

U.S. Department of Labor

Employment Standards Administration
Wage and Hour Division
Washington, D.C. 20210



DEC 1 1986

MEMORANDUM NO. 146

MEMORANDUM TO: All Contracting Agencies of the Federal Government and the District of Columbia

FROM: Paula V. Smith ^{PVS}
Administrator

SUBJECT: Annual Updating of Service Contract Act Health and Welfare Benefit Levels

Effective immediately, prevailing wage determinations issued under the Service Contract Act (SCA) are being revised to reflect changes in health and welfare (H&W) contribution requirements. We anticipate that in most cases the new levels will be:

1. \$.59 per hour in those area-wide wage determinations which are utilized by contracting agencies to cover a wide variety of services; and
2. \$1.84 per hour in wage determinations for contracts involving displacement of federal employees or those involving major support contracts.

Annual updates in fringe benefit levels will be issued by the Wage and Hour Division of the Department of Labor.

The SCA requires the Secretary of Labor to make determinations of minimum monetary wages and fringe benefits to be paid service employees engaged in the performance of covered contracts in accordance with the wage rates and fringe benefits prevailing for such employees in the locality. SCA regulations provide that such determinations will be reviewed periodically. Where prevailing wage rates or fringe benefits in a locality have changed, these changes are to be reflected in revised wage determinations. From 1965 to 1980, the SCA H&W fringe benefit

levels payable to employees performing on contracts subject to SCA were updated periodically. However, in 1979, the Bureau of Labor Statistics (BLS) survey program which was the source for this updating was discontinued. As a result, SCA wage determination H&W benefit levels have remained unchanged since 1980.

The purpose of this memorandum is to advise all contracting agencies of the H&W changes. In accordance with section 4.5(a)(2) of Regulations, 29 CFR Part 4, any invitation for bids (IFB) which is still 10 days prior to bid opening or any request for proposals (RFP) which has not yet been awarded is to be amended to include revised wage determinations reflecting the new H&W requirements. This will ensure that all such contracts in the referenced procurement stages are consistent with respect to containing the new H&W requirements regardless of when an initial SCA wage determination was requested. Since the Wage and Hour Division (the Division) is not able to track the procurement status of contracts for which wage determinations have recently been issued in response to SF-98 requests, contracting agencies should contact the Division for guidance with respect to current IFB's and RFP's still in the bidding or negotiating stage which contain wage determinations reflecting the old H&W requirements.

Accordingly, if you have procurements which will be affected by these changes, please request a revised wage determination. To expedite the processing for revised wage determinations, telephone requests may be made to (FTS or 202) 523-7096. This telephone will be answered Monday through Friday between the hours of 8:15 a.m. and 4:45 p.m. EST. Callers should be prepared to provide the following information:

- 1) Notice number of the SF-98 originally submitted;
- 2) Number and revision of the wage determination received in response to the original SF-98; and
- 3) Name, address, and telephone number (not Autovon) of the individual to whom the amended SF-98 response should be sent.