



U.S. DEPARTMENT OF LABOR

News Release

FEDERAL CONTRACTOR TO PAY \$1,650,452 IN BACK WAGES AND BENEFITS AFTER U.S. DEPARTMENT OF LABOR INVESTIGATION

MEMPHIS, TN – McKesson Specialty Distribution LLC – a California-based distributor for a federally funded children's vaccine program – will pay \$1,650,452 in back wages and fringe benefits to 515 employees after discovering and self-reporting violations of the McNamara-O'Hara Service Contract Act (SCA) and the Contract Work Hours and Safety Standards Act (CWHSSA) to the U.S. Department of Labor's Wage and Hour Division (WHD).

McKesson Specialty Distribution LLC contacted WHD to report the infraction at the distributor's Aurora, Colorado; and its LaVergne and Memphis, Tennessee, facilities. WHD subsequently confirmed that the employer failed to pay the required prevailing wage rates to employees performing work on a federal service contract with the Centers for Disease Control (CDC). Paying incorrect prevailing wage rates further resulted in McKesson failing to pay correct overtime rates when employees worked more than 40 hours in a workweek. The employer also failed to pay the applicable fringe benefits required for employees working on this contract.

"McKesson Specialty Distribution made every effort to correct violations once they identified their errors," said Wage and Hour Division District Director Nettie Lewis, in Nashville, Tennessee. "The U.S. Department of Labor encourages all employers to review their pay

practices and contact the Wage and Hour Division for [compliance assistance](#). We stand ready to provide the tools, guidance and information employers need to understand and uphold their legal responsibilities."

McKesson Specialty Distribution LLC is responsible for the distribution of vaccines for the Vaccines for Children program, federally funded by the CDC. The employer is a subsidiary of McKesson Corp., headquartered in San Francisco, California.

The SCA requires contractors and subcontractors performing services on prime contracts in excess of \$2,500 to pay service employees in various classes no less than the wage rates and fringe benefits found prevailing in the locality, or the rates, including prospective increases, contained in a predecessor contractor's collective bargaining agreement.

For more information about the [SCA](#), [CWHSSA](#), and other laws enforced by the Wage and Hour Division, contact the toll-free helpline at 866-4US-WAGE (487-9243). Information is also available at <https://www.dol.gov/whd>.

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Contact: Eric R. Lucero

Phone Number: [678-237-0630](tel:678-237-0630)

Email: lucero.eric.r@dol.gov

Contact: Michael D'Aquino

Phone Number: [678-237-0631](tel:678-237-0631)

Email: d'aquino.michael@dol.gov

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