

unrepresented employees, the new contractor who has won the bid away from the current contractor only has the obligation to pay the minimum rates established by the Department of Labor's wage determination. And, they can work with less people, for fewer hours, lower classifications! Remember, the contract is many times let to the "Lowest bidder."

For **Represented** employees, Section 4(c) of the Service Contract Act, provides that no contractor who succeeds a previous contractor, will pay any service employee under such contract less than the wages and fringe benefits (including accrued wages and fringe benefits) provided for in the collective bargaining agreement. Normally, when a service contract is re-bid, the competing contractors will contact the Union Representative and attempt to reach an agreement on the conversion and indicate so in their bid ensuring that labor peace prevails. With a skilled workforce like yours, virtually all contractors will agree to honor the terms and conditions of the collective bargaining agreement (CBA).

**Q: The Contractor is currently paying me higher than the Wage Determination Rates! What happens if a new contractor takes over my service contractor?**

**A:** The new contractor only has the obligation to pay the SCA rates found in the Area Wage Determination (AWD). This is not true for **Represented** employees as indicated in a previous question, Section 4(c) of the Service Contract Act requires that a new contractor must honor the negotiated wages and benefits.

**Q: Where can we find examples of Collective Bargaining Agreements covering Service Contracts?**

**A:** Your organizing committee has access to copies of several IAM&AW collective bargaining agreements covering employees who work on other similar SCA contracts.

**IAM Representation under the Service Contract Act is a smart way to go. Even when the contractor is paying "all that the law requires," the IAM can often get you more. The same is true for fringe benefits, insurance and retirement provisions that the contractor may otherwise not have to offer. Finally, if you're represented by the IAM and the contractor changes, you have continuity and job security. Organizing with the IAM delivers peace of mind.**

### **Here's why Service Contract Employees are Joining the IAM**

"My quality of life has improved with our IAM union contract with great wages, benefits and working conditions." – **Tony Constantino**, IAM member, Simulation Tech, Computer Science Corp, Ft Lewis, WA

"I went several years without a raise under the AWD. Now with my IAM union contract I'm guaranteed a raise annually. I now have a voice and say in my working conditions, wages and benefits with the IAM as a member of our negotiating team" - **Dave Bunch**, IAM member, Simulation Technician, Fidelity Technologies, Whidbey Is. NAS, Oak Harbor, WA

"We are all very happy with the contract and happy to be Union members and have someone to stand up for our rights." – **Bill Johnson**, IAM member, DynCorp, Ft. Lewis, WA

**Get in Touch Today!**

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## **International Association of Machinists and Aerospace Workers**

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# SERVICE CONTRACT ACT OF 1965

Provides labor standards for certain persons employed by the Federal contractors to furnish services to Federal Agencies.

## Section 4(c)

*(c) No contractor or subcontractor under a contract, which succeeds a contract subject to this Act and under which substantially the same services are furnished, shall pay any service employee under such contract less than the wages and fringe benefits, increases in wages and fringe benefits provided for in a collective-bargaining agreement as a result of arm's length negotiations to which such service employees would have been entitled if they were employed under the predecessor contract: Provided, That in any of the foregoing circumstances such obligations shall not apply if the Secretary finds after a hearing in accordance with regulations adopted by the Secretary that such wages and fringe benefits are substantially at variance with those which prevail for services of character similar in the locality.*

Sec. 2 (1) A provision specifying the minimum monetary wages to be paid the various classes of service employees in the performance of the contract or any subcontract thereunder, as determined by the Secretary, or his authorized representative, in accordance with prevailing rates for such employees in the locality, or, *where a collective bargaining agreement covers any such service employees, in accordance with the rates for such employees provided for in such agreement, including prospective wage increases provided for in such agreement as a result of arm's-length negotiations. In no case shall such wages be lower than the minimum specified in subsection (b).*

## Questions and Answers About Collective Bargaining Under The Service Contract Act

### **Q: How are wages determined under the Service Contract Act?**

**A:** For **Unrepresented** employees, the U.S. Department of Labor (DOL) determines the minimum wages by doing periodic wage surveys in the locality in which the Service Contract employees work. Then DOL issues a wage determination.

For **Represented** employees who engage in collective bargaining, the wages and benefits negotiated, as a result of "arms length negotiations," replace and serve as the minimum prevailing wage for that Service Contract.

### **Q: How are fringe benefits determined under the Service Contract Act?**

**A:** For **Unrepresented** employees, the same wage determination lists minimum fringe benefits. The Department of Labor has established two rates: a Low Rate and a High Rate. The Low Rate is rising and the High Rate is fixed.

For **Represented** employees, the fringe benefits negotiated as a result of "arms length negotiations" shall become the minimum fringe benefits for that Service Contract.

### **Q: Will the contractor suffer a loss in profits if they pay more than the DOL wage determined rates in my Collective Bargaining Agreement (CBA)?**

**A:** **Unrepresented** employees' wages and benefits that are higher than provided for in the DOL wage determination will affect the contractors' profits.

**Represented** employees' wages and benefits negotiated in their Collective Bargaining Agreement (CBA) are passed through to the customer once a year normally October 1.

### **Q: Isn't this gouging the Government?**

**A:** No! There are two reasons why. First, if the negotiated wages and benefits are at a variance, the customer can challenge. The second reason is the Government believes "Collective Bargaining at arms length" is the very best way to determine wages and benefits. The Government has confidence that private sector contractors and their employees who engage in collective bargaining will reach the very best rate. That's why the Service Contract Act recognizes and honors wage rates and benefits negotiated at "arms length" through collective bargaining. The U.S. Government knows that the Service Contract Act has saved billions of dollars for tax payers and still delivers quality services to the customer.

### **Q: What happens when a new contractor takes over the Service Contract on which I am working?**

**A:** Under the Service Contract Act, a new contractor is not required to hire any of the existing Service Contract employees. For