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U.S. DEPARTMENT OF LABOR
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS
Washington, D. C. 20210

January 27, 1970

SCA 402

Subject: Service Contract Act

This is in further reference to your letter of September 4, 1969, requesting a determination of what constitutes "significant changes relating to labor requirements", as that phrase is used in section 4.143 of Regulations, 29 CFR 4 issued under the Service Contract Act.

We have carefully reviewed this matter as it relates to highway mail transportation contracts. Based on our experience with contracts of this type, particularly the number of employees generally engaged in their performance, and the frequency of changes in man-hour requirements occurring during the life of the contracts, we have concluded that a significant change relating to labor requirements in an existing contract of this type will occur whenever the total man-hours of labor used on the contract varies 20 percent or more from the original man-hour requirements of the contract.

In adopting a 20 percent figure, rather than that suggested in your letter, we are adhering to our long established practice in other areas in which the Divisions have had occasion to define the word "substantial" in terms of a numerical tolerance. We feel that in the instant case a "significant" change would be a "substantial" change and that the 20 percent figure provides both a fair and a flexible tolerance in dealing with changes in highway mail transportation contracts.

Sincerely,

s/Robert D. Moran

Administrator