

**Creating a Local Construction Workforce:
Assessment of Current Use of Local and
Economic Hiring Provisions**
United States Department of Transportation

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Glossary and Acronyms

Acronym	Definition
BIL	Bipartisan Infrastructure Law
CWA	Community Workforce Agreement
DOL	U.S. Department of Labor
FY	Fiscal Year
INFRA	Infrastructure for Rebuilding America
MEGA	National Infrastructure Project Assistance
MPDG	Multimodal Project Discretionary Grant
NOFO	Notice of Funding Opportunity
PLA	Project Labor Agreement
RURAL	Rural Surface Transportation
RAISE	Rebuilding American Infrastructure with Sustainability and Equity
WUR	Workforce Utilization Report
US DOT	U.S. Department of Transportation

Background

The Bipartisan Infrastructure Law (BIL) Section 25019 authorizes the use of local, geographic, or economic hiring preferences for construction labor in most of the projects funded by US Department of Transportation (DOT).¹ Prior to the passage of BIL, state and local agencies had to seek special approval from DOT for use of local/economic hiring preferences. Since enactment, the Biden-Harris Administration and the US DOT have been actively encouraging state and local agencies to use local/economic hiring preferences as a way to bring underrepresented populations into the construction workforce.

This brief report seeks to provide examples of how economic and local hiring preferences are being utilized by states, cities, and transportation agencies across the country and explain the benefits of using local and economic hiring preferences.

The BIL local hire provisions relate to the use of labor for construction of projects funded by grants under Titles 23 or 49 of the United States Code (USC). This universe covers most grant awards made by the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), Federal Motor Carrier Safety Administration (FMCSA), Federal Railroad Administration (FRA), Federal Transit Administration (FTA), National Highway Transportation Safety Administration (NHTSA), Office of the Secretary of Transportation (OST), and Pipeline and Hazardous Materials Administration (PHMSA).

The BIL revived investment in, and job creation for, public infrastructure projects across the country.² The US DOT now has increased funding to offer to State and local agencies as they embark on infrastructure improvements. Notably, grant programs like the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) and the combined Multimodal Project Discretionary Grant (MPDG) saw marked increases to their funding pools from Fiscal Year (FY) 2021 to FY 2026.³ In addition to the opportunity to expand and improve upon the physical transportation network, the increased infrastructure spending sparked by the BIL also provides the opportunity to promote equitable access to high-quality construction jobs across communities in the U.S.

Local and Economic Hiring Preferences Defined

US DOT considers Local or Economic Hire provisions as hiring preferences related to the use of construction labor for projects funded by federal grants. As of November 2021, BIL Section 25019 allows grant recipients and subrecipients to include hiring preferences of a geographic or economic nature in any solicitation for a contract bid, or in pre-hire agreements (such as project labor agreements (PLAs)), as long as they comply with state and local laws and procedures.⁴ Some agencies refer to their local or economic hire provisions as “Target Hire” or “Priority Hire.” Prior to the BIL, local or economic hire was allowed only with pilot authority on FHWA and FTA projects. Now, in accordance with the BIL, recipients possess the flexibility to use geographic and/or economic hiring preferences.

To comply with BIL, all hiring preferences must be based on either (1) geographic boundaries based on non-economic factors, (2) geographic areas based on economic factors, and/or (3) the economic conditions of the worker.⁵ Table 1 displays some common geographic and economic conditions that are used as preferences in different provisions.

Table 1: Comparing Geographic and Economic Provisions

GEOGRAPHIC FACTORS	GEOGRAPHY BASED ON ECONOMIC FACTORS	INDIVIDUAL ECONOMIC FACTORS
State, county, city, or metropolitan boundaries	Per capita income (by city, neighborhood, etc.)	Income level
Zip codes	Geographic areas with high unemployment rates	Participation in public assistance programs
Census tracts	Poverty rates (by city, neighborhood, etc.)	Being a member of a group that has known barriers to employment and high income, such as persons with criminal records, or persons with no more than a high school education
Other public boundaries	Some other combination of geographic boundaries defined by economic conditions	Other economic factors

Any hiring preference for a class or groups of persons based on race, religion, sex, sexual orientation, gender identity, color, national origin, age, or disability would be permissible under BIL Section 20519(a) only to the extent that: (i) it is a local or other geographical or economic hiring preference; and (ii) it is consistent with the equal protection requirement of the U.S. Constitution.

Benefits of Using Local and Economic Hiring Preferences

The BIL is the largest funding bill for US infrastructure in the recent history of the United States.⁶ A recent study shows job growth driven by new federal infrastructure funding will require up to 15 million more infrastructure workers over the next decade, while at the same time an estimated 17 million people employed in the sector are expected to leave their jobs (between 2021 and 2031).⁷

As transportation entities and construction firms seek to hire and train workers for the influx of infrastructure projects, it is critical to ensure that these jobs are accessible to all. The US DOT has committed to pursuing a comprehensive approach to advancing equity for all. In alignment with Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, the US DOT has outlined actions to expand access and opportunity to all communities in the FY 2022-2026 Strategic Plan and the Equity Action Plan.⁸

Local and economic hiring preferences are an important tool to recruit and train people from local underserved communities and people who are underrepresented in infrastructure jobs. States and local transportation agencies implementing BIL programs should incorporate local (geographic) hiring preferences into their grant applications, when permitted under state and local law, to foster a local workforce, bolster the economic health of project communities, and prioritize job opportunities for communities that have been underserved.

Using economic and local hiring provisions can also make applicants more competitive for grant programs administered by US DOT.⁹ The use of hiring preferences is included in the selection or merit criteria for most discretionary grant programs. DOT has developed a [Grant Checklist for a Strong Transportation and Workforce Plan](#) which highlights how applicants can address the selection criteria associated with creating good jobs and expanding workforce opportunities of many discretionary grants.¹⁰

Economic and local hiring preferences are one of several policies which, if implemented during procurement and during project execution, will promote the hiring and retention of underrepresented workers. DOT encourages other policies that can increase diversity on construction projects including those that consider

factors like gender, which are excluded from local and economic hiring preferences. In addition to requisite good faith efforts to recruit and retain certain underrepresented workers, transportation entities can make plans to publish aggregate workforce data, including information on demonstrating good faith efforts for recruiting and retaining women, people of color, and other underserved groups, or incorporating direct hire programs that serve underrepresented groups such as pre-apprenticeship to registered apprenticeship programs.¹¹ They can also make sure that contracts require effective anti-harassment plans.

A Snapshot of Local Hiring Practices Across the U.S.

This report examined the local and economic hire policies of 16 entities that had a fully identifiable local or economic hiring provision in place. Table 2 provides details on a sampling of existing local and economic hiring policies at the State and local level. Appendix A provides some additional known local policies.

Table 2. Sample of Existing Local and Economic Hiring Provisions (Alphabetical by State)

STATE	ENTITY	HIRING PREFERENCE	LOCAL OR ECONOMIC HIRE PROVISION
California	Los Angeles County Public Works	Geography based on economics and individual economic characteristics	30% Local: zip codes where poverty is higher than county average 10% Transitional workers: workers who have career-limiting circumstances including (but not limited to) being homeless and being a custodial single parent 20% Apprentice: 50% come from zip codes with above average poverty ¹²
District of Columbia	Washington, DC	Geographic	70% of common labor hours and 51% of skilled labor hours performed by DC residents ¹³
Louisiana	City of New Orleans	Geographic and Individual economic characteristics	Hire NOLA: 50% of all project hours to local workers = 20% to local workers regardless of economic status + 30% to Disadvantaged Local Workers defined as those with a household income equal or less than 50% Area Median Income (AMI) and having at least one of seven designated barriers to employment. Apprenticeship: 30% of apprenticeship hours to be completed by Disadvantaged Local Workers (considers both geographic and economic context) ¹⁴
New York	State of New York	Geography based on economics and individual economic characteristics	WorkSmart NY: 15% participation goal for residents of economically disadvantaged areas administered through incentive payment rates. Extra incentive is provided for hours worked by individuals from these areas that also have barriers to employment such as having a criminal conviction, lacking a high school diploma/GED, and being a custodial single parent. ¹⁵
Washington	City of Seattle	Geography based on economic factors	Goal of 31% hours from priority hire zip codes set for 2021 with goal of reaching 40% by 2025. Selected zip codes are those with a high number of people that are living under 200% of the federal poverty line, are unemployed, and are over 25 without a college degree.
West Virginia	State of West Virginia	Geographic	75% from local labor market, defined as every County in West Virginia, and Counties of neighboring states that are within 50 miles of a project area ¹⁶

These local and economic hiring policies were primarily captured through discretionary grant applications to DOT that came in during the Spring of 2022. Thus, not all local and economic hiring policies across the country may be documented here. Nevertheless, this serves as the best-known baseline of local and economic hiring policies that existed at the time of BIL enactment, although as stated above, these policies could not be utilized on federally-assisted projects without special approval. Now that local and economic hiring preferences are allowable on most federally assisted transportation projects without special approval and are being encouraged by DOT, it is expected that the list of entities using local and economic hiring preferences will grow over time.

In a future report, DOT will document how local and economic hiring policies are growing and the extent of their use on federally-assisted projects. This forthcoming report will also identify model local hire policies. The policies listed below are not necessarily seen by DOT as models but rather are meant to show the current diversity of approaches.

When looking across all of the 16 identified local and economic hiring policies there are some common themes:

Geographic preferences: Geographic hiring provisions ranged from targets of 15 percent local residents (New York State) to 75 percent (West Virginia). The definition of local ranged from geographic units as small as zip codes, to as large as within 50 miles of the state border, respectively.

Geographic based on economic conditions: Whereas some provisions emphasized simply hiring within project areas, or city, county, or state limits, others specified geographies based on their economic conditions. For example, Los Angeles County describes a “Local Worker” as “residents living in specific communities where the average percentage of households are living significantly below the Federal Poverty Level.”

Individual economic hiring preferences: In general, hiring provisions that pertained to individual economic barriers had targets of a smaller percentage than locational provisions. Economic hiring provisions were almost always paired with separate geographic targets, normally based on economically disadvantaged geographies. Typical ranges were seen from 10 to 30 percent of labor hours going to “disadvantaged, targeted, or transitional” workers. In California, a “Targeted” or “Transitional” worker is defined as “a County resident who has career-limiting circumstances, such as documented income below poverty level, history of involvement with criminal justice system, veteran, eligible migrant, low literacy, or disabled.”¹⁷ Other programs may simply include individuals who are listed as beneficiaries of other public assistance programs, such as *HireNYC*’s provision for residents living in NYCHA public housing.¹⁸

Hybrid geographic and economic hiring provisions are commonly written with the local provision first: *X% of labor hours to residents who reside in Y Zip Code*. The economic portion is then nested in the provision: *Of residents in Y Zip Code, Z% must be transitional or targeted workers*.

Apprenticeship: Almost all agencies included provisions for apprenticeship programs. Apprentice labor-hour targets were generally found to be around 20 percent. In addition to apprenticeship utilization requirements for the project as a whole, there are often local and economic hiring preferences within the apprenticeship hours. For example, the Port of Los Angeles has a local hire provision that calls for 30 percent of total work hours to hail from residents from targeted Tier 1 and Tier 2 Zip Codes. A goal of 20 percent of all project hours are to come from apprentices, regardless of residence. Of the 20 percent share allocated to apprentices, 50 percent of those hours must come from the targeted Tier 1 and Tier 2 Zip Codes from the program’s local hire provision.¹⁹

Contract Cost Criteria: Many programs included a dollar-amount minimum for their local or economic hiring provisions. For example, the City of New Orleans specified “any projects to which the City is a party in excess of \$150,000.” The minimum for larger jurisdictions emphasized project sizes in excess of \$500,000 or more.

Direct Incentives: In some cases, local hiring practices may result in direct incentive payments. *WorkSmartNY* is an example of a state local hire initiative that awards contractors who show a good faith effort to recruit and employ at least 15% of labor hours to workers from target areas and income levels.²⁰

Complementarity of Workforce Development Efforts. Many local and economic hiring preferences are combined with workforce development initiatives that help train workers targeted by the hiring preference. Transportation entities can even set specific goals for hiring from workforce programs. Similarly, transportation entities can also set goals to obtain a certain percentage of apprentices from programs that serve underrepresented populations. For example, in the NYCHire program referenced below, 15 percent of apprenticeship slots are reserved for women trained through Nontraditional Employment for Women (NEW) and 10 percent are reserved for individuals served by programs that focus on public housing residents. Examples of holistic construction workforce models can be found [here](#).²¹



Appendix A. Other Known Local and Economic Hiring Provisions (Alphabetized by State)

State	Entity	HIRING PREFERENCE	LOCAL OR ECONOMIC HIRE PROVISION
California	City of Inglewood	Geography based on economics and individual economic characteristics	<p>35% local from economically disadvantaged zip codes in the City of Inglewood and the County of Los Angeles as defined in community workforce agreement.</p> <p>10% transitional workers which have 2 or more barriers to employment out of 10. One factor is having graduated from a qualified pre-apprenticeship program²²</p> <p>20% apprenticeship utilization requirement.</p>
	City of Long Beach	Geography based on economics and individual economic characteristics	<p>40% local: from Tier 1 Zip Codes (all of Long Beach), Tier 2 (Gateway Cities in LA and Orange County). The local provision is to be comprised of an individual economic provision for 70% disadvantaged workers + 10% Veterans²³</p>
	Los Angeles County Metropolitan Transit Authority	Geography based on economics and individual economic characteristics	<p>40% local: targeted workers starting with community area residents within a 5-mile radius of the project and then economically disadvantaged geographic areas within the broader local area.</p> <p>10% disadvantaged workers</p> <p>20% apprenticeship rate²⁴</p>
	San Diego Association of Governments	Geography based on economics and individual economic characteristics	<p>30% total labor hours to workers residing in low-income areas within the county in community benefits agreement</p> <p>10% economic: targeted workers -- veterans, apprentices, individuals without a high school diploma, those experiencing housing insecurity, unemployed, formerly incarcerated, low income, or receiving government assistance.²⁵</p>
	San Francisco Public Works & San Francisco Metropolitan Transit Authority	Geography based on economics and individual economic characteristics	<p>CityBuild: 30% total work hours and 50% of apprentice hours filled by local residents; 15% of the local hires from disadvantaged or low-income backgrounds²⁶</p>
	Port of Los Angeles	Geography based on economic factors	<p>30% from local areas that are economically disadvantaged is part of the Project Labor Agreement.</p> <p>20% Apprenticeship goal. 50% of those hours must come from the targeted zip codes.²⁷</p>
	New York	New York City Department of Transportation	Geography based on economic factors
City of Syracuse		Geographic	<p>15% of all hours must be performed by Syracuse residents.</p>



Washington	King County	Geography based on economic factors	Priority hire goals for 2021: 16.2% among journey level workers, 19.3% among apprentices. Priority hires must reside in King County Priority Hire ZIP code where there are people living under 200% below federal poverty level, high unemployment, or high numbers of people without a college degree ²⁹
	Port of Seattle	Geography based on economic factors	20% local hire target. Uses zip code definitions set by King County (above) and separates them into three tiers: Tier 1 (in Seattle), Tier 2 (other King County), Tier 3 (Pierce & Snohomish Counties) 15% apprenticeship rate target ³⁰



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- ⁷ Kane, Joseph W., “Seizing The U.S. Infrastructure Opportunity: Investing in Current and Future Workers,” December 2022, <https://www.brookings.edu/essay/infrastructure-workforce/>.
- ⁸ U.S. Department of Transportation, “Centering Equity at the U.S. Department of Transportation,” April 18, 2022, <https://www.transportation.gov/priorities/equity/equity-strategic-goal>. Consistent with EO 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through The Federal Government*, the Department will update its Equity Action Plan in September 2023, and on an annual basis thereafter.
- ⁹ U.S. Department of Transportation, “Bipartisan Infrastructure Law – Section 25019(a) “Local Hiring Preference for Construction Jobs,” June 8, 2022, <https://www.fhwa.dot.gov/construction/hiringpreferences/qanda060822/>
- ¹⁰ Grant Application Checklist for a Strong Transportation Workforce and Labor Plan, US Department of Transportation. <https://www.transportation.gov/grants/dot-navigator/grant-application-checklist-for-strong-workforce-and-labor-plan>
- ¹¹ Under EO 11246, Equal Employment Opportunity, all contractors and subcontractors which hold any Federal or federally assisted construction contract in excess of \$10,000 are required to make good faith efforts to meet the goals of 6.9% of construction project hours being performed by women and goals that vary based on geography for construction work hours being performed by people of color; those good faith efforts must include the 16 affirmative action steps described at 41 C.F.R. 60-4.3(a)7. Additionally, the U.S. Department of Labor has set an aspirational goal that 7% of the workforce should consist of qualified individuals with disabilities.
- ¹² Los Angeles County Department of Public Works, “Local & Targeted Worker Hiring Program,” December 2022, <https://dpw.lacounty.gov/contracts/resources/doc/APPROVED-Board-Policy-for-Countywide-Local-and-Targeted-Worker-Hiring.pdf>
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