Labor Standards and Human Rights Committee
October 26, 2006 8:30-10:00 a.m.
ROOM: 2218 School of Education

Minutes

Attending: Kristen Ablauf, Greg Cohen, Aria Everts, Kevin Ferrell, Ana Quinones, Steven Ratner, Larry Root (chair), Katherine Terrell, Ada Verloren (staff to committee),

Absent: Mary Gallagher, Marian Krzyzowski

1. Charge from President Coleman
The committee reviewed the charge from President Coleman, including the charge expressed in her May 2, 2006 letter to Larry Root that the committee continue to monitor the development of the Designated Supplier Program, explore ways to improve the monitoring of the code by licensees, and continue to work with other universities and relevant organizations to make our code more effective.

2. Update from October 18 presentation
Auret van Heerden of the FLA and Scott Nova of the WRC participated in a public presentation at the University of Michigan on October 18. These helpful presentations informed the committee not only of the organizations’ different visions on how to achieve better working conditions in factories but also of their cooperation to remediate issues when they arise. The presentation was videotaped and is available if committee members would like to view it.

3. Website pilot
Beginning over the summer, the chair and the licensing director worked on developing a website that could be used on a pilot basis to both inform licensees about the code of conduct and gather information about their current approach to monitoring. Preliminary discussions are underway with several other large universities who are interested in working with UM on this pilot effort. Based on feedback from an earlier text version, a prototype will be distributed to committee members and to the other universities, with the goal of implementing this pilot during this semester.

4. FLA initiative on Category C licensees
The committee took note of the FLA’s efforts to develop an approach to better integrate into the FLA system the very large and diverse body of Category C licensees (companies with total revenue of less than $50 million). Category C licensees produce goods that range from apparel to paper products to jewelry, and they span a spectrum from family-owned and operated businesses with a handful of employees to medium size operations.

The FLA’s approach has several components: (1) screening of licensees by universities with respect to capacity to implement a labor compliance program prior to granting a license; (2) a more robust application process for licensees seeking affiliation with the FLA; (3) training licensees on how to build or enhance a labor compliance program; and (4) frequent consultation with licensees and others on how to strengthen implementation of compliance programs.

5. Designated Supplier Proposal (DSP)
A series of proposals have been developed to modify the DSP. The changes to the DSP include the following:
1. Freedom of association: DSP factories are not required to have a union, but must take the steps necessary to ensure that workers at the factory can freely exercise their associational rights;
2. Fair price standard: In the event of a dispute, the matter will be resolved through binding arbitration between the licensee and the factory, with the arbitrator jointly agreed upon by both parties—the WRC has the right to observe and provide input to this process;
3. Compliance assessments: Licensees and factories may appeal a WRC compliance decision to a DSP appeals panel;
4. Obligations of small licensees: Small licensees (with sales below a specific dollar amount—to be determined) will be exempted from the DSP;
5. Support of previous gains: Large licensees who contracted at any time since 2001 with any of five specific factories identified by the WRC as locations where university codes of conduct have achieved “major labor rights improvements” will be required to contract with those factories in the first year of the program;
6. Two-thirds requirement: In order to qualify for the DSP, a majority (reduced from two-thirds) of a factory’s production must be for the university market;
7. Length of licensee-supplier relationship: A licensee will be required to have a long-term contract with each DSP factory it selects (operationalized as three-year contracts, with an additional year—at no less than 50% of the original level—if the contract is not to be renewed);
8. Living wage: Unchanged from original, but if a licensee, factory, or union believes that the WRC’s determination of a wage level is inaccurate, an appeal may be made to an expert panel.

The Committee briefly discussed whether these changes addressed the key elements that had been identified as areas of concern in our extended discussions of the original proposal. Questions were also raised about the response of licensees to these changes. Another question
was raised about the current assessment of the potential anti-trust issues.

Because of the limited time available for this discussion of the DSP and its revisions, it was decided that it would be placed at the beginning of the agenda for the next meeting.