

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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