

Congress of the United States
House of Representatives
Washington, DC 20515

April 17, 1997

The Honorable William Jefferson Clinton
The President of the United States of America
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

We are writing today to express our deep concern over the proposed issuance of an executive order which addresses the use of project labor agreements for all federal and federally-funded construction projects.

Our concerns over the proposed executive order are two-fold. First, the order appears to be yet another attempt by this administration to change or affect federal labor laws by executive fiat, rather than through the normal legislative process. Second, the order, by encouraging the use of union-negotiated project agreements on all federally-funded construction projects, appears likely to discourage open competition on those projects, thereby increasing their overall cost to the government and American taxpayers. Given scarce federal resources and in light of your oft-stated desire to balance the federal budget, we find this latter point most disturbing.

With respect to our first concern, Mr. President, we fail to understand why you insist on imposing changes on the American workplace with complete disregard for the Congress and the legislative process. Two years ago you took similar action when you issued an executive order prohibiting federal contractors from hiring permanent replacement workers; an order that was ultimately struck down by the courts. Just this past Saturday you announced another presidential directive that seeks to expand the Family and Medical Leave Act for all federal employees. Now, you are directing all federal agencies to consider using project labor agreements on all federally-funded construction projects. At no time was Congress given an opportunity to review these orders and directives, consider their implications, or debate their merits. Suffice to say that we find this continuing circumvention of the legislative process extremely troubling.

We are even more troubled by the likely effect of the proposed executive order on the integrity of the bidding process for federal construction projects and the extent to which it will

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increase costs on those projects. Indeed, a General Accounting Office report concluded one such union-only project agreement increased labor costs by 17 percent to 21 percent. The requirement that all contractors adhere to the wages, benefits and work rules of union-negotiated agreements often prevents open shop contractors from utilizing the lower cost methods of operation both in terms of staffing and compensation that otherwise might lead to significant taxpayer savings.

Further, as you know, project labor agreements often require all contracts on a particular job to be awarded only to contractors who agree to hire through union hiring halls. This feature of many project labor agreements is an unwarranted slap in the face of non-union construction workers who, as practical matter, are often distinctly disadvantaged by hiring hall referrals. We are strongly concerned about these anti-competitive and discriminatory effects of the proposed executive order which will surely drive up the costs of federal construction.

Mr. President, bids to perform government work should be based on sound, credible criteria such as quality of work, experience, and cost—not on union affiliation. Your proposed executive order goes in the opposite direction of fair, merit-based competition, and against Vice President Gore's supposed goal of creating a federal government that "works better and costs less" and will increase costs of contracts at the expense of the American taxpayer.

For these reasons, we strongly urge you to reconsider your decision to issue the proposed executive order on project labor agreements. While your Administration has not responded to previous inquiries (see enclosed letters) regarding your proposed changes to the Federal procurement process, we urge you to give serious consideration to the concerns we raise today. Should you decide to pursue this unwarranted and costly course of action, we will have no choice but to consider legislative alternatives for mitigating its effects.

Sincerely,

Newt Gingrich

Bill Goodling

Richard K. Armey

Thomas E. Petri

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Tom DeLay

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Marge Roukema

John A. Boehner

Harris W. Fawell

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Bill E. Barrett
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Pete Hoekstra
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Michael N. Castle
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Sam Johnson
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James M. Talent
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James C. Greenwood
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Joseph K. Knollenberg
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Frank D. Riggs
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