



The IAM, Wages & Benefits and the Law

One question often asked by service contractors is: "How does the law permit the IAM to bargain increased wages and benefits?" So, here's the short answer.

FAA service contract employees are covered by the [McNamara O'Hara Service Contract Act \(SCA\)](#). Under this law, employers are required to pay service contract employees a [minimum wage and benefit package](#) appropriate to their classification. This compensation is called a [Wage Determination \(WD\)](#) and it's issued by the U.S. Department of Labor. Section 4(c) of the SCA allows for a union-negotiated collective bargaining agreement to replace the Wage Determination. This provision also sets the new government-reimbursement levels for the employer when the employer modifies the government contract thirty days prior to the government contract's anniversary date. (This timeline is important for bargaining the union contract. More on that later.)

Sec. 4(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, including accrued wages and fringe benefits, and any prospective 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 a character similar in the locality.

The IAM has decades of experience with government service contracts. We represent more service contractors than any other union in North America. We are capable partners in optimizing your market value, negotiating wages and benefits and navigating the details of pass-throughs, recoverability and government timelines. Find out more at [FAA Round-Up](#) on our [GOIAM webpage](#). Click through the videos and Frequently Asked Questions (FAQs) and [sign a union card](#) to get the ball rolling. If you have other questions, please send them to organize@iamaw.org.

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