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Pay Workers Fairly and Save Money

By JANICE M. NITTOLI

DESPITE persistent unemployment and stagnant wages, few believe that our cash-strapped government is likely to simply create better-paying jobs. But there is a way for this country to get more from the millions of jobs we already finance with federal dollars, while reducing the cost of entitlement programs.

Our government shops for half a trillion dollars in goods and services each year. Nearly one of every four workers is employed by a company that receives federal contracts. But many government contractors routinely violate minimum-wage and maximum-hour laws. A 2010 study of the 50 largest wage penalties by the Government Accountability Office found that half were against companies that received federal contracts in the 2009 fiscal year. This meant not only that workers received less than their due, but also caused a drain on tax dollars, as they turned to Medicaid and food stamps to make ends meet.

President Obama should mandate, in an executive order, that all federal contractors obey the wage and hour laws already on the books.

Although they are already supposed to obey these laws, companies frequently break them; the penalties are minimal, while enforcement is sporadic. If employers had to certify to the government

that they complied and risked losing multiyear, multimillion-dollar contracts if they were caught lying, they would be much more likely to follow the rules. Certification would function as a self-enforcement mechanism, and would be more effective than the existing policing system, which relies heavily on understaffed state and federal labor agencies.

We have for too long turned a blind eye when the companies we buy from shortchange their workers.

In 2009 the Economic Policy Institute, a labor-backed research organization, estimated that nearly 20 percent of all federal contract workers earned less than the federal poverty wage of \$9.91 an hour. About 400,000 of these workers earn less than \$22,000 a year, the federal poverty line for a family of four. A 2006 study of federal apparel contractors estimated that for any factory with 100 employees, that shortfall resulted in a bill to taxpayers of \$292,000 for public assistance.

Making this change need not await the conclusion of an endless Washington debate. Mr. Obama could mandate it tomorrow. (President John F. Kennedy did something similar for equal employment opportunity, in 1961.)

The simplicity of this proposal is an advantage over previous plans for so-called high-road contracting. Some were too complicated; others floundered because they were back-door attempts to raise minimum wages or mandate employer-sponsored health insurance, laudable but controversial goals. Conservatives often object to anything that strikes them as excessively generous to labor, but mandating that our laws be observed should be something everyone can agree on.

The number of workers affected by such an executive order would be huge. They include skilled workers who make stealth helicopters and infrared goggles, and also those who sew Army uniforms, clean and guard federal offices, serve food in cafeterias, mow lawns at military bases and do laundry.

Too many of them depend on public assistance to supplement their wages. As taxpayers, we pour money into this leaky bucket and end up paying twice for services we get once. Safety nets are important, but we should also seek to lay out trampolines to lift workers into a growth economy. One

act of leadership could make our federal spending part of the solution instead of the problem.

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