



COALITION FOR A **DEMOCRATIC WORKPLACE**

PRO Act Targets Mainstreet Consumers and Businesses

DC union lobbyist are pushing the Protecting the Right to Organize (PRO) Act, which aims to boost the number of dues paying union members at the expense of workers, small and local businesses, entrepreneurs and main street consumers. The legislation attempts to implement policies that have been rejected by the judicial system, opposed on a bipartisan basis in Congress, and/or abandoned by the agencies asked to enforce them. CDW strongly urges Congress to oppose this misguided legislation.

PROTECTING THE RIGHT TO ORGANIZE ACT:

On May 2, 2019, Democrats in Congress introduced the Protecting the Right to Organize (PRO) Act, H.R. 2474 and S. 1306. This radical legislation included provisions that would:

- strip away workers' free choice in union elections as well as their privacy rights;
- codify into law the NLRB's controversial *Browning-Ferris Industries* joint-employer 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 twenty-seven 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;
- prohibit arbitration agreements in employment contracts;
- infringe on the due process rights of employers; and
- strip away "secondary boycott" protections that prevent unions from using their anti-trust exemptions and immunity from certain state laws to target businesses for anti-competitive purposes other than organizing.

More details on the PRO Act's troubling provisions are set forth below.

ELIMINATES WORKERS' FREE CHOICE AND PRIVACY:

The PRO Act would codify [the shortened representation election time frames](#) created by the Obama-era National Labor Relations Board (NLRB). These shortened time frames serve no other purpose than silencing debate about the possible disadvantages of unionization generally or the specific union in question. The PRO Act would also eliminate employers' ability to challenge union misconduct during elections and greatly expand the Board's power to foist union representation on employers and employees without an election. Additionally, the bill mandates employers provide to union organizers the contact information for all employees without prior approval from the employees themselves. Employees would not be able to opt out of this requirement and would not have a say in which contact information is provided, needlessly exposing them to potential harassment and intimidation tactics.

CODIFIES THE DAMAGING JOINT-EMPLOYER STANDARD:



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The PRO Act would codify the NLRB's controversial 2015 *Browning-Ferris Industries (BFI)* decision that expanded and muddled the standard for determining when two separate companies are "joint-employers" under the National Labor Relations Act (NLRA). Joint-employers are jointly responsible for labor violations committed against the jointly employed workers as well as bargaining obligations with respect to those 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. The new joint-employer standard also hampered businesses' efforts to encourage "corporate responsibility" among franchisees, contractors, and vendors to the detriment of workers and consumers. 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.

LIMITS OPPORTUNITY FOR THE SELF-EMPLOYED AND GIG ECONOMY:

The PRO Act 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. Under the "ABC" test it is difficult to qualify as an independent contractor; the change will, therefore, result in many workers losing independent contractor status and the freedom and flexibility that comes with it, such as determining their own hours, what work they choose to do, and how they perform that work. Freedom and flexibility are oftentimes the main reason for such workers choosing to be independent contractors; this is especially prevalent for those who have chosen to work in the gig economy. The "ABC" test could also result in consumers losing the ability to meet on-demand needs through the hiring of workers through such application-based companies, damaging the burgeoning and innovative gig economy as well as the American economy as a whole.

IMPOSES GOVERNMENT CONTROL OVER PRIVATE CONTRACTS:

The PRO Act includes a provision that would eliminate freedom of contract by mandating compulsory, binding arbitration on the employer and employees if the two parties do not reach a collective bargaining agreement within the first 120 days of negotiations. Under the PRO Act an arbitrator, who would be unfamiliar with the business' operations, would impose terms that are binding upon both parties, even if one or both find those terms unacceptable. Employees are not even provided with the opportunity to vote on whether they approve of their new contract. Furthermore, 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 be forced 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' operations to objectively evaluate a business' otherwise lawful



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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:

The PRO Act would amend federal law to include many of the provisions of the Department of Labor's (DOL) failed 2016 "persuader" regulation under the Labor-Management Reporting and Disclosure Act (LMRDA). The regulation was enjoined by a federal court and was formally rescinded by DOL on July 18, 2018. Like the persuader rule the PRO Act 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 eliminated the LMRDA's "advice" exemption and required the disclosure of a "great deal of advice that is actually protected from disclosure"; "undermine[d] the attorney-client relationship and the confidentiality of that relationship"; and was "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;" 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:

The PRO Act would amend Section 14(b) of the NLRA to require all employees contribute fees to a labor organization, essentially invalidating all Right-to-Work laws across the country, including in the twenty-seven states whose populations and representatives voted for and implemented such laws. This provision deprives workers across the country of their right to choose whether or not to fund union activity, eliminating individuals' freedom of (and from) association.

BRINGS COERCION, PICKETING, AND BOYCOTTS INTO THE HOME AND ONTO MAIN STREET:

The PRO Act 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. The existing restrictions against "secondary" coercion were adopted by Congress in 1947, and were strengthened by Congress in 1959, because unions



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engaged in tactics that were deemed excessive and abusive. The PRO Act would eliminate neutral status by rescinding all “secondary” prohibitions, exposing 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 the union.

ELIMINATES LIMITS ON RECOGNITIONAL PICKETING AND ANTI-COMPETITIVE BEHAVIOR, ALLOWING UNIONS TO HARM RATHER THAN ORGANIZE COMPANIES:

The PRO Act would eliminate provisions in existing law that limit unions to thirty days of recognitional picketing unless the union files a representation petition seeking an NLRB election. Under the PRO Act unions could engage in recognitional picketing indefinitely — causing injury to employers, suppliers and customers. Furthermore, the NLRA’s existing protections against secondary boycotts prevent unions from using their anti-trust exemptions and immunity from certain state laws to target businesses for anti-competitive reasons and purposes other than organizing. If secondary boycotts also become lawful (as explained above), 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.