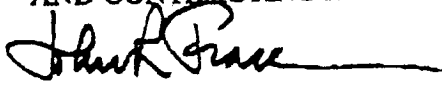


U.S. Department of Labor

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

MAY 7 1998

MEMORANDUM NO. 191

TO: ALL CONTRACTING AGENCIES OF THE FEDERAL GOVERNMENT
AND CONTRACTING AGENCIES OF THE DISTRICT OF COLUMBIAFROM: 
JOHN R. FRASER
ACTING ADMINISTRATOR

SUBJECT: Service Contract Act Health and Welfare Fringe Benefit Changes

In accordance with the requirements of section 4.52 of Regulations, 29 CFR Part 4, the prevailing health and welfare fringe benefits issued under the McNamara O'Hara Service Contract Act (SCA) will be increased on June 1, 1998. As prescribed by the phase-in schedule provided in section 4.52(b), the current fringe benefit rate of \$1.16 per hour will be increased by one-third of the difference between the current rate and the total benefit amount derived from the latest Bureau of Labor Statistics Employment Cost Index (ECI) summary of Employer Costs for Employee Compensation. Applying this methodology (one-third of the difference between \$1.16 and \$1.85), produces a new SCA health and welfare single benefit rate of \$1.39 per hour or \$55.60 per week or \$240.93 per month.

Solicitation/Contracts Affected

All Invitation for Bids opened, or other service contracts awarded on or after June 1, 1998, must include an updated SCA WD issued in accordance with the regulatory health and welfare fringe benefit determination methodology. In order to facilitate processing of solicitations that currently contain WDs with the \$1.16 per hour benefit level, contracting agencies may make pen and ink changes to effect the fringe benefit rate increases on the WDs that have been issued for the procurement rather than await receipt of a revised WD with the new fringe benefit rate.

Wage Determinations for the State of Hawaii

Consistent with past practices, and in recognition of the fact that Hawaii law requires employers to provide health benefit coverage for most employees, SCA WDs for Hawaii will continue to exclude the health insurance portion. The new SCA benefit level for Hawaii is based on the sum of benefits contained in the ECI data excluding vacations, holiday, and health insurance for all employees in private industry. The new Hawaii benefit level will be phased-in in the same manner as all other benefits. **Effective June 1, 1998, the new SCA fringe benefit rate for Hawaii will be 5.48 per hour.**