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President Obama to Announce Executive Order Raising Federal Contractor Pay to \$10.10 per Hour in State of the Union Address

With pressure mounting to raise the federal minimum wage to \$10.10 per hour, executive order would boost pay for hundreds of thousands of low-paid workers

Washington, DC – President Obama will announce an executive order in his State of the Union address Tuesday night setting a minimum wage rate of \$10.10 per hour for employees of federal contractors. The wage standard will apply to all new contracts.

The Executive Order's wage rate mirrors the President's proposal for raising the federal minimum wage to \$10.10 per hour. Similar legislation introduced by Senator Tom Harkin (D-IA) and Representative George Miller (D-CA) has remained stalled in Congress for the past year even as recent polling has shown that nearly [three-quarters](#) of voters support the proposal. In recent days, the White House indicated that the President would highlight in his address a number of areas where he could use executive authority to pursue policies that have been delayed by Congressional gridlock.

"The President clearly shares the frustration of working families waiting for Congress to pass an urgently needed and overdue increase in the federal minimum wage, and thankfully he is moving ahead with this important step to boost pay for workers struggling to afford the basics," said **Christine Owens, executive director of the National Employment Law Project (NELP)**. "Hopefully the President's leadership will inspire Congressional leaders to follow suit by taking action to raise wages for millions of Americans relying on low-wage jobs to make ends meet."

A NELP [2013 survey](#) of 567 workers in federally-contracted service jobs found that 74 percent earn less than \$10 per hour. Twenty percent of these workers reported depending on Medicaid for their health-care, and 14 percent depend on the Supplemental Nutrition Assistance Program (food stamps) to meet their family's food needs. Fully 56 percent of the workers interviewed reported having trouble paying their monthly bills.

Federal spending on contracts for goods and services rose [150 percent](#) over the last 12 years, from \$206 billion in 2000 to \$517 billion in 2012. Many of the real costs of the federal contracting system, however, are hidden from public view, as low-road contractors who pay poverty-level wages force their employees to rely on public safety net programs for food, housing, and healthcare assistance. An [earlier NELP report](#) of states and localities that had adopted contracting policies similar to the President's proposed executive order found that these policies reduced the hidden public costs of low-wage work, while delivering better quality services for the taxpayer and encouraging more companies who paid decent wages to enter the bidding process.

Over the past year, low-wage workers at federally-operated facilities such as Union Station, the Smithsonian Institution, and the Department of Defense have staged [strikes](#) calling for President Obama to take executive action to raise their wages. The organizing among low-wage federally-contracted service workers has paralleled the historic levels of activism led by low-paid workers in other industries such as fast-food and retail over the past year.

The Senate is expected to hold a vote early this year on the President’s proposal to increase the minimum wage from \$7.25 to \$10.10 per hour and index it to rise each year with the cost of living. If passed, this increase would benefit over 27 million low-paid workers across the country and generate \$22 billion in new economic growth, according to an [analysis](#) of Census data by the nonpartisan Economic Policy Institute.

New job growth across the country remains disproportionately concentrated in low-wage industries such as retail and food services, making an increase in the minimum wage an urgent priority for growing numbers of working families relying on low-wage work to make ends meet. Low wage occupations account for a large share (58 percent) of new jobs created in the post-recession recovery, according to a 2012 [report](#) by the National Employment Law Project. And lower-wage and middle-wage jobs have seen significantly bigger declines in their real wages during the recovery than higher-wage occupations, a separate [report](#) by NELP shows.

A national [poll](#) conducted in July 2013 by Hart Research Associates found that 80 percent of Americans, including 62 percent of Republican voters, support raising the federal minimum wage to \$10.10 per hour. The poll also found that 74 percent of Americans consider raising the minimum wage to be an important legislative priority for Congress to address over the next year.

The [most rigorous economic research](#) over the past 20 years shows that raising the minimum wage boosts worker pay without causing job losses – even in regions where the economy is weak or unemployment is high. A recent [study](#) by the Center for Economic and Policy Research reviews the past two decades of research on the impact of minimum wage increases on employment and concludes that “the weight of the evidence points to little or no effect of minimum wage increases on job growth.”

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers. For more about NELP, visit www.nelp.org.

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