

# CENSUS OF RBOs AND SIMILAR POLICIES

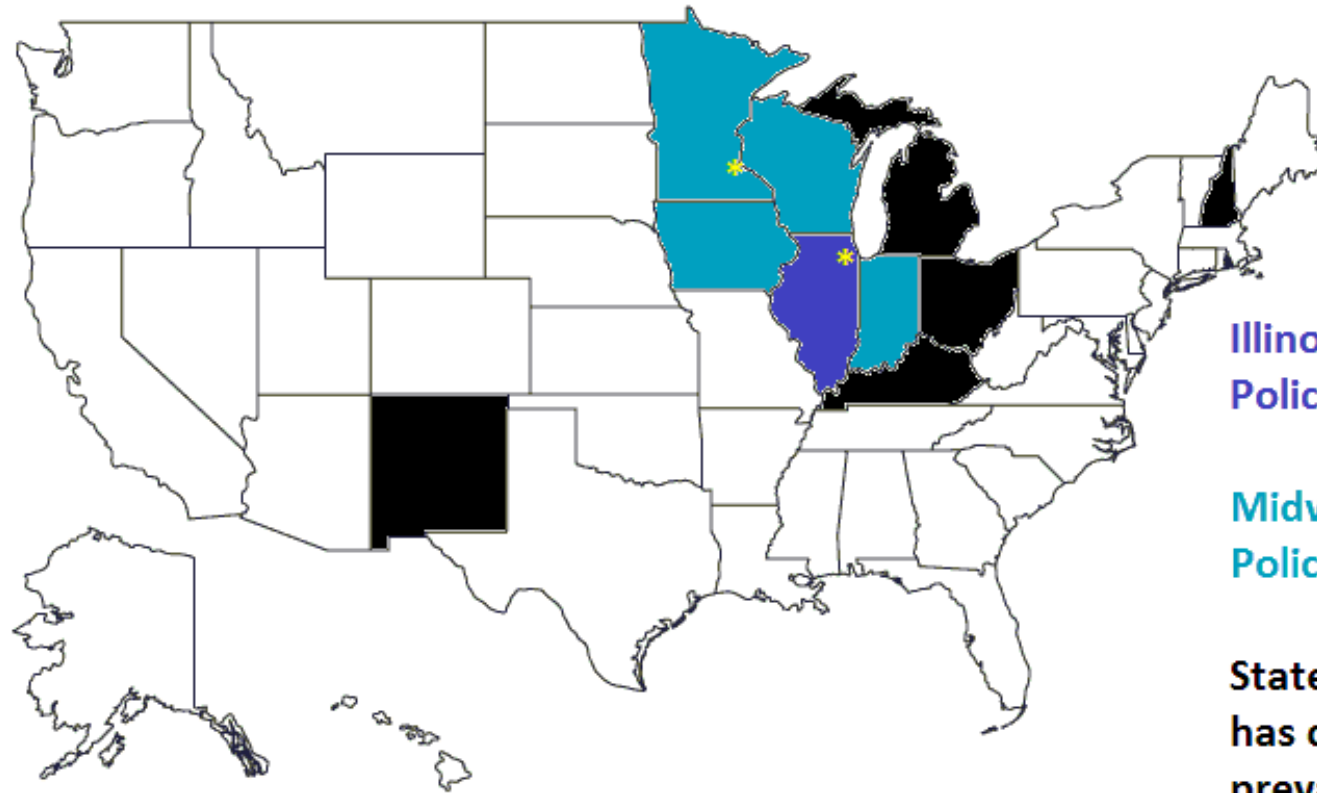
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***NOTE: THIS IS AN ABRIDGED VERSION OF THE ORIGINAL PRESENTATION.***

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# About



**Illinois Economic  
Policy Institute**

**Midwest Economic  
Policy Institute**

**States in which ILEPI  
has co-authored  
prevailing wage studies**

# Idea for this Project

- Goals:

- To develop a complete list of Responsible Bidder Ordinances and similar standards
- To visually map the known ordinances and policies
- To assess common characteristics of the ordinances and policies

- Intended Use:

- To inform interested parties and the public about these policies
- To discover areas for potential research
  - Professors Waddoups & May (2014): “there are no studies that have quantitatively estimated the incidence of RCPs for public construction projects in the nation more generally... The limited research available is generally conducted by advocacy groups, such as the National Employment Law Project and the Foundation for Fair Contracting”

# What is a Responsible Bidder Ordinance?

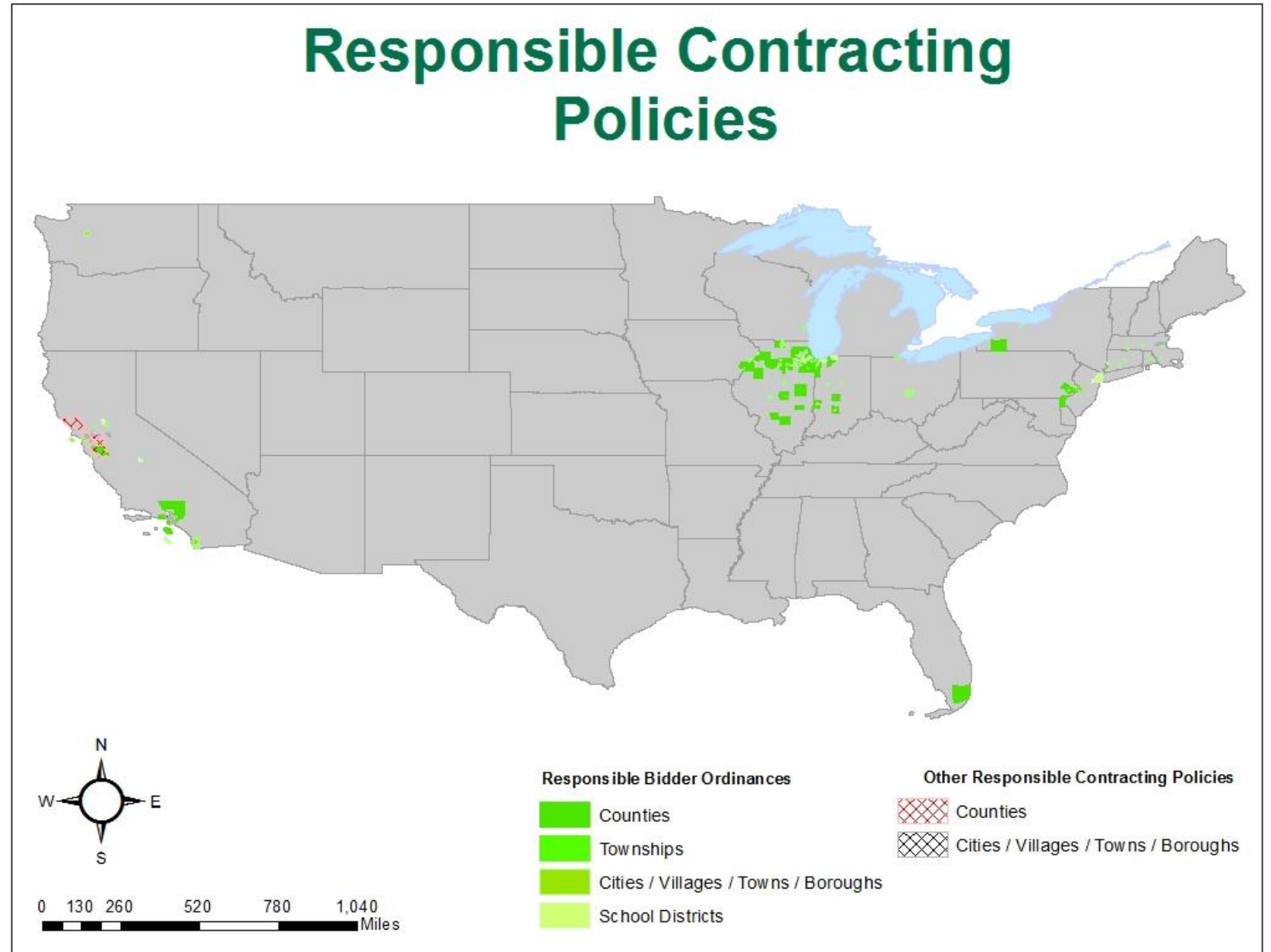
- An RBO is a policy that sets minimal requirements for all contractors bidding on publicly-funded projects in a given political jurisdiction
  - Ex: proof of participation in a training program, proof of certificates of insurance, proof of compliance with all state, federal, and local laws
- Qualifications-based approach to procurement
- Clear, objective standards safeguard taxpayer dollars
- “Protection plan” for taxpayers and public bodies

# Why Are RBOs Needed?

- Low-bid contracting is not efficient
  - What is a true “free market?”
  - Pressure to cut corners for short-term wins
  - Considers only costs, not *benefits*
- RBOs create and sustain a trained workforce
  - Participation in registered apprenticeship programs
  - Health insurance coverage
  - Serves as a quality floor that levels the playing field
- RBOs restore local standards in states that lower the bar for the industry
  - Ex: Indiana had 12 known RBOs prior to prevailing wage repeal, now has 30.

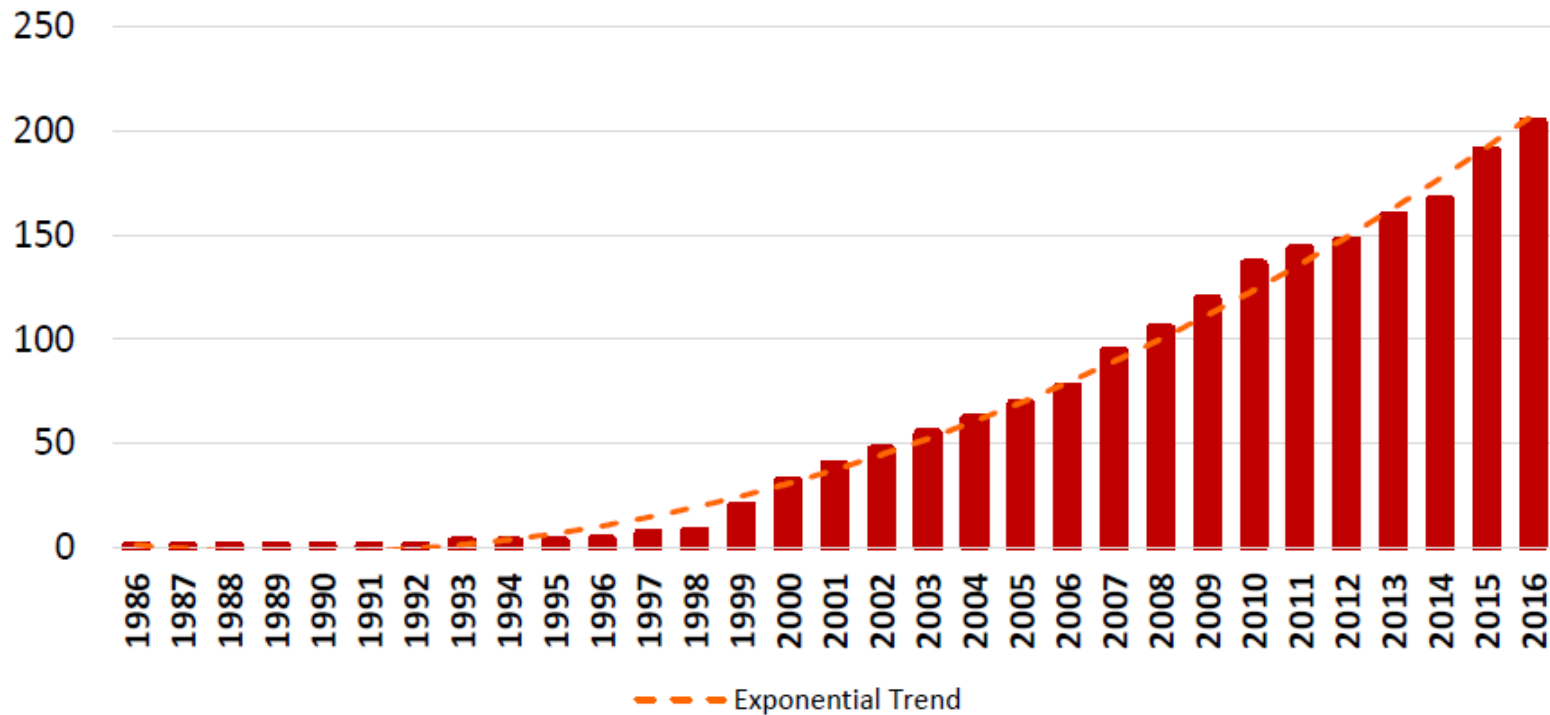
# RBO Coverage

- 224 total known responsible contracting policies
  - 178 RBOs
    - 97 passed by cities, towns, villages
    - 28 passed by counties
- Let's zoom in...



# Why We Should Care About RBOs

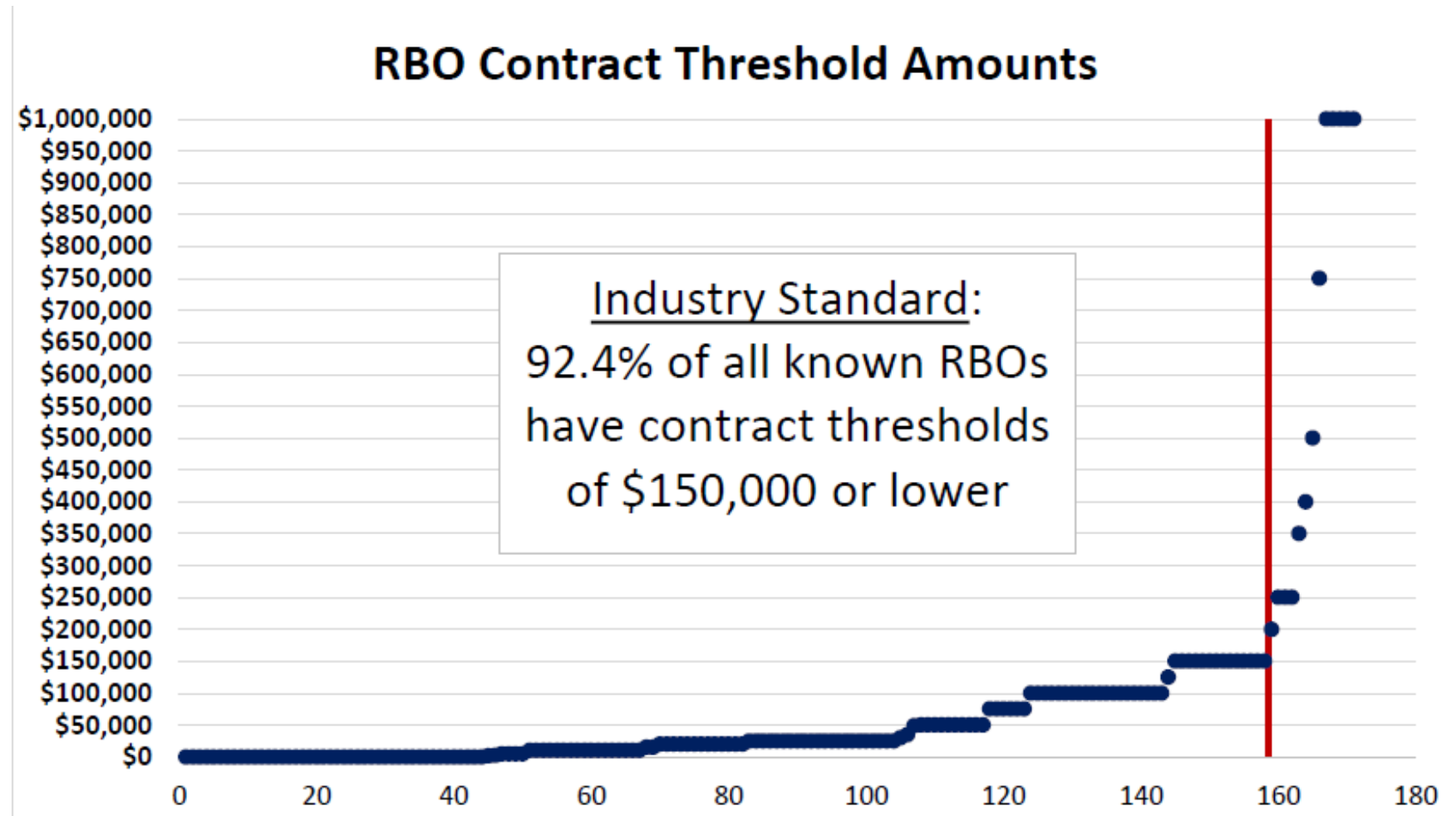
## Total Known RBOs/REOs/RCOs/RCPs By Year



- More and more every year
- 23 million people (7%) live in city/town/village with an RBO
- 123 million people (38%) live in a state or local area with an RBO
- 26% of all construction workers in “heavy and civil engineering construction” live in one of the 12 states with an RBO

# RBO Contract Thresholds

- 83.5% of RBOs have a contract threshold
- Avg. Threshold: \$83,371

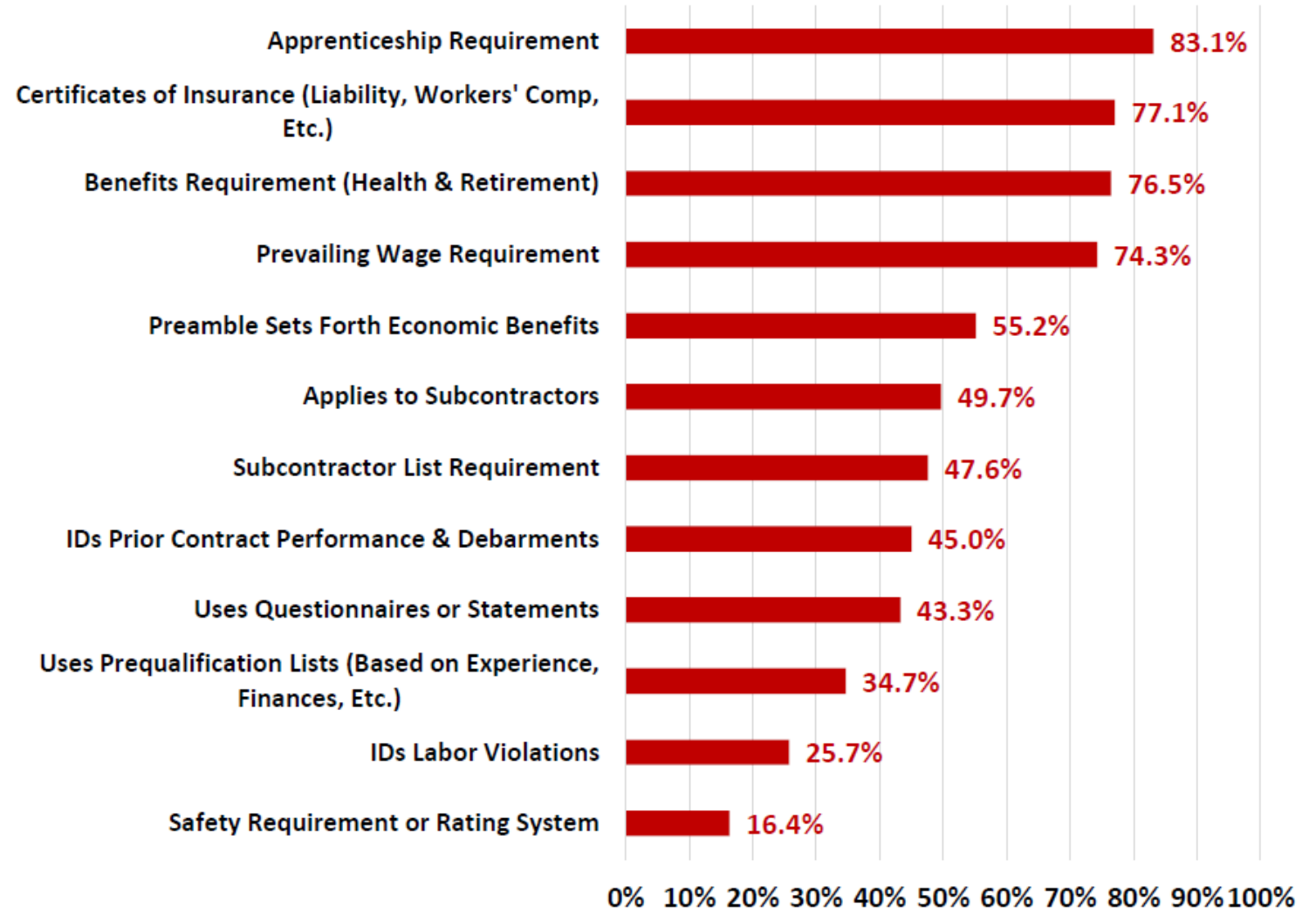




# Common Characteristics

- Other items:
  - Employee drug testing program
  - Journeyworker to Apprentice ratio
  - Local hire %
  - List of litigation over past five years
  - Equal Employment Opportunities for minorities, women, and small businesses

## Common Characteristics of Known RBOs, REOs, RCOs, and RCPs

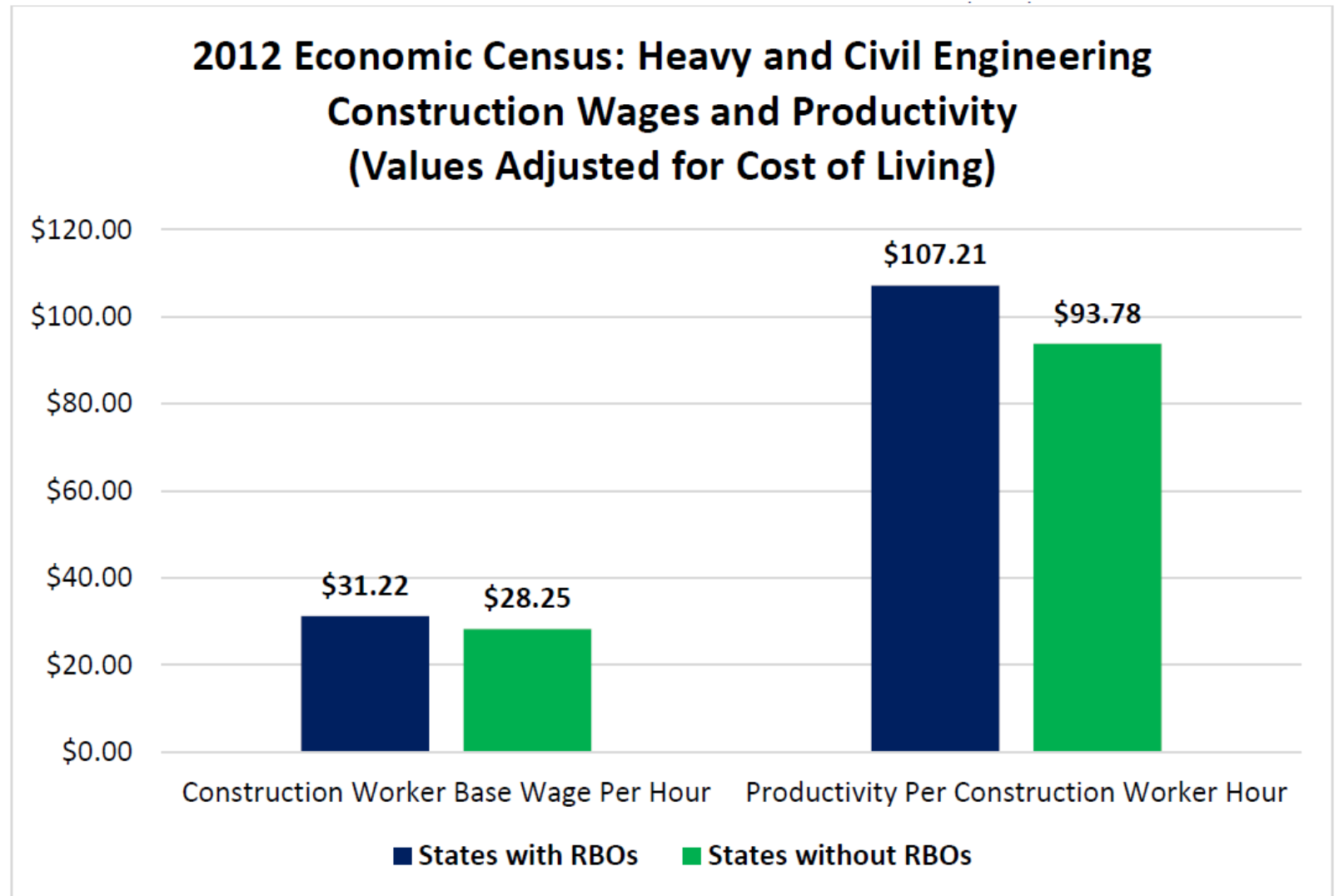


# Apprenticeship Training and Productivity

- Base wage per hour: **+10.5%** in states with an RBO

*But*

- Productivity per hour: **+14.3%** in states with an RBO



Sources: *U.S. Census Bureau FactFinder – 2012 Economic Census – Construction*; *Bureau of Economic Analysis – 2012 Regional Price Parities (Price for All Items)*. NOTE: Delaware, the District of Columbia, Rhode Island, and Vermont were excluded from this analysis because there was not enough “value added” (i.e., productivity) data for these states, per the Census Bureau.

# Thank You!



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