

WAGE REQUIREMENTS LAW

Effective with contracts executed beginning July 1, 2003, the Wage Requirements Law (County Code Section 11B-33A) works to ensure that workers on certain County service contracts receive livable wages. Commonly known as the Living Wage law, the law is an attempt to offset the high cost of living in Montgomery County. The law contains some exceptions to coverage, such as those for small businesses, contracts under \$50,000, tax exempt organizations and bridge contracts, as well as others that deal with less prominent types of contracts. The law requires an annual report on the number of contracts and subcontracts with minority-owned businesses that are subject to the requirements of the law and how that number has changed each year.

In FY13, Office of Business Relations and Compliance (OBRC) received complaints from employees on County's Garage Cleaning contract, accusing that the contractor, CAMCO, Inc. has not been paying the Living Wage to the employees. OBRC worked with the Internal Audit Office, and initiated a wage audit on CAMCO, Inc. in September, 2012. The final audit report is pending at the time this annual report is generated.

Minority, Female and Disabled (MFD) Contracts Subject to the Wage Requirements Law

In accordance with Section 11B-33A (i) of the Wage Requirements Law the tables below contain the number of MFD contracts and subcontracts subject to the Wage requirements Law. For the years reported, FY06 through FY12, MFD participation was relatively consistent. For those contracts ultimately subject to the Wage Requirements Law, those with no vendor-claimed exemption, the average MFD subcontractor participation was 22%, while the median was 21%. For MFD prime contractors, both the average and the median MFD participation was 16%. For prime contractors, the range was from 13% to 19%. The sub-contractors participation ranged from 18% to 22%. Below are the year-by-year breakdowns.

**MFD Contracts and Subcontracts Subject to
the Wage Requirements Law
FY06 — FY13**

	FY06 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	184	22	12%	37	20%
Contracts with a vendor-claimed exception	46	1	2%	2	4%
Contracts operating under the Wage Requirements Law	138	21	15%	35	25%

	FY07 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	330	46	14%	29	9%
Contracts with a vendor-claimed exception	181	14	8%	3	2%
Contracts operating under the Wage Requirements Law	149	26	17%	32	21%

	FY08 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	523	35	7%	44	8%
Contracts with a vendor-claimed exception	333	8	2%	3	1%
Contracts operating under the Wage Requirements Law	190	27	14%	41	22%

	FY09 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	564	48	9%	45	8%
Contracts with a vendor-claimed exception	351	14	4%	4	1%
Contracts operating under the Wage Requirements Law	213	34	16%	41	19%

	FY10 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	588	47	8%	46	8%
Contracts with a vendor-claimed exception	373	18	5%	7	2%
Contracts operating under the Wage Requirements Law	215	29	13%	39	18%

	FY11 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	673	47	7%	41	6%
Contracts with a vendor-claimed exception	483	11	2%	7	1%
Contracts operating under the Wage Requirements Law	190	36	19%	34	18%

	FY12 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	615	66	11%	80	13%
Contracts with a vendor-claimed exception	361	18	5%	6	2%
Contracts operating under the Wage Requirements Law	254	48	19%	74	29%

	FY13 Contracts				
	All	MFD			
		Prime		Sub	
Contracts subject to Wage Requirements Law	641	75	12%	117	18%
Contracts with a vendor-claimed exception	384	22	6%	9	2%
Contracts operating under the Wage Requirements Law	257	53	21%	108	42%

Vendor-Claimed Exceptions to the Wage Requirements Law

The Wage Requirements Law allows for exceptions based on the characteristics of the vendor's business. The County began compiling this information in FY 06

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Contracts subject to Wage Requirements Law ¹	184	330	523	564	588	673	615	641
Contracts with a vendor-claimed exception	46	181	333	351	373	483	361	384
Contracts operating under the Wage Requirements Law	138	149	190	213	215	190	254	257
Exception Detail:								
Reason 1	17	62	85	117	119	72	47	37
Reason 2	0	13	66	46	63	234	161	179
Reason 3	1	1	2	8	4	6	8	6
Reason 4	26	74	82	121	118	72	99	140
Reason 5	0	0	0	0	0	0	0	0
Reason 1,2	1	27	94	48	56	87	44	14
Reason 1,4	0	4	2	7	9	6	1	3
Reason 2,4	1	0	1	1	3	4	1	5
Reason 1,2,4	0	0	1	2	1	1	0	0
OCA Waiver	0	0	0	1	0	1	0	0
Total	46	181	333	351	373	483	361	384

¹ Section 11B-33A (b) of the County Code permits vendors to claim exceptions to the Wage Requirements Law. They are listed on the Wage Requirements Certification form as follows:

Reason 1 - Vendor employs fewer than 10 employees. (Repealed effective April 1, 2010.)

Reason 2 - Vendor has received less than \$50,000 in the last 12 months and will receive less than \$50,000 in the succeeding 12 months.

Reason 3 - Vendor is a public entity.

Reason 4 - Vendor is a nonprofit organization under section 501(c)(3) of the Internal Revenue Code.

Reason 5 - Vendor is expressly precluded from complying with the Wage Requirements Law by the terms of any federal or state law, contract or grant.

² FY06 was the first year that exception data was tracked. Exceptions indicated reflect the last 7 months of the fiscal year.

³ FY07 represents the first full year of reporting, by which time the vast majority of contracts in existence on July 1, 2003 (the effective date of the Wage Requirements Law), came up for renewal as part of the normal procurement cycle.