source employment agreement with Atlanta BeltLine Inc. to be administered by the Atlanta Workforce Development Agency. Each contractor has

to make a good faith effort to fill 50% of entry level work hours and 20% of all work hours with residents of Beltline neighborhoods⁸.

In addition to the first source hire agreement, the Atlanta BeltLine Partnership also has an Employment Working Group that brings together public, private, and community leaders to explore how to leverage economic development in the corridor to the benefit of businesses, residents, and the environment. It is estimated the BeltLine project will generate 30,000 new full-time jobs apart from the 48,000 one-year construction jobs. The Working Group focuses on coordinating workforce development with hiring needs and helping to match people with employment opportunities. Part of their effort is to educate businesses about financial incentives and benefits of hiring locally and from disadvantaged populations. Another aspect specifically addresses workforce development and how to train, track, and measure the success of programs to get local low-skill residents jobs in the corridor. The work of this group can be used to develop a similar effort for the entire TIA project list.

On-the-Job Training- Putting the existing DOT apprenticeship and training programs to work

Georgia, like every other state, has a Department of Transportation (DOT) on-the-job training and apprenticeship program. However, the participation in the program fell by 28% between 2008 and 2010 and only 1.6% of federally funded construction jobs were filled by trainees. Women made up only 6% of the trainees but minorities made up 81%, putting Georgia ahead of most states⁹.

The effectiveness of these training programs varies from state to state. The State of Missouri's DOT is held

⁶Weinberg, Daniel. "US Neighborhood Income Inequality in the 2005-2009 Period," American Community Survey Reports, US Census Bureau, October 2011, <http://www.census.gov/prod/2011pubs/acs-16.pdf>

⁷Mulligan-Hansel, Kathleen. "Making Development Work for Local Residents released by the Partnership for Working Families," The Partnership for Working Families, July 2008, <http://www.communitybenefits.org/downloads/Making%20Development%20Work%20for%20Local%20Residents.pdf>

⁸Atlanta Beltline Inc. "Atlanta Beltline Tax Allocation District Community Benefits Job Policy Framework," June 16, 2009, <http://beltline.org/Portals/26/PDF/Policy-%20Final.pdf>


⁹Transportation Equity Network. "The Road to Good Jobs: Making Training Work," October 2011, <http://www.transportationequity.org/Making-Training-Work-final.pdf>

¹⁰ibid

¹¹ibid

¹²Garrett-Peltier, Heidi. "Estimating the Employment Impacts of Pedestrian, Bicycle, and Road Infrastructure: Baltimore Case Study," Political Economy Research Institute, December 2010, http://www.bikeleague.org/resources/reports/pdfs/baltimore_Dec20.pdf

¹³Weisbrod, Glen and Reno, Arlee. "Economic Impact of Public Transportation Investments," American Public Transit Association, October 2009.



up as the national model for using their program to train minority, low-income, and female residents and get them into construction jobs. The Missouri Model reserves 0.5% of a project's budget for on-the-job training and apprenticeship programs and devotes 30% of work hours on the project to trainees. This model has been used for several significant projects in Missouri with success and is being adopted by other states¹⁰.

A national study of DOT job training programs found that successful on-the-job and apprenticeship training programs share some common characteristics. They have a significant number of participants, and set a high goal for the number of work hours filled by trainees on a project. Further, successful programs recruit minorities and women by actively partnering with local community organizations¹¹.

Did you know...?

A study of transportation projects in Baltimore found that bicycle and pedestrian projects created 11-14 jobs per \$1 million of spending compared to only 7 jobs per \$1 million of spending on road projects¹².

For every \$1 million spent in the US on public transit approximately 36 jobs are created. Transit operations create 41 jobs per \$1 million in spending and for capital investments in transit approximately 24 jobs are created per \$1 million. In fact, public transit spending at the federal level produces more jobs than tax cuts or investments in military, health care, education, or home weatherization programs¹³.

Denver FasTracks - Successful Workforce Development and DBE/SBE Programs

In 2004 Denver voters passed a 0.4 cent sales tax increase to fund the FasTracks program. FasTracks is a multi-billion dollar transit construction project that plans to build over 122 miles of new rail lines. The Denver Regional Transportation District (RTD) instituted two successful programs to ensure that local residents and companies had access to the new jobs and business opportunities created by the sales tax funding.

The first program is a workforce development initiative called the WIN (Workforce Initiative NOW) to train local residents for the living wage construction jobs. RTD is working with the Community College of Denver, Denver Transit Partners and the Urban League of Metro Denver to identify and train residents for the transportation career development program. Participants are recruited, screened, tested and registered in the program by the Urban League of Metro Denver. Then trainees are taught construction skills by the Community College of Denver and receive conflict resolution and interpersonal/soft employment skills training by the Urban League of Metro Denver. After successfully completing the program trainees transition to jobs on the transit and associated transit oriented development construction projects.

Denver is using the WIN/FasTracks initiative to develop its workforce, ensure disadvantaged communities have access to high paying jobs, and to leverage additional funding sources. RTD received a \$500,000 federal grant to run the program and is helping businesses receive Work Opportunity Tax Credits and other on-the-job training funding sources¹⁴.

In addition to training its residents for FasTrack jobs, Denver also developed a robust Disadvantaged Businesses Enterprise (DBE) and Small Business Enterprise (SBE) program to strengthen small, minority owned, and local businesses. The RTD developed policies to make sure that these companies had a chance to compete for contracts. Large jobs were broken up into smaller contracts so that smaller companies could bid on them. All of the project managers are trained on the DBE and SBE program and it is included in the performance evaluation goals for managers¹⁵.

The program generated results; of the close to \$1 billion FasTrack funds under contract, almost 20 percent has gone to disadvantaged and small businesses of which 90 percent are locally owned. But it took leadership from members of the RTD board of directors to ensure that the program became ingrained in the culture of the agency¹⁶.



¹⁴Regional Transportation District. <http://www.rtd-denver.com/WIN.shtml>

¹⁵Peterson, Eric. "Train a-comin'." *Colorado Biz*, July 1, 2011, <http://www.cobizmag.com/articles/train-a-comin/page-2/>

¹⁶ibid



III. Policy Proposals

The Partnership for Southern Equity recommends that policies on local hiring, workforce development, and disadvantaged and small business enterprise programs be developed in preparation for the TIA referendum. These policies should be adopted by the Atlanta Regional Commission (ARC), the Georgia Regional Transportation Authority (GRTA), Georgia DOT, and all of the ten counties and the local governments included in the TIA referendum. Clearly defining the economic and transportation benefits the sales tax will bring in terms of jobs and small and minority business contracts to local residents will help voters to decide whether or not to support the ballot referendum. Without a clear understanding of the “return on investment” many voters may not support the initiative.

Local Hiring First Source

The ARC Workforce/Contracting Working Group, working with community partners, should develop a First Source Local Hiring policy similar to the policy in place for the Atlanta Beltline and the City of Atlanta. The definition of local, while covering the entire region, should prioritize the Equitable Target Areas identified by ARC. Regional goals should be established in advance. The agency tasked with implementing the policy should work with community organizations and unions to identify applicants. This policy should be adopted by all state and local agencies given power to implement TIA projects.

Each local government should develop their own policy setting their own local area for their 15% of the referendum funds. These policies should be developed in consultation with local community organizations.

Workforce Development

The ARC Workforce/Contracting Working Group should work with community organizations, community and technical colleges, and labor unions

to develop a workforce training program to prepare currently unemployed or underemployed residents for TIA jobs. The effort should focus on communities with the highest unemployment rates and groups traditionally underrepresented in the construction industry. Community organizations can identify potential trainees and provide job readiness and soft skills training, while unions and contractors can identify the job skills needed. Training can be provided through partnerships with the local technical colleges and labor union apprenticeship programs. Successful participants should be placed through the local hiring first source program and county and local workforce development agencies. The workforce development agencies administer the federal On-the-Job (OJT) Hiring programs available to employers that subsidize wages of new hires for up to six months.

ARC should determine what additional federal funds and tax credits are available to help fund the training program and provide incentives for contractors to hire graduates. In addition, the existing Georgia DOT on-the-job and apprenticeship programs should be expanded and used on applicable TIA funded projects.

Disadvantaged and Small Business Enterprise Program

Projects that are funded only with regionally collected sales taxes are not legally obligated to abide by federal rules for hiring of small and disadvantaged businesses. That does not mean that TIA funded projects cannot use and build on federal guidelines designed to enhance small and minority owned businesses. Adhering to federal small and disadvantaged contracting guidelines in the use of regional tax dollars will make TIA projects eligible for federal funds, which would leverage regional tax dollars for increased investment.

The ARC should recommend that all of the TIA funded projects whether implemented by GDOT, MARTA, or GRTA use each agency's existing federal DBE/SBE program for TIA projects. In addition, technical assistance support and resources should be made available to help small businesses build capacity in the bidding process for TIA contracts. This should include a single clearinghouse for the posting of all TIA contracts to help small businesses identify bid opportunities.

Civic Engagement and Accountability

In the event that the TIA referendum passes, voters and tax-payers should be involved in monitoring the progress of the many projects that will be funded by regional tax funds. The ARC Workforce/Contracting Working Group

should continue to make sure the regional job policy and small and disadvantaged business policies and goals are met.

In order to assure transparency in the use of TIA funds, a central clearinghouse should record jobs and contracts open and awarded in real-time. In addition, first source hiring and small and disadvantaged contracting performance should also be reported and monitored via the clearinghouse. This will allow analysis of which contractors are achieving the hiring and contracting goals as well as which communities are benefitting from the TIA project funds and inform any policy adjustments that need to be made over the ten year tax timeframe to ensure the entire region is benefitting.



IV. Together We Prosper

In order to develop specific workforce, local hiring and small and disadvantaged business policies, the ARC Workforce/Contracting Working Group should undertake a public involvement process to get input from the community on what these workforce and hiring policies should be. The Partnership for Southern Equity and Just Transportation Circle are willing to support this effort to make sure all jobs and contracts created by the TIA are accessible to all residents and are building regional equity and sustainable economic growth.

If passed, the TIA will be the largest transportation investment in metropolitan Atlanta history. Since it is money coming from the community, the region needs to make sure it is leveraged to return the greatest possible economic and human capital development benefits to the community by ensuring that as many of the jobs and contracts as possible go to local residents and companies that will keep the money in the local economy. Capitalizing on this opportunity will also

contribute to reducing disparities in unemployment, develop a skilled workforce, and create greater regional equity which will set up metropolitan Atlanta's economic growth past the ten year timeframe of the tax.

There are successful models of transportation and job creation programs in other parts of the country from which the Atlanta region can learn. PSE and its network organizations, Urban League of Greater Atlanta, Georgia Coalition for the People's Agenda, Fulton-Atlanta Community Action Authority (FACAA), The Center for Working Families, Trade-UP, the Conference of Minority Transportation Officials (COMTO) and other regional partners are willing to assist local leaders in developing a strong workforce and small and minority business program to accompany the implementation of the TIA, should the referendum pass. Informing and involving voters in this effort will help them decide whether or not to support the ballot measure.

We want to extend special thanks to the following members of the Review Committee for their valuable insight and contributions to the policy document.

- Helen Butler, Executive Director, Georgia Coalition for the People's Agenda
- Nancy Flake Johnson, President and CEO, the Urban League of Greater Atlanta
- John McHenry, Program Director, Gwinnett Village CID
- Odetta McLeish-White, Program Officer, Enterprise Community Partners, Inc.
- Valarie Wilson, Executive Director, The Atlanta Beltline Partnership, Inc.
- Mtamanika Youngblood, President and CEO, Sustainable Neighborhood Development Strategies, Inc.

Resources

The Road to Good Jobs: Making Training Work released by the Transportation Equity Network in October 2011, <http://www.transportationequity.org/Making-Training-Work-final.pdf>

Making Development Work for Local Residents released by the Partnership for Working Families in July 2008, <http://www.communitybenefits.org/downloads/Making%20Development%20Work%20for%20Local%20Residents.pdf>



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