



# **Responsible Bidder Ordinances Promote Local Construction Standards**

## **Evidence from Indiana**

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### **Executive Summary**

A Responsible Bidder Ordinance (RBO) is a local public policy that ensures responsible contractors win public bids. An RBO sets minimum requirements for all contractors bidding on taxpayer-funded projects based on objective criteria and verifiable standards. An RBO is a protection plan for taxpayers, ensuring that local quality standards, local levels of craftsmanship, and local economic development practices are upheld.

In many communities, RBOs have become an option for areas that want to promote high construction standards. For example, in Indiana, counties, townships, cities, towns, school districts, and hospital districts have all passed RBOs. In fact, as of May 2018, Indiana has 40 local RBOs.

This report is a case study of the nine counties in Indiana that have enacted RBOs, using county-level economic data from the U.S. Census Bureau. Each of these counties passed RBOs to ensure that public projects are awarded to responsible and responsive contractors who provide the highest quality of work. About 40 percent of all Indiana workers in heavy and civil engineering construction – the sector with the highest share of taxpayer dollars – are employed in the 9 counties that have RBOs.

- All nine countywide RBOs require that both contractors and subcontractors bidding on public projects participate in USDOL-approved apprenticeship training programs.
- Worker turnover in heavy and civil engineering construction is 1.6 percentage-points lower in the nine counties with RBOs than in the counties without RBOs.
- Workers in the heavy and civil engineering construction sector earn 8.3 percent more – about \$500 more per month – in the nine counties with RBOs.

Responsible Bidder Ordinances promote local construction standards. RBOs help improve productivity and infrastructure safety for local communities, reduce turnover costs for contractors, and improve wages for construction workers. Local communities should pass Responsible Bidder Ordinances to provide the best value for taxpayers.