



**National
Urban League**

*Empowering Communities.
Changing Lives.*

August 27, 2021

Division of Regulations, Legislation, and Interpretation
Wage and Hour Division
U.S. Department of Labor, Room S-3502
200 Constitution Avenue NW, Washington, DC 20210

RE: Public Comments on RIN 1235-AA41 - Increasing the Minimum Wage for Federal Contractors

On behalf of the National Urban League and our 91 affiliates in 36 states and the District of Columbia, I write today in support of the proposed rulemaking to increase the minimum wage for federal contract workers to \$15 per hour in 2022 and index it to inflation. Thank you for the opportunity to submit comments on the draft regulations, which would improve the lives of more than 300,000 workers and increase equity in the contract system.

It is the belief of the National Urban League that a job with a living wage and good benefits is the key to economic empowerment for African Americans and other historically and systemically underserved groups. For over 100 years, our Urban League affiliates have worked in and with their communities to increase access to opportunity, including by providing programming in workforce development, youth education, housing counseling, and other wrap-around services and supports. We know that more needs to be done to guarantee that all jobs supported by federal spending are good jobs accessible to all workers, including workers of color.ⁱ The draft regulations take concrete steps to raise pay for the low-wage contract workers and help to lay the groundwork for future action to improve job quality for millions more workers whose jobs are funded through federal spending. Better quality jobs will result in better servicing of important public programs and a better use of public revenues.

Experience at all levels of government demonstrates that minimum standards laws can improve conditions for working people. In 2014, President Barack Obama's Executive Order 13658 establishing a minimum wage for contractors helped raise pay for hundreds of thousands of contract workers.ⁱⁱ In addition, more than 100 American cities have adopted similarly structured living wage laws to raise standards for workers whose jobs are funded through government spending and dozens of state, local, and county governments have raised minimum wage laws to \$15 per hour in recent years.ⁱⁱⁱ

A recent report from the National Employment Law Project estimates that 26 million workers have earned more than \$150 billion in additional income from a combination of state and local minimum wage increases and the federal contractor minimum wage since 2012.^{iv}

Workers on federal contracts should not be left behind. A minimum wage of \$15 is critical to lift contract workers and their families out of poverty. Currently, the federal contractor minimum wage of \$10.95 per hour—or \$22,776 for a year-round, full-time worker—falls short of the 2020 Census Poverty Threshold for a family of four.^v

The Department of Labor estimates that the new threshold would increase wages for more than 327,000 contract workers. Moreover, this draft language ensures that a significant portion of these workers will experience the benefits in the first year of its implementation since the new standard will apply to any new contracts, contract-like vehicles, solicitations as well as contract extensions and renewals.

By rescinding the previous administration’s exclusion of outfitters and guides operating on federal lands, and by including SCA-covered workers regardless of employers’ alleged definition of the employment relationship, the rules end unjust exceptions to the contractor minimum wage standard.

The rules will also help increase equity and opportunity in the contracting system. An analysis from EPI estimates that roughly half of workers who will see a raise will be women and workers of color; DOL similarly estimates that the biggest beneficiaries will be women, Black and Hispanic workers, as well as younger workers.^{vi} Furthermore, by extending coverage to workers with disabilities, to contracts performed in Puerto Rico and other U.S. Territories, and by ending the subminimum wage for tipped workers by 2024 the proposed rules build on the Obama legacy and expand efforts to end long standing discriminatory practices in federal contracting.

Moreover, due to occupational segregation, women and people of color are overrepresented in industries that the federal government contracts out and that in many regions pay very low wages.^{vii} According to the Labor Department’s own analysis, women as well as Black and Latino workers are more likely to earn under \$15 per hour.^{viii} Similarly, a 2006 study by the Economic Policy Institute found that local living wage laws effectively targeted workers of color and low-income workers.^{ix}

To strengthen the rule further, the Department of Labor must ensure that contractors and workers are fully aware of the wage standard as it applies to their worksites. In addition to the posting suggested by the proposed rules, there should be opportunities to fully educate employers on their responsibilities and workers on their rights. The anti-retaliation language in the proposed rules is important to protect workers’ ability to make claims of violations of the minimum wages.

We thank President Biden for additional actions underway to raise standards for contract workers-- such as updating prevailing wage standards for the 21st century and rebuilding agency capacity to

enforce these critical laws. In the coming months, we urge the administration to continue to focus on this workforce, by

- Protecting workers' jobs when contracts change hands by reviving and improving upon President Obama's non-displacement order, so that incumbent workers, with knowledge and experience on the contract aren't cast aside for lower-paid inexperienced or temporary workers.
- Making it more difficult for unscrupulous contractors to win contracts based on low-price bids that rest on low wages, labor violations, safety violations, and/or the misclassification of workers so that quality contractors have incentives to submit bids, improving the competitive bidding process.
- Requiring equal pay and full labor rights for workers with disabilities and better protect all workers from discrimination, no matter their race, national origin, age, sex, sexual orientation, gender identity, disability, or status as a protected veteran, and prohibiting discipline or discharge of contract workers without just cause.
- Strengthening the power of the government and workers to enforce workplace rights and ensuring contract workers have the ability to challenge illegal practices without fear of retaliation, including by banning forced arbitration or class waiver agreements.
- Establishing a Buy Clean program for public procurement as a means to reduce domestic and global climate pollution, improve sustainable resource-use, reduce the health impacts of industrial pollution that disproportionately harm communities of color, and retain and create family-sustaining domestic manufacturing jobs, including in marginalized communities.

The National Urban League appreciates the Department of Labor work on these draft regulations, which represent an important step towards fulfilling President Biden's commitment to working people that "no one should work full-time and still live in poverty" ^x and ending pay disparities based on race and gender.

For more information or to discuss this comment further, please contact Morgan Polk (mpolk@nul.org) or Susie Feliz (sfeliz@nul.org) of my staff.

Sincerely,



Marc H. Morial
President and CEO
National Urban League

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- ⁱ See, for example, Karla Walter and Anastasia Christman, “Service Contract Workers Deserve Good Jobs,” (Washington, D.C.: Center for American Progress, 2021) available at <https://www.americanprogressaction.org/issues/economy/reports/2021/04/09/179997/service-contract-workers-deserve-good-jobs>.
- ⁱⁱ Department of Labor, “Fact Sheet: Final Rule to Implement Executive Order 13658, Establishing a Minimum Wage For Contractors,” available at <https://www.dol.gov/agencies/whd/government-contracts/minimum-wage/fact-sheet> (last accessed July 2021).
- ⁱⁱⁱ National Employment Law Project, “Local Living Wage Laws and Coverage,” available at <https://www.nelp.org/wp-content/uploads/2015/03/LocalLWLawCoverageFINAL.pdf> (last accessed July 2021).
- ^{iv} Yannet Lathrop, T. William Lester, and Mathew Wilson, “Quantifying the Impact of The Fight for \$15: \$150 Billion in Raises for 26 Million Workers, with \$76 Billion Going to Workers of Color,” (New York, NY: National Employment Law Project, 2021) available at <https://www.nelp.org/publication/quantifying-the-impact-of-the-fight-for-15-150-billion-in-raises-for-26-million-workers-with-76-billion-going-to-workers-of-color/>.
- ^v U.S. Census Bureau, “Poverty Thresholds,” available at <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> (last accessed July 2021).
- ^{vi} Ben Zipperer and Heidi Shierholz, “Up to 390,000 federal contractors will see a raise under the Biden-Harris executive order,” (Washington, D.C.: Economic Policy Institute, 2021) available at <https://www.epi.org/blog/up-to-390000-federal-contractors-will-see-a-raise-under-the-biden-harris-executive-order/>; Department of Labor analysis of CPS data, Table 7 of WHD-2021-0004-0001.
- ^{vii} Karla Walter, “Federal Contracting Doesn’t Go Far Enough To Protect American Workers,” available at: <https://www.americanprogressaction.org/issues/economy/reports/2020/11/19/179390/federal-contracting-doesnt-go-far-enough-protect-american-workers/>.
- ^{viii} 86 Federal Register 38816, “Increasing the Minimum Wage for Federal Contractors,” available at <https://www.federalregister.gov/documents/2021/07/22/2021-15348/increasing-the-minimum-wage-for-federal-contractors>.
- ^{ix} Jeff Thompson and Jeff Chapman, “The Economic Impact of Local Living Wage Laws,” (Washington, DC: Economic Policy Institute, 2006) available at <https://files.epi.org/page/-/old/briefingpapers/170/bp170.pdf>.
- ^x Noam Scheiber, “Biden Orders \$15 Minimum Wage for Federal Contractors,” *The New York Times*, April 27, 2021, available at <https://www.nytimes.com/2021/04/27/business/economy/biden-minimum-wage-federal-contractors.html>.