



# Today's Agenda

- Finding the correct Wage Determination (WD)
  - General definitions
  - DBA vs SCA
  - Responsibility of WD Assignment
  - WDs in the Solicitation packet
- Reviewing the WD rate components
  - Labor Categories basic hourly
  - Health & Welfare (Fringe & other factors)
  - Sick Leave
  - Paid Holidays
- Verifying correct labor category mapping & usage
- Finding answers at Department of Labor website





# Finding the Correct WD

DBA vs SCA Searching SAM.gov



# **Defining Wage Determinations**

- ❖ **Definition:** A wage determination (WD) is a set of wages, fringe benefits, and work rules that the U.S. Department of Labor has ruled to be prevailing for a given labor category in a given locality for particular types of construction or service contracts.
- **Purpose:** The primary goal of wage determination is to ensure fair compensation for workers by setting minimum wage rates, including both hourly pay and fringe benefits, for different job classifications.
- Government Contracts: Wage determinations are particularly important in government contracting, especially for construction projects funded by federal agencies. These determinations are often referred to as Prevailing Wage Determinations.

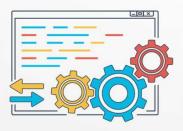




### **Principal Requirements**

#### Principal Requirements of Labor Standards

- Contractor must pay covered employees no less than the prevailing wages and fringe benefits dictated by the applicable wage determination
  - If there's no wage determination, then the contractor must pay no less than the minimum wage under the Fair Labor Standards Act (FSLA)
- Notification to covered employees of required wages and fringe benefits
  - Post wage determination in prominent and accessible place
- Provide safe and sanitary working conditions
- Record keeping requirements





### DBA vs SCA

# Davis-Bacon Act

Public Buildings or Works



Wages rates for laborers and mechanics

Davis-Bacon Act (DBA)

#### McNamara-O'Hara Service Contract Act



Service Contracts

Wage rates for service

Service Contract Act (SCA)

#### Application:

- U.S. federal law that requires contractors and subcontractors working on federally funded or assisted construction projects
- Related acts: federal assistance through grants, loans, loan guarantees and insurance
- Threshold: \$2,000

https://www.dol.gov/agencies/whd/government-contracts/construction/faq/conformance#:~:text=The%20 Davis%2DBacon%20and%20Related%20Acts%20(DBR A)%20require%20payment,of%20Labor%20administers%20the%20DBRA.

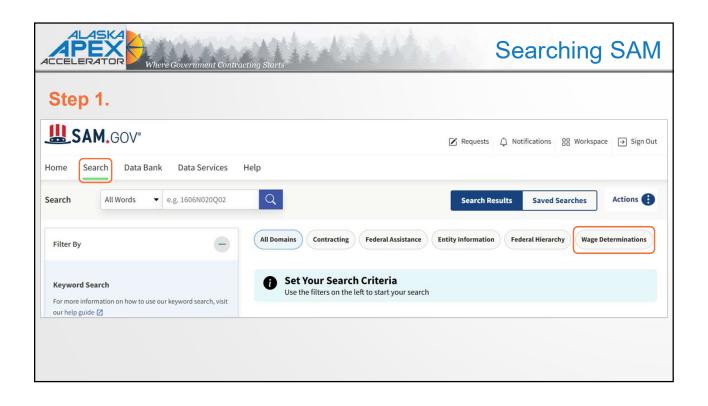
#### Application:

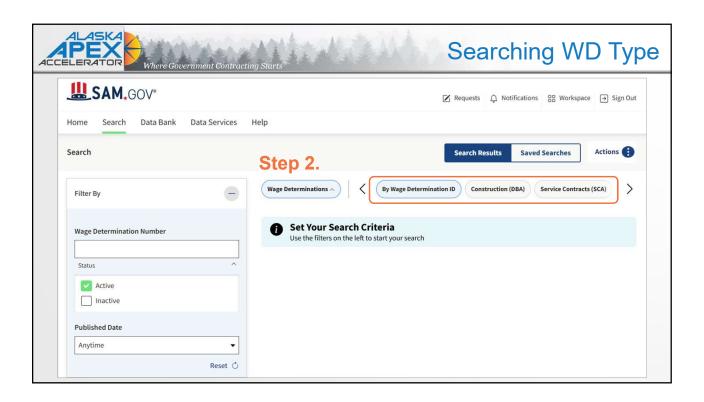
 U.S. federal law that requires contractors and subcontractors performing services on federal contracts to pay service employees no less than the locally prevailing wage rates and fringe benefits, or the rates in a predecessor contractor's collective bargaining agreement

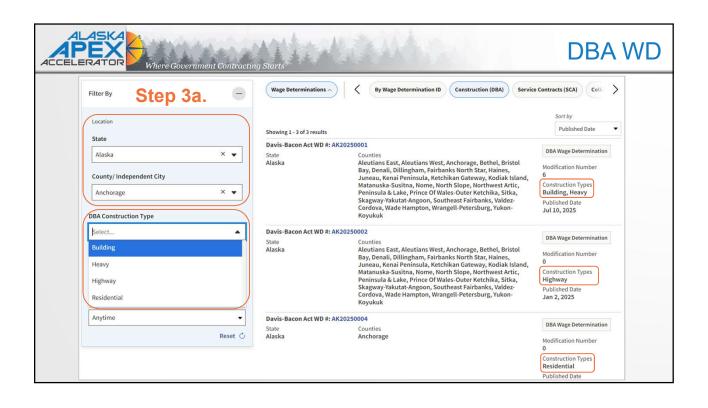
employees

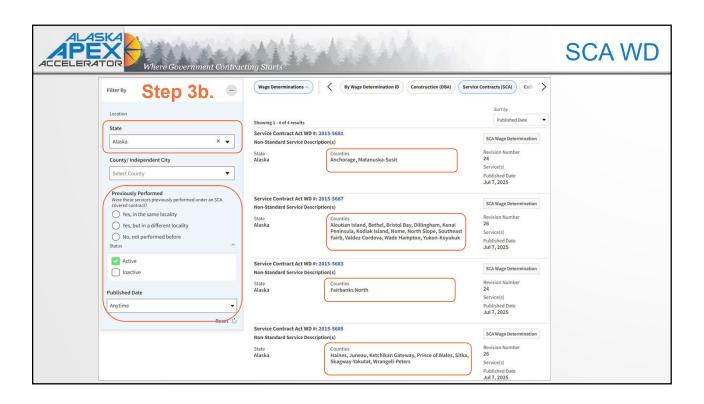
Threshold: \$2,500

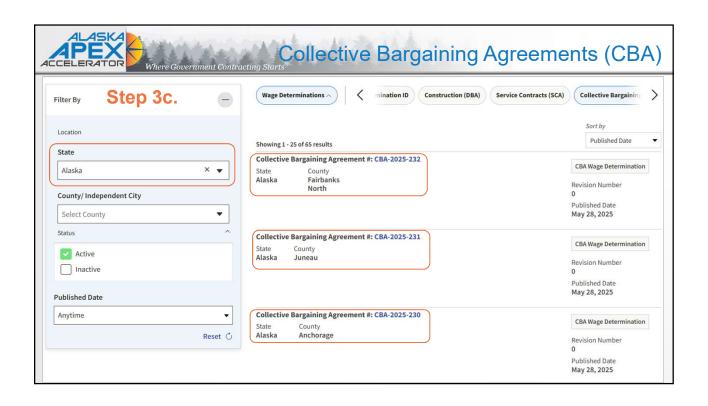
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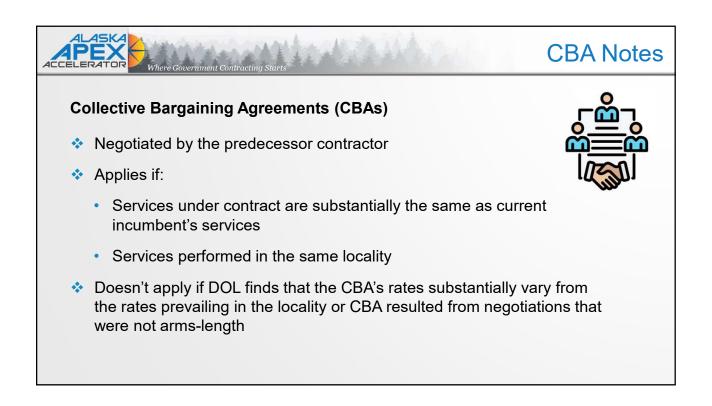












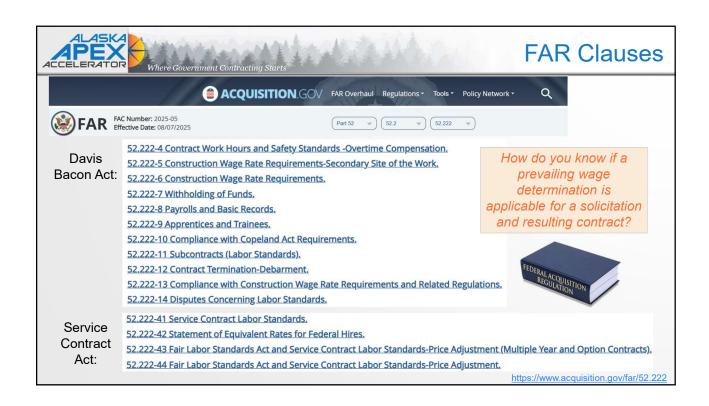


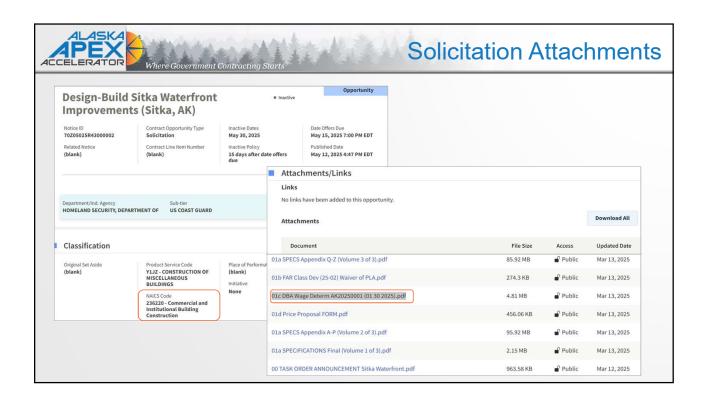
### WD & Contract Assignment

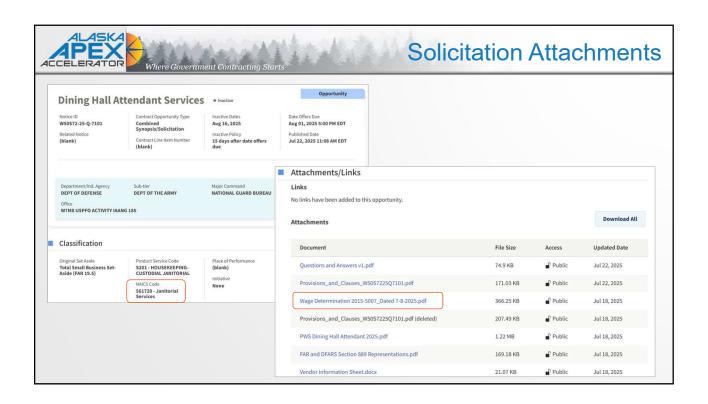
In government contracting, the responsibility for assigning a wage determination lies with the U.S. Department of Labor's (DOL) Wage and Hour Division (WHD).

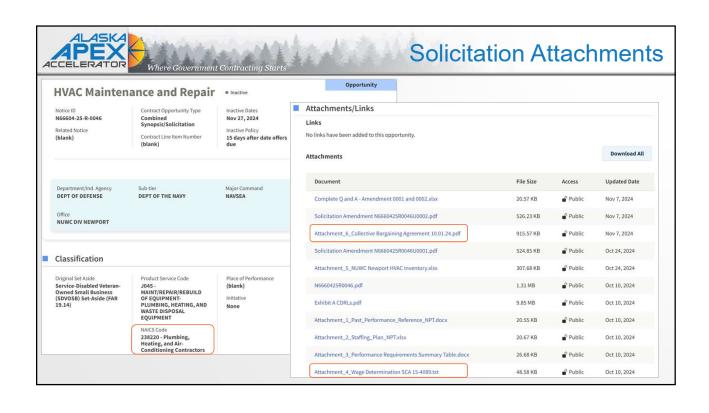
#### More specifically:

- DOL issues wage determinations: The DOL, through its Wage and Hour Division, is responsible for determining and issuing the prevailing wage rates and fringe benefits for various job classifications within specific geographic areas. These determinations are based on factors like job classification, location, and industry standards.
- Contracting agencies use these determinations: Federal contracting agencies are responsible for ensuring that the correct wage determination(s) issued by the DOL are included in their contract solicitations and awarded contracts. This ensures that contractors and subcontractors pay no less than the locally prevailing wages and fringe benefits to their workers.
- Contractors adhere to the determinations: Once incorporated into a contract, the applicable wage determination becomes a binding requirement for the contractor and any subcontractors to adhere to when paying laborers and mechanics on the project.

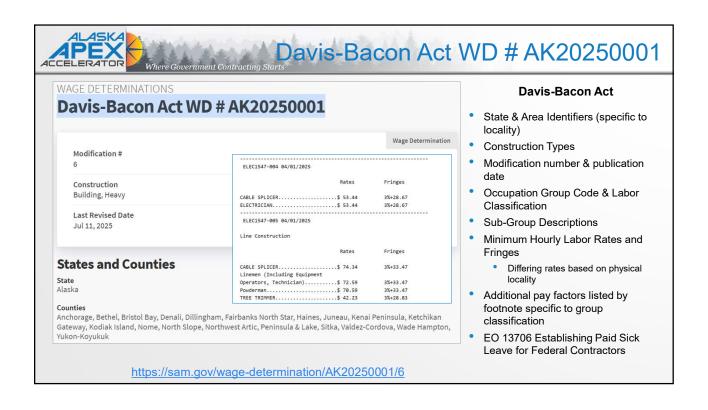


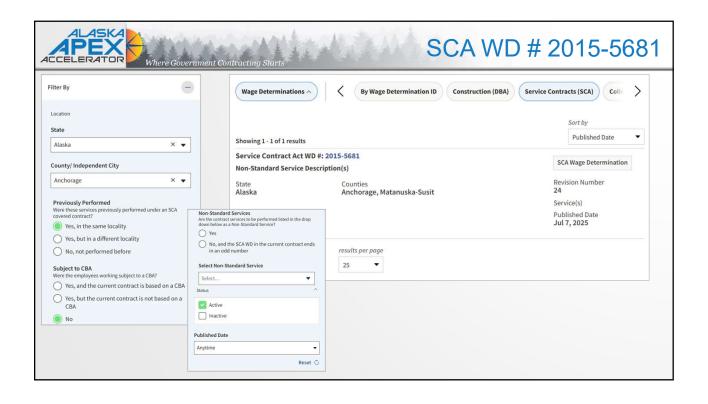


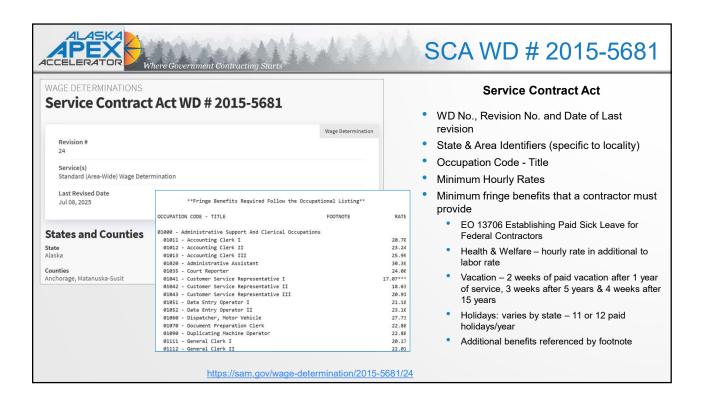














# **Mapping SCA Classifications**

- Review PWS or SOW to determine labor classifications needed
- SCA Directory of Occupations: <a href="https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/SCADirectVers5.pdf">https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/SCADirectVers5.pdf</a>
- Employee exemptions:
  - Bona fide executive, administrative, and professional employees
  - Project managers, supervisors supervisory roles responsible for staff performance, oversite, etc. – not performing the labor as mapped to classifications
  - Apprentices, student-learners and works with earning capacity impairments (age, physical or mental deficiency, or injury)
    - Persons individually registered in a bona fide apprenticeship program registered with DOL's Employment Training Administration (ETA) Office of Apprenticeship (OA) or a state apprenticeship program recognized by OA
    - o Individuals in their first 90 days of probationary employment as an apprentice in such a program
    - May receive lower than required wages
    - Must receive the stipulated fringe benefits

Additional information can be found in the SCA Prevailing Wage Resource Book



### Mapping DBA Classifications

- The term "laborer or mechanic" includes at least those workers whose duties are manual or physical in nature (including those works who use tools or who are performing the work of a trade), as distinguished from mental or managerial duties. This includes:
  - Apprentices
    - Persons individually registered in a bona fide apprenticeship program registered with DOL's Employment Training Administration (ETA) Office of Apprenticeship (OA) or a state apprenticeship program recognized by OA
    - Individuals in their first 90 days of probationary employment as an apprentice in such a program.
  - Trainees
    - Persons individually registered and receiving on-the-job training in a construction occupation under a program which has been approved in advance by ETA
  - Helpers
    - A distinct classification of "helper" will be issue din the DBA WD only where all conditions are met:
      - · Duties are clearly defined & distinct from those of any other classification on the WD
      - · Use of such helpers is an established prevailing practice in the area
      - The helper is not employed as a trainee in an informal training program.



### **Mapping DBA Classifications**

- Coverage of laborers and mechanics
  - The DBA requires the payment of the applicable prevailing wage rates to all labors & mechanics "regardless of any contractual relationship which may be alleged to exist."
  - Working foremen who devote more than 20% of their time during a work week to mechanic or laborer duties, and how do not meet the exemption criteria of 29 CFR Part 541 are laborers & mechanics for the time so spent. The working foreman is due the applicable rate listed in the contract WD for the hours spent as a laborer or mechanic.
  - Persons "employed in a bona fide executive, administrative, or professional capacity" as defined in 29 CFR part 541 are deemed not to be laborers or mechanics.
  - Business Owners: An individual who owns at least a bona fide 20% equity interest in the business and is actively engaged in its management is considered a bona fide executive, and is not a laborer or mechanic under the Davis-Bacon definition of the term "laborer or mechanic."



### **Mapping Labor Classifications**

#### SCA

- Conformance Process when the wage determination doesn't include a suitable classification
  - There must be a "reasonable relationship" to the unlisted and listed classifications
  - Before employees perform work, submit a Form 1444 to contracting officer
    - Description of project,
    - o Proposed classification, title, wage rate and fringe benefits
    - Rationale for proposed classification
  - Contracting Officer submits form to DOL with recommendations
  - DOL responds within 30 days with a decision

#### **DBA**

- If there is not a WD for a project to be performed at a location not covered by a published WD or if a classification is missing:
  - The Federal agency funding or financially assisting the construction project requests a WD by submitting a SF308 via email



### Application of Rates - SCA

#### **Payroll requirements**

- The monetary wage requirement and the fringe benefit are two separate requirements in the SCA.
- SCA fringe benefit requirements are listed after the classification list with associated hourly monetary wage rate.
- The fringe benefits must be furnished, separately from and in addition to, the specified monetary wages by the contractor/subcontractor to the employees engaged in the performance of a covered contract.
- A contractor must keep appropriate records separately showing amounts paid for wages and amounts paid for fringe benefits. 29

29 CFR § 4.170 - Furnishing fringe benefits or equivalents.

#### **Applying Rates - SCA**

- Minimum Hourly Rate
- Health & Welfare (Fringe Benefit)
- Sick Leave
- Paid vacation
- Paid Federal Holidays

#### **Timely Payments**

SCA does not permit pay periods longer than semi-monthly.



CLIENT ALERTS 07.14.25
By: Nichole D. Atallah, Sarah I. Nash

SCA H&W Rate



2025 Newly Increased Health and Welfare Rates on SCA Government Contracts



https://www.pilieromazza.com/2025-newly-increased-health-and-welfare-rates-on-sca-government-contracts#:~:text=The%20Department%200f%20Labor's%20(DOL,hour%20to%20\$5.55%20per%20hour.

The Department of Labor's (DOL) Wage and Hour Division (WHD) has again issued new Service Contract Act (SCA) health and welfare (H&W) rates. Effective July 7, 2025, WHD increased the prevailing H&W fringe benefits from a rate of \$5.36 per hour to \$5.55 per hour. Where a contractor is obligated to comply with Executive Order (EO) 13706 sick leave obligations, the rates increased from \$4.93 per hour to \$5.09 per hour. Updated rates of \$2.42 per hour (without the EO) and \$1.96 (with the EO) also apply to employees in Hawaii covered by the Hawaii Prepaid Health Act. For government contractors with an existing SCA contract, obtaining a new SCA contract, renewing options, or modifying existing contracts with a new wage determination, PilieroMazza covers what you need to know

1. Should I increase H&W rates on all of my SCA contracts now?

No. Although the new wage determinations have been issued by DOL, the only H&W rate that is applicable to your contract is the rate that is on the wage determination incorporated into the government contract on which the employees are working. These new wage determinations are not effective until one is incorporated into your contract by modification.

2. When is the contracting officer required to incorporate the new wage determination?

Any new solicitation should include the new wage determinations, assuming the solicitation was issued 30 days after the wage determination was issued. For pre-existing government contracts, the contracting officer should incorporate the new wage determination into your contract at the option year through the contract modification process. The contracting officer could choose to incorporate the new wage determination earlier, but this is rare.

3. Am I entitled to a price adjustment once the wage determination is incorporated?

Likely yes. FAR 52.222-43 should be included in your contract and entitles you to the difference between what you currently pay employees and what you will have to pay employees once the new wage determination becomes a part of your contract. You can also request any associated tax or insurance costs that increase. Be on the lookout for any contract clauses that try to work around this requirement or contracts that do not include this FAR provision and consult counsel.



EO 13706

#### How do Employees Accrue and Use Paid Sick Leave?

- Employees accrue 1 hour of paid sick leave for every 30 hours worked on or in connection with a covered contract. 29 CFR 13.5(a)(1)
  - Hours worked are determined using the FLSA standard. 29 CFR 13.5(a)(1)(i)
  - Contractors can assume FLSA-exempt employees work 40 hours each workweek. 29 CFR 13.5(a)(2)
- Contractors must inform employees, in writing, of how much paid sick leave they have available each pay period. 29 CFR 13.5(a)(2)
- Instead of tracking time on covered contracts week by week, contractors can "frontload" leave at the beginning of the accrual year by giving employees 56 hours of paid sick leave in a lump sum. 29 CFR 13.5(a)(3)
- Employees can be limited to earning 56 hours of paid sick leave per accrual year, and to having 56 hours of paid sick leave available at any point in time.
  29 CFR 13.5(b)(1),(3)
- Unused sick leave can be carried over into the next accrual year. 29 CFR 13.5(b)(2)
  - Carryover does not count towards the new year's accrual limit.



### Application of Rates - DBA

#### **Payroll requirements**

- The monetary wage requirement and the fringe benefit are two separate requirements in the DBA.
- Unlike SCA, hourly fringe benefit rates are listed next to the monetary hourly rate for each classification.
- Each classification on a DBA WD stands alone and each laborer & mechanic is due the full prevailing wage (including fringe benefits, if listed) for all hours worked in a classification.
- Overtime (OT) is paid for any hours worked more than 8 hours per day or 40 hours per week. OT is calculated as the base rate x 1.5.
- Fringe benefit rate is paid for all hours worked but is paid as a "straight time" calculation

#### **Applying Rates - DBA**

- Minimum Hourly Rate
- Fringe (Health & Welfare)
- Additional pay factors listed by footnote specific to group classification
- Sick Leave

#### **Timely Payments**

Contractors & subcontractors are required to pay covered workers weekly and submit weekly certified payroll records.



# **SCA** Reporting Compliance

- All three prevailing wage programs have labor reporting requirements:
  - SCA annual labor hours worked and associated labor costs are reported through SAM.gov for the fiscal year just completed. Reporting must be completed by October 31st of each year.
  - FAR Clause 52.204-14 Service Contract Reporting Requirements
    - The Contractor shall report the following information:
      - (1) Contract number and, as applicable, order number.
      - (2) The total dollar amount invoiced for services performed during the previous Government fiscal year under the contract.
      - (3) The number of Contractor direct labor hours expended on the services performed during the previous Government fiscal year.
      - (4) Data reported by subcontractors under paragraph (f) of this clause.



### **DBA** Reporting Compliance

- All three prevailing wage programs have labor reporting requirements:
  - The Copeland Act language requires DOL regulations to "include a provision that each contractor and subcontractor each week must furnish a statement on the wages paid to each employee during the prior week."
  - Payrolls and the "Statement of Compliance" Certified Payroll, Form WH-347
    - The contractor shall submit weekly for any week in which any contract work is performed a copy of all payrolls. 29 CFR § 5.5(a)(3)(ii)(A)
    - Each weekly payroll submitted must be accompanied by a "Statement of Compliance" 29 CFR § 5.5(a)(3)(ii)(B)
    - Weekly payrolls must include specific information as required by 29 CFR § 5.5(a)(3)
    - Weekly payroll may be submitted in any form desired; however there is the optional form WF-347 available for this purpose. <a href="https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/wh347.pdf">https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/wh347.pdf</a>
    - Instructions for completing payroll form, WH-347: https://www.dol.gov/agencies/whd/forms/wh347



### Compliance Requirements

#### **Record Retention**

- Must keep records during performance and maintain them for 3 years after contract completion
- Must track each employee's
  - Name, address, and SSN
  - Work Classification, wage rate paid, fringe benefits provided (or payment in lieu of fringe benefits), total daily and weekly compensation
  - Daily and weekly hours worked by each employee
  - Any deductions, rebates or refunds from the total daily or weekly compensation of each employee
- Must allow DOL's Wage and Hour Division access to the records and employees for work site interviews
- Failure to produce records may cause the CO to suspend payments under the contract.



### **Compliance Requirements**

#### Record Retention - EO 13706 - Establishing Paid Sick Leave for Federal Contractors

- Keep records (29 CFR 13.25(a)).
  - Dates and amounts of paid sick leave used by employees
  - Copies of written response to employee requests to use paid sick leave
  - Records relating to certification or documentation of need for paid sick leave
  - Any records showing tracking or calculation of accrual or use of paid sick leave
  - Records of pay and benefits paid for use of paid sick leave and/or financial payments for unused paid sick leave
  - Records distinguishing between an employee's covered and non-covered work time
- Maintain confidentiality of medical records or records related to domestic violence, sexual assault, or stalking (including compliance with the ADA and GINA).
  29 CFR 13.25(d)



## Compliance Requirements

#### **Posting of Notices**

- Contractors and subcontracts must notify employees performing under the contract of the minimum wage rates and fringe benefits or post the wage determination.
- Posters can be downloaded from DOL
  - Service Contract Act: <a href="https://www.dol.gov/agencies/whd/posters/government-contracts/sca">https://www.dol.gov/agencies/whd/posters/government-contracts/sca</a>
     Every employer performing work covered by the Walsh-Healey Public Contracts Act or the McNamara-O'Hara Service Contract Act (SCA) is required to post a notice of the compensation required (including, for service contracts, any applicable wage determination) in a prominent and accessible location at the worksite where it may be seen by all employees performing on the contract.
  - Davis-Bacon Poster: <a href="https://www.dol.gov/agencies/whd/posters/dbra">https://www.dol.gov/agencies/whd/posters/dbra</a>
     Every employer performing work covered by the labor standards of The Davis-Bacon and Related Acts shall post a notice (including any applicable wage determination) at the site of the work in a prominent and accessible place where it may be easily seen by employees.

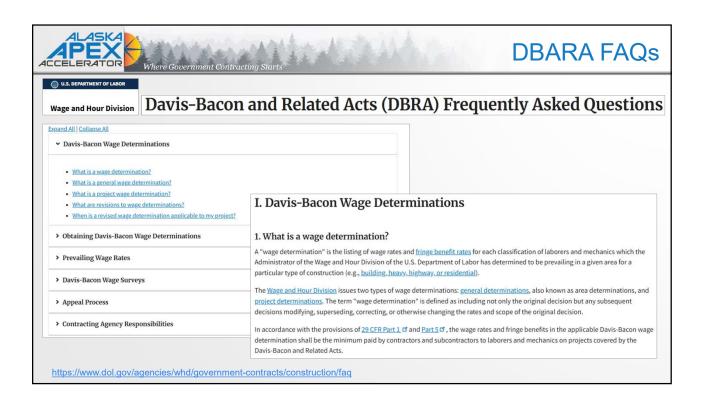


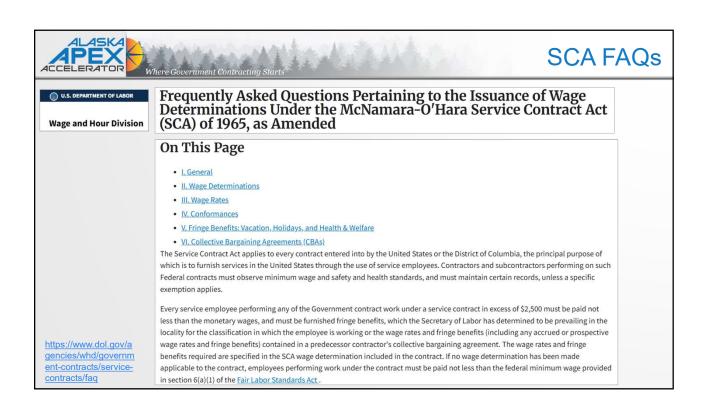
### **Subcontractor Compliance**

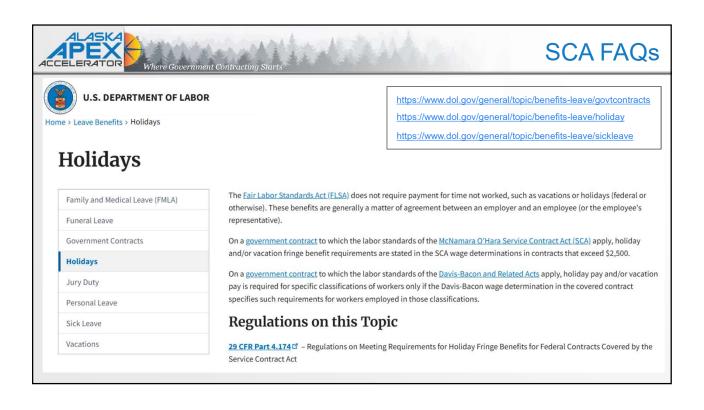
#### **Applicability to Subcontractors**

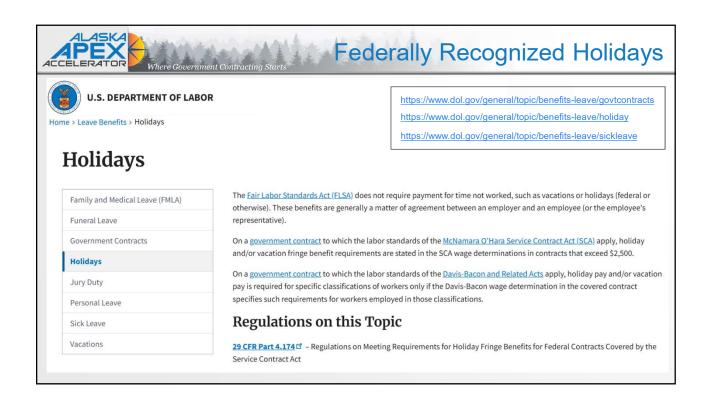
- If applicable to a prime contractor, labor standards also apply to subcontractor employees.
- Prime contractors are responsible for subcontractor compliance
- Prime contractor is jointly and severally liable with any subcontractor for any underpayments of the part of a subcontractor which could constitute a violation of the prime contract.
- Flow down the FAR clauses to subcontracts

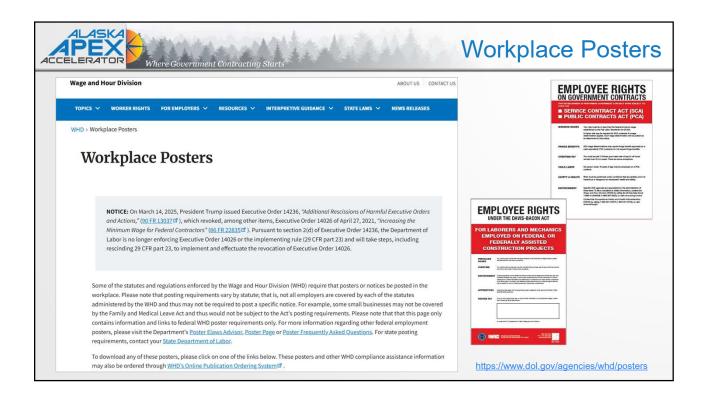


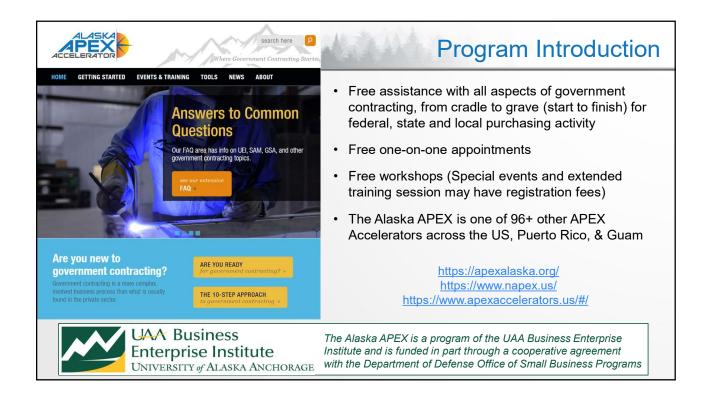














### Questions?

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Contract Specialist II vacant – now hiring!

Contract Specialist vacant – now hiring!

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To request assistance, sign up here: <a href="https://akapex.ecenterdirect.com/signup?reset=1">https://akapex.ecenterdirect.com/signup?reset=1</a>



How can the Alaska APEX help you?