



The Research Bureau

**Testimony on Revised Responsible Employer Ordinance (REO)
Worcester City Council
June 12, 2012
Roberta R. Schaefer
President
The Research Bureau**

Members of the Worcester City Council:

I come before you tonight to speak not on behalf of the open-shop contractors, or the unions which have written this revised ordinance, but to speak to the interest of **ALL** taxpayers and residents of Worcester who you were elected to represent.

In 2008, The Research Bureau issued a report analyzing the vertical public construction process in Worcester because Worcester officials were receiving very few responses to requests on such projects and the responses they did receive had projected costs far in excess of estimates. After extensive research and interviews, we found that the one local requirement that was consistently cited by both companies and public officials as a deterrence to bidding was Worcester's REO. Specifically, it is the section which requires all bidders to participate in a bona-fide apprenticeship training program for each trade and occupation from their firm engaged in a particular project, which restricts competition. This requirement has the likely effect of reducing the supply of bidders and increasing the cost of the project.

In order to increase competition and reduce price, The Research Bureau recommended that the members of the Worcester City Council rescind the Responsible Employer Ordinance. If the City Council was unwilling to rescind the REO in the near future, The Research Bureau recommended that City officials perform an experiment. The next time there is a bid opening at which only one or two bids are received, the City should suspend the REO for that one project and repeat the bidding process. Receiving more bids and a lower winning bid price would provide evidence of the impact of the REO.

The City Council now has the perfect opportunity to test The Research Bureau's hypothesis. The City Manager has decided not to enforce provisions of the REO because they are unconstitutional according to the recent Fall River decision in Federal District Court. I ask you to allow the administration to put out requests for bids and see whether this process minus the REO benefits **ALL** Worcester residents. The ordinance you are proposing has the same provisions as the prior one and is almost certain to be challenged.

One argument made by unions for its apprenticeship training requirement is that they believe that a contractor who takes on the responsibility of ensuring a skilled labor supply for the future deserves special consideration for public contracts. Hence, only those contractors should be classified as "responsible."

But the future of skilled labor in Massachusetts does not rest on the amount of participation in apprenticeship training programs, because most of that skilled labor does not come from apprenticeship training programs officially labeled “bona fide.” What else could account for the fact that although the unions operate 80% of all training programs, they account for only 20% of the work force? Thus the REO has little to no effect on the future of skilled labor in Massachusetts, but excludes non-union firms from bidding on City contracts.

I will conclude where I began, speaking on behalf of **ALL** Worcester residents and taxpayers. In considering this revised ordinance, public officials need to recall the primary sense of “responsibility” as it applies to public activities and expenditures. It is the very meaning of republican or representative government that the task of elected and appointed officials is to be responsible, that is, answerable, to the public at large – not to some one particular constituency. Every Worcester taxpayer suffers from the burden of artificially inflated construction costs, just as every resident of the City suffers from the cost of construction and maintenance needs that go unmet – most obviously, the serious backlog of streets and sidewalks needing repair – because of a shortage of funds to address them. In addition, the principle of equal justice would appear to dictate that City government should not arbitrarily discriminate in favor of one class of people (such as unionized construction workers) over others (those who work for nonunion firms) in issuing public contracts. A truly “responsible” ordinance is one that puts the needs of the **PUBLIC**, and the rights of **ALL** citizens to equal treatment, first.

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