



WSLC

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Legislative Update

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BREAKING NEWS ON UNEMPLOYMENT INSURANCE

Late Thursday night, the House acted on SSB 5963, the Unemployment Insurance legislation granting employers hundreds of millions in tax breaks. With labor's support, it had been amended in House committee to include some pro-worker benefit improvements while retaining the savings for employers.

An amendment from Rep. Cary Condotta (R-East Wenatchee) was voted upon and approved, 50-47, to strip SSB 5963 of those improvements. It was approved with the support of every House Republican except Rep. Tom Campbell of Roy who voted "no," and with the support of 15 Democrats.

But then, an amendment by Rep. Tami Green (D-Tacoma) to restore the labor-supported voluntary-quit

provision was also approved. Democratic leaders then suspended floor action after midnight amid a flurry of proposed amendments from both "sides." Action was scheduled to resume today.

After caucusing most of the morning, House members emerged Friday afternoon and passed another Rep. Green amendment restoring the labor-supported 4.0 benefit multiplier, on a 51-47 vote.

Then, Republican Rep. Condotta returned with a striker amendment to strip (again) these benefit improvements. But this time his attempt failed, 47-51.

SSB 5963 was then approved on final passage, 53-45. Now, the WSLC urges the Senate to concur.

Boeing and Deloitte... sittin' in a tree...

Consultant's competitiveness report, recommendations deserve skepticism

Last month, in order to ensure that future jobs at Boeing and other aerospace companies stay in our state, Gov. Chris Gregoire announced that she wanted an analysis of how Washington stacks up against other states in terms of business competitiveness on the costs of unemployment insurance, workers' compensation, taxes, and labor costs.

Yesterday, the "Aerospace Industry Competitiveness Study" prepared by Deloitte Consulting was made public. It contains some positive news about Washington's competitive advantages: the availability of our skilled labor force, our competitive tax environment, our access to research and development, and our excellent quality of life here.

Topping the list of bad news: we make too much money. Other "competitive disadvantages" identified by Deloitte included contentious labor relations (read: strikes), inadequate training programs, and our relatively high cost-of-living.

The study compares Washington to four states deemed to be our aerospace competition -- Texas, North Carolina, South Carolina and Kansas. All happen to be states with so-

called "right-to-work" laws banning free bargaining on union-security clauses. There is a clear and indisputable correlation between these right-to-work states that actively discourage unionization, the resulting low union membership rates, and low wages and benefits. These low wages are good news for short-sighted corporate consultants for whom labor is merely a cost. But low wages are bad news for you and me. They're bad for our families, our communities, and all of the businesses and governments that rely on our consumer spending.

Much of the above comes as little surprise, even to those of us who don't work for fancy schmancy consulting firms. The real problem with this report is when Deloitte slips on its legislative lobbying loafers -- "Hey! Those tassel-toed shoes look familiar!" -- and recommends what to do about it.

Deloitte's recommendations include cutting benefits for unemployed and injured workers in our state, and granting more aerospace tax incentives.

Sound familiar? It should. It conforms precisely to the legislative priorities of The Boeing Co. this year, in years past, and in years to come. That's no accident. One can't help but wonder why the study was leaked early before Gov. Gregoire's scheduled aerospace press conference that wasn't

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supposed to happen until next week. What's certain is that its release will now affect the outcome of legislation on unemployment insurance and workers' compensation being voted upon as you read this.

Deloitte's recommendations are nothing more than Boeing's legislative priorities. Period.

Boeing is one of Deloitte's biggest corporate clients. In 2003, then-Gov. Gary Locke hired Deloitte to justify an "eye-popping" \$3.2 billion Boeing tax break and dramatic cuts in unemployment and workers' compensation benefits. After the dust settled, the conflict of interest between Deloitte and Boeing was made public in media reports.

Now here we go again. Our state has hired the same bunch of Boeing insiders to "objectively" assess our competitiveness. And guess what? They have concluded that we should again cut their taxes and again cut the safety nets for workers, both of which will make them more money.

But it gets worse than that. Deloitte also includes in its recommendations the deliberately deceptive talking points of Olympia business lobbyists. Deloitte's recommends that Washington "align workers' compensation benefit levels (and thus cost to employers) with competing states." This reference to *benefits*, as opposed to *employer costs* is deliberately misleading. Although it's true that our benefits are above-average, the cost to employers is demonstrably lower.

In truth, the only independent state-by-state analysis of workers' compensation systems out there, which is conducted by the Oregon Department of Consumer and Business Services, found Washington to have among the cheapest employer costs. Our aerospace "competitors" in South Carolina had the 13th highest costs, Texas ranked 17th and North Carolina 22nd. Washington ranked 38th.

So why is Deloitte recommending that Washington cut benefits to injured workers? To widen our already existing competitive advantage? Nope. Here's why.

HB 1402 would limit ex-parte communication between employers and injured workers' doctors during the workers' compensation appeal process. This labor-supported bill passed the House and was poised for a floor vote in the Senate this week. But it is opposed by Boeing and other business interests.

Enter Linda Lanham.

Lanham is the Aerospace Futures Alliance. She runs it out of her home and is its sole employee. She is funded primarily (if not exclusively) by Boeing. Her job is essentially to lobby for aerospace interests during the session, and in the interim, to host fancy breakfasts and lunches where Boeing executives remind the invited lawmakers and reporters that "location is a choice." (Also, she's currently exploring creating an aerospace Retrospective Rating Group. But that's another story.)

Apparently, Lanham saw the Deloitte report before the rest of us. Rumor has it that she knew it included the aforementioned recommendation to rein in benefits for injured workers so she sought to delay this week's Senate vote on HB 1402, hoping the report would sway a few Senators against it.

Alas, although the Deloitte report was leaked on Thursday ahead of its scheduled release (Gov. Gregoire had originally planned her press conference for next week but move it up to Thursday after the report came out), it was not leaked before the Senate went ahead and voted Wednesday, 29-18, to approve HB 1402.

The point is that Boeing/Lanham and other business lobbyists will use this Deloitte report -- essentially written by them, for them -- to try to get the same thing they got in 2003. Because this report includes "recommendations" for public policy, and because those recommendations are identical to aerospace industry lobbying goals, there are legitimate questions about the circumstances of its preparation and the timing of its release. In addition to the unemployment and workers' compensation bills now in play that stand to be affected, the Blank Boeing bills (SB 6117 and HB 2308) continue to hover ominously, awaiting who knows what?

The Washington State Labor Council supports the goal of maintaining and growing aerospace jobs in our state. We will judge each and every idea to accomplish that goal on its merits, and our support or opposition will be guided by our affiliated unions, which include Machinists District 751 and SPEEA/IFPTE 2001. There will likely be proposals -- related to worker training and transportation, for example -- that the Council would be inclined to support.

But the WSLC urges all legislators to view Deloitte Consulting's recommendations with the skepticism they deserve.

Contact House about stalled bargaining bill

This year, AFT Washington has been helping a small group of about 70 extension lecturers at the University of Washington English Language Programs as they fight to win collective bargaining rights. A bill to accomplish that, SB 5986, sped through the Senate under the sponsorship of Sen. Claudia Kauffman (D-Kent) and passed 27-17. It was then heard and advanced from the House Commerce and Labor Committee, thanks to the leadership of its chair, Rep. Steve Conway (D-Tacoma).

But now the bill is stuck in the House Ways and Means Committee and we are told that Democratic leaders have no plans to allow it to advance to the floor for a vote. After two years of hard work getting themselves organized, this is extremely unfair to these instructors. SB 5986 deserves a vote.

Please call the Legislative Hotline at 1-800-562-6000 and leave a message for your State Representatives -- with copies of the message going to House Speaker Frank Chopp and Ways and Means Chair Rep. Kelli Linville -- urging them to support SB 5986 and to bring it to a vote!