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House Hearing on Katrina Shows Massive Wage Abuse by No-Bid Contractors

by [Mike Hall](#), Jun 26, 2007

Workers who headed to New Orleans in 2005 to help rebuild the Hurricane Katrina-devastated city were abused and exploited, according to a report by Interfaith Worker Justice (IWJ) and testimony from worker groups at a House hearing today.

And says Ted Smukler, IWJ public policy director who testified at the hearing by the House Oversight and Government Reform Domestic Policy Subcommittee:

A series of executive orders by the Bush administration in the wake of Katrina set the stage for a lawless race-to-the-bottom labor market....

After Katrina, immigrants rushed to New Orleans with the promise of good, well-paid work. Those workers were used and exploited, denied their legal wages, exposed to toxins without proper health and safety training and equipment and lived in unspeakable squalor. Those without documents knew if they confronted their bosses or reported abuses to government agencies they could be deported. Meanwhile, the mainly African American displaced workforce was excluded from possibilities of work due to lack of housing, schools, health care and appropriate job training.

The IWJ report, [Working on Faith: A Faithful Response to Worker Abuse in New Orleans](#), surveyed a cross section of 218 Latino, African American, white and other Katrina reconstruction workers in the summer of 2006 and found:

[W]orkers of all races have experienced abuses of fundamental rights, including not receiving wages for their work and non-payment of overtime (wage theft), exposure to toxins without proper safety training or equipment, workplace injuries without workers' compensation and discrimination.

Some key findings of the report:

- 47 percent of the workers reported they did not receive all the pay they were entitled to;
- 55 percent said they received no overtime pay for hours worked beyond 40 per week; and
- 58 percent stated they were exposed to dangerous substances at work such as mold, contaminated water and asbestos.

The vast majority of the cleanup work is funded by government contracts—and many of those contracts were no-bid, says Rep. Dennis Kucinich (D-Ohio), the subcommittee chairman. Among the no-bid contracts are those connected to Kellogg, Brown and Root, a subsidiary of Halliburton, where Vice President Dick Cheney served as CEO. Says Kucinich:

In addition to getting cost-plus and no-bid contracts, the corporations receiving federal contracts and subcontracts also benefited from the suspension of many labor laws and non-enforcement of others.

In the aftermath of the hurricanes, President Bush issued a number of executive orders to suspend labor laws and documentation requirements. These included the Davis-Bacon Act [a wage protection law], the suspension of affirmative action requirements, the suspension of regular enforcement of the Occupational Health and Safety Act and the suspension of documentation requirements by the Department of

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Grassroots Report



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Smukler says the suspension of the documentation requirements gave employers the green light to:

Import an immigrant workforce, including undocumented people, without fear of consequence...[C]ontractors imported large groups of largely immigrant workers who lived in barracks, rail cars or tent cities provided by the contractors, some surrounded by moats. Employers were reported to have called Immigration and Customs Enforcement agents on themselves so that their workforce would disappear before getting paid.

Even if workers complained about wage theft and other abuses, they faced retaliation from their employers and a Department of Labor wage and hour division "that utterly failed" to protect workers, says Jennifer Rosenbaum of the Southern Poverty Law Center.

Workers who spoke up and demanded to be paid in accordance with federal law faced termination, threats of deportation, threats of physical violence and actual physical assault.

While wage abuse was rampant, how did the Labor Department's wage and hour division respond? According to the IWJ report, it did so by hiring two new part-time investigators who rotated from office to office and by initiating a mere 57 wage-and-hour investigations in the year following Katrina. That's a 37 percent decrease from the year before the hurricane.

Rosenbaum says the Department of Labor failed in several other ways including:

- failure to adequately staff its New Orleans office, despite billions in federal dollars awarded to contractors;
- failure to make staffers available to speak with workers during nights and weekends;
- failure to communicate with workers in their native language;
- dismissal of many complaints after little more than a cursory telephone interview, and frequently did not even record them;
- focusing on easy cases involving small groups of workers rather than investigating systemic problems involving large contractors and multiple layers of subcontractors;
- failure to protect workers from employer retaliation for wage complaints;
- failure to obtain adequate settlements on behalf of workers; and
- failure to ensure that damage awards reached workers.

While the Bush administration's Gulf Coast rebuilding efforts have been **severely criticized** as inadequate (click [here](#), and [here](#)), the AFL-CIO and other groups are helping the recovery efforts.

Click [here](#) for a copy of the IWJ report.

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