



The Labor Advocate

The Labor Community's Source for Department of Labor News

Volume 3, Issue 2
Autumn / Winter

Strong Economic News

* Unemployment was 4.7% in October, 1 point below the average of the 1990s.

* Payroll employment has risen for a record 50 straight months. More than 8 million jobs have been created during this period.

* Professional and business services added 65,000 jobs in October, while private education and health services added 43,000.

* The economy has now experienced 6 straight years of growth with real GDP having increased at a 2.8% annualized rate.

* Workers' real (inflation-adjusted) wages and benefits have risen over the past year.

* After-tax per capita income is up 12.7% since January 2001.

* Annualized productivity growth has averaged 2.5% over the past 6 years.

Inside this issue:

DOL Awards RI Workers Over \$1.2 Million in Assistance Grant 2

Court Orders Business to Pay Over \$4.5 Million in Back Wages 2

Consent Order Restores \$3.5 Million to Union Benefit Plans 2

DOL Awards \$10.1 Million in Training Grants 4

Over 16,000 Veterans Benefit from \$27 Million in DOL Grants 5

DOL Releases \$44.1 Million for Trade Adjustment Assistance 5

Secretary Chao Pays Tribute to Houston Port Workers 6

U.S. Labor Secretary Elaine L. Chao Addresses National Police Convention

In remarks before the Fraternal Order of Police's National Convention in Louisville, Kentucky, Secretary of Labor Elaine L. Chao praised the officers for bringing security and stability to communities and for serving as front line defenders of freedom.

"As law enforcement officers, you know firsthand how important security and stability are because you fight the battle to preserve them every day. You are the guarantors, the front line defenders, who make our way of life possible. You safeguard our homes and communities, keep the peace and help defend our country from outsiders who want to do us harm," said Secretary Chao.



Secretary Chao addresses the annual Fraternal Order of Police National Convention in Louisville, Kentucky. (DOL Photo)

The Secretary highlighted the positive working relationship that the Department of Labor and the Fraternal Order of Police (FOP) have shared during the Administration of President George W. Bush. The Secretary stressed the Depart-

ment's commitment to protecting the rights of returning police officers as they return stateside from serving in the military.

"Strong traditions of military service and law enforcement exist in many (See **FOP**, pg. 3)

U.S. Labor Department Recovers Nearly \$1 Million in Back Wages for Hurricane Katrina Workers

L & R Security Inc., headquartered in New Orleans, LA and HKA Enterprises Inc., headquartered in Duncan, SC have agreed to pay a total of \$941,537 in back wages to 382 current and former security

guards and debris removal workers. An investigation by the U.S. Department of Labor's Wage and Hour Division found that these workers were not properly paid in the wake of Hur-

ricane Katrina as required by the Fair Labor Standards Act (FLSA), the Service Contract Act (SCA) and the Contract Work Hours Safety Standards Act (CWHSSA). Both (See **BACK WAGES**, pg. 3)



U.S. Department of Labor Announces Grant Exceeding \$1.2 Million to Assist Rhode Island Workers

The United States Department of Labor provided a grant of \$1,224,099, with \$685,497 released initially, to assist approximately 246 Rhode Island workers who have been dislocated as a result of layoffs at the Brooks Eckerd corporate offices located in Warwick, R.I.

"This \$1.2 million grant will provide these Rhode Island workers

with skills training and other employment services to help them find and succeed in new jobs," said U.S. Secretary of Labor Elaine L. Chao.

The grant, awarded to the Rhode Island Department of Labor and Training, will provide workers with a full array of employment services, including assessment, basic skills development, and career

and occupational skills training. On June 5, 2007, Brooks Eckerd announced the company would begin layoffs in August 2007 that are expected to continue through May 2008. The Rhode Island Department of Labor and Training conducted Rapid Response sessions for employees on June 6 & 7 to inform workers of the assistance available to them through the public workforce system.

Court Orders Southern California Home Cleaning Business to Pay More Than \$4.5 Million in Back Wages and Liquidated Damages

A U.S. district court judge has ordered Gardena, Calif.-based Southern California Maid Services and Carpet Cleaning to pay \$3,467,789 in back wages, plus \$1,058,973 in liquidated damages, to 385 current and former low-wage domestic workers. This action resolves a lawsuit filed by the U.S. Department of Labor alleging that the workers were misclassified as independent contractors in violation of the Federal Fair Labor Standards Act (FLSA).

"One of the highest priorities of this department is making sure workers are paid all of the wages they have earned," said U.S. Secretary of Labor Elaine L. Chao. "In this case, we are recovering more than \$4.5 million

for nearly 400 workers." Investigators from the Labor Department's Wage and Hour Division found that Southern California Maid Services and Carpet Cleaning misclassified the home and carpet cleaners as independent contractors, resulting in minimum wage and overtime violations. The company also failed to keep accurate records of the employees and the hours that they worked.

The FLSA requires that covered employees be paid at least the federal minimum wage and receive overtime at one and one-half times their regular rates of pay for hours worked beyond 40 per week. Employers must also maintain accurate time and payroll records.

The East Los Angeles District Office Wage and Hour Division learned of the employer's practices through participation in the Employment Education and Outreach (EMPLEO) partnership. EMPLEO is an alliance of organizations and government agencies that assist Spanish-speaking workers and employers with work-related concerns. EMPLEO has a local, toll-free helpline: (877) 55-AYUDA (552-9832). Volunteers help refer callers to the appropriate EMPLEO partner for assistance.

The Mexican Consulate of Los Angeles, a member of EMPLEO, provided assistance in locating Spanish-speaking witnesses to pursue this litigation.

Consent Order Restores \$3.5 Million, Appoints Independent Fiduciaries and Replaces Most Trustees of Plumbers Local 38 Employee Benefit Plans

A consent order resolving a U.S. Department of Labor lawsuit places control of five employee benefit plans sponsored by Local 38 of the United Association of Plumbers, Pipefitters and Journeymen of San Francisco with

independent, court-appointed fiduciaries. The order replaces all but two of the plans' trustees, and permanently bars them and the former plan administrator from serving as fiduciaries or service providers to any such plans. It

also requires payment of \$3.5 million to the union's pension plan from the defendants' fiduciary liability insurer, and additional money may be paid from the expected sale of the Konocti Harbor (See **Benefits Security**, Pg. 4)



Back Wages (Continued from pg. 1)

companies were subcontractors to the prime contractor, CH2M Hill of Englewood, CO.

"The Department has made a concerted effort to ensure that workers involved in Hurricane Katrina recovery and cleanup know their rights and are paid all the wages they are owed," said U.S. Secretary of Labor Elaine L. Chao. "In this case, almost \$1 million in back wages will be paid to nearly 400 workers."

L & R Security provided armed security at Federal Emergency Management Agency (FEMA) trailer sites in New Orleans. The Wage and Hour Division determined that the company, from August 2005 to July 2006, paid straight time for overtime hours worked by guards on both federal and non-federal contract jobs in violation of the CWHSSA and the FLSA. The subcontractor

also failed to pay the required prevailing wage rate and fringe benefits required by the SCA. L & R Security agreed to pay \$185,385 in back wages to

"The Department has made a concerted effort to ensure that workers involved in Hurricane Katrina recovery and cleanup know their rights and are paid all the wages they are owed," said U.S. Secretary of Labor Elaine L. Chao.

239 workers. Additionally, the Department has assessed a civil money penalty of \$37,620 for repeating similar past violations.

The investigation of HKA Enterprises Inc., which provided debris removal monitoring in New Orleans under a separate FEMA contract after Hurricane Katrina, covered the period from Oct. 8, 2005, to Dec. 3, 2005. The Wage and Hour Division determined that the company paid workers straight time for hours worked in excess of 40 per week in violation of the FLSA. HKA Enterprises has agreed to pay \$756,152 in back overtime wages to 143 workers.

The FLSA requires that covered employees be paid at least the federal minimum wage of \$5.85 per hour for all hours worked, plus time and one-half their regular rates of pay for hours worked over 40 per week. The minimum wage increases to \$6.55 per hour on July 24, 2008, and to \$7.25 per hour on July 24, 2009. Under the law, employers must also maintain accurate time and payroll records.

FOP (Continued from pg. 1)

American families. Often, both traditions will be present in the same family, and even the same individual. This is the case with many FOP members. That's why I am pleased that the Department of Labor partners with the FOP to support these wonderful traditions of service. The Department works with the FOP to provide information to FOP members returning from active duty about their employment and re-employment rights," said Secretary Chao.

The FOP and the Department of Labor have worked closely on

issues affecting the workplaces of police officers. The FOP con-

"You safeguard our homes and communities, keep the peace and help defend our country from outsiders who want to do us harm," said U.S. Secretary of Labor Elaine L. Chao.

structively participated in the

Department's rulemaking to update the overtime regulations, which culminated in the 2004 rules, for the first time, explicitly clarifying that front line police officers are not exempt from overtime protection. In addition, two FOP members sit on key advisory committees at the Department of Labor.



Benefits Security (Continued from pg. 2)

Resort and Spa on Clear Lake in Kelseyville, CA. The order resolves the Department's suit against the defendants for allegedly diverting plan assets to renovate and operate Konocti Harbor.

"Workers' retirement dreams, health and other benefits were jeopardized by the gross mismanagement of their benefit plans," said Secretary of Labor Elaine L. Chao. "This legal action puts the benefit plans under new, independent management and restores at least \$3.5 million to the pension plan."

The Department's 2004 suit alleged violations of the Employee Retirement Income Security Act (ERISA) by current and former trustees Lawrence J. Mazzola Sr. (the business manager and financial secretary-treasurer of Local 38), Lawrence Mazzola Jr., William B. Fazande, Larry Lee,

James R. Shugrue, Vohon J. Kazarian, Tom Irvine, Robert E. Buckley, Robert Buckley Jr., Art Rud, Ron Fahy and Robert Nuzzo, former plan administrator Frank Sullivan, and Local 38. Filed in Federal district court in San Francisco, the suit alleged that the defendants maintained inadequate financial controls, violated plan documents, engaged in self-dealing and imprudently spent millions to build and maintain facilities at Konocti despite the resort's continuing financial losses. Local 38 also allegedly profited from the interest on a \$6 million loan.

Under the settlement, a court-appointed independent administrator will oversee the plans and implement financial controls to prevent future misuse of the plans' assets. A second court-appointed fiduciary will have independent and exclusive authority over the property sale and, until it

is sold, management and operation of the resort. The current and former trustees no longer have any control over Konocti. In addition, the order requires all pension plan assets to be managed by professional investment managers and overseen by an investment monitor. Mazzola Jr. and Buckley Jr., who had been trustees for fewer years, are permitted to remain as trustees provided they attend training on ERISA fiduciary responsibilities.

The retirement, health, scholarship, apprenticeship and vacation and holiday funds cover more than 2,000 participants employed throughout Northern California.

This case was investigated by the Labor Department's Employee Benefits Security Administration (EBSA) of the San Francisco Regional Office.

U.S. Labor Department Awards \$10.1 Million for Safety and Health Training Grants

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) awarded more than \$10.1 million in Susan Harwood Training Grants to 55 nonprofit organizations for safety and health training and educational programs.

"Outreach and education are at the heart of our compliance assistance efforts for employers and employees," said Assistant Secretary of Labor for OSHA Edwin G. Foulke Jr. "The Harwood grants will help OSHA expand its educational resources

to protect working men and women."

The Susan Harwood Grants support workplace safety and health programs and the development of training materials to educate employees in high-hazard industries, those with limited English proficiency, those who are hard-to-reach, those in industries with high fatality rates and small business employers.

The grants support training programs to educate employees on targeted topics such as construc-

tion hazards, general industry hazards and other safety and health topic areas including pandemic flu and driver safety.

The training grants are named in honor of the late Susan Harwood, a former director of the Office of Risk Assessment in OSHA's Health Standards Directorate, who died in 1996. During her 17-year tenure with OSHA, Harwood helped develop OSHA standards to protect employees exposed to blood-borne pathogens, cotton dust, benzene, formaldehyde, asbestos and lead in construction.



More Than 16,000 Veterans to Benefit from \$27 Million in Job Training Grants

Secretary of Labor Elaine L. Chao today announced 94 grants, totaling nearly \$27 million, to provide approximately 17,000 veterans with job training to help them succeed in civilian careers. The grants are being awarded under the U.S. Department of Labor's Veterans' Workforce Investment Program (VWIP) and Homeless Veterans Reintegration Program (HVRP).

"These \$27 million in grants will help more than 16,000 veterans access the resources they need to find good jobs and build a bright future for themselves and their families," said Secretary Chao.

Funds are being awarded on a competitive basis to state and local workforce investment boards, local public agencies and nonprofit organizations, including faith-based and community organizations. The recipients are familiar with the areas and populations to be served and have demonstrated that they can administer effective programs.

More than \$6.7 million will support 12 VWIP grants to help veterans from targeted groups overcome employment barriers and ease their transition into non-subsidized jobs. Through this program, veterans receive skills assessments, individual job counseling, labor market information, classroom or on-the-job training, skills upgrading and retraining, placement assistance and crucial follow-up services. The Labor Department's Veterans' Employment and Training Service (VETS) expects these grants to provide training for more than 3,800 veterans who may also be eligible for services through other Workforce Investment Act programs for economically disadvantaged or dislocated workers.

To assist homeless veterans with reintegration into America's workforce, the Labor Department is awarding more than \$20 million in 82 HVRP grants. These funds are being distributed nationwide through 35 newly competed grants and 47 current grants receiving second- and third-year funding. Homeless veterans may receive occupational, classroom

and on-the-job training, as well as job search and placement assistance, including follow-up services. VETS expects these funds to help more than 12,600 veterans. HVRP is the only Federal program that focuses exclusively on employment of veterans who are homeless.

The HVRP grants include two cooperative agreements that will assist in developing the HVRP National Technical Assistance Center. The Center will: provide technical assistance to current grantees, potential applicants and the public; gather grantee best practices; conduct employment-related research on homeless veterans; conduct regional grantee training sessions and self-employment boot camps; and perform outreach to the employer community to increase job opportunities for veterans.

Grantees under both programs network and coordinate their efforts with various local, state and Federal social service providers.

U.S. Department of Labor Releases \$44.1 Million to States for Trade Adjustment Assistance

Secretary of Labor Elaine L. Chao today announced the release of more than \$44 million to assist states in providing career training as well as job search and relocation assistance to U.S. workers who lost their jobs for reasons related to trade.

"This \$44 million targeted to 15

states will help workers access skills training, job search assistance and relocation services to build new careers in high growth industry sectors," said Secretary Chao.

The funds were drawn from remaining fiscal year 2007 resources which have been maintained in a reserve account set up

in fiscal year 2004 by the U.S. Department of Labor under the Trade Adjustment Assistance (TAA) program. The Department is releasing the \$44 million remaining to 15 states that reported expenditures over 50 percent of available funds in FY 2007, and requested information systems upgrades will go forward (See **Trade Adjustment**, pg. 7)



Secretary Chao Pays Tribute to Houston Port Workers



Secretary Chao meets with union and business representatives at the Port of Houston. (DOL Photo)

On Wednesday, September 5, Secretary Elaine L. Chao toured and delivered remarks at the Port of Houston. The Secretary visited the Port of Houston to pay tribute to the strong partnerships there between employers, workers and unions.

As part of the visit, Secretary Chao was led on a tour of the Port and held a press conference with James T. Edmonds, Chairman of the Port of Houston Authority, and representatives of the West Gulf Maritime Association and the Seafarers International Union.

The Secretary highlighted the working relationship between all stakeholders at the Port of Houston. "The cooperation and

partnership amongst workers, employers, unions and associations has made the Port an engine of growth and jobs for this community. The Port of Houston generates thousands of jobs and tremendous economic growth for the region and the Texas economy. During 2006, the Port of Houston contributed \$117.6 billion to the state's economy. This is a tribute to the strong partnerships between employers, workers and unions at this Port," Secretary Chao said.

According to the International Shipping Federation, over 90 percent of world trade is moved by water. U.S. foreign trade has grown at more than twice the rate of overall U.S economic growth

over the last four years. Exports contributed nearly a full percentage point to the 4-percent Gross Domestic Product growth in the 2nd quarter. The waterborne segment increased by 58 percent last year. In 2006, waterborne trade represented 9.7 percent of U.S. GDP, up from 7.4 percent in 2003 according to the Commerce Department's Bureau

of Economic Analysis. This is one of the reasons why U.S. ports are so important to the economy.

As the former Chairman of the Federal Maritime Commission, Deputy Secretary of Transportation and the Deputy Maritime Administrator at the Department of Transportation, Secretary Chao has a longtime interest in the health of our maritime industry. During her visit she stressed the importance of educating and training a maritime workforce.

"As we look to the future, it is important to ensure that workers have the education and training they need to access skilled, good paying jobs at the Port of Houston, such as harbor pilots, long-shoremen and able-bodied seamen," Secretary Chao said.



Department of Labor:
<http://www.dol.gov>



Visit us on the Web!

http://www.dol.gov/_sec/laboradvocate

**U.S. Department of Labor
Labor Liaisons
Suite S-2006
200 Constitution Ave, N.W.
Washington, D.C. 20210**

Trade Adjustment (Continued from pg. 5)

in Colorado, North Carolina, Ohio and West Virginia. Over the past four years, nearly \$179 million in leftover funds have been released to the states for aiding trade-impacted workers.

Funds will be distributed immediately along with initial payments for fiscal year 2008, which began October 1. Congress annually has allocated approximately \$220 million for TAA training. During fiscal year 2004, the Labor Department's Employment and Training Ad-

ministration implemented a system for disbursing allocations using a formula that aligns resources with state training needs. Seventy-five percent of available TAA funds, or \$165 million, is awarded annually on October 1. Remaining funds are reserved for those qualifying states that experience large, unexpected layoffs during the year. States must spend at least 50 percent of their initial allocation or otherwise demonstrate need before requesting additional funding from the reserve account.

"Our commitment to the harder hit states will ensure that their communities can work with employers and educators to return their dislocated workers quickly to the workforce," said Assistant Secretary of Labor for Employment and Training Emily Stover DeRocco. "As our nation's workers strive to succeed in the competitive global economy, it is important that those facing trade-related job loss have access to expanded career opportunities."

Secretary of Labor Elaine L. Chao Pays Visit to IUPAT Training Center in New Orleans

On August 21, 2007, Secretary of Labor Elaine L. Chao visited the International Union of Painters and Allied Trades District Council 80 training center in New Orleans, LA.

The Secretary got an up-close view of apprentices honing their skills in drywall finishing, painting and glazing, among other crafts.

(DOL Photo)

