

SCA-107

February 12, 1979

This is in further reply to your communications enclosing correspondence from *** regarding the application of Service Contract Act wage determinations to multiyear Postal Service mail haul contracts.

The Service Contract Act applies to Government contracts the principal purpose of which is the furnishing of services, including mail transportation services, through the use of service employees. Covered contracts in excess of \$2,500 are generally required to contain wage determinations specifying the minimum wages and fringe benefits which the contractor must provide the various classes of service employees who work on the contract. While most service contracts are awarded only for a one year period, under section 4(d) of the Act, multiyear service contracts may be awarded for periods up to five years provided that such contracts are revised no less often than once every two years to include the latest revision of the applicable Service Contract Act wage determination.

Ordinarily, Postal Service mail hauling contracts are awarded for a period of four years. Pursuant to the requirements of section 4(d) of the Act, the Postal Service amends such contracts at the end of the second contract year by incorporating the latest revision of the applicable wage determination. Thus, even though the Department of Labor may revise mail hauling wage determinations on a yearly basis, these wage determinations are not required to be included in every contract. The wage determination in effect when the contract is awarded is normally applicable to the first two years of the contract, and the wage determination in effect at the end of the second contract year would be applicable to the third and fourth years of the contract. Contractors are required to comply with the wage and fringe benefit provisions of those wage determinations which are actually made a part of their contract.

Pursuant to *** 's request, enclosed is a copy of the Service Contract Act and Regulation, 29 CFR Part 4. If *** has any further questions regarding the application of the Service Contract Act, we would be pleased to assist him or he may wish to contact our local office at *** .

Sincerely,

Xavier M. Vela
Administrator