



Heading Sample Process Manual

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Objectives

This training module is designed to educate you on the Services Contract Act (SCA), the types of benefits available for SCA employees, and the benefits resource for SCA employees.

1. The Services Contract Act (SCA)
2. SCA Benefits
3. Resources

1. The Services Contract Act (SCA)

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Background

McNamara-O'Hara Services Contract Act (SCA):

- Applies to every services contract with the U.S. Government or the District of Columbia
- Administered by the Wage and Hour Division of the Department of Labor (DOL)
- Mandates that employees receive wage rates and fringe benefits that are considered prevailing in the local area of the contract

UNITED STATES DEPARTMENT OF LABOR

Wage and Hour Division

McNamara-O'Hara Service Contract Act (SCA)

Overview

The McNamara-O'Hara Service Contract Act requires contractors and subcontractors performing services on prime contracts in excess of \$2,500 to pay service employees in various classes no less than the wage rates and fringe benefits found prevailing in the locality, or the rates (including prospective increases) contained in a predecessor contractor's collective bargaining agreement. The Department of Labor issues wage determinations on a contract-by-contract basis in response to specific requests from contracting agencies. These determinations are incorporated into the contract.

For contracts equal to or less than \$2,500, contractors are required to pay the [federal minimum wage](#) as provided in Section 6(a)(1) of the Fair Labor Standards Act.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to SCA-covered contracts.

Key News

- The Issuance of the 2013 Service Contract Act Health and Welfare rate update will occur in mid-June this year. Calculation of this rate is based upon the Bureau of Labor Statistics (BLS) Employment Cost Index (ECI). The Wage and Hour Division will use BLS's quarterly data that is published in mid-June. The e98 web page will be temporarily unavailable for a week during the update process. For information on policies, wage rates and/or benefits, please call (202) 693-0073 or email WHD-WDS-PolicySupport@dol.gov. (June 3, 2013)
- The Wage and Hour Division has issued a [Final Rule](#); notice of effective date and OMB approval of information to announce the effective date of its [final rule](#) published on August 29, 2011, to implement [Executive Order 13495, Nondisplacement of Qualified Workers Under Service Contracts](#). The effective date is January 18, 2013. For more information, please visit the [Nondisplacement Final Rule Webpage](#). (December 21, 2012)

Guidance

- [Prevailing Wage Resource Book](#) (September 2013)
- [Frequently Asked Questions](#)
- [Conformances Under the Service Contract Act](#)
- [All Agencies Memorandum \(AAMs\)](#)
- [Cross-Index for Contract Labor Standards](#)

Quick Links

- [Overview](#)
- [Key News](#)
- [Guidance](#)
- [Poster](#)
- [Fact Sheet](#)
- [Forms](#)
- [Applicable Laws and Regulations](#)
- [E-Tools](#)
- [DBA and SCA Online Training](#)

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Requirements

Covered Employees

- Non-exempt employees working on a contract that includes an SCA provision
- Classified according to the SCA Directory of occupations

Wage Determination

- Jobs are mapped to SCA classifications by project and compensation
- Pay IS NOT performance-based
- Pay is mandated by location and position
- Pay rates are considered prevailing in a given location

Fringe Benefits

- Indicates the hourly amount that must be provided to cover health and welfare benefits
- All federal workers receive the same rate regardless of location

Requirements – Health and Fringe Benefits

- Health care coverage is required for SCA employees
- This coverage is primary health care for SCA employees
- Employees will not receive cash instead of benefits



Reviews and Updates

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- Rates reviewed periodically
- Changes based on local market factors
- May not change annually

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- Rates reviewed annually
- Changes based on national factors
- May not change annually

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- Reviewed annually
- Wage and fringe rates may not change as a result

Reviews and Updates

*Wage and Hour Division Review
Change Effective Date*

Existing contracts remain at prior rate.

**Contract
Anniversary/
Start Date***

New contracts will be required to follow the new rate(s).

* Special Note here.

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2. SCA Benefits at COMPANY

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Health and Welfare Fringe Benefits

- Pays for SCA employee benefits
- Coverage is mandatory
- Employee does not pay deductions for health and welfare fringe
- Employee pays for dependent coverage
- Coverage begins on the first day after one month of employment



401(k)

SCA Employees

- Automatically enrolled and vested
- Do not pay deductions

COMPANY

- Pays \$0.3255/hour per plan
- Does not match



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Paid Time Off

- Available per location and tenure
- Employee must be employed one year before eligible
- Unused PTO cashed out on anniversary date with new bucket available
- Two (2) weeks/year

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Holidays

HOLIDAY SCHEDULE

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans' Day
- Thanksgiving Day
- Christmas Day

ELIGIBILITY

- Regular full-time and regular part-time employees
- Part-time employees receive pro rated hours of holiday pay for each recognized holiday
- Employees must work or be in a scheduled and approved PTO status any time during the workweek of the holiday
- Non-exempt employees who work on a holiday receive holiday pay plus regular pay at the employee's straight time rate

Key Concept Check

When do SCA employees receive their PTO allotment?

- a) Upon hire/transfer
- b) After 31 days of employment
- c) After 1 year of employment**
- d) Each pay period

SCA Employees receive their PTO allotment when they reach their one (1)-year employment anniversary.

Key Concept Check

Which statement identifies a key component of the Services Contract Act (SCA).

- a) All employees must receive fair wages.
- b) Employees must receive prevailing wages for the local area.**
- c) Wages are based on job performance.

The Services Contract Act (SCA) mandates that employees receive wage rates and fringe benefits that are considered prevailing in the local area of the contract.

Key Concept Check

Wage Determinations for SCA contracts are reviewed and updated annually?

- a) True
- b) False**

Wage Determinations are reviewed annually, although they may not be updated.

Key Concept Check

Wendy Williams is a new SCA employee at COMPANY. She has health care coverage through her husband's job. As an SCA employee, can Wendy's health care coverage be a secondary coverage option to offset benefits not covered by her husband's plan?

- a) Yes
- b) No**

SCA Employees are automatically enrolled in the health care plan managed by FCE. This coverage is the primary health care plan for SCA employees.



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