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U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
Wage and Hour Division
WASHINGTON, D.C. 20210



NOV 7 1975

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This is in reply to your letter of June 27, 1975, concerning "bona fide" fringe benefits for purposes of compliance with the Service Contract Act. We regret the delay in responding.

As a staff member of this office informed officials of Computer Sciences Corporation, it has been the long-standing position of the Department of Labor that so-called "sunshine" funds or benefits are not considered to be "bona fide" fringe benefits within the meaning of section 2(a)(2) of the Act and section 4.170(b) of Regulations, 29 CFR Part 4. Those benefit plans of the kind referred to in section 7(e)(4) of the Fair Labor Standards Act which meet the requirements of section 778.215 of Interpretative Bulletin Part 778 are acceptable to the Department as "bona fide" benefit plans.

Thus, an employer cannot take credit for providing such things as social functions or parties for employees; flowers or cards on employee birthdays, anniversaries, holidays, illness, family births, death, etc.; employee rest or recreation rooms; magazine subscriptions, and professional association or club dues toward meeting his fringe benefit obligations (either as the named benefit or as an equivalent benefit) under Service Contract Act wage determinations. Further, relocation expenses, incentive or suggestion awards and recruitment bonuses are considered employer business expenses not recognized as "bona fide" fringe benefits for purposes of compliance with the Service Contract Act.

If you have any further questions, feel free to contact us.

Sincerely,

Vs/ Warren D. Landis

Warren D. Landis
Acting Administrator