

ALERT

SCA H&W Rate to Stay Unchanged for Next Year

August 4, 2016

WHAT: The Department of Labor has announced that it will not increase the minimum rate of health and welfare (H&W) benefits required for most employees covered by the Service Contract Act. The rate was set last year at \$4.27 per hour for employees covered by SCA area wage determinations (as opposed to collective-bargaining agreements) and will remain the same for most likely another year. This announcement represents a change in practice for DOL, which has increased the minimum H&W rate each summer in recent memory.

WHEN: Now.

WHAT DOES IT MEAN FOR INDUSTRY: With no increase in the H&W rate this year, many contractors will not need to seek price adjustments on their SCA-covered contracts over the next year. Nonetheless, contractors should still review applicable area wage determinations to identify any increased wage rates or other costs that will apply to the upcoming period—and seek price adjustments for those increases if they experience actual cost increases.

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