

Report Card

Report of U.S. Government

For the six months ending Feb. 28, 2006

RECLAIMING THE GULF COAST

Interfaith Worker Justice, in partnership with Good Jobs First, convened the Gulf Coast Commission on Reconstruction Equity, whose mission is to shine a light on our government's contracting and rebuilding efforts and call for desperately needed reforms. The Commission is:

- Evaluating the Gulf Coast clean-up and rebuilding contracts and promoting ethical contracting standards and incentive packages including hiring local and minority contractors.
- Promoting strong labor standards, including enforcing prevailing wage, overtime, and health and safety laws.
- Supporting public policy options for fast-track job training and apprenticeships, first source hiring and housing for people displaced and disenfranchised by hurricanes Katrina, Rita and Wilma.

COMMISSION MEMBER REMARKS



Bishop Thomas L. Hoyt

Thomas Hoyt is the presiding Bishop for Louisiana and Mississippi of the Christian Methodist Episcopal Church and former President of the National Council of Churches USA. When the President promised a massive program of reconstruction, Hoyt responded, "In our rush to repair the levees and restore the neighborhoods of the Gulf Coast, let us not continue the injustices...of the past. Let us not continue to allow poor people to live in neighborhoods that are environmental hazards. Let us not continue to allow honest, hardworking people to work for less than livable wages."

Six months later, Bishop Hoyt asks, "Who has the contracts? People out of work want jobs. Those deprived of homes want a place to live. Those separated from family members desire reunification. But who has the money, and is it benefiting the people of the Gulf Coast?"



Bunnatine (Bunny) Greenhouse

Bunny Greenhouse is the former Chief Contracting Officer, the top procurement official, for the U.S. Army Corps of Engineers. In 2005, Greenhouse testified about a multi-billion dollar contract awarded to Kellogg, Brown and Root (a Halliburton subsidiary) for rebuilding Iraq. She called it "the most blatant and improper contract abuse I have witnessed." This testimony led to

retaliation and demotion. "Integrity in government is not an option, it is an obligation," says Greenhouse.



Linda Chavez-Thompson

Before President Bill Clinton left office, he enacted contractor responsibility rules. These rules required federal contract officers to consider whether a contractor had a satisfactory record of compliance with tax, labor, environmental, and other laws before it received federal contracts.

During hearing testimony in 2001, Linda Chavez-Thompson, Executive Vice President of the AFL-CIO, expressed outrage that President Bush repealed this rule shortly after taking office. "Doesn't a record of...regularly putting workers at risk by violating our health and safety laws say something about a company's business ethics," Chavez-Thompson said. "If a company can't play by the rules that Congress set for businesses, why should it benefit from government business?"

GRADING THE

The federal government's contracting process – the process through which taxpayer dollars are given to private businesses to carry out public needs – is not transparent. Some companies have figured out how to successfully secure government business; many of the larger ones cash in repeatedly. War and disaster offer great opportunities for profiteering.

But to those without insider connections, the criteria for selecting and monitoring contractors are mysterious. Workers in Mississippi or New Orleans, paid by federal dollars, often do not even know for whom they work. The "prime contractor" may have subcontracted the work to other firms, which further subcontract pieces of the work. Some workers are literally snatched off the streets; they know their employer only as "Joe who drives a blue Ford pickup truck." If they aren't paid for their labor, or are wrongfully exposed to environmental hazards, who is responsible?

Good Jobs First assisted Interfaith Worker Justice and the Gulf Coast Commission in the evaluation of the track records of some of the largest contractors receiving federal recovery money, using the "Criteria for Assessing Efficacy of Contracts and Economic Development Subsidies In Gulf Coast Relief, Recovery, and Reconstruction," (see insert). The on-the-ground reports of workers and residents have reinforced the concerns raised. The picture that emerged is one of lost opportunity, employer lawlessness, and a contracting process that fails to meet ethical criteria.

E FEDERAL CONTRACTING PROCESS

Provides good jobs and contracts for local residents ¹

Awards contracts based on merit²

Awards companies that obey labor laws³

Awards companies that comply with environmental laws⁴

Awards companies that follow ethical business practices⁵

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¹ Federal contracts should provide jobs for local residents and people displaced, incentives to use local and minority contractors, and job training and housing opportunities to attract people back to the region.

² Contracts should be awarded based on merit, not political connections.

³ Contracts should not be awarded to firms with a history of labor law violations, including wage and hour, health and safety, and employment discrimination abuses.

⁴ Contracts should not be awarded to contractors with a history of serious environmental violations.

⁵ Contracts should not be awarded to contractors with a previous record of contract fraud, waste, and abuse.

HOW DOES OUR FEDERAL GOVERNMENT MAKE THE GRADE?

President George W. Bush Failed to develop a comprehensive rebuilding plan and waived worker protection regulations.	F
Congress Did not pass legislation making the contracting process transparent and accountable.	C-
Department of Justice (DOJ) Failed to prosecute corporate lawbreakers.	F
Department of Labor (DOL)/ Occupational Safety & Health Administration (OSHA) Failed to enforce worker health and safety requirements.	F
Department of Labor (DOL)/ Wage & Hour Division (WHD) Failed to enforce wage and hour violations.	F
Department of Homeland Security (DHS)/ Federal Emergency Management Agency (FEMA) Failed to let contracts ethically – creating massive chaos, waste, fraud, and cronyism.	F
Department of Defense (DOD)/ Army Corps of Engineers (ACE) Failed to let contracts ethically – rewarding cronyism, not merit.	F
Environmental Protection Agency (EPA) Did not order cleanup of environmental hazards and toxins.	D
Housing & Urban Development (HUD) Did not direct community development funds to poor people.	C

Call to Action

At times this country has demonstrated remarkable political will to provide vision and capacity in a reconstruction effort, as evidenced by the Marshall Plan following World War II. The reconstruction of the Gulf Region would benefit from such vision and leadership—a 21st century Marshall Plan.

This effort must be large scale, informed by democratic participation and debate, and designed to give Gulf State residents, both those now in the region and those displaced by the storms, an opportunity to work at good jobs and live in dignity. The contracting process must become open and transparent. Local and minority firms must be hired. Demonstrated respect for labor and environmental laws must be a requirement for contracting.

CONGRESS SHOULD:

1. Pass legislation to establish transparent and ethical contracting standards, with serious criminal penalties for violations of labor and environmental laws.
2. Allocate \$20 million to create Workers' Centers run by a coalition of faith, labor, and community organizations, in New Orleans, Biloxi, Mississippi, and other population centers, and to provide temporary housing for displaced residents returning to work in the region.

US DEPARTMENT OF LABOR SHOULD:

3. Dispatch a Special Enforcement Unit of the DOL Wage and Hour Division to the Gulf Coast immediately, including bilingual officers.
4. Dispatch a Special Enforcement Unit of the DOL Occupational Safety & Health Administration (OSHA) to the Gulf Coast immediately, including bilingual officers.



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