U.S. Department of Labor

Wage and Hour Division
Washington, D.C. 20210

August 7, 2026

ALL AGENCY MEMORANDUM NUMBER 252

TO: All Contracting Agencies of the Federal Government and the District of Columbia

FROM: Andrew B. Rogers, Administrator

SUBJECT: 2026 Service Contract Act Health and Welfare Fringe Benefit

The Wage and Hour Division (WHD or Division) is raising to $5.92 per hour the prevailing health and welfare fringe benefits issued under the McNamara-O'Hara Service Contract Act (SCA). *See* 29 C.F.R. § 4.52. This benefit rate is derived from the latest Bureau of Labor Statistics Employment Cost Index summary of Employer Cost for Employee Compensation (ECEC). On or about August 10, 2026, the Division will publish updated wage determinations reflecting this SCA health and welfare fringe benefit rate on the SAM.gov (www.sam.gov) and WHD (www.dol.gov/whd) websites.

Paid Sick Leave - Executive Order 13706

Executive Order 13706 requires certain employers that contract with the federal government to provide their employees with up to 56 hours (seven days) of paid sick leave annually, including for family care and absences resulting from domestic violence, sexual assault, and stalking. The order applies to new contracts with the federal government that result from solicitations ***issued on or after January 1, 2017*** (or that are awarded outside the solicitation process on or after January 1, 2017). More information is available at https://www.dol.gov/whd/govcontracts/eo13706/.

An employer's contributions made to satisfy its paid sick leave obligations under EO 13706 must be provided *in addition to* health and welfare fringe benefit contributions required by, and pursuant to, the SCA. Therefore, an employer's paid sick leave contributions under EO 13706 may not be credited toward its obligations under the SCA. As a result of these distinct requirements, the Division establishes an alternate health and welfare rate that excludes the portion of the standard health and welfare rate attributed to paid sick leave. When an employer is required to comply with EO 13706, the SCA health and welfare fringe benefit rate for employees performing on contracts covered by EO 13706 will be $5.42 for each hour of work on the contracts (which, based on a 40-hour workweek, is $216.80 per week, or $939.46 per month).

Health and Welfare Fringe Benefit Rate - Contracts not Subject to Executive Order 13706

As of August 10, 2026, the employee-by-employee benefit rate will be $5.92 per hour**.** Based on a 40-hour workweek, this equates to $236.80 per week, or $1,026.13 per month.

Solicitations/Contracts Affected

All invitations for bids opened, and service contracts awarded, on or after August 10, 2026 must include an updated SCA Wage Determination (WD) that comports with the regulatory health and welfare fringe benefit determination method. Contracting agencies may make pen-and-ink changes to their current WDs received for contracts beginning on or after August 10, 2026 and for which the updated health and welfare rates were not included. Revised WDs reflecting the new benefit rates will be available at SAM.gov (www.sam.gov) and WHD (www.dol.gov/whd) websites on or about August 10, 2026.

Health and Welfare Fringe Benefit Rates for Wage Determinations for the State of Hawaii

Fringe benefit payments required by state law may not be used to satisfy an employer's fringe benefit obligations. See section 2(a)(2) of the SCA. Hawaii, for example, requires that most employers provide health insurance coverage for their employees under the Hawaii Prepaid Health Care Act (HPHCA). See Chapter 393 of the Hawaii Revised Statutes (Haw. Rev. Stat. §§ 393-1 et seq. As a result, therefore, employer contributions that are made to satisfy an employer's obligations under the HPHCA may not be credited toward the employer's obligations under the SCA. See section 2(a)(2) of the SCA. The Division's wage determinations under the SCA have previously addressed this issue by excluding the health insurance portion of the nationwide health and welfare fringe benefit rate.

Consistent with past practice, and in recognition that Hawaii law requires employers to provide health care coverage for most employees, the SCA wage determinations for Hawaii will continue to exclude the health insurance portion of the nationwide health and welfare fringe benefit rate for all employees on whose behalf the employer provides benefits pursuant to the HPHCA. Notably, however, some Hawaii employers are not required to make, and in fact do not make, contributions for certain employees under the HPHCA. In such circumstances, the reduced fringe benefit level is not appropriate.

The SCA health and welfare fringe benefits level for Hawaii will be $2.51 per hour (which, based on a 40-hour workweek, is $100.40 per week, or $435.07 per month) for all employees on whose behalf the contractor is required to provide health care benefits pursuant to the HPHCA. For employees on whose behalf the contractor is required to provide health care benefits pursuant to the HPHCA and who are performing on contracts covered by EO 13706, the health and welfare fringe benefits level will be $2.01 for each hour performing work on such a contract (which, based on a 40-hour workweek, is $80.40 per week, or $348.40 per month). For employees not receiving mandated health care benefits under the HPHCA, the new health and welfare amount will be $5.92 per hour (or, as noted above, $5.42 per hour for employees performing work on contracts covered by EO 13706).