
Presidential Documents

Title 3—**Executive Order 12954 of March 8, 1995****The President****Ensuring the Economical and Efficient Administration and Completion of Federal Government Contracts**

Efficient economic performance and productivity are directly related to the existence of cooperative working relationships between employers and employees. When Federal contractors become involved in prolonged labor disputes with their employees, the Federal Government's economy, efficiency, and cost of operations are adversely affected. In order to operate as effectively as possible, by receiving timely goods and quality services, the Federal Government must assist the entities with which it has contractual relations to develop stable relationships with their employees.

An important aspect of a stable collective bargaining relationship is the balance between allowing businesses to operate during a strike and preserving worker rights. This balance is disrupted when permanent replacement employees are hired. It has been found that strikes involving permanent replacement workers are longer in duration than other strikes. In addition, the use of permanent replacements can change a limited dispute into a broader, more contentious struggle, thereby exacerbating the problems that initially led to the strike. By permanently replacing its workers, an employer loses the accumulated knowledge, experience, skill, and expertise of its incumbent employees. These circumstances then adversely affect the businesses and entities, such as the Federal Government, which rely on that employer to provide high quality and reliable goods or services.

NOW, THEREFORE, to ensure the economical and efficient administration and completion of Federal Government contracts, and by the authority vested in me as President by the Constitution and the laws of the United States of America, including 40 U.S.C. 486(a) and 3 U.S.C. 301, it is hereby ordered as follows:

Section 1. It is the policy of the executive branch in procuring goods and services that, to ensure the economical and efficient administration and completion of Federal Government contracts, contracting agencies shall not contract with employers that permanently replace lawfully striking employees. All discretion under this Executive order shall be exercised consistent with this policy.

Sec. 2. (a) The Secretary of Labor ("Secretary") may investigate an organizational unit of a Federal contractor to determine whether the unit has permanently replaced lawfully striking workers. Such investigation shall be conducted in accordance with procedures established by the Secretary.

(b) The Secretary shall receive and may investigate complaints by employees of any entity covered under section 2(a) of this order where such complaints allege lawfully striking employees have been permanently replaced.

(c) The Secretary may hold such hearings, public or private, as he or she deems advisable, to determine whether an entity covered under section 2(a) has permanently replaced lawfully striking employees.

Sec. 3. (a) When the Secretary determines that a contractor has permanently replaced lawfully striking employees, the Secretary may make a finding that it is appropriate to terminate the contract for convenience. The Secretary shall transmit that finding to the head of any department or agency that contracts with the contractor.

(b) The head of the contracting department or agency may object to the termination for convenience of a contract or contracts of a contractor determined to have permanently replaced legally striking employees. If the head of the agency so objects, he or she shall set forth the reasons for not terminating the contract or contracts in a response in writing to the Secretary. In such case, the termination for convenience shall not be issued. The head of the contracting agency or department shall report to the Secretary those contracts that have been terminated for convenience under this section.

Sec. 4. (a) When the Secretary determines that a contractor has permanently replaced lawfully striking employees, the Secretary may debar the contractor, thereby making the contractor ineligible to receive government contracts. The Secretary shall notify the Administrator of the General Services Administration of the debarment, and the Administrator shall include the contractor on the consolidated list of debarred contractors. Departments and agencies shall not solicit offers from, award contracts to, or consent to subcontracts with these contractors unless the head of the agency or his or her designee determines, in writing, that there is a compelling reason for such action, in accordance with the Federal Acquisition Regulation.

(b) The scope of the debarment normally will be limited to those organizational units of a Federal contractor that the Secretary finds to have permanently replaced lawfully striking workers.

(c) The period of the debarment may not extend beyond the date when the labor dispute precipitating the permanent replacement of lawfully striking workers has been resolved, as determined by the Secretary.

Sec. 5. The Secretary shall publish or cause to be published, in the **Federal Register**, the names of contractors that have, in the judgement of the Secretary, permanently replaced lawfully striking employees and have been the subject of debarment.

Sec. 6. The Secretary shall be responsible for the administration and enforcement of this order. The Secretary, after consultation with the Secretary of Defense, the Administrator of the General Services, the Administrator of the National Aeronautics and Space Administration, and the Administrator of the Office of Federal Procurement Policy, may adopt such rules and regulations and issue such orders as may be deemed necessary and appropriate to achieve the purposes of this order.

Sec. 7. Each contracting department and agency shall cooperate with the Secretary and provide such information and assistance as the Secretary may require in the performance of the Secretary's functions under this order.

Sec. 8. The Secretary may delegate any function or duty of the Secretary under this order to any officer in the Department of Labor or to any other officer in the executive branch of the Government, with the consent of the head of the department or agency in which that officer serves.

Sec. 9. The Secretary of Defense, the Administrator of the General Services, and the Administrator of the National Aeronautics and Space Administration, after consultation with the Administrator of the Office of Federal Procurement Policy, shall take whatever action is appropriate to implement the provisions of this order and of any related rules, regulations, or orders of the Secretary issued pursuant to this order.

Sec. 10. This order is not intended, and should not be construed, to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or its employees. This order is not intended, however, to preclude judicial review of final agency decisions in accordance with the Administrative Procedure Act, 5 U.S.C. 701 *et seq.*

Sec. 11. The meaning of the term "organizational unit of a Federal contractor" as used in this order shall be defined in regulations that shall be issued by the Secretary of Labor, in consultation with affected agencies. This order

shall apply only to contracts in excess of the Simplified Acquisition Threshold.

Sec. 12. (a) The provisions of section 3 of this order shall only apply to situations in which contractors have permanently replaced lawfully striking employees after the effective date of this order.

(b) This order is effective immediately.

A handwritten signature in black ink, reading "William Clinton". The signature is written in a cursive, flowing style with a large, prominent "W" and "C".

THE WHITE HOUSE,
March 8, 1995.

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