



Plight of underpaid and overworked janitorial workers September 5, 2004

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JENNIFER LUDDEN INTRO: On this Labor Day weekend, we turn our attention to a group of workers who often go unnoticed. They're the janitors who clean office buildings and discount stores after they empty out at night. Many are immigrants, some illegal, and they're often made to work grueling hours for pay well below minimum wage. Last week, the US Labor Department reached a settlement with a cleaning contractor accused of exploiting janitors at Target stores. The case came to light because of an aggressive new approach by the cleaning industry itself: Honest contractors worried about unfair competition are trying to weed out those who break the law.

LUDDEN: Lilia Garcia heads the Maintenance Cooperation Trust Fund in Los Angeles. The group was set up in 1999 by California cleaning contractors. Frustrated by the lack of government oversight, they donate a fraction of their profits to Garcia's group. She then fields her own investigators.

Ms. GARCIA: We generally do cold work-site visits to either the commercial buildings or the retail locations.

LUDDEN: In what Garcia calls a stealth approach, investigators visit stores overnight and try to quietly strike up a conversation in Spanish with the cleaning crew.

Ms. GARCIA: We say hello. We try and make some small talk, try and break the ice, check in if they're the janitor and we'll recognize, 'There's a lot of work here, isn't there?' And they'll say, 'Yes,' and we'll say, 'The pay isn't too good, isn't it?' and they'll say, 'No, it's not,' and we'll keep that type of conversation. Our field-arm investigators, the majority of them are former janitors, so they have an excellent rapport with the workers and they pursue that type of inquiry.

LUDDEN: 'Cause I can imagine some janitor being a bit nervous or scared of someone approaching with those questions.

Ms. GARCIA: Oh, absolutely. There's a tremendous amount of intimidation in the industry. They are very nervous about giving out any information about their wages and working conditions.

LUDDEN: One Garcia collects enough information, she contacts the state or federal Department of Labor. In this way, she recently won a settlement in the case against Global Building Services, a contractor for Target Corporation. We requested interviews from both companies; instead, they faxed statements. Target says it does not tolerate unethical business practices and demands that its contractors respond to alleged violations of the law. Global Building Services said it has cooperated with investigating agencies and changed its pay practices.

Mr. ARTURO GONZALEZ: (Spanish spoken)

LUDDEN: Arturo Gonzalez is one of the janitors who helped expose Global Building Services. He spent 11 months on the overnight shift at several Target stores in Southern California, working nine, 10, even 11 hours at a time with just one day off a month. And his monthly salary? \$675.

Mr. GONZALEZ: (Through Translator) I went to ask for a day off because I needed a rest. I was coming in at midnight and leaving at 11 in the morning and also because they wouldn't pay us the last day of the month, the 31st.

LUDDEN: And what did the boss say?

Mr. GONZALEZ: (Through Translator) He told me do what you want to do. This is how I run my business, and if you don't like it, that's fine. There are the doors.

LUDDEN: Is that when you were fired?

Mr. GONZALEZ: (Through Translator) Yes.

LUDDEN: Investigator Lilia Garcia says it is often difficult to gain the trust of workers. Her group spends hours talking with them and visiting their homes. The challenge is to get enough details to build a legal case. This is all the more difficult since contractors may pay cash only and keep no records. And the risk of speaking out can be severe. Garcia recalls one case in which the contractors were immigrants themselves from Pueblo, Mexico, and had hired cleaning crews from the same town.

Ms. GARCIA: They would ask the janitor for their home information, and they wanted to know their--because this is a very small town in Pueblo, Mexico, Zacapala, so they would tell the janitor, 'I may not be able to hurt you here, but I could hurt your relatives back home.' And we had serious threats going on in that case.

LUDDEN: Garcia did eventually win that case against Building One Services, which cleaned three major grocery store chains in California. The suit was recently settled for \$23 1/2 million.

The issue of unscrupulous contractors is a hot topic in the industry magazine Contracting Profits. One of its editors is Stacy Whitacre.

Ms. STACY WHITACRE (Contracting Profits): Most of my readers who've been calling me are happy that these people are getting busted.

LUDDEN: Whitacre says scrutiny of the cleaning industry has intensified since last fall's high-profile raids on dozens of Wal-Mart stores. Since then, she's been flooded with calls and mail from contractors who worry the industry's in trouble. They've urged Whitacre's magazine to shed more light on those who don't play by the rules.

Ms. WHITACRE: A big complain among my readers is that even the ones who are doing everything just a notch above legal--like they're paying minimum wage plus 1 cent; they're still being kind of iffy--they're still bringing everything in the industry down because they're kind of setting a standard, they're setting the bar that much lower, and when you've got somebody doing it illegally, the bar goes even further down.

LUDDEN: At an annual convention of contractors this summer, Whitacre polled executives about the problem. One who came forward was Ken Galo. He runs L&K Facility Services out of Brookfield, Wisconsin. Like others, Galo traces the industry's hard times to the late '70s. That's when the number of illegal immigrants coming to the US surged. Employers quickly exploited this new work force, and eventually Galo saw his business drop off. A bad economy plus rising insurance costs have encouraged more cheating.

Mr. KEN GALO (L&K Facility Services): So if I'm in there presenting my presentation and the next guy after me has got a bunch of guys who just show up in a truck and they're paid a flat fee of maybe 60, \$70 a week each, his price is going to be a lot lower than mine.

LUDDEN: Don't the store owners realize the bids they're getting are basically impossible unless...

Mr. GALO: Nah. Put yourself in the shoes of the average American. We clip coupons and we'll drive an extra 10 miles to save 3 cents a gallon on gas. These store owners, they're responsible to higher-ups, and they're able to sit down at their quarterly meeting and say, 'Hey, I saved, you know, \$5,000 over last year on building maintenance.' They look like heroes.

LUDDEN: Galo says shady companies cut costs by illegally classifying janitors as self-employed subcontractors. That way they can pay a set salary for a job with no overtime no matter how long it takes. In some cases, wages per hour fall well below the legal minimum. Last month, Galo says he and other contractors formed a new group to lobby for a crackdown. At the same time, they realized they must find others ways to compete.

Mr. GALO: We want to contact major manufacturers of things like paper towels and toilet paper, and because we're small contractors, our buying volume is low so we pay a different rate than the bigger companies do, so our approach would be if we're a large group of small companies buying, then we're just at the same level as the bigger companies, well, shouldn't we get a better price?

LUDDEN: So you can compete with the guys who have the big contracts with the Wal-Marts and the Targets and so forth.

Mr. GALO: Exactly. We're trying to put ourselves up on that playing field a little bit more leveler without having to go the illegal route.

Ms. GARCIA: (Spanish spoken)

LUDDEN: Back in Los Angeles, Lilia Garcia is tracking down the janitors who won that recent \$23 million settlement with three California grocery stores. So far, she's found about 600 of them and hopes to hand out checks next year. It's her group's biggest success so far. Yet Garcia remains frustrated. The contractor in that case, Building One Services, declared bankruptcy, but she said it is hardly out of business.

Ms. GARCIA: Building One's taught other contractors how to do it, how to break the law, how to run and not be held accountable from it, how to be themselves, some kind of invisible employer. They do this shell game of changing their names and we know that the principals of that company have now opened up new companies and are operating in different parts of the country, and we will be watching for those contractors if they come into California.

LUDDEN: Already, Garcia says, she's preparing to investigate the same three California grocery chains previously found to be using shady cleaning contractors.