

Concern over protection for wage standards of employees of employers having service contracts with the Federal Government has been expressed by Members of Congress for a number of years.

During the 88th Congress this committee conducted hearings on a number of bills having the same general purpose as the bill herein reported. The record included pleas for this type of legislation from labor organizations and from service contractors. Testimony was heard from Federal agencies. Reports were received from the Bureau of the Budget, General Services Administration, and the Board of Commissioners, District of Columbia.

A bill was reported (H. Rept. 1495, 88th Cong.). On January 12, 1965, H.R. 2453, a bill quite similar to the bill reported in the 88th Congress, was introduced. The bill, H.R. 10238 by Mr. O'Hara of Michigan, together with H.R. 10239 by Mr. Pelly, is a bill sponsored by the administration.

On August 5 the committee conducted a hearing. Mr. Charles Donahue, Solicitor of Labor, represented the administration. He told the committee (p. 7 hearings):

The Budget Bureau advised us that there was no objection or opposition to this proposal and that it was consistent with

Service employees in many instances are not covered by the Fair Labor Standards Act or State minimum wage laws. The counterpart of these employees in Federal service, blue-collar workers, are by a Presidential directive assured of at least the Fair Labor Standards Act minimum. Bureau of Labor Statistics surveys of average earnings in service occupations in selected areas in 1961 and 1962 show, however, that an extremely depressed wage level may prevail in private service employment. In contract cleaning services, for example, in some areas less than \$1.05 an hour was paid. Elevator operators earned low rates, varying from \$0.79 to \$1.17 an hour. Service contract employees are often not members of unions. They are one of the most disadvantaged groups of our workers and little hope exists for an improvement of their position without some positive action to raise their wage levels.

The Federal Government has added responsibility in this area because of the legal requirement that contracts be awarded to the lowest responsible bidder. Since labor costs are the predominant factor in most service contracts, the odds on making a successful low bid for a contract are heavily stacked in favor of the contractor paying the lowest wage. Contractors who wish to maintain an enlightened wage policy may find it almost impossible to compete for Government