

House

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TALKING POINTS

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JOHN BOEHNER
Chairman
8th District, Ohio

Project Labor Agreements: Clinton's Big Payoff to the Union Bosses

Political Giveaway Could Cost American Taxpayers
Millions in Higher Construction Costs

The Clinton Administration announced recently a proposed Executive Order that in effect prohibits non-union businesses from participating in federal construction projects. Simply put, the Clinton proposal is bad policy based on bad politics.

The so-called "project labor agreement" Executive Order would require all contracts/subcontracts on federal construction project to be awarded only to contractors who agree to recognize designated unions as the representatives of their employees on that job. The Executive Order would also require that all contractors/subcontractors use the union hiring halls (union employment center) to obtain workers, pay union wages and benefits, and obey the restrictive union work rules, job classifications and arbitration procedures.

The President's proposed Executive Order is a direct assault on fair and open bidding requirements for federal government contracts. In his political payoff to the Washington Union Bosses, Clinton will unnecessarily increase the costs of federal construction projects, according to the General Accounting Office, by approximately 17 to 20 percent.

ASSAULT ON CONGRESSIONAL POWER:

- With the swift stroke of his pen, President Clinton will unilaterally undermine Congressional power to set and establish federal law. The proposed Executive Order attempts to change long-standing federal contracting and labor law by executive fiat, rather than through established constitutional contemplation by Congress. Under the President's scheme, Congress will not have the opportunity to review the Executive Order, consider its implications, or debate its merits.

HIGHER COSTS, LESS CONSTRUCTION FOR TAXPAYERS:

- The proposed Executive Order will dramatically increase the costs of federal government construction projects. A recent study by the General Accounting Office estimated that such union-only agreements increased the labor cost of construction project by 17 to 20 percent.
- Moreover, a recent analysis of the Clinton proposal, by the Employment Policy Foundation, determined that it would increase federal construction costs by nearly \$4.8 billion. This increase could result in a 30 percent reduction in needed federal construction projects.

SPECIAL INTEREST POLITICAL PAYOFF:

- During the 1996 election cycle it is estimated that Mr. Sweeney took between \$100 and \$300 million out of the paychecks of union workers to support the candidacies of President Clinton and other big government Democrats. Now it's Clinton's turn to return the favor. This proposal simply takes money out of the paychecks of millions of American workers and turns that money over to Mr. Sweeney.
- By Mr. Sweeney's own account, this will provide unions with a handy sum: "If properly implemented, these initiatives [Clinton's Executive Order] will affect the expenditure of hundreds of billions dollars every year. In any given year federal contracts total as much as \$200 billion. . ."
- The Executive Order also provides the "Solicitor-in-Chief" Vice President Al Gore with a big leg up in his effort to beat out his potential rivals for the 2000 Democratic nomination. In February, Gore met with the Executive Committee of the AFL-CIO to outline the Administration's proposed giveaway to organized labor. In a deal that smells like a political "quid-pro-quo," one Union Boss noted that organized labor's support for Gore in 2000 will depend on "what he can deliver between now and the end of the term."

FALSE PROMISES AND FALSE HOPES:

- Despite the rhetoric offered by the President, the proposed Executive Order does not offer any tangible benefits to the federal government, workers, or American taxpayers. Instead, it simply increases the costs of federal construction projects, and puts more money into the campaign coffers of organized labor. Just consider:
- The President offers no economic or other studies to support his claims that the union-only project agreement will reduce costs and waste. Instead, many studies show just the opposite -- union-only agreements inflate the costs of projects.

- Moreover, the Administration offers no proof that union workers have better skills or productivity rates than their non-union counterparts. In addition, OSHA has determined that non-union contractors have better safety rates than union shops.

DISCRIMINATES AGAINST NON-UNION, WOMEN AND MINORITY WORKERS:

- The Executive Order discriminates against the 89 percent of American workers who have decided against joining a union. Under this proposal, a worker ability to decide whether to join a union or not is undercut because of the Clinton/Gore payoff to the Union Bosses.
- Union-only project agreements also discriminate against women and minorities who have traditionally shut out of the construction trade unions. Small, non-union shop companies hire the majority of women and minority workers. By closing the door to these companies, Clinton/Gore also closes the door to employment opportunities for millions of women and minorities.

See attached copy of the draft Executive Order

Draft of Executive Order on Use of Project Labor Agreements

Executive Order No. ___ of April ___, 1997

Use of Project Labor Agreements for Federal and Federally Funded Construction Projects

Government investment in high-quality public infrastructure is necessary to the administration of military and civilian programs and services, and vital to sustained economic growth and the quality of life in our communities. The National Performance Review and other Executive Branch initiatives have sought to devise and modify government laws, regulations policies and practices in order to meet rigorous performance standards, minimize costs and eliminate waste and burdensome requirements. This executive order facilitating the use of project labor agreements is integral to the attainment of these objectives on federal and federally funded construction projects.

For decades project labor agreements have been used for public and private construction on projects that involve a large volume of work, extend over a substantial period of time, include a substantial number of contractors, subcontractors trades and craft workers, incur substantial costs or entail similar circumstances. These specially negotiated agreements between the project owner or construction manager and one or more labor organizations are reached at the outset of these projects in order to guarantee efficient, timely and quality work; establish fair and consistent labor standards and work rules; supply a skilled, experienced and highly competent workforce, establish set labor-related costs over the project's life; and assure stable labor-management relations legally binding dispute-resolution mechanisms and protection from strikes, lockouts and other such disruptions. Project labor agreements have been tailored to the particular circumstances of construction projects and have accurately determined their labor-related costs.

The Federal Government has a long and successful experience with project labor agreements, dating back to the construction of hydroelectric dams, atomic energy facilities and flood control projects in the 1930's and 1940's. States and municipalities likewise have undertaken major construction projects with project labor agreements. Most recently the Governors of Nevada, New Jersey and New York have issued executive orders recognizing the value of project labor agreements and setting forth criteria for their use in public works projects. In light of the continuing high demand for public capital investment, competing budgetary pressures and limited government resources, the Federal Government should reap the benefits of project labor agreements, where appropriate, on its own construction projects as a matter of consistent policy.

NOW, THEREFORE, to ensure the economical and efficient administration and completion of Federal Government construction contracts, and by the authority vested in me as President by the Constitution and the laws of the United States of America, including 40 U.S.C. § 486(a) and 3 U.S.C. § 301, it is hereby ordered:

Section 1. Executive departments or agencies authorized to implement or fund a project for the construction of a facility to be owned or used by a federal department, agency or other entitle shall determine on a

project-by-project basis (a) whether a project labor agreement will advance the government's procurement interest in economical, efficient, and timely high quality project performance by promoting labor-management stability and project compliance with application legal requirements governing safety and health equal employment opportunity, labor standards and other matters, and (b) whether laws applicable to the specific construction project preclude the use of the proposed project labor agreement.

Section 2. An executive department of agency that determines that the utilization of a project labor agreement will serve the goals set forth in section 1(a) of this order on a particular project may either (a) enter directly into such an agreement with one or more appropriate labor organization, or (b) require that every bidder on the project agree to negotiate or become a party to a project labor agreement for the project with one or more appropriate labor organizations.

Section 3. Any project labor agreement reached pursuant to this order:

(a) shall be made binding on all contractors and subcontractors on the construction project through the inclusion of appropriate bid specifications in all relevant bid documents;

(b) shall be available to all contractors and subcontractors wishing to compete for contracts and subcontracts on the project;

(c) shall be accessible to employees without discrimination on the basis of race, sex, religion, national origin, age, disability and union membership or non-membership;

(d) shall contain guarantees against strikes, lockout, and similar work disruptions;

(e) shall set forth effective, prompt and mutually binding procedures for resolving jurisdictional and labor disputes arising during the project;

(f) shall provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work and safety and health; and

(g) shall fully conform to all applicable statutes, regulations and executive orders.

Section 4. This order does not require the use of a project labor agreement on any project on the entry into a project labor agreement with any particular labor organization.

Section 5. The heads of executive departments or agencies covered by this order shall establish within 45 days of the dates of this order, appropriate procedure to render the determination set forth in Section 1 of this order.

Section 6. This order is not intended to create any right or benefit, substantive or procedure enforceable by a nonfederal party against the United States, its departments, agencies or instrumentalities, its officers or employees, or any other person.

Section 7. (a) "Construction" as used in this order means the construction, rehabilitation, alteration, conversion, extension or repair of buildings, highways, structures and other facilities or other improvements to real property.

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TEXT

(b) "Executive department or agency" as used in this order means any federal entry within the meaning of 40 U.S.C. § 472(a).

(c) "Labor organization" as used in this order shall have the same meaning it has in 42 U.S.C. § 2000e(d).

Section 8. This order shall be effective immediately, and shall govern all contracts awarded after the effec-

tive date of this order and all subcontracts awarded pursuant to such contracts.

William J. Clinton

White House

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Boehner Blasts Clinton/Gore for Payback to Union Bosses

Today, John A. Boehner, Chairman of the House Republican Conference, accused Vice President Al Gore and the Clinton administration of "giving \$200 billion in federal contracts to the AFL-CIO in exchange for organized labor's \$100 million in Democrat campaign contribution -- both legal and illegal -- during the 1996 elections. If Wall Street produced this kind of return on an investment, we'd all be as rich as Bill Gates," Boehner said.

Chairman Boehner issued the statement in reaction to published reports that Vice President Gore will discuss a proposed Executive Order that President Clinton is expected to sign on Wednesday. Under the anticipated Executive Order, every federal agency would be required to implement union-only "project labor agreements." Project labor agreements require contractors and subcontractors working on federal construction contracts to adhere to wage, benefit and work rules of union-negotiated agreements. The proposed Executive Order may also force millions of workers who currently are not members of a union to join one.

"This blatant political payback cannot, and will not, be tolerated," Boehner said. "As with President Clinton's Executive Order banning the hiring of permanent replacement of strikers, we anticipate that the federal courts will strike down the Clinton/Gore payoff. We also anticipate that Congress will explore every legislative option to reverse the President's unprecedented usurpation of the legislative prerogative," Boehner concluded.

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