Incentivizing Job Quality in Government Procurement

Current Models and Questions to Be Answered

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Many workers were already confronting the challenges of low-wage work as well as risky and unstable working conditions long before the pandemic (Rothwell and Crabtree 2019). These workers—disproportionately people of color, young people, and women—often experienced further deterioration in job quality throughout COVID-19 (Rothwell and Crabtree 2020). This continuing decline caused many to reconsider their employment options and accelerated the long-term trends underlying what became known as the Great Resignation (Fuller and Kerr 2022).[1]

Thus, the pandemic prompted policymakers to reflect deeply on issues of job quality. Traditional policy conversations have focused on wages and benefits, but the pandemic prompted more expansive thinking about what it means to have a good job.

The US Department of Labor, in partnership with the Department of Commerce, published a job-quality framework in 2022 that articulates a number of distinct elements of job quality, including recruitment and hiring, benefits, diversity and inclusion, empowerment and representation, job security and working conditions, organizational culture, pay, and skills and career advancement.[2] This aligned with high-profile federal efforts to embed language about good jobs in the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), which injects $500 billion in infrastructure funding over a five-year period, as well as other recent legislation.

In this way, policymakers hope to leverage the federal procurement process to incentivize and grow good jobs across the country. In parallel, we also see many state and local governments contemplating how they might design their own procurements to meet these goals.

These efforts are still nascent, and many questions remain about how these models work and what they achieve. Fortunately, governments at all levels have been trying different approaches to building job-quality standards into procurement for decades now. These efforts offer important insights into key questions and point to thoughtful ways governments and their partners can design methods to learn about and strengthen emergent practices.

To better understand different models for doing this work, we interviewed experts on good jobs and procurement and government leaders trying to implement their own approaches. We also reviewed existing literature and forms, funding announcements, local ordinances, and state laws.

In this brief, we describe older models alongside new, articulate the questions we need to answer about how new models work, summarize what we know from existing literature, and offer suggestions for how governments and their partners contemplating their own approaches to job quality in procurement might learn in the process and inform future efforts.

Models for Job Quality in Procurement

The government uses procurement to purchase a variety of goods and services with public dollars, and procurement can take on different forms. There are competitive procurement processes, including both grants and contracts. The government also uses formula funding for some of its procurement activities, in which entities—mostly other government or tribal entities—do not compete but must still submit an application and meet other specified requirements as a condition of funding.

In our scan of the procurement landscape, we noticed job quality came into play during different times in the procurement process, and we identified four model types based of these findings: prequalification, proposal, post-award compliance, and performance payment models (table 1). These process designs align with each model's unique purpose and help shape the elements of job quality as well as the clarity of associated standards.

TABLE 1

Models for Job Quality in Procurement Vary along Several Dimensions

Type of model	Typical level of government	Typical sectors	Purpose	Breadth of job-quality elements	Clearly defined standards
Prequalification	State or local	Construction or transportation	Assurance of contractor compliance with existing labor standards before bidding process	Medium	Yes
Proposal	Federal or local	Multisector	Encourage grantees to plan for and include high road labor practice above existing legal standards	High	No
Post-award compliance	Local	Multisector or construction	Enforcement of labor standards above those set by federal or state government	Medium	Yes
Performance payment	State	Workforce development	Incentivize workforce providers to partner with employers that pay high wages	Narrow	Yes

Source: Authors' findings.

Prequalification models—commonly stemming from responsible bidder ordinances (RBOs)—largely emerged as a reaction to state repeals of prevailing wage laws (Manzo 2020). The default for governments is to award contracts strictly on price, but communities worried that without some minimum standards, this would lead to a race to the bottom that would ultimately jeopardize the quality of public projects. Under RBOs, governments require contractors to demonstrate sound past performance and business practices, as well as compliance with basic labor standards. All these elements are clearly defined in the ordinances and translate into clear criteria used in the prequalification process before any bids are submitted. Procurement is already a complex process, and separating prequalification from the bidding process simplifies the latter for both contractors and government agencies.

Proposal models—like many of the competitive grant programs we see emerging from IIJA—ask applicants to submit information about job quality and associated strategies as a part of the proposal process. This allows governments to consider job quality as one factor in how they award grants. The authorizing legislation generally does not clearly define new, enforceable labor standards. As a result, governments are limited in what they can *require* of bidders and opt to encourage bidders to make plans to address an expansive set of job-quality elements. This approach also allows governments the flexibility within an already complex and time-limited window for making awards and allocating public dollars.

Post-award compliance models require contractors to address job quality after winning the bid. Living wage ordinances, the most common example of this model, often cover all local government contracting above a certain dollar amount. The ordinances themselves establish clear and enforceable job-quality standards—mostly in the areas of wages and benefits. As such, they are enforced like most typical labor standards within the jurisdiction, according to local capacity and resources; contractors are not required to demonstrate they meet these standards prior to award. Other examples of this model exist, including one in construction that covers many of the same elements as prequalification models but applies rigorous post-award monitoring, rather than upfront declarations.

Performance payment models are an emerging practice empowered by flexibilities granted through the 2014 Workforce Innovation and Opportunity Act (WIOA). Workforce entities provide grants and contracts to a variety of training providers and employment services. To incentivize these providers to align training with high-value opportunities and partner with good employers, a percentage of the awardees' funding depends on job-quality outcomes of training participants.

In the following sections, we discuss each of these models in more detail and offer some specific examples of how they work and differ from each other. For each example, we describe the type of government, the sectors where job-quality standards apply, year of enactment, dollar threshold, what is required of contractors or grantees, how job quality is defined, and what kind of monitoring or reporting on job quality takes place after award. High-level overviews of these differences can be found in the appendix.

Note that the examples we describe below may have elements of more than one model. Most notably, all the models have some element of post-award compliance with labor standards, as is the case with all government procurement. Also, note that the four models are not meant to be exhaustive of the ways governments can influence job quality through the procurement processes. For example, government can play a leadership role in putting together community benefits agreements that may include important elements of job quality, alongside developers, community coalitions, and workers.

Prequalification Models

Prequalification models have been around for at least 20 years; our examples range from 2004 to 2022. Some are used statewide, while others are focused on procurement in specific counties or cities. All the examples cover construction projects, and some extend to large-scale transportation projects. Dollar thresholds can vary as well; some of the examples set relatively low thresholds of $150,000, while others apply only to larger projects of $500,000 or more. In terms of job-quality elements, all have at least some requirements for basic working conditions, and most have requirements for proper payment. One of the examples includes a requirement for worker training as well. We discuss each of the examples in detail below.

- **Connecticut Prequalification and Evaluation of Contractors** state law (C.G.S. 4a-100) was enacted on October 1, 2004. It requires all contractors to prequalify before they bid on a contract that is over $500,000 or perform work in construction or transportation for the state or a municipality. As part of the prequalification application, the contractor must submit information related to safety and sign a sworn statement about labor compliance. Once prequalified, the contractor's certificate is effective for one year from the issue date. If a project takes longer than a year to complete, the contractor must renew their prequalification certificate. The state maintains an electronic directory that lists contractors and the status of their prequalification application. The commissioner can suspend, revoke, or reclassify a contractor or subcontractor if they provide false information or are found to be engaging in fraud related to procurement. Depending on the misdemeanor, they may be disqualified from the prequalification process for up to five years.

- **Minnesota Responsible Contractor Requirement** 16C.285 became law on January 1, 2015. It requires contractors bidding on construction projects over $500,000 to make a sworn statement on compliance with workers' compensation and unemployment insurance requirements, as well as minimum wage and overtime laws. Contractors must also disclose if they have failed to pay statutorily required wages, with penalties totaling $25,000, and declare that they have paid wages on time in the three years prior. Violations or false statements under oath can result in termination of the contract.
- **Lake County, Indiana, Responsible Bidding Practices Ordinance** 1468C was enacted on February 15, 2022, for construction work on public works over $150,000. Contractors must prove that they have not violated any federal, state, or local labor laws such as the Occupational Safety and Health Act (OSHA) or federal Davis-Bacon wage requirements. They must also submit evidence of proper worker classification and participation in registered apprenticeship and training programs related to the applicable project and proof that at least five apprentices have graduated per year in the last five years. Prequalification is valid for 12 months. Bidders who have already prequalified must submit a complete application for continuation of prequalified standing, called a short form, by December 31 for the upcoming calendar year. For projects over $250,000, Lake County also monitors certified payroll reports of prequalified contractors post-award. The reports are due within ten calendars days after the end of each week work was performed on the project. Lake County can withhold payment due for work performed by a successful bidder or subcontractor for failure to promptly submit their respective certified payroll reports until they are submitted.

Proposal Models

All the examples of proposal models have emerged within the last few years. Two of them are designed by federal agencies for large programs authorized through IIJA; the other is administered by a local workforce development agency to award much smaller grants from the WIOA. The examples all target specific industries, but the mix of relevant industries is somewhat eclectic, covering jobs in workforce development, transportation, and broadband infrastructure development, as well as the construction of commercial-scale facilities, and retrofitting or retooling of existing battery material processing facilities. All the examples ask applicants to write expansive job-quality plans as part of the proposal process, and—in most cases—the information is considered in decision making. In addition to job-quality plans, all the examples also require compliance with a clear post-award wage standard. However, the workforce development example is the only one in which other job-quality metrics are clearly defined and reported on by grantees. We describe each of the models in more detail below.

- **The San Diego Workforce Partnership (SDWP)** embedded job quality into a competitive grant in 2021, totaling $4.7 million in FY22 and $4.3 million in FY23 and FY24 among five subrecipients to each serve one of the specific youth populations: Black opportunity youth, homeless youth, foster youth, immigrant, refugee and/or English language learner youth and justice-involved youth. The RFPs required applicant organizations to submit job-quality data as a part of the application process. Applicants input human resources data such as pay, benefits, and staff diversity into Working Metrics, a platform that collects these data and benchmarks them with providers in the same field. Applicants were also required to describe their plan for incorporating the key elements of job quality according to the SDWP's job-quality framework into their practice, which cover all the dimensions in the federal framework and more.[3] Together, the job-quality pieces of the application accounted for 20 points out of a total of 200 points used to score applications. After awards, awardees submit job-quality data on a quarterly basis. The applicants must also pay their staff working on the grants living wages. In 2020, when the RFPs were released, the San Diego living wage or self-sufficient wage was $17.65 per hour. In May of 2023, the self-sufficient wage was $20.80.
- **US Department of Energy's Battery Material Processing Grant Program and Battery Manufacturing and Recycling grants** are funded through IIJA. The first funding opportunity announcement was issued on May 2, 2022. When applying for funds, the applicant submits a Quality Jobs and Community Benefits (Equity Plan) that describes how the eligible entity[4] will implement measures related to several factors in the way it plans and implements work in its community: community and worker engagement; job quality; diversity, equity, inclusion, and accessibility (DEIA); and the Justice40 Initiative, which includes a community benefits agreement. Language around job quality and job access includes references to wages and benefits, recruitment and retention of underserved workers, diversity and equity through hiring historically underrepresented groups, empowerment and representation through project labor agreements (PLAs), and free choice to join a union, as well as provisions regarding local hiring, safe working conditions and safety training, prevailing wages, and skills and career advancement through registered apprenticeships and other joint labor management training programs. The equity plan comprises quality jobs and community benefits plans; it is reviewed when the application is submitted and then weighted 20 percent in the selection of process. Because IIJA includes specific language requiring Davis-Bacon compliance, all eligible entities must meet these requirements. Other reporting measures on job quality are yet to be defined.
- **US Department of Transportation's Multimodal Project Discretionary Grant (MPDG) program** is also funded through IIJA. The initial notice of funding opportunity was issued on May 18, 2022. It includes three funding opportunities: the National Infrastructure Project Assistance grants program (Mega), the Nationally Significant Multimodal Freight and Highways Projects grants program (INFRA), and the Rural Surface Transportation Grant Program (Rural), so that entities can apply to multiple grants at the same time. In general, a state or groups of

states, regional transportation planning organizations, metropolitan planning organizations, and local or tribal governments are eligible to apply to this opportunity. MPDG encourages eligible entities to design strategies that address wages (Davis-Bacon Act compliance) and benefits; recruitment and retention of underserved workers; empowerment and representation through PLAs and free choice to join, form, or assist a union; safe working conditions and safety training; prevailing wages; as well as skills and career advancement through plans to attract, train, and retain a skilled workforce and provide workforce opportunities to low or moderate income communities. It also incorporates DEIA language and engages the community in planning, development, and implementation of transportation investments into their notice of funding opportunity. These elements of job quality are weighted as smaller parts of two different criteria: economic impacts, freight movement, and job creation; and equity, multimodal options, and quality of life. If job quality or labor standards are not sufficiently reflected in applicants' proposals, they will be required to create adequate plans before receiving funds for construction.

- **US Department of Commerce's Broadband Equity, Access, and Deployment (BEAD) program,** like the federal programs described in the proposal model section, is also funded through IIJA. However, unlike the other IIJA competitive grant programs cited as examples, BEAD is a formula grant that distributes funding to all 50 states and US territories in a standardized and predetermined way. Plans to address job quality are required prior to awards being made when eligible entities submit their initial proposals for approval from the National Telecommunications and Information Administration (NTIA). Once approved, they will receive not less than 20 percent of their total grant funds. Like other IIJA-funded programs, BEAD presents a broad menu of job-quality elements that states and territories can opt to include in their plans, including wages and benefits, recruitment and retention of underserved workers, empowerment and representation through PLAs and free choice to join a union, safe working conditions and safety training, prevailing wages, and skills and career advancement through training and apprenticeships. Eligible entities are also encouraged to include a plan for ensuring and monitoring job quality.

Post-Award Compliance Models

There are two different examples that fall into this category of job-quality in procurement. Living wage ordinances have been around for the longest period; the others are much more recent—within the last five years. One of the examples focuses on the construction industry much like the ones we see in preapplication models, although it applies to larger construction projects ($1 million or more). It has clearly defined standards for many of the same job-quality elements and applies a rigorous regime of post-award compliance. The living wage example applies broadly to all contracts of relatively small size with clearly defined standards for compliance. We describe each of these in more detail below.

- **Travis County Contract Compliance Better Builder® program** was enacted in 2018 under the Travis County (Texas) Code: Chapter 32. Purchasing Rules, Subchapter A. General Provision for construction projects over $1 million in project value. Once an award is made, the contractor and subcontractors submit initial forms that signal agreement and ability to comply with Better Builder requirements, including wage and salary, health and safety, benefits, and skills and training.[5] Note that the standards were developed by construction workers themselves through grassroots collaboration with policymakers.[6] During the duration of the project, both the contractor and its subcontractors must submit to regular monitoring by the Better Builder program or a government department trained in the same assessment processes. Payroll records are reviewed on a regular basis for contractors and subcontractors. Biweekly walkthroughs of the work site are also conducted by certified monitors where they speak to workers about their wages and compensation, health and safety planning, and so on, to ensure they are complying with Better Builder standards.

- **City of Los Angeles, California's Living Wage Ordinance** is a part of the Administrative Code Article 11 Living Wage and applies to all contracts in the city that will take over three months or are over $25,000. It was initially enacted on July 22, 1999, and has been amended throughout the years to reflect new standards over time (i.e., increased wages). After award, contractors are required to pay the current living wage of Los Angeles County, which is $16.78 per hour, if they include health benefits. Alternatively, they can pay $18.03 per hour if health benefits are not included. These wages went into effect on July 1, 2023. The living wage rates increase yearly on July 1. There are also slightly different requirements for businesses operating out of airports which fall under the city's jurisdiction. Those businesses must pay a minimum of $18.78 per hour with health benefits or $24.73 without them. All contracted employers under the ordinance must also provide employees with 22 days off, 12 of which must be compensated. The living wage ordinance language is included in the contract language and the contractor must notify subcontractors of the requirements and embed them in those contracts as well. In addition, both must post labor standards in plain sight for workers to see. With advance notice, city representatives may monitor work sites for compliance and investigate employee complaints. An employer may have to submit copies of payrolls, health benefit statements, and related documents to comply with the reporting requirements. Employers that fail to cooperate or are found in violation of the ordinance have 10 business days to correct the problem. If the employer does not comply, the Bureau of Contract Administration (BCA) and the awarding authority may withhold contract payments, impound money, terminate the contract, pursue a declaration of nonresponsibility from future city agreements, leases, or licenses, or may pursue other remedies.

Performance Payment Models

We have only one example of the performance payment model from our scan because it is new. The grant program described below has some elements that we see in proposal models, but it has unique characteristics as well.

- **The Texas Workforce Commission's Building Construction Trades Evidenced-Based Grants program** is a $1.5 million funding opportunity through WIOA statewide activity funds. The first request for applications was released on March 25, 2021. Each awardee received up to $300,000. Like bidders in proposal procurement models, applicants must submit a plan for how their programs will lead to good jobs. This includes a training plan (25 points), employment outlook (20 points), and some research and evidence that their training leads to promising outcomes for participants.

What makes this model unique is its payment structure. Fifteen percent of each award is set aside for outcomes-based payments. Ten percent of these payments have to do with program completion and industry certification, but five percent is contingent on the percentage of program participants who are employed in target occupations (high wage) within 120 days of completing their training. These target occupations, designated by the Workforce Development Boards and the Texas Workforce Commission, are those with the greatest potential for job growth opportunities and self-sustaining wages.

What We Know and What We Need to Learn

Many questions remain about how using job quality in procurement works and the extent to which it delivers on the expectations of policymakers and advocates. Evidence in this space is limited—most of what we understand comes from research and evaluation of living wage ordinances (post-award compliance models) and responsible bidder ordinances (prequalification models). However, this work offers insights into future knowledge goals and identifies opportunities to build learning into new efforts.

In this section, we discuss the key questions about job quality in procurement, our current understanding, and how we might continue to learn from emerging federal, state, and local government practices.

How Well Do Guidelines or Standards Translate into Actual Good Jobs on the Ground?

At a most basic level, we hope that prioritizing job quality in procurement will ensure that government dollars are spent on good jobs. The starting point for this is, of course, clearly defined metrics for the elements of job quality identified in different procurement processes. In an ideal world, there would also be clearly defined standards for what a good score on each of these elements might be.

Some of the examples discussed in this brief have both clearly defined metrics and standards—notably most of the prequalification models and the post-award compliance models. In theory, this makes determining compliance with these standards straightforward. That said, the biggest issues in these cases may be *verifying* that businesses comply. Government capacity to proactively monitor or verify labor practices is notoriously limited and relies heavily on voluntary employee reports of violations to trigger a response. This is common with all typical enforcement of wages and hours, equal opportunity, and health safety (Kyung et al. 2023; Mangundayao et al. 2021).[7] The challenges of compliance monitoring only multiply with the complex network of both prime contractors and subcontractors involved in many government procurements.

As an example of including verification, the Better Builder program in Austin paired clearly defined job-quality standards with the infrastructure and capacity to properly monitor contractor and subcontractor compliance throughout the duration of the covered projects, the costs of which are embedded within the contracts themselves.

The challenges of models with more ambiguity around job-quality metrics—like many of the examples we see emerging in the federal funding landscape—are different. Because they are not designed for compliance purposes, these funding vehicles can be vague in terms of the range of job-quality elements that grantees are asked to address. However, there is still a need for some understanding of what job quality looks like on the ground to further evolve to the point of developing clear job-quality standards in the future.

Opportunities for learning include the following:

- Government agencies using clear job-quality standards in procurement (prequalification, post-award compliance, or performance payment models) may want to collaborate with community and research partners to design rigorous ways to monitor covered contractors and subcontractors and estimate rates of compliance. This could also mean systematizing how the government collects payroll or other compliance data so it can be more easily analyzed and used to target monitoring, and so on.
- Government agencies opting for proposal models of procurement should consider defining a set of grantee reporting metrics for the elements of job quality that are most important. To minimize the burden on grantees, government may want to limit metrics to the most common kinds of human resources data (wages, benefits, classification, etc.) or data that businesses already must compile for other purposes (equal opportunity, health, and safety). This is not unlike the example described for SDWP. Ideally, these measures would be broken down by occupation or level of seniority and embedded not only in grants that specifically emphasize job quality but also those that do not. This would facilitate a useful comparison of job quality across programs.
- These same governments may also want to work with research partners to design ways of gathering reliable data on the elements of job quality that might be the hardest to capture (i.e., empowerment and representation, organizational culture, etc.).

To What Extent Do Procurement Processes with Job-Quality Guidelines Improve Jobs for Low-Wage Workers?

A key goal of many of those advocating for job quality in procurement policies is improving job quality for low-wage workers beyond businesses that contract with the government, for those working in other firms that might be competing with contractor firms in those same sectors. Existing literature offers some hints of what we might expect.

One pre-post study of the Boston living wage ordinance—a post-award compliance model—showed that incumbent workers who could stay on after the policy change did benefit directly from the new standard. Workers at city contractors saw their earnings increase by nearly 25 percent (Brenner and Luce 2005). However, another study of the Los Angeles living wage ordinance suggests that the benefits of job-quality standards in procurement may not necessarily accrue to low-wage incumbent workers in contracting firms because of a significant amount of what economists call labor substitution (Fairris and Fernandez Bujanda 2008); the change in the labor standard or wage level allows businesses to recruit and compete for higher-paid workers. As a result, a large share of low-wage workers may be replaced by higher-wage workers.

Labor substitution can occur both within firms as well as between firms. That is, prior to a new job-quality procurement policy, a government may be contracting with a firm that employs many low-wage workers, and afterwards may opt for one that already employs higher-wage workers. In this sense, the new policy does not immediately change anything about wages or working conditions for the low-wage workers at the first firm.

Theoretically, government shifts toward higher job quality could motivate firms with lower job quality to improve wages or working conditions to better compete for government contracts and in their sector in general. However, the evidence that this occurs is mixed. A study of areas with living wage ordinances detected no changes to average wages or poverty rates in those cities, even for the subsets of the population you would think would benefit the most—including those with less than a high school diploma and those living at the bottom of the income distribution (Sosnaud 2016). This is in large part because eligible government contracts accounted for such a relatively small part of the overall local economy.

It is possible that job quality in procurement efforts more narrowly focused on a single sector could have stronger effects on nonparticipating businesses, particularly if government funding accounts for a large share of the market. One study of RBOs showed that monthly earnings for workers in the construction industry tended to be higher in counties with RBOs than those without (Manzo 2018). However, the analysis does not allow us to know if this is because of the difference in policy, or because counties with higher earnings to begin with were more likely to pass these ordinances.

Opportunities for learning include the following:

- Governments implementing new procurement policies may want to ask firms about wages and working conditions prior to award, and track retention rates of low-wage workers to understand the extent to which the benefits of these policies accrue to the intended recipients.
- Before crafting procurement strategies, governments may want to assess which sectors have the greatest potential for moving the needle on job quality (i.e., sectors with large shares of government contracting dollars) and focus their efforts there.

- In conjunction with the reporting or monitoring of job quality among contractor and subcontractor firms, governments may also want to track earnings for specific occupations or industries in their communities, before and after implementation, to ensure alignment with procurement policies.

How Does the Introduction of Job Quality in Procurement Processes Affect Equity and Other Goals Governments Have?

Governments fundamentally have a duty to leverage their procurement processes to deliver value to the people they serve. This means achieving the best outcomes in a cost-effective way. Some argue that requiring contractors to meet particular job-quality standards could drive up the cost of public services for taxpayers that could outweigh the benefits of such policies.

Research to date suggests that these concerns may be unfounded. For example, a recent study comparing public construction projects showed that those awarded using the best value criteria—which include elements we see in our prequalification models—deliver higher value to taxpayers than ones awarded only on price. Overall, the best value contracts had 37 percent lower cost growth over the course of the projects, despite slightly higher up-front costs (Lines et al. 2020). Similarly, studies of living wage ordinances show that most cities saw contracting costs increase by less than 0.1 percent after their passage (Elmore 2003).

Substantial barriers exist for firms that want to engage in government contracting. They must have the capacity to comply with different requirements and regulations—often more than would be required of them if operating exclusively in the private sector. For this reason, the businesses that do government contracting may be providing higher quality jobs than their peers or have more capacity to do so than competing firms. A study of the Los Angeles Living Wage ordinance shows that the firms covered by the ordinance were larger firms more likely to be unionized than ones in similar industries that did not receive government contracts (Fairris et al. 2015). For this reason, instituting a new job-quality standard may do little to fundamentally change the landscape of contracting firms.

Nevertheless, changes may be warranted regarding how contracts are allocated among this more select group of firms. Research on responsible bidder ordinances, which add job quality to other requirements for prequalification, shows the share of contracts awarded to unionized firms tends to be higher where RBOs are in place and increase when a jurisdiction shifts to using them (Manzo 2020; Wilson and Manzo 2022). Unintended consequences may also arise, such as shifting opportunities to unionized firms that are often even more disproportionately white and male than the construction industry as a whole.[8] In fact, some of the opposition to RBOs calls out exactly this issue—that the requirements end up excluding many smaller, minority-owned firms.[9]

Governments often acknowledge that their procurement processes do not provide enough opportunity or support for smaller firms—many of which are women- or BIPOC-owned and employ a diverse workforce. For this reason, many governments at all levels set specific goals for awards to small businesses and minority-owned firms.

The addition of job-quality standards to already complex procurement processes may make it even more difficult for governments to meet their equity goals. Interviews with workforce development organizations using proposal models for competitive grants highlighted the need for support and flexibility with smaller firms to meet the fixed job-quality standard for wages.

For example, some potential grantees could agree to meeting wage standards for the jobs falling under the specific grant but could not sustainably extend these wages across their organizations or maintain them without the presence of grant dollars. Others could meet the standard, but only if there were room for other kinds of flexibilities within the contract, including loosening other regulations and adjusting the scope of work. Others need technical assistance to think through how to make sustainable changes to their wage or benefits structure.

Opportunities for learning include the following:

- To understand the value of including job quality in procurement, governments could track both the initial bid price of awarded contracts, as well as the final cost over the lifetime of the award, before and after any policy change. Alternatively, they could consider tracking this same information both for projects with job-quality criteria and similar ones without them, to assess the difference in costs.
- Governments should gather and analyze basic information about the characteristics of firms that bid and win contracts and grants, across their portfolios as a baseline. This could facilitate comparisons of procurements with and without job-quality guidelines, as well as before and after their implementation.
- Subsequently, governments may also want to do more to engage small, BIPOC- and women-owned businesses to better understand how to adjust or redesign procurement processes to support their compliance with good job standards and align resources to support the kinds of operational changes these firms may need to make to compete.
- Alongside establishing performance metrics for monitoring job quality, governments should establish metrics and goals for equity—both in terms of firm ownership characteristics and workers. In addition to helping governments understand these dynamics, it also signals to firms that both these factors are of high importance.

Closing Reflections

Many policy levers exist to incentivize high-road business practices and increase the number of good jobs in local communities. Government procurement is one of many potentially powerful strategies to help move things in this direction. Intentionality around learning—especially as the new wave of efforts in this space rolls out—can help governments evolve these strategies to achieve their ambitious goals. The lessons learned can also help define the frontiers of new federal, state, and local labor standards that could more universally improve jobs for low-wage workers.

Appendix

TABLE A1

Basic Characteristics of Job Quality Procurement Model Examples

Model	Name of entity and program	Type of entity	Sector	Year of enactment	Dollar amount
Prequalification	Connecticut Prequalification and Evaluation of Contractors	State government	Construction and Transportation	2004	Projects over $500K
	Minnesota Responsible Contractor Requirement	State government	Construction	2015	Projects over $500K
	Lake County Indiana Responsible Bidding Practices Ordinance	City or county	Construction	2022	Projects over $150K
Proposal	The San Diego Workforce Partnership WIOA Title I Youth Services Grants	Public-private workforce investment entity	Workforce development	2021	$1.9 million and $2.4 million for two separate grants
	Department of Energy: Battery Material Processing Grant Program and Battery Manufacturing and Recycling Grants	Federal government	Multiple	2022	$3.1B for FY 2022 and $7B total through FY 2026
	Department of Transportation: Multimodal Project Discretionary Grant Opportunity (MPDG)	Federal government	Multiple	2022	$2.85B for FY 2022 and $15B through FY 2026
	Department of Commerce: Broadband Equity, Access, and	Federal government	Multiple	2022	$42.45B total-formula grant

Model	Name of entity and program	Type of entity	Sector	Year of enactment	Dollar amount
	Deployment (BEAD) Program				
Post-award compliance	Travis County Contract Compliance Better Builder® Program	City or county/Public-private workforce investment entity	Construction	2018	Projects over $1 million
	City of Los Angeles (CA) Living Wage Ordinance	City or county	Multiple	1999	Contract s over $25K
Performance payment	Texas Workforce Commission: Building Construction Trades Evidenced-Based Grants	Public-private workforce investment entity	Workforce development	2021	$1.5 million grant

Source: Authors' findings.

TABLE A2

Elements of Job Quality in Different Procurement Models

Model	Name	Elements of Job Quality						
		Recruitment and hiring	Benefits	DEIA	Empowerment and representation	Job security and working conditions	Organizational culture and pay	Skills and career advancement
Prequalification	Connecticut Prequalification and Evaluation of Contractors					X		
	Minnesota Responsible Contractor Requirement					X	X	
	Lake County Indiana Responsible Bidding Practices Ordinance					X	X	X
Proposal	The San Diego Workforce Partnership WIOA Title I Youth Services Grants	X	X	X	X	X	X	X

Model	Name	Recruitment and hiring	Benefits	DEIA	Empowerment and representation	Job security and working conditions	Organizational culture and pay	Skills and career advancement
		Elements of Job Quality						
	Department of Energy: Battery Material Processing Grant Program and Battery Manufacturing and Recycling Grants	X	X	X	X	X	X	X
	Department of Transportation: Multimodal Project Discretionary Grant Opportunity (MPDG)	X	X	X	X	X	X	X
	Department of Commerce: Broadband Equity, Access, and Deployment (BEAD) Program	X	X		X	X	X	X
Post-award compliance	Travis County Contract Compliance Better Builder® Program					X	X	X

		Elements of Job Quality						
Model	**Name**	**Recruitment and hiring**	**Benefits**	**DEIA**	**Empowerment and representation**	**Job security and working conditions**	**Organizational culture and pay**	**Skills and career advancement**
	City of Los Angeles (CA) Living Wage Ordinance		X			X	X	
Performance payment	Texas Workforce Commission: Building Construction Trades Evidenced-Based Grants	X					X	X

Source: Authors' findings.

Notes

[1] Fuller, Joseph, and William Kerr, "The Great Resignation Didn't Start with the Pandemic," Harvard Business Review, March 23, 2022, https://hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic

[2] "Good Jobs Principles," The Good Jobs Initiative, US Department of Commerce and US Department of Labor, 2022, https://www.dol.gov/sites/dolgov/files/goodjobs/Good-Jobs-Summit-Principles-Factsheet.pdf

[3] The three pillars of their job quality framework are job necessities, job opportunities, and job features. Job necessities include (1) living wage, (2) safe working conditions, (3) appropriate classification, (4) HR infrastructure, and (5) stable schedule. The pillars of job opportunities include (1) performance management, (2) open communication, (3) learning and development, and (4) empowerment and support. Job features include (1) health and wellness, (2) food, transportation, and housing, (3) leave and schedules, (4) employee engagement, (5) financial supports, (6) job security, and (7) meaningful work.

[4] Eligible entities may include institutions of higher education, national laboratories, nonprofit and for-profit private entities, state and local governments, and consortia of these entities.

[5] For more detail see: "Our Standards," Better Builder® (betterbuildertx.org), accessed August 14, 2023, https://www.betterbuildertx.org/en/our-standards/

[6] The Better Builder program actually began as a permitting incentive program; private developers who agreed to the worker-developed standards and monitoring could "skip the line" in the permitting process.

[7] Zheng, Lily. "Do Your Employees Feel Safe Reporting Abuse and Discrimination?" Harvard Business Review. October 8, 2020.

[8] Only about 1 in 10 construction workers are women; and the majority--more than 60 percent-- are non-Hispanic White. This latter group also has the highest unionization rate in the industry: about 15 percent. As a result, we see that construction unions in many places across the country are disproportionately white and male. The Construction Industry: Characteristics of the Employed, 2003–20 : Spotlight on Statistics: U.S. Bureau of Labor Statistics (bls.gov).

[9] John Morris, "Opinion: City's Responsible Bidder Law a Jim Crow Throwback," The Enquirer (Cincinnati.com), February 20, 2018, https://www.cincinnati.com/story/opinion/contributors/2018/02/20/opinion-citys-responsible-bidder-law-jim-crow-throwback/351023002/.

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Errata

This brief was updated September 21, 2023. On page 6, the paragraph on the San Diego Workforce Partnership was revised to reflect the updated grant amount for fiscal years 2021–23 and include additional youth populations served: opportunity youth—people between the ages of 16 to 24 years old who are disconnected from school and work—and foster youth. In addition, some repetitive language about applicant requirements was deleted.

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