

## A break for local workers

CHAPEL HILL In these difficult economic times, good jobs-related news is often hard to come by. Durham received some recently when an electronics manufacturer from the United Kingdom announced it had picked the Bull City to build a large-scale manufacturing facility. The company, ACW Technology, anticipates hiring 155 workers over the next three years.

In exchange for selecting Durham for its U.S. manufacturing base, city officials granted ACW a modest \$69,905 in location incentives, with the state's providing an additional \$50,000 to sweeten the deal. Durham's decision stands in sharp contrast to the Town of Cary, which refused to offer incentives, citing the company's lower average wages (\$33,651 per year) relative to those in Cary - and Durham, for that matter. Cary's reaction should not obscure the fact that Durham negotiated a groundbreaking agreement, marking a positive chapter for efforts to reform how municipalities grant incentives.

Durham's offer came with important and unique conditions for North Carolina that ensure that local residents will be at the head of the line when it comes to being considered for these new jobs. Research shows that many incentives-linked jobs go to in-migrants - people moving into an area after being hired or to others who commute in from outside. This result is in part due to established relationships between firms that get incentives and private staffing agencies that recruit across the country (and even beyond).

Under the terms of the incentives agreement, ACW committed instead to give Durham's JobLink Career Center priority in recruiting and referring applicants for job openings. This city- and state-managed, federally funded employment agency helps match local workers with available jobs. While those referred by JobLink are in no way guaranteed jobs, it does provide Durham applicants with a leg up in the hiring process.

An additional community benefit, as a result of regular reporting requirements, is that JobLink can track local hiring trends and, in the process, identify potential skills gaps that might be addressed through additional training support.

Both the city and ACW stand to benefit along with local workers. ACW gains access to no-cost referrals from a knowledgeable work force development staff with strong links to the local labor market. At the same time, the agreement helps Durham better achieve its goal of helping unemployed and underemployed residents secure good local jobs.

Though ACW will pay wages below the county average, the company's agreement complies with Durham's incentives policy guidelines, requiring a living wage. In addition, the company will offer a competitive benefits package that includes full medical and retirement offerings. The majority (about 75 percent) of the jobs are not highly skilled jobs paying big salaries, but they

are exactly the types of jobs needed by unemployed manufacturing workers in Durham to support their families and, for some, to gain a firm foothold on the ladder toward even better paying work.

In the high-stakes game of industrial recruitment, this is a historic moment not only for Durham but also for our entire state. It represents an important next step in local incentive reform.

Durham is already a state leader in this regard. Both Durham city and Durham county already adopt performance-based standards that tie incentives to strict investment thresholds and the already mentioned living wage requirements. Both place limits on the size of the incentives they are willing to provide.

The challenge for our region is to build on this local action in order to make Durham's incentive policies the regional standard - and to ensure that Durham maintains this local hiring standard for all incentive offers, including those involving companies that need to fill higher-skilled positions.

With so many of our region's residents out of work, the current economic crisis requires stronger channels for local jobs matching. Incentives can be a powerful tool for regional work force development, but only if the right conditions are placed on the firms that receive them.

Some may argue that local hiring requirements may hurt recruitment efforts. In ACW's case, competing counties actually offered more than Durham in incentives and without local hiring conditions. Yet Durham was still selected. In other words, you do not have to pay more to ensure that more of the benefits of investment are shared locally. Bull City officials understand this winning formula. Let's encourage others to adopt a similar standard.

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