

LECET MARKET LINES

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**Market-Related and Other News of Interest to
Laborers and Signatory Contractors**

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Laborers-Employers Cooperation and Education Trust



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LECET, AFL-CIO Work to Protect Pension Investment at El Paso Energy

Pension plans face a series of unique challenges in the coming years. While the stock market, interest rates, and the economy are down, the number of pensioners continues to go up. Many funds must increase contributions or cut benefits to remain solvent. Others are running dangerously underfunded. So when the stock of El Paso Energy Corporation lost more than 75% of its value last year, union pension funds and other institutional investors took notice.

Troubled by these losses, LECET began mobilizing LIUNA and other union pension funds to demand greater corporate accountability and stronger corporate governance at El Paso. At the same time, a separate group of El Paso's largest investors began calling for a complete change of management at the energy giant, uniting behind a dissident board slate headed by Selim Zilkha, and supported by Oscar Wyatt, one of El Paso's largest individual investors.

In May, the AFL-CIO hosted an El Paso Investors' Forum in Washington, DC, at which the company's current management team and the dissident slate separately addressed a group of investors holding 42% of the company's outstanding stock. The meeting was groundbreaking; never before had the headquarters of the American labor movement hosted two warring board slates engaged in a struggle for corporate leadership. Both El Paso CEO Ronald L. Kuehn, Jr., and Wyatt and Zilkha spoke directly to the gathered investors. By using their power as institutional investors to demand better corporate governance, Laborers' pension funds and their counterparts from other unions put the concerns of working investors on the corporate radar screen. The AFL-CIO, Laborers' pension funds, and other unions subsequently supported the dissident board slate at El Paso's annual shareholders meeting on June 17. After an extraordinarily close vote, the incumbent board won.

Despite the defeat of the dissident slate, the AFL-CIO let El Paso know that union pension funds and other institutional investors are watching them closely. LECET will remain actively involved in corporate governance issues at El Paso and other companies whose stocks are held by LIUNA pension funds. Protecting pension investment safeguards Laborers' retirement, controls pension costs for employers, and promotes sound, long-term corporate management.

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LECET Market Lines is a publication of the Laborers-Employers Cooperation and Education Trust (LECET), a partnership between the Laborers' International Union of North America and its signatory contractors to secure projects and jobs, increase market share, and advance shared market-related interests.

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Comprehensive Study Finds Prevailing Wage Laws Benefit Public Construction

A comprehensive new study of prevailing wages in Nevada backs the use of prevailing wage laws in public construction. The *Report on the Prevailing Wage Law of Nevada*, by the University of Utah's Peter Phillips, is available from LECET. Prevailing wage proponents would do well to read the study and share it with opinion makers, industry leaders, and elected officials. **The time to educate policy makers is now. The low-wage, low-quality crowd has launched a nationwide attack on Davis-Bacon and state prevailing wage statutes, and we cannot afford to wait until specific prevailing wage laws are on the chopping block.**

Phillips' study is easy to read, backed with reams of data from objective sources, and heavily footnoted throughout. Phillips finds that prevailing wage laws:

- Have historically enjoyed bipartisan support from Republicans and Democrats alike
- Tend to strengthen the productivity, experience, safety, and training of the construction workforce
- Promote the development and maintenance of a highly skilled, professional workforce committed to construction as a career
- Protect the quality of public construction
- Ensure fair competition among both union and non-union contractors.

The study also refutes many common arguments against prevailing wages, and illustrates the damage low-wage contractors can do to communities in which they work. Phillips finds that:

- Prevailing wage opponents overstate and miscalculate the likely cost savings from prevailing wage repeal.
- Savings in wage rates are often consumed by reductions in productivity, increased accidents, and drains on publicly funded social services.
- Recent charges of racism and discrimination leveled at the *Davis-Bacon Act* are based on shoddy scholarship, entered the debate only when economic arguments failed, and often are championed by people with no other history of civil rights activism.

States that repeal prevailing wage laws often hope to realize substantial savings in public construction. Phillips argues that this is a false hope. Comparing Nevada and other prevailing wage states to Arizona and other repeal states, he demonstrates that the only thing repeal does reliably is slash construction wages, thus destabilizing the construction workforce, and increasing the burden on social services. Prevailing wage repeal hurts the industry, local communities, and working families of all races.

An executive summary presents the study's major findings, and is followed by six chapters that address most of the key issues faced in any prevailing wage debate:

- The History of Prevailing Wage Laws – with Special Reference to Nevada
- The Cost of Public Road and School Construction
- Training and Productivity
- Construction Safety
- The Cruellest Cut – How Elimination of Prevailing Wage Laws Cut Health and Old Age Insurance
- Critics Play the Race Card.

The executive summary of the report is available online at: http://www.lecet.org/Legislative/prevailing_wage/nevada_phillips2.pdf. To obtain a copy of the entire report, please contact Ed Rehfeld at ed@lecet.org or (202) 508-4413.

Other Resources:

AFL-CIO Building and Construction Trades Division Fact Sheet on the Davis-Bacon Act:
www.buildingtrades.org/homeindex

Computer security and internet connectivity figured prominently at LECET's sixth annual Computer Services Con-

Connectivity, Security Highlight Sixth Computer Conference

ference, held in Minneapolis, Minnesota at the end of May. As the use of information technology grows, so too does its complexity, and the potential for harm. LECET and the Tri-Funds are working to make this technology friendly, seamless, safe, and secure.

Attended by more than 50 Union and Tri-Fund officials with computer-related duties, the conference began with an update on the information technology services offered by the Tri-Funds. LECET staff briefed participants on the pending upgrade of CTTS Exchange, computer security issues, changes to the LECET website, the LECET Resources Clearinghouse, and improvements in the collection of market share data. Representatives from the Laborers' Health and Safety Fund of North America (LHSFNA) discussed the information technology and electronic publishing services they can provide. A representative from the Laborers-AGC Education and Training Fund briefed participants on *Laborers LEARN*, the Laborers' Learning Education And Resource Network. Several vendors also made presentations.

Workshops enabled computer conference participants to explore CTTS and market share updates in greater depth, and included an electronic survey of participants' computer usage. Results of the electronic survey will help guide future refinements of LIUNA and Tri-Fund computer services. Vendor exhibits enabled conference participants to review some of the latest information technology services up close.

LECET began hosting annual computer conferences in 1998, as a way to address computer issues of importance to Laborers and contractors, and to de-mystify and encourage the use of this technology. The conferences are part of LECET's ongoing commitment to using information technology to generate project and job opportunities for Laborers and contractors.

With the Transportation Equity Act for the 21st Century (TEA-21) set to expire at the end of September, LECET is working with its industry partners in the Transportation Construction Coalition (TCC) and Americans for Trans-

Transportation Funding Update

portation Mobility (ATM) to support a robust replacement. Congress currently is considering three alternatives:

- A \$375-billion proposal from the House Transportation and Infrastructure Committee (T&I)
- A \$311-billion Senate proposal that would also change state funding formulas
- The Bush Administration's \$247-billion Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 (SAFETEA).

LECET and its industry allies support the House's proposal, and are pushing for its passage. To build support for the House bill, the TCC has launched, and LECET has supported, a public relations campaign including print advertisements in key Capitol Hill publications (see www.lecet.org/Legislative/transportation/atm_copy2.pdf), and radio ads in targeted Congressional districts. Additionally, the TCC and the American Public Transportation Association recently retained Global Insight, one of the world's leading econometric forecasting firms, to estimate the impact of the \$375-billion T&I proposal on the U.S. economy. Their report provides transportation proponents a wealth of hard data about the positive economic effects of increased transportation spending. (Visit www.lecet.org/Legislative/transportation/Report%20on%20T&I%20Proposal.pdf to view the report.)

As it did in previous battles for transportation funding, LECET will continue its active involvement in this debate, working with industry partners to win as much federal funding for transportation infrastructure projects as possible.

Call for Photographs

Do you have good photographs of Laborers and their employers working on construction projects? Would you like a little free publicity? Then send us your best construction pictures. If we use them, we will credit the source and/or the photographer. We are looking both for photographs showing entire work sites, and photographs showing individual Laborers and groups of Laborers. If you have any such images, and are willing to share them, please forward them to us in one of the following formats:

- 8 x 10 or 8 x 12 prints from negatives (*not* digital prints or digital reproductions)
- Photographic slides or slide dupes
- 8 x 10 or 8 x 12 prints from slides (*not* digital prints from slides).

Please note that LECET *will not* return these images. These photographs will become part of a growing library of images for use in brochures, ads, annual reports, presentations, and other marketing materials.

Please also include a description of the project and/or the work being performed, any required photo credit information (eg “Photograph courtesy XYZ Constructors,” “Photograph by Robert Capa/Magnum”), and information about whom to contact for additional prints or slide dupes. If the photograph was shot by a professional photographer not in the employ of LIUNA and/or the Tri-Funds, please obtain written permission for LECET and the Tri-Funds to use the photograph.

Please send these materials to:

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LECET’s on-line clearinghouse at www.LECET.org continues to display the latest ideas, programs, and materials developed by LECET and its 29 affiliates throughout the United States and Canada. Recent arrivals include:

LECET Resources Clearinghouse Report

- *Innovation at Work*, a 12-page, 8 1/2 x 11 brochure highlighting the work of the Canadian Tri-Funds, produced by LIUNA, the LIUNA Ontario Provincial District Council, and the Canadian Tri-Funds. (Advertising and Communications: www.lecet.org/Clearinghouse_Public/Canada/canada_brochure.htm)
- The LECET 2002 Annual Report (www.lecet.org/Information/AnnualReports/LECET2002AR.pdf)
- An updated LECET “Step-Down” Brochure that explains the services LECET provides to contractors. (http://www.lecet.org/Clearinghouse_Public/LECET/StepDown/step_down.htm)

LECET also has added a search feature to its website, enabling users to search the clearinghouse and the entire LECET website by key words.

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