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[Read the report.](#)
[Read the white paper.](#)

District of Columbia Not Enforcing First Source Hiring Law, New Reports from the D.C. Auditor Show

Gaps in compliance, documentation, and enforcement cited, undercutting agency claims that 51% of new jobs have gone to unemployed D.C. residents

WASHINGTON – For 30 years District policymakers have cited the city’s First Source law as a policy that secures jobs for unemployed District residents but a new report and white paper by the D.C. Auditor find that more than 80% of the law’s provisions have not been implemented or not implemented effectively.

“As a government, we’ve got to stop making promises that we don’t keep,” said D.C. Auditor Kathy Patterson.

The First Source Program was created to ensure that city residents are given priority for new jobs created by municipal financing and development programs. ODCA decided to evaluate the Department of Employee Services (DOES) enforcement of compliance of companies doing business with the District in meeting First Source requirements to hire D.C. residents.

The report, entitled ***DOES Lacks Policies and Procedures to Effectively Monitor D.C.’s First Source Program***, covers Fiscal Years 2014-2016 and reviews DOES’s performance in managing the First Source program, and included in its sample 27 contracts or projects – construction, retail, non-construction, and mixed-development – receiving financial assistance from the D.C. government.

The white paper, entitled, ***Fewer Than One-Fifth of First Source Provisions Have Been Effectively Implemented and the District Has Not Demonstrated Success in Hiring and Retaining District Employees***, covers Fiscal Years 2014-2016. ODCA conducted the additional analysis for the white paper to assess whether all the requirements of the law have been implemented, and whether policies and procedures are in place to effectively implement all the requirements of the law.

What ODCA found

The First Source Law, enacted in 1984, stipulates that the Mayor include for every government-assisted project or contract a requirement that the beneficiary agree that the first source for finding employees to fill all jobs or for finding employees to fill any vacancies created by the project or contract will be the First Source Register.

Among the Auditor's findings is that the requirement to have an employment agreement on file with all First Source contractors has not been consistently met. After reviewing and analyzing 124 contracts over \$300,000 awarded by the Department of General Services (DGS) during 2015, ODCA could not find documentation at DOES for 30 of those contract awards, which totaled \$22,493,15.

"The District relied on the self-reporting hiring statistics provided by beneficiaries without any supporting documentation," Patterson said. "Those millions of dollars in financing D.C. provided to companies that were not monitored represent D.C. residents who were not given priority for new jobs created by municipal financing and development programs because D.C. is not ensuring compliance with its own law."

The Auditor found many reasons for the lack of implementation of the law, including:

- A failure of the Mayor to implement many of the requirements of the law in a timely manner.
- A failure of former DOES senior officials to effectively implement requirements of the law, at their own discretion, most specifically related to the assessment and issuance of allowable penalties.
- A failure of coordination among numerous District agencies to ensure effective implementation, a deficiency that was cited in the Auditor's August 1, 2016, report entitled "[District Agencies Did Not Provide Sufficient Oversight of Private Development Projects and Have Not Collected Potentially Significant Fines.](#)"
- A failure in the law to clearly delegate specific responsibilities to District agencies or to the beneficiaries receiving government assistance.
- A lack of sufficient resources to effectively monitor the program.

Examples from the white paper of some of the law's 48 provisions that have not been implemented or not implemented effectively include:

- DOES is not able to determine that contractors are giving first preference to unemployed District residents because the source of job referrals has not been consistently reported.
- The law requires hiring compliance forms to be filed with DOES each month following the start of the contract or project, and from the sample of 27 projects reviewed by ODCA, not a single DOES-created monthly reporting form was submitted containing all 11 required reporting elements.
- A beneficiary's revised employment plan is required once the contract or project has been given final approval. At the time of the review, DOES indicated that they had never received a copy of a single revised employment plan.
- Contractors are required to submit a report detailing compliance with provisions of the law, or seeking a waiver of compliance, as part of the final request for payment from the District and DOES conceded this requirement was not met during the period of the review.

[Read the report.](#)

[Read the white paper.](#)

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