FEDERAL CONTRACTING

Actions Needed to Improve Department of Labor’s Enforcement of Service Worker Wage Protections

What GAO Found

The Department of Labor (DOL) completed over 5,000 Service Contract Act (SCA) cases, which for many resulted in the awarding of back wages to federally contracted security guards, janitors, and other service workers, in fiscal years 2014 through 2019, according to available data. DOL enforces the SCA, which was enacted to protect workers on certain types of federal service contracts. DOL found SCA violations—primarily of wage and benefit protections—in 68 percent of cases. Employers across a range of service industries agreed to pay around $224 million in back wages (see figure for examples). Sixty cases resulted in debarment—a decision to prevent an employer from being awarded new federal contracts for 3 years. DOL’s strategic plan emphasizes optimizing resources for resolving cases using all available enforcement tools. However, DOL does not analyze its use of enforcement tools, such as debarment or employer compliance agreements. Therefore, DOL may lack a complete picture of how it uses resources on different strategies for resolving SCA cases, as well as the effectiveness of these enforcement strategies.

Why GAO Did This Study

The SCA ensures that service workers on certain federal contracts receive pay and benefits that reflect current employment conditions in their locality. From fiscal years 2014 through 2019, the U.S. government obligated over $720 billion on service contracts covered under the SCA.

GAO was asked to review SCA implementation and enforcement. This report examines (1) what available data reveal about past SCA cases, (2) what challenges DOL reports facing in enforcing the SCA, and (3) how contracting agencies implement the SCA. GAO analyzed DOL and federal procurement data for fiscal years 2014 through 2019, the most recent years available; reviewed a nongeneralizable sample of contract performance assessments; examined practices at three agencies selected to represent a range of contracting services and agency size; interviewed DOL officials; and reviewed relevant federal laws, policy, and guidance.

What GAO Recommends

GAO is making six recommendations, including that DOL analyze its use of enforcement tools; that DOL and USPS implement written protocols to improve communication with each other; and that DOL improve its information sharing with contracting agencies on SCA debarments and investigation outcomes. DOL and USPS generally concurred with the recommendations.

View GAO-21-11. For more information, contact Thomas M. Costa at (202) 512-7215 or costat@gao.gov.