

Conduct Unbecoming

Sweatshops and the U.S. Military Uniform Industry



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Executive Summary

THE DEPARTMENT OF DEFENSE SPENDS OVER \$2B PER year on uniforms and other apparel and textile products for the armed forces. The Defense Department is the world's largest consumer of U.S.-made apparel. Approximately 20,000 U.S. workers, mostly women, at several hundred small businesses produce these products.

Workers were surveyed at eight contractors, seven of whom manufacture the new Army Combat Uniform. Many of these contractors are domestic sweatshops, with poor working conditions including the following:

I. Poverty Level Wages: Workers report starting pay that averages \$5.49 per hour and an average pay of \$6.55 per hour, which is only 85% of the U.S. poverty threshold for a family of three. This wage is far below the mean average for the domestic apparel industry of \$9.24 per hour.

II. Wage Cuts and Irregularities: Workers at several companies report pay cuts and paycheck irregularities that may amount to wage and hour violations.

III. Little or No Benefits: Most of the workers surveyed are unable to afford employer healthcare benefits. Approximately 86% of workers interviewed at Rutter Rex have no health insurance coverage, and 59% of workers at American Power Source have no coverage. Other companies fail to offer any healthcare coverage. The average cost to workers of family healthcare, \$273 per month, is

25% of the average gross monthly wage. None of the contractors provided a defined benefit pension and few workers could afford to contribute to a 401(k) plan, where offered.

IV. Forced Overtime Work: Workers report routinely being forced to work overtime, including up to 18-hour shifts at one contractor.

V. Labor Law Violations: Companies in the industry have disregarded workers' rights and violated labor law.

VI. Health and Safety Problems: Occupational Safety and Health Administration (OSHA) citations and workers' reports indicate the prevalence of hazardous working conditions and avoidable occupational injuries. A group of military apparel contractors have been cited for over 120 health and safety violations over the past decade.

VII. Disrespect, Discrimination, and Degrading Treatment: Workers report an atmosphere of intimidation and harassment, favoritism toward select workers, and racial discrimination.

Extra Costs for Taxpayers

The poverty wages and lack of benefits force many workers to rely on government-funded programs such as Medicaid or food stamps. The total annual potential cost to taxpayers of these programs is nearly \$300,000 for a typical factory, and more than \$45m for the entire industry. Furthermore, these companies receive subsidies at the state and local levels at the taxpayers' expense.

Recommendations

SWEATSHOP LABOR SHOULD NOT BE A VIABLE BUSINESS model for government contractors, especially those that produce uniforms for the men and women in the U.S. armed forces. The Defense Department and its contractors share responsibility for the labor conditions in the military apparel supply chain. We offer the following recommendations for an improved apparel procurement system that will have better outcomes for workers, the Pentagon, and U.S. taxpayers:

Defense Department

Procurement Accountability:

- ❖ The Defense Department must take greater responsibility for the working conditions in its extensive domestic apparel supplier network and provide stronger oversight of its apparel contractors. The government should recognize how a low-bid procurement system contributes to sweatshop conditions in their suppliers.
- ❖ Contracting officers should more carefully and vigorously evaluate a contractor's labor practices and working conditions, including wages and benefits, in making source selection decisions. They should ensure that the Pentagon only does business with companies that provide quality jobs, maintain the highest workplace standards, and demonstrate adherence to business integrity and ethics. Contracting officers should consult with the Department of Labor, the Equal Employment Opportunity Commission, OSHA, the Defense Contract Management Agency, and other appropriate sources to ensure their source selection decisions are well-informed.

- ❖ The Defense Department should more carefully carry out inspections of contractor facilities and pay closer attention to employee working conditions and contractor compliance. Confidential interviews with workers should be a regular part of these inspections. Results of inspections should be made available to other agencies and to the public.
- ❖ Contractors with a record of poor working conditions and labor violations should be referred to Pentagon suspension and debarment officials for immediate and appropriate action. Such companies should not be permitted to bid on federal work.

Contractor Code of Conduct:

- ❖ Contractors for the military should be held to high labor standards, to ensure that they provide good quality jobs for U.S. workers.
- ❖ Companies should be required to follow a sweatshop-free code of conduct that outlines their responsibilities as military contractors to provide quality jobs with decent wages, benefits and working conditions.
- ❖ Companies should also be required to disclose in their contract bids the wages and health and pension benefits offered to their workers, other relevant working conditions, and any OSHA, National Labor Relations Board, or other violations that reflect on their status as a responsible contractor.

Industry Background

THE DEPARTMENT OF DEFENSE SPENDS BILLIONS of dollars every year to supply U.S. soldiers with necessary goods and services. One of the areas for these expenditures is clothing and textile items, which under federal law must be made in the United States. The Defense Department is the world's largest consumer of U.S.-made apparel. There are an estimated 20,000 workers at several hundred apparel and textile companies in the U.S. who are contracted to manufacture apparel and textile supplies for the military. Examples of the 8,000 different apparel and textile items procured each year for the military include combat uniforms, dress uniforms, body armor, tents, outerwear, and footwear.¹

In 2005, the Defense Supply Center Philadelphia (DSCP), the main apparel procurement agency of the Department of Defense, spent approximately \$2b on apparel and textile goods for the military, which represents an 8% increase in purchases over 2004.² The increase in procurement and sales of apparel and textile goods has grown dramatically over the last several years. Wars in Iraq and Afghanistan have fueled the greater demand as the military strives to keep soldiers properly supplied. The individual armed forces also procure some uniforms on their own, and the military exchanges, such as the Army and Air Force Exchange, purchase apparel for resale on military bases.

Continued growth in spending on apparel and textile goods is expected with the ongoing conflicts and as a result of military branches implementing new uniform designs. The U.S. Army, for instance, is completely refitting its soldiers with a newly-designed combat uniform. The Army unveiled this uniform in

February 2005 and announced that \$3.4b would be spent over the next three years to manufacture the uniforms and outfit every soldier.³ The Marine Corps has already begun using a new Combat Utility Uniform, and the Air Force and Navy have announced that they are redesigning and currently wear-testing new designs for utility uniforms as well.⁴

Methodology

THE FINDINGS FOR THIS REPORT COME FROM A NUMBER of sources, including interviews with garment workers, information from various government agencies and departments, and press coverage.

Extensive surveys and interviews with military uniform manufacturing workers were conducted over the last several years, with the majority during 2005. Eighty-eight workers were interviewed at the eight companies listed below. Most of these workers are sewing machine operators. Excerpts from interviews are included in the report where relevant. Wherever necessary, names and other identifying details have been withheld to protect workers.

The workers interviewed were employed by the following contractors:

- A.C. Inc.—Chatom, Alabama
- American Power Source— Fayette, Alabama & Columbus, Mississippi
- Bremen Bowden, Inc.—Bremen & Bowden, Georgia
- Columbia Sewing—Hope & Magnolia, Arkansas
- Golden Manufacturing—Golden & Marietta, Mississippi
- J.H. Rutter Rex, Inc.⁵—Columbia & Tylertown, Mississippi
- Tennessee Apparel Corp.—Tullahoma, Tennessee
- Tullahoma Industries—Tullahoma & Waynesboro, Tennessee



Army combat uniform

The above companies are recipients of recent contracts from the DSCP—seven of eight won portions of the large February 2005 Army Combat Uniform contract—for whom military work constitutes a large portion of production. Most of these companies are certified as small businesses, meaning they employ no more than 500 workers. Other military uniform contractors are discussed in this report where relevant information has been obtained.

More than 90% of the workers interviewed are women and 87% are African American. The average age of the workers at the time of interview was 42. The average length of employment at a company was approximately eight and a half years.

Records and reports from government departments and agencies, such as the Department of Defense, the Department of Labor, OSHA, the National Labor Relations Board, and the Equal Employment Opportunity Commission are cited extensively.

Previous Exposure

IN 1999, THE MAGAZINE *MOTHER JONES* RAN AN investigative report by Mark Boal titled “*Behind the Seams: How American Sweatshop Labor Clothes the Military and Feeds the Government.*” The article detailed the deplorable conditions and practices of military uniform manufacturer Lion Apparel and other companies.⁶

At Lion Apparel and Doyle Shirt Manufacturing, workers earned just above the minimum wage and had to supplement their income with food stamps. Workers detailed in the article how they were subjected to formaldehyde fumes that caused shortness of breath, headaches, and skin rashes. After hours of exhausting work on sewing machines held

together with spare parts and electrical tape, workers came home with swollen hands and back pain from days of hunching over machines.

These findings were backed up by OSHA which had cited Lion Apparel 32 times for safety and health violations in the prior 12 years. OSHA concluded that “several women had rashes and were complaining about formaldehyde exposure” and that the company failed to behave appropriately by refusing to send workers to a doctor when “a substantial probability that death or serious physical harm could result.” Other violations OSHA found included failing to give employees proper face protection, not training employees how to handle hazardous chemicals, and failing to train employees how to use portable fire extinguishers in a plant loaded with flammable materials.⁷

Although many major apparel retailers and manufacturers have implemented anti-sweatshop codes of conduct, which aim to reduce or eliminate such conditions, the article points out that the Department of Defense has not done so. Unfortunately, the conditions exposed in 1999 continue to be prevalent in the military uniform industry beyond the Lion and Doyle operations and may, in fact, have worsened in recent years.



TABLE 1
Payments to Contractors, FY 2003-05 ^(a)

COMPANY	A.C. Inc.	American Power Source	Bremen Bowden Inc.	Columbia Sewing	Golden Mfg.	Rutter Rex	Tennessee Apparel	Tallahoma Industries
2003 Contract Awards	\$29,359,426	\$16,583,258	\$16,456,775	\$1,990,415	\$43,183,364	\$16,472,609	\$49,364,816	\$13,399,896
2004 Contract Awards	\$10,587,083	\$11,602,311	\$4,572,061	\$2,084,150	\$25,120,85	\$14,530,575	\$59,800,143	\$7,544,127
2005 Contract Awards	\$27,896,299	\$8,234,337	\$4,788,000	\$5,155,000	\$42,013,337	\$9,830,738	\$22,682,150	\$12,637,056
Totals								
\$455,888,783	\$67,842,808	\$36,419,906	\$25,816,836	\$9,229,565	\$110,317,558	\$40,833,922	\$131,847,109	\$33,581,079

(a) From data provided by DSCP. Amounts represent payments made to contractors in a given fiscal year, not necessarily the total value of contracts awarded to a contractor in that same year.

Military Uniform Contracts

THE CONTRACTORS THAT ARE THE FOCUS OF THIS REPORT have received payments for military apparel contracts from fiscal years 2003-2005 totaling \$455,888,783, as shown in Table 1. This figure represents 6.9% of the total value of payments made by DSCP during those years.⁸

Industry Working Conditions

I. Poverty Level Wages

For the billions of dollars the Department of Defense spends on procuring military uniforms, little of it reaches the workers who actually make the uniforms. Workers for military uniform contractors barely earn above minimum wage and are paid significantly below the federally-defined poverty threshold. The U.S. Department of Labor classifies such workers as the “working poor”—workers who are in the labor force but whose incomes fall below the official poverty level.⁹

At military uniform contractors investigated for this paper, the average hourly starting wage found was \$5.49 per hour, as shown in the first column of Table 2. The average hourly wage at the contractors was \$6.55 per hour. At \$6.55, the calculated annual gross income would be only \$13,624.¹⁰ That is \$2,466, or 15%, less

than the \$16,090 the federal government has defined as the poverty threshold for a family of three for 2005.¹¹

These wages also fall far below industry national averages, showing that the military apparel sector pays wages at the bottom of the apparel industry. The Bureau of Labor Statistics (BLS) reports that the mean hourly wage for U.S. sewing machine operators is \$9.24 per hour.¹² That is \$2.69 per hour, or 45%, above the average hourly wage paid by uniform contractors. The bottom tenth percentile hourly wage for operators—\$6.48—is comparable to the average wage found, demonstrating just how low wages are for workers in the military apparel industry.

Even in low-wage states where there is a concentration of military uniform contractors, such as Mississippi and Alabama, the mean hourly wages for operators—\$9.89 and \$8.48 per hour respectively¹³—are still far above the average wage paid by military uniform contractors. Furthermore, the mean hourly wage for sewing machine operators directly employed by the federal government is \$14.55.¹⁴ The federal government is the only customer for many military uniform contractors, yet their sewing machine operators are paid up to \$8.55, or 60%, less per hour than those directly employed by the government itself. Table 3 compares these industry figures to the average wages shown in Table 2 and the poverty threshold.

TABLE 2
Wages at Military Apparel Contractors

COMPANY	AVERAGE at all companies	A.C. Inc.	American Power	Bremen Bowden Inc	Columbia Sewing	Golden Mfg.	Rutter Rex	Tennessee Apparel	Tulahoma Industries
Starting Pay									
Starting Pay (Hourly)	\$5.49 ^(a)	\$6.00	\$5.15	\$5.75	\$5.15	\$5.70	\$5.15	\$5.50	\$5.50
Estimated Annual Wage^(b)	\$11,419	\$12,480	\$10,712	\$11,960	\$10,712	\$11,856	\$10,712	\$11,440	\$11,440
Percent of Poverty Threshold^(c)	71%	78%	67%	74%	67%	74%	67%	71%	71%
Average Pay									
Average Pay (Hourly)	\$6.55 ^(d)	N/A	\$6.50	\$7.00	\$6.20	N/A	\$6.20	\$6.98	\$7.27
Estimated Annual Wage^(b)	\$13,624		\$13,520	\$14,560	\$12,896		\$12,896	\$14,518	\$15,122
Percent of Poverty Threshold^(c)	85%		84%	90%	80%		80%	90%	94%

- (a) Average starting pay reported across eight companies.
- (b) Calculation based on 40 hours of work per week, 52 weeks per year, or 2,080 hours
- (c) Poverty Threshold for a family of three in 2005 is \$16,090/year
- (d) Average hourly pay reported by surveyed workers at all companies except A.C. Inc and Golden Manufacturing. This is an average figure weighted by the number of respondents who provided this information.

Workers report that despite such low wages, they are still being squeezed with further wage cuts and increased production quotas. Simply put, these workers are being asked to produce more for less pay. At American Power Source, a company with manufacturing facilities in Mississippi and Alabama, workers' wages have been cut twice in the last two years. Workers have seen their wages slashed up to \$3.00 per hour as production quotas were increased and the base wage rate was cut to \$5.15 per hour.¹⁵

The starting pay at American Power Source was \$6.50 an hour and I usually made around \$9 an hour on piece rate. In October 2004...I was laid off. I was called back to work in November 2004, but the wages were cut. I now make about \$5.45 an hour. I now do the work of two jobs instead of one and I am paid less than before.

—Lois McMillan,
American Power Source



At Rutter Rex, a company with two manufacturing facilities in Mississippi, the base rate has been reduced to \$5.15 and production quotas increased. As Tables 4 and 5 illustrate, the company lowered the rates of pay per bundle and increased the number of bundles that

Lois McMillan and family,
American Power Source, 13 years
experience in apparel factories

TABLE 3

Comparison of Wages to the U.S. Poverty Threshold

SEWING MACHINE OPERATORS	Average
Federal Government Employees	\$14.55
Mississippi Apparel Employment	\$ 9.89
U.S. Apparel Industry Employment	\$ 9.24
Alabama Apparel Employment	\$ 8.48
U.S. Poverty Threshold (family of three)	\$7.74^(a)
<i>Military Apparel Contractors—Average Wage</i>	\$ 6.55
<i>Military Apparel Contractors—Average Starting Wage</i>	\$ 5.49

(a) \$16,090 divided by 2,080 hours in a work year

workers are required to complete in one day over the course of several weeks. As a result, despite working harder and faster to meet quotas each week, workers are barred, for all practical purposes, from increasing their earnings.

Furthermore, when employees at Rutter Rex are making their production quotas—and therefore increasing their earnings—they are often moved to new or more difficult jobs, expressly so the company can avoid paying higher wages to more productive workers. A Rutter worker¹⁶ reports, “I used to work on lower welt [pockets] until my supervisor...cut the rate and moved us so we wouldn’t make production.

I have been moved to so many different places, I don’t have a regular job. I have done flaps, lower welt, everything in there.” At the Tylertown, Mississippi, plant, a worker recounts that the company initiates time studies to assess rates of production when a worker exceeds the production quota. The quotas are usually then raised.

One worker at Tullahoma Industries, in Tullahoma, Tennessee, reports that favored employees in the plant are not forced to move jobs and therefore do not lose their average rate of pay.

At the Rutter Rex Tylertown plant, a worker reports that white employees are less likely to be moved to new jobs and suffer a decrease in pay. This worker’s supervisor will let white workers keep their average rates

of pay when the work slows down but will not afford black workers this same privilege.

Similarly, employees at other manufacturers widely report the practice of cutting of wages and simultaneously increasing production quotas. Most recently, companies awarded the Army Combat Uniform have used the opportunity to cut workers wages by setting quotas for the new uniform too high for workers to

meet, particularly when unfamiliar with the uniform’s components.

Workers at a number of different plants lament this trend: their wages tend to be lower when they are sewing military uniforms as opposed to civilian clothes. According to a senior worker at Bremen Bowden, workers “make less money doing military work than when [we sewed] civilian clothing for Men’s Wearhouse and Jos. A. Bank.” Another Bremen worker reported that the company had missed contract deadlines in the past because

TABLE 4

Rate Cuts and Production Quota Increases at Rutter Rex for “Set Pocket” Operation

Week End Date 2005	Rate Per Bundle	Daily Bundle Quota	Daily pay (if you make quotas)
June 11	\$1.55	29.52	\$45.76
June 18	\$1.30	35.20	\$45.76
June 25	\$1.176	38.90	\$45.75

TABLE 5

Rate Cuts and Production Quota Increases at Rutter Rex for “Setting Back Pocket” Operation

Week End Date 2005	Rate Per Bundle	Daily Bundle Quota	Daily pay (if you make quotas)
June 11	\$6.00	7.62	\$45.72
June 18	\$5.60	8.17	\$45.75
June 25	\$5.23	8.75	\$45.76

“[We] make less money doing military work than when [we sewed] civilian clothing for Men’s Wearhouse and Jos. A. Bank.”

—Worker, Bremen Bowden, Bowden, GA

workers were pulled off the job to work on commercial clothing orders, presumably because they were more profitable for the company.

At Rutter Rex, a seven-year employee echoes the sentiments of her counterpart at Bremen: “When [Rutter Rex] got the military work they told us we were going to be making some money, but I am making less money now than I was when I first started.”

American Power Source currently occupies a building once used by Red Kap. Tan Harris worked at Red Kap for 14 years, sewing career apparel and employee uniforms, before it shut down and was replaced by American Power Source. While there, she earned significantly more money than she does now at American Power Source making military uniforms. “At Red Kap I was making \$13-14 an hour. Last week I made \$5.50 an hour at American Power Source,” reports Harris. These sewing machine operators actually take pay cuts to make uniforms for U.S. troops.

II. Wage Cuts and Irregularities

At two uniform contractors, workers report questionable compensation practices, such as cuts to wages and specious alterations to production rates, as described above. At American Power Source and Rutter Rex, the companies’ alleged actions raise questions about the integrity of companies that would cheat their employees of hard-earned wages.

Case Study: American Power Source

Former American Power Source office employee Shea Sennett plainly describes the company’s regular efforts to manipulate worker pay. Sennett’s duties included payroll for the plants in Columbus,

Mississippi, and Fayette, Alabama. She recounts how her supervisor and manager would review her weekly reports of each worker’s production amounts and wages and make arbitrary changes.

[My manager] would scratch through the amount workers had actually earned and write on the report the wages she decided to pay each worker. These amounts were almost always lower than what the worker should have received. For example, for a worker who had earned \$7.00 an hour, [my manager and supervisor] might cut their pay down to as low as \$5.15 per hour....Sometimes they would make personal comments about the employees, such as, “She pissed me off—so pay her X dollars an hour,” or “She didn’t work as hard as she could have.”...Other times they would just tell me to lower the rates.

The widespread practice—“Almost every worker had their rates adjusted at some point,” claims Sennett—attracted the attention of many of the company’s workers, who made inquiries.

Workers complained to me every week.... Most employees knew how much they should have earned each week down to the penny. [Therefore, my supervisor] instructed me to play with the numbers on the time sheets so that if a worker complained about her wages, I could show them the calculations that would make the wage look accurate.

“[My manager] would scratch through the amount workers had actually earned and write on the report the wages she decided to pay each worker. These amounts were almost always lower.”

—Shea Sennett, Columbus, MS

Though American Power Source invested in a new computerized payroll program while Sennett was an employee, the management was hesitant to use it once they realized the limitations it placed on their discretion to change wages. “I had it running,” states Sennett, but the managers “decided not to use the system because you could not manipulate or change the numbers (or the amount a worker was to be paid).”

Worker Gwen Jones knows that her paycheck has been short and she has had great difficulty recovering her rightful wages. She has never been compensated properly in these instances.

When they mess up your pay, you have to file a form, but it will be a week before they get back to you about it. They never fixed my pay. I complained numerous times about it and three times I filled out the form. The only time they ever did anything, all they gave me was two cents. They owed me way more than two cents.

American Power Source also makes suspected cuts to workers’ already-low wages by other means. The company’s failure to post employee’s average rate of work, combined with the changing piece rates, makes it easier for the company to manipulate worker pay. “Usually a plant has a big board where they would write up there everyday how you are doing and I could go and look at it and see what I have done day to day,” Doris Sykes explains. “[T]hey are cheating me, but since nothing is posted to check your rates, you don’t know what you [should be] making.”

Case Study: Rutter Rex

At Rutter Rex, workers report the regular docking of pay in 15-minute increments for various infractions. Such offenses include talking to coworkers—even as part of one’s job duties—or for being even one minute late. As a result of having their pay cut in this way, employees are not being paid for all of the time worked, in possible violation of the Fair Labor Standards Act, which governs pay and minimum wages.



Army combat uniform

A Rutter worker explains the illegal implications of this practice: “You think about them taking 15 minutes from your pay and then you are not even making \$41.20 a day—you are making less than minimum wage.” Or, in the example provided by another Rutter employee, the situation can become far worse: “I could even have three supervisors docking 15 minutes at the same time. So that’s...45 minutes I have worked that I am not getting paid for.”

Rutter employees also note that it is not possible to prevent this punishment when supervisors refuse to provide information about the nature of the infraction. One worker states: “When you ask who docked you and why, they tell you they don’t know...And you don’t know that you have been docked until the payroll sheet comes out a week after.”

Nor is there any recourse to contest this punishment with the plant managers. “If you try to dispute being docked,” another worker maintains, “the plant manager will just say, ‘Well somebody says they saw you doing something.’ There is no way to dispute being docked, there’s no kind of answer.”

• • •

At a third company, Caribbean Needle Point, in Puerto Rico, the company was forced to pay back

wages to 26 workers.¹⁷ The Department of Labor found that Caribbean had failed to pay appropriate overtime pay to workers paid on piece rate. Instead of time and a half, the workers were only paid their regular wages, a violation of the FLSA.

III. Little or No Benefits

Military uniform contractors, on the whole, provide few benefits for their low-wage workers. At the companies profiled, affordable healthcare coverage was not widely available. Substantive retirement benefits, like defined benefit pension plans, were non-existent. Accounts such as 401(k)s, where offered, are meaningless on salaries so low that workers may be forced to rely on government subsidies or charity to survive. Table 6 summarizes benefits offered and their monthly costs at surveyed companies.

Though many companies offer some type of health insurance coverage, the high premiums and/or co-pays are prohibitive for workers who live paycheck-to-paycheck. Workers who do enroll must pay a large portion of their gross income for company health insurance coverage for themselves or their families. Listed below are the percentages of gross monthly income needed to cover health insurance premiums at the average cost across all eight companies and then at three selected companies.

- ❖ At the average cost of \$273 per month for family healthcare, a worker with the average salary of \$6.55 per hour would pay 24% of gross monthly earnings.

- ❖ At American Power Source, a worker with the average salary of \$6.50 per hour would pay 22% of gross monthly earnings for family coverage.
- ❖ At Bremen Bowden, a worker with the average salary of \$7.00 per hour would pay 22% of gross monthly earnings for family coverage.
- ❖ At Tullahoma, a worker with the average salary of \$7.27 per hour would pay 20% of his or her gross monthly earnings for individual coverage.

As a result of these costs, most workers cannot afford coverage through their employers. Of workers interviewed at American Power Source, 59% had no health insurance coverage. Another 17% of workers were covered through a spouse.¹⁸

The situation is even more critical at Rutter Rex, where 86% of workers indicated that they had no health insurance coverage. The remaining 14% who had insurance were covered through a spouse; no workers interviewed had employer-sponsored coverage.¹⁹ Furthermore, the children of a significant number of workers received health insurance through Medicaid or equivalent state children’s health insurance programs, discussed in the “Extra Costs for Taxpayers” section.

For the uninsured, even minor health problems can spiral into crises. But the management of chronic conditions is particularly difficult for workers who cannot afford periodic doctor visits or the costs of critical medications to control such common and

TABLE 6
Summary of Benefits at Military Apparel Contractors

COMPANY		AVERAGE COST	A.C. Inc.	American Power Source	Bremen Bowden Inc.	Columbia Sewing	Golden Mfg.	Rutter Rex	Tennessee Apparel	Tullahoma Industries
Approximate Monthly Cost of Health Insurance	Individual	\$142	Cost Not Available (a)	\$67	\$140	Not Offered	\$152	Cost Not Available (a)	\$100	\$252
	Family	\$273		\$251	\$268		\$300		Cost Not Available (a)	
Defined Benefit Pension			Not Offered	Not Offered	Not Offered	Not Offered	Not Offered	Not Offered	Not Offered	Not Offered

(a) Workers interviewed could not provide the cost because they did not participate in the company plan, which they characterized as unaffordable.

treatable conditions as hypertension or diabetes, for example:

I can't afford the health insurance at the company. I have high blood pressure and high cholesterol. I had to go to the emergency room and now I owe \$1,000 for the bill. I haven't been to the doctor for my last two appointments because I can't pay him. I just try to take care of myself the best that I can. I haven't been able to buy all the medication I need... They say I make too much to be covered by Medicaid but I don't make enough to afford health insurance on my own.

—Worker, Rutter Rex, Tylertown

IV. Forced Overtime Work

Overtime work is common among these companies as manufacturers struggle to meet production deadlines and shipment schedules. In some cases, overtime is a last resort for a company that has mismanaged its workload, especially if that company is also doing civilian work. Unfortunately, workers are often given little notice for anticipated overtime. At military contractor American Power Source, for example, employees report working up to 18 hours a day with little or no notice, disrupting family life and leaving some workers scrambling to find viable childcare.

Sewing operator Lois McMillan, at American Power Source, acknowledging the lack of notice, also points out that workers' freedom to turn down overtime is minimal: "We really don't have a choice. The overtime isn't voluntary. They basically tell us that they really need us to work overtime and threaten us with our jobs saying, 'You will get laid off if you don't work overtime.'"

Furthermore, overtime is often demanded arbitrarily and in ways that are debilitating to workers as they try to care for themselves and their families. For

instance, American Power Source worker LaKeisha Lavender reports an instance from January 2005: "[One day] they had people working until 3:30am in the morning. When I came in [the next day] at 7:00am, there was no work for me. Now why are they going to force people to work overtime until 3:30 in the morning and then not have work for some of us at 7:00am?"

Rutter Rex also penalizes workers for refusing overtime using its point system. A worker receives one point if he or she chooses not to work overtime. Workers also accumulate points for arriving late, leaving early, or for calling in sick. Workers have even reported receiving points for tending to sick children, even though they were able to present the requisite note from a doctor. As a worker is terminated once they have twenty points, the levying of points can have frightening consequences.

V. Labor Law Violations

In response to poor working conditions, workers at companies in the industry have joined unions or attempted to unionize. Union shops are more likely to be safe, pay higher wages, offer benefits, and operate with more reasonable production rates. Yet several companies have vigorously resisted the democratic rights of their workers to be represented by a union.

Roxanne Ferreiro, owner of American Power Source, choose to cease operations and close a plant in Macon,

Mississippi, rather than negotiate with the workers' union, UNITE HERE. Ferreiro's company was due to receive local and state funds to rehabilitate the former Cal-Jac plant in Macon. But after buying the Cal-Jac apparel business, where workers enjoyed a union contract, Ferreiro chose to forgo over \$100,000 in government subsidies rather than recognize the union as the legal bargaining representative for the plant's workers. Ferreiro also made a threat to the workers: if they

**At Rutter Rex,
86% of workers
indicated that
they had no health
insurance coverage.**



LaKeisha Lavender, American Power Source,
7 years experience as a sewing machine operator

continued to engage in union activity, she would close the Macon plant, which is exactly what she proceeded to do. After laying off most of the employees, she moved the sewing work to another plant in the region, costing approximately 50 workers well-paying jobs with benefits. The facility was completely shut down shortly thereafter. Ferreiro's lawyer argued rather disingenuously to the Mississippi Development Authority, provider of the subsidies, that the plant was closing due to its "inability to produce the quality of product required by its customer," the military.²⁰

As a result of these actions, the National Labor Relations Board issued a Complaint to American Power Source, alleging serious violations of federal labor law.²¹ The company chose to settle the charges, rather than risk a ruling that it had violated the National Labor Relations Act. As part of the agreement, the company was required to pay back wages to

44 employees in the amount of \$2,000 each, a total of \$88,000.

Furthermore, the company was required to post a notice for 60 days containing the following statements and mail this notice to both current and former employees:

- "We will not threaten you by telling you that the plant will close if you continue your union activities."
- "We will not refuse to meet and discuss in good faith with UNITE HERE...any proposed changes in wages, hours, working conditions, including transferring work to another location and laying off and/or terminating employees, before putting such changes into effect."
- "We will not transfer work to other facilities and lay off and/or terminate you to discourage you from supporting the Union."
- "We will...offer our sewing employees who were terminated and/or laid off as a result of our decision to cease the sewing operation at our Macon, MS, facility employment at our Columbus, MS, facility along with their seniority and all other rights and privileges."
- "We will pay sewing department employees who were employed at the Macon, MS, facility for the wages they lost because we terminated them in June 2004."

Maybar Pads of New York City is a subcontractor for Carter Industries. Carter is a military contractor that was awarded up to \$70m in contracts from DSCP for coveralls and other uniforms in 2005. When workers at Maybar began to organize for higher wages and better working conditions in the summer of 2005, some workers at the plant were summarily fired. A manager at Maybar threatened to close the plant and relocate to the Dominican Republic, because "there the people don't complain." A complaint was filed with the National Labor Relations Board and the settlement was negotiated and signed in December of 2005.²²

Guardian Manufacturing Company, which makes gloves for the military, was charged in 2002 with failing to hire a job applicant because of her union activity. In the settlement for those charges, Guardian, of Willard, Ohio, paid the applicant \$9,000—wages that she would have earned had she been hired. The company was compelled to post the following statement, among others: “We will not refuse to hire employment applicants because of their Union membership, activities, or sympathies.”²³

American Power Source was required to pay back wages to 44 employees in the amount of \$2,000 each, a total of \$88,000.

cal wiring, unsafe walkways and means of egress, unsafe use of flammable and combustible materials, failure to provide eye and face protection, failure to provide respiratory protection, failure to follow lock-out and tagout procedures, and failure to inform workers about hazards in the workplace, among others.

The texts of the violations and the inspection notes from the OSHA citations provide more specific examples of the nature of these workplace hazards.

VI. Health and Safety Problems

Hazardous conditions and filthy working environments are rife throughout the industry. Workers report that companies fail to take even basic safety precautions in their plants, such as the proper guarding to prevent puncture wounds on sewing machines or keeping floors clear of garbage and debris. And almost 100 years after the infamous Triangle Shirtwaist Factory tragedy in New York City, there are fire hazards such as blocked aisles, unmarked exit doors, non-working emergency lights or alarms, and at one Rutter plant, a door that locks automatically when the shift bell rings.

A. OSHA Violations and Fines

Evidence of such conditions has been corroborated by the findings of OSHA, which monitors workplace health and safety. Table 7 highlights violations and fines found at a selection of uniform contractors since 1995, with a total of 121 violations in the last 10 years.

The sector of companies working on the Army Combat Uniform is illustrative here. Six of the sixteen companies that received a portion of that \$3.4b contract have been cited by OSHA for violating health and safety standards. Combined, these companies have been cited for 45 violations since 2000 and a total of 82 violations since 1995. Fines paid for these violations over the last ten years totaled \$37,623. The types of violations found included dangerous electri-

A.C. Inc.

Huntsville, Alabama, Inspection: August 2003
Jackson, Alabama, Inspections (two):
September 2003 and May 2004

- “Exit routes were blocked by materials.”
- “[M]achines were not guarded to prevent employees from getting stuck by the machines’ sewing needles.”
- “[P]anels...[were] not completely marked...exposing employees to possible electrical shock.”
- “Employees were exposed to caught-in injuries because the...belt and pulley guards for the sewing machines had been removed by the employer.”
- “Employees were using a grinder without the eye shield installed or having a face shield available for employees to use. By not having the proper eye protection they are exposing employees to an eye injury.”
- “Employees operating power industrial trucks were not trained to operate the equipment, exposing employees to struck-by hazards.”

DJ Manufacturing

Caguas, Puerto Rico, Inspections (three):
February 1999 and November 2002
Cidra, Puerto Rico, Inspection: May 2000

- “Employees were exposed to falls” from heights of 8 and 15 feet.
- “Employer did not ensure that each container of

hazardous chemicals in the workplace was labeled, tagged, or marked with the identity of the hazardous chemicals contained therein.”

- “Employees may be exposed unknowingly to toxic material or may use a physically hazardous material in an unsafe manner due to lack of information about the chemical they are using.”

Golden Manufacturing

Marietta, Mississippi, Inspection: August 2002

- “Employees were observed to be exposed to shock hazards.”
- “Employees were observed to be sewing on machines whose needles were not protected by needle guards... Two recordable injuries were observed on the OSHA 200 [injury and illness] logs kept by the employer for puncture wounds by sewing machine needles, although the employer still did not protect their employees.”
- “Electrically-activated exit signs mounted above each exit door were not plugged into an electric power supply. Also the signs did not have emergency back-up lighting to illuminate them in an emergency.”
- “Employees were exposed to slip and fall hazards due to water dripping and accumulating on the walking surfaces below overhead A/C units.”

Propper International, Inc.

Mayaguez, Puerto Rico, Inspections (three): February 2001 and March 2002

- “Employees may unknowingly use hazardous substances in an unsafe manner, due to lack of information about their characteristics... Some hazards include eye, skin and respiratory irritation.”
- “Some employees did not have the sufficient space to get out of [the work] area, in other words, they were confined completely... Employees were exposed to receive... lacerations, contusions, abrasions, and burning hazards in case of a fire because they cannot have a fast exit due to the piling of... materials.”

TABLE 7

OSHA Violations and Fines at Select Uniform Contractors 1995–2005 (a)

COMPANY	Total Violations	Total Penalty
*A.C. Inc. ²⁴	22	\$14,475
Armor Holdings ^{25(b)}	21	\$25,190
*Propper Intl. ²⁶	19	\$ 6,562
*Woolrich Inc. ²⁷	18	\$ 6,460
*DJ Mgf. Corp. ²⁸	10	\$ 3,638
*Golden Mfg. ²⁹	9	\$ 4,450
Lion Apparel ³⁰	9	\$ 1,650
Ceradyne, Inc. ³¹	5	\$ 2,038
EA Industries, Inc. ³²	4	\$ 1,822
*Caribbean Needle Point ³³	4	\$ 1,238
	Total Violations 121	Total Penalties \$67,523

(a) For the purposes of brevity, multiple inspections at various company locations on different dates have been consolidated

(b) Protech Armored Products, Inc., Safariland, Simula Government Products, and Specialty Defense Systems, Inc., are all subsidiaries of Armor Holdings.

* Denotes Army Combat Uniform manufacturer

- “Employees were exposed to burning hazards due to the fact of use of equipment which was not inspected and could have functional failures at the moment of a fire emergency.”

B. Sprains, Strains, and Injuries

In addition to violations of common health and safety practices at these companies, OSHA-mandated employer logs of injury and illness coupled with workers’ experiences suggest a lack of basic respect for workers’ well being. Workers’ complaints about pain or safety concerns go unheeded, injuries and accidents are treated carelessly, and OSHA standards—designed to prevent injury and save lives—are disregarded. Some workers reported feeling degraded and insulted by such indifference in the workplace.

Significant numbers of worker injuries have been tracked by companies on their injury and illness logs.

The incident descriptions on the logs suggest that workers are routinely suffering from accidents that could be the result of employer negligence—dirty and congested workspaces and floors, improperly-stowed materials, and poorly-maintained equipment. For example, in the logs for the Jackson and Huntsville A.C. Inc. plants, the following incidents were recorded between 2001-2004:

- “Fractured left leg; slipped on rope”
- “Cut to lower left leg; forklift”
- “Sprain [to] left heel; slipped and fell on tent”
- “Contusion [to] shoulder; harness fell”
- “[Injury to] left arm and wrist; roll of fabric fell on arm”
- “Peripheral neuropathy to right foot; slipped on window film and fell”
- “Fractured right ankle; tripped on tent fabric and fell”
- “Laceration to left index fingertip; presser foot came down on it”
- “Needle through left middle finger”
- “Puncture of right index finger with machine”
- “Cut left index finger with knife”
- “Right hand hit by overhead tape holder”

The logs from A.C. Inc. also report multiple sprains and strains associated with moving materials and heavy lifting, ergonomic injuries common throughout the industry. Such injuries have also been consistently reported at American Power Source, Bremen Bowden, and Rutter Rex, companies which have not been cited by OSHA to date. Nevertheless, these facilities are hazardous places to work for many of the same reasons.

At American Power Source, workers report that the plant management does not show serious regard for their safety and well-being. During past accidents and injuries, they have shown callous indifference to possible worker injury in failing to offer prompt medical attention.

I fell in the break room....My foot tripped on the tables they have in there. I fell back hard on the cement. I reported it to my supervisor who took me to the [plant manager]. She laughed at me and said, “That’s a good thing you got a good cushion.” They didn’t offer me any help, ask me if I needed to go to the doctor, or even write it down. I should have gone to the doctor. My tailbone hurt for two months.

—Doris Sykes,
American Power Source

Faulty or unsafe machines are a problem at Rutter Rex, Bremen Bowden, and other manufacturers. Specifically, workers report missing safety guards, which place operators at risk for injuries to fingers and hands, including puncture wounds. A Tylertown Rutter worker reported in June 2005 that two women had recently suffered injuries from needles, and that the company refused to send them to the doctor. The OSHA findings above confirm that this is a widespread problem in the industry. Furthermore, the injuries in the logs from A.C. Inc. note multiple punctures and needle-related lacerations.

Workers in this industry also experience painful and debilitating working conditions from heavy lifting, the fast rate of production, and ergonomic problems with workspaces. Such conditions can cause life-long damage to workers’ bodies, with problems such as carpal tunnel syndrome, arthritis, and lingering hand and finger pain reported.

Workers attribute neck, back, and shoulder pain to their work position and to the loads they are required to lift and carry. One worker at Bremen Bowden reported that workers were suffering more of this type of pain since they started making military uniforms. At the time, Bremen was making military pea coats that the worker estimated to be at least 15 pounds apiece. The coats were bundled in groups of ten, for a total weight of over 150 pounds. The worker, an inspector, had to lift the bundles up to her table to work. Although the company expected one person to

handle this load, the only way to safely manage such a weight was for three workers to lift the bundles together.

The rushed pace of work in the plants also clearly contributes to joint and back pain as workers push themselves to try to make production quotas. Rushing, common knowledge suggests, can also lead to careless injuries in the workplace. Piece rate operations create disincentives to taking safety precautions that might add a few seconds to an operation.

The frenetic pace also leads to poor quality at all stages of the process and a poor product for soldiers. But a surprising side effect of poor quality is that it makes certain steps in the manufacturing process significantly harder. Gwen Jones at American Power Source explains: “When stuff is cut wrong and sizes don’t match up, my hands will be swollen from pulling. If working on ‘good work,’ I get neck pain and swollen hands about two days a week. If working on ‘bad work,’ almost everyday my hands are swollen and I have bad neck pain.”

Workers link pain to the poor design of work spaces.

When I work at my machine I have to hump over it and have my legs out. It really hurts my body to have to work like that all day. I have to work like this because my machine is too low. They put everyone’s machine at the same level no matter how tall or short you are. Everyone complains about the level of the machines but management won’t change them.

—Lois McMillan,
American Power Source

Employers often fail to accommodate work-related injuries. One worker from Tennessee Apparel reports that after receiving workers’ compensation for carpal tunnel surgery and returning to work, the company was loath to find her a job suitable for her condition. Instead, they sent her home without pay. A worker at Bremen Bowden reports that she was steered away from collecting workers’ compensation by the company doctor when she was injured at work, and instead

placed on light duty. The light duty work included spot treating clothes using industrial cleaners and dry cleaning fluids. She was not provided with any safety masks or gloves, though most of the work involved using spray bottles. Another Bremen worker believes she developed sinus problems as a result of lacking protective face gear.

Employees report that even in the worst of circumstances, companies are very reluctant to provide medical care. A Bremen employee recounts a recent instance at the Bowden plant where an elderly worker suffered what she believed to be a light stroke. The supervisors, according to the worker, would not call the paramedics when the woman fell ill.

C. Rashes and Respiratory Problems

Rashes, attributed to chemical-treated fabric, are reported by workers at several companies. American Power Source workers report recurring skin irritations on their hands, arms, and necks from the uniform fabric. Even though they brought this problem to the attention of plant management, workers have not received any protective equipment. “In September or October 2004, I experienced skin irritation problems,” Tina Williams recalls. “I noticed a number of my fellow employees covering their arms with long sleeves or pieces of cloth to help negate this irritation problem....[T]he company was aware of this problem, yet

“They have the door on a timed lock. It only unlocks at the break and lunch times. If anything does happen we aren’t going to get out because we are all going to be piled up in the back and that door is going to be locked.”

—Worker, Rutter Rex
Columbia, MS



Gwen Jones and daughter, American Power Source, 15 years experience at apparel factories

did nothing to investigate it or solve it.” Coworker Beatrice Thompson describes another incident:

I experienced skin irritation problems on my hands and neck on or about November, December of 2004 while working on military uniforms....I wasn't the only employee affected by this, and it was a common topic of conversation on the floor; in my opinion the company had to be aware of this problem yet did nothing about it.

At Columbia Sewing, a worker stated that she and her coworkers had “broken out” because of the material, which also made her itch. At Rutter Rex in Columbia, one worker attributes coughing and respiratory irritation, in addition to rashes, to chemicals contained in uniform fabric. And at Bremen Bowden’s plant in Bremen, Georgia, an operator reported developing a chronic skin condition from the fabric.

D. Fire Safety

Workers have expressed serious concern about fire safety at the Columbus, Mississippi, American Power

Source plant after a fire that took place in the fall of 2004. The fire was caused by lint build-up in the building. The company’s lack of emergency infrastructure left workers wary about their safety in the plant. Gwen Jones recalls, “When the fire happened, people had to scurry to try and get out and most people had trouble getting out. There was no fire alarm. [The company] didn’t call the fire department either.” According to Sharon Harris, another worker, “When the lights went out, there were no emergency lights and we had to stumble around through the factory trying to get to the doors to open them up and let some light in.”

Normal conditions in the American Power Source plant—cramped aisles blocked with refuse and buggies used to move materials—exacerbate workers’ fear that they could become trapped in the plant during an emergency. One worker reports having difficulty simply getting from her work area to the bathroom due to the small clearance between work tables.

Conditions at the Rutter Rex Tylertown, Mississippi, plant are equally, if not more, dismal than at American Power Source. Workers regularly contend with cleanliness issues such as dirty floors, bathrooms, kitchens and the roaches that thrive in such conditions. Cluttered environments pose serious obstacles to an emergency evacuation. A Rutter employee reports tight work spaces that prevent passage—“There is barely enough room to get through two machines in there.”

“When the fire happened, people had to scurry to try and get out and most people had trouble getting out. There was no fire alarm. [The company] didn’t call the fire department either.

—Gwen Jones,
American Power Source,
Columbus, MS

At the Rutter plant in Columbia, Mississippi, many workers expressed serious concern about the most glaring fire hazard—locked exit doors. A worker reports, “They have the door on a timed lock. It only unlocks at the break and lunch times. If anything does happen, we aren’t going to get out because we are all going to be piled up in the back and that door is going to be locked.”

The company has also failed to give workers instructions at either plant about what to do in an emergency situation. “If there is a fire, everybody is just going to run,” declares a worker from Tylertown. Furthermore, the company has not carried out practice fire drills over the four years since the Rutter workers moved to their current location in Tylertown. According to one worker, the manager made a decision not to do the drills because his staff would lose a few minutes of productive time: “The plant manager stopped doing them because he said it messes up his time for us making production. He says that it would take time away from [work].”

The concern about fire safety has merit at Rutter Rex and American Power Source, since workers at both places have witnessed fires. At Rutter, a worker reports an incident where a machine actually caught fire. A worker recalls: “[A worker] was sitting there sewing and the smoke was coming out. They put the fire out and put that woman right back on the machine.”

“[A worker] was sitting there sewing and the smoke was coming out. They put the fire out and put that woman right back on the machine.”

— Worker, Rutter Rex, Columbia, MS

“There’s not a whole lot of white folks working in the plant, but every one of them is making more money than the blacks folks working there.”

— Worker, Rutter Rex, Tylertown, MS

VII. Disrespect, Discrimination and Degrading Treatment

The disregard for worker well-being and safety discussed above is unfortunately not the only area where workers suffer indignity: there is a general and pervasive atmosphere of disrespect that is widely reported by workers at most companies surveyed. Favoritism, and discrimination—based on age and race—are all commonplace.

Workers in the industry report hostile working environments where workers are yelled at, ridiculed, and infantilized. Tina Williams of American Power Source declares, “They degrade us at work. They get on the intercom and say to us, ‘You all need to stop acting like children.’ We are grown women, we aren’t acting like children but they treat us like children.” Another worker at Rutter Rex airs a similar complaint:

They treat us like children—it’s almost like you have to raise your hand to go to the bathroom. Everybody knows their job when they get there, but the supervisors act like we don’t know and they stand over you and watch over like dogs. It’s like the only thing they’re missing is their guns, just standing there waiting on you.

— Worker, Rutter Rex, Tylertown, MS

As this Rutter worker's statement makes clear, fear is a regular part of the workday. Threats are employed to coerce workers to work more quickly or to skip breaks. The threat of layoffs is used against workers, as Doris Sykes of American Power Source reports: "They were threatening people with layoff if they didn't get the cut out on time to scare everyone into working faster and longer hours. The cut still didn't get out on time. It was just a bluff to scare people."

Layoffs raise the question of discrimination in the plants, both on the basis of race and age. One of the most common complaints by workers across the industry regarding layoffs is that they are done unfairly. They are rarely carried out according to seniority, where the most senior employees would ordinarily be the last dismissed. Instead, workers allege that they are more usually done on the basis of favoritism—by discriminating against black workers. A Bremen worker states, "Management tries to find new positions for white workers rather than lay them off but does not give the same courtesy to black workers—[the manag-

er] just lays them off." A Tylertown Rutter employee has a similar grievance: "When there is a lay-off, the white workers are the first ones they call back to start the work up."

With regards to layoff and recalls, workers at American Power Source filed a racial discrimination complaint with the Equal Employment Opportunity Commission (EEOC) in Jackson, Mississippi, in August 2005. The complaint alleges that African-American sewing machine operators at the company's Columbus plant were laid off at a disproportionately higher rate of than their white coworkers. More specifically, 70% of the black workers were laid off, as opposed to 20% of comparably-skilled white operators. The complaint also argues that the black workers were recalled at a far lower rate (20%) than white workers (66%), similar to the report made by the Rutter worker above. The EEOC has issued a right to sue letter authorizing the workers to pursue legal action on their claims.

Older workers also suffer on the job. A senior worker at Bremen Bowden was laid off at one point with 15 other workers; the ones close to retirement age were not recalled to work. Workers report that their older coworkers are harassed about their speed and proficiency on the job. At American Power Source, Tan Harris maintains that the supervisor has "a thing against older workers—she is always riding them."

Favoritism, of course, does not simply come into consideration with regard to layoffs or recalls—it is, according to one worker at Columbia Sewing, how the company "operates." Job and machine assignments, bidding or posting, general treatment, and worker pay are often determined by favoritism. There are many ways to favor workers: at Tullahoma Industries, for instance, the company unfairly doles out an attendance bonus, arbitrarily denying it to one worker over another. Also at Tullahoma, akin to the situation discussed earlier at Rutter, one supervisor was reputed to make extra efforts to prevent the wages of white workers from dipping during slow periods.



Tina Williams, American Power Source,
3 years experience at the company

Race is also used by supervisors as a factor in determining worker pay and job positions. “There’s not a whole lot of white folks working in the plant, but every one of them is making more money than the blacks folks working there,” a Tylertown Rutter worker alleges.

At Tennessee Apparel, one worker characterized most supervisors as prejudiced to blacks and said that some showed favoritism to white and Latino workers. At that plant—the only one surveyed that employed a significant portion of Latino workers—the company employed divisive racial politics to threaten both white and black workers.

In one reported instance at Rutter, the disrepair of a worker’s machine was based on race. An African American employee reports that the supervisor continually failed to repair her problematic machine, despite her complaints over the course of a month

“They were threatening people with layoff if they didn’t get the cut out on time to scare everyone into working faster and longer hours. The cut still didn’t get out on time.”
—Doris Sykes,
American Power Source,
Columbus, MS

and a half. When a white worker complained about the same machine, the employee says that the machine was repaired quickly.

The poor treatment of even favored workers must be acknowledged. Most workers who discussed poor treatment indicated that every worker at their plant was treated poorly—some more so than others.

Extra Costs for Taxpayers

THE DSCP IS CHARGED WITH PROCURING APPAREL for the military at the “best value” possible, which

takes into account many factors including price, quality and delivery. But the cost of doing business with these uniform manufacturers is really much higher than the face value of contracts alone. Federal, state, and local governments subsidize goods and services to the employees of these companies. Manufacturers do not provide the best value to the American taxpayer when the extra costs of their operations are taken into account.

I. Medicaid and State-Operated Health Care

Many of the working poor without employer-funded health insurance, like the workers at American Power Source and Rutter Rex, gain coverage for their children through programs like federally-operated Medicaid or state-operated Children’s Health Insurance Program (CHIP). Of the workers with children at American Power Source, 50% reported that their children were covered by Medicaid or CHIP. Of the workers with children at Rutter Rex, 77% reported that their children received healthcare coverage through Medicaid or the state-operated plan.³⁴

As discussed in recent *U.S.A Today* coverage, the ranks of the uninsured have swelled considerably and the federal government and the states have begun to fill the gap for the uninsured through Medicaid and state-based healthcare programs. Doing so “has put enormous strain on federal and state finances and made taxpayers the health insurance provider for millions of workers at Wal-Mart, McDonald’s, and other low-wage employers.”³⁵ Military apparel contractors are similarly contributing to this problem.

II. Food Stamps

As a result of such poverty wages, many workers rely on the help they receive from friends, family, charitable organizations, or churches for help paying utility bills or feeding their families. Investigations have found that workers at the contractors need the assistance of food stamps—as much as \$500 to \$600 per month—to buy food for their children. At Rutter Rex, 38% of those with children reported supplementing their income with food stamps.³⁶

Of the workers with children at American Power Source, 50% reported that their children were covered by Medicaid or CHIP.

Of the workers with children at Rutter Rex, 77% reported that their children received health coverage through Medicaid or CHIP.

When money runs low, or food stamps are used up, some women report that they are unable to buy food for themselves. Women with children and families often put their own needs—even eating—last. Sharon Harris of American Power Source, who suffers from high blood pressure, admits, “Sometimes I can’t even eat. The bills are taking too much. I might have to just eat a 99-cent hamburger or a bag of chips.” A Columbia Rutter worker, who was denied food stamps because she and her husband “made too much money,” was forced to seek food aid. “We did have to go to a couple of churches a couple of weeks ago and get food baskets so we could eat. We didn’t have any food here and we were embarrassed asking people for food like that.” Their misfortune is shared by many of the low-wage workers in this sector who struggle to make ends meet.

III. Economic Development Subsidies

The extent of the public’s subsidizing of these contractors is not limited to health care or food stamps, nor is the burden fully borne by the federal government. Much of the cost of doing business is assumed by the states. In this case, the states in question are southern states with high unemployment and low per-capita income which rank toward the bottom on other quality of life indicators.

State and local governments offer significant public money to companies to move into their region. Often

the subsidies involve the use of grants to repair, renovate, and purchase buildings that localities provide to employers for low-cost monthly leases. In other cases, companies are offered tax breaks. In exchange, businesses are expected to create a certain number of jobs and contribute to the economy of the area. Several of the uniform contractors covered in this paper have profited in this way: A.C. Inc., American Power Source, and Tullahoma Industries were able to open new facilities cheaply.

The recent expansion of A.C. Inc, based in Huntsville, Alabama, was bankrolled by the town of Chatom, Alabama. Chatom owns the building leased by A.C. Inc. for the sum of \$1 per year for five years, with an option to renew for an additional five years. The town borrowed \$300,000 to buy the building in 2004 and planned to spend another \$300,000 for renovations. The total cost to taxpayers will be in the neighborhood of \$600,000; A.C. Inc. pays \$5 in return.³⁷

American Power Source is another example of a company that has received handsome subsidies from local and state governments. In addition to the example above from Macon, Mississippi, where the company was offered \$100,000 in government money, the company opened both its Columbus, Mississippi, and Fayette, Alabama, facilities with public resources.

In Columbus, Mississippi, in 2003, American Power Source benefited from financial assistance from the State of Mississippi’s Development Infrastructure Grant Program. The \$150,000 grant was used to make renovations to the building that the company leases from the city of Columbus. Additionally, each month the company pays only \$1,000 in rent. These economic subsidies were predicated on the creation of 120 jobs. When the company laid off almost half of its

**A.C. Inc.’s
total cost to taxpayers:
\$600,000**

**Total cost to A.C. Inc.:
\$5**



Sharon Harris and family, American Power Source, 7 years experience in apparel factories

workforce in early 2005, dropping total employment at the company to about 75 workers, American Power Source was still able to take advantage of this low rent. In Fayette, Alabama, the company was able to move into a larger building as a result of federal loans the town procured to make repairs in the amount of \$125,000.³⁸

In 2002, the city of Brilliant, Alabama, wooed Tullahoma Industries by purchasing a plant and providing \$100,000 in assistance to the company to pay for the transport of equipment.³⁹ More recently, in 2004, Tullahoma received financial assistance in the form of a \$4.2m loan guaranteed by the U.S. Department of Agriculture Rural Development office of Tennessee. As a result of this loan, Tullahoma was able to purchase leased facilities and equipment and restructure its debt.⁴⁰

Despite the mandate of job creation, there is very little onus placed on manufacturers to be productive and responsible members of the communities that have enabled their expansion. The lease at the Columbus American Power Source plant, for example, contains a provision regarding minimum employment at the plant. Yet the major layoff at the plant in early 2005 still did not cut the total employment enough for the company to be in violation of the

terms of its lease. In reality, these monies come with few strings attached for contractors. And as we have seen, the effects that they have had and continue to have on the surrounding communities may in fact be negative. In our interviews with workers from American Power Source, which occupies a building once operated by defunct garment manufacturer Red Kap, the comparison to the former employer was starkly negative. “I worked at Red Kap for 29 years before it closed down,” recalls Doris Sykes. “At Red Kap, we had good pay, pension, and insurance. At American Power Source, we don’t have anything.”

The reputation of American Power Source in the community pales when compared to the employer it replaced, however. Local and state governments, desperate for employment, are unwilling to require prospective employers to provide quality jobs and are even less likely to take action when the deal is done.

IV. The Costs to Federal Taxpayers

Workers at military uniform manufacturers rely on more than just taxpayer-subsidized health care and food assistance. There are a number of other federal-funded programs that support the working poor in the U.S., including Section 8 housing vouchers,

TABLE 8

Estimated Potential Annual Costs to Federal Taxpayers of Subsidies to Workers at a Military Uniform Contractor^(a)

FEDERAL PROGRAM	COSTS
Section 8 Housing Assistance ⁴¹	\$20,100
Low Income Home Energy Assistance ⁴²	\$11,856
Federal Earned Income Tax Credit ⁴³	\$124,644
State Children’s Health Insurance ⁴⁴	\$35,280
National School Lunch Program ⁴⁵	\$9,200
Federal Food Stamp Program ⁴⁶	\$91,200
Total Potential Annual Costs to Federal Taxpayers	\$292,280

(a) The following estimates for a 100-person facility are made using eligibility data, survey data, and per capita costs. See footnotes for further information.

reduced price school lunch programs, tax credits, and energy assistance, among others. Table 8 provides potential costs for a number of these programs. Using demographic data, we extrapolate the costs to federal taxpayers of a hypothetical uniform contractor with 100 employees⁴⁷ that pays wages and offers benefits as minimal as those described in this paper.⁴⁸ The total annual potential costs amount to nearly \$300,000 per factory. If this were extended to all of the non-union workers in this industry, the costs to taxpayers would exceed \$45m.⁴⁹

Conclusions

I take pride in doing work for the military and our soldiers. It was hard to learn to sew, but I enjoyed doing it. I have a son serving in the Army; he is 25 years old. I think about it everyday that I am making uniforms that my son is wearing. I take pride in it, but it upsets me that I am struggling to make ends meet.

— *Worker, Rutter Rex, Columbia*

THIS REPORT DEMONSTRATES THAT MANY DOMESTIC military apparel contractors pay poverty wages, offer unaffordable benefits, and provide poor and unsafe working conditions. The tens of thousands of workers who manufacture uniforms and other apparel for the U.S. armed forces deserve much better and should not have to work in sweatshops and live in poverty.

The Federal Acquisition Regulations (FAR 9.103(b)) require that before issuing an award, contracting officers make an affirmative determination that a company is a “responsible” contractor, having a satisfactory record of past performance and integrity and business ethics.⁵⁰ This determination includes such factors as a company’s occupational safety and health record, record of compliance with labor laws, environmental laws, equal employment opportunity laws, etc., and requires that contracting officers consult with other federal agencies, such as

the Department of Labor, to verify a company’s compliance record. The U.S. Comptroller General has indicated that a company’s poor labor record is a risk factor that should be considered by the contracting officer in evaluating a contract proposal.⁵¹

Unfortunately, in the case of awards for military uniforms, the evidence suggests that the Pentagon acquisition community is not taking its obligation to consider a company’s poor working conditions, or adverse labor and compliance record seriously, either in making determinations of responsibility, or as a factor under “best value.” Rather, uniform contract awards in too many cases are simply based on the lowest bid received. This provides a strong incentive for contractors to cut corners and treat their workers poorly in order to reduce costs. The resulting “race to the bottom” lowers standards for workers and makes it very difficult for responsible contractors to compete for this work.

As a guide to improving working conditions in its supply chain, the Defense Department should look to recent developments among other large purchasers of apparel who are trying to eliminate sweatshops among their vendors.

❖ City and State Procurement

U.S. cities and states are purchasers of millions of dollars worth of uniforms and other apparel for public sector employees. Many jurisdictions have adopted sweat-free procurement policies that require their vendors to follow a sweat-free code of conduct, improve the wages and working conditions in their factories, and disclose their factory locations.⁵²

❖ University Licensed Apparel

Over a hundred colleges and universities have joined the Workers Rights Consortium, a group that is committed to improving the working conditions in factories that manufacture university licensed apparel. Apparel vendors must follow a sweat-free code of conduct, disclose factory locations, and open their factories to labor inspections.⁵³

Recommendations

SWEATSHOP LABOR SHOULD NOT BE A VIABLE BUSINESS model for government contractors, especially those that produce uniforms for the men and women in the U.S. armed forces. The Defense Department and its contractors share responsibility for the labor conditions in the military apparel supply chain. The following recommendations for an improved apparel procurement system will have better outcomes for workers, the Pentagon, and U.S. taxpayers:

I. Defense Department

Procurement Accountability:

- ❖ The Defense Department must take greater responsibility for the working conditions in its extensive domestic apparel supplier network and provide stronger oversight of their apparel contractors. The government should recognize how a lowest-bid procurement system contributes to sweatshop conditions in their suppliers.
- ❖ Contracting officers should more carefully and vigorously evaluate a contractor's labor practices and working conditions, including wages and benefits, in making source selection decisions. They should ensure that the Pentagon only does business with companies that provide quality jobs, maintain the highest workplace standards, and demonstrate adherence to business integrity and ethics. Contracting officers should consult with the Department of Labor, the Equal Employment Opportunity Commission, OSHA, the Defense Contract Management Agency, and other appropriate sources to ensure their source selection decisions are well-informed.
- ❖ The Defense Department should more carefully carry out inspections of contractor facilities and pay closer attention to employee working conditions and contractor compliance. Confidential

interviews with workers should be a regular part of these inspections. Results of inspections should be made available to other agencies and to the public.

- ❖ Contractors with a record of poor working conditions and labor violations should be referred to Pentagon suspension and debarment officials for immediate and appropriate action. Such companies should not be permitted to bid on federal work.

II. Contractor Code of Conduct:

- ❖ Contractors for the military should be held to high labor standards to ensure that they provide good quality jobs for U.S. workers.
- ❖ Companies should be required to follow a sweatshop-free code of conduct that outlines their responsibilities as military contractors to provide jobs with decent wages, benefits, and working conditions.
- ❖ Companies should also be required to disclose in their contract bids the wages and health and pension benefits offered to their workers, other relevant working conditions, and any OSHA, NLRB, or other violations that reflect on their status as a responsible contractor.

The Department of Defense, as the sole customer for many apparel contractors, has the power to demand decent conditions from its business partners and to hold them accountable for maintaining the highest standards. To do otherwise is a disservice to the taxpayers who provide the funding for the uniforms, an insult to the workers who proudly cut, sew, and press the uniforms, and a wrong to the military men and women who wear these uniforms while in the service of their country.

Endnotes

1. Defense Supply Center Philadelphia Annual Report 2005.
2. Defense Supply Center Philadelphia Obligation Data FY2004 & FY2005.
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4. "Air Force Tweaks New Tiger-Striped Uniform." *Associated Press*, 12 November 2004. "New Navy Uniforms Announced." *Associated Press*, 18 October 2004.
5. Since the fall of 2005, J.H. Rutter Rex (referred to as Rutter Rex) has been operating as Wellstone Apparel. All workers were interviewed prior to that point and their reports reflect working conditions at J.H. Rutter Rex preceding the change in operations.
6. Boal, Mark. "Behind the Seams: How American Sweatshop Labor Clothes the Military and Feeds the Government." *Mother Jones*, June 1999, pgs. 48-50.
7. Ibid.
8. According to DSCP obligation data, payments totaled \$2.60b in FY03, \$1.97b in FY04, and \$2.05b in FY05, for a total of \$6.62b over the three years combined.
9. Bureau of Labor Statistics, U.S. Department of Labor, *A Profile of the Working Poor*, 2003, March 2005, at www.bls.gov/cps/cpswp2003.pdf.
10. Based on a 40-hour workweek, 52 weeks per year, or 2,080 hours.
11. Federal Register, Vol. 70, No. 33, February 18, 2005, pgs. 8373-8375.
12. Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Employment and Wages, May 2004*, 51-6031 Sewing Machine Operators, at [www.bls.gov/oes/current/oes516031 .htm](http://www.bls.gov/oes/current/oes516031.htm).
13. Ibid.
14. Ibid.
15. Employees are paid by piece rate which is defined as the payment of wages for each item produced or processed, rather than payment by a set hourly rate. A minimum rate of pay, called a "base rate" is usually set. If a worker does not make more than the base rate through piece rate, the worker is at least paid the pay of the base rate. At American Power Source the base rate is minimum wage or \$5.15 an hour. The production quota is the number of pieces a worker has to produce in order to earn more than the base rate.
16. Worker's name has been withheld to protect his/her identity. Throughout the paper, we have chosen not to disclose many workers' names in the interests of privacy.
17. Caribbean Needle Point, Inc., Mayaguez, Puerto Rico. Case ID No. 1080268, 20 April 2001.
18. Based on a representative sample of workers from American Power Source.
19. Based on a representative sample of workers at Rutter Rex.
20. Letter from American Power Source's attorney, Steven Marullo, to Steve Massey of the Mississippi Development Authority, August 19, 2004.
21. National Labor Relations Board, Settlement Agreement, Case No.26-CA-21729-1.
22. National Labor Relations Board, Settlement Agreement: Case No. 2-CA-37093.
23. National Labor Relations Board, Settlement Agreement, Case No. 8-CA-33342-1.
24. A.C. Fabricated, Jackson, Alabama. Inspection No. 307554204, 4 April 2004. Inspection No. 306905506, 10 September 2003. A.C. Inc., Huntsville, Alabama. Inspection No. 306883141, 12 August 2003.
25. Protech Armored Products, Inc., Pittsfield, Massachusetts. Inspection No. 308347152, 18 February 2005. Inspection No. 308347103, 18 February 2005. Safariland, Ontario, California. Inspection No. 119951762, 12 March 2001. Simula Government Products, Inc., Phoenix, Arizona. Inspection No. 126972637, 19 March 1996. Simula Government Products, Inc., Tempe, Arizona. Inspection No. 126972629, 19 March 1996. Inspection No. 126972611, 19 March 1996. Specialty Defense Systems, Inc, McKee, Kentucky. Inspection No. 307083667, 22 March 2004. Inspection No. 303164248, 25 April 2000.
26. Propper International, Inc., Mayaguez, Puerto Rico. Inspection No. 304334006, 19 March 2002. Inspection No. 300945524, 15 February 2001. Inspection No. 119479236, 12 January 1996.
27. Woolrich, Inc., Jersey Shore, Pennsylvania. Inspection No. 106470271, 13 March 1996. Inspection No. 106467483, 13 March 1996.
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29. Golden Manufacturing Co., Marietta, Mississippi. Inspection No. 304315161, 21 August 2002.
30. Lion Apparel, West Liberty, Kentucky. Inspection No. 126877059, 23 May 1996.
31. Ceradyne, Inc., Lexington, Kentucky. Inspection No. 308394238, 18 January 2005. Ceradyne, Inc., Costa Mesa, California. Inspection No. 125950907, 21 September 2005.
32. EA Industries, San Lorenzo, Puerto Rico. Inspection No. 302452792, 5 October 1999.
33. Caribbean Needle Point, Inc., Penuelas, Puerto Rico. Inspection No. 300943974, 20 June 2000. Inspection No. 126938570, 20 February 1996.
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36. Based on a representative sample of workers at Rutter Rex.
37. Tolkkinen, Karen. "Sewing Plant to Bring 200 Jobs to Chatom." *Mobile Register*, 12 February 2005, at www.al.com.
38. Kampis, Johnny. "Manufacturer Expands, Creates 75 Jobs." *Tuscaloosa News*, 10 February 2005, at www.tuscaloosanews.com.

39. "Tulahoma Industries Community Success Story for Brilliant" Developing Alabama. Alabama Development Office, August 2004, pg 3.
40. "Rural Development Funding Assists Local Tulahoma Business." 27 October 2004, at www.rurdev.usda.gov/tn/press-releasetulohomaindustries.htm.
41. Estimates on eligibility rates and costs per household come from the "Everyday Low Wages" study.
42. Based on categorical eligibility guidelines and average annual cost data provided by the Administration for Children and Families and data from our worker surveys.
43. Based on eligibility estimates, Center on Budget and Policy Priorities data for 2004, and data from our worker surveys.
44. Based on the the average annual federal cost data provided by the Kaiser Family Foundation (www.statehealthfacts.org) and data from our worker surveys.
45. Eligibility based on participation and annual cost data provided by the Census Bureau, income threshold data provided by the Food and Nutrition Service, and data from worker surveys.
46. Based on the average monthly benefit data provided by the Office of Analysis, Nutrition and Evaluation and data from worker surveys.
47. Assuming each of the 100 employees resides in a separate household. The average number of children per household in the nation in 2004 was .59, according to U.S. Census data, or a total of 59 children per 100 households in our model.
48. Estimates are based on the model used by the Democratic Staff of the Committee on Workforce and Education which made similar estimations in the February 2004 report "Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart," at www.wakeupwalmart.com/facts/miller-report.pdf.
49. Assuming approximately 16,000 non-union workers out of 20,000 total industry workers (UNITE HERE estimate).
50. Federal Acquisition Regulations at www.arinet.gov/far/.
51. Matter of: Northrop Grumman Technical Services, Inc., 2000, Comp. Gen. Proc. Dec. P181.
52. For a list of cities and states that have implemented sweatshop-free procurement policies, see the Sweat Free Communities at www.sweatfree.org/policies.shtml.
53. Workers Rights Consortium at www.workersrights.org.



UNITE HERE is the union of apparel, textile, hospitality, gaming, distribution, and laundry workers. The union represents 450,000 active members and 400,000 retirees in the United States, Canada, and Puerto Rico.

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