

Section 16: Wage Rate Modifications



Objectives

- Become familiar with Service Contract Act
- Define the basis for a contract modification on a change in the Department of Labor Wage Determination
- Identify what are and are not allowable incurred costs and be able to calculate these costs
- Define the process and responsibility of "Conforming" wage rates.
- Identify some basic pitfalls or inappropriate reimbursable procedures



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The Service Contract Act

What's That All About Anyway?

Find the Answer in the...

Guide to the Service Contract Act

U.S. Department of Labor
Employment Standards Administration
Wage and Hour Division

WH 1220
Revised October 1980

Allowable Adjustments

Actual increases/decreases in the contractor's applicable:

- ✓ **Wages**
- ✓ **Fringe Benefits**
- ✓ **Labor Burden**



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Non-Allowable Adjustments

Those associated with administrative cost, overhead and profit...

Examples:

- ☀ Cost of Fuel
- ☀ Safety Equipment
- ☀ Landfill Expenses
- ☀ New Equipment
- ☀ Uniforms

FORM APPROVED				
REQUEST FOR AUTHORIZATION OF ADDITIONAL CLASSIFICATION AND RATE				CHECK APPROPRIATE BOX <input type="checkbox"/> SERVICE CONTRACT <input type="checkbox"/> CONSTRUCTION
NOTE: THE CONTRACTOR SHALL COMPLETE ITEMS 3 THROUGH 16 AND SUBMIT THE REQUEST, IN QUADRUPPLICATE, TO THE CONTRACTING OFFICER				
1 TO: ADMINISTRATOR, Employment Standards Administration WAGE AND HOUR DIVISION U.S. DEPARTMENT OF LABOR WASHINGTON, D.C. 20210			2. FROM: (REPORTING OFFICE)	
3. CONTRACTOR TARTER CONTRACTING, INC.			4. DATE OF REQUEST 07-09-96	
5. CONTRACT NUMBER DACW62-95-D-0011	6. DATE BID OPENED (SEALED BIDDING) 12-07-94	7. DATE OF AWARD 02-10-95	8. DATE CONTRACT WORK STARTED 03-01-95	9. DATE OPTION APPLICABLE
10. SUBCONTRACTOR (IF ANY)				
11. PROJECT AND DESCRIPTION OF WORK (ATTACH ADDITIONAL SHEET IF NEEDED) OPERATION & MAINTENANCE SERVICES, LAKE CUMBERLAND & LAUREL RIVER LAKE, SOMERSET, KY.				
12. LOCATION (CITY, COUNTY AND STATE) LAUREL, PULASKI & WAYNE COUNTIES				
13. IN ORDER TO COMPLETE THE WORK PROVIDED FOR UNDER THE ABOVE CONTRACT, IT IS NECESSARY TO ESTABLISH THE FOLLOWING RATE(S) FOR THE INDICATED CLASSIFICATION(S) NOT INCLUDED IN THE DEPARTMENT OF LABOR DETERMINATION				
NUMBER: 94-2221		DATED: 07-09-96		
a. LIST IN ORDER: PROPOSED CLASSIFICATION TITLE(S); JOB DESCRIPTION(S); DUTIES; AND RATIONALE FOR PROPOSED CLASSIFICATIONS (SCA ONLY) <small>(Use reverse or attach additional sheets, if necessary)</small>		b. WAGE RATE(S)	c. FRINGE BENEFIT(S)	
INSPECTOR EXAMINES ANY OF A VARIETY OF GOODS, SERVICES OR OPERATIONS FOR CONFORMITY TO ESTABLISHED QUALITY, HEALTH, SAFETY, LEGAL, BUSINESS, ETHICAL OR OTHER STANDARDS, BY PERFORMING ANY COMBINATION OF THE DUTIES AND RESPONSIBILITIES ESTABLISHED BY THE DEPARTMENT OF LABOR.		6.10	.90	



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Increased Costs			
07 Wage	07H/W	08 Wage	08H/W
<u>\$6.26</u>	<u>\$.83</u>	<u>\$7.83</u>	<u>\$.90</u>
TOTALS: \$7.09		\$8.73	
Increase \$1.64			



Increased Costs			
07 Wage	07H/W	08 Wage	08/W
<u>\$6.26</u>	<u>\$.83</u>	<u>\$7.83</u>	<u>\$.90</u>
\$7.09		\$8.73	
Employee's 07 wage = \$8.00 H/W = \$.83 Employee's 08 wage = \$ H/W = \$			



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Increased Costs

07 Wage	01H/W	08 Wage	02H/W
<u>\$6.26</u>	<u>\$.83</u>	<u>\$7.83</u>	<u>\$.90</u>
	\$7.09		\$8.73

Employee's 07 wage = \$7.00 H/W = \$.83

Employee's 08 wage = \$ H/W = \$

Accompanying Increased Cost

	<u>\$7.09</u>	<u>\$8.73</u>
Social Security	6.2%	6.2%
Medicare	1.45%	1.45%
State Unemployment	2.3%	2.3%
FUTA	0.8%	0.8%
Workers Comp.	<u>4.0%</u>	<u>4.0%</u>
	14.75%	14.75%



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Accompanying Increased Cost

07 Wage, $\$7.09 \times 14.75\% = \1.05

08 Wage, $\$8.73 \times 14.75\% = \1.29

Increased Contractor Cost $\$1.29 - \$1.05 = \$0.24$

Contractor is due this \$.24 per hr. since this is increased labor burden cost due to new wage rate.

Where to Look



Service Contract Act
Directory of Occupations



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Code	Title	Grade	Page
09070	Furniture Refinisher	WG - 9	47
09100	Furniture Refinisher Helper	WG - 5	48
09110	Furniture Repairer, Minor	WG - 7	48
09130	Upholsterer	WG - 9	49
11000	GENERAL SERVICES AND SUPPORT OCCUPATIONS		
11030	Cleaner, Vehicles	WG - 2	51
11060	Elevator Operator	WG - 2	51
11090	Gardener	WG - 6	52
11121	Housekeeping Aide I	WG - 1	52
11122	Housekeeping Aide II	WG - 2	52
11150	Janitor	WG - 2	53
11180	Laborer	WG - 2	53
11210	Laborer, Grounds Maintenance	WG - 3	54
11240	Maid or Houseman	WG - 1	54
11270	Pest Controller	WG - 7	54
11300	Refuse Collector	WG - 2	55
11360	Window Cleaner	WG - 3	55
12000	HEALTH OCCUPATIONS		
12010	Ambulance Driver	WG - 6	57
12040	Emergency Medical Technician	GS - 5	57
12070	Licensed Practical Nurse	GS - 5	58
12100	Medical Assistant	GS - 4	58
12130	Medical Laboratory Technician	GS - 4	59
12160	Medical Record Clerk	GS - 4	59
12190	Medical Record Technician	GS - 7	59
12220	Nursing Assistant	GS - 3	60
12250	Pharmacy Technician	GS - 6	60
12280	Phlebotomist	GS - 4	60
	Registered Nurse (RN)		
12311	Registered Nurse I	GS - 7	61
12312	Registered Nurse II	GS - 9	62
12313	Registered Nurse II, Specialist	GS - 9	63
12314	Registered Nurse III	GS - 11	63
12315	Registered Nurse III, Anesthetist	GS - 11	63
12316	Registered Nurse IV	GS - 12	64
13000	INFORMATION AND ARTS OCCUPATIONS		
13002	Audiovisual Librarian	GS - 7/8	65
	Exhibits Specialist		
13011	Exhibits Specialist I	GS - 5	66
13012	Exhibits Specialist II	GS - 7	66
13013	Exhibits Specialist III	GS - 9	66
	Illustrator		
13041	Illustrator I	GS - 5	67
13042	Illustrator II	GS - 7	67
13043	Illustrator III	GS - 9	68

Moves and arranges heavy pieces of office and household furniture, equipment, and appliances; moves heavy pieces of automotive, medical engineering, and other types of machinery and equipment. Spreads sand and salt on icy roads and walkways; picks up leaves and trash.

11210 LABORER, GROUNDS MAINTENANCE

Maintains grounds of industrial, commercial or public property such as buildings, camp and picnic grounds, parks, playgrounds, greenhouses, and athletic fields, and repairs structures and equipment, performing one or more of the following tasks: Cuts grass, using walking-type or riding mowers (less than 2000 lbs.). Trims hedges and edges around walks, flower beds, and wells, using hedge trimmers, clippers and edging tools. Prunes shrubs and trees to shape and improve growth, using shears and other handtools. Sprays lawn, shrubs, and trees with fertilizer or insecticide. Plants grass, flowers, trees, and shrubs. Waters lawn and shrubs during dry periods, using hose or activating sprinkler system. Picks up and burns or carts away leaves, paper or other litter. Removes snow from walks, driveways, roads, or parking lots, using shovel and snowblower. Spreads salt on walkways and other areas. Repairs and paints fences, gates, benches, tables, guardrails, and outbuildings. Assists in repair of roads, walks, buildings, and mechanical equipment. May clean comfort stations, office and workshop areas, and parking lots by sweeping, washing, mopping and polishing.

11240 MAID OR HOUSEMAN

Cleans rooms and other premises of hotel, motel, tourist home, or other lodging facility, performing any combination of the following tasks. Dusts and cleans venetian blinds, furniture, and other surfaces. Sorts, counts, folds, marks, or carries linens. Turns mattresses and makes beds. Moves and arranges furniture and hangs drapes. Cleans and polishes metalwork and porcelain bathroom fixtures. Spot-cleans walls and windows. Empties wastebaskets and removes trash. Removes soiled linens for laundering. Replenishes room supplies. Reports need for repairs to equipment, furniture, building and fixtures.

11270 PEST CONTROLLER (Exterminator)

Sprays chemical solutions or toxic gases and sets mechanical traps to kill pests that infest buildings and surrounding areas. Fumigates rooms and buildings, using toxic gases. Sprays chemical solutions or dusts powders in rooms and work areas. Places poisonous paste or bait and mechanical traps where pests are present. May clean areas



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Pitfalls

- Purpose of adjustment is to reimburse contractor for actual expenses. Money passes through contractor to employee.
- If employee makes a wage greater than old wage rate, an adjustment can only be made for the difference between employees' actual pay and the new rate.
- Don't allow contractor to ask for a percent increase.
- Contractor's payroll should show fringe benefit payment as separate entries in addition to hourly wages.
- Wage rates do not apply to the contractor's management employees.



Pitfalls cont.

- An apprentice program may be established. Pay for a trainee may be lower than wage determination, but must be approved by DOL.
- Make sure wage rate modifications have COR input.
- Fringe benefits don't apply to overtime hours.
- Contract clauses instruct a contractor not to include anticipated DOL wage increases in future year bids on multi-year contracts.



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Summary/Questions

**That's all
FOLKS!**

