

CLIENT ALERT

Department of Labor Issues New Health & Welfare Fringe Benefits Rates for Contracts Covered by the Service Contract Act

August 8, 2017

On July 25, 2017, the Department of Labor issued its [annual memorandum](#) increasing the health and welfare fringe benefits rate (H&W rate) for contracts covered by the Service Contract Act from \$4.27 per hour to \$4.41 per hour, with corresponding increases from \$1.78 per hour to \$1.91 per hour for Hawaii. In a new measure, the DOL set the H&W rate for contracts covered by Executive Order 13706, Establishing Paid Sick Leave for Federal Contractors, at \$4.13 per hour (\$ 1.63 per hour in Hawaii) to account for the additional paid sick leave benefits covered contractors must provide under E.O. 13706. These new H&W rates must be included in all bids or other service contracts awarded after August 1, 2017, but the rates do not automatically apply to existing contracts until contracting agencies modify the contracts with an updated wage determination.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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