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STATE OF MICHIGAN

Prevailing Wages
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Informational Sheet: Prevailing Wages on State Projects

REQUIREMENTS OF THE PREVAILING WAGES ON STATE PROJECTS ACT, PUBLIC ACT 166 OF 1965

The State of Michigan determines prevailing rates pursuant to the Prevailing Wages on State Projects Act, Public Act 166 of 1965, as amended. The purpose of establishing prevailing rates is to provide minimum rates of pay that must be paid to workers on construction projects for which the state or a school district is the contracting agent and which is financed or financially supported by the state. By law, prevailing rates are compiled from the rates contained in collectively bargained agreements which cover the locations of the state projects. The official prevailing rate schedule provides an hourly rate which includes *wage and fringe benefit totals* for designated construction mechanic classifications. The overtime rates also include *wage and fringe benefit totals*. Please pay special attention to the overtime and premium pay requirements. Prevailing wage is satisfied when wages plus fringe benefits paid to a worker are equal to or greater than the required rate.

State of Michigan responsibilities under the law:

- The department establishes the prevailing rate for each classification of construction mechanic **requested by a contracting agent** prior to contracts being let out for bid on a state project.

Contracting agent responsibilities under the law:

- If a contract is not awarded or construction does not start within 90 days of the date of the issuance of rates, a re-determination of rates must be requested by the contracting agent.
- Rates for classifications needed but not provided on the Prevailing Rate Schedule, **must** be obtained **prior** to contracts being let out for bid on a state project.
- The contracting agent, by written notice to the contractor and the sureties of the contractor known to the contracting agent, may terminate the contractor's right to proceed with that part of the contract, for which less than the prevailing rates have been or will be paid, and may proceed to complete the contract by separate agreement with another contractor or otherwise, and the original contractor and his sureties shall be liable to the contracting agent for any excess costs occasioned thereby.

Contractor responsibilities under the law:

- Every contractor and subcontractor shall keep posted on the construction site, in a conspicuous place, a copy of all prevailing rates prescribed in a contract.
- Every contractor and subcontractor shall keep an accurate record showing the name and occupation of and the actual wages and benefits paid to each construction mechanic employed by him in connection including certified payroll, as used in the industry, with said contract. This record shall be available for reasonable inspection by the contracting agent or the department.
- Each contractor or subcontractor is separately liable for the payment of the prevailing rate to its employees.
- The prime contractor is responsible for advising all subcontractors of the requirement to pay the prevailing rate prior to commencement of work.
- The prime contractor is secondarily liable for payment of prevailing rates that are not paid by a subcontractor.
- A construction mechanic *shall only* be paid the apprentice rate if registered with the United States Department of Labor, Bureau of Apprenticeship and Training and the rate is included in the contract.

Enforcement:

A person who has information of an alleged prevailing wage violation on a state project may file a complaint with the State of Michigan. The department will investigate and attempt to resolve the complaint informally. During the course of an investigation, if the requested records and posting certification are not made available in compliance with Section 5 of Act 166, the investigation will be concluded and a referral to the Office of Attorney General for civil action will be made. The Office of Attorney General will pursue costs and fees associated with a lawsuit if filing is necessary to obtain records.



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General Information Regarding Fringe Benefits

Certain fringe benefits **may** be credited toward the payment of the Prevailing Wage Rate:

- If a fringe benefit is paid directly to a construction mechanic
- If a fringe benefit contribution or payment is made on behalf of a construction mechanic
- If a fringe benefit, which may be provided to a construction mechanic, is pursuant to a written contract or policy
- If a fringe benefit is paid into a fund, for a construction mechanic

When a fringe benefit is not paid by an hourly rate, the hourly credit will be calculated based on the annual value of the fringe benefit divided by 2080 hours per year (52 weeks @ 40 hours per week).

The following is an example of the types of fringe benefits allowed and how an hourly credit is calculated:

| | | |
|----------------------------|--|---------------|
| Vacation | 40 hours X \$14.00 per hour = \$560/2080 = | \$0.27 |
| Dental insurance | \$31.07 monthly premium X 12 mos. = \$372.84 /2080 = | \$0.18 |
| Vision insurance | \$5.38 monthly premium X 12 mos. = \$64.56/2080 = | \$0.03 |
| Health insurance | \$230.00 monthly premium X 12 mos. = \$2,760.00/2080 = | \$1.33 |
| Life insurance | \$27.04 monthly premium X 12 mos. = \$324.48/2080 = | \$0.16 |
| Tuition | \$500.00 annual cost/2080 = | \$0.24 |
| Bonus | 4 quarterly bonus/year x \$250 = \$1000.00/2080 = | \$0.48 |
| 401k Employer Contribution | \$2000.00 total annual contribution/2080 = | \$0.96 |
| Total Hourly Credit | | <u>\$3.65</u> |

Other examples of the types of fringe benefits allowed:

- Sick pay
- Holiday pay
- Accidental Death & Dismemberment insurance premiums

The following are examples of items that **will not** be credited toward the payment of the Prevailing Wage Rate

- Legally required payments, such as:
 - Unemployment Insurance payments
 - Workers' Compensation Insurance payments
 - FICA (Social Security contributions, Medicare contributions)
- Reimbursable expenses, such as:
 - Clothing allowance or reimbursement
 - Uniform allowance or reimbursement
 - Gas allowance or reimbursement
 - Travel time or payment
 - Meals or lodging allowance or reimbursement
 - Per diem allowance or payment
- Other payments to or on behalf of a construction mechanic that are not wages or fringe benefits, such as:
 - Industry advancement funds
 - Financial or material loans



State of Michigan
 DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
 MICHIGAN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION
 MARTHA B. YODER
 DIRECTOR

OVERTIME PROVISIONS for MICHIGAN PREVAILING WAGE RATE COMMERCIAL SCHEDULE

- Overtime is represented as a nine character code. Each character represents a certain period of time after the first 8 hours Monday thru Friday.

| | Monday thru Friday | Saturday | Sunday & Holidays | Four 10s |
|---------------|--------------------|----------|-------------------|----------|
| First 8 Hours | | 4 | 8 | 9 |
| 9th Hour | 1 | 5 | | |
| 10th Hour | 2 | 6 | | |
| Over 10 hours | 3 | 7 | | |

Overtime for Monday thru Friday after 8 hours:

the 1st character is for time worked in the 9th hour (8.1 - 9 hours)
 the 2nd character is for time worked in the 10th hour (9.1 - 10 hours)
 the 3rd character is for time worked beyond the 10th hour (10.1 and beyond)

Overtime on Saturday:

the 4th character is for time worked in the first 8 hours on Saturday (0 - 8 hours)
 the 5th character is for time worked in the 9th hour on Saturday (8.1 - 9 hours)
 the 6th character is for time worked in the 10th hour (9.1 - 10 hours)
 the 7th character is for time worked beyond the 10th hour (10.01 and beyond)

Overtime on Sundays & Holidays

The 8th character is for time worked on Sunday or on a holiday

Four Ten Hour Days

The 9th character indicates if an optional 4-day 10-hour per day workweek can be worked **between Monday and Friday without paying overtime after 8 hours worked, unless otherwise noted in the rate schedule. To utilize a 4 ten workweek, notice is required from the employer to employee prior to the start of work on the project.**

- Overtime Indicators Used in the Overtime Provision:

H - means TIME AND ONE-HALF due
 X - means TIME AND ONE-HALF due after 40 HOURS worked
 D - means DOUBLE PAY due
 Y - means YES an optional 4-day 10-hour per day workweek can be worked without paying overtime after 8 hours worked
 N - means NO an optional 4-day 10-hour per day workweek *can not* be worked without paying overtime after 8 hours worked

- EXAMPLES:

HHHHHHHDN - This example shows that the 1½ rate must be used for time worked after 8 hours Monday thru Friday (characters 1 - 3); for all hours worked on Saturday, 1½ rate is due (characters 4 - 7). Work done on Sundays or holidays must be paid double time (character 8). The N (character 9) indicates that 4 ten-hour days is not an acceptable workweek at regular pay.

XXXHHHHY - This example shows that the 1½ rate must be used for time worked after 40 hours are worked Monday thru Friday (characters 1-3); for hours worked on Saturday, 1½ rate is due (characters 4 – 7). Work done on Sundays or holidays must be paid double time (character 8). The Y (character 9) indicates that 4 ten-hour days is an acceptable alternative workweek.

ENGINEERS - CLASSES OF EQUIPMENT LIST

UNDERGROUND ENGINEERS

CLASS I

Backfiller Tamper, Backhoe, Batch Plant Operator, Clam-Shell, Concrete Paver (2 drums or larger), Conveyor Loader (Euclid type), Crane (crawler, truck type or pile driving), Dozer, Dragline, Elevating Grader, End Loader, Gradall (and similar type machine), Grader, Power Shovel, Roller (asphalt), Scraper (self propelled or tractor drawn), Side Broom Tractor (type D-4 or larger), Slope Paver, Trencher (over 8' digging capacity), Well Drilling Rig, Mechanic, Slip Form Paver, Hydro Excavator.

CLASS II

Boom Truck (power swing type boom), Crusher, Hoist, Pump (1 or more 6" discharge or larger gas or diesel powered by generator of 300 amps or more, inclusive of generator), Side Boom Tractor (smaller than type D-4 or equivalent), Tractor (pneu-tired, other than backhoe or front end loader), Trencher (8' digging capacity and smaller), Vac Truck.

CLASS III

Air Compressors (600 cfm or larger), Air Compressors (2 or more less than 600 cfm), Boom Truck (non-swinging, non-powered type boom), Concrete Breaker (self-propelled or truck mounted, includes compressor), Concrete Paver (1 drum, ½ yard or larger), Elevator (other than passenger), Maintenance Man, Mechanic Helper, Pump (2 or more 4" up to 6" discharge, gas or diesel powered, excluding submersible pump), Pumpcrete Machine (and similar equipment), Wagon Drill Machine, Welding Machine or Generator (2 or more 300 amp or larger, gas or diesel powered).

CLASS IV

Boiler, Concrete Saw (40HP or over), Curing Machine (self-propelled), Farm Tractor (w/attachment), Finishing Machine (concrete), Firemen, Hydraulic Pipe Pushing Machine, Mulching Equipment, Oiler (2 or more up to 4", exclude submersible), Pumps (2 or more up to 4" discharge if used 3 hrs or more a day-gas or diesel powered, excluding submersible pumps), Roller (other than asphalt), Stump Remover, Vibrating Compaction Equipment (6' wide or over), Trencher (service) Sweeper (Wayne type and similar equipment), Water Wagon, Extend-a-Boom Forklift.

HAZARDOUS WASTE ABATEMENT ENGINEERS

CLASS I

Backhoe, Batch Plant Operator, Clamshell, Concrete Breaker when attached to hoe, Concrete Cleaning Decontamination Machine Operator, Concrete Pump, Concrete Paver, Crusher, Dozer, Elevating Grader, Endloader, Farm Tractor (90 h.p. and higher), Gradall, Grader, Heavy Equipment Robotics Operator, Hydro Excavator, Loader, Pug Mill, Pumpcrete Machines, Pump Trucks, Roller, Scraper (self-propelled or tractor drawn), Side Boom Tractor, Slip Form Paver, Slope Paver, Trencher, Ultra High Pressure Waterjet Cutting Tool System Operator, Vactors, Vacuum Blasting Machine Operator, Vertical Lifting Hoist, Vibrating Compaction Equipment (self-propelled), and Well Drilling Rig.

CLASS II

Air Compressor, Concrete Breaker when not attached to hoe, Elevator, End Dumps, Equipment Decontamination Operator, Farm Tractor (less than 90 h.p.), Forklift, Generator, Heater, Mulcher, Pigs (Portable Reagent Storage Tanks), Power Screens, Pumps (water), Stationary Compressed Air Plant, Sweeper, Water Wagon and Welding Machine.