



## Procurement with Purpose: Improving Equity and Job Quality through Public Procurement – Transcript

Hosted by the Aspen Institute Economic Opportunities Program

December 8, 2022

### Description

The US government is the largest purchaser of goods and services in the world, spending over \$600 billion per year. Public procurement exceeds \$2.1 trillion annually when state and local governments are included. These investments help create and support millions of jobs. But is this spending creating good jobs? Are contracts being awarded promoting racial and gender equity? Government agencies already often consider social impacts of procurement decisions. But as millions of jobs pay below a living wage and those posts are most commonly held by women and workers of color, more needs to be done to address the job quality crisis. Public procurement is a powerful tool that can help. The steady stream of public procurement and recent legislation, such as the Inflation Reduction Act and the Infrastructure Investment and Jobs Act, are unique opportunities to more fully leverage public investments to improve job quality and address race and gender inequities in government contracting.

For more information and resources from this event, visit [as.in/procurement](https://as.in/procurement).

### Speakers



#### **Amy Saxton**

Vice President of Program Development, The James Irvine Foundation

Amy Saxton joined The James Irvine Foundation in 2017 as a portfolio director and was named vice president of program development in June 2019. Amy is responsible for identifying and developing new program opportunities and relationships with public, private, nonprofit, and labor organizations. Amy brings 15 years of experience leading and advising nonprofit and philanthropic

organizations to maximize their impact.

Prior to joining Irvine, Amy spent more than six years as chief executive officer with Summer Search, a national youth development nonprofit supporting students from low-income backgrounds to become college-educated leaders who give back. From 2004 to 2011, Amy was a manager at the Bridgespan

Group, where she advised foundations and youth-serving nonprofits and led internal firmwide efforts to diversify the staff and create a more inclusive culture.

Amy has spoken and written about maximizing nonprofit and foundation impact, including publications in the *Stanford Social Innovation Review*, *The Huffington Post*, and *The Seattle Times*. She holds an MBA from Stanford Graduate School of Business, a master's in education from the Stanford Graduate School of Education, and a bachelor's in English from Harvard.



**Paige Shevlin**

Strategic Advisor for Infrastructure Workforce Development, Office of the Secretary, US Department of Transportation @USDOT

Paige Shevlin is the strategic advisor for infrastructure workforce development at the US Department of Transportation. In that role, she is responsible for implementing the bipartisan infrastructure law in a way that promotes high-quality jobs and greater diversity in the infrastructure workforce. Paige has extensive experience in federal and local government, with a focus on job training, higher education, and social insurance programs. Paige was the economic development policy advisor to the King County executive in Washington State. Paige was responsible for working with regional organizations to create economic and workforce development strategies for the county. A principal focus of her work was reallocating workforce funding to reduce racial disparities in workforce services and outcomes. Prior to her time in local government, Paige served in the Obama Administration as special assistant to the president for economic policy at the National Economic Council. She was responsible for leading the development of labor market policies including the vice president's job-driven training initiative and policy decisions relating to regulations of the Workforce Innovation and Opportunity Act. Paige also held appointed positions at the Council of Economic Advisers and the US Department of Labor. Prior to joining the Obama Administration, she was the assistant policy director at the Hamilton Project at the Brookings Institution and an assistant analyst at the Congressional Budget Office. Paige received a bachelor's degree in economics from Wellesley College and a master's in public affairs from Princeton University.



**Tommy Smith**

Manager, Economic Impact, Impact Spending, Kaiser Permanente @aboutkp

Tommy Smith leads the economic impact strategy for Kaiser Permanente's procurement spend. Tommy helps KP leverage its buying power to support economic development as a means of improving community health. Tommy serves as the main contact point with business units in developing strategies and programs to promote local impact purchasing and capacity building for businesses in KP's supply chain and in KP's communities.

Tommy holds a Bachelor of Arts in Sociology from the University of California, Berkeley, and a Master of Public Administration from Harvard's Kennedy School of Government. He is a veteran of the United States Navy's Submarine Service.

Prior to his role with Impact Spending, Tommy conducted policy analysis and program evaluation in civic engagement, economic development, education, supplier diversity, and workforce training. He is a husband and father of two who in his scant free time enjoys reading, hiking, and camping.

## Moderator



**Nancy Marshall-Genzer**

Correspondent, Marketplace

Nancy Marshall-Genzer reports on the intersection of Washington and Wall Street, explaining how the decisions made here impact your wallet.

## About

### Opportunity in America

[Opportunity in America](#), an event series hosted by the Economic Opportunities Program, considers the changing landscape of economic opportunity in the US and implications for individuals, families, and communities across the country. The series highlights the ways in which issues of race, gender, and place exacerbate our economic divides, and ideas and innovations with potential to address these challenges and broaden access to quality opportunity.

We are grateful to Prudential Financial, Walmart, the Surdna Foundation, the W. K. Kellogg Foundation, Bloomberg, and the Mastercard Center for Inclusive Growth for their support of this series.

### Economic Opportunities Program

The Aspen Institute [Economic Opportunities Program](#) advances strategies, policies, and ideas to help low- and moderate-income people thrive in a changing economy. [Follow us on social media](#) and [join our mailing list](#) to stay up-to-date on publications, blog posts, events, and other announcements.

## Transcript

### Maureen Conway (00:00:03)

Good afternoon and welcome everyone. I'm Maureen Conway, vice president at the Aspen Institute and executive director of the Economic Opportunities Program. It's my pleasure to welcome you to today's conversation, "Procurement With Purpose: Improving Equity And Job Quality Through Public Procurement." This conversation is part of the Economic Opportunities Program's ongoing Opportunity In America discussion series, in which we explore the state of economic opportunity in the United States, the challenges workers, businesses, and community face, and ideas for change. We're grateful to Prudential Financial, Walmart, the Surdna Foundation, the W.K. Kellogg Foundation, Bloomberg, and the Mastercard Center for Inclusive Growth for their support of this series.

In today's discussion, we'll be discussing the opportunities and challenges of using public procurement to improve jobs and race and gender equity. State, local, and federal government spending on goods and services is estimated at over \$2.1 trillion annually. And note, this is an update of our original figure,

inspired by a helpful audience question. So, thank you to all of you who offer questions when you register.

In today's conversation, we'll talk about the societal benefits of this public spending, but when we think about the societal benefits of this spending, we often focus on things like the number of jobs created, or whether small businesses, or businesses owned by women and people of color benefit from these investments. These questions are certainly important because, and particularly these questions of ownership, because we know that ownership of business assets is a huge driver of wealth and that the concentration of the ownership of business assets is one of the huge drivers of wealth inequality in the country. So, expanding opportunities to participate in business ownership is essential as we think about race and gender wealth gaps and we'll bring that into our conversation today. But there's also the job creation aspect of procurement and often missing from this conversation, is whether the jobs created through public procurement are good jobs and whether access to the good jobs is supported equitably.

So to assess whether jobs are good jobs, of course, we need to have a shared understanding of what that means for a job to be a good job. I just want to note briefly that recently in partnership with the Families and Workers Fund, the Aspen Institute Economic Opportunities Program released a good definition of good jobs. And this statement was based on a review of over 20 good jobs framework, of focus groups with workers and with business, and input and consultation with a broad stakeholder group. We were really trying to think about what's a broad overarching definition that can be shared across many stakeholders. And we recognize that there are a variety of dimensions that can contribute to what makes a job good in specific industries, but there were really three core pillars that remained consistent across all of these frameworks and all of these stakeholder groups.

So, one of these pillars is that a good job provides compensation, wages, and benefits that affords basic economic stability. Another, the second one, is a good job offers opportunities for growth. To learn new skills, to advance to more challenging positions, to increase earnings, to build wealth. And the third pillar was that a good job has a culture of equity and respect, that workers' race, ethnicity, gender, identity, religion, or other demographic characteristics do not influence their access to opportunity for employment or advancement that the work of all workers is valued and respected, that workers' ideas and concerns are heard and responded to, that there are systems that encourage mutual trust and mutual accountability within the workplace. So, these were really the three pillars that were pretty consistent. They might be framed different ways and use different words, but those three concepts were really pretty consistent across the definitions and really felt right to our stakeholder groups.

So while many may find this to be a reasonable characterization of a good job, we also know that many jobs today would not meet this standard. In 2019, scholars at the Brookings Institute found that more than 53 million adults, roughly 30% of the workforce, earn low hourly wages. In the midst of record levels of quitting that some have termed the great resignation, the Pew Research Center reported that the top three reasons cited by workers for leaving their jobs were low pay, but also no opportunities for advancement and the third was that they felt disrespected at work. So, encouraging more jobs to be good jobs is certainly in the interest of workers seeking to earn a decent living and live a decent life. But it's also in the interest of businesses, hoping to attract and retain the workforce that they need. And for these reasons and more, encouraging good jobs is broadly in the public interest.

The idea of using public procurement to advance job quality has its antagonists though, who might argue that the government's role in procurement is simply to get the best deal for the taxpayers. But that view of a good deal ignores a range of other costs that the government may accrue if the wellbeing of workers providing the goods and services that they're contracting for, is not considered. Most obvious is that workers who do not earn enough are likely to have to rely on other public benefits, such as food stamps, housing, earned income tax credit. So, there's a pay me now or pay me later aspect, but there is also a cost in the quality of the goods and services received, when worker wellbeing is not considered. Workers who are underpaid, lack benefits don't receive adequate training, or suffer

from other job quality deficiencies, are likely to quit, contributing to high turnover, maybe less productive. And on the flip side, research shows that workers in good jobs with family-sustaining wages and the opportunities to learn and grow, they're more engaged, more productive, more invested in the success of the business and less likely to leave.

And then the third thing to really think about is that fundamentally, we build a better society when our ideals of hard work being the path to a better life match a lived reality for all people, regardless of race, gender, religion, national origin, or other characteristics. Simply put, we need jobs to be good jobs. These good jobs are good for workers, business, and the country as a whole. But the good jobs approach is not systematically embedded in public procurement. So why is that? And how can we shift government agencies to adopt this kind of philosophy in procurement? What would that actually look like in practice? And how can we make sure this is done equitably to ensure that procurement supports businesses owned by women and people of color, as well as good jobs for women and people of color?

We've recently released a paper with a few of our ideas, we'll drop that in the chat. But we have a great panel today to talk about all these issues and I'm so excited to hear from them in just a minute. But now, I'm just going to do a quick review of our technology. All attendees are muted. We very much welcome your questions. Please pose questions at any time throughout the discussion. You can put the questions in the Q&A button at the bottom of your screen or upvote questions of other people. We also encourage you to share your perspective. We know many people in our audience, as I mentioned by that good question asked earlier, have a lot of knowledge of these topics.

So, please share your resources, your ideas in the chat. We always appreciate your feedback. Please take a moment to respond to our feedback survey at the end of this session. It'll open right up in your web browser when you leave. We're thrilled with participation in today's event. We'll try to get to as many questions as we can. We also encourage you to tweet about this conversation. Our hashtag is #talkopportunity. If you have any technical issues, please message us in the chat or email us at [eop.program@aspensinstitute.org](mailto:eop.program@aspensinstitute.org). This event is being recorded and will be shared via email and posted on our website. Closed captions are also available. If you need those, click the "CC" button at the bottom of your screen.

And now, it is my great pleasure to introduce our panelists. We have a great set of panelists. I'm just going to do a quick name to faces introduction. There's more information about them on our website. If you're not familiar, take a look. But just quickly with us today, we have Amy Saxton, vice president of program development, The James Irvine Foundation; Paige Shevlin, strategic advisor for infrastructure workforce development in the office of the secretary at the US Department of Transportation; Tommy Smith, manager of economic impact and impact spending at Kaiser Permanente; and we are so glad to have Nancy Marshall-Genzer, correspondent at Marketplace, with us today to moderate today's conversation. Nancy, let me turn it over to you. Thank you.

**Nancy Marshall-Genzer (00:09:23)**

Absolutely, thanks Maureen. So everybody, I'm going to have the three of you start by just telling us what motivates you, why you do what you do. Amy, you are my number one victim. So, tell me a little bit about yourself, about the Irvine Foundation and why you think the conversation we're having today is important.

**Amy Saxton (00:09:46)**

Thanks, Nancy. Happy to be your victim today, I am a daughter of an immigrant from Panama. My mother immigrated and was the first in her family to go to college and then complete graduate school.

That strong education and good jobs, as a physician for my mom and a cancer researcher for my dad, allowed them to buy a house in Los Angeles in the '70s. That job income enabled my mom to bring over my cousins, my aunt and my grandparents from Panama, and they lived with us and then finally, would make their way as they got their feet under them.

That house enabled my mom to send me and my brother to college, by drawing from their home equity. That was an example of that mythic American dream at work. I have never believed that that dream worked for everyone, but I do have a hope that it can.

I joined Irvine five years ago because I'm passionate about our singular goal, which is a California where all low wage workers have the power to advance economically. We're a private foundation. I'm sitting here in Oakland, California, where we are now the fourth largest economy in the world and yet, if you factor in the cost of living, we have some of the highest rates of poverty and economic inequality in the nation. Job equality and structural racism are huge issues Irvine needs to address. Maureen said it well, at the bottom, most conservative, I would say one third of folks in this country, suffer from low wages and poor job quality. But a 2019 Gallup poll showed that only 44% of folks would say they're in a good job. So, the vast majority of folks working in our country today do not think they're in great jobs. And that is something that we must and can change.

I believe we have enough wealth in our country and our state for every individual to have a good job, that allows them and their families to thrive. That's what I want for my two kids, and that's what I want for all of us. So, why public procurement? Because it can be a very potent lever in demanding better job quality, in achieving more economic justice and racial equity.

**Nancy Marshall-Genzer (00:11:54)**

Absolutely. Well said, thank you, Amy. Paige, you're next. I'm going to have you tell us about your work at the Department of Transportation and why now is a good time to be having a conversation about procurement and job quality and equity.

**Paige Shevlin (00:12:11)**

Absolutely. Well, my answer is easy because the US Department of Transportation has \$650 billion to give out through the bipartisan infrastructure law. And we want to make sure that all of that funding is distributed in a way that promotes good quality jobs throughout the transportation sector and brings in populations that have traditionally been underrepresented in those jobs, including women and people of color, people who face barriers to employment, like people who have had involvement with the legal system, or people with disabilities.

So, my job is 100% focused on implementing these sorts of priorities into the bipartisan infrastructure law investment, most of which is done through procurement, through our competitive grants process. I'm happy to talk more about that later, but those are the primary goals.

**Nancy Marshall-Genzer (00:13:02)**

Wow. Thank you, Paige. Tommy, last but not least, you are at the Kaiser Permanente, want you to tell us about yourself and your work and why procurement aimed at boosting job quality inequity is important to you.

**Tommy Smith (00:13:19)**

Thank you. And so, I'm with Kaiser Permanente, as you said. We're not a public agency, but we are the largest nonprofit integrated healthcare insurer and care provider in the United States. And our mission is to provide high quality, affordable healthcare and to improve the health of our members in the communities we serve. So, integral in our mission really is our focus on community health. And we like to feel that we are responsible, not only for the health of the 12 and a half million members that we serve, but the 68 million people in our footprint. And we recognize that in order to protect health, we really have to leverage all of our non-clinical assets.

Only 20% of an individual's health status is determined by clinical care. So, we can have our members say, in Southern California, both going to the same hospital, Los Angeles Medical Center, and those that live in Beverly Hills will have a longer lifespan than those that live in South Central LA, going to see the same doctor. So, if we're really going to live up to our mission, we have to leverage the ways that we buy, build, hire, advocate, and invest in order to promote wealth and protect upstream health.

And so, my job here in working in impact spending really is trying to help us to leverage that supply chain and that supply chain spend and those supplier behaviors, in order to help promote wealth in our country or in our markets. My passion behind this comes from ... I don't want to date myself, but years ago when I was in the navy, in the submarine service, one would argue that our greatest existential threat to the United States was the Soviet Union and its nuclear arsenal. I would posit now, that the greatest existential threats that we face are inequity and climate change. And inequity, health inequity, social inequity, economic inequity. And so, here I am again enlisted in a battle against those existential threats, in order to save the world again. And so, I'm happy to be here and happy to talk with this group.

**Nancy Marshall-Genzer (00:15:41)**

And we're going to have you share some of your battle plans with us in a little bit. But right now, Paige, I have a question for you. I want you to talk about some of the concrete steps the DOT and the administration are taking to promote good jobs and equity in procurement.

**Paige Shevlin (00:16:00)**

Absolutely, yeah. So, there's a couple of different types of funding that we have. Like all agencies, we have our formula funding that goes directly to transportation entities, to states, to port authorities, to transit entities. And then we have our competitive grants. And of that 650 billion that I mentioned, we have 125 billion to award through competitive grants.

We have made the decision for the first time, to put job quality and workforce development into our criteria for all the competitive grants that the US Department of Transportation is putting out. And that means that there ... and typically in these grants, there are four or five different criteria. Sometimes there's as many as eight, but one of those criteria will be around job quality and workforce. And very specifically, what we want to see from applicants is really not that different than the Aspen Job Quality Framework that Maureen was talking about.

Our goals are three-fold, again, very similar. One, is how the transportation entities planning to create good paying jobs with free and fair choice to join a union? And then second, how are they expanding high quality training and education programs with a focus on underserved communities? So, that's similar to that mobility piece. And then, how are they implementing policies that will promote the hiring and retention of underrepresented workers? And all three of those components are extremely

important. We actually just put out a checklist for potential applicants, on how to create strong workforce and labor plans. And we did that because we really wanted to emphasize those three components all coming together.

And I would really spotlight that last one, which I think is, again, similar to in the Aspen framework, this piece around equity. We can build lots of workforce programs, but we have to change the way that we hire and retain people in the transportation industry. Otherwise, we're going to continue to see the same result that we have now. What are the results that we have now? We have a disproportionately white male workforce and the jobs that do have more people of color and women tend to be the lower paying jobs. Jobs like, for example, in airport concessions, jobs in transit, bus drivers, for example. So, we have a lot of work to do, both on making sure that we are opening up access to those higher quality jobs and then also, raising the quality level of some of those lower paying jobs.

**Nancy Marshall-Genzer (00:18:47)**

That's great. And 125 billion, that's a good chunk of change to be spending. Tell me about those battle plans. I know that obviously, Kaiser Permanente is not a government organization, but I think the government could learn a bit of ... learn from what you're doing. If you can talk about your philosophy behind government, when it comes to promoting good jobs and how you put that into practice and this is also ... has to be good for the bottom line, not just good for society.

**Tommy Smith (00:19:28)**

And we, like the government and I would say educational institution, higher educational institutions, what you call anchor institutions. I think of the analogy of when Amazon was looking for their second headquarters, and it demonstrates how private capital can go anywhere it needs to for whatever reason. But the University of California, Berkeley down the road, the Oakland Medical Center and the City of Oakland government aren't going anywhere. So, there's an enlightened self-interest to really leverage the way that you spend, you hire, to build all those operational assets and leverage them in order to support those communities in which you're anchored in.

And so, we as a large hirer, a large purchaser, a large real estate holder, and just as a part of the community, really look to make sure that our spending decisions are environmentally sound, economically viable, and socially equitable. And so, that's our philosophy, really is to be a good community anchor and it does help our bottom line.

We are in the business of insurance and like any insurance company, you want to make sure that people buy the product and not need it. And so, we're about preventative health. And preventative health happens outside of the four walls. It's making sure that folks have enough and have the wherewithal to afford healthy food, to afford suitable housing, to have the time for active living, for exercising, all those other things that keeps people healthy.

And so, that's our philosophy. It really is around community health and closing those health, wealth gaps. And so, we have a very strong philanthropic arm, our community health program, which are great partners in the work that I do. But we also look at how do we spend, not just how do we give, but how do we spend and how do we do our operations in a way that is of benefit to that community and ultimately to us because we reside in our anchors with our community?

**Nancy Marshall-Genzer (00:21:47)**

So healthier people, less healthcare needed. That makes a lot of sense. Amy, your turn. Obviously, you've thought a lot about this. So, how would you define equitable and inclusive procurement, and what are some strategies and principles that you have identified that need to be in place before that can actually happen?

**Amy Saxton (00:22:12)**

I'll build on what Paige and Tommy just said. I define equitable procurement as contracting and purchasing, but it tends to multiple aims, not just lowest cost. It attends to who, who are the business owners and the workers, and especially are they black, indigenous, people of color, or others who are often excluded?

Two, it attends to the job, how? How well does this business actually demonstrate quality job outcomes, not profess or announce, but demonstrate quality job outcomes, especially for women and people of color. And I originally thought this might be out of scope for today, but I'm delighted by what Tommy said earlier. I also think it attends to the planet, how? How well does this business demonstrate practices that leave the planet healthy and more resilient?

To me, there's four principles that underpin that and really allow that to flourish. One is equity, attending to equity in all forms throughout. All the time. The second is simplicity. I think the procurement paper that Aspen has drafted, conveys this principle really well. And full disclosure, Irvine was a funder of that effort. But data that better informs procurement decision needs to be readily available, practical to collect, and meaningful. And it's one of those places where I think we really can't let the perfect be the enemy of the good enough.

And then I would say thirdly, accountability. There needs to be real consequences for better job quality and better equity practices. It means you win, you get the contract and you know why you won and what you need to do to continue. I hope the communication and the consideration of that allows for a race to the top.

And then lastly, this is probably the most important principle in my view, and it's a value of Irvine's, is humility. Which really means how do we listen to low wage workers who are going to best understand what they need and what they can offer? And where we can create more dignified, sustainable, humane work that also advances the bottom line of the company.

**Nancy Marshall-Genzer (00:24:21)**

So, you think the government should really spell it out here?

**Amy Saxton (00:24:25)**

I do. I suspect, though I haven't clicked it yet, I'm very curious to click Paige's link in the chat and see how some of those things have been specified. Because it needs to be lined up at every level in the rules and in the implementation, and in the accountability. And who has power to hold us accountable for these very promising advances we're making and the rules and the expectations.

**Nancy Marshall-Genzer (00:24:50)**

Yeah, because then it's quantifiable, it can be measured. Yeah, thank you. Tommy, back to you. I want to drill down on some specifics. If you can give us some examples of your work that achieve these outcomes, but also some challenges that arose when you were using procurement to try to help employer employers improve their job quality?

**Tommy Smith (00:25:20)**

Sure, and I think a chief challenge, particularly in the healthcare supply chain, is cost. We really seek to make healthcare affordable and we do that by getting the best products and services at the best price. But it's not simply the cheapest price. It really is about value. And we want to make sure that we're getting products and services that are best for our members in their whole aspect, in their total health, so that we're buying environmentally sustainable products. We have a goal around environmental sustainable purchasing, or environmental preferable purchasing.

We just declared a net zero goal for our aspiration for 2050. We have a lot in spend with local diverse suppliers, because we know all of that has a spinoff benefit for our communities and ultimately their health. And so, when we look at cost, we think about, okay, what's the best value? But also how can we help our supply chain get better?

So, I mentioned our community health department and we give grants to organizations that can help, particularly some of the smaller suppliers and diverse suppliers, who may not have a lot of sophistication of how can you be more efficient in your operations so that you can invest that savings back into your workforce? And we also work with ... and some of the things that we're doing now is that we're adding job quality as part of the KPIs, key performance indicators, in contracts because we need to have suppliers that are resilient. And we know that suppliers that have quality jobs are better performing and more resilient. So, we're asking about turnover rates and retention.

We want to make sure that suppliers, just like everyone else in the community, have access to healthcare and the benefits that that provides for the community. So we're really looking at this holistic picture, of how do we drive supplier behavior and help them be more efficient and understand the benefits of job quality for their performance and their own bottom line. And for ours.

And just finally, I think our supply team is understanding that if you want to do business with us, you just can't sell us stuff. And so, there's an expectation that if I really want to get that KP contract, then it's more than just best price. I have to demonstrate best value throughout my operations. Quality, service, environmental impact, social and impact as well.

**Nancy Marshall-Genzer (00:28:17)**

That is so interesting because that's exactly what Amy was saying. And Amy, feel free to jump in here if you'd like, but you are just saying you really spell it out. You say we want A, B, C in that KPA. This is what you have to do if you want our contract.

**Tommy Smith (00:28:36)**

Yes. And it's a growing body of work for us because we really want to make sure that we're understanding what the social determinants of ... and we want it to be a benefit for the supplier as well. And so, you think about our staffing company and we use a lot of staffing and a lot of nursing, clinical

staffing as well as non-clinical staffing. If those staffing companies invest in the pipeline, then they have more human capital to sell to us.

And so, what type of work are you doing in those communities of color where there's underemployment? Because we need people, one of the issues that's facing healthcare writ large, is shortage of staffing. So, we need folks and there's high unemployment in areas in our community that's impacting health. So, it's a win-win. And so, partnering with our staffing company to help us solve those issues makes sense. It makes business sense for them because then they have products to sell to us and to other consumers of human capital.

**Nancy Marshall-Genzer (00:29:45)**

Tommy, just one more thing. I didn't hear you, maybe I just didn't hear it, but I didn't hear you talk about some of the challenges that have arisen for you when you're trying to use procurement in this way?

**Tommy Smith (00:29:58)**

Well, cost is always the big challenge. I think most supply chains are looking to drive down costs. We have some very aggressive cost saving goals, year after year. And so, that's probably the biggest challenge is really, well, how do we do all of these things and make sure that we are optimizing cost?

And then there's also just, it's a new ask for suppliers. They're used to delivery, negotiating delivery, and product size and all those technical things. And when you ask about job quality and wanting to make that a KPI, it's like, "Hang on a second, let me get out the red pen." And there's a back and forth, "No, no, we really want this and we really need to have this and we can help you." And so sometimes, it's not just simply we're going to put it in your contract, but let's sit down and let's figure how we can work together and then set up metrics that make sense and then demonstrate to your shareholders, and stockholders, and stakeholders how this brings value to you as well as to the communities that we serve.

**Nancy Marshall-Genzer (00:31:07)**

Yeah, because they are interested in the bottom line, aren't they?

**Tommy Smith (00:31:10)**

Yes.

**Nancy Marshall-Genzer (00:31:11)**

Yes. Amy, want to learn a little bit from you, from your work at the foundation, what have you learned about the challenges of shifting employer and business practices to support good jobs and equity? And what does it take to make that happen in your experience?

**Amy Saxton (00:31:34)**

Well, for one, I'm just so inspired by the work Tommy is doing at Kaiser. So, thank you so much, and I'm learning a lot from you. Why did we come to focus on employers and shifting their practices? It's a really

simple answer. Employers have an enormous influence on the work and daily work experience of about a third of low wage workers, third of workers in this country who are low wage workers. In California, that translates to 4.3 million people. And we also believe and have evidence, as Tommy was describing very eloquently, that companies can make different choices and reap a profit. And you see this from companies in the exact same sector and geography.

So we invested in a study, for example, by an organization called The Shift Project. It was out of Berkeley, now it's out of Harvard. And it was about retail because such disproportionate numbers of low wage workers are in the retail sector and what you see is very profitable companies, with a completely different worker experience.

When you go to Trader Joe's, you feel the happiness of the workers. In-N-Out, it's a totally different experience than the way workers are treated in terms of wages, benefits, advancement opportunities, dignity, scheduling predictability, than when you're at a dollar store, for example. There's a report on that and folks are interested, I'm happy to share it. So, there's enormous influence and it's possible to do something different that values workers and advances the bottom line period.

So, what does it take? This is a very complicated question I'm trying to boil down into like 90 seconds. In my opinion, what it takes is employer motivation, employer know-how, and a more conducive environment that really helps employers with the motivation and know-how. Let me actually start very briefly with the last one. I tend to believe that many people are good, well-intended folks, who are making reasonable decisions in whatever systemic context they're in. So, how do we improve the environment to have more job quality, more equity?

One example, small businesses that are BIPOC owned have lack of access to capital. We did a study about half of these businesses in LA, which say, "We don't even have a formal banking relationship? So, how could they be positioned to take on big infrastructure contracts, where oftentimes they're floating payroll until they're reimbursed and they don't have that access to capital to do that? So, there needs to be different financial mechanisms. And a lot of folks have thought about this and there are examples of this, but there are really practical, pragmatic things we can do to make the environment more conducive, so the employers can feel the motivation and have the know-how to take advantage of some of these opportunities.

The second thing I would offer is power. We can use carrots and sticks to increase that motivation. Now, let me be really clear, there are those good-willed, really committed actors. I think that's most folks. For them, there can be some carrots, like I said, capital for small business, that can build in incentives and technical assistance for job quality. Irvine's made some investments in that front.

A second is sticks. I want to recognize that there are employers whose business models are predicated on wage theft, on extracting from the planet and from people. Now, for those actors, you need better enforcement of labor laws and more demands made by organized workers who have power to actually force change.

Let me end with employer know-how. There's such a potent opportunity right now. Companies have an opportunity to listen and share power with their low wage workers. There's a wealth of ideas and experiences for how to improve the bottom line while increasing quality. We've invested in this, I can put the link in the chat, an organization called Talent Rewire, that actually publish a toolkit on how can companies right now set up the conditions to listen to their frontline and entry level workers and engage them as partners?

So, to bring it back to today's topic, I see inclusive equitable procurement as a real carrot that helps increase the motivation and hold employers accountable for outcomes. It's very exciting.

**Nancy Marshall-Genzer (00:35:52)**

And Amy, I just have a little follow-up. Does this have to cost more? I mean, you were just saying one thing they can do is just listen to their workers. That doesn't cost anything. Does this have to cost more?

**Amy Saxton (00:36:09)**

I don't know if I have a simple answer to that. I don't mean to be obscure, but it probably depends on what you mean as cost. I will say some of the things that have unlocked the motivation for Irvine to do more on racial equity has cost more in terms of time devoted to really understanding history of racism and how that is baked into some of our systems and prevents certain populations from advancing economically.

So, there has been a lot of emotional labor and effort and time spent, that could have been spent on other things. But to me, it's critical to spend the time and effort to build the motivation and shared alignment and understanding, that then allows sustained change to happen, if that makes sense? I hope I'm answering your question, Nancy?

**Nancy Marshall-Genzer (00:36:59)**

Yeah, anybody else want to say anything about that? Does it have to cost more?

**Tommy Smith (00:37:06)**

One of the things about costs and for us, we think about brand equity. So, I'm going to speak for myself, but I think our organization would be really reticent to work with a supplier that was a bad actor in the marketplace. Because then that will reflect badly, or could reflect badly on us. And so, we need to protect ... In our own workforce, we have practices that provide job quality and how bad would that be if in our supply chain, folks who are coming in and supplementing our operations didn't also share their quality and how that would affect our brand equity?

And so, there's an added benefit to this. There's a cost of not doing this. There's a cost of not getting those public contracts, or those contract with anchor institutions like your hospital systems and your educational systems, that have a reputation to protect. And they're not going to let a supplier ... We wouldn't let a supplier jeopardize our access to health records or our technology. We're not going to let them jeopardize our equity, brand equity, as well. And job quality is a good way to help protect that brand equity.

**Nancy Marshall-Genzer (00:38:25)**

Yeah, your reputation is everything.

**Paige Shevlin (00:38:27)**

Yeah. I can jump in here too on the cost factor.

**Nancy Marshall-Genzer (00:38:31)**

Paige, jump in.

**Paige Shevlin (00:38:31)**

I definitely think that if we do some of these investments in job quality and workforce upfront, then we can see some positive outcomes on the end. One thing I haven't touched on is just in terms of the US federal government's direct procurement, we also have a new executive order around the use of project labor agreements on any procurements over 35 million. And many people would say, "That costs more, right?" We would say no, having a project labor agreement is a way to ensure that you have the workforce you need, that you're not going to have any workforce stoppages and that you get the work done on time.

And so, that does take an investment upfront though. I think it would be wrong to negate that. There are investments that need to be made upfront in training the workforce and also in some of those accountability pieces. We need to have the investments in research and data to be able to track how we're actually doing on meeting these goals of bringing in more underrepresented workers into the workforce.

**Nancy Marshall-Genzer (00:39:38)**

Yeah, absolutely. And Paige, I want to stay with you for a minute and just have you share an example with us of the DOT's procurement approach in ensuring equity and that these dollars are supporting good jobs and some of the challenges that you've seen in implementing that.

**Paige Shevlin (00:39:57)**

Yeah, absolutely. Well, what I would say is that we are really early in the process still. So, of that 125 billion in competitive funding, I would say we've probably awarded maybe seven, maybe 10 billion of it, but not much more than that. And we are seeing that in those funds that we are awarding, every time we put out a grant, there are more and more winners that had really strong workforce and labor plans as a part of their application. We are seeing a lot more transportation entities that are taking on the use of local and economic hiring preferences. This is a really important tool that is permissible now. It was actually put into the bipartisan infrastructure law to allow the use of economic hiring preferences and it is a way to preference hiring of people who come from economically disadvantaged areas or people who have characteristics that make them economically disadvantaged, such as not having an education beyond high school, or being on public assistance, being a single head of household.

So, we are seeing more transportation entities that are taking on the use of that tool. And we are of course, working to provide technical assistance to the winners of these projects, that help them learn how to use economic hiring preferences and how to do registered apprenticeship and some of the other pieces that we are encouraging.

None of these projects are going to break ground for a while. And that's one of our challenges, is that it's a long process. I think Amy was talking about this, that it's not just the awards, it's also what we put in the grant agreements that we actually sign on the dotted line with the transportation entity and then how do we track the outcomes. I think for the federal government in particular, that backend piece is one of the biggest challenges. Because we are the Department of Transportation and we are not necessarily accustomed to tracking workforce and job quality outcomes on projects.

Now, luckily, some of that is already jurisdictionally the job of the Department of Labor. The Department of Labor has an office of federal contract compliance, who is responsible for tracking compliance on federally assisted projects. And we are working very closely with them. And one of the things that we are doing actually in our grants, is we are requiring that our grantees be willing to fully partner with the Department of Labor on that compliance effort. So, that's an example of where we're trying to make sure that we get that backend piece right as well.

And just to point to some specific examples, I can put this in the chat, but from our most recent INFRA awards, we had a number of awards that have really great workforce plans. One that I would call out that I think just does stellar work is New York City. New York City has a whole ecosystem of workforce development programs, including a program for example, that is focused just on women, non-traditional employment for women. And they have agreements that 20% of the apprentices on a project will come from that program for women. 10% of the workers of the apprentices on a project will come from the program that focuses on people who are coming out of incarceration. So, that's a really direct way of making sure that those projects are getting the workers from those disadvantaged communities.

And the other challenge that I just wanted to mention is just I think at this point, we are still trying to make sure that people know that this is a priority for the Department of Transportation, that we are focusing on this and that's why we put out the checklist that I referenced, and are trying to do a lot more engagement. Because ultimately, a lot of the accountability for this is going to come from community. If a community sees that a \$100 project or even a \$500 million project is awarded in their community and they were supposed to do X, Y, and Z, ultimately I think the community needs to have the tools and the knowledge to hold that project and the local government who's really sponsoring that project, accountable.

**Nancy Marshall-Genzer (00:44:23)**

And Amy, I see you shaking your head. I saw you nodding when Paige was talking about tracking and accountability. I mean, how important is that? You can say a lot of nice things, but then you have to be ... the numbers don't lie. You have to be accountable, right?

**Amy Saxton (00:44:39)**

Yeah, I was doing a lot of head nodding and I'm also inspired by the work you're doing, Paige. One of the things that I think is critical and opportunity for philanthropy, to jump again Nancy, on perhaps an upcoming question, but is to invest in local community-based organizations, especially those that are BIPOC led and serving, so that they have the capacity to influence what is getting built in my community? Who is building it? The owners and the workers. And hold those who are in power accountable to the actual better job quality, more racial equitable outcomes. And that is non-trivial.

There's so many funding streams with so many different rules and community ... I used to run a community organization, keeping track of that was not ... It was like, can I make payroll? Let me go fundraise, make it on an airplane. It wasn't, can I track the rules? So capacitating community-based organizations to do that is critical, and there's a real opportunity right now for philanthropy.

There's so much promise here and I don't want to be a downer, but I do think it's worth noting that we've been talking a lot about who gets to build and how do the workers who are building have opportunity? Some communities, when I've been trying to listen to communities are just still at the point of what are you going to build in my community? Because the last time, and oftentimes when this happens, you raise my community and you put a freeway between my Black community and the job opportunities. So, this is important and we need to meet communities sometimes where they're at, where there's a big

piece right now also, on what is getting built here and are you actually listening to me and what I want to see built in my community as well as who built it.

**Paige Shevlin (00:46:26)**

Yeah. And Nancy, if you don't mind, I would love to ... because I really appreciate this holistic definition of equitable development that both Amy and Tommy are referring to. And so, I do want to go outside of my lane a little bit and just say that for DOT procurement overall, we have really four top priorities.

Number one, most important is safety and procuring so that the projects that are being built are ... that we have safe roads and that people are not getting, for example, killed in crosswalks. So that is top priority.

Second is wealth creation through all the work that I'm in charge of, as well as through small and disadvantaged businesses. And then climate change, certainly that is topical for the Department of Transportation and making sure that we are reducing, mitigating the impacts of climate change and especially for disadvantaged communities.

And that brings me to the fourth goal, which is really, I want to get at what Amy was just talking about. We want to see our transportation dollars being spent in more disadvantaged communities, with more engagement from those communities. And one of the programs that I am most excited about is our Reconnecting Communities program, which is specifically meant to address those transportation projects in the past that have segregated communities and how do we redress that harm that was done in the past? And I'm so excited for those awards that will be made next year, to combine both the transportation side of those harms, but then also to bring in this wealth creation piece.

**Nancy Marshall-Genzer (00:48:18)**

Tommy, you've been quiet for a little while. I want to ask you about how you track progress, how you measure progress, and also where is Kaiser's work in this area headed in the future? And are there any final things you want to talk, about how the government can learn from your experience?

**Tommy Smith (00:48:38)**

Sure, sure. So, not only do we track our amount of diverse spend, we also track a percentage it represents of the entire supply chain spend. We track our environmental preferable purchasing spend. We also look at the job creation that comes from our spend in our markets. And then we also measure, and this is my professional goals, we also measure the amount of technical assistance we provide to suppliers, diverse suppliers in our ecosystem. So, we talk about access to capital, coaching and other resources, that our philanthropic side of the house funds.

And so, those are the things that we're tracking and we're looking at other measures too. And we're working with some of our larger corporate suppliers on their social responsibility efforts and how they're partnering with us. And so, we're starting to measure things like retention and job quality factors in our security force, for example, which is something that we contract out. And so, we're looking at those type of measures.

And as we go forward, and I saw in the chat a question about worker ownership. And so, one of the things that we had been piloting or demonstrating the past year and a half or so is a program which we're educating diverse suppliers, particularly those companies owned by owners that are getting close

to retirement age, about worker ownership as a succession plan. And that's a great way to create a broader sharing of wealth amongst that company and keep that company within the community, providing what we would presume to be quality jobs because now those workers are owners. And so, we're looking to scale that work and also partner with some of our other healthcare colleagues in a organization where we call the Healthcare Anchor Network where we're part of, I think there's 70 healthcare systems that are part of this Healthcare Anchor Network.

And we're looking to bring this idea to them so that they can spread it in their communities. We're also always looking at how do we expand job quality in our supply chain? And so, we're looking at, okay, what about our laundry, and what about our food systems, and what about our janitorial? And these things that may be coming up for contract renewal bid in the next few years, and how are we instilling job quality in those requirements, right at the request for proposal statement so that companies are put on notice that, "Oh wait a minute, I have to come with more than just simply cost per pound," or whatever that financial metric is, that there are other requirements that are going to be weighed heavily. Or at least, as all things are equal, that will be the differentiator in getting that KP contract.

**Nancy Marshall-Genzer (00:51:49)**

Very specific, yeah. Paige, I have one last question for you and then I'm going to ask some of the questions that have come in from our audience. But I'm just wondering in the years ahead, what are some of the things that we should be looking for to assess whether these investments are indeed improving jobs and race and gender equity?

**Paige Shevlin (00:52:16)**

Yeah, absolutely. Well, number one, in terms of our projects that DOT is funding, I expect that we will see more and more projects that are using project labor agreements, that have union partnerships. And that is the best way to ensure that those are good quality jobs. We also want to see that there's more diversity on those projects. That gets back to that tracking challenge that I talked about.

Sometimes it's hard for state and local entities to track what exactly is happening on their project, but I do believe that with such a major investment coming from the federal government, that we should be able to, not next year, but five, six years from now, we should be able to see changes in the construction workforce, at least overall. We should see more women in the construction workforce. We should see more Black and brown people in the construction workforce and especially in the construction workforce paid at higher wage levels. Because right now, where there are people of color in the construction workforce, they are paid less. And so we want to see that change across the entire construction workforce. And I do believe that if we continue to focus on this and the way we are from the federal procurement side, we can have that impact across the entire workforce.

**Nancy Marshall-Genzer (00:53:40)**

And the labor department will help you measure that.

**Paige Shevlin (00:53:42)**

And yes, especially if the labor department continues to help us and then they can do some of that tracking on the backend too, from their procurement and compliance side.

**Nancy Marshall-Genzer (00:53:54)**

So, we're going to get to some of the questions from our audience there, excellent. Paige, this one's for you. How is apprenticeship being used in federal procurement to support good jobs? So, apprenticeship?

**Paige Shevlin (00:54:07)**

Yeah, so in that checklist that I talked about, number one, good paying jobs with free and fair choice to join a union. And then number two is expanding high quality training and education programs. Registered apprenticeship is the definition of a high quality training program for us. And so, if applications are focused on expanding registered apprenticeship, then that's really what we want to see. And specifically to get into the procurement, we want to see apprenticeship utilization rates, so that the project owner is saying 20% of the project workforce are going to be apprentices, or 15% are going to be apprentices. Because that allows for us to have those slots to train the next generation of workers and to offer those really good training opportunities to the workforce. Because registered apprenticeship, we know there's a standard wage progression, we know that it's linked to the employers and the unions involved and so that those people are going to be able to progress through into journey level status.

**Nancy Marshall-Genzer (00:55:18)**

Thank you. This next question is for Amy.

**Amy Saxton (00:55:21)**

I chime in on this really briefly?

**Nancy Marshall-Genzer (00:55:22)**

Yes, please do, Amy, go.

**Amy Saxton (00:55:26)**

We have been a huge investor in apprenticeships for all the reasons that Paige mentioned. They are just the gold standard of quality job mentorship, pay while you learn, opportunities for advancement, credentialing at the end that's recognized by multiple employers. It's a really exciting model. There are some challenges to it. It's hard to get to be a registered apprenticeship and they're a earn and learn model, so there's a opportunity to invest in both.

I would point out that when I was coming up to speed in this space, I have still a long way to go, but it was hard for me to understand how does all this fit together? What does it mean if I'm a low wage worker and I'm supposed to become a pre-apprentice, and then an apprentice, and then a journeyman and then with whom? And do I even trust my local union? They might not have been doing me perhaps historically, or I don't see a lot of people who look like me in that union. So, there's a lot of stuff there. I would just reference folks to ... We funded this, so full disclosure, but we helped invest in what we call the Gold Standards Playbook for Workforce Development. It's really asking, sort of codifying, what to pay attention to if you are a project owner in ensuring that at the end of the day,

you are actually advancing folks who've been traditionally cut off from these kinds of apprentice, union, high quality jobs. What does it look like from the worker's point of view and for the project owner's point of view?

**Nancy Marshall-Genzer (00:56:49)**

And that's important because apprenticeship is very, very important, a good way to get your foot in the door. This question is for anybody, and we've touched on it a little bit, but what specific data and metrics should we look at in our decisions around procurement? Anybody want to take that one? Tommy? What specific data and metrics should we look at in our decisions around procurement, is the question?

**Tommy Smith (00:57:20)**

Sure. And so, always start with the ... and there's an acronym I'm going to mess up, but the words of it are assurance of supply, quality, service, delivery, price. Those are table stakes, you got to have those. And then we start looking at the differentiators. And so, many companies, because we buy a lot and we buy in large volumes, it's really difficult for a company to distinguish themselves. And if you're a supplier, don't want to have that race to the bottom line where you're just competing on price.

And so, when you look at things like, and talk about things like job quality, it's environmental performance, the entire ESG, environmental, social, governance, performance, that can really distinguish your company when we make those decisions. And so, we've always had a decision process, particularly on the clinical side, where we look at the best clinical performance and the assurance of supply and the quality and those other factors before we look at price.

And now increasingly, we're also looking at, well where are your workers located? And are you creating employment in our community? And what's your environmental performance? If you're creating pollution problems in our community, we're probably not going to want to do business with you as opposed to someone who's at least committing to improving that performance. Because ultimately it comes back to us. I mean, we're part of an ecosystem called the planet and if you're a supplier to us is we are trying to provide healthcare and you're acting in such a manner that's counteracting the great clinical care that we're providing because you're pushing all those other wrong levers, well, it's expensive for us to do business with you. So, we're really looking at how do our supply chain and suppliers can impact the social determinants of health. And that's factoring more and more into our decision-making.

**Nancy Marshall-Genzer (00:59:27)**

That is so interesting. So, it's not necessarily the person offering you the best price?

**Tommy Smith (00:59:34)**

Well, and let me be clear, we do make sure that we're trying to keep healthcare affordable, so-

**Nancy Marshall-Genzer (00:59:40)**

Yes, definitely.

**Tommy Smith (00:59:40)**

... affordability is very important, but it could be a distinguishing factor, all things being equal, particularly a price, that one company that's performing better environmentally and socially, will be the one that we'll partner.

**Nancy Marshall-Genzer (00:59:55)**

And tell me, there's a question specifically for you and it's about how employee ownership fits within equitable procurement. How has Kaiser Permanente worked to support employee ownership in its supply chain?

**Tommy Smith (01:00:09)**

Sure. So specifically, we've been working with two groups, Project Equity and the Obran Collaborative. And they have partnered together to do what we call ... our demonstration project we call business resiliency in the supply chain. And it really is focusing on worker ownership. And so, this year we've helped two companies, well one is still in the process, but I can talk about CCH in Hawaii, and they do last mile distribution for us in Hawaii. We buy a lot of stuff. It's hard to get it to the island. And then once you get it to the island, to get it to the medical center. This company has been a diverse owned company, African American owned company, that's been a supplier to us in Hawaii for years.

And Nick Smallwood, the owner, is at retirement age and he's always had a goal of selling the company to his employees. And so, we were able to help him do that. And so now, going from this one diverse supplier to 70 diverse owners of this last mile distribution company, and making sure that they're supported in maintaining their business in our supply chain. And we're looking to do that with other companies as well. And so, that's like one really specific example of how we're looking at employee ownership as a model of supply chain resilience, wealth creation, and maintaining supplier diversity status within our supply chain.

**Nancy Marshall-Genzer (01:01:42)**

Thank you. That's a wonderful, specific example, people can really relate to that. Paige, the next question is for you, how is DOT responding to arguments that agencies must choose the lowest cost proposals to protect taxpayer dollars?

**Paige Shevlin (01:02:01)**

Yes, that's a good question and gives me the opening to make sure that everyone understands that yes, we are giving grants to states and localities and then they are doing the direct procurement. So, it's a little bit different, we're one step removed from the direct procurement.

So when they do the direct procurement, they do have to have low cost provisions, to pick the lowest cost bidder, but it is the lowest cost bidder that meets all the requirements of the RFP. And so, if the RFP is very clear that we want to have a diverse workforce on this project, we want to use local and economic hiring preferences, we want to have a project labor agreement, then they're picking among ... the lowest cost bid are among projects that are responsive. So, the best way to look at it is the lowest cost responsive bidder. And that gives you a lot of leeway to put everything that you want to see in that project into the RFP.

**Nancy Marshall-Genzer (01:03:01)**

That's interesting. So as you say, the states are in charge of the...

**Paige Shevlin (01:03:06)**

State, localities, transit authorities. I mean, when we give competitive grants, it's open to all kinds of eligible entities and many of our grants are going to city departments of transportations, for example, or transit agencies. I did want to point out, I think that's the way to, in terms of our procurements for those intermediary entities, we are focused on both the good jobs piece and the diverse hiring piece. I think that's the way to address the concerns that Amy was raising about people who have been disadvantaged to the current system in the past.

So, when we're looking at project proposals, yes, we're looking at whether they include registered apprenticeship, but we're also looking at whether or not they include a plan to bring in diverse workers into that apprenticeship program, as I gave with the example of the New York City program. And then, once we get that from them and we award the funding based on what they put in the grant to us, then they have to put that in their procurement and then they will be looking for the lowest cost responsive bidder to that.

**Nancy Marshall-Genzer (01:04:15)**

And you're going to be watching?

**Paige Shevlin (01:04:18)**

I mean, that is the biggest challenge. As I said, it's a lot of money, it's a lot of grants. The US Department of Transportation has honestly never put out this much funding at once. And so, that's a challenge for any agency, to just scale up so much and to be able to track all of that. It's hard for me, honest, to keep track of how many awards we've put out already because it's a lot.

**Nancy Marshall-Genzer (01:04:42)**

Well, good luck. Let's see, this question is for anyone, so you can fight over it. How does supporting workers to join unions and union contractors fit in today's conversation?

**Amy Saxton (01:05:00)**

I'm happy to try to address that. A lot of infrastructure, especially built infrastructure, like roads, bridges, tunnels, what people might envision when you think infrastructure, is often built by union workers. The trades, is what it's often colloquially referred to, carpenters, electricians, et cetera. And unions have historically been a place where you have worker power because you have a collective of workers, who then have the scale to demand better quality jobs.

So, I think unions are an integral part of this because many of the infrastructure of these trillions of dollars and billions of dollars of infrastructure dollars coming to California, are ultimately going to be ... the workers will likely be disproportionately union workers. So, then the question becomes, well, who is inside unions and how are unions doing on the same things we've been talking about? Like bringing in folks

who've tended to be disadvantaged. BIPOC trades unions have historically been disproportionately white, Paige mentioned this earlier, and male.

It's why Irvine, we've been investing in models that do pre-apprenticeship to support workers to have the kinds of skills that allows them to even get in the door with the union, focused on women and people of color. One of those in California is called WINTER, Women in Infrastructure and Technology ... I'm not getting the acronym right, my apologies, but they focus on women and people of color and having in construction jobs, specifically. It's a big gap, it's really important.

We're also investing in how do unions partner more deeply and authentically with community-based organizations who have the trust of their residents, particularly residents of color, to also understand where the unions need to change internally in order to recruit, retain and advance people of color, assuming they have a commitment to doing so? So, unions are very integral to this conversation and a key player.

**Paige Shevlin (01:07:15)**

If I could add on to that, definitely unions are extremely important and it is not a secret, and something that we are proud of in the Biden and Harris administration, that we want the bipartisan infrastructure law to create more union jobs. And what I said about the construction industry being disproportionately male and white, was about the industry as a whole.

The best evidence that we have is actually that unions are ... that projects that are union projects, are more diverse than non-union projects. It's a challenge across the entire industry. And we also want to make sure we are approaching these twin goals of having good paying jobs, that offer benefits and are safe and also having the diversity. I just don't see how we get to that without unions.

So, I think we have to continue to move forward with encouraging these jobs to give workers bargaining power and then also work with unions, as Amy was saying, to make this workforce more diverse. Both through pre-apprenticeship programs and these sorts of collective bargaining agreements that go beyond the traditional project labor agreement and are what some people would call community benefits agreements or community workforce agreements where the agreement spells out how that is going to benefit the community overall and specifically how it's going to benefit the underrepresented communities. I completely agree too, that we have a lot of work to do in increasing partnership between unions and community-based organizations. I think there's a lot of value for philanthropy and other stakeholders in helping to do that.

**Nancy Marshall-Genzer (01:09:12)**

And this question touches on something that we've already talked about a little bit, but how do you actually validate what businesses tell you about their job quality? Anybody want to tackle that one?

**Tommy Smith (01:09:27)**

Well, if it's a part of their KPIs, you're meeting with them quarterly and you're looking at it just like you're looking at delivery rate and invoicing and all those issues. And so, it's how you manage the contract and building it into the contract. It becomes a data point that you just look at every quarter and they have to report progress, or otherwise could sometimes with some contract to write you a check because they're not meeting their KPIs.

**Nancy Marshall-Genzer (01:10:01)**

And do you, not you personally, but does Kaiser ever go out and visit a job site and just try to verify that they're doing what they say they're doing?

**Tommy Smith (01:10:09)**

For all types of products and services, particularly in healthcare because it's so essential that we get the product and get it on time and that suppliers are living up to their contract terms. And so, we engage in whatever type of contract compliance validation is necessary, to make sure that people are living up to what they agreed to provide us, so that we can serve our members.

**Amy Saxton (01:10:40)**

Nancy, I'd love to add to this. I really appreciate what's happening at Kaiser on this front. I think that there's momentum, which is really exciting. First of all, how does one verify job quality? More broadly across the sector or the country, there isn't an accepted definition, but I think we're making a lot of progress there.

Maureen referenced earlier the work of the family and workers fund to align on a definition of job quality, what even is it and how do we measure it? There's work now happening around a job quality measurement tool. And then, how does that become consequential? I think that's the key question, it's how does it become consequential? And that happens, I think inside some of the procurement systems and organizations like Kaiser. I would hope that there's an opportunity in the S of the ESG metrics, that there becomes more of a commonly accepted approach to looking at this. So, there's also leverage from investors. We are going to invest or not invest based on what we understand to be the job quality offered by employers. That still has a ways to go for sure, but that's my hope, is that it becomes less idiosyncratic employer by employer, or funding stream by funding stream and more of something that can be used the way that the E in ESG has evolved.

**Nancy Marshall-Genzer (01:12:00)**

So, a carrot and a stick. I think we have time for one last question, which is why does the government continue to fail to meet many of the procurement goals around supporting small businesses and those owned by women and people of color? Anybody want to tackle that one? That's a tough question. Paige?

**Amy Saxton (01:12:28)**

Oh sorry, go ahead Paige. It was directed towards the government, you should start.

**Paige Shevlin (01:12:32)**

Yeah, I will try and give an answer that's maybe a little bit too vague. But I think we were lucky with the bipartisan infrastructure law that they did a lot of clarification, for example, around the use of local and economic hiring preferences, which addresses how we can have workforce goals for underrepresented communities. I don't think there has been the same sort of type of clarity for small and disadvantaged businesses.

And first of all, they're all lumped together normally, even though we know that women-owned businesses face different challenges than Black-owned businesses. And also, I saw this comment in the chat at one point, but it gets a little bit caught up in the arguments about race-based preferences and there's a lot of concern about making sure that we are focusing on that disadvantaged piece. So, I think sometimes people are just afraid to do it and they don't understand what they can and cannot do. And unfortunately, the bipartisan infrastructure law didn't clarify any of that in the same way it did around local and economic hiring preferences, where we know that we can use them, and actually that under the right circumstances, we can also use certain targets based around even race, if it's done under the right circumstances.

**Nancy Marshall-Genzer (01:13:58)**

And Amy, I think you wanted to chime in here a little bit?

**Amy Saxton (01:14:00)**

I'll just mention that there's some research we funded that for me, was really helpful in understanding what some of those barriers actually are for women in BIPOC-owned small business. And some of them are ... it's not that they're not complicated, but they're very addressable. So we can perhaps put in the chat, there's a ... it's a bit of a dense report, full disclosure, it's dense, but it offers what are business owners who are BIPOC, or women that say is preventing them from being able to access some of these big infrastructure contracts.

The second thing I would point out is, again, that to me, gives recommendations from making the environment more equitable and more hospitable to employers doing different things. The second thing I'd point people to are an equity and infrastructure project that we've been honored to be a part of, where large public agencies across the country are committing to increase the number, size and proportion of their contracts that go to businesses that have historically been excluded. And that's an opportunity to publicly proclaim what they intend to do and then share practices with each other and report back and increase hopefully accountability for making some of those changes. And there's three in California who've committed to the pledge, but there's also others across the nation. I think that's just a really exciting development to watch.

**Nancy Marshall-Genzer (01:15:28)**

And that's another way of looking at it is well, what are the requirements? Yeah, that's helpful. Thank you everybody. This was really fun. I've learned a lot. Thank you.

**Maureen Conway (01:15:41)**

Yeah, well, thank you all. This was fantastic. Yeah, you guys got a lot in a short amount of time. I just want to mention for our audience's benefits, our speakers today have been a wealth not only of knowledge and insights, but also of references to reports and things that could be useful to the audience. So, we will try to curate a list of those for everybody and include it in our wrap-up email about this event. So, stay tuned for that if you didn't manage to write down all of those reports. So, we'll try to share those out in that way as well.

Thank you so much everybody for your comments, for your questions. Thank you, Amy, Paige, Tommy, Nancy, this was a really fantastic discussion. Really appreciate your time. I want to thank my colleagues, Amanda Fins, Mark Popovich, Matt Helmer, Tony Mastria, Merrit Stüven, Victoria Prince, and Leilani Flint

for all of their work in helping produce today's event. Takes a lot of us actually to put these things together.

Many thanks to those of you who were tweeting about things on social media using hashtag #talkopportunity. Great comments and questions from everybody. Please again, do take a moment to respond to our feedback survey. Please join us January 19th for "Economics Reimagined: A Discussion on Building a Human Rights Economy." But this is it for 2022 from us. So, thank you all for being with us. It was great. Happy holidays and hope to see you all in the new year. Thanks everybody.