

Small Businesses Lose Katrina Cleanup Contracts to Large Firms

By Jonathan Weisman
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When Al Knight received notice Friday that his small company's contract to help wire Louisiana's storm-damaged Alvin Callendar Naval Air Station had been abruptly canceled, he could not have known the reverberations would reach Washington within days.

But the plight of little Knight Enterprises LLP has several compelling factors: a minority-owned small business in New Orleans losing out to a big, national firm; local workers, mainly African American, first devastated by Hurricane Katrina and then supplanted by out-of-state, low-wage replacements; questions over White House wage policies; and a name that has haunted the Bush administration since the invasion of Iraq -- Halliburton.

Little wonder that Sen. Carl M. Levin (D-Mich.) highlighted it yesterday as he grilled the Federal Emergency Management Agency's acting director, R. David Paulison, on the Bush administration's hurricane recovery contracts.

After Katrina hit, most of Knight's electricians found themselves with nothing: homeless, jobless and broke. But when Alabama-based BE&K landed a subcontract to help rebuild the naval air station, it turned to Knight for electricians -- he says 75, BE&K says 59 at the peak of work.

BE&K was working for Kellogg, Brown & Root, a subsidiary of Halliburton Co., Vice President Cheney's former company. When BE&K came to him, Knight said he was told his work would run well into the millions of dollars and stretch out as long as 20 months. His men would be paid the prevailing union wage of \$22.09 an hour, plus health benefits.

After three weeks, the initial work was 60 percent completed. Then, on Friday, Knight received a letter informing him that BE&K workers largely from out of state and, according to Knight, earning \$14 to \$15 an hour without benefits -- could take over from there.

Susan Wasley, a BE&K spokeswoman, said Knight's crew was always there merely to augment the company's own staff of 45 electricians. Knight Enterprises was let go because its work was done.

Knight did not blame BE&K for his disappointment. Instead, he pointed to President Bush's decision last month to suspend the so-called

Davis-Bacon federal law that mandates that workers on federal projects be paid the average wage of an area, often the union wage. Once BE&K was forced to compete with nonunion companies for KBR contracts, they could not afford the union electricians that dominate Louisiana, he said.

"I can tell you this for sure," Knight said. "If Davis-Bacon wage rates were left alone, then you'd have local Louisiana people working on local projects, and we would be working today."

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