

FOR IMMEDIATE RELEASE
October 26, 2005

CONTACT: Laura Capps/Melissa Wagoner
(202) 224-2633

KENNEDY ON BUSH'S REVERSAL ON DAVIS BACON

“I’m pleased the President has finally reversed course on his incredibly damaging decision to suspend wage protections for workers rebuilding the Gulf Coast after Hurricane Katrina. Unfortunately, this announcement does nothing to undo the harm done to hard-working Americans who have already paid a high price in lost pay and lost jobs because of the Administration’s award of billions of dollars in no-bid contracts to their corporate cronies. It does nothing to ensure that local residents and businesses get the jobs and contracts first. And it does nothing to overturn his suspension of important anti-discrimination protections. America can do better for the men and women of the Gulf Coast.”

Earlier today, prior to the White House changing its course, Senators Kennedy, Schumer, Dorgan, and Harkin joined working men and women impacted by Hurricane Katrina to discuss how the Administration’s policies have hurt those who have already lost everything. They heard firsthand from Diana Hill and Trina Daniels who were living in the lower Ninth Ward at the time of the storm who spoke about how the Administration’s misplaced priorities are fundamentally unfair to those who are trying to rebuild their lives. The Senators blasted the Administration for suspending Davis Bacon, awarding no-bid contracts to their corporate cronies rather than jobs to local workers, and waiving Affirmative while they refuse to use their tax cuts for the wealthiest as a way to offset the costs of rebuilding.

Senator Kennedy said, “The Bush Administration’s response to the crisis has been fundamentally unfair. They have awarded billions of dollars in contracts to many of their corporate friends. Yet they also took the harsh step denying fair wages to workers implementing the contracts. They have allowed their no-bid contractors to ignore safety protections and exploit undocumented workers. They have cut off emergency aid, at a time when many are still struggling to survive. These responses reflect the misguided priorities that have become the indelible hallmark of this Administration. Sadly, our Republican colleagues in Congress share the Administration’s misguided priorities. Instead of finding ways to meet the needs of the hardworking Americans affected by Katrina and Rita, they are focusing on their proposal to grant over \$70 billion in new tax cuts for millionaires.”

Today Kennedy is offering a bill, outlined below, titled the “Rebuild with Respect Act” to remedy these abuses. Also below are Senator Kennedy’s remarks and fact sheets on the economic impact of Katrina, Davis Bacon in the Gulf Coast, the affect of waiving Affirmative Action, Disaster Unemployment Assistance, the hazardous conditions facing workers, and the need to hire locally in the Gulf Coast.

The Rebuild with Respect Act Would:

- Allow Gulf Coast families to rebuild their own communities by requiring all recipients of

federal disaster relief funds to employ individuals displaced from jobs or residences by Katrina and Rita and ensuring that federal contracts go to local businesses in the Gulf Coast region.

- Ensure that workers who have lost everything do not lose fair wages, too, by reinstating the protections of the Davis-Bacon Act for workers in the construction industry.
- Recognize and address the racial inequalities that have sparked national outcry by requiring contractors receiving federal disaster relief funds to fully comply with *all* affirmative action requirements applicable under law.
- Ensure that the federal contracting process is fair to small and disadvantaged businesses.
- Protect the health and safety of recovery and reconstruction workers and volunteers in the Gulf Coast region by requiring federal agencies to develop a coordinated health and safety plan that includes safety training, needed equipment, and monitoring of safety conditions.
- Provide economic security for those who have difficulty finding jobs by providing an emergency extension of unemployment insurance benefits and expanding eligibility for the Disaster Unemployment Assistance program.

**Statement of Senator Edward M. Kennedy on the
Introduction of the Rebuild with Respect Act
October 26, 2005**

Hurricanes Katrina and Rita exposed the silent slavery of poverty for all of America to see.

There's no excuse for ignoring what so obviously needs to be done to achieve genuine equality and basic fairness in this country. We know we're a stronger country when we're a fairer country and the crisis on the Gulf Coast has given us a chance to move closer to that goal.

Yet, the Bush Administration's response to the crisis has been fundamentally unfair. They have awarded billions of dollars in contracts to many of their corporate friends. Yet they also took the harsh step denying fair wages to workers implementing the contracts. They have allowed their no-bid contractors to ignore safety protections and exploit undocumented workers. They have cut off emergency aid, at a time when many are still struggling to survive. These responses reflect the misguided priorities that have become the indelible hallmark of this Administration.

Sadly, our Republican colleagues in Congress share the Administration's misguided priorities.

Instead of finding ways to meet the needs of the hardworking Americans affected by Katrina and Rita, they are focusing on their proposal to grant over \$70 billion in new tax cuts for millionaires.

Hurricanes Katrina and Rita left more than 500,000 people homeless and almost 500,000 people jobless. The families so immensely harmed by Hurricanes Katrina and Rita have largely disappeared from our television screens. But, we cannot and will not forget the tens of thousands

of families still suffering in the aftermath of these tragedies, struggling each day to regain lost hope and lost opportunity.

Reconstruction is not just about reconstructing buildings, although that is important. We must help Gulf Coast families and communities rebuild their lives and spirit. Our efforts to do that should treat workers and their families with dignity and respect, and good jobs with good wages that provide a promising future for residents are a critical first step on the road to recovery.

Today, we introduce the Rebuild with Respect Act, which will ensure that any program we enact to rebuild and revitalize the Gulf Coast region treat the affected workers and their families with dignity and respect. We're honored to be joined today by Diana Hill and Trina Daniels, former residents of the lower Ninth Ward in New Orleans who are now living in Baton Rouge. They lost their jobs and their homes in the wake of Katrina, and have come here to Washington today to tell their stories. What their experience abundantly illustrates is that current relief and reconstruction efforts are failing the hardworking Americans who call the Gulf Coast home.

I never cease to be amazed by the resilience of working Americans, and I've been particularly moved by the way these men and women have come together to help one another in response to the crisis on the Gulf Coast. Residents of the Gulf Coast have earned the right to rebuild their own communities. Together, we can do better.

We cannot continue to ignore the immense challenges facing working Americans in this crisis. Now is the time to work together and support each other. Now is the time to restore hope and restore dignity. Now is the time to rebuild with respect. This Act will help us to do that, and I urge the Senate to approve it.

THE DEVASTATING ECONOMIC IMPACT OF THE GULF COAST STORMS

- Hurricanes Katrina and Rita left more than 500,000 people homeless and almost 500,000 people jobless. The price-tag for the cleanup alone could be well over \$100 billion. All of this has happened to a region of our country that was already seeing poor economic times.
- Even before the first winds of the storms hit, Mississippi had the highest unemployment rate in the nation. Louisiana had the 8th highest. In New Orleans alone, nearly 12 percent of the population was unemployed before the storm. Those who were employed often made meager wages.
- The states devastated by Katrina and Rita are among the poorest in the nation. Mississippi and Louisiana have the highest percentage of people living in poverty in the nation, and Alabama is not far behind. Before the storms, 23% of the local New Orleans population was living below the poverty line, including 38% of children.

- Many of those affected lacked the economic resources to escape from the storms. More than one in five households in Orleans Parish did not own a vehicle, and less than half of the households owned a home. These economically vulnerable families now face even greater challenges, as they lack the resources they need to recover from the storms.
- These unemployed workers are scrambling for income at a time when the costs of basic necessities are already skyrocketing. Since President Bush has taken office, gas prices are up 74 percent, health insurance costs are up 59 percent, college tuition costs are up 45 percent, and housing costs are up 44 percent.
- The storms' effects will raise these prices even further. For example, in the coming winter months the cost of heat is expected to strain the finances of many American families. Diminished supplies of heating oil and natural gas from the Gulf Coast are anticipated to cause heating bills to rise by 56% this winter.
- The ramifications of Katrina and Rita extend far beyond the Gulf Coast region. On a national scale, even smaller storms such as hurricane Ivan have produced temporary economic effects such as weaker job and income growth, higher unemployment, and decreased production and construction activity. In light of New Orleans' unique status as a hub of transportation and fuel production, the economic effects of Katrina and Rita will be far more significant, and far longer in duration.
- Americans are deeply concerned about the potentially devastating economic effects of Katrina and Rita. In an ABC News/Washington Post poll, 60% of respondents said the economy is worsening. Consumer confidence plummeted almost 19 points last month – the biggest monthly drop in 15 years.

HARDWORKING AMERICANS REBUILDING THE GULF COAST DESERVE A FAIR WAGE

- As the Administration is awarding billions of dollars in contracts to their friends, they are stripping away protections for the hardworking Americans that will get their hands dirty rebuilding the region. These people are struggling to survive, and now the Administration has repealed the law that ensures fair wages for reconstruction workers.
- It was two Republicans – Representative Davis and Senator Bacon – that sponsored the Davis-Bacon Act. They wanted to ensure that large federal contracts would not drive down the price of labor, so they passed a law saying that workers on federal government projects should earn at least a typical local wage. That's all the Davis-Bacon Act does.

- The wages guaranteed by the Act are fair and reasonable. In areas affected by Katrina and Rita, some typical wages include:
 - \$9.16 per hour for Sheet Metal Workers in Pearl River County, Mississippi
 - \$10.00 per hour for laborers in Livingston Parish, Louisiana
 - \$8.54 hour for truckdrivers in Mobile County, Alabama

§ While the Administration claims that suspending the Act’s protections will produce significant cost savings, White House Chief of Staff Andy Card recently admitted that the government is not saving any money through suspension of the law.

- The residents of the Gulf Coast are not just rebuilding highways and schools—they are rebuilding communities and neighborhoods. And the foundation of such communities is good jobs with fair wages.

SUSPENSION OF AFFIRMATIVE ACTION REQUIREMENTS BETRAYS GULF COAST WORKERS

- In addition to awarding billions in reconstruction contracts to its political allies, the Bush administration has also disregarded the interests of the most vulnerable workers in the Gulf Coast region by exempting these contractors from longstanding affirmative action requirements.
- These requirements – which have governed every large federal contractor for almost 50 years – do not mandate quotas or set asides. They simply require contractors to keep track of hiring data and make a plan demonstrating their efforts to promote diversity in the workforce.
- These rules were adopted because Congress believed, as President Kennedy said in 1963, that “simple justice requires that public funds, to which all taxpayers ... contribute, not be

spent in any fashion which encourages, entrenches, subsidizes, or results in ... discrimination.”

- The protections of the law are critical to ensure fair and equal employment opportunities for minorities, women, people with disabilities, and disabled veterans that have long faced barriers to full inclusion in the workforce.
- Rebuilding efforts for Katrina and Rita are likely to result in some 150 billion dollars in federal contracts -- roughly half the amount of money that the Federal government annually awards in procurement contracts in a typical year.
- This money will create thousands of jobs rebuilding the Gulf Coast region. Hiring for these jobs will be fast and furious, and in the haste to rebuild – despite all good intentions – employers may retreat to traditional methods of hiring that fail to reach minorities, women, and other disadvantaged groups.
- Many people affected by Hurricane Katrina were already struggling to make ends meet. Job discrimination, particularly at the hiring stage, remains one of our nation’s most troubling and elusive problems. In light of the dramatic inequities exposed by Hurricane Katrina, it is precisely the wrong time to abandon laws that promote fair treatment and equal opportunity.

AMERICANS LEFT JOBLESS BY HURRICANE KATRINA DESERVE AN EFFECTIVE DISASTER UNEMPLOYMENT ASSISTANCE PROGRAM

- The impact of Hurricanes Katrina and Rita devastated the workforce in the Gulf Coast Region. More than 478,000 people have already filed for claims for unemployment insurance based on the storm’s effects.
- These jobless workers will face tough competition in reentering the workforce. Economists estimate that many of the unemployed could remain so for nine months or more.
- In addition to those workers directly impacted by the storm, Katrina’s devastation will also affect many workers whose livelihood depends on the vitality of the economies affected by the disaster.
- Unfortunately, many of those directly and indirectly affected by the storms are not eligible

for state unemployment benefits.

- While the federal government has a program in place that provides Disaster Unemployment Assistance to workers affected by major disasters, this program suffers from a number of systemic flaws that have limited its ability to serve as a useful resource for disaster victims. The eligibility criteria are too strict, deadlines are too short, and the benefits are too small to be of any real assistance in a time of crisis.
- The Rebuild with Respect Act expands eligibility criteria for federal benefits, ensuring that more workers excluded from state assistance are helped by federal benefits.
- The Rebuild with Respect Act increases the deadline for filing for federal Disaster Unemployment Assistance to ensure that relocated workers have ample time to file for benefits. Workers left unemployed by Katrina will need a significant period of time to recover, perhaps relocate, and find work. Struggling evacuees should not have to worry that the clock will run out on their unemployment benefits if they are actively seeking work, but unable to immediately find suitable employment
- Current DUA benefit levels are only about a quarter of the poverty level income for a family of four. This is a national disaster, and families are being relocated throughout the nation. The Rebuild with Respect Act provides a guaranteed minimum benefit level that is adequate to meet these families' basic needs, wherever they might be.

WORKERS REBUILDING THE GULF COAST REGION NEED PROTECTIONS AGAINST HAZARDOUS CONDITIONS

- Thousands of workers responded to Hurricanes Katrina and Rita, including firefighters, police, and medical emergency teams. As the Gulf Coast area is rebuilt, thousands more will participate in the clean-up and rebuilding.
- Workers cleaning up in the aftermath of the storms are being exposed to hazardous chemicals, oil and sewage contaminated waters, mold, and other hazardous substances. In New Orleans, the hurricanes left behind a trail of sludge filled with petroleum products, benzene, and various chemicals and human waste. Once dried, this dust becomes airborne and can manifest in those who breathe it as asthma, allergies and other respiratory disorders.

- Some workers have developed rashes and coughs from the work. According to the New Orleans Health Department, a respiratory illness outbreak in one city cleaning team was abated only after proper safety conventions were put in place. As people looking for work continue to migrate to the Gulf Coast, the training and protection of these new workers remains a paramount concern.
- Many workers lack adequate protections against exposure to environmental health hazards. These workers need health and safety training and proper protective equipment to continue this dangerous but vitally important work.
- We should learn from the mistakes of the September 11 recovery efforts, where thousands of brave workers were unnecessarily put in harm's way and developed workplaces illnesses because of the absence of proper equipment and instruction, and federal failure to enforce workplace safety and health standards. The federal government also waited too long to begin monitoring the health of these workers and volunteers.
- The Rebuild with Respect Act requires the federal government to immediately institute a medical monitoring program for workers and volunteers in the Hurricane Katrina and Hurricane Rita disaster areas. The program will provide for physical and mental health monitoring, health care referrals, studies and sampling of exposures, and education and outreach regarding the risks posed to human health;
- It also requires the Department of Labor to develop site-specific safety and health plans to monitor exposure to hazardous substances, provide safety and health training, and implement a personal protective equipment program. In addition it clarifies that the Department must fully apply and enforce all federal laws related to the safety and health of workers in the disaster areas, including public employees engaged in disaster relief and recovery activities for which federal financial assistance is being provided.

**FEDERAL RECONSTRUCTION FUNDS SHOULD
SUPPORT LOCAL COMPANIES AND LOCAL HIRING**

- Since Hurricanes Katrina and Rita hit the Gulf Coast the federal government has already entered into more than 15 contracts for reconstruction and recovery work exceeding \$100 million in value, including 5 contracts exceeding \$500 million in value[S2] <#_msocom_2> .
- President Bush has rightly said that “as many jobs as possible should go to the men and women who live in Louisiana, Mississippi, and Alabama.” However, the administration’s actions have not reflected this.
- These contracts are not going to local contractors that employ local workers. More than 90%[a3] <#_msocom_3> of the rebuilding contracts have gone to companies outside of these states including a large contract to rebuild Mississippi schools which was awarded to a politically connected Alaskan firm. The biggest contracts are going to out-of-state companies that may not provide economic opportunities for Gulf Coast workers[S4] <#_msocom_4> .
- Small local companies and local workers are being left out of the rebuilding process. A typical story is seen in the plight of Knight Enterprises, a minority-owned small business in New Orleans that employs local, mainly African-American electricians. After Katrina, most of the company’s workers were left homeless and broke. While an out-of-state subcontractor working for a Haliburton subsidiary initially retained the company to provide electricians for a rebuilding project, the local electricians were soon replaced with the subcontractor’s own out-of-state workers and the local workers were again left jobless.
- While Administration has recently stated that it will give preference local businesses in contracting for repair and reconstruction efforts, no specific goals have been set[S5] <#_msocom_5> .
- We need to prioritize improving the lives of affected workers – not lining the pocketbooks of the politically connected – in rebuilding the Gulf Coast region. The people affected by this tragedy need to rebuild their communities and neighborhoods, and restore their hope for the future.
- Residents of the Gulf Coast region have earned the right to rebuild their own communities.
- The Rebuild with Respect Act would require that 50% of all jobs created with federal reconstruction and recovery funds go to workers affected by Hurricanes Katrina and Rita.
- The Act gives contractors flexibility in deciding how to meet this requirement so that reconstruction efforts will go forward smoothly.
- We cannot consider the reconstruction process successful if only the physical structures are rebuilt – the people in these communities must also rebuild their lives. Good jobs with good futures for local residents are a critical first step on the path to recovery.

###

[a1] <#_msoanchor_1> LA Times, Sept. 28 (ABES)

[S2] <#_msoanchor_2> New York Times, September 26, 2005 (LJM)

[a3] <#_msoanchor_3> Washington Post “Gulf Firms Losing Cleanup Contracts” October 4, 2005 (ABES)

[S4] <#_msoanchor_4> Wall Street Journal September 23, 2005 (LJM)

[S5] <#_msoanchor_5> WP 10/11/05 (LJM)