

Prevailing Wage Compliance 2022

Prevailing Wage Components

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Components

PW classifications are traditionally published as two interchangeable components:

- Basic Hourly Rate (BHR)
- Fringe Benefit Value (FB)

CARP0004-005 06/01/2018		
LIVINGSTON (Townships of Brighton, Deerfield, Genoa, Hartland, Oceaola & Tyrone), MACOMB, MONROE, OAKLAND, SANILAC, ST. CLAIR AND WAYNE COUNTIES		
	Rates	Fringes
CARPENTER (Piledriver).....	\$ 30.50	27.28

The total dollar value of the two components comprise the PW requirement (29 CFR 5.23)

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Prevailing Wage

A contractor may discharge their base hourly rate and fringe benefit obligations by:

1. Paying both in cash;
2. Making payments or incurring costs for “bona fide” fringe benefits;
3. Or, a combination thereof (29 CFR Part 5.31)

Base hourly rate + fringe benefit = Prevailing Wage

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Examples of ‘Bona Fide’ Benefits

- Training and Apprentice Programs (29 CFR 5.16)
 - Actual cost incurred by employer for a bona fide apprenticeship program registered with the U.S. Dept. of Labor
- Pension Plans; 401k plans (29 CFR 5.26)
- Vacation and Holiday (29 CFR 5.28)
- Health Insurance (29 CFR 5.29)
- Prevailing wage supplemental benefit (SUB) plans
 - May have to be approved by USDOL

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NOT a 'Bona Fide' Benefit

- Company Trucks (including a gas allowance)
- Paid Lodging
- Tools
- Cell Phones
- Loan Payments
- Uniforms
- Administrative expenses incurred to provide a fringe benefit (office staff time)
- Unemployment/Workers Comp/Social Security

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Example:

Base Hourly Rate		Fringe Benefit		Prevailing Wage
\$22.00	+	\$8.00	=	\$30.00

The contractor can comply by paying (29 CFR 5.31):

1. \$30.00 in wages
2. \$22.00 plus, \$5.00 in health insurance benefits, and \$3.00 contributions in a 401k account
3. \$19.00 plus \$11.00 in 401k contributions or any other "bona fide" fringe benefit that would have a value of \$11.00

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Apprentices

- Employee who is individually registered in a bona fide apprenticeship or training program with USDOL.
- Apprentice wages are figured according to the Apprentice Agreement registered with USDOL (29 CFR 5.2 and 5.5).
- The published base and fringe wages are to be used when figuring the minimum PW due for the apprentice percentage.
- Contractors must maintain written evidence of apprentice programs and certifications.
- Must be employed within allowable ratio to journeyman.

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On-the-Job Training Program (OJT)

- Equal opportunity training program for women, minorities, and disadvantaged persons in construction trades.
- Overseen my MDOT Office of Business Development
- Guidelines and compensation requirements in Special Provision 12SP-108C (2020 Spec Book Section 102.18)
- OJTs are strongly suggested to be enrolled in DOL apprentice programs where available.
 - If enrolled the apprentice requirements become controlling.

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Apprentice/OJT Wage Calculation:

$$\begin{array}{rclcl} \text{BHR} & + & \text{Fringe} & = & \text{Total Package} \\ \$22.00 & & \$8.00 & & \$30.00 \end{array}$$

Minimum PW due an Apprentice at 50%

$$\begin{array}{rclcl} \text{BHR} & + & \text{Fringe} & = & \text{Total Package} \\ (50\% \times \$22.00) & & \$8.00 & & \mathbf{\$19.00} \\ \$11.00 & & & & \end{array}$$

NOT Prevailing: 50% x \$30.00 (total package) = \$15.00

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Overtime and Fringe Benefits

When computing overtime wages, the total wages paid must meet or exceed the 'total package' listed in the wage decision (29 CFR 5.32) :

$$\begin{array}{rclcl} 1.5 \times \text{BHR} & + & \text{Fringe} & = & \text{Total Package} \\ (1.5 \times \$22.00) & + & \$8.00 & = & \$41.00 \end{array}$$

Once the total package is determined, it may be paid in any combination as long as it equals the total package.

*More information in overtime module

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Hourly Credit Example

Fringe Benefit Credit

<u>Benefit</u>	<u>Paid</u>	<u>Total</u>
Vacation	40 hrs. X \$20/hr.	\$800/yr.
Blue Cross	Yearly Premium	\$10,800/yr.
401K	Employer Contribution of \$3.00/hr.	\$3.00/hr.

To Calculate the Fringe Credit:

<u>Benefit</u>	<u>Calculation</u>	<u>Total</u>
Vacation	40 hrs. X \$20/hr. = \$800/2,080 hrs.	\$0.38
Blue Cross	\$10,800/2,080 hrs.	\$5.19
401K	\$3.00/hr.	\$3.00
		<u>\$8.57 Credit</u>

**Note: This example assumes the employee worked a full year and accrued 2080 hours. Seasonal workers may work less than 2080 hours. In these cases, the actual total hours accrued may be used instead of 2080 hours.*

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Hourly Credit Example

Health insurance costs \$10,800 for a 12-month premium. The insurance is provided to the employee year-round, and the employee normally works 1,200 hours a year:

$$\$10,800/1,200 \text{ hrs.} = \$9.00/\text{hr.}$$

Health insurance costs \$900 per month. The insurance is only offered in the months the employee works and the employee works 175 hours per month:

$$\$900/175 \text{ hrs.} = \$5.14/\text{hr.}$$

Contractors are not entitled to deduct more than the actual cost of the benefit. Once the benefit has been funded for the coverage period it must be converted to another bona fide benefit or paid to the worker on their weekly check.

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