

# **Workers' salary cuts are probed**

## **Labor Department opens an investigation after a new contractor reduces wages in Laguna Niguel federal office**

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The U.S. Department of Labor is investigating whether the company that employs workers who process immigration and citizenship applications in Orange County violated federal regulations by cutting their pay under a new contract that begins next week.

Nearly a third of the 600 employees at the federal Citizenship and Immigration Services office in Laguna Niguel, which handles paperwork from around the world, will have their wages reduced -- in some cases by more than \$7 an hour -- when the new contractor takes over Monday.

Nearly half of the 400 workers covered under the same contract in St. Albans, Vt., also will have their wages cut.

Many of the California and Vermont employees have worked at the immigration agency for years under different companies. Although the non-union employees work in the federal buildings, the government outsources the jobs to a private company. U.S. Citizenship and Immigration Services, part of the Department of Homeland Security, in September awarded the new contract to Virginia-based Stanley Associates Inc., which Fortune magazine called one of the 100 best companies to work for.

Labor Department spokesman David James confirmed the investigation in an e-mail but declined further comment.

Employees in Laguna Niguel have been picketing in front of the Chet Holifield Federal Building for two weeks. The salary reductions and their effect on morale come as officials are wading through a backlog of immigration and citizenship applications filed over the summer.

Bill Crisp, 59, said he has been a quality control inspector at the Laguna Niguel office for seven years, earning \$20.22 an hour. Beginning Monday, he said, he will earn \$12.98 an hour -- about 36% less -- in a new job as a data entry clerk.

"My wife doesn't work. How are we suppose to pay rent, eat and live on a salary that's been cut more than \$7 an hour? Is this fair?" Crisp said.

Alison Nguyen, a data entry clerk, said she was told her new hourly pay will be \$10.69, a drop of \$2.29.

"I've got to quit and move back with my parents. I can't afford to pay for rent and gas at that rate," she said.

Although many of the Laguna Niguel employees were picketing on their off time, several said they were afraid to talk to a reporter for fear of retaliation from Stanley. That concern rose after Kristy Tran, an inspector, said that the company rescinded a job offer after she had organized the protest.

Stanley Vice President Eric Wolking declined to discuss Tran's case. He said fewer than 10 people were being laid off.

Wolking said that 181 of the approximately 600 workers at Laguna Niguel will have their salaries cut through job reclassification or straight pay reductions. He said the company had no idea what workers were being paid when it bid on the contract.

"Once we started talking with employees we realized in some cases Stanley had bid a lower pay rate than what they were being paid," Wolking said.

On Tuesday, he said the company had decided to offer monthly bonuses of \$300 to \$400 to half of the 300 or so data entry clerks who turn in top performances. Picketing workers said they had not been told about the plan. Wolking said there are 28 inspectors at Laguna Niguel, but the company's bid only called for 18. Those who were retained as inspectors said their pay will drop by \$3.55 to \$16.67 per hour.

Stanley said nine employees who are being paid about \$20 an hour will have their salaries reduced to \$13 an hour. Some clerks will have cuts in pay from 75 cents to \$2.25 per hour, said spokesman Pat Flannery.

Two hundred employees in Vermont, half the workforce, will have their earnings slashed, U.S. Sen. Bernie Sanders (I-Vt.) said in a letter last week to Labor Secretary Elaine L. Chao.

Sanders asked Chao to investigate whether Stanley is violating the Service Contract Act by reclassifying workers and cutting their pay.

The law guarantees that federal contract workers receive prevailing wages and benefits.

Ruben Garcia, a labor law professor at California Western School of Law in San Diego, said a key is whether the Labor Department had changed the prevailing wage.

"I find it hard to believe how it could've been adjusted downward. That's the only justification I can see for this cut in pay," Garcia said.

Wolking said Stanley submitted its proposal based on its understanding of the Service Contract Act requirements.