

GAO Highlights

Highlights of [GAO-21-11](#), a report to congressional requesters

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.

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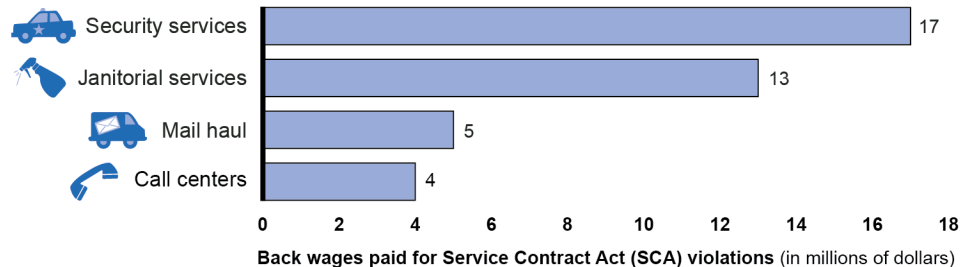
FEDERAL CONTRACTING

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.

Back Wages Paid for SCA Cases in Example Industries, Fiscal Years 2014-2019



Source: GAO analysis of data from the U.S. Department of Labor. | [GAO-21-11](#)

Note: Mail haul refers to surface mail transportation by contract carriers. Values are adjusted for inflation and expressed in fiscal year 2019 dollars using the Gross Domestic Product Price Index from the U.S. Department of Commerce, Bureau of Economic Analysis.

DOL reported various challenges to enforcing the SCA, including difficulty communicating with contracting agencies. For example, DOL officials told GAO that poor communication with contracting agencies—particularly with the U.S. Postal Service (USPS)—can affect and delay cases, though USPS officials told GAO they were unaware of any communication gaps. Without addressing communication issues between USPS and DOL, USPS's implementation and DOL's enforcement of the SCA may be weakened.

GAO found that contracting agencies may face SCA implementation challenges, including not having key information about SCA debarments and violations from DOL. When recording SCA debarments, DOL does not always include the unique identifier for an employer so that contracting agencies can accurately identify debarred firms. DOL also does not have a process that consistently or reliably informs contracting agencies about SCA violations by employers. Without improved information sharing by DOL, an agency may award a contract to an employer without being aware of or considering its past SCA violations.