

#### Appendix 4: Best Practices in Best-Value Contracting (across states)

**Creating a pool of prequalified responsible contractors.** California, Connecticut, Massachusetts, the Ohio Schools Facilities Commission and Ohio Department of Transportation, the cities of Oregon, Ohio and Los Angeles, have all adopted some form of pre-qualification review for contractors wanting to work on publicly-funded projects. These systems require contractors to either achieve a threshold level of points in order to be eligible to bid for public contracts, or certify they comply with labor, workplace, environmental and employment standards. In the example of the pre-qualification point system, points are awarded to contractors for items such as compliance with workplace, tax, and labor laws, achievement of equal opportunity goals, use of apprentices, and payment of prevailing wages.<sup>26</sup>

**Giving preference for employers paying a living wage and providing health benefits.** 140 cities and the state of Maryland require contractors to pay living wages (what a full-time worker would need to support her family), including the Ohio cities of Cleveland, Lakewood, Cincinnati, Dayton and Toledo.<sup>27</sup> An assessment of the policy in Maryland found that more people bid for public contracts following adoption of the living wage. Half of the contractors surveyed said that before the living wage, contractors paying low wages would automatically be able to underbid them.<sup>28</sup> El Paso, Houston, Orlando, and San Francisco award points in the contracting process for contractors who provide health benefits, pay into a fund to offset the cost on the health care system for uninsured workers, or compensate workers 20% more to purchase health insurance.

**Encouraging local hiring preferences for low-income, under-represented, and entry-level workers.** California, Illinois, New York, Washington, Wisconsin, and Wyoming require a certain percentage of work hours on publicly-funded projects to be completed by apprentices from registered apprenticeship programs, typically from 15 to 20% of total work hours, or provide voluntary incentives for doing so (Wyoming “exchanges” 10% of work hours by apprentices for a one percent decrease in bid price).<sup>29</sup>

**Creating Targeted Hire Provisions.** While targeted hire provisions are most often used by local governments, the states of Connecticut, Illinois, and Missouri require or encourage contractors to hire local residents, low-income individuals, minorities, or women, for a certain percentage of work hours, apprentice hours, new hires, or project funds.<sup>30</sup>

<sup>26</sup> Sonn & Gebreselassie, NELP, *The Road to Responsible Contracting: Lessons from States and Cities for Ensuring that Federal Contracting Delivers Good Jobs and Quality Services*, at [http://nelp.3cdn.net/985daceb6c3e450a10\\_pzm6brsaa.pdf](http://nelp.3cdn.net/985daceb6c3e450a10_pzm6brsaa.pdf) (2009).

<sup>27</sup> See Note Above, Sonn & Gebreselassie, NELP, *The Road to Responsible* (2009). See also Policy Matters Ohio, *Living Wage Study For Cuyahoga County* (2007).

<sup>28</sup> See Note Above, Sonn & Gebreselassie, NELP, *The Road to Responsible* (2009).

<sup>29</sup> Altstadt, Working Poor Families Project, *Building Opportunity: How States Can Leverage Capital and Infrastructure Investments to Put Working Families on the Path to Good Jobs* (2010).

<sup>30</sup> See Note above, Altstadt, Working Poor Families Project, *Building Opportunity* (2010).