

## **Summary of Panel Discussion**

**By**

**Harry C. Alford**

**President/CEO of the National Black Chamber of Commerce**

[www.nationalbcc.org](http://www.nationalbcc.org)

## **Project Labor Agreements (Construction)**

A Project Labor Agreement is between an owner of a specific construction project and applicable labor unions. It is an agreement that union rules must be followed from the beginning to end of the project. In essence it becomes very cumbersome for a non-union shop to participate. For instance, union wages must be paid to the non-union shop plus the union level medical benefits and pension plan even though the money will never be credited to the non-union shop employees. Also, the non-union shops must pay union dues. Consequently, a Project Labor Agreement pretty much blocks the use of non-union shops and their employees. PLA's are mainly used on local, state and federal projects as private corporations find them wasteful and too expensive.

98% of Black and Hispanic construction companies are non-union shops. Thus, a Project Labor Agreement greatly limits the opportunities for Black and Hispanic firms whenever they are used. The possibility of Black and Hispanic labor is greatly suppressed also. There was a serious matter over the use of Project Labor Agreements when the Woodrow Wilson Bridge was about to be rebuilt. Maryland's Governor Glendenning demanded the use of a PLA while Virginia Governor Gilmore insisted on no usage. Through research we compared the utilization of Black firms and employment on highway construction work for the states of Virginia and Maryland. Maryland had a statewide PLA on its highway program while Virginia was a Right to Work program. Virginia's utilization of Black firms and employees was greater than Maryland by a 3:1 ratio. That caught the attention of President George W. Bush and he ordered no PLA on the bridge project. From there he eventually banned all PLA's on federally funded projects as they "discriminate against women, minorities and small business".

Right after his inauguration President Barack Obama issued his first Executive Order (February 9, 2009). E.O. 13502 ordered all major federally funded projects to operate under a Project Labor Agreement. This is a major blow to women and minority owned businesses and employees. Diversity is negatively affected. If the U.S. Civil Rights Commission would do an audit on construction union employees they would find these construction crafts are in violation of Executive Order 11246. They are discriminatory. The US Department of Labor hides this by reporting racial employment by unions as a total number. They never report exclusively on construction unions by craft. If they did, it would uncover a disgrace. The NBCC has been trying to get these numbers beginning in 1997 but to no avail.

Small business, which is 98% of Black construction firms, happens to be best developed in a Right to Work environment. This has a direct impact on jobs and the sustainability of such firms.

### **Section 3 of the HUD Act**

This is also known as The Economic Opportunities for Low and Very-Low Income Persons. 24 CFR part 135 was implemented by former HUD Secretary George Romney in 1968. It was a response to urban unrest in Black communities, especially the Watts Riot of 1965. The program was strengthened by Secretary Jack Kemp in 1992 as a result of the Rodney King Riot in Los Angeles. Under the law thirty percent (30%) of all jobs created by HUD money are to go to

people living in public housing or living under the poverty level (Section 3 workers). Also, 10% of all contracts should go to firms hiring those Section workers. Section 3 activity is broad. Waste removal, painting, landscaping, accounting, janitorial, daycare, construction, secretarial are some of the activities that can be applied to Section 3 opportunity. There are billions of dollars that apply to the Section 3 requirement annually. The goal is to use HUD funding to bring people into the workforce and out of poverty. If properly applied the need for HUD activity in our cities would start diminishing year by year.

In 1998, the NBCC learned that only 4 HUD grantees out of nearly 6,000 were complying with Section 3. Also, each grantee is to comply with annual activity reporting. Over 90% of these grantees were not even submitting their annual report. To the benefit of the current administration, the majority of grantees now take the time to submit an annual report. However, there are still no more than 4 grantees actually in compliance with Section 3. If the vast majority of grantees would comply, this nation would have over 100,000 new jobs for the unemployed per year and approximately \$5 billion in contracts for new or small business owners.

An example of the missed opportunity is the Chicago Housing Authority. It was discovered during a three year review (2008 – 2010) by HUD that the CHA received over \$1 billion in HUD funding. Not once during those three years did CHA hire a Section 3 company or utilize a Section 3 resident. This is happening all over the nation. There is a lot of economic damage done via this noncompliance and HUD knows it – that is the tragedy.

Congress should amend the law so that Section 3 residents or businesses can sue HUD grantees for noncompliance. The law does allow HUD to cease funding a grantee that is out of compliance but it has never done that. The city of Jacksonville, FL was discovered in noncompliance back in 1992. Today, 2013, Jacksonville still refuses to be in compliance and all HUD has done is write a few threatening letters which has had no effect. A few examples would go a long way in letting the grantees know that the federal government is serious about this program.

### **The Increasing Pace of EPA Regulatory Activity**

The Cap and Trade Bill was a major part of President Barack Obama's platform. The Bill died in the Senate during 2009. The resolve of this Administration on this matter did not die but has actually increased. Being that the odds of passing this massive climate bill are nil the Environmental Protection Agency has begun rule making at a record pace. The agency wants to implement Cap and Trade via piece by piece. Onerous rules and regulations from the EPA are making the business environment extremely difficult. At the current rate this agency will be issuing over 6000 new rules that are all cost related. It not only limits the opportunities of starting a new business but a noticeable number of existing businesses, and the jobs that go with them, will be shutting down. The news that certain businesses are closing their doors as a result of new EPA rulings is happening daily. 500 jobs here and 3,000 jobs there, the method is like the grim weeper showing no mercy or concern about the economic damage.

With a tenuous economy there should be a system of analyzing the true costs of each and every regulatory change. The current process is like trying to slow an out of control freight train. It is also, in fact, trying to go around the decision previously made by Congress.