



March 29, 2012

To: Members of the Judiciary and Legislation Committee

We very much appreciate the opportunity to discuss ideas that have been brought forward for consideration by residents of the City of Milwaukee in response to the jobs crisis facing our community.

The Milwaukee Jobs Act Coalition has been meeting to discuss strategies for raising the issues and crafting a comprehensive response since September of 2011. A Town Hall meeting was held at Cross Lutheran Church on Milwaukee's north side on November 21, 2011, and a "placeholder" resolution (item 111113) for creating jobs was introduced nine days later by Alderman Hamilton and Alderman Bauman.

A Town Hall meeting at Bucketworks on the south side was held on January 24, 2012. Drafting notes reflecting the testimony at these two events were compiled by the Milwaukee Jobs Act Coalition and presented to Alderman Hamilton and Alderwoman Coggins on February 13, 2012. We know that a definition of terms section will be needed in the actual legislation. We are struggling to expand the definition of "responsible" contracting in a manner that increases the public good while complying with rules about lowest bidder. It is our strong belief that public dollars should only be deployed to create good jobs, above the poverty level and with benefits. Using taxpayer dollars to create low-wage jobs without benefits simply shifts costs for feeding, housing, and providing health care to other government programs. We have five policy proposals, focusing on job creation, job opportunity, job quality, and job security for improving economic conditions in Milwaukee.

We are hopeful that the next steps in the process to produce a Milwaukee Jobs Act can occur in the coming weeks.

We look forward to continued public dialogue, discussion and negotiation as formal legal drafting and introduction of the legislation takes place.

In solidarity, on behalf of the Milwaukee Jobs Act Coalition,

Jennifer Epps-Addison
Economic Justice Program Director
Citizen Action of Wisconsin



Milwaukee Jobs Act – Phase One

*Working together to increase economic security in
Milwaukee*



The Milwaukee Jobs Act will ensure jobs created with taxpayer money are good jobs with benefits

- The public should only invest in creating jobs that pay family sustaining wages.
- Our living wage ordinance should preference businesses that allow workers to earn paid sick days, provide affordable health insurance, and create a pathway to the middle class for workers.
- Hard work is nothing new to the people of Milwaukee, but hard work should be respected with fair pay.

The Milwaukee Jobs Act will put young people to work year-round in small businesses and non-profits by expanding Milwaukee's "Earn & Learn" program to a year round program.

- Milwaukee youth have few opportunities for meaningful work. Expanding this program means more youth can compete for good jobs working for their community and learning life skills at a fair wage.
- We should make increase the capacity of small businesses and non-profits in the city by subsidizing the cost of hiring a youth worker. This would expand options for students and increase capacity for businesses that are committed to Milwaukee's success.

The Milwaukee Jobs Act will require community reinvestment from banks that benefit from taxpayer money.

- Our communities are stronger when we invest in our neighbors and local businesses. We should expect the banks that profit from managing public dollars to value the economic stability of our communities.
- Keeping money in our communities means progress towards safer neighborhoods, better schools, and more opportunities for businesses and workers.

The Milwaukee Jobs Act will put Milwaukee residents to work restoring our infrastructure and maintaining foreclosed properties.

- Our city should establish a consistent and transparent process for awarding contracts to maintain foreclosed properties. That process must ensure that we do not undercut area wages and standards
- Workers maintaining foreclosed properties should live in the city of Milwaukee, and preference should be given to the residents who live in the same neighborhood where the work is being done.
- Improving the appearance of neglected properties will not only put people to work, it will build on the pride Milwaukeeans have for our city and make our neighborhoods more appealing to new business.

The Milwaukee Jobs Act will hold businesses accountable for creating the jobs they promise.

- Every public dollar that subsidizes business expansion and economic development should include a requirement of complete transparency and public input
- We need to stop doling out money for projects with vague promises of job creation.
- Economic development projects that benefit from taxpayer subsidies must be accountable to the community for the number of jobs created and the quality of those jobs.
- Real accountability for tax-payer funded projects means specific estimates of new jobs created, jobs quality standards like a living wage, health care, and paid sick days, and "claw-backs" that require businesses to refund taxpayer dollars if promised family supporting jobs don't materialize.

DRAFTING NOTES compiled in response to community testimony and discussions at numerous Coalition meetings. We believe the ideas contained here could constitute a multi-faceted approach to addressing economic challenges facing Milwaukee. Input from City elected officials and advice from City staff on how to expand current programming is needed to create the strongest Milwaukee Jobs Act possible.

Milwaukee Jobs Act – Phase One
A Resolution

To develop a comprehensive set of policies related to job creation, job opportunity, job quality, and job security for Milwaukee residents. The Milwaukee Jobs Act will establish a unified strategy to address the crippling joblessness in the City of Milwaukee and the lack of family sustaining jobs for Milwaukee workers.

WHEREAS, the people of Milwaukee have struggled with mass unemployment, crushing poverty, and limited opportunities for decades; and

WHEREAS, a 2012 report from the UWM Center for Economic Development revealed the lowest levels of black male employment ever recorded in Milwaukee, (by several measures the worst in the nation); and

WHEREAS, the Public Policy Forum pointed out in 2011 that Milwaukee, unlike many other cities, lacks a “unified economic development strategy”; and

WHEREAS, as the *Milwaukee Journal Sentinel* recently editorialized, developing a “unified economic development strategy” needs to be a priority; and

WHEREAS, encouraging business investment through subsidies is an important tool in Milwaukee’s tool box, however a strategy that focuses only on business growth as an end in itself ignores the reality that Milwaukee also needs a massive increase in the number of family sustaining jobs; and

WHEREAS, putting Milwaukee on the path to full economic recovery requires federal and state investments as well, there are things on the local level that can be done right now to improve the quality of life for Milwaukee workers; and

WHEREAS, Milwaukee once had one of the smallest gaps between the incomes of Black and White male workers, we now have the largest; and

WHEREAS, a comprehensive economic development requires a multi-pronged approach that maximizes the return on tax payer investment; and

WHEREAS, this ordinance represents the first phase of a long term strategy to improve the quality of life for Milwaukee’s residents

WHEREAS, the policies contained within this ordinance focus on assisting businesses in job creation, establishing accountability and transparency for taxpayer investments, improving job quality, and protecting job security;

THEREFORE, BE IT RESOLVED, that this resolution adopts the creation of the Milwaukee Jobs Act – Phase One, with the understanding that additional phases will be adopted separately by the Common Council;

1. Amendment to Section 310-13 (3) Service Contract Wage Requirements

WHEREAS, every job created using tax payer money that does not provide basic benefits enjoyed by members of the Common Council, like paid sick leave and affordable health insurance, is a missed opportunity to maximize tax payer investment by creating a family sustaining job;

WHEREAS, the City's Living Wage ordinance is set at the poverty threshold for a family of 3, currently \$9.18 per hour for a total full-time annual income of \$19,094, additional benefits to the job are needed to make it a more family-sustaining standard.

THEREFORE, BE IT FURTHER RESOLVED, that the Milwaukee Jobs Act, shall add the following to Section 310-13 (3) Service Contract Wage Requirements:

Performance consideration will be given to contractors that allow workers to earn paid sick leave in the same amounts and for the same purposes as would have been required by Milwaukee City Ordinance Chapter 112 enacted by the people of Milwaukee by initiative in 2008 and repealed by File Number 100991. An award standard shall be applied to all bids so that an otherwise responsive and responsible bidder which provides paid sick days shall be awarded the contract, provided that its bid does not exceed the lowest bid by more than 2%. An additional number of points, equal to 2% of the maximum number of points used in the evaluation of Request for Proposals (RFPs), shall be applied to increase the total score attained by business offering paid sick days. Any employer whose provision of paid leave is subject to the terms of a bona fide collective bargaining agreement meets the requirements of this section.

Performance consideration will be given to contacts where workers have access to affordable health care. An award standard shall be applied to all bids so that an otherwise responsive and responsible bidder which provides affordable health care coverage shall be awarded the contract, provided that its bid does not exceed the lowest bid by more than 2%. An additional number of points, equal to 2% of the maximum number of points used in the evaluation of Request for Proposals (RFPs), shall be applied to increase the total score attained by business offering affordable health care coverage.

Performance consideration will be given to contractors that qualify as a woman, minority, or small business as specified in s. 370. [Note: we would like to see issue of Latino business inclusion reflected in the Milwaukee Jobs Act]

2. Expansion of the "Earn and Learn" youth employment program

WHEREAS, the young people living in the city of Milwaukee have suffered from endless draconian budget cuts that effect public services, education, and employment opportunities; and

WHEREAS, for Milwaukee youth to compete in a global economy, they need additional opportunities to gain skills, receive mentorship, and establish a positive work history.

THEREFORE, BE IT RESOLVED, that the Milwaukee Jobs Act shall expand the City of Milwaukee "Earn and Learn" program to a year round employment program for Milwaukee youth;

BE IT FURTHER RESOLVED, that \$350,000 from the *(Development Fund? identified in item 111113)* will be allocated for this pilot project beginning June 15, 2012. Additional sources of funding, including state and federal resources, will be sought with the goal of reaching 3,000 Milwaukee youth by 2014. Additionally, the Council authorizes \$25,000 to be used towards outreach to increase the number of small businesses and non-profits participating in the program;

BE IT FURTHER RESOLVED, that the Council authorizes \$25,000 to be used for the development of a weekly training curriculum for the youth participating in the year round program. The funds may be used for program costs including, but not limited to, development of materials, bus tickets or mileage reimbursement for youth workers, and honorariums for trainers;

BE IT FURTHER RESOLVED, that at least 60% of the youth who participate in the year round program must be eligible for free or reduced lunch;

3. Responsible Banking and Community Reinvestment

WHEREAS, that the practices and products (such as loan and investment products) of financial institutions have a measurable impact on the City's tax base, quality of life and overall economic viability and competitiveness of Milwaukee; and

WHEREAS, the financial institutions that benefit from our deposits, accounts, and other forms of investment benefit from the taxpayer dollars of residents in all 15 Aldermanic Districts; and

WHEREAS, in return for the privilege of safeguarding and investing the community's wealth and doing business with the City, the financial institutions have a continuing and affirmative obligation to serve the credit and other financial needs of all communities, including and especially minority and low- and moderate-income communities, consistent with safety and soundness; and

WHEREAS, access to credit and small business services by banking institutions has a direct effect on job creation;

THEREFORE BE IT RESOLVED, that the City of Milwaukee shall assess financial institutions' performance in meeting community needs and use this assessment as a factor in its decision to place municipal deposits in financial institutions and conduct other business with financial institutions.

THEREFORE BE IT RESOLVED, that this ordinance shall apply to city related entities that conducts financial business using City of Milwaukee taxpayer money. Financial business includes, but is not limited to, Tax Incremental Financing (TIF), bonding, deposits, and loan programs.

THEREFORE BE IT RESOLVED, that once every two years, a City Depository and other institutions wishing to receive municipal deposits will submit a Community Reinvestment Plan. A Community Reinvestment Plan is a two-year plan with annual loan and investment numbers and dollar amounts. The plan describes goals in terms of loans, investments, and services for each of the two years. The Plan describes current and proposed initiatives to address the financial

needs of the City, its residents and businesses, including low-and moderate income and minority residents.

THEREFORE BE IT RESOLVED, that a Reinvestment Committee shall be established to review the Community Reinvestment Plan of each eligible depository. This information and Community Reinvestment Plan shall be used to determine whether the eligible depository has acted in compliance with its sworn affidavit and whether it will be considered for designation as a City depository in the future as well as to inform policy decisions by the City regarding investment of City funds and purchase of services. All such information required in this section will be available for public inspection.

THEREFORE BE IT RESOLVED, that the review process occurs once every two years and will be administered by the Reinvestment Review Committee, composed of eleven members, including: (1) The City Treasurer, who shall serve as Chair (the Chair rotates between the Treasurer and the Comptroller, and the head of the Department of Community Development and Housing); (2) The City Comptroller; (3) the director of the Department of Economic Development; (4) The director of the Department of Community Development and Housing; (5) One members of City Council; and (6) Six Milwaukee residents appointed by the Equal Rights Commission.

THEREFORE BE IT RESOLVED, that the Chair in conjunction with the Committee shall commission a study once every two years using the data and information submitted above by each depository. The Chair shall issue a Request for Proposals (RFP) soliciting a contractor to conduct the study. The study shall assess and rank each depository's community reinvestment performance. The rankings in the report shall inform the recommendations of the Committee regarding which institutions shall receive City deposits and the amount and percentage of City deposits received by each depository.

THEREFORE BE IT RESOLVED, that prior to making recommendations regarding which depositories shall receive City business and municipal deposits, the Committee shall receive public comments over a period of 60 days regarding the community reinvestment performance of financial institution(s).

THEREFORE BE IT RESOLVED, that at the end of the public comment period, the Committee shall hold a public hearing to receive any additional comments and to describe the community reinvestment performance of depositories to the public. The Committee shall consider public comments received during the comment period and at the hearing in making their recommendations. The recommendations shall include which institutions shall receive City deposits and other City business and the amount or percentage of deposits received by each institution.

THEREFORE BE IT RESOLVED, that the Milwaukee Jobs Act directs that the City Treasurer / (Comptroller?) shall not keep any City funds on deposit in any bank, its affiliates, or other financial institution that make predatory home loans, abusive payday loans, or other unscrupulous non-home loan or financial products.

THEREFORE BE IT RESOLVED, that the City Treasurer shall not allow City monies to remain invested, or hereafter make investments in, stocks, securities, or other obligations of any business entity that makes predatory home and non-home loans, or has an affiliate that, or is an affiliate of a bank or other financial institution that makes predatory loans.

THEREFORE BE IT RESOLVED, the City Treasurer shall not allow City monies to remain invested, or hereafter make investments in, securities collateralized by any interest in predatory home and/or non-home loans.

THEREFORE BE IT RESOLVED, that any divestiture required by this section shall be completed within six months of receipt by the City Treasurer/ (Comptroller?) of notice from the Reinvestment Committee that a business entity makes predatory loans, or has an affiliate that, or is an affiliate of a bank or other financial institution that makes predatory loans. During the six-month period, the City Treasurer/ (Comptroller?) shall make regular reports to the City Council concerning the progress of divestiture.

THEREFORE BE IT RESOLVED, that if, prior to expiration of the six month time limit for divestiture, the City Treasurer/ (Comptroller?) determines that completion of divestiture within the six-month time limit will necessitate substantial losses to the City then the City Treasurer/ (Comptroller?) shall request from City Council an extension of time within which to complete divestiture.

4. Scattered-site foreclosure stabilization program.

WHEREAS, the Milwaukee has been hit hard in the foreclosure crisis and many of the foreclosed homes in the city are scattered-site duplexes and single family homes.

WHEREAS, the scattered-site foreclosure stabilization program will identify properties clustered in hard-hit areas of the city. The program will maintain properties, and as funds become available rehabilitate them, rent them out, and/or sell them as a group to private investors.

WHEREAS, Retrofitting and weatherizing these homes before renting them out provides value to taxpayers by reducing operating costs in the form of lower energy bills.

WHEREAS, the scattered-site foreclosure stabilization program will take foreclosed properties off the market for a few years to help stabilize prices of homes that remain on the market while repopulating and renovating neighborhoods hardest hit by the foreclosure crisis with renters in affordable units.

WHEREAS, this proposal puts people to work by maintaining, rehabilitating, retrofitting, and weatherizing homes—specifically construction workers whose industry was one of the hardest hit by the recession. These workers would be able to take their experience and training and put them to good use while retrofitting homes in ways that are more energy efficient.

WHEREAS, scattered site rentals will create medium-term jobs to maintain and monitor the large pool of rental properties. Scattered site rentals will provide an avenue for Milwaukee companies to provide a greater level of service, increasing the number of employees and the quality of the labor involved over a longer period of time.

WHEREAS, in the long run, the scattered site foreclosure stabilization program should have a direct impact on jobs creation because increased availability of affordable rental housing should improve labor mobility and the ease with which the unemployed can move to find suitable work. Additionally, the program should allow for more efficient matching between positions and qualified applicants by making it easier to move geographically to find better work.

WHEREAS, Milwaukee residents should be the first source to fill jobs created with their tax dollars;

THEREFORE, BE IT RESOLVED, that institutions that hold foreclosed properties that have remained out of code compliance for one continuous year or greater will be given notice of relinquishment of property by doctrine of Eminent Domain. Institutions will have 60 days to respond to the notice of relinquishment and request a hearing to demonstrate good cause for remaining out of compliance. If the institution fails to demonstrate good cause the City of Milwaukee shall be ceded control of the property with the purpose of maintaining, rehabilitating, retrofitting, and/or weatherizing the properties for the purpose of sale or rent; and

BE IT FURTHER RESOLVED, that \$350,000 (from the Menomonee Valley fund?) will be dedicated to the scattered-site foreclosure rehabilitation program. The City of Milwaukee will work to identify additional funding sources for the program such as the 2014 budget, HUD or WHEDA. If funding is available the department of city development is authorized to rehabilitate scattered-site foreclosures for the purpose of sale or rent;

BE IT FURTHER RESOLVED, that the city will have the authority to rent properties as they are under current NSP programming; and

BE IT FURTHER RESOLVED, that the city shall develop a transparent process by which all contracts using public money to maintain, repair, rehabilitate, board up, rent, or sell foreclosed properties are awarded. This process shall include a 30 day public comment period before the contract is scheduled for a vote. Additionally, there will be a public hearing before the vote to award the contract occurs; and

BE IT FURTHER RESOLVED, 60% of the workforce performing each contract will be City of Milwaukee residents; and

BE IT FURTHER RESOLVED, the provisions of s. 370 shall apply to the contracts awarded under this ordinance [with provision for Latino business inclusion?]; and

BE IT FURTHER RESOLVED, the city shall take great precaution to prevent the displacement of current city employees and shall not undercut area wages and standards in the implementation of the provisions of this ordinance; and

BE IT FURTHER RESOLVED, credit towards performance will be given for each worker who lives in a CDBG area; and¹

5. Accountability and Transparency for Milwaukee Taxpayers

WHEREAS, Transparency and accountability are crucial to good public policy, especially when it comes to the spending of Milwaukee's very scarce job creation dollars. Given the tremendous economic pain being felt throughout our city, and plummeting economic opportunity, it would be unconscionable for precious dollars meant to create jobs to be wasted; and

¹ Parts of this section of the ordinance are attributed to "Putting People Back To Work Through Rehabbing and Renting Foreclosures by Alon Cohen and Jordan Eizenga
http://www.americanprogress.org/issues/2011/08/scattered_site_rental.html

WHEREAS, when public dollars are doled out for the purpose of jobs creation, either through the tax code or direct subsidies, the only way to assure that this public goal is achieved is clear standards, transparency, and accountability;

THEREFORE BE IT RESOLVED, that all tax and direct expenditures which have the purpose of economic development and/or job creation shall be required by contract to:

- (1) Include specific benchmarks and tracking for number of jobs created or retained (this number should include the number of jobs created for Milwaukee residents as a separate number).
- (2) Include measurable benchmarks on job quality, including but not limited to, whether workers are able to earn paid sick leave and have access to affordable health insurance.
- (3) As a condition of contract recipients of economic subsidies or tax breaks aimed at job creation or retention who do not meet the contract benchmarks may be subject to a “claw-back” to recoup taxpayer investment.

BE IT FURTHER RESOLVED, that the Milwaukee Jobs Act

- (4) Directs the Department of City Development to assign specific job creation and retention numbers for each tax cut or economic development program intended to affect jobs creation, and develop a metric for each recipient based on the amount of their subsidy or tax break.
- (5) The Mayor and City Council are directed to develop specific labor standards which require family sustaining jobs in return for tax breaks and economic development subsidies, based on the cost of living in Wisconsin and on wage ranges in each industrial sector. They are also directed to set a benchmark for jobs which includes affordable health care.
- (6) This ordinance empowers the Common Council to enact claw back provisions that require companies who receive tax breaks for job creation and retention or economic development subsidies to return the taxpayer investment if job creation targets are not met, or if the jobs do not meet labor standards for job quality.

BE IT FURTHER RESOLVED, that the following shall be added to Contract Documents for city contracts:

I. Part I – CLARIFICATION

A. Reporting

During contract performance, the contractor shall prepare and submit accurate and timely local workforce participation reports on a biweekly basis which will include the contractor’s certified payroll reports. Certified payroll reports should include, for all employees of the prime and all the subcontractors utilized for the project, the names of all employees and their home address, city, state, zip code, race, and gender, trade, wage, and hours worked. The participation report will include the information listed above and will track the hours performed by workers who live in the City of Milwaukee and track the hours of workers who live in Community Development Block Grant areas. Additionally, reports should include progress towards creating the number of jobs identified within the contract. The local workforce participation report will be submitted electronically on a biweekly basis using an Excel spreadsheet developed by the Common Council.

B. Noncompliance

Failure to achieve the requirements outlined by the contract will result in a review of the contract. The contractor shall be given an opportunity to demonstrate that every good faith effort to meet the contract requirements. Noncompliance will be considered a breach of contract and a material breach may constitute grounds for the City to determine that the contractor is not a responsible bidder for future contracts.

- a. If the contractor fails to comply with this policy, the City may take one or more of the following actions:
 - i. Withhold payments on the contract, as liquidated damages
 - ii. Terminate, suspend, or cancel the contract in whole or in part
 - iii. Debar the contractor from bidding on City projects for up to a two-year period
 - iv. Enact any other remedy available to the City
- b. Determining Liquidated Damages for Failure to Meet Job Creation Goals and/or Workforce Participation Requirements

Once a finding of noncompliance has been made, the City may regain liquidated damages from payment requests based on the following formula:

The number of Jobs/Milwaukee Worker/RPP/CDBG workers required by the contract that should have been achieved based on the number of total project hours	MINUS	The number of Jobs/Milwaukee Worker/RPP/CDBG worker employment hours that have actually been achieved	MULTIPLIED BY	Two-thirds of the average mid-wage for the specified trades
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BE IT FURTHER RESOLVED, that the following language shall be added to s. 355:

Accountability and Transparency Standards

The City of Milwaukee Shall:

- (1) Publish on a central website in readable and easily comprehensible form details of every economic subsidy or tax break received by any company under job creation or retention economic development or tax policies, broken down by specific subsidy program or tax break.
- (2) This form shall list full identifying information about recipient companies, including exact street address location.
- (3) Additionally it shall include data, both in aggregate and by company, of all jobs created or retained because of each specific economic subsidies program or tax break.
- (4) Wage and benefit information, including health care coverage, shall be listed by company and in aggregate for all recipients of economic subsidies and tax breaks, broken down by specific jobs created or retained, the location of the jobs, by a subsidy program or tax break.

- (5) Reporting of total annual tax breaks (broken down by federal, state and local government) received by each company receiving job creation or retention subsidies or tax breaks.
- (6) The city of Milwaukee shall direct the Equal Rights Commission to data mapping subsidies and tax breaks, and jobs created or retained, against regional patterns of economic need, such as unemployment rates, poverty rates, income level, and key socioeconomic factors.
- (7) The City of Milwaukee shall post information on money re-captured (claw backs) when recipients fail to meet job targets or job quality targets, by company and by program or tax break.
- (8) The City of Milwaukee shall Include all information on open government (or “Google government”) sites that many states have created to make state fiscal policy more public and transparent