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If you have questions or would like more information, please contact any of the attorneys listed at the end of this Alert. Hunton & Williams' [labor and employment law practice](#) covers the entire spectrum of labor and employment litigation, arbitration, administrative practice before the NLRB, EEOC, and the DOL, federal contract compliance, wage-hour standards, workplace safety and health standards, workers' compensation, contractual rights and remedies, Sarbanes-Oxley and whistleblower claims, workplace investigations and client counseling under federal and state labor and employment laws.

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President Obama Issues Labor-Friendly Executive Orders for Federal Contractors

On January 30, 2009, President Obama issued three executive orders designed to help revitalize the organized labor movement.

Economy in Government Contracting

This order bars federal contractors from passing on to the government the costs of activities intended to persuade employees about the exercise of their labor rights. Federal contractors must exclude time spent engaged in such activity from any billing, claim, proposals or disbursement applicable to a federal contract. However, costs related to "maintaining satisfactory relations between the contractor and its employees," including costs of labor-management committees, are allowed for payment.

Nondisplacement of Qualified Workers Under Service Contracts

The second executive order addresses the displacement of qualified workers working under service contracts. "When a federal services contract expires and another contractor is hired to perform similar services at the same location, the successor contractor must give a right of first refusal of employment under the contract to the predecessor's employees who are qualified and would otherwise lose their jobs as a result of the new award. Managerial and supervisory employees are excluded from the right of first refusal. This order appears to place requirements on would-be federal

contractors that exceed employer obligations under the National Labor Relations Act, which does not require a company to offer a right of first refusal to the employees of a newly acquired company.

Notification of Employee Rights Under Federal Labor Laws

The third executive order requires federal contractors to post notices of employee rights under the National Labor Relations Acts. The notices must be posted in places where the employees "engage in activities relating to the performance of the contract ... including all places where notices to employees are customarily posted both physically and electronically." While the content of posting will be determined by the secretary of labor, it likely will include an explanation of employees' rights to form and join unions, and the protections given employees who engage in these activities.

The President's executive orders have been roundly praised by the leaders of organized labor. However, business groups have expressed concerns that the orders will have adverse impacts on their federal contracting operations, including discouraging federal contractors from responding when unions attempt to organize their employees. Federal contractors, particularly those who are likely targets of union organizing efforts, should carefully assess the impact these new orders may have on their business operations.

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