

Filling factory jobs through temporary-staffing agencies the new normal



Laborers Sara Rangel, left, and Edie Jacobs, right, participate in a protest Oct. 17 at the MVP staffing agency in Cicero. (Zbigniew Bzdak, Chicago Tribune)

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Sara Rangel was making more than \$11 an hour working in a stockroom when the recession hit and she was laid off. Afterward, she began applying for temporary jobs through staffing agencies with the goal of landing a permanent position.

Five years later, Rangel, 47, is being paid \$2 less an hour for the same work she did before the recession, and sees herself pigeonholed as a temporary employee with little chance of finding permanent employment.

"It's sad to realize that you can only get jobs through staffing agencies," she said.

Companies hit hard by the recession have been hesitant to make permanent hires, even as the economy and their prospects have improved. Instead, many have continued to outsource hiring to staffing agencies, which supply temporary workers at low wages and without benefits. Manufacturers, in particular, like the arrangement because it reduces their labor costs and staffing can be quickly adjusted to meet demand for parts or products.

But labor advocates like Tim Bell, senior organizer of the Chicago Workers' Collaborative, said staffing agencies

also act as gatekeepers for companies, essentially hiring people who keep their heads down and don't complain about working conditions, pay or safety issues.

Lawyers representing African-Americans in lawsuits against staffing agencies and companies in Chicago say the gatekeeping also tends to give preference to Latinos over African-Americans.

One such suit makes that claim against Ferrara Candy Co.'s plant in Forest Park and two staffing agencies, Labor Power and Remedial Environmental Manpower, known as REM.

Brian Lucas and Aronzo Davis say in the suit that they sought employment at Ferrara but were told the factory had contracted hiring to REM and Labor Power. The staffing agencies were complying with a "discriminatory request" from the company to "steer African-American laborers away," the suit claims. Lucas and Davis said that unlike Latinos they were blocked from attending an orientation necessary to work at the plant where Lemonheads, Red Hots and Jaw Busters are made.

The suit says the men didn't get jobs because the company "prefers using immigrant laborers to work at this facility. ... Ferrara believes immigrant laborers are less likely to complain about not being compensated for all compensable work time," said the lawsuit filed in 2013 in federal court in Chicago.

In a statement, Ferrara said its policy calls for its employees and prospective employees to be treated with fairness, equality and respect. "As a matter of policy, Ferrara does not comment on ongoing litigation," it said.

Attorneys for REM and Labor Power said their clients had no comment.

On Wednesday, U.S. District Judge John Lee gave parties in the litigation until Jan. 30 to reach a settlement.

Since the lawsuit's filing more African-Americans have gotten jobs at Ferrara, said Charles Perry, director of community organizing at Westside Health Authority, which helps connect workers with jobs. But Perry said they often are sent home or fired for what he described as small infractions.

For example, Perry said, one worker was sent home because he had the beginning of a beard, contrary to a company rule that temporary workers be clean-shaven. Perry said a company training video shows that beard guards are provided for workers. But a plant manager last month said "it's too difficult to manage beard guards" for temporary employees.

A protest at the plant on Oct. 28 culminated in Perry and two dozen workers and community leaders packing the offices of the Ferrara plant demanding to speak by phone with the company's chief executive. Unsuccessful, they handed the plant manager a letter asking for an end to discrimination in hiring, fair treatment on the job, reliable work schedules and a clear path to direct employment, among other things.

Christopher Williams, an attorney representing Lucas and Davis, said he's noticed similar patterns of discrimination. He is involved in three employment discrimination lawsuits against several staffing agencies and three companies, including Ferrara.

In one case, Williams believes that more than 1,000 African-Americans seeking work through one staffing agency were blocked from jobs at a baking company at its request. The staffing agency, he claims in a federal lawsuit, "did not hire or refer virtually any African-American laborers for temporary positions."

Employment discrimination claims against private employment agencies, a category that includes staffing agencies, are on the rise, according to the Illinois Department of Human Rights. Such complaints doubled to 49 in

fiscal 2013 from 2009, the state agency said.

Meanwhile, the quest to obtain permanent higher-paying jobs remains elusive for many people.

Businesses typically make permanent hires once they are confident with the economy, but they have not reached that point, said Richard Wahlquist, chief executive of the American Staffing Association, which represents 1,700 staffing agencies throughout the U.S. In the interim, staffing agencies prepare workers for permanent employment, he said.

"It's part of the tale of what happens coming out of a recession," Wahlquist said.

Workers say arguments commonly break out between staffing agency managers and African-Americans, who express their frustration and anger at Latinos being picked for jobs, sometimes even when African Americans are first in job lines. Worker advocate groups like the Chicago Workers' Collaborative offer workshops to help African-American and Latino workers focus on their similarities and to encourage them to work together.

Laborer Marcela Gallegos, 32, said comments she's heard while witnessing such arguments have caused her to worry about her safety.

"It's scary," Gallegos said.

Permanent workers tend to be trained by their employers. But the federal Department of Labor said many temporary employees are sent to factory jobs without proper training, which has led to injuries and deaths. A lawsuit in Cook County Circuit Court says Carlos Centeno Sr., 50, a temporary worker, wasn't adequately trained or protected in November 2011 when he was severely burned while using a cleaning solution of citric acid and hot water to clean a tank at Raani, a Bedford Park maker of health and beauty products. The solution, which was heated to more than 170 degrees, erupted from the tank, spraying and scalding Centeno who, according to the suit filed in 2012, wasn't provided protective gear including goggles and chemical-resistant gloves.

Afterward, Centeno, who suffered burns over 80 percent of his body, was kept at the factory for more than 30 minutes as a staffer filled out paperwork, the suit said. Centeno, a father of four, demanded an ambulance and his skin began peeling off, according to the suit. His managers did not wash him off in an available safety shower and also failed to call 911, the Labor Department said.

One of Centeno's co-workers drove him to a local occupational health clinic, according to the Labor Department. He died three weeks later.

The Department of Labor fined Raani \$473,000, a penalty later settled for \$300,000, for failing to seek emergency medical treatment.

"This was a terrible death of Carlos Centeno," said H. Patrick Morris, an attorney representing Raani.

Morris said the family has or will be paid an amount based on a workers' compensation claim filed in connection with the death. But Morris said the family should not be entitled to receive additional money based on the lawsuit, calling that an attempt to receive double recovery for the same injury.

Centeno was sent to Raani by Ron's Staffing Services, which wasn't named in the lawsuit. In a filing, Ron's Staffing said it didn't provide training to Centeno. Ron's Staffing said training was left to the company.

Payroll documents filed with the court show Centeno was paid minimum wages, grossing \$340 for a 40-hour

week. He is not unlike other workers desperate for temporary work. Many line up as early as 4:30 a.m. at spots on the city's Southwest Side and surrounding suburbs. Vans collect laborers and transport them to temporary factory jobs.

Maurice Massey, 37, said the waiting for jobs and the disappointments never end.

When he does land a job, Massey said, he must call the staffing agency at the end of his shift to check whether he's scheduled to work the following day. And even when he's scheduled to work the next day, it doesn't necessarily mean he can count on that job.

Massey said he occasionally has been left stranded outside factories because the agency has sent more than enough people for the available jobs. When that has happened, Massey said, he has had to wait until the end of the shift, when the agency's van returns to pick up those who have worked.

If he is bitter it's against Latinos who he believes get most of the temporary jobs in Chicago. Massey said he landed a job in April roasting coffee in St. Charles that pays \$10 an hour, but it's roughly a three- to four-hour commute one way on public transit from his home in Chicago's Rogers Park neighborhood.

Rangel, the stockroom worker, said at the end of a job placement she returns to the staffing agencies and waits in line. Often days go by without an assignment. And sometimes at midweek, she said she finds herself still waiting and fighting the urge to leave.

"I've said to myself, 'I don't want this. I have to find a way to find something better,'" she said.

At the same time, Rangel said, she reminds herself she has no options. "You can't knock on doors anymore."

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Staffing agencies grow to meet demand

Susan Houseman, a senior economist with the W.E. Upjohn Institute in Michigan, said flexibility is the primary reason employers use temporary workers. So-called just-in-time manufacturing, essentially making parts and products to order, is ideal for outsourcing labor to temporary workers whose schedules can be adjusted on a daily or weekly basis.

Houseman said the staffing industry accounted for 8 percent of workers in all production occupations in 2013, up from 6.5 percent in 1999 and 6.9 percent in 2006. The trend has been more dramatic for assembly line workers, whose employment through staffing agencies rose to 16.2 percent in 2013 from 4.1 percent in 1999 and 13.1 in 2006.

Companies also pick and choose whom they will hire permanently from the ranks of temporary workers.

"(Manufacturers) want to try before they buy," said Tommy Peters, director of business operations at Symbol Training Institute, a school based in Skokie that trains machinists and quality control technicians.

Outsourcing to staffing agencies hides declines in manufacturing pay because staffing workers' wages are not counted as part of the industry, according to a report released Friday by the National Employment Law Project, a worker advocacy group. The report found that 1 out of every 4 manufacturing workers make less than \$11.91 per hour. But if staffing agency workers were counted, it said, those wages would be significantly lower. For example,

staffing agency workers in the auto manufacturing industry on average make 29 percent less than people employed directly by companies, according to the report.

Richard Wahlquist, chief executive of the American Staffing Association, said about 30 percent of staffing agency workers in the industrial sector are offered full-time employment and about two-thirds of those offers are accepted.

Since the recession, many manufacturers have been wary of hiring permanent workers. As a result, staffing agencies have acted as their worker pipeline.

"I've seen (staffing agencies) explode in the last five years," Peters said.

In Illinois, more than 300 staffing agencies have registered so far this year, up from about 275 in 2011. Those agencies have more than 900 offices statewide, a 16 percent increase in locations since 2011.

Labor experts have said the Affordable Care Act could push more employers, especially small businesses, to use staffing agencies rather than make permanent hires to avoid fines or the cost of offering health insurance to full-time employees.

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