

## 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." - Becky Carr, IAM member, Avionics Technician, Army Fleet Support LLC, Ft Rucker, Alabama



"I went six 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" Doug McNamara, IAM member, Aircraft Mechanic, L-3 Communications Vertex Aerospace LLC, North Island NAS, San Diego, CA

**SERVICE CONTRACT ACT, OF 1965**  
provides labor standards for certain persons employed by the Federal contractors to furnish services to Federal Agencies.

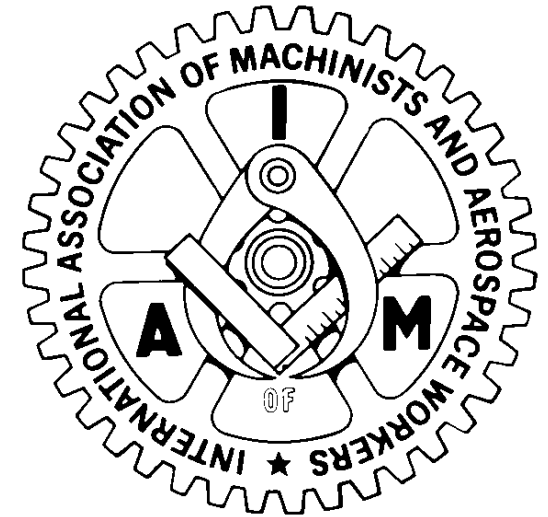
### Section 4 (c)

*(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.*

**Joe Greaser**  
**Grand Lodge Representative**  
**214-695-8569**  
**jgreaser@iamaw.org**

## Questions And Answers

### About Collective Bargaining Under The Service Contract Act



### International Association of Machinists and Aerospace Workers

9000 Machinists Place  
Upper Marlboro, MD 20772-2687  
[Http://www.goiam.org](http://www.goiam.org)  
Organizing Department  
301-967-4750

**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.

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**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 minimum Health and Welfare rates for your area.

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

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**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?**

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.

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

**A:** . For 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 less hours, lower classifications! Remember, the contract is many times is 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** insuring 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.

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**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.

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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 help you get 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.

**Get in Touch Today!**