

U.S. Department of Labor

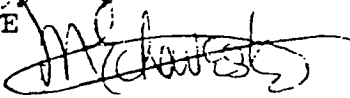
Employment Standards Administration  
Wage and Hour Division  
Washington, D.C. 20210



August 18, 1993

MEMORANDUM NO. 172

MEMORANDUM FOR ALL CONTRACTING AGENCIES OF THE FEDERAL  
GOVERNMENT AND THE DISTRICT OF COLUMBIA

FROM: MARIA ECHAVESTE  
Administrator: 

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

SUMMARY

Effective August 18, 1993, most prevailing wage determinations issued under the McNamara-O'Hara Service Contract Act (SCA) are being revised to reflect changes in health and welfare (H&W) contribution requirements. The new levels are:

- o \$0.89 per hour for those area wage determinations previously requiring an \$0.83 per hour contribution for each employee; and

- o \$2.39 per hour for those area wage determinations previously requiring an average cost contribution of \$2.23 per hour.

Until revised individual or blanket wage determinations are received, pen and ink changes may be made to current wage determinations to affect the latest health and welfare increases.

BACKGROUND

The SCA requires the Secretary of Labor to determine minimum wage 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 and, where prevailing wage rates or fringe benefits have changed, these changes are to be reflected in revised wage determinations.

The new H&W levels are based on 1993 size-of-establishment data published by the Bureau of Labor Statistics. Data for establishments employing fewer than 100 employees provide the basis for the H&W level for most, and generally routine service contracts. Data for establishments employing 100 or more employees provide the basis for the H&W level for certain service contracts, including: (1) major base support contracts; (2) solicitations involving an A-76 study/action, with potential for displacement of federal civilian workers; and (3) solicitations that require bidders to be large, national corporations, major competitors, or providers of highly technical services.

#### REQUIRED AGENCY ACTION

In accordance with Regulations 29 CFR 4.5(a)(2), the new H&W levels listed above should be incorporated into the wage determination of any invitation for bids (IFB) in any case where this notice is received at least ten (10) days prior to bid opening. If this notice is received less than ten (10) days before bid opening, the new rates should also be applied unless the contracting Federal agency finds there is not a reasonable time still available to notify bidders of the revision.

In the case of a procurement entered into pursuant to negotiations (RFP), or in the case of a contract option or extension, the new rates are effective if this notice is received before the date of contract award, contract extension, or exercise of option, provided contract performance begins within 30 days of award, contract extension, or exercise of option. If the contract's start of performance is delayed for more than 30 days (or if the contract does not specify a start of performance date which is within 30 days of award), the new rates are effective if this notice is received by the agency not less than 10 days before the start of contract performance.

Use of the new H&W levels under these circumstances will ensure that all relevant contracts (in the referenced procurement stages) are consistent in containing the new H&W requirements regardless of when an initial SCA wage determination was requested.

Since the Wage and Hour 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 do not contain wage determinations reflecting the new H&W requirements. Accordingly, if you have procurement activities which will be affected by these changes, please request a revised wage determination. To expedite the revision of such wage determinations, telephone requests may be

made to (202) 219-7096; FAX requests may be made to (202) 219-5771. These positions will be covered Monday through Friday between the hours of 8:15 a.m. and 4:45 p.m. EST/EDT. Callers and FAX requests should provide the following information:

1. Notice number of the SF-98 originally submitted;
2. Number, revision, and location (county and State) of the wage determination received in response to the original SF-98; and,
3. Name, address, telephone number (Commercial -- not Autovon), and FAX number of the individual to whom the amended SF-98 response should be sent. Note that the revised wage determinations will be transmitted by mail.

For those agencies participating in the Blanket Wage Determination Pilot Test Program, revised Blanket Wage Determinations are being prepared and will be transmitted to all Blanket Coordinators and facilities currently participating in the Blanket program.

Until revised individual or blanket wage determinations are received, pen and ink changes may be made to current wage determinations to affect the latest health and welfare increases.

Thank you for your prompt attention to these instructions.