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Subject: Federal Insider: Obama administration moves against federal contractors that owed back pay to workers

Obama administration moves against federal contractors that owed back pay to workers

By Joe Davidson

(Brendan Smialowski/Agence France-Presse via Getty Images)

How the dealmaking Trump crowd will deal with federal contractors remains to be seen, but the Obama administration is making a statement during its final weeks in office.

In the waning days of December, the Labor Department took strong action against two companies that it said has cheated workers.

On Dec. 30, Labor [announced a move to debar](#) or prohibit any new federal contracts with Restaurant Associates. It prides itself on “[delivering hospitality excellence to premier clients](#).”

The week before, [Labor officials said Hormel Foods](#), which supplies food to federal agencies, agreed to hire 37 women and pay \$550,000 in back wages to 403 female job candidates to settle federal discrimination charges.

These actions are in line with previous administration actions designed to improve life for federal contractors. President Obama’s 2014 “[Fair Pay and Safe Workplaces](#)” executive order permits agencies to bar federal contractors with workplace violations, although this measure has been [blocked by a federal judge](#) in Texas. In [another 2014 executive order](#), Obama set the minimum hourly wage for contract workers at \$10.10 and allowed for annual increases. Under a new [rule announced in September](#), federal contractors must offer paid sick leave to employees beginning this year.

But what Obama gave workers, President-elect Donald Trump could take away. He has promised to “cancel every unconstitutional executive action, memorandum and order issued by President Obama,” during the new administration’s [first 100 days](#).

While Restaurant Associates boasts about delivering excellence, it took advantage of workers who serve the Senate cafeteria’s premier clients, according to Labor. The effort to debar Restaurant Associates stems from its July agreement, and that of subcontractor Personnel Plus, to provide \$1,008,302 in back pay to 674 workers. The company cheated staffers “by paying workers less than the wages required under the [law] and failing to pay for all hours worked,” [a Labor Department statement said](#). The agency also is seeking to debar the company’s principal officer, Dick Cattani.

“Doing business with the federal government is a privilege and not a right,” Oscar L. Hampton III, regional Labor solicitor in Philadelphia, said in a news release. “Federal contractors should conduct their business in accordance with the highest standards and comply with the law by paying their workers the wages to which they are legally entitled. The complaint underscores those principles, and was filed to ensure a fair and level competitive playing field for all federal contractors and a fair day’s pay for a fair day’s work for all those who perform work pursuant to federal contracts.”

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Charles Gladden, a Restaurant Associates employee in the Dirksen Senate Office Building, said the company “wasn’t treating the workers right, myself and other workers,” by having them work overtime without extra pay. “I wasn’t getting paid for the hours I was working,” he complained during an interview.

Debarment would last for three years and would apply only to future contracts.

When the back pay was [announced in July](#), Labor's [Wage and Hour Division Administrator David Weil](#), said that "employers given the opportunity to earn a profit by providing a service to the government at a cost to the tax payer have a legal obligation to follow the letter of the law, especially when it comes to paying their workers. Workers in the restaurant industry are among the lowest-paid workers in our economy. Most struggle to afford life's basic expenses and pay their bills; they shouldn't have to deal with paychecks that don't accurately reflect their hard work and the wages to which they are legally entitled."

Added Mark Watson, regional administrator for the Wage and Hour Division in the Northeast: "These contractors' actions put vulnerable, low-wage workers and their families in jeopardy."

Restaurant Associates said it was "surprised and disappointed that the Department of Labor (DOL) has chosen to initiate debarment proceedings. ... The company immediately paid all back wages owed and made all changes to pay practices going forward as requested by DOL. The company was in active negotiations with DOL to take extraordinary measures, above and beyond those required by the Service Contract Act, to ensure compliance in the future through an Enhanced Compliance Agreement with the Department. DOL's decision is unprecedented in these circumstances."

Hormel Foods said it differs with the Labor Department's conclusions but agreed to the settlement to "avoid further litigation and an unnecessary distraction to our business." That business included federal contracts worth \$50 million in 2016, according to the Labor Department. The agency said the contractor "discriminated against qualified female applicants for production positions from February 2008 to February 2009."

"When contractors accept federal funds, they agree to comply with federal anti-discrimination laws," said Thomas M. Dowd, acting director of the department's Office of Federal Contract Compliance Programs. "This voluntary settlement ensures Hormel's compliance and provides a remedy for the affected applicants."

In a statement to The Washington Post, Hormel said it "upholds the highest principles in employing its diverse global workforce, including meeting or exceeding all local, state and federal laws."

Yet Jennie-O Turkey Stores Inc., a federal contractor and a wholly owned subsidiary of Hormel Foods, agreed in June to hire 53 women and pay almost

\$492,000 in back wages to 339 female applicants denied entry-level jobs at its Willmar, Minn., turkey processing plant, according to [a Labor statement](#). A [consent decree](#) said Jennie-O used “a hiring process and selection procedures that discriminates against female applicants.”

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