



COALITION FOR A **DEMOCRATIC WORKPLACE**

June 20, 2018

Dear Representative:

The Coalition for a Democratic Workplace (CDW) and the undersigned 128 organizations, who represent millions of job creators, write to share our strong opposition to H.R. 5728, the deceptively named Workplace Democracy Act (WDA), and urge that you **not** support this bill. This radical legislation includes provisions that would:

- strip workers' right to private voting and secret ballots in union elections;
- codify the NLRB's controversial *Browning-Ferris Industries (BFI)* joint employment standard that has threatened our country's small and local businesses;
- curb opportunities for people to work independently through gig economy platforms or more traditional independent contractor roles;
- eliminate Right-to-Work protections for workers across the country, including in the 28 states that have passed Right to Work laws;
- interfere with attorney-client confidentiality and make it harder for businesses, particularly small businesses, to secure legal advice on complex labor law matters; and,
- strip away "secondary boycott" protections that prevent unions from using their anti-trust exemptions and immunity from some state laws to target business for anti-competitive purposes other than organizing.

Formed in 2005, CDW is a broad-based coalition of hundreds of organizations representing millions of employers that employ tens of millions of employees in various industries across the country. Our members are united by their concern with changes and attempted changes to labor laws that unnecessarily harm America's workforce, businesses, and economy.

Our concerns about WDA provisions are set forth in more detail below.

Eliminates Workers' Free Choice and Privacy: Secret ballot elections have been a cornerstone of workers' rights and an integral part of labor relations since the earliest days of the National Labor Relations Act (NLRA). Every employee should have the right to vote privately on whether they want a union; and, for over seventy years, employees have largely decided whether to join a union through a secret ballot election overseen by the National Labor Relations Board (NLRB). The WDA, however, would replace private voting with the card check process as the method for determining whether employees want union representation. Under a card check scheme, employees are forced to "vote" for or against union representation by signing or not signing "authorization cards" in front of union organizers and co-workers. Card check unnecessarily and unfairly subjects workers to peer pressure, intimidation, and harassment. This is [not the first time](#) unions have tried to take away workers' rights to a private ballot. Over a decade ago, they

repeatedly pushed Congress to pass the equally deceptively named Employee Free Choice Act, or EFCA. Thankfully, Congress rejected EFCA.

Codifies the Damaging Joint Employer Standard: The WDA would codify the controversial 2015 NLRB *BFI* decision that expanded and muddled the standard for determining when two separate companies are “joint employers” under the NLRA. Joint employers are jointly responsible for labor violations committed by the other and bargaining with respect to any jointly employed workers. The *BFI* decision overturned decades of established labor law and undermined the relationships between brand companies and local franchise business owners; contractors and subcontractors; and businesses and their suppliers and vendors. In short, *BFI* has cast a cloud of uncertainty over business models that have created millions of jobs and allowed hundreds of thousands of individuals to achieve the American Dream of owning their own small business. The *BFI* standard also has hampered businesses’ efforts to provide guidance to and impose quality and conduct standards on franchisees, contractors, and vendors to the detriment of workers and consumers.

Limits Opportunity for the Self Employed and Gig Economy: WDA would import into the NLRA the California Supreme Court’s recently adopted “ABC” test to determine whether a worker is an employee or an independent contractor. As it is difficult to qualify as an “independent contractor” under the “ABC” test, many workers could lose the freedom and flexibility of determining their own hours, what work they choose to do, and how they perform that work — including those who have chosen to work in the burgeoning gig economy. At the same time, consumers would lose the ability to meet on-demand needs using technology to crowd source independent workers. They would again need to rely on the schedules of vendors, who may not be able to meet demand in a timely manner, leaving people struggling to find transportation and taking time off work to meet vendors during set four-hour or eight-hour blocks.

Imposes Government Control Over Private Contracts: Another hold over from the days of EFCA, WDA contains a provision that would eliminate freedom of contract by mandating compulsory, binding arbitration on the employer and the employees if the two parties do not reach a collective bargaining agreement within the first 120 days of negotiations. Under the WDA, an arbitrator, who is unfamiliar with the business operations, would impose terms that are binding upon both parties, even if one or both find those terms unacceptable. In fact, employees would not be provided with the opportunity to vote on whether they approve their new contract. Employers have very limited avenues for redress if they cannot afford the terms imposed. Thus, if an arbitrator miscalculates what wages or benefits the company can afford, or forces the company into failing multiemployer pension plans, the employer may simply go out of business. In fact, binding arbitration in the public sector has been [blamed](#) for multiple municipal bankruptcies and for fueling the public sector pension crisis. Many states and municipalities have taken [steps](#) to eliminate or curb arbitrator authority in the wake of fiscally irresponsible arbitrator decisions. While courts and arbitrators are equipped to settle legal disputes, they lack the expertise and the intimate knowledge of a business’s operations to objectively evaluate a business’s otherwise lawful position on contract terms. Moreover, government control of contract terms runs counter to the intent of the NLRA as evidenced by the following statement by the Senate Committee on Education and Labor at the time the NLRA was passed:

The committee wishes to dispel any possible false impression that this bill is designed to compel the making of agreements or to permit governmental supervision of their terms. It must be stressed that the duty to bargain collectively does not carry with it the duty to reach an agreement, because the essence of collective bargaining is that either party shall be free to decide whether proposals made to it are satisfactory.

Breaches Attorney Client Confidentiality: WDA would amend federal law to include many of the provisions of the failed 2016 Department of Labor (DOL) “persuader” regulation under the Labor-Management Reporting and Disclosure Act (LMRDA). The regulation was enjoined by a federal court and is currently being rescinded by DOL. Like the persuader rule, the WDA provision would force a breach of attorney client confidentiality and make it more difficult for employers to access legal counsel or other expert advice on complex labor and employee relations issues during union organizing drives. The court that struck down the rule found it “defective to its core” because it entirely eliminates the LMRDA’s “advice” exemption and requires the disclosure of a “great deal of advice that is actually protected from disclosure”; “undermine[s] the attorney-client relationship and the confidentiality of that relationship”; and, is “vague and impossible to apply.” Many stakeholders also expressed disapproval during the rulemaking process, including the American Bar Association (ABA), which repeatedly voiced its [opposition](#) to the proposed regulation. The ABA specifically noted that it “was not taking sides on a union–versus management dispute,” and its “sole objective” was to defend “the confidential client-lawyer relationship by reversing a rule that imposes unjustified and intrusive burdens on lawyers, law firms and their clients.”

Strips Away Employees’ Right-to-Work Protections: WDA would repeal Section 14(b) of the NLRA and thus deprive workers across the country of the right to choose whether to join a union by abolishing right-to-work laws in favor of compulsory unionization. Right now, 28 states have right-to-work laws that prevent contracts from requiring employees join a union as a condition of employment, empowering individuals with free choice.

Brings Coercion, Picketing, and Boycotts into the Home and onto Main Street: WDA would rescind all restrictions in the NLRA that currently make it unlawful for unions to impose economic injury on “neutral” third parties that are not involved in an underlying labor dispute, such as consumers, companies or other unions that do business with the company involved in the labor dispute. The existing restrictions against “secondary” coercion were adopted by Congress in 1947, and they were strengthened by Congress in 1959, because unions engaged in tactics that were deemed excessive and abusive, especially based on the injury imposed on “neutral” parties. The WDA would eliminate “neutral” status by rescinding all “secondary” prohibitions, which would expose all consumers, employers, suppliers, vendors, franchisors, franchisees, and all other businesses to coercion, picketing, boycotts and similar tactics, regardless of whether they have any dispute with any union.

Eliminates Limits on Recognitional Picketing and Anticompetitive Behavior — Allowing Unions to Harm Rather than Organize Companies: The WDA would eliminate provisions in existing law that limit unions to 30 days of recognitional picketing, unless the union files a representation petition seeking an NLRB election. Under the WDA, unions could engage in recognitional picketing without any limitation — causing injury to employers, consumers,

suppliers and customers — without filing any petition, at any time, that would permit employees to vote on whether they want union recognition. Also, the NLRA’s existing protections against secondary boycotts prevent unions from using their anti-trust exemptions and immunity from some state laws to target business for anti-competitive reasons and purposes other than organizing. If “secondary” boycotts become lawful, unions may engage in anti-competitive tactics directed at particular companies, with immunity from prosecution under federal anti-trust statutes and state laws against unfair competition.

For the reasons stated above, CDW believes the Workplace Democracy Act’s damaging provisions would inflict serious harm on the American workplace and strongly urges you to oppose this misguided legislation.

Sincerely,

Coalition for a Democratic Workplace

And

State and National Organizations

Agricultural Retailers Association
Alabama Restaurant & Hospitality Association
American Foundry Society
American Home Furnishings Alliance
American Hotel & Lodging Association
American Pipeline Contractors Association
American Society of Employers
American Staffing Association
American Trucking Associations
Americans for Tax Reform
Argentum
Arkansas Hospitality Association
Arkansas State Chamber/Associated Industries of Arkansas
Asian American Hotel Owners Association
Associated Builders and Contractors
Associated Equipment Distributors
Associated General Contractors
Auto Care Association
Camarillo Chamber of Commerce
Capital Associated Industries (NC)
CAWA - Representing the Automotive Parts Industry
Center for the Defense of Free Enterprise
Central Indiana IEC
Central Missouri Independent Electrical Contractors
Coalition of Franchisee Associations
Consumer Technology Association
Custom Electronic Design & Installation Association

Employers Coalition of North Carolina
Equipment Marketing & Distribution Association
Farm Equipment Manufacturers Association
Florida Independent Concrete and Associated Products
Food Marketing Institute
Forging Industry Association
Franchise Business Services
Georgia Chamber of Commerce
Global Cold Chain Alliance
HR Policy Association
IEC Atlanta
IEC Chesapeake
IEC Florida West Coast Chapter
IEC Fort Worth/Tarrant County
IEC Georgia
IEC Montana
IEC Northern Ohio
IEC of Arizona
IEC of Greater Cincinnati
IEC of Kentucky & Southern Indiana
IEC of Northwest Pennsylvania
IEC of Utah
IEC San Antonio Chapter
IEC Texas Gulf Coast Chapter
Independent Electrical Contractors
Independent Electrical Contractors – Centex Chapter
Independent Electrical Contractors – Wichita Chapter
Independent Electrical Contractors of Greater St. Louis
Independent Electrical Contractors of Oklahoma City
Independent Electrical Contractors Rocky Mountain
Independent Office Products & Furniture Dealers Alliance
Indiana Restaurant & Lodging Association
Industrial Fasteners Institute
Interlocking Concrete Pavement Institute
International Association of Amusement Parks and Attractions
International Association of Refrigerated Warehouses
International Council of Shopping Centers
International Foodservice Distributors Association
International Franchise Association
International Sign Association
International Warehouse Logistics Association
Iowa Association of Business and Industry
Kentucky-Indiana Automotive Wholesalers
Leading Builders of America
Littler's Workplace Policy Institute

Manufacturer & Business Association
Metals Service Center Institute
Mid-South IEC
Midwest IEC
Motor & Equipment Manufacturers Association
National Apartment Association
National Association of Home Builders
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Club Association
National Council of Chain Restaurants
National Federation of Independent Business
National Franchisee Association
National Grocers Association
National Mining Association
National Multifamily Housing Council
National Office Products Alliance
National Pest Management Association
National Precast Concrete Association
National Ready Mixed Concrete Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Small Business Association
National Tooling and Machining Association
North American Die Casting Association
North Carolina Restaurant & Lodging Association
Office Furniture Dealers Alliance
Ogletree Deakins
Ohio Chamber of Commerce
Ohio Equipment Distributors Association
Ohio Restaurant Association
Oxnard Chamber of Commerce
Plastics Industry Association
Power and Communication Contractors Association
Precious Metals Association of North America
Precision Machined Products Association
Precision Metalforming Association
Retail Industry Leaders Association
SNAC International
Society for Human Resource Management
Society of American Florists
Texas Restaurant Association
The Building Industry Policy Roundtable
The Coalition to Promote Independent Entrepreneurs
TRSA - The Linen, Uniform and Facility Services Association

Truck Renting and Leasing Association
Tucson Metro Chamber
United Equipment Dealers Association US
Chamber of Commerce
Virginia Chamber of Commerce Virginia
Small Business Partnership WCI, Inc.
Western Electrical Contractors Association
Workforce Fairness Institute
World Millwork Alliance