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**MEMORANDUM**  
**CONSTRUCTION OFFICE**

**June 6, 2025**

**To: All District and Resident Engineers**  
**From: Sam Lompa, P.E., Chief Construction Engineer** *SL*  
**Subject: Labor Surcharge (Subsection 109.03 Special Provisions)**

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The Labor Surcharge rate is now released and implemented at the start of each fiscal year.

Effective July 1, 2025, the labor surcharge rate (FY2026) applicable to force account work is 19.17%.

For your reference, the attached breakdown of the labor surcharge rate is provided. If you have any questions, please contact Kristen McDaniel.

Km:ta

# FY2026 Labor Surcharge

(Effective: July 1, 2025 – June 30, 2026)

The labor surcharge compensates the contractor for statutory payroll items stipulated by various governmental agencies. The six items included are Social Security, Medicare, Worker's Compensation, State Unemployment Insurance, Federal Unemployment Insurance, and State Modified Business Tax. Due to the variability of rate determinations by each entity, the established rates are referenced in the month preceding the effective date of each Fiscal Year (FY).

Description	Rate
FICA (Social Security)	6.20%
FICA (Medicare)	1.45%
Worker's Compensation	4.35%
Nevada Unemployment Ins. - UI	5.40%
Federal Unemployment Ins. - FUTA	0.60%
Nevada Modified Business Tax	1.17%
Total Labor Surcharge:	<b>19.17%</b>